



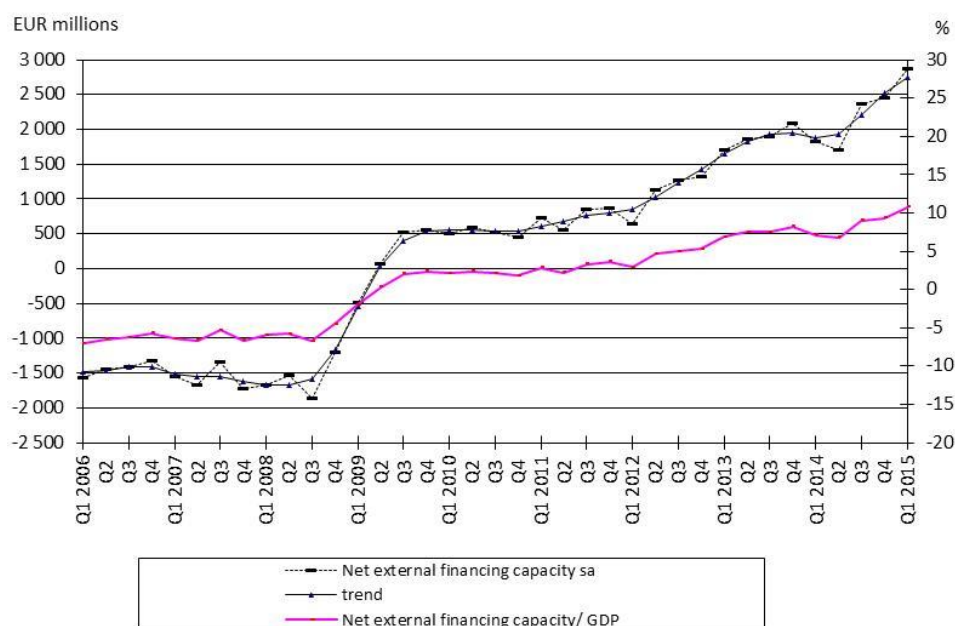
24 June 2015

PRESS RELEASE

Hungary's balance of payments: 2015 Q1

In 2015 Q1, Hungary's unadjusted net external financing capacity (i.e. the combined surplus on its current and capital accounts) amounted to EUR 2,990 million (HUF 921 billion).¹ Adjusted for seasonal effects, the net external financing capacity was EUR 2,864 million (HUF 871 billion), equal to 11% of quarterly GDP. The further increase in external financing capacity reflected the large surplus on goods, which amounted to EUR 1,577 million in seasonally unadjusted terms and EUR 1,409 million in seasonally adjusted terms.

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 24 June 2015 the MNB is publishing Hungary's balance of payments and international investment position statistics for 2015 Q1 as well as revised back data for 2014 Q1–Q4.

Table 1
Balance of payments main components (EUR millions)

