



EUROPEAN CENTRAL BANK

EUROSYSTEM

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## PRESS RELEASE

### EURO AREA BALANCE OF PAYMENTS IN AUGUST 2011 AND INTERNATIONAL INVESTMENT POSITION AT THE END OF THE SECOND QUARTER OF 2011

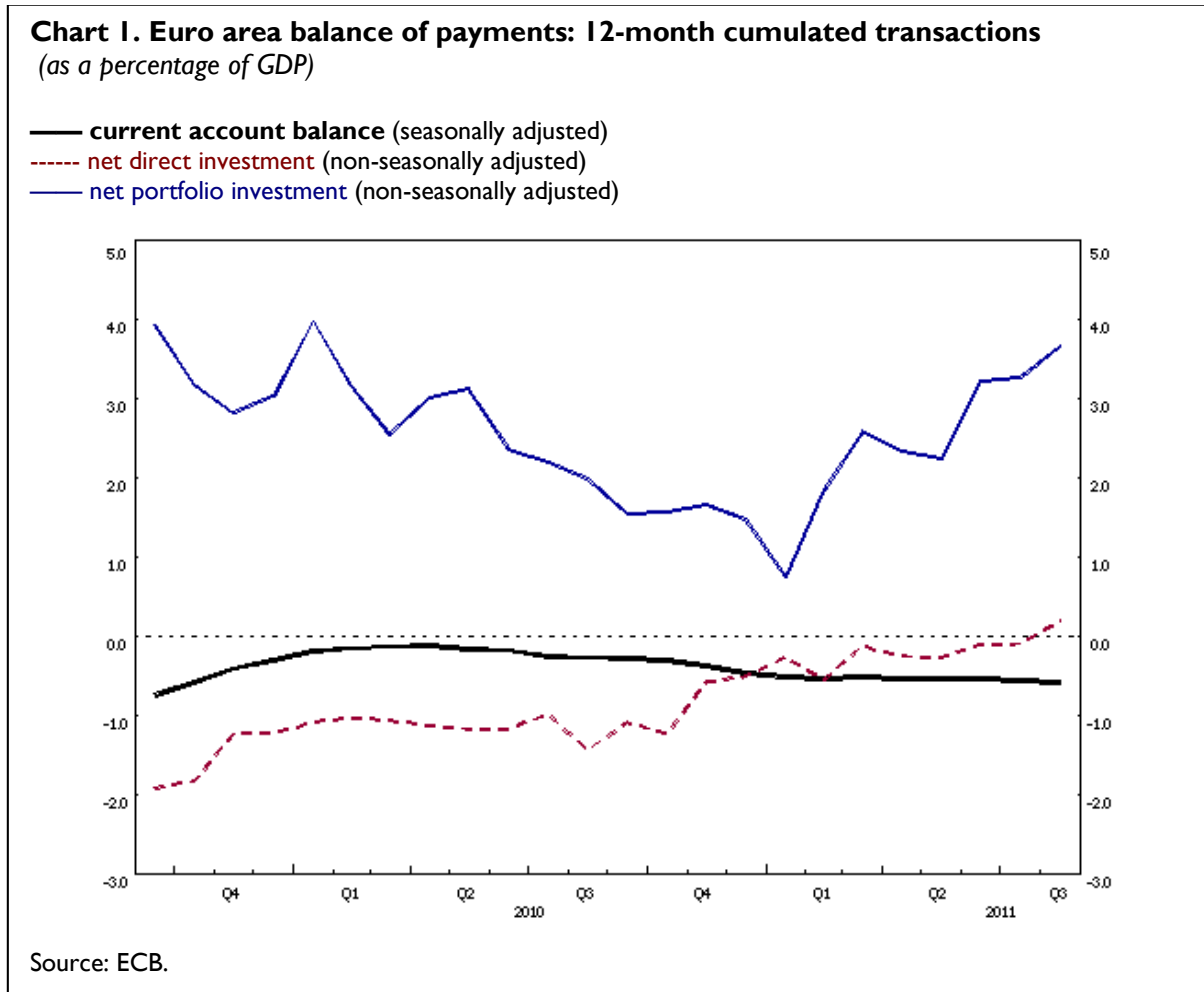
*In August 2011 the seasonally adjusted current account of the euro area recorded a deficit of €5.0 billion. In the financial account, combined direct and portfolio investment recorded net inflows of €36 billion (non-seasonally adjusted).*

