EUROPEAN CENTRAL BANK

EUROSYSTEM

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PRESS RELEASE

EURO AREA BALANCE OF PAYMENTS IN FEBRUARY 2012 AND INTERNATIONAL INVESTMENT POSITION AT THE END OF 2011

In February 2012 the seasonally adjusted current account of the euro area recorded a deficit of €1.3 billion. In the financial account, combined direct and portfolio investment recorded net inflows of €13 billion (non-seasonally adjusted).

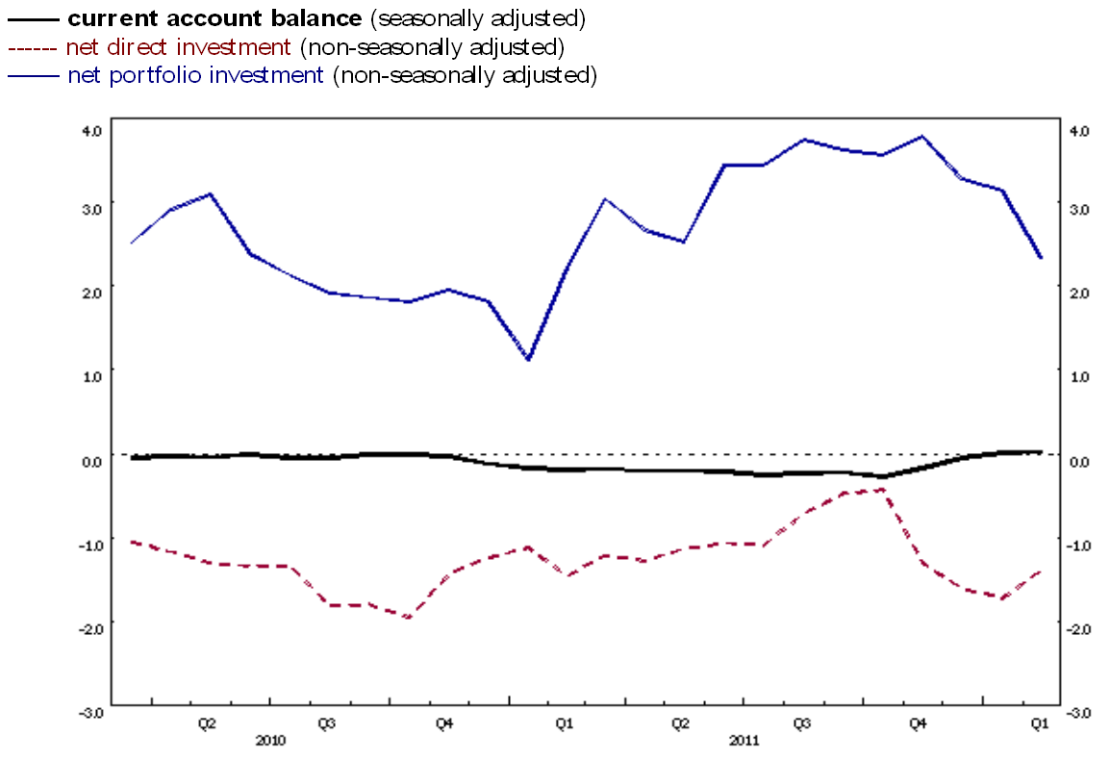
At the end of 2011 the international investment position of the euro area recorded net liabilities of €1.1 trillion vis-à-vis the rest of the world (approximately 12% of euro area GDP). This represented a decrease of €88 billion in comparison with the revised data for the end of the third quarter of 2011.

Balance of payments in February 2012

The seasonally adjusted *current account* of the euro area recorded a deficit of €1.3 billion in February 2012 (see Table 1). This reflected a deficit for *current transfers* (€8.7 billion), which was partially offset by surpluses for *goods* (€1.5 billion), *services* (€4.7 billion) and *income* (€1.2 billion).

