



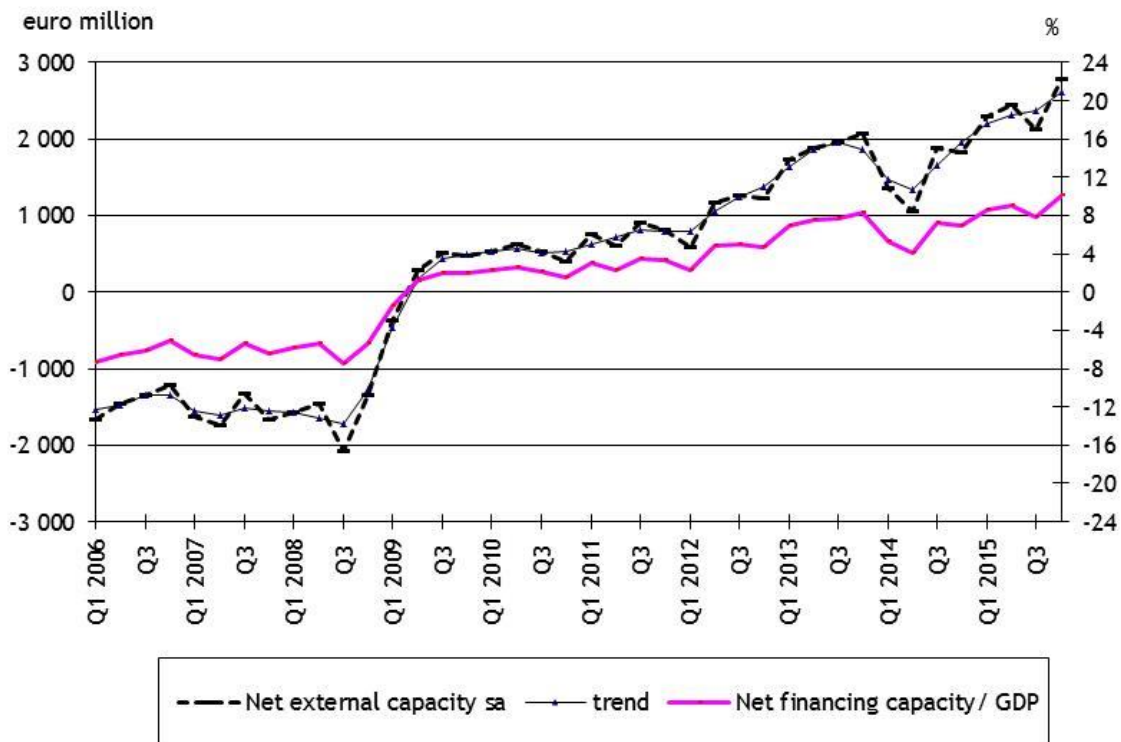
24 March 2015

PRESS RELEASE

Hungary's balance of payments: 2015 Q4

In 2015 Q4, Hungary's unadjusted net external financing capacity (i.e. the combined surplus on its current and capital accounts) amounted to EUR 3,166 million (HUF 989 billion).¹ Adjusted for seasonal effects, the net external financing capacity was EUR 2,779 million (HUF 778 billion), equal to 10% of quarterly GDP. The surplus on goods and transfers from the EU were the main contributors to the increase net external financing capacity.

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 March 2016 the MNB is publishing Hungary's balance of payments and international investment position statistics for 2015 Q4 for the first time, as well as revised annual data for 2013 and 2014 and quarterly data for 2015 Q1–Q3.