*At the end of the second quarter of 2011 the international investment position of the euro area recorded net liabilities of €1.4 trillion vis-à-vis the rest of the world (approximately 14.5% of euro area GDP). This represented an increase of €108 billion in comparison with the revised data for the end of the first quarter of 2011.*

#### **Balance of payments in August 2011**

The seasonally adjusted *current account* of the euro area recorded a deficit of €5.0 billion in August 2011 (see Table I). This reflected deficits for *current transfers* (€7.6 billion) and *income* (€1.2 billion), which were partially offset by surpluses for *services* (€3.4 billion) and *goods* (€0.4 billion).

The 12-month cumulated seasonally adjusted *current account* recorded a deficit of €54.9 billion in August 2011 (around 0.6% of euro area GDP; see Table I and Chart I), compared with a deficit of €24.2 billion a year earlier. This increase resulted mainly from shifts in the balance for *goods* (from a €26.7 billion surplus to a €2.2 billion deficit) and in the balance for *income* (from a €6.9 billion surplus to a €2.2 billion deficit), which were partly offset by an increase in the surplus for *services* (from €39.5 billion to €49.0 billion).



In the financial account (see Table 2), *combined direct and portfolio investment* recorded net inflows of €36 billion in August 2011, essentially as a result of net inflows for *portfolio investment* (€36 billion).

The *direct investment* account was close to balance, as net outflows for *other capital* (mostly *inter-company loans*) (€16 billion) were almost counterbalanced by net inflows for *equity capital and reinvested earnings* (€15 billion).

The net inflows for *portfolio investment* were accounted for by net inflows for *equity* (€24 billion) and for *debt instruments* (€12 billion). These net inflows resulted mainly from net sales of equity and debt securities issued outside the euro area by euro area residents (€67 billion), which were only partly offset by net purchases of euro area equity and debt securities by euro area residents (€31 billion).

The *financial derivatives* account recorded net outflows of €1 billion.

*Other investment* recorded net outflows of €28 billion, reflecting net outflows for *MFI*s excluding the Eurosystem (€51 billion), which were partially offset by net inflows for *other sectors* (€15 billion), the Eurosystem (€7 billion) and for *general government* (€1 billion).

The [Eurosystem's stock of reserve assets](#) increased by €34 billion in August 2011 (from €622 billion to €656 billion), mainly owing to an increase in the market price of gold that was partly offset by transactions (excluding valuation effects) amounting to (€3 billion).

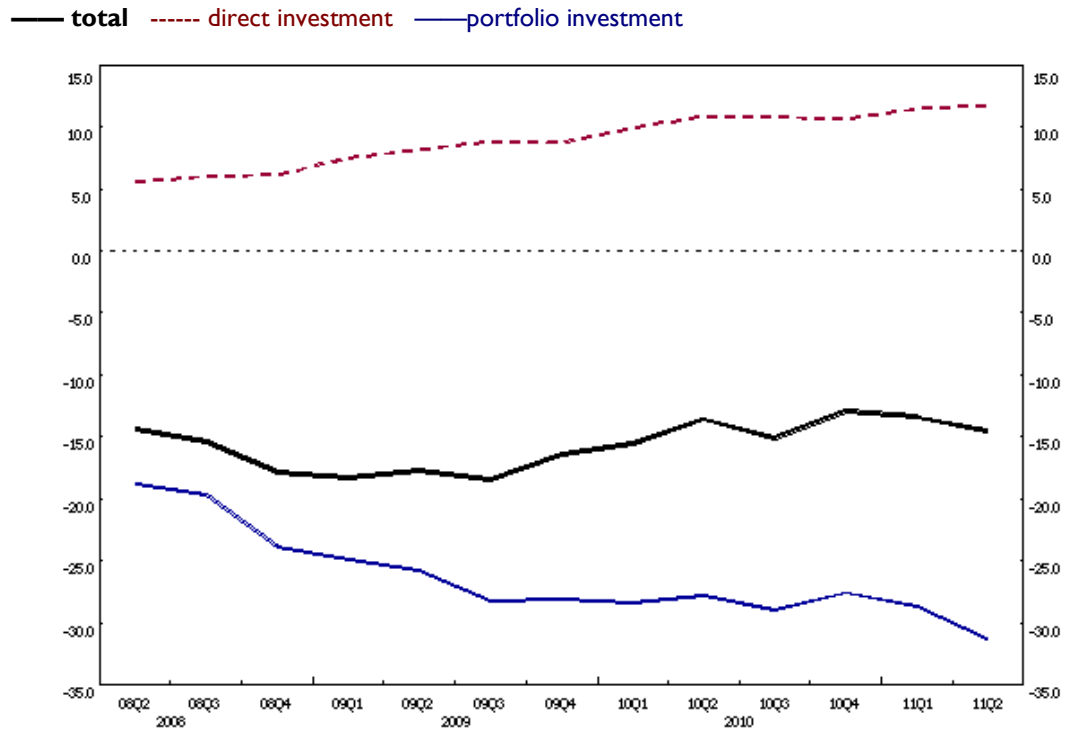
In the 12-month period to August 2011 *combined direct and portfolio investment* recorded cumulated net inflows of €358 billion, compared with net inflows of €50 billion in the preceding 12-month period. This increase was the result of higher net inflows for *portfolio investment* (from €180 billion to €340 billion) and a switch in the balance for *direct investment* from net outflows (€130 billion) to net inflows (€18 billion).

