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PRESS RELEASE

Hungary's final balance of payments

June 2001

According to the final data, Hungary's current account was EUR 341 million in deficit in June 2001.^{a)} That was EUR 87 million lower than a year earlier. The balances on goods, services and investment income improved, that on current transfers deteriorating. The seasonally adjusted current account deficit fell. Net non-debt inflow amounted to EUR 90 million.

The value of central bank foreign exchange reserves was EUR 13.6 billion at month-end. Whole-economy gross foreign debt was EUR 1.2 billion higher relative to May, net debt rising by EUR 0.6 billion. The upward effects of transactions, price and exchange rate movements as well as other volume changes, at EUR 1.0 billion and EUR 0.2 billion respectively, explained the change in gross foreign debt. The one-month change in net debt was accounted for by transaction, exchange rate movements and other volume changes, contributing EUR 0.2 billion and EUR 0.4 billion respectively. The outstanding total of forint-denominated bonds was EUR 4.1 billion at end-June, EUR 0.2 billion higher than at the end of May.

Foreign debt of Hungary

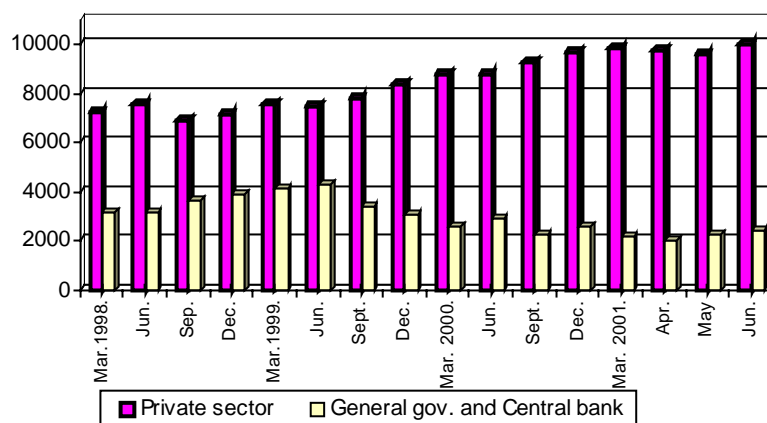
	Euro million	
	2001	
	May	Jun.
I. Gross foreign debt, Total Economy (S.1) (A+B)	36.8	38.0
A: General government and Central bank (S.13+S.121)	17.5	18.2
A.1. o/w.:HUF denominated bonds	3.9	4.1
B. Private sector (S.1-S.13-S.121)	19.3	19.8
B.1. o/w.:Intercompany loans	4.0	4.1
II. Net foreign debt, Total Economy (S.1) (A+B)	11.8	12.4
A: General government and Central bank (S.13+S.121)	2.2	2.4
A.1. o/w.:HUF denominated bonds	3.9	4.1
B. Private sector (S.1-S.13-S.121)	9.6	10.0
B.1. o/w.:Intercompany loans	3.7	3.7
III. Gross foreign debt denominated in foreign currencies, Total Economy (S.1)^{a)}	28.9	29.8
IV. Net foreign debt denominated in foreign currencies, Total Economy (S.1)^{a)}	4.3	4.6

a) excluding intercompany loans

^{a)} Correction of a data error in the report of a credit institution caused the difference from the preliminary data.

