



EUROPEAN CENTRAL BANK

EUROSYSTEM

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PRESS RELEASE

EURO AREA BALANCE OF PAYMENTS

(December 2010 and preliminary overall results for 2010 as a whole)

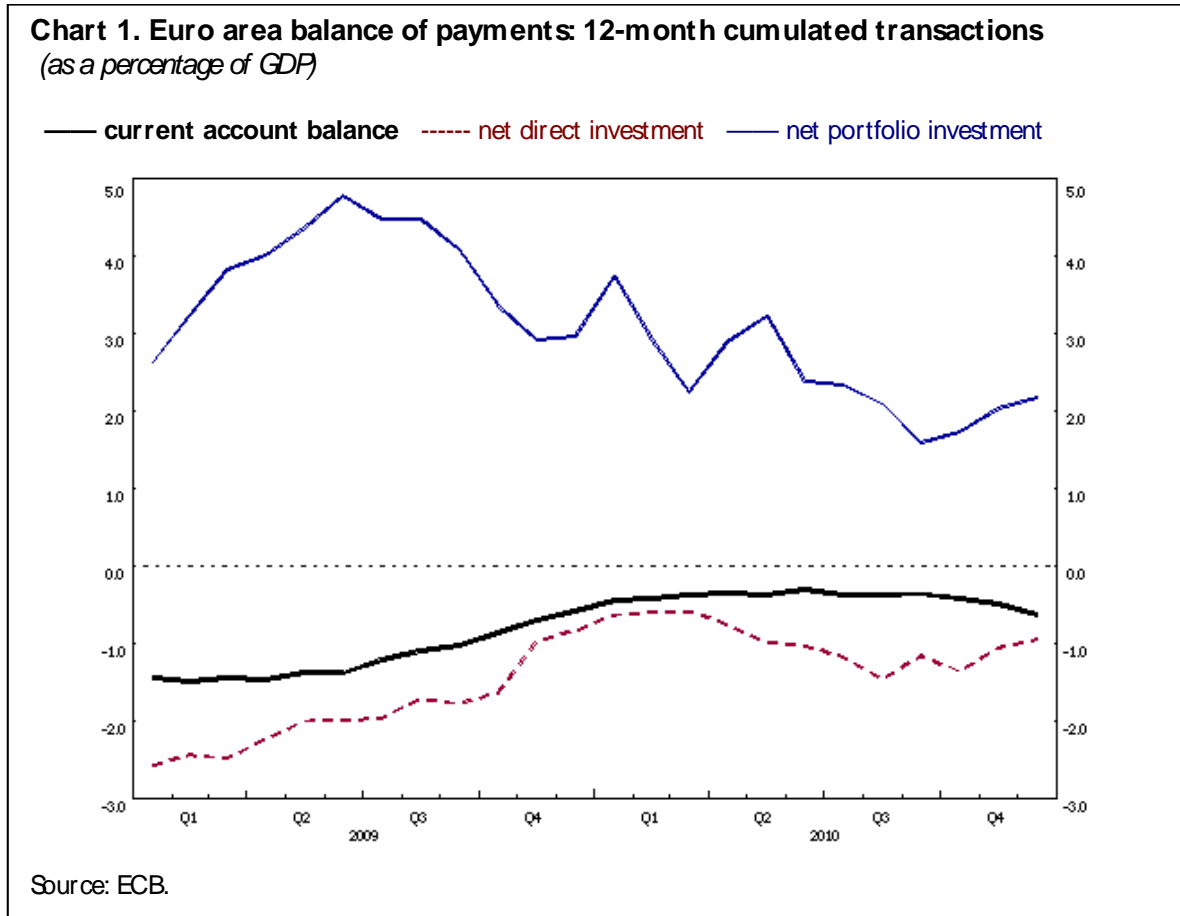
In December 2010 the seasonally adjusted current account of the euro area recorded a deficit of EUR 13.3 billion. In the financial account, combined direct and portfolio investment recorded net inflows of EUR 57 billion (non-seasonally adjusted).

In 2010 as a whole, the seasonally adjusted deficit for the euro area current account amounted to EUR 56.4 billion (around 0.6% of GDP), compared with a deficit of EUR 51.4 billion in 2009. Combined direct and portfolio investment recorded net inflows of EUR 111 billion in 2010, compared with net inflows of EUR 190 billion in 2009, mainly as a result of lower net purchases of euro area debt securities by non-resident investors.

Current account

The seasonally adjusted *current account* of the euro area recorded a deficit of EUR 13.3 billion in December 2010 (see Table 1). This reflected deficits in *current transfers* (EUR 8.2 billion), *income* (EUR 4.4 billion) and *services* (EUR 1.1 billion). The *goods* account was close to balance.

