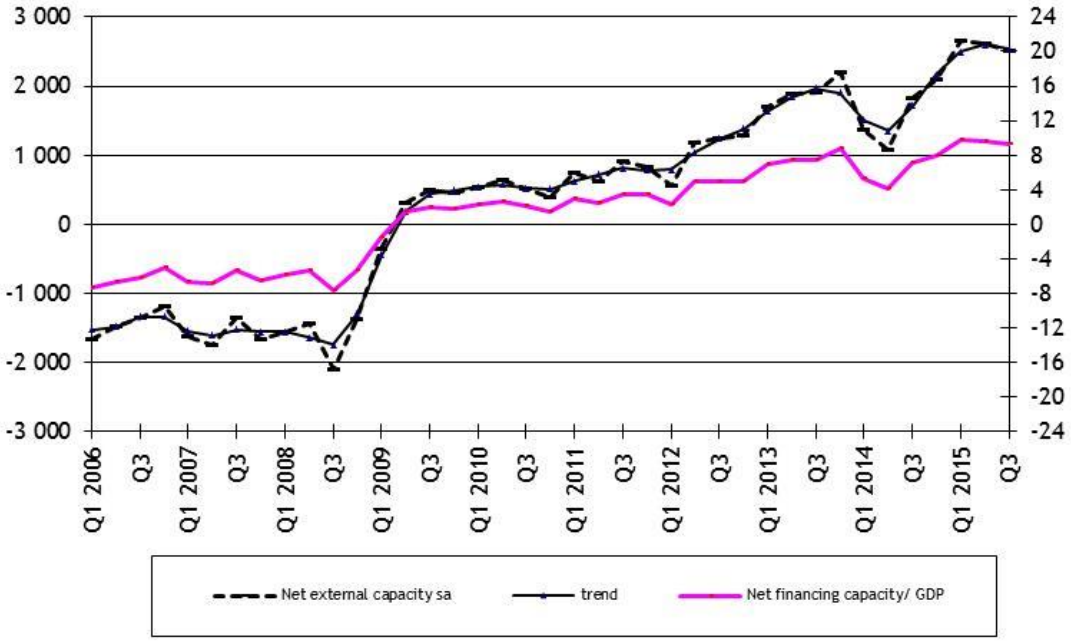
23 December 2015

PRESS RELEASE

Hungary's balance of payments: 2015 Q3

In 2015 Q3, Hungary's unadjusted net external financing capacity (i.e. the combined surplus on its current and capital accounts) amounted to EUR 2,763 million (HUF 862 billion).[1] Adjusted for seasonal effects, the net external financing capacity was EUR 2,502 million (HUF 778 billion), equal to 9% of quarterly GDP.

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 2015 the MNB is publishing Hungary's balance of payments and international investment position statistics for 2015 Q3 for the first time, as well as revised quarterly data for 2015 Q1–Q2.

Table 1
Balance of payments main components (EUR millions)