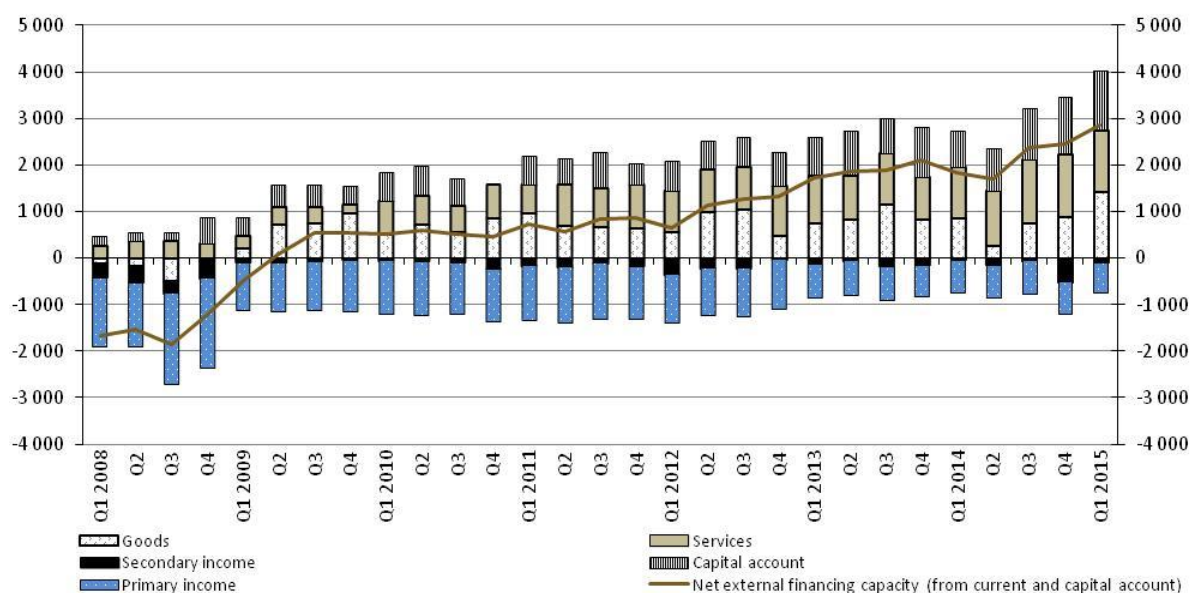
	2014					2015
	Q1	Q2	Q3	Q4	Q1-Q4	Q1
1. Current account, net (1.A+1.B+1.C)	1 202	429	1 590	874	4 094	1 981
1.A. Goods and Services, net	1 970	1 478	2 385	1 876	7 709	2 770
Exports	22 375	23 392	23 832	24 204	93 802	24 270
Imports	20 405	21 913	21 447	22 328	86 093	21 500
1.A.a. Goods, net	1 001	176	755	779	2 711	1 577
Exports	18 314	18 742	18 764	19 495	75 316	20 006
Imports	17 313	18 567	18 009	18 716	72 605	18 428
1.A.b. Services, net	969	1 303	1 630	1 097	4 999	1 193
Exports	4 061	4 649	5 067	4 710	18 487	4 265
Imports	3 092	3 347	3 437	3 612	13 488	3 072
1.B. Primary income, net	-526	-849	-770	-718	-2 864	-498
1.B.1. Compensation of employees, net	524	543	541	569	2 176	541
1.B.2. Investment income, net	-1 364	-1 750	-1 566	-1 725	-6 405	-1 392
1.B.2.1. Direct investment income, net	-810	-953	-1 017	-1 177	-3 957	-865
1.B.2.2. Portfolio investment income, net	-520	-761	-506	-514	-2 301	-497
1.B.2.3. Other investment income, net	-185	-178	-171	-147	-681	-139
1.B.2.4. Reserve assets, net	151	141	127	113	533	108
1.B.3. Other primary income, net	314	358	255	439	1 365	354
-of which: EU transfers	314	358	255	439	1 365	354
1.C. Secondary income, net	-242	-200	-25	-284	-751	-291
-of which: EU transfers	12	61	220	-21	272	-30
2. Capital account, net	497	750	960	1 777	3 985	1 009
-of which: EU transfers	479	747	959	1 820	4 005	998
3. Financial account (net assets) (3.1+3.2+3.3+3.4+3.5)	1 100	1 442	1 961	2 808	7 309	1 599
3.1. Direct investment (net assets)	-460	1 937	-573	-1 523	-618	414
3.1.k. Abroad (net assets)	508	357	586	1 037	2 488	592
3.1.1.k Equity (net assets)	497	532	1 166	535	2 730	-212
3.1.1.1.ki Equity other than reinvestment of earnings (net as	405	473	931	315	2 123	-283
3.1.1.2.ki Reinvestment of earnings (net assets)	92	59	235	220	607	71
3.1.2.ki Debt instruments (net assets)	11	-175	-579	502	-242	803
3.1.2.1.ki Assets	-33	68	-164	366	237	181
3.1.2.2.ki Liabilities	-43	242	416	-136	478	-622
3.1.t In Hungary (net liabilities)	967	-1 580	1 160	2 560	3 106	178
3.1.1.t Equity (net liabilities)	769	-2 433	2 325	1 579	2 241	737
3.1.1.1.be Equity other than reinvestment of earnings (net li	248	-1 439	1 292	554	655	125
3.1.1.2.be Reinvestment of earnings (net liabilities)	521	-994	1 033	1 025	1 586	612
3.1.2.be Debt instruments (net liabilities)	198	852	-1 166	980	865	-560
3.1.2.1.be Assets	608	-37	115	-335	351	993
3.1.2.2.be Liabilities	806	815	-1 050	645	1 216	433
3.2. Portfolio investment (net assets)	-1 114	606	2 752	905	3 150	932
3.2.k Assets	195	479	395	712	1 781	-206
3.2.t Liabilities	1 309	-127	-2 357	-193	-1 368	-1 138
3.3. Financial derivatives (other than reserves), net assets	17	35	-58	93	87	-184
3.3.k Assets	-838	-1 764	-595	-878	-4 076	-2 284
3.3.t Liabilities	-855	-1 799	-537	-971	-4 163	-2 100
3.4. Other investment (net assets)	241	-947	384	4 271	3 949	-788
3.4.k Assets	-314	-1 320	121	780	-733	791
3.4.t Liabilities	-555	-373	-262	-3 491	-4 681	1 580
3.5. Reserve assets	2 416	-190	-544	-939	742	1 226
Memorandum:						
Net external financing capacity						
Net external financing capacity (Current and capital account)	1 699	1 179	2 550	2 651	8 079	2 990
Net external financing capacity (Financial account)	1 100	1 442	1 961	2 808	7 309	1 599
Balancing item (Net errors and omissions)	-599	263	-589	156	-769	-1 391

