



EUROPEAN CENTRAL BANK

EUROSYSTEM

19 July 2012

PRESS RELEASE

EURO AREA BALANCE OF PAYMENTS IN MAY 2012 AND INTERNATIONAL INVESTMENT POSITION AT THE END OF THE FIRST QUARTER OF 2012

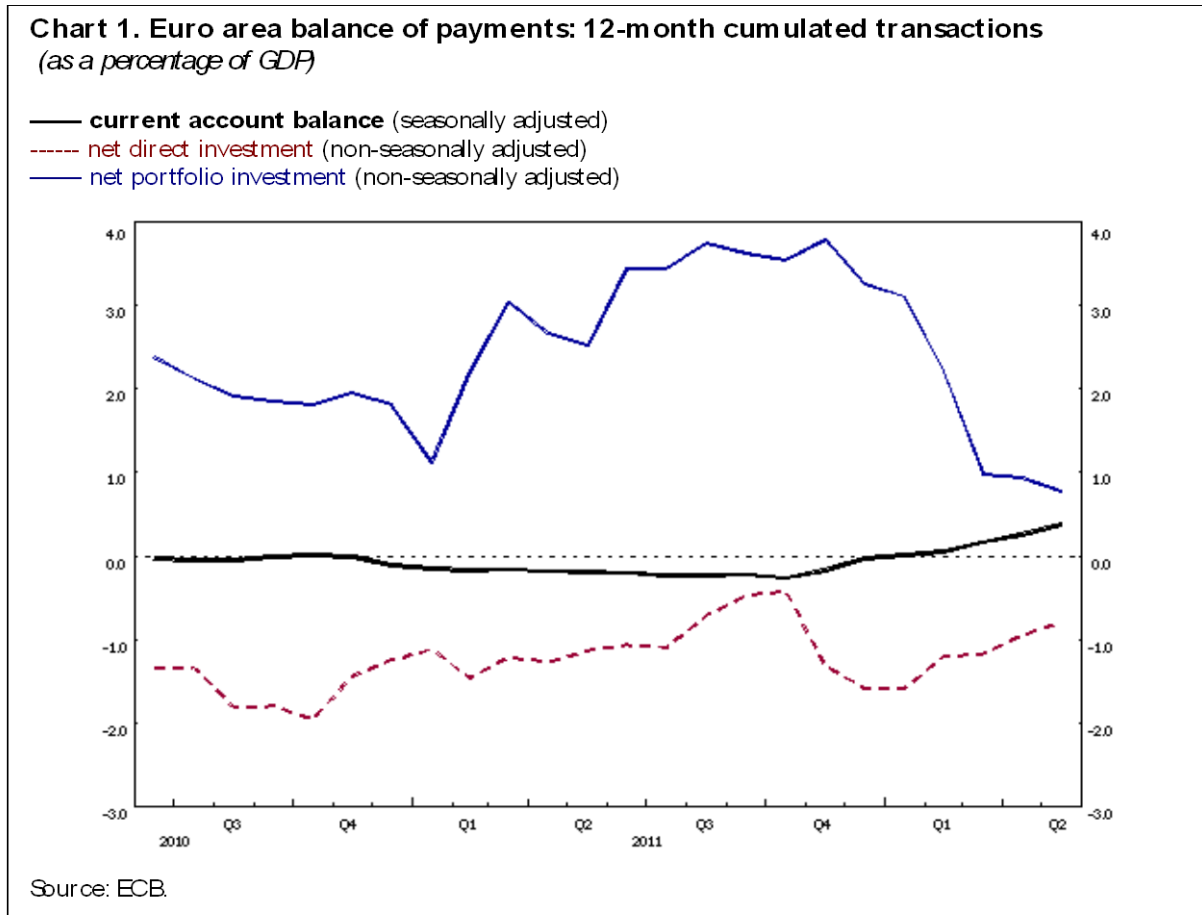
In May 2012 the seasonally adjusted current account of the euro area recorded a surplus of €10.9 billion. In the financial account, combined direct and portfolio investment recorded net inflows of €39 billion (non-seasonally adjusted).

At the end of the first quarter of 2012 the international investment position of the euro area recorded net liabilities of €1.0 trillion vis-à-vis the rest of the world (approximately 11% of euro area GDP). This represented a decrease of €45 billion in comparison with the revised data for the end of 2011.

Balance of payments in May 2012

The seasonally adjusted *current account* of the euro area recorded a surplus of €10.9 billion in May 2012 (see Table 1). This reflected surpluses for *goods* (€8.9 billion), *services* (€6.0 billion) and *income* (€5.2 billion), which were partially offset by a deficit for *current transfers* (€9.2 billion).

