

19 March 2001

## PRESS RELEASE

### Hungary's final balance of payments

January 2001

According to the final balance-of-payments numbers, Hungary's current account posted a EUR 237 million deficit in January 2001. The higher merchandise trade deficit explained most of the year-on-year increase of EUR 160 million in the current account deficit. Net non-debt investment outflow amounted to EUR 158 million in the month under review. This was attributable primarily to direct investment transactions by Hungarian residents abroad, at a significant amount of EUR 313 million.

The value of central bank foreign exchange reserves was EUR 11.6 billion at month-end. Excluding outstanding inter-company loans, whole-economy gross foreign debt was EUR 0.5 billion lower relative to December 2000, net debt falling by EUR 0.3 billion. The effect of transactions, at EUR 0.5 billion, explained most of the drop in gross foreign debt. The one-month change in net debt was accounted for by the EUR 0.3 billion downward effect of movements in exchange rates, price variations and other volume changes.

#### Foreign debt denominated in foreign currencies <sup>a)</sup>

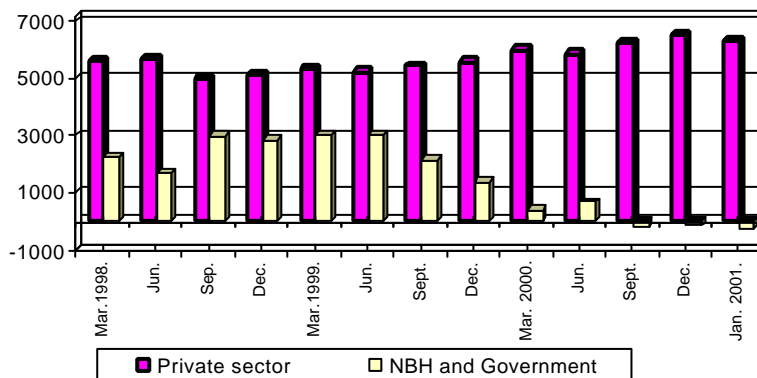
	euro billion	
	2000	2001
	Dec.	Jan.
<b>I. Gross foreign debt denominated in foreign currencies (A+B)</b>	<b>26.9</b>	<b>26.4</b>
A: NBH and Government	13.3	13.0
B: Private sectors	13.6	13.4
<b>II. Net foreign debt denominated in foreign currencies (A+B)</b>	<b>6.3</b>	<b>6.0</b>
A: NBH and Government	-0.2	-0.3
B: Private sectors	6.5	6.3

