

18 May 2001

## PRESS RELEASE

### Hungary's final balance of payments

*March 2001*

*According to the final balance-of-payments numbers, Hungary's current account was EUR 48 million in deficit in March 2001. The EUR 97 million improvement in the current account balance relative to March 2000 was attributable to lower net expenditures for trade in goods and a higher surplus on services. The seasonally adjusted current account deficit, too, fell in comparison with a year previously. Net non-debt inflow amounted to EUR 181 million in the month under review.*

The value of central bank foreign exchange reserves was EUR 12.2 billion at month-end. Excluding outstanding inter-company loans, whole-economy gross foreign debt was EUR 0.5 billion higher relative to December 2000, net debt falling by EUR 0.1 billion. The downward effect of transactions, at EUR 0.1 billion, and the upward effect of price and exchange rate changes on gross foreign debt, at EUR 0.6 billion, explained the change in gross foreign debt. The one-month change in net debt was accounted for by the downward effect of transactions. The outstanding total of forint-denominated bonds was EUR 3.1 billion at end-March, EUR 0.1 billion higher than at the end of February.

\* \* \*

*As the exchange rate system has been changed recently, the factors affecting developments in whole-economy total debt are presented in the text. However, the table shows indicators of Hungary's foreign exchange debt as well.*

\* \* \*

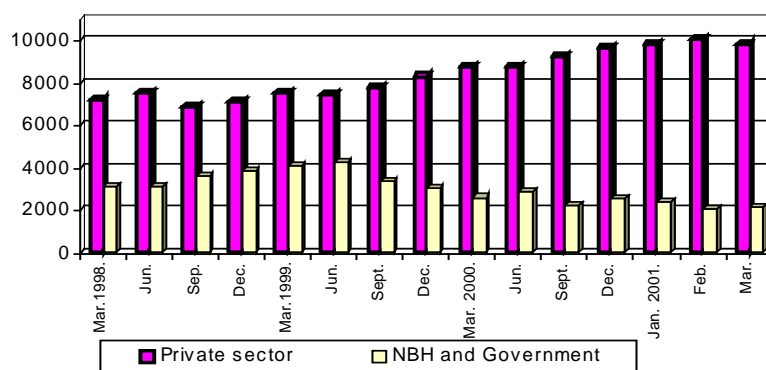
## Foreign debt of Hungary

	Euro million	
	2001	
	Feb.	Mar.
<b>I. Gross foreign debt, Total Economy ( A+B)</b>	<b>33.8</b>	<b>34.3</b>
A: NBH and Government	16.0	16.2
A.1. o/w.:HUF denominated bonds	3.0	3.1
B. Private sector	17.8	18.0
B.1. o/w.:Intercompany loans	3.9	3.9
<b>II. Net foreign debt, Total Economy ( A+B)</b>	<b>12.1</b>	<b>12.0</b>
A: NBH and Government	2.1	2.1
A.1. o/w.:HUF denominated bonds	3.0	3.1
B. Private sector	10.1	9.8
B.1. o/w.:Intercompany loans	3.5	3.6
<b>III. Gross foreign debt denominated in foreign currencies, Total Economy <sup>a)</sup></b>	<b>26.9</b>	<b>27.3</b>
<b>IV. Net foreign debt denominated in foreign currencies, Total Economy <sup>a)</sup></b>	<b>5.6</b>	<b>5.3</b>