According to the preliminary results for 2010 as a whole, the seasonally adjusted *current account* recorded a deficit of EUR 56.4 billion (around 0.6% of euro area GDP – see Table 1 and Chart 1), compared with a deficit of EUR 51.4 billion in 2009 (also around 0.6% of euro area GDP). This increase resulted from a decrease in the *goods* surplus (from EUR 37.0 billion to EUR 20.8 billion) and an increase in the *current transfers* deficit (from EUR 92.6 billion to EUR 100.7 billion), which were partly offset by a decrease in the *income* deficit (from EUR 28.0 billion to EUR 9.4 billion). The *services* surplus remained broadly unchanged.



Financial account

In the financial account (see Table 2), *combined direct and portfolio investment* recorded net inflows of EUR 57 billion in December 2010 as a result of net inflows in *portfolio investment* (EUR 38 billion) and in *direct investment* (EUR 19 billion).

The net inflows in *direct investment* resulted from net inflows in *equity capital and reinvested earnings*.

The net inflows in *portfolio investment* were mainly accounted for by net inflows in *debt instruments* (EUR 46 billion), which were partly offset by net outflows in *equity* (EUR 9 billion). The net inflows in *debt instruments* resulted both from net purchases of euro area bonds and notes by non-residents and from net sales of foreign bonds and notes by euro area residents.

The *financial derivatives* account recorded net inflows of EUR 3 billion.

Other investment recorded net outflows of EUR 49 billion, reflecting net outflows in *MFIs excluding the Eurosystem* (EUR 70 billion) and *other sectors* (EUR 4 billion), which were partially offset by net inflows in *general government* (EUR 19 billion) and in the *Eurosystem* (EUR 6 billion).

The [Eurosystem's stock of reserve assets](#) decreased from EUR 597 billion to EUR 591 billion in December 2010, mainly on account of valuation effects (with transactions contributing to an increase of EUR 1 billion in the overall reserve assets position).

In 2010 as a whole, *combined direct and portfolio investment* recorded cumulated net inflows of EUR 111 billion, compared with net inflows of EUR 190 billion in 2009. This decrease was largely the result of lower net inflows in *portfolio investment* (down from EUR 265 billion to EUR 197 billion), which in turn reflected mainly lower net purchases of euro area *debt securities* by non-resident investors.

Data revisions

This press release incorporates revisions to the data for November 2010. These revisions have not significantly altered the figures previously published for the *current* and *capital accounts*. The *financial account* was revised mainly on account of revisions to net inflows in *portfolio investment* (up from EUR 13 billion to EUR 26 billion) and to net outflows in *other investment* (up from EUR 24 billion to EUR 38 billion).

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 non-working day and non-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 new 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 with 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 by 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 December 2010 will also be published in the March 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 – taking into account the enlargement of the euro area to include Estonia on 1 January 2011 – will be published on 18 March 2011.*

Annexes

Table 1: Current account of the euro area

Table 2: Monthly balance of payments 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											
	Dec. 2009	Dec. 2010	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
CURRENT ACCOUNT	-51.4	-56.4	1.6	-2.1	-1.4	-1.8	-3.9	-0.9	-4.1	-3.7	-6.5	-9.6	-10.5	-13.3
<i>Memo: as a percentage of GDP</i>	<i>-0.6</i>	<i>-0.6</i>												
Credit	2,256.4	2,555.2	202.3	199.1	206.8	208.1	215.4	218.1	220.2	217.7	214.8	216.0	221.5	215.3
Debit	2,307.8	2,611.7	200.7	201.1	208.2	210.0	219.4	219.0	224.3	221.4	221.2	225.6	232.1	228.6
Goods	37.0	20.8	4.0	6.1	5.3	1.1	2.4	2.6	1.4	0.8	3.3	-2.4	-4.1	0.4
Credit (exports)	1,288.7	1,551.3	119.1	120.0	126.0	124.3	131.6	132.5	131.6	131.6	130.5	133.5	136.3	134.5
Debit (imports)	1,251.7	1,530.5	115.1	113.9	120.7	123.2	129.2	129.8	130.2	130.8	127.2	135.8	140.4	134.1
Services	32.2	32.9	2.9	2.0	3.6	3.5	2.5	3.8	3.3	2.9	3.4	1.6	4.4	-1.1
Credit (exports)	469.1	506.7	40.4	39.8	41.7	42.1	42.5	43.9	43.4	42.3	43.0	41.5	44.9	41.1
Debit (imports)	436.9	473.8	37.5	37.8	38.1	38.6	40.0	40.1	40.0	39.4	39.7	39.8	40.5	42.2
Income	-28.0	-9.4	1.9	1.0	-0.6	1.3	-1.0	0.2	1.8	0.9	-4.2	-1.9	-4.3	-4.4
Credit	405.8	411.5	34.2	34.6	33.6	34.7	34.2	34.8	37.1	36.1	34.0	33.1	33.0	32.0
Debit	433.9	420.9	32.4	33.5	34.2	33.4	35.2	34.7	35.3	35.3	38.2	35.1	37.3	36.4
Current transfers	-92.6	-100.7	-7.2	-11.2	-9.7	-7.7	-7.8	-7.6	-10.6	-8.3	-9.0	-6.9	-6.5	-8.2
Credit	92.8	85.7	8.5	4.7	5.5	7.0	7.1	6.9	8.2	7.6	7.2	7.9	7.3	7.7
Debit	185.4	186.4	15.7	15.8	15.2	14.7	15.0	14.5	18.8	15.9	16.2	14.8	13.8	15.9

