



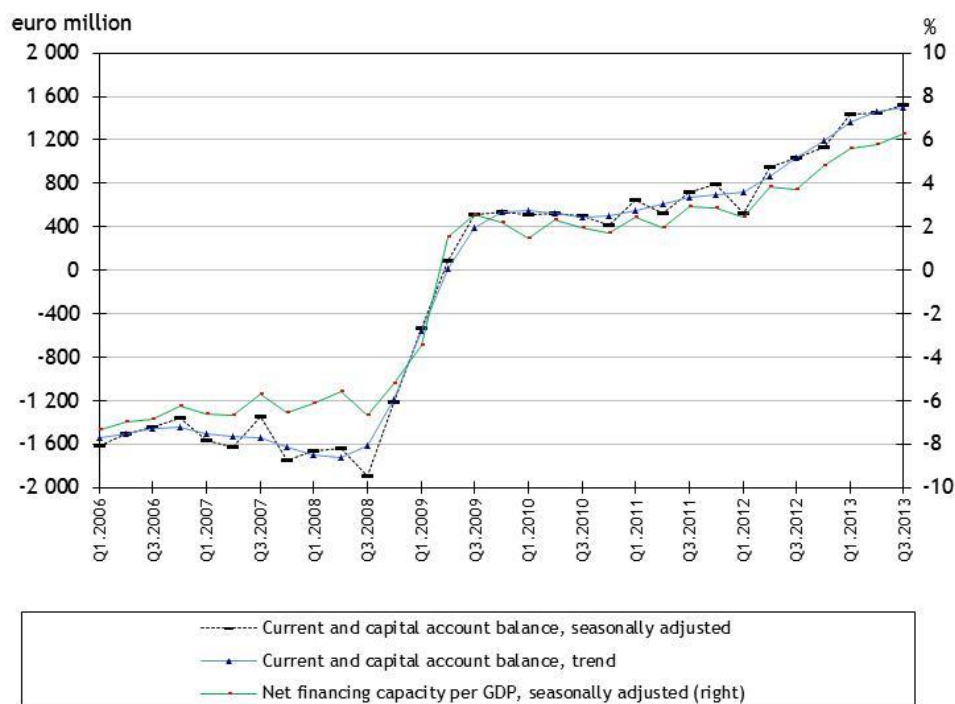
23 December 2013

PRESS RELEASE

Hungary's balance of payments: 2013 Q3

In 2013 Q3, Hungary's unadjusted net external financing capacity (i.e. the combined surplus on its current and capital accounts) rose further relative to previous quarters, amounting to EUR 1,664 million (HUF 497 billion).¹ Adjusted for seasonal effects, the net external financing capacity was EUR 1,528 million or 6.3% of GDP (HUF 462 billion), also higher than the seasonally adjusted figure for the previous quarter. The third-quarter data mainly reflected an increase in the surplus on trade in goods.

Chart 1
Net external financing capacity in EUR millions (left-hand scale)
and as a percentage of GDP (right-hand scale)



¹ Consistent with its practice of releasing and revising statistical data, on 23 December 2013 the MNB is publishing Hungary's balance of payments statistics for 2013 Q3 for the first time, as well as revised quarterly data for 2013 Q1–Q2 (based on revised data reported by data providers).

