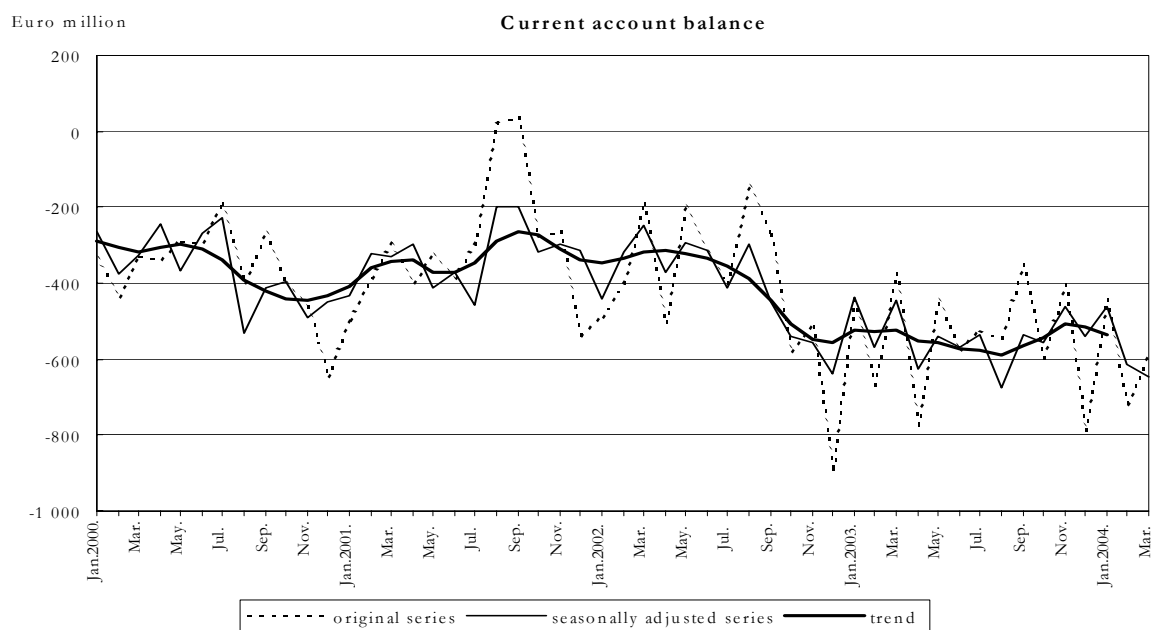


13 May 2004

## PRESS RELEASE

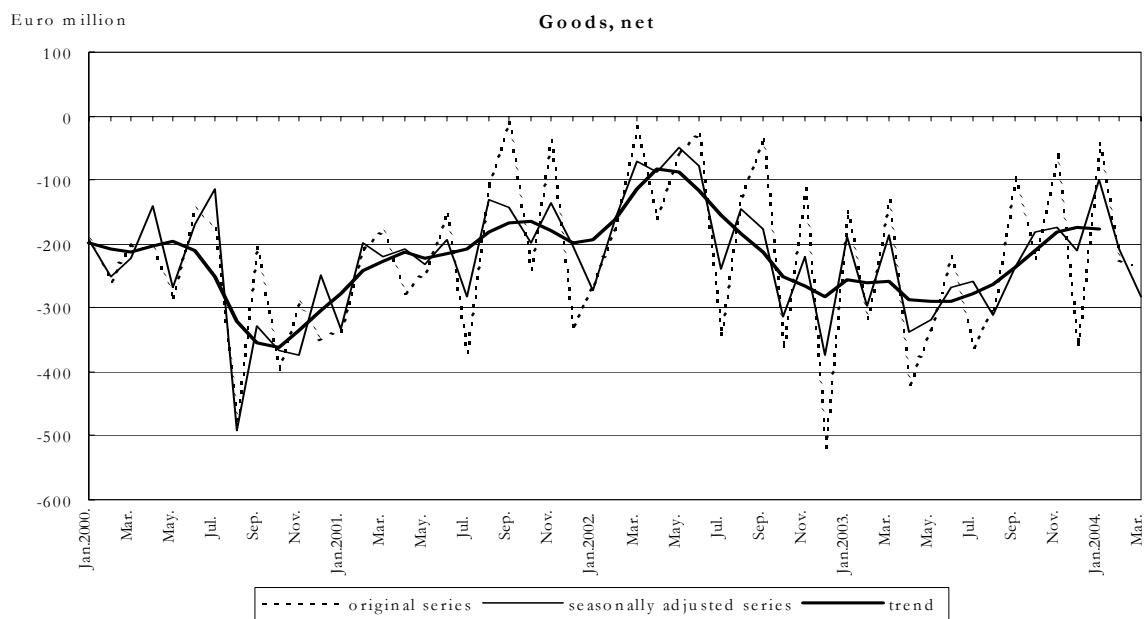
### Hungary's balance of payments: March 2004

