



EUROPEAN CENTRAL BANK

EUROSYSTEM

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PRESS RELEASE

EURO AREA BALANCE OF PAYMENTS IN OCTOBER 2011

In October 2011 the seasonally adjusted current account of the euro area recorded a deficit of €7.5 billion. In the financial account, combined direct and portfolio investment recorded net outflows of €32.1 billion (non-seasonally adjusted).

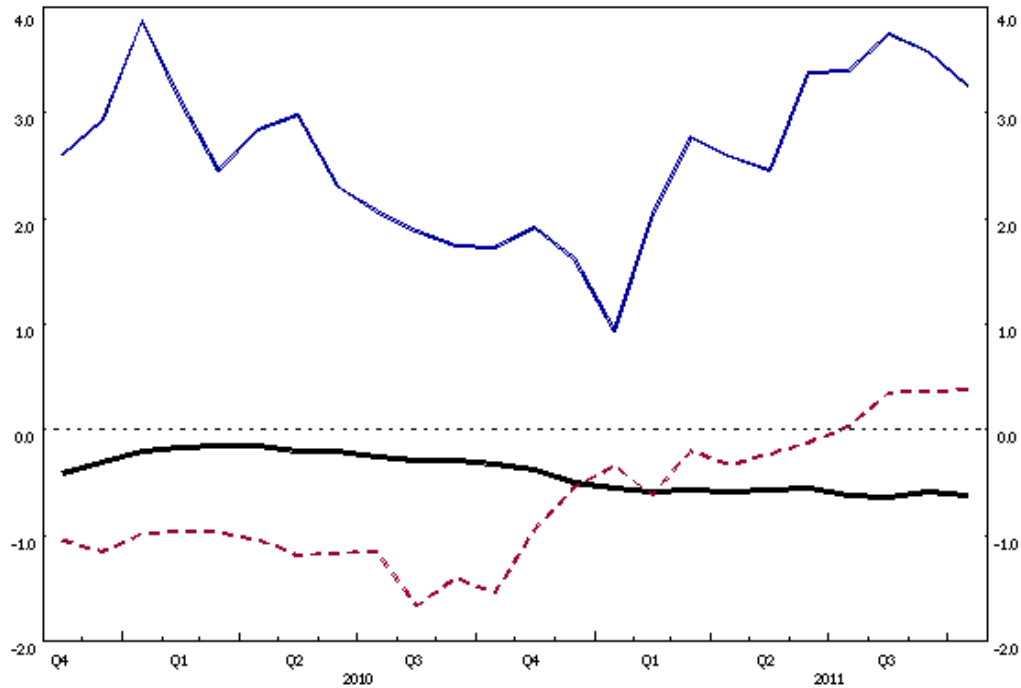
Current account

The seasonally adjusted *current account* of the euro area recorded a deficit of €7.5 billion in October 2011 (see Table 1). This reflected deficits for *current transfers* (€6.9 billion), *goods* (€4.4 billion) and *income* (€1.2 billion), which were partially offset by a surplus for *services* (€5.0 billion).

The seasonally adjusted 12-month cumulated *current account* recorded a deficit of €58.7 billion in October 2011 (around 0.6% of euro area GDP; see Table 1 and Chart 1), compared with a deficit of €29.5 billion a year earlier. The widening of the *current account* deficit resulted predominantly from a shift in the balance for *goods* from a surplus (€20.3 billion) to a deficit (€14.4 billion).

Chart 1. Euro area balance of payments: 12-month cumulated transactions
(as a percentage of GDP)

— **current account balance** (seasonally adjusted)
 - - - **net direct investment** (non-seasonally adjusted)
 — **net portfolio investment** (non-seasonally adjusted)



Source: ECB.

Financial account

In the financial account (see Table 2), *combined direct and portfolio investment* recorded net outflows of €32 billion in October 2011. This was due to net outflows for both *portfolio investment* (€25 billion) and *direct investment* (€7 billion).

The net outflows for *direct investment* resulted mainly from net outflows in *equity capital and reinvested earnings* (€9 billion).

Portfolio investment recorded net outflows for *debt instruments* (€25 billion), while the net flows for *equity* were balanced. These net outflows resulted mainly from a reduction of euro area *debt instruments* held by residents outside the euro area (€53 billion), reflecting, among other factors, the transfer to the United Kingdom of *bonds and notes* originally issued in the euro area as a result of the restructuring of a banking group. These net outflows were partially compensated for by net sales of foreign *debt instruments* by euro area residents (€25 billion), in particular bonds and notes (€28 billion).

