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EUROSYSTEM

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PRESS RELEASE

EURO AREA BALANCE OF PAYMENTS IN AUGUST 2012 AND INTERNATIONAL INVESTMENT POSITION AT THE END OF THE SECOND QUARTER OF 2012

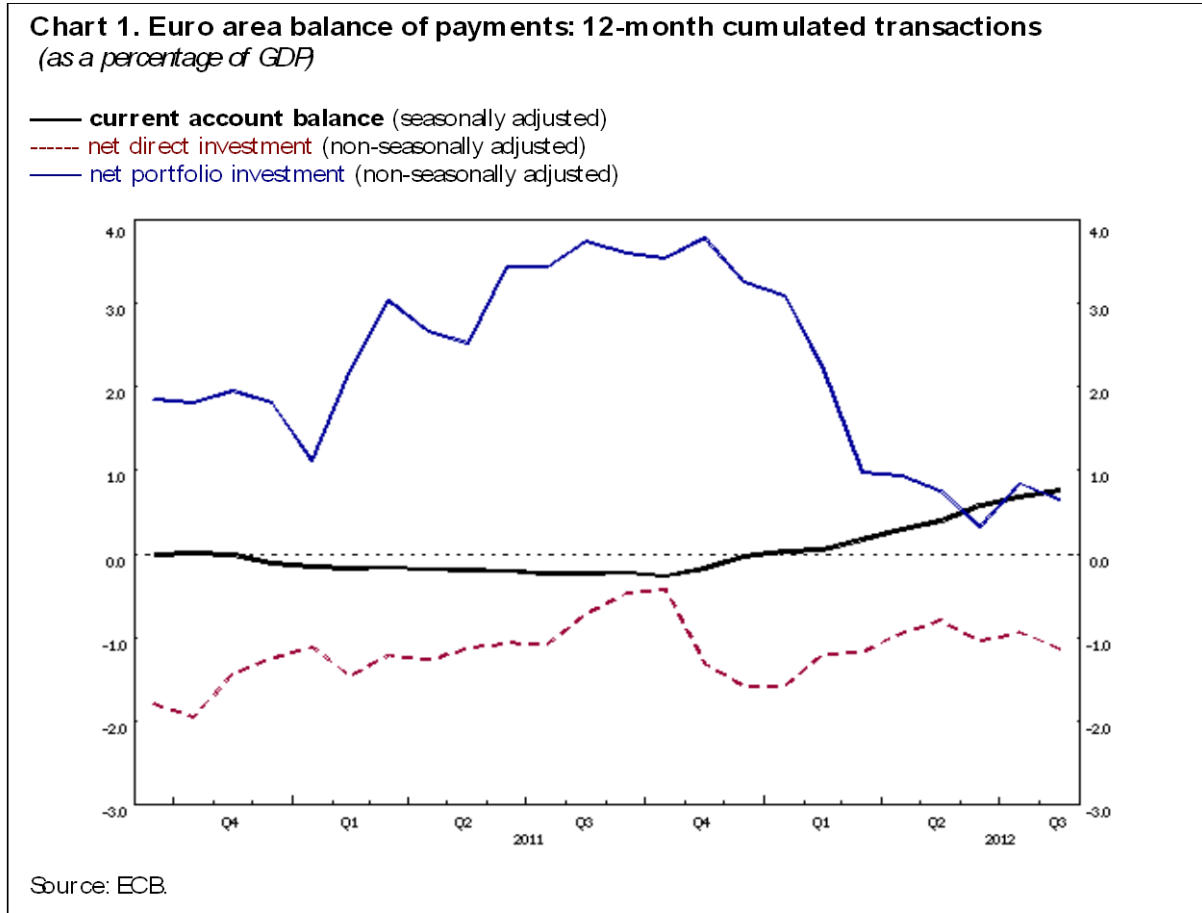
In August 2012 the seasonally adjusted current account of the euro area recorded a surplus of €8.8 billion. In the financial account, combined direct and portfolio investment recorded net outflows of €3 billion (non-seasonally adjusted).