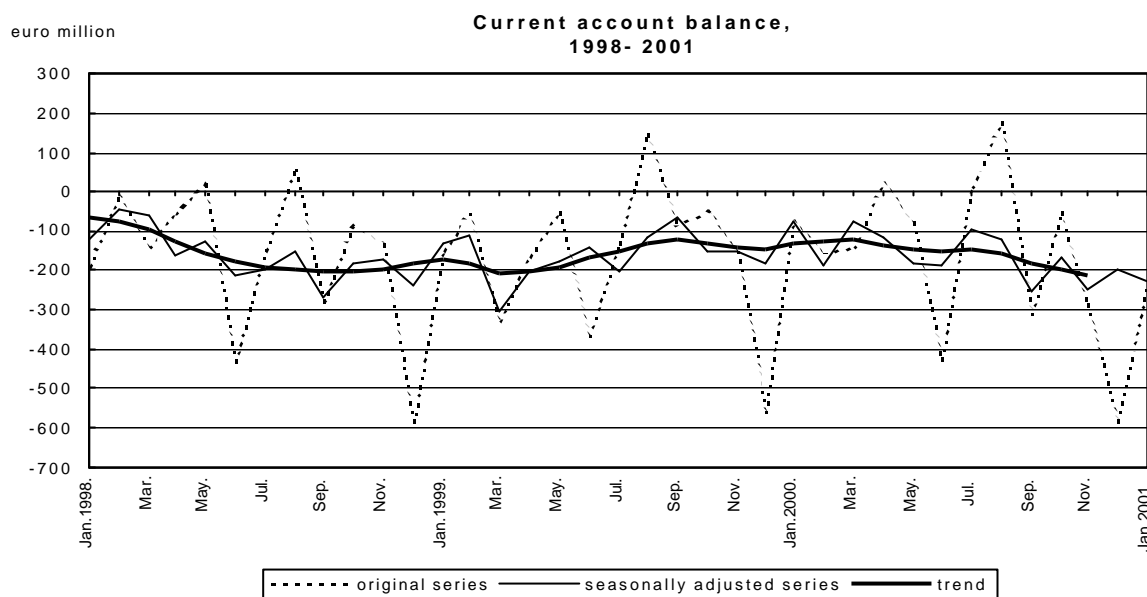
a) excluding intercompany loans

#### Net foreign debt denominated in foreign currencies, Hungary 1998-2001

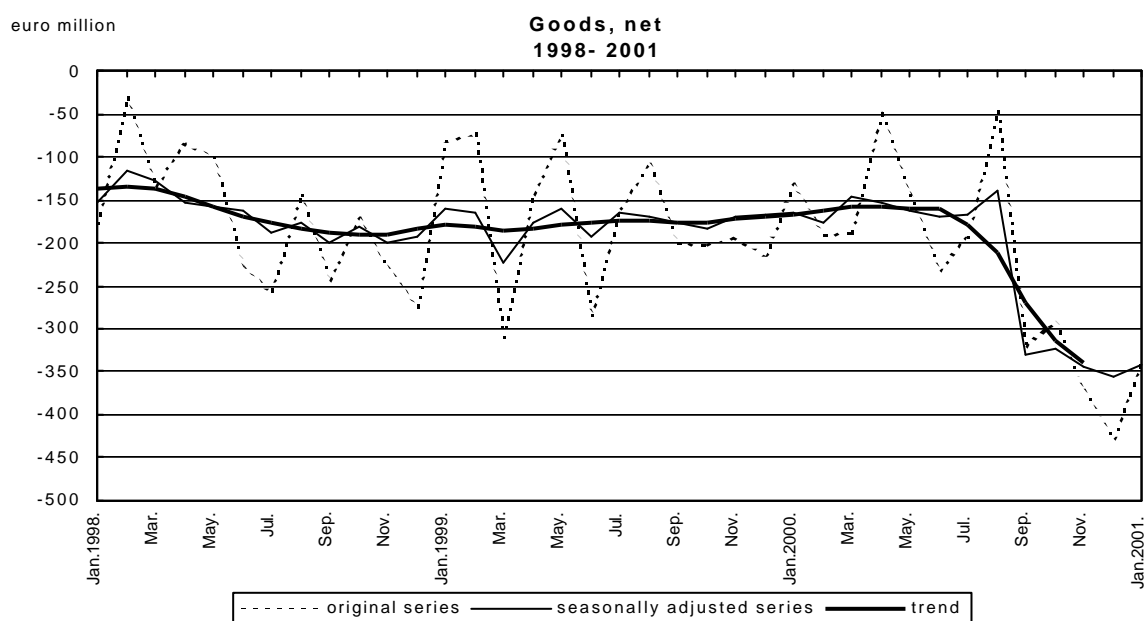
euro million

(by sectors, excluding intercompany loans)

