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PRESS RELEASE

Hungary's final balance of payments May 2001

According to the final data, Hungary's current account was EUR 134 million in deficit in May 2001. That was EUR 54 million higher than a year earlier. The balance on services improved, those on goods, investment income and current transfers deteriorating. The seasonally adjusted current account deficit was higher than in the preceding month. Net non-debt inflow amounted to EUR 120 million.

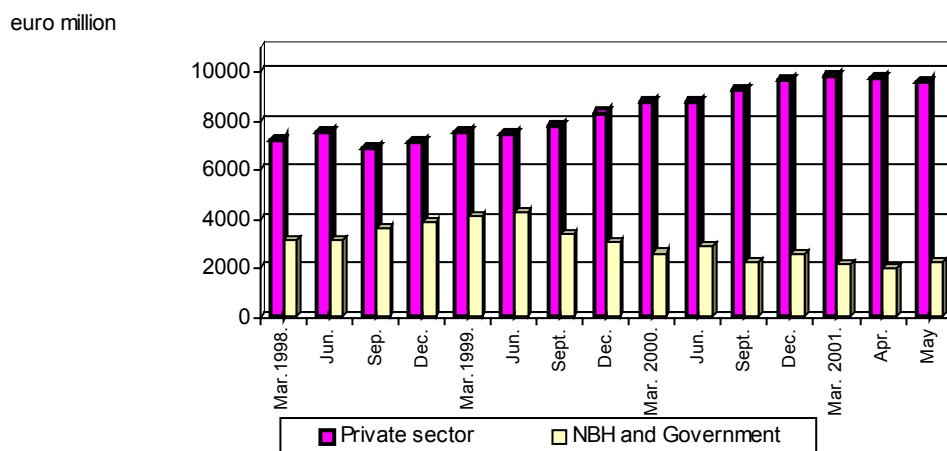
The value of central bank foreign exchange reserves was EUR 13.0 billion at month-end. Excluding outstanding inter-company loans, whole-economy gross foreign debt was EUR 2.2 billion higher relative to April, net debt rising by EUR 0.1 billion. The upward effects of transactions as well as price and exchange rate changes, at EUR 1.0 billion and EUR 1.2 billion, explained the change in gross foreign debt. Most of the one-month change in net debt was accounted for by the effects of exchange rate movements and other volume changes. The outstanding total of forint-denominated bonds was EUR 3.9 billion at end-May, EUR 0.6 billion higher than at the end of April.

Foreign debt of Hungary

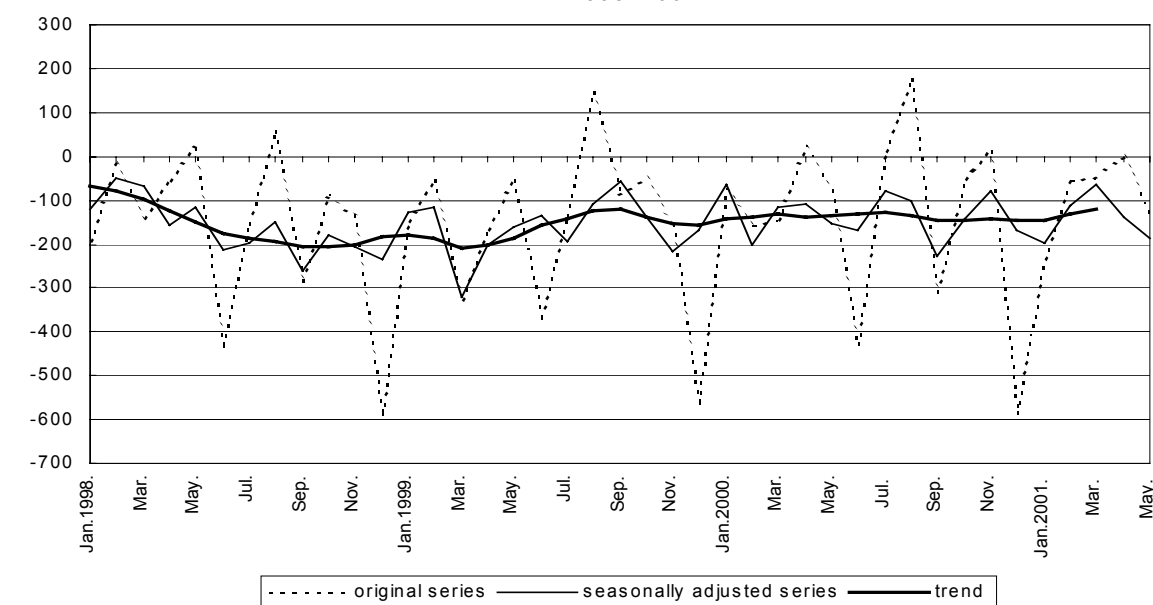
	Euro million	
	2001	
	Apr.	May
I. Gross foreign debt, Total Economy (A+B)	34.6	36.8
A: NBH and Government	16.3	17.5
A.1. o/w.:HUF denominated bonds	3.3	3.9
B. Private sector	18.3	19.3
B.1. o/w.:Intercompany loans	3.9	4.0
I. Net foreign debt, Total Economy (A+B)	11.7	11.8
A: NBH and Government	2.0	2.2
A.1. o/w.:HUF denominated bonds	3.3	3.9
B. Private sector	9.7	9.6
B.1. o/w.:Intercompany loans	3.6	3.7
III. Gross foreign debt denominated in foreign currencies, Total Economy ^{a)}	27.4	28.9
IV. Net foreign debt denominated in foreign currencies, Total Economy ^{a)}	4.8	4.3