At the end of the second quarter of 2012 the international investment position of the euro area recorded net liabilities of €836 billion vis-à-vis the rest of the world (approximately 9% of euro area GDP). This represented a decrease of €176 billion in net liabilities in comparison with the revised data for the first quarter of 2012.

Balance of payments in August 2012

The seasonally adjusted *current account* of the euro area recorded a surplus of €8.8 billion in August 2012 (see Table 1). This reflected surpluses for *goods* (€10.2 billion), *services* (€7.0 billion) and *income* (€3.2 billion), which were partially offset by a deficit for *current transfers* (€11.7 billion).

The 12-month cumulated seasonally adjusted *current account* recorded a surplus of €72.4 billion in August 2012 (0.8% of euro area GDP; see Table 1 and Chart 1), compared with a deficit of €21.6 billion a year earlier. This change resulted from *goods* shifting from deficit (€2.4 billion) to surplus (€65.2 billion) and from increases in the surpluses for *services* (from €54.4 billion to €82.7 billion) and *income* (from €27.0 billion to €32.9 billion), which were partly counterbalanced by an increase in the deficit for *current transfers* (from €100.6 billion to €108.5 billion).



In the financial account (see Table 2), *combined direct and portfolio investment* recorded net outflows of €3 billion in August 2012, as a result of net outflows in *direct investment* (€11 billion) that were only partly offset by net inflows in *portfolio investment* (€8 billion).

The net outflows for *direct investment* resulted from net outflows in both *other capital* (mostly *inter-company loans*) (€7 billion) and *equity capital and reinvested earnings* (€5 billion). The net inflows for *portfolio investment* were accounted for by net inflows for *equity* (€13 billion), which were partly offset by net outflows for *debt instruments* (€5 billion).

The *financial derivatives* account was close to balance.

Other investment recorded net outflows (€7 billion), reflecting net outflows for *MFIs excluding the Eurosystem* (€10 billion) and *general government* (€1 billion), which were partly offset by net inflows for *other sectors* (€3 billion) and the *Eurosystem* (€1 billion).

The [Eurosystem's stock of reserve assets](#) was €716 billion at the end of August 2012, down from €725 billion at the end of July 2012, mainly on account of valuation effects. Transactions in August 2012 contributed to an increase of €2 billion in the overall position.

