



EUROPEAN CENTRAL BANK

EUROSYSTEM

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PRESS RELEASE

EURO AREA BALANCE OF PAYMENTS IN NOVEMBER 2011 AND INTERNATIONAL INVESTMENT POSITION AT THE END OF THE THIRD QUARTER OF 2011

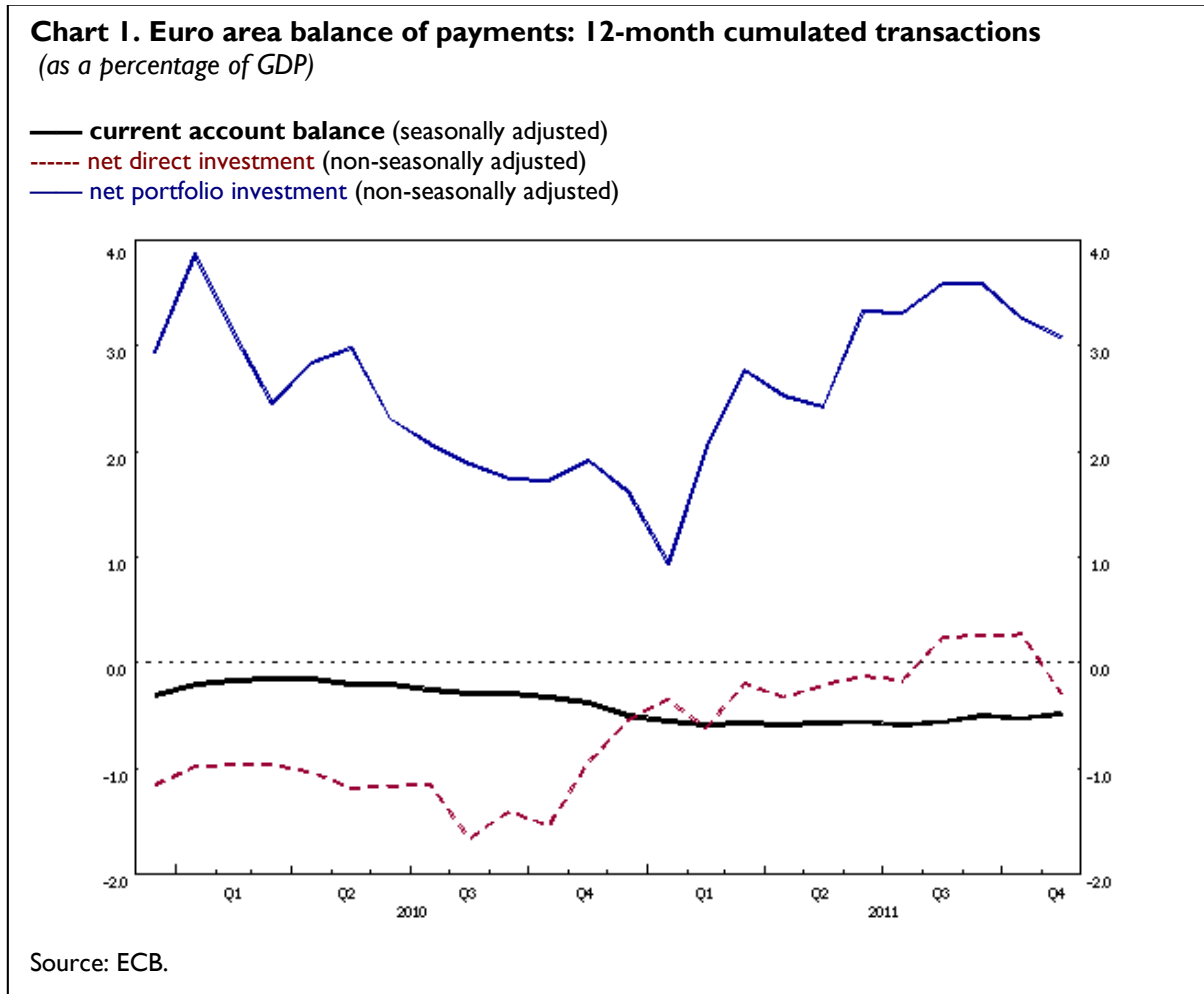
In November 2011 the seasonally adjusted current account of the euro area recorded a deficit of €1.8 billion. In the financial account, combined direct and portfolio investment recorded net outflows of €5 billion (non-seasonally adjusted).

At the end of the third quarter of 2011 the international investment position of the euro area recorded net liabilities of €1.3 trillion vis-à-vis the rest of the world (approximately 13.8% of euro area GDP). This represented a decrease of €21 billion in comparison with the revised data for the end of the second quarter of 2011.