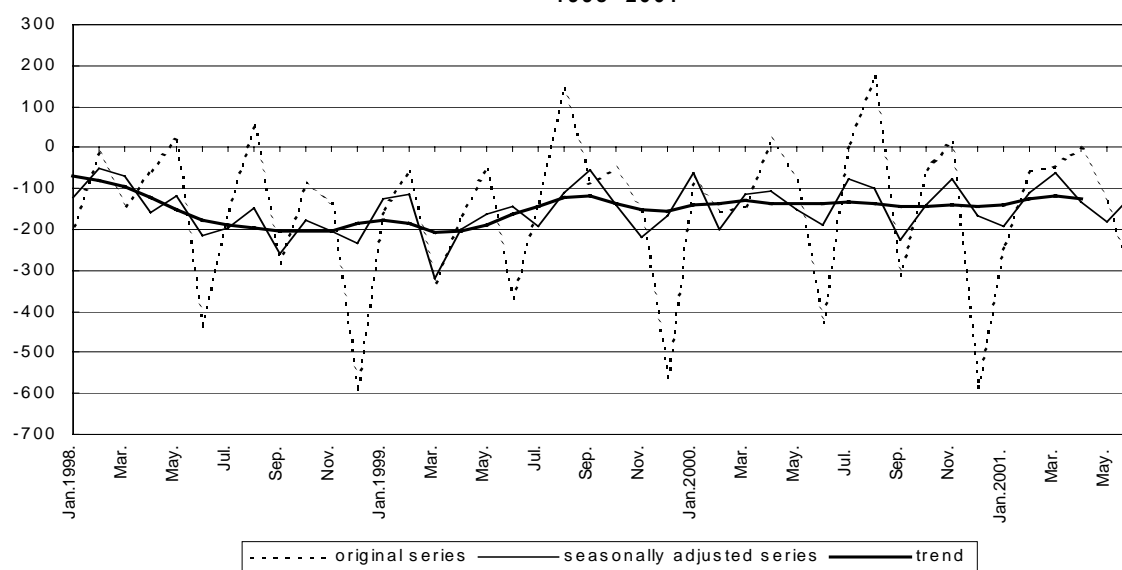
**Net foreign debt, Hungary 1998-2001
(by sectors, including intercompany loans)**

euro million



Current account balance, 1998- 2001

euro million



In June, net expenditures for trade in goods were the balance of EUR 2,598 million exports and EUR 2,808 million imports. The monthly values of exports and imports of goods rose by EUR 391 million and EUR 368 million respectively relative to June 2000. The seasonally adjusted merchandise trade balance was only EUR 10 million higher in June than in the preceding month.



At EUR 413 million, tourism revenue was EUR 84 million higher in a twelve-month comparison, expenditure, at EUR 148 million, being EUR 45 million higher. Eliminating the seasonal effects, the monthly tourism surpluses have been rising slightly, fluctuating in a range of EUR 210–240 million since the summer of 2000. Service transactions excluding tourism were EUR 55 million in deficit. That was EUR 8 million higher than the deficit recorded in June 2000.



The investment income deficit amounted to EUR 372 million in the month. Under this heading, the negative balance for investment income on equity fell by EUR 80 million and that for investment income on debt rose by EUR 21 million relative to June 2000.

The surplus on current transfers, at EUR 31 million, was EUR 24 million lower than twelve months previously.

Non-debt capital transactions showed a total inward flow of EUR 90 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 111 million, and those by Hungarian residents abroad, at EUR 21 million. Inward and outward portfolio investment transactions in equity securities were in a broad balance.

Balance of payments, Hungary

euro million

	2000				2001			
	Apr.	May	Jun.	Jan.-Jun.	Apr.	May	Jun.	Jan.-Jun.
1. Goods, net	-51	-144	-232	-938	-7	-177	-210	-965
1.1. Exports	2165	2421	2207	12840	2668	2636	2598	15146
1.2. Imports	2216	2565	2440	13778	2674	2813	2808	16111
2. Services and income, net	36	19	-251	-178	-41	23	-162	-82
2.1. Services*, net	152	192	180	777	216	235	210	960
2.1.1. Exports	504	541	571	2893	648	702	751	3794
2.1.2. Imports	352	350	391	2116	432	467	541	2834
2.2. Income, net	-115	-173	-431	-955	-258	-212	-372	-1042
2.2.1. Income on debt, net	-98	-25	-121	-443	-132	-70	-142	-482
2.2.2. Income on equity, net	-16	-148	-311	-514	-127	-143	-231	-561
2.2.3. Compensation of employees, net	-1	0	1	1	1	1	1	1
3. Current transfers	35	45	55	250	46	20	31	232
4. Current account balance	21	-80	-428	-866	-2	-134	-341	-815
5. Non debt creating financing, net	95	46	78	500	61	120	90	557
5.1. Direct investment, equity capital, net	172	162	142	709	47	112	90	462
5.1.1. Abroad, net	10	-24	-25	-29	-14	-13	-21	-354
5.1.2. In Hungary, net	162	186	168	738	62	124	111	816
5.2. Portfolio investment, equity securities, net	-77	-116	-65	-209	14	8	0	95
*- o/w: Travel, net	207	222	227	1047	222	252	265	1195
credit	307	317	329	1587	323	377	413	1880
debit	100	95	103	540	101	125	148	684