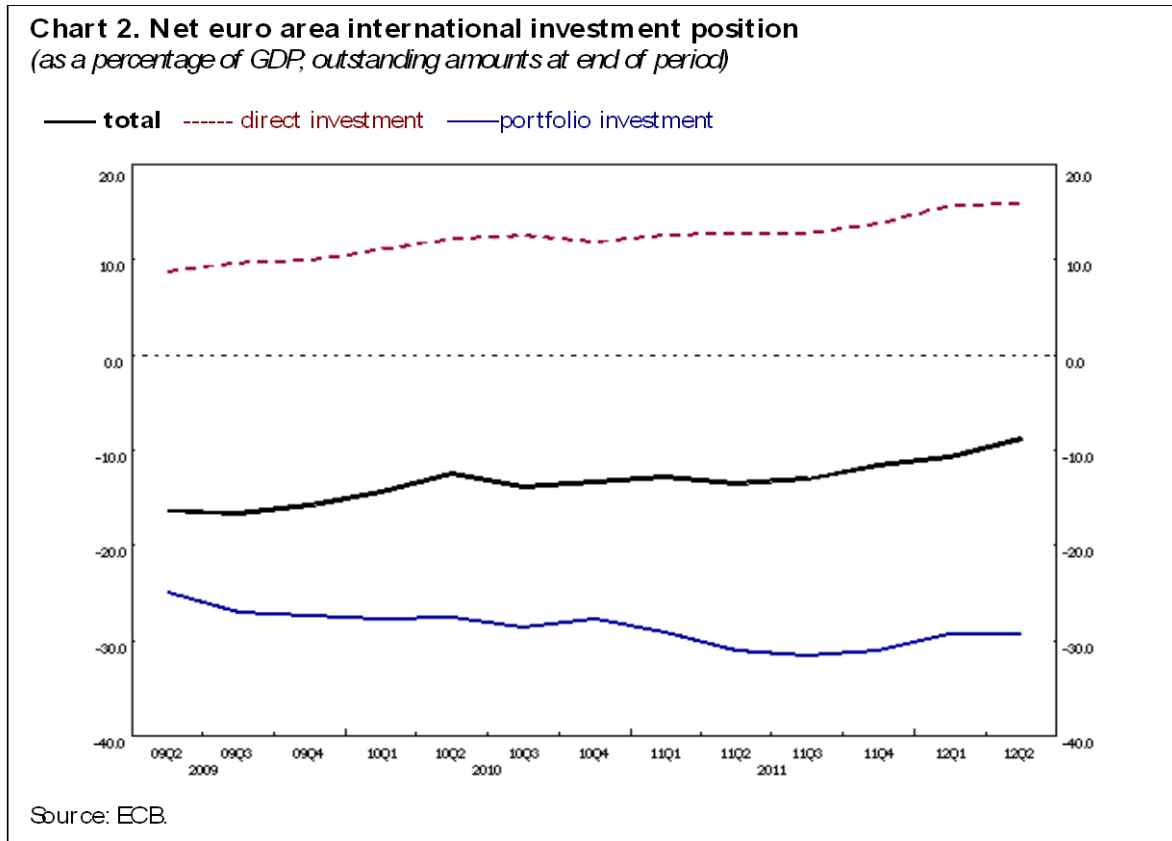
In the 12-month period to August 2012 *combined direct and portfolio investment* recorded cumulated net outflows of €45 billion, compared with net inflows of €282 billion in the preceding 12-month period. This shift was the result of lower net inflows for *portfolio investment* (down from €349 billion to €62 billion) and higher net outflows for *direct investment* (up from €67 billion to €107 billion).

International investment position at the end of the first quarter of 2012

At the end of the second quarter of 2012 the international investment position of the euro area recorded net liabilities of €836 billion vis-à-vis the rest of the world (approximately 9% of euro area GDP; see Chart 2). This represented a decrease in net liabilities of €176 billion in comparison with the revised data for the first quarter of 2012 (see Table 3).

The decrease in the net liability position was mainly the result of a lower net liability position for *other investment* (down from €377 billion to €243 billion) and, to a lesser extent, a higher net asset position in *reserve assets* (up from € 671 billion to € 702 billion) and *direct investment* (up from €1,482 billion to €1,499 billion). The decrease primarily reflected positive "other changes" amounting to €152 billion. These were mainly related to *portfolio investment* and *other investment* (predominantly revaluations on account of changes in exchange rates and asset prices).

At the end of the second quarter of 2012 the gross external debt of the euro area amounted to €11.2 trillion (approximately 119% of euro area GDP), which represented an increase of €145 billion in relation to the revised data for the first quarter of 2012.



Data revisions

This press release incorporates revisions to the monthly balance of payments for the period from January 2012 to July 2012, and to the quarterly international investment position for the end of the first quarter of 2012.

The revisions to the balance of payments in July 2012 did not significantly change the previously published data.

The revisions to the *current account* balances for the first quarter of 2012 and for the second quarter of 2012 were not significant. The revisions to the *financial account* for the second quarter of 2012 mainly affected *other investment*, *direct investment* and *portfolio investment*.

