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PRESS RELEASE

Hungary's final balance of payments

April 2001

According to the final balance-of-payments numbers, Hungary's current account was EUR 2 million in deficit in April 2001. The EUR 23 million deterioration in the current account balance relative to April 2000 was attributable to an increase in negative income, particularly in outflows of investment income on equity. The seasonally adjusted current account deficit was higher in comparison with a year previously. Net non-debt inflow amounted to EUR 61 million in the month under review.

The value of central bank foreign exchange reserves was EUR 12.5 billion at month-end. Excluding outstanding inter-company loans, whole-economy gross foreign debt was EUR 0.3 billion higher relative to March, net debt falling by EUR 0.3 billion. The upward effect of transactions, at EUR 0.6 billion, and the downward effect of price and exchange rate changes on gross foreign debt, at EUR 0.3 billion, explained the change in gross foreign debt. The one-month change in net debt was accounted for by the downward effects of transactions and of exchange rate movements and other volume changes, at EUR 0.2 and EUR 0.1 billion respectively billion. The outstanding total of forint-denominated bonds was EUR 3.3 billion at end-April, EUR 0.2 billion higher than at the end of March.

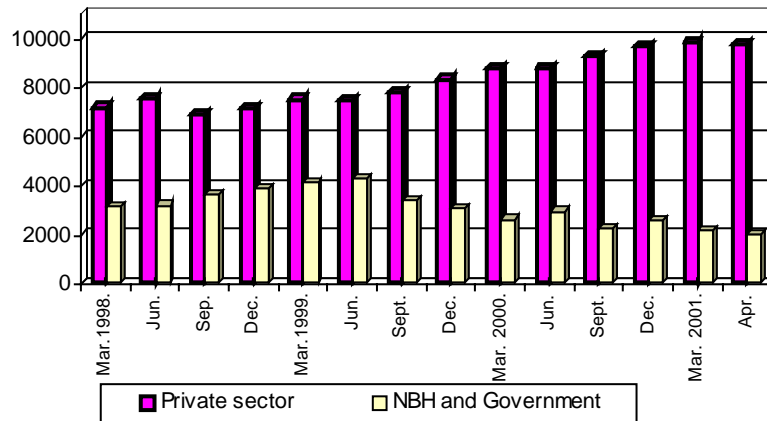
Foreign debt of Hungary

	Euro million	
	2001	
	Mar.	Apr.
I. Gross foreign debt, Total Economy (A+B)	34.3	34.6
A: NBH and Government	16.2	16.3
A.1. o/w.:HUF denominated bonds	3.1	3.3
B. Private sector	18.0	18.3
B.1. o/w.:Intercompany loans	3.9	3.9
I. Net foreign debt, Total Economy (A+B)	12.0	11.7
A: NBH and Government	2.1	2.0
A.1. o/w.:HUF denominated bonds	3.1	3.3
B. Private sector	9.8	9.7
B.1. o/w.:Intercompany loans	3.6	3.6
III. Gross foreign debt denominated in foreign currencies, Total Economy ^{a)}	27.3	27.4
IV. Net foreign debt denominated in foreign currencies, Total Economy ^{a)}	5.3	4.8

a) excluding intercompany loans

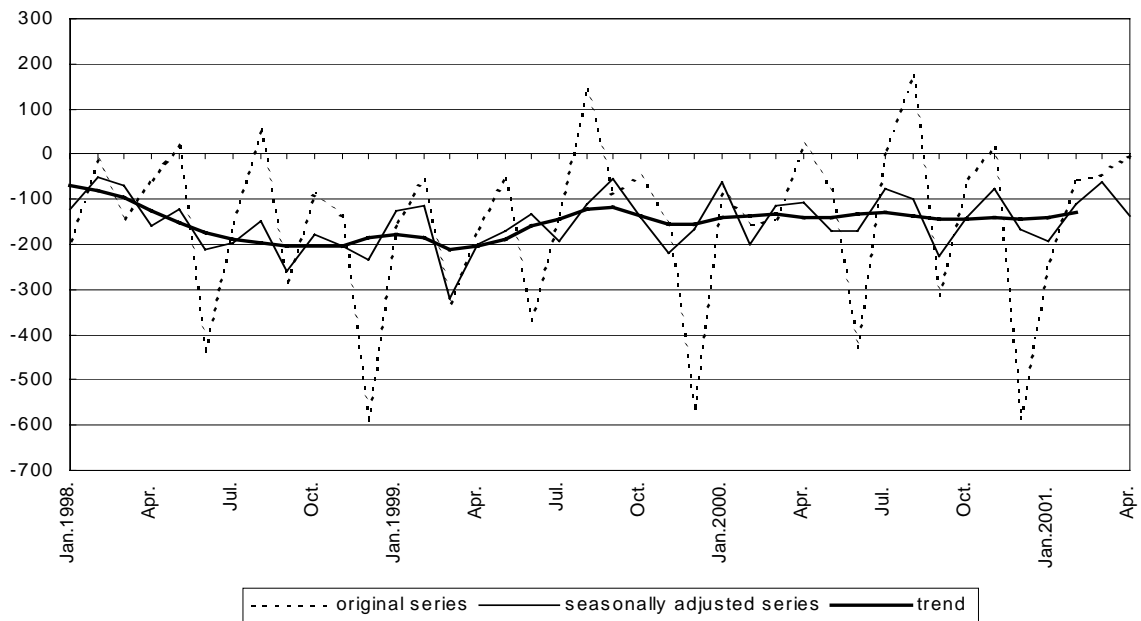
**Net foreign debt, Hungary 1998-2001
(by sectors, including intercompany loans)**