Balance of payments in November 2011

The seasonally adjusted *current account* of the euro area recorded a deficit of €1.8 billion in November 2011 (see Table I). This reflected a deficit for *current transfers* (€11.4 billion), which was partially offset by surpluses for *goods* (€4.9 billion), *services* (€4.2 billion) and *income* (€0.3 billion).

The 12-month cumulated seasonally adjusted *current account* recorded a deficit of €44.9 billion in November 2011 (around 0.5% of euro area GDP; see Table I and Chart I), compared with a deficit of €34.6 billion a year earlier. This increase resulted mainly from a shift in the balance for *goods* (from a €15.2 billion surplus to a €6.2 billion deficit), which was partly offset by increases in the surpluses for *services* (from €48.6 billion to €57.7 billion) and for *income* (from a €3.6 billion to €6.9 billion).



In the financial account (see Table 2), *combined direct and portfolio investment* recorded net outflows of €5 billion in November 2011, essentially as a result of net outflows for *direct investment* (€7 billion).

The net outflows for *direct investment* resulted from net outflows in *equity capital and reinvested earnings* (€14 billion), which were partly offset by net inflows in other capital (mostly inter-company loans) (€7 billion). The net outflows for *equity capital and reinvested earnings* mainly reflected net investment by euro area companies abroad (€16 billion).

The net inflows for *portfolio investment* were accounted for by net inflows for *equity* (€11 billion). These were partly offset by net outflows for *debt instruments* (€9 billion). The net inflows for equity resulted mainly from net sales of foreign equity by euro area residents (€14 billion), while the net outflows for debt instruments resulted from larger net sales of euro area debt securities by non-residents (€18 billion) than of foreign debt securities by euro area residents (€9 billion).

The *financial derivatives* account recorded net inflows of €1 billion.

Other investment was almost balanced, reflecting net outflows for *general government* (€10 billion), which were offset by net inflows for *MFI*s excluding the Eurosystem (€9 billion), *other sectors* (€1 billion) and the Eurosystem (€1 billion).

The [Eurosystem's stock of reserve assets](#) increased by €32 billion in November 2011 (from €652 billion to €683 billion), mainly owing to an increase in the market price of gold. Net transactions (excluding valuation effects) were almost balanced.

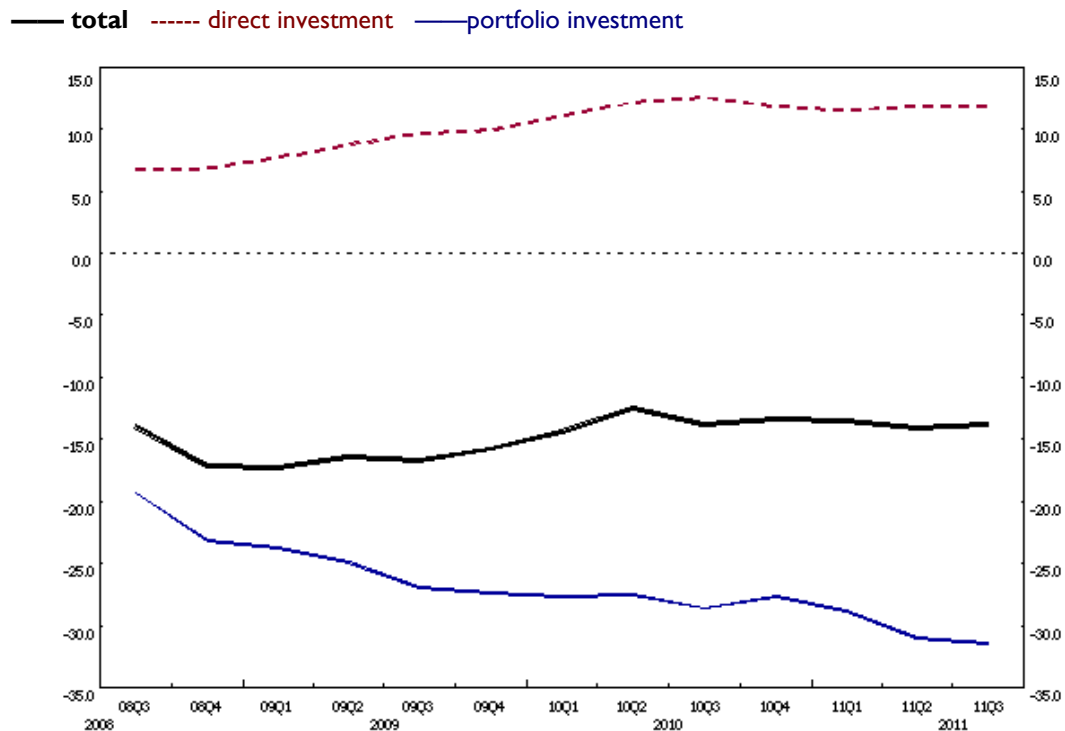
In the 12-month period to November 2011 *combined direct and portfolio investment* recorded cumulated net inflows of €261 billion, compared with net inflows of €89 billion in the preceding 12-month period. This increase was the result of higher net inflows for *portfolio investment* (from €175 billion to €288 billion) and lower net outflows for *direct investment* (from €86 billion to €27 billion).