	2014					2015			
	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	Q1-Q3
1. Current account, net (1.A+1.B+1.C)	**796**	**110**	**1 182**	**267**	**2 356**	**1 484**	**1 036**	**1 725**	**4 245**
1.A. Goods and Services, net	**2 041**	**1 608**	**2 411**	**1 650**	**7 710**	**2 518**	**2 236**	**2 746**	**7 501**
Exports	22 377	23 346	23 754	23 914	93 391	23 992	25 396	25 362	74 750
Imports	20 336	21 738	21 343	22 264	85 682	21 474	23 159	22 616	67 250
1.A.a. Goods, net	1 030	251	790	530	2 601	1 326	767	948	3 041
Exports	18 264	18 633	18 694	19 177	74 768	19 715	20 545	19 950	60 211
Imports	17 234	18 382	17 904	18 647	72 167	18 389	19 778	19 003	57 170
1.A.b. Services, net	1 011	1 357	1 621	1 120	5 108	1 192	1 469	1 799	4 460
Exports	4 113	4 713	5 060	4 737	18 623	4 277	4 851	5 412	14 540
Imports	3 102	3 356	3 439	3 617	13 514	3 085	3 381	3 613	10 080
1.B. Primary income, net	**-994**	**-1 311**	**-1 197**	**-1 147**	**-4 650**	**-735**	**-1 158**	**-1 060**	**-2 953**
1.B.1. Compensation of employees, net	548	572	567	593	2 280	566	596	590	1 752
1.B.2. Investment income, net	-1 860	-2 233	-2 023	-2 133	-8 248	-1 676	-2 039	-1 902	-5 617
1.B.2.1. Direct investment income, net	-1 313	-1 445	-1 474	-1 579	-5 811	-1 149	-1 353	-1 432	-3 934
1.B.2.2. Portfolio investment income, net	-520	-760	-506	-514	-2 300	-497	-663	-448	-1 608
1.B.2.3. Other investment income, net	-178	-168	-171	-153	-670	-138	-128	-121	-387
1.B.2.4. Reserve assets, net	151	141	127	113	533	108	104	100	311
1.B.3. Other primary income, net	318	349	259	392	1 319	375	285	251	911
-of which: EU transfers	318	349	259	392	1 319	375	285	251	911
1.C. Secondary income, net	**-250**	**-186**	**-32**	**-235**	**-704**	**-299**	**-42**	**39**	**-302**
-of which: EU transfers	-7	64	202	4	263	-78	201	288	411
2. Capital account, net	**353**	**639**	**926**	**1 995**	**3 913**	**1 008**	**1 253**	**1 038**	**3 299**
-of which: EU transfers	334	636	921	2 036	3 927	998	1 371	1 021	3 389
3. Financial account (net assets) (3.1+3.2+3.3+3.4+3.5)	**609**	**977**	**1 266**	**2 326**	**5 178**	**1 715**	**2 321**	**2 679**	**6 715**
3.1. Direct investment (net assets)	**-981**	**1 400**	**-1 161**	**-1 979**	**-2 721**	**280**	**1 243**	**-546**	**977**
3.1.k. Abroad (net assets)	555	367	602	1 089	2 612	643	9	533	1 186
3.1.1.k Equity (net assets)	538	557	1 180	592	2 868	-180	656	-272	205
3.1.1.1.ki Equity other than reinvestment of earnings (net assets)	403	439	903	325	2 070	-296	594	-553	-254
3.1.1.2.ki Reinvestment of earnings (net assets)	135	118	277	268	798	116	62	282	459
3.1.2.ki Debt instruments (net assets)	16	-190	-578	497	-255	823	-647	805	981
3.1.2.1.ki Assets	-27	52	-163	361	223	198	-173	301	326
3.1.2.2.ki Liabilities	-44	242	415	-136	478	-625	473	-503	-655
3.1.t In Hungary (net liabilities)	1 536	-1 033	1 763	3 068	5 334	363	-1 233	1 079	209
3.1.1.t Equity (net liabilities)	1 328	-1 848	2 953	1 886	4 319	1 039	-2 532	1 634	141
3.1.1.1.be Equity other than reinvestment of earnings (net liabilities)	252	-1 394	1 420	357	636	144	-1 356	93	-1 118
3.1.1.2.be Reinvestment of earnings (net liabilities)	1 076	-455	1 533	1 529	3 683	895	-1 176	1 540	1 259
3.1.2.be Debt instruments (net liabilities)	208	816	-1 190	1 182	1 015	-676	1 299	-555	68
3.1.2.1.be Assets	699	-6	143	-340	496	911	343	-969	286
3.1.2.2.be Liabilities	908	809	-1 047	842	1 512	235	1 642	-1 523	354
3.2. Portfolio investment (net assets)	**-1 114**	**633**	**2 770**	**894**	**3 183**	**1 072**	**1 728**	**1 427**	**4 226**
3.2.k Assets	195	479	395	704	1 774	-173	206	125	157
3.2.t Liabilities	1 309	-153	-2 375	-190	-1 409	-1 245	-1 522	-1 302	-4 069
3.3. Financial derivatives (other than reserves), net assets	**15**	**62**	**12**	**175**	**265**	**-108**	**-349**	**-288**	**-745**
3.3.k Assets	-843	-1 757	-526	-814	-3 941	-2 229	-1 540	-1 231	-4 999
3.3.t Liabilities	-858	-1 819	-538	-990	-4 206	-2 122	-1 190	-942	-4 254
3.4. Other investment (net assets)	**272**	**-927**	**189**	**4 175**	**3 710**	**-755**	**1 335**	**4 611**	**5 191**
3.4.k Assets	-282	-1 301	140	760	-683	817	1 381	1 341	3 539
3.4.t Liabilities	-554	-374	-49	-3 416	-4 393	1 572	46	-3 270	-1 652
3.5. Reserve assets	**2 416**	**-190**	**-544**	**-939**	**742**	**1 226**	**-1 635**	**-2 524**	**-2 934**
Memorandum:									
Net external financing capacity									
Net external financing capacity (Current and capital account)	1 149	749	2 108	2 262	6 269	2 492	2 289	2 763	7 544
Net external financing capacity (Financial account)	609	977	1 266	2 326	5 178	1 715	2 321	2 679	6 715
Balancing item (Net errors and omissions)	-541	228	-842	64	-1 091	-778	32	-84	-830

