

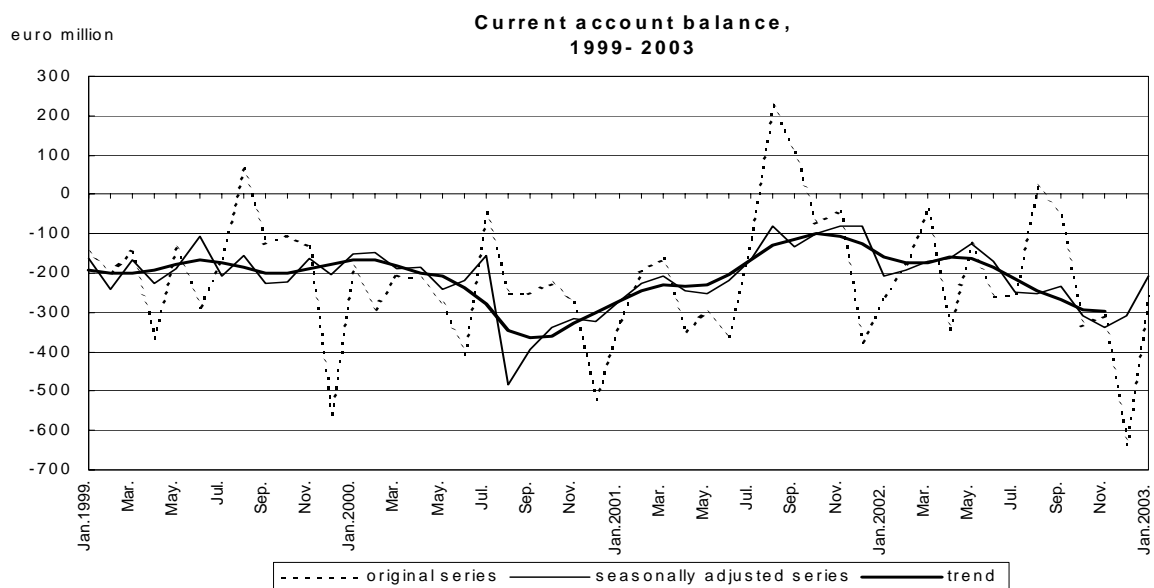
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## PRESS RELEASE

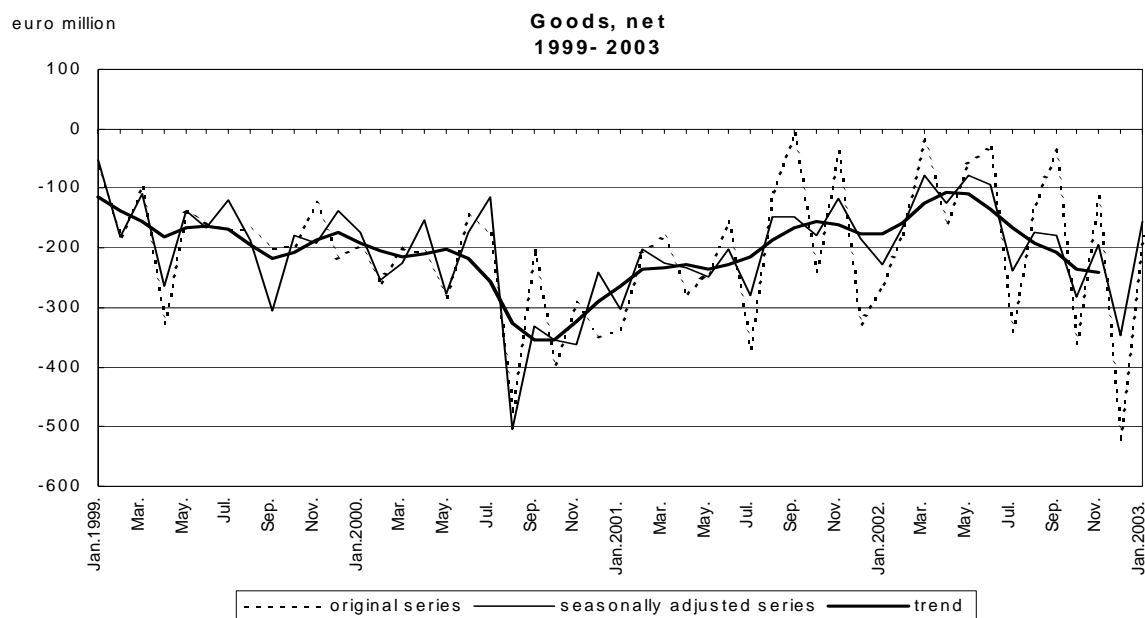
### Hungary's balance of payments: January 2003

