



20 September 2018

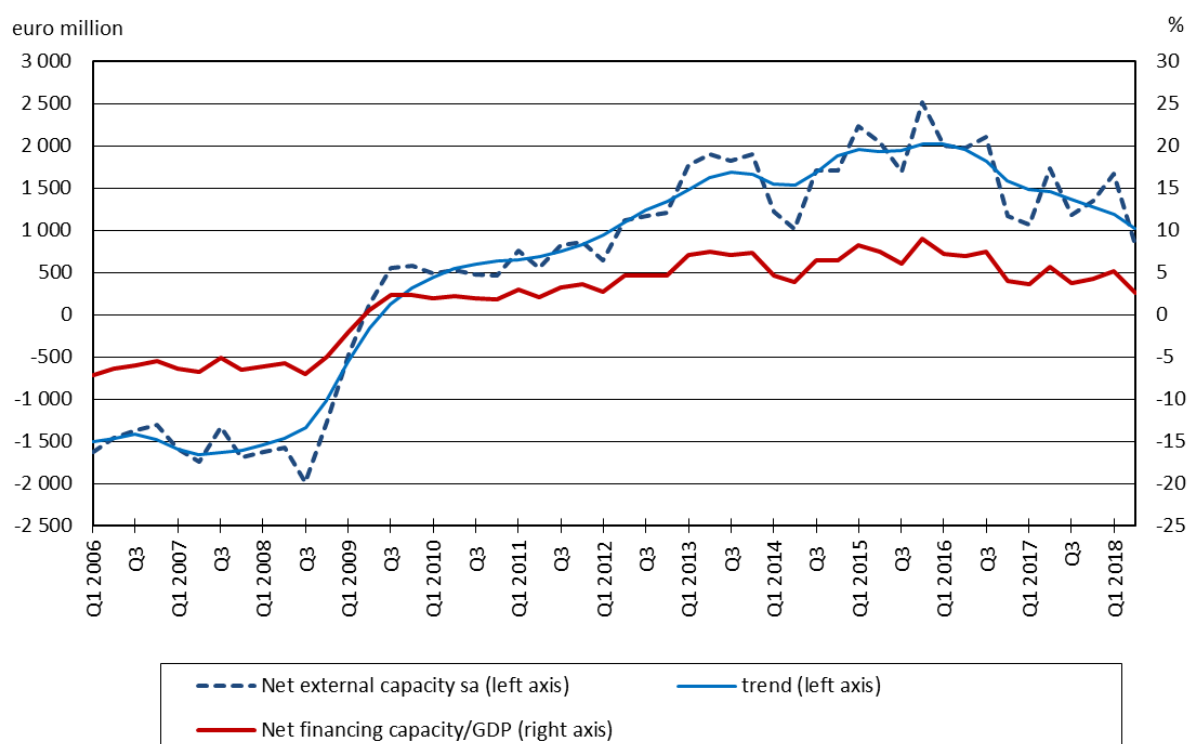
## PRESS RELEASE

### Hungary's balance of payments: 2018 Q2

In 2018 Q2,<sup>1</sup> Hungary's unadjusted net external financing capacity (i.e. the combined surplus on its current and capital accounts) amounted to EUR 1,192 million (HUF 379 billion). Adjusted for seasonal effects, the indicator stood at EUR 826 million (HUF 359 billion), equal to 2.5% 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)



<sup>1</sup> Consistent with the practice of releasing and revising statistical data, on 20 September 2018 the MNB is publishing Hungary's balance of payments and international investment position statistics for 2018 Q2 for the first time, and revises annual data for 2015, 2016, and 2017, as well as quarterly data for 2018 Q1.