The *financial derivatives* account was balanced.

Other investment recorded net inflows of €25 billion, reflecting net inflows for *MFIs excluding the Eurosystem* (€39 billion), which were partly offset by net outflows for the *Eurosystem* (€6 billion), *other sectors* (€5 billion) and the *general government* (€4 billion). The net inflows for *MFIs excluding the Eurosystem* also reflect the transfer of funds linked to the restructuring of the aforementioned banking group.

The [Eurosystem's stock of reserve assets](#) increased from €647 billion to €652 billion in October 2011, mainly on account of valuation effects (with net transactions resulting in an increase of €1 billion).

In the 12-month period to October 2011 *combined direct and portfolio investment* recorded cumulated net inflows of €340 billion, compared with net inflows of €16 billion in the preceding 12-month period. This increase was due to a shift in *direct investment* from net outflows (€141 billion) to net inflows (€35 billion) and to higher net inflows for *portfolio investment* (€305 billion, up from €156 billion). The higher net inflows for *portfolio investment* mainly reflected higher net inflows in *debt instruments* (€238 billion, up from €35 billion). The shift in *direct investment* resulted mainly from lower net outflows in *other capital (mostly inter-company loans)*, which were close to balance (after outflows of €218 billion).

Data revisions

This press release incorporates revisions to the data for September 2011. These revisions have not significantly changed the previously published data.

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 October 2011 will also be published in the January 2012 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 and quarterly balance of payments will be published on 19 January 2012, together with the quarterly international investment position.

