

18 October 2002

PRESS RELEASE

Hungary's final balance of payments August 2002

According to the final data, Hungary's current account registered a EUR 90 million deficit in August 2002. This compared with a EUR 201 million surplus a year earlier. Increases in net expenditures for trade in goods and negative investment income as well as the fall in net revenues for services, particularly tourism, were dominant in the year-on-year change. After eliminating the seasonal effects, the current account was in a deficit of EUR 396 million. Net non-debt inflow amounted to EUR 226 million in August.

Central bank foreign exchange reserves amounted to EUR 10.3 billion at month-end. Whole-economy gross foreign debt was EUR 0.2 billion higher relative to the preceding month. The change in gross debt was shaped by the EUR 0.3 billion upward effect of transactions and the EUR 0.1 billion downward effect of price and exchange rate movements as well as other volume changes. Net foreign debt fell by EUR 0.2 billion relative to July. The EUR 0.2 downward effect of transactions was left largely unchanged by the effect of price and exchange rate movements as well as other volume changes. The outstanding total of forint-denominated central bank and government debt securities was EUR 5.7 billion at end-August, EUR 0.4 billion higher than at the end of July.

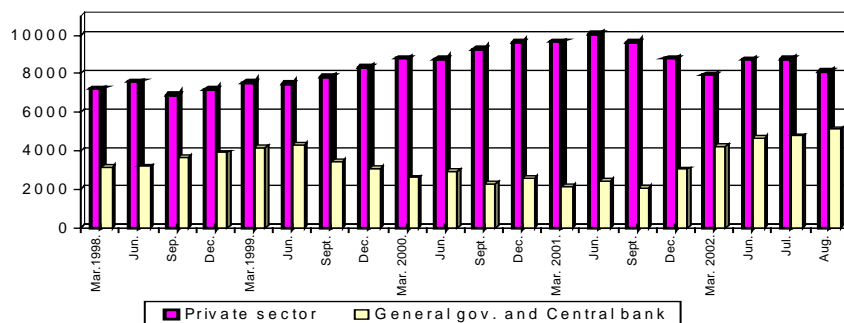
Foreign debt of Hungary

	Euro million	
	2002	
	Jul.	Aug.
I. Gross foreign debt, Total Economy (S.1) (A+B)	36.7	36.9
A: General government and Central bank (S.13+S.121)	16.2	16.6
A.1. o/w.:debt securities denominated in HUF	5.3	5.7
B. Private sector (S.1-S.13-S.121)	20.4	20.3
B.1. o/w.:Intercompany loans	6.5	6.3
II. Net foreign debt, Total Economy (S.1) (A-B)	13.4	13.2
A: General government and Central bank (S.13+S.121)	4.7	5.1
A.1. o/w.:debt securities denominated in HUF	5.3	5.7
B. Private sector (S.1-S.13-S.121)	8.7	8.1
B.1. o/w.:Intercompany loans	3.6	3.4
III. Gross foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	24.9	24.9
IV. Net foreign debt denominated in foreign currencies, Total Economy (S.1) ^{a)}	4.5	4.1