### **International investment position at the end of the second quarter of 2011**

At the end of the second quarter of 2011 the international investment position of the euro area recorded net liabilities of €1.4 trillion vis-à-vis the rest of the world (approximately 14.5% of euro area GDP; see Chart 2). This represented an increase of €108 billion in comparison with the revised data for the end of the first quarter of 2011 (see Table 3).

The change in the net international investment position was mainly a result of a higher net liability position for *portfolio investment* (up from €2,658 billion to €2,913 billion), which was partly offset by a decrease in the net liability position for *other investment* (down from €191 billion to €64 billion) and a higher net asset position for *direct investment* (up from €1,063 billion to €1,096 billion). These changes were mainly driven by net transactions and, in the case of *portfolio investment*, also by “other changes” (predominantly revaluations on account of exchange rate and asset price changes).

At the end of the second quarter of 2011 the gross external debt of the euro area amounted to €11.1 trillion (approximately 119% of euro area GDP), which represented an increase of €271 billion in relation to the revised data for the end of the previous quarter.

**Chart 2. Net euro area international investment position***(as a percentage of GDP; outstanding amounts at end of period)*

Source: ECB.

**Data revisions**

This press release incorporates revisions to the monthly balance of payments for the period from January 2011 to July 2011, and to the quarterly international investment position for the end of the first quarter of 2011.

The revisions to the balance of payments in July 2011 did not significantly change the previously published data. The *current account* deficit in the second quarter of 2011 was revised downwards (from €28.3 billion to €20.8 billion), mainly owing to revisions in *services* and *income*. In the second quarter of 2011 the revisions to the *financial account* were mainly recorded for *portfolio investment* and *other investment*. The revisions to the international investment position for the end of the first quarter of 2011 did not significantly change the previously published net liability position.

**Additional information on the euro area balance of payments and international investment position**

*In this press release, the seasonally adjusted current account refers to working day and seasonally adjusted data. Data for the financial account are not working day or seasonally adjusted.*

*In line with the agreed allocation of responsibilities, the European Central Bank compiles and disseminates monthly and quarterly balance of payments statistics for the euro area, whereas the European Commission (Eurostat; see news releases for “Euro-indicators”) focuses on quarterly and annual aggregates for the European Union. These data comply with international standards, particularly those set out in the IMF’s Balance of Payments Manual (fifth edition). The aggregates for the euro area and the European Union are compiled consistently on the basis of transactions and positions vis-à-vis residents of countries outside the euro area and the European Union respectively.*

*A complete set of updated euro area balance of payments statistics (including a quarterly geographical breakdown for the main counterparts) and international investment position statistics is available in the “Statistics” section of the ECB’s website under the headings [“Data services”](#)/[“Latest monetary, financial markets and balance of payments statistics”](#). These data, as well as historical euro area balance of payments time series, can be downloaded from the [ECB’s Statistical Data Warehouse \(SDW\)](#). Data up to August 2011 will also be published in the November 2011 issues of the ECB’s Monthly Bulletin and Statistics Pocket Book. Detailed [methodological notes](#) are available on the ECB’s website. The [next press release](#) on the euro area monthly balance of payments will be published on 21 November 2011. The next press release including the quarterly international investment position will be published on 19 January 2012.*

