



EUROPEAN CENTRAL BANK

EUROSYSTEM

17 February 2012

PRESS RELEASE

EURO AREA BALANCE OF PAYMENTS

(December 2011 and preliminary overall results for 2011 as a whole)

In December 2011 the seasonally adjusted current account of the euro area recorded a surplus of €2.0 billion. In the financial account, combined direct and portfolio investment recorded net inflows of €3 billion (non-seasonally adjusted).

In 2011 as a whole, the seasonally adjusted deficit for the euro area current account amounted to €30.6 billion (around 0.3% of GDP), compared with a deficit of €45.7 billion in 2010. Combined direct and portfolio investment recorded net inflows of €224 billion in 2011, compared with net inflows of €98 billion in 2010. This increase was the result of primarily a switch from net purchases to net sales of foreign securities by euro area residents.

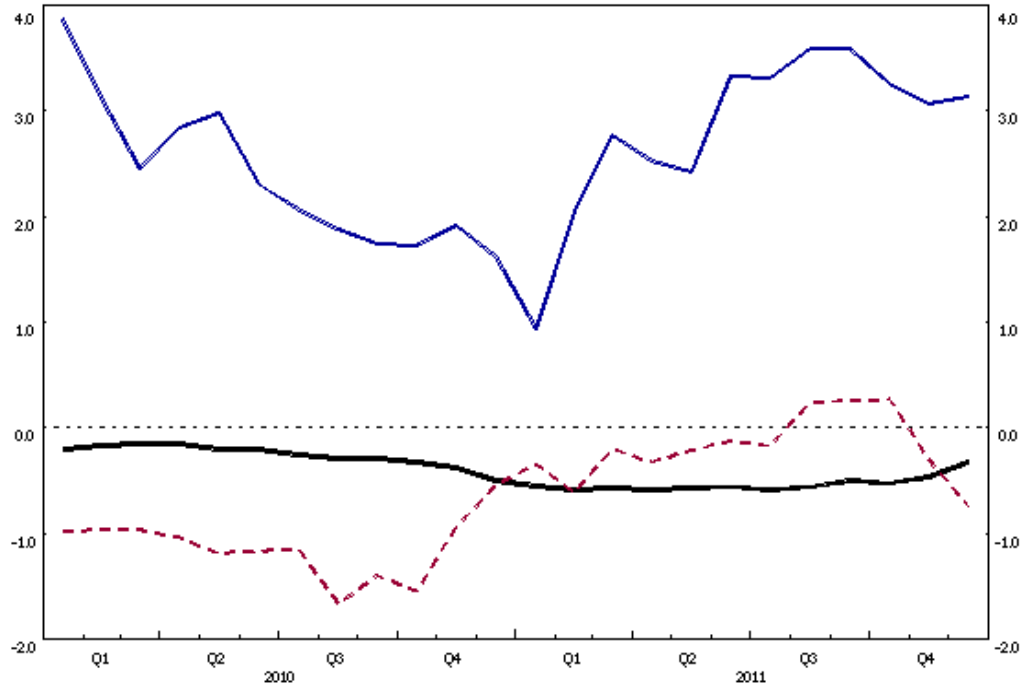
Current account

The seasonally adjusted *current account* of the euro area recorded a surplus of €2.0 billion in December 2011 (see Table 1). This reflected surpluses for *goods* (€7.3 billion) and *services* (€4.3 billion), which were partially offset by deficits for *current transfers* (€8.6 billion) and *income* (€0.9 billion).

According to the preliminary results for 2011 as a whole, the seasonally adjusted *current account* recorded a deficit of €30.6 billion (around 0.3% of euro area GDP – see Table 1 and Chart 1), compared with a deficit of €45.7 billion in 2010 (around 0.5% of euro area GDP). The narrowing of the current account deficit resulted from increases in the surpluses for *services* (from €45.9 billion to €59.4 billion) and *income* (from €3.0 billion to €9.2 billion), which were partly offset by a decrease in the surplus for *goods* (from €8.7 billion to €4.1 billion). The deficit for *current transfers* remained unchanged.

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 inflows of €3 billion in December 2011, reflecting net inflows for both direct and portfolio investment (€1 billion and €2 billion respectively).

In direct investment, net outflows of €4 billion in *equity capital and reinvested earnings* were more than compensated for by net inflows of €6 billion in *other capital (mostly inter-company loans)*.

