

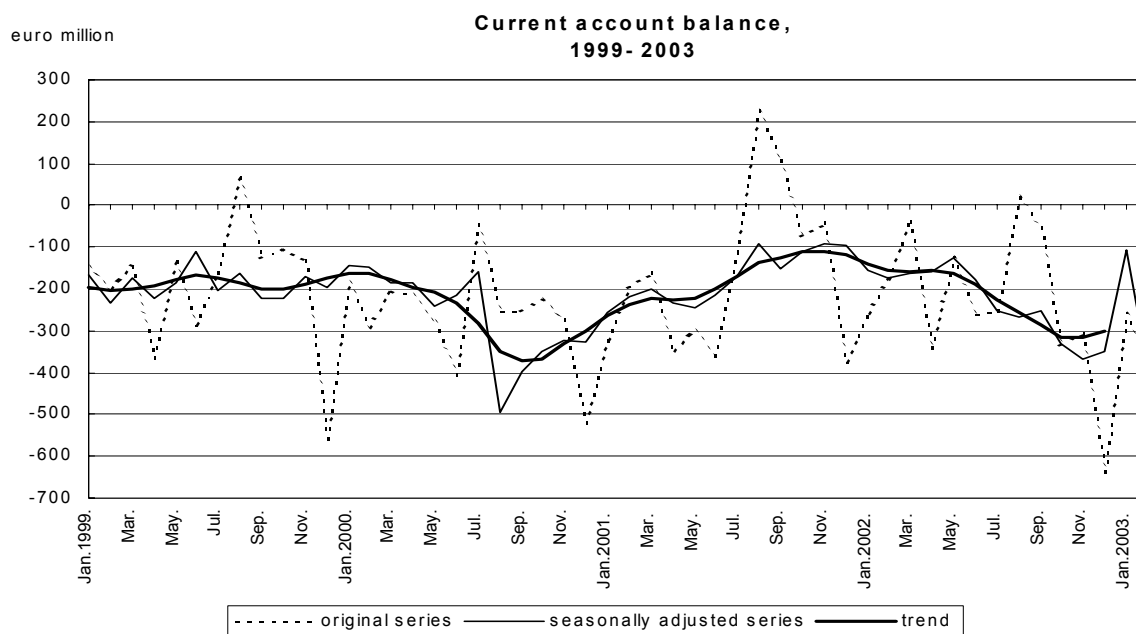
11 April 2003

PRESS RELEASE

Hungary's balance of payments: February 2003

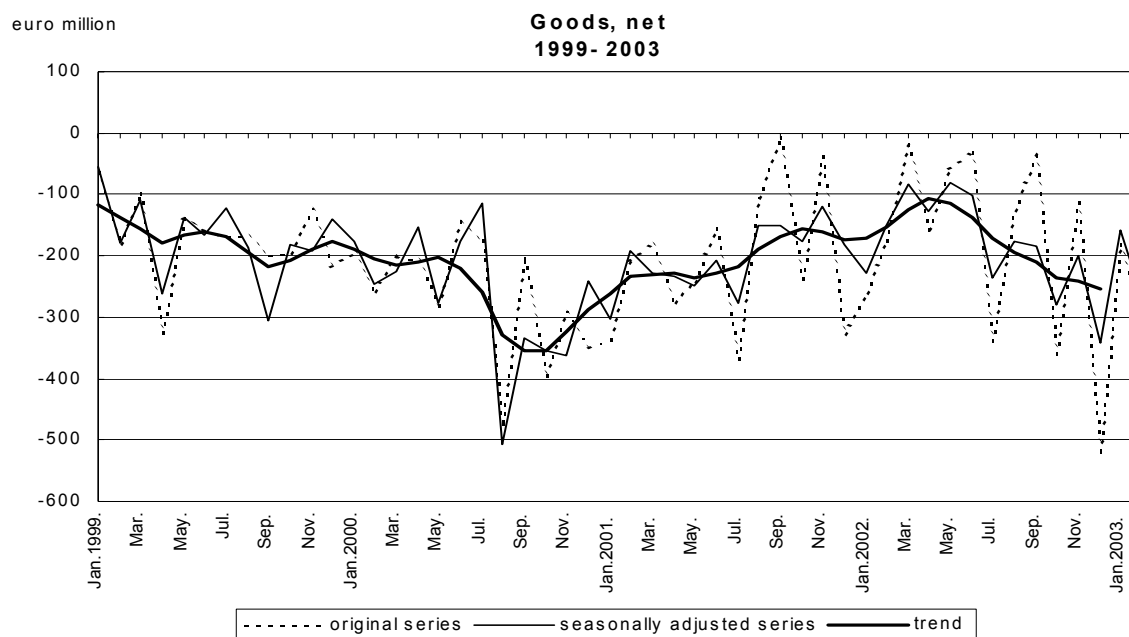
From 2003, the Bank has shifted the focus of its releases from monthly to quarterly data. On a monthly basis, the Bank only publishes the balance of payments data consisting of the main aggregates, in addition to international reserves data, on the R+30th working day. Unlike the earlier practice, IIP data are not be published. While keeping the previous structure, detailed balance of payments and IIP data are only 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 has also changed its data revision practice. Monthly data are revised regularly at the time of releasing and revising quarterly and yearly data. Quarterly data are not be revised within a year – they are only revised at the time of releasing and revising yearly data. Yearly data are revised twice – in the 15th 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

Hungary's current account registered a EUR 413 million deficit in February 2003. This compared with a EUR 178 million deficit recorded a year earlier. Increases in net expenditures for trade in goods, calculated on the basis of customs statistics, and in negative income as well as lower net travel receipts were dominant in the change. Net non-debt outflows amounted to EUR 82 million. After eliminating the seasonal effects, the current account was in a EUR 393 million deficit, up from a EUR 106 million deficit in the preceding month. In spite of this, the trend of the seasonally adjusted current account deficit appears to have stopped rising, which suggests incidental effects influencing the February balance.



