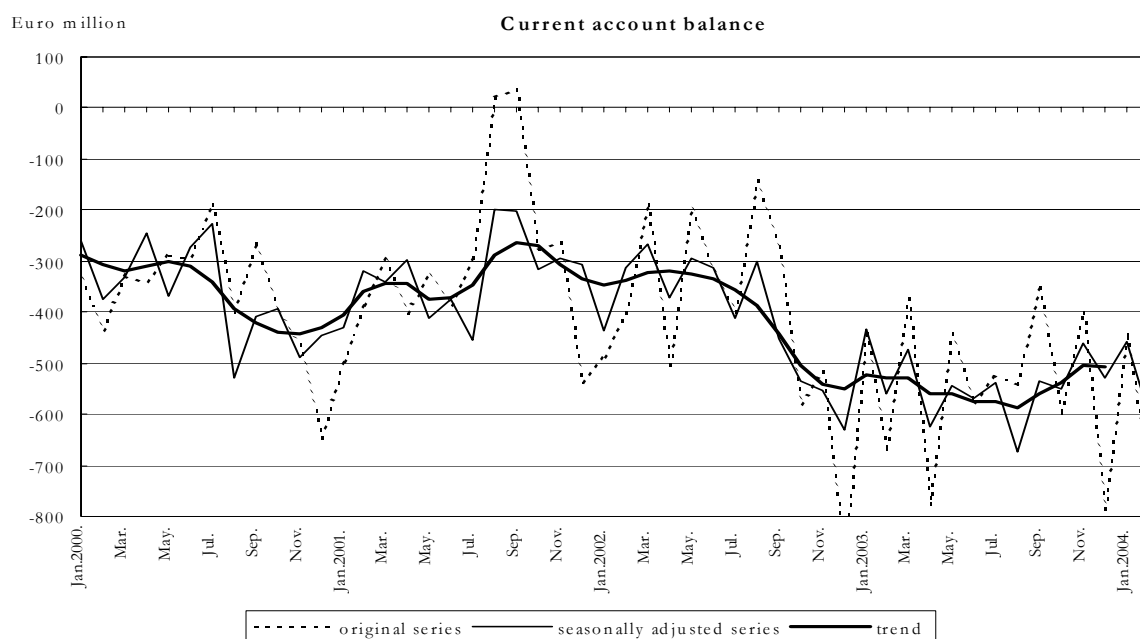


13 April 2004

## PRESS RELEASE

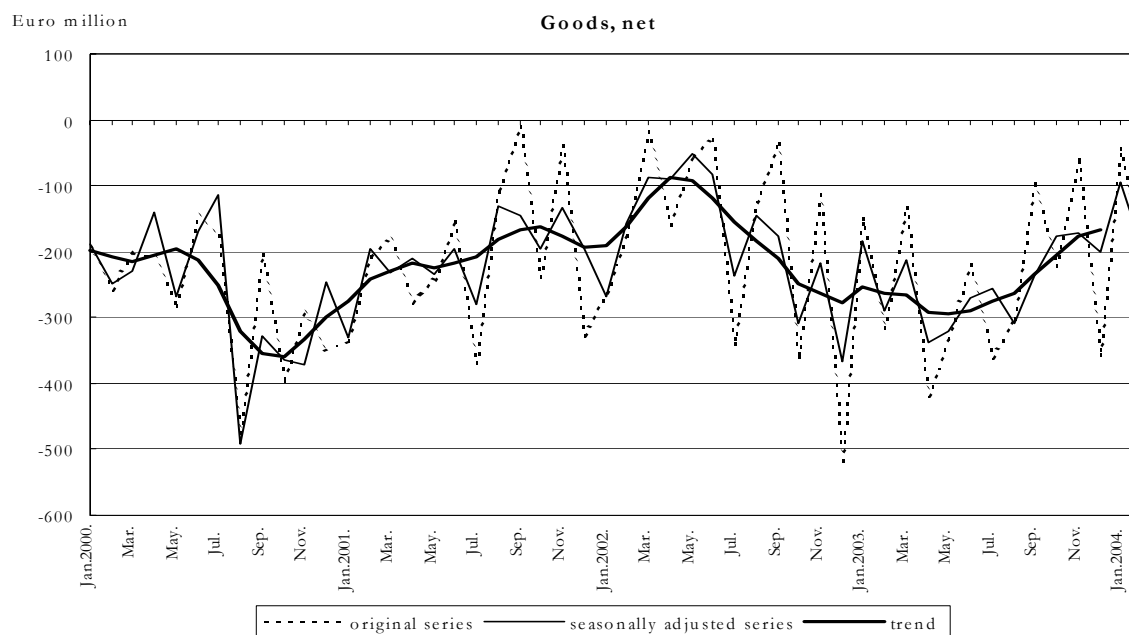
### Hungary's balance of payments: February 2004

