

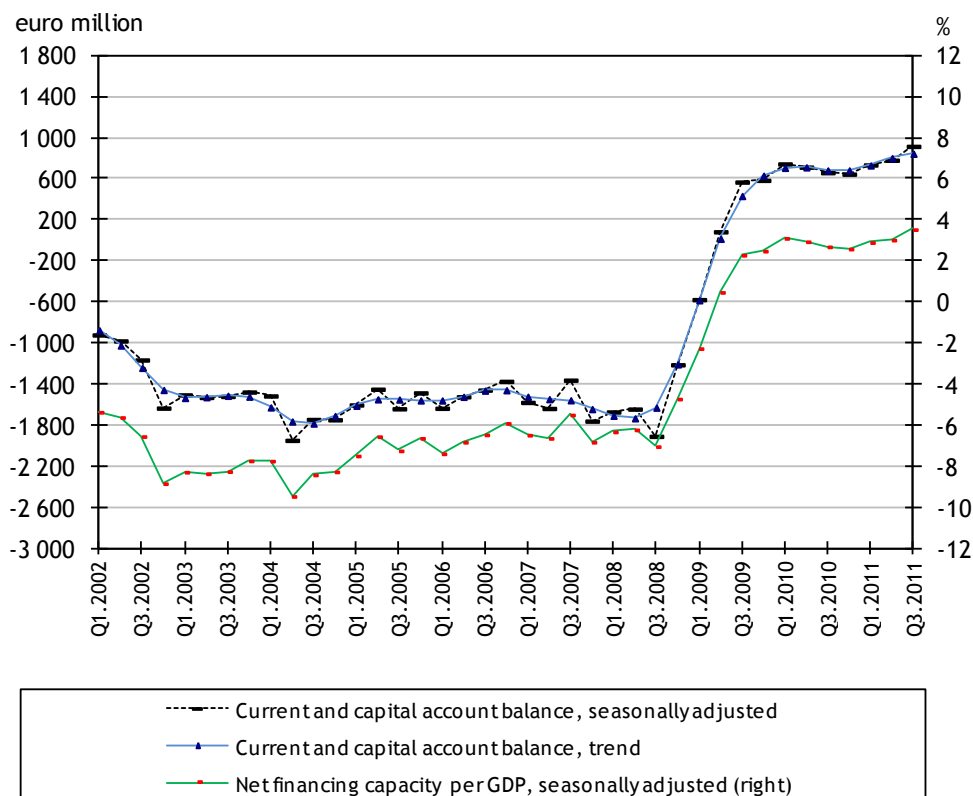


PRESS RELEASE

Hungary's balance of payments: 2011 Q3

In 2011 Q3,¹ Hungary's net external financing capacity (i.e. the combined surplus on its current and capital accounts) amounted to EUR 1,096 million (HUF 304 billion). Adjusted for seasonal effects, the net external financing capacity was 3.5% of GDP (HUF 253 billion). According to seasonally adjusted data,² the surplus on goods and services fell, but continued to be significant. In 2011 Q3, the surplus on goods and services continued to exceed the income account deficit.

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 29 December 2011 the MNB is publishing Hungary's balance of payments statistics for 2011 Q3 for the first time, together with revised quarterly data for 2011 Q1-Q2 (based on adjusted 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

