



20 September 2017

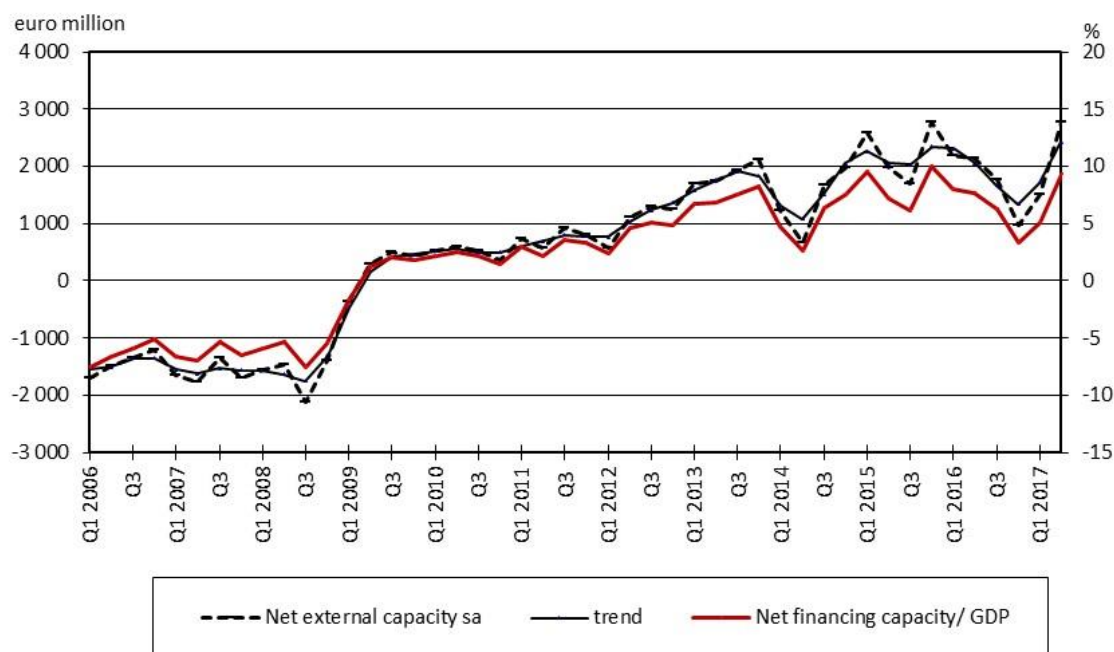
PRESS RELEASE

Hungary's balance of payments: 2017 Q2

In 2017 Q2¹, Hungary's unadjusted net external financing capacity (i.e. the combined surplus on its current and capital accounts) amounted to EUR 3,122 million (HUF 966 billion). Adjusted for seasonal effects, net external financing capacity was EUR 2,783 million (HUF 837 billion), equal to 9.2 per cent of quarterly GDP.

Chart 1

Net external financing capacity in EUR million (left-hand scale)
and as a percentage of quarterly GDP (right-hand scale)



¹ Consistent with the practice of releasing and revising statistical data, on 20 September 2017 the MNB is publishing Hungary's balance of payments statistics for 2017 Q2 for the first time, and revises the data for 2014-2016 and 2017 Q1.

Table 1

Balance of payments main components (EUR million)