a) excluding intercompany loans

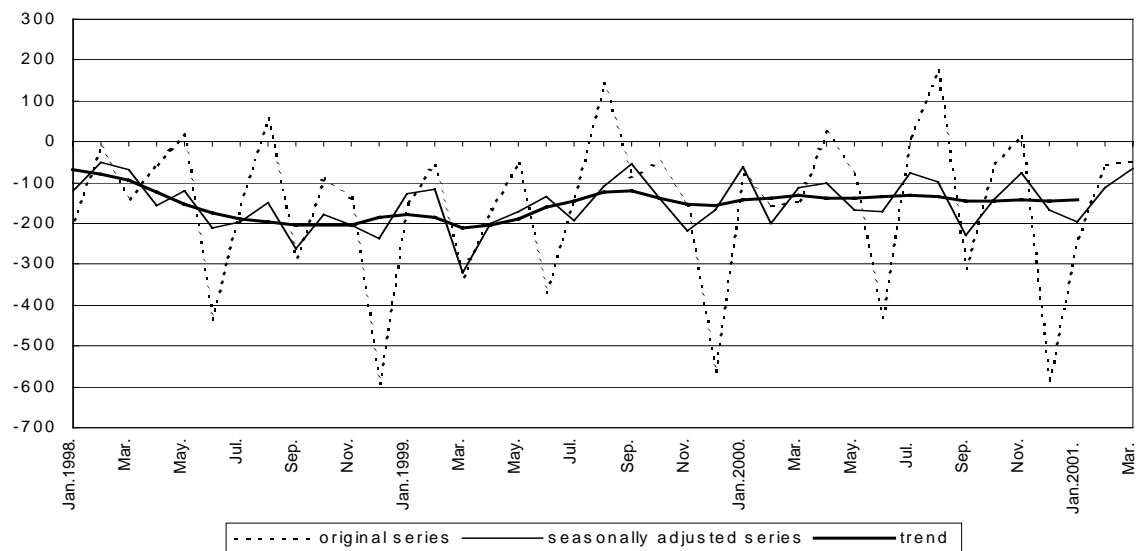
**Net foreign debt, Hungary 1998-2001**  
(by sectors, including intercompany loans)

euro million



euro million

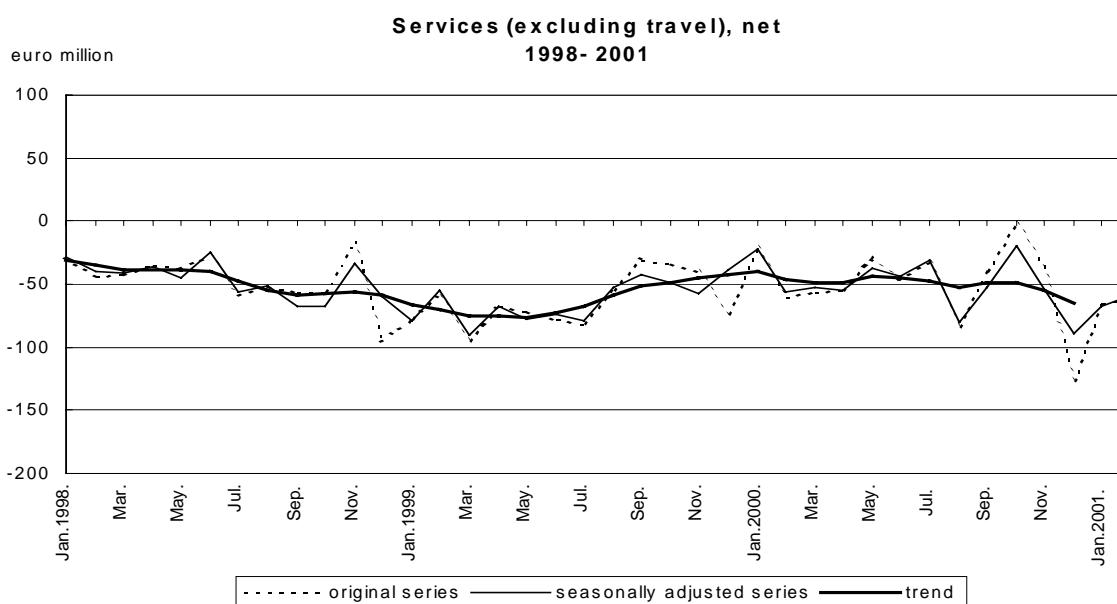
**Current account balance, 1998- 2001**



In March, net expenditures for trade in goods were the balance of EUR 2,549 million exports and EUR 2,674 million imports. The monthly values of exports and imports of goods rose by EUR 328 million and EUR 265 million respectively relative to March 2000. The seasonally adjusted trade balance has been improving steadily since early 2001.



At EUR 194 million in March, the tourism surplus reflected EUR 301 million revenue and EUR 107 million expenditure. Eliminating the seasonal effects, the monthly tourism surpluses have been stable around EUR 210–220 million since the spring of 2000. Service transactions excluding tourism were EUR 29 million in deficit. That was EUR 27 million lower than the deficit recorded in March 2000.



The investment income deficit amounted to EUR 117 million in the month. Under this heading, the negative balance for investment income on equity was EUR 18 million higher than a year ago. The net outflow of investment income on debt, in contrast, was EUR 8 million lower relative to March 2000.

The surplus on current transfers, at EUR 28 million, was EUR 20 million lower than twelve months previously.

