

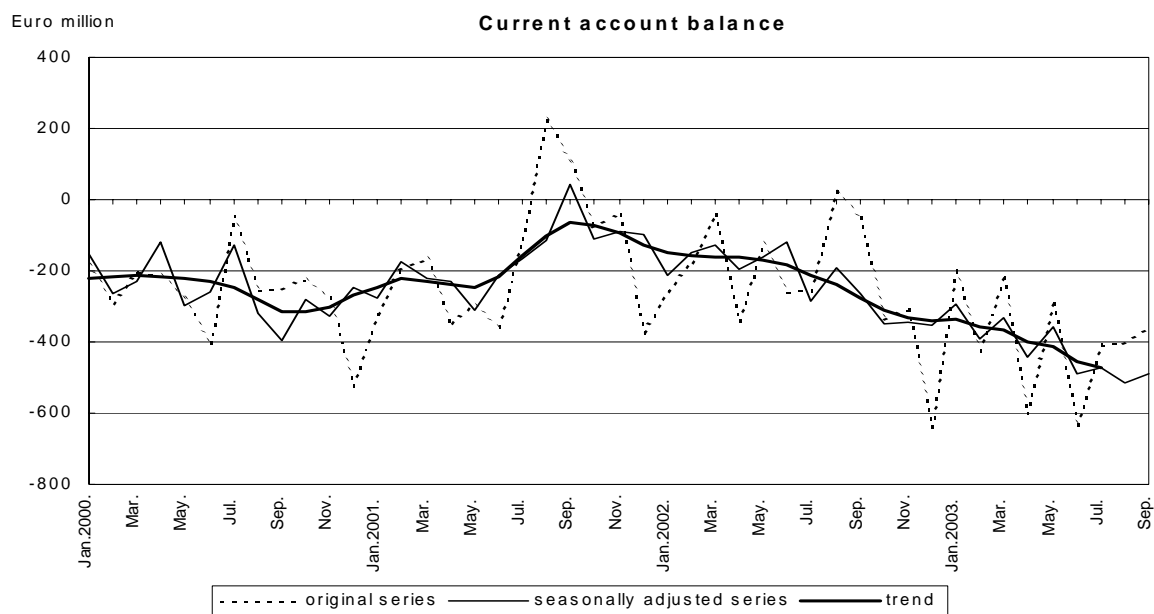
12 November 2003

## PRESS RELEASE

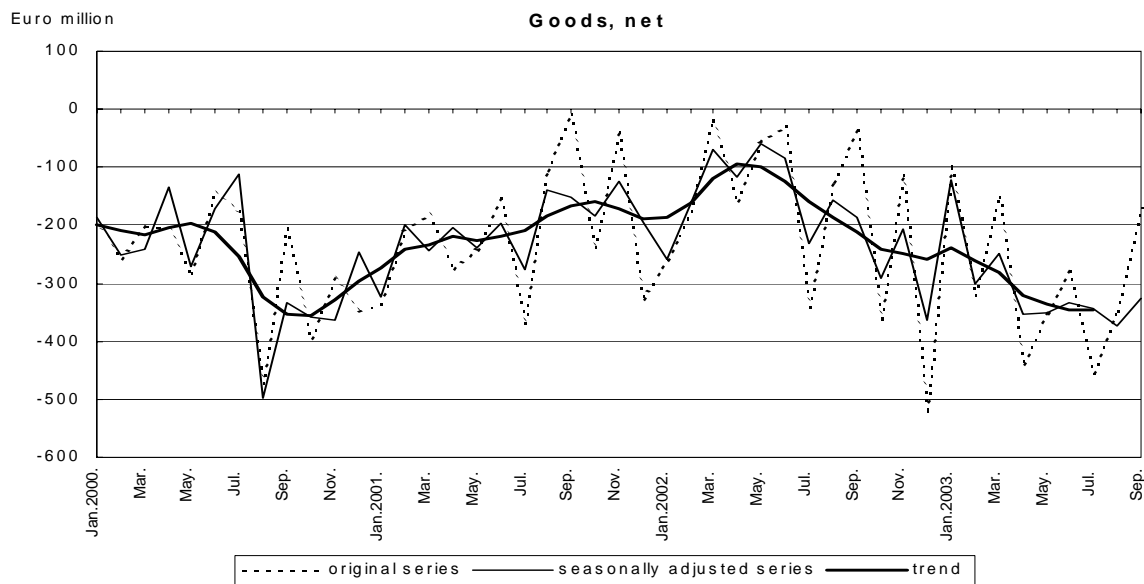
### Hungary's balance of payments: September 2003

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+30<sup>th</sup> working day. Unlike the earlier practice, IIP data are not 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 revised within a year – they are only revised at the time of releasing and revising yearly data. Yearly data are 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)