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		2011									
	Oct. 2010	Oct. 2011	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.
CURRENT ACCOUNT	-29.5	-58.7	-6.1	-11.3	-3.5	-5.1	-1.6	-5.6	-4.3	-3.2	-6.8	-5.9	2.2	-7.5
<i>Memo: as a percentage of GDP</i>	-0.3	-0.6												
Credit	2,547.9	2,828.0	227.0	224.7	233.7	235.6	238.0	236.7	238.4	237.1	235.7	238.8	240.4	242.0
Debit	2,577.4	2,886.7	233.1	236.0	237.2	240.7	239.6	242.3	242.7	240.2	242.5	244.7	238.1	249.6
Goods	20.3	-14.4	-1.8	-2.8	-0.8	-1.3	0.7	-5.2	1.3	-0.6	-1.1	-0.9	2.6	-4.4
Credit (exports)	1,506.4	1,730.2	136.5	134.5	143.1	145.0	146.3	145.7	146.3	144.3	145.9	147.9	147.3	147.4
Debit (imports)	1,486.1	1,744.5	138.3	137.3	143.8	146.3	145.6	150.9	145.0	144.9	147.1	148.9	144.8	151.8
Services	46.3	53.2	5.0	3.1	5.0	3.9	4.0	4.1	4.5	5.7	3.6	3.7	5.6	5.0
Credit (exports)	509.6	535.2	45.4	43.8	45.1	44.2	44.3	43.8	44.1	44.9	43.7	44.1	45.2	46.7
Debit (imports)	463.3	482.0	40.5	40.7	40.1	40.3	40.3	39.7	39.6	39.1	40.1	40.3	39.6	41.6
Income	4.3	0.6	-1.0	-2.9	0.6	1.1	2.3	3.6	-1.6	0.4	-0.9	-1.2	1.3	-1.2
Credit	442.7	469.5	37.4	38.8	38.0	38.7	40.0	39.4	40.6	40.5	38.4	38.7	39.7	39.2
Debit	438.4	468.9	38.4	41.8	37.3	37.6	37.6	35.8	42.2	40.1	39.3	39.9	38.4	40.4
Current transfers	-100.3	-98.1	-8.3	-8.6	-8.4	-8.8	-8.6	-8.2	-8.5	-8.7	-8.3	-7.4	-7.2	-6.9
Credit	89.2	93.2	7.6	7.5	7.6	7.7	7.4	7.8	7.4	7.4	7.6	8.1	8.2	8.8
Debit	189.5	191.3	15.9	16.2	16.0	16.5	16.1	15.9	16.0	16.1	16.0	15.6	15.4	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						September 2011 (revised)			October 2011		
	October 2010			October 2011			Net	Credit	Debit	Net	Credit	Debit
	Net	Credit	Debit	Net	Credit	Debit						
CURRENT ACCOUNT	-28.0	2,552.2	2,580.2	-59.7	2,834.6	2,894.3	-0.7	245.7	246.4	1.7	244.5	242.7
Goods	22.8	1,510.2	1,487.4	-12.8	1,735.9	1,748.8	2.8	154.2	151.4	1.4	152.7	151.4
Services	46.9	510.3	463.5	52.9	536.0	483.1	6.6	47.2	40.6	5.0	46.9	41.9
Income	3.5	442.0	438.4	-0.5	470.0	470.5	-0.1	38.8	39.0	3.0	37.2	34.2
Current transfers	-101.2	89.7	191.0	-99.2	92.7	191.9	-10.0	5.4	15.4	-7.6	7.6	15.3
CAPITAL ACCOUNT	4.5	20.6	16.1	9.7	22.6	13.0	-0.1	0.9	1.0	1.5	2.4	1.0
	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities
FINANCIAL ACCOUNT¹⁾	21.9			45.8			1.6			-9.0		
DIRECT INVESTMENT²⁾	-140.5	-258.8	118.3	35.3	-178.4	213.7	-7.5	-18.6	11.1	-7.4	-17.0	9.6
Equity capital and reinvested earnings	76.9	-131.6	209.4	34.8	-133.8	168.9	-0.9	-8.4	7.5	-8.5	-14.0	5.5
Other capital (mostly inter-company loans)	-218.4	-127.2	-91.1	0.4	-44.7	44.8	-6.6	-10.2	3.6	1.1	-3.0	4.2
PORTFOLIO INVESTMENT	156.4	-172.6	329.0	305.0	73.0	232.0	20.5	11.1	9.4	-24.7	35.2	-59.9
Equity	121.4	-75.0	196.4	67.5	16.9	50.6	6.0	11.4	-5.5	-0.2	6.4	-6.6
Debt instruments	35.0	-97.6	132.6	237.5	56.1	181.4	14.5	-0.3	14.9	-24.5	28.8	-53.3
Bonds and notes	-63.8	-161.4	97.6	217.8	55.5	162.3	17.9	20.2	-2.3	-28.4	11.8	-40.2
Money market instruments	98.8	63.7	35.0	19.6	0.6	19.1	-3.4	-20.6	17.2	3.9	17.0	-13.2
MEMO ITEM: COMBINED DIRECT AND PORTFOLIO INVESTMENT	15.9	-431.4	447.3	340.3	-105.5	445.7	13.0	-7.5	20.5	-32.1	18.2	-50.3
FINANCIAL DERIVATIVES (NET)	8.1			6.1			1.4			-0.4		
OTHER INVESTMENT	6.2	-111.7	117.9	-294.9	-266.4	-28.5	-14.4	-22.3	7.9	24.6	40.8	-16.3
Eurosystem	-5.8	7.7	-13.5	43.6	-12.7	56.3	11.9	3.3	8.6	-6.0	1.4	-7.4
General government	-21.1	-38.3	17.1	100.5	-2.5	103.0	16.4	-2.7	19.0	-4.0	-6.8	2.8
of which: currency and deposits	-1.1	-1.1		-9.5	-9.5		-3.1	-3.1		-7.6	-7.6	
MFIs (excluding the Eurosystem)	5.6	-31.9	37.6	-339.7	-94.2	-245.5	-25.8	-4.4	-21.4	39.4	73.2	-33.8
Long-term	50.3	26.8	23.5	-12.9	-6.7	-6.2	-3.7	2.6	-6.3	-20.1	13.8	-33.9
Short-term	-44.7	-58.7	14.0	-326.8	-87.5	-239.3	-22.1	-7.0	-15.1	59.5	59.4	0.1
Other sectors	27.5	-49.1	76.7	-99.3	-156.9	57.6	-16.9	-18.5	1.6	-4.8	-26.9	22.1
of which: currency and deposits	-10.0	-10.0		-52.7	-52.7		-10.9	-10.9		-11.4	-11.4	
RESERVE ASSETS	-8.3	-8.3		-5.7	-5.7		1.6	1.6		-1.1	-1.1	
Errors and omissions	1.6			4.3			-0.8			5.8		

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.