



23 December 2014

PRESS RELEASE

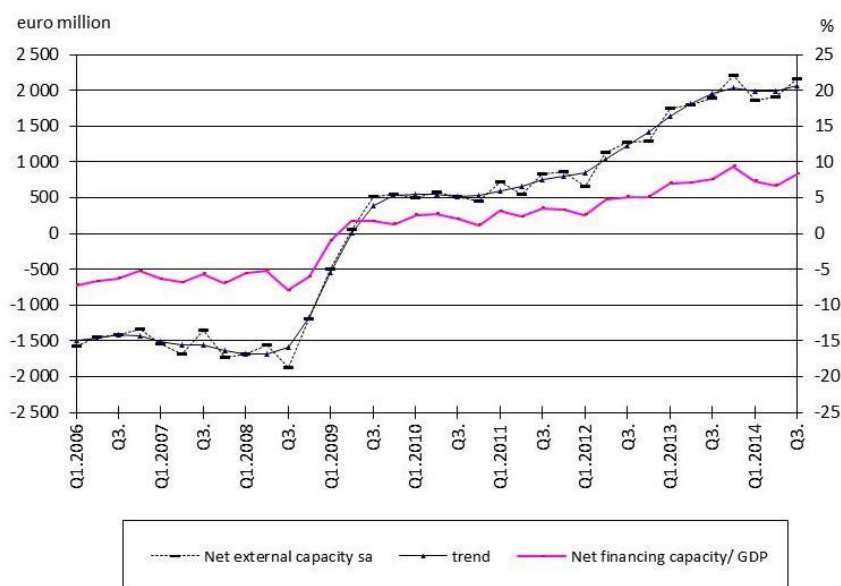
Hungary's balance of payments: 2014 Q3

The international methodological standards for balance of payments statistics (*Balance of Payments and International Investment Position Manual 6th Edition - BPM6*), revised in recent years, were implemented in a coordinated way in the European Union Member States, including in Hungary, in 2014. The press release of 23 December, containing Hungary's balance of payments data for 2014 Q3, is the third to be published with a content and detail reflecting the new methodological requirements.

A [statistical publication](#) '*Hungary's balance of payments and international investment position*', presenting the new methodology and the effects of the practice of compiling, publishing and revising balance of payments statistics as well as of the introduction of the new methodology, was published on the MNB's website in October. (For the time being, the publication is available only in Hungarian, an English translation is in progress.)

In 2014 Q3, Hungary's unadjusted net external financing capacity (i.e. the combined surplus on its current and capital accounts) amounted to EUR 2,408 million (HUF 752 billion).¹ Adjusted for seasonal effects, the net external financing capacity was EUR 2,167 million or 8.3% of GDP (HUF 663 billion).

Chart 1
Net external financing capacity in EUR millions (left-hand scale)
and as a percentage of GDP (right-hand scale)



¹ Consistent with its practice of releasing and revising statistical data, on 23 December 2014 the MNB is publishing Hungary's balance of payments and international investment position statistics for 2014 Q3 for the first time, as well as revised back data for 2014 Q1 and Q2.

Table 1
Current account balance and net external financing capacity (EUR millions)