Table 2

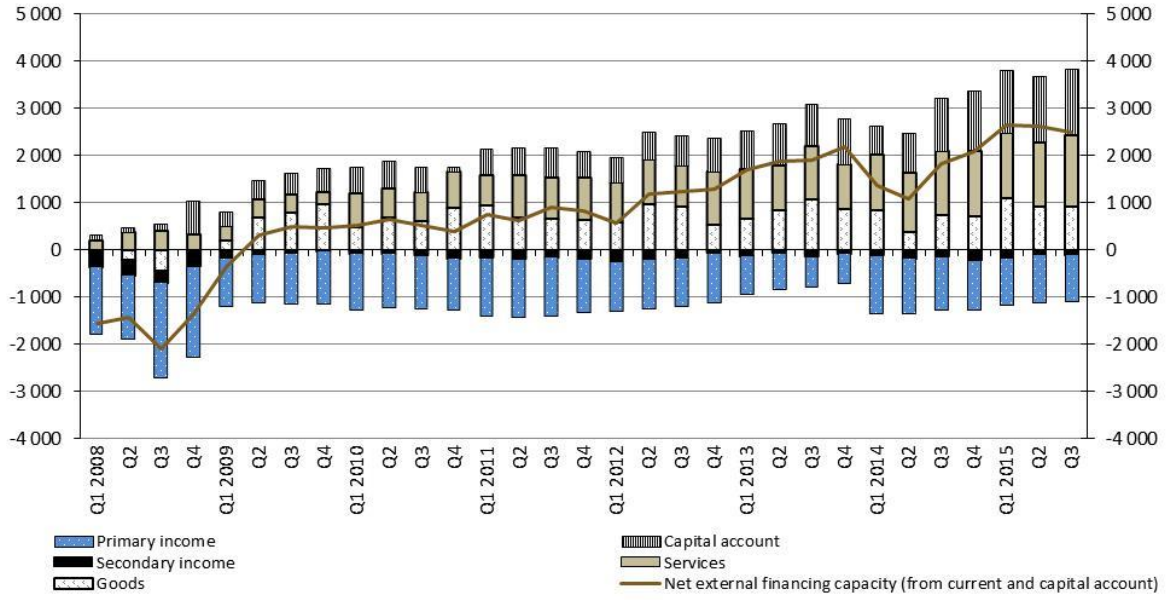
Net external financing capacity (seasonally adjusted data; EUR millions)[2]

	2014				2015		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1. Real economic transactions, net (Goods and services)	**2 014**	**1 688**	**2 058**	**2 150**	**2 417**	**2 336**	**2 431**
1.1. Export	22 949	23 142	23 494	23 817	24 586	25 128	25 093
1.2. Import	21 050	21 739	21 477	21 780	22 161	23 146	22 835
1.1. Goods	**846**	**390**	**739**	**712**	**1 101**	**909**	**919**
1.1.1. Export	18 511	18 517	18 810	18 961	19 956	20 379	20 081
1.1.2. Import	17 633	18 237	18 182	18 387	18 789	19 603	19 335
1.2. Services	**1 188**	**1 260**	**1 353**	**1 399**	**1 373**	**1 382**	**1 524**
1.2.1. Travel, net	700	718	746	775	788	803	821
export	1 113	1 115	1 096	1 193	1 226	1 173	1 255
import	371	407	361	389	397	405	421
1.2.2. Other services, net	476	552	584	604	598	606	633
export	3 410	3 561	3 597	3 600	3 497	3 641	3 738
import	2 979	3 018	3 009	2 976	2 945	3 044	3 100
2. Primary income	**-1 242**	**-1 176**	**-1 145**	**-1 069**	**-1 010**	**-1 016**	**-986**
3. Secondary income	**-110**	**-180**	**-132**	**-209**	**-170**	**-104**	**-97**
4. Current account balance	**754**	**269**	**766**	**604**	**1 393**	**1 201**	**1 304**
5. Capital account	**588**	**835**	**1 117**	**1 263**	**1 326**	**1 379**	**1 390**
6. EU-transfers	**1 177**	**1 239**	**1 550**	**1 645**	**1 770**	**1 920**	**1 930**
7. Net external financing capacity	**1 362**	**1 077**	**1 834**	**2 091**	**2 648**	**2 621**	**2 502**

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

Chart 2

Net external financing capacity (seasonally unadjusted, EUR millions)



[2] The balances are directly adjusted. The seasonally adjusted balances cannot be reproduced from the seasonally adjusted credits and debits. The same applies to the aggregates. The seasonally adjusted aggregates cannot be reproduced from the seasonally adjusted sub-accounts either (e.g. the seasonally adjusted current account balance does not equal to the sum of the seasonally adjusted data of the sub-accounts).

