



EUROPEAN CENTRAL BANK

EUROSYSTEM

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## PRESS RELEASE

### EURO AREA BALANCE OF PAYMENTS IN NOVEMBER 2010 AND INTERNATIONAL INVESTMENT POSITION AT THE END OF THE THIRD QUARTER OF 2010

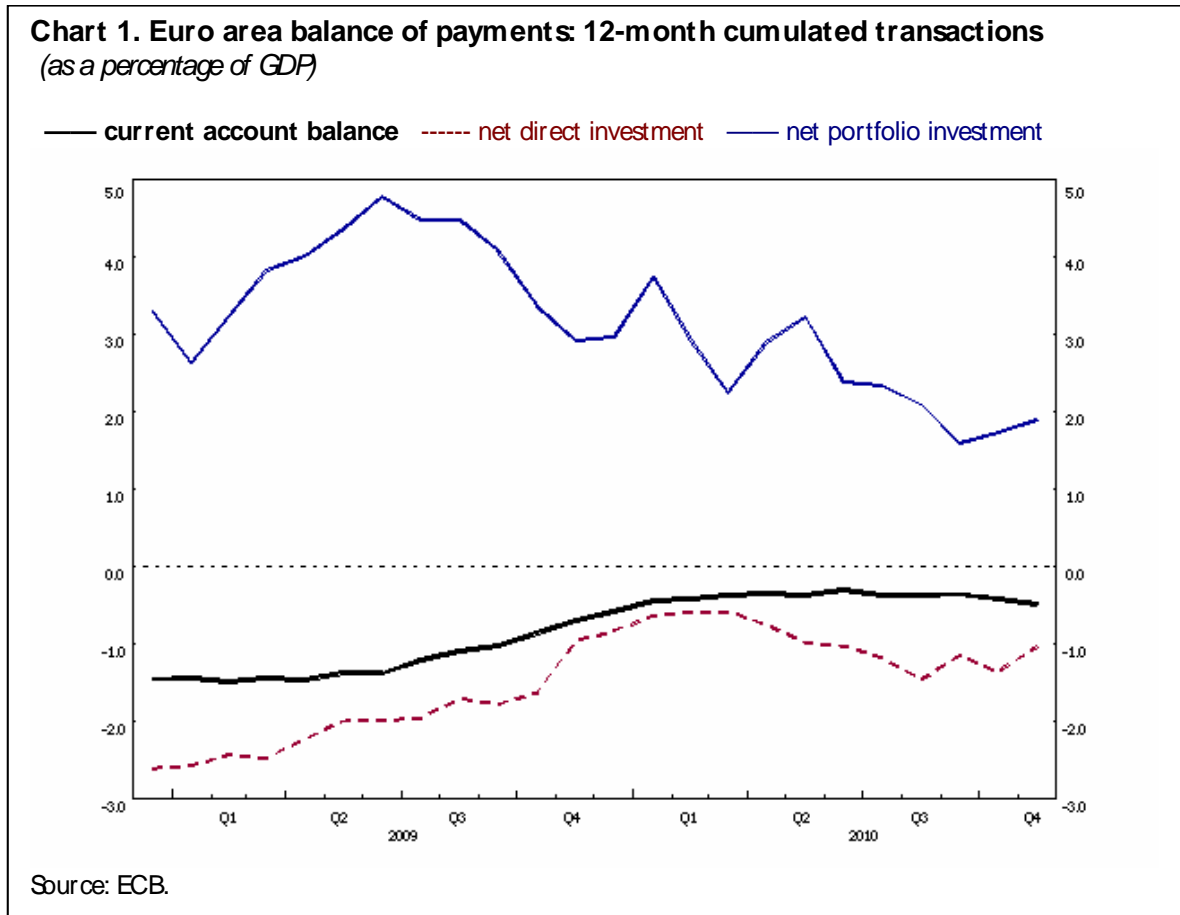
*In November 2010 the seasonally adjusted current account of the euro area recorded a deficit of EUR 11.2 billion. In the financial account, combined direct and portfolio investment recorded net inflows of EUR 38 billion (non-seasonally adjusted).*