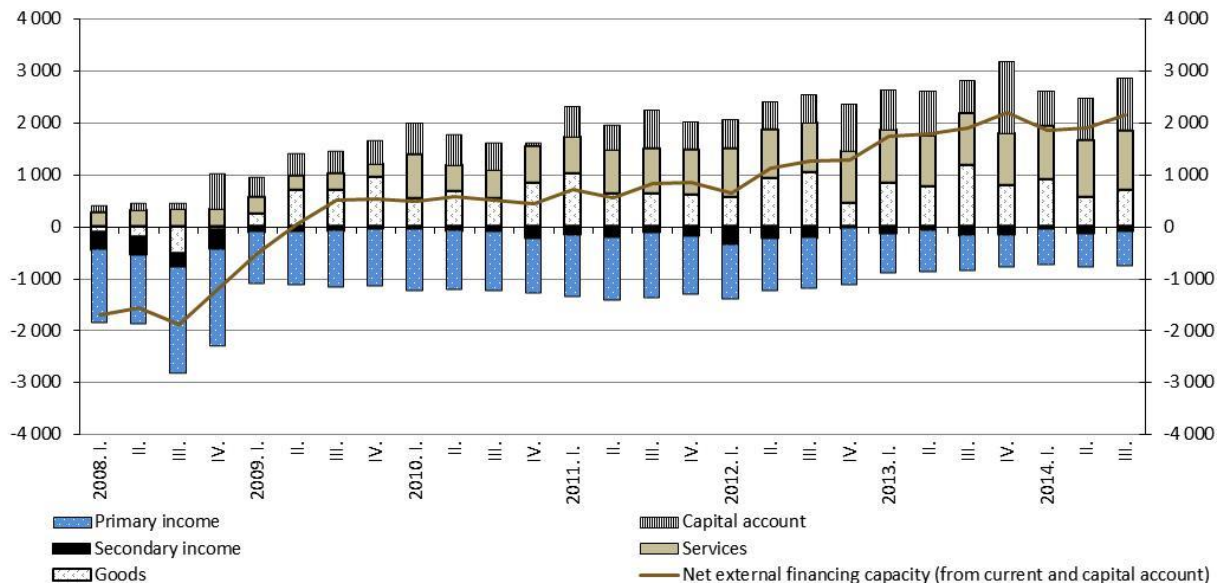
| | 2013 | | | | | 2014 | | | | |
|---|--------|--------|--------|--------|---------|--------|--------|--------|--------|--|
| | Q1 | Q2 | Q3 | Q4 | Q1-Q4 | Q1 | Q2 | Q3 | Q1-Q3 | |
| 1. Current account, net (1.A+1.B+1.C) | 858 | 824 | 1 564 | 917 | 4 162 | 1 069 | 820 | 1 397 | 3 286 | |
| 1.A. Goods and Services, net | 1 784 | 1 851 | 2 467 | 1 522 | 7 623 | 1 799 | 1 776 | 2 214 | 5 790 | |
| Exports | 21 227 | 22 343 | 22 768 | 22 859 | 89 197 | 22 150 | 23 625 | 23 868 | 69 643 | |
| Imports | 19 444 | 20 492 | 20 301 | 21 337 | 81 573 | 20 351 | 21 849 | 21 653 | 63 853 | |
| 1.A.a. Goods, net | 901 | 777 | 1 157 | 752 | 3 586 | 971 | 578 | 698 | 2 246 | |
| Exports | 17 467 | 18 095 | 18 209 | 18 638 | 72 409 | 18 340 | 19 260 | 19 069 | 56 669 | |
| Imports | 16 566 | 17 318 | 17 052 | 17 886 | 68 822 | 17 368 | 18 682 | 18 372 | 54 423 | |
| 1.A.b. Services, net | 883 | 1 074 | 1 310 | 771 | 4 037 | 828 | 1 199 | 1 517 | 3 544 | |
| Exports | 3 761 | 4 248 | 4 558 | 4 221 | 16 788 | 3 811 | 4 365 | 4 798 | 12 974 | |
| Imports | 2 878 | 3 174 | 3 248 | 3 451 | 12 751 | 2 983 | 3 166 | 3 282 | 9 431 | |
| 1.B. Primary income, net | -563 | -933 | -737 | -674 | -2 907 | -489 | -806 | -726 | -2 021 | |
| 1.B.1. Compensation of employees, net | 518 | 537 | 545 | 569 | 2 168 | 524 | 543 | 541 | 1 607 | |
| 1.B.2. Investment income, net | -1 465 | -1 798 | -1 565 | -1 657 | -6 485 | -1 327 | -1 707 | -1 521 | -4 555 | |
| 1.B.2.1. Direct investment income, net | -884 | -959 | -994 | -1 084 | -3 921 | -773 | -910 | -972 | -2 655 | |
| 1.B.2.2. Portfolio investment income, net | -537 | -791 | -519 | -539 | -2 387 | -520 | -761 | -506 | -1 787 | |
| 1.B.2.3. Other investment income, net | -224 | -217 | -197 | -188 | -826 | -184 | -178 | -171 | -533 | |
| 1.B.2.4. Reserve assets, net | 180 | 169 | 145 | 154 | 648 | 151 | 141 | 127 | 420 | |
| 1.B.3. Other primary income, net | 384 | 329 | 282 | 414 | 1 410 | 314 | 358 | 255 | 926 | |
| -of which: EU transfers | 384 | 329 | 282 | 414 | 1 410 | 314 | 358 | 255 | 926 | |
| 1.C. Secondary income, net | -363 | -94 | -166 | 69 | -554 | -241 | -151 | -91 | -483 | |
| -of which: EU transfers | -127 | 161 | 78 | 304 | 417 | 12 | 111 | 153 | 276 | |
| 2. Capital account, net | 607 | 830 | 614 | 1 590 | 3 641 | 498 | 756 | 1 011 | 2 265 | |
| -of which: EU transfers | 598 | 812 | 616 | 1 579 | 3 605 | 480 | 752 | 1 010 | 2 241 | |
| 3. Financial account (net assets) (3.1+3.2+3.3+3.4+3.5) | 1 443 | 2 047 | 1 779 | 1 909 | 7 178 | 1 086 | 1 586 | 1 992 | 4 665 | |
| 3.1. Direct investment (net assets) | -445 | 914 | 794 | -1 636 | -373 | -492 | 2 093 | -500 | 1 101 | |
| 3.1.k. Abroad (net assets) | 184 | 30 | -945 | 2 013 | 1 283 | 482 | 350 | 586 | 1 418 | |
