

## PRESS RELEASE

### Hungary's final balance of payments

*January 2002*

According to the final data, Hungary's current account registered a EUR 390 million deficit in January 2002. This compared with a EUR 175 million deficit a year earlier. Higher net expenditures for trade in goods and services played a dominant role in the change. After eliminating the seasonal effects, the current account was in a EUR 265 million deficit. Net non-debt inflow amounted to EUR 223 million in the month under review.

The value of central bank foreign exchange reserves was EUR 11.8 billion at month-end. Whole-economy gross foreign debt was EUR 0.5 billion higher relative to the preceding month. Transactions reduced gross foreign debt by EUR 0.5 billion, price and exchange rate movements as well as other volume changes contributing EUR 1.0 billion. Transactions, and price and exchange rate movements as well as other volume changes equally contributed EUR 0.1 billion to the EUR 0.2 billion one-month change in net debt. The outstanding total of NBH forint-denominated securities was EUR 4.5 billion at end-January, EUR 0.1 billion higher than at the end of the previous year.

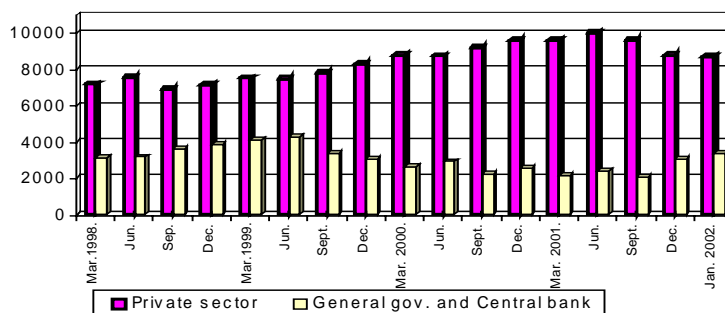
#### Foreign debt of Hungary

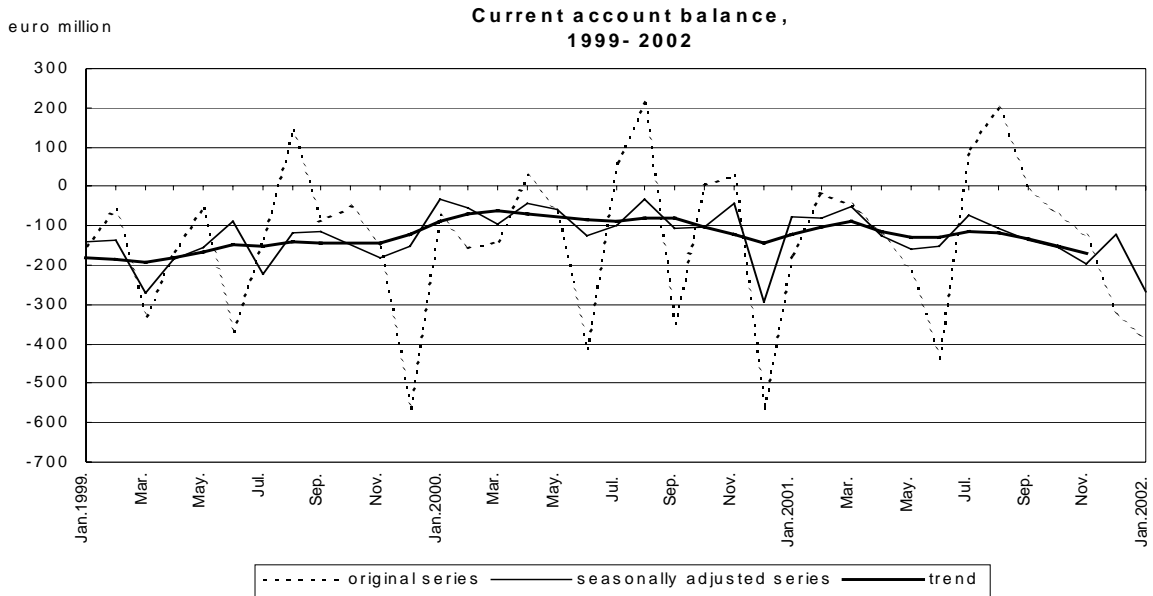
	Euro million	
	2001 Dec.	2002 Jan.
<b>I. Gross foreign debt, Total Economy (S.1) ( A+B)</b>	<b>37.8</b>	<b>38.3</b>
A: General government and Central bank (S.13+S.121)	17.0	17.0
A.1. o/w.:debt securities denominated in HUF	4.4	4.5
B: Private sector (S.1-S.13-S.121)	20.9	21.4
B.1. o/w.:Intercompany loans	6.0	6.5
<b>II. Net foreign debt, Total Economy (S.1) ( A+B)</b>	<b>11.8</b>	<b>12.0</b>
A: General government and Central bank (S.13+S.121)	3.0	3.4
A.1. o/w.:debt securities denominated in HUF	4.4	4.5
B: Private sector (S.1-S.13-S.121)	8.8	8.7
B.1. o/w.:Intercompany loans	3.4	3.7
<b>III. Gross foreign debt denominated in foreign currencies, Total Economy (S.1) <sup>a)</sup></b>	<b>27.4</b>	<b>27.3</b>
<b>IV. Net foreign debt denominated in foreign currencies, Total Economy (S.1) <sup>a)</sup></b>	<b>4.0</b>	<b>3.8</b>