*At the end of the third quarter of 2010, the international investment position of the euro area recorded net liabilities of EUR 1.2 trillion vis-à-vis the rest of the world (about 13% of euro area GDP). This represented a rise of EUR 147 billion in comparison with the revised data at the end of the second quarter of 2010.*

#### **Balance of payments in November 2010**

The seasonally adjusted *current account* of the euro area recorded a deficit of EUR 11.2 billion in November 2010 (see Table 1). This reflected deficits in *current transfers* (EUR 6.5 billion), *income* (EUR 4.3 billion) and *goods* (EUR 4.0 billion), which were partly offset by a surplus in *services* (EUR 3.5 billion).

The 12-month cumulated seasonally adjusted *current account* recorded a deficit of EUR 44.4 billion in November 2010 (around 0.5% of euro area GDP – see Chart 1), compared with a deficit of EUR 62.4 billion a year earlier. The reduction of the current account deficit was accounted for by a decrease in the deficit in *income* (from EUR 30.3 billion to EUR 8.1 billion) and an increase in the surplus in *services* (from EUR 31.6 billion to EUR 37.6 billion), which were to a limited extent counterbalanced by a decline in the surplus in *goods* (from EUR 30.8 billion to EUR 25.4 billion) and a rise in the deficit in *current transfers* (from EUR 94.6 billion to EUR 99.3 billion).



In the financial account (see Table 2), *combined direct and portfolio investment* recorded net inflows in November 2010 (EUR 38 billion), which were accounted for by net inflows both in *direct investment* (EUR 25 billion) and in *portfolio investment* (EUR 13 billion).

The net inflows in *direct investment* resulted from net inflows both in *equity capital and reinvested earnings* (EUR 10 billion) and in *other capital (mostly inter-company loans)* (EUR 15 billion).

The net inflows in *portfolio investment* were mainly accounted for by net inflows in *debt instruments* (EUR 26 billion), which were partly offset by net outflows in *equity* (EUR 13 billion). The net inflows in *debt instruments* resulted both from net purchases of euro area securities by non-residents and from net sales of foreign securities by euro area residents.

*Financial derivatives* recorded net inflows of EUR 1 billion.

The *other investment account* recorded net outflows (EUR 24 billion) reflecting net outflows in *MFIs (excluding the Eurosystem)* and *other sectors* (EUR 20 billion in both cases), which were partly offset by net inflows in *general government* (EUR 11 billion) and the *Eurosystem* (EUR 5 billion).

The [Eurosystem's stock of reserve assets](#) increased from EUR 556 billion to EUR 597 billion in November 2010, mainly on account of valuation effects (transactions were balanced in November 2010).