| 3.1.1.k Equity (net assets) | 103 | 192 | -935 | 1 786 | 1 147 | 468 | 531 | 1 165 | 2 164 | |
| 3.1.1.1.ki Equity other than reinvestment of earnings (net assets) | 95 | 167 | -1 142 | 1 544 | 663 | 376 | 466 | 932 | 1 774 | |
| 3.1.1.2.ki Reinvestment of earnings (net assets) | 8 | 25 | 207 | 243 | 484 | 92 | 65 | 233 | 389 | |
| 3.1.2.ki Debt instruments (net assets) | 81 | -162 | -10 | 226 | 136 | 14 | -181 | -579 | -745 | |
| 3.1.2.1.ki Assets | -12 | -115 | 92 | 528 | 493 | -29 | 68 | -165 | -126 | |
| 3.1.2.2.ki Liabilities | -93 | 47 | 101 | 301 | 357 | -44 | 249 | 414 | 619 | |
| 3.1.t In Hungary (net liabilities) | 629 | -883 | -1 739 | 3 649 | 1 656 | 974 | -1 743 | 1 086 | 317 | |
| 3.1.1.t Equity (net liabilities) | 520 | -1 014 | 882 | 3 201 | 3 590 | 729 | -2 500 | 2 325 | 554 | |
| 3.1.1.1.be Equity other than reinvestment of earnings (net liabilities) | 123 | 206 | -186 | 2 028 | 2 171 | 241 | -1 462 | 1 311 | 89 | |
| 3.1.1.2.be Reinvestment of earnings (net liabilities) | 397 | -1 219 | 1 068 | 1 173 | 1 419 | 488 | -1 037 | 1 014 | 465 | |
| 3.1.2.be Debt instruments (net liabilities) | 109 | 130 | -2 621 | 448 | -1 934 | 246 | 757 | -1 239 | -237 | |
| 3.1.2.1.be Assets | 1 626 | 893 | 770 | -1 238 | 2 051 | 564 | -70 | 95 | 589 | |
| 3.1.2.2.be Liabilities | 1 735 | 1 023 | -1 851 | -790 | 117 | 810 | 687 | -1 145 | 352 | |
| 3.2. Portfolio investment (net assets) | -1 368 | -1 101 | 833 | -1 438 | -3 073 | -1 114 | 606 | 2 752 | 2 244 | |
| 3.2.k Assets | -200 | -13 | 2 | -141 | -351 | 195 | 479 | 395 | 1 069 | |
| 3.2.t Liabilities | 1 168 | 1 088 | -831 | 1 296 | 2 722 | 1 309 | -127 | -2 357 | -1 175 | |
| 3.3. Financial derivatives (other than reserves), net assets | -228 | -53 | -112 | -185 | -579 | 16 | 34 | -59 | -8 | |
| 3.3.k Assets | -1 207 | -844 | -748 | -1 095 | -3 893 | -832 | -1 761 | -593 | -3 187 | |
| 3.3.t Liabilities | -979 | -791 | -636 | -909 | -3 314 | -849 | -1 795 | -535 | -3 179 | |
| 3.4. Other investment (net assets) | 1 639 | 2 943 | 3 581 | 1 830 | 9 993 | 260 | -956 | 342 | -354 | |
| 3.4.k Assets | -221 | 150 | -200 | 70 | -200 | -333 | -1 332 | 97 | -1 568 | |
| 3.4.t Liabilities | -1 860 | -2 793 | -3 781 | -1 759 | -10 193 | -594 | -376 | -245 | -1 215 | |
| 3.5. Reserve assets | 1 845 | -656 | -3 317 | 3 338 | 1 210 | 2 416 | -190 | -544 | 1 681 | |
| Memorandum: | | | | | | | | | | |
| Net external financing capacity | | | | | | | | | | |
| Net external financing capacity (CA and Capital account) | 1 465 | 1 654 | 2 178 | 2 506 | 7 803 | 1 567 | 1 576 | 2 408 | 5 551 | |
| Financial account balance | 1 443 | 2 047 | 1 779 | 1 909 | 7 178 | 1 086 | 1 586 | 1 992 | 4 665 | |
| Difference (Net errors and omissions) | -22 | 393 | -399 | -597 | -625 | -480 | 10 | -416 | -886 | |