Of the components of Hungary's net external financing capacity, calculated as the balance on the current and capital accounts, the seasonally adjusted surplus on **goods** amounted to EUR 919 million in 2015 Q3, broadly the same as in the previous quarter. However, exports (EUR 20,081 million) and imports (EUR 19,335 million) were both lower in 2015 Q3 compared with previous quarters.

The surplus on **services** amounted to EUR 1,524 million in 2015 Q3, exceeding the level in the previous quarter. Within this, the travel surplus was EUR 821 million. Credits (EUR 1,255 million) and debits (EUR 421 million) were both higher than in the previous quarter. Data on other services were also above the levels recorded in the previous quarter: credits and debits amounted to EUR 3,738 million and EUR 3,100 million, respectively, with the surplus also exceeding the levels of previous quarters.

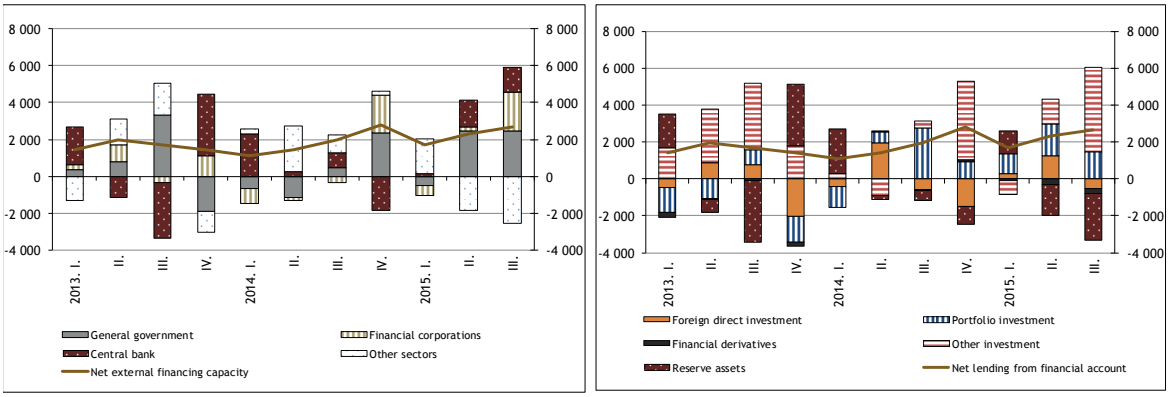
In 2015 Q3, the seasonally adjusted **primary income** deficit (EUR 986 million) fell slightly relative to the previous quarter.

The deficit on **secondary income** was EUR 97 million in 2015 Q3, down on the level for the previous quarter.

The seasonally adjusted surplus on **transfers to and from the EU** amounted to EUR 1,930 million in 2015 Q3, with the seasonally unadjusted surplus amounting to EUR 1,560 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 251 million and the surplus on current transfers to and from the EU, recorded under secondary income, amounted to EUR 288 million. Funds received from the EU, recorded as capital transfers, amounted to EUR 1,021 million.

II. Financial account: net external financing capacity calculated from the financial account[3]

Chart 3
Financial account by functional categories and institutional sectors (EUR millions)



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

Within **direct investments**, outward investments by Hungarian residents rose by EUR 533 million and inward investments by non-residents by EUR 1,079 million in 2015 Q3.

Within direct investments by Hungarian residents abroad, investments in equities reduced the value of investments abroad by EUR 553 million and reinvested earnings increased it by EUR 282 million in 2015 Q3. Here, capital withdrawals recorded due to superdividends reduced the value of investments abroad by EUR 76 million.[4] Transactions in debt instruments showed a EUR 805 million increase in net assets.