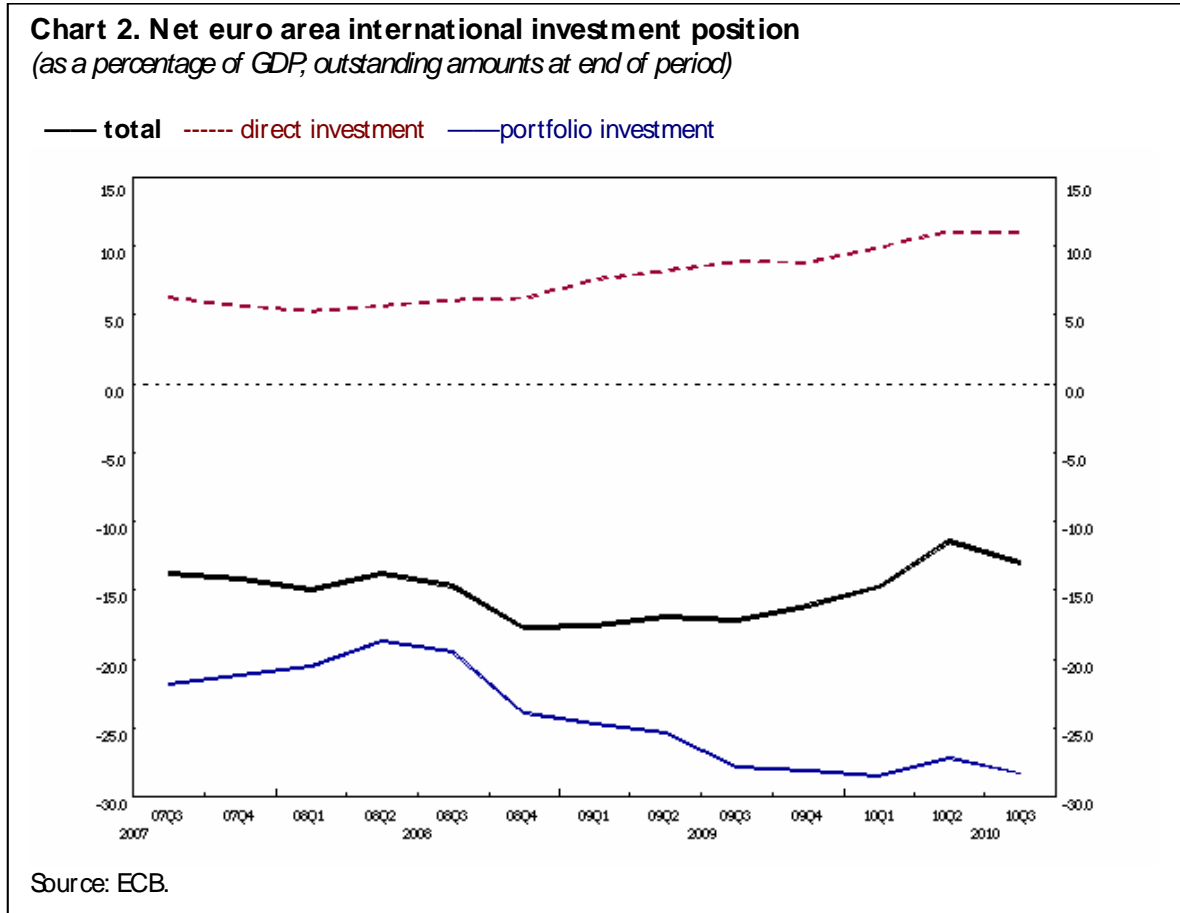
In the 12-month period to November 2010, *combined direct and portfolio investment* recorded cumulated net inflows of EUR 78 billion, compared with net inflows of EUR 175 billion a year earlier. This decrease was the result of lower net inflows in *portfolio investment* (down from EUR 261 billion to EUR 172 billion) and higher net outflows in *direct investment* (up from EUR 86 billion to EUR 94 billion).

### **International investment position at the end of the third quarter of 2010**

At the end of the third quarter of 2010, the international investment position of the euro area recorded net liabilities of EUR 1.2 trillion vis-à-vis the rest of the world (about 13% of euro area GDP – see Chart 2). This represented a rise of EUR 147 billion in comparison with the revised data at the end of the second quarter of 2010 (see Table 3).

The change in the net international investment position was mainly due to a higher net liability position in *portfolio investment* (from EUR 2 462 billion to EUR 2 579 billion) and, to a lesser extent, to a lower position in *reserve assets* (down from EUR 583 billion to EUR 552 billion). The changes in the net positions were primarily driven by “other changes” (predominantly revaluations on account of exchange rate and asset price changes).

At the end of the third quarter of 2010, the gross external debt of the euro area amounted to EUR 11.0 trillion (about 121% of euro area GDP), which represented a decline of EUR 174 billion in relation to the revised data at the end of the previous quarter.



### Data revisions

This press release incorporates revisions to the balance of payments for the period from April 2010 to October 2010, and to the international investment position at the end of the second quarter of 2010.

The revisions to the balance of payments in October 2010 did not significantly change the previously published data for the current and capital accounts. The *financial account* was mainly revised on account of revisions to net inflows in *portfolio investment* (up from EUR 14 billion to EUR 21 billion).

