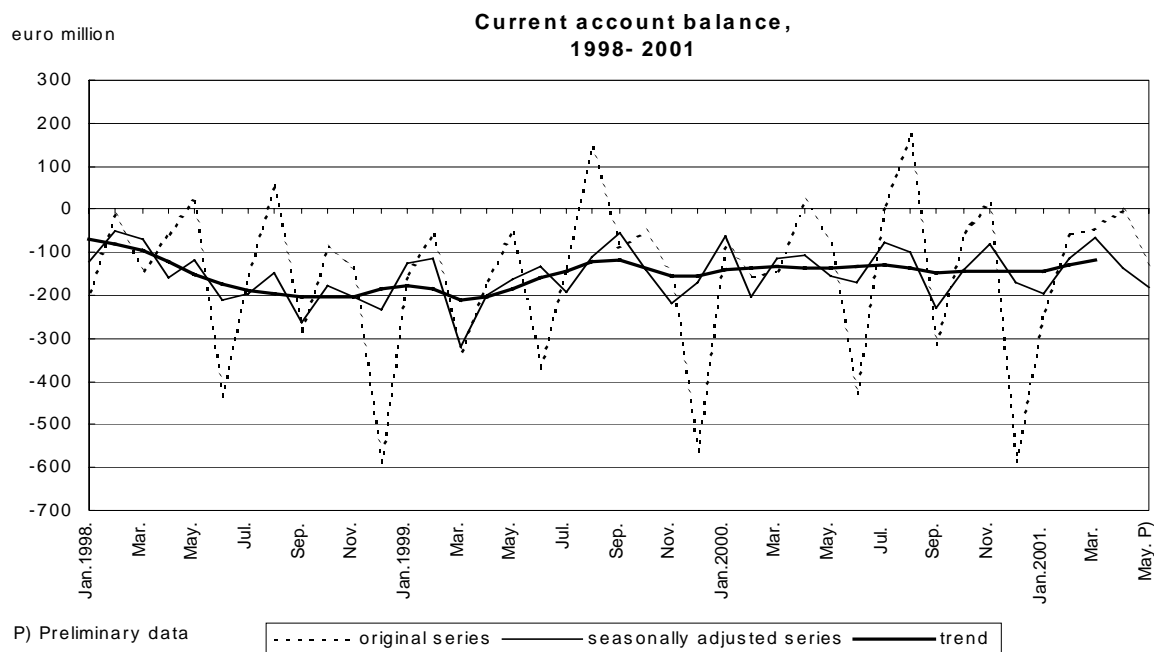


## PRESS RELEASE

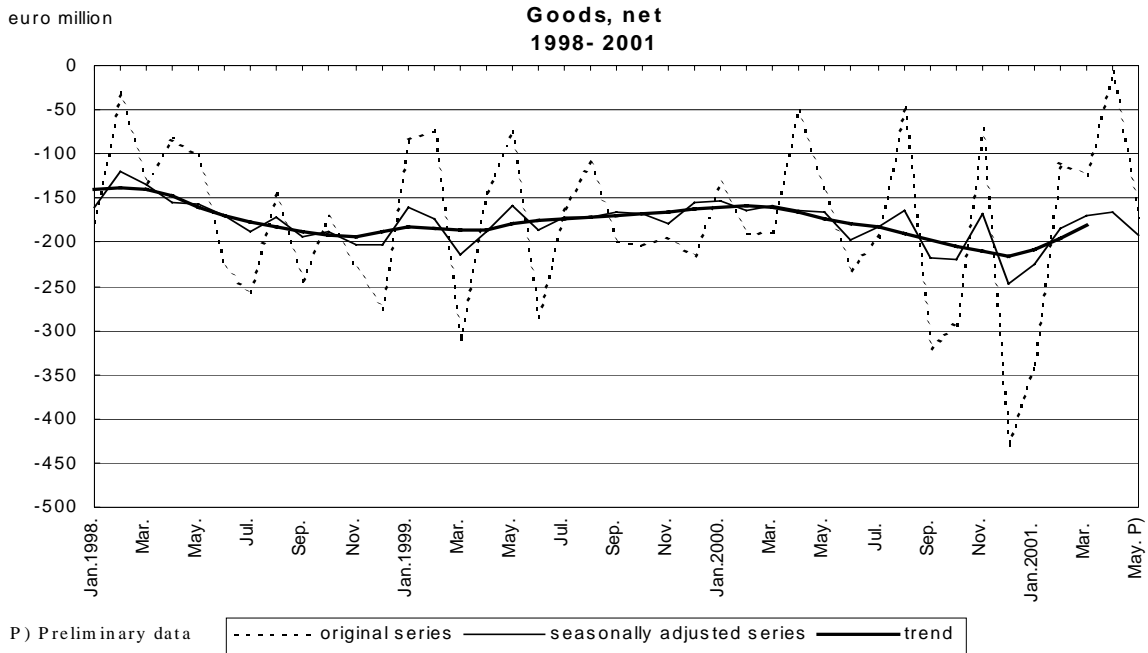
### Hungary's preliminary balance of payments May 2001

