

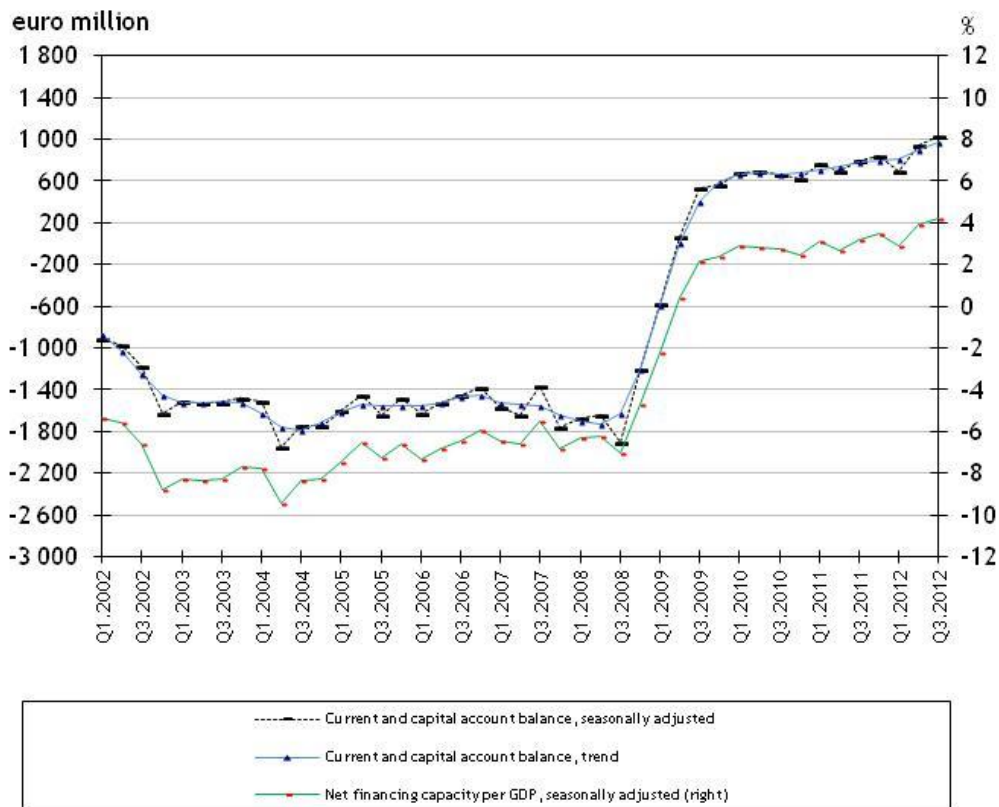


PRESS RELEASE

Hungary's balance of payments: 2012 Q3

In 2012 Q3,¹ Hungary's net external financing capacity (i.e. the combined surplus on its current and capital accounts) amounted to EUR 1,336 million (HUF 379 billion). Adjusted for seasonal effects, the net external financing capacity was EUR 1,028 million or 4.2% of GDP (HUF 297 billion), 0.3 percentage points higher than in the previous quarter. According to seasonally adjusted data,² the current account surplus amounted to EUR 616 million in Q3. Within this, the surplus on goods and services was EUR 2,219 million, exceeding the surplus recorded in the previous quarter.

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 28 December 2012 the MNB is publishing Hungary's balance of payments statistics for 2012 Q3 for the first time, together with revised data for 2012 Q1-Q2 (based on revised data reported by data providers).

² The detailed seasonally adjusted data and charts are available by clicking on the following links: [data](#), [charts](#).

