

## PRESS RELEASE

### Hungary's final balance of payments March 2002

According to the final data, Hungary's current account registered a EUR 28 million surplus in March 2002. This compared with a EUR 48 million deficit a year earlier. Lower net expenditures for trade in goods and the higher current transfer surplus dominated the year-on-year change. After eliminating the seasonal effects, the current account was in a EUR 90 million deficit in the month under review. Net non-debt inflow amounted to EUR 58 million.

Central bank foreign exchange reserves amounted to EUR 11.0 billion at month-end. Whole-economy gross foreign debt was EUR 0.2 billion lower relative to the preceding month. The change in gross debt was accounted for by the EUR 0.2 billion downward effect of transactions. The EUR 0.2 billion downward effect of transactions was offset by the EUR 0.2 billion upward effect of price and exchange rate movements as well as other volume changes. The outstanding total of forint-denominated central bank and government debt securities was EUR 5.0 billion at end-March, EUR 0.2 billion higher than at the end of the preceding month.

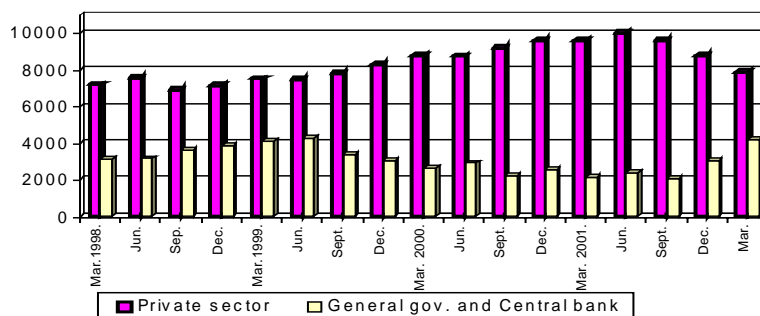
#### Foreign debt of Hungary

	Euro million	
	2002	
	Feb.	Mar.
<b>I. Gross foreign debt, Total Economy (S.1) ( A+B)</b>	<b>37.5</b>	<b>37.3</b>
A: General government and Central bank (S.13+S.121)	16.6	16.9
A.1. o/w.:debt securities denominated in HUF	4.8	5.0
B: Private sector (S.1-S.13-S.121)	20.9	20.4
B.1. o/w.:Intercompany loans	6.2	6.2
<b>II. Net foreign debt, Total Economy (S.1) ( A+B)</b>	<b>12.1</b>	<b>12.1</b>
A: General government and Central bank (S.13+S.121)	3.7	4.2
A.1. o/w.:debt securities denominated in HUF	4.8	5.0
B: Private sector (S.1-S.13-S.121)	8.4	7.9
B.1. o/w.:Intercompany loans	3.6	3.5
<b>III. Gross foreign debt denominated in foreign currencies, Total Economy (S.1) <sup>a)</sup></b>	<b>26.4</b>	<b>26.0</b>
<b>IV. Net foreign debt denominated in foreign currencies, Total Economy (S.1) <sup>a)</sup></b>	<b>3.7</b>	<b>3.6</b>