In February, net expenditures for trade in goods were the balance of EUR 2,862 million exports and EUR 3,172 million imports. Exports and imports fell by EUR 169 million and EUR 36 million respectively relative to a year earlier. The seasonally adjusted time series showed

EUR 112 million and EUR 72 million higher deficits than in the preceding month and February 2002 respectively.



Travel revenue and expenditure, at EUR 144 million and EUR 114 million, were EUR 72 million and EUR 21 million lower respectively than a year earlier. Net expenditures for service transactions excluding travel amounted to EUR 77 million. According to the time series calculated after eliminating the seasonal effects, the trend of balance outcomes for service transactions excluding travel shows continuously rising net expenditures since the summer of 2002.



Total net outflow of investment income amounted to EUR 90 million in February. Here, the negative balance for investment income on equity was EUR 4 million lower and that for investment income on debt was EUR 82 million higher in a year-on-year comparison.

The EUR 34 million surplus on current transfers in February 2003 was EUR 15 million higher than a year earlier.

The balance of non-debt capital transactions showed a total outflow of EUR 82 million in February. As direct investment transactions in equity capital, Hungarian residents withdrew EUR 1 million from abroad and non-residents withdrew EUR 43 million from Hungary. Portfolio investment transactions in equity securities showed a net outflow of EUR 41 million in the month under review.

Central bank foreign exchange reserves amounted to EUR 13.0 billion at end-February.

Balance of payments, Hungary

euro million

	2002			2003		
	Jan.	Feb.	Jan.-Feb.	Jan.	Feb.	Jan.-Feb.
1. Goods, net	-262	-177	-439	-183	-310	-493
1.1. Exports	2653	3031	5684	2649	2862	5510
1.2. Imports	2915	3208	6123	2831	3172	6003
2. Services and income, net	-71	-20	-91	-123	-137	-260
2.1. Services*, net	-41	-11	-52	-77	-47	-123
2.1.1. Exports	606	628	1234	655	559	1214
2.1.2. Imports	647	639	1286	732	606	1338
2.2. Income, net	-30	-9	-39	-46	-90	-137
2.2.1. Income on debt, net	-31	-11	-42	-36	-93	-129
2.2.2. Income on equity, net	-16	-9	-25	-23	-5	-27
2.2.3. Compensation of employees, net	17	11	28	13	7	20
3. Current transfers	73	19	92	44	34	79
4. Current account balance	-261	-178	-438	-261	-413	-674
5. Non debt creating financing, net	237	35	273	68	-82	-14
5.1. Direct investment, equity capital, net	139	27	166	57	-42	15
5.1.1. Abroad, net	-15	-17	-32	-6	1	-4
5.1.2. In Hungary, net	154	44	198	63	-43	20
5.2. Portfolio investment, equity securities, net	98	8	106	11	-41	-29
*- o/w: Travel, net	53	81	134	72	31	102
credit	200	216	416	193	144	338
debit	147	135	282	122	114	235

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

euro million

	2003	
	Jan.	Feb.
1. Goods, net	-158	-270
1.1. Exports	3001	2974
1.2. Imports	3201	3294
2. Services and income, net		
2.1. Services		
2.1.1. Travel, net	161	105
credit	275	270
debit	144	141
2.1.2. Other services, net	-134	-79
credit	457	382
debit	554	495
2.2. Income, net		
2.2.1. Income on debt, net	-68	-76
2.2.2. Income on equity, net	-88	-84
2.2.3. Compensation of employees, net	9	9
3. Current transfers	44	34
4. Current account balance	-106	-393

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

euro million

	2002											
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1. Goods, net	-228	-149	-84	-127	-82	-103	-235	-177	-183	-279	-199	-341
1.1. Exports	3017	3077	3102	3098	3076	3070	3055	3034	3078	3068	3053	3025
1.2. Imports	3289	3331	3262	3303	3236	3230	3206	3206	3281	3341	3347	3261
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net	142	155	131	156	170	145	148	116	107	123	100	135
credit	329	318	310	305	300	292	282	272	268	268	269	273
debit	174	168	165	148	138	138	148	128	160	156	154	154
2.1.2. Other services, net	-83	-92	-75	-137	-74	-34	-90	-37	-66	-85	-103	-120
credit	402	380	352	349	367	447	400	415	385	442	367	475
debit	454	503	445	496	462	477	494	469	483	504	484	536
2.2. Income, net												
2.2.1. Income on debt, net	-62	-55	-61	-66	-67	-70	-60	-67	-70	-68	-67	-62
2.2.2. Income on equity, net	-86	-83	-107	-70	-91	-96	-94	-111	-62	-80	-113	-84
2.2.3. Compensation of employees, net	14	13	12	15	15	14	7	11	13	15	11	14
3. Current transfers	73	19	53	34	36	31	43	42	38	39	28	39
4. Current account balance	-154	-173	-162	-160	-125	-176	-252	-266	-252	-331	-367	-350

* * * * *

In February 2003, the average exchange rates of the euro and the US dollar were HUF 245.09 and HUF 227.53 respectively.

The Bank will release Hungary's balance of payments for March 2003 on 14 May 2003.

* * * * *

^{a)} 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'.