*From 2003, the focus of data releases will shift from monthly to quarterly data. On a monthly basis, the Bank will only publish the balance of payments data consisting of the main aggregates, in addition to international reserves data, on the R+30<sup>th</sup> working day. Unlike the earlier practice, IIP data will not be published. While keeping the previous structure, detailed balance of payments and IIP data will only be compiled and published quarterly and yearly on the Bank's website before the end of the quarter following the reference period. With the introduction of the new system of data releases, the Bank will also change its data revision practice. Monthly data will be revised regularly at the time of releasing and revising quarterly and yearly data. Quarterly data will not be revised within a year – they will only be revised at the time of releasing and revising yearly data. Yearly data will be revised twice – in the 15<sup>th</sup> month following the reference year as well as a year later. For more details, see the methodological description at: [http://www.mnb.hu/dokumentumok/fm\\_modszertan\\_2003\\_en.pdf](http://www.mnb.hu/dokumentumok/fm_modszertan_2003_en.pdf)*

*Hungary's current account registered a EUR 261 million deficit in January 2003. This was comparable with the deficit recorded a year earlier. Compared with the previous period, the fall in net expenditures for trade in goods, calculated on the basis of customs statistics, was offset by opposite changes in the services, income and current transfers accounts. After eliminating the seasonal effects, the current account was in a EUR 207 million deficit. The upward trend of the seasonally adjusted current account deficit which began in the final quarter of 2001 appears to have stopped. Net non-debt inflow amounted to EUR 68 million in the month under review.*



In January, net expenditures for trade in goods were the balance of EUR 2,649 million exports and EUR 2,831 million imports. Exports and imports fell by EUR 4 million and EUR 84 million respectively relative to a year earlier. The seasonally adjusted time series showed a EUR 122 million lower deficit than in December 2002 and a EUR 72 million higher deficit than in January 2002.



Travel revenue and expenditure, at EUR 193 million and EUR 122 million respectively, were EUR 7 million and EUR 25 million lower in January than a year earlier. Net expenditures for service transactions excluding travel amounted to EUR 149 million. According to the time series calculated after eliminating the seasonal effects, the trend of balance outcomes for service transactions excluding travel shows continuously falling net expenditures since the summer of 2002.



Total net outflow of investment income amounted to EUR 46 million in January. Here, the negative balance for investment income on equity and that for investment income on debt increased by EUR 7 million EUR 5 million respectively in a year-on-year comparison.

The EUR 44 million surplus on current transfers in January 2003 was EUR 29 million lower than in January 2002.

The balance of non-debt capital transactions showed a total inflow of EUR 68 million in January. The value of direct investment in equity capital 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 63 million respectively. Portfolio investment transactions in equity securities showed a net inflow of EUR 11 million in the month under review.

Central bank foreign exchange reserves amounted to EUR 14.2 billion at end-January.