Table 1
Balance of payments main components (EUR millions)

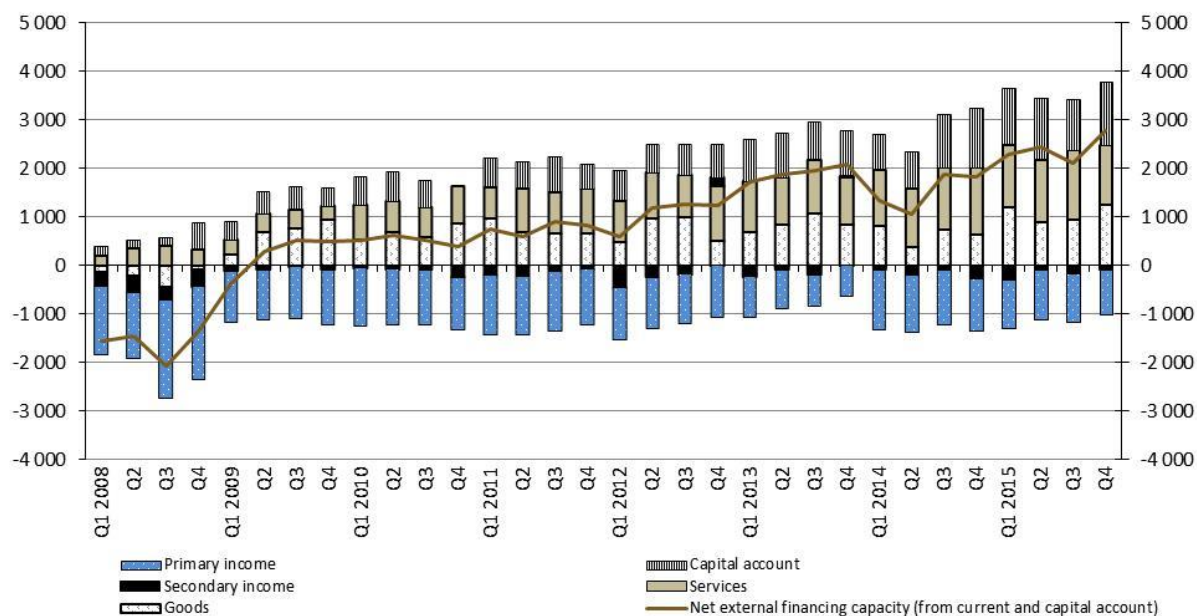
	2013					2014					2015				
	Q1	Q2	Q3	Q4	Y	Q1	Q2	Q3	Q4	Y	Q1	Q2	Q3	Q4	Q1-Q4
1. Current account, net (1.A+1.B+1.C)	848	822	1 582	775	4 027	748	68	1 124	185	2 125	1 377	889	1 492	1 010	4 768
1.A. Goods and Services, net	1 737	1 804	2 469	1 374	7 384	1 985	1 552	2 336	1 576	7 449	2 528	2 119	2 709	1 993	9 348
Exports	21 154	22 278	22 717	22 889	89 039	22 358	23 321	23 712	23 876	93 267	23 876	25 263	25 598	25 460	100 198
Imports	19 416	20 474	20 249	21 514	81 655	20 373	21 769	21 376	22 300	85 818	21 348	23 145	22 889	23 467	90 849
1.A.a. Goods, net	844	732	1 102	719	3 396	1 021	229	765	518	2 534	1 448	713	964	1 134	4 259
Exports	17 357	17 996	18 100	18 547	72 000	18 258	18 606	18 661	19 152	74 678	19 539	20 341	20 171	20 593	80 644
Imports	16 514	17 263	16 998	17 828	68 603	17 237	18 376	17 896	18 634	72 144	18 091	19 627	19 207	19 459	76 384
1.A.b. Services, net	893	1 072	1 367	655	3 988	964	1 322	1 571	1 058	4 915	1 080	1 405	1 744	859	5 089
Exports	3 797	4 283	4 618	4 341	17 039	4 099	4 715	5 051	4 724	18 589	4 337	4 923	5 427	4 867	19 554
Imports	2 904	3 211	3 250	3 686	13 051	3 136	3 393	3 480	3 666	13 674	3 256	3 518	3 682	4 008	14 465
1.B. Primary income, net	-538	-912	-738	-717	-2 905	-994	-1 311	-1 199	-1 162	-4 667	-745	-1 170	-1 080	-1 005	-4 000
1.B.1. Compensation of employees, net	533	548	558	580	2 219	548	572	567	593	2 280	566	596	590	610	2 363
1.B.2. Investment income, net	-1 455	-1 788	-1 578	-1 711	-6 533	-1 861	-2 233	-2 024	-2 148	-8 266	-1 686	-2 052	-1 921	-2 127	-7 786
1.B.2.1. Direct investment income, net	-872	-948	-1 006	-1 137	-3 963	-1 314	-1 445	-1 476	-1 594	-5 829	-1 165	-1 372	-1 453	-1 627	-5 645
1.B.2.2. Portfolio investment income, net	-537	-791	-519	-539	-2 387	-520	-760	-506	-514	-2 300	-497	-663	-448	-437	-2 045
1.B.2.3. Other investment income, net	-226	-218	-198	-189	-831	-178	-168	-171	-153	-670	-132	-122	-120	-124	-497