Table 1
Current account balance and net external financing capacity

Euro million

	2011					2012			
	Q1.	Q2.	Q3.	Q4.	Q1-Q4.	Q1.	Q2.	Q3.	Q1-Q3.
I. Current account	157	398	328	27	910	-16	478	780	1 242
1. Real economic transaction	1 631	1 956	1 661	1 337	6 585	1 581	2 165	2 281	6 027
1.1. Export	22 332	22 789	22 816	22 884	90 820	22 340	23 179	23 469	68 988
1.2. Import	20 701	20 833	21 155	21 546	84 235	20 760	21 014	21 188	62 961
1.1. Goods	1 176	865	672	648	3 360	995	1 308	1 187	3 490
1.1.1. Export	18 885	18 709	18 600	19 039	75 233	18 969	19 343	19 163	57 474
1.1.2. Import	17 709	17 844	17 928	18 391	71 873	17 974	18 035	17 976	53 985
1.2. Services	455	1 091	989	689	3 225	586	857	1 094	2 537
1.2.1. Export	3 446	4 080	4 216	3 844	15 587	3 371	3 836	4 306	11 514
1.2.2. Import	2 991	2 989	3 227	3 155	12 363	2 786	2 979	3 212	8 977
2. Income and current transfers	-1 474	-1 558	-1 333	-1 310	-5 675	-1 597	-1 687	-1 502	-4 785
2.1.. Income	-1 437	-1 658	-1 533	-1 526	-6 155	-1 411	-1 720	-1 572	-4 703
2.1.1. Compensation of employees	221	238	237	217	913	213	230	245	687
2.1.2. Direct investment income	-1 147	-1 185	-1 162	-1 156	-4 650	-1 019	-1 104	-1 193	-3 316
2.1.3. Portfolio investment income	-207	-405	-260	-238	-1 111	-278	-523	-311	-1 112
2.1.4. Other investment income	-305	-306	-348	-349	-1 307	-327	-323	-312	-962
2.2.. Current transfers	-37	101	200	216	480	-186	33	70	-82
-of which: EU transfers	163	360	404	403	1 331	22	260	313	594
II. Capital account	469	390	747	742	2 348	386	482	556	1 424
-of which: EU transfers	524	442	742	741	2 448	387	498	583	1 467
III. Financial account (3+4+5+6)	2 410	806	910	-1 930	2 196	-2 441	-1 446	-2 548	-6 435
3. Direct investment	-54	-470	-570	1 211	119	469	-530	847	786
3.1. Abroad	-131	39	-247	-2 834	-3 173	-3 388	-1 676	-294	-5 358
3.1.1. Equity capital and reinvested earnings	-44	-243	-161	138	-310	-6 330	-183	-689	-7 202
3.1.1.1. Equity capital	-103	-470	-22	244	-351	-6 266	-90	-480	-6 836
3.1.1.2. Reinvested earnings	59	227	-139	-105	41	-64	-93	-209	-366
3.1.2. Other capital	-87	281	-85	-2 973	-2 864	2 942	-1 494	395	1 843
3.1.2.1. Assets	35	258	-114	-2 953	-2 775	3 055	-1 400	-33	1 622
3.1.2.2. Liabilities	-121	24	29	-20	-89	-113	-94	428	221
3.2. In Hungary	77	-509	-323	4 046	3 292	3 857	1 146	1 142	6 145
3.2.1. Equity capital and reinvested earnings	1 244	-1 924	-62	4 680	3 938	1 160	-509	1 107	1 758
3.2.1.1. Equity capital	674	-595	-953	3 583	2 710	948	849	1	1 797
3.2.1.2. Reinvested earnings	570	-1 329	891	1 097	1 229	212	-1 358	1 106	-40
3.2.2. Other capital	-1 167	1 415	-261	-634	-647	2 697	1 655	34	4 387
3.2.2.1. Assets	-490	1 440	-948	-228	-226	2 080	1 431	2 859	6 369
3.2.2.2. Liabilities	-677	-25	688	-406	-421	617	225	-2 824	-1 982
4. Portfolio investment	3 884	1 819	2 056	-1 182	6 579	398	-676	1 962	1 684
4.1. Assets	-313	-50	1 524	462	1 624	138	214	277	629
4.2. Liabilities	4 197	1 869	532	-1 644	4 955	260	-890	1 685	1 055
5. Financial derivatives	-362	300	-359	-372	-793	-233	-117	158	-192
5.1. Assets	1 059	1 281	1 420	1 250	5 010	1 326	1 193	1 181	3 700
5.2. Liabilities	-1 421	-981	-1 779	-1 622	-5 802	-1 559	-1 310	-1 023	-3 892
6. Other investment	-1 058	-844	-218	-1 588	-3 708	-3 075	-122	-5 516	-8 713
6.1. Assets	1 102	167	-76	548	1 741	789	1 839	-951	1 677
6.2. Liabilities	-2 160	-1 010	-142	-2 136	-5 449	-3 864	-1 961	-4 565	-10 391
IV. International reserves	-2 420	-1 272	-1 278	1 096	-3 874	2 808	-490	890	3 207
Memorandum:									
7. Net external financing capacity									
7.1. Net external financing capacity (CA and Capital account)	626	788	1 075	769	3 258	370	960	1 336	2 666
7.2. Financial account balance (Financial account balance and reserves)	9	466	368	834	1 677	-367	1 935	1 658	3 227
7.3. Difference (Net errors and omissions)	-617	-322	-707	65	-1 581	-737	975	323	561