| | 2014 | 2015 | 2016 | | | | | 2017 | | |
|---|---------------|---------------|---------------|---------------|---------------|--------------|---------------|--------------|---------------|---------------|
| | Y | Y | Q1 | Q2 | Q3 | Q4 | Y | Q1 | Q2 | Q1-Q2 |
| 1. Current account, net (1.A+1.B+1.C) | 1 587 | 3 838 | 1 775 | 2 264 | 1 997 | 930 | 6 967 | 953 | 1 750 | 2 703 |
| 1.A. Goods and Services, net | 6 732 | 9 806 | 2 689 | 3 419 | 3 115 | 2 251 | 11 474 | 2 180 | 3 190 | 5 370 |
| Exports | 92 554 | 99 927 | 24 098 | 26 146 | 25 803 | 25 800 | 101 847 | 26 955 | 28 482 | 55 437 |
| Imports | 85 821 | 90 121 | 21 409 | 22 727 | 22 688 | 23 549 | 90 373 | 24 774 | 25 293 | 50 067 |
| 1.A.a. Goods, net | 2 125 | 4 402 | 1 372 | 1 570 | 994 | 770 | 4 707 | 706 | 1 487 | 2 193 |
| Exports | 73 826 | 79 638 | 19 376 | 20 626 | 19 794 | 20 392 | 80 188 | 21 783 | 22 913 | 44 696 |
| Imports | 71 701 | 75 236 | 18 005 | 19 055 | 18 800 | 19 622 | 75 482 | 21 077 | 21 426 | 42 503 |
| 1.A.b. Services, net | 4 607 | 5 404 | 1 317 | 1 848 | 2 121 | 1 481 | 6 767 | 1 474 | 1 703 | 3 177 |
| Exports | 18 727 | 20 289 | 4 722 | 5 520 | 6 009 | 5 408 | 21 659 | 5 171 | 5 570 | 10 741 |
| Imports | 14 120 | 14 885 | 3 405 | 3 671 | 3 888 | 3 927 | 14 892 | 3 697 | 3 867 | 7 564 |
| 1.B. Primary income, net | -4 458 | -4 973 | -461 | -777 | -736 | -832 | -2 806 | -833 | -1 251 | -2 084 |
| 1.B.1. Compensation of employees, net | 2 505 | 2 905 | 770 | 737 | 719 | 732 | 2 959 | 711 | 709 | 1 420 |
| 1.B.2. Investment income, net | -8 287 | -9 169 | -1 517 | -1 853 | -1 731 | -1 985 | -7 086 | -1 815 | -2 371 | -4 186 |
| 1.B.2.1. Direct investment income, net | -5 818 | -6 991 | -1 073 | -1 224 | -1 361 | -1 584 | -5 242 | -1 454 | -1 741 | -3 195 |
| 1.B.2.2. Portfolio investment income, net | -2 329 | -2 074 | -407 | -598 | -342 | -359 | -1 706 | -331 | -588 | -919 |
| 1.B.2.3. Other investment income, net | -674 | -506 | -116 | -98 | -85 | -91 | -389 | -76 | -88 | -165 |
| 1.B.2.4. Reserve assets, net | 533 | 401 | 78 | 68 | 57 | 49 | 252 | 47 | 47 | 93 |
| 1.B.3. Other primary income, net | 1 324 | 1 290 | 286 | 339 | 276 | 421 | 1 322 | 271 | 411 | 682 |
| -of which: EU transfers | 1 324 | 1 290 | 286 | 339 | 276 | 421 | 1 322 | 271 | 411 | 682 |
| 1.C. Secondary income, net | -687 | -995 | -453 | -378 | -382 | -489 | -1 701 | -395 | -189 | -584 |
| -of which: EU transfers | 313 | 162 | -163 | -121 | -112 | -202 | -598 | -170 | 77 | -93 |
| 2. Capital account, net | 3 932 | 5 108 | 110 | 67 | -100 | 8 | 86 | 137 | 1 372 | 1 509 |
| -of which: EU transfers | 3 983 | 5 237 | 100 | 63 | 165 | 207 | 535 | 141 | 1 391 | 1 532 |
| 3. Financial account (net assets) (3.1+3.2+3.3+3.4+3.5) | 4 373 | 6 876 | 798 | 2 235 | 968 | 430 | 4 430 | 242 | 2 478 | 2 720 |
| 3.1. Direct investment (net assets) | -2 948 | -1 093 | -213 | 660 | -1 490 | -870 | -1 913 | -313 | 654 | 341 |
| 3.1.k. Abroad (net assets) | 2 911 | -14 381 | -9 135 | 344 | 268 | 855 | -7 669 | 2 466 | 1 052 | 3 518 |
| 3.1.1.k Equity (net assets) | 3 088 | -15 566 | -8 455 | 629 | 440 | 859 | -6 527 | 2 245 | 749 | 2 994 |
| 3.1.1.1.ki Equity other than reinvestment of earnings (net assets) | 2 189 | -15 837 | -8 572 | 468 | 144 | 491 | -7 468 | 2 027 | 697 | 2 724 |
| 3.1.1.2.ki Reinvestment of earnings (net assets) | 899 | 271 | 117 | 161 | 295 | 368 | 940 | 218 | 52 | 270 |
| 3.1.2.ki Debt instruments (net assets) | -177 | 1 184 | -680 | -285 | -171 | -4 | -1 141 | 221 | 303 | 524 |
| 3.1.2.1.ki Assets | 239 | 766 | -547 | -67 | -247 | 23 | -838 | 326 | 277 | 603 |
| 3.1.2.2.ki Liabilities | 416 | -419 | 134 | 218 | -76 | 27 | 303 | 105 | -26 | 79 |
| 3.1.t In Hungary (net liabilities) | 5 859 | -13 288 | -8 922 | -317 | 1 758 | 1 725 | -5 756 | 2 779 | 398 | 3 177 |
| 3.1.1.t Equity (net liabilities) | 4 708 | 4 275 | -8 196 | -852 | 5 536 | 1 975 | -1 537 | 2 813 | -170 | 2 643 |
| 3.1.1.1.be Equity other than reinvestment of earnings (net liabilities) | 906 | 307 | -9 115 | -467 | 3 855 | 223 | -5 504 | 1 623 | -479 | 1 144 |
| 3.1.1.2.be Reinvestment of earnings (net liabilities) | 3 802 | 3 968 | 919 | -385 | 1 681 | 1 752 | 3 967 | 1 190 | 309 | 1 499 |
| 3.1.2.be Debt instruments (net liabilities) | 1 151 | -17 563 | -726 | 536 | -3 778 | -250 | -4 219 | -34 | 568 | 534 |
| 3.1.2.1.be Assets | 859 | 19 623 | -429 | 694 | -585 | -1 367 | -1 687 | -308 | 220 | -88 |
| 3.1.2.2.be Liabilities | 2 010 | 2 061 | -1 155 | 1 229 | -4 363 | -1 617 | -5 906 | -342 | 788 | 445 |
| 3.2. Portfolio investment (net assets) | 3 154 | 5 648 | 2 810 | 808 | 454 | 733 | 4 805 | 1 248 | 2 014 | 3 262 |
| 3.2.k Assets | 1 788 | 382 | 260 | 598 | 2 | 122 | 981 | 834 | 791 | 1 626 |
| 3.2.t Liabilities | -1 367 | -5 265 | -2 550 | -211 | -451 | -611 | -3 823 | -414 | -1 223 | -1 637 |
| 3.3. Financial derivatives (other than reserves), net assets | 265 | -686 | 406 | 78 | -70 | -361 | 53 | -507 | -16 | -523 |
| 3.3.k Assets | -3 941 | -6 218 | -1 265 | -885 | -912 | -1 058 | -4 121 | -1 001 | -801 | -1 802 |
| 3.3.t Liabilities | -4 206 | -5 532 | -1 671 | -963 | -842 | -698 | -4 174 | -494 | -784 | -1 278 |
| 3.4. Other investment (net assets) | 3 162 | 7 921 | 598 | 3 985 | 3 142 | -140 | 7 584 | -153 | 162 | 9 |
| 3.4.k Assets | -731 | 5 389 | 2 313 | 3 006 | 1 091 | -32 | 6 377 | 1 171 | 1 597 | 2 769 |
| 3.4.t Liabilities | -3 893 | -2 532 | 1 715 | -979 | -2 051 | 108 | -1 207 | 1 324 | 1 436 | 2 760 |
| 3.5. Reserve assets | 740 | -4 913 | -2 803 | -3 296 | -1 068 | 1 067 | -6 100 | -32 | -336 | -368 |
| Memorandum: | | | | | | | | | | |
| Net external financing capacity | | | | | | | | | | |
| Net external financing capacity (Current and capital account) | 5 520 | 8 946 | 1 886 | 2 331 | 1 898 | 938 | 7 053 | 1 090 | 3 122 | 4 212 |
| Net external financing capacity (Financial account) | 4 373 | 6 876 | 798 | 2 235 | 968 | 430 | 4 430 | 242 | 2 478 | 2 720 |
| Balancing item (Net errors and omissions) | -1 147 | -2 070 | -1 088 | -96 | -930 | -508 | -2 623 | -848 | -644 | -1 492 |

