

18 September 2001

## **PRESS RELEASE**

### **Hungary's final balance of payments July 2001**

*According to the final data, Hungary's current account was EUR 191 million in surplus in July 2001. That meant an increase of EUR 181 million in one year. The income account deficit was higher. The goods deficit fell, and the surpluses on services and current transfers rose. The seasonally adjusted current account deficit was lower than in June. Net non-debt inflow amounted to EUR 18 million.*

The value of central bank foreign exchange reserves was EUR 13.6 billion at month-end. Whole-economy gross foreign debt was EUR 0.5 billion lower relative to June. Net debt fell by EUR 0.3 billion. The downward effects of transactions, price and exchange rate movements as well as other volume changes explained the change in gross foreign debt. The one-month change in net debt was accounted for by the downward effects of transactions and exchange rate movements as well other volume changes, at EUR 0.2 billion and EUR 0.1 billion respectively. The outstanding total of forint-denominated bonds was EUR 3.9 billion at end-July, EUR 0.3 billion lower than at the end of June.

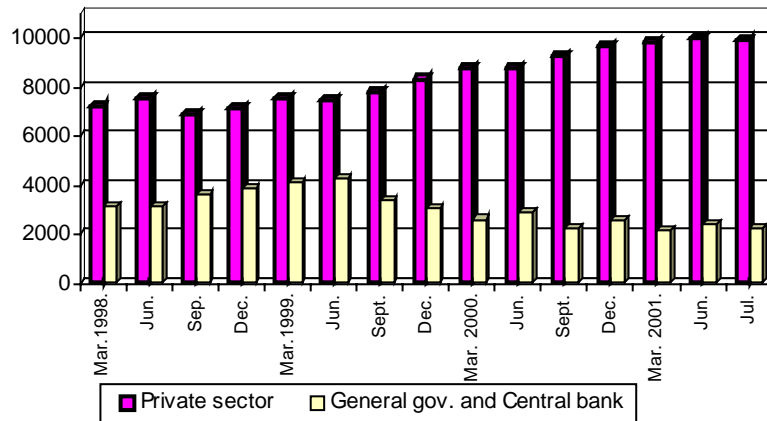
#### **Foreign debt of Hungary**

	Euro million	
	2001	
	Jun.	Jul.
<b>I. Gross foreign debt, Total Economy (S.1) ( A+B)</b>	<b>38.0</b>	<b>37.5</b>
A: General government and Central bank (S.13+S.121)	18.2	17.7
A.1. o/w.:debt securities denominated in HUF	4.2	3.9
B. Private sector (S.1-S.13-S.121)	19.8	19.7
B.1. o/w.:Intercompany loans	4.1	4.1
<b>II. Net foreign debt, Total Economy (S.1) ( A+B)</b>	<b>12.4</b>	<b>12.1</b>
A: General government and Central bank (S.13+S.121)	2.4	2.2
A.1. o/w.:debt securities denominated in HUF	4.2	3.9
B. Private sector (S.1-S.13-S.121)	10.0	9.9
B.1. o/w.:Intercompany loans	3.7	3.8
<b>III. Gross foreign debt denominated in foreign currencies, Total Economy (S.1) <sup>a)</sup></b>	<b>29.7</b>	<b>29.4</b>
<b>IV. Net foreign debt denominated in foreign currencies, Total Economy (S.1) <sup>a)</sup></b>	<b>4.5</b>	<b>4.4</b>

a) excluding intercompany loans

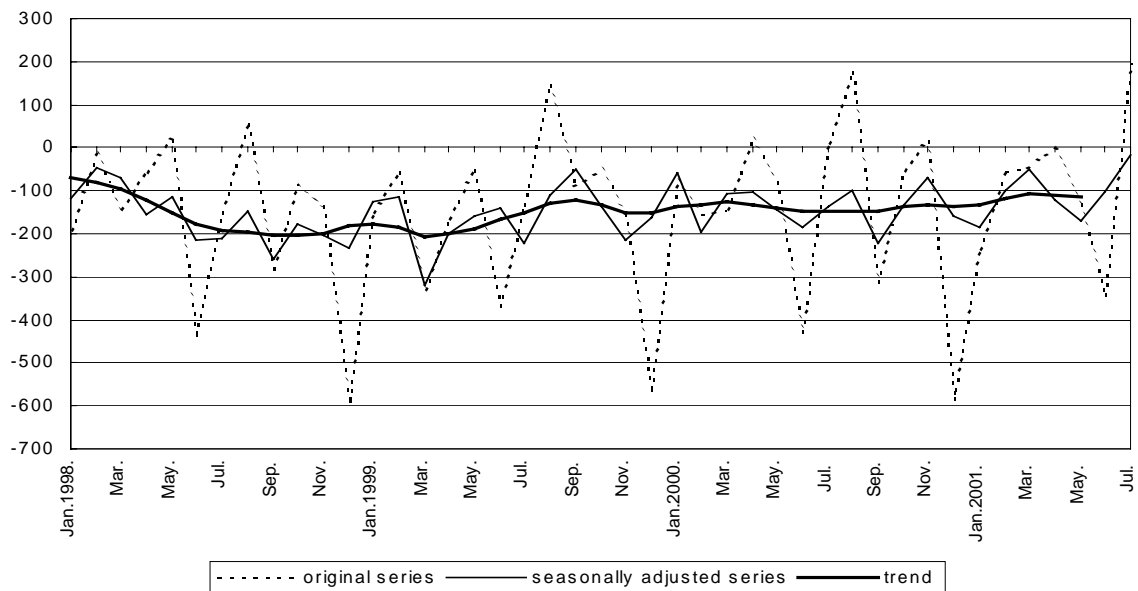
**Net foreign debt, Hungary 1998-2001  
(by sectors, including intercompany loans)**

