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PRESS RELEASE

Hungary's final balance of payments August 2001

According to the final data, Hungary's current account was EUR 273 million in surplus in August 2001, showing an increase of EUR 99 million relative to a year earlier. The current account deficit, calculated after eliminating the seasonal effects, was EUR 49 million higher than in the preceding month, owing primarily to the effect of the unusually good July data. Net non-debt inflow amounted to EUR 77 million in the month under review.

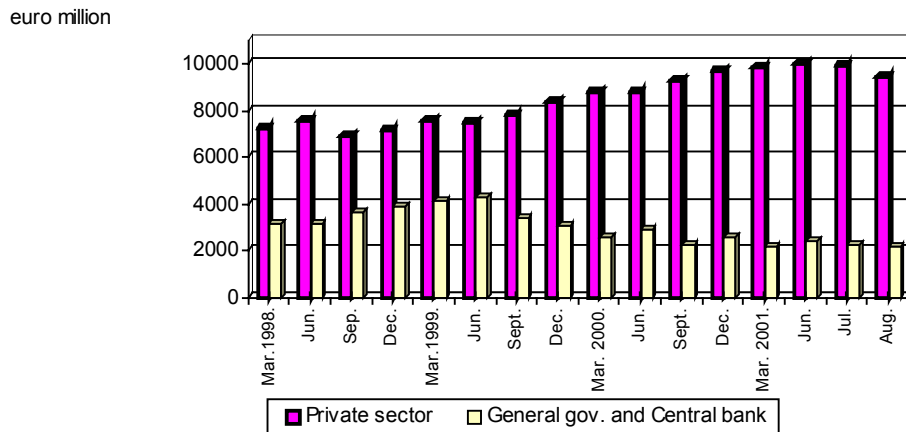
The value of central bank foreign exchange reserves was EUR 13.1 billion at month-end. Whole-economy gross foreign debt decreased by EUR 1.0 billion and net foreign debt by EUR 0.5 billion relative to the preceding month. The EUR 0.4 billion and EUR 0.6 billion downward effects of transactions, and price and exchange rate movements as well as other volume changes respectively explained the change in gross foreign debt. The one-month change in net debt was accounted for by the EUR 0.4 billion and EUR 0.1 billion downward effects of transactions, and price and exchange rate movements as well other volume changes respectively. The outstanding total of NBH forint-denominated securities was EUR 3.8 billion at end-August, EUR 0.1 billion lower than at the end of the preceding month.

Foreign debt of Hungary

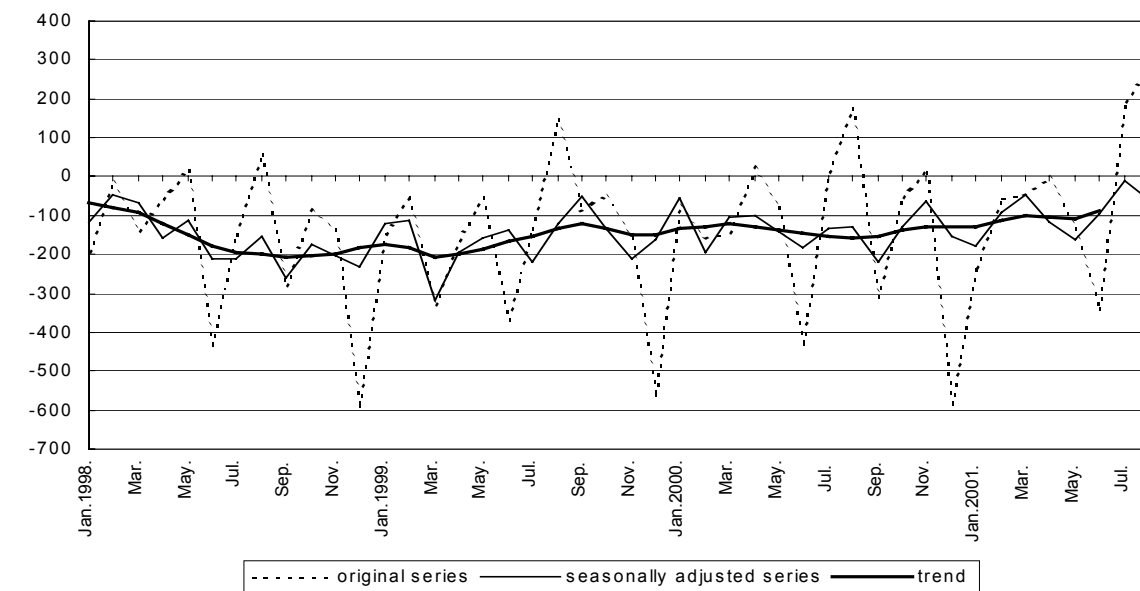
	Euro million	
	2001	
	Jul.	Aug.
I. Gross foreign debt, Total Economy (S.1) (A+B)	37.5	36.5
A: General government and Central bank (S.13+S.121)	17.7	17.0
A.1. o/w.:debt securities denominated in HUF	3.9	3.8
B. Private sector (S.1-S.13-S.121)	19.7	19.5
B.1. o/w.:Intercompany loans	4.1	4.1
II. Net foreign debt, Total Economy (S.1) (A+B)	12.1	11.6
A: General government and Central bank (S.13+S.121)	2.2	2.2
A.1. o/w.:debt securities denominated in HUF	3.9	3.8
B. Private sector (S.1-S.13-S.121)	9.9	9.4
B.1. o/w.:Intercompany loans	3.8	3.8
III. Gross foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	29.4	28.6
IV. Net foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	4.4	4.1