Table 1

## Balance of payments main components (EUR millions)

	2015	2016	2017				2018			
	Y	Y	Q1	Q2	Q3	Q4	Y	Q1	Q2	Q1-Q2
<b>1. Current account, net (1.A+1.B+1.C)</b>	<b>3 127</b>	<b>7 071</b>	<b>783</b>	<b>1 617</b>	<b>999</b>	<b>547</b>	<b>3 947</b>	<b>840</b>	<b>772</b>	<b>1 612</b>
<b>1.A. Goods and Services, net</b>	<b>8 979</b>	<b>11 399</b>	<b>1 931</b>	<b>2 894</b>	<b>2 404</b>	<b>2 027</b>	<b>9 256</b>	<b>1 878</b>	<b>2 594</b>	<b>4 471</b>
Exports	98 706	102 219	26 570	27 797	27 427	27 518	109 312	27 620	29 886	57 506
Imports	89 727	90 820	24 639	24 902	25 023	25 492	100 057	25 743	27 292	53 035
1.A.a. Goods, net	4 052	4 623	439	1 026	201	237	1 904	42	569	611
Exports	78 477	80 106	21 220	21 869	20 864	21 613	85 566	22 030	23 689	45 719
Imports	74 425	75 482	20 781	20 842	20 663	21 376	83 662	21 988	23 120	45 108
1.A.b. Services, net	4 927	6 776	1 492	1 868	2 203	1 789	7 352	1 836	2 025	3 860
Exports	20 229	22 114	5 350	5 928	6 563	5 905	23 746	5 590	6 197	11 788
Imports	15 302	15 338	3 858	4 060	4 360	4 116	16 394	3 755	4 172	7 927
<b>1.B. Primary income, net</b>	<b>-4 939</b>	<b>-2 859</b>	<b>-1 091</b>	<b>-1 403</b>	<b>-1 177</b>	<b>-1 264</b>	<b>-4 936</b>	<b>-972</b>	<b>-1 614</b>	<b>-2 586</b>
1.B.1. Compensation of employees, net	2 987	3 039	708	706	703	617	2 732	569	629	1 198
1.B.2. Investment income, net	-9 217	-7 115	-2 054	-2 502	-2 155	-2 290	-9 000	-1 955	-2 477	-4 432
1.B.2.1. Direct investment income, net	-7 041	-5 259	-1 691	-1 876	-1 852	-1 986	-7 405	-1 677	-1 878	-3 555
1.B.2.2. Portfolio investment income, net	-2 074	-1 706	-331	-588	-276	-274	-1 469	-253	-577	-830
1.B.2.3. Other investment income, net	-503	-401	-79	-84	-75	-75	-313	-70	-67	-137
1.B.2.4. Reserve assets, net	401	252	47	47	48	46	187	44	45	89
1.B.3. Other primary income, net	1 290	1 216	256	393	275	409	1 332	414	234	648
-of which: EU transfers	1 290	1 216	256	393	275	409	1 332	414	234	648
<b>1.C. Secondary income, net</b>	<b>-913</b>	<b>-1 469</b>	<b>-56</b>	<b>126</b>	<b>-227</b>	<b>-215</b>	<b>-373</b>	<b>-66</b>	<b>-207</b>	<b>-273</b>
-of which: EU transfers	162	-459	113	343	-18	-35	403	64	-26	38
<b>2. Capital account, net</b>	<b>5 126</b>	<b>-37</b>	<b>300</b>	<b>533</b>	<b>122</b>	<b>250</b>	<b>1 205</b>	<b>1 127</b>	<b>420</b>	<b>1 547</b>
-of which: EU transfers	5 237	387	298	546	196	445	1 486	1 112	436	1 547
<b>3. Financial account (net assets) (3.1+3.2+3.3+3.4+3.5)</b>	<b>6 874</b>	<b>4 088</b>	<b>-201</b>	<b>2 475</b>	<b>-639</b>	<b>741</b>	<b>2 376</b>	<b>1 254</b>	<b>909</b>	<b>2 163</b>
<b>3.1. Direct investment (net assets)</b>	<b>-1 213</b>	<b>-2 309</b>	<b>-553</b>	<b>870</b>	<b>-890</b>	<b>-1 061</b>	<b>-1 635</b>	<b>-267</b>	<b>-9</b>	<b>-277</b>