Table 1
Current account balance and net external financing capacity

euro million

	2012					2013				
	Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	Q1-Q3	
I. Current account	-196	518	685	10	1 016	664	615	1 064	2 343	
1. Real economic transaction	1 461	2 129	2 187	1 182	6 958	1 904	2 025	2 383	6 313	
1.1. Export	22 175	23 023	23 367	22 956	91 521	22 563	23 507	23 899	69 969	
1.2. Import	20 714	20 894	21 180	21 775	84 563	20 658	21 482	21 516	63 656	
1.1. Goods	784	1 226	1 024	517	3 551	1 092	1 079	1 327	3 497	
1.1.1. Export	18 652	19 103	18 944	18 955	75 654	18 966	19 490	19 609	58 066	
1.1.2. Import	17 868	17 876	17 920	18 438	72 103	17 874	18 412	18 283	54 568	
1.2. Services	677	903	1 163	665	3 407	812	947	1 056	2 815	
1.2.1. Export	3 523	3 921	4 423	4 001	15 867	3 597	4 017	4 289	11 903	
1.2.2. Import	2 845	3 018	3 260	3 337	12 460	2 784	3 070	3 233	9 088	
2. Income and current transfers	-1 657	-1 611	-1 502	-1 172	-5 942	-1 240	-1 411	-1 319	-3 970	
2.1.. Income	-1 392	-1 665	-1 519	-1 786	-6 363	-1 227	-1 632	-1 466	-4 325	
2.1.1. Compensation of employees	194	198	210	207	808	194	201	204	600	
2.1.2. Direct investment income	-974	-1 016	-1 115	-1 353	-4 459	-840	-1 004	-1 088	-2 932	
2.1.3. Portfolio investment income	-284	-524	-311	-366	-1 484	-354	-623	-375	-1 352	
2.1.4. Other investment income	-328	-324	-302	-274	-1 228	-227	-206	-207	-640	
2.2.. Current transfers	-266	54	18	614	421	-14	222	148	356	
-of which: EU transfers	11	268	235	821	1 334	203	455	365	1 023	
II. Capital account	415	477	578	1 042	2 512	606	892	600	2 097	
-of which: EU transfers	418	492	584	1 016	2 511	598	957	606	2 160	
III. Financial account (3+4+5+6)	-2 429	-1 451	-2 733	-1 684	-8 297	447	-2 757	-4 851	-7 161	
3. Direct investment	452	-481	772	1 300	2 044	369	-775	-713	-1 118	
3.1. Abroad	-3 479	-1 754	-687	-2 727	-8 646	-339	-130	1 064	595	
3.1.1. Equity capital and reinvested earnings	-6 421	-264	-1 121	-4 480	-12 287	-145	-265	914	505	
3.1.1.1. Equity capital	-6 277	-91	-850	-4 197	-11 415	-130	-180	1 165	855	
3.1.1.2. Reinvested earnings	-144	-174	-271	-283	-871	-15	-84	-251	-350	
3.1.2. Other capital	2 943	-1 489	434	1 753	3 640	-194	134	149	90	
3.1.2.1. Assets	3 056	-1 402	4	1 698	3 356	-141	55	6	-80	
3.1.2.2. Liabilities	-113	-87	430	55	284	-53	80	144	170	
3.2. In Hungary	3 931	1 273	1 459	4 027	10 690	708	-645	-1 776	-1 713	
3.2.1. Equity capital and reinvested earnings	1 260	-393	1 145	3 225	5 238	497	-1 014	1 001	484	
3.2.1.1. Equity capital	1 016	883	105	1 911	3 915	300	589	-178	711	
3.2.1.2. Reinvested earnings	245	-1 276	1 040	1 314	1 323	197	-1 603	1 179	-227	
3.2.2. Other capital	2 670	1 666	314	801	5 452	211	369	-2 777	-2 197	
3.2.2.1. Assets	1 970	1 453	2 932	847	7 202	-1 442	-727	-806	-2 975	
3.2.2.2. Liabilities	700	213	-2 618	-45	-1 750	1 653	1 096	-1 971	778	
4. Portfolio investment	391	-663	1 926	135	1 790	1 504	1 081	-756	1 829	
4.1. Assets	130	228	243	124	725	231	25	74	331	
4.2. Liabilities	261	-890	1 683	11	1 064	1 273	1 056	-830	1 498	
5. Financial derivatives	-233	-112	160	464	279	228	53	112	393	
5.1. Assets	1 326	1 198	1 184	961	4 669	1 202	840	744	2 786	
5.2. Liabilities	-1 559	-1 310	-1 024	-498	-4 390	-974	-787	-632	-2 393	
6. Other investment	-3 039	-196	-5 592	-3 583	-12 409	-1 653	-3 116	-3 494	-8 264	
6.1. Assets	778	1 761	-1 000	470	2 008	217	-129	343	431	
6.2. Liabilities	-3 817	-1 956	-4 592	-4 052	-14 417	-1 871	-2 987	-3 837	-8 695	
IV. International reserves	2 808	-490	889	144	3 351	-1 845	656	3 317	2 129	
Memorandum:										
7. Net external financing capacity										
7.1. Net external financing capacity (CA and Capital account)	219	995	1 262	1 052	3 528	1 270	1 506	1 664	4 440	
7.2. Financial account balance (Financial account balance and reserves)	-379	1 941	1 844	1 540	4 946	1 398	2 101	1 534	5 032	
7.3. Difference (Net errors and omissions)	-598	946	581	488	1 418	128	595	-130	592	