	2010					2011			
	Q1.	Q2.	Q3.	Q4.	Q1-Q4.	Q1.	Q2.	Q3.	Q1-Q3.
I. Current account	257	371	260	176	1,064	217	530	381	1,128
1. Real economic transaction	1,560	1,660	1,461	1,456	6,137	1,685	2,199	1,810	5,694
1.1. Export	19,001	20,610	21,450	22,564	83,626	22,652	23,113	23,136	68,901
1.2. Import	17,442	18,950	19,989	21,108	77,489	20,966	20,914	21,326	63,207
1.1. Goods	865	914	562	889	3,229	1,340	1,217	918	3,475
1.1.1. Export	15,627	16,977	17,494	18,880	68,978	19,365	19,189	19,053	57,607
1.1.2. Import	14,762	16,063	16,932	17,991	65,749	18,024	17,972	18,135	54,131
1.2. Services	695	746	899	568	2,908	345	982	892	2,219
1.2.1. Export	3,374	3,633	3,956	3,685	14,648	3,287	3,924	4,083	11,295
1.2.2. Import	2,679	2,887	3,057	3,117	11,740	2,942	2,942	3,191	9,075
2. Income and current transfers	-1,303	-1,289	-1,201	-1,281	-5,073	-1,468	-1,669	-1,429	-4,567
2.1.. Income	-1,332	-1,488	-1,342	-1,306	-5,468	-1,393	-1,714	-1,581	-4,688
2.1.1. Compensation of employees	195	200	201	209	806	186	197	194	577
2.1.2. Direct investment income	-1,070	-1,114	-1,086	-1,049	-4,319	-1,067	-1,200	-1,157	-3,425
2.1.3. Portfolio investment income	-171	-292	-181	-191	-836	-207	-405	-274	-886
2.1.4. Other investment income	-286	-283	-276	-274	-1,120	-304	-305	-345	-954
2.2.. Current transfers	29	199	142	25	395	-76	45	152	122
-of which: EU transfers	213	383	339	220	1,154	121	327	365	814
II. Capital account	501	526	508	201	1,735	484	329	715	1,529
-of which: EU transfers	554	543	527	539	2,163	483	382	711	1,575
III. Financial account (3+4+5+6)	2,691	241	-1,647	106	1,391	2,215	659	950	3,824
3. Direct investment	-281	-348	125	934	429	-259	-623	-463	-1,346
3.1. Abroad	-827	859	-349	-633	-949	-114	-75	-203	-392
3.1.1. Equity capital and reinvested earnings	-32	92	-380	-713	-1,033	-41	-356	-92	-488
3.1.1.1. Equity capital	-172	132	-350	-563	-953	-122	-624	2	-745
3.1.1.2. Reinvested earnings	140	-40	-30	-150	-80	82	269	-94	257
3.1.2. Other capital	-794	767	31	80	84	-73	281	-111	96
3.1.2.1. Assets	-603	801	-7	-57	134	49	261	-112	198
3.1.2.2. Liabilities	-191	-34	38	137	-49	-123	20	0	-102
3.2. In Hungary	545	-1,208	474	1,567	1,378	-145	-548	-260	-954
3.2.1. Equity capital and reinvested earnings	802	-1,533	2,108	1,395	2,771	1,068	-1,892	18	-806
3.2.1.1. Equity capital	514	168	1,237	764	2,682	564	-594	-947	-978
3.2.1.2. Reinvested earnings	288	-1,701	871	631	89	504	-1,298	966	172
3.2.2. Other capital	-257	325	-1,634	172	-1,393	-1,213	1,343	-279	-149
3.2.2.1. Assets	-26	-80	681	-155	421	-486	1,401	-931	-15
3.2.2.2. Liabilities	-231	405	-2,315	327	-1,815	-727	-58	652	-133
4. Portfolio investment	2,662	-1,257	-749	-746	-89	3,884	1,819	2,118	7,822
4.1. Assets	-125	64	-165	-150	-377	-313	-50	1,526	1,163
4.2. Liabilities	2,787	-1,320	-584	-596	287	4,197	1,869	592	6,659
5. Financial derivatives	-29	384	-215	485	626	-360	300	-360	-420
5.1. Assets	1,021	1,243	1,503	1,154	4,921	1,059	1,281	1,418	3,758
5.2. Liabilities	-1,050	-859	-1,718	-669	-4,295	-1,419	-981	-1,777	-4,178
6. Other investment	339	1,462	-808	-568	425	-1,050	-837	-345	-2,232
6.1. Assets	316	168	-455	-68	-38	1,122	205	-56	1,271
6.2. Liabilities	23	1,294	-353	-500	463	-2,172	-1,042	-289	-3,503
IV. International reserves	-2,910	-956	1,147	-299	-3,018	-2,420	-1,272	-1,278	-4,970
Memorandum:									
7. Net external financing capacity									
7.1. Net external financing capacity (CA and Capital account)	757	897	768	377	2,799	701	859	1,096	2,657
7.2. Financial account balance (Financial account balance and reserves)	219	715	500	193	1,627	204	613	328	1,146
7.3. Difference (Net errors and omissions)	-538	-182	-268	-183	-1,171	-497	-246	-768	-1,511

Table 2
Balance of payments and financing capacity items - seasonally adjusted data