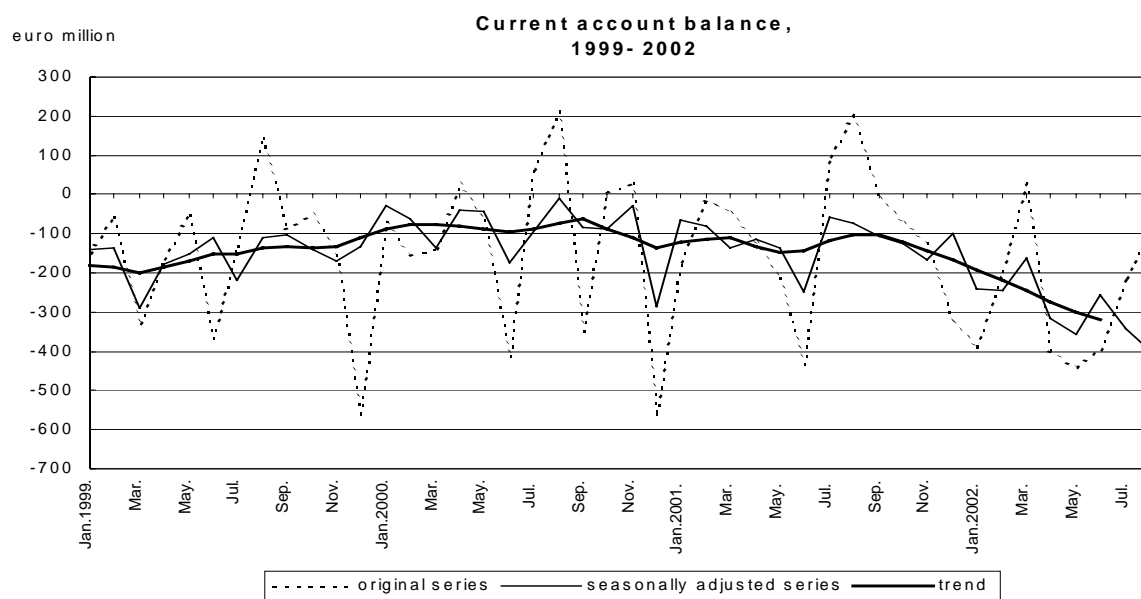
a) excluding intercompany loans

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

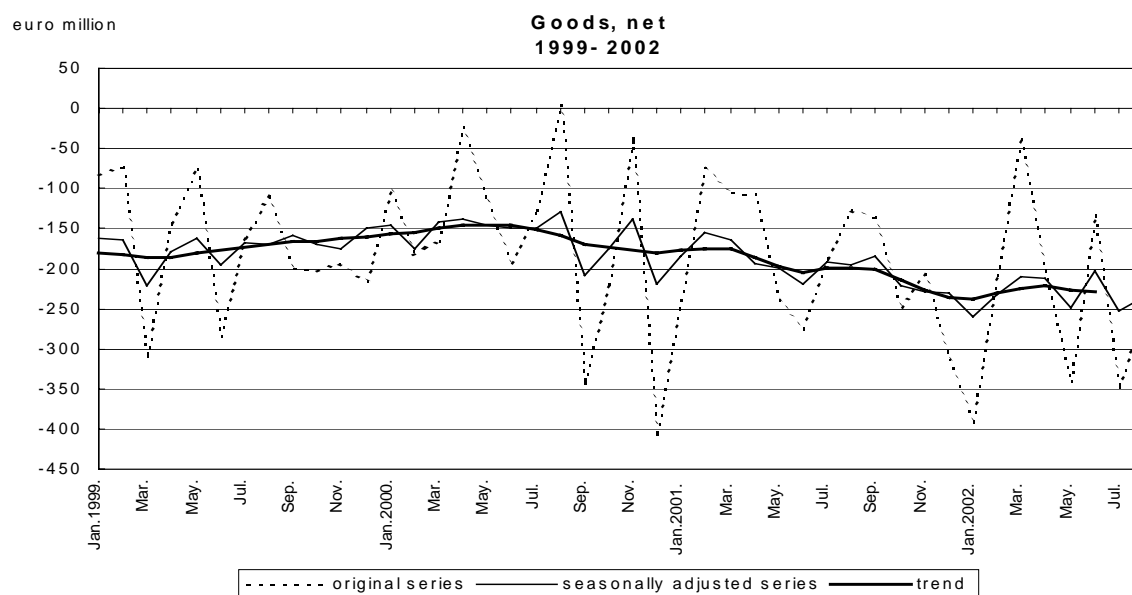
euro million



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



In August, net expenditures for trade in goods were the balance of EUR 2,684 million exports and EUR 2,941 million imports. The monthly values of exports and imports rose by EUR 185 million and EUR 314 million respectively relative to August 2001. The seasonally adjusted goods deficit was EUR 39 million higher in August 2002 than a year earlier.



The EUR 379 million tourism revenue was EUR 164 million lower, tourism expenditure, at 121 EUR million, being EUR 36 lower in August 2002 relative to a year earlier. Net revenues for service transactions excluding tourism amounted to EUR 11 million in the month under review. According to the time series calculated after eliminating the seasonal effects, the trend of monthly balance outcomes for service transactions excluding tourism shows continuously falling deficits since the spring of 2002.



Within the EUR 137 million net outflow of investment income, the negative balance for investment income on equity rose by EUR 59 million and that for investment income on debt by EUR 20 million in a year-on-year comparison.

The EUR 35 million surplus on current transfers in August 2002 was EUR 5 million higher than in August 2001.

