

PRESS RELEASE

Hungary's final balance of payments April 2002

According to the final data, Hungary's current account registered a EUR 400 million deficit in April 2002. This compared with a EUR 121 million deficit a year earlier. Higher net expenditures for trade in goods and services were dominant in the year-on-year change. After eliminating the seasonal effects, the current account was in a EUR 317 million deficit in the month under review. Net non-debt inflow amounted to EUR 147 million.

Central bank foreign exchange reserves amounted to EUR 11.2 billion at month-end. Whole-economy gross foreign debt was EUR 0.1 billion higher relative to the preceding month. The change in gross debt was accounted for by the EUR 0.4 billion upward effect of transactions and the EUR 0.3 billion downward effect of price and exchange rate movements as well as other volume changes. The EUR 0.3 billion increase in net foreign debt was accounted for mainly by the upward effect of transactions. The outstanding total of forint-denominated central bank and government debt securities was EUR 5.2 billion at end-April, EUR 0.2 billion higher than at the end of the preceding month.

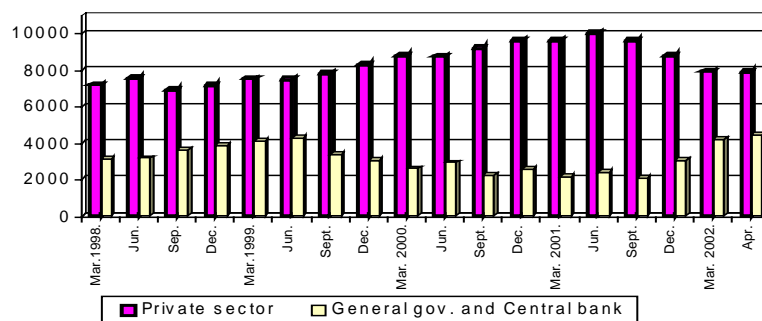
Foreign debt of Hungary

	Euro million	
	2002	
	Mar.	Apr.
I. Gross foreign debt, Total Economy (S.1) (A+B)	37.3	37.4
A: General government and Central bank (S.13+S.121)	16.9	17.1
A.1. o/w.:debt securities denominated in HUF	5.0	5.2
B: Private sector (S.1-S.13-S.121)	20.4	20.2
B.1. o/w.:Intercompany loans	6.2	6.3
II. Net foreign debt, Total Economy (S.1) (A+B)	12.1	12.4
A: General government and Central bank (S.13+S.121)	4.2	4.5
A.1. o/w.:debt securities denominated in HUF	5.0	5.2
B: Private sector (S.1-S.13-S.121)	7.9	7.9
B.1. o/w.:Intercompany loans	3.5	3.6
III. Gross foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	26.0	25.9
IV. Net foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	3.6	3.6

