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PRESS RELEASE

Hungary's final balance of payments October 2001

According to the final data, Hungary's current account was EUR 17 million in surplus in October 2001, showing an increase of EUR 72 million relative to a year earlier. Lower net expenditures for trade in goods explained most of the improvement in the current account balance. The current account balance, calculated after eliminating the seasonal effects, showed a deficit of EUR 72 million. Net non-debt inflow amounted to EUR 235 million in the month under review.

The value of central bank foreign exchange reserves was EUR 13.0 billion at month-end. Whole-economy gross foreign debt was EUR 0.1 billion higher than in the previous month, while net foreign debt fell by EUR 0.4 billion, relative to the previous month. The EUR 0.1 billion downward effect of transactions on gross foreign debt was offset the EUR 0.2 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 and cross exchange rate, prices and other volume changes each. The outstanding total of NBH forint-denominated securities was EUR 3.8 billion at end-October, EUR 0.2 billion higher than at the end of the preceding month.

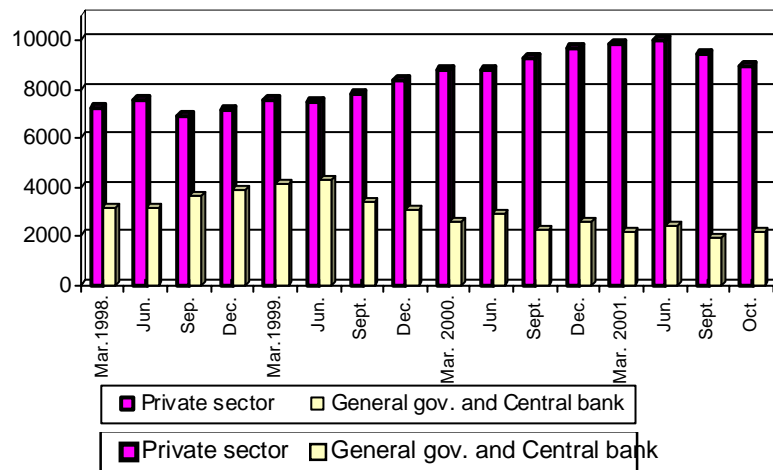
Foreign debt of Hungary

	Euro million	
	2001	
	Sept.	Oct.
I. Gross foreign debt, Total Economy (S.1) (A+B)	36.5	36.6
A: General government and Central bank (S.13+S.121)	16.8	16.9
A.1. o/w.:debt securities denominated in HUF	3.6	3.8
B. Private sector (S.1-S.13-S.121)	19.6	19.7
B.1. o/w.:Intercompany loans	4.6	4.6
II. Net foreign debt, Total Economy (S.1) (A+B)	11.4	11.0
A: General government and Central bank (S.13+S.121)	1.9	2.1
A.1. o/w.:debt securities denominated in HUF	3.6	3.8
B. Private sector (S.1-S.13-S.121)	9.4	8.9
B.1. o/w.:Intercompany loans	4.2	4.2
III. Gross foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	28.3	28.1
IV. Net foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	3.5	3.0