*Hungary's current account registered a EUR 722 million deficit in February 2004.<sup>1</sup> That was EUR 54 million higher than twelve months previously. According to the seasonally adjusted data, the current account deficit continued to fluctuate around the level of deficit observed since end-2002. Taking a longer period, goods and services have played the most major role in developments in the current account balance. However, in February 2004 the goods balance was dominant. The balance of inward and outward flows of investment income continued to develop broadly evenly in the month under review. Non-debt outflows amounted to EUR 611 million.*



In February 2004, net expenditures for trade in goods were the balance of EUR 3,311 million exports and EUR 3,537 billion imports. Exports and imports were EUR 451 million and EUR 360 million higher respectively than a year earlier. After eliminating the seasonal effects, the increase in imports relative to the preceding month was stronger than that in exports. The seasonally adjusted goods deficit was EUR 100 million higher than in January 2004.

<sup>1</sup> The February 2004 balance of payments data are consistent with those published by the Bank in 31 March which included data on reinvested earnings.



Net travel expenditure amounted to EUR 6 million in February. According to the time series derived by seasonally adjusting data, the monthly travel account surplus fell, as seen in January. The deficit on services excluding travel was EUR 95 million in the month under review. After eliminating the seasonal effects, the trend of monthly deficits on services excluding travel has been flat for a longer period now.



Total net outflow of investment income amounted to EUR 416 million in February. Here, the negative balance for investment income on equity increased by EUR 5 million and that for investment income on debt by EUR 69 million in a year-on-year comparison.

The surplus registered on current transfers amounted to EUR 22 million. That was EUR 15 million lower than in February 2003.

Inward and outward non-debt capital transactions showed a net inflow of EUR 611 million in February. The value of direct investment in equity capital (i.e. the sum of share and other equity plus reinvested earnings) was the balance of direct investment transactions by Hungarian residents abroad and those by non-residents in Hungary, in the amounts of EUR 6 million and EUR 293 million respectively. Portfolio investment transactions in equity securities showed a net inflow of EUR 324 million in the month under review.

Central bank foreign exchange reserves amounted to EUR 10.6 billion at end-February 2004.

## Balance of payments, Hungary

euro million

	2003			2004		
	Jan	Feb	Jan-Feb	Jan	Feb	Jan-Feb
<b>1. Goods, net</b>	<b>-151</b>	<b>-316</b>	<b>-467</b>	<b>-44</b>	<b>-226</b>	<b>-270</b>
1.1. Exports	2759	2860	5620	3063	3311	6374
1.2. Imports	2910	3177	6087	3107	3537	6644
<b>2. Services and income, net</b>	<b>-344</b>	<b>-389</b>	<b>-733</b>	<b>-440</b>	<b>-518</b>	<b>-958</b>
2.1. Services*, net	-39	-46	-85	-166	-101	-268
2.1.1. Exports	583	461	1044	513	471	985
2.1.2. Imports	622	507	1129	679	573	1252
2.2. Income, net	-306	-343	-648	-274	-416	-690
2.2.1. Income on debt, net	-56	-93	-149	-22	-162	-184
2.2.2. Income on equity, net	-262	-257	-520	-260	-262	-523
2.2.3. Compensation of employees, net	13	7	20	9	8	17
<b>3. Current transfers</b>	<b>51</b>	<b>37</b>	<b>88</b>	<b>38</b>	<b>22</b>	<b>60</b>
<b>4. Current account balance</b>	<b>-444</b>	<b>-668</b>	<b>-1112</b>	<b>-445</b>	<b>-722</b>	<b>-1167</b>
<b>5. Non debt creating financing, net</b>	<b>276</b>	<b>119</b>	<b>395</b>	<b>54</b>	<b>611</b>	<b>664</b>
5.1. Abroad, net	-9	-15	-24	-208	-6	-214
5.1.1. Equity capital	-6	-11	-17	-205	-4	-209
5.1.2. Reinvested earnings	-4	-4	-7	-2	-2	-5
5.2. In Hungary, net	266	175	441	290	293	582
5.2.1. Equity capital	64	-23	40	96	97	193
5.2.2. Reinvested earnings	202	198	400	194	195	389
5.3. Portfolio investment, equity securities, net	19	-41	-22	-28	324	296
*- o/w: Travel, net	72	31	102	18	-6	12
credit	193	144	338	135	132	267
debit	122	114	235	117	139	256