The revisions to the international investment position at the end of the first quarter of 2012 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 2012 will also be published in the November 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 balance of payments will be published on 16 November 2012. The next press release including the quarterly international investment position will be published on 24 January 2013. In addition, an annual press release on the international investment position including its geographical breakdown at the end of 2011 will be published on 29 October 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		2011						2012					
	Aug. 2011	Aug. 2012	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
CURRENT ACCOUNT	-21.6	72.4	-0.0	-2.5	4.7	3.6	3.4	1.6	13.5	7.2	8.9	15.2	8.1	8.8
<i>Memo: as a percentage of GDP</i>	<i>-0.2</i>	<i>0.8</i>												
Credit	2,845.1	3,088.8	246.7	249.1	254.5	253.3	255.3	255.5	260.5	261.0	264.8	265.7	255.7	266.7
Debit	2,866.7	3,016.4	246.7	251.6	249.8	249.8	251.9	253.9	247.0	253.8	255.9	250.5	247.6	257.9
Goods	-2.4	65.2	0.3	-2.6	2.7	2.5	4.9	2.3	10.5	6.7	8.8	12.8	6.2	10.2
Credit (exports)	1,712.8	1,871.1	148.6	147.5	152.1	152.6	154.8	156.2	159.0	159.2	161.9	160.5	154.9	163.7
Debit (imports)	1,715.2	1,805.8	148.4	150.2	149.4	150.1	149.9	154.0	148.5	152.5	153.1	147.7	148.7	153.5
Services	54.4	82.7	5.7	6.5	6.7	6.3	5.4	7.3	9.6	7.2	7.2	7.9	5.9	7.0
Credit (exports)	540.2	600.6	46.7	49.4	49.0	48.5	48.7	49.9	50.6	51.2	51.7	53.0	50.0	51.8
Debit (imports)	485.9	517.8	41.0	42.9	42.3	42.2	43.3	42.7	41.1	43.9	44.5	45.1	44.0	44.8
Income	27.0	32.9	2.4	2.4	4.3	3.9	2.4	1.9	2.4	2.6	2.5	3.2	1.7	3.2
Credit	500.7	519.2	43.4	44.2	45.2	44.3	43.6	41.6	42.4	41.6	42.9	43.9	42.3	43.6
Debit	473.7	486.2	41.0	41.8	40.9	40.4	41.3	39.8	40.0	39.0	40.4	40.7	40.6	40.4
Current transfers	-100.6	-108.5	-8.5	-8.8	-8.9	-9.1	-9.2	-9.8	-9.0	-9.4	-9.6	-8.7	-5.7	-11.7
Credit	91.3	98.0	8.0	8.0	8.2	7.9	8.2	7.7	8.5	9.0	8.4	8.3	8.5	7.5
Debit	191.9	206.5	16.5	16.8	17.1	17.0	17.4	17.5	17.5	18.4	18.0	17.0	14.3	19.1