The net inflows for *portfolio investment* resulted from net inflows both for *equity* (€15 billion) and for *bonds and notes* (€20 billion), which more than offset net outflows for *money market instruments* (€33 billion). Developments in money market instruments were characterised by net sales of euro area securities by non-residents (€21 billion) and net purchases of foreign securities by euro area residents (€12 billion).

The *financial derivatives* account recorded net outflows of €7 billion.

Other investment recorded net outflows of €14 billion, reflecting net outflows for *MFIs excluding the Eurosystem* (€136 billion), which were partly offset by net inflows for the *Eurosystem* (€103 billion), *other sectors* (€18 billion) and *general government* (€2 billion). The net inflows for the *Eurosystem* were mainly related to the reciprocal currency arrangements (swap lines) between the European Central Bank (ECB) and central banks outside the euro area.

The [Eurosystem's stock of reserve assets](#) decreased by €16 billion in December 2011 (from €683 billion to €667 billion), mainly on account of a decrease in the market price of gold that was partly offset by net transactions (excluding valuation effects) amounting to €5 billion.

In 2011 as a whole, *combined direct and portfolio investment* recorded cumulated net inflows of €224 billion, compared with net inflows of €98 billion in 2010. This increase was largely the result of higher net inflows for *portfolio investment* (increasing from €148 billion to €293 billion), which in turn reflected mainly a switch from net purchases (€146 billion) to net sales (€60 billion) of foreign securities by euro area residents.

Data revisions

This press release incorporates revisions to the data for November 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 December 2011 will also be published in the March 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 19 March 2012.*

Annexes

Table 1: Current account of the euro area

Table 2: Monthly balance of payments 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		2011											
	Dec. 2010	Dec. 2011	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
CURRENT ACCOUNT	-45.7	-30.6	-3.5	-5.1	-1.6	-5.6	-4.1	-3.6	-3.4	-2.2	3.9	-6.6	-0.9	2.0
<i>Memo: as a percentage of GDP</i>	-0.5	-0.3												
Credit	2,607.0	2,877.3	233.7	235.6	238.0	237.0	239.0	237.5	241.5	242.0	244.0	241.2	244.9	242.8
Debit	2,652.7	2,907.9	237.2	240.7	239.6	242.6	243.1	241.1	244.9	244.2	240.1	247.8	245.8	240.8
Goods	8.7	4.1	-0.8	-1.3	0.7	-5.3	1.1	-0.6	-0.7	-0.6	3.3	-4.0	5.2	7.3
Credit (exports)	1,551.2	1,765.5	143.1	145.0	146.3	145.7	146.5	144.8	146.4	148.8	148.2	147.0	152.7	150.9
Debit (imports)	1,542.5	1,761.4	143.8	146.3	145.6	151.1	145.4	145.4	147.1	149.4	145.0	151.0	147.6	143.6
Services	45.9	59.4	5.0	3.9	4.0	4.3	4.8	5.7	5.4	5.1	7.0	5.3	4.7	4.3
Credit (exports)	517.4	542.0	45.1	44.2	44.3	44.0	44.3	45.2	45.9	45.3	46.8	46.4	45.1	45.5
Debit (imports)	471.5	482.6	40.1	40.3	40.3	39.7	39.5	39.5	40.5	40.2	39.8	41.1	40.4	41.2
Income	3.0	9.2	0.6	1.1	2.3	3.9	-1.2	0.2	1.0	1.3	1.2	-0.9	0.6	-0.9
Credit	451.1	480.3	38.0	38.7	40.0	39.8	41.0	40.4	41.3	40.1	40.7	39.1	41.8	39.5
Debit	448.0	471.1	37.3	37.6	37.6	35.8	42.3	40.1	40.3	38.8	39.6	40.0	41.2	40.4
Current transfers	-103.3	-103.3	-8.4	-8.8	-8.6	-8.5	-8.7	-8.9	-9.0	-8.0	-7.5	-7.0	-11.3	-8.6
Credit	87.3	89.5	7.6	7.7	7.4	7.5	7.2	7.2	7.9	7.9	8.2	8.7	5.3	7.0
Debit	190.6	192.8	16.0	16.5	16.1	16.0	15.9	16.1	16.9	15.8	15.7	15.7	16.6	15.6