Within direct investments by non-residents in Hungary, the value of investments in equities and reinvested earnings contributed EUR 93 million and EUR 1,540 million, respectively, to the value of investments in Hungary. (Capital withdrawals recorded as superdividends amounted to EUR 14 million.) The balance of transactions in debt instruments showed a EUR 555 million decrease in net liabilities. 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 1,427 million in 2015 Q3, reflecting a EUR 125 million increase in assets and EUR 1,302 million decrease in liabilities. Within assets, equity securities and investment fund shares decreased by EUR 68 million and debt securities increased by EUR 193 million. Within liabilities, equity securities and investment fund shares decreased by EUR 121 million and debt securities decreased by EUR 1,181 million.

The balance of **other investments** showed an outflow of EUR 4,611 million in 2015 Q3. This reflected an increase of EUR 1,341 million in assets (including a EUR 1,283 million increase in net assets vis-à-vis the EU) and a decline of EUR 3,270 million in liabilities. The most significant component of the latter was a EUR 1,786 million decline in credit institutions' deposits.

III. Stock of reserve assets and external debt

The central bank's reserve assets amounted to EUR 32.1 billion at the end of September 2015. Hungary's net foreign debt, excluding FDI debt instruments, amounted to EUR 29.2 billion at the end of September 2015 (27.1% 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 2,823 million. Within this, the value of assets was EUR 3,241 million and that of liabilities was EUR 417 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 September 2015, the value of unused advances was EUR 389 million.

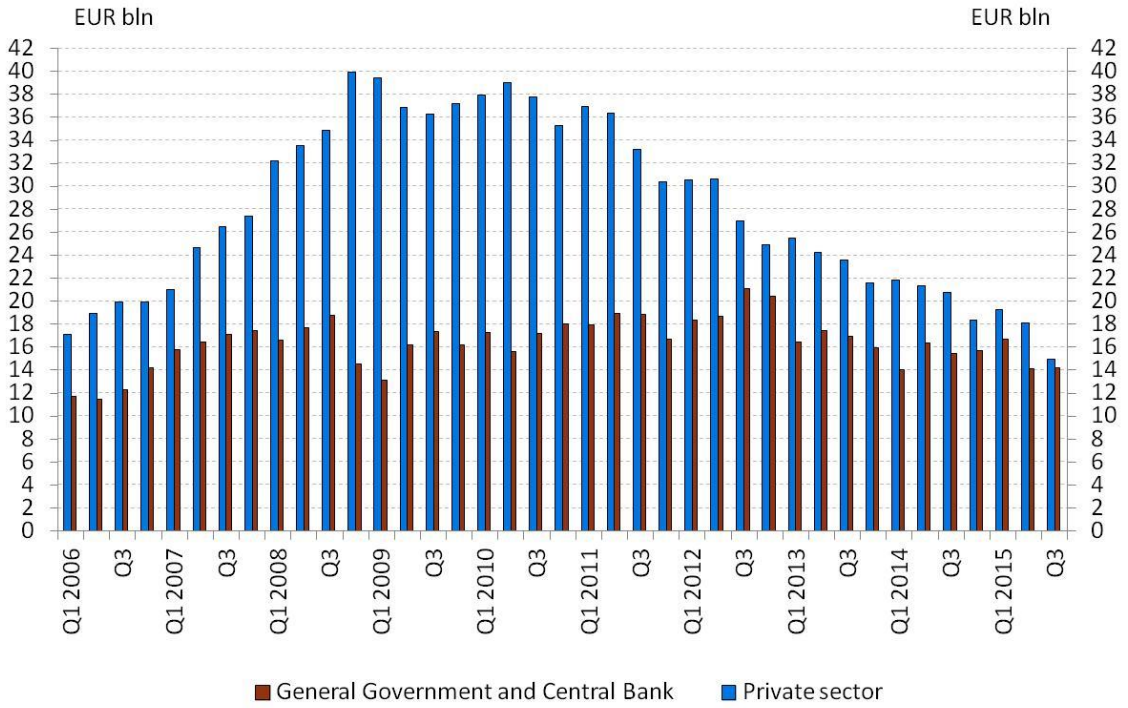
Table 3

Foreign assets and liabilities of Hungary[6] (EUR millions)