## **Annexes**

Table 1: Current account of the euro area

Table 2: Monthly balance of payments of the euro area

Table 3: Quarterly international investment position of the euro area

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**Table 1: Current account of the euro area**

(EUR billions unless otherwise indicated; transactions; working day and seasonally adjusted data)

	Cumulated figures for the 12-month period ending		2010				2011							
	Aug. 2010	Aug. 2011	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
<b>CURRENT ACCOUNT</b>	<b>-24.2</b>	<b>-54.9</b>	<b>-2.2</b>	<b>-3.1</b>	<b>-6.8</b>	<b>-7.6</b>	<b>-3.5</b>	<b>-5.1</b>	<b>-1.6</b>	<b>-5.6</b>	<b>-4.3</b>	<b>-3.2</b>	<b>-6.8</b>	<b>-5.0</b>
<i>Memo: as a percentage of GDP</i>	<i>-0.3</i>	<i>-0.6</i>												
Credit	2,467.7	2,785.9	219.6	223.9	225.7	223.5	233.7	235.6	238.0	236.7	238.4	237.1	235.7	238.0
Debit	2,491.8	2,840.8	221.8	227.0	232.5	231.1	237.2	240.7	239.6	242.3	242.7	240.2	242.5	243.0
<b>Goods</b>	<b>26.7</b>	<b>-2.2</b>	<b>5.3</b>	<b>2.1</b>	<b>-1.3</b>	<b>-1.7</b>	<b>-0.8</b>	<b>-1.3</b>	<b>0.7</b>	<b>-5.2</b>	<b>1.3</b>	<b>-0.6</b>	<b>-1.1</b>	<b>0.4</b>
Credit (exports)	1,459.1	1,706.3	133.7	136.4	136.9	135.3	143.1	145.0	146.3	145.7	146.3	144.3	145.9	147.4
Debit (imports)	1,432.5	1,708.5	128.4	134.3	138.2	137.1	143.8	146.3	145.6	150.9	145.0	144.9	147.1	147.0
<b>Services</b>	<b>39.5</b>	<b>49.0</b>	<b>4.1</b>	<b>3.0</b>	<b>4.9</b>	<b>2.9</b>	<b>5.0</b>	<b>3.9</b>	<b>4.0</b>	<b>4.1</b>	<b>4.5</b>	<b>5.7</b>	<b>3.6</b>	<b>3.4</b>
Credit (exports)	498.7	529.4	43.6	43.1	45.2	43.5	45.1	44.2	44.3	43.8	44.1	44.9	43.7	43.9
Debit (imports)	459.2	480.4	39.6	40.1	40.4	40.7	40.1	40.3	40.3	39.7	39.6	39.1	40.1	40.5
<b>Income</b>	<b>6.9</b>	<b>-2.2</b>	<b>-3.1</b>	<b>-0.7</b>	<b>-2.4</b>	<b>-0.4</b>	<b>0.6</b>	<b>1.1</b>	<b>2.3</b>	<b>3.6</b>	<b>-1.6</b>	<b>0.4</b>	<b>-0.9</b>	<b>-1.2</b>
Credit	421.0	458.1	34.6	36.3	36.0	37.0	38.0	38.7	40.0	39.4	40.6	40.5	38.4	38.6
Debit	414.1	460.3	37.7	37.0	38.4	37.4	37.3	37.6	37.6	35.8	42.2	40.1	39.3	39.8
<b>Current transfers</b>	<b>-97.3</b>	<b>-99.5</b>	<b>-8.5</b>	<b>-7.5</b>	<b>-8.0</b>	<b>-8.3</b>	<b>-8.4</b>	<b>-8.8</b>	<b>-8.6</b>	<b>-8.2</b>	<b>-8.5</b>	<b>-8.7</b>	<b>-8.3</b>	<b>-7.6</b>
Credit	88.8	92.0	7.6	8.0	7.6	7.6	7.6	7.7	7.4	7.8	7.4	7.4	7.6	8.1
Debit	186.1	191.5	16.1	15.5	15.6	15.9	16.0	16.5	16.1	15.9	16.0	16.1	16.0	15.7

Source: ECB.