The 12-month cumulated seasonally adjusted *current account* recorded a surplus of €36.3 billion in May 2012 (0.4% of euro area GDP; see Table 1 and Chart 1), compared with a deficit of €17.0 billion a year earlier. This shift resulted from increases in the surpluses for *goods* (from €0.5 billion to €36.6 billion), *services* (from €52.6 billion to €73.8 billion) and *income* (from €29.7 billion to €33.2 billion), which were partially counterbalanced by an increase in the deficit for *current transfers* (from €99.9 billion to €107.4 billion).



In the financial account (see Table 2), *combined direct and portfolio investment* recorded net inflows of €39 billion in May 2012, as a result of net inflows for both *direct investment* (€11 billion) and *portfolio investment* (€28 billion). The net inflows for *direct investment* mostly resulted from net inflows in *equity capital and reinvested earnings* (€8 billion). The net inflows for *portfolio investment* were accounted for by net inflows for *debt instruments* (€25 billion), and to a more limited extent by net inflows in *equity* (€3 billion).

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

Other investment recorded net outflows (€35 billion), reflecting net outflows for *MFI*s excluding the *Eurosystem* (€49 billion), *other sectors* (€27 billion) and *general government* (€2 billion), which were partly offset by net inflows for the *Eurosystem* (€42 billion).

The [Eurosystem's stock of reserve assets](#) was €696 billion at the end of May 2012, up from €680 billion at the end of April 2012; the net transactions recorded in the balance of payments contributed €2 billion to the increase in the stock.

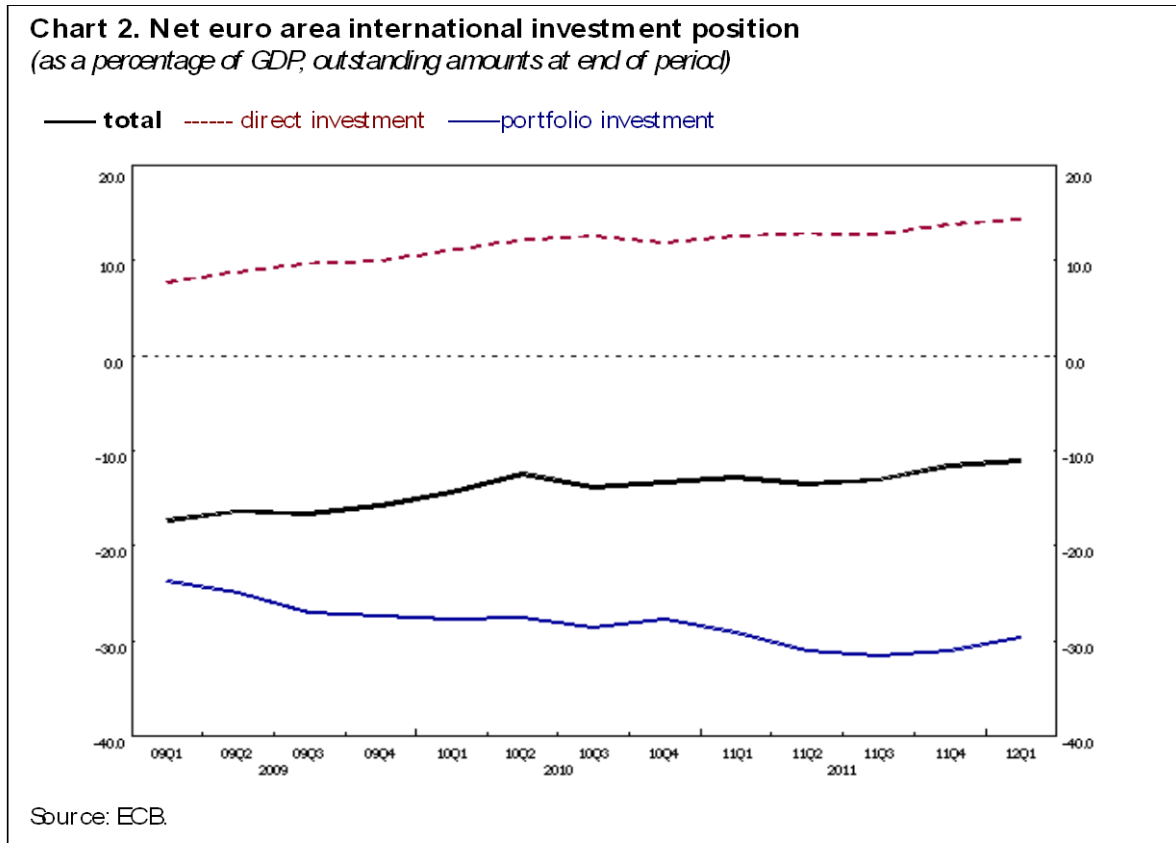
In the 12-month period to May 2012 *combined direct and portfolio investment* recorded cumulated net outflows of €3 billion, compared with net inflows of €128 billion in the preceding 12-month period. This shift was the result of lower net inflows for *portfolio investment* (down from €234 billion to €72 billion), which were partly offset by lower net outflows for *direct investment* (down from €105 billion to €75 billion).

