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PRESS RELEASE

Hungary's final balance of payments December 2001

Simultaneously with publication of the balance sheet data for December 2001, the Bank has revised certain monthly balance sheet and IIP data for 2000–01. The revision has been aimed at modifying the reported direct corporate lending/borrowing data for the reporting period and correcting some misreported company data. Due to the correction of data reported by one company, the revision has had a significant effect of on the current account balance. The methodological description of the revision and the tables detailing the changes to the data can be found in 'Notes to the revision of data for 2000–01' on the Bank's web site.

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According to the adjusted data, Hungary's current account closed with a EUR 1,248 million deficit in 2001. This compared with a EUR 1,434 million deficit in 2000. Higher net expenditures for trade in goods and net service revenues dominated the year-on-year change in the current account balance outcome. Net non-debt inflow, at EUR 813 million in the year under review, was EUR 599 million higher than in 2000.

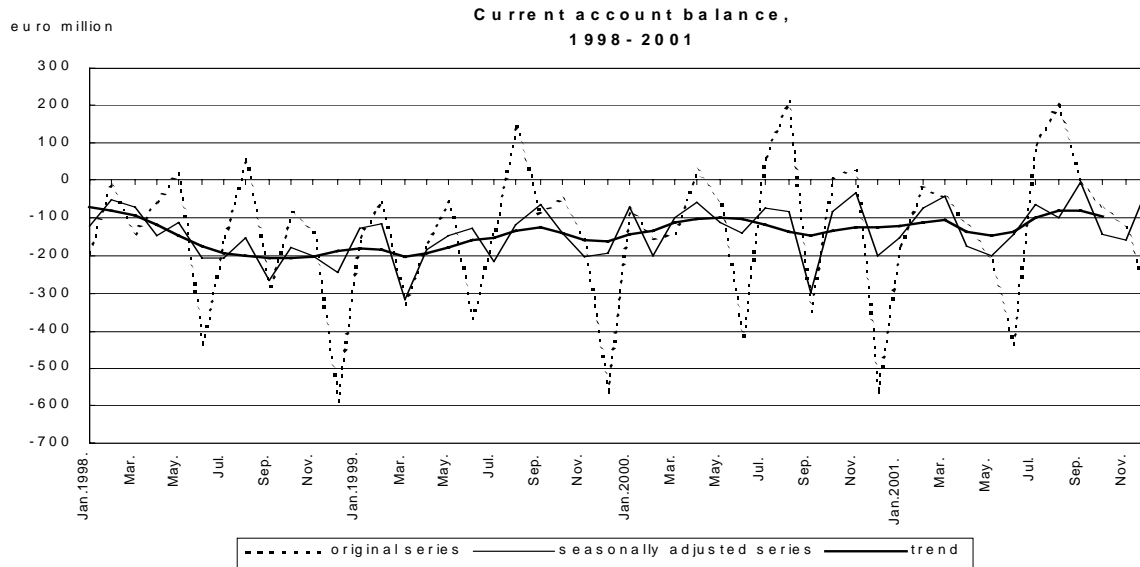
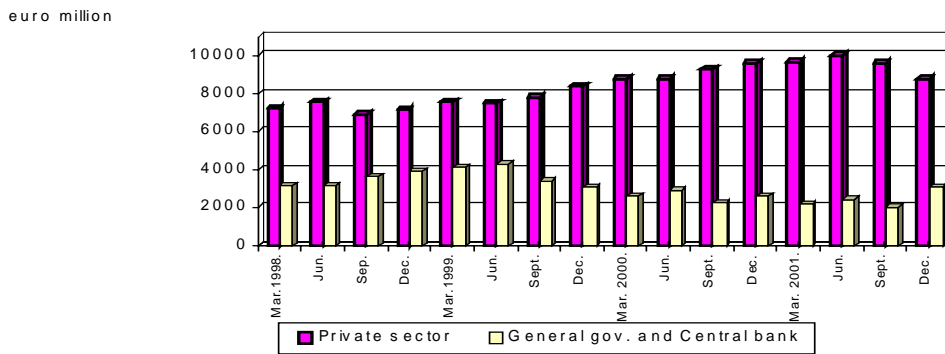
The value of central bank foreign exchange reserves was EUR 12.2 billion at end-December. Whole-economy gross foreign debt was EUR 4.8 billion higher than at end-2000. Transactions, and price and exchange rate movements as well as other volume changes contributed EUR 3.4 billion and EUR 1.4 billion respectively to the increase in gross foreign debt. The year-on-year change in net debt was accounted for by the EUR 0.3 billion downward effect of exchange rate movements, and price and other volume changes. The outstanding total of central bank and government debt securities was EUR 4.4 billion at end-December 2001, EUR 1.6 billion higher than at the end of the previous year.