The current account deficit in the second and third quarters of 2010 was revised downwards (from EUR 23.1 billion to EUR 20.4 billion, and from EUR 15.7 billion to EUR 8.3 billion), mainly on account of revisions to *income*. In the financial account, revisions mainly affected *other investment* in the second quarter of 2010, and direct investment and portfolio investment in the third quarter of 2010. The revisions to the international investment position at the end of the second quarter of 2010 led to lower net liability positions in *portfolio investment* and in *other investment*.

## **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 "Euro-indicators" new releases) 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 and international investment position statistics (including a geographical breakdown by main counterparts and data on debt securities by currency of denomination), as well as historical euro area balance of payments time series, can be downloaded from the [ECB's Statistical Data Warehouse \(SDW\)](#) and 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](#)". Data up to November 2010 will also be published in the February 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 17 February 2011. The next press release including the quarterly international investment position will be published on 19 April 2011.*

### **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

## 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		2009	2010										
	Nov. 2009	Nov. 2010		Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.
<b>CURRENT ACCOUNT</b>	<b>-62.4</b>	<b>-44.4</b>	<b>-0.6</b>	<b>1.6</b>	<b>-2.1</b>	<b>-1.4</b>	<b>-1.8</b>	<b>-3.9</b>	<b>-0.9</b>	<b>-4.1</b>	<b>-3.7</b>	<b>-6.5</b>	<b>-9.6</b>	<b>-11.2</b>
<i>Memo: as a percentage of GDP</i>	<i>-0.7</i>	<i>-0.5</i>												
Credit	2,267.7	2,535.2	196.0	202.3	199.1	206.8	208.1	215.4	218.1	220.2	217.7	214.8	216.0	220.8
Debit	2,330.1	2,579.6	196.6	200.7	201.1	208.2	210.0	219.4	219.0	224.3	221.4	221.2	225.6	232.0
<b>Goods</b>	<b>30.8</b>	<b>25.4</b>	<b>4.8</b>	<b>4.0</b>	<b>6.1</b>	<b>5.3</b>	<b>1.1</b>	<b>2.4</b>	<b>2.6</b>	<b>1.4</b>	<b>0.8</b>	<b>3.3</b>	<b>-2.4</b>	<b>-4.0</b>
Credit (exports)	1,290.7	1,531.8	114.8	119.1	120.0	126.0	124.3	131.6	132.5	131.6	131.6	130.5	133.5	136.4
Debit (imports)	1,260.0	1,506.4	109.9	115.1	113.9	120.7	123.2	129.2	129.8	130.2	130.8	127.2	135.8	140.4
<b>Services</b>	<b>31.6</b>	<b>37.6</b>	<b>4.4</b>	<b>2.9</b>	<b>2.0</b>	<b>3.6</b>	<b>3.5</b>	<b>2.5</b>	<b>3.8</b>	<b>3.3</b>	<b>2.9</b>	<b>3.4</b>	<b>1.6</b>	<b>3.5</b>
Credit (exports)	470.3	505.0	40.2	40.4	39.8	41.7	42.1	42.5	43.9	43.4	42.3	43.0	41.5	44.2
Debit (imports)	438.7	467.4	35.8	37.5	37.8	38.1	38.6	40.0	40.1	40.0	39.4	39.7	39.8	40.6
<b>Income</b>	<b>-30.3</b>	<b>-8.1</b>	<b>-3.1</b>	<b>1.9</b>	<b>1.0</b>	<b>-0.6</b>	<b>1.3</b>	<b>-1.0</b>	<b>0.2</b>	<b>1.8</b>	<b>0.9</b>	<b>-4.2</b>	<b>-1.9</b>	<b>-4.3</b>
Credit	415.1	412.1	32.7	34.2	34.6	33.6	34.7	34.2	34.8	37.1	36.1	34.0	33.1	32.9
Debit	445.4	420.2	35.7	32.4	33.5	34.2	33.4	35.2	34.7	35.3	35.3	38.2	35.1	37.2
<b>Current transfers</b>	<b>-94.6</b>	<b>-99.3</b>	<b>-6.8</b>	<b>-7.2</b>	<b>-11.2</b>	<b>-9.7</b>	<b>-7.7</b>	<b>-7.8</b>	<b>-7.6</b>	<b>-10.6</b>	<b>-8.3</b>	<b>-9.0</b>	<b>-6.9</b>	<b>-6.5</b>
Credit	91.5	86.4	8.3	8.5	4.7	5.5	7.0	7.1	6.9	8.2	7.6	7.2	7.9	7.3
Debit	186.1	185.6	15.2	15.7	15.8	15.2	14.7	15.0	14.5	18.8	15.9	16.2	14.8	13.8