*Provisional data may change when finalised.*

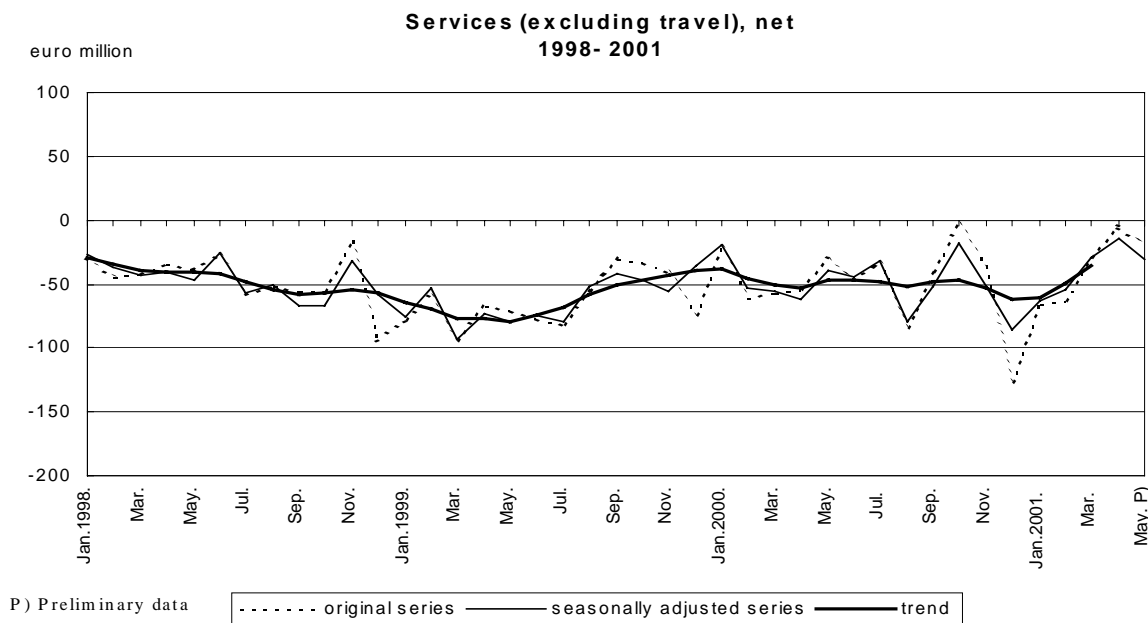
*According to the preliminary calculations, Hungary's current account was EUR 128 million in deficit in May 2001. That was EUR 48 million higher than a year previously. There was an improvement in the services balance. By contrast, the balances on trade, income and current transfers deteriorated. The seasonally adjusted current account deficit was higher than in April. Net non-debt inflow amounted to EUR 104 million.*



In May, net expenditures for trade in goods were the balance of EUR 2,645 million exports and EUR 2,817 million imports. The monthly values of exports and imports of goods rose by EUR 224 million and EUR 252 million respectively relative to May 2000. The seasonally adjusted deficit in goods was higher than in the preceding month, breaking the improving trend which began at the start of the year.



At EUR 374 million, tourism revenue was EUR 57 million higher than in May 2000. Expenditure, at EUR 123 million, rose by EUR 28 million in a year-on-year comparison. Eliminating the seasonal effects, the monthly tourism surpluses have been fluctuating around EUR 210–235 million since the summer of 2000. Service transactions excluding tourism were EUR 19 million in deficit. That was EUR 11 million lower than the deficit recorded in May 2000.



The investment income deficit amounted to EUR 210 million in the month. Under this heading, the negative balance for investment income on equity fell by EUR 5 million, while that for investment income on debt rose by EUR 44 million relative to May 2000.