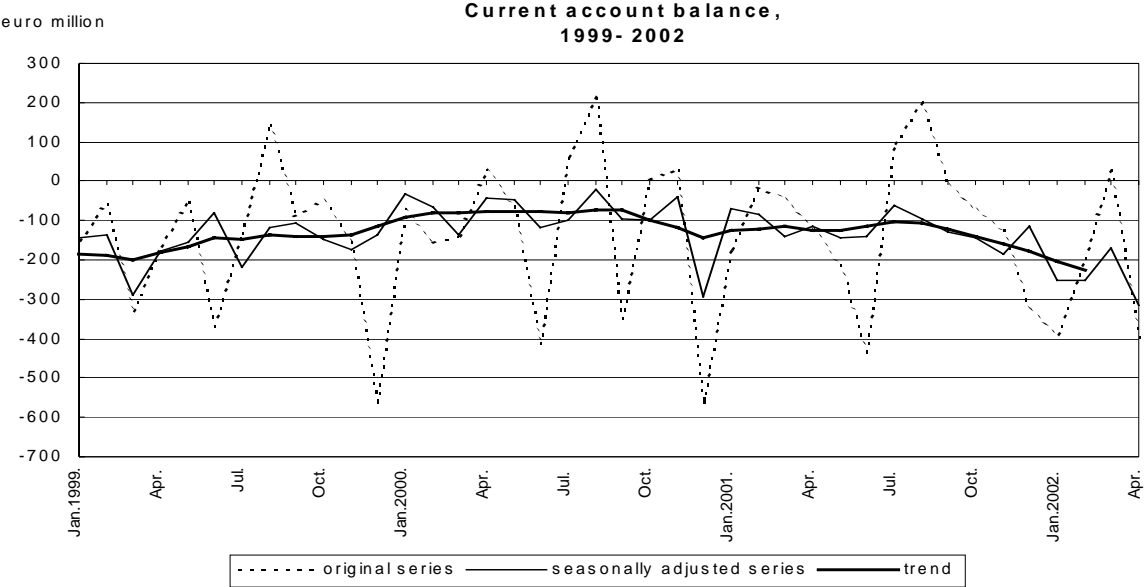
a) excluding intercompany loans

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

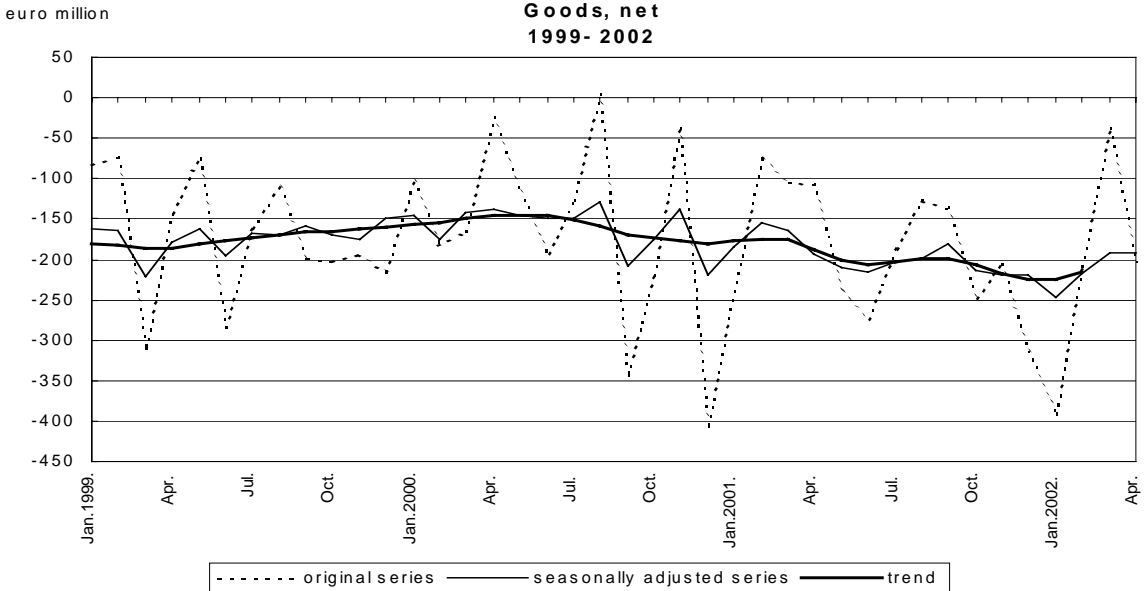
euro million



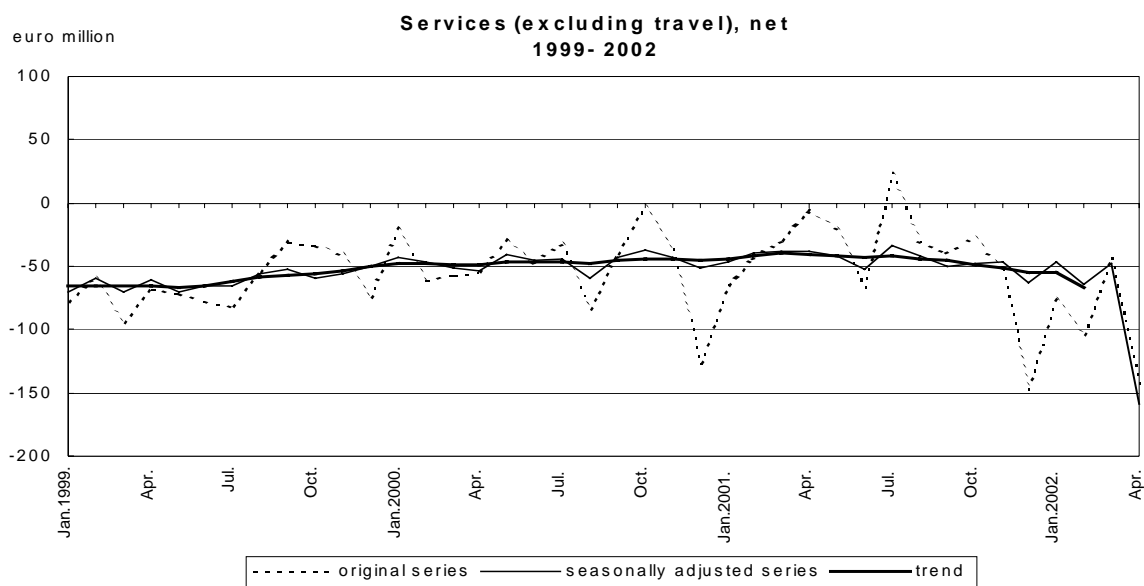
The higher total net debt of general government and the NBH was primarily due to the increase in domestic currency-denominated debt and the fall in reserves. Most of the fall in private sector net debt was accounted for by an increase in assets.



In April, net expenditures for trade in goods were the balance of EUR 2,875 million exports and EUR 3,077 million imports. The monthly values of exports and imports rose by EUR 239 million and EUR 333 million respectively relative to April 2001. The seasonally adjusted goods deficit was EUR 2 million lower in April 2002 than a year earlier.