The 12-month cumulated seasonally adjusted *current account* recorded a surplus of €2.1 billion in February 2012 (less than 0.1% of euro area GDP; see Table 1 and Chart 1), compared with a deficit of €18.1 billion a year earlier. This shift resulted from increases in the surpluses for *goods* (from €3.3 billion to €9.4 billion), *services* (from €51.3 billion to €60.1 billion) and *income* (from €29.5 billion to €33.1 billion), and from a decrease in the deficit for *current transfers* (from €102.2 billion to €100.5 billion).

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



Source: ECB.

In the financial account (see Table 2), *combined direct and portfolio investment* recorded net inflows of €13 billion in February 2012, as a result of net inflows for *portfolio investment* (€18 billion) that were partly offset by net outflows for *direct investment* (€5 billion).

The net outflows for *direct investment* essentially resulted from net outflows in *equity capital and reinvested earnings* (€5 billion).

The net inflows for *portfolio investment* were accounted for by net inflows for *debt instruments* (€23 billion), which were to a certain extent counterbalanced by net outflows in *equity* (€5 billion). The net inflows for *debt instruments* mainly resulted from net purchases of euro area bonds and notes by non-residents (€45 billion), which surpassed net purchases of foreign bonds and notes by euro area residents (€19 billion).

The *financial derivatives* account recorded net inflows of €6 billion.

Other investment recorded net outflows (€14 billion), reflecting net outflows for *MFIs excluding the Eurosystem* (€18 billion) and *other sectors* (€2 billion), which were partly offset by net inflows for *general government* (€6 billion).

The Eurosystem's stock of *reserve assets* was €696 billion at the end of February 2012, down from €702 billion at the end of January 2012 mostly due to valuation effects, which were partly offset by transactions (€2 billion).

In the 12-month period to February 2012 *combined direct and portfolio investment* recorded cumulated net inflows of €89 billion, compared with net inflows of €69 billion in the preceding 12-month period. This increase was the result of higher net inflows for *portfolio investment* (up from €204 billion to €220 billion) and lower net outflows for *direct investment* (down from €135 billion to €130 billion).

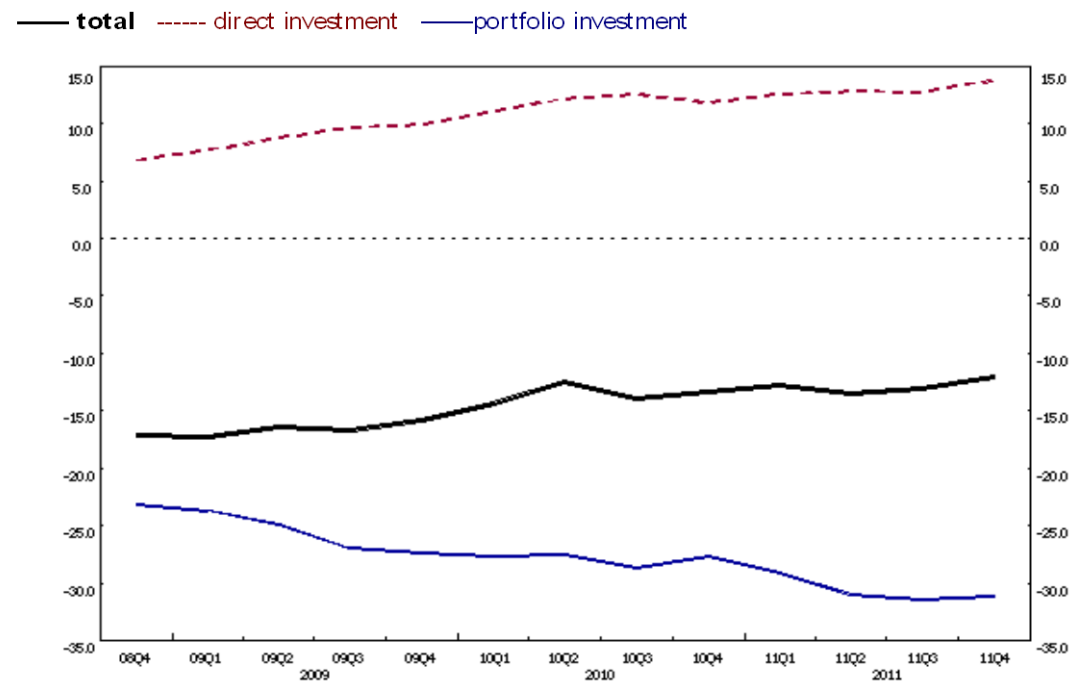
International investment position at the end of 2011