At EUR 23 million in May 2001, the surplus on current transfers was EUR 22 million lower than a year previously.

Non-debt capital transactions showed a total inward flow of EUR 104 million in the month. Net inflows via the domestic banking sector of direct investments in equity capital were the balance of direct investment transactions by non-residents in Hungary, at EUR 109 million, and those by Hungarian residents abroad, at EUR 13 million. Portfolio investment transactions in equity securities showed net inflows of EUR 7 million.

At the end of May 2001, the value of central bank foreign exchange reserves stood at EUR 13.0 billion.

### Balance of payments, Hungary

euro million

|   | 2000        |            |             |             | 2001        |            |                   |                        |
|---|-------------|------------|-------------|-------------|-------------|------------|-------------------|------------------------|
|   | Mar.        | Apr.       | May         | Jan.-May    | Mar.        | Apr.       | May <sup>P)</sup> | Jan.-May <sup>P)</sup> |
| <b>1. Goods, net</b>                              | <b>-188</b> | <b>-51</b> | <b>-144</b> | <b>-706</b> | <b>-124</b> | <b>-7</b>  | <b>-172</b>       | <b>-750</b>            |
| 1.1. Exports                                      | 2221        | 2165       | 2421        | 10633       | 2549        | 2668       | 2645              | 12558                  |
| 1.2. Imports                                      | 2409        | 2216       | 2565        | 11340       | 2674        | 2674       | 2817              | 13307                  |
| <b>2. Services and income, net</b>                | <b>-5</b>   | <b>36</b>  | <b>19</b>   | <b>72</b>   | <b>48</b>   | <b>-41</b> | <b>21</b>         | <b>77</b>              |
| 2.1. Services*, net                               | 100         | 152        | 192         | 597         | 165         | 216        | 231               | 746                    |
| 2.1.1. Exports                                    | 465         | 504        | 541         | 2322        | 614         | 648        | 699               | 3040                   |
| 2.1.2. Imports                                    | 365         | 352        | 350         | 1725        | 449         | 432        | 468               | 2294                   |
| 2.2. Income, net                                  | -105        | -115       | -173        | -524        | -117        | -258       | -210              | -669                   |
| 2.2.1. Income on debt, net                        | -73         | -98        | -25         | -322        | -65         | -132       | -69               | -339                   |
| 2.2.2. Income on equity, net                      | -33         | -16        | -148        | -203        | -51         | -127       | -143              | -330                   |
| 2.2.3. Compensation of employees, net             | 1           | -1         | 0           | 1           | -1          | 1          | 1                 | 0                      |
| <b>3. Current transfers</b>                       | <b>48</b>   | <b>35</b>  | <b>45</b>   | <b>195</b>  | <b>28</b>   | <b>46</b>  | <b>23</b>         | <b>203</b>             |
| <b>4. Current account balance</b>                 | <b>-145</b> | <b>21</b>  | <b>-80</b>  | <b>-438</b> | <b>-48</b>  | <b>-2</b>  | <b>-128</b>       | <b>-469</b>            |
| <b>5. Non debt creating financing, net</b>        | <b>-9</b>   | <b>95</b>  | <b>46</b>   | <b>422</b>  | <b>181</b>  | <b>61</b>  | <b>104</b>        | <b>451</b>             |
| 5.1. Direct investment, equity capital, net       | 46          | 172        | 162         | 567         | 152         | 47         | 97                | 357                    |
| 5.1.1. Abroad, net                                | -8          | 10         | -24         | -3          | 10          | -14        | -13               | -333                   |
| 5.1.2. In Hungary, net                            | 54          | 162        | 186         | 570         | 142         | 62         | 109               | 690                    |
| 5.2. Portfolio investment, equity securities, net | -55         | -77        | -116        | -145        | 29          | 14         | 7                 | 94                     |
| *- o/w: Travel, net                               | 157         | 207        | 222         | 820         | 194         | 222        | 251               | 929                    |
| credit  | 242         | 307        | 317         | 1257        | 301         | 323        | 374               | 1464                   |
| debit   | 86          | 100        | 95          | 438         | 107         | 101        | 123               | 535                    |

