

PRESS RELEASE

Hungary's final balance of payments May 2002

According to the final data, Hungary's current account registered a EUR 443 million deficit in May 2002. This compared with a EUR 213 million deficit a year earlier. Higher net expenditures for trade in goods and services were dominant in the year-on-year change. After eliminating the seasonal effects, the current account was in a EUR 364 million deficit in the month under review. Net non-debt outflow amounted to EUR 95 million.

Central bank foreign exchange reserves amounted to EUR 10.5 billion at month-end. Whole-economy gross foreign debt was EUR 0.6 billion lower relative to the preceding month. The change in gross debt was dominated by the downward effects of transactions, and price and exchange rate movements as well as other volume changes, both factors accounting for EUR 0.3 billion. Transactions contributed virtually the whole of the EUR 0.4 billion increase in net foreign debt. The outstanding total of forint-denominated central bank and government debt securities was EUR 5.3 billion at end-May, EUR 0.1 billion higher than at the end of the preceding month.

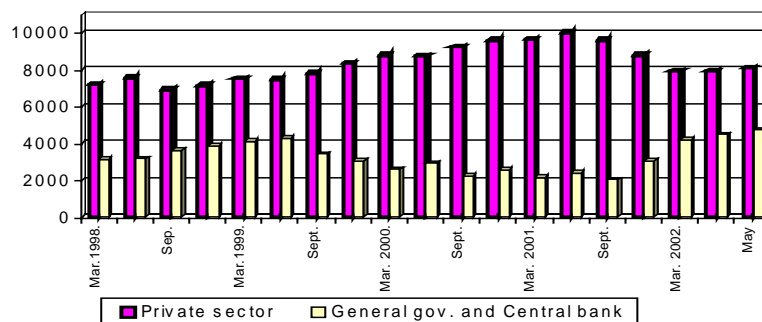
Foreign debt of Hungary

	Euro million	
	2002	
	Apr.	May
I. Gross foreign debt, Total Economy (S.1) (A+B)	37.4	36.8
A: General government and Central bank (S.13+S.121)	17.1	16.6
A.1. o/w.:debt securities denominated in HUF	5.2	5.3
B: Private sector (S.1-S.13-S.121)	20.2	20.2
B.1. o/w.:Intercompany loans	6.3	6.4
II. Net foreign debt, Total Economy (S.1) (A+B)	12.4	12.8
A: General government and Central bank (S.13+S.121)	4.5	4.7
A.1. o/w.:debt securities denominated in HUF	5.2	5.3
B: Private sector (S.1-S.13-S.121)	7.9	8.1
B.1. o/w.:Intercompany loans	3.6	3.7
III. Gross foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	25.9	25.1
IV. Net foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	3.6	3.8