	2014				2015		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Assets	**109 091**	**108 957**	**113 522**	**115 112**	**125 527**	**122 843**	**120 124**
3.1.k Direct investment	**47 510**	**48 940**	**52 424**	**52 078**	**56 107**	**55 665**	**55 267**
3.2.k Portfolio investment	**6 051**	**6 689**	**7 198**	**7 951**	**8 529**	**8 451**	**7 921**
3.3.k Financial derivatives and employee stock options	**2 531**	**1 739**	**2 344**	**3 840**	**5 754**	**4 620**	**4 235**
3.4.k Other investment	**16 802**	**15 509**	**15 873**	**16 664**	**18 230**	**19 347**	**20 574**
o/w: due to accrual accounting of EU-transfers	1 384	1 324	1 787	1 486	1 398	1 953	3 241
3.5. Reserve assets	**36 197**	**36 080**	**35 684**	**34 578**	**36 908**	**34 761**	**32 127**
Liabilities	**200 268**	**199 177**	**199 395**	**198 358**	**212 002**	**202 896**	**198 030**
3.1.t Direct investment	**98 808**	**97 560**	**99 851**	**101 319**	**107 577**	**103 681**	**104 099**
3.2.t Portfolio investment	**50 292**	**51 674**	**49 655**	**49 888**	**53 996**	**50 443**	**48 900**
3.3.t Financial derivatives and employee stock options	**4 120**	**3 318**	**2 878**	**3 462**	**3 626**	**2 687**	**2 308**
3.4.t Other investment	**47 048**	**46 624**	**47 011**	**43 690**	**46 804**	**46 084**	**42 722**
o/w: due to accrual accounting of EU-transfers	1 303	1 714	1 863	897	415	402	417
Net Assets	**-91 177**	**-90 220**	**-85 873**	**-83 245**	**-86 475**	**-80 052**	**-77 905**
o/w: due to accrual accounting of EU-transfers	81	-390	-76	588	983	1 550	2 823
Memorandum:							
Gross external debt (excluding FDI debt)	**89 771**	**90 359**	**89 039**	**87 080**	**92 649**	**87 845**	**83 530**
General government and Central bank	51 764	53 451	52 047	51 245	54 679	50 352	48 865
Other MFIs and Other sectors	38 007	36 908	36 993	35 834	37 969	37 494	34 666
Net external debt (excluding FDI debt)	**35 896**	**37 681**	**36 279**	**34 053**	**35 987**	**32 296**	**29 207**
General government and Central bank	14 073	16 359	15 475	15 733	16 717	14 160	14 243
Other MFIs and Other sectors	21 823	21 322	20 804	18 320	19 270	18 135	14 964

Chart 4

Net foreign debt of Hungary (excluding FDI debt instruments), 2015 Q3



[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*.

Tables 4 and 5 present shifts relative to 2015 Q1–Q2 data published in September 2015.

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

	Q1 2015	Q2 2015
1. Goods	0	0
2. Services	0	0
3. Primary income	2	2
4. Secondary income	21	-7
I. Current account balance (1+2+3+4)	23	-6
II. Capital account	-48	-37
III. Financial account (5+6+7+8)	67	-152
5. Foreign direct investment (net assets)	70	-139
Foreign direct investment abroad (net assets)	6	-2
Equity	-2	6
Debt instruments	8	-7
Foreign direct investment in Hungary (net liabilities)	-64	138
Equity	2	1
Debt instruments	-66	137
6. Portfolio investments (net assets)	0	0
Assets	0	0
Liabilities	0	0
7. Financial derivatives (net assets)	0	0
8. Other investments (net assets)	-3	-13
Assets	0	12
Liabilities	3	25
IV. Net errors and omissions	92	-110

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

	Q1 2015	Q2 2015
1. Foreign direct investment (net assets)	-5	-147
Foreign direct investment abroad (net assets)	11	8
Equity	-2	3
Debt assets	13	6
Debt liabilities	0	1
Foreign direct investment in Hungary (net liabilities)	16	155
Equity	-25	-29
Debt assets	135	29
Debt liabilities	176	212
2. Portfolio investments (net assets)	0	0
Assets	0	0
Liabilities	0	0
3. Financial derivatives (net assets)	0	0
4. Other investments (net assets)	33	18
Assets	1	12
Liabilities	-32	-6
	0	0
Gross external debt*	-32	-6
Net external debt*	-33	-17
Goods net in the percentage of the GDP	0,0%	0,0%
Current account balance in the percentage of the GDP	0,1%	0,0%
Gross debt in the percentage of the GDP*	0,0%	0,0%
Net debt in the percentage of the GDP*	0,0%	0,0%

* 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 Q4 and will revise annual data for the period 2012–2014 and quarterly data for 2015 Q1–Q3 on 24 March 2016.

Detailed tables: Balance of payments
Notes Methodological notes

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