a) excluding intercompany loans

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



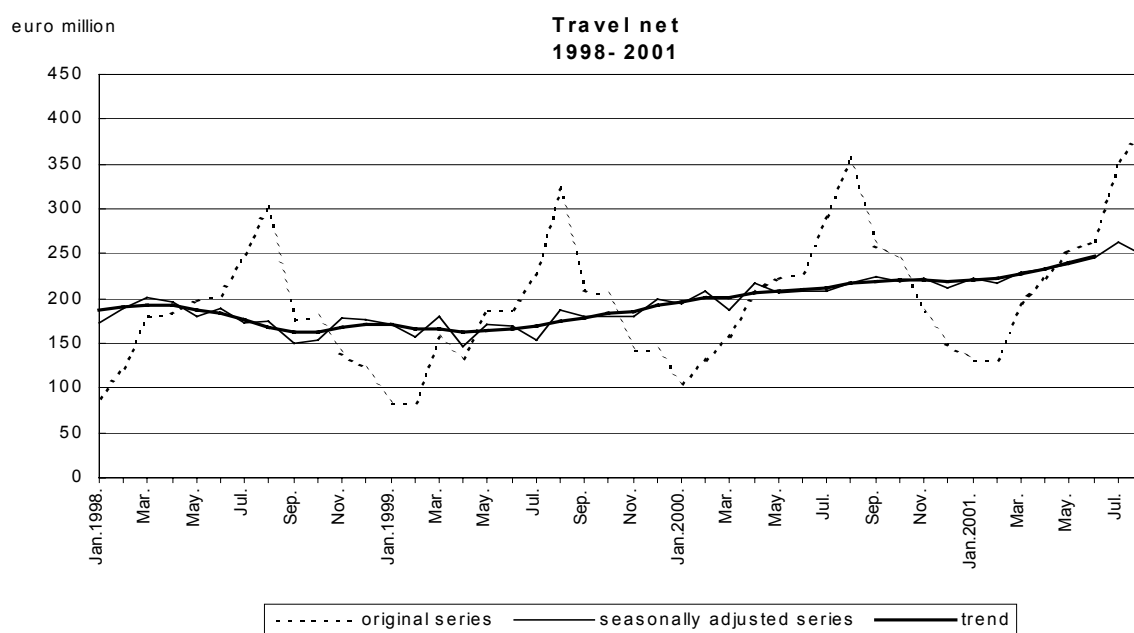
Current account balance, 1998-2001



In August, net expenditures for trade in goods were the balance of EUR 2,514 million exports and EUR 2,588 million imports. The monthly values of exports and imports of goods were EUR 62 million and EUR 88 million higher respectively than in August 2000. The seasonally adjusted goods balance has been in monthly deficits of between EUR 160–170 million since March 2001.



Tourism revenue, at EUR 543 million, and expenditure, at EUR 157 million, were EUR 80 million and EUR 51 million higher respectively in August 2001 than a year earlier. According to the time series calculated after eliminating the seasonal effects, the trend of monthly tourism balances shows surpluses fluctuating in an upward channel, between EUR 210–250 million, since the summer of 2000. Net expenditures for service transactions excluding tourism amounted to EUR 30 million in the month under review, showing a EUR 55 million improvement relative to August 2000.



Within the EUR 58 million investment income deficit, the negative balance for investment income on equity fell by EUR 19 million and that for investment income on debt by EUR 29 million in a year-on-year comparison.

The EUR 49 million surplus on current transfers in August 2001 was EUR 6 million lower than a year previously.