	2009				2010				2011		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1. Real economic transactions, net (Goods and services)	487	1 086	1 342	1 415	1 579	1 424	1 478	1 662	1 704	1 949	1 836
1.1. Export	17 048	17 132	17 896	18 573	19 761	20 551	21 249	22 021	23 489	23 042	22 947
1.2. Import	16 578	15 805	16 783	17 078	18 226	18 876	20 016	20 310	21 789	20 832	21 472
1.1. Goods	160	560	692	808	784	840	773	943	1 180	1 121	1 049
1.1.1. Export	13 756	13 849	14 573	15 152	16 035	16 909	17 739	18 250	19 840	19 119	19 327
1.1.2. Import	13 670	13 025	13 958	14 350	15 321	15 898	17 165	17 330	18 686	17 788	18 405
1.2. Services	380	486	599	599	861	669	728	736	507	901	729
1.2.1. Travel, net	496	508	575	527	575	555	546	548	535	572	558
export	1 037	1 010	1 038	1 033	1 054	1 031	1 017	999	987	1 060	1 005
import	520	517	446	479	443	456	443	454	444	436	433
1.2.2. Other services, net	-101	-13	-2	71	298	83	154	192	29	255	129
export	2 271	2 264	2 369	2 326	2 700	2 600	2 643	2 661	2 659	2 855	2 796
import	2 407	2 310	2 371	2 302	2 362	2 506	2 442	2 465	2 654	2 626	2 665
2. Income	-1 164	-1 177	-1 248	-1 341	-1 388	-1 355	-1 338	-1 370	-1 471	-1 558	-1 584
3. Current account balance	-525	36	244	222	398	279	215	332	356	432	340
4. Capital account	295	332	274	231	538	518	417	344	402	448	542
5. EU-transfers (current and capital account)	615	688	764	857	898	896	810	729	764	756	876
6. Net external financing capacity	-576	85	569	585	745	714	660	646	735	781	916

Developments in the main aggregates of the current account

In 2011 Q3, the current account surplus amounted to EUR 340 million, according to seasonally adjusted data. The seasonally adjusted goods surplus amounted to EUR 1,049 million, accompanied by rising exports (EUR 19,327 million) and imports (EUR 18,405 million).

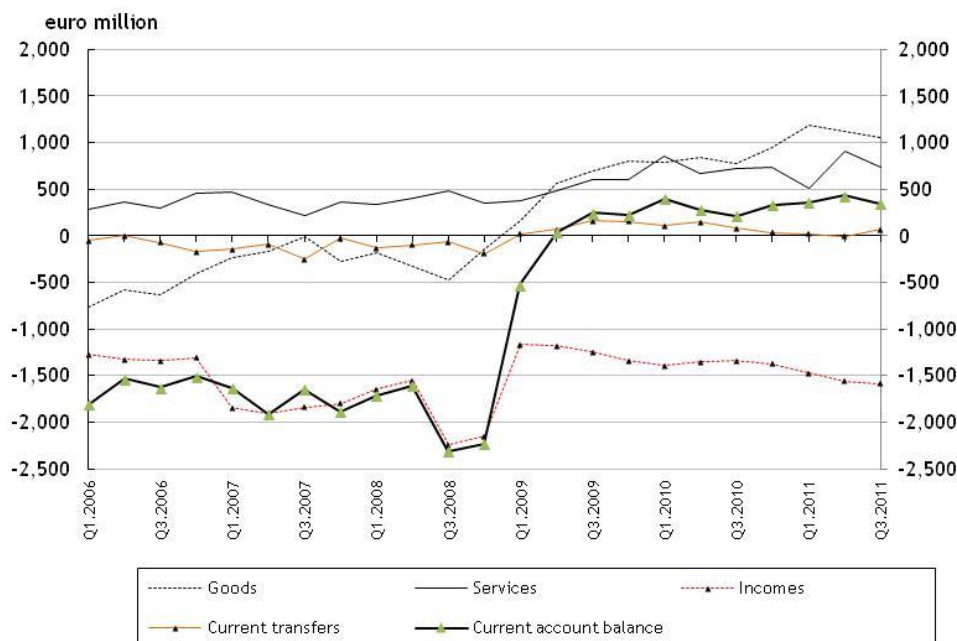
The seasonally adjusted surplus on services amounted to EUR 729 million in 2011 Q3. Within services, seasonally adjusted travel revenue was EUR 1,005 million and other service revenue was EUR 2,796 million. Travel expenditure (EUR 433 million) and other service expenditure (EUR 2,665 million) were broadly comparable with those recorded for the previous quarter.

The travel surplus remained largely unchanged in Q3. Following the high surplus in Q2, other services registered a surplus of EUR 129 million in Q3.

In the income account, the seasonally adjusted deficit amounted to EUR 1,584 million, with the size of deficit continuing to rise in Q3. For 2011, estimated income on shares and other equity was revised relative to September due to changes in the domestic and external environment. The estimate does not include the effects of early repayments of foreign currency debt by Hungarian households and the related tax changes.