1.B.2.4. Reserve assets, net	180	169	145	154	648	151	141	127	113	533	108	104	100	90	401
1.B.3. Other primary income, net	384	329	282	414	1 410	318	349	259	392	1 319	375	285	251	512	1 423
-of which: EU transfers	384	329	282	414	1 410	318	349	259	392	1 319	375	285	251	512	1 423
1.C. Secondary income, net	-351	-70	-149	118	-453	-242	-172	-14	-228	-657	-406	-59	-137	22	-580
-of which: EU transfers	-127	172	82	339	466	-7	64	202	4	263	-191	177	103	302	390
2. Capital account, net	608	831	615	1 559	3 613	353	631	898	1 995	3 877	745	1 195	669	2 155	4 765
-of which: EU transfers	600	811	616	1 579	3 607	334	636	921	2 036	3 927	735	1 133	652	2 191	4 891
3. Financial account (net assets) (3.1+3.2+3.3+3.4+3.5)	1 417	1 777	1 722	1 463	6 379	610	1 032	1 151	2 142	4 935	1 270	2 216	1 984	2 840	8 309
3.1. Direct investment (net assets)	-490	681	756	-2 099	-1 152	-985	1 452	-1 285	-2 151	-2 969	198	1 211	-589	-602	218
3.1.k. Abroad (net assets)	213	-53	-902	2 120	1 379	533	415	562	1 140	2 650	622	1	483	275	1 381
3.1.1.k. Equity (net assets)	133	213	-905	1 877	1 317	548	567	1 149	574	2 838	-196	645	-311	13	151
3.1.1.1.ki Equity other than reinvestment of earnings (net assets)	101	183	-1 137	1 609	755	411	448	870	304	2 033	-311	578	-605	-219	-557
3.1.1.2.ki Reinvestment of earnings (net assets)	32	29	232	269	562	137	120	279	270	805	116	66	293	232	708
3.1.2.ki Debt instruments (net assets)	80	-265	4	243	62	-15	-152	-587	566	-188	817	-644	794	262	1 230
3.1.2.1.ki Assets	-15	-114	100	536	506	-28	52	-164	374	233	188	-163	291	241	557
3.1.2.2.ki Liabilities	-95	151	96	293	444	-13	204	423	-192	421	-630	481	-503	-22	-673
3.1.t In Hungary (net liabilities)	703	-734	-1 658	4 219	2 531	1 518	-1 037	1 847	3 291	5 620	424	-1 210	1 072	877	1 163
3.1.1.t Equity (net liabilities)	553	-908	969	3 640	4 254	1 345	-1 822	3 044	2 118	4 684	1 056	-2 476	1 616	2 039	2 235
3.1.1.1.t.be Equity other than reinvestment of earnings (net liabilities)	132	291	-128	2 424	2 719	257	-1 392	1 507	583	955	103	-1 349	59	230	-957