## Table 2: Monthly balance of payments of the euro area

(EUR billions; transactions; non-working day and non-seasonally adjusted data)

	Cumulated figures for the 12-month period ending						July 2011 (revised)			August 2011		
	August 2010			August 2011								
	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit
<b>CURRENT ACCOUNT</b>	<b>-26.3</b>	<b>2,473.7</b>	<b>2,500.1</b>	<b>-61.7</b>	<b>2,792.4</b>	<b>2,854.1</b>	<b>-2.0</b>	<b>236.6</b>	<b>238.7</b>	<b>-6.3</b>	<b>227.3</b>	<b>233.7</b>
Goods	27.4	1,464.5	1,437.1	-4.2	1,711.0	1,715.2	3.3	148.1	144.8	-3.1	139.4	142.5
Services	39.9	499.9	460.0	49.2	530.7	481.5	5.5	47.1	41.6	3.6	46.3	42.6
Income	6.1	420.9	414.8	-5.4	459.0	464.3	-0.7	36.1	36.8	1.1	35.8	34.6
Current transfers	-99.6	88.5	188.1	-101.4	91.7	193.1	-10.2	5.3	15.6	-8.0	5.9	13.9
<b>CAPITAL ACCOUNT</b>	<b>7.0</b>	<b>21.4</b>	<b>14.5</b>	<b>6.5</b>	<b>21.5</b>	<b>15.0</b>	<b>0.5</b>	<b>1.4</b>	<b>1.0</b>	<b>2.1</b>	<b>3.1</b>	<b>1.0</b>
	<b>Balance</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Balance</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Balance</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Balance</b>	<b>Assets</b>	<b>Liabilities</b>
<b>FINANCIAL ACCOUNT<sup>1)</sup></b>	<b>34.7</b>			<b>51.0</b>			<b>2.5</b>			<b>9.8</b>		
<b>DIRECT INVESTMENT<sup>2)</sup></b>	<b>-129.9</b>	<b>-257.2</b>	<b>127.3</b>	<b>18.0</b>	<b>-143.0</b>	<b>161.0</b>	<b>0.6</b>	<b>-12.2</b>	<b>12.9</b>	<b>-0.3</b>	<b>6.5</b>	<b>-6.8</b>
Equity capital and reinvested earnings	72.1	-164.1	237.2	13.6	-95.7	109.9	6.1	-10.3	16.4	15.2	7.4	7.8
Other capital (mostly inter-company loans)	-203.1	-93.1	-109.9	4.2	-47.3	51.1	-5.5	-1.9	-3.6	-15.5	-0.9	-14.6
<b>PORTFOLIO INVESTMENT</b>	<b>180.4</b>	<b>-114.0</b>	<b>294.3</b>	<b>340.4</b>	<b>-41.6</b>	<b>382.0</b>	<b>-21.1</b>	<b>5.6</b>	<b>-26.7</b>	<b>36.0</b>	<b>67.1</b>	<b>-31.1</b>
Equity	47.7	-68.2	115.9	91.3	-31.9	123.2	6.9	-1.6	8.6	23.7	38.8	-15.1
Debt instruments	132.6	-45.8	178.4	249.1	-9.7	258.8	-28.0	7.3	-35.3	12.3	28.3	-16.0
Bonds and notes	-5.1	-119.4	114.3	215.6	-5.7	221.3	-25.9	4.8	-30.7	19.8	25.7	-5.9
Money market instruments	137.7	73.7	64.1	33.5	-4.0	37.5	-2.1	2.5	-4.6	-7.5	2.6	-10.1
<b>MEMO ITEM: COMBINED DIRECT AND PORTFOLIO INVESTMENT</b>	<b>50.4</b>	<b>-371.2</b>	<b>421.6</b>	<b>358.4</b>	<b>-184.6</b>	<b>543.1</b>	<b>-20.5</b>	<b>-6.6</b>	<b>-13.9</b>	<b>35.7</b>	<b>73.6</b>	<b>-37.9</b>
<b>FINANCIAL DERIVATIVES (NET)</b>	<b>15.0</b>			<b>-3.9</b>			<b>-4.6</b>			<b>-1.1</b>		
<b>OTHER INVESTMENT</b>	<b>-25.7</b>	<b>-97.2</b>	<b>71.5</b>	<b>-296.9</b>	<b>-304.4</b>	<b>7.5</b>	<b>28.5</b>	<b>18.7</b>	<b>9.7</b>	<b>-28.0</b>	<b>-115.3</b>	<b>87.3</b>
Eurosystem	-38.5	5.0	-43.5	41.8	-14.7	56.5	14.3	0.1	14.2	6.6	-0.5	7.1
General government	-1.3	-12.0	10.7	78.7	-16.6	95.3	12.3	5.4	6.9	1.1	3.6	-2.5
of which: currency and deposits	-0.9	-0.9		3.3	3.3		1.7	1.7		3.0	3.0	
MFIs (excluding the Eurosystem)	6.5	-46.7	53.2	-330.7	-141.6	-189.1	-4.8	19.5	-24.3	-50.8	-103.8	52.9
Long-term	68.4	37.8	30.5	28.0	-0.1	28.1	3.1	-1.9	5.0	-4.6	-8.9	4.3
Short-term	-61.8	-84.5	22.7	-358.6	-141.5	-217.1	-7.9	21.4	-29.3	-46.2	-94.8	48.6
Other sectors	7.7	-43.5	51.2	-86.7	-131.5	44.8	6.7	-6.2	13.0	15.1	-14.7	29.7
of which: currency and deposits	9.1	9.1		-28.1	-28.1		-4.3	-4.3		-1.5	-1.5	
<b>RESERVE ASSETS</b>	<b>-5.1</b>	<b>-5.1</b>		<b>-6.7</b>	<b>-6.7</b>		<b>-0.9</b>	<b>-0.9</b>		<b>3.2</b>	<b>3.2</b>	
Errors and omissions	-15.3			4.2			-0.9			-5.6		

