

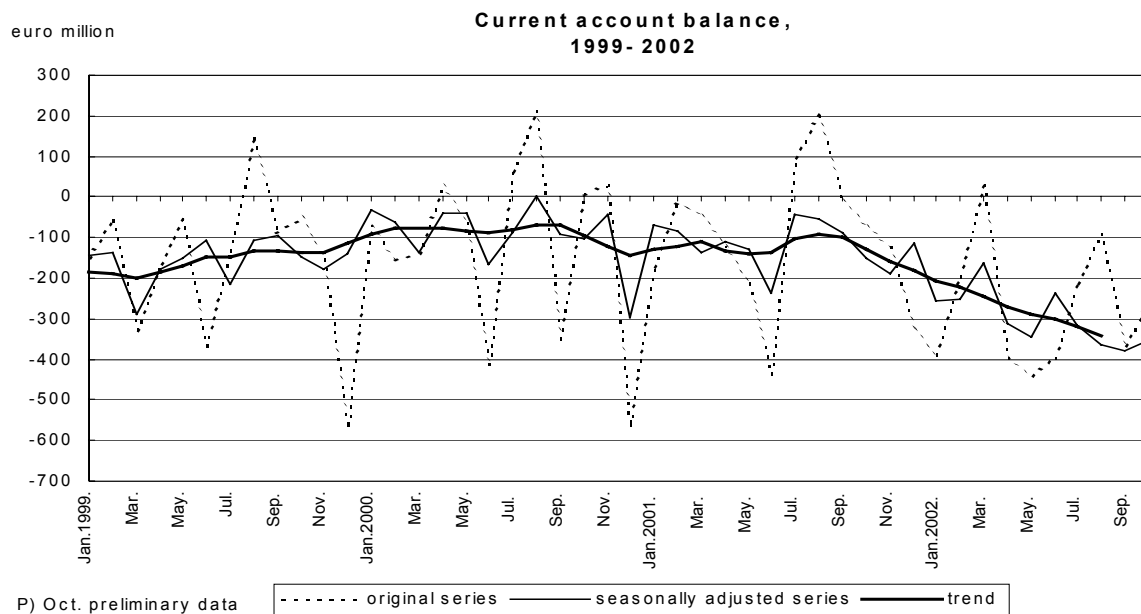
PRESS RELEASE

Hungary's preliminary balance of payments

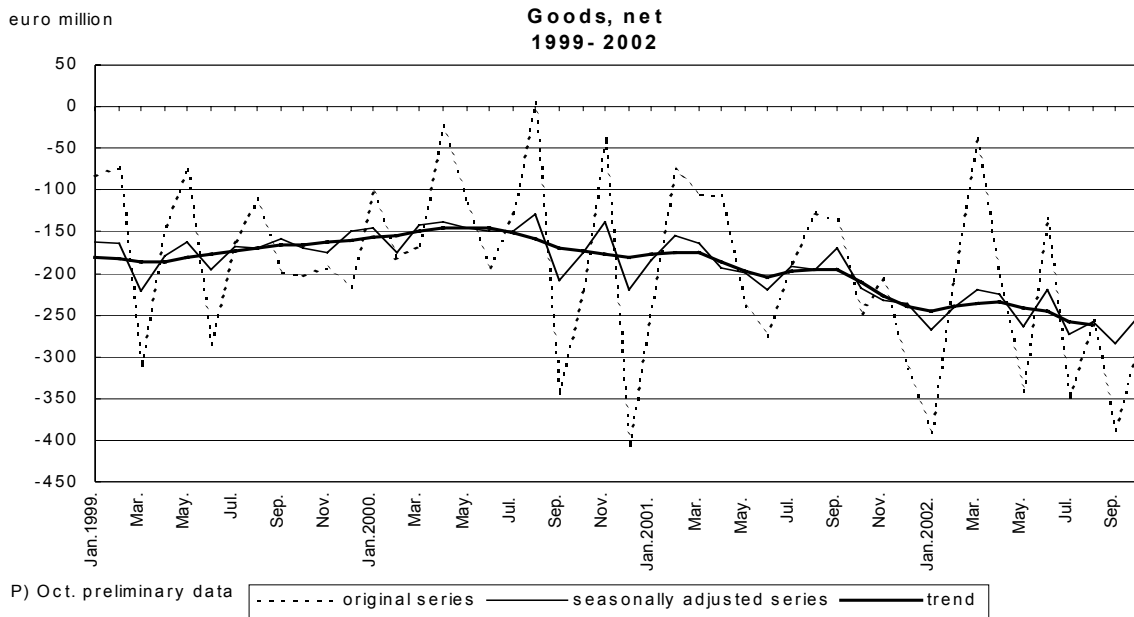
October 2002

The preliminary data may change when finalised.