euro million

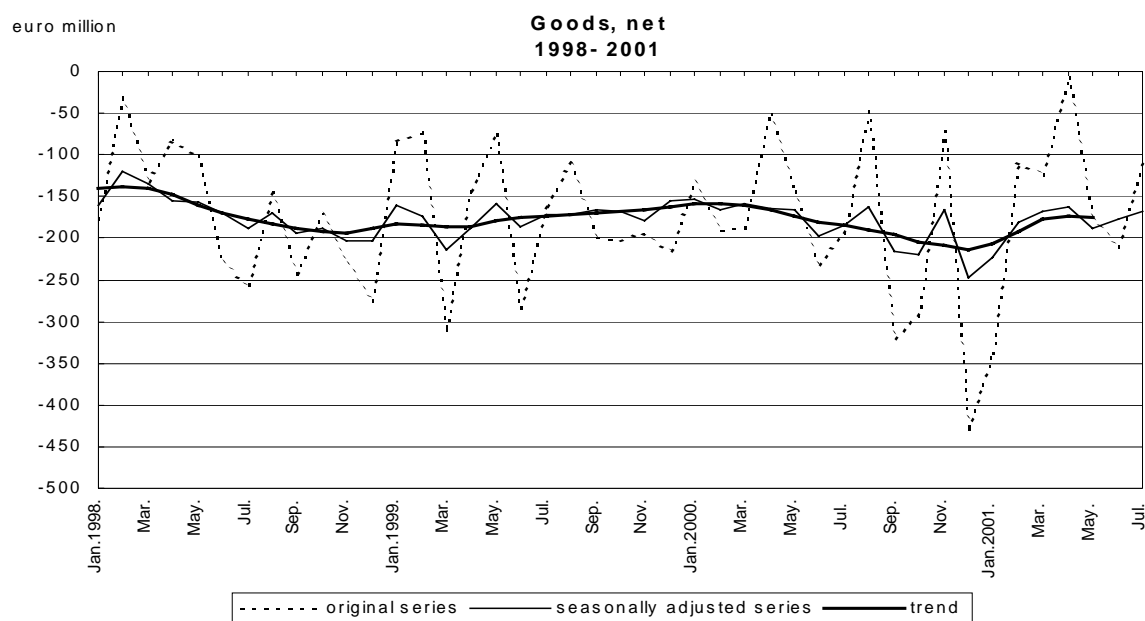


**Current account balance,  
1998- 2001**

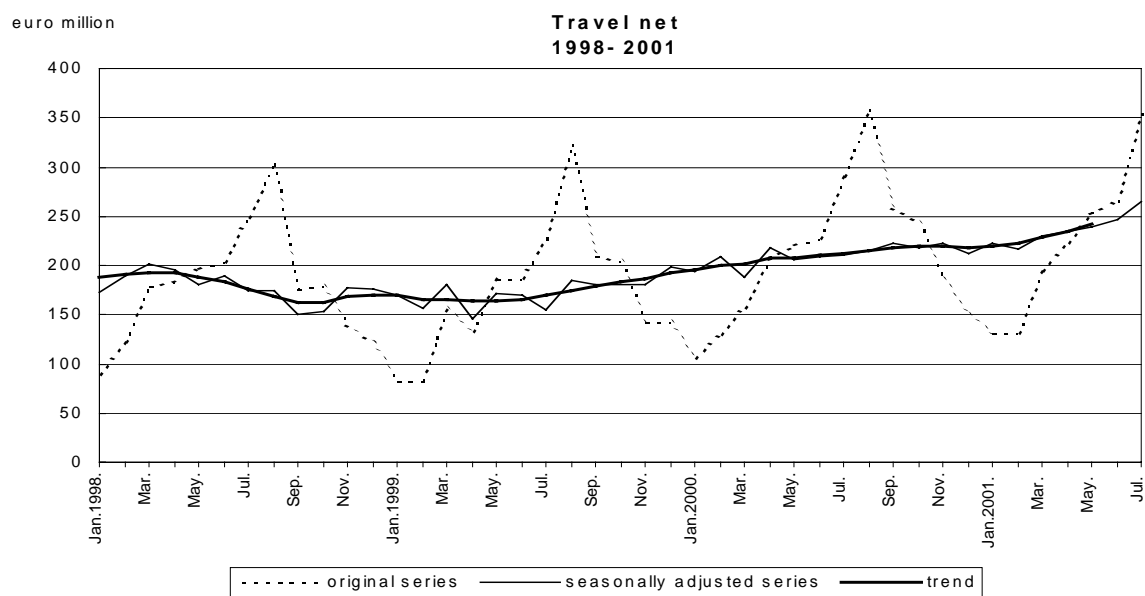
euro million



In July, net expenditures for trade in goods were the balance of EUR 2,771 million exports and EUR 2,880 million imports. The monthly values of exports and imports of goods rose by EUR 548 million and EUR 462 million respectively relative to July000. The seasonally adjusted merchandise trade balance was only EUR 9 million higher in July than in the preceding month.



At EUR 504 million, tourism revenue was EUR 102 million higher in a twelve-month comparison, expenditure, at EUR 150 million, being EUR 38 million higher. Eliminating the seasonal effects, the monthly tourism surpluses have been rising slightly, fluctuating in a range of EUR 210–265 million since the summer of 2000. Service transactions excluding tourism were EUR 23 million in surplus. That was equal to an improvement of EUR 56 million relative to July 2000.



The investment income deficit amounted to EUR 114 million in the month. Under this heading, the negative balance for investment income on equity rose by EUR 27 million and that for investment income on debt by EUR 13 million relative to July 2000.