Source: ECB.

1) Financial account: inflows (+); outflows (-). Reserve assets: increase (-); decrease (+).

2) Direct investment: assets refer to direct investment abroad and liabilities to direct investment in the euro area.

**Table 3: Quarterly international investment position of the euro area**

(EUR billions, unless otherwise indicated; outstanding amounts at end of period, transactions during period)

	Q4 2010	Q1 2011 (revised)				Q2 2011				
	End-of-period outstanding amounts	Transactions <sup>1)</sup>		Other changes	End-of-period outstanding amounts	Transactions <sup>1)</sup>		Other changes	End-of-period outstanding amounts	
		as % of previous end-period outstanding amounts				as % of previous end-period outstanding amounts				as % of GDP
<b>Financial account balance/ Net international investment position</b>	<b>-1,187.4</b>	<b>-15.7</b>	<b>-</b>	<b>-38.7</b>	<b>-1,241.9</b>	<b>-20.6</b>	<b>-</b>	<b>-87.8</b>	<b>-1,350.3</b>	<b>-14.5</b>
<b>Direct investment</b>	<b>974.7</b>	<b>9.9</b>	<b>-</b>	<b>77.9</b>	<b>1,062.5</b>	<b>28.5</b>	<b>-</b>	<b>4.6</b>	<b>1,095.5</b>	<b>11.8</b>
Abroad	4,698.0	89.3	1.9	14.6	4,801.9	59.5	1.2	-0.2	4,861.2	52.2
Equity/reinvested earnings	3,624.0	77.8	2.1	-21.6	3,680.2	55.4	1.5	-3.6	3,732.0	40.0
Other capital	1,073.9	11.6	1.1	36.2	1,121.7	4.1	0.4	3.4	1,129.2	12.1
In the euro area	3,723.2	79.5	2.1	-63.3	3,739.5	31.0	0.8	-4.8	3,765.7	40.4
Equity/reinvested earnings	2,817.4	69.6	2.5	-33.7	2,853.3	26.8	0.9	-4.2	2,875.9	30.9
Other capital	905.9	9.9	1.1	-29.6	886.2	4.2	0.5	-0.5	889.8	9.5
<b>Portfolio investment</b>	<b>-2,529.8</b>	<b>-128.5</b>	<b>-</b>	<b>0.0</b>	<b>-2,658.4</b>	<b>-155.6</b>	<b>-</b>	<b>-99.3</b>	<b>-2,913.3</b>	<b>-31.3</b>
Assets	4,839.7	27.1	0.6	-55.5	4,811.3	33.5	0.7	-76.8	4,768.0	51.2
Equity securities	1,908.9	-1.0	-0.1	-49.5	1,858.4	17.0	0.9	-40.4	1,835.0	19.7
Debt securities	2,930.8	28.1	1.0	-6.0	2,953.0	16.4	0.6	-36.5	2,932.9	31.5
Bonds and notes	2,529.7	5.3	0.2	2.2	2,537.2	29.4	1.2	-5.0	2,561.6	27.5
Money market instruments	401.2	22.8	5.7	-8.2	415.8	-13.0	-3.1	-31.5	371.3	4.0