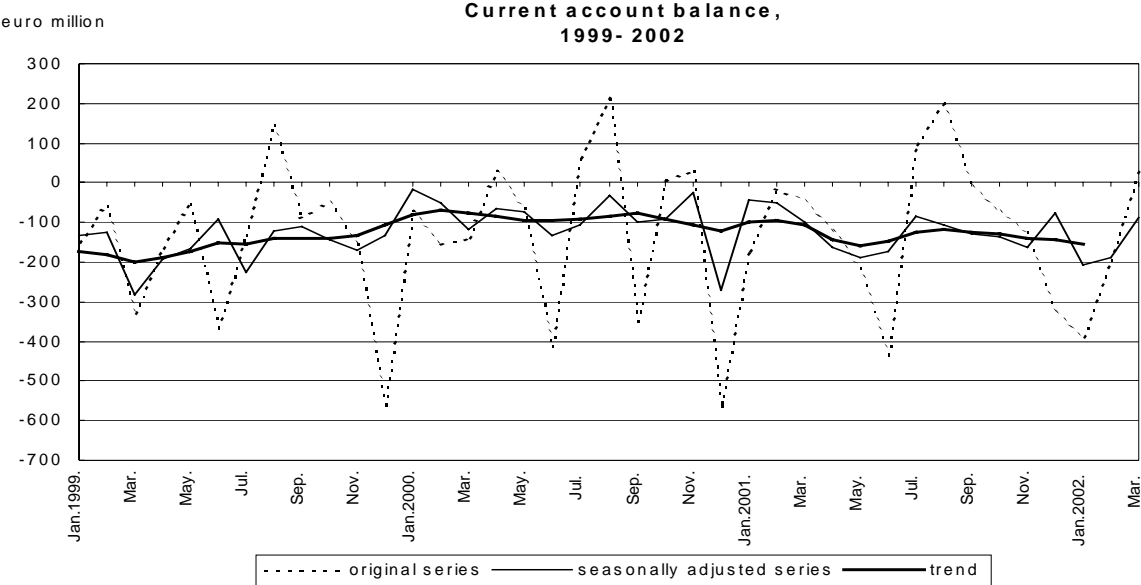
a) excluding intercompany loans

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

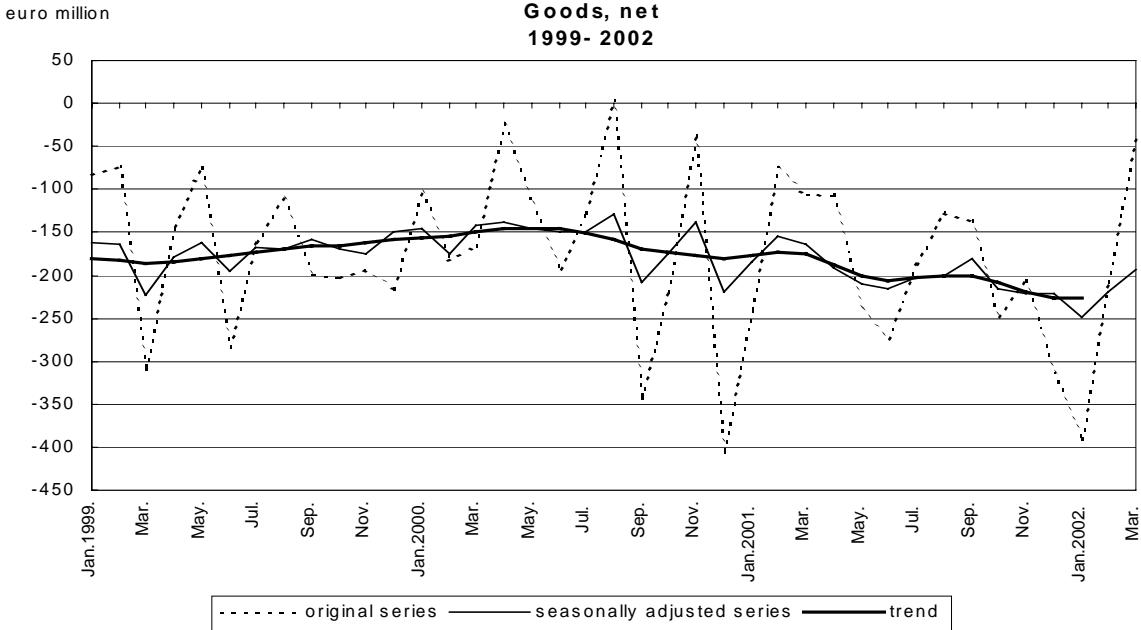
euro million



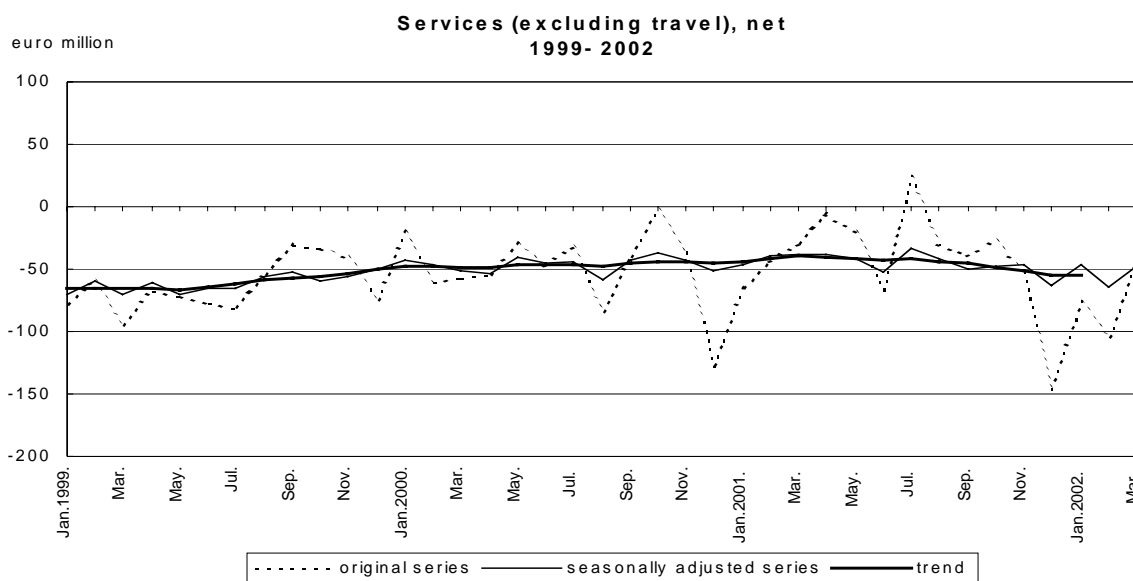
The increase in the total net debt of general government and the NBH was primarily due to higher domestic currency-denominated debt. Most of the fall in private sector net debt was accounted for by an increase in assets.



In March, net expenditures for trade in goods were the balance of EUR 2,732 million exports and EUR 2,769 million imports. The monthly values of exports and imports rose by EUR 140 million and EUR 72 million respectively relative to March 2001. The seasonally adjusted goods deficit was EUR 30 million higher in March 2002 than a year earlier.



Tourism revenue, at EUR 263 million, was EUR 38 million lower than in March 2001, expenditure, at EUR 123 million, being EUR 16 higher. Up EUR 14 million relative to a year earlier, net expenditures for service transactions excluding tourism amounted to EUR 44 million in the month under review. According to the time series calculated after eliminating the seasonal effects, the trend of monthly balance outcomes shows continuously rising deficits since the summer of 2001.



Net outflow of investment income was EUR 71 million. Here, the negative balance for investment income on equity fell by EUR 18 million and that of investment income on debt by EUR 27 million relative to March 2001.

The EUR 41 million surplus on current transfers in March 2002 was EUR 31 million higher than that recorded a year previously.