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

	2014				2015
	Q1	Q2	Q3	Q4	Q1
1. Real economic transactions, net (Goods and services)	1 899	1 525	2 042	2 259	2 663
1.1. Export	22 946	23 260	23 550	24 042	24 869
1.2. Import	20 999	21 861	21 503	21 716	22 130
1.1. Goods	845	267	755	880	1 409
1.1.1. Export	18 570	18 683	18 859	19 220	20 263
1.1.2. Import	17 660	18 382	18 176	18 382	18 805
1.2. Services	1 110	1 174	1 362	1 349	1 339
1.2.1. Travel, net	692	714	746	758	762
export	1 120	1 109	1 100	1 199	1 229
import	376	403	364	389	401
1.2.2. Other services, net	445	511	594	589	612
export	3 360	3 510	3 607	3 577	3 487
import	2 956	3 019	3 022	2 975	2 919
2. Primary income	-701	-716	-713	-685	-664
3. Secondary income	-39	-146	-53	-513	-97
4. Current account balance	1 113	740	1 217	1 271	1 805
5. Capital account	766	913	1 097	1 230	1 274
6. EU-transfers	1 332	1 390	1 473	1 505	1 581
7. Net external financing capacity	1 823	1 696	2 368	2 457	2 864

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

Chart 2
Net external financing capacity (seasonally unadjusted, EUR millions)



² Direct adjustment is used to calculate the aggregates and balances, i.e. the time series for the balances are directly seasonally adjusted. Accordingly, the difference between the seasonally adjusted revenues and expenses is not equal to the seasonally adjusted data of the individual components.

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 continued to increase in 2015 Q1. Here, the surplus on **goods** amounted to EUR 1,409 million. Exports (EUR 20,263 million) and imports (EUR 18,805 million) both continued to rise relative to the previous quarter as export growth picked up further.

The surplus on **services** amounted to EUR 1,339 million in 2015 Q1. Within this, the travel surplus was EUR 762 million. Credits (EUR 1,229 million) and debits (EUR 401 million) were both higher than in the previous quarter. Data on other services were below the levels recorded in the previous quarter: credits and debits amounted to EUR 3,487 million and EUR 2,919 million, respectively. Nevertheless, the surplus was higher than in previous quarters.

In 2015 Q1, the seasonally adjusted **primary income** deficit (EUR 664 million) was slightly lower than in the previous quarter.

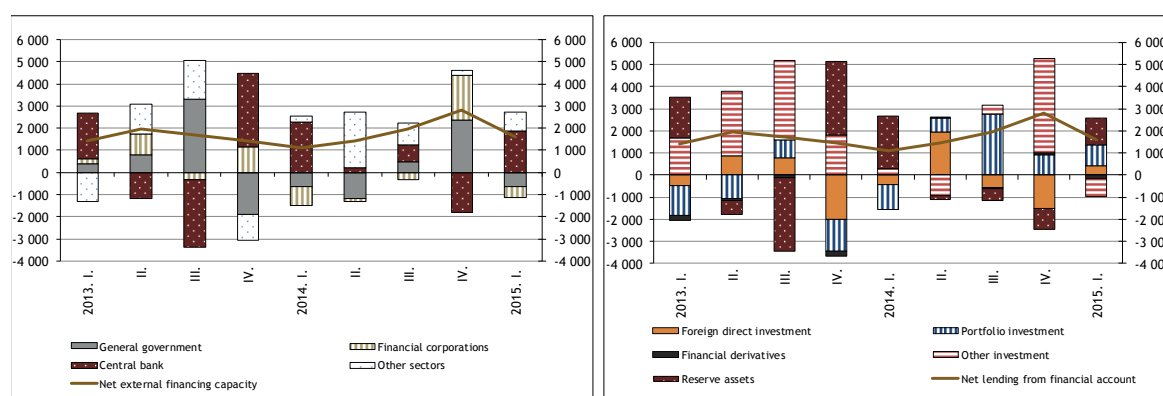
The deficit on **secondary income** was EUR 97 million in 2015 Q1, down on the deficit for the previous quarter.