The balance of non-debt capital transactions showed a total inward flow of EUR 77 million in the month under review. 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 100 million, and those by Hungarian residents abroad, at EUR 9 million. Portfolio investment transactions in equity securities showed net outflows of EUR 13 million.

Balance of payments, Hungary

euro million

	2000				2001			
	Jun.	Jul.	Aug.	Jan.-Aug.	Jun.	Jul.	Aug.	Jan.-Aug.
1. Goods, net	-232	-194	-48	-1180	-210	-110	-74	-1148
1.1. Exports	2207	2223	2452	17516	2598	2771	2514	20431
1.2. Imports	2440	2418	2500	18696	2808	2880	2588	21580
2. Services and income, net	-251	184	167	172	-162	262	298	477
2.1. Services*, net	180	258	273	1308	210	376	356	1692
2.1.1. Exports	571	634	731	4258	751	922	914	5630
2.1.2. Imports	391	376	458	2951	541	546	558	3937
2.2. Income, net	-431	-74	-106	-1135	-372	-114	-58	-1215
2.2.1. Income on debt, net	-121	-28	-46	-517	-142	-41	-17	-540
2.2.2. Income on equity, net	-311	-46	-60	-620	-231	-73	-41	-676
2.2.3. Compensation of employees, net	1	0	0	2	1	0	0	1
3. Current transfers	55	20	55	326	31	39	49	319
4. Current account balance	-428	10	174	-682	-341	191	273	-351
5. Non debt creating financing, net	78	-87	153	565	90	18	77	652
5.1. Direct investment, equity capital, net	142	11	229	950	90	12	91	564
5.1.1. Abroad, net	-25	-31	-23	-83	-21	-11	-9	-374
5.1.2. In Hungary, net	168	42	253	1032	111	23	100	938
5.2. Portfolio investment, equity securities, net	-65	-98	-77	-384	0	6	-13	88
*- o/w: Travel, net	227	290	357	1694	265	354	386	1935
credit	329	402	463	2452	413	504	543	2927
debit	103	112	106	758	148	150	157	991

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

euro million

	2001							
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.
1. Goods, net	-221	-179	-164	-160	-184	-173	-162	-159
1.1. Exports	2489	2491	2538	2584	2532	2599	2637	2559
1.2. Imports	2764	2615	2657	2753	2764	2835	2854	2727
2. Services and income, net								
2.1. Services								
2.1.1. Travel, net	223	216	230	233	238	245	263	248
credit	340	331	345	345	364	376	393	390
debit	109	117	110	112	126	116	125	131
2.1.2. Other services, net	-63	-53	-28	-13	-26	-46	12	-24
credit	320	300	314	341	341	353	421	387
debit	372	365	360	364	368	375	382	386
2.2. Income, net								
2.2.1. Income on debt, net	-55	-60	-57	-85	-89	-81	-69	-58
2.2.2. Income on equity, net	-56	-56	-59	-158	-57	-65	-61	-55
2.2.3. Compensation of employees, net	-1	0	-1	1	1	1	0	0
3. Current transfers	46	35	31	41	29	31	42	37
4. Current account balance	-180	-95	-46	-117	-163	-96	-10	-59

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	-152	-165	-159	-163	-166	-198	-185	-167	-216	-219	-166	-245
1.1. Exports	2021	2054	2149	2182	2284	2304	2294	2437	2406	2479	2499	2536
1.2. Imports	2155	2201	2338	2333	2520	2433	2438	2582	2651	2713	2660	2826
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net	194	209	187	218	206	208	209	218	224	219	223	212
credit	281	307	276	323	303	292	301	315	318	322	338	335
debit	96	95	96	97	93	88	93	95	92	103	111	124
2.1.2. Other services, net	-19	-52	-55	-61	-39	-39	-41	-79	-52	-19	-52	-86
credit	234	234	215	214	235	243	242	269	281	335	293	321
debit	253	258	266	264	271	273	267	365	357	364	362	375
2.2. Income, net												
2.2.1. Income on debt, net	-67	-80	-52	-65	-59	-68	-51	-74	-74	-57	-87	-79
2.2.2. Income on equity, net	-54	-51	-53	-47	-60	-41	-45	-61	-56	-55	-49	-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	44	37	49	47	30	40	38	38	37	38
4. Current account balance	-56	-194	-106	-99	-143	-181	-135	-129	-221	-129	-65	-155

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Average exchange rates of the Hungarian forint in August 2001 were 251.16 per euro and 279.07 per US dollar. The month-end exchange rates were 253.55 per euro and 276.44 per US dollar.

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^{a)} Methodological notes to seasonal adjustment:

The following method is used to seasonally adjust the sub-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 in the same 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.