a) excluding intercompany loans

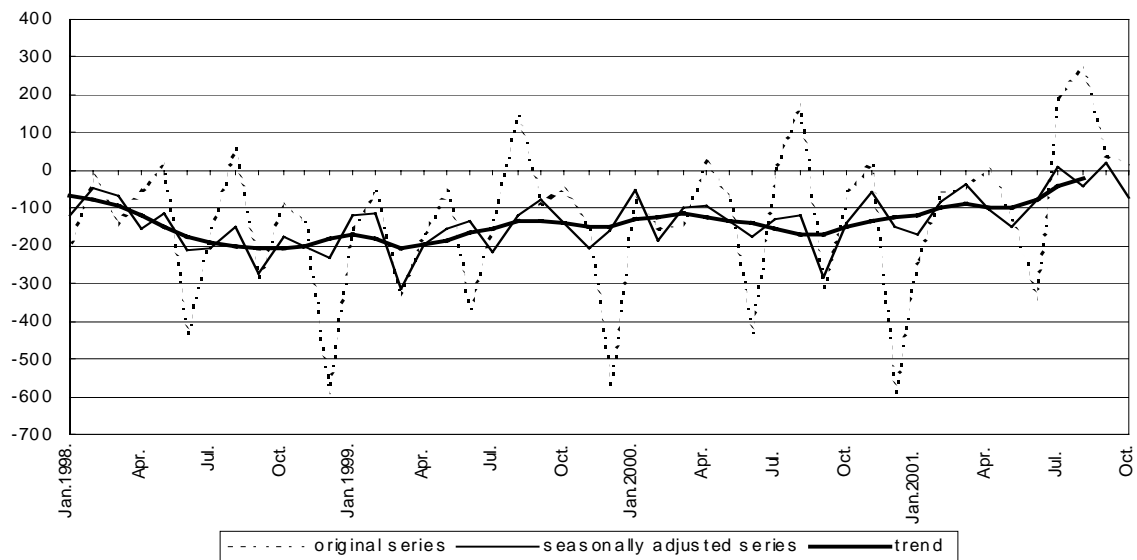
**Net foreign debt, Hungary 1998-2001
(by sectors, including intercompany loans)**