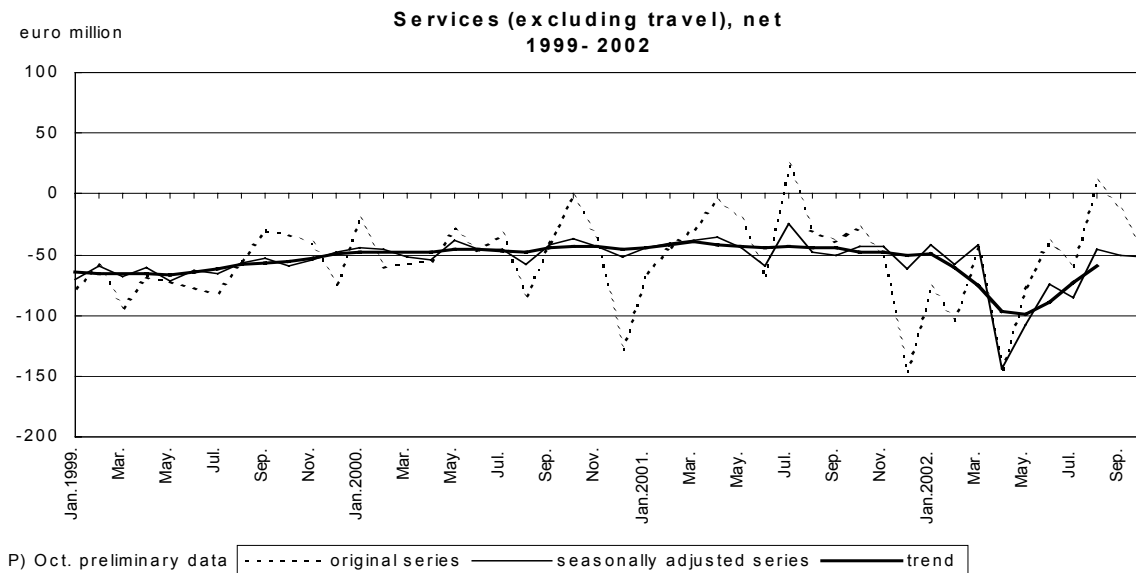
According to the preliminary data, Hungary's current account registered a EUR 264 million deficit in October 2002. This compared with a EUR 72 million deficit a year earlier. The year-on-year change was dominated by a fall net revenues for services, particularly net tourism revenue. After eliminating the seasonal effects, the current account was in a deficit of EUR 353 million. The significant fall in tourism revenue explains the major part of the steady increase in current account deficit, calculated after eliminating the seasonal effect, since the final quarter of 2001. Contributing to this are the slight increases in deficits on goods trade and other services. Net non-debt inflow amounted to EUR 17 million in the month under review.



In October 2002, net expenditures for trade in goods were the balance of EUR 3,236 million exports and EUR 3,517 million imports. Exports and imports rose by EUR 549 million and EUR 581 million respectively relative to a year earlier. The seasonally adjusted goods deficit was EUR 34 million lower in October than in the preceding month.



The EUR 282 million tourism revenue was EUR 102 million lower in October 2002 than a year previously, expenditure, at 118 EUR million, being broadly unchanged in a year-on-year comparison. Net expenditures for service transactions excluding tourism amounted to EUR 54 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 121 million net outflow of investment income, the negative balance for investment income on equity rose by EUR 10 million and that for investment income on debt by EUR 27 million relative to a year earlier.

The EUR 28 million surplus on current transfers in October 2002 was EUR 4 million higher than twelve months previously.

The balance of non-debt capital transactions showed a total inflow of EUR 17 million in the review month. 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 respective amounts of EUR 14 million and EUR 84 million. Portfolio investment transactions in equity securities showed net outflows of EUR 52 million in the month under review.

Central bank foreign exchange reserves amounted to EUR 9.9 billion at the end of October 2002.