Non-debt capital transactions showed a total inward flow of EUR 181 million in the month. The net inflow via the domestic banking sector of direct investments in equity capital was the net result of direct investment transactions by non-residents in Hungary, at EUR 142 million, and those by Hungarian residents abroad, at EUR 10 million. Portfolio investment transactions in equity securities showed net inflows totalling EUR 29 million.

### Balance of payments, Hungary

euro million

	2000				2001			
	Jan.	Feb.	Mar.	Jan.-Mar.	Jan.	Feb.	Mar.	Jan.-Mar.
<b>1. Goods, net</b>	<b>-133</b>	<b>-190</b>	<b>-188</b>	<b>-511</b>	<b>-338</b>	<b>-108</b>	<b>-124</b>	<b>-571</b>
1.1. Exports	2016	1809	2221	6047	2472	2223	2549	7245
1.2. Imports	2150	2000	2409	6559	2811	2332	2674	7816
<b>2. Services and income, net</b>	<b>10</b>	<b>13</b>	<b>-5</b>	<b>17</b>	<b>14</b>	<b>36</b>	<b>48</b>	<b>98</b>
2.1. Services*, net	84	69	100	254	65	68	165	298
2.1.1. Exports	418	394	465	1278	573	507	614	1693
2.1.2. Imports	334	325	365	1024	507	439	449	1395
2.2. Income, net	-74	-57	-105	-236	-51	-33	-117	-201
2.2.1. Income on debt, net	-72	-54	-73	-199	-47	-27	-65	-138
2.2.2. Income on equity, net	-4	-3	-33	-39	-4	-5	-51	-60
2.2.3. Compensation of employees, net	1	0	1	2	-1	0	-1	-2
<b>3. Current transfers</b>	<b>46</b>	<b>21</b>	<b>48</b>	<b>115</b>	<b>87</b>	<b>19</b>	<b>28</b>	<b>134</b>
<b>4. Current account balance</b>	<b>-77</b>	<b>-157</b>	<b>-145</b>	<b>-379</b>	<b>-237</b>	<b>-54</b>	<b>-48</b>	<b>-339</b>
<b>5. Non debt creating financing, net</b>	<b>130</b>	<b>160</b>	<b>-9</b>	<b>281</b>	<b>-158</b>	<b>263</b>	<b>181</b>	<b>286</b>
5.1. Direct investment, equity capital, net	66	121	46	233	-203	264	152	213
5.1.1. Abroad, net	22	-4	-8	10	-313	-3	10	-306
5.1.2. In Hungary, net	44	125	54	223	109	268	142	519
5.2. Portfolio investment, equity securities, net	65	39	-55	48	45	-1	29	73
*- o/w: Travel, net	105	130	157	391	131	131	194	456
credit	185	207	242	634	242	223	301	767
debit	80	77	86	243	111	92	107	311

**Balance of payments, Hungary**  
(averages)

euro million

	2000				2001
	Q. 1.	Q. 2.	Q. 3.	Q. 4.	Q. 1.
<b>1. Goods, net</b>	<b>-170</b>	<b>-142</b>	<b>-188</b>	<b>-265</b>	<b>-190</b>
1.1. Exports	2016	2264	2319	2588	2415
1.2. Imports	2186	2407	2506	2853	2605
<b>2. Services and income, net</b>	<b>6</b>	<b>-65</b>	<b>110</b>	<b>27</b>	<b>33</b>
2.1. Services, net	85	174	250	138	99
2.1.1. Exports	426	539	666	641	564
2.1.2. Imports	341	364	416	504	465
2.2. Income, net	-79	-240	-139	-111	-67
2.2.1. Income on debt, net	-66	-81	-57	-71	-46
2.2.2. Income on equity, net	-13	-158	-83	-40	-20
2.2.3. Compensation of employees, net	1	0	0	0	-1
<b>3. Current transfers</b>	<b>38</b>	<b>45</b>	<b>35</b>	<b>29</b>	<b>45</b>
<b>4. Current account balance</b>	<b>-126</b>	<b>-162</b>	<b>-42</b>	<b>-209</b>	<b>-113</b>
<b>5. Non debt creating financing, net</b>	<b>94</b>	<b>73</b>	<b>32</b>	<b>-141</b>	<b>95</b>
5.1. Direct investment, equity capital, net	78	159	108	-66	71
5.1.1. Abroad, net	3	-13	-66	-131	-102
5.1.2. In Hungary, net	74	172	175	66	173
5.2. Portfolio investment, equity securities, net	16	-86	-76	-75	24
*- o/w: Travel, net	130	218	302	193	152
credit	211	318	407	305	256
debit	81	99	105	112	104