3.1.1.2.t.be Reinvestment of earnings (net liabilities)	421	-1 199	1 097	1 216	1 535	1 088	-430	1 536	1 535	3 729	953	-1 127	1 557	1 809	3 192
3.1.2.t Debt instruments (net liabilities)	150	174	-2 627	580	-1 723	174	785	-1 197	1 174	936	-632	1 266	-544	-1 162	-1 072
3.1.2.1.t.be Assets	1 663	877	801	-1 335	2 006	761	17	178	-175	781	833	311	-1 056	5 035	5 122
3.1.2.2.t.be Liabilities	1 813	1 052	-1 826	-756	283	935	802	-1 018	998	1 717	201	1 577	-1 601	3 874	4 051
3.2. Portfolio investment (net assets)	-1 368	-1 101	833	-1 439	-3 074	-1 114	633	2 770	894	3 183	1 072	1 728	1 427	1 446	5 672
3.2.k Assets	-200	-13	2	-141	-351	195	479	395	704	1 774	-173	206	125	214	371
3.2.t Liabilities	1 168	1 088	-831	1 298	2 723	1 309	-153	-2 375	-190	-1 409	-1 245	-1 522	-1 302	-1 231	-5 300
3.3. Financial derivatives (other than reserves), net assets	-238	-57	-129	-193	-618	15	62	12	175	265	-108	-349	-289	59	-686
3.3.k Assets	-1 216	-847	-761	-1 112	-3 936	-843	-1 757	-526	-814	-3 941	-2 229	-1 540	-1 231	-1 219	-6 218
3.3.t Liabilities	-978	-790	-632	-919	-3 318	-858	-1 819	-538	-990	-4 206	-2 122	-1 190	-942	-1 278	-5 532
3.4. Other investment (net assets)	1 668	2 909	3 580	1 856	10 013	278	-924	197	4 164	3 715	-1 118	1 261	3 959	3 907	8 009
3.4.k Assets	-194	142	-200	71	-181	-280	-1 300	146	757	-677	801	985	670	2 977	5 432
3.4.t Liabilities	-1 862	-2 768	-3 780	-1 785	-10 194	-558	-376	-52	-3 406	-4 392	1 919	-276	-3 289	-930	-2 577
3.5. Reserve assets	1 845	-656	-3 317	3 338	1 210	2 416	-190	-544	-939	742	1 226	-1 635	-2 524	-1 970	-4 904
Memorandum:															
Net external financing capacity															
Net external financing capacity (Current and capital account)	1 456	1 653	2 196	2 334	7 640	1 101	699	2 022	2 181	6 002	2 122	2 084	2 161	3 166	9 533
Net external financing capacity (Financial account)	1 417	1 777	1 722	1 463	6 379	610	1 032	1 151	2 142	4 935	1 270	2 216	1 984	2 840	8 309
Balancing item (Net errors and omissions)	-39	124	-474	-872	-1 261	-491	333	-871	-38	-1 067	-852	132	-177	-326	-1 223