Liabilities	7,369.5	155.6	2.1	-55.5	7,469.7	189.1	2.5	22.5	7,681.2	82.4
Equity securities	3,175.0	88.2	2.8	-56.9	3,206.3	-12.3	-0.4	-66.6	3,127.4	33.6
Debt securities	4,194.6	67.4	1.6	1.4	4,263.4	201.3	4.7	89.1	4,553.8	48.9
Bonds and notes	3,718.0	22.1	0.6	20.5	3,760.6	174.8	4.6	74.9	4,010.3	43.0
Money market instruments	476.5	45.4	9.5	-19.1	502.8	26.5	5.3	14.2	543.4	5.8
<b>MEMO ITEM: COMBINED DIRECT AND PORTFOLIO INVESTMENT</b>	<b>-1,555.1</b>	<b>-118.7</b>	<b>-</b>	<b>77.9</b>	<b>-1,595.9</b>	<b>-127.1</b>	<b>-</b>	<b>-94.7</b>	<b>-1,817.8</b>	<b>-19.5</b>
<b>Financial derivatives</b>	<b>-45.1</b>	<b>2.2</b>	<b>-</b>	<b>11.3</b>	<b>-31.6</b>	<b>-3.4</b>	<b>-</b>	<b>-14.1</b>	<b>-49.1</b>	<b>-0.5</b>
<b>Other investment</b>	<b>-178.4</b>	<b>89.1</b>	<b>-</b>	<b>-101.7</b>	<b>-191.0</b>	<b>114.3</b>	<b>-</b>	<b>12.3</b>	<b>-64.4</b>	<b>-0.7</b>
Assets	5,083.9	86.9	1.7	-193.7	4,977.1	118.7	2.4	-15.3	5,080.6	54.5
Eurosystem	32.6	3.6	11.1	-1.0	35.3	4.6	13.1	0.5	40.4	0.4
General government	166.2	-7.8	-4.7	-5.3	153.1	1.0	0.6	-6.7	147.4	1.6
MFIs excluding Eurosystem	2,972.3	63.3	2.1	-72.1	2,963.5	61.3	2.1	18.9	3,043.7	32.7
Other sectors	1,912.8	27.8	1.5	-115.4	1,825.3	51.8	2.8	-27.9	1,849.1	19.8
Liabilities	5,262.3	-2.2	-0.0	-92.0	5,168.1	4.4	0.1	-27.5	5,144.9	55.2
Eurosystem	268.9	9.6	3.6	-6.2	272.3	7.2	2.7	-1.8	277.7	3.0
General government	152.6	27.1	17.8	-5.6	174.1	12.2	7.0	-0.1	186.2	2.0
MFIs excluding Eurosystem	3,506.2	-62.9	-1.8	-77.4	3,365.9	-17.9	-0.5	-21.6	3,326.5	35.7
Other sectors	1,334.6	24.0	1.8	-2.8	1,355.8	2.8	0.2	-4.0	1,354.5	14.5
<b>Reserve assets</b>	<b>591.2</b>	<b>11.6</b>	<b>2.0</b>	<b>-26.2</b>	<b>576.6</b>	<b>-4.3</b>	<b>-0.8</b>	<b>8.7</b>	<b>581.0</b>	<b>6.2</b>
<b>MEMO ITEM: GROSS EXTERNAL DEBT</b>	<b>10,903.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,855.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,126.4</b>	<b>119.4</b>

Source: ECB.

( 1 ) In this table, contrary to the balance of payments sign convention, a positive (negative) number indicates an increase (decrease) of euro area assets.