

PRESS RELEASE

Hungary's final balance of payments

February 2002

According to the final data, Hungary's current account registered a EUR 198 million deficit in February 2002. This compared with a EUR 14 million deficit a year earlier. Higher net expenditures for trade in goods and services dominated the year-on-year change. After eliminating the seasonal effects, the current account was in a EUR 252 million deficit. Net non-debt inflow amounted to EUR 33 million in the month under review.

The value of central bank foreign exchange reserves was EUR 11.2 billion at month-end. Whole-economy gross foreign debt was EUR 0.8 billion lower relative to the preceding month. Transactions reduced gross foreign debt by EUR 1.3 billion, in contrast with price and exchange rate movements as well as other volume changes, which contributed EUR 0.5 billion. The EUR 0.1 billion one-month increase in net debt was accounted for by the EUR 0.2 billion upward effect of transactions and the EUR 0.1 billion downward effect of exchange rate movements and other volume changes. The outstanding total of NBH forint-denominated securities was EUR 4.8 billion at end-February, EUR 0.3 billion higher than at the end of the preceding month.

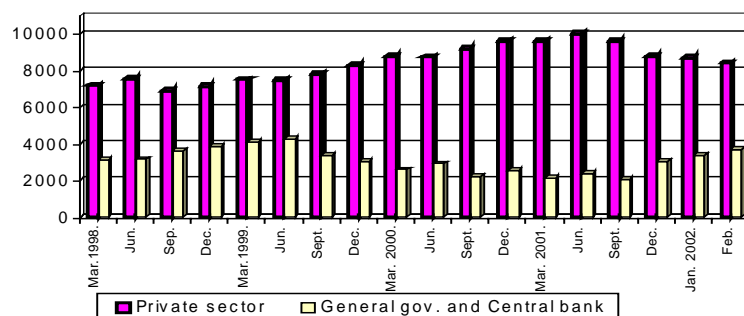
Foreign debt of Hungary

	Euro million	
	2002	
	Jan.	Feb.
I. Gross foreign debt, Total Economy (S.1) (A+B)	38.3	37.5
A: General government and Central bank (S.13+S.121)	17.0	16.6
A.1. o/w.:debt securities denominated in HUF	4.5	4.8
B: Private sector (S.1-S.13-S.121)	21.4	20.9
B.1. o/w.:Intercompany loans	6.5	6.2
II. Net foreign debt, Total Economy (S.1) (A+B)	12.0	12.1
A: General government and Central bank (S.13+S.121)	3.4	3.7
A.1. o/w.:debt securities denominated in HUF	4.5	4.8
B: Private sector (S.1-S.13-S.121)	8.7	8.4
B.1. o/w.:Intercompany loans	3.7	3.6
III. Gross foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	27.3	26.4
IV. Net foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	3.8	3.7

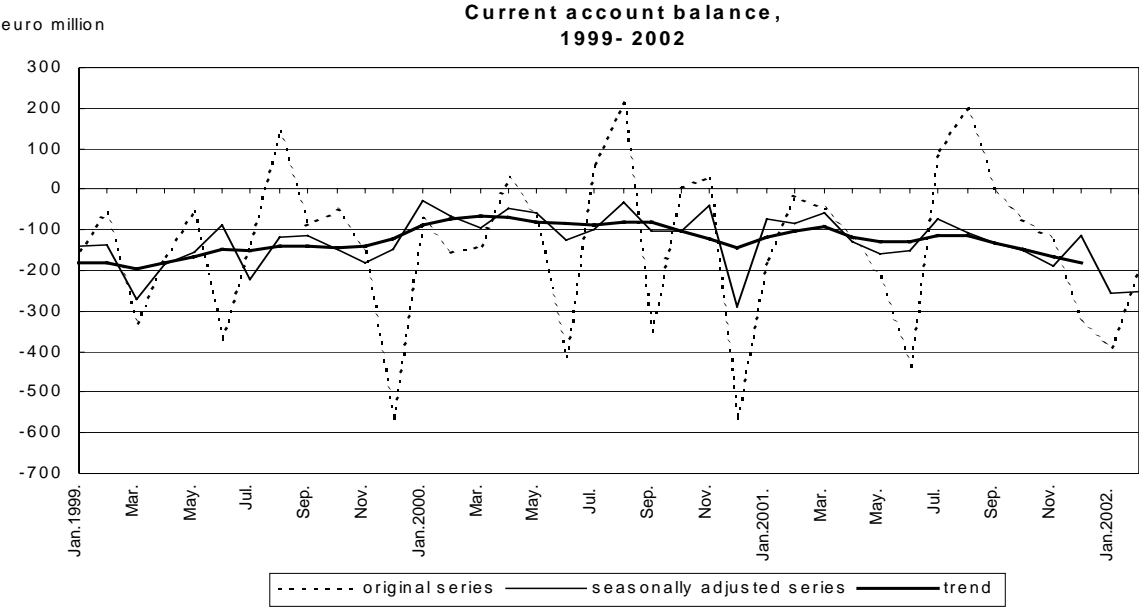
a) excluding intercompany loans

Net foreign debt, Hungary 1998-2002 (by sectors, including intercompany loans)