euro million

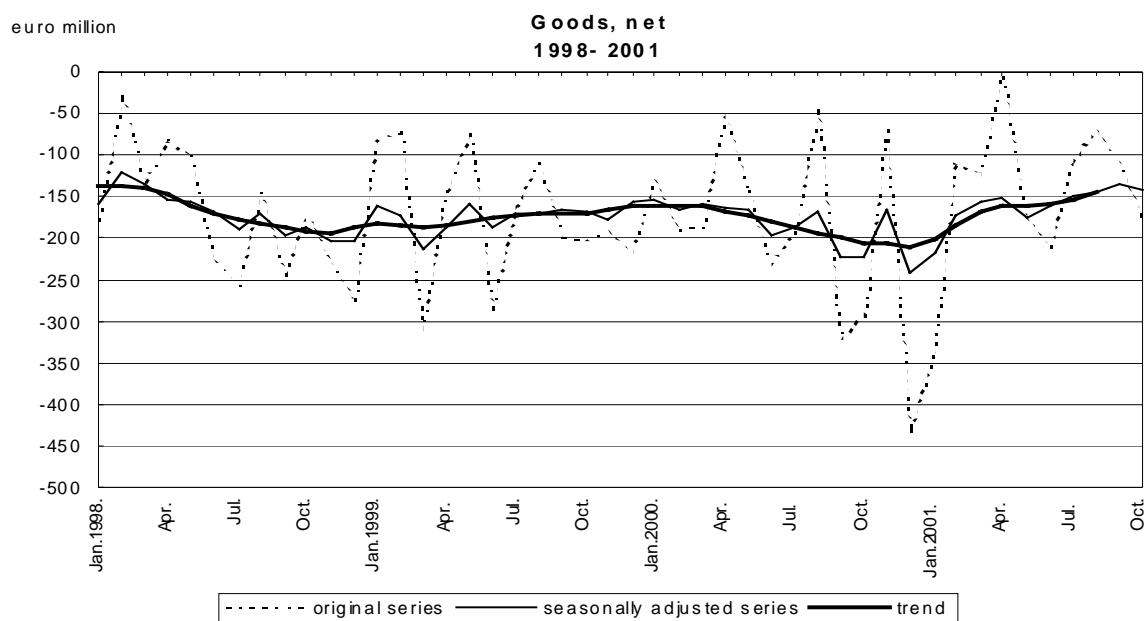


euro million

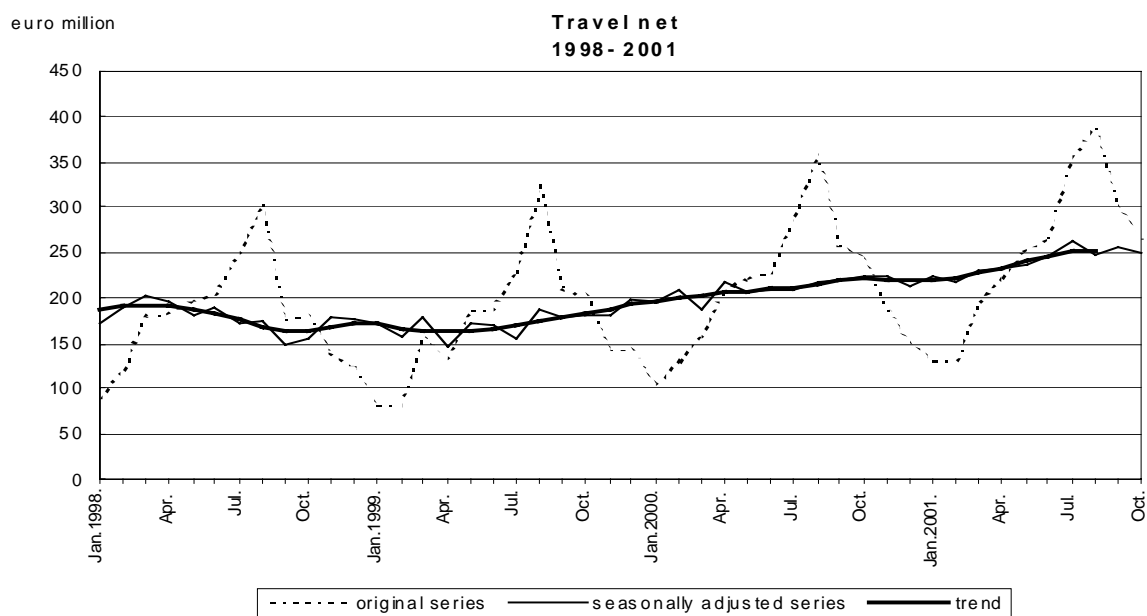
**Current account balance,
1998 - 2001**



In October, net expenditures for trade in goods were the balance of EUR 2,696 million exports and EUR 2,873 million imports. The monthly value of exports of goods were EUR 221 million and that of imports EUR 104 million higher than in October 2000. The seasonally adjusted goods balance, fluctuating in the range of EUR 140-150 million since the summer of 2001, showed a deficit in October, which was slightly higher than in the previous month.



Tourism revenue, at EUR 384 million, and expenditure, at EUR 119 million, were EUR 54 million and EUR 32 million higher respectively in October 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 28 million in the month under review, EUR 26 million lower than that recorded in October 2000.



Within the EUR 85 million investment income deficit, the negative balance for investment income on equity rose by EUR 18 million and that for investment income on debt by EUR 29 million in a year-on-year comparison.

The EUR 41 million surplus on current transfers in October 2001 was EUR 4 million higher than a year previously.

The balance of non-debt capital transactions stood at EUR 235 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 312 million, and those by Hungarian residents abroad, at EUR 6 million. Portfolio investment transactions in equity securities showed net outflows of EUR 70 million.

