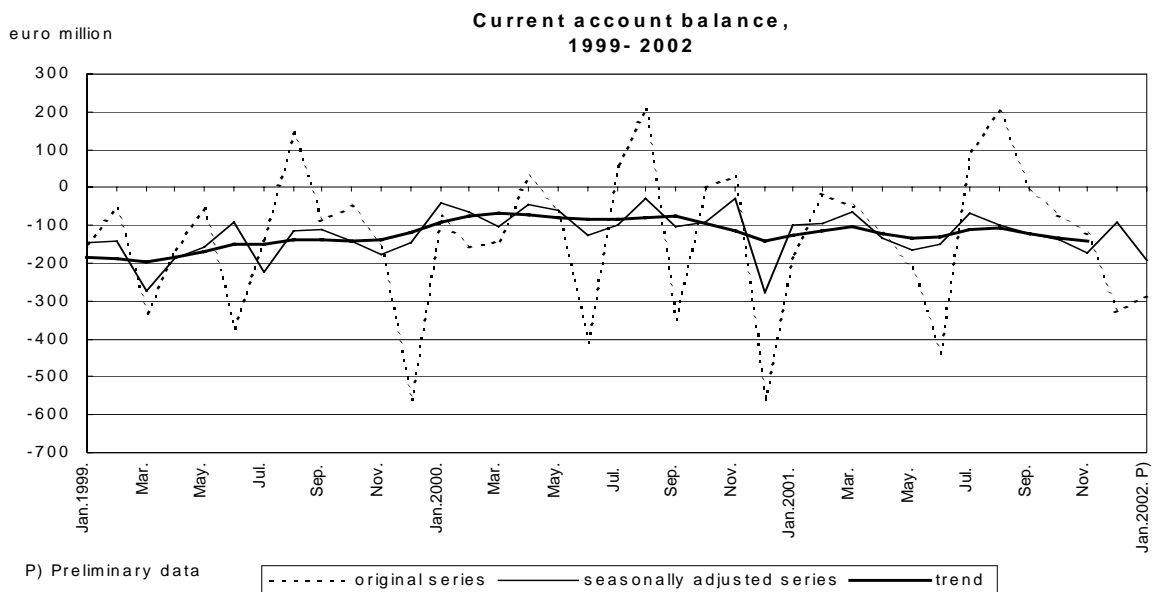# NATIONAL BANK OF HUNGARY

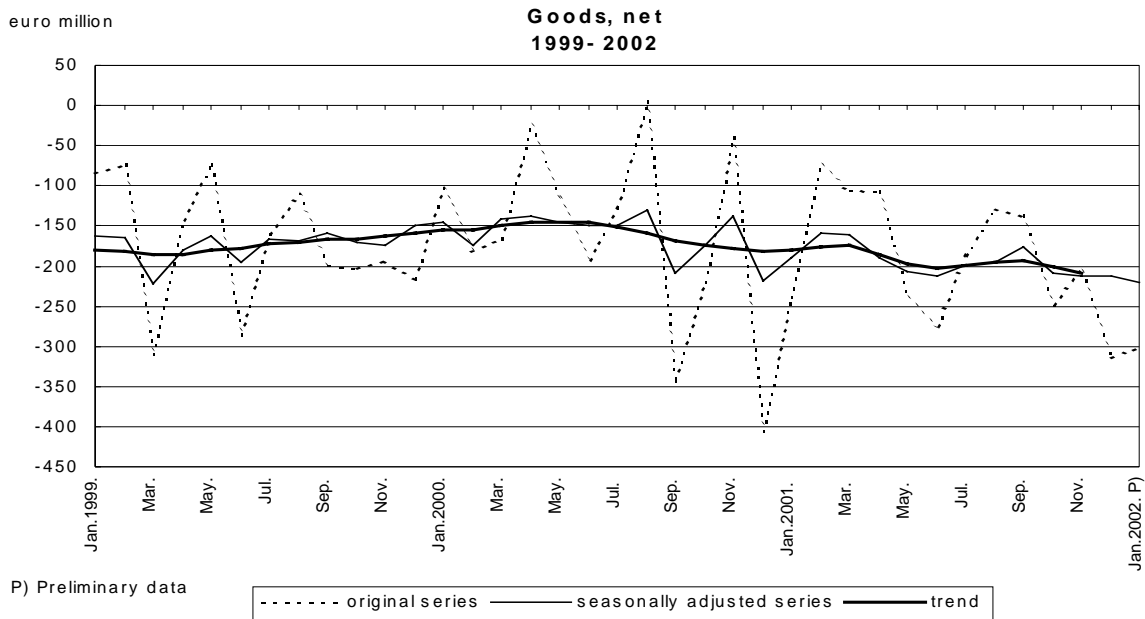4 March 2002

PRESS RELEASE

Hungary's preliminary balance of payments
January 2002
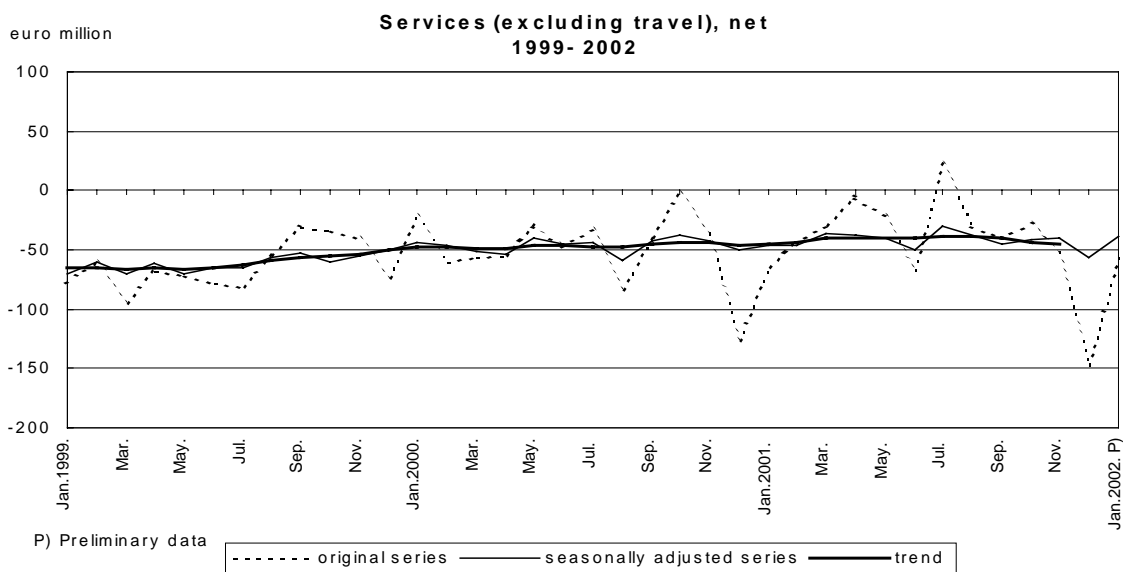
The preliminary data may change when finalised.

According to the preliminary data, Hungary's current account registered a EUR 286 million deficit in January 2002. This compared with a EUR 175 million deficit a year earlier. Higher net expenditures for trade in goods and services played the dominant role in the year-on-year change. After eliminating the seasonal effects, the current account was in a EUR 192 million deficit. Net non-debt inflow amounted to EUR 224 million in the month under review.

Current account balance, 1999-2002

P) Preliminary data — — — — original series ———— seasonally adjusted series ———— trend

In January 2002, net expenditures for trade in goods were the balance of EUR 2,533 million exports and EUR 2,835 million imports. Exports were EUR 61 million lower, imports remaining largely unchanged relative to a year earlier. The seasonally adjusted goods deficit increased by EUR 30 million in comparison with January 2001.

Goods, net
1999- 2002

euro million

P) Preliminary data

········· original series ——— seasonally adjusted series ——— trend