At the end of 2011 the international investment position of the euro area recorded net liabilities of €1.1 trillion vis-à-vis the rest of the world (approximately 12% of euro area GDP; see Chart 2). This represented a decrease of €88 billion in comparison with the revised data for the end of the third quarter of 2011 (see Table 3).

The decrease in the net liability position was mainly the result of a higher net asset position for *direct investment* (up from €1,193 billion to €1,301 billion), which was partly offset by a higher net liability position for *other investment* (up from €68 billion to €141 billion). The changes in the positions for direct investment and other investment evenly reflected transactions and "other changes" (predominantly revaluations on account of changes in exchange rates and asset prices).

At the end of 2011 the gross external debt of the euro area amounted to €11.3 trillion (approximately 121% of euro area GDP), which represented a decrease of €126 billion in relation to the revised data for the end of the previous quarter.

Chart 2. Net euro area international investment position
(as a percentage of GDP, outstanding amounts at end of period)



Source: ECB.

Data revisions

This press release incorporates revisions to the monthly balance of payments for the period from January 2009 to January 2012, and to the quarterly international investment position from the end of the first quarter of 2011 to the end of the third quarter of 2011.

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

The *current account* deficits in 2010 and 2011 were revised downwards (from €42.2 billion to €6.8 billion and from €29.5 billion to €3.2 billion respectively), mainly owing to revisions for *income on direct investment*. The revisions to the international investment position for the end of the third quarter of 2011 led to a lower net liability position (down from €1,293 billion to €1,224 billion) mostly on account of revisions for *direct investment*; those revisions were related to revisions in the financial account of the balance of payments in 2010 and 2011.

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), which for the first time includes data identifying investment funds under portfolio investment equity. Data up to February 2012 will also be published in the May 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 23 May 2012. The next press release including the quarterly international investment position will be published on 19 July 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