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

	2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1. Real economic transactions, net (Goods and services)	1 945	1 656	1 985	2 066	2 402	2 253	2 398	2 500
1.1. Export	22 953	23 144	23 401	23 772	24 505	25 039	25 251	25 371
1.2. Import	21 110	21 763	21 458	21 840	22 063	23 122	23 043	22 831
1.1. Goods	820	386	744	648	1 209	888	956	1 256
1.1.1. Export	18 527	18 526	18 738	18 909	19 810	20 229	20 251	20 348
1.1.2. Import	17 696	18 228	18 078	18 393	18 546	19 449	19 438	19 098
1.2. Services	1 154	1 213	1 273	1 372	1 280	1 299	1 424	1 224
1.2.1. Travel, net	700	717	746	774	789	805	824	825
export	1 113	1 114	1 094	1 193	1 226	1 172	1 252	1 249
import	371	407	360	391	397	404	419	409
1.2.2. Other services, net	438	503	509	576	497	522	546	364
export	3 396	3 554	3 586	3 601	3 557	3 702	3 750	3 700
import	2 994	3 055	3 072	3 023	3 100	3 183	3 199	3 315
2. Primary income	-1 241	-1 177	-1 148	-1 081	-1 022	-1 030	-1 004	-927
3. Secondary income	-86	-196	-81	-260	-286	-86	-162	-81
4. Current account balance	718	221	745	467	1 306	1 053	1 119	1 290
5. Capital account	739	758	1 100	1 222	1 160	1 266	1 031	1 296
6. EU-transfers	1 242	1 225	1 554	1 518	1 548	1 714	1 624	1 825
7. Net external financing capacity	1 345	1 046	1 870	1 826	2 291	2 435	2 114	2 779

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 1,256 million in 2015 Q4. This was higher than the surplus in the previous quarter. Exports (EUR 20,348 million) were higher and imports (EUR 19,098 million) were lower in 2015 Q4 compared with the previous quarter.

The surplus on **services** amounted to EUR 1,224 million in 2015 Q4. This was lower than the level in the previous quarter. Within this, the travel surplus was EUR 825 million, broadly the same as in the previous quarter. Credits (EUR 1,249 million) and debits (EUR 409 million) were also unchanged. Other services credits amounted to EUR 3,700 million, down on the previous quarter, and debits amounted to EUR 3,315 million, exceeding their level in the previous quarter. Consequently, the surplus on other services (EUR 364 million) was also lower than in previous quarters.

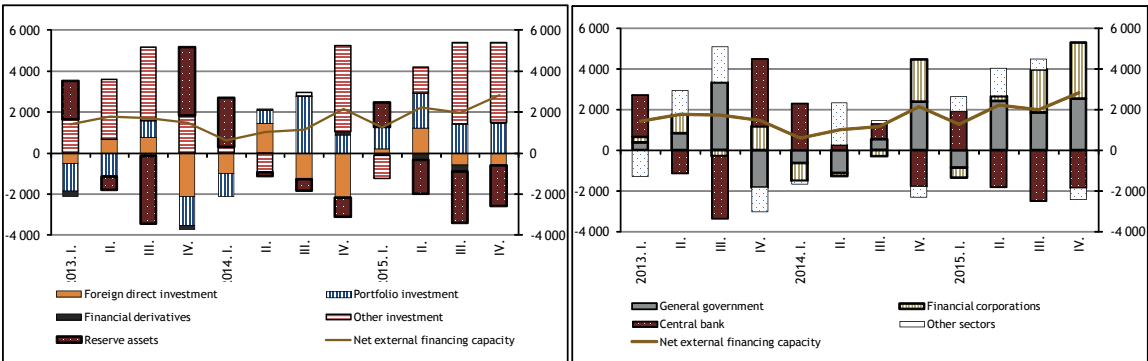
In 2015 Q4, the seasonally adjusted **primary income** deficit (EUR 927 million) fell slightly relative to the previous quarter.

The deficit on **secondary income** was EUR 81 million in 2015 Q4, down on the level in the previous quarter.

The seasonally adjusted surplus on **transfers to and from the EU** amounted to EUR 1,825 million in 2015 Q4, with the seasonally unadjusted surplus amounting to EUR 3,005 million. Seasonally adjusted, the quarterly surplus was higher with the previous quarter, which was revised down during the latest data revision. As regards the *unadjusted values* of the individual components, net primary income (taxes and subsidies on production and products) amounted to EUR 512 million and the surplus on current transfers to and from the EU, recorded under secondary income, amounted to EUR 302 million. Funds received from the EU, recorded as capital transfers, amounted to EUR 2,191 million.