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						October 2010 (revised)			November 2010		
	November 2009			November 2010								
	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit
<b>CURRENT ACCOUNT</b>	<b>-63.0</b>	<b>2,270.5</b>	<b>2,333.5</b>	<b>-46.8</b>	<b>2,538.7</b>	<b>2,585.5</b>	<b>-2.1</b>	<b>220.9</b>	<b>223.0</b>	<b>-6.0</b>	<b>224.0</b>	<b>230.0</b>
Goods	33.0	1,291.3	1,258.3	27.7	1,538.5	1,510.7	6.2	142.4	136.2	1.0	143.1	142.1
Services	31.5	469.8	438.3	38.0	505.9	468.0	1.7	42.2	40.6	2.0	42.2	40.2
Income	-30.0	416.5	446.5	-8.6	411.6	420.1	1.1	31.6	30.5	-2.0	31.9	33.9
Current transfers	-97.5	92.9	190.4	-104.0	82.7	186.7	-11.1	4.7	15.8	-6.9	6.8	13.7
<b>CAPITAL ACCOUNT</b>	<b>6.1</b>	<b>19.2</b>	<b>13.1</b>	<b>6.8</b>	<b>20.3</b>	<b>13.4</b>	<b>0.0</b>	<b>1.1</b>	<b>1.1</b>	<b>0.9</b>	<b>1.7</b>	<b>0.8</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>76.8</b>			<b>39.7</b>			<b>5.6</b>			<b>14.9</b>		
<b>DIRECT INVESTMENT<sup>2)</sup></b>	<b>-86.2</b>	<b>-269.6</b>	<b>183.4</b>	<b>-94.0</b>	<b>-121.3</b>	<b>27.2</b>	<b>-12.0</b>	<b>17.3</b>	<b>-29.3</b>	<b>25.0</b>	<b>3.5</b>	<b>21.5</b>
Equity capital and reinvested earnings	-2.9	-203.5	200.7	72.9	-21.7	94.6	-0.3	35.6	-35.9	10.2	9.2	1.0
Other capital (mostly inter-company loans)	-83.5	-66.1	-17.4	-166.9	-99.6	-67.4	-11.7	-18.3	6.6	14.8	-5.7	20.5
<b>PORTFOLIO INVESTMENT</b>	<b>260.9</b>	<b>-23.3</b>	<b>284.2</b>	<b>172.0</b>	<b>-148.2</b>	<b>320.1</b>	<b>20.6</b>	<b>-45.6</b>	<b>66.2</b>	<b>13.1</b>	<b>-2.6</b>	<b>15.7</b>
Equity	-30.8	-14.0	-16.9	89.2	-79.2	168.3	37.0	-13.4	50.3	-13.1	-14.3	1.2
Debt instruments	291.7	-9.4	301.1	82.8	-69.0	151.8	-16.4	-32.2	15.8	26.2	11.7	14.6
Bonds and notes	165.3	18.3	147.0	7.6	-121.9	129.5	-12.0	-24.4	12.3	19.8	9.0	10.8
Money market instruments	126.4	-27.7	154.1	75.2	52.9	22.3	-4.3	-7.9	3.5	6.4	2.7	3.7
<b>MEMO ITEM: COMBINED DIRECT AND PORTFOLIO INVESTMENT</b>	<b>174.7</b>	<b>-292.9</b>	<b>467.6</b>	<b>77.9</b>	<b>-269.4</b>	<b>347.4</b>	<b>8.6</b>	<b>-28.3</b>	<b>36.8</b>	<b>38.1</b>	<b>0.9</b>	<b>37.2</b>
<b>FINANCIAL DERIVATIVES (NET)</b>	<b>38.0</b>			<b>5.8</b>			<b>-7.3</b>			<b>1.0</b>		
<b>OTHER INVESTMENT</b>	<b>-149.1</b>	<b>614.0</b>	<b>-763.1</b>	<b>-34.4</b>	<b>-118.1</b>	<b>83.7</b>	<b>4.6</b>	<b>-31.6</b>	<b>36.2</b>	<b>-24.3</b>	<b>-44.6</b>	<b>20.3</b>
Eurosystem	-205.0	8.2	-213.2	-2.6	7.6	-10.1	2.6	2.1	0.5	4.6	0.6	4.0
General government	20.3	-1.8	22.1	-9.4	-38.6	29.2	-18.9	-25.9	7.0	10.7	-5.1	15.8
of which: currency and deposits	7.7	7.7		-3.0	-3.0		0.6	0.6		-3.7	-3.7	
MFIs (excluding the Eurosystem)	130.7	539.4	-408.7	-9.2	-62.4	53.3	24.3	-14.5	38.7	-19.8	-46.3	26.6
Long-term	-35.7	44.1	-79.8	66.9	24.2	42.7	16.2	17.9	-1.6	-6.2	-4.7	-1.5
Short-term	166.4	495.3	-328.9	-76.1	-86.6	10.5	8.0	-32.3	40.3	-13.6	-41.6	28.1
Other sectors	-95.2	68.1	-163.3	-13.3	-24.6	11.3	-3.4	6.6	-10.0	-19.8	6.2	-26.0
of which: currency and deposits	52.0	52.0		1.2	1.2		-16.0	-16.0		10.9	10.9	
<b>RESERVE ASSETS</b>	<b>13.2</b>	<b>13.2</b>		<b>-9.6</b>	<b>-9.6</b>		<b>-0.2</b>	<b>-0.2</b>		<b>0.0</b>	<b>0.0</b>	
Errors and omissions	-19.8			0.3			-3.5			-9.7		