## Balance of payments, Hungary

euro million

	2002	2003
	Jan.	Jan.
<b>1. Goods, net</b>	<b>-262</b>	<b>-183</b>
1.1. Exports	2653	2649
1.2. Imports	2915	2831
<b>2. Services and income, net</b>	<b>-71</b>	<b>-123</b>
2.1. Services*, net	-41	-77
2.1.1. Exports	606	655
2.1.2. Imports	647	732
2.2. Income, net	-30	-46
2.2.1. Income on debt, net	-31	-36
2.2.2. Income on equity, net	-16	-23
2.2.3. Compensation of employees, net	17	13
<b>3. Current transfers</b>	<b>73</b>	<b>44</b>
<b>4. Current account balance</b>	<b>-261</b>	<b>-261</b>
<b>5. Non debt creating financing, net</b>	<b>237</b>	<b>68</b>
5.1. Direct investment, equity capital, net	139	57
5.1.1. Abroad, net	-15	-6
5.1.2. In Hungary, net	154	63
5.2. Portfolio investment, equity securities, net	98	11
*- o/w: Travel, net	53	72
credit	200	193
debit	147	122

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

euro million

	2003
	Jan.
<b>1. Goods, net</b>	<b>-155</b>
1.1. Exports	3040
1.2. Imports	3223
<b>2. Services and income, net</b>	
2.1. Services	
2.1.1. Travel, net	162
credit	306
debit	142
2.1.2. Other services, net	-138
credit	457
debit	564
2.2. Income, net	
2.2.1. Income on debt, net	-62
2.2.2. Income on equity, net	-89
2.2.3. Compensation of employees, net	9
<b>3. Current transfers</b>	<b>44</b>
<b>4. Current account balance</b>	<b>-207</b>

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

euro million

	2002											
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
<b>1. Goods, net</b>	<b>-227</b>	<b>-167</b>	<b>-79</b>	<b>-125</b>	<b>-79</b>	<b>-95</b>	<b>-238</b>	<b>-173</b>	<b>-178</b>	<b>-282</b>	<b>-195</b>	<b>-347</b>
1.1. Exports	3021	3053	3092	3091	3071	3069	3059	3043	3091	3088	3079	3052
1.2. Imports	3274	3317	3213	3313	3201	3264	3191	3189	3303	3410	3324	3239
<b>2. Services and income, net</b>												
2.1. Services												
2.1.1. Travel, net	143	151	131	156	170	145	149	116	107	124	102	137
credit	313	311	298	306	310	286	303	246	265	279	250	282
debit	171	160	164	148	139	138	149	129	161	158	156	155
2.1.2. Other services, net	-86	-81	-70	-137	-75	-35	-92	-38	-67	-87	-106	-124
credit	402	377	353	349	367	448	400	416	385	442	368	475
debit	461	487	441	493	460	476	494	470	486	509	491	545
2.2. Income, net												
2.2.1. Income on debt, net	-62	-61	-61	-65	-65	-68	-58	-65	-67	-64	-63	-57
2.2.2. Income on equity, net	-86	-78	-107	-70	-92	-97	-94	-111	-63	-81	-113	-85
2.2.3. Compensation of employees, net	14	12	12	15	15	14	6	11	13	15	11	14
<b>3. Current transfers</b>	<b>73</b>	<b>19</b>	<b>53</b>	<b>34</b>	<b>36</b>	<b>31</b>	<b>43</b>	<b>42</b>	<b>38</b>	<b>39</b>	<b>28</b>	<b>39</b>
<b>4. Current account balance</b>	<b>-209</b>	<b>-192</b>	<b>-169</b>	<b>-164</b>	<b>-125</b>	<b>-171</b>	<b>-247</b>	<b>-253</b>	<b>-232</b>	<b>-308</b>	<b>-338</b>	<b>-310</b>

\* \* \* \* \*

In January 2003, the average exchange rates of the euro and the US dollar were HUF 240.17 and HUF 243.93 respectively.

The Bank will release Hungary's balance of payments for February 2003 on 11 April 2003.

\* \* \* \* \*

<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 Consistent data are available from 1995. The Bank, therefore, revises data for the period beginning with that year. In order to minimise revisions, 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.
- 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 MNB's statistical press releases from June 2001'.