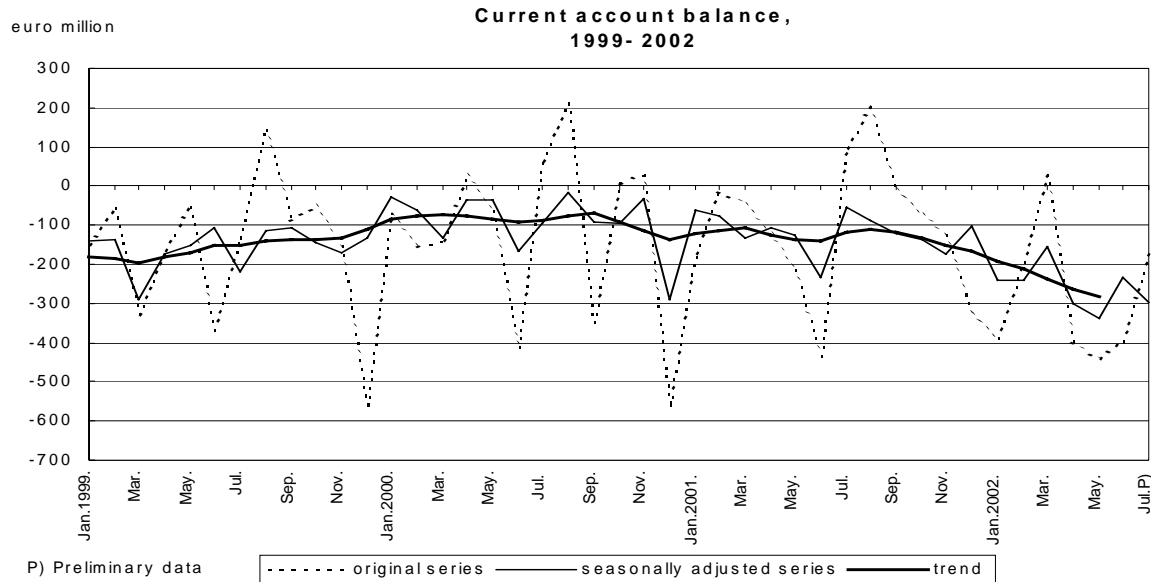


## PRESS RELEASE

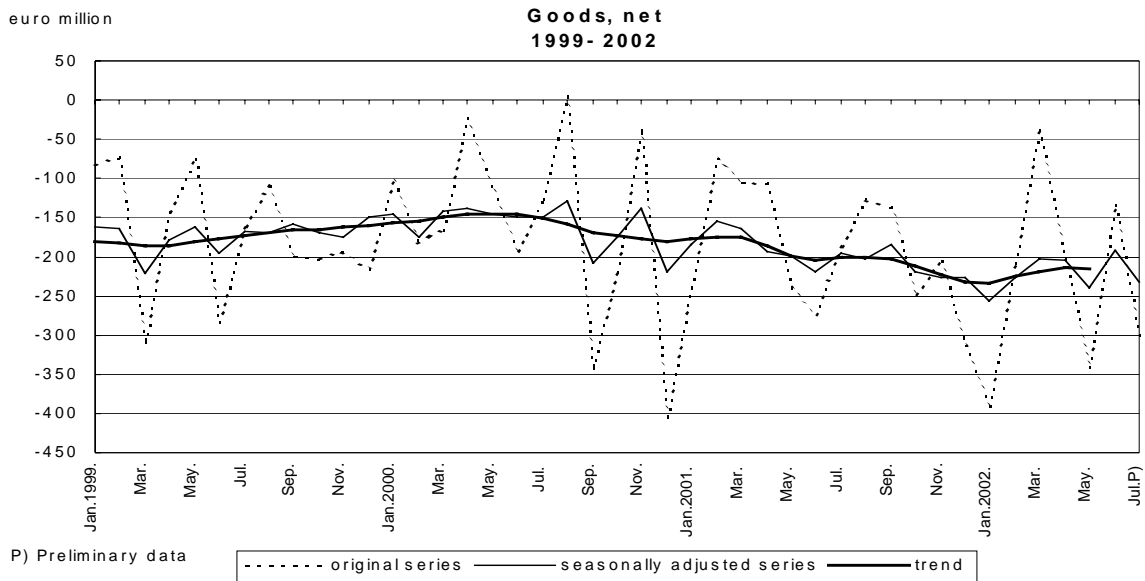
### Hungary's preliminary balance of payments July 2002