3.1.k. Abroad (net assets)	-14 315	-7 420	2 546	1 163	-749	-2 062	898	157	92	248
3.1.1.k Equity (net assets)	-15 497	-6 323	2 325	916	-779	-2 343	119	157	174	331
3.1.1.1.ki Equity other than reinvestment of earnings (net assets)	-15 770	-7 354	2 030	753	-1 212	-2 557	-986	-241	132	-109
3.1.1.2.ki Reinvestment of earnings (net assets)	273	1 031	295	163	434	213	1 105	398	42	440
3.1.2.ki Debt instruments (net assets)	1 182	-1 097	220	247	30	282	779	-1	-82	-83
3.1.2.1.ki Assets	778	-842	344	253	35	207	839	-174	167	-7
3.1.2.2.ki Liabilities	-405	255	124	6	5	-75	60	-173	249	76
3.1.t In Hungary (net liabilities)	-13 102	-5 111	3 099	293	142	-1 001	2 533	424	101	525
3.1.1.t Equity (net liabilities)	4 282	-1 150	3 036	-43	2 539	2 489	8 021	-181	124	-57
3.1.1.1.be Equity other than reinvestment of earnings (net liabilities)	320	-5 158	1 599	-515	341	348	1 772	-1 739	-309	-2 048
3.1.1.2.be Reinvestment of earnings (net liabilities)	3 962	4 008	1 437	472	2 199	2 141	6 249	1 558	434	1 991
3.1.2.be Debt instruments (net liabilities)	-17 384	-3 960	63	336	-2 398	-3 490	-5 488	605	-24	582
3.1.2.1.be Assets	19 722	-1 303	-305	276	1 438	2 549	3 958	12	1 635	1 647
3.1.2.2.be Liabilities	2 338	-5 263	-242	612	-959	-941	-1 530	617	1 612	2 229
<b>3.2. Portfolio investment (net assets)</b>	<b>5 657</b>	<b>4 823</b>	<b>1 254</b>	<b>2 014</b>	<b>-133</b>	<b>644</b>	<b>3 779</b>	<b>-214</b>	<b>1 586</b>	<b>1 372</b>
3.2.k Assets	391	999	840	791	150	140	1 922	147	-102	45
3.2.t Liabilities	-5 265	-3 823	-414	-1 223	283	-503	-1 857	361	-1 689	-1 327
<b>3.3. Financial derivatives (other than reserves), net assets</b>	<b>-686</b>	<b>53</b>	<b>-515</b>	<b>27</b>	<b>-649</b>	<b>-440</b>	<b>-1 577</b>	<b>-224</b>	<b>176</b>	<b>-48</b>
3.3.k Assets	-6 218	-4 121	-1 020	-779	-1 290	-1 188	-4 276	-935	-873	-1 808
3.3.t Liabilities	-5 532	-4 174	-505	-806	-640	-747	-2 699	-711	-1 049	-1 760
<b>3.4. Other investment (net assets)</b>	<b>8 030</b>	<b>7 621</b>	<b>-355</b>	<b>-101</b>	<b>1 951</b>	<b>285</b>	<b>1 781</b>	<b>2 250</b>	<b>-1 577</b>	<b>673</b>
3.4.k Assets	5 471	6 326	1 185	1 406	709	-1 088	2 212	2 343	68	2 411
3.4.t Liabilities	-2 559	-1 295	1 539	1 507	-1 242	-1 373	431	93	1 645	1 737
<b>3.5. Reserve assets</b>	<b>-4 913</b>	<b>-6 100</b>	<b>-32</b>	<b>-336</b>	<b>-917</b>	<b>1 313</b>	<b>28</b>	<b>-290</b>	<b>733</b>	<b>443</b>
<b>Memorandum:</b>										
<b>Net external financing capacity</b>										
Net external financing capacity (Current and capital account)	8 252	7 034	1 083	2 150	1 122	797	5 152	1 967	1 192	3 159
Net external financing capacity (Financial account)	6 874	4 088	-201	2 475	-639	741	2 376	1 254	909	2 163
Balancing item (Net errors and omissions)	-1 378	-2 946	-1 284	325	-1 760	-56	-2 776	-713	-283	-996