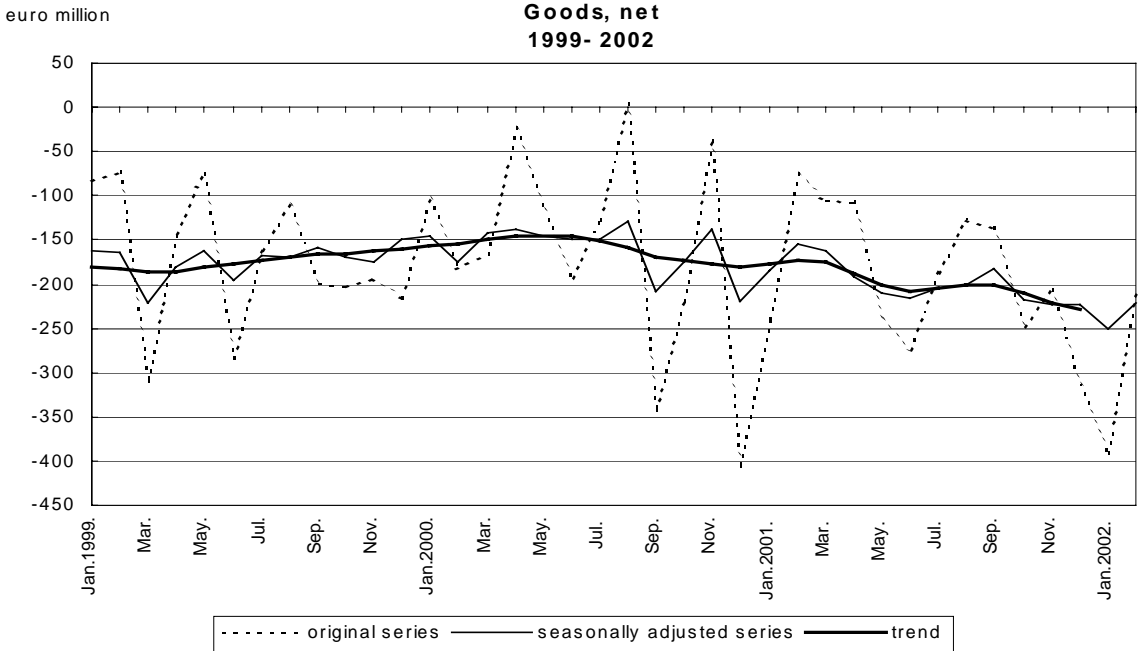
euro million



The increase in the total net debt of general government and the NBH was primarily due to higher domestic currency-denominated debt. The fall in private sector net debt was accounted for mostly by an increase in assets.



In February, net expenditures for trade in goods were the balance of EUR 2,453 million exports and EUR 2,662 million imports. The monthly values of exports and imports rose by EUR 132 million and EUR 266 million respectively relative to February 2001. The seasonally adjusted goods deficit was EUR 67 million higher in February 2002 than a year earlier.



Tourism revenue, at EUR 246 million, was EUR 23 million higher than in February 2001, expenditure, at EUR 113 million, being EUR 21 higher. Up EUR 61 million relative to a year earlier, net expenditures for service transactions excluding tourism amounted to EUR 105 million in the month under review. According to the time series calculated after eliminating

the seasonal effects, the trend of monthly balance outcomes shows continuously rising deficits since the summer of 2001.



Net outflow of investment income was EUR 23 million. Here, the negative balance for investment income on equity rose by EUR 4 million, while that of investment income on debt fell by EUR 16 million relative to February 2001.

The EUR 7 million surplus on current transfers in February 2002 was broadly comparable with that recorded a year previously.

The balance of non-debt capital transactions showed a total inward flow of EUR 33 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 40 million, and those by Hungarian residents abroad, at EUR 16 million. Portfolio investment transactions in equity securities showed net inflows of EUR 8 million.