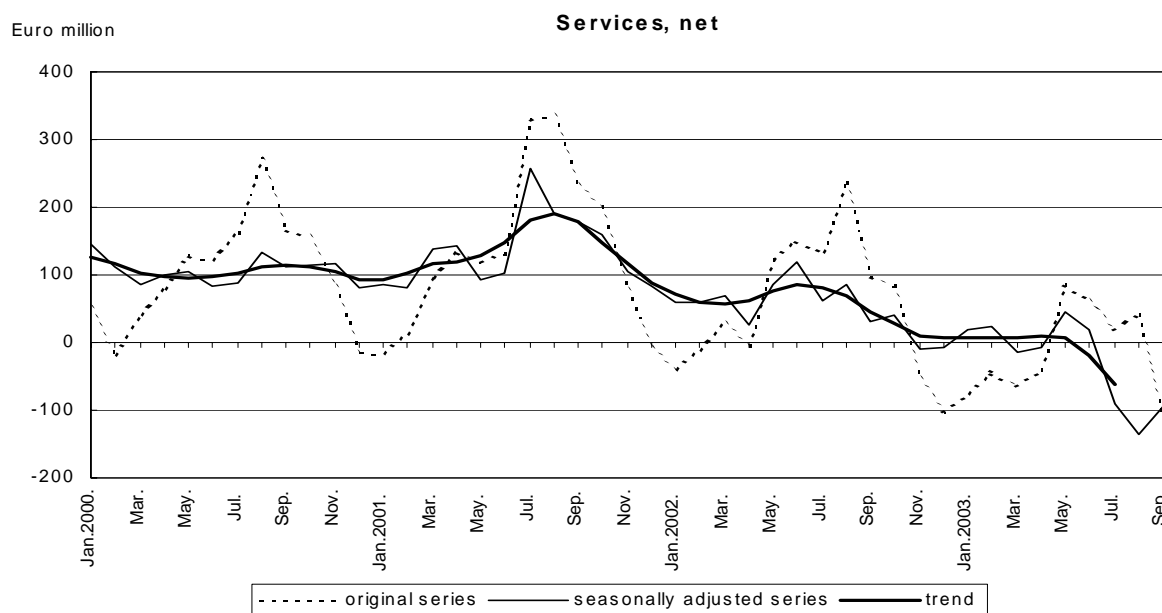
Hungary's current account registered a EUR 357 million deficit in September 2003. After eliminating the seasonal effects, the deficit was EUR 28 million lower than in the preceding month. The improvement in the September balance outcome was attributable to positive developments in the balance of real economic transactions and in the income and transfer accounts. The outcomes on the goods and services sub-accounts within the seasonally adjusted balance of real economic transactions improved relative to August. There were improvements in the income and transfer account outcomes as well. Non-debt inflow amounted to EUR 113 million. Accordingly, Hungary's current account deficit was again financed by the increase in net foreign debt in the month under review.



In September, net expenditures for trade in goods were the balance of EUR 3,460 million exports and EUR 3,631 million imports. According to the seasonally adjusted data, the deficit was EUR 47 million lower than in August and EUR 139 million higher than a year earlier. Exports rose and imports fell in the month under review. The one-month fall in deficit was attributable to the combined effect of the changes in exports and imports.



According to the seasonally adjusted data, the services account deficit fell in September relative to the preceding month. The outcomes on both sub-accounts of services improved – the deficit on other services fell and, due to higher revenue and expenditure, the travel surplus increased.



According to the evidence of seasonally adjusted data, the outflows of both investment income on equity and investment income on debt, the two constituents of direct investment income flows, were lower relative to the preceding month.

The surplus registered on current transfers amounted to EUR 53 million in September.

Inward and outward non-debt capital transactions showed a net inflow of EUR 113 million in September. Under direct investment capital transactions, Hungarian residents withdrew EUR 7 million from abroad and non-residents invested EUR 42 million in Hungary. Portfolio investment transactions in equity securities showed a net inflow of EUR 64 million in the month under review. Once again, in September Hungary's current account deficit was financed by the increase in net foreign debt.

Central bank foreign exchange reserves amounted to EUR 11.0 billion at end-September 2003.