Table 2
Net external financing capacity (seasonally adjusted data; EUR millions)

| | 2013 | | | | 2014 | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | I. n.év | II. n.év | III. n.év | IV. n.év | I. n.év | II. n.év | III. n.év |
| 1. Real economic transactions, net (Goods and services) | 1 874 | 1 762 | 2 152 | 1 883 | 1 885 | 1 711 | 1 890 |
| 1.1. Export | 22 384 | 22 425 | 22 541 | 22 513 | 23 448 | 23 621 | 23 630 |
| 1.2. Import | 19 892 | 20 512 | 20 380 | 20 788 | 20 806 | 21 861 | 21 734 |
| 1.1. Goods | 850 | 784 | 1 184 | 804 | 919 | 586 | 725 |
| 1.1.1. Export | 17 827 | 18 026 | 18 262 | 18 298 | 18 718 | 19 168 | 19 123 |
| 1.1.2. Import | 17 119 | 17 312 | 17 217 | 17 448 | 17 949 | 18 664 | 18 551 |
| 1.2. Services | 1 028 | 979 | 1 015 | 1 006 | 1 034 | 1 099 | 1 143 |
| 1.2.1. Travel, net | 631 | 643 | 624 | 646 | 660 | 670 | 694 |
| export | 1 018 | 1 080 | 995 | 1 027 | 1 106 | 1 124 | 1 097 |
| import | 336 | 367 | 365 | 354 | 381 | 400 | 361 |
| 1.2.2. Other services, net | 396 | 323 | 399 | 353 | 370 | 427 | 427 |
| export | 3 132 | 3 162 | 3 240 | 3 244 | 3 124 | 3 236 | 3 346 |
| import | 2 748 | 2 855 | 2 787 | 2 874 | 2 816 | 2 813 | 2 841 |
| 2. Primary income | -765 | -780 | -688 | -606 | -679 | -658 | -661 |
| 3. Secondary income | -135 | -81 | -169 | -161 | -53 | -131 | -93 |
| 4. Current account balance | 946 | 855 | 1 232 | 1 123 | 1 144 | 878 | 1 064 |
| 5. Capital account | 754 | 868 | 625 | 1 388 | 657 | 797 | 1 009 |
| 6. Net external financing capacity | 1 751 | 1 798 | 1 898 | 2 216 | 1 869 | 1 901 | 2 167 |

1 Main developments in net external financing capacity (current and capital account aggregates)

Chart 2
Net external financing capacity (EUR millions)



Of the components of net external financing capacity, calculated as the balance on the current and capital accounts, the seasonally adjusted surpluses on goods and services increased in 2014 Q3. Here, the surplus on **goods** amounted to EUR 725 million. Exports (EUR 19,123 million) and imports (EUR 18,551 million) both fell relative to the previous quarter. The surplus on **services** amounted to EUR 1,143 million in 2014 Q3. Within this, the travel surplus was EUR 694 million. Seasonally adjusted, revenues (EUR 1,097 million) and expenditures (EUR 361 million) were both lower than in the previous quarters of 2014. Data on other services were higher than in previous quarters: revenues amounted to EUR 3,346 million and expenditures to EUR 2,841 million.

In 2014 Q3, the seasonally adjusted **primary income** deficit (EUR 661 million) was broadly unchanged at the level of the previous quarter.

