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PRESS RELEASE

Hungary's final balance of payments September 2001

According to the final data, Hungary's current account was EUR 39 million in surplus in September 2001, showing an increase of EUR 350 million relative to a year earlier. Although lower net expenditures for trade in goods explained most of the improvement in the current account balance, the outcomes on the other sub-accounts showed improvements as well. The current account balance, calculated after eliminating the seasonal effects, improved by EUR 62 million relative to the preceding month. Net non-debt inflow amounted to EUR 99 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 remained unchanged relative to August, net foreign debt falling by EUR 0.2 billion. The EUR 0.1 billion downward effect of transactions on gross foreign debt was offset the EUR 0.1 billion upward effect of price and exchange rate movements as well as other volume changes. The one-month change in net debt was accounted for by the EUR 0.2 billion downward effect of transactions. The outstanding total of NBH forint-denominated securities was EUR 3.6 billion at end-September, EUR 0.2 billion lower than at the end of the preceding month.

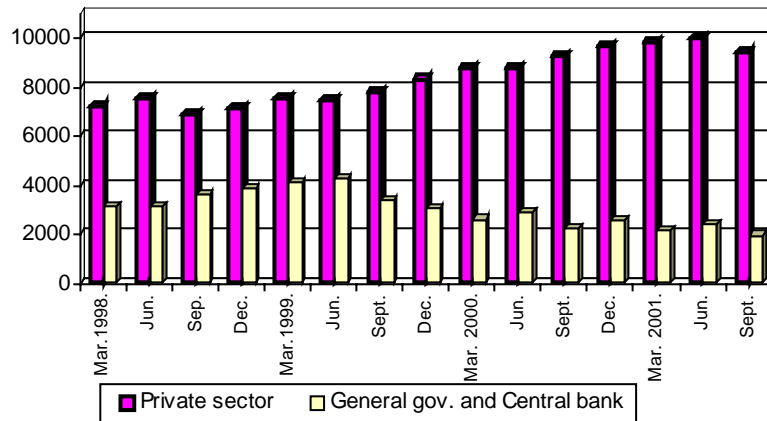
Foreign debt of Hungary

	Euro million	
	2001 Aug.	Sept.
I. Gross foreign debt, Total Economy (S.1) (A+B)	36.5	36.5
A: General government and Central bank (S.13+S.121)	17.0	16.8
A.1. o/w.:debt securities denominated in HUF	3.8	3.6
B. Private sector (S.1-S.13-S.121)	19.5	19.6
B.1. o/w.:Intercompany loans	4.1	4.6
II. Net foreign debt, Total Economy (S.1) (A+B)	11.6	11.4
A: General government and Central bank (S.13+S.121)	2.2	1.9
A.1. o/w.:debt securities denominated in HUF	3.8	3.6
B. Private sector (S.1-S.13-S.121)	9.4	9.4
B.1. o/w.:Intercompany loans	3.8	4.2
III. Gross foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	28.6	28.3
IV. Net foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	4.1	3.5

a) excluding intercompany loans

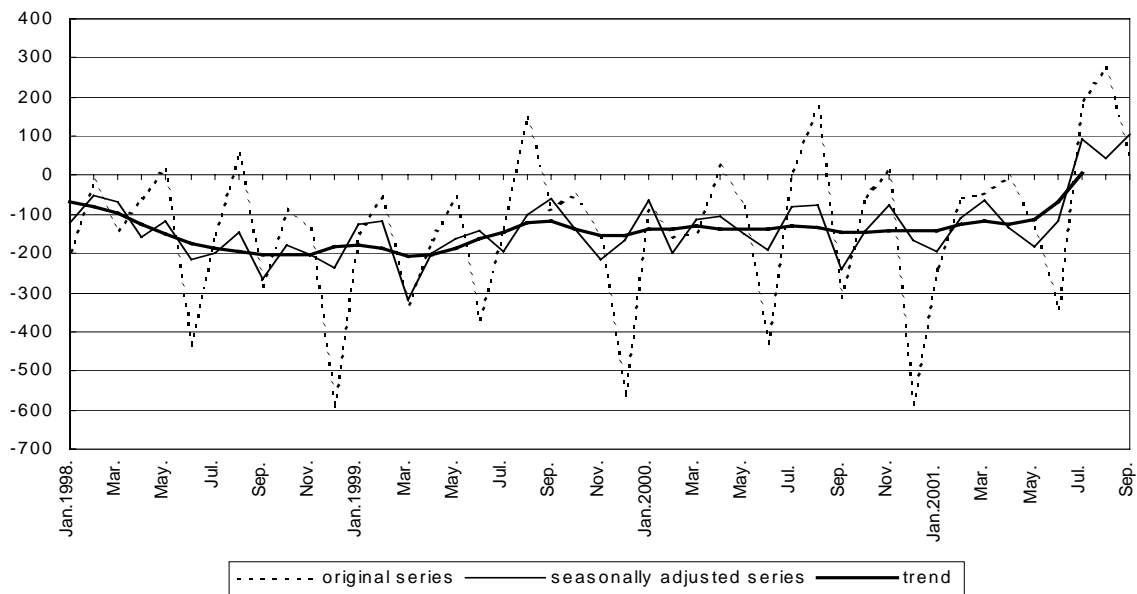
**Net foreign debt, Hungary 1998-2001
(by sectors, including intercompany loans)**