II. Financial account: net external financing capacity calculated from the financial account in the fourth quarter of 2015³

**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 275 million and inward investments by non-residents by EUR 877 million in 2015 Q4.

Within direct investments by Hungarian residents abroad, investments in equities reduced the value of investments abroad by EUR 219 million and reinvested earnings increased it by EUR 232 million in 2015 Q4. Here, capital withdrawals recorded due to superdividends reduced the value of investments abroad by EUR 246 million.⁴ Transactions in debt instruments showed a EUR 262 million increase in net assets.

Within direct investments by non-residents in Hungary, the value of investments in equities and reinvested earnings contributed EUR 230 million and EUR 1,809 million, respectively, to the value of investments in Hungary. (Capital withdrawals recorded as superdividends amounted to EUR 17 million.) The balance of transactions in debt instruments showed a EUR 1,162 million decrease in net liabilities. In 2015 Q4, capital-in-transit transactions were recorded only on debt instruments under direct investments in Hungary. Due to the identity between the values recorded on the assets and liabilities sides (EUR 5,150 million), these had no effect on the balance of debt instruments. 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 1,446 million in 2015 Q4 (increase in net assets), reflecting a EUR 214 million increase in assets and EUR 1,231 million decrease in liabilities. Within assets, equity securities and investment fund shares increased by EUR 37 million and debt securities by EUR 178 million. Within liabilities, equity securities and investment fund shares increased by EUR 511 million and debt securities decreased by EUR 1,743 million.

The balance of **other investments** showed an outflow of EUR 3,907 million in 2015 Q4 (increase in net assets). Assets increased by EUR 2,977 million, of which other monetary financial institutions, assets, rose by EUR 2,106 million. Liabilities fell by EUR 930 million, of which other monetary financial institutions, liabilities, fell by EUR 656 million. The increase in assets vis-à-vis the EU related to the accrual-based recording of EU transfers amounted to EUR 1,189 million. Liabilities fell by EUR 5 million.

III. Stock of reserve assets and external debt

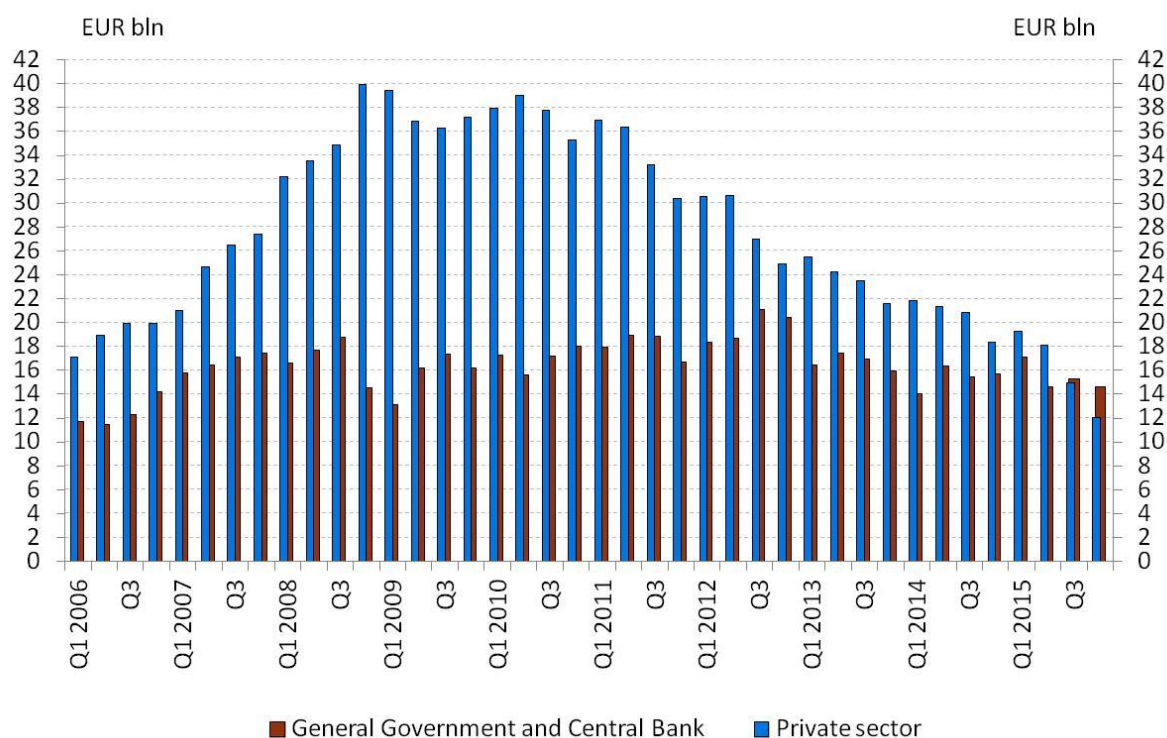
The central bank's reserve assets amounted to EUR 30.3 billion at the end of December 2015. Hungary's net foreign debt, excluding FDI debt instruments, amounted to EUR 26.6 billion at the end of December 2015 (24.7% as a percentage of GDP in the last four quarters). Net assets vis-à-vis the European Union, reflecting the recording of EU transfers on an accrual basis, amounted to EUR 2,950 million. Within this, the stock of assets was EUR 3,358 million and that of liabilities was EUR 408 million.