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)

	Q1 2010	Q2 2010 (revised)				Q3 2010				
	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>-1,324.6</b>	<b>-27.4</b>	<b>-</b>	<b>314.6</b>	<b>-1,037.4</b>	<b>7.9</b>	<b>-</b>	<b>-154.6</b>	<b>-1,184.1</b>	<b>-13.0</b>
<b>Direct investment</b>	<b>889.4</b>	<b>38.4</b>	<b>-</b>	<b>71.4</b>	<b>999.2</b>	<b>37.4</b>	<b>-</b>	<b>-39.2</b>	<b>997.4</b>	<b>10.9</b>
Abroad	4,375.9	63.6	1.5	100.9	4,540.4	22.8	0.5	-56.6	4,506.6	49.5
Equity/reinvested earnings	3,380.3	16.1	0.5	98.1	3,494.5	25.3	0.7	-46.3	3,473.4	38.1
Other capital	995.6	47.5	4.8	2.8	1,045.9	-2.5	-0.2	-10.3	1,033.1	11.3
In the euro area	3,486.5	25.2	0.7	29.5	3,541.2	-14.6	-0.4	-17.4	3,509.1	38.5
Equity/reinvested earnings	2,611.7	13.8	0.5	4.3	2,629.8	21.5	0.8	-10.3	2,641.0	29.0
Other capital	874.8	11.4	1.3	25.2	911.5	-36.2	-4.0	-7.1	868.1	9.5
<b>Portfolio investment</b>	<b>-2,554.8</b>	<b>-110.7</b>	<b>-</b>	<b>204.0</b>	<b>-2,461.5</b>	<b>13.9</b>	<b>-</b>	<b>-131.2</b>	<b>-2,578.8</b>	<b>-28.3</b>
Assets	4,493.4	-18.3	-0.4	146.5	4,621.6	51.4	1.1	-44.3	4,628.6	50.8
Equity securities	1,641.9	-8.0	-0.5	20.3	1,654.1	7.7	0.5	33.4	1,695.2	18.6
Debt securities	2,851.5	-10.3	-0.4	126.2	2,967.5	43.7	1.5	-77.8	2,933.3	32.2
Bonds and notes	2,439.3	-4.4	-0.2	106.6	2,541.4	60.7	2.4	-59.3	2,542.8	27.9
Money market instruments	412.3	-5.9	-1.4	19.6	426.0	-17.0	-4.0	-18.5	390.5	4.3
Liabilities	7,048.2	92.4	1.3	-57.6	7,083.1	37.4	0.5	86.9	7,207.4	79.1
Equity securities	2,829.3	11.0	0.4	-87.3	2,753.0	47.7	1.7	57.0	2,857.7	31.4
Debt securities	4,218.9	81.4	1.9	29.7	4,330.1	-10.3	-0.2	29.9	4,349.7	47.7
Bonds and notes	3,683.2	89.2	2.4	60.1	3,832.4	-39.2	-1.0	30.8	3,824.0	42.0