a) excluding intercompany loans

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



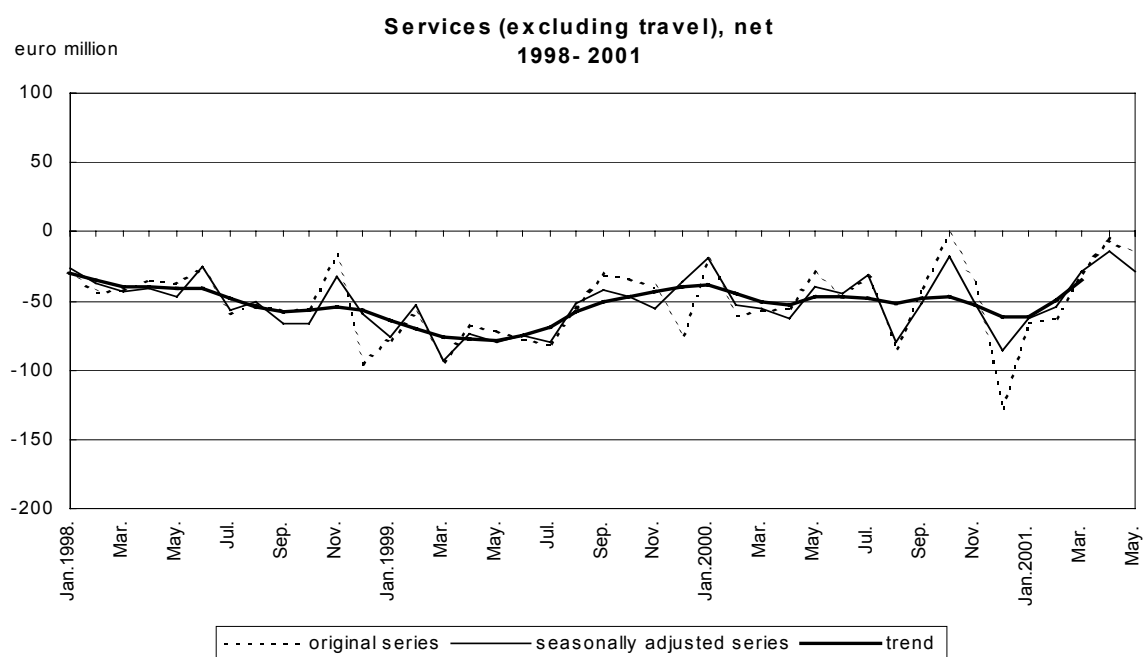
**Current account balance,
1998- 2001**



In May, net expenditures for trade in goods were the balance of EUR 2,636 million exports and EUR 2,813 million imports. The monthly values of exports and imports of goods rose by EUR 215 million and EUR 228 million respectively relative to May 2000. The seasonally adjusted trade balance was higher than in the preceding month, interrupting the improving trend which began from the beginning of the year.



At EUR 377 million in May, tourism revenue was EUR 60 million higher in a twelve-month comparison, expenditure, at EUR 112 million, being EUR 30 million higher than a year previously. Eliminating the seasonal effects, the monthly tourism surpluses have been stable around EUR 210–235 million since the summer of 2000. Service transactions excluding tourism were EUR 17 million in deficit. That was EUR 13 million lower than the deficit recorded in May 2000.



The investment income deficit amounted to EUR 212 million in the month. Under this heading, the negative balance for investment income on equity fell by EUR 5 million and that for investment income on debt rose by EUR 45 million relative to May 2000.