## Balance of payments, Hungary 2004. (seasonally adjusted data) <sup>a)</sup>

euro million

	2004	
	Jan.	Feb.
<b>1. Goods, net</b>	<b>-96</b>	<b>-196</b>
1.1. Exports	3556	3509
1.2. Imports	3633	3641
<b>2. Services and income, net</b>		
2.1. Services	-71	-30
2.1.1. Travel, net	108	85
credit	215	222
debit	138	165
2.1.2. Other services, net	-121	-99
credit	371	430
debit	520	485
2.2. Income, net	-326	-335
2.2.1. Income on debt, net	-68	-77
2.2.2. Income on equity, net	-272	-272
2.2.3. Compensation of employees, net	9	5
<b>3. Current transfers</b>	<b>37</b>	<b>33</b>
<b>4. Current account balance</b>	<b>-459</b>	<b>-601</b>

Balance of payments, Hungary 2003. (seasonally adjusted data) <sup>a)</sup>

euro million

	2003											
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
<b>1. Goods, net</b>	<b>-184</b>	<b>-289</b>	<b>-212</b>	<b>-338</b>	<b>-320</b>	<b>-271</b>	<b>-257</b>	<b>-309</b>	<b>-236</b>	<b>-176</b>	<b>-171</b>	<b>-201</b>
1.1. Exports	3177	2948	3082	3096	3089	3048	3108	3286	3394	3295	3339	3293
1.2. Imports	3293	3287	3267	3394	3410	3287	3384	3626	3574	3511	3640	3436
<b>2. Services and income, net</b>												
2.1. Services	56	26	-4	-13	37	49	-59	-96	-52	-43	9	-79
2.1.1. Travel, net	163	120	114	111	112	162	34	31	72	85	113	121
credit	301	238	238	253	251	282	238	229	243	244	241	267
debit	143	135	133	152	146	135	163	147	158	161	133	174
2.1.2. Other services, net	-110	-80	-109	-117	-69	-98	-118	-131	-129	-126	-103	-95
credit	359	340	321	307	347	286	328	305	354	338	345	361
debit	469	421	445	412	420	406	445	471	482	462	451	481
2.2. Income, net	-338	-341	-326	-330	-324	-328	-322	-333	-324	-336	-325	-329
2.2.1. Income on debt, net	-77	-81	-63	-69	-62	-74	-60	-73	-65	-78	-67	-73
2.2.2. Income on equity, net	-265	-268	-274	-275	-276	-240	-277	-277	-276	-276	-275	-274
2.2.3. Compensation of employees, net	12	13	10	12	11	10	11	10	13	13	12	13
<b>3. Current transfers</b>	<b>44</b>	<b>46</b>	<b>48</b>	<b>52</b>	<b>100</b>	<b>37</b>	<b>43</b>	<b>40</b>	<b>47</b>	<b>35</b>	<b>36</b>	<b>40</b>
<b>4. Current account balance</b>	<b>-433</b>	<b>-560</b>	<b>-472</b>	<b>-624</b>	<b>-544</b>	<b>-570</b>	<b>-537</b>	<b>-673</b>	<b>-533</b>	<b>-551</b>	<b>-460</b>	<b>-528</b>

\* \* \* \* \*

Based on the Monetary Council's decision of 15 December 2003, the Bank's data release and revision policy will change after Hungary's joining the European Union. For a detailed description, see the press release 'Changes to the compilation and publication method and to the revision policy of the balance of payments statistics' on the Bank's website at:

[http://www.mnb.hu/dokumentumok/sajtokozl0105\\_en.pdf](http://www.mnb.hu/dokumentumok/sajtokozl0105_en.pdf).

In February 2004, the average exchange rates of the euro and the US dollar were HUF 262.97 and HUF 207.94 respectively.

The next release of balance of payments data is scheduled for 13 May 2004.

The method used to seasonally adjust the sub-components of the current account in 2004 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: distinctions are made (i) between working days and weekends and (ii) between working days and weekends, adjusted by the length of period; separate weights are given to (iii) each day and (iv) to each day, adjusted by the length of period.
- 3 Of *outliers*, the Bank identifies and eliminates two types: additive outliers and transitory changes.
- 4 Consistent data are available from 1995. The Bank, therefore, adjusts data for the period beginning with that year. In order to minimise adjustments, the same model setting is being used for one year. The press releases 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.

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 website at Financial Data...Statistical Releases, 'Sector classification in the MNB's statistical press releases from June 2001'.