

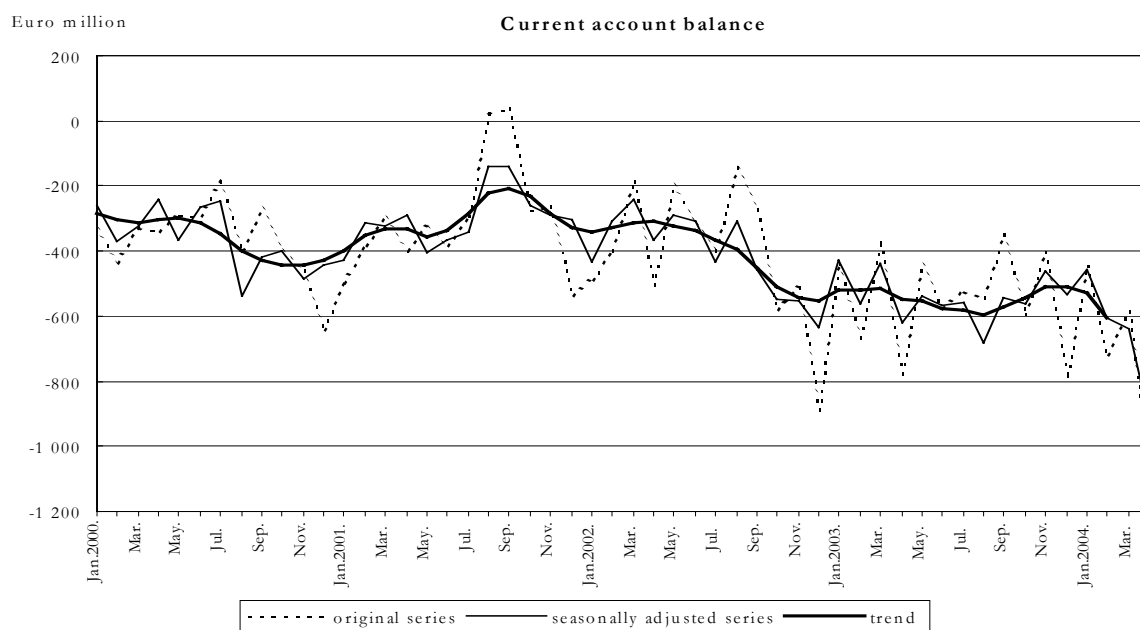
14 June 2004

PRESS RELEASE

Hungary's balance of payments: April 2004

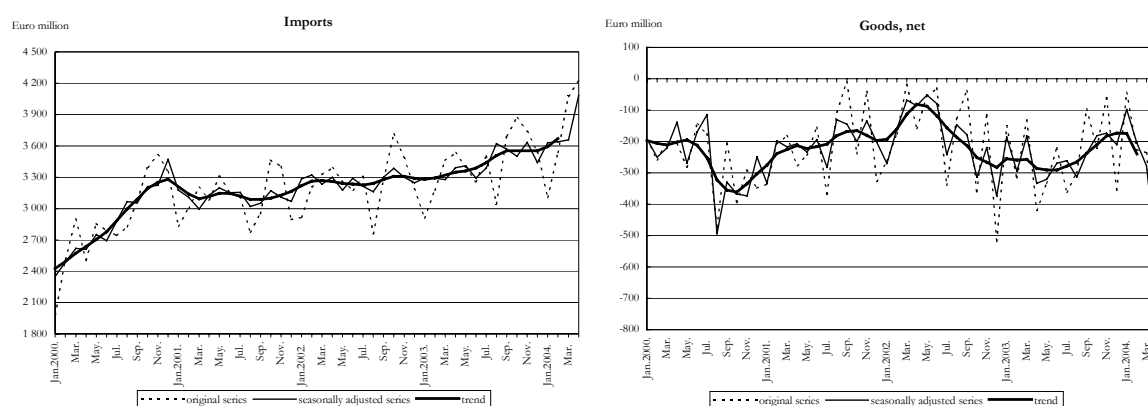
The April 2004 balance of payments data include the estimated value of reinvested earnings. In accordance with its new data release policy, the MNB has ceased to publish monthly data with the release of the April 2004 balance of payments. In the future, the Bank will release Hungarian balance of payments data quarterly. For more details, see the Bank's data release calendar at: http://www.mnb.hu/dokumentumok/Publnaptr2004_2hu.xls.