Foreign debt of Hungary

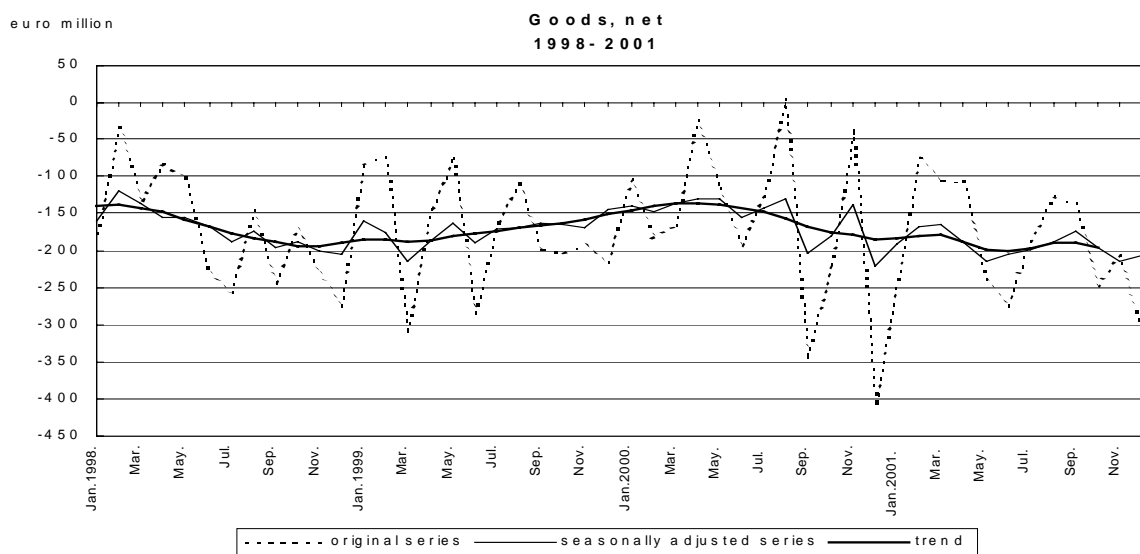
	Euro million	
	2000 Dec.	2001 Dec.
I. Gross foreign debt, Total Economy (S.1) (A+B)	33.0	37.8
A: General government and Central bank (S.13+S.121)	16.0	17.0
A.1. o/w.:debt securities denominated in HUF	2.8	4.4
B. Private sector (S.1-S.13-S.121)	17.0	20.9
B.1. o/w.:Intercompany loans	3.3	5.2
II. Net foreign debt, Total Economy (S.1) (A+B)	12.1	11.8
A: General government and Central bank (S.13+S.121)	2.6	3.0
A.1. o/w.:debt securities denominated in HUF	2.8	4.4
B. Private sector (S.1-S.13-S.121)	9.6	8.8
B.1. o/w.:Intercompany loans	3.1	4.8
III. Gross foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	26.9	28.2
IV. Net foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	6.3	2.6

a) excluding intercompany loans

**Net foreign debt, Hungary 1998-2001
(by sectors, including intercompany loans)**



In 2001, net expenditures for trade in goods, at EUR 2,265 million, were the balance of EUR 31,346 million exports and EUR 33,611 million imports. Exports and imports rose by EUR 3,358 million and EUR 3,707 million respectively in one year. The seasonally adjusted goods deficit was slightly higher in 2001 than in the previous year.