Table 2
Current account balance and financing capacity items - seasonally adjusted data

	euro million											
	2010				2011				2 012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
1. Real economic transactions, net (Goods and services)	1 554	1 476	1 429	1 690	1 689	1 727	1 609	1 556	1 651	1 935	2 219	
1.1. Export	19 696	20 573	21 227	22 084	23 137	22 709	22 602	22 415	23 115	23 095	23 253	
1.2. Import	18 208	19 161	19 817	20 301	21 586	21 078	20 960	21 202	21 413	21 267	21 345	
1.1. Goods	792	863	728	900	1 020	791	801	775	936	1 187	1 165	
1.1.1. Export	16 011	16 912	17 693	18 327	19 305	18 642	18 818	18 504	19 370	19 275	19 387	
1.1.2. Import	15 323	15 924	17 184	17 318	18 419	17 684	18 151	17 875	18 408	17 873	18 228	
1.2. Services	813	701	729	766	617	1 002	819	790	778	768	818	
1.2.1. Travel, net	562	555	548	547	543	563	542	534	524	517	531	
export	1 041	1 038	1 016	1 022	976	1 068	1 014	989	1 006	918	920	
import	443	460	444	449	443	444	435	440	418	392	390	
1.2.2. Other services, net	251	122	156	215	119	367	236	240	210	242	254	
export	2 643	2 629	2 643	2 693	2 825	3 012	2 928	2 809	2 901	2 928	3 041	
import	2 403	2 525	2 477	2 509	2 729	2 656	2 672	2 558	2 574	2 695	2 717	
2. Income	-1 387	-1 364	-1 332	-1 375	-1 497	-1 527	-1 545	-1 554	-1 517	-1 551	-1 582	
3. Current account balance	358	253	181	350	358	298	181	167	20	375	616	
4. Capital account	494	515	472	201	462	385	747	711	484	477	494	
5. EU-transfers (current and capital account)	887	876	798	592	841	776	1 089	1 013	694	733	852	
6. Net external financing capacity	684	688	665	617	765	691	802	846	688	936	1 028	

The difference between the two measures of external financing capacity, calculated as the balance on the financial account (financial account and reserves) and net external financing capacity (current and capital account) amounted to EUR +323 million in 2012 Q3, in contrast with EUR +975 million in the previous quarter and EUR -737 million in 2012 Q1.

Developments in the main aggregates of the current account

In 2012 Q3, the seasonally adjusted surplus on goods, at EUR 1,165 million, changed little relative to the previous quarter. Seasonally adjusted exports and imports both rose relative to the previous quarter, amounting to EUR 19,387 million and EUR 18,288 million respectively.