Money market instruments	535.8	-7.8	-1.5	-30.4	497.6	28.9	5.8	-0.8	525.7	5.8
<b>MEMO ITEM: COMBINED DIRECT AND PORTFOLIO INVESTMENT</b>	<b>-1,665.4</b>	<b>-72.3</b>	<b>-</b>	<b>275.4</b>	<b>-1,462.3</b>	<b>51.4</b>	<b>-</b>	<b>-170.4</b>	<b>-1,581.4</b>	<b>-17.4</b>
<b>Financial derivatives</b>	<b>-39.0</b>	<b>-1.9</b>	<b>-</b>	<b>-4.1</b>	<b>-45.0</b>	<b>-0.3</b>	<b>-</b>	<b>-7.3</b>	<b>-52.6</b>	<b>-0.6</b>
<b>Other investment</b>	<b>-118.8</b>	<b>47.8</b>	<b>-</b>	<b>-42.3</b>	<b>-113.3</b>	<b>-48.2</b>	<b>-</b>	<b>59.1</b>	<b>-102.4</b>	<b>-1.1</b>
Assets	5,084.1	44.8	0.9	136.3	5,265.2	-0.4	-0.0	-122.6	5,142.2	56.4
Eurosystem	24.1	-3.4	-14.0	3.6	24.3	1.5	6.0	-1.3	24.5	0.3
General government	106.6	6.4	6.0	1.4	114.5	4.8	4.2	-3.1	116.1	1.3
MFIs excluding Eurosystem	2,971.9	2.3	0.1	107.8	3,082.0	-17.5	-0.6	-99.7	2,964.8	32.5
Other sectors	1,981.4	39.4	2.0	23.5	2,044.3	11.0	0.5	-18.5	2,036.8	22.4
Liabilities	5,202.9	-3.0	-0.1	178.5	5,378.4	47.8	0.9	-181.7	5,244.6	57.6
Eurosystem	267.1	-0.6	-0.2	-6.5	260.0	-2.6	-1.0	-8.3	249.1	2.7
General government	77.5	8.3	10.7	2.3	88.2	4.8	5.4	-1.6	91.3	1.0
MFIs excluding Eurosystem	3,578.2	-12.9	-0.4	161.9	3,727.3	1.8	0.0	-130.2	3,598.9	39.5
Other sectors	1,280.1	2.2	0.2	20.8	1,303.0	43.9	3.4	-41.6	1,305.3	14.3
<b>Reserve assets</b>	<b>498.7</b>	<b>-1.0</b>	<b>-0.2</b>	<b>85.6</b>	<b>583.3</b>	<b>4.9</b>	<b>0.8</b>	<b>-36.0</b>	<b>552.2</b>	<b>6.1</b>
<b>MEMO ITEM: GROSS EXTERNAL DEBT</b>	<b>10,808.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,155.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,981.5</b>	<b>120.5</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.