Tourism revenue, at EUR 261 million, was EUR 62 million lower than in April 2001, expenditure, at EUR 115 million, being EUR 14 higher. Up EUR 138 million relative to a year earlier, net expenditures for service transactions excluding tourism amounted to EUR 144 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 223 million. Here, the negative balance for investment income on equity fell by EUR 38 million and that of investment income on debt rose by EUR 2 million relative to April 2001.

The EUR 23 million surplus on current transfers in April 2002 was EUR 5 million lower than that recorded a year previously.

The balance of non-debt capital transactions showed a total inward flow of EUR 147 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 157 million, and those by Hungarian residents abroad, at EUR 27 million. Portfolio investment transactions in equity securities showed net inflows of EUR 17 million.

Balance of payments, Hungary

euro million

	2001				2002			
	Feb.	Mar.	Apr.	Jan.-Apr.	Feb.	Mar.	Apr.	Jan.-Apr.
1. Goods, net	-75	-106	-108	-527	-209	-38	-202	-839
1.1. Exports	2321	2592	2636	10143	2453	2732	2875	10598
1.2. Imports	2396	2697	2744	10670	2662	2769	3077	11437
2. Services and income, net	54	48	-42	78	4	25	-221	-253
2.1. Services*, net	87	164	216	533	28	96	2	106
2.1.1. Exports	525	613	648	2359	626	623	627	2458
2.1.2. Imports	439	449	432	1827	598	527	625	2353
2.2. Income, net	-32	-116	-258	-455	-23	-71	-223	-358
2.2.1. Income on debt, net	-27	-65	-132	-267	-11	-38	-134	-210
2.2.2. Income on equity, net	-5	-51	-127	-187	-9	-33	-89	-146
2.2.3. Compensation of employees, net	0	-1	1	-1	-4	0	0	-3
3. Current transfers	7	10	28	91	7	41	23	132
4. Current account balance	-14	-48	-121	-358	-198	28	-400	-960
5. Non debt creating financing, net	266	186	66	356	33	58	147	461
5.1. Direct investment, equity capital, net	267	157	52	268	25	51	130	341
5.1.1. Abroad, net	-3	10	-15	-321	-16	-5	-27	-61
5.1.2. In Hungary, net	270	147	67	590	40	56	157	401
5.2. Portfolio investment, equity securities, net	-1	29	14	87	8	7	17	120
*- o/w: Travel, net	131	194	222	678	132	140	146	475
credit	223	301	323	1090	246	263	261	958
debit	92	107	101	412	113	123	115	484

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

euro million

	2002			
	Jan.	Feb.	Mar.	Apr.
1. Goods, net	-247	-217	-191	-191
1.1. Exports	2558	2683	2736	2789
1.2. Imports	2912	2942	2924	3037
2. Services and income, net				
2.1. Services				
2.1.1. Travel, net	159	196	175	167
credit	311	343	312	300
debit	140	143	134	118
2.1.2. Other services, net	-46	-65	-48	-158
credit	379	388	388	382
debit	449	477	463	507
2.2. Income, net				
2.2.1. Income on debt, net	-55	-58	-54	-64
2.2.2. Income on equity, net	-60	-60	-59	-69
2.2.3. Compensation of employees, net	1	-4	0	0
3. Current transfers	29	29	34	30
4. Current account balance	-253	-252	-168	-317

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	-164	-193	-210	-215	-203	-200	-180	-215	-220	-220
1.1. Exports	2592	2532	2540	2613	2568	2727	2722	2601	2594	2590	2684	2604
1.2. Imports	2809	2665	2775	2769	2798	2851	2865	2777	2765	2850	2930	2875
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net	229	202	229	239	239	246	264	248	260	249	265	260
credit	385	324	355	364	371	374	375	366	369	362	369	356
debit	118	116	117	103	128	119	120	145	120	135	127	113
2.1.2. Other services, net	-46	-39	-39	-38	-42	-52	-33	-42	-50	-48	-47	-63
credit	311	313	330	352	351	355	382	372	364	361	374	374
debit	366	354	370	362	378	400	407	399	408	422	436	455
2.2. Income, net												
2.2.1. Income on debt, net	-60	-72	-66	-75	-77	-74	-65	-57	-55	-69	-68	-48
2.2.2. Income on equity, net	-50	-53	-62	58	-51	-45	-56	-51	-54	-56	-55	-49
2.2.3. Compensation of employees, net	-1	0	-1	1	1	1	0	0	0	1	1	2
3. Current transfers	23	22	17	25	20	22	25	24	29	25	25	29
4. Current account balance	-70	-85	-140	-114	-144	-141	-60	-94	-128	-143	-183	-113

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Average exchange rates of the Hungarian forint in April 2002 were 242.41 per euro and 273.61 per US dollar. The month-end exchange rates were 243.48 per euro and 269.81 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'.