Balance of payments, Hungary
(averages)

euro million

	2000				2001	
	Q. 1.	Q. 2.	Q. 3.	Q. 4.	Q. 1.	Q. 2.
1. Goods, net	-170	-142	-188	-265	-190	-131
1.1. Exports	2016	2264	2319	2588	2415	2634
1.2. Imports	2186	2407	2506	2853	2605	2765
2. Services and income, net	6	-65	110	27	33	-60
2.1. Services, net	85	174	250	138	99	220
2.1.1. Exports	426	539	666	641	564	700
2.1.2. Imports	341	364	416	504	465	480
2.2. Income, net	-79	-240	-139	-111	-67	-280
2.2.1. Income on debt, net	-66	-81	-57	-71	-46	-115
2.2.2. Income on equity, net	-13	-158	-83	-40	-20	-167
2.2.3. Compensation of employees, net	1	0	0	0	-1	1
3. Current transfers	38	45	35	29	45	33
4. Current account balance	-126	-162	-42	-209	-113	-159
5. Non debt creating financing, net	94	73	32	-141	95	90
5.1. Direct investment, equity capital, net	78	159	108	-66	71	83
5.1.1. Abroad, net	3	-13	-66	-131	-102	-16
5.1.2. In Hungary, net	74	172	175	66	173	99
5.2. Portfolio investment, equity securities, net	16	-86	-76	-75	24	7

*- o/w: Travel, net	130	218	302	193	152	246
credit	211	318	407	305	256	371
debit	81	99	105	112	104	125

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

euro million

	2001					
	Jan.	Feb.	Mar.	Apr.	May	Jun.
1. Goods, net	-225	-184	-170	-166	-192	-182
1.1. Exports	2499	2512	2574	2640	2607	2700
1.2. Imports	2764	2620	2667	2768	2784	2861
2. Services and income, net						
2.1. Services						
2.1.1. Travel, net	222	215	228	231	235	242
credit	338	328	342	340	358	369
debit	109	117	109	111	125	115
2.1.2. Other services, net	-64	-55	-30	-15	-29	-50
credit	319	299	312	339	339	350
debit	370	362	356	359	362	368
2.2. Income, net						
2.2.1. Income on debt, net	-57	-63	-60	-88	-93	-85
2.2.2. Income on equity, net	-56	-57	-60	-158	-59	-68
2.2.3. Compensation of employees, net	-1	0	-1	1	1	1
3. Current transfers	45	34	30	39	28	29
4. Current account balance	-193	-109	-62	-134	-181	-115

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	-182	-163	-217	-220	-168	-248
1.1. Exports	2027	2060	2156	2187	2232	2309	2317	2408	2390	2466	2492	2533
1.2. Imports	2155	2204	2343	2343	2532	2450	2457	2543	2637	2701	2641	2823
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net	193	208	186	217	205	207	218	216	224	219	223	212
credit	280	305	274	321	301	289	311	319	319	322	338	334
debit	95	95	96	96	93	88	93	97	92	103	112	124
2.1.2. Other services, net	-19	-53	-56	-63	-41	-42	-31	-79	-51	-18	-51	-86
credit	234	234	215	213	234	241	247	270	281	336	293	321
debit	252	257	265	263	270	271	268	369	358	365	362	374
2.2. Income, net												
2.2.1. Income on debt, net	-67	-81	-53	-66	-61	-70	-49	-65	-74	-57	-88	-80
2.2.2. Income on equity, net	-54	-51	-53	-47	-60	-41	-47	-58	-55	-54	-48	-53
2.2.3. Compensation of employees, net	1	0	1	-1	0	1	0	0	1	1	-1	0
3. Current transfers	38	33	43	36	48	46	34	40	38	38	37	38
4. Current account balance	-62	-201	-113	-106	-151	-190	-78	-99	-227	-139	-76	-167

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Average exchange rates of the Hungarian forint in June 2001: 247.12 per euro and 289.33 per US dollar. The month-end exchange rates were 243.59 per euro and 287.39 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.

Notes to the release of June 2001 balance of payments data:

1) Beginning with the release of the June 2001 report, balance of payments data have been compiled on the basis of the sector classification according to the System of National Accounts (SNA), internationally accepted as a macrostatistical standard and also used by the CSO.

2) Also from June 2001, the stock of monetary institutions' portfolio assets have been recorded at net purchase value, after taking account of write-downs. In order to create consistency with data for prior periods, the values, calculated using the new methodology, are being reported for May 2001.