The balance of non-debt capital transactions showed a total inward flow of EUR 58 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 56 million, and those by Hungarian residents abroad, at EUR 5 million. Portfolio investment transactions in equity securities showed net inflows of EUR 7 million.

## Balance of payments, Hungary

euro million

	2001				2002			
	Jan.	Feb.	Mar.	Jan.-Mar.	Jan.	Feb.	Mar.	Jan.-Mar.
<b>1. Goods, net</b>	<b>-239</b>	<b>-75</b>	<b>-106</b>	<b>-419</b>	<b>-391</b>	<b>-209</b>	<b>-38</b>	<b>-637</b>
1.1. Exports	2594	2321	2592	7507	2538	2453	2732	7723
1.2. Imports	2833	2396	2697	7926	2929	2662	2769	8360
<b>2. Services and income, net</b>	<b>17</b>	<b>54</b>	<b>48</b>	<b>120</b>	<b>-61</b>	<b>4</b>	<b>25</b>	<b>-32</b>
2.1. Services*, net	65	87	164	316	-20	28	96	104
2.1.1. Exports	573	525	613	1711	582	626	623	1832
2.1.2. Imports	507	439	449	1395	602	598	527	1728
2.2. Income, net	-48	-32	-116	-197	-41	-23	-71	-136
2.2.1. Income on debt, net	-43	-27	-65	-135	-27	-11	-38	-75
2.2.2. Income on equity, net	-4	-5	-51	-60	-16	-9	-33	-57
2.2.3. Compensation of employees, net	-1	0	-1	-2	1	-4	0	-3
<b>3. Current transfers</b>	<b>46</b>	<b>7</b>	<b>10</b>	<b>62</b>	<b>61</b>	<b>7</b>	<b>41</b>	<b>109</b>
<b>4. Current account balance</b>	<b>-175</b>	<b>-14</b>	<b>-48</b>	<b>-237</b>	<b>-390</b>	<b>-198</b>	<b>28</b>	<b>-560</b>
<b>5. Non debt creating financing, net</b>	<b>-162</b>	<b>266</b>	<b>186</b>	<b>290</b>	<b>223</b>	<b>33</b>	<b>58</b>	<b>313</b>
5.1. Direct investment, equity capital, net	-207	267	157	216	135	25	51	210
5.1.1. Abroad, net	-313	-3	10	-306	-13	-16	-5	-34
5.1.2. In Hungary, net	105	270	147	523	148	40	56	244
5.2. Portfolio investment, equity securities, net	45	-1	29	73	88	8	7	103
*- o/w: Travel, net	131	131	194	456	56	132	140	329
credit	242	223	301	767	189	246	263	697
debit	111	92	107	311	132	113	123	369