The seasonally adjusted surplus on **transfers to and from the EU** amounted to EUR 1,581 million in 2015 Q1, with the seasonally unadjusted surplus amounting to EUR 1,323 million. Seasonally adjusted, the surplus rose relative to the previous quarter. In terms of the *unadjusted values* of the individual components, net primary income (taxes and subsidies on production and products) amounted to EUR 354 million, and the balance of current transfers to and from the EU, recorded under secondary income, amounted to EUR -30 million. Funds received from the EU, recorded as capital transfers, amounted to EUR 998 million.

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 592 million and inward investments by non-residents by EUR 178 million in 2015 Q1.

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

Within direct investments by Hungarian residents abroad, investments in equities fell by EUR 283 million in 2015 Q1. Here, capital in transit accounted for EUR 152 million within equity investments, contributing to the value of investments, and capital withdrawals recorded due to superdividends for EUR 597 million,⁴ reducing the value of investments. Reinvested earnings contributed EUR 71 million to the value of investments abroad in 2015 Q1. Transactions in debt instruments showed a EUR 803 million increase in net assets.

Within direct investments by non-residents in Hungary, the value of investments in equities and reinvested earnings contributed EUR 125 million and EUR 612 million, respectively, to the value of investments in Hungary. Capital withdrawal recorded due to superdividends amounted to EUR 101 million. The balance of transactions in debt instruments showed a EUR 560 million decrease in net liabilities. Within this, capital in transit amounted to EUR 152 million. A [table](#) on the MNB's website summarises transactions related to capital in transit and asset portfolio restructuring as well as adjusted direct investment data.

Portfolio investment transactions showed a net outflow of EUR 932 million in 2015 Q1, reflecting a decrease of EUR 206 million in assets and one of EUR 1,138 million in liabilities. Within assets, equity securities and investment fund shares increased by EUR 139 million and debt securities fell by EUR 345 million. Within liabilities, equity securities and investment fund shares increased by EUR 149 million and debt securities fell by EUR 1,287 million.

The balance of **other investments** showed an inflow of EUR 788 million in 2015 Q1. This reflected an increase of EUR 791 million in assets and one of EUR 1,580 million in liabilities.

3 Stock of reserve assets and external debt

The central bank's reserve assets amounted to EUR 36.9 billion at the end of March 2015. Hungary's net foreign debt, excluding FDI debt instruments, amounted to EUR 35.9 billion at the end of March 2015 (34.5% as a percentage of GDP in the last four quarters). Net assets, reflecting the recording of EU transfers on an accrual basis, amounted to EUR 913 million. Within this, the value of assets was EUR 1,377 million and that of liabilities was EUR 464 million.⁵

⁴ Under the BPM6 methodology, superdividends are not recorded as dividends but rather as capital withdrawal. Superdividends are dividends declared payable from retained earnings of previous years. The value of capital withdrawal recorded as superdividends are published separately on the MNB's website, in the files detailing [FDI aggregates](#), according to the directional principle.

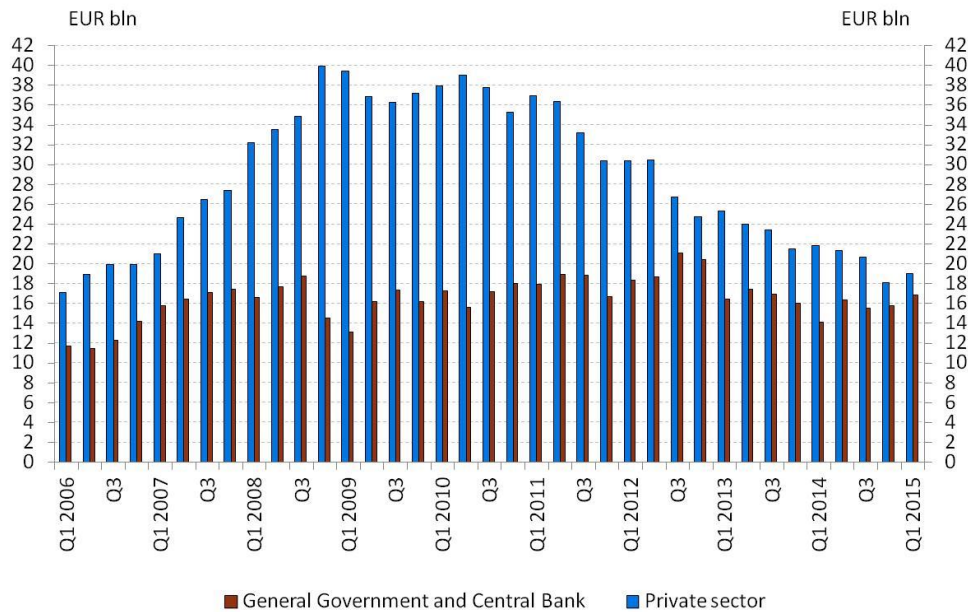
⁵ In line with the changed practice of advance payment, the EU grants initial advance payments related to the new budget cycle for the entire budget period. Of this, the unused part of advances is recorded in the statistics as general government liabilities maturing over one year. At the end of March 2015, the value of unused advances was EUR 408 million.