Table 2

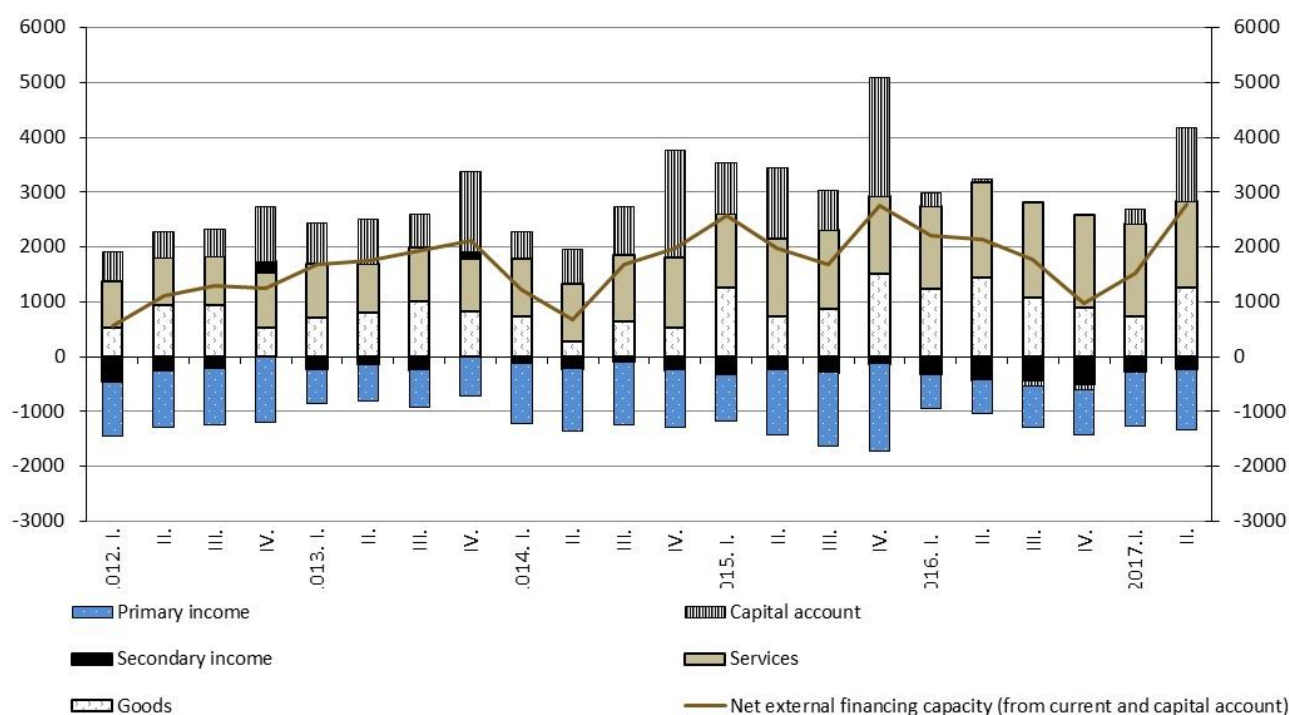
Net external financing capacity²
(seasonally adjusted data; EUR million)