euro million



**Current account balance,
1998- 2001**

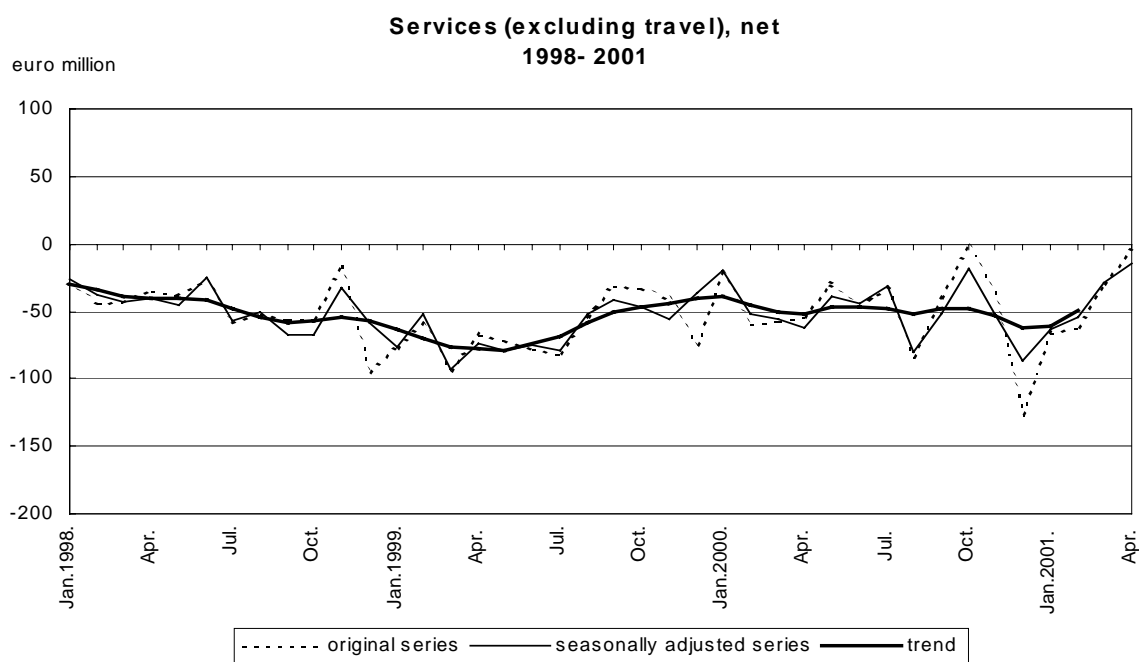
euro million



In April, net expenditures for trade in goods were the balance of EUR 2,668 million exports and EUR 2,674 million imports. The monthly values of exports and imports of goods rose by EUR 503 million and EUR 458 million respectively relative to April 2000. The seasonally adjusted trade balance, improving since early 2001, was broadly comparable with the preceding month's outcome.



At EUR 323 million in April, tourism revenue was EUR 16 million higher in a twelve-month comparison, while expenditure, at EUR 101 million, was virtually equal to the value recorded a year previously. Eliminating the seasonal effects, the monthly tourism surpluses have been stable around EUR 210–230 million since the summer of 2000. Service transactions excluding tourism were EUR 6 million in deficit. That was EUR 49 million lower than the deficit recorded in April 2000.



The investment income deficit amounted to EUR 258 million in the month. Under this heading, the negative balance for investment income on equity increased by EUR 111 million and that for investment income on debt by EUR 34 million relative to April 2000.

The surplus on current transfers, at EUR 46 million, was EUR 11 million higher than twelve months previously.

Non-debt capital transactions showed a total inward flow of EUR 61 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 62 million, and those by Hungarian residents abroad, at EUR 14 million. Portfolio investment transactions in equity securities showed net inflows totalling EUR 14 million.