P) Preliminary data

**Balance of payments, Hungary**  
(averages)

euro million

|   | 2000        |             |             |             | 2001        |
|---|-------------|-------------|-------------|-------------|-------------|
|   | Q. 1.       | Q.2.        | Q.3.        | Q.4.        | Q. 1.       |
| <b>1. Goods, net</b>                              | <b>-170</b> | <b>-142</b> | <b>-188</b> | <b>-265</b> | <b>-190</b> |
| 1.1. Exports                                      | 2016        | 2264        | 2319        | 2588        | 2415        |
| 1.2. Imports                                      | 2186        | 2407        | 2506        | 2853        | 2605        |
| <b>2. Services and income, net</b>                | <b>6</b>    | <b>-65</b>  | <b>110</b>  | <b>27</b>   | <b>33</b>   |
| 2.1. Services, net                                | 85          | 174         | 250         | 138         | 99          |
| 2.1.1. Exports                                    | 426         | 539         | 666         | 641         | 564         |
| 2.1.2. Imports                                    | 341         | 364         | 416         | 504         | 465         |
| 2.2. Income, net                                  | -79         | -240        | -139        | -111        | -67         |
| 2.2.1. Income on debt, net                        | -66         | -81         | -57         | -71         | -46         |
| 2.2.2. Income on equity, net                      | -13         | -158        | -83         | -40         | -20         |
| 2.2.3. Compensation of employees, net             | 1           | 0           | 0           | 0           | -1          |
| <b>3. Current transfers</b>                       | <b>38</b>   | <b>45</b>   | <b>35</b>   | <b>29</b>   | <b>45</b>   |
| <b>4. Current account balance</b>                 | <b>-126</b> | <b>-162</b> | <b>-42</b>  | <b>-209</b> | <b>-113</b> |
| <b>5. Non debt creating financing, net</b>        | <b>94</b>   | <b>73</b>   | <b>32</b>   | <b>-141</b> | <b>95</b>   |
| 5.1. Direct investment, equity capital, net       | 78          | 159         | 108         | -66         | 71          |
| 5.1.1. Abroad, net                                | 3           | -13         | -66         | -131        | -102        |
| 5.1.2. In Hungary, net                            | 74          | 172         | 175         | 66          | 173         |
| 5.2. Portfolio investment, equity securities, net | 16          | -86         | -76         | -75         | 24          |
| *- o/w: Travel, net                               | 130         | 218         | 302         | 193         | 152         |
| credit  | 211         | 318         | 407         | 305         | 256         |
| debit   | 81          | 99          | 105         | 112         | 104         |

**Balance of payments, Hungary (seasonally adjusted data) <sup>a)</sup>**

euro million

|                                       | 2001        |             |             |             |                   |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------------|
|                                       | Jan.        | Feb.        | Mar.        | Apr.        | May <sup>P)</sup> |
| <b>1. Goods, net</b>                  | <b>-225</b> | <b>-184</b> | <b>-170</b> | <b>-166</b> | <b>-191</b>       |
| 1.1. Exports                          | 2478        | 2483        | 2536        | 2588        | 2556              |
| 1.2. Imports                          | 2761        | 2617        | 2663        | 2762        | 2778              |
| <b>2. Services and income, net</b>    |             |             |             |             |                   |
| 2.1. Services                         |             |             |             |             |                   |
| 2.1.1. Travel, net                    | 221         | 214         | 226         | 229         | 232               |
| credit                                | 336         | 326         | 338         | 336         | 352               |
| debit                                 | 109         | 117         | 109         | 112         | 125               |
| 2.1.2. Other services, net            | -63         | -54         | -29         | -15         | -30               |
| credit                                | 319         | 299         | 312         | 339         | 339               |
| debit                                 | 369         | 361         | 355         | 358         | 361               |
| 2.2. Income, net                      |             |             |             |             |                   |
| 2.2.1. Income on debt, net            | -56         | -61         | -59         | -87         | -90               |
| 2.2.2. Income on equity, net          | -52         | -52         | -55         | -155        | -53               |
| 2.2.3. Compensation of employees, net | -1          | 0           | -1          | 1           | 1                 |
| <b>3. Current transfers</b>           | <b>46</b>   | <b>36</b>   | <b>32</b>   | <b>41</b>   | <b>31</b>         |
| <b>4. Current account balance</b>     | <b>-196</b> | <b>-112</b> | <b>-66</b>  | <b>-138</b> | <b>-183</b>       |