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 2012 (revised)			August 2012		
	August 2011			August 2012								
	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit
CURRENT ACCOUNT	-25.3	2,853.0	2,878.3	66.5	3,089.9	3,023.4	14.3	265.8	251.5	7.2	255.5	248.3
Goods	-2.9	1,719.8	1,722.7	63.5	1,879.5	1,815.9	11.1	163.5	152.4	4.4	154.9	150.5
Services	54.0	541.1	487.1	78.2	594.9	516.7	8.1	55.1	47.0	7.4	54.5	47.1
Income	25.5	501.4	476.0	35.4	520.6	485.3	2.4	41.1	38.7	5.9	40.7	34.7
Current transfers	-101.9	90.7	192.6	-110.7	94.9	205.5	-7.4	6.0	13.4	-10.7	5.4	16.1
CAPITAL ACCOUNT	6.1	21.6	15.6	11.5	26.5	15.1	0.2	1.0	0.8	1.3	2.8	1.5
	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities
FINANCIAL ACCOUNT¹⁾	-7.1			-60.2			-7.3			-12.1		
DIRECT INVESTMENT²⁾	-66.8	-282.1	215.3	-106.9	-302.9	196.0	-7.2	-6.5	-0.6	-11.2	-24.2	13.0
Equity capital and reinvested earnings	-44.2	-218.5	174.9	-49.0	-248.5	199.5	-2.7	-14.7	12.0	-4.5	-20.6	16.0
Other capital (mostly inter-company loans)	-22.8	-63.6	40.4	-57.8	-54.4	-3.5	-4.5	8.2	-12.6	-6.6	-3.6	-3.0
PORTFOLIO INVESTMENT	349.2	-64.3	413.5	61.5	-50.6	112.1	25.4	13.7	11.7	7.8	-19.2	27.0
Equity	136.4	-30.7	167.1	120.5	41.5	79.0	-4.6	3.6	-8.2	12.9	-2.6	15.5
Debt instruments	212.8	-33.6	246.4	-59.0	-92.1	33.1	30.0	10.1	19.9	-5.1	-16.6	11.5
Bonds and notes	218.5	-28.6	247.2	52.8	-45.1	97.9	3.6	1.6	2.0	28.0	-15.2	43.2
Money market instruments	-5.7	-5.0	-0.8	-111.8	-47.0	-64.8	26.4	8.5	17.9	-33.1	-1.4	-31.7
MEMO ITEM: COMBINED DIRECT AND PORTFOLIO INVESTMENT	282.4	-346.4	628.8	-45.4	-353.5	308.1	18.2	7.1	11.1	-3.4	-43.4	40.1
FINANCIAL DERIVATIVES (NET)	5.9			-31.0			-2.3			-0.3		
OTHER INVESTMENT	-288.3	-297.1	8.8	32.9	32.9	0.1	-23.7	-40.0	16.3	-6.8	46.4	-53.2
Eurosystem	41.5	-14.9	56.4	141.3	13.8	127.5	22.6	-5.1	27.7	0.9	0.2	0.7
General government	78.8	-16.4	95.3	28.2	-14.0	42.2	1.5	0.1	1.4	-1.0	1.5	-2.5
of which: currency and deposits	3.3	3.3		-16.6	-16.6		-1.6	-1.6		1.2	1.2	
MFIs (excluding the Eurosystem)	-324.7	-134.9	-189.9	-110.5	135.5	-246.0	-47.1	-20.0	-27.1	-9.6	29.2	-38.8
Long-term	36.9	-0.4	37.3	-30.0	29.8	-59.8	1.6	3.7	-2.1	3.4	8.8	-5.5
Short-term	-361.7	-134.5	-227.2	-80.5	105.7	-186.2	-48.6	-23.7	-24.9	-13.0	20.4	-33.3
Other sectors	-83.9	-130.9	47.0	-26.0	-102.4	76.3	-0.7	-15.0	14.3	2.9	15.5	-12.5
of which: currency and deposits	-76.6	-76.6		-62.0	-62.0		-13.7	-13.7		4.0	4.0	
RESERVE ASSETS	-7.1	-7.1		-16.8	-16.8		0.5	0.5		-1.6	-1.6	
Errors and omissions	26.4			-17.7			-7.2			3.6		