| | 2014 | | | | 2015 | | | | 2016 | | | | 2017 | |
|--|---------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| 1. Real economic transactions, net (Goods and services) | 1 844 | 1 261 | 1 853 | 1 786 | 2 705 | 2 053 | 2 351 | 2 695 | 2 740 | 3 231 | 2 845 | 2 649 | 2 261 | 2 983 |
| 1.1. Export | 22 758 | 23 051 | 23 307 | 23 693 | 24 627 | 24 721 | 25 242 | 25 441 | 24 821 | 25 700 | 25 417 | 25 795 | 27 386 | 27 860 |
| 1.2. Import | 20 747 | 21 777 | 21 228 | 22 002 | 21 702 | 22 748 | 23 087 | 22 720 | 22 271 | 22 509 | 22 558 | 23 261 | 25 014 | 25 204 |
| 1.1. Goods | 734 | 268 | 632 | 527 | 1 266 | 735 | 877 | 1 520 | 1 245 | 1 444 | 1 085 | 898 | 721 | 1 258 |
| 1.1.1. Export | 18 149 | 18 459 | 18 554 | 19 245 | 19 625 | 19 806 | 20 187 | 20 331 | 19 780 | 20 085 | 19 807 | 20 070 | 21 561 | 22 416 |
| 1.1.2. Import | 17 401 | 18 111 | 17 883 | 17 966 | 18 331 | 19 018 | 19 144 | 18 668 | 18 523 | 18 861 | 18 797 | 19 731 | 21 276 | 21 196 |
| 1.2. Services | 1 050 | 1 067 | 1 225 | 1 285 | 1 333 | 1 419 | 1 429 | 1 398 | 1 490 | 1 742 | 1 735 | 1 695 | 1 697 | 1 570 |
| 1.2.1. Travel, net | 684 | 693 | 726 | 758 | 774 | 768 | 803 | 779 | 770 | 800 | 790 | 802 | 804 | 796 |
| export | 1 084 | 1 086 | 1 079 | 1 117 | 1 175 | 1 152 | 1 220 | 1 228 | 1 249 | 1 265 | 1 319 | 1 362 | 1 344 | 1 316 |
| import | 381 | 389 | 372 | 395 | 391 | 404 | 424 | 437 | 478 | 467 | 494 | 508 | 508 | 529 |
| 1.2.2. Other services, net | 354 | 432 | 464 | 471 | 606 | 637 | 662 | 348 | 785 | 948 | 950 | 915 | 907 | 815 |
| export | 3 434 | 3 583 | 3 629 | 3 662 | 3 709 | 3 859 | 3 964 | 3 959 | 3 904 | 4 218 | 4 236 | 4 181 | 4 302 | 4 192 |
| import | 3 117 | 3 169 | 3 171 | 3 128 | 3 145 | 3 243 | 3 311 | 3 502 | 3 167 | 3 293 | 3 290 | 3 196 | 3 454 | 3 408 |
| 2. Primary income | -1 108 | -1 134 | -1 159 | -1 046 | -848 | -1 190 | -1 333 | -1 599 | -619 | -620 | -744 | -826 | -988 | -1 092 |
| 3. Secondary income | -125 | -220 | -94 | -248 | -330 | -235 | -294 | -133 | -327 | -423 | -434 | -511 | -274 | -239 |
| 4. Current account balance | 464 | 115 | 645 | 626 | 1 225 | 699 | 873 | 1 262 | 1 631 | 2 039 | 1 656 | 1 383 | 1 170 | 1 434 |
| 5. Capital account | 492 | 616 | 883 | 1 939 | 943 | 1 285 | 718 | 2 164 | 249 | 48 | -109 | -99 | 271 | 1 353 |
| 6. Net external financing capacity | 1 222 | 675 | 1 683 | 1 983 | 2 583 | 1 970 | 1 687 | 2 763 | 2 197 | 2 129 | 1 772 | 978 | 1 515 | 2 783 |

I. Main developments in net external financing capacity (current and capital account aggregates) in the second quarter of 2017

Chart 2

Net external financing capacity (seasonally adjusted data; EUR million)



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 subaccounts either (e.g. the seasonally adjusted current account balance does not equal to the sum of the seasonally adjusted data of the subaccounts).

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 trade in **goods** amounted to EUR 1,258 million in 2017 Q2, i.e. it was higher than in the previous quarter. Exports in Q2 (EUR 22,416 million) exceeded the level recorded in the previous quarter, while seasonally adjusted imports (EUR 21,196 million) fell short thereof.

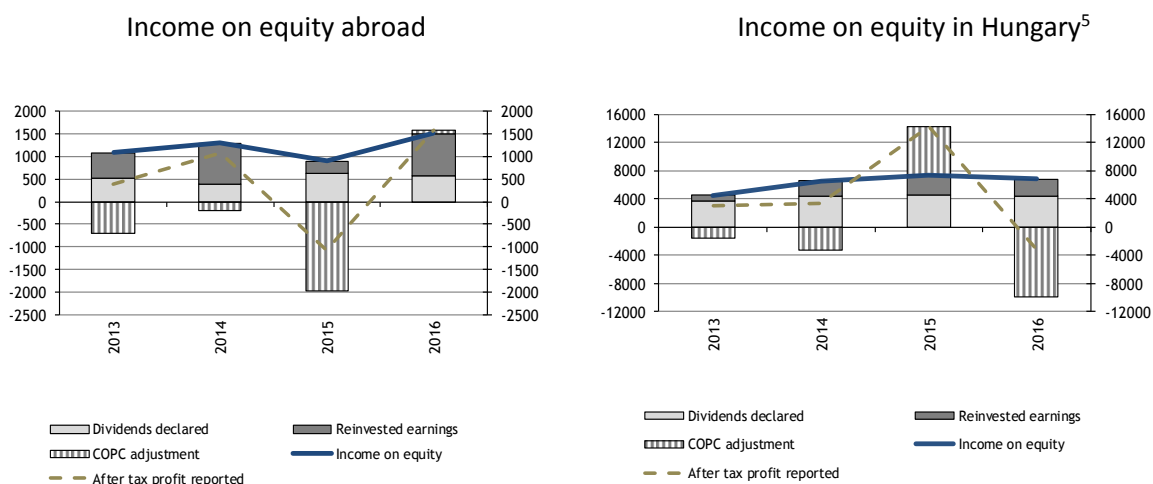
The seasonally adjusted surplus on trade in **services** amounted to EUR 1,570 million, falling short of the balance recorded in the previous quarter. Within this, the net travel amounted to EUR 796 million with the credits (EUR 1,316 million) being lower and debits (EUR 529 million) being higher than in the previous quarter. Both other services credits (EUR 4,192 million) and debits (EUR 3,408 million) fall short of the values recorded in the previous quarter. The balance of services other than tourism (EUR 815 million) was also lower relative to the previous quarter.