a) excluding intercompany loans

#### Net foreign debt, Hungary 1998-2002 (by sectors, including intercompany loans)

euro million





In January, net expenditures for trade in goods were the balance of EUR 2,538 million exports and EUR 2,929 million imports. The monthly value of exports fell by EUR 56 million and that of imports rose by EUR 96 million relative to January 2001. The seasonally adjusted goods deficit was nearly EUR 62 million higher in January 2002 than a year earlier.



Tourism revenue, at EUR 189 million, was EUR 53 million lower than in January 2001, expenditure, at EUR 132 million, being EUR 21 higher than the year earlier outcome. The change in individuals' currency conversion habits, caused by the changeover to the euro, were in the background of lower revenues. Net expenditures for service transactions excluding tourism amounted to EUR 76 million in the month under review, rising by EUR 10 million relative to a year earlier. According to the time series calculated after eliminating the seasonal effects, the trend of monthly balance outcomes shows continuously falling surpluses of less than EUR 50 million since 2000.



Net outflow of investment income was EUR 41 million. Here, the negative balance for investment income on equity rose by EUR 12 million, while that of investment income on debt fell by EUR 16 million relative to January 2001.

The EUR 61 million surplus on current transfers in January 2002 was EUR 15 million higher than a year previously.

The balance of non-debt capital transactions showed a total inward flow of EUR 223 million in the month under review. Net inflows of direct investments in equity capital were the balance of direct investment transactions by non-residents in Hungary, at EUR 148 million, and those by Hungarian residents abroad, at EUR 13 million. Portfolio investment transactions in equity securities showed net inflows of EUR 88 million.

## Balance of payments, Hungary

euro million

	2001	2002
	Jan.	Jan.
<b>1. Goods, net</b>	<b>-239</b>	<b>-391</b>
1.1. Exports	2594	2538
1.2. Imports	2833	2929
<b>2. Services and income, net</b>	<b>17</b>	<b>-61</b>
2.1. Services*, net	65	-20
2.1.1. Exports	573	582
2.1.2. Imports	507	602
2.2. Income, net	-48	-41
2.2.1. Income on debt, net	-43	-27
2.2.2. Income on equity, net	-4	-16
2.2.3. Compensation of employees, net	-1	1
<b>3. Current transfers</b>	<b>46</b>	<b>61</b>
<b>4. Current account balance</b>	<b>-175</b>	<b>-390</b>
<b>5. Non debt creating financing, net</b>	<b>-162</b>	<b>223</b>
5.1. Direct investment, equity capital, net	-207	135
5.1.1. Abroad, net	-313	-13
5.1.2. In Hungary, net	105	148
5.2. Portfolio investment, equity securities, net	45	88
*- o/w: Travel, net	131	56
credit	242	189
debit	111	132

## Balance of payments, Hungary (seasonally adjusted data) <sup>a)</sup>

euro million

	2002
	Jan.
<b>1. Goods, net</b>	<b>-246</b>
1.1. Exports	2535
1.2. Imports	2874
<b>2. Services and income, net</b>	
2.1. Services	
2.1.1. Travel, net	149
credit	273
debit	140
2.1.2. Other services, net	-45
credit	387
debit	441
2.2. Income, net	
2.2.1. Income on debt, net	-52
2.2.2. Income on equity, net	-58
2.2.3. Compensation of employees, net	1
<b>3. Current transfers</b>	<b>31</b>
<b>4. Current account balance</b>	<b>-265</b>