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						November 2010 (revised)			December 2010		
	December 2009			December 2010								
	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit
CURRENT ACCOUNT	-49.8	2,259.1	2,308.9	-58.1	2,561.2	2,619.3	-5.4	224.6	230.1	-0.1	234.1	234.2
Goods	39.4	1,291.3	1,251.9	24.2	1,560.7	1,536.5	0.8	142.9	142.1	2.8	136.6	133.9
Services	32.2	469.0	436.8	32.8	508.1	475.3	2.8	42.9	40.1	-1.0	45.1	46.1
Income	-28.7	405.8	434.6	-9.9	411.0	420.9	-2.1	31.9	34.0	-0.2	37.2	37.4
Current transfers	-92.6	93.0	185.6	-105.2	81.4	186.6	-7.0	6.8	13.8	-1.7	15.2	16.8
CAPITAL ACCOUNT	6.1	19.6	13.5	9.0	22.1	13.0	0.9	1.7	0.8	2.5	4.5	2.0
	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities
FINANCIAL ACCOUNT¹⁾	31.0			67.8			11.3			9.3		
DIRECT INVESTMENT²⁾	-74.5	-288.3	213.8	-85.9	-85.9	0.0	23.4	3.4	19.9	19.0	18.6	0.4
Equity capital and reinvested earnings	-0.7	-215.7	214.9	74.8	9.6	65.2	10.3	9.2	1.1	19.0	15.0	4.0
Other capital (mostly inter-company loans)	-73.7	-72.6	-1.1	-160.7	-95.4	-65.2	13.1	-5.7	18.8	-0.1	3.6	-3.7
PORTFOLIO INVESTMENT	264.8	-78.6	343.4	197.1	-116.1	313.2	25.6	5.2	20.4	37.5	18.3	19.3
Equity	37.2	-45.5	82.7	42.3	-74.3	116.5	-9.2	-14.4	5.2	-8.5	-10.5	2.0
Debt instruments	227.6	-33.1	260.8	154.8	-41.9	196.7	34.8	19.6	15.2	46.0	28.7	17.3
Bonds and notes	117.1	-24.7	141.8	81.8	-93.4	175.2	28.1	17.0	11.1	48.0	16.7	31.3
Money market instruments	110.6	-8.4	119.0	73.0	51.5	21.5	6.6	2.6	4.0	-2.0	12.0	-14.0
MEMO ITEM: COMBINED DIRECT AND PORTFOLIO INVESTMENT	190.3	-366.9	557.2	111.2	-202.0	313.2	48.9	8.6	40.3	56.5	36.9	19.6
FINANCIAL DERIVATIVES (NET)	51.5			1.9			0.5			2.7		
OTHER INVESTMENT	-215.4	524.2	-739.6	-35.2	-121.7	86.5	-38.2	-50.2	12.1	-48.5	86.9	-135.4
Eurosystem	-232.2	0.3	-232.5	14.1	5.1	8.9	4.6	0.6	4.0	6.4	-6.5	12.9
General government	0.5	-10.9	11.4	24.1	-39.1	63.1	10.7	-5.1	15.8	19.0	-3.8	22.9
of which: currency and deposits	-1.3	-1.3		-4.6	-4.6		-3.7	-3.7		-1.7	-1.7	
MFIs (excluding the Eurosystem)	68.1	421.6	-353.5	-20.7	-20.6	-0.0	-27.8	-46.3	18.5	-69.6	80.6	-150.2
Long-term	-21.3	36.1	-57.4	39.6	57.2	-17.6	-6.2	-4.7	-1.5	-13.4	19.2	-32.6
Short-term	89.4	385.6	-296.1	-60.3	-77.8	17.5	-21.6	-41.6	20.0	-56.2	61.4	-117.6
Other sectors	-51.9	113.2	-165.1	-52.6	-67.1	14.5	-25.6	0.6	-26.1	-4.3	16.6	-20.9
of which: currency and deposits	55.7	55.7		-13.4	-13.4		7.5	7.5		12.8	12.8	
RESERVE ASSETS	4.6	4.6		-10.1	-10.1		0.0	0.0		-1.3	-1.3	
Errors and omissions	12.6			-18.7			-6.7			-11.8		

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.