Balance of payments, Hungary

euro million

	2000				2001			
	Feb.	Mar.	Apr.	Jan.-Apr.	Feb.	Mar.	Apr.	Jan.-Apr.
1. Goods, net	-190	-188	-51	-562	-108	-124	-7	-578
1.1. Exports	1809	2221	2165	8212	2223	2549	2668	9912
1.2. Imports	2000	2409	2216	8775	2332	2674	2674	10490
2. Services and income, net	13	-5	36	53	36	48	-41	56
2.1. Services*, net	69	100	152	405	68	165	216	515
2.1.1. Exports	394	465	504	1781	507	614	648	2341
2.1.2. Imports	325	365	352	1376	439	449	432	1827
2.2. Income, net	-57	-105	-115	-352	-33	-117	-258	-458
2.2.1. Income on debt, net	-54	-73	-98	-297	-27	-65	-132	-270
2.2.2. Income on equity, net	-3	-33	-16	-56	-5	-51	-127	-187
2.2.3. Compensation of employees, net	0	1	-1	1	0	-1	1	-1
3. Current transfers	21	48	35	150	19	28	46	181
4. Current account balance	-157	-145	21	-358	-54	-48	-2	-341
5. Non debt creating financing, net	160	-9	95	376	263	181	61	347
5.1. Direct investment, equity capital, net	121	46	172	405	264	152	47	260
5.1.1. Abroad, net	-4	-8	10	21	-3	10	-14	-320
5.1.2. In Hungary, net	125	54	162	385	268	142	62	581
5.2. Portfolio investment, equity securities, net	39	-55	-77	-29	-1	29	14	87
*- o/w: Travel, net	130	157	207	598	131	194	222	678
credit	207	242	307	941	223	301	323	1090
debit	77	86	100	343	92	107	101	412

Balance of payments, Hungary
(averages)

euro million

	2000				2001
	Q. 1.	Q. 2.	Q. 3.	Q. 4.	Q. 1.
1. Goods, net	-170	-142	-188	-265	-190
1.1. Exports	2016	2264	2319	2588	2415
1.2. Imports	2186	2407	2506	2853	2605
2. Services and income, net	6	-65	110	27	33
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
3. Current transfers	38	45	35	29	45
4. Current account balance	-126	-162	-42	-209	-113
5. Non debt creating financing, net	94	73	32	-141	95
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) ^{a)}

euro million

	2001			
	Jan.	Feb.	Mar.	Apr.
1. Goods, net	-224	-183	-168	-164
1.1. Exports	2521	2540	2608	2666
1.2. Imports	2762	2618	2665	2765
2. Services and income, net				
2.1. Services				
2.1.1. Travel, net	221	213	225	227
credit	334	323	335	332
debit	118	117	117	99
2.1.2. Other services, net	-63	-54	-29	-14
credit	320	300	314	340
debit	370	362	357	360
2.2. Income, net				
2.2.1. Income on debt, net	-53	-58	-55	-83
2.2.2. Income on equity, net	-53	-54	-57	-157
2.2.3. Compensation of employees, net	-1	0	-1	1
3. Current transfers	48	38	35	45
4. Current account balance	-194	-110	-63	-135

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

euro million

	2000											
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1. Goods, net	-153	-165	-158	-164	-168	-197	-182	-164	-216	-219	-168	-247
1.1. Exports	2027	2060	2155	2194	2260	2310	2314	2406	2392	2472	2502	2549
1.2. Imports	2155	2203	2342	2342	2525	2457	2460	2543	2639	2702	2641	2824
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net	193	207	185	215	206	210	219	217	225	219	222	211
credit	278	303	271	317	305	297	313	321	320	322	336	332
debit	85	98	93	98	99	82	89	101	93	101	128	131
2.1.2. Other services, net	-19	-52	-56	-62	-38	-45	-32	-80	-52	-18	-52	-86
credit	235	235	216	214	235	243	248	270	282	336	294	322
debit	252	257	265	263	269	272	268	369	358	365	362	375
2.2. Income, net												
2.2.1. Income on debt, net	-66	-79	-51	-64	-71	-74	-49	-64	-73	-55	-86	-77
2.2.2. Income on equity, net	-53	-49	-52	-46	-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
3. Current transfers	39	34	45	38	43	42	33	39	38	38	38	40
4. Current account balance	-62	-201	-114	-107	-169	-170	-76	-99	-228	-139	-77	-167

Average exchange rates of the Hungarian forint in April 2001: 266.97 per euro and 298.99 per US dollar. The month-end exchange rates were 267.29 per euro and 296.30 per US dollar.

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^{a)} 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.