Table 2

Net external financing capacity<sup>2</sup>  
(seasonally adjusted data; EUR millions)

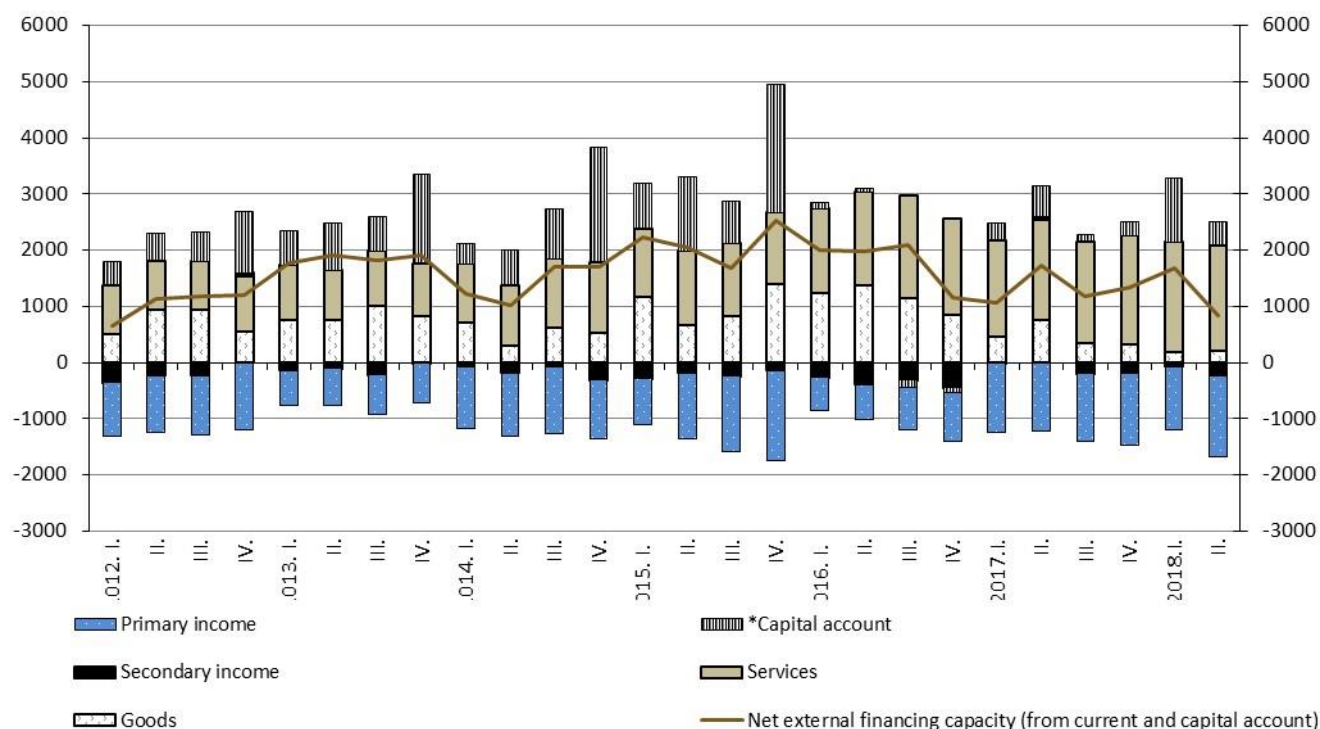
	2015				2016				2017				2018	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>1. Real economic transactions, net (Goods and services)</b>	<b>2 532</b>	<b>1 845</b>	<b>2 155</b>	<b>2 441</b>	<b>2 740</b>	<b>3 066</b>	<b>2 961</b>	<b>2 615</b>	<b>2 071</b>	<b>2 669</b>	<b>2 142</b>	<b>2 366</b>	<b>2 035</b>	<b>2 360</b>
1.1. Export	24 325	24 426	24 903	25 137	24 865	25 671	25 540	26 042	27 007	27 188	27 404	27 525	28 451	29 249
1.2. Import	21 569	22 615	22 651	22 732	22 249	22 453	22 714	23 215	24 970	24 832	25 146	25 305	26 424	27 027
<b>1.1. Goods</b>	<b>1 174</b>	<b>657</b>	<b>815</b>	<b>1 385</b>	<b>1 233</b>	<b>1 371</b>	<b>1 146</b>	<b>837</b>	<b>462</b>	<b>763</b>	<b>355</b>	<b>311</b>	<b>179</b>	<b>199</b>
1.1.1. Export	19 336	19 498	19 918	20 015	19 676	20 043	19 864	20 118	20 928	21 339	21 277	21 534	22 396	22 891
1.1.2. Import	18 010	18 878	18 835	18 619	18 467	18 657	18 888	19 283	20 942	20 695	20 907	21 301	22 423	22 804
<b>1.2. Services</b>	<b>1 212</b>	<b>1 328</b>	<b>1 310</b>	<b>1 282</b>	<b>1 501</b>	<b>1 661</b>	<b>1 821</b>	<b>1 716</b>	<b>1 721</b>	<b>1 768</b>	<b>1 801</b>	<b>1 945</b>	<b>1 968</b>	<b>1 892</b>
1.2.1. Travel, net	774	769	801	780	771	800	787	800	811	809	837	855	869	888
export	1 181	1 164	1 233	1 221	1 251	1 255	1 307	1 315	1 338	1 327	1 411	1 393	1 420	1 411
import	389	405	421	430	498	460	487	505	519	543	553	532	531	538
1.2.2. Other services, net	483	543	543	225	775	835	1 040	928	917	1 011	983	1 142	1 184	1 092
export	3 696	3 843	3 935	3 955	4 032	4 192	4 378	4 391	4 495	4 547	4 610	4 611	4 666	4 737
import	3 209	3 322	3 408	3 677	3 383	3 375	3 379	3 409	3 582	3 596	3 640	3 355	3 523	3 620
<b>2. Primary income</b>	<b>-822</b>	<b>-1 176</b>	<b>-1 352</b>	<b>-1 589</b>	<b>-601</b>	<b>-619</b>	<b>-772</b>	<b>-872</b>	<b>-1 233</b>	<b>-1 222</b>	<b>-1 216</b>	<b>-1 263</b>	<b>-1 122</b>	<b>-1 427</b>
<b>3. Secondary income</b>	<b>-296</b>	<b>-191</b>	<b>-244</b>	<b>-148</b>	<b>-262</b>	<b>-395</b>	<b>-312</b>	<b>-451</b>	<b>-21</b>	<b>70</b>	<b>-196</b>	<b>-201</b>	<b>-70</b>	<b>-249</b>
<b>4. Current account balance</b>	<b>878</b>	<b>631</b>	<b>777</b>	<b>1 076</b>	<b>1 570</b>	<b>1 765</b>	<b>1 881</b>	<b>1 505</b>	<b>1 018</b>	<b>1 265</b>	<b>837</b>	<b>804</b>	<b>855</b>	<b>588</b>
<b>5. Capital account*</b>	<b>804</b>	<b>1 308</b>	<b>735</b>	<b>2 278</b>	<b>109</b>	<b>64</b>	<b>-122</b>	<b>-89</b>	<b>300</b>	<b>533</b>	<b>122</b>	<b>250</b>	<b>1 127</b>	<b>420</b>
<b>6. Net external financing capacity</b>	<b>2 235</b>	<b>2 046</b>	<b>1 690</b>	<b>2 516</b>	<b>2 006</b>	<b>1 972</b>	<b>2 101</b>	<b>1 165</b>	<b>1 064</b>	<b>1 731</b>	<b>1 187</b>	<b>1 346</b>	<b>1 670</b>	<b>826</b>

\* The time series for the capital account did not show seasonal pattern; therefore, unadjusted data are presented in the table for Capital account.

## I. Main developments in net external financing capacity (current and capital account aggregates) in 2018 Q2

Chart 2

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



\* The time series for the capital account did not show seasonal pattern; therefore, unadjusted data are presented in the table for Capital account.

<sup>2</sup> 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).