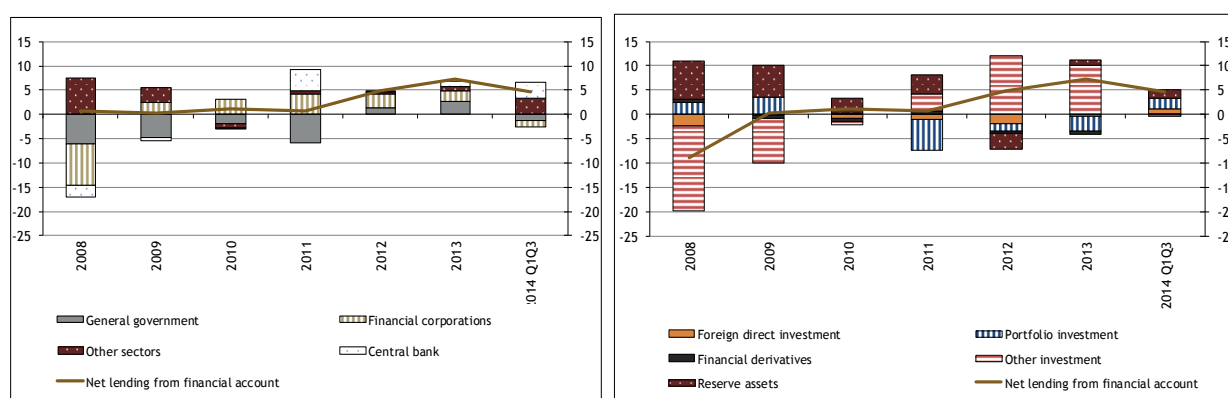
The deficit on the **secondary income balance** was EUR 93 million in 2014 Q3, down on the data for the previous quarter.

The surplus on **transfers to and from the EU** amounted to EUR 1,417 million in 2014 Q3. The balance of primary income with the EU (taxes and subsidies on production and products) showed a surplus of EUR 255 million, and current transfers to and from the EU, recorded under secondary income, amounted to EUR 153 million. Funds received from the EU, recorded as capital transfers, amounted to EUR 1,010 million.²

2 Financial account: net external financing capacity calculated from the financial account³

Chart 3

Financial account by functional categories and institutional sectors (EUR billions)



Within **direct investments**, outward investments by Hungarian residents rose by EUR 586 million and inward investments by non-residents by EUR 1,086 million in 2014 Q3. Within direct investments by Hungarian residents abroad, investments in equities contributed EUR 932 million (of which capital in transit amounted to EUR 236 million) and reinvested earnings EUR 233 million to the value of investments abroad in 2014 Q3. Transactions in debt instruments showed a EUR 579 million reduction in net assets. Within direct investments by non-residents in Hungary, the value of investments in equities contributed EUR 1,311 million (including capital in transit of EUR 236 million already mentioned) and reinvested earnings EUR 1,014 million to the value of investments in Hungary. Capital withdrawal recorded due to superdividends was insignificant. The balance of transactions in debt instruments showed a EUR 1,239 million decline in net liabilities. At EUR 397 million, capital in transit recorded on assets and liabilities had a neutral effect on this balance.

Portfolio investment transactions showed a net outflow of EUR 2,752 million in 2014 Q3, reflecting an increase of EUR 395 million in assets and a decline of EUR 2,357 million in liabilities. Within assets, equity securities and investment fund shares increased by EUR 287 million and debt securities by EUR 108 million. Within liabilities, equity securities and investment fund shares fell by EUR 16 million

² Data for the transfers to and from the EU are not seasonally adjusted.

³ Summary data for the individual categories of investment are included in Table 1.

and debt securities by EUR 2,342 million. Within this, the termination of the two-week MNB bill accounted for EUR 1,407 million.

The balance of **other investments** showed an outflow of EUR 342 million in 2014 Q3. This reflected an increase of EUR 97 million in assets and a decline of EUR 245 million in liabilities.