Table 2
Net external financing capacity (seasonally adjusted data)²

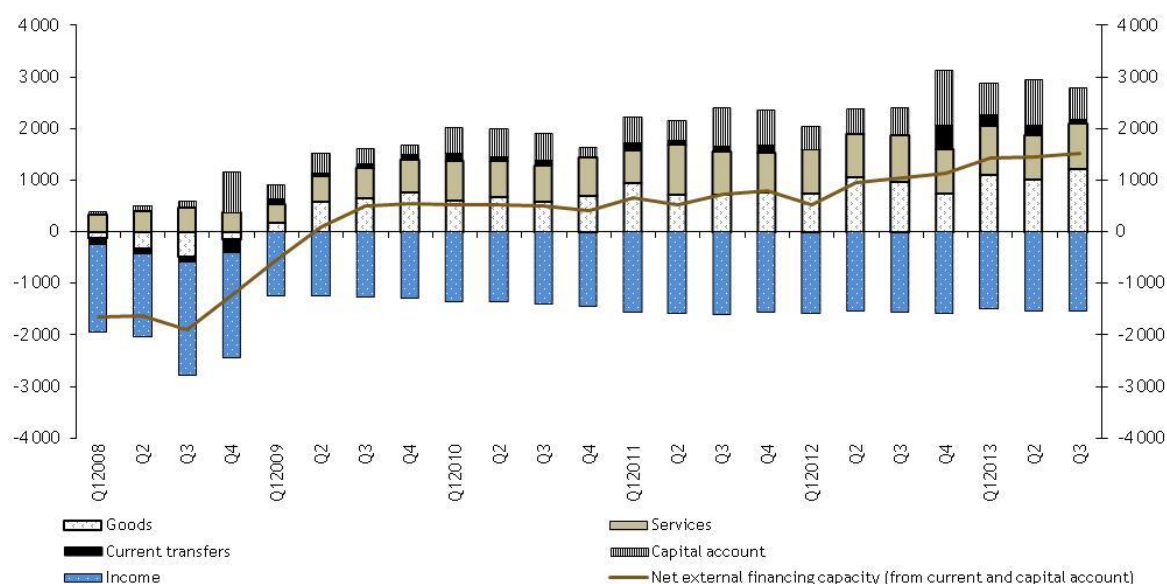
euro million

	2 012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1. Real economic transactions, net (Goods and services)	1 546	1 934	2 021	1 562	1 980	1 842	2 218
1.1. Export	22 898	22 915	23 063	22 657	23 283	23 393	23 584
1.2. Import	21 331	21 097	21 261	21 139	21 438	21 667	21 400
1.1. Goods	746	1 066	974	733	1 095	1 016	1 224
1.1.1. Export	19 009	19 017	19 080	18 569	19 319	19 404	19 742
1.1.2. Import	18 240	17 951	17 988	18 007	18 378	18 479	18 377
1.2. Services	851	820	904	865	957	865	878
1.2.1. Travel, net	528	505	566	562	589	606	582
export	970	907	955	957	969	1 005	963
import	419	387	376	363	357	367	362
1.2.2. Other services, net	271	296	326	268	391	229	262
export	2 957	2 998	3 065	3 072	2 981	2 984	3 009
import	2 659	2 731	2 762	2 775	2 652	2 785	2 760
2. Income	-1 568	-1 547	-1 543	-1 592	-1 500	-1 537	-1 536
3. Current account balance	-138	447	483	260	833	554	872
4. Capital account	438	478	519	1 071	609	893	617
5. EU-transfers (current and capital account)	816	822	924	1 098	1 126	1 247	1 238
6. Net external financing capacity	519	950	1 036	1 136	1 436	1 448	1 528

1 Developments in the main Current and Capital account aggregates of net external financing capacity

In 2013 Q3, the surplus on goods, one of the main aggregates of net external financing capacity calculated as the balance on the current and capital accounts, increased, reflecting an increase in exports and a decline in imports. The income account deficit remained unchanged, amounting to around EUR 1.5 billion, and the seasonally adjusted value of current and capital transfers vis-à-vis the EU was close to that of the previous quarter (EUR 1.2 billion).