Tourism revenue, at EUR 4,391 million, and expenditure, at EUR 1,462 million, were EUR 669 million and EUR 272 million higher respectively in 2001 than in 2000. According to the time series calculated after eliminating the seasonal effects, the trend of monthly tourism balances shows continuously increasing surpluses of above EUR 200 million since the summer of 2000. Net expenditures for service transactions excluding tourism amounted to EUR 505 million in the year under review, EUR 90 million lower than in 2000.

Due to the withdrawal of euro area national currencies, Hungarian households switched a portion of their foreign currency holdings into deposits or converted into forints. The estimated values of deposited and converted assets, EUR 30 million and EUR 140 million, derived by analysing the available series for currency turnover, were recorded in the financial account when compiling the balance of payments for November and December respectively. The conversion of outgoing member currencies had no effect on the current account outcomes.

The EUR 1,681 million net outflow of investment income was slightly lower in a year-on-year comparison. The net outflow of investment income on equity rose by EUR 31 million relative to 2000. By contrast, the net outflow of investment income on debt fell by EUR 53 million.

The EUR 273 million surplus on current transfers in 2001 was EUR 24 million higher than in the previous year.

The balance of non-debt capital transactions showed a total inward flow of EUR 813 million in the year under review. Net inflows of direct investments in equity capital were the balance of direct investment transactions by non-residents in Hungary, at EUR 1,083 million, and those by Hungarian residents abroad, at EUR 358 million. Portfolio investment transactions in equity securities showed net inflows of EUR 88 million.

Balance of payments, Hungary

euro million

	2000				2001			
	Oct.	Nov.	Dec.	Jan.-Dec.	Oct.	Nov.	Dec.	Jan.-Dec.
1. Goods, net	-220	-39	-406	-1916	-249	-207	-314	-2265
1.1. Exports	2540	2710	2740	27988	2687	2824	2753	31346
1.2. Imports	2760	2749	3146	29904	2936	3031	3067	33611
2. Services and income, net	201	43	-164	232	153	69	-37	744
2.1. Services*, net	240	149	23	1938	238	181	48	2425
2.1.1. Exports	680	630	614	6814	792	750	690	8622
2.1.2. Imports	440	481	591	4876	554	569	642	6197
2.2. Income, net	-39	-106	-188	-1706	-85	-112	-85	-1681
2.2.1. Income on debt, net	-21	-91	-99	-826	-51	-96	-32	-773
2.2.2. Income on equity, net	-18	-14	-88	-883	-36	-17	-55	-914
2.2.3. Compensation of employees, net	1	-1	0	3	1	1	2	6
3. Current transfers	22	23	9	249	24	15	23	273
4. Current account balance	3	27	-562	-1434	-72	-124	-328	-1248
5. Non debt creating financing, net	-99	-302	23	214	239	123	-335	813
5.1. Direct investment, equity capital, net	27	-270	52	843	310	93	-356	725
5.1.1. Abroad, net	-11	-117	-266	-621	-6	-11	46	-358
5.1.2. In Hungary, net	37	-154	319	1465	316	104	-402	1083
5.2. Portfolio investment, equity securities, net	-126	-31	-29	-629	-70	30	21	88
*- o/w: Travel, net	243	186	151	2533	266	233	194	2930
credit	330	305	279	3722	384	352	302	4391
debit	87	120	128	1190	119	120	108	1462