According to accrual-based data, the seasonally unadjusted surplus on current transfers between Hungary and the European Union was EUR 365 million, and transactions recorded as capital transfers showed a nearly EUR 711 million surplus. Current and capital transfers to and from the EU are adjusted jointly; the seasonally adjusted surplus on current and capital transfers amounted to EUR 876 million in 2011 Q3.

Chart 2
Main aggregates of the current account



The financial account³

Within direct investment, outward investment by Hungarian residents increased by EUR 203 million and inward investment by non-residents declined by EUR 260 million. Investments by Hungarian residents in equities abroad fell by EUR 2 million; however, the value of reinvested earnings increased the value of such investments by EUR 94 million. Net FDI other capital outflows amounted to EUR 111 million. The value of investments by non-residents in Hungarian equities fell by EUR 947 million (with the repurchase of MOL shares from Surgutneftegas amounting to nearly EUR 1.9 billion); however, reinvested earnings increased the value of investments by non-residents in Hungary by EUR 966 million. Net FDI other capital outflows amounted to EUR 279 million.

Portfolio investment transactions showed a net inflow of EUR 2,118 million. Portfolio investment assets fell by EUR 1,526 million. Within this, the decrease in equity investment representing less than 10% foreign ownership amounted to EUR 1,583 million, with sales of mutual fund shares by the government sector amounting to EUR 878 million. The increase in assets due to bonds was EUR 54 million. Money market assets increased by EUR 3 million. Liabilities rose by EUR 592 million. At EUR 758 million and EUR 114 million respectively, the largest increases were in bond and money market liabilities. Equity liabilities fell by EUR 280 million.

The balance of other investments showed an outflow of EUR 345 million. Short-term assets rose by EUR 34 million and long-term assets by EUR 22 million (an outflow of funds). The increase in short-term liabilities amounted to EUR 1,049 million and the decline in long-term liabilities amounted to EUR 1,338 million in Q3.

³ For summary data by investment category, see Table 1. More detailed data are available on the MNB's website. The detailed data are available on the MNB's website by clicking on the following link: [quarterly time series](#).

Stock of international reserves and external debt

Central bank foreign exchange reserves amounted to EUR 38.8 billion at the end of September 2011. Hungary's net foreign debt, excluding FDI other capital and financial derivatives, amounted to EUR 49.5 billion at the end of September 2011 (48.5% as a percentage of GDP). The amount recorded as net short-term assets on an accrual basis due to the recording of EU transfers was EUR 317 million, of which the value of short-term assets was EUR 1,205 million and that of short-term liabilities was EUR 1,522 million.

Table 3
Foreign assets and liabilities of Hungary

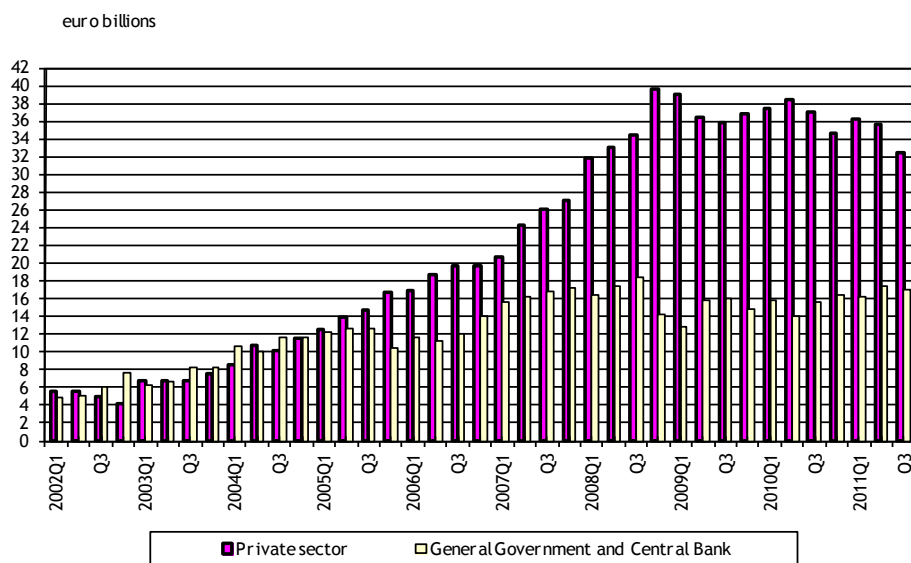
	2010				2011		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1. Assets	103,925	104,377	101,670	103,732	105,613	104,575	106,053
1.1. International reserves	33,852	35,174	33,676	33,674	35,692	37,003	38,764
1.2. Direct investment *	37,892	36,381	35,105	36,766	37,610	36,231	37,288
1.3. Portfolio investment	8,554	8,051	8,621	9,300	9,500	9,337	6,531
1.4. Financial derivatives	2,991	3,866	3,377	2,863	3,010	2,425	3,854
1.5. Other foreign assets	20,636	20,905	20,891	21,128	19,801	19,579	19,618
o/w: due to accrual accounting of EU-transfers	786	761	1,088	1,343	895	1,119	1,205
2. Liabilities	219,478	212,517	212,527	211,667	218,607	218,526	207,991
2.1. Direct investment *	93,285	87,290	88,012	88,958	92,421	90,031	85,477
2.2. Portfolio investment	49,502	44,016	45,466	43,083	49,962	51,411	45,203
2.3. Financial derivatives	3,384	4,960	4,231	4,370	3,795	5,073	5,752
2.4. Other foreign liabilities	73,307	76,250	74,818	75,255	72,429	72,011	71,559
o/w: due to accrual accounting of EU-transfers	1,625	1,276	1,489	1,333	1,431	1,479	1,522
3. Net foreign liabilities (2-1)	115,553	108,140	110,857	107,935	112,994	113,951	101,937
o/w: due to accrual accounting of EU-transfers	839	515	401	-10	536	360	317