Balance of payments, Hungary (seasonally adjusted data) <sup>a)</sup>

euro million

	2001											
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
<b>1. Goods, net</b>	<b>-184</b>	<b>-158</b>	<b>-161</b>	<b>-191</b>	<b>-209</b>	<b>-214</b>	<b>-202</b>	<b>-199</b>	<b>-180</b>	<b>-214</b>	<b>-219</b>	<b>-219</b>
1.1. Exports	2577	2537	2548	2627	2581	2734	2726	2601	2593	2585	2671	2587
1.2. Imports	2783	2702	2745	2798	2821	2866	2875	2780	2758	2837	2908	2843
<b>2. Services and income, net</b>												
2.1. Services												
2.1.1. Travel, net	223	217	230	233	238	245	262	247	259	249	264	260
credit	355	343	347	350	360	365	370	367	375	373	388	380
debit	118	118	117	101	128	119	120	145	120	135	127	113
2.1.2. Other services, net	-44	-46	-37	-37	-40	-51	-31	-39	-47	-44	-43	-58
credit	311	319	333	347	347	352	379	370	364	363	377	380
debit	367	360	364	371	381	401	409	398	406	419	431	447
2.2. Income, net												
2.2.1. Income on debt, net	-59	-70	-63	-78	-80	-76	-66	-58	-55	-68	-67	-46
2.2.2. Income on equity, net	-49	-49	-57	42	-50	-45	-55	-50	-53	-56	-53	-48
2.2.3. Compensation of employees, net	-1	0	-1	1	1	1	0	0	0	1	1	2
<b>3. Current transfers</b>	<b>23</b>	<b>21</b>	<b>20</b>	<b>23</b>	<b>19</b>	<b>22</b>	<b>25</b>	<b>24</b>	<b>29</b>	<b>26</b>	<b>26</b>	<b>30</b>
<b>4. Current account balance</b>	<b>-78</b>	<b>-81</b>	<b>-51</b>	<b>-125</b>	<b>-158</b>	<b>-151</b>	<b>-73</b>	<b>-106</b>	<b>-137</b>	<b>-157</b>	<b>-195</b>	<b>-121</b>

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Average exchange rates of the Hungarian forint in January 2002 were 243.95 per euro and 275.92 per US dollar. The month-end exchange rates were 243.49 per euro and 282.21 per US dollar.

\* \* \* \* \*

a) Methodological notes to seasonal adjustment:

The method is used to seasonally adjust the sub-components of the current account in 2002 is as follows:

- 1 The components of the current account are seasonally adjusted using the SEATS TRAMO software, within the Demetra interface, in line with the recommendations of Eurostat.
- 2 The effects of *holidays* are eliminated using a built-in variable designed for holidays in Hungary; the *working-day effect* is eliminated using two regression variables.
- 3 The *salient values* are identified according to the basic setting, allowing for the identification of all three types of outlier.
- 4 In order for the seasonally adjusted time series to be stable and *minimise revisions*, the available times series have been adjusted starting from 1994, and the same model setting is being used for one year. The Bank's publications include a five-month moving average of the seasonally smoothed data, with diminishing weights proceeding symmetrically on both sides of the centre ( $y_t = 1/9x_{t-2} + 2/9x_{t-1} + 3/9x_t + 2/9x_{t+1} + 1/9x_{t+2}$ ), instead of the trend calculated by the programme.
- 5 The sub-balance outcomes are directly seasonally adjusted. This means that the sub-accounts, derived from the not adjusted data, are directly seasonally adjusted. Consequently, the seasonally adjusted current account balance outcome cannot be reproduced from the seasonally adjusted data of the sub-accounts.
- 6 Compensation for employees does not reflect seasonal effects, therefore, the Table includes the not seasonally adjusted data.

Notes to the press release and the tables:

The codes attached to the names of the sectors and sub-sectors (e.g. S.121) refer to the corresponding groups of the classification generally used in international practice. The definitions of the individual sectors can be found on the Bank's web site at Financial Data...Statistical Releases, 'Sector classification in the NBH's statistical press releases from June 2001'.