Chart 2
Net external financing capacity (seasonally adjusted data; 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).

In 2013 Q3, the seasonally adjusted surplus on goods was higher than in the previous quarter, amounting to EUR 1,224 million on a seasonally adjusted basis. Seasonally adjusted exports rose relative to the previous quarter, amounting to EUR 19,742 million. By contrast, imports fell, amounting to EUR 18,377 million.

The seasonally adjusted surplus on services was EUR 878 million in 2013 Q3. Within this, the travel surplus was EUR 582 million, reflecting EUR 963 million revenue and EUR 362 million expenditure. Revenue and expenditure both fell slightly relative to the previous quarter. Other services revenue and expenditure amounted to EUR 3,009 million and EUR 2,760 million respectively in Q3, broadly around the levels of the previous quarter.

In the income account, the seasonally adjusted deficit amounted to EUR 1,536 million in 2013 Q3. The deficit was the same as in the previous quarter. Income on equity within direct investment by non-residents in Hungary accounted for the larger part of this.

According to accrual-based data, the seasonally unadjusted surplus on current transfers to and from the EU was EUR 365 million. Transactions recorded as capital transfers showed a EUR 606 million surplus. Current and capital transfers to and from the EU are adjusted jointly; the seasonally adjusted surplus was EUR 1,238 million in 2013 Q3.

2 The financial account³

Within direct investments, outward investments by Hungarian residents fell by EUR 1,064 million and inward investments by non-residents by EUR 1,776 million.

Within direct investments by Hungarian residents abroad, investments in equities fell by EUR 1,165 million. This was almost fully accounted for by capital in transit (EUR 1,147 million). Reinvested earnings contributed EUR 251 million to the value of direct investment abroad. FDI other capital net inflows amounted to EUR 149 million.

Within direct investments by non-residents in Hungary, the value of investments in equities fell by EUR 178 million; however, reinvested earnings increased the value of direct investments by non-residents by EUR 1,179 million. FDI other capital net outflows amounted to EUR 2,777 million (within this, the outflow as capital in transit amounted to EUR 1,147 million). Net outflows reflected a decrease of EUR 1,971 million in foreign liabilities and an increase of EUR 806 million in foreign assets.

More details on [capital in transit](#) are available on the Bank's website.

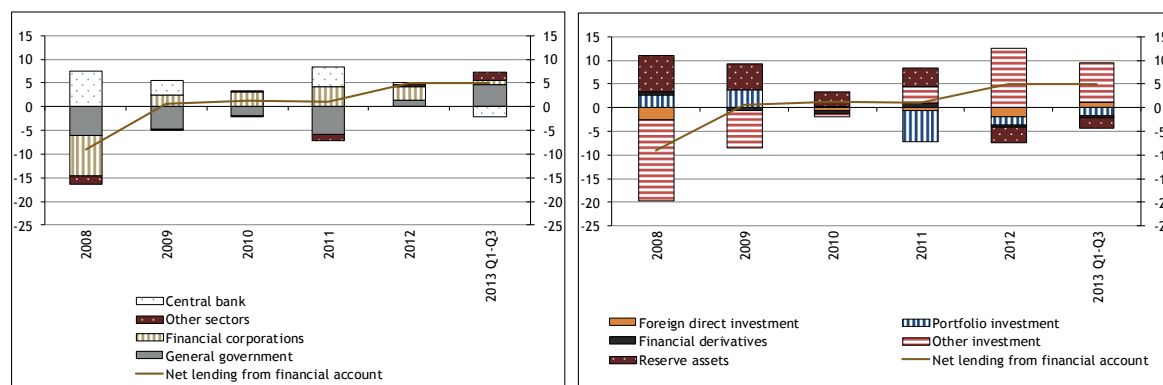
Portfolio investment transactions showed a net outflow of EUR 756 million in 2013 Q3, reflecting decreases of EUR 74 million and EUR 830 million in assets and liabilities respectively. Within assets, the decline in equity securities amounted to EUR 81 million, the increase in bond assets amounted to EUR 29 million and the decline in money market instruments amounted to EUR 23 million. Within liabilities, the increase in equity securities was EUR 125 million. By contrast, bond liabilities fell by EUR 493 million and money market instruments by EUR 462 million.