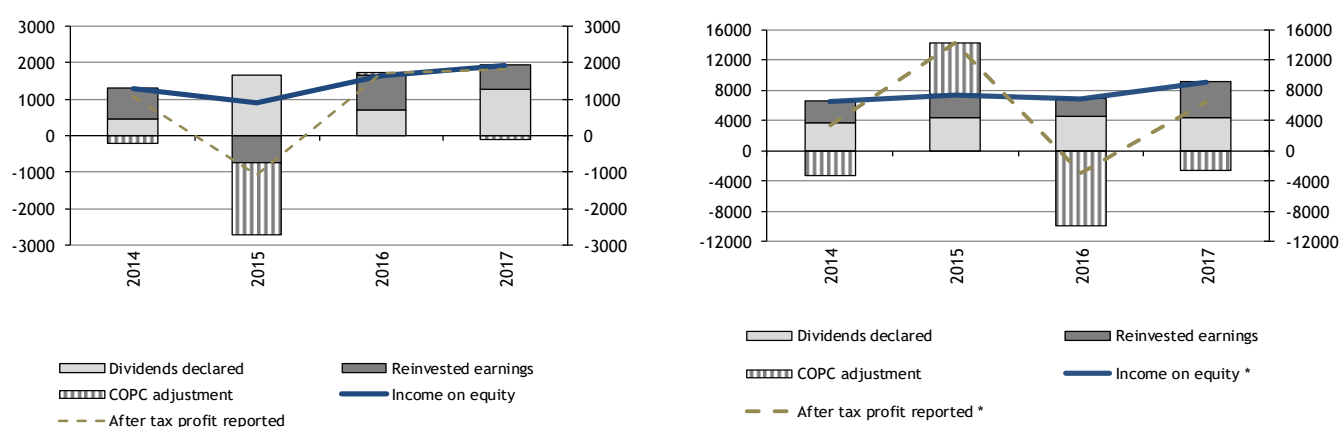
Of the components of Hungary's net external financing capacity, calculated as the balance on the current and capital accounts, the seasonally adjusted surplus on trade in **goods** amounted to EUR 199 million in 2018 Q2, slightly higher than the level recorded in 2018 Q1. Seasonally adjusted exports (EUR 22,891 million) and imports (EUR 22,804 million) in 2018 Q2 exceeded their levels in the previous quarter.

The seasonally adjusted surplus on trade in **services** amounted to EUR 1,892 million. This was lower than the surplus recorded in the previous quarter. Within this, net travel amounted to EUR 888 million, with both travel credits (EUR 1,411 million) and debits (EUR 538 million) being nearly identical to the previous quarter. In 2018 Q2, both other services credits (EUR 4,737 million) and debits (EUR 3,620 million) exceeded their values recorded in 2018 Q1, and the surplus on other services (EUR 1,092 million) was lower than in the previous quarter.

In 2018 Q2, the seasonally adjusted **primary income** deficit (EUR 1,427 million) was lower than its level recorded in the previous quarter.

Regarding income on FDI equity in 2017, this is the first publication where data provided by data suppliers based on their annual corporate reports<sup>3</sup> are available to replace the previously published estimates. Income on FDI equity of inward FDI companies and outward FDI companies were both higher in 2017 than earlier estimates. As a result of the two effects, the net financing capacity in 2017 was slightly higher (EUR 21 million) than hitherto published.

Chart 3  
Components of income on FDI equity (EUR millions)<sup>4</sup>  
Income on equity abroad      Income on equity in Hungary\*<sup>5</sup>



\* In the chart data on income on equity in Hungary were corrected on 24 September 2018.

In the macroeconomic statistics, the annual accounting profit of foreign direct investment companies is decomposed in order to statistically distinguish the income, valuation changes and other change in volume

<sup>3</sup> For 2018, income on FDI equity continues to be estimated.

<sup>4</sup> For the individual years, a dashed line denotes the size of 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). Investment income on shares and other equity recorded in the balance of payments is the sum of dividends declared and reinvested earnings.

<sup>5</sup> The value of COPC adjustment, recorded for non-financial companies for 2015 and 2016, was particularly affected by the reorganisation of a multinational group of companies.

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). 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 after-tax profit considered from a statistical point of view as valuation changes or other changes in volume.<sup>6</sup> The information required to perform the COPC adjustment is also available only on an annual basis, from the corporate data supplies based on their annual income statement. Memorandum items at the bottom of Table 3 contain the effects related to valuation changes and other changes in volume of the COPC adjustment.

Table 3

Adjustment for recording income on FDI equity according to the current operating performance concept [COPC]  
(EUR millions) 2015-2017<sup>7\*</sup>

	Income on equity abroad			Income on equity in Hungary		
	2015	2016	2017	2015	2016	2017
<b>Total economy</b>						
1.1 After tax profit*	-1 081	1 712	1 836	14 258	-3 017	6 466
1.1.1. Of which COPC adjustment	-1 980	66	-101	6 899	-9 876	-2 649
1.1.2. Adjusted FDI income, Published (1.1-1.1.1.)*	900	1 646	1 937	7 358	6 858	9 115
<b>Deposit taking corporations (S122)</b>						
1.1 After tax profit*	-139	398	341	38	645	880
1.1.1. Of which COPC adjustment	-345	158	-7	-218	367	421
1.1.2. Adjusted FDI income, Published (1.1-1.1.1.)*	206	240	348	256	277	459
<b>Financial corporations other than MFIs (S12M)</b>						
1.1 After tax profit*	-231	-18	62	-223	261	284
1.1.1. Of which COPC adjustment	-53	0	45	-327	74	113
1.1.2. Adjusted FDI income, Published (1.1-1.1.1.)*	-178	-18	18	104	188	170
<b>Non financial corporations, households and NPISH (S1V)</b>						
1.1 After tax profit*	-710	1 333	1 433	14 443	-3 924	5 302
1.1.1. Of which COPC adjustment	-1 582	-92	-139	7 444	-10 317	-3 184
1.1.2. Adjusted FDI income, Published (1.1-1.1.1.)*	872	1 425	1 571	6 999	6 393	8 485
<b>Memorandum item</b>						
COPC adjustment	-1 980	66	-101	6 899	-9 876	-2 649
Of which Revaluations	-2 030	-49	-102	7 392	-9 370	-2 194
Price changes	-1 936	-43	151	7 435	-9 533	-2 150
Exchange rate changes	-94	-6	-254	-43	163	-44
Other volume changes	49	115	1	-493	-505	-455

\* In the table data on income on equity in Hungary were corrected on 24 September 2018.