In 2017 Q2, the seasonally adjusted **primary income** deficit (EUR 1,092 million) was higher than in the previous quarter.

Regarding income on FDI equity in 2016, this is the first publication where data provided by enterprises based on their annual corporate reports³ are available to replace the previously published estimates. The 2016 income of inward FDI companies, fell short of the estimate, while that of outward FDI companies exceeded it. Both effects contributed to a higher external financing capacity in the 2016 compared to the previously published.

Chart 3

Components of income on FDI equity (EUR million)⁴



³ For 2017, income on FDI equity continues to be estimated.

⁴ For each year, a dashed line denotes the after-tax profits reported by data providers as stated in their income statement. In the balance of payments, extraordinary profit elements, other than normal income, must be recorded as revaluation (exchange rate or price changes) or as other volume change in the international investment position rather than as income (COPC adjustment). Income on FDI equity recorded in the balance of payments is the sum of dividends declared payable and reinvested earnings.

⁵ In 2015 and 2016 the restructuring of a multinational enterprise group had an especially significant impact on the value of the COPC adjustments recognised in respect of non-financial corporations.

In macroeconomic statistics, the annual profit of FDI enterprises is decomposed in order to statistically distinguish within P&L the income, valuation changes and other change in volumes components affecting the change in the value of equity. In the current account, only profit related to the current operating performance of businesses is taken into account as income (current operating performance concept – COPC) (see Chart 3). The sign of the COPC adjustment is positive if an increase and negative if a decrease is produced in equity as the sum of the particular components of the after-tax profit considered from a statistical point of view as valuation changes or other change in volumes.⁶ The information required for the performance of the COPC adjustment is also available only on an annual basis, from the annual corporate data supplies based on their annual income statement. The impact of the COPC adjustment on the change in stock related to revaluation and other volume changes is shown by the memorandum item at the bottom of Table 3.⁵

Table 3

Adjustment for recording income on FDI equity according to the current operating performance concept [COPC]
2014-2016⁷ (EUR million)

| | Income on equity abroad | | | Income on equity in Hungary | | |
|---|-------------------------|--------|-------|-----------------------------|-------|--------|
| | 2014 | 2015 | 2016 | 2014 | 2015 | 2016 |
| Total economy | | | | | | |
| 1.1 After tax profit | 1 087 | -1 083 | 1 572 | 3324 | 14266 | -3131 |
| 1.1.1. Of which COPC adjustment | -201 | -1980 | 62 | -3229 | 6900 | -9894 |
| 1.1.2. Adjusted FDI income, Published (1.1-1.1.1.) | 1289 | 897 | 1510 | 6553 | 7366 | 6764 |
| Deposit taking corporations (S122) | | | | | | |
| 1.1 After tax profit | -93 | -139 | 398 | -1088 | 38 | 645 |
| 1.1.1. Of which COPC adjustment | -336 | -345 | 158 | -1493 | -218 | 367 |
| 1.1.2. Adjusted FDI income, Published (1.1-1.1.1.) | 243 | 206 | 240 | 405 | 256 | 277 |
| Financial corporations other than MFIs (S12M) | | | | | | |
| 1.1 After tax profit | 122 | -231 | -69 | -172 | -223 | 261 |
| 1.1.1. Of which COPC adjustment | -84 | -53 | 0 | -432 | -327 | 74 |
| 1.1.2. Adjusted FDI income, Published (1.1-1.1.1.) | 205 | -178 | -69 | 260 | 103 | 187 |
| Non financial corporations, households and NPISH (S1V) | | | | | | |
| 1.1 After tax profit | 1 058 | -713 | 1 243 | 4584 | 14451 | -4037 |
| 1.1.1. Of which COPC adjustment | 218 | -1582 | -96 | -1304 | 7444 | -10335 |
| 1.1.2. Adjusted FDI income, Published (1.1-1.1.1.) | 840 | 869 | 1 338 | 5 888 | 7 007 | 6 299 |
| Memorandum item | | | | | | |
| COPC adjustment | -201 | -1 980 | 62 | -3 229 | 6 900 | -9 894 |
| Of which Revaluations | -179 | -2 029 | -52 | -3 081 | 7 392 | -9 340 |
| Price changes | -137 | -1 936 | -87 | -2 730 | 7 435 | -9 522 |
| Exchange rate changes | -42 | -94 | 35 | -351 | -42 | 182 |
| Other volume changes | -23 | 49 | 115 | -148 | -493 | -553 |

The seasonally adjusted deficit of **secondary incomes** (EUR 239 million) is lower than it was in the previous quarters.

The adjusted balance of the **transfers to and from the EU** amounted to EUR 1,236 million in 2017 Q2. As regards the *unadjusted value* of individual components, net primary income (taxes and subsidies on production and products) amounted to EUR 411 million, and the balance of current transfers, recorded under secondary income, amounted to EUR 77 million. The value of funds received from the EU, recorded as capital transfers, reached EUR 1,391 million.

⁶ Including, for example, the impairment loss of inventories and assets and their reversal, realised and not realised losses and gains from changes in the exchange rates, the profit and loss effect of forgiven debt assets and liabilities as well as the over-plan depreciation of tangible assets and its reversal.