Hungary's current account registered a EUR 1,070 million deficit in April 2004. That was EUR 294 million higher than twelve months previously. According to the seasonally adjusted data, the current account deficit amounted to EUR 909 million. The outturn for trade in goods was dominant in April's current account balance outcome. Exports continued to be high year on year, imports rising very strongly in the month under review. According to the quick report by the CSO of 10 June 2004, 'Tactical purchases by firms in the period preceding Hungary's accession to the EU strongly influenced the monthly outcome for trade in goods'.¹ The balance of inward and outward flows of investment income continued to develop broadly evenly in April. The net inflow of direct investment amounted to EUR 180 million.

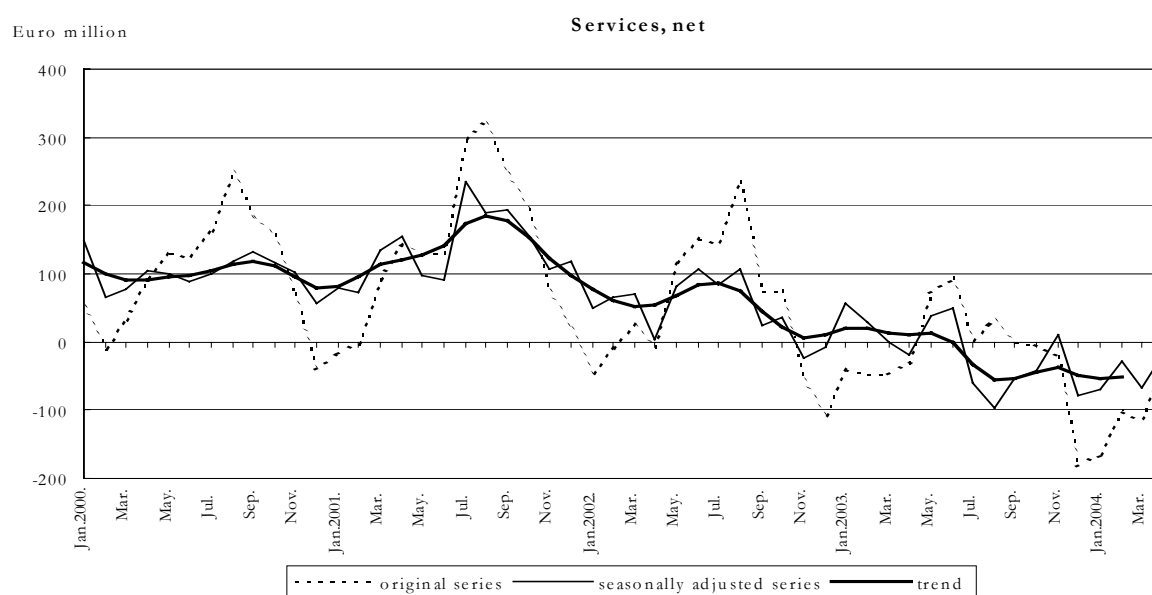


¹ In March-April, Hungary's balance of trade with the EU and the CEFTA improved relative to the same period of the previous year, while it deteriorated with other regions, particularly because of higher imports.

In April 2004, net expenditures for trade in goods were the balance of EUR 3,542 million exports and EUR 4,219 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 previously. The seasonally adjusted goods deficit was EUR 309 million higher than in March.



Net travel revenue amounted to EUR 98 million in April 2004. According to the time series derived by seasonally adjusting data, the monthly travel account surplus increased relative to the preceding month. The deficit on services excluding travel was EUR 126 million in the month under review.



Total net outflow of investment income amounted to EUR 455 million in April. Here, the negative balance for investment income on equity, which includes the estimated amounts of dividends declared payable and reinvested earnings, increased by EUR 21 million in a year-on-year comparison. The deficit on investment income on debt was higher by EUR 26 million than in April 2003.

The surplus registered on current transfers amounted to EUR 81 million. That was EUR 10 million higher than a year earlier.

Non-debt capital transactions showed a net inflow of EUR 180 million in April. 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 16 million and EUR 171 million respectively. Portfolio investment transactions in equity securities showed a net inflow of EUR 26 million in the month under review.