3 Stock of reserve assets and external debt

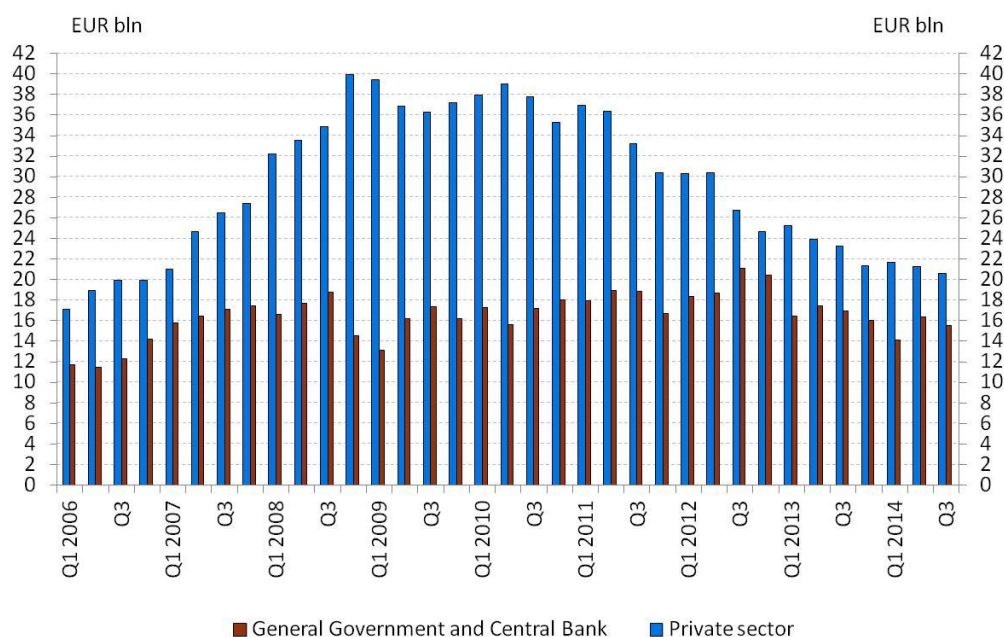
Central bank foreign exchange reserves amounted to EUR 35.7 billion at the end of September 2014. Hungary's net foreign debt, excluding FDI debt instruments, amounted to EUR 36.1 billion at the end of September 2014 (35.3% as a percentage of GDP in the last four quarters to 2014 Q3). Net short-term assets reflecting the recording of EU transfers on an accrual basis amounted to EUR -136 million. Within this, the value of assets was EUR 1,728 million and that of liabilities was EUR 1,863 million.

Table 3
Foreign assets and liabilities of Hungary⁴ (EUR millions)

| | 2013 | | | | 2014 | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Assets | 108 526 | 107 166 | 102 571 | 106 233 | 109 241 | 109 144 | 113 825 |
| 3.1.k Direct investment | 45 995 | 46 637 | 46 153 | 46 813 | 47 771 | 49 268 | 52 875 |
| 3.2.k Portfolio investment | 5 931 | 5 711 | 5 860 | 5 835 | 6 051 | 6 689 | 7 198 |
| 3.3.k Financial derivatives (other than reserves) | 3 849 | 3 085 | 2 679 | 2 679 | 2 526 | 1 737 | 2 378 |
| 3.4.k Other investment | 17 284 | 17 404 | 17 064 | 17 123 | 16 697 | 15 371 | 15 689 |
| o/w: due to accrual accounting of EU-transfers | 826 | 1 359 | 1 755 | 1 610 | 1 344 | 1 274 | 1 728 |
| 3.5. Reserve assets | 35 467 | 34 329 | 30 815 | 33 782 | 36 197 | 36 080 | 35 684 |
| Liabilities | 202 813 | 203 223 | 196 108 | 198 140 | 199 395 | 197 714 | 197 430 |
| 3.1.t Direct investment | 95 127 | 96 712 | 94 711 | 97 027 | 98 415 | 96 586 | 98 617 |
| 3.2.t Portfolio investment | 47 386 | 49 525 | 48 267 | 49 858 | 50 276 | 51 673 | 49 652 |
| 3.3.t Financial derivatives (other than reserves) | 4 007 | 3 538 | 3 700 | 3 718 | 3 831 | 3 005 | 2 523 |
| 3.4.t Other investment | 56 292 | 53 449 | 49 431 | 47 538 | 46 873 | 46 449 | 46 637 |
| o/w: due to accrual accounting of EU-transfers | 1 295 | 1 254 | 870 | 1 115 | 1 303 | 1 714 | 1 863 |
| Net Assets | -94 287 | -96 057 | -93 537 | -91 907 | -90 154 | -88 570 | -83 605 |
| o/w: due to accrual accounting of EU-transfers | -469 | 105 | 884 | 494 | 41 | -440 | -136 |
| Memorandum: | | | | | | | |
| Gross external debt (excluding direct investment other capital) | 95 225 | 93 971 | 88 998 | 89 131 | 89 579 | 90 183 | 88 663 |
| General government and Central bank | 52 544 | 52 790 | 48 951 | 51 196 | 51 752 | 53 450 | 52 047 |
| Other MFIs and Other sectors | 42 681 | 41 182 | 40 047 | 37 935 | 37 827 | 36 732 | 36 616 |
| Net external debt (excluding direct investment other capital) | 41 674 | 41 414 | 40 241 | 37 334 | 35 810 | 37 643 | 36 086 |
| General government and Central bank | 16 437 | 17 459 | 16 961 | 16 016 | 14 097 | 16 399 | 15 521 |
| Other MFIs and Other sectors | 25 237 | 23 956 | 23 279 | 21 318 | 21 714 | 21 243 | 20 565 |