The balance of other investments showed an outflow of EUR 3,494 million in 2013 Q3. This reflected decreases of EUR 343 million and EUR 3,837 million in assets and liabilities respectively. According to their original maturity, short-term assets increased by EUR 171 million and long-term assets declined by EUR 514 million. Within liabilities, short-term liabilities fell by EUR 432 million and long-term liabilities by 3,405 million. Within this, the repayment of an IMF loan by general government and the MNB amounted to EUR 2,867 million (of which the value of prepayments was EUR 1,765 million).

³ 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](#).

Chart 3

Financial account by functional categories and institutional sectors (EUR billions)⁴



3 Stock of international reserves and external debt

Central bank foreign exchange reserves amounted to EUR 30.8 billion at the end of September 2013. Hungary's net foreign debt, excluding FDI other capital, amounted to EUR 37.8 billion at the end of September 2013 (38.5% as a percentage of GDP). Net short-term assets reflecting the recording of EU transfers on an accrual basis were EUR 927 million. Within this, the value of assets was EUR 1,543 million and that of liabilities was EUR 616 million.

Table 3
Foreign assets and liabilities of Hungary⁵

	2012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1. Assets	104 662	105 522	103 019	102 175	105 605	104 363	99 810
1.1. International reserves	34 697	35 575	34 577	33 881	35 467	34 329	30 815
1.2. Direct investment *	41 742	42 760	40 404	41 222	43 506	44 302	44 081
1.3. Portfolio investment	6 472	6 072	6 085	6 065	5 849	5 617	5 689
1.4. Financial derivatives	3 453	4 305	4 220	3 869	3 847	3 084	2 675
1.5. Other foreign assets	18 299	16 808	17 733	17 138	16 936	17 032	16 551
o/w: due to accrual accounting of EU-transfers	686	944	1 227	1 402	784	1 316	1 543
2. Liabilities	205 316	205 598	204 571	201 446	200 433	200 809	193 781
2.1. Direct investment *	91 840	92 792	92 066	93 129	94 760	96 483	94 583
2.2. Portfolio investment	43 854	44 423	48 829	48 859	47 869	49 998	48 725
2.3. Financial derivatives	3 723	3 640	3 587	3 760	3 987	3 513	3 676
2.4. Other foreign liabilities	65 899	64 743	60 089	55 699	53 816	50 814	46 797
o/w: due to accrual accounting of EU-transfers	1 809	2 144	2 115	1 576	1 284	1 166	616
3. Net foreign liabilities (2-1)	100 654	100 076	101 552	99 271	94 828	96 445	93 970
o/w: due to accrual accounting of EU-transfers	1 122	1 200	888	174	500	-150	-927

Memorandum:

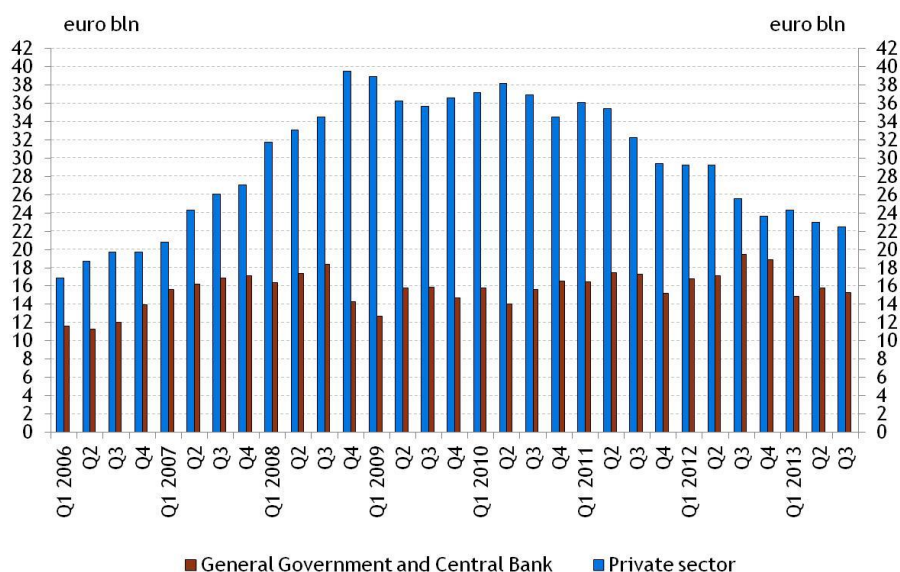
4. Gross foreign debt (excluding direct investment other capital)	100 402	100 098	98 741	94 738	92 781	91 366	86 393
4.1. General government and Central bank	52 412	53 453	54 834	54 015	51 368	51 556	47 567
4.2. Private sector	47 990	46 645	43 906	40 723	41 413	39 810	38 827
5. Net foreign debt (excluding direct investment other capital)	46 115	46 359	45 080	42 492	39 194	38 798	37 793
5.1. General government and Central bank	16 831	17 120	19 490	18 862	14 847	15 802	15 315
5.2. Private sector	29 284	29 239	25 590	23 631	24 347	22 996	22 478

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

⁴ In order to help compare the two measures of net external financing capacity, (i.e. the balance on the financial account and the balance on the current and capital accounts), in Chart 4 the balances by sectors and instruments are the opposites of the balances as they are published in the BoP financial account. Financing capacity includes international reserves and its positive sign in the charts indicates a net outflow and its negative sign indicates a net inflow of funds.

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.

Chart 4
Net foreign debt of Hungary (excluding FDI other capital), 2006–2013



4 Data revisions during the review period

Tables 4 and 5 summarise all changes to data due to revisions for the review period (2013 Q1–Q2). The changes reflect corrections by data providers in the review period.

Table 4
Total revisions by BoP components (excluding SPEs)

	EUR millions	
	2013Q1	2013Q2
1. Goods	0	0
2. Services	0	0
3. Incomes	-3	-2
4. Current transfers	1	4
I. Current account balance (1+2+3+4)	-2	2
II. Capital account	2	11
III. Financial account (5+6+7+8)	-24	107
5. Foreign direct investment	25	89
Foreign direct investment abroad	1	25
Equity	0	-6
Other capital	1	31
Foreign direct investment in Hungary	24	65
Equity	-3	-46
Other capital	27	110
6. Portfolio investments	-3	3
Assets	-3	3
Liabilities	0	0
7. Financial derivatives	-1	0
8. Other investments	-45	15
Assets	-10	-6
Liabilities	-35	21
IV. Net errors and omissions	25	-120

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

	2013Q1	2013Q2
1. Foreign direct investment (net liabilities)	206	416
Foreign direct investment abroad (net assets)	299	206
Equity	291	238
Other capital assets	-3	-34
Other capital liabilities	-10	-1
Foreign direct investment in Hungary (net liabilities)	505	621
Equity	2	26
Other capital assets	-265	-350
Other capital liabilities	237	246
2. Portfolio investments (net liabilities)	-3	0
Assets	3	0
Liabilities	0	0
3. Financial derivatives (net liabilities)	0	-1
4. Other investments (net liabilities)	178	189
Assets	9	18
Liabilities	187	207
Gross external debt*	187	207
Net external debt*	175	189
Goods net in the percentage of the GDP	0%	0%
Current account balance in the percentage of the GDP	0%	0%
Gross debt in the percentage of the GDP*	0,9%	0,8%
Net debt in the percentage of the GDP*	0,8%	0,8%

* Excluding FDI other capital.

Detailed tables: [Balance of payments](#)

Notes [Methodological notes](#)

Charts: [Chart pack](#)

MAGYAR NEMZETI BANK
 STATISTICS DIRECTORATE

The primary statutory duty of the Magyar Nemzeti Bank is to deliver and maintain price stability. The MNB ensures the safe operation of the payment and settlement systems, as well as the uninterrupted flow of payments, safeguards the financial stability of the banking sector, manages the country's foreign currency reserves, collects and publishes statistical data, and issues the forint, Hungary's national legal tender.

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