The seasonally adjusted **secondary income** deficit (EUR 249 million) was higher than that recorded in the previous quarter.

The time series for the **capital account**, including data for 2018 Q2, did not show seasonal pattern; therefore, the seasonally adjusted data was identical to the seasonally unadjusted data. The largest part of the capital account is accounted for capital transfers received from the EU. The aggregated time series for **transfers to and from the EU** showed seasonal patterns; the adjusted balance of transfers was EUR 811 million in 2018 Q2. As regards the *unadjusted value* of individual components, net primary income (taxes and subsidies on production and products) amounted to EUR 234 million, and net current transfers, recorded under secondary income,

<sup>6</sup> 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.

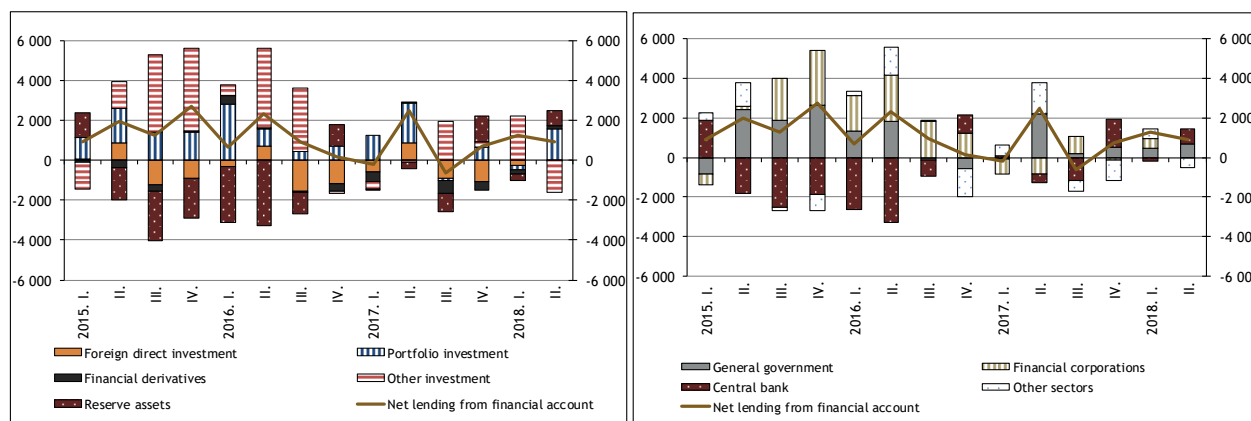
<sup>7</sup> In the balance of payments, row 1.1.2. of the Table is shown under Direct investment income, Income on equity, credit (FDI abroad), and debit (FDI in Hungary) under the same item.

amounted to EUR -26 million. The value of funds received from the EU, recorded as capital transfers, amounted to EUR 436 million.

## II. Financial account: net external financing capacity calculated from the financial account in 2018 Q2<sup>8</sup>

Chart 4

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



**Foreign direct investment** transactions showed a net inflow of EUR 9 million in 2018 Q2: outward FDI increased by EUR 92 million and inward FDI by EUR 101 million. In 2018 Q2, capital in transit and asset portfolio restructuring<sup>9</sup> reduced the value of both outward and inward investments (a withdrawal of capital) by EUR 21 million.

Within residents' investments abroad, equity investments and reinvested earnings increased the value of investments abroad by EUR 132 million and EUR 42 million, respectively, in 2018 Q2. Within equity investments, the value of capital withdrawals recorded as superdividends<sup>10</sup> was EUR 57 million. Transactions in debt instruments showed a EUR 82 million decrease in net assets.

Within FDI in Hungary, the equity reduced the value of non-residents' investments by EUR 309 million while reinvested earnings increased it by EUR 434 million in 2018 Q2. (Within equity, capital withdrawals recorded as superdividends amounted to EUR 541 million.) Transactions in debt instruments showed a EUR 24 million decrease in net liabilities.

**Portfolio investment** transactions showed a net outflow of EUR 1,586 million in 2018 Q2 (an increase in net assets). This reflected decreases of EUR 102 million and EUR 1,689 million in assets and liabilities, respectively.

**Net other investments** showed a total inflow of EUR 1,577 million (a decrease in net assets). Assets and liabilities increased by EUR 68 million and EUR 1,645 million, respectively. Assets vis-à-vis the EU related to the accrual-based recording of EU transfers rose by EUR 352 million and liabilities vis-à-vis the EU fell by EUR 17 million.

<sup>8</sup> Summary data for the individual categories of investment are included in Table 1.

<sup>9</sup> 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](#).

<sup>10</sup> 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 24.1 billion at the end of June 2018. Hungary's net foreign debt, excluding FDI debt instruments, amounted to EUR 11.5 billion at the end of June 2018 (9.5% 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 2 billion. Within this, the value of assets was EUR 2 billion and that of liabilities was EUR 34 million.