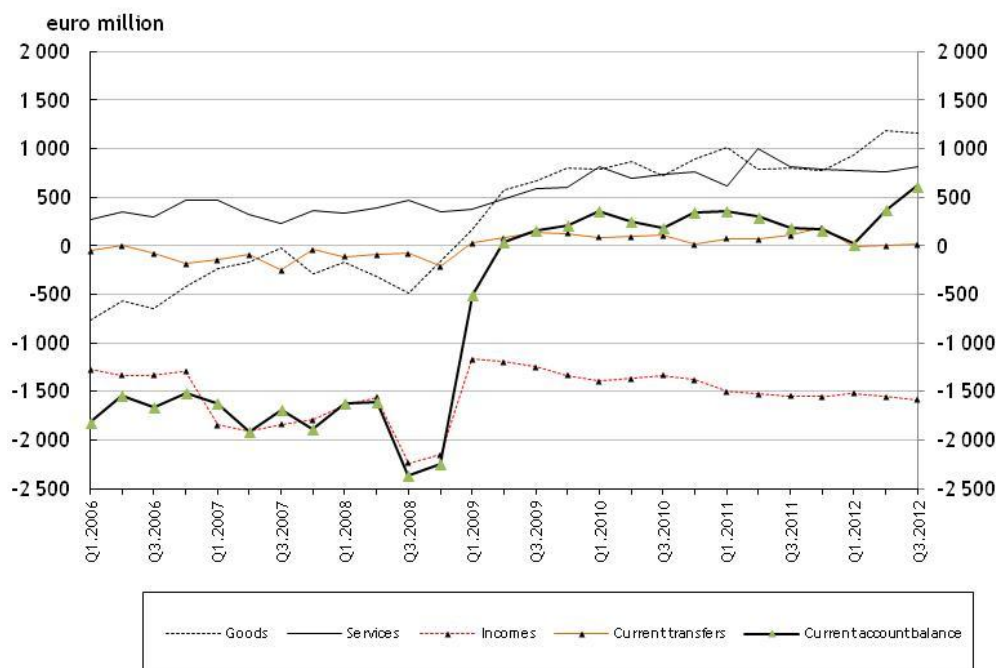
The seasonally adjusted surplus on services amounted to EUR 818 million in 2012 Q3. Within services, seasonally adjusted travel revenue and expenditure were EUR 920 million and EUR 390 million respectively, about the same as in the previous quarter. Other services revenue and expenditure amounted to EUR 3,041 million and EUR 2,717 million respectively in 2012 Q3. Both revenue and expenditure were higher than in the previous quarter.

In the income account, the seasonally adjusted deficit amounted to EUR 1,582 million in 2012 Q3. The amount of deficit was slightly higher than in the previous quarter, but remained broadly unchanged at the level of previous quarters. For 2012, the estimated amount of income on equity within direct investment has not been modified.³

According to accrual-based data, the seasonally unadjusted surplus on current transfers from the European Union was EUR 313 million, and transactions recorded as capital transfers showed a EUR 583 million surplus. Current and capital transfers to and from the EU are adjusted jointly; the seasonally adjusted surplus was EUR 852 million in 2012 Q3.

³ Data on income on equity for 2012, based on companies' annual reports, will become available in September 2013. Until then, the data remain estimates in the balance of payments. However, these will be modified quarterly in the light of new information.

Chart 2
Main aggregates of the current account - seasonally adjusted data⁴



The financial account⁵

Within direct investment, outward investments by Hungarian residents increased by EUR 294 million and inward investments by non-residents by EUR 1,142 million.

Within direct investments by Hungarian residents abroad, investments in equities rose by EUR 480 million (here, capital in transit⁶ amounted to EUR 10 million) and the value of reinvested earnings by EUR 209 million. Net FDI other capital inflows amounted to EUR 395 million. Within this, the increase in foreign assets was EUR 33 million (of which the amount of capital in transit was EUR 575 million) and in foreign liabilities was EUR 428 million.

As for direct investments in Hungary, the value of investments in equities by non-residents was EUR 1 million. This resulted from inflows of EUR 616 million and outflows of EUR 615 million, with EUR capital in transit accounting for EUR 50 million in the latter. However, reinvested earnings increased the value of inward investments by EUR 1,106 million in Q3. Net FDI other capital inflows amounted to EUR 34 million (with capital in transit accounting for EUR 635 million). This reflected decreases of EUR 2,824 million in foreign liabilities and EUR 2,859 million in foreign assets.

Portfolio investment transactions showed a net inflow of EUR 1,962 million in 2012 Q3, reflecting a EUR 277 million decline in assets and a EUR 1,685 million increase in liabilities. Within assets, the decline in equity investments, representing less than 10% foreign ownership, amounted to EUR 209 million and the decline in bond assets amounted to EUR 68 million. Within liabilities, the increase in

⁴ The times series are directly seasonally adjusted, i.e. the seasonally adjusted current account balance does not equal to the sum of the seasonally adjusted data of its sub-accounts.

⁵ For summary data by investment category, see Table 1. More detailed data are available on the MNB's website by clicking on the following link: [quarterly time series](#).

⁶ Detailed quarterly data relating to the phenomenon of capital in transit are available in the table containing [capital in transit transactions](#) on the Bank's website.

equity liabilities, representing less than 10% foreign ownership, was EUR 257 million, that in bond liabilities was EUR 1,118 million (forint-denominated government bonds increased by EUR 1,841 million and foreign currency-denominated bonds fell by EUR 723 million) and that in money market instruments was EUR 310 million.