Balance of payments, Hungary

euro million

	2000				2001			
	Aug.	Sept.	Oct.	Jan.-Oct.	Aug.	Sept.	Oct.	Jan.-Oct.
1. Goods, net	-48	-320	-294	-1795	-74	-108	-177	-1433
1.1. Exports	2452	2280	2475	22271	2514	2436	2696	25564
1.2. Imports	2500	2600	2769	24066	2588	2545	2873	26997
2. Services and income, net	167	-19	202	355	298	74	153	704
2.1. Services*, net	273	218	241	1767	356	262	238	2192
2.1.1. Exports	731	633	680	5571	914	758	792	7180
2.1.2. Imports	458	414	440	3804	558	496	554	4987
2.2. Income, net	-106	-238	-39	-1412	-58	-188	-85	-1488
2.2.1. Income on debt, net	-46	-97	-21	-635	-17	-54	-50	-644
2.2.2. Income on equity, net	-60	-142	-18	-781	-41	-134	-36	-847
2.2.3. Compensation of employees, net	0	1	1	3	0	0	1	3
3. Current transfers	55	29	37	392	49	73	41	433
4. Current account balance	174	-311	-55	-1048	273	39	17	-296
5. Non debt creating financing, net	153	31	-99	497	77	99	235	986
5.1. Direct investment, equity capital, net	229	85	27	1061	91	78	306	948
5.1.1. Abroad, net	-23	-145	-11	-238	-9	-14	-6	-394
5.1.2. In Hungary, net	253	229	37	1299	100	92	312	1342
5.2. Portfolio investment, equity securities, net	-77	-54	-126	-564	-13	20	-70	37
*- o/w: Travel, net	357	259	243	2196	386	301	266	2503
credit	463	355	330	3138	543	426	384	3737
debit	106	96	87	942	157	124	119	1234

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

euro million

	2001									
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.
1. Goods, net	-218	-174	-157	-152	-175	-163	-150	-144	-134	-142
1.1. Exports	2488	2491	2541	2590	2542	2613	2655	2579	2632	2652
1.2. Imports	2763	2614	2655	2748	2754	2826	2840	2711	2685	2777
2. Services and income, net										
2.1. Services										
2.1.1. Travel, net	224	217	230	233	237	244	262	246	258	248
credit	340	331	345	344	363	374	391	387	386	383
debit	109	117	110	112	125	116	125	131	120	131
2.1.2. Other services, net	-63	-53	-28	-14	-28	-48	10	-27	-47	-42
credit	319	300	314	340	340	351	418	383	354	378
debit	373	367	363	368	373	381	389	393	396	407
2.2. Income, net										
2.2.1. Income on debt, net	-55	-60	-56	-84	-88	-79	-67	-56	-53	-76
2.2.2. Income on equity, net	-55	-56	-59	-159	-59	-68	-64	-60	-62	-66
2.2.3. Compensation of employees, net	-1	0	-1	1	1	1	0	0	0	1
3. Current transfers	49	35	31	43	32	31	46	40	61	45
4. Current account balance	-171	-84	-35	-105	-150	-82	6	-43	21	-72

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	-164	-167	-197	-187	-168	-223	-223	-165	-242
1.1. Exports	2022	2055	2150	2183	2285	2306	2295	2441	2402	2476	2496	2534
1.2. Imports	2156	2200	2335	2332	2513	2426	2431	2569	2682	2716	2653	2833
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net	194	209	187	218	206	208	208	218	220	223	224	213
credit	281	307	275	323	303	291	300	314	318	326	339	336
debit	95	95	96	97	93	88	92	94	94	103	111	126
2.1.2. Other services, net	-19	-52	-55	-62	-40	-41	-43	-81	-48	-17	-51	-85
credit	235	234	215	214	234	242	241	267	285	337	293	323
debit	253	258	267	265	273	275	269	363	354	358	360	374
2.2. Income, net												
2.2.1. Income on debt, net	-67	-80	-52	-64	-59	-68	-50	-73	-83	-52	-87	-78
2.2.2. Income on equity, net	-54	-51	-53	-47	-60	-41	-45	-61	-57	-53	-47	-52
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	34	52	49	29	45	26	40	37	33
4. Current account balance	-52	-190	-101	-93	-137	-175	-128	-121	-283	-141	-60	-147

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Average exchange rates of the Hungarian forint in October 2001 were 255.46 per euro and 281.52 per US dollar. The month-end exchange rates were 255.36 per euro and 282.22 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.

Methodological notes to the publications and tables:

1) The codes (such as S.121, for instance) attached to the names of sectors and sub-sectors refer to corresponding categories generally used in international classifications. Definitions for the various sectors can be found in the article on “A new statistical breakdown by sectors, June 2001”, under the heading Financial data/Statistics on the NBH’s website (www.mnb.hu).