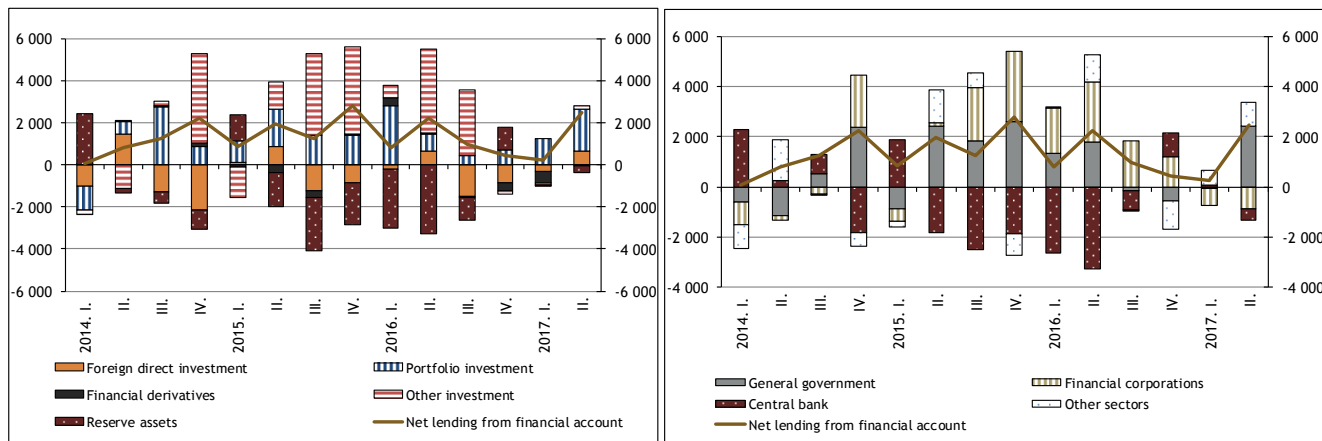
⁵ In 2015 and 2016 the restructuring of a multinational enterprise group had an especially significant impact on the value of the COPC adjustments recognised in respect of non-financial corporations.

⁷ In the balance of payments, row 1.1.2. of the Table is shown under Direct investment income, Income on equity, credit (FDI abroad), and debit (FDI in Hungary) under the same item.

II. Financial account: net external financing capacity calculated from the financial account in the second quarter of 2017⁸

Chart 4

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



FDI transactions showed a net outflow of EUR 654 million in 2017 Q2: outward FDI rose by EUR 1,052 million (of which the capital in transit⁹ amounted to EUR 214 million), while inward FDI was up by EUR 398 million (of which capital in transit amounted to EUR 214 million).

Within residents' investments abroad, equity investments and reinvested earnings increased the value of foreign investments by EUR 697 million and EUR 52 million, respectively, in Q2. Within equity investments, capital withdrawals recorded as superdividends¹⁰ amounted to EUR 82 million. Transactions in debt instruments showed a EUR 303 million increase in net assets.

Within FDI in Hungary, the value of investments in equities decreased and reinvested earnings increased the value of investments by non-residents by EUR 479 million and EUR 309 million, respectively (Within equity investments, capital withdrawals recorded as superdividends amounted to EUR 880 million.) Transactions in debt instruments showed a EUR 568 million increase in net liabilities.

Portfolio investment transactions showed a net outflow of EUR 2,014 in 2017 Q2 (an increase in net assets). This reflected an increase of EUR 791 million in assets and a decline of EUR 1,223 million in liabilities

Net other investments showed a total outflow of EUR 162 million (an increase in net assets). Assets increased by EUR 1,597 million and liabilities by EUR 1,436 million. The rise in assets vis-à-vis the EU related to the accrual-based recording of EU transfers amounted to EUR 1,496 million in 2017 Q2. Liabilities to the EU decreased by EUR 79 million.

⁸ Summary data for the individual categories of investment are included in Table 1.

⁹ A summary of the transactions belonging to capital in transit and asset portfolio restructuring as well as adjusted direct investment data are available on the MNB's website in a [table](#).

¹⁰ 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

III. Stock of reserve assets and external debt

The central bank's reserve assets amounted to EUR 23.5 billion at the end of June 2017. Hungary's net foreign debt, excluding FDI debt instruments, amounted to EUR 19.2 billion at the end of June 2017 (16.4 % 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 2.1 billion. Within this, the value of assets was EUR 2.6 billion and that of liabilities was EUR 0.5 billion.