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 2011	Q1 2012 (revised)				Q2 2012				
	End-of-period outstanding amounts	Transactions ¹⁾		Other changes	End-of-period outstanding amounts	Transactions ¹⁾		Other changes	End-of-period outstanding amounts	
		as % of previous end-period outstanding amounts				as % of previous end-period outstanding amounts				as % of GDP
Financial account balance/ Net international investment position	-1,085.2	-3.6	-	76.8	-1,012.0	24.3	-	151.7	-836.0	-8.8
Direct investment	1,295.2	3.5	-	182.8	1,481.5	9.7	-	7.7	1,499.0	15.8
Abroad	5,321.0	75.6	1.4	229.7	5,626.2	62.1	1.1	35.2	5,723.5	60.5
Equity/reinvested earnings	4,149.9	67.1	1.6	80.4	4,297.5	50.6	1.2	15.6	4,363.8	46.1
Other capital	1,171.0	8.4	0.7	149.3	1,328.8	11.5	0.9	19.6	1,359.8	14.4
In the euro area	4,025.7	72.1	1.8	46.9	4,144.7	52.4	1.3	27.5	4,224.5	44.6
Equity/reinvested earnings	3,150.7	63.9	2.0	162.0	3,376.5	46.0	1.4	13.0	3,435.5	36.3
Other capital	875.1	8.2	0.9	-115.1	768.2	6.4	0.8	14.5	789.1	8.3
Portfolio investment	-2,918.2	71.0	-	83.5	-2,763.7	-85.7	-	75.9	-2,773.4	-29.3
Assets	4,751.0	125.6	2.6	168.0	5,044.6	-60.0	-1.2	60.0	5,044.6	53.3
Equity securities	1,704.8	21.2	1.2	118.0	1,844.0	-26.1	-1.4	-4.7	1,813.2	19.2
Debt securities	3,046.1	104.4	3.4	50.0	3,200.6	-33.9	-1.1	64.7	3,231.4	34.1
Bonds and notes	2,584.3	59.0	2.3	45.5	2,688.8	-7.3	-0.3	54.2	2,735.7	28.9
Money market instruments	461.9	45.4	9.8	4.5	511.8	-26.6	-5.2	10.5	495.7	5.2
Liabilities	7,669.2	54.6	0.7	84.5	7,808.3	25.7	0.3	-16.0	7,818.0	82.6
Equity securities	3,067.7	39.8	1.3	131.7	3,239.1	2.2	0.1	-39.1	3,202.2	33.8
Debt securities	4,601.5	14.8	0.3	-47.2	4,569.2	23.5	0.5	23.2	4,615.8	48.8
Bonds and notes	4,142.0	5.2	0.1	-36.5	4,110.8	35.6	0.9	19.9	4,166.3	44.0
Money market instruments	459.5	9.6	2.1	-10.7	458.4	-12.1	-2.6	3.2	449.5	4.8
MEMO ITEM: COMBINED DIRECT AND PORTFOLIO INVESTMENT	-1,623.0	74.5	-	266.3	-1,282.1	-76.0	-	83.7	-1,274.4	-13.5
Financial derivatives	-19.1	6.7	-	-11.6	-24.1	9.6	-	-5.3	-19.8	-0.2
Other investment	-110.1	-86.9	-	-179.9	-376.9	81.7	-	52.0	-243.2	-2.6
Assets	5,218.4	90.6	1.7	-461.7	4,847.3	52.7	1.1	133.6	5,033.6	53.2
Eurosysteem	35.5	1.2	3.5	-0.0	36.7	-2.4	-6.6	0.8	35.0	0.4
General government	162.8	-10.3	-6.3	-0.4	152.2	6.4	4.2	1.6	160.2	1.7
MFIs excluding Eurosysteem	3,067.1	33.4	1.1	-53.7	3,046.9	1.1	0.0	96.6	3,144.6	33.2
Other sectors	1,953.0	66.2	3.4	-407.6	1,611.5	47.5	3.0	34.7	1,693.8	17.9
Liabilities	5,328.5	177.5	3.3	-281.8	5,224.3	-29.0	-0.6	81.6	5,276.8	55.8
Eurosysteem	408.8	-71.5	-17.5	-3.0	334.2	73.7	22.0	7.1	415.0	4.4
General government	223.5	7.3	3.3	-0.5	230.3	6.8	3.0	0.9	238.0	2.5
MFIs excluding Eurosysteem	3,208.0	187.1	5.8	-29.9	3,365.1	-119.9	-3.6	70.8	3,316.1	35.0
Other sectors	1,488.3	54.6	3.7	-248.3	1,294.6	10.4	0.8	2.8	1,307.8	13.8
Reserve assets	667.1	2.1	0.3	2.0	671.2	9.0	1.3	21.3	701.5	7.4
MEMO ITEM: GROSS EXTERNAL DEBT	11,345.0	-	-	-	11,097.9	-	-	-	11,242.5	118.8

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.