The surplus on current transfers, at EUR 20 million, was EUR 25 million lower than twelve months previously.

Non-debt capital transactions showed a total inward flow of EUR 120 million in the month. Net inflows via the domestic banking sector of direct investments in equity capital were the balance of direct investment transactions by non-residents in Hungary, at EUR 124 million, and those by Hungarian residents abroad, at EUR 13 million. Portfolio investment transactions in equity securities showed net inflows totalling EUR 8 million.

Balance of payments, Hungary

euro million

	2000				2001			
	Mar.	Apr.	May	Jan.-May	Mar.	Apr.	May	Jan.-May
1. Goods, net	-188	-51	-144	-706	-124	-7	-177	-755
1.1. Exports	2221	2165	2421	10633	2549	2668	2636	12549
1.2. Imports	2409	2216	2565	11339	2674	2674	2813	13304
2. Services and income, net	-5	36	19	72	48	-41	23	80
2.1. Services*, net	100	152	192	597	165	216	235	750
2.1.1. Exports	465	504	541	2322	614	648	702	3043
2.1.2. Imports	365	352	350	1725	449	432	467	2293
2.2. Income, net	-105	-115	-173	-524	-117	-258	-212	-670
2.2.1. Income on debt, net	-73	-98	-25	-322	-65	-132	-70	-340
2.2.2. Income on equity, net	-33	-16	-148	-203	-51	-127	-143	-330
2.2.3. Compensation of employees, net	1	-1	0	1	-1	1	1	0
3. Current transfers	48	35	45	195	28	46	20	201
4. Current account balance	-145	21	-80	-438	-48	-2	-134	-475
5. Non debt creating financing, net	-9	95	46	422	181	61	120	467
5.1. Direct investment, equity capital, net	46	172	162	567	152	47	112	372
5.1.1. Abroad, net	-8	10	-24	-3	10	-14	-13	-333
5.1.2. In Hungary, net	54	162	186	570	142	62	124	705
5.2. Portfolio investment, equity securities, net	-55	-77	-116	-145	29	14	8	95
*- o/w: Travel, net	157	207	222	820	194	222	252	930
credit	242	307	317	1257	301	323	377	1467
debit	86	100	95	438	107	101	125	537

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.	May
1. Goods, net	-225	-184	-171	-167	-193
1.1. Exports	2477	2481	2533	2585	2550
1.2. Imports	2761	2616	2663	2762	2775
2. Services and income, net					
2.1. Services					
2.1.1. Travel, net	221	214	227	229	233
credit	336	326	339	336	354
debit	109	117	109	112	125
2.1.2. Other services, net	-63	-54	-29	-14	-28
credit	319	299	312	339	339
debit	369	361	355	358	360
2.2. Income, net					
2.2.1. Income on debt, net	-56	-62	-59	-87	-91
2.2.2. Income on equity, net	-52	-52	-55	-155	-53
2.2.3. Compensation of employees, net	-1	0	-1	1	1
3. Current transfers	46	35	31	41	29
4. Current account balance	-196	-113	-66	-139	-186

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	-166	-197	-183	-164	-217	-220	-169	-248
1.1. Exports	2024	2057	2153	2186	2284	2326	2327	2415	2394	2466	2486	2521
1.2. Imports	2154	2202	2340	2340	2526	2458	2461	2544	2640	2703	2641	2824
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net	193	208	186	216	204	210	219	217	224	219	223	211
credit	279	305	273	320	299	296	312	320	320	322	337	333
debit	96	95	96	96	93	87	93	97	91	103	112	124
2.1.2. Other services, net	-19	-52	-56	-62	-40	-45	-32	-80	-51	-18	-51	-86
credit	234	234	215	213	234	242	247	269	282	336	293	321
debit	252	257	265	263	270	272	268	369	358	365	361	373
2.2. Income, net												
2.2.1. Income on debt, net	-67	-80	-53	-65	-60	-74	-49	-65	-73	-57	-87	-79
2.2.2. Income on equity, net	-52	-49	-52	-46	-58	-46	-46	-56	-53	-52	-45	-51
2.2.3. Compensation of employees, net	1	0	1	-1	0	1	0	0	1	1	-1	0
3. Current transfers	38	33	44	36	49	43	33	40	38	38	38	38
4. Current account balance	-64	-202	-115	-108	-153	-170	-78	-100	-230	-141	-79	-170

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Average exchange rates of the Hungarian forint in May 2001: 258.31 per euro and 295.40 per US dollar. The month-end exchange rates were 253.38 per euro and 299.01 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.