The surplus on current transfers, at EUR 39 million, was EUR 19 million lower than twelve months previously.

Non-debt capital transactions showed a total inward flow of EUR 18 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 23 million, and those by Hungarian residents abroad, at EUR 11 million. Net inflows of portfolio investments in equity securities amounted to EUR 6 million.

### Balance of payments, Hungary

euro million

	2000				2001			
	Apr.	May	Jun.	Jan.-Jun.	Apr.	May	Jun.	Jan.-Jun.
<b>1. Goods, net</b>	<b>-51</b>	<b>-144</b>	<b>-232</b>	<b>-938</b>	<b>-7</b>	<b>-177</b>	<b>-210</b>	<b>-965</b>
1.1. Exports	2165	2421	2207	12840	2668	2636	2598	15146
1.2. Imports	2216	2565	2440	13778	2674	2813	2808	16111
<b>2. Services and income, net</b>	<b>36</b>	<b>19</b>	<b>-251</b>	<b>-178</b>	<b>-41</b>	<b>23</b>	<b>-162</b>	<b>-82</b>
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
<b>3. Current transfers</b>	<b>35</b>	<b>45</b>	<b>55</b>	<b>250</b>	<b>46</b>	<b>20</b>	<b>31</b>	<b>232</b>
<b>4. Current account balance</b>	<b>21</b>	<b>-80</b>	<b>-428</b>	<b>-866</b>	<b>-2</b>	<b>-134</b>	<b>-341</b>	<b>-815</b>
<b>5. Non debt creating financing, net</b>	<b>95</b>	<b>46</b>	<b>78</b>	<b>500</b>	<b>61</b>	<b>120</b>	<b>90</b>	<b>557</b>
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