*The preliminary data may change when finalised.*

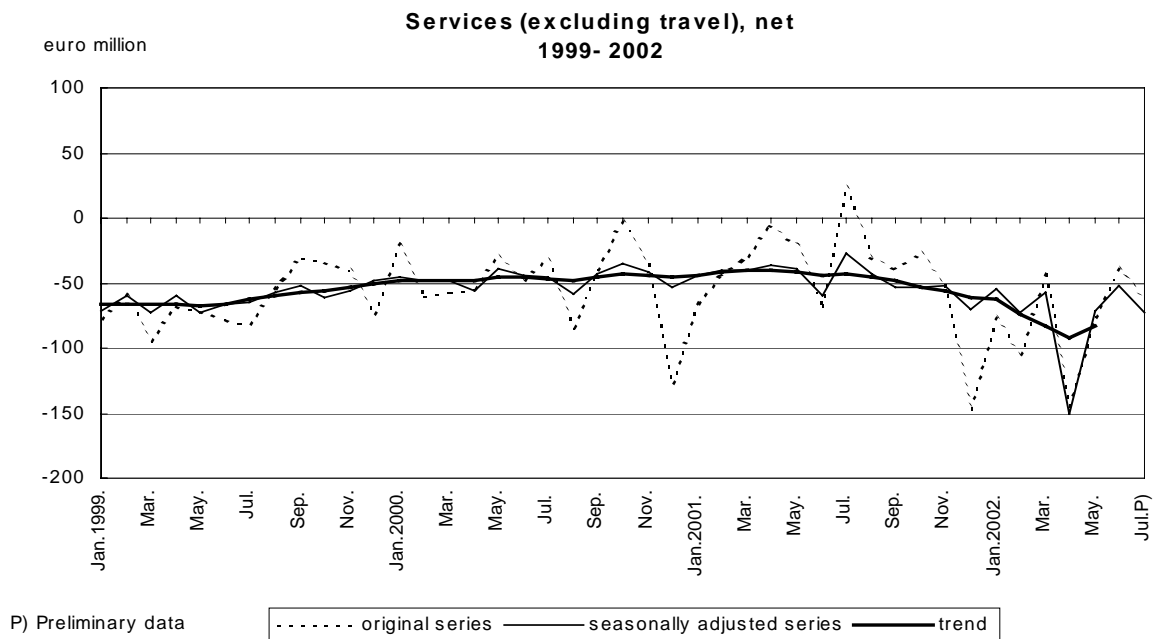
According to the preliminary data, Hungary's current account registered a EUR 173 million deficit in July 2002. This compared with a EUR 94 million surplus a year earlier. The year-on-year change was dominated by higher net expenditures for trade in goods, lower net revenues for services and a lower income deficit. After eliminating the seasonal effects, the current account was in a deficit of EUR 295 million. Net non-debt inflow amounted to EUR 46 million in the month under review.



In July 2002, net expenditures for trade in goods were the balance of EUR 3,097 million exports and EUR 3,400 million imports. Exports and imports rose by EUR 336 million and EUR 450 million respectively relative to a year earlier. The seasonally adjusted goods deficit was EUR 36 million higher than in July 2001.



The EUR 392 million tourism revenue was EUR 112 million lower in July 2002 than a year previously. Expenditure, at 150 EUR million, was unchanged in a year-on-year comparison. Net expenditures for service transactions excluding tourism amounted to EUR 63 million in the month under review. The effect of this month's outcome appears to break the trend of continuously rising monthly deficits since the summer of 2001.



Within the EUR 85 million net outflow of investment income, the negative balance for investment income on equity rose by EUR 14 million and that for investment income on debt fell by EUR 44 million relative to a year earlier.

The EUR 35 million surplus on current transfers in July 2002 was EUR 15 million lower than in July 2001.

The balance of non-debt capital transactions showed a total inflow of EUR 46 million in the month under review. The value of direct investments in equity capital was the balance of direct investment transactions by Hungarian residents abroad of EUR 18 million and those by non-residents in Hungary of EUR 129 million. Portfolio investment transactions in equity securities showed net outflows of EUR 65 million in the month under review.

Central bank foreign exchange reserves amounted to EUR 10.3 billion at the end of July 2002.

### Balance of payments, Hungary

euro million

	2001				2002			
	May	Jun.	Jul.	Jan.-Jul.	May	Jun.	Jul. <sup>P)</sup>	Jan.-Jul. <sup>P)</sup>
<b>1. Goods, net</b>	<b>-240</b>	<b>-275</b>	<b>-188</b>	<b>-1230</b>	<b>-341</b>	<b>-134</b>	<b>-303</b>	<b>-1617</b>
1.1. Exports	2649	2598	2761	18151	2843	2833	3097	19370
1.2. Imports	2889	2873	2950	19382	3184	2966	3400	20987
<b>2. Services and income, net</b>	<b>24</b>	<b>-178</b>	<b>262</b>	<b>186</b>	<b>-123</b>	<b>-286</b>	<b>94</b>	<b>-567</b>
2.1. Services*, net	232	198	377	1339	116	126	179	527
2.1.1. Exports	698	738	922	4718	678	717	828	4682
2.1.2. Imports	467	541	545	3379	562	591	649	4155
2.2. Income, net	-208	-375	-115	-1153	-239	-412	-85	-1094
2.2.1. Income on debt, net	-70	-144	-41	-522	-86	-157	3	-449
2.2.2. Income on equity, net	-139	-232	-74	-632	-151	-257	-88	-642
2.2.3. Compensation of employees, net	1	1	0	1	-1	1	0	-3
<b>3. Current transfers</b>	<b>3</b>	<b>17</b>	<b>20</b>	<b>131</b>	<b>21</b>	<b>23</b>	<b>35</b>	<b>212</b>
<b>4. Current account balance</b>	<b>-213</b>	<b>-436</b>	<b>94</b>	<b>-914</b>	<b>-443</b>	<b>-397</b>	<b>-173</b>	<b>-1972</b>
<b>5. Non debt creating financing, net</b>	<b>127</b>	<b>102</b>	<b>22</b>	<b>607</b>	<b>-95</b>	<b>37</b>	<b>46</b>	<b>449</b>
5.1. Direct investment, equity capital, net	119	103	16	506	-19	93	111	526
5.1.1. Abroad, net	-12	-13	-10	-357	-21	22	-18	-77
5.1.2. In Hungary, net	131	116	26	863	2	71	129	603
5.2. Portfolio investment, equity securities, net	8	0	6	101	-76	-55	-65	-77
*- o/w: Travel, net	252	265	354	1549	193	165	242	1075
credit	377	413	504	2384	319	298	392	1966
debit	125	148	150	835	125	133	150	892