Table 4

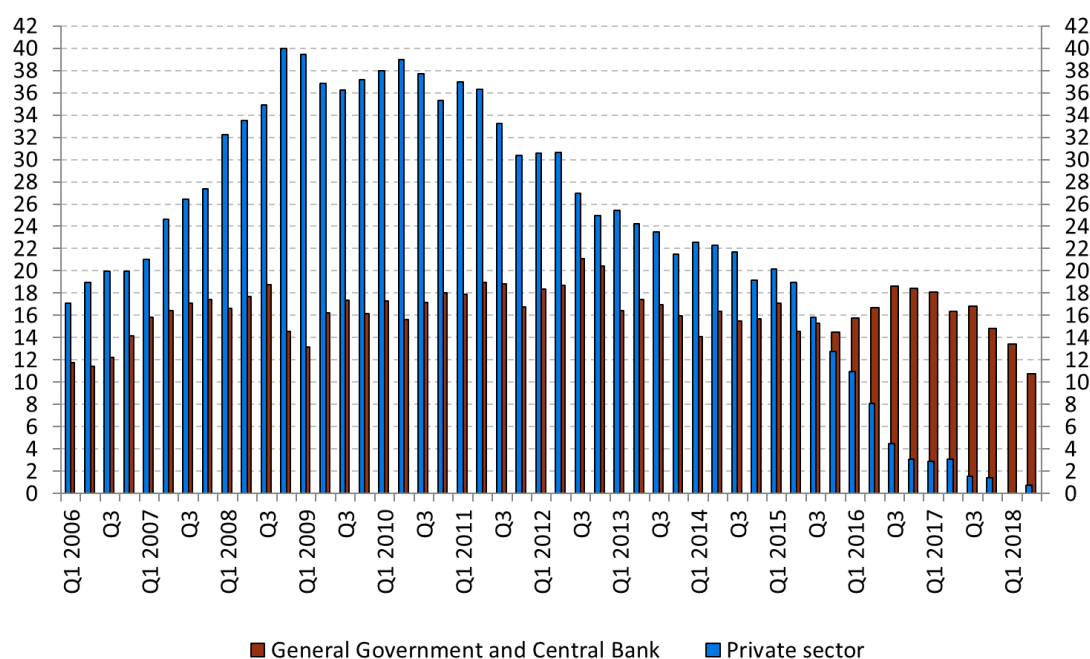
Foreign assets and liabilities of Hungary, end of periods (EUR millions)<sup>11</sup>

	2015	2016	2017				2018	
	Q4	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Assets</b>	<b>139 816</b>	<b>119 751</b>	<b>123 830</b>	<b>125 027</b>	<b>123 462</b>	<b>123 455</b>	<b>123 764</b>	<b>128 399</b>
3.1.k Direct investment	73 964	51 319	53 797	54 926	54 749	54 588	53 894	56 656
3.2.k Portfolio investment	8 349	9 629	10 772	11 386	11 596	11 833	11 727	11 597
3.3.k Financial derivatives and employee stock options	4 283	4 894	4 109	3 566	2 801	2 527	1 777	2 546
3.4.k Other investment	22 898	29 525	30 754	31 686	32 089	31 139	33 307	33 539
o/w: due to accrual accounting of EU-transfers	3 361	1 365	909	2 173	1 558	1 226	1 794	2 037
3.5. Reserve assets	30 322	24 384	24 398	23 461	22 226	23 368	23 059	24 061
<b>Liabilities</b>	<b>213 451</b>	<b>196 895</b>	<b>199 580</b>	<b>198 659</b>	<b>198 112</b>	<b>197 299</b>	<b>195 481</b>	<b>193 401</b>
3.1.t Direct investment	119 045	103 903	105 491	104 789	105 218	105 665	105 142	104 719
3.2.t Portfolio investment	49 325	49 202	48 682	47 809	48 486	48 551	47 219	42 964
3.3.t Financial derivatives and employee stock options	2 117	1 797	1 656	1 551	1 573	1 590	1 809	2 644
3.4.t Other investment	42 963	41 993	43 751	44 510	42 834	41 494	41 310	43 074
o/w: due to accrual accounting of EU-transfers	400	569	580	510	30	56	37	34
<b>Net Assets</b>	<b>-73 635</b>	<b>-77 144</b>	<b>-75 750</b>	<b>-73 632</b>	<b>-74 650</b>	<b>-73 845</b>	<b>-71 717</b>	<b>-65 002</b>
o/w: due to accrual accounting of EU-transfers	2 962	796	329	1 663	1 528	1 169	1 757	2 003
<b>Memorandum:</b>								
<b>Gross external debt (excluding FDI debt)</b>	<b>82 332</b>	<b>78 154</b>	<b>79 695</b>	<b>78 499</b>	<b>76 653</b>	<b>74 713</b>	<b>73 732</b>	<b>73 033</b>
General government and Central bank	47 713	43 893	42 975	41 475	39 895	38 976	37 922	36 271
Other MFIs and Other sectors	34 619	34 261	36 719	37 024	36 758	35 737	35 811	36 762
<b>Net external debt (excluding FDI debt)</b>	<b>27 283</b>	<b>21 486</b>	<b>21 003</b>	<b>19 418</b>	<b>18 374</b>	<b>16 241</b>	<b>13 432</b>	<b>11 538</b>
General government and Central bank	14 501	18 427	18 107	16 353	16 855	14 808	13 434	10 759
Other MFIs and Other sectors	12 782	3 059	2 896	3 065	1 518	1 433	-3	779

<sup>11</sup> 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 *equity, investment fund shares 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 2018 publication, the regular revision period of the balance of payments statistics goes back to 2015. Tables 5 and 6 summarise changes relative to data for 2015-2016, published in March 2018, and changes relative to data for 2017-2018 Q1, published in June 2018.