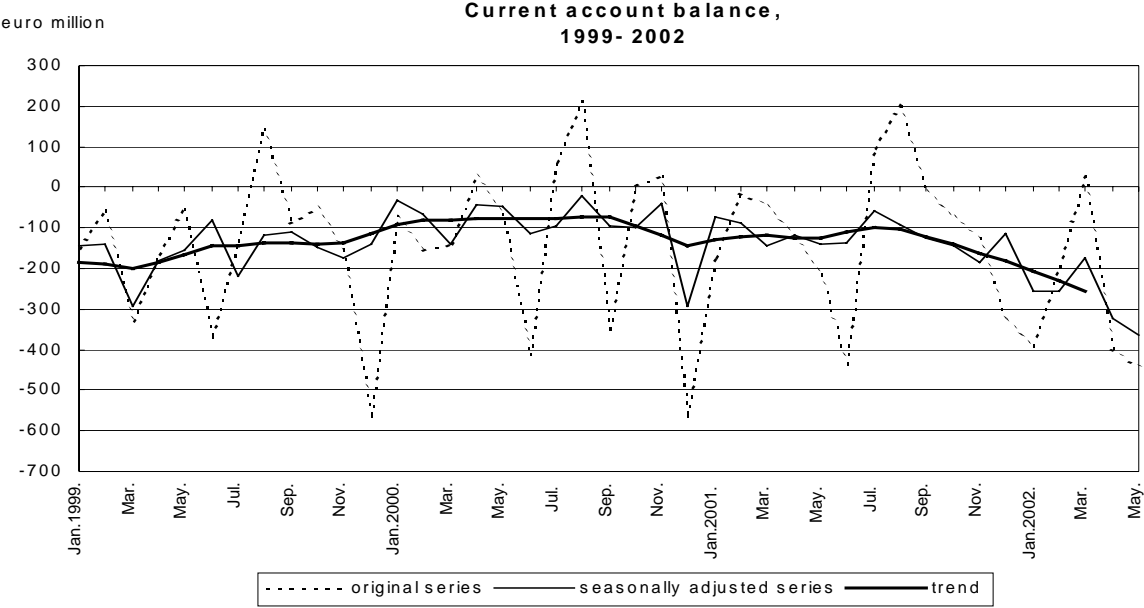
a) Excluding intercompany loans

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

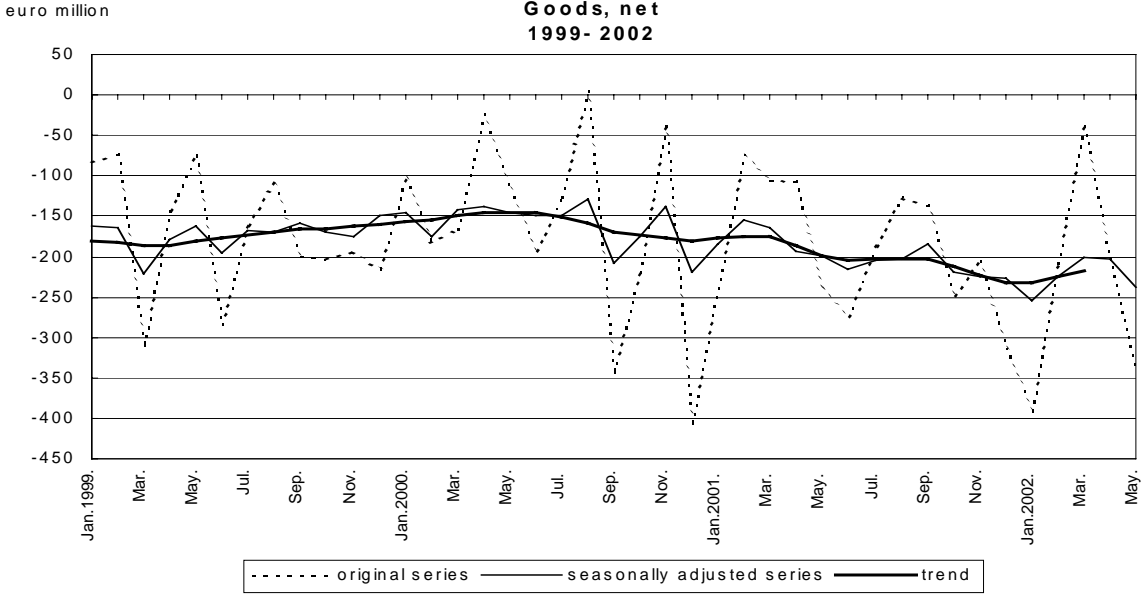
euro million



The rise in net debt of general government and the NBH relative to mid-2001 was primarily due to the increase in domestic currency-denominated debt and the reduction in reserves. Most of the fall in private sector net debt was accounted for by an increase in assets.



In May, net expenditures for trade in goods were the balance of EUR 2,843 million exports and EUR 3,184 million imports. The monthly values of exports and imports rose by EUR 194 million and EUR 295 million respectively relative to May 2001. The seasonally adjusted goods deficit was EUR 39 million higher in May 2002 than a year earlier.



Tourism revenue, at EUR 319 million, was EUR 58 million lower than in May 2001, expenditure, at EUR 125 million, being unchanged in a year-on-year comparison. Net expenditures for service transactions excluding tourism amounted to EUR 77 million in the month under review, up EUR 57 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 rising deficits since the summer of 2001.



Net outflow of investment income was EUR 239 million. Here, the negative balance for investment income on equity rose by EUR 12 million and that of investment income on debt by EUR 16 million relative to May 2001.

The EUR 21 million surplus on current transfers in May 2002 was EUR 18 million higher than that recorded a year previously.

Non-debt capital transactions showed a negative balance of EUR 95 million in the month under review. The outcome for direct investments in equity capital was the result of direct investment transactions by non-residents in Hungary, at EUR 2 million, and those by Hungarian residents abroad, at EUR 21 million. Portfolio investment transactions in equity securities showed net outflows of EUR 76 million.

