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PRESS RELEASE

Hungary's final balance of payments November 2001

According to the final data, Hungary's current account was in a EUR 46 million deficit in November 2001. This compared with a EUR 11 million surplus a year earlier. Higher net expenditures for trade in goods played a dominant role in the change, their effect on the current account outcome being partly offset by the higher surplus on services. After eliminating the seasonal effects, the current account was in a EUR 105 million deficit. Net non-debt inflow amounted to EUR 125 million in the month under review.

The value of central bank foreign exchange reserves was EUR 12.7 billion at month-end. Whole-economy gross foreign debt was EUR 0.5 billion higher and net foreign debt EUR 0.2 billion lower relative to the preceding month. Transactions, and price and exchange rate movements as well as other volume changes contributed EUR 0.1 billion and EUR 0.4 billion respectively to the increase in gross foreign debt. Most of 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 4.0 billion at end-November, EUR 0.2 billion higher than at the end of the preceding month.

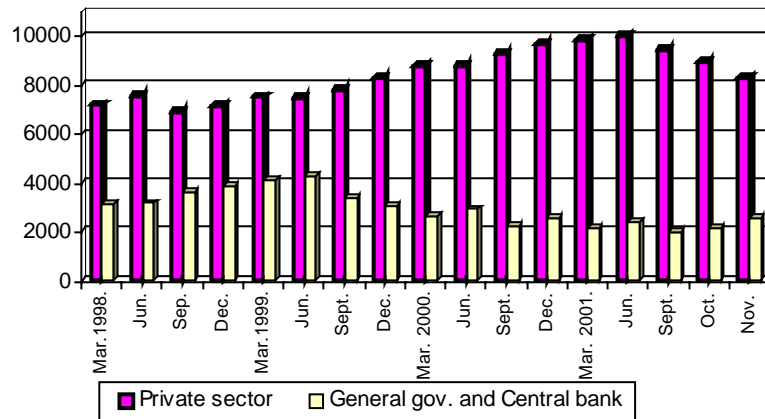
Foreign debt of Hungary

	Euro million	
	2001	
	Oct.	Nov.
I. Gross foreign debt, Total Economy (S.1) (A+B)	36.6	37.1
A: General government and Central bank (S.13+S.121)	16.9	17.1
A.1. o/w.:debt securities denominated in HUF	3.8	4.0
B. Private sector (S.1-S.13-S.121)	19.7	20.0
B.1. o/w.:Intercompany loans	4.6	4.7
II. Net foreign debt, Total Economy (S.1) (A+B)	11.0	10.8
A: General government and Central bank (S.13+S.121)	2.1	2.5
A.1. o/w.:debt securities denominated in HUF	3.8	4.0
B. Private sector (S.1-S.13-S.121)	8.9	8.3
B.1. o/w.:Intercompany loans	4.2	4.4
III. Gross foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	28.1	28.3
IV. Net foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	3.0	2.4

a) excluding intercompany loans

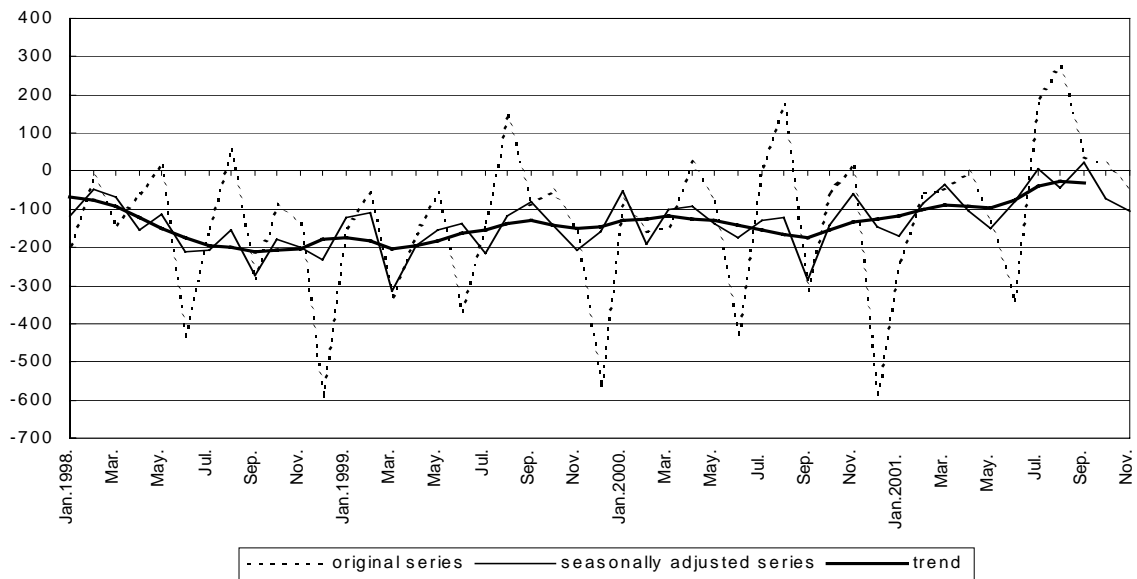
**Net foreign debt, Hungary 1998-2001
(by sectors, including intercompany loans)**

euro million



euro million

**Current account balance,
1998- 2001**



In November, net expenditures for trade in goods were the balance of EUR 2,827 million exports and EUR 2,976 million imports. The monthly values of exports and imports increased by EUR 181 million and EUR 258 million respectively relative to November 2000. The seasonally adjusted goods deficit was nearly EUR 30 million higher in November 2001 than in the preceding month.