The data revisions reflect the impact of (i) the modified data reports and data corrections of companies, (ii) the replacement of estimates by reported data (income and stock of foreign direct investments) and (iii) the data revision in the basic statistics taken over from HCSO (goods and services, compensation of employees and workers' remittances). In addition, estimating on the basis of data from the latest European Household Finance and Consumption Survey (HFCS),<sup>12</sup> households' claims from insurance technical reserves and pension entitlement vis-à-vis non-residents have also been included, and data on residents' real estate investments have been revised going back to 2015.

Within primary income, direct investment income on equity in Hungary resulted in a EUR 227 million higher deficit relative to the previous estimate, based on reported data, and direct investment income on equity abroad increased by EUR 248 million relative to the previous estimate. In addition to income on equity, the greater-than-estimated profit has also been recorded in the financial account as higher investment due to reinvestment of earnings.

Changes in data on goods and services in 2015 have been caused mainly by the data revision connected with the integration of supply-use tables related to the national accounts. For 2017 and 2018 Q1, data on goods and

<sup>12</sup> Household Finance and Consumption Survey is a household survey of the OECD and the ECB, based on a common methodology and conducted in every three years. It was conducted last in 2017.



services, and on compensation of employees and workers' remittances have been revised back to 2015, in line with the HCSO's national accounts statistics.

Table 5

Changes in balance of payments data vis-a-vis the last publication (excluding SPEs, EUR million)

	2015	2016	2017	Q1 2018
1. Goods	-351	0	-313	-332
2. Services	-534	10	159	51
3. Primary income	95	139	16	58
4. Secondary income	36	56	198	36
<b>I. Current account balance (1+2+3+4)</b>	<b>-753</b>	<b>205</b>	<b>59</b>	<b>-187</b>
<b>II. Capital account</b>	<b>0</b>	<b>9</b>	<b>32</b>	<b>6</b>
<b>III. Financial account (5+6+7+8)</b>	<b>147</b>	<b>176</b>	<b>-122</b>	<b>428</b>
5. Foreign direct investment (net assets)	108	130	100	150
Foreign direct investment abroad (net assets)	66	206	267	120
Equity	69	213	375	63
Debt instruments	-3	-7	-108	57
Foreign direct investment in Hungary (net liabilities)	-42	76	167	-30
Equity	-6	47	170	-571
Debt instruments	-36	29	-3	540
6. Portfolio investments (net assets)	0	0	-56	-1
Assets	0	0	-59	0
Liabilities	0	0	-3	1
7. Financial derivatives (net assets)	0	0	0	0
8. Other investments (net assets)	39	46	-165	279
Assets	39	46	17	-65
Liabilities	0	0	182	-345
<b>IV. Net errors and omissions</b>	<b>900</b>	<b>-38</b>	<b>-213</b>	<b>609</b>

Table 6

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

	2015	2016	2017	Q1 2018
<b>1. Foreign direct investment (net assets)</b>	<b>230</b>	<b>418</b>	<b>2 890</b>	<b>2 832</b>
Foreign direct investment abroad (net assets)	262	580	645	772
Equity	265	592	739	801
Debt assets	-2	-12	1	3
Debt liabilities	2	0	94	31
Foreign direct investment in Hungary (net liabilities)	32	162	-2 245	-2 059
Equity	-6	88	-2 268	-2 752
Debt assets	-12	4	237	20
Debt liabilities	26	78	260	714
<b>2. Portfolio investments (net assets)</b>	<b>0</b>	<b>0</b>	<b>-61</b>	<b>-57</b>
Assets	0	0	-58	-57
Liabilities	0	0	2	0
<b>3. Financial derivatives (net assets)</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>0</b>
<b>4. Other investments (net assets)</b>	<b>284</b>	<b>330</b>	<b>172</b>	<b>505</b>
Assets	284	330	344	271
Liabilities	0	0	172	-234
<b>Gross external debt*</b>	<b>0</b>	<b>0</b>	<b>172</b>	<b>-234</b>
<b>Net external debt*</b>	<b>-284</b>	<b>-330</b>	<b>-172</b>	<b>-505</b>
Goods net in the percentage of the GDP	-0,3%	0,0%	-0,3%	-1,1%
Current account balance in the percentage of the GDP	-0,7%	0,2%	0,0%	-0,6%
Gross debt in the percentage of the GDP*	0,0%	0,0%	0,1%	-0,2%
Net debt in the percentage of the GDP*	-0,3%	-0,3%	-0,1%	-0,4%

\* Excluding FDI 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 for January 2017 and 2017 Q1. 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 continue to be the seasonal adjustment method used. 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 2018 Q3 and will revise quarterly data for 2018 Q1-Q2 on 20 December 2018.

Detailed tables: [Time series](#)

Notes: [Methodological notes](#)

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