<sup>P)</sup> Preliminary data

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

	2002							Jul. <sup>P)</sup>
	Jan.	Feb.	Mar.	Apr.	May	Jun.		
<b>1. Goods, net</b>	<b>-256</b>	<b>-227</b>	<b>-203</b>	<b>-205</b>	<b>-240</b>	<b>-192</b>		-232
1.1. Exports	2559	2689	2744	2804	2834	2951		2977
1.2. Imports	2909	2944	2932	3047	3108	3053		3202
<b>2. Services and income, net</b>								
2.1. Services								
2.1.1. Travel, net	157	193	171	162	173	156		158
credit	283	317	292	285	295	280		290
debit	138	141	133	117	127	110		121
2.1.2. Other services, net	-55	-73	-58	-150	-71	-52		-73
credit	381	389	388	380	389	401		380
debit	442	467	451	492	477	476		489
2.2. Income, net								
2.2.1. Income on debt, net	-55	-56	-50	-58	-60	-54		-33
2.2.2. Income on equity, net	-81	-76	-77	-73	-86	-86		-86
2.2.3. Compensation of employees, net	1	-4	0	0	-1	1		0
<b>3. Current transfers</b>	<b>30</b>	<b>30</b>	<b>35</b>	<b>31</b>	<b>36</b>	<b>35</b>		37
<b>4. Current account balance</b>	<b>-241</b>	<b>-240</b>	<b>-154</b>	<b>-301</b>	<b>-337</b>	<b>-232</b>		-295

<sup>P)</sup> Preliminary data

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

euro million

	2001											
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
<b>1. Goods, net</b>	<b>-184</b>	<b>-154</b>	<b>-164</b>	<b>-193</b>	<b>-200</b>	<b>-220</b>	<b>-196</b>	<b>-202</b>	<b>-184</b>	<b>-220</b>	<b>-226</b>	<b>-227</b>
1.1. Exports	2594	2535	2545	2622	2581	2712	2713	2602	2588	2585	2686	2605
1.2. Imports	2806	2666	2779	2778	2781	2948	2840	2755	2749	2834	2919	2870
<b>2. Services and income, net</b>												
2.1. Services												
2.1.1. Travel, net	228	201	227	236	234	252	269	250	261	250	264	259
credit	363	308	339	351	355	382	375	371	378	376	389	381
debit	117	115	116	102	127	122	121	145	121	135	127	113
2.1.2. Other services, net	-45	-40	-40	-37	-39	-60	-28	-43	-53	-53	-52	-70
credit	310	312	329	352	345	339	388	377	368	365	377	376
debit	366	353	369	360	381	406	410	400	409	421	433	450
2.2. Income, net												
2.2.1. Income on debt, net	-61	-71	-65	-73	-70	-67	-72	-64	-61	-73	-71	-49
2.2.2. Income on equity, net	-69	-71	-85	-112	-74	-65	-79	-69	-86	-78	-74	-64
2.2.3. Compensation of employees, net	-1	0	-1	1	1	1	0	0	0	1	1	2
<b>3. Current transfers</b>	<b>23</b>	<b>22</b>	<b>17</b>	<b>25</b>	<b>18</b>	<b>22</b>	<b>25</b>	<b>24</b>	<b>29</b>	<b>26</b>	<b>26</b>	<b>29</b>
<b>4. Current account balance</b>	<b>-63</b>	<b>-78</b>	<b>-132</b>	<b>-105</b>	<b>-124</b>	<b>-234</b>	<b>-56</b>	<b>-89</b>	<b>-122</b>	<b>-135</b>	<b>-174</b>	<b>-102</b>

\* \* \* \* \*

Average exchange rates of the Hungarian forint in July 2002 were 246.64 per euro and 248.59 per US dollar.

\* \* \* \* \*

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

The method 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 *Outliers* are identified according to the basic setting, allowing 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'.