International investment position at the end of the third quarter of 2011

At the end of the third quarter of 2011 the international investment position of the euro area recorded net liabilities of €1.3 trillion vis-à-vis the rest of the world (approximately 13.8% of euro area GDP; see Chart 2). This represented a decrease of €21 billion in comparison with the revised data for the end of the second quarter of 2011 (see Table 3).

The decrease in the net liability position was mainly a result of a higher *reserve assets* position (up from €581 billion to €647 billion), which was partly offset by a higher net liability position for *portfolio investment* (up from €2,879 billion to €2,937 billion). This decrease primarily reflected positive “other changes” amounting to €31 billion. These were mainly related to *reserve assets* (predominantly revaluations on account of gold price changes)

At the end of the third quarter of 2011 the gross external debt of the euro area amounted to €11.5 trillion (approximately 123% of euro area GDP), which represented an increase of €419 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 July 2011 to October 2011, and to the quarterly international investment position for the end of the second quarter of 2011.

The revisions to the balance of payments in October 2011 did not significantly change the previously published data. However, the *current account* deficit in the third quarter of 2011 was revised sharply downwards (from €9.9 billion to €1.2 billion), mainly owing to revisions in *services* and *income*. Within the *financial account*, although there were major revisions for all sub-components, these almost cancelled each other out. The revisions to the international investment position for the end of the second quarter of 2011 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 November 2011 will also be published in the February 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 February 2012. The next press release including the quarterly international investment position will be published on 18 April 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		2010	2011										
	Nov. 2010	Nov. 2011	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.
CURRENT ACCOUNT	-34.6	-44.9	-11.3	-3.5	-5.1	-1.6	-5.6	-4.1	-3.6	-3.4	-2.2	3.9	-6.6	-1.8
<i>Memo: as a percentage of GDP</i>	<i>-0.4</i>	<i>-0.5</i>												
Credit	2,582.1	2,859.0	224.7	233.7	235.6	238.0	237.0	239.0	237.5	241.5	242.0	244.0	241.2	244.8
Debit	2,616.7	2,903.9	236.0	237.2	240.7	239.6	242.6	243.1	241.1	244.9	244.2	240.1	247.8	246.6
Goods	15.2	-6.2	-2.8	-0.8	-1.3	0.7	-5.3	1.1	-0.6	-0.7	-0.6	3.3	-4.0	4.9
Credit (exports)	1,531.5	1,749.3	134.5	143.1	145.0	146.3	145.7	146.5	144.8	146.4	148.8	148.2	147.0	153.0
Debit (imports)	1,516.3	1,755.5	137.3	143.8	146.3	145.6	151.1	145.4	145.4	147.1	149.4	145.0	151.0	148.1
Services	48.6	57.7	3.1	5.0	3.9	4.0	4.3	4.8	5.7	5.4	5.1	7.0	5.3	4.2
Credit (exports)	515.6	540.2	43.8	45.1	44.2	44.3	44.0	44.3	45.2	45.9	45.3	46.8	46.4	44.9
Debit (imports)	467.0	482.5	40.7	40.1	40.3	40.3	39.7	39.5	39.5	40.5	40.2	39.8	41.1	40.7
Income	3.6	6.9	-2.9	0.6	1.1	2.3	3.9	-1.2	0.2	1.0	1.3	1.2	-0.9	0.3
Credit	447.3	479.5	38.8	38.0	38.7	40.0	39.8	41.0	40.4	41.3	40.1	40.7	39.1	41.6
Debit	443.7	472.6	41.8	37.3	37.6	37.6	35.8	42.3	40.1	40.3	38.8	39.6	40.0	41.3
Current transfers	-102.0	-103.4	-8.6	-8.4	-8.8	-8.6	-8.5	-8.7	-8.9	-9.0	-8.0	-7.5	-7.0	-11.4
Credit	87.7	90.1	7.5	7.6	7.7	7.4	7.5	7.2	7.2	7.9	7.9	8.2	8.7	5.3
Debit	189.7	193.4	16.2	16.0	16.5	16.1	16.0	15.9	16.1	16.9	15.8	15.7	15.7	16.6