Balance of payments, Hungary

euro million

	2001			2002		
	Jan.	Feb.	Jan.-Feb.	Jan.	Feb.	Jan.-Feb.
1. Goods, net	-239	-75	-313	-391	-209	-600
1.1. Exports	2594	2321	4915	2538	2453	4991
1.2. Imports	2833	2396	5229	2929	2662	5591
2. Services and income, net	17	54	72	-61	4	-57
2.1. Services*, net	65	87	152	-20	28	8
2.1.1. Exports	573	525	1098	582	626	1209
2.1.2. Imports	507	439	946	602	598	1201
2.2. Income, net	-48	-32	-80	-41	-23	-65
2.2.1. Income on debt, net	-43	-27	-70	-27	-11	-37
2.2.2. Income on equity, net	-4	-5	-9	-16	-9	-25
2.2.3. Compensation of employees, net	-1	0	-1	1	-4	-3
3. Current transfers	46	7	53	61	7	69
4. Current account balance	-175	-14	-189	-390	-198	-588
5. Non debt creating financing, net	-162	266	104	223	33	256
5.1. Direct investment, equity capital, net	-207	267	59	135	25	159
5.1.1. Abroad, net	-313	-3	-316	-13	-16	-29
5.1.2. In Hungary, net	105	270	375	148	40	188
5.2. Portfolio investment, equity securities, net	45	-1	44	88	8	96
*- o/w: Travel, net	131	131	262	56	132	189
credit	242	223	466	189	246	434
debit	111	92	204	132	113	246

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

euro million

	2002	
	Jan.	Feb.
1. Goods, net	-251	-221
1.1. Exports	2542	2666
1.2. Imports	2918	2947
2. Services and income, net		
2.1. Services		
2.1.1. Travel, net	156	210
credit	340	380
debit	141	144
2.1.2. Other services, net	-50	-66
credit	393	406
debit	447	473
2.2. Income, net		
2.2.1. Income on debt, net	-52	-54
2.2.2. Income on equity, net	-56	-55
2.2.3. Compensation of employees, net	1	-4
3. Current transfers	29	28
4. Current account balance	-256	-252

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

euro million

	2001											
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1. Goods, net	-184	-154	-161	-192	-210	-216	-204	-202	-183	-217	-223	-223
1.1. Exports	2582	2522	2533	2632	2583	2732	2732	2608	2588	2583	2680	2591
1.2. Imports	2813	2669	2717	2776	2806	2856	2872	2784	2769	2856	2935	2878
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net												
credit	227	210	229	232	237	245	262	248	260	251	266	263
debit	400	339	343	346	356	361	367	363	371	370	384	377
2.1.2. Other services, net												
credit	119	117	117	101	128	119	120	145	120	135	127	113
debit	-46	-41	-36	-38	-42	-53	-34	-43	-52	-50	-50	-66
2.2. Income, net												
2.2.1. Income on debt, net	-60	-70	-63	-78	-80	-76	-66	-58	-55	-68	-67	-46
2.2.2. Income on equity, net	-49	-51	-57	42	-50	-45	-55	-50	-53	-55	-52	-46
2.2.3. Compensation of employees, net	-1	0	-1	1	1	1	0	0	0	1	1	2
3. Current transfers	23	22	20	23	19	22	24	23	29	25	25	28
4. Current account balance	-73	-84	-56	-129	-161	-152	-73	-105	-135	-153	-189	-114

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Average exchange rates of the Hungarian forint in February 2002 were 243.54 per euro and 279.91 per US dollar. The month-end exchange rates were 245.84 per euro and 283.98 per US dollar.

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a) Methodological notes to seasonal adjustment:

The method used to seasonally adjust the sub-components of the current account in 2002 is as follows:

- 1 The components of the current account are seasonally adjusted using the SEATS TRAMO software, within the Demetra interface, in line with the recommendations of Eurostat.
- 2 The effects of *holidays* are eliminated using a built-in variable designed for holidays in Hungary; the *working-day effect* is eliminated using two regression variables.
- 3 *Outliers* are identified according to the basic setting, allowing the identification of all three types of outlier.
- 4 In order for the seasonally adjusted time series to be stable and *minimise revisions*, the available times series have been adjusted starting from 1994, and the same model setting is being used for one year. The Bank's publications include a five-month moving average of the seasonally smoothed data, with diminishing weights proceeding symmetrically on both sides of the centre ($y_t = 1/9x_{t-2} + 2/9x_{t-1} + 3/9x_t + 2/9x_{t+1} + 1/9x_{t+2}$), instead of the trend calculated by the programme.
- 5 The sub-balance outcomes are directly seasonally adjusted. This means that the sub-accounts, derived from the not adjusted data, are directly seasonally adjusted. Consequently, the seasonally adjusted current account balance outcome cannot be reproduced from the seasonally adjusted data of the sub-accounts.
- 6 Compensation for employees does not reflect seasonal effects, therefore, the Table includes the not seasonally adjusted data.

Notes to the press release and the tables:

The codes attached to the names of the sectors and sub-sectors (e.g. S.121) refer to the corresponding groups of the classification generally used in international practice. The definitions of the individual sectors can be found on the Bank's web site at Financial Data...Statistical Releases, 'Sector classification in the NBH's statistical press releases from June 2001'.