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	
	Feb. 2011	Feb. 2012	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
CURRENT ACCOUNT	**-18.1**	**2.1**	**1.7**	**-3.4**	**-1.4**	**-1.3**	**-1.4**	**0.9**	**0.4**	**-3.0**	**4.2**	**3.0**	**3.7**	**-1.3**
Memo: as a percentage of GDP	***-0.2***	***0.0***												
Credit	2,711.5	2,952.2	243.7	240.4	242.2	240.4	242.9	245.6	246.7	245.9	250.8	250.4	253.2	250.0
Debit	2,729.6	2,950.1	242.0	243.8	243.6	241.6	244.3	244.7	246.3	248.9	246.5	247.4	249.5	251.3
Goods	**3.3**	**9.4**	**2.5**	**-3.7**	**2.0**	**0.3**	**-0.0**	**0.9**	**0.3**	**-2.9**	**2.9**	**2.2**	**3.3**	**1.5**
Credit (exports)	1,610.4	1,792.1	148.9	145.6	146.3	144.7	146.4	148.7	148.6	147.7	152.0	152.7	154.7	155.8
Debit (imports)	1,607.1	1,782.7	146.4	149.3	144.3	144.5	146.4	147.8	148.4	150.5	149.1	150.5	151.4	154.3
Services	**51.3**	**60.1**	**4.3**	**4.3**	**5.3**	**4.7**	**5.0**	**4.9**	**5.7**	**5.9**	**5.7**	**5.4**	**4.1**	**4.7**
Credit (exports)	530.1	549.2	45.1	44.7	45.1	45.0	46.1	45.7	46.7	47.2	46.4	46.4	44.6	46.3
Debit (imports)	478.8	489.1	40.8	40.3	39.9	40.3	41.1	40.8	41.0	41.3	40.7	41.0	40.5	41.6
Income	**29.5**	**33.1**	**3.6**	**4.2**	**-0.1**	**2.6**	**2.1**	**3.0**	**2.4**	**2.2**	**3.9**	**3.8**	**4.2**	**1.2**
Credit	482.6	517.6	42.4	42.4	43.4	43.3	42.7	43.2	43.4	43.2	44.3	43.5	45.7	40.1
Debit	453.1	484.5	38.8	38.2	43.4	40.7	40.7	40.2	41.0	41.0	40.4	39.8	41.5	39.0
Current transfers	**-102.2**	**-100.5**	**-8.7**	**-8.3**	**-8.6**	**-8.9**	**-8.5**	**-7.9**	**-8.1**	**-8.3**	**-8.2**	**-8.4**	**-7.9**	**-8.7**
Credit	88.4	93.2	7.4	7.7	7.4	7.3	7.7	8.0	7.9	7.9	8.1	7.9	8.2	7.7
Debit	190.5	193.7	16.0	16.0	16.0	16.2	16.2	15.9	16.0	16.2	16.3	16.3	16.2	16.5