The balance of non-debt capital transactions showed a total inflow of EUR 226 million in the month under review. The value of direct investments in equity capital was the balance of direct investment transactions by Hungarian residents abroad and those by non-residents in Hungary, in the amounts of EUR 38 million and EUR 276 million respectively. Portfolio investment transactions in equity securities showed net outflows of EUR 12 million in the month under review.

Balance of payments, Hungary

euro million

	2001				2002			
	Jun.	Jul.	Aug.	Jan.-Aug.	Jun.	Jul.	Aug.	Jan.-Aug.
1. Goods, net	-275	-188	-128	-1358	-134	-349	-257	-1921
1.1. Exports	2598	2761	2499	20650	2833	3024	2684	21982
1.2. Imports	2873	2950	2627	22009	2966	3374	2941	23902
2. Services and income, net	-178	262	299	485	-286	97	132	-432
2.1. Services*, net	198	377	357	1696	126	182	269	799
2.1.1. Exports	738	922	914	5632	717	838	825	5516
2.1.2. Imports	541	545	557	3936	591	655	556	4717
2.2. Income, net	-375	-115	-58	-1211	-412	-85	-137	-1231
2.2.1. Income on debt, net	-144	-41	-18	-540	-157	3	-38	-487
2.2.2. Income on equity, net	-232	-74	-40	-672	-257	-88	-99	-741
2.2.3. Compensation of employees, net	1	0	0	1	1	0	0	-3
3. Current transfers	17	20	30	160	23	37	35	248
4. Current account balance	-436	94	201	-713	-397	-215	-90	-2105
5. Non debt creating financing, net	102	22	76	683	37	74	226	703
5.1. Direct investment, equity capital, net	103	16	89	595	93	140	238	791
5.1.1. Abroad, net	-13	-10	-16	-373	22	-17	-38	-115
5.1.2. In Hungary, net	116	26	105	968	71	157	276	906
5.2. Portfolio investment, equity securities, net	0	6	-13	88	-55	-65	-12	-88
*- o/w: Travel, net	265	354	386	1935	165	242	258	1333
credit	413	504	543	2927	298	392	379	2345
debit	148	150	157	991	133	150	121	1013

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

euro million

	2002							
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.
1. Goods, net	-260	-233	-209	-212	-249	-202	-253	-235
1.1. Exports	2556	2684	2737	2795	2822	2936	2910	2874
1.2. Imports	2908	2942	2929	3042	3102	3046	3182	3136
2. Services and income, net								
2.1. Services								
2.1.1. Travel, net	156	191	169	159	170	152	153	138
credit	282	315	289	280	289	273	281	267
debit	138	141	133	117	128	110	121	114
2.1.2. Other services, net	-50	-68	-51	-140	-62	-42	-66	-35
credit	384	396	399	397	410	429	413	442
debit	441	465	449	488	471	470	484	474
2.2. Income, net								
2.2.1. Income on debt, net	-55	-59	-56	-67	-74	-72	-55	-72
2.2.2. Income on equity, net	-82	-78	-78	-76	-88	-88	-88	-104
2.2.3. Compensation of employees, net	1	-4	0	0	-1	1	0	0
3. Current transfers	30	30	35	31	36	35	37	38
4. Current account balance	-242	-245	-163	-315	-357	-256	-341	-396

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	-193	-196	-185	-221	-229	-231
1.1. Exports	2592	2533	2540	2617	2575	2704	2717	2615	2595	2587	2690	2605
1.2. Imports	2805	2665	2777	2775	2776	2943	2844	2760	2753	2837	2921	2871
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net	228	200	226	235	233	250	266	258	262	251	265	259
credit	362	306	337	348	351	376	369	378	384	380	393	383
debit	117	115	116	102	127	122	121	148	119	134	126	112
2.1.2. Other services, net	-45	-40	-39	-37	-38	-58	-26	-49	-54	-51	-49	-69
credit	312	314	332	355	349	344	395	366	360	360	374	377
debit	365	353	369	360	380	405	407	405	410	421	433	450
2.2. Income, net												
2.2.1. Income on debt, net	-61	-72	-67	-76	-74	-72	-78	-53	-51	-66	-66	-47
2.2.2. Income on equity, net	-69	-72	-85	-112	-75	-66	-80	-61	-84	-81	-74	-65
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	-64	-81	-137	-113	-135	-247	-57	-71	-107	-125	-167	-98

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Average exchange rates of the Hungarian forint in August 2002 were 245.10 per euro and 250.90 per US dollar. The month-end exchange rates were 245.34 per euro and 249.03 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'.