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						October 2011 (revised)			November 2011		
	November 2010			November 2011								
	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit
CURRENT ACCOUNT	-32.0	2,588.1	2,620.1	-45.8	2,865.9	2,911.7	2.6	243.6	241.0	1.0	247.6	246.6
Goods	18.0	1,537.5	1,519.5	-4.1	1,755.8	1,759.9	1.7	152.4	150.7	6.4	159.8	153.4
Services	48.8	516.4	467.6	57.6	541.3	483.7	5.3	46.6	41.4	2.6	43.2	40.6
Income	3.0	446.1	443.1	5.3	479.2	474.0	3.2	37.0	33.8	1.5	38.9	37.4
Current transfers	-101.8	88.2	190.0	-104.6	89.6	194.1	-7.6	7.6	15.2	-9.5	5.8	15.3
CAPITAL ACCOUNT	4.0	19.9	15.9	10.4	23.7	13.2	1.5	2.4	0.9	2.2	3.1	0.9
	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities
FINANCIAL ACCOUNT¹⁾	31.2			29.5			-5.0			-3.6		
DIRECT INVESTMENT²⁾	-85.9	-232.4	146.5	-27.1	-210.6	183.5	-7.6	-18.3	10.6	-6.8	-12.9	6.1
Equity capital and reinvested earnings	101.3	-107.5	209.6	2.9	-163.6	166.5	-9.0	-14.1	5.1	-13.7	-16.0	2.2
Other capital (mostly inter-company loans)	-188.0	-124.9	-63.2	-29.9	-47.0	17.0	1.3	-4.2	5.5	6.9	3.0	3.9
PORTFOLIO INVESTMENT	174.7	-165.5	340.2	288.1	81.1	207.1	-26.4	36.0	-62.5	2.4	22.9	-20.5
Equity	96.3	-83.5	179.8	83.7	48.5	35.2	-3.6	6.5	-10.0	11.1	14.2	-3.0
Debt instruments	78.3	-82.0	160.4	204.5	32.6	171.9	-22.9	29.6	-52.4	-8.8	8.7	-17.5
Bonds and notes	-6.3	-126.4	120.1	209.2	24.0	185.1	-26.6	12.6	-39.2	7.8	11.6	-3.8
Money market instruments	84.7	44.4	40.3	-4.7	8.5	-13.2	3.7	17.0	-13.3	-16.6	-2.9	-13.6
MEMO ITEM: COMBINED DIRECT AND PORTFOLIO INVESTMENT	88.8	-397.9	486.6	261.1	-129.5	390.6	-34.1	17.8	-51.8	-4.5	10.0	-14.4
FINANCIAL DERIVATIVES (NET)	11.7			-10.0			-0.9			0.8		
OTHER INVESTMENT	-59.5	-160.4	100.9	-215.6	-164.0	-51.6	31.0	47.1	-16.1	0.3	37.3	-37.0
Eurosystem	-4.7	5.7	-10.3	43.8	-5.5	49.3	-4.1	3.4	-7.4	0.6	3.4	-2.8
General government	-7.4	-39.6	32.3	80.6	-6.6	87.2	-3.9	-6.7	2.8	-9.8	-9.6	-0.2
of which: currency and deposits	-3.3	-3.3		-12.8	-12.8		-7.6	-7.6		-6.8	-6.8	
MFIs (excluding the Eurosystem)	-22.8	-54.9	32.1	-281.7	-2.2	-279.5	38.7	72.7	-34.0	8.8	47.0	-38.2
Long-term	69.9	12.6	57.2	-17.6	16.9	-34.6	-16.3	17.8	-34.1	2.1	8.2	-6.1
Short-term	-92.7	-67.5	-25.2	-264.1	-19.1	-245.0	54.9	54.8	0.1	6.7	38.8	-32.1
Other sectors	-24.7	-71.5	46.9	-58.3	-149.7	91.4	0.3	-22.3	22.6	0.7	-3.5	4.2
of which: currency and deposits	-15.9	-15.9		-63.7	-63.7		-20.0	-20.0		-6.3	-6.3	
RESERVE ASSETS	-9.8	-9.8		-5.9	-5.9		-1.1	-1.1		-0.2	-0.2	
Errors and omissions	-3.2			5.8			0.9			0.4		

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)