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						January 2012 (revised)			February 2012		
	February 2011			February 2012								
	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit
CURRENT ACCOUNT	**-14.2**	**2,723.9**	**2,738.1**	**3.1**	**2,964.8**	**2,961.7**	**-10.1**	**235.8**	**245.9**	**-5.9**	**242.6**	**248.5**
Goods	6.3	1,619.9	1,613.6	11.4	1,802.8	1,791.4	-9.2	142.9	152.1	2.4	152.7	150.2
Services	51.0	531.5	480.5	60.1	550.8	490.8	2.2	41.1	38.9	2.7	40.9	38.2
Income	29.9	482.4	452.5	32.0	517.5	485.6	4.1	42.3	38.1	5.0	37.8	32.8
Current transfers	-101.4	90.0	191.4	-100.3	93.7	194.0	-7.3	9.5	16.8	-16.0	11.2	27.2
CAPITAL ACCOUNT	**6.5**	**21.4**	**14.9**	**10.1**	**24.8**	**14.7**	**0.1**	**1.0**	**0.9**	**1.6**	**2.4**	**0.8**
	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities
FINANCIAL ACCOUNT[1)]	**-6.6**			**-13.8**			**10.4**			**3.2**		
DIRECT INVESTMENT[2)]	**-134.6**	**-329.0**	**194.4**	**-130.4**	**-307.4**	**177.1**	**-6.4**	**-26.8**	**20.4**	**-5.3**	**-12.4**	**7.2**
Equity capital and reinvested earnings	-42.5	-220.1	178.2	-69.7	-269.4	199.7	-3.4	-27.1	23.8	-4.9	-13.7	8.8
Other capital (mostly inter-company loans)	-92.4	-108.9	16.3	-60.7	-38.0	-22.6	-3.0	0.4	-3.4	-0.4	1.2	-1.6
PORTFOLIO INVESTMENT	**203.9**	**-157.3**	**361.2**	**219.7**	**35.9**	**183.9**	**-43.4**	**-28.3**	**-15.1**	**18.0**	**-26.9**	**44.9**
Equity	142.5	-60.3	202.7	128.6	63.5	65.1	7.0	-2.9	9.9	-4.6	-3.5	-1.0
Debt instruments	61.4	-97.0	158.4	91.1	-27.6	118.8	-50.4	-25.4	-24.9	22.6	-23.4	46.0
Bonds and notes	43.5	-114.7	158.2	157.0	-9.1	166.1	-52.5	-20.5	-32.0	25.4	-19.2	44.6
Money market instruments	17.9	17.6	0.2	-65.9	-18.5	-47.4	2.1	-5.0	7.1	-2.8	-4.1	1.4
MEMO ITEM: COMBINED DIRECT AND PORTFOLIO INVESTMENT	***69.3***	***-486.3***	***555.6***	***89.4***	***-271.6***	***361.0***	***-49.8***	***-55.1***	***5.3***	***12.8***	***-39.3***	***52.1***
FINANCIAL DERIVATIVES (NET)	**20.2**			**-19.7**			**-4.1**			**6.2**		
OTHER INVESTMENT	**-82.8**	**-195.9**	**113.1**	**-75.7**	**-68.4**	**-7.3**	**64.8**	**-14.4**	**79.3**	**-14.0**	**-16.9**	**2.9**
Eurosystem	16.7	-7.6	24.3	91.4	4.4	87.0	-37.6	-1.8	-35.8	-0.1	-0.1	0.1
General government	40.1	-40.4	80.5	59.2	2.4	56.8	7.9	1.6	6.3	6.2	8.3	-2.1
of which: currency and deposits	-4.9	-4.9		-6.1	-6.1		-0.6	-0.6		6.4	6.4	
MFIs (excluding the Eurosystem)	-92.9	-32.8	-60.1	-208.3	34.3	-242.6	100.8	-5.5	106.3	-18.3	-12.0	-6.2
Long-term	74.8	31.5	43.3	-19.8	0.4	-20.2	18.6	1.6	17.0	0.8	-0.5	1.3
Short-term	-167.6	-64.3	-103.4	-188.5	33.9	-222.4	82.2	-7.1	89.3	-19.0	-11.5	-7.5
Other sectors	-46.8	-115.1	68.3	-18.0	-109.4	91.5	-6.3	-8.7	2.5	-1.9	-13.1	11.1
of which: currency and deposits	-47.0	-47.0		-48.0	-48.0		2.0	2.0		-4.3	-4.3	
RESERVE ASSETS	**-13.2**	**-13.2**		**-7.7**	**-7.7**		**-0.5**	**-0.5**		**-1.8**	**-1.8**	
Errors and omissions	14.3			0.6			-0.4			1.0		

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)