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.

Table 3
Foreign assets and liabilities of Hungary⁵ (EUR millions)

	2013				2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Assets	108 955	107 451	102 792	106 287	109 217	109 120	113 696	115 461	125 662	122 562	119 027	127 072
3.1.k Direct investment	46 342	46 851	46 304	46 798	47 633	49 100	52 589	52 412	56 232	55 757	55 222	61 525
3.2.k Portfolio investment	5 931	5 711	5 860	5 835	6 051	6 689	7 198	7 951	8 529	8 451	7 921	8 333
3.3.k Financial derivatives and employee stock options	3 849	3 085	2 679	2 679	2 531	1 739	2 344	3 840	5 754	4 620	4 235	4 283
3.4.k Other investment	17 367	17 475	17 135	17 192	16 804	15 512	15 881	16 680	18 240	18 974	19 522	22 609
o/w: due to accrual accounting of EU-transfers	826	1 359	1 755	1 641	1 384	1 324	1 787	1 486	1 377	1 551	2 168	3 358
3.5. Reserve assets	35 467	34 329	30 815	33 782	36 197	36 080	35 684	34 578	36 908	34 761	32 127	30 322
Liabilities	203 754	204 556	197 304	199 342	200 413	199 188	199 433	198 703	212 553	203 113	198 118	204 062
3.1.t Direct investment	95 754	97 450	95 322	97 692	98 936	97 558	99 877	101 643	107 753	103 853	104 165	110 618
3.2.t Portfolio investment	47 386	49 525	48 267	49 858	50 292	51 674	49 655	49 888	53 996	50 443	48 900	49 268
3.3.t Financial derivatives and employee stock options	4 007	3 797	3 951	3 946	4 120	3 318	2 878	3 462	3 626	2 687	2 308	2 117
3.4.t Other investment	56 606	53 784	49 764	47 846	47 064	46 638	47 022	43 710	47 178	46 130	42 745	42 058
o/w: due to accrual accounting of EU-transfers	1 295	1 254	870	1 115	1 303	1 714	1 863	897	768	427	413	408
Net Assets	-94 799	-97 105	-94 512	-93 054	-91 196	-90 068	-85 737	-83 241	-86 890	-80 551	-79 091	-76 990
o/w: due to accrual accounting of EU-transfers	-469	105	884	525	81	-390	-76	588	609	1 125	1 756	2 950
Memorandum:												
Gross external debt (excluding FDI debt)	95 540	94 306	89 331	89 439	89 787	90 373	89 051	87 100	93 023	87 891	83 553	81 368
General government and Central bank	52 544	52 790	48 951	51 196	51 764	53 451	52 047	51 245	55 035	50 380	48 866	47 721
Other MFIs and Other sectors	42 995	41 516	40 380	38 243	38 023	36 922	37 004	35 855	37 989	37 512	34 687	33 648
Net external debt (excluding FDI debt)	41 906	41 678	40 503	37 572	35 910	37 692	36 282	34 058	36 351	32 715	30 281	26 609
General government and Central bank	16 437	17 459	16 961	15 985	14 073	16 359	15 475	15 733	17 092	14 590	15 316	14 597
Other MFIs and Other sectors	25 469	24 219	23 542	21 587	21 837	21 333	20 807	18 325	19 259	18 125	14 965	12 012

