



EUROPEAN CENTRAL BANK

EUROSYSTEM

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## PRESS RELEASE

### EURO AREA BALANCE OF PAYMENTS IN MAY 2014 AND INTERNATIONAL INVESTMENT POSITION AT THE END OF THE FIRST QUARTER OF 2014

