

21 August 2002

PRESS RELEASE

**Hungary's final balance of payments
June 2002**

According to the final data, Hungary's current account registered a EUR 397 million deficit in June 2002. This compared with a EUR 436 million deficit a year earlier. Higher net expenditures for trade in goods and services and the increase in deficit were dominant in the year-on-year change. After eliminating the seasonal effects, the current account was in a deficit of EUR 159 million in the month under review. Net non-debt inflow amounted to EUR 37 million.

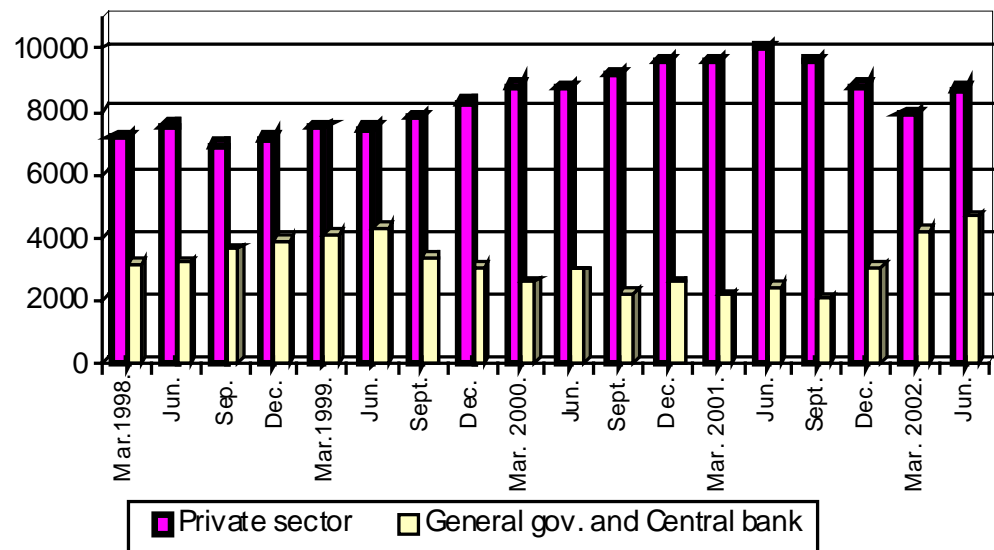
Central bank foreign exchange reserves amounted to EUR 10.3 billion at month-end. Whole-economy gross foreign debt was EUR 0.2 billion lower relative to the preceding month. The change in gross debt was dominated by the downward effects of price and exchange rate movements as well as other volume changes. The EUR 0.6 billion increase in net foreign debt was due to the upward effect of transactions and cross exchange rate changes, in addition to other volume changes, accounting for EUR 0.3 billion each. The outstanding total of forint-denominated central bank and government debt securities was EUR 5.1 billion at end-June, EUR 0.2 billion lower than at the end of the preceding month.

Foreign debt of Hungary

	Euro million	
	2002	
	May	Jun.
I. Gross foreign debt, Total Economy (S.1) (A+B)	36.8	36.6
A: General government and Central bank (S.13+S.121)	16.6	16.1
A.1. o/w.:debt securities denominated in HUF	5.3	5.1
B. Private sector (S.1-S.13-S.121)	20.2	20.5
B.1. o/w.:Intercompany loans	6.4	6.5
II. Net foreign debt, Total Economy (S.1) (A+B)	12.8	13.4
A: General government and Central bank (S.13+S.121)	4.7	4.7
A.1. o/w.:debt securities denominated in HUF	5.3	5.1
B. Private sector (S.1-S.13-S.121)	8.1	8.7
B.1. o/w.:Intercompany loans	3.7	3.7
III. Gross foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	25.1	25.0
IV. Net foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	3.8	4.5