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

euro million

	2002		
	Jan.	Feb.	Mar.
<b>1. Goods, net</b>	<b>-248</b>	<b>-219</b>	<b>-193</b>
1.1. Exports	2593	2651	2693
1.2. Imports	2887	2908	2882
<b>2. Services and income, net</b>			
2.1. Services			
2.1.1. Travel, net	151	203	193
credit	317	351	320
debit	140	143	135
2.1.2. Other services, net	-46	-64	-48
credit	388	400	403
debit	439	465	451
2.2. Income, net			
2.2.1. Income on debt, net	-51	-52	-46
2.2.2. Income on equity, net	-54	-53	-51
2.2.3. Compensation of employees, net	1	-4	0
<b>3. Current transfers</b>	<b>33</b>	<b>34</b>	<b>40</b>
<b>4. Current account balance</b>	<b>-206</b>	<b>-190</b>	<b>-90</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>-154</b>	<b>-163</b>	<b>-192</b>	<b>-210</b>	<b>-215</b>	<b>-203</b>	<b>-201</b>	<b>-181</b>	<b>-216</b>	<b>-221</b>	<b>-221</b>
1.1. Exports	2574	2548	2540	2617	2612	2708	2691	2628	2618	2590	2640	2599
1.2. Imports	2792	2641	2747	2800	2824	2871	2880	2786	2766	2846	2918	2855
<b>2. Services and income, net</b>												
2.1. Services												
2.1.1. Travel, net	225	207	240	234	239	246	263	247	258	248	262	257
credit	389	328	359	359	367	370	372	365	368	363	372	360
debit	118	117	117	101	128	119	120	145	120	135	127	113
2.1.2. Other services, net	-46	-39	-39	-38	-42	-52	-33	-42	-50	-48	-47	-63
credit	312	315	333	346	347	352	379	371	365	364	379	381
debit	367	354	368	371	381	402	409	399	407	419	431	447
2.2. Income, net												
2.2.1. Income on debt, net	-59	-70	-64	-79	-80	-76	-66	-58	-55	-68	-66	-45
2.2.2. Income on equity, net	-48	-50	-60	41	-51	-45	-55	-49	-52	-54	-51	-45
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>22</b>	<b>17</b>	<b>22</b>	<b>19</b>	<b>21</b>	<b>25</b>	<b>24</b>	<b>30</b>	<b>27</b>	<b>28</b>	<b>32</b>
<b>4. Current account balance</b>	<b>-45</b>	<b>-50</b>	<b>-98</b>	<b>-164</b>	<b>-188</b>	<b>-173</b>	<b>-85</b>	<b>-108</b>	<b>-129</b>	<b>-136</b>	<b>-162</b>	<b>-77</b>

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Average exchange rates of the Hungarian forint in March 2002 were 244.71 per euro and 279.48 per US dollar. The month-end exchange rates were 243.50 per euro and 279.18 per US dollar.

\* \* \* \* \*

<sup>a)</sup> Methodological notes to seasonal adjustment:

The method 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 *Outliers* are identified according to the basic setting, allowing 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'.