Table 5

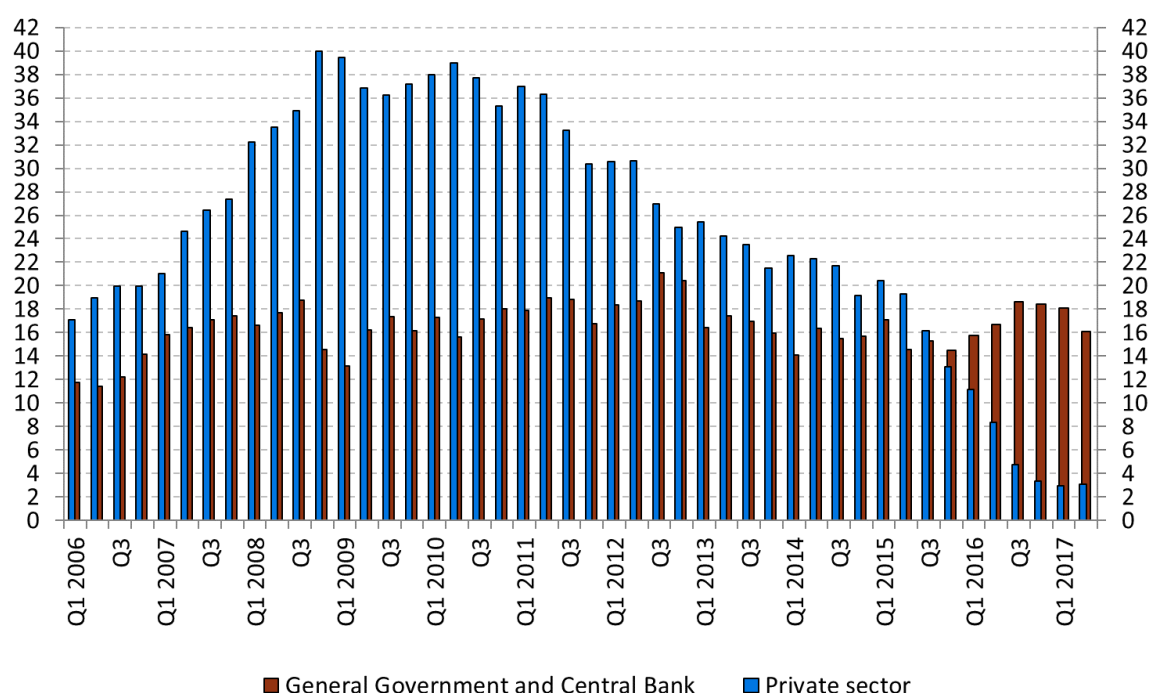
Foreign assets and liabilities of Hungary, end of periods (EUR millions)¹¹

| | 2014 | 2015 | 2016 | | | | 2017 | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Q4 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Assets | 116 577 | 138 965 | 127 530 | 130 451 | 125 742 | 118 664 | 122 642 | 123 650 |
| 3.1.k Direct investment | 53 850 | 73 592 | 63 209 | 64 702 | 60 193 | 50 546 | 52 925 | 53 668 |
| 3.2.k Portfolio investment | 7 793 | 8 333 | 8 391 | 8 997 | 9 214 | 9 594 | 10 731 | 11 347 |
| 3.3.k Financial derivatives and employee stock options | 3 840 | 4 283 | 3 699 | 4 173 | 3 720 | 4 894 | 4 109 | 3 566 |
| 3.4.k Other investment | 16 516 | 22 435 | 24 680 | 27 795 | 28 955 | 29 245 | 30 479 | 31 607 |
| o/w: due to accrual accounting of EU-transfers | 1 486 | 3 361 | 3 333 | 3 371 | 2 515 | 1 488 | 1 116 | 2 612 |
| 3.5. Reserve assets | 34 578 | 30 322 | 27 551 | 24 785 | 23 661 | 24 384 | 24 398 | 23 461 |
| Liabilities | 200 068 | 212 711 | 202 735 | 201 911 | 201 811 | 195 755 | 198 226 | 197 735 |
| 3.1.t Direct investment | 102 329 | 118 446 | 109 001 | 109 430 | 110 381 | 102 737 | 104 400 | 104 192 |
| 3.2.t Portfolio investment | 49 921 | 49 325 | 47 633 | 46 964 | 48 188 | 49 202 | 48 682 | 47 809 |
| 3.3.t Financial derivatives and employee stock options | 3 462 | 2 117 | 1 851 | 2 112 | 1 769 | 1 797 | 1 655 | 1 550 |
| 3.4.t Other investment | 44 357 | 42 822 | 44 250 | 43 406 | 41 472 | 42 020 | 43 490 | 44 184 |
| o/w: due to accrual accounting of EU-transfers | 881 | 400 | 1 122 | 1 073 | 273 | 567 | 622 | 542 |
| Net Assets | -83 491 | -73 745 | -75 205 | -71 460 | -76 069 | -77 092 | -75 584 | -74 085 |
| o/w: due to accrual accounting of EU-transfers | 604 | 2 962 | 2 211 | 2 298 | 2 242 | 920 | 494 | 2 070 |
| Memorandum: | | | | | | | | |
| Gross external debt (excluding FDI debt) | 87 767 | 82 190 | 81 047 | 79 936 | 78 442 | 78 181 | 79 433 | 78 172 |
| General government and Central bank | 51 229 | 47 713 | 46 135 | 44 312 | 43 954 | 43 891 | 43 017 | 41 507 |
| Other MFIs and Other sectors | 36 538 | 34 478 | 34 912 | 35 624 | 34 488 | 34 290 | 36 416 | 36 665 |
| Net external debt (excluding FDI debt) | 34 889 | 27 605 | 26 924 | 25 055 | 23 347 | 21 793 | 21 018 | 19 172 |
| General government and Central bank | 15 716 | 14 501 | 15 748 | 16 700 | 18 602 | 18 414 | 18 074 | 16 099 |
| Other MFIs and Other sectors | 19 172 | 13 104 | 11 176 | 8 356 | 4 744 | 3 379 | 2 944 | 3 073 |

¹¹ 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 5

Net foreign debt of Hungary (excluding FDI debt instruments), end of periods
(EUR billion)



IV. Data revisions in the period

In the September 2017 publication the regular revision period of the balance of payments statistics goes back to 2014. Tables 5 and 6 summarise changes relative to the 2014-2015 data published in March 2017 and to the 2016–2017Q1 data released in June 2017.