*Hungary's current account registered a EUR 588 million deficit in March 2004.<sup>1</sup> That was EUR 212 million higher than twelve months previously. According to the seasonally adjusted data, the current account deficit amounted to EUR 648 million. The balance of inward and outward flows of investment income continued to develop broadly evenly in the month under review. The net inflow of direct investment amounted to EUR 198 million, the estimated amount of reinvested earnings accounting for EUR 126 million.*



In March 2004, net expenditures for trade in goods were the balance of EUR 3,839 million exports and EUR 4,075 million imports. After eliminating the seasonal effects, the one-month increase in imports was stronger than that in exports, despite the latter continuing to be high, exceeding their level a year earlier. The seasonally adjusted goods deficit was EUR 75 million higher than in February.

<sup>1</sup> The March 2004 balance of payments data include the estimated value reinvested earnings.



Net travel revenue amounted to EUR 17 million in March. According to the time series derived by seasonally adjusting data, the monthly travel account surplus has been falling gradually since the start of the year. Although travel revenue rose back to its level in 2003, expenditure was outstandingly high. The deficit on services excluding travel was EUR 130 million in the month under review.



Total net outflow of investment income amounted to EUR 298 million in March. Here, the negative balance for investment income on equity, which includes the estimated amounts of dividends declared payable and reinvested earnings, increased by EUR 20 million in a year-on-year comparison. The deficit on investment income on debt was higher by EUR 13 million relative to March 2003.

The surplus registered on current transfers amounted to EUR 45 million. That was EUR 14 million lower than a year earlier.

Non-debt capital transactions showed a net inflow of EUR 198 million in March. The outturn for direct investment in equity capital (i.e. the sum of direct investment in shares and other equity plus reinvested earnings) was the balance of transactions by Hungarian residents abroad and those by non-residents in Hungary, in the amounts of EUR 6 million and EUR 174 million respectively. The estimated value of reinvested earnings accounted for EUR 126 million of the total inflow of direct investment. Portfolio investment transactions in equity securities showed a net inflow of EUR 31 million in the month under review.

Central bank foreign exchange reserves amounted to EUR 10.1 billion at end-March 2004.

# Balance of payments, Hungary

euro million

	2003				2004			
	Jan	Feb	Mar	Jan-Mar	Jan	Feb	Mar	Jan-Mar
<b>1. Goods, net</b>	<b>-151</b>	<b>-316</b>	<b>-133</b>	<b>-599</b>	<b>-44</b>	<b>-226</b>	<b>-236</b>	<b>-506</b>
1.1. Exports	2759	2860	3328	8947	3063	3311	3839	10213
1.2. Imports	2910	3177	3460	9547	3107	3537	4075	10719
<b>2. Services and income, net</b>	<b>-344</b>	<b>-389</b>	<b>-303</b>	<b>-1036</b>	<b>-440</b>	<b>-518</b>	<b>-397</b>	<b>-1355</b>
2.1. Services*, net	-39	-46	-47	-132	-166	-101	-114	-381
2.1.1. Exports	583	461	497	1541	513	471	546	1530
2.1.2. Imports	622	507	545	1674	679	573	659	1912
2.2. Income, net	-306	-343	-255	-904	-274	-416	-284	-974
2.2.1. Income on debt, net	-56	-93	-13	-162	-22	-162	-25	-210
2.2.2. Income on equity, net	-262	-257	-253	-773	-260	-262	-272	-795
2.2.3. Compensation of employees, net	13	7	10	30	9	8	14	31
<b>3. Current transfers</b>	<b>51</b>	<b>37</b>	<b>59</b>	<b>148</b>	<b>38</b>	<b>22</b>	<b>45</b>	<b>105</b>
<b>4. Current account balance</b>	<b>-444</b>	<b>-668</b>	<b>-376</b>	<b>-1488</b>	<b>-445</b>	<b>-722</b>	<b>-588</b>	<b>-1756</b>
<b>5. Non debt creating financing, net</b>	<b>276</b>	<b>119</b>	<b>72</b>	<b>467</b>	<b>54</b>	<b>611</b>	<b>198</b>	<b>862</b>
5.1. Abroad, net	-9	-15	-354	-377	-208	-6	-6	-220
5.1.1. Equity capital	-6	-11	-351	-368	-205	-4	-6	-216
5.1.2. Reinvested earnings	-4	-4	-2	-9	-2	-2	0	-5
5.2. In Hungary, net	266	175	191	632	290	293	174	756
5.2.1. Equity capital	64	-23	58	98	96	97	47	240
5.2.2. Reinvested earnings	202	198	133	534	194	195	126	516
5.3. Portfolio investment, equity securities, net	19	-41	234	212	-28	324	31	326
*- o/w: Travel, net	72	31	58	160	18	-6	17	28
credit	193	144	188	526	135	132	196	463
debit	122	114	130	365	117	139	179	435