Chart 4
Net foreign debt of Hungary (excluding FDI debt instruments), 2015 Q4



⁵ 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*.

IV. Data revisions in the period

Tables 4 and 5 summarise changes occurring in the revised periods (2013, 2014 and 2015 Q1–Q3). During the revised period, most of the shifts reflect data revisions by data providers. As regards the first three quarters of 2015, the use of EU transfers, calculated on the basis of within-year information, and the stocks of assets and liabilities related to the accrual-based recording of transfers have been revised based on data available for the year as a whole. As a result, secondary income in the balance of payments (Table 4), the capital account (capital transfers), assets and liabilities recorded due to EU transfers within other investments and the stocks of these in the international investment position (Table 5). The increase in net debt at the end of September 2015 reflects the decline of these assets.

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

	2013	2014	Q1-Q3 2015
1. Goods	0	-67	85
2. Services	-4	-193	-230
3. Primary income	-6	-17	-42
4. Secondary income	0	48	-301
I. Current account balance (1+2+3+4)	-10	-230	-488
II. Capital account	0	-36	-689
III. Financial account (5+6+7+8)	-145	-243	-1 245
5. Foreign direct investment (net assets)	-124	-248	-156
Foreign direct investment abroad (net assets)	-69	38	-80
Equity	4	-29	-67
Debt instruments	-74	67	-13
Foreign direct investment in Hungary (net liabilities)	55	286	77
Equity	32	365	55
Debt instruments	23	-79	22
6. Portfolio investments (net assets)	0	0	0
Assets	0	0	0
Liabilities	0	0	0
7. Financial derivatives (net assets)	0	0	0
8. Other investments (net assets)	-20	5	-1 089
Assets	0	6	-1 084
Liabilities	20	1	5
IV. Net errors and omissions	-135	24	-68

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

	2013	2014	Q1-Q3 2015
1. Foreign direct investment (net assets)	-136	9	-111
Foreign direct investment abroad (net assets)	-58	-3	-93
Equity	11	0	-70
Debt assets	10	21	-2
Debt liabilities	80	24	20
Foreign direct investment in Hungary (net liabilities)	78	-12	19
Equity	97	53	96
Debt assets	75	312	27
Debt liabilities	56	247	-50
2. Portfolio investments (net assets)	0	0	0
Assets	0	0	0
Liabilities	0	0	0
3. Financial derivatives (net assets)	0	0	0
4. Other investments (net assets)	-21	-5	-1 074
Assets	0	15	-1 052
Liabilities	21	20	23
Gross external debt*	21	20	23
Net external debt*	21	5	1 074
Goods net in the percentage of the GDP	0,0%	-0,1%	0,1%
Current account balance in the percentage of the GDP	0,0%	-0,2%	-0,6%
Gross debt in the percentage of the GDP*	0,0%	0,0%	0,0%
Net debt in the percentage of the GDP*	0,0%	0,0%	1,0%

* 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 2016 Q1 and will revise quarterly data for 2015 Q1–Q4 on 24 June 2016.

Detailed tables: [Balance of payments](#)

Notes [Methodological notes](#)

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