Tourism revenue, at EUR 185 million, was EUR 57 million lower, while expenditure, at EUR 131 million, was EUR 20 million higher in January 2002 than a year previously. The change in individuals' currency conversion habits, caused by the changeover to the euro, were in the background of lower revenues. Net expenditures for service transactions excluding tourism amounted to EUR 57 million in the month under review, falling by EUR 9 million relative to a year earlier. According to the time series calculated after eliminating the seasonal effects, the trend of monthly balance outcomes shows continuously falling surpluses of less than EUR 50 million since 2000.

Services (excluding travel), net
1999- 2002

euro million

P) Preliminary data

········· original series ——— seasonally adjusted series ——— trend

2

Net outflow of investment income was EUR 42 million. Here, the negative balance for investment income on equity rose by EUR 12 million, while that of investment income on debt fell by EUR 16 million relative to January 2001.

The EUR 62 million surplus on current transfers in January was EUR 16 million higher than a year previously.

The balance of non-debt capital transactions showed a total inward flow of EUR 224 million in the year under review. Net inflows of direct investments in equity capital were the balance of direct investment transactions by non-residents in Hungary, at EUR 149 million, and those by Hungarian residents abroad, at EUR 13 million. Portfolio investment transactions in equity securities showed net inflows of EUR 88 million in the month under review.

At the end of January 2002, the value of central bank foreign exchange reserves amounted to EUR 11.8 billion.