The balance of other investments showed an outflow of EUR 5,516 million in Q3. This reflected a EUR 951 million increase in assets and a EUR 4,565 million decrease in liabilities. Within assets, short-term assets increased by EUR 1,091 million and long-term assets fell by EUR 140 million. Within liabilities, the decline in short-term liabilities was EUR 1,839 million (here, credit institutions' liabilities fell by EUR 1,374 million) and that in long-term liabilities was EUR 2,726 million (here, credit institutions' liabilities fell by EUR 1,119 million). In aggregate, the banking sector's net foreign liabilities within other investments fell by EUR 2,509 million. General government repaid EUR 960 million of its loan from the IMF in 2012 Q3.

Stock of international reserves and external debt

Central bank foreign exchange reserves amounted to EUR 34.6 billion at the end of September 2012. Hungary's net foreign debt, excluding FDI other capital, amounted to EUR 45.2 billion at the end of September 2012 (47.1% as a percentage of GDP). The amount recorded as net short-term liabilities on an accrual basis due to the recording of EU transfers was EUR 997 million. Within this, the value of assets was EUR 1,118 million and that of liabilities was EUR 2,115 million.

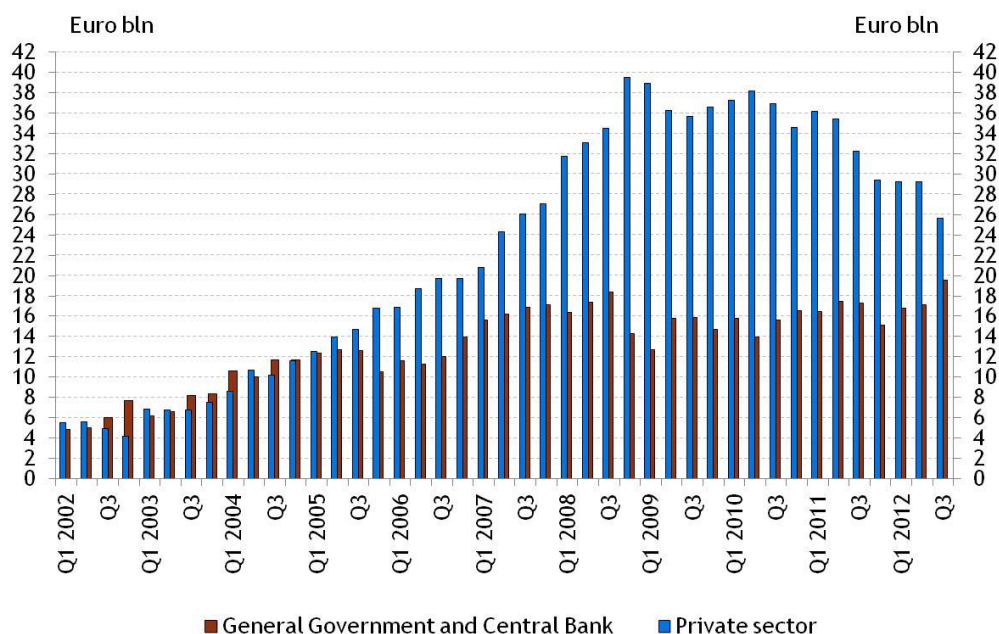
Table 3
Foreign assets and liabilities of Hungary⁷