Table 3
Foreign assets and liabilities of Hungary⁶ (EUR millions)

	2014				2015
	Q1	Q2	Q3	Q4	Q1
Assets	109 068	109 054	113 751	115 370	127 155
3.1.k Direct investment	47 552	49 118	52 718	52 401	56 214
3.2.k Portfolio investment	6 051	6 689	7 198	7 959	8 503
3.3.k Financial derivatives and employee stock options	2 527	1 740	2 380	3 849	7 447
3.4.k Other investment	16 741	15 427	15 772	16 584	18 082
o/w: due to accrual accounting of EU-transfers	1 354	1 294	1 758	1 486	1 377
3.5. Reserve assets	36 197	36 080	35 684	34 578	36 908
Liabilities	199 824	198 376	198 246	197 200	210 659
3.1.t Direct investment	98 663	97 071	99 267	100 871	106 907
3.2.t Portfolio investment	50 281	51 674	49 655	49 888	54 100
3.3.t Financial derivatives and employee stock options	3 833	3 007	2 525	3 042	3 157
3.4.t Other investment	47 048	46 624	46 799	43 399	46 496
o/w: due to accrual accounting of EU-transfers	1 303	1 714	1 863	924	464
Net Assets	-90 756	-89 323	-84 494	-81 830	-83 504
o/w: due to accrual accounting of EU-transfers	51	-419	-105	561	913
Memorandum:					
Gross external debt (excluding FDI debt)	89 759	90 359	88 827	86 789	92 444
General government and Central bank	51 752	53 450	52 047	51 272	54 832
Other MFIs and Other sectors	38 007	36 909	36 781	35 517	37 612
Net external debt (excluding FDI debt)	35 946	37 763	36 167	33 843	35 932
General government and Central bank	14 091	16 388	15 504	15 759	16 890
Other MFIs and Other sectors	21 855	21 375	20 663	18 084	19 041

⁶ 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), 2015 Q1



Tables 4 and 5 present shifts relative to 2014 Q1–Q4 data published in March 2015.

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

	Q1-Q4 2014
1. Goods	0
2. Services	0
3. Primary income	-169
4. Secondary income	-20
I. Current account balance (1+2+3+4)	-188
II. Capital account	-301
III. Financial account (5+6+7+8)	-264
5. Foreign direct investment (net assets)	-139
Foreign direct investment abroad (net assets)	-55
Equity	-51
Debt instruments	-4
Foreign direct investment in Hungary (net liabilities)	84
Equity	74
Debt instruments	10
6. Portfolio investments (net assets)	0
Assets	0
Liabilities	0
7. Financial derivatives (net assets)	2
8. Other investments (net assets)	-127
Assets	31
Liabilities	158
IV. Net errors and omissions	226

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

	Q1-Q4 2014
1. Foreign direct investment (net assets)	-149
Foreign direct investment abroad (net assets)	-56
Equity	-42
Debt assets	-14
Debt liabilities	0
Foreign direct investment in Hungary (net liabilities)	93
Equity	101
Debt assets	54
Debt liabilities	46
2. Portfolio investments (net assets)	0
Assets	0
Liabilities	0
3. Financial derivatives (net assets)	0
4. Other investments (net assets)	-129
Assets	70
Liabilities	199
Gross external debt*	199
Net external debt*	129
Goods net in the percentage of the GDP	0,0%
Current account balance in the percentage of the GDP	-0,2%
Gross debt in the percentage of the GDP*	0,2%
Net debt in the percentage of the GDP*	0,1%

* FDI debt instruments excluded.

* * * * *

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 2015 Q2 and will revise annual data for the period 2012–2014 and quarterly data for 2015 Q1 on 23 September 2015.

Detailed tables: [Balance of payments](#)

Notes [Methodological notes](#)

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