Tourism revenue, at EUR 352 million, was EUR 47 million higher than in November 2000, expenditure, at EUR 120 million, being comparable with the year earlier outcome. According to the time series calculated after eliminating the seasonal effects, the trend of monthly tourism balances shows continuously increasing surpluses of above EUR 200 million since the summer of 2000. Net expenditures for service transactions excluding tourism amounted to EUR 50 million in the month under review, EUR 13 million higher than that recorded in November 2000. *Due to the withdrawal of the national currencies of the euro area, Hungarian households switched a part of their foreign currency holdings into deposits or converted into forints. The estimated value of deposited and converted assets, EUR 30 million, derived by analysing the available series for currency turnover, was recorded in the financial account when compiling the balance of payments for November. This factor had no effect on the tourism and current account outcomes.*

The net outflow of investment income, at EUR 114 million, was slightly higher in a year-on-year comparison. The increase affected the negative balances for both investment income on equity and investment income on debt.

The EUR 35 million surplus on current transfers in November 2001 was EUR 5 million lower than a year previously.

The balance of non-debt capital transactions showed a total inward flow of EUR 125 million in the month under review. Net inflows of direct investments in equity capital were the balance of direct investment transactions by non-residents in Hungary, at EUR 108 million, and those by Hungarian residents abroad, at EUR 12 million. Portfolio investment transactions in equity securities showed net inflows of EUR 30 million.

Balance of payments, Hungary

euro million

	2000				2001			
	Sept.	Oct.	Nov.	Jan.-Nov.	Sept.	Oct.	Nov.	Jan.-Nov.
1. Goods, net	-320	-294	-72	-1867	-108	-177	-149	-1583
1.1. Exports	2280	2475	2646	24918	2436	2696	2827	28390
1.2. Imports	2600	2769	2718	26784	2545	2873	2976	29973
2. Services and income, net	-19	202	43	398	74	153	69	773
2.1. Services*, net	218	241	149	1916	262	238	183	2375
2.1.1. Exports	633	680	630	6201	758	792	753	7932
2.1.2. Imports	414	440	481	4285	496	554	569	5557
2.2. Income, net	-238	-39	-106	-1518	-188	-85	-114	-1602
2.2.1. Income on debt, net	-97	-21	-91	-726	-54	-50	-98	-742
2.2.2. Income on equity, net	-142	-18	-14	-794	-134	-36	-17	-864
2.2.3. Compensation of employees, net	1	1	-1	3	0	1	1	4
3. Current transfers	29	37	40	432	73	41	35	468
4. Current account balance	-311	-55	11	-1037	39	17	-46	-341
5. Non debt creating financing, net	31	-99	-320	177	99	235	125	1111
5.1. Direct investment, equity capital, net	85	27	-271	790	78	306	95	1044
5.1.1. Abroad, net	-145	-11	-117	-355	-14	-6	-12	-406
5.1.2. In Hungary, net	229	37	-154	1145	92	312	108	1450
5.2. Portfolio investment, equity securities, net	-54	-126	-50	-613	20	-70	30	67
*- o/w: Travel, net	259	243	186	2382	301	266	233	2735
credit	355	330	305	3444	426	384	352	4089
debit	96	87	120	1062	124	119	120	1354

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

euro million

	2001										
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.
1. Goods, net	-218	-175	-158	-153	-177	-164	-152	-146	-137	-146	-172
1.1. Exports	2487	2491	2541	2590	2542	2614	2657	2582	2637	2657	2683
1.2. Imports	2758	2610	2653	2747	2756	2830	2847	2721	2698	2792	2892
2. Services and income, net											
2.1. Services											
2.1.1. Travel, net	223	216	230	233	238	245	263	248	259	250	265
credit	340	331	345	344	363	373	390	386	385	382	387
debit	109	117	110	112	125	116	125	131	119	130	123
2.1.2. Other services, net	-62	-53	-29	-14	-28	-49	9	-28	-47	-43	-58
credit	320	300	314	340	339	351	417	383	353	377	365
debit	373	368	364	370	375	384	393	397	401	413	419
2.2. Income, net											
2.2.1. Income on debt, net	-55	-60	-57	-85	-88	-80	-68	-57	-55	-78	-80
2.2.2. Income on equity, net	-55	-56	-59	-159	-58	-67	-63	-58	-60	-63	-62
2.2.3. Compensation of employees, net	-1	0	-1	1	1	1	0	0	0	1	1
3. Current transfers	50	35	30	43	31	31	45	39	59	43	40
4. Current account balance	-171	-84	-35	-105	-150	-82	6	-43	21	-72	-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	-167	-196	-187	-168	-223	-222	-163	-243
1.1. Exports	2022	2055	2150	2184	2286	2306	2296	2441	2402	2476	2495	2533
1.2. Imports	2153	2198	2333	2332	2514	2429	2436	2575	2690	2726	2635	2827
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net	194	209	187	218	206	208	209	218	221	224	221	212
credit	281	307	275	323	303	291	300	314	317	326	340	336
debit	95	95	96	97	93	88	92	94	93	103	112	126
2.1.2. Other services, net	-19	-19	-55	-62	-40	-41	-43	-82	-49	-17	-47	-85
credit	235	235	215	214	234	242	241	266	284	336	295	323
debit	254	259	267	266	274	276	270	362	354	358	356	374
2.2. Income, net												
2.2.1. Income on debt, net	-67	-80	-52	-65	-59	-68	-51	-74	-84	-52	-82	-78
2.2.2. Income on equity, net	-54	-51	-53	-47	-60	-41	-45	-61	-57	-53	-49	-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	28	45	26	39	41	34
4. Current account balance	-52	-190	-101	-93	-137	-175	-128	-121	-283	-141	-59	-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 (e.g. S.121) attached to the names of sectors and sub-sectors, refer to corresponding categories generally used in international classifications. Definitions of the various sectors can be found in the article 'Sector classification in the NBH's statistical press releases from June 2001', at Financial data...Statistics on the Bank's website.