Balance of payments, Hungary

euro million

	2001				2002			
	Aug.	Sept.	Oct.	Jan.-Oct.	Aug.	Sept.	Oct. ^{P)}	Jan.-Oct. ^{P)}
1. Goods, net	-128	-137	-249	-1744	-257	-388	-281	-2590
1.1. Exports	2499	2430	2687	25768	2684	2732	3236	27950
1.2. Imports	2627	2568	2936	27512	2941	3120	3517	30539
2. Services and income, net	299	74	153	712	132	-10	-10	-453
2.1. Services*, net	357	262	238	2196	269	148	111	1058
2.1.1. Exports	914	758	792	7182	825	730	737	6982
2.1.2. Imports	557	496	554	4985	556	582	626	5924
2.2. Income, net	-58	-188	-85	-1484	-137	-158	-121	-1510
2.2.1. Income on debt, net	-18	-54	-51	-645	-38	-92	-78	-657
2.2.2. Income on equity, net	-40	-134	-36	-842	-99	-66	-46	-852
2.2.3. Compensation of employees, net	0	0	1	3	0	0	2	-1
3. Current transfers	30	51	24	236	35	32	28	308
4. Current account balance	201	-12	-72	-796	-90	-366	-264	-2734
5. Non debt creating financing, net	76	103	239	1025	226	-34	17	687
5.1. Direct investment, equity capital, net	89	83	310	988	238	12	69	873
5.1.1. Abroad, net	-16	-14	-6	-393	-38	-30	-14	-160
5.1.2. In Hungary, net	105	97	316	1380	276	42	84	1032
5.2. Portfolio investment, equity securities, net	-13	20	-70	37	-12	-45	-52	-186
*- o/w: Travel, net	386	301	266	2503	258	162	164	1659
credit	543	426	384	3737	379	297	282	2925
debit	157	124	119	1234	121	136	118	1266

^{P)} Preliminary data

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

euro million

	2002									
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct. ^{P)}
1. Goods, net	-267	-241	-220	-225	-264	-219	-273	-258	-284	-250
1.1. Exports	2588	2669	2713	2807	2833	2922	2899	2918	2929	3062
1.2. Imports	2894	2936	2932	3053	3122	3075	3220	3185	3255	3367
2. Services and income, net										
2.1. Services										
2.1.1. Travel, net	156	191	168	159	169	151	152	137	135	149
credit	280	313	288	280	289	274	284	270	272	276
debit	138	141	133	117	127	110	121	114	130	133
2.1.2. Other services, net	-42	-59	-42	-144	-108	-75	-86	-46	-51	-52
credit	386	397	398	393	405	421	402	427	430	421
debit	441	465	448	488	471	470	484	475	483	498
2.2. Income, net										
2.2.1. Income on debt, net	-55	-59	-56	-68	-75	-74	-57	-75	-79	-82
2.2.2. Income on equity, net	-78	-77	-73	-72	-80	-84	-82	-90	-67	-83
2.2.3. Compensation of employees, net	1	-4	0	0	-1	1	0	0	0	2
3. Current transfers	29	28	33	28	32	31	31	32	28	32
4. Current account balance	-254	-252	-164	-310	-345	-238	-316	-363	-381	-353

^{P)} Preliminary data

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	-170	-217	-232	-235
1.1. Exports	2582	2546	2543	2607	2603	2694	2695	2633	2636	2585	2642	2599
1.2. Imports	2796	2661	2778	2783	2789	2963	2871	2793	2743	2801	2893	2850
2. Services and income, net												
2.1. Services												
2.1.1. Travel, net	228	200	226	235	232	249	265	258	269	249	265	259
credit	361	305	337	349	352	378	371	381	387	376	389	380
debit	117	115	116	102	127	122	121	147	120	134	127	113
2.1.2. Other services, net	-44	-40	-38	-36	-44	-59	-25	-49	-51	-44	-43	-61
credit	311	314	331	355	348	343	393	363	356	366	379	380
debit	365	353	369	360	380	405	407	405	412	419	433	449
2.2. Income, net												
2.2.1. Income on debt, net	-61	-72	-67	-76	-74	-72	-79	-54	-49	-65	-66	-47
2.2.2. Income on equity, net	-71	-73	-81	-99	-73	-80	-78	-64	-86	-78	-75	-69
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	26	18	22	25	24	34	26	26	29
4. Current account balance	-71	-85	-138	-110	-129	-237	-43	-53	-89	-151	-189	-116

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Average exchange rates of the Hungarian forint in October 2002 were 243.61 per euro and 248.18 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 MNB's statistical press releases from June 2001'.