euro million

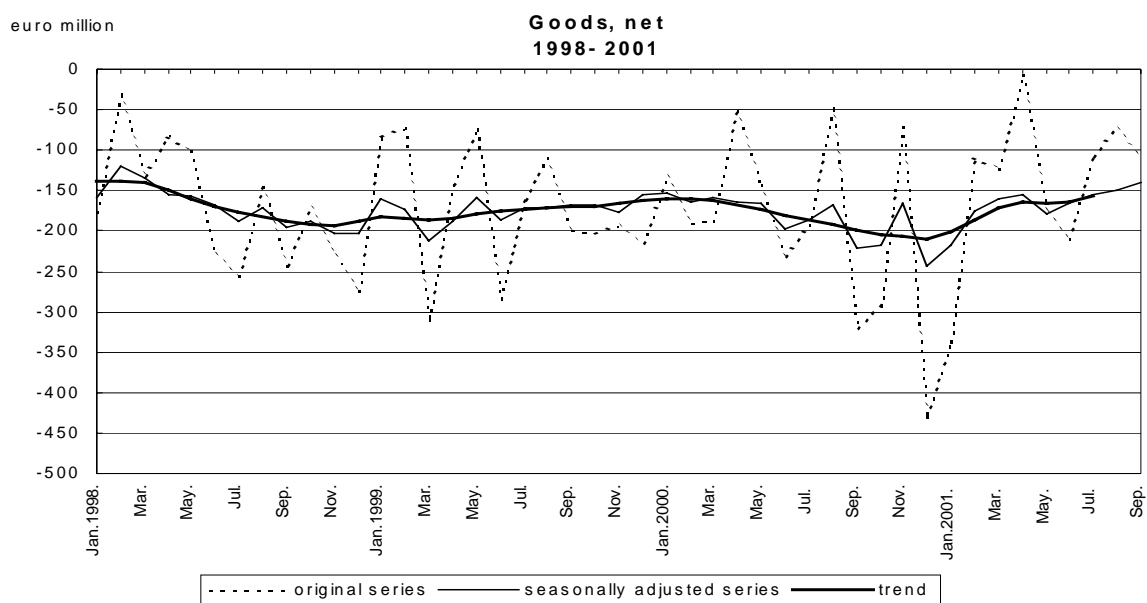


euro million

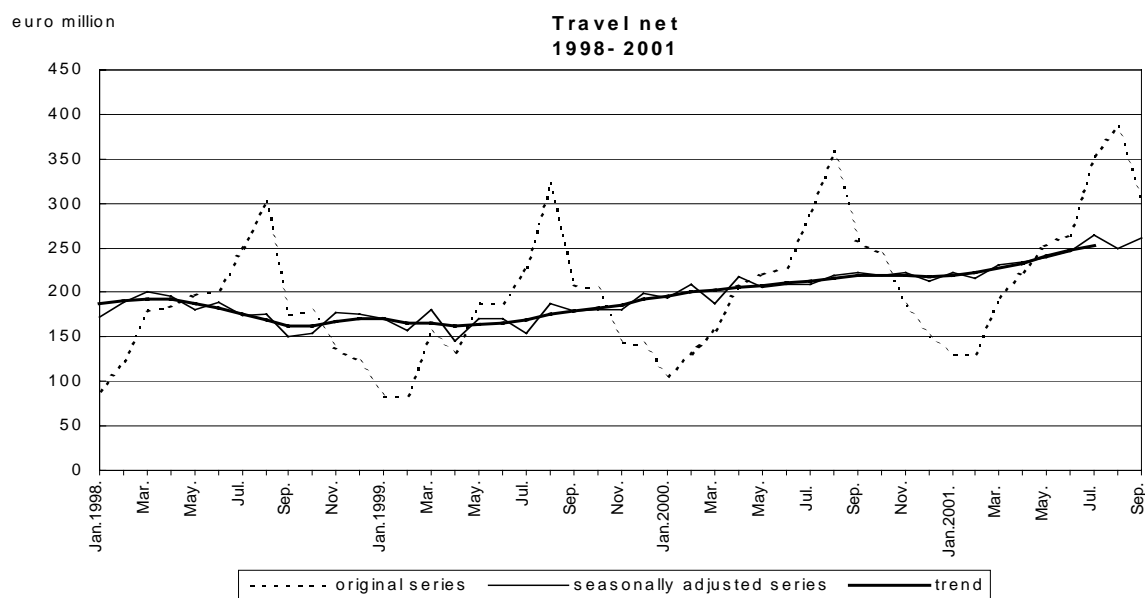
**Current account balance,
1998- 2001**



In September, net expenditures for trade in goods were the balance of EUR 2,436 million exports and EUR 2,545 million imports. The monthly value of exports of goods were EUR 156 million higher and that of imports EUR 55 million lower than in September 2000. The seasonally adjusted goods balance has been falling since May 2001.