	2011				2012		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1. Assets	106 273	104 922	106 403	107 748	104 759	105 596	102 822
1.1. International reserves	35 692	37 003	38 764	37 774	34 697	35 575	34 577
1.2. Direct investment *	38 390	36 661	37 695	40 665	41 875	42 944	40 388
1.3. Portfolio investment	9 500	9 336	6 531	6 161	6 446	6 057	6 039
1.4. Financial derivatives	3 010	2 424	3 857	4 123	3 486	4 335	4 260
1.5. Other foreign assets	19 680	19 497	19 557	19 024	18 255	16 684	17 558
o/w: due to accrual accounting of EU-transfers	803	1 060	1 172	1 430	652	873	1 118
2. Liabilities	218 069	216 943	205 923	202 628	205 394	205 898	204 935
2.1. Direct investment *	92 406	88 914	83 597	86 811	91 242	92 397	91 708
2.2. Portfolio investment	49 541	51 021	44 959	41 052	43 853	44 422	48 831
2.3. Financial derivatives	3 798	5 076	5 748	5 337	4 491	4 439	4 400
2.4. Other foreign liabilities	72 324	71 932	71 618	69 427	65 808	64 640	59 996
o/w: due to accrual accounting of EU-transfers	1 431	1 479	1 650	2 213	1 809	2 144	2 115
3. Net foreign liabilities (2-1)	111 797	112 022	99 520	94 880	100 634	100 303	102 113
o/w: due to accrual accounting of EU-transfers	627	419	478	783	1 157	1 272	997
Memorandum:							
4. Gross foreign debt (excluding direct investment other capital)	109 402	110 800	109 244	102 566	100 310	99 995	98 649
4.1. General government and Central bank	53 194	55 693	57 110	54 236	52 379	53 420	54 810
4.2. Private sector	56 208	55 107	52 134	48 329	47 931	46 575	43 838
5. Net foreign debt (excluding direct investment other capital)	52 621	52 905	49 593	44 586	46 080	46 398	45 215
5.1. General government and Central bank	16 425	17 468	17 314	15 137	16 821	17 132	19 536
5.2. Private sector	36 196	35 437	32 280	29 450	29 259	29 266	25 679

* Assets and liabilities are grouped separately within the directional breakdown of investment.

⁷ 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 3
Net foreign debt of Hungary (excluding direct investment other capital), 2002-2012



Data revisions during the review period

Tables 4 and 5 summarise all changes to data due to revisions for the period 2012 Q1-Q2. The data revision for the review period reflect corrections by data providers.

Table 4
Changes in transactions vis-à-vis the last publication (excluding SPEs)

	EUR millions	
	Q1 2012	Q2 2012
1. Goods	0	0
2. Services	0	0
3. Incomes	-9	-2
4. Current transfers	0	-39
I. Current account balance (1+2+3+4)	-9	-41
II. Capital account	52	26
III. Financial account (5+6+7+8)	52	86
5. Foreign direct investment	45	81
Foreign direct investment abroad	0	-7
Equity	0	0
Other capital	0	-7
Foreign direct investment in Hungary	45	88
Equity	-12	44
Other capital	57	44
6. Portfolio investments	-8	3
Assets	7	0
Liabilities	-15	3
7. Financial derivatives	0	0
8. Other investments	15	1
Assets	-2	0
Liabilities	17	1
IV. Net errors and omissions	-96	-71

Table 5
Changes in stocks and some indicators vis-à-vis the last publication (excl. SPEs)

	EUR millions	
	Q1 2012	Q2 2012
1. Foreign direct investment (net liabilities)	125	205
Foreign direct investment abroad (net assets)	16	22
Equity	0	0
Other capital assets	16	22
Other capital liabilities	0	0
Foreign direct investment in Hungary	141	227
Equity	-18	24
Other capital assets	216	219
Other capital liabilities	375	422
2. Portfolio investments (net liabilities)	0	3
Assets	0	0
Liabilities	0	3
3. Financial derivatives (net liabilities)	-38	-35
4. Other investments (net liabilities)	1	3
Assets	69	69
Liabilities	70	72
Gross debt*	70	72
Net debt*	2	3
Goods net in the precentage of the GDP	0,0%	0,0%
Current account balance in the precentage of the GDP	0,0%	-0,2%
Gross debt in the percentage of the GDP*	0,3%	0,3%
Net debt in the percentage of the GDP*	0,0%	0,0%

* Excluding FDI other capital.

In this press release, Hungary's balance of payments is presented excluding data on special purpose entities (SPEs), in accordance with past practice. However, Hungary's balance of payments and external balance sheet 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 2012 Q4, revised quarterly data for 2012 Q1-Q3 as well as revised annual data for 2010-2011 on 29 March 2013.

MAGYAR NEMZETI BANK
STATISTICS

One of the primary statutory duties of the Magyar Nemzeti Bank is to collect and publish statistical information. The statistical press release aims to help the reader understand the latest published data. The Quarterly Report on Inflation and the Report on Financial Stability, published periodically, contain the Bank's analyses of underlying economic processes and are accessible at www.mnb.hu.

Detailed tables: [Balance of payments](#)

Notes [Methodological notes](#)

Charts: [Chart pack](#)

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