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

Balance of payments, Hungary

euro million

	2003				2004			
	Feb	Mar	Apr	Jan-Apr	Feb	Mar	Apr	Jan-Apr
1. Goods, net	-316	-133	-420	-1020	-226	-236	-677	-1183
1.1. Exports	2860	3328	3115	12062	3311	3839	3542	13755
1.2. Imports	3177	3460	3536	13082	3537	4075	4219	14938
2. Services and income, net	-389	-303	-427	-1463	-518	-397	-474	-1829
2.1. Services*, net	-46	-47	-31	-163	-101	-114	-28	-409
2.1.1. Exports	461	497	538	2080	471	546	668	2199
2.1.2. Imports	507	545	569	2242	573	659	696	2608
2.2. Income, net	-343	-255	-396	-1300	-416	-284	-446	-1420
2.2.1. Income on debt, net	-93	-13	-139	-301	-162	-25	-165	-375
2.2.2. Income on equity, net	-257	-253	-268	-1041	-262	-272	-289	-1084
2.2.3. Compensation of employees, net	7	10	11	42	8	14	9	39
3. Current transfers	37	59	71	219	22	45	81	186
4. Current account balance	-668	-376	-776	-2264	-722	-588	-1070	-2826
5. Non debt creating financing, net	119	72	-13	453	611	198	180	1042
5.1. Abroad, net	-15	-354	-11	-389	-6	-6	-16	-237
5.1.1. Equity capital	-11	-351	-11	-379	-4	-6	-21	-236
5.1.2. Reinvested earnings	-4	-2	0	-10	-2	0	4	0
5.2. In Hungary, net	175	191	-14	618	293	174	171	927
5.2.1. Equity capital	-23	58	-31	67	97	47	184	424
5.2.2. Reinvested earnings	198	133	17	551	195	126	-13	503
5.3. Portfolio investment, equity securities, net	-41	234	12	224	324	31	26	352
*- o/w: Travel, net	31	58	92	252	-6	17	98	126
credit	144	188	235	760	132	196	234	697
debit	114	130	143	508	139	179	136	571

Balance of payments, Hungary 2004. (seasonally adjusted data) ^{a)}

euro million

	2004			
	Jan.	Feb.	Mar.	Apr.
1. Goods, net	-98	-205	-278	-587
1.1. Exports	3556	3491	3381	3597
1.2. Imports	3631	3638	3659	4086
2. Services and income, net				
2.1. Services	-70	-27	-67	-17
2.1.1. Travel, net	108	86	81	113
credit	218	226	246	247
debit	138	165	181	146
2.1.2. Other services, net	-122	-99	-132	-122
credit	371	427	358	416
debit	519	486	468	558
2.2. Income, net	-333	-344	-344	-348
2.2.1. Income on debt, net	-68	-78	-76	-78
2.2.2. Income on equity, net	-280	-281	-283	-284
2.2.3. Compensation of employees, net	9	9	13	11
3. Current transfers	40	38	42	51
4. Current account balance	-458	-607	-640	-909

Balance of payments, Hungary 2003. (seasonally adjusted data) ^{a)}

euro million

	2003											
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
1. Goods, net	-186	-295	-183	-334	-321	-270	-262	-313	-238	-182	-174	-211
1.1. Exports	3170	2944	3121	3089	3087	3046	3106	3281	3393	3293	3338	3290
1.2. Imports	3293	3289	3279	3391	3409	3294	3387	3623	3570	3501	3633	3441
2. Services and income, net												
2.1. Services	57	28	-1	-19	38	50	-60	-97	-52	-43	10	-80
2.1.1. Travel, net	163	122	120	107	111	161	33	31	72	85	113	120
credit	303	240	234	248	249	281	238	229	244	246	244	272
debit	143	135	131	154	146	135	163	147	158	161	133	175
2.1.2. Other services, net	-110	-80	-107	-118	-68	-98	-118	-131	-130	-126	-103	-98
credit	358	341	323	307	346	286	329	304	353	338	345	363
debit	465	421	453	409	418	405	445	469	481	463	452	485
2.2. Income, net	-339	-342	-323	-326	-323	-327	-323	-335	-326	-340	-329	-334
2.2.1. Income on debt, net	-77	-82	-63	-68	-62	-74	-60	-74	-65	-78	-68	-74
2.2.2. Income on equity, net	-265	-269	-272	-273	-275	-239	-277	-277	-278	-279	-279	-279
2.2.3. Compensation of employees, net	12	10	8	12	12	11	10	10	14	14	13	15
3. Current transfers	44	46	47	48	58	38	43	41	47	37	39	43
4. Current account balance	-430	-562	-437	-620	-539	-566	-557	-682	-541	-563	-459	-533

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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 on the Bank's website at: (http://www.mnb.hu/dokumentumok/sajtokozl0105_en.pdf).

The Bank will publish data next on 30 June, at the time of releasing the 2004 Q1 balance of payments.

In April 2004, the average exchange rates of the euro and the US dollar were HUF 250.31 and HUF 208.64 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.

Note 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'.