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

At the end of the first quarter of 2012 the international investment position of the euro area recorded net liabilities of €1.0 trillion vis-à-vis the rest of the world (approximately 11% of euro area GDP; see Chart 2). This represented a decrease of €45 billion in comparison with the revised data for the end 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 €1,295 billion to €1,351 billion) and a lower net liability position for *portfolio investment* (down from €2,918 billion to €2,799 billion), which were partly offset by a higher net liability position for *other investment* (up from €110 billion to €243 billion). While the change in the net position for direct investment mainly reflected "other changes" (predominantly revaluations on account of changes in exchange rates and asset prices), the changes in the net portfolio investment and other investment positions were more evenly distributed between transactions and "other changes".

At the end of the first quarter of 2012 the gross external debt of the euro area amounted to €11.4 trillion (approximately 121% of euro area GDP), which represented an increase of €72 billion in relation to the revised data for the end of 2011.



Data revisions

This press release incorporates revisions to the monthly balance of payments for the period from October 2011 to April 2012, and to the quarterly international investment position at the end of 2011.

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

The revisions to the *current account* balances for the last quarter of 2011 and for the first quarter of 2012 were not significant; the revisions to the *financial account* for the first quarter of 2012 mainly affected *direct investment*, *portfolio investment* and *other investment*.

The revisions to the international investment position at the end of 2011 led to a lower net liability position (down from €1,136 billion to €1,085 billion) mostly on account of revisions to *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 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 May 2012 will also be published in the August 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 17 August 2012. The next press release including the quarterly international investment position will be published on 19 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

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				
	May 2011	May 2012	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
CURRENT ACCOUNT	-17.0	36.3	-1.5	-1.7	0.6	-0.0	-2.5	4.7	3.6	2.6	1.6	12.6	5.5	10.9
<i>Memo: as a percentage of GDP</i>	<i>-0.2</i>	<i>0.4</i>												
Credit	2,789.8	3,025.0	240.3	242.9	245.6	246.7	249.1	254.5	253.3	255.2	256.1	261.3	255.6	264.4
Debit	2,806.8	2,988.7	241.9	244.6	245.1	246.7	251.6	249.8	249.8	252.6	254.5	248.7	250.1	253.5
Goods	0.5	36.6	0.3	-0.0	0.9	0.3	-2.6	2.7	2.5	4.4	2.3	10.0	6.9	8.9
Credit (exports)	1,670.8	1,832.1	144.7	146.4	148.7	148.6	147.5	152.1	152.6	155.0	156.6	159.5	159.1	161.3
Debit (imports)	1,670.4	1,795.5	144.5	146.4	147.8	148.4	150.2	149.4	150.1	150.5	154.3	149.5	152.2	152.3
Services	52.6	73.8	4.7	5.0	4.9	5.7	6.5	6.7	6.3	5.3	7.6	9.1	5.9	6.0
Credit (exports)	535.1	577.6	45.0	46.1	45.7	46.7	49.4	49.0	48.5	48.6	50.1	50.6	48.0	49.8
Debit (imports)	482.5	503.8	40.3	41.1	40.8	41.0	42.9	42.3	42.2	43.3	42.5	41.5	42.1	43.8
Income	29.7	33.2	2.6	2.1	3.0	2.4	2.4	4.3	3.9	1.9	1.2	2.4	1.8	5.2
Credit	493.5	520.6	43.3	42.7	43.2	43.4	44.2	45.2	44.3	43.6	41.6	42.9	40.5	45.7
Debit	463.8	487.4	40.7	40.7	40.2	41.0	41.8	40.9	40.4	41.7	40.4	40.5	38.7	40.4
Current transfers	-99.9	-107.4	-9.1	-8.8	-8.3	-8.5	-8.8	-8.9	-9.1	-9.0	-9.6	-8.9	-9.1	-9.2
Credit	90.3	94.8	7.3	7.7	8.0	8.0	8.0	8.2	7.9	8.1	7.7	8.3	8.0	7.7
Debit	190.2	202.1	16.4	16.5	16.3	16.5	16.8	17.1	17.0	17.1	17.3	17.2	17.1	16.9