⁴ Assets and liabilities vis-à-vis non-residents include all financial assets and liabilities vis-à-vis the rest of the world, while foreign debt, by definition, does not include *shares and other equity* and *financial derivatives*.

Chart 4
Net foreign debt of Hungary (excluding FDI debt instruments), 2014 Q3



Tables 4 and 5 present shifts relative to 2014 Q1 and Q2 data published in September 2014.

Table 4
Changes in net flows vis-a-vis the last publication (excluding SPEs, EUR millions)

| | 2014Q1 | 2014Q2 |
|--|-----------|-----------|
| 1. Goods | 0 | 0 |
| 2. Services | 0 | 0 |
| 3. Primary income | 0 | -2 |
| 4. Secondary income | 2 | 13 |
| I. Current account balance (1+2+3+4) | 2 | 11 |
| II. Capital account | -1 | -7 |
| III. Financial account (5+6+7+8) | 36 | 51 |
| 5. Foreign direct investment (net assets) | 139 | 139 |
| Foreign direct investment abroad (net assets) | -1 | -10 |
| Equity | 4 | -10 |
| Debt instruments | -4 | 0 |
| Foreign direct investment in Hungary (net liabilities) | -139 | -150 |
| Equity | -97 | -137 |
| Debt instruments | -43 | -12 |
| 6. Portfolio investments (net assets) | -125 | -103 |
| Assets | 0 | 0 |
| Liabilities | 125 | 103 |
| 7. Financial derivatives (net assets) | 11 | -13 |
| 8. Other investments (net assets) | 12 | 28 |
| Assets | 59 | -7 |
| Liabilities | 47 | -35 |
| IV. Net errors and omissions | 35 | 47 |

Table 5
Changes in stocks and some indicators vis-à-vis the last publication
(excluding SPEs, EUR millions)

| | 2014Q1 | 2014Q2 |
|--|--------|--------|
| 1. Foreign direct investment (net assets) | -317 | -422 |
| Foreign direct investment abroad (net assets) | 0 | -61 |
| Equity | 4 | -57 |
| Debt assets | -4 | -4 |
| Debt liabilities | 0 | 0 |
| Foreign direct investment in Hungary (net liabilities) | 317 | 361 |
| Equity | 252 | 255 |
| Debt assets | 213 | 166 |
| Debt liabilities | 279 | 272 |
| 2. Portfolio investments (net assets) | -119 | -237 |
| Assets | 0 | 0 |
| Liabilities | 119 | 237 |
| 3. Financial derivatives (net assets) | -90 | 2 |
| 4. Other investments (net assets) | -124 | -27 |
| Assets | 53 | 84 |
| Liabilities | 177 | 111 |
| Gross external debt* | 177 | 111 |
| Net external debt* | 124 | 27 |
| Goods net in the percentage of the GDP | 0,0% | 0,0% |
| Current account balance in the percentage of the GDP | 0,0% | 0,0% |
| Gross debt in the percentage of the GDP* | 0,2% | 0,1% |
| Net debt in the percentage of the GDP* | 0,1% | 0,0% |

* Foreign direct investment excluding debt securities.

* * * * *

In this press release, Hungary's balance of payments and international investment position are presented excluding data on special purpose entities (SPEs), consistent with past practice. However, Hungary's balance of payments and IIP both excluding and including SPE data are available on the MNB's website.

The MNB will release Hungary's balance of payments and international investment position data for 2014 Q4 on 26 March 2015 and will revise quarterly data for the period 2012-2014 Q3.

Detailed tables: [Balance of payments](#)

Notes [Methodological notes](#)

MAGYAR NEMZETI BANK
STATISTICS DIRECTORATE

Contact information:

Phone: 428-2750

Fax: 429-8000

Email: sajto@mnbb.hu