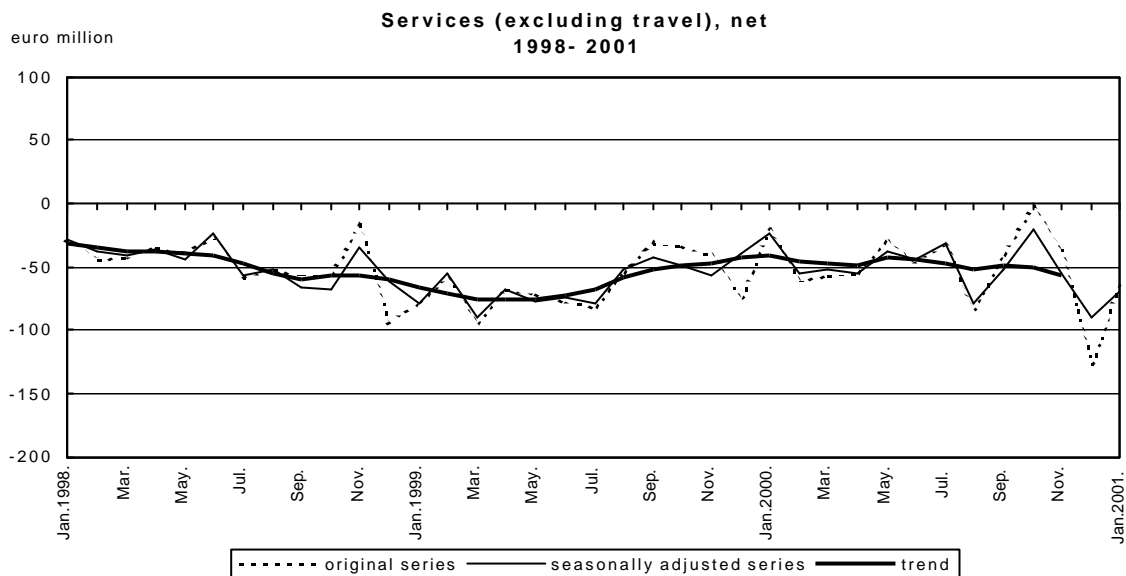




In January, the merchandise trade balance outcome reflected EUR 2,472 million exports and EUR 2,811 million imports. The values of outward and inward trade were broadly comparable with the average of the final quarter of 2000. January exports rose by EUR 456 million and imports by EUR 661 million relative to a year ago.



The tourism surplus was EUR 131 million, reflecting EUR 242 million revenue and EUR 111 million expenditure. The recorded deficit on other service transactions excluding tourism amounted to EUR 66 million in the month under review. That was EUR 45 million higher than in January 2000.



Direct and portfolio investment net outflows totalled EUR 51 million in January. Under this heading, the net outflow of investment income on equity barely changed, the balance of investment income on debt showing a EUR 25 million lower net outflow relative to January 2000.

The surplus on current transfers, at EUR 87 million, was EUR 41 million higher than twelve months previously.

Non-debt capital transactions closed with an outward flow of EUR 158 million. The net outflow via the domestic banking sector of direct investments in equity capital amounted to EUR 203 million. This was the balance of direct investment transactions by non-residents in Hungary, at EUR 109 million, and those by Hungarian residents abroad, at EUR 313 million. Portfolio investment transactions in equity securities resulted in a net inflow of EUR 45 million.

## Balance of payments, Hungary

euro million

	2000	2001
	Jan.	Jan.
<b>1. Goods, net</b>	<b>-133</b>	<b>-338</b>
1.1. Exports	2016	2472
1.2. Imports	2150	2811
<b>2. Services and income, net</b>	<b>10</b>	<b>14</b>
2.1. Services*, net	84	65
2.1.1. Exports	418	573
2.1.2. Imports	334	507
2.2. Income, net	-74	-51
2.2.1. Income on debt, net	-72	-47
2.2.2. Income on equity, net	-4	-4
2.2.3. Compensation of employees, net	1	-1
<b>3. Current transfers</b>	<b>46</b>	<b>87</b>
<b>4. Current account balance</b>	<b>-77</b>	<b>-237</b>
<b>5. Non debt creating financing, net</b>	<b>130</b>	<b>-158</b>
5.1. Direct investment, equity capital, net	66	-203
5.1.1. Abroad, net	22	-313
5.1.2. In Hungary, net	44	109
5.2. Portfolio investment, equity securities, net	65	45
*- o/w: Travel, net	105	131
credit	185	242
debit	80	111

## Balance of payments, Hungary (averages)

euro million

	2000			
	Q. 1.	Q.2.	Q.3.	Q.4.
<b>1. Goods, net</b>	<b>-170</b>	<b>-142</b>	<b>-188</b>	<b>-365</b>
1.1. Exports	2016	2264	2319	2588
1.2. Imports	2186	2407	2506	2953
<b>2. Services and income, net</b>	<b>6</b>	<b>-65</b>	<b>110</b>	<b>27</b>
2.1. Services, net	85	174	250	138
2.1.1. Exports	426	539	666	641
2.1.2. Imports	341	364	416	504
2.2. Income, net	-79	-240	-139	-111
2.2.1. Income on debt, net	-66	-81	-57	-71
2.2.2. Income on equity, net	-13	-158	-83	-40
2.2.3. Compensation of employees, net	1	0	0	0
<b>3. Current transfers</b>	<b>38</b>	<b>45</b>	<b>35</b>	<b>29</b>
<b>4. Current account balance</b>	<b>-126</b>	<b>-162</b>	<b>-42</b>	<b>-309</b>
<b>5. Non debt creating financing, net</b>	<b>94</b>	<b>73</b>	<b>32</b>	<b>-41</b>
5.1. Direct investment, equity capital, net	78	159	108	35
5.1.1. Abroad, net	3	-13	-66	-131
5.1.2. In Hungary, net	74	172	175	166
5.2. Portfolio investment, equity securities, net	16	-86	-76	-75
*- o/w: Travel, net	130	218	302	193
credit	211	318	407	305
debit	81	99	105	112

Average exchange rates of the Hungarian forint in January 2001: 265.01 per euro and 282.24 per US dollar. The month-end exchange rates were 265.16 per euro and 284.84 per US dollar.