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						April 2012 (revised)			May 2012		
	May 2011			May 2012								
	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit
CURRENT ACCOUNT	-19.1	2,809.4	2,828.6	30.6	3,022.3	2,991.7	1.3	242.8	241.5	-2.5	265.3	267.8
Goods	2.0	1,688.2	1,686.2	35.2	1,830.7	1,795.5	5.4	151.7	146.2	6.3	160.6	154.4
Services	52.1	537.1	485.1	73.2	576.6	503.5	5.4	44.7	39.3	7.0	49.5	42.5
Income	28.0	493.9	465.9	34.0	520.9	486.9	-0.8	40.0	40.8	-7.8	48.3	56.1
Current transfers	-101.3	90.2	191.4	-111.8	94.0	205.9	-8.7	6.3	15.1	-8.0	6.9	14.9
CAPITAL ACCOUNT	5.2	20.4	15.2	11.9	27.1	15.3	0.4	1.4	1.0	1.5	2.4	0.9
	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities
FINANCIAL ACCOUNT¹⁾	-7.6			-32.4			-1.8			-4.2		
DIRECT INVESTMENT²⁾	-105.3	-309.9	204.7	-74.8	-272.6	197.8	-9.6	-21.6	12.1	10.6	-6.2	16.8
Equity capital and reinvested earnings	-53.3	-230.7	178.0	-11.0	-226.8	215.8	-6.1	-10.0	4.0	8.4	-7.7	16.1
Other capital (mostly inter-company loans)	-52.3	-79.2	26.6	-63.7	-45.7	-18.0	-3.5	-11.6	8.1	2.2	1.5	0.7
PORTFOLIO INVESTMENT	233.5	-158.5	392.0	72.2	-2.1	74.3	1.3	11.4	-10.2	28.3	-5.8	34.1
Equity	174.2	-54.6	228.8	124.0	67.6	56.4	-15.8	-5.8	-10.1	3.2	6.1	-2.9
Debt instruments	59.3	-103.9	163.2	-51.8	-69.7	17.9	17.1	17.2	-0.1	25.1	-11.9	37.0
Bonds and notes	86.2	-86.2	172.4	33.1	-30.8	63.9	3.1	7.6	-4.5	17.7	-13.2	30.9
Money market instruments	-26.9	-17.7	-9.2	-84.8	-38.8	-46.0	14.0	9.6	4.4	7.4	1.3	6.2
MEMO ITEM: COMBINED DIRECT AND PORTFOLIO INVESTMENT	128.2	-468.4	596.6	-2.5	-274.7	272.1	-8.3	-10.2	1.9	38.9	-12.0	50.9
FINANCIAL DERIVATIVES (NET)	24.1			-32.4			2.2			-6.4		
OTHER INVESTMENT	-145.5	-148.2	2.7	10.0	-50.7	60.6	7.2	2.2	5.0	-35.2	-91.4	56.1
Eurosystem	3.5	-14.6	18.1	100.2	10.9	89.3	1.1	0.1	1.0	42.4	1.7	40.7
General government	52.5	-22.5	75.0	45.1	-7.4	52.5	4.7	-0.8	5.5	-2.1	-5.0	2.9
of which: currency and deposits	1.9	1.9		-13.2	-13.2		-0.7	-0.7		-3.8	-3.8	
MFIs (excluding the Eurosystem)	-176.5	-23.7	-152.8	-108.1	73.9	-181.9	-2.2	-5.2	2.9	-48.5	-49.8	1.3
Long-term	60.0	32.5	27.5	-22.4	7.6	-30.0	-18.0	-6.6	-11.5	9.9	4.7	5.1
Short-term	-236.6	-56.3	-180.3	-85.7	66.3	-151.9	15.8	1.4	14.4	-58.3	-54.6	-3.8
Other sectors	-25.0	-87.4	62.4	-27.3	-128.0	100.7	3.6	8.0	-4.4	-27.0	-38.2	11.2
of which: currency and deposits	-51.1	-51.1		-46.8	-46.8		3.4	3.4		-15.9	-15.9	
RESERVE ASSETS	-14.4	-14.4		-7.5	-7.5		-2.9	-2.9		-1.5	-1.5	
Errors and omissions	21.5			-10.1			0.1			5.2		

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)