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 2011 (revised)			December 2011		
	December 2010			December 2011			Net	Credit	Debit	Net	Credit	Debit
	Net	Credit	Debit	Net	Credit	Debit						
CURRENT ACCOUNT	-42.2	2,617.1	2,659.3	-31.5	2,879.8	2,911.3	1.9	247.7	245.8	16.3	261.4	245.1
Goods	12.9	1,560.0	1,547.1	6.0	1,768.6	1,762.5	6.7	159.5	152.9	10.5	150.0	139.5
Services	45.9	518.8	472.9	59.6	542.7	483.1	3.0	43.3	40.3	5.4	49.6	44.2
Income	2.3	450.7	448.4	7.5	480.1	472.6	1.8	39.1	37.3	2.1	47.0	45.0
Current transfers	-103.3	87.6	190.9	-104.5	88.4	193.0	-9.5	5.8	15.3	-1.7	14.8	16.5
CAPITAL ACCOUNT	5.5	21.2	15.7	9.8	23.3	13.4	2.2	3.1	0.9	1.4	3.9	2.5
	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities
FINANCIAL ACCOUNT¹⁾	44.1			9.3			-6.7			-23.0		
DIRECT INVESTMENT²⁾	-49.9	-174.9	125.0	-69.8	-237.1	167.4	-8.0	-13.2	5.2	1.3	-19.7	21.0
Equity capital and reinvested earnings	124.8	-51.1	176.7	-48.5	-201.5	152.9	-14.1	-16.2	2.1	-4.4	-14.5	10.1
Other capital (mostly inter-company loans)	-175.3	-123.8	-51.7	-21.2	-35.7	14.4	6.1	3.0	3.1	5.7	-5.2	10.9
PORTFOLIO INVESTMENT	148.0	-145.6	293.6	293.4	60.3	233.1	1.5	23.2	-21.7	2.0	-3.4	5.3
Equity	52.4	-76.5	128.9	92.9	62.9	29.9	8.3	14.1	-5.8	14.9	6.0	8.9
Debt instruments	95.7	-69.1	164.7	200.5	-2.6	203.1	-6.8	9.1	-15.9	-12.9	-9.4	-3.5
Bonds and notes	64.9	-109.3	174.2	198.0	14.1	183.9	9.6	12.1	-2.5	20.1	2.8	17.4
Money market instruments	30.7	40.3	-9.5	2.5	-16.7	19.2	-16.5	-3.0	-13.5	-33.1	-12.2	-20.9
MEMO ITEM: COMBINED DIRECT AND PORTFOLIO INVESTMENT	98.1	-320.5	418.6	223.7	-176.8	400.5	-6.5	10.0	-16.5	3.2	-23.1	26.3
FINANCIAL DERIVATIVES (NET)	17.4			-23.4			0.6			-7.1		
OTHER INVESTMENT	-61.2	-176.7	115.5	-180.9	-171.4	-9.5	-0.5	37.1	-37.6	-13.7	73.7	-87.4
Eurosystem	11.8	2.9	8.9	140.3	3.3	136.9	0.6	3.4	-2.8	102.5	1.9	100.6
General government	24.6	-40.0	64.6	65.1	-3.0	68.0	-9.6	-9.4	-0.2	1.9	-0.3	2.2
of which: currency and deposits	-4.9	-4.9		-9.5	-9.5		-6.8	-6.8		1.5	1.5	
MFIs (excluding the Eurosystem)	-19.3	-8.5	-10.8	-354.7	-35.7	-319.1	8.6	47.4	-38.8	-135.8	51.0	-186.8
Long-term	35.0	55.3	-20.3	-9.1	-17.2	8.1	5.9	12.0	-6.1	-16.3	-9.0	-7.2
Short-term	-54.3	-63.8	9.5	-345.6	-18.5	-327.2	2.6	35.4	-32.7	-119.5	60.1	-179.5
Other sectors	-78.4	-131.2	52.8	-31.5	-136.1	104.6	-0.1	-4.3	4.2	17.6	21.0	-3.4
of which: currency and deposits	-46.3	-46.3		-45.9	-45.9		-6.7	-6.7		17.5	17.5	
RESERVE ASSETS	-10.3	-10.3		-10.1	-10.1		-0.2	-0.2		-5.4	-5.4	
Errors and omissions	-7.4			12.4			2.5			5.3		

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.