Balance of payments, Hungary

euro million

	2001				2002			
	Mar.	Apr.	Máj	Jan.-Máj.	Mar.	Apr.	May	Jan.-May
1. Goods, net	-106	-108	-240	-767	-38	-202	-341	-1181
1.1. Exports	2592	2636	2649	12792	2732	2875	2843	13440
1.2. Imports	2697	2744	2889	13559	2769	3077	3184	14621
2. Services and income, net	48	-42	24	102	25	-221	-123	-375
2.1. Services*, net	164	216	232	764	96	2	116	222
2.1.1. Exports	613	648	698	3058	623	627	678	3137
2.1.2. Imports	449	432	467	2293	527	625	562	2914
2.2. Income, net	-116	-258	-208	-662	-71	-223	-239	-597
2.2.1. Income on debt, net	-65	-132	-70	-337	-38	-134	-86	-296
2.2.2. Income on equity, net	-51	-127	-139	-326	-33	-89	-151	-297
2.2.3. Compensation of employees, net	-1	1	1	0	0	0	-1	-4
3. Current transfers	10	28	3	94	41	23	21	153
4. Current account balance	-48	-121	-213	-572	28	-400	-443	-1402
5. Non debt creating financing, net	186	66	127	483	58	147	-95	366
5.1. Direct investment, equity capital, net	157	52	119	387	51	130	-19	321
5.1.1. Abroad, net	10	-15	-12	-333	-5	-27	-21	-82
5.1.2. In Hungary, net	147	67	131	721	56	157	2	403
5.2. Portfolio investment, equity securities, net	29	14	8	95	7	17	-76	44
*- o/w: Travel, net	194	222	252	930	140	146	193	668
credit	301	323	377	1467	263	261	319	1277
debit	107	101	125	537	123	115	125	609

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

euro million

	2002				
	Jan.	Feb.	Mar.	Apr.	May
1. Goods, net	-254	-226	-201	-203	-239
1.1. Exports	2556	2681	2734	2789	2810
1.2. Imports	2919	2951	2936	3052	3109
2. Services and income, net					
2.1. Services					
2.1.1. Travel, net	159	196	175	167	179
credit	315	348	318	306	312
debit	139	142	133	117	129
2.1.2. Other services, net	-53	-71	-54	-150	-64
credit	378	386	386	380	380
debit	441	467	451	493	462
2.2. Income, net					
2.2.1. Income on debt, net	-58	-62	-59	-70	-77
2.2.2. Income on equity, net	-59	-59	-58	-68	-67
2.2.3. Compensation of employees, net	1	-4	0	0	-1
3. Current transfers	31	31	37	33	39
4. Current account balance	-256	-257	-174	-325	-364

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	-184	-154	-164	-193	-200	-216	-204	-202	-184	-219	-226	-226
1.1. Exports	2591	2531	2539	2613	2571	2730	2723	2602	2594	2589	2684	2603
1.2. Imports	2813	2671	2784	2780	2786	2842	2858	2772	2762	2849	2931	2879
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net	229	202	229	239	238	246	264	248	260	249	265	260
credit	388	326	358	367	368	371	372	365	368	362	371	358
debit	117	116	116	103	127	120	120	145	121	135	127	113
2.1.2. Other services, net	-46	-39	-41	-37	-40	-54	-33	-44	-53	-52	-51	-67
credit	311	313	330	352	352	356	382	372	364	361	374	373
debit	366	353	369	360	388	403	409	400	408	420	432	449
2.2. Income, net												
2.2.1. Income on debt, net	-61	-73	-68	-77	-74	-71	-62	-56	-54	-69	-69	-50
2.2.2. Income on equity, net	-50	-53	-62	58	-51	-45	-56	-51	-54	-56	-54	-49
2.2.3. Compensation of employees, net	-1	0	-1	1	1	1	0	0	0	1	1	2
3. Current transfers	23	22	17	25	17	21	25	24	29	26	26	30
4. Current account balance	-72	-88	-144	-118	-139	-136	-57	-92	-127	-143	-184	-114

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Average exchange rates of the Hungarian forint in May 2002 were 243.71 per euro and 265.80 per US dollar. The month-end exchange rates were 243.27 per euro and 259.46 per US dollar.

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^{a)} 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'.