	Q1 2011	Q2 2011 (revised)				Q3 2011				
	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	-1,241.9	-18.4	-	-54.3	-1,314.6	-9.8	-	31.2	-1,293.2	-13.8
Direct investment	1,062.5	29.0	-	12.1	1,103.5	16.5	-	-10.1	1,110.0	11.9
Abroad	4,801.9	55.9	1.2	47.4	4,905.2	40.7	0.8	14.4	4,960.3	53.0
Equity/reinvested earnings	3,680.2	51.2	1.4	44.4	3,775.8	27.7	0.7	4.0	3,807.6	40.7
Other capital	1,121.7	4.7	0.4	3.0	1,129.4	13.0	1.1	10.4	1,152.7	12.3
In the euro area	3,739.5	26.9	0.7	35.3	3,801.7	24.1	0.6	24.5	3,850.3	41.1
Equity/reinvested earnings	2,853.3	24.8	0.9	18.2	2,896.3	41.2	1.4	15.2	2,952.7	31.5
Other capital	886.2	2.1	0.2	17.1	905.4	-17.0	-1.9	9.3	897.6	9.6
Portfolio investment	-2,658.4	-150.2	-	-70.4	-2,878.9	-37.7	-	-20.2	-2,936.8	-31.4
Assets	4,811.3	33.0	0.7	-81.7	4,762.6	-64.6	-1.4	-123.2	4,574.8	48.9
Equity securities	1,858.4	18.0	1.0	-38.0	1,838.4	-53.3	-2.9	-163.3	1,621.8	17.3
Debt securities	2,953.0	15.1	0.5	-43.8	2,924.2	-11.3	-0.4	40.1	2,953.0	31.5
Bonds and notes	2,537.2	28.0	1.1	-12.5	2,552.7	-19.9	-0.8	19.0	2,551.7	27.3
Money market instruments	415.8	-12.9	-3.1	-31.3	371.6	8.6	2.3	21.1	401.3	4.3
Liabilities	7,469.7	183.2	2.5	-11.4	7,641.6	-27.0	-0.4	-103.0	7,511.6	80.2
Equity securities	3,206.3	-20.1	-0.6	-62.3	3,123.9	-31.3	-1.0	-297.6	2,795.1	29.9
Debt securities	4,263.4	203.3	4.8	51.0	4,517.7	4.3	0.1	194.6	4,716.5	50.4
Bonds and notes	3,760.6	175.2	4.7	30.0	3,965.7	11.0	0.3	176.6	4,153.2	44.4
Money market instruments	502.8	28.2	5.6	21.0	551.9	-6.6	-1.2	18.0	563.3	6.0
MEMO ITEM: COMBINED DIRECT AND PORTFOLIO INVESTMENT	-1,595.9	-121.2	-	-58.2	-1,775.4	-21.1	-	-30.3	-1,826.8	-19.5
Financial derivatives	-31.6	-1.6	-	-15.4	-48.6	15.4	-	-12.8	-46.0	-0.5
Other investment	-191.0	108.9	-	10.5	-71.6	-0.3	-	4.8	-67.1	-0.7
Assets	4,977.1	115.3	2.3	-14.6	5,077.8	127.0	2.5	91.4	5,296.3	56.6
Eurosystem	35.3	4.6	13.1	0.7	40.5	-2.8	-7.0	4.7	42.4	0.5
General government	153.1	0.9	0.6	-6.7	147.3	-6.6	-4.5	2.0	142.7	1.5
MFIs excluding Eurosystem	2,963.5	60.8	2.1	18.3	3,042.6	82.7	2.7	80.9	3,206.2	34.3
Other sectors	1,825.3	49.0	2.7	-26.8	1,847.5	53.7	2.9	3.8	1,905.0	20.4
Liabilities	5,168.1	6.4	0.1	-25.1	5,149.4	127.3	2.5	86.6	5,363.3	57.3
Eurosystem	272.3	7.2	2.7	-1.6	278.0	29.8	10.7	7.4	315.2	3.4
General government	174.1	12.6	7.3	0.5	187.1	23.4	12.5	0.2	210.8	2.3
MFIs excluding Eurosystem	3,365.9	-17.9	-0.5	-22.7	3,325.3	21.3	0.6	57.1	3,403.7	36.4
Other sectors	1,355.8	4.5	0.3	-1.3	1,359.0	52.8	3.9	21.8	1,433.6	15.3
Reserve assets	576.6	-4.5	-0.8	8.9	581.0	-3.8	-0.7	69.5	646.7	6.9
MEMO ITEM: GROSS EXTERNAL DEBT	10,855.2	-	-	-	11,108.1	-	-	-	11,526.7	123.1

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.