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

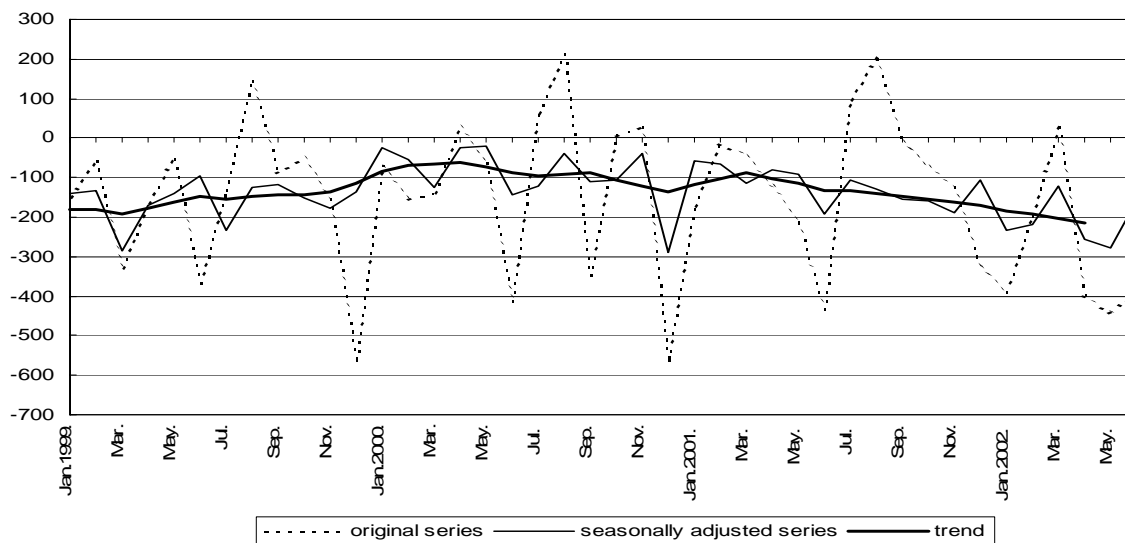
euro million



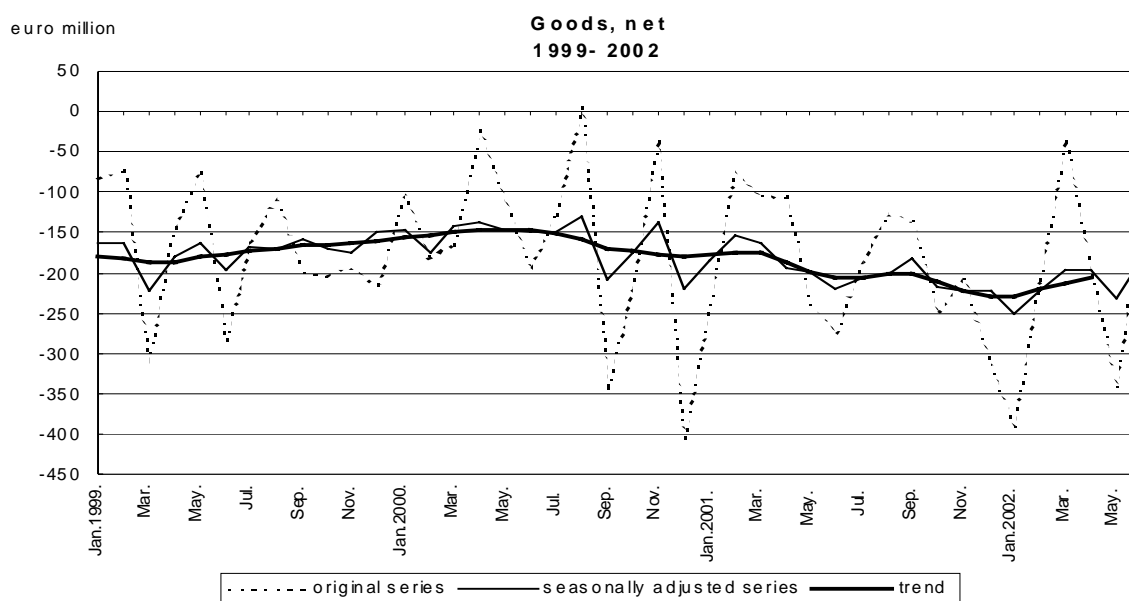
The rise in net debt of general government and the NBH relative to mid-2001 was primarily due to the increase in domestic currency-denominated debt and the reduction in reserves. Most of the fall in private sector net debt was accounted for by an increase in assets.

Current account balance, 1999- 2002

euro million



In June, net expenditures for trade in goods were the balance of EUR 2,833 million exports and EUR 2,966 million imports. The monthly values of exports and imports rose by EUR 235 million and EUR 93 million respectively relative to June 2001. The seasonally adjusted goods deficit was EUR 37 million lower in June 2002 than a year earlier.



Tourism revenue, at EUR 298 million, was EUR 115 million lower than in June 2001, expenditure, at EUR 133 million was 15 million lower. Net expenditures for service transactions excluding tourism amounted to EUR 39 million in the month under review, down EUR 28 million relative to a year earlier. The effect of the data for this one month has not affected the trend of monthly balance outcomes, which shows continuously rising deficits since the summer of 2001.



Net outflow of investment income was EUR 412 million. Here, the negative balance for investment income on equity rose by EUR 25 million and that of investment income on debt by EUR 13 million relative to June 2001.