	Q2 2011	Q3 2011 (revised)				Q4 2011				
		Transactions [1]				Transactions [1]			End-of-period outstanding amounts	
	End-of-period outstanding amounts		as % of previous end-period outstanding amounts	Other changes	End-of-period outstanding amounts		as % of previous end-period outstanding amounts	Other changes		as % of GDP
Financial account balance/ Net international investment position	**-1,259.0**	**-3.5**	**-**	**38.3**	**-1,224.2**	**44.0**	**-**	**43.8**	**-1,136.4**	**-12.1**
Direct investment	**1,192.8**	**19.2**	**-**	**-19.2**	**1,192.8**	**57.3**	**-**	**50.6**	**1,300.7**	**13.8**
Abroad	5,030.5	56.6	1.1	2.0	5,089.1	106.9	2.1	42.8	5,238.8	55.7
Equity/reinvested earnings	3,895.6	35.9	0.9	-5.3	3,926.1	105.8	2.7	36.0	4,067.8	43.2
Other capital	1,134.9	20.7	1.8	7.4	1,163.0	1.1	0.1	6.9	1,171.0	12.4
In the euro area	3,837.6	37.4	1.0	21.3	3,896.4	49.5	1.3	-7.8	3,938.1	41.8
Equity/reinvested earnings	2,945.1	58.7	2.0	15.3	3,019.1	41.7	1.4	-3.9	3,056.9	32.5
Other capital	892.5	-21.3	-2.4	6.0	877.2	7.9	0.9	-3.9	881.2	9.4
Portfolio investment	**-2,884.7**	**-35.0**	**-**	**-30.0**	**-2,949.6**	**1.8**	**-**	**14.6**	**-2,933.3**	**-31.2**
Assets	4,762.1	-63.1	-1.3	-125.2	4,573.8	-46.8	-1.0	217.0	4,744.0	50.4
Equity securities	1,838.3	-53.7	-2.9	-164.2	1,620.4	-36.8	-2.3	123.1	1,706.8	18.1
Debt securities	2,923.8	-9.4	-0.3	39.0	2,953.4	-10.0	-0.3	93.9	3,037.3	32.3
Bonds and notes	2,552.9	-17.8	-0.7	17.4	2,552.5	-21.5	-0.8	48.2	2,579.1	27.4
Money market instruments	370.9	8.4	2.3	21.6	400.9	11.5	2.9	45.7	458.2	4.9
Liabilities	7,646.7	-28.1	-0.4	-95.2	7,523.4	-48.6	-0.6	202.5	7,677.3	81.6
Equity securities	3,162.7	-22.3	-0.7	-297.9	2,842.5	42.3	1.5	193.4	3,078.2	32.7
Debt securities	4,484.1	-5.8	-0.1	202.7	4,680.9	-90.8	-1.9	9.0	4,599.1	48.9
Bonds and notes	3,961.4	2.1	0.1	185.4	4,148.9	-31.5	-0.8	23.7	4,141.2	44.0
Money market instruments	522.7	-7.9	-1.5	17.3	532.0	-59.4	-11.2	-14.7	457.9	4.9
MEMO ITEM: COMBINED DIRECT AND PORTFOLIO INVESTMENT	**-1,691.8**	**-15.8**	**-**	**-49.2**	**-1,756.8**	**59.1**	**-**	**65.2**	**-1,632.6**	**-17.3**
Financial derivatives	**-48.3**	**14.8**	**-**	**-12.4**	**-45.9**	**9.2**	**-**	**6.3**	**-30.4**	**-0.3**
Other investment	**-99.8**	**1.2**	**-**	**30.4**	**-68.1**	**-31.0**	**-**	**-41.4**	**-140.5**	**-1.5**
Assets	5,051.8	128.4	2.5	114.2	5,294.5	-154.5	-2.9	26.5	5,166.5	54.9
Eurosystem	40.6	-2.7	-6.6	4.5	42.4	-8.2	-19.3	1.2	35.5	0.4
General government	146.1	-6.0	-4.1	1.6	141.7	17.0	12.0	7.1	165.8	1.8
MFIs excluding Eurosystem	3,043.2	82.7	2.7	80.5	3,206.3	-156.9	-4.9	16.3	3,065.7	32.6
Other sectors	1,822.0	54.4	3.0	27.6	1,904.1	-6.3	-0.3	1.8	1,899.5	20.2
Liabilities	5,151.6	127.2	2.5	83.8	5,362.6	-123.5	-2.3	67.8	5,307.0	56.4
Eurosystem	278.0	29.8	10.7	7.4	315.2	87.9	27.9	5.7	408.9	4.3
General government	187.0	23.2	12.4	-0.1	210.2	9.1	4.3	3.4	222.6	2.4
MFIs excluding Eurosystem	3,325.1	24.3	0.7	54.4	3,403.8	-232.2	-6.8	40.7	3,212.4	34.1
Other sectors	1,361.5	49.8	3.7	22.0	1,433.4	11.7	0.8	18.0	1,463.1	15.5
Reserve assets	**580.9**	**-3.7**	**-0.6**	**69.5**	**646.6**	**6.8**	**1.0**	**13.7**	**667.1**	**7.1**
MEMO ITEM: GROSS EXTERNAL DEBT	**11,057.2**	**-**	**-**	**-**	**11,464.2**	**-**	**-**	**-**	**11,338.1**	**120.5**

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.