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

euro million

	2001		
	Jan.	Feb.	Mar.
<b>1. Goods, net</b>	<b>-229</b>	<b>-189</b>	<b>-178</b>
1.1. Exports	2499	2512	2578
1.2. Imports	2757	2611	2656
<b>2. Services and income, net</b>			
2.1. Services			
2.1.1. Travel, net	220	212	225
credit	335	324	336
debit	120	119	119
2.1.2. Other services, net	-65	-56	-32
credit	319	298	312
debit	374	367	362
2.2. Income, net			
2.2.1. Income on debt, net	-50	-55	-51
2.2.2. Income on equity, net	-54	-55	-59
2.2.3. Compensation of employees, net	-1	0	-1
<b>3. Current transfers</b>	<b>47</b>	<b>37</b>	<b>33</b>
<b>4. Current account balance</b>	<b>-195</b>	<b>-111</b>	<b>-64</b>

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

euro million

	2000											
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
<b>1. Goods, net</b>	<b>-152</b>	<b>-165</b>	<b>-158</b>	<b>-158</b>	<b>-168</b>	<b>-197</b>	<b>-183</b>	<b>-167</b>	<b>-220</b>	<b>-222</b>	<b>-172</b>	<b>-252</b>
1.1. Exports	2026	2060	2153	2203	2267	2316	2318	2409	2391	2468	2493	2534
1.2. Imports	2151	2200	2336	2352	2529	2460	2462	2545	2639	2701	2639	2820
<b>2. Services and income, net</b>												
2.1. Services												
2.1.1. Travel, net	192	207	185	217	206	211	219	217	224	219	222	210
credit	279	304	272	316	305	297	313	320	320	322	337	332
debit	86	99	95	97	99	82	88	101	92	101	128	131
2.1.2. Other services, net	-20	-54	-58	-56	-38	-44	-31	-80	-52	-19	-53	-88
credit	234	234	214	214	234	242	247	270	281	335	292	320
debit	252	257	265	260	268	271	267	370	360	367	364	377
2.2. Income, net												
2.2.1. Income on debt, net	-65	-78	-50	-74	-71	-74	-48	-63	-71	-54	-84	-74
2.2.2. Income on equity, net	-53	-50	-52	-45	-57	-45	-46	-56	-53	-52	-46	-52
2.2.3. Compensation of employees, net	1	0	1	-1	0	1	0	0	1	1	-1	0
<b>3. Current transfers</b>	<b>39</b>	<b>33</b>	<b>44</b>	<b>39</b>	<b>44</b>	<b>43</b>	<b>33</b>	<b>39</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>39</b>
<b>4. Current account balance</b>	<b>-63</b>	<b>-201</b>	<b>-114</b>	<b>-101</b>	<b>-169</b>	<b>-171</b>	<b>-77</b>	<b>-99</b>	<b>-228</b>	<b>-140</b>	<b>-78</b>	<b>-168</b>

\* \* \*

Average exchange rates of the Hungarian forint in March 2001: 266.46 per euro and 292.63 per US dollar. The month-end exchange rates were 266.70 per euro and 302.79 per US dollar.

\* \* \* \* \*

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

The following method is used to seasonally adjust the components of the current account in 2001:

1) Using the SEATS TRAMO software, the model settings which accord best with the characteristics of the times series ending with the final data for December 2000 are fixed at the entire length of the year. The newly published data are adjusted within this model in the course of 2001. Taking account of the data for the latest month, the seasonally adjusted data for earlier periods will change.

2) In the publications, the direct method is used to adjust the accounts; and the individual items of the accounts, derived from the original data, are directly seasonally adjusted. Consequently, a seasonally adjusted sub-balance cannot be reproduced from the seasonally adjusted data that underlie the given sub-balance.

3) A trend value is the five-month moving average of the seasonally smoothed data, with diminishing weights proceeding symmetrically on both sides of the centre ( $y_t = 1/9x_{t-2} + 2/9x_{t-1} + 3/9x_t + 2/9x_{t+1} + 1/9x_{t+2}$ ).

4) Compensation for employees does not reflect seasonal effects, therefore, the Table includes the not seasonally adjusted data.