P) Preliminary data

Balance of payments, Hungary (seasonally adjusted data) <sup>a)</sup>

euro million

|                                       | 2000        |             |             |             |             |             |             |             |             |             |             |             |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                       | Jan.        | Feb.        | Mar.        | Apr.        | May         | Jun.        | Jul.        | Aug.        | Sep.        | Oct.        | Nov.        | Dec.        |
| <b>1. Goods, net</b>                  | <b>-153</b> | <b>-165</b> | <b>-158</b> | <b>-164</b> | <b>-166</b> | <b>-197</b> | <b>-182</b> | <b>-164</b> | <b>-217</b> | <b>-220</b> | <b>-169</b> | <b>-248</b> |
| 1.1. Exports                          | 2024        | 2057        | 2154        | 2186        | 2283        | 2325        | 2327        | 2415        | 2394        | 2466        | 2487        | 2523        |
| 1.2. Imports                          | 2154        | 2202        | 2340        | 2340        | 2526        | 2458        | 2461        | 2544        | 2640        | 2703        | 2642        | 2824        |
| <b>2. Services and income, net</b>    |             |             |             |             |             |             |             |             |             |             |             |             |
| 2.1. Services                         |             |             |             |             |             |             |             |             |             |             |             |             |
| 2.1.1. Travel, net                    | 193         | 208         | 186         | 216         | 204         | 210         | 219         | 217         | 224         | 219         | 223         | 211         |
| credit                                | 279         | 304         | 273         | 319         | 299         | 296         | 312         | 320         | 320         | 322         | 337         | 333         |
| debit                                 | 96          | 95          | 96          | 96          | 93          | 87          | 93          | 97          | 91          | 103         | 112         | 124         |
| 2.1.2. Other services, net            | -19         | -53         | -56         | -62         | -40         | -45         | -32         | -80         | -51         | -18         | -51         | -86         |
| credit                                | 234         | 234         | 215         | 213         | 234         | 242         | 247         | 269         | 282         | 336         | 293         | 321         |
| debit                                 | 252         | 257         | 265         | 263         | 270         | 272         | 268         | 369         | 358         | 365         | 361         | 374         |
| 2.2. Income, net                      |             |             |             |             |             |             |             |             |             |             |             |             |
| 2.2.1. Income on debt, net            | -67         | -80         | -53         | -65         | -61         | -74         | -49         | -65         | -73         | -57         | -87         | -79         |
| 2.2.2. Income on equity, net          | -52         | -49         | -52         | -46         | -58         | -46         | -46         | -56         | -53         | -52         | -45         | -51         |
| 2.2.3. Compensation of employees, net | 1           | 0           | 1           | -1          | 0           | 1           | 0           | 0           | 1           | 1           | -1          | 0           |
| <b>3. Current transfers</b>           | <b>38</b>   | <b>33</b>   | <b>44</b>   | <b>37</b>   | <b>48</b>   | <b>43</b>   | <b>33</b>   | <b>40</b>   | <b>38</b>   | <b>38</b>   | <b>38</b>   | <b>38</b>   |
| <b>4. Current account balance</b>     | <b>-64</b>  | <b>-202</b> | <b>-115</b> | <b>-108</b> | <b>-155</b> | <b>-170</b> | <b>-77</b>  | <b>-100</b> | <b>-229</b> | <b>-141</b> | <b>-79</b>  | <b>-170</b> |

\* \* \* \* \*

Average exchange rates of the Hungarian forint in May 2001 were 258.31 per euro and 295.40 per US dollar.

\* \* \* \* \*

<sup>a)</sup> Methodological notes to seasonal adjustment:

The following method is used to seasonally adjust the components of the current account in 2001:

1) Using the SEATS TRAMO software, the model settings which accord best with the characteristics of the times series ending with the final data for December 2000 are fixed at the entire length of the year. The newly published data are adjusted in the same model in the course of 2001. Taking account of the data for the latest month, the seasonally adjusted data for earlier periods will change.

2) In the publications, the direct method is used to adjust the accounts; and the individual items of the accounts, derived from the original data, are directly seasonally adjusted. Consequently, a seasonally adjusted sub-balance cannot be reproduced from the seasonally adjusted data that underlie the given sub-balance.

3) A trend value is the five-month moving average of the seasonally smoothed data, with diminishing weights proceeding symmetrically on both sides of the centre ( $y_t = 1/9x_{t-2} + 2/9x_{t-1} + 3/9x_t + 2/9x_{t+1} + 1/9x_{t+2}$ ).

4) Compensation for employees does not reflect seasonal effects, therefore, the Table includes the not seasonally adjusted data.