Balance of payments, Hungary

euro million

	2001 Jan.	2002 Jan.[P)]
1. Goods, net	**-239**	**-302**
1.1. Exports	2594	2533
1.2. Imports	2833	2835
2. Services and income, net	**17**	**-45**
2.1. Services*, net	65	-3
2.1.1. Exports	573	587
2.1.2. Imports	507	590
2.2. Income, net	-48	-42
2.2.1. Income on debt, net	-43	-27
2.2.2. Income on equity, net	-4	-16
2.2.3. Compensation of employees, net	-1	1
3. Current transfers	**46**	**62**
4. Current account balance	**-175**	**-286**
5. Non debt creating financing, net	**-162**	**224**
5.1. Direct investment, equity capital, net	-207	136
5.1.1. Abroad, net	-313	-13
5.1.2. In Hungary, net	105	149
5.2. Portfolio investment, equity securities, net	45	88

	2001 Jan.	2002 Jan.[P)]
*- o/w: Travel, net	131	55
credit	242	185
debit	111	131

 P) Preliminary data

Balance of payments, Hungary (seasonally adjusted data) [a]

euro million

	2002 Jan. [P]
1. Goods, net	**-220**
1.1. Exports	2531
1.2. Imports	2806
2. Services and income, net	
2.1. Services	
2.1.1. Travel, net	147
credit	268
debit	139
2.1.2. Other services, net	-38
credit	391
debit	435
2.2. Income, net	
2.2.1. Income on debt, net	-52
2.2.2. Income on equity, net	-58
2.2.3. Compensation of employees, net	1
3. Current transfers	**36**
4. Current account balance	**-192**

P) Preliminary data

Balance of payments, Hungary (seasonally adjusted data) [a]

euro million

	2001											
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1. Goods, net	**-190**	**-158**	**-160**	**-189**	**-207**	**-212**	**-199**	**-195**	**-175**	**-209**	**-213**	**-212**
1.1. Exports	2578	2538	2548	2627	2581	2734	2726	2601	2593	2585	2671	2587
1.2. Imports	2802	2718	2757	2806	2827	2867	2872	2773	2746	2822	2888	2818
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net	223	217	230	233	238	245	262	247	259	249	264	260
credit	355	343	347	350	360	365	370	367	375	373	388	380
debit	118	118	117	101	128	119	120	145	120	135	127	113
2.1.2. Other services, net	-46	-46	-36	-37	-40	-50	-30	-37	-45	-42	-40	-57
credit	310	318	332	346	346	351	379	371	365	364	379	382
debit	369	361	365	372	381	401	408	398	406	418	429	446
2.2. Income, net												
2.2.1. Income on debt, net	-59	-70	-63	-78	-80	-76	-66	-58	-55	-68	-67	-46
2.2.2. Income on equity, net	-49	-49	-57	42	-50	-45	-55	-50	-53	-56	-53	-48
2.2.3. Compensation of employees, net	-1	0	-1	1	1	1	0	0	0	1	1	2
3. Current transfers	**27**	**18**	**14**	**26**	**10**	**18**	**24**	**20**	**64**	**20**	**18**	**29**
4. Current account balance	**-98**	**-97**	**-64**	**-135**	**-164**	**-151**	**-70**	**-99**	**-123**	**-139**	**-171**	**-92**

* * * * *

Average exchange rates of the Hungarian forint in January 2002 were 243.95 per euro and 275.92 per US dollar.

* * * * *

[a] Methodological notes to seasonal adjustment:

The method is used to seasonally adjust the sub-components of the current account in 2002 is as follows:

1   The components of the current account are seasonally adjusted using the SEATS TRAMO software, within the Demetra interface, in line with the recommendations of Eurostat.

2   The effects of *holidays* are eliminated using a built-in variable designed for holidays in Hungary; the *working-day effect* is eliminated using two regression variables.

3 The *salient values* are identified according to the basic setting, allowing for the identification of all three types of outlier.

4 In order for the seasonally adjusted time series to be stable and *minimise revisions*, the available times series have been adjusted starting from 1994, and the same model setting is being used for one year. The Bank's publications include a five-month moving average of the seasonally smoothed data, with diminishing weights proceeding symmetrically on both sides of the centre ($y_t = 1/9x_{t-2}+2/9x_{t-1}+3/9x_t+2/9x_{t+1}+1/9x_{t+2}$), instead of the trend calculated by the programme.

5 The sub-balance outcomes are directly seasonally adjusted. This means that the sub-accounts, derived from the not adjusted data, are directly seasonally adjusted. Consequently, the seasonally adjusted current account balance outcome cannot be reproduced from the seasonally adjusted data of the sub-accounts.

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

Notes to the press release and the tables:

The codes attached to the names of the sectors and sub-sectors (e.g. S.121) refer to the corresponding groups of the classification generally used in international practice. The definitions of the individual sectors can be found on the Bank's web site at Financial Data...Statistical Releases, 'Sector classification in the NBH's statistical press releases from June 2001'.