euro million

	2000				2001			
	May	Jun.	Jul.	Jan.-Jul.	May	Jun.	Jul.	Jan.-Jul.
<b>1. Goods, net</b>	<b>-144</b>	<b>-232</b>	<b>-194</b>	<b>-1132</b>	<b>-177</b>	<b>-210</b>	<b>-110</b>	<b>-1074</b>
1.1. Exports	2421	2207	2223	15064	2636	2598	2771	17917
1.2. Imports	2565	2440	2418	16196	2813	2808	2880	18992
<b>2. Services and income, net</b>	<b>19</b>	<b>-251</b>	<b>184</b>	<b>6</b>	<b>23</b>	<b>-162</b>	<b>262</b>	<b>180</b>
2.1. Services*, net	192	180	258	1035	235	210	376	1336
2.1.1. Exports	541	571	634	3527	702	751	922	4716
2.1.2. Imports	350	391	376	2492	467	541	546	3380
2.2. Income, net	-173	-431	-74	-1029	-212	-372	-114	-1156
2.2.1. Income on debt, net	-25	-121	-28	-471	-70	-142	-41	-523
2.2.2. Income on equity, net	-148	-311	-46	-560	-143	-231	-73	-635
2.2.3. Compensation of employees, net	0	1	0	2	1	1	0	1
<b>3. Current transfers</b>	<b>45</b>	<b>55</b>	<b>20</b>	<b>271</b>	<b>20</b>	<b>31</b>	<b>39</b>	<b>270</b>
<b>4. Current account balance</b>	<b>-80</b>	<b>-428</b>	<b>10</b>	<b>-856</b>	<b>-134</b>	<b>-341</b>	<b>191</b>	<b>-624</b>
<b>5. Non debt creating financing, net</b>	<b>46</b>	<b>78</b>	<b>-87</b>	<b>413</b>	<b>120</b>	<b>90</b>	<b>18</b>	<b>575</b>
5.1. Direct investment, equity capital, net	162	142	11	720	112	90	12	474
5.1.1. Abroad, net	-24	-25	-31	-59	-13	-21	-11	-365
5.1.2. In Hungary, net	186	168	42	780	124	111	23	839
5.2. Portfolio investment, equity securities, net	-116	-65	-98	-307	8	0	6	101
*- o/w: Travel, net	222	227	290	1337	252	265	354	1549
credit	317	329	402	1989	377	413	504	2384
debit	95	103	112	652	125	148	150	835

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

euro million

	2001						
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.
<b>1. Goods, net</b>	<b>-223</b>	<b>-182</b>	<b>-167</b>	<b>-163</b>	<b>-188</b>	<b>-177</b>	<b>-168</b>
1.1. Exports	2504	2520	2584	2652	2622	2718	2764
1.2. Imports	2763	2619	2666	2767	2783	2860	2884
<b>2. Services and income, net</b>							
2.1. Services							
2.1.1. Travel, net	223	217	231	234	239	247	265
credit	340	330	345	344	363	375	392
debit	109	117	110	111	126	116	117
2.1.2. Other services, net	-63	-53	-28	-13	-26	-46	12
credit	321	302	316	343	344	356	425
debit	371	363	358	361	365	371	377
2.2. Income, net							
2.2.1. Income on debt, net	-56	-62	-59	-87	-91	-84	-72
2.2.2. Income on equity, net	-56	-58	-62	-161	-63	-72	-70
2.2.3. Compensation of employees, net	-1	0	-1	1	1	1	0
<b>3. Current transfers</b>	<b>46</b>	<b>35</b>	<b>31</b>	<b>41</b>	<b>30</b>	<b>32</b>	<b>43</b>
<b>4. Current account balance</b>	<b>-184</b>	<b>-99</b>	<b>-51</b>	<b>-123</b>	<b>-169</b>	<b>-103</b>	<b>-16</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>-153</b>	<b>-165</b>	<b>-158</b>	<b>-163</b>	<b>-166</b>	<b>-198</b>	<b>-185</b>	<b>-163</b>	<b>-217</b>	<b>-220</b>	<b>-167</b>	<b>-246</b>
1.1. Exports	2028	2061	2157	2188	2292	2312	2313	2405	2388	2466	2493	2536
1.2. Imports	2155	2203	2343	2343	2532	2449	2459	2543	2637	2702	2641	2823
<b>2. Services and income, net</b>												
2.1. Services												
2.1.1. Travel, net	194	209	188	218	207	209	210	215	223	218	223	212
credit	281	306	275	323	303	292	301	317	318	322	338	335
debit	95	95	96	96	93	88	92	97	92	103	112	125
2.1.2. Other services, net	-19	-52	-55	-61	-39	-39	-40	-81	-52	-19	-52	-86
credit	235	235	217	215	237	245	244	269	282	336	294	322
debit	253	257	265	263	270	271	265	369	358	365	362	375
2.2. Income, net												
2.2.1. Income on debt, net	-67	-81	-53	-65	-60	-69	-52	-65	-74	-57	-88	-79
2.2.2. Income on equity, net	-54	-51	-54	-47	-60	-42	-46	-57	-55	-54	-48	-53
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>38</b>	<b>33</b>	<b>44</b>	<b>37</b>	<b>49</b>	<b>47</b>	<b>30</b>	<b>39</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>38</b>
<b>4. Current account balance</b>	<b>-58</b>	<b>-196</b>	<b>-108</b>	<b>-101</b>	<b>-146</b>	<b>-184</b>	<b>-138</b>	<b>-98</b>	<b>-222</b>	<b>-132</b>	<b>-69</b>	<b>-159</b>

\* \* \* \* \*

Average exchange rates of the Hungarian forint in July 2001: 248.97 per euro and 289.49 per US dollar. The month-end exchange rates were 247.70 per euro and 282.83 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.