Tourism revenue, at EUR 426 million, and expenditure, at EUR 124 million, were EUR 71 million and EUR 28 million higher respectively in September 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 210–260 million, since the summer of 2000. Net expenditures for service transactions excluding tourism amounted to EUR 40 million in the month under review, equal to that recorded in September 2000.



Within the EUR 188 million investment income deficit, the negative balance for investment income on equity fell by EUR 8 million and that for investment income on debt by EUR 43 million in a year-on-year comparison.

The EUR 73 million surplus on current transfers in September 2001 was EUR 44 million higher than a year previously.

The balance of non-debt capital transactions showed a total inward flow of EUR 99 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 92 million, and those by Hungarian residents abroad, at EUR 14 million. Portfolio investment transactions in equity securities showed net inflows of EUR 20 million.

Balance of payments, Hungary

euro million

	2000				2001			
	Jul.	Aug.	Sept.	Jan.-Sept.	Jul.	Aug.	Sept.	Jan.-Sept.
1. Goods, net	-194	-48	-320	-1501	-110	-74	-108	-1256
1.1. Exports	2223	2452	2280	19796	2771	2514	2436	22868
1.2. Imports	2418	2500	2600	21297	2880	2588	2545	24124
2. Services and income, net	184	167	-19	153	262	298	74	551
2.1. Services*, net	258	273	218	1526	376	356	262	1954
2.1.1. Exports	634	731	633	4891	922	914	758	6388
2.1.2. Imports	376	458	414	3365	546	558	496	4434
2.2. Income, net	-74	-106	-238	-1373	-114	-58	-188	-1403
2.2.1. Income on debt, net	-28	-46	-97	-614	-41	-17	-54	-594
2.2.2. Income on equity, net	-46	-60	-142	-762	-73	-41	-134	-810
2.2.3. Compensation of employees, net	0	0	1	3	0	0	0	2
3. Current transfers	20	55	29	355	39	49	73	392
4. Current account balance	10	174	-311	-993	191	273	39	-313
5. Non debt creating financing, net	-87	153	31	596	18	77	99	750
5.1. Direct investment, equity capital, net	11	229	85	1034	12	91	78	643
5.1.1. Abroad, net	-31	-23	-145	-228	-11	-9	-14	-388
5.1.2. In Hungary, net	42	253	229	1262	23	100	92	1031
5.2. Portfolio investment, equity securities, net	-98	-77	-54	-438	6	-13	20	108
*- o/w: Travel, net	290	357	259	1953	354	386	301	2237
credit	402	463	355	2808	504	543	426	3353
debit	112	106	96	854	150	157	124	1116

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

euro million

	2001								
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.
1. Goods, net	-218	-176	-160	-155	-179	-166	-155	-149	-141
1.1. Exports	2489	2492	2541	2590	2541	2612	2653	2576	2629
1.2. Imports	2765	2615	2655	2747	2753	2823	2837	2706	2679
2. Services and income, net									
2.1. Services									
2.1.1. Travel, net	223	216	230	233	238	246	264	249	260
credit	340	331	345	344	364	375	392	389	389
debit	109	117	110	112	126	116	125	131	132
2.1.2. Other services, net	-63	-53	-28	-14	-27	-48	10	-27	-46
credit	319	300	313	340	340	351	418	383	355
debit	372	365	361	365	369	377	384	387	388
2.2. Income, net									
2.2.1. Income on debt, net	-54	-59	-56	-83	-87	-78	-66	-54	-51
2.2.2. Income on equity, net	-55	-56	-59	-158	-57	-66	-61	-56	-57
2.2.3. Compensation of employees, net	-1	0	-1	1	1	1	0	0	0
3. Current transfers	49	35	31	44	32	32	47	42	63
4. Current account balance	-193	-110	-63	-135	-182	-116	94	43	105

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	-159	-165	-165	-197	-186	-168	-222	-218	-166	-244
1.1. Exports	2021	2055	2150	2183	2285	2305	2295	2440	2401	2477	2497	2534
1.2. Imports	2157	2201	2335	2331	2513	2425	2429	2567	2678	2722	2666	2834
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net	194	209	187	218	206	209	209	219	222	219	223	212
credit	281	307	276	323	303	292	301	315	319	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	-62	-40	-40	-42	-81	-48	-18	-51	-85
credit	235	234	215	214	234	242	241	267	285	337	293	323
debit	253	258	266	264	272	273	268	364	355	364	361	375
2.2. Income, net												
2.2.1. Income on debt, net	-66	-80	-52	-64	-59	-67	-50	-73	-83	-57	-87	-78
2.2.2. Income on equity, net	-54	-51	-53	-47	-60	-41	-45	-61	-57	-55	-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	34	46	35	52	50	29	46	27	36	37	33
4. Current account balance	-62	-201	-113	-107	-151	-191	-82	-77	-241	-140	-77	-167

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Average exchange rates of the Hungarian forint in September 2001 were 255.87 per euro and 280.92 per US dollar. The month-end exchange rates were 257.75 per euro and 281.29 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.