Balance of payments, Hungary (seasonally adjusted data) ^{a)}

euro million

	2001											
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1. Goods, net	-191	-168	-163	-188	-213	-204	-199	-188	-173	-196	-214	-206
1.1. Exports	2551	2549	2585	2612	2572	2633	2663	2581	2632	2643	2667	2675
1.2. Imports	2797	2673	2694	2816	2826	2897	2912	2759	2707	2844	2926	2831
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net	223	216	230	233	238	245	262	247	259	249	264	260
credit	342	332	345	344	362	372	388	384	382	378	383	373
debit	109	117	110	112	125	116	125	131	119	120	123	124
2.1.2. Other services, net	-63	-41	-31	-17	-34	-63	21	-22	-46	-45	-66	-97
credit	320	315	313	340	336	341	417	382	354	376	362	375
debit	374	369	366	371	378	387	396	401	405	419	426	434
2.2. Income, net												
2.2.1. Income on debt, net	-53	-60	-56	-84	-87	-79	-65	-54	-51	-73	-74	-41
2.2.2. Income on equity, net	-51	-50	-52	40	-48	-44	-51	-44	-45	-47	-44	-38
2.2.3. Compensation of employees, net	-1	0	-1	1	1	1	0	0	0	1	1	2
3. Current transfers	35	19	14	27	14	16	26	20	38	23	18	25
4. Current account balance	-152	-73	-44	-172	-201	-143	-66	-99	-6	-143	-160	-16

Balance of payments, Hungary (seasonally adjusted data) ^{a)}

euro million

	2000											
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1. Goods, net	-140	-147	-136	-130	-131	-156	-142	-130	-202	-180	-137	-221
1.1. Exports	2021	2060	2164	2212	2312	2339	2344	2492	2453	2534	2546	2596
1.2. Imports	2140	2189	2327	2314	2496	2409	2420	2575	2752	2713	2650	2910
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net	194	209	187	218	206	208	209	218	221	224	220	214
credit	281	307	276	323	303	291	299	313	316	324	338	343
debit	95	95	96	97	93	88	92	94	93	103	112	126
2.1.2. Other services, net	-19	-19	-57	-64	-42	-43	-34	-77	-48	-19	-50	-80
credit	235	234	215	214	235	242	241	266	284	336	295	324
debit	254	259	267	266	274	276	271	361	353	358	357	370
2.2. Income, net												
2.2.1. Income on debt, net	-67	-80	-52	-64	-59	-67	-50	-72	-82	-51	-80	-92
2.2.2. Income on equity, net	-52	-49	-51	-46	-58	-49	-42	-58	-53	-48	-44	-53
2.2.3. Compensation of employees, net	-1	0	1	-1	0	1	0	0	1	1	-1	0
3. Current transfers	19	23	30	17	36	28	11	27	9	20	23	11
4. Current account balance	-69	-201	-101	-58	-109	-141	-73	-83	-297	-86	-34	-201

Average exchange rates of the Hungarian forint in December 2001 were 247.65 per euro and 277.01 per US dollar. The month-end exchange rates were 246.33 per euro and 279.03 per US dollar.

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a) Methodological notes to seasonal adjustment:

The following method is used to seasonally adjust the sub-components of the current account in 2001:

1) Using the SEATS TRAMO software, the model settings which accord best with the characteristics of the times series ending with the final data for December 2000 are fixed at the entire length of the year. The newly published data are adjusted in the same model in the course of 2001. Taking account of the data for the latest month, the seasonally adjusted data for earlier periods will change.

2) In the publications, the direct method is used to adjust the accounts; and the individual items of the accounts, derived from the original data, are directly seasonally adjusted. Consequently, a seasonally adjusted sub-balance cannot be reproduced from the seasonally adjusted data that underlie the given sub-balance.

3) A trend value is the five-month moving average of the seasonally smoothed data, with diminishing weights proceeding symmetrically on both sides of the centre ($y_t = 1/9x_{t-2} + 2/9x_{t-1} + 3/9x_t + 2/9x_{t+1} + 1/9x_{t+2}$).

4) Compensation for employees does not reflect seasonal effects, therefore, the Table includes the not seasonally adjusted data.

Methodological note to the publications and tables:

The codes (e.g. S.121) attached to the names of sectors and sub-sectors, refer to corresponding categories generally used in international classifications. Definitions of the various sectors can be found in the article 'Sector classification in the NBH's statistical press releases from June 2001', at Financial data...Statistics on the Bank's web site.