Memorandum:

4. Gross foreign debt (excluding direct investment other capital)	109,183	109,806	108,531	107,315	109,509	110,880	109,186
4.1. General government and Central bank	50,817	50,039	50,272	51,975	53,195	55,694	56,983
4.2. Private sector	58,366	59,766	58,259	55,340	56,314	55,186	52,202
5. Net foreign debt (excluding direct investment other capital)	53,336	52,419	52,668	51,178	52,607	52,903	49,474
5.1. General government and Central bank	15,834	14,031	15,671	16,487	16,292	17,326	17,038
5.2. Private sector	37,502	38,388	36,997	34,692	36,315	35,577	32,436

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

Chart 3
Net foreign debt of Hungary, 2002-2011*



Data revisions during the review period

Tables 4 and 5 summarise all changes to data due to revisions for the period 2011 Q1-Q2. The data revision for the review period only reflect corrections by data providers.

Table 4
Total revisions by BoP components, (those beyond normal revisions are separately identified)

	EUR millions	
	Q1 2011	Q2 2011
1. Goods	0	0
2. Services	-177	-159
3. Incomes	10	11
4. Current transfers	0	-60
I. Current account balance (1+2+3+4)	-168	-208
II. Capital account	0	-3
III. Financial account (5+6+7+8)	-9	0
5. Foreign direct investment	-1	70
Foreign direct investment abroad	1	9
Equity	35	7
Other capital	-34	2
Foreign direct investment in Hungary	-2	61
Equity	-19	18
Other capital	17	43
6. Portfolio investments	0	-1
Assets	0	-1
Liabilities	0	0
7. Financial derivatives	0	0
8. Other investments	-8	-69
Assets	-2	-4
Liabilities	-6	-66
IV. Net errors and omissions	176	211

Table 5
Changes in stocks vis-a-vis the last publication (excl. SPEs)

	EUR millions	
	Q1 2011	Q2 2011
1. Foreign direct investment (net liabilities)	450	486
Foreign direct investment abroad (net assets)	13	4
Equity	-39	-46
Other capital assets	49	46
Other capital liabilities	-3	-3
Foreign direct investment in Hungary	463	489
Equity	-22	-46
Other capital assets	53	26
Other capital liabilities	538	562
2. Portfolio investments (net liabilities)	0	-1
Assets	0	1
Liabilities	0	0
3. Financial derivatives (net liabilities)	0	-1
4. Other investments (net liabilities)	-63	-123
Assets	67	71
Liabilities	4	-52
Gross debt*	4	-52
Net debt*	-63	-122
Current account balance in the percentage of the GDP	-0,7%	-0,8%
Gross debt in the percentage of the GDP*	0,0%	-0,2%
Net debt in the percentage of the GDP*	-0,3%	-0,5%

* 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 Bank's website.

The MNB will release Hungary's balance of payments and international investment position data for 2011 Q4, revised quarterly data for 2011 Q1-Q3 and revised annual data for 2009 and 2010 on 30 March 2012.

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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