	Q3 2011	Q4 2011 (revised)				Q1 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	-1,224.2	40.2	-	98.9	-1,085.2	-3.3	-	48.3	-1,040.2	-11.0
Direct investment	1,192.8	54.9	-	47.6	1,295.2	5.3	-	50.1	1,350.7	14.3
Abroad	5,089.1	105.8	2.1	126.0	5,321.0	82.1	1.5	2.8	5,405.9	57.3
Equity/reinvested earnings	3,926.1	107.7	2.7	116.1	4,149.9	60.3	1.5	16.8	4,227.1	44.8
Other capital	1,163.0	-1.8	-0.2	9.9	1,171.0	21.8	1.9	-14.0	1,178.9	12.5
In the euro area	3,896.4	51.0	1.3	78.4	4,025.7	76.8	1.9	-47.3	4,055.3	43.0
Equity/reinvested earnings	3,019.1	45.4	1.5	86.1	3,150.7	78.8	2.5	-20.9	3,208.5	34.0
Other capital	877.2	5.5	0.6	-7.7	875.1	-2.0	-0.2	-26.3	846.8	9.0
Portfolio investment	-2,949.6	4.5	-	26.9	-2,918.2	77.1	-	41.9	-2,799.3	-29.7
Assets	4,573.8	-48.9	-1.1	226.1	4,751.0	138.2	2.9	145.5	5,034.7	53.3
Equity securities	1,620.4	-39.2	-2.4	123.6	1,704.8	22.5	1.3	119.6	1,847.0	19.6
Debt securities	2,953.4	-9.7	-0.3	102.5	3,046.1	115.7	3.8	25.9	3,187.7	33.8
Bonds and notes	2,552.5	-29.2	-1.1	61.0	2,584.3	69.5	2.7	26.5	2,680.3	28.4
Money market instruments	400.9	19.5	4.9	41.5	461.9	46.1	10.0	-0.6	507.4	5.4
Liabilities	7,523.4	-53.4	-0.7	199.2	7,669.2	61.1	0.8	103.6	7,833.9	83.0
Equity securities	2,842.5	43.5	1.5	181.7	3,067.7	41.0	1.3	143.2	3,251.8	34.5
Debt securities	4,680.9	-96.8	-2.1	17.4	4,601.5	20.2	0.4	-39.6	4,582.1	48.6
Bonds and notes	4,148.9	-36.8	-0.9	29.9	4,142.0	9.2	0.2	-44.4	4,106.9	43.5
Money market instruments	532.0	-60.1	-11.3	-12.4	459.5	10.9	2.4	4.8	475.3	5.0
MEMO ITEM: COMBINED DIRECT AND PORTFOLIO INVESTMENT	-1,756.8	59.4	-	74.5	-1,623.0	82.4	-	92.0	-1,448.6	-15.4
Financial derivatives	-45.9	9.9	-	16.9	-19.1	5.4	-	-6.6	-20.3	-0.2
Other investment	-68.1	-35.8	-	-6.2	-110.1	-92.7	-	-39.7	-242.6	-2.6
Assets	5,294.5	-153.9	-2.9	77.8	5,218.4	67.8	1.3	-73.9	5,212.4	55.2
Eurosystem	42.4	-8.2	-19.3	1.2	35.5	1.2	3.5	-0.0	36.7	0.4
General government	141.7	16.6	11.7	4.5	162.8	-10.4	-6.4	-2.5	150.0	1.6
MFIs excluding Eurosystem	3,206.3	-155.0	-4.8	15.8	3,067.1	31.2	1.0	-51.4	3,046.9	32.3
Other sectors	1,904.1	-7.3	-0.4	56.2	1,953.0	45.9	2.3	-20.0	1,978.8	21.0
Liabilities	5,362.6	-118.1	-2.2	84.0	5,328.5	160.6	3.0	-34.2	5,454.9	57.8
Eurosystem	315.2	87.9	27.9	5.7	408.8	-71.5	-17.5	-3.0	334.2	3.5
General government	210.2	9.3	4.4	4.0	223.5	8.4	3.7	-0.9	231.0	2.4
MFIs excluding Eurosystem	3,403.8	-229.1	-6.7	33.2	3,208.0	187.1	5.8	-30.5	3,364.6	35.7
Other sectors	1,433.4	13.7	1.0	41.1	1,488.3	36.7	2.5	0.2	1,525.1	16.2
Reserve assets	646.6	6.8	1.0	13.7	667.1	1.6	0.2	2.6	671.3	7.1
MEMO ITEM: GROSS EXTERNAL DEBT	11,464.2	-	-	-	11,345.0	-	-	-	11,417.2	121.0

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.