The data revision there reflects the impact of, firstly, the modified reports, error corrections of companies, secondly, the replacement of estimated figures by reported figures (income and stock of foreign direct investments), and thirdly, the impacts of the data revisions in the basic statistics taken over from HCSO (goods and services, compensation of employees and workers' remittances).

Within primary incomes, based on the reported data, the equity income of foreign direct investments in Hungary resulted in an expenditure falling short of the estimates by EUR 479 million, while the equity income related to direct investments abroad exceeded the estimated value by EUR 452 million. The smaller/larger than estimated profit - in addition to the equity income - is also included in the financial account, as lower/higher direct investment due to the reinvestment of earnings.

The changes in goods trade and services in 2014 were primarily attributable to the integration of supply and use tables related to the national accounts. For 2016, and 2017 Q1, the goods trade and services data were also revised in line with the national account statistics of the HCSO.

The HCSO carried out a revision of the data regarding compensation of employees and workers' remittances retroactively to 2011. In line with its normal revision policy, the MNB could take it into account in its balance of payments statistics time series only as of 2014.

Table 5

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

| | 2014 | 2015 | 2016 | Q1 2017 |
|--|-------------|-------------|------------|-------------|
| 1. Goods | -246 | 0 | -555 | -322 |
| 2. Services | -301 | 0 | 426 | 47 |
| 3. Primary income | -49 | 213 | 932 | 7 |
| 4. Secondary income | 8 | -68 | 23 | 0 |
| I. Current account balance (1+2+3+4) | -588 | 145 | 825 | -268 |
| II. Capital account | -20 | -36 | -6 | 0 |
| III. Financial account (5+6+7+8) | -178 | -45 | 728 | 98 |
| 5. Foreign direct investment (net assets) | 25 | -18 | 685 | 23 |
| Foreign direct investment abroad (net assets) | 65 | -197 | 186 | 123 |
| Equity | 65 | -46 | 185 | 113 |
| Debt instruments | 0 | -151 | 1 | 10 |
| Foreign direct investment in Hungary (net liabilities) | 41 | -180 | -498 | 100 |
| Equity | 40 | -192 | -230 | -122 |
| Debt instruments | 1 | 12 | -268 | 222 |
| 6. Portfolio investments (net assets) | 0 | 0 | 0 | -18 |
| Assets | 0 | 0 | 0 | -18 |
| Liabilities | 0 | 0 | 0 | 0 |
| 7. Financial derivatives (net assets) | 0 | 0 | 25 | -21 |
| 8. Other investments (net assets) | -203 | -27 | 18 | 114 |
| Assets | 66 | 5 | 28 | 64 |
| Liabilities | 269 | 32 | 10 | -50 |
| IV. Net errors and omissions | 430 | -154 | -92 | 365 |

Table 6

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

| | 2014 | 2015 | 2016 | Q1 2017 |
|--|--------------|-------------|-------------|-------------|
| 1. Foreign direct investment (net assets) | 1 151 | 550 | -882 | -862 |
| Foreign direct investment abroad (net assets) | 1 328 | 435 | -219 | -94 |
| Equity | 1 328 | 586 | -188 | -71 |
| Debt assets | 0 | 0 | 2 | 11 |
| Debt liabilities | 0 | 151 | 32 | 34 |
| Foreign direct investment in Hungary (net liabilities) | 176 | -116 | 664 | 767 |
| Equity | -1 | -303 | 783 | 636 |
| Debt assets | 0 | 14 | 666 | 708 |
| Debt liabilities | 177 | 200 | 546 | 839 |
| 2. Portfolio investments (net assets) | 0 | 0 | 0 | -18 |
| Assets | 0 | 0 | 0 | -18 |
| Liabilities | 0 | 0 | 0 | 0 |
| 3. Financial derivatives (net assets) | 0 | 0 | 0 | 0 |
| 4. Other investments (net assets) | -397 | -364 | 141 | 179 |
| Assets | -38 | 5 | 116 | 158 |
| Liabilities | 359 | 369 | -25 | -21 |
| | | | | |
| Gross external debt* | 359 | 369 | -25 | -21 |
| Net external debt* | 397 | 364 | -141 | -161 |
| | | | | |
| Goods net in the percentage of the GDP | -0,2% | 0,0% | -0,5% | -1,2% |
| Current account balance in the percentage of the GDP | -0,6% | 0,1% | 0,7% | -1,0% |
| Gross debt in the percentage of the GDP* | 0,3% | 0,3% | 0,0% | 0,0% |
| Net debt in the percentage of the GDP* | 0,4% | 0,3% | -0,1% | -0,1% |

* FDI excluding debt instruments.

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, together with the HCSO, has switched from Demetra to JDemetra+ as the new standard software for seasonal adjustment starting from the first publication of seasonally adjusted data in 2017. JDemetra+ is the officially recommended software for seasonal adjustment of official statistics within the European System of Central Banks and the European Statistical System, in producing seasonally adjusted data. As a member of the European System of Central Banks, one of the key objectives of the MNB is to produce seasonally adjusted data of the best possible quality, which are comparable to those produced and published by other Member States.

The software change does not influence the applicability, interpretation and the dissemination of seasonally adjusted data; TRAMO/SEATS will be used as seasonal adjustment method in the future as well. However, due to the many new statistical tests and diagnostics built into the new programme, we can provide higher quality seasonally adjusted data to users.

The MNB will release Hungary's balance of payments and international investment position data for 2017 Q3 and will revise data for 2017 Q1-Q2 on 21 December 2017.

Detailed tables: [Time series](#)

Notes: [Methodological notes](#)

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