



14 July 2014

## NOTICE

### on the introduction of monthly balance of payment statistics

Starting from the changeover to the new international statistical methodological standards (*Balance of Payments and International Investment Position Manual, Sixth Edition* [BPM6]) in June 2014, in addition to its quarterly publication, the MNB publishes **monthly balance of payments** data as well.<sup>1</sup> During the first disclosure on July 14 2014 data pertaining to April and May 2014 will be published. The objective of the monthly data publication is to inform users (on the days specified by the release calendar) of real economy and financing developments related to the rest of the world with the shortest lag possible following the reference period.

#### Contents of monthly publication tables

The **first worksheet** of the monthly publication tables contains the **main items of the current account and the capital account** under the BPM6 methodology in a breakdown by credit, debit and net, and the **instruments of the financial account** broken down by assets, liabilities and net assets. It also contains **net lending data calculated using the top-down method** (current account+capital account) **and the bottom-up method** (financial account).

We also show **EU-related transactions** (accrual accounting of grants received and payments) as memorandum items, depending on the instruments into which they are classified in the balance of payments. European Union transfers may be recorded as primary or secondary income or capital transfer. As a result of accrual accounting, between disbursement by the European Union and utilisation by the beneficiary sectors the central government accrues liabilities, while upon advancing the funds it accrues receivables vis-à-vis the European Union. These items appear in the financial account.

The **second worksheet** presents a sectoral breakdown of the functional categories of the **financial account**, and shows developments in the consolidated net positions.

Under the BPM6 methodology, the assets/liabilities breakdown is also applied to **foreign direct investments** in the standard presentation of the balance of payments (first table), in line with the main breakdown of additional instruments of the financial account. Nevertheless, the MNB continues to publish **foreign direct investment data in a breakdown based on the directional principle**, in consideration of users accustomed to and analysing such data. These figures are presented in the third worksheet of the monthly publication table. In this context, the MNB once again strived to provide the expected breakdowns; therefore, equity other than reinvestment of earnings is also presented as a gross figure (increase/decrease) in order to demonstrate the level of total investment inflows and capital outflows from which the net equity investment figure was derived for the period under review. In order to analyse foreign direct investment, it is also important to know the size of investment **excluding capital in transit**

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<sup>1</sup> According to the new methodology, quarterly data are published on the 85th day following the quarter end under review. (The date of the first quarterly publication under BPM6 was 24 June 2014, which included a fresh set of data for 2014 Q1 and the revision of annual data pertaining to 2013. The next quarterly publication will be issued on 23 September 2014, presenting data pertaining to 2014 Q2 and retrospective time series compiled in accordance with the new methodology. Monthly data will be published on the 44th day following the month under review.)

**and restructuring of asset portfolio** occurring among normal enterprises; therefore, this information is also published on the same page of the monthly publication.

At the same time, we wish to draw our users' attention to the **limitations of the monthly data disclosure**. Monthly data reflect **more estimates** than quarterly data; in addition, the sample of data suppliers the compilation of statistics is based upon is smaller.

Certain components of trade in goods and all services reflect **data estimates** in the monthly statistics. Likewise, compensation of employees and certain secondary income data are also estimates. Actual data for these items are derived from the CSO's quarterly data collections for the compilation of the quarterly balance of payments.

Among the items of the financial account, due to information deriving from companies providing quarterly data only, large differences between data pertaining to the three months comprising the quarter and the subsequently published quarterly data are especially typical in the case of **foreign direct investments**. Particularly in relation to this instrument (but also in relation to others), there may be complicated one-off transactions which take more time to explore, verify and recognise precisely in the statistics, and this may also contribute to the difference between data pertaining to the three months comprising the quarter and the subsequent quarterly data.

Owing to these factors, monthly **balance of payments data** (excluding special purpose entities) are published by the MNB (as flash estimates) **only in relation to the open quarter**. These monthly data will only remain posted on the website until the publication of the relevant quarterly figures, and the MNB will not publish long time series of monthly data and will not revise them in the course of data reviews.

The introduction of the publication of monthly data does not modify the normal data supply and revision procedure. A press release will continue to accompany quarterly publications, and the long time series available on the MNB's website will contain quarterly (and annual) data.

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