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

euro million

	2004		
	Jan.	Feb.	Mar.
<b>1. Goods, net</b>	<b>-100</b>	<b>-208</b>	<b>-283</b>
1.1. Exports	3542	3469	3359
1.2. Imports	3632	3636	3651
<b>2. Services and income, net</b>			
2.1. Services	-72	-30	-70
2.1.1. Travel, net	106	84	78
credit	216	224	244
debit	138	165	182
2.1.2. Other services, net	-122	-99	-132
credit	369	422	355
debit	513	477	461
2.2. Income, net	-329	-339	-339
2.2.1. Income on debt, net	-68	-77	-75
2.2.2. Income on equity, net	-279	-279	-281
2.2.3. Compensation of employees, net	9	-3	14
<b>3. Current transfers</b>	<b>37</b>	<b>33</b>	<b>38</b>
<b>4. Current account balance</b>	<b>-463</b>	<b>-614</b>	<b>-648</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>-188</b>	<b>-297</b>	<b>-187</b>	<b>-337</b>	<b>-318</b>	<b>-268</b>	<b>-259</b>	<b>-311</b>	<b>-237</b>	<b>-181</b>	<b>-174</b>	<b>-211</b>
1.1. Exports	3167	2941	3109	3106	3093	3051	3110	3284	3394	3289	3330	3280
1.2. Imports	3292	3288	3271	3395	3410	3289	3385	3625	3572	3507	3638	3437
<b>2. Services and income, net</b>												
2.1. Services	56	26	-4	-13	38	50	-59	-97	-52	-43	9	-80
2.1.1. Travel, net	162	120	118	112	112	162	34	32	72	85	112	119
credit	302	239	233	252	250	281	238	229	243	246	243	270
debit	144	136	132	152	145	135	163	147	158	162	133	175
2.1.2. Other services, net	-111	-80	-108	-118	-68	-98	-118	-131	-130	-126	-103	-97
credit	358	341	322	308	347	286	330	304	354	337	344	361
debit	464	419	450	414	421	407	446	471	481	461	450	478
2.2. Income, net	-339	-341	-323	-330	-324	-328	-323	-334	-325	-338	-327	-331
2.2.1. Income on debt, net	-77	-82	-63	-69	-62	-74	-60	-73	-65	-78	-67	-73
2.2.2. Income on equity, net	-265	-269	-272	-274	-276	-239	-277	-277	-277	-278	-278	-278
2.2.3. Compensation of employees, net	13	10	8	11	12	11	10	10	14	14	13	15
<b>3. Current transfers</b>	<b>44</b>	<b>46</b>	<b>47</b>	<b>52</b>	<b>100</b>	<b>37</b>	<b>43</b>	<b>41</b>	<b>47</b>	<b>35</b>	<b>37</b>	<b>40</b>
<b>4. Current account balance</b>	<b>-436</b>	<b>-568</b>	<b>-444</b>	<b>-625</b>	<b>-542</b>	<b>-569</b>	<b>-538</b>	<b>-675</b>	<b>-534</b>	<b>-557</b>	<b>-464</b>	<b>-538</b>

\* \* \* \* \*

Based on the Monetary Council's decision of 15 December 2003, the Bank's data release and revision policy changed with Hungary's accession to the EU. 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).

The last monthly balance of payments press release is scheduled for 14 June 2004. The Bank will publish data for 2004 Q1 on 30 June 2004.

In March 2004, the average exchange rates of the euro and the US dollar were HUF 253.36 and HUF 206.58 respectively.

\* \* \* \* \*

The method used to seasonally adjust the sub-components of the current account in 2004 is as follows:

- 1 The sub-accounts of the current account are seasonally adjusted using the SEATS TRAMO software, within the Demetra interface, consistent 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 The Bank identifies and eliminates two types of *outliers*: 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'.