## Balance of payments, Hungary

euro million

	2002				2003			
	Jul	Aug	Sept	Jan-Sept	Jul	Aug	Sept	Jan-Sept
<b>1. Goods, net</b>	<b>-340</b>	<b>-127</b>	<b>-38</b>	<b>-1209</b>	<b>-456</b>	<b>-347</b>	<b>-172</b>	<b>-2621</b>
1.1. Exports	2965	2634	3242	27420	3063	2709	3460	27261
1.2. Imports	3305	2761	3280	28629	3519	3056	3631	29882
<b>2. Services and income, net</b>	<b>43</b>	<b>106</b>	<b>-53</b>	<b>-651</b>	<b>3</b>	<b>-91</b>	<b>-238</b>	<b>-1352</b>
2.1. Services*, net	132	235	99	706	20	41	-113	-131
2.1.1. Exports	827	804	707	6230	760	708	864	6284
2.1.2. Imports	694	569	608	5524	740	667	977	6415
2.2. Income, net	-89	-128	-151	-1357	-17	-132	-125	-1221
2.2.1. Income on debt, net	3	-37	-93	-591	48	-51	-52	-586
2.2.2. Income on equity, net	-100	-101	-66	-881	-75	-91	-84	-731
2.2.3. Compensation of employees, net	8	10	8	115	10	9	11	96
<b>3. Current transfers</b>	<b>43</b>	<b>42</b>	<b>38</b>	<b>369</b>	<b>44</b>	<b>36</b>	<b>53</b>	<b>428</b>
<b>4. Current account balance</b>	<b>-254</b>	<b>21</b>	<b>-53</b>	<b>-1491</b>	<b>-408</b>	<b>-402</b>	<b>-357</b>	<b>-3545</b>
<b>5. Non debt creating financing, net</b>	<b>70</b>	<b>247</b>	<b>-6</b>	<b>814</b>	<b>413</b>	<b>173</b>	<b>113</b>	<b>724</b>
5.1. Direct investment, equity capital, net	135	259	39	884	397	106	49	322
5.1.1. Abroad, net	-24	-39	-31	-140	-31	-13	7	-533
5.1.2. In Hungary, net	160	298	71	1024	428	120	42	854
5.2. Portfolio investment, equity securities, net	-65	-12	-45	-70	16	66	64	403
*- o/w: Travel, net	226	239	146	1331	121	152	114	957
credit	412	393	320	2707	326	326	290	2300
debit	186	154	174	1375	206	174	176	1343

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

euro million

	2003								
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.
<b>1. Goods, net</b>	<b>-121</b>	<b>-301</b>	<b>-248</b>	<b>-354</b>	<b>-352</b>	<b>-334</b>	<b>-344</b>	<b>-373</b>	<b>-326</b>
1.1. Exports	3040	3021	3077	3048	3033	3023	3042	3146	3228
1.2. Imports	3273	3274	3312	3359	3426	3277	3396	3599	3538
<b>2. Services and income, net</b>									
2.1. Services									
2.1.1. Travel, net	151	112	108	103	102	175	49	37	71
credit	301	250	242	256	250	292	219	192	233
debit	140	139	133	152	145	135	162	147	162
2.1.2. Other services, net	-137	-81	-124	-124	-70	-144	-134	-169	-156
credit	443	387	468	432	447	392	458	444	486
debit	544	519	562	550	546	562	591	600	624
2.2. Income, net									
2.2.1. Income on debt, net	-67	-72	-61	-65	-59	-68	-56	-63	-58
2.2.2. Income on equity, net	-81	-75	-78	-60	-42	-96	-71	-89	-68
2.2.3. Compensation of employees, net	9	9	6	11	12	12	9	11	15
<b>3. Current transfers</b>	<b>44</b>	<b>32</b>	<b>50</b>	<b>57</b>	<b>71</b>	<b>41</b>	<b>44</b>	<b>36</b>	<b>53</b>
<b>4. Current account balance</b>	<b>-293</b>	<b>-390</b>	<b>-332</b>	<b>-443</b>	<b>-356</b>	<b>-488</b>	<b>-472</b>	<b>-517</b>	<b>-489</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>-259</b>	<b>-160</b>	<b>-69</b>	<b>-117</b>	<b>-60</b>	<b>-85</b>	<b>-232</b>	<b>-157</b>	<b>-187</b>	<b>-290</b>	<b>-205</b>	<b>-363</b>
1.1. Exports	2974	3093	3143	3185	3130	3109	3019	3069	3123	3052	2947	2904
1.2. Imports	3261	3320	3201	3295	3156	3258	3184	3176	3328	3358	3283	3192
<b>2. Services and income, net</b>												
2.1. Services												
2.1.1. Travel, net	189	163	139	156	166	147	153	122	103	123	97	124
credit	310	321	307	303	308	273	304	255	263	280	250	277
debit	170	165	165	147	139	140	147	130	160	157	155	155
2.1.2. Other services, net	-86	-95	-80	-126	-91	-29	-89	-25	-60	-84	-105	-124
credit	392	383	368	337	346	467	411	410	389	431	373	459
debit	462	481	446	484	466	477	487	467	479	503	496	539
2.2. Income, net												
2.2.1. Income on debt, net	-60	-55	-64	-65	-70	-65	-65	-66	-73	-67	-65	-59
2.2.2. Income on equity, net	-81	-79	-106	-82	-110	-86	-99	-106	-65	-75	-108	-78
2.2.3. Compensation of employees, net	14	13	12	15	15	14	7	11	12	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>-211</b>	<b>-148</b>	<b>-129</b>	<b>-196</b>	<b>-161</b>	<b>-120</b>	<b>-285</b>	<b>-190</b>	<b>-262</b>	<b>-349</b>	<b>-344</b>	<b>-354</b>

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In September 2003, the average exchange rates of the euro and the US dollar were HUF 255.51 and HUF 227.79 respectively.

The releases of Hungary's balance of payments for October 2003 is scheduled for 12 December 2003.

\* \* \* \* \*

<sup>a)</sup> Methodological notes to seasonal adjustment:

The method used to seasonally adjust the sub-components of the current account in 2003 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 ( $y_t = 1/9x_t + 2/9x_{t-1} + 3/9x_t + 2/9x_{t+1} + 1/9x_{t+2}$ ), 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'.