The EUR 23 million surplus on current transfers in June 2002 was EUR 7 million higher than that recorded a year previously.

Non-debt capital transactions showed a balance of EUR 37 million in the month under review. The outcome for direct investments in equity capital was the result of direct investment transactions by non-residents in Hungary, at EUR 71 million, and those by Hungarian residents abroad, at EUR 22 million. Portfolio investment transactions in equity securities showed net outflows of EUR 55 million.

Balance of payments, Hungary

euro million

	2001				2002			
	Apr.	May	Jun.	Jan.-Jun.	Apr.	May	Jun.	Jan.-Jun.
1. Goods, net	-108	-240	-275	-1042	-202	-341	-134	-1314
1.1. Exports	2636	2649	2598	15390	2875	2843	2833	16273
1.2. Imports	2744	2889	2873	16432	3077	3184	2966	17587
2. Services and income, net	-42	24	-178	-76	-221	-123	-286	-662
2.1. Services*, net	216	232	198	962	2	116	126	348
2.1.1. Exports	648	698	738	3796	627	678	717	3853
2.1.2. Imports	432	467	541	2834	625	562	591	3505
2.2. Income, net	-258	-208	-375	-1038	-223	-239	-412	-1009
2.2.1. Income on debt, net	-132	-70	-144	-481	-134	-86	-157	-452
2.2.2. Income on equity, net	-127	-139	-232	-558	-89	-151	-257	-554
2.2.3. Compensation of employees, net	1	1	1	1	0	-1	1	-3
3. Current transfers	28	3	17	111	23	21	23	177
4. Current account balance	-121	-213	-436	-1007	-400	-443	-397	-1799
5. Non debt creating financing, net	66	127	102	585	147	-95	37	403
5.1. Direct investment, equity capital, net	52	119	103	490	130	-19	93	414
5.1.1. Abroad, net	-15	-12	-13	-346	-27	-21	22	-60
5.1.2. In Hungary, net	67	131	116	836	157	2	71	474
5.2. Portfolio investment, equity securities, net	14	8	0	95	17	-76	-55	-11
*- o/w: Travel, net	222	252	265	1195	146	193	165	833
credit	323	377	413	1880	261	319	298	1575
debit	101	125	148	684	115	125	133	742

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

euro million

	2002					
	Jan.	Feb.	Mar.	Apr.	May	Jun.
1. Goods, net	-251	-222	-197	-198	-232	-183
1.1. Exports	2561	2690	2747	2805	2835	2953
1.2. Imports	2901	2922	2896	2999	3045	2974
2. Services and income, net						
2.1. Services						
2.1.1. Travel, net	157	193	172	164	175	158
credit	281	313	288	280	288	272
debit	139	142	134	117	129	111
2.1.2. Other services, net	-50	-67	-51	-145	-62	-47
credit	390	403	408	405	420	439
debit	442	468	452	493	478	477
2.2. Income, net						
2.2.1. Income on debt, net	-58	-61	-58	-69	-75	-73
2.2.2. Income on equity, net	-80	-75	-76	-73	-85	-85
2.2.3. Compensation of employees, net	1	-4	0	0	-1	1
3. Current transfers	30	30	35	31	37	36
4. Current account balance	-233	-220	-122	-256	-278	-159

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	-200	-220	-204	-202	-183	-217	-223	-223
1.1. Exports	2594	2536	2546	2623	2581	2713	2709	2599	2589	2585	2685	2606
1.2. Imports	2801	2662	2756	2744	2739	2893	2900	2805	2786	2863	2935	2873
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net	228	201	228	237	235	253	265	249	260	250	264	259
credit	361	306	337	348	351	377	381	376	382	378	390	380
debit	117	116	117	103	128	123	119	144	120	134	127	112
2.1.2. Other services, net	-45	-39	-41	-36	-39	-57	-33	-43	-52	-52	-49	-66
credit	313	316	333	357	350	347	375	368	362	362	377	381
debit	366	353	369	360	381	406	409	400	409	421	433	450
2.2. Income, net												
2.2.1. Income on debt, net	-61	-72	-68	-77	-74	-72	-63	-56	-55	-69	-69	-50
2.2.2. Income on equity, net	-68	-71	-84	-111	-74	-65	-82	-69	-84	-78	-74	-63
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	18	22	25	24	29	26	26	29
4. Current account balance	-59	-67	-115	-80	-92	-193	-105	-130	-154	-159	-188	-105

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Average exchange rates of the Hungarian forint in June 2002 were 242.69 per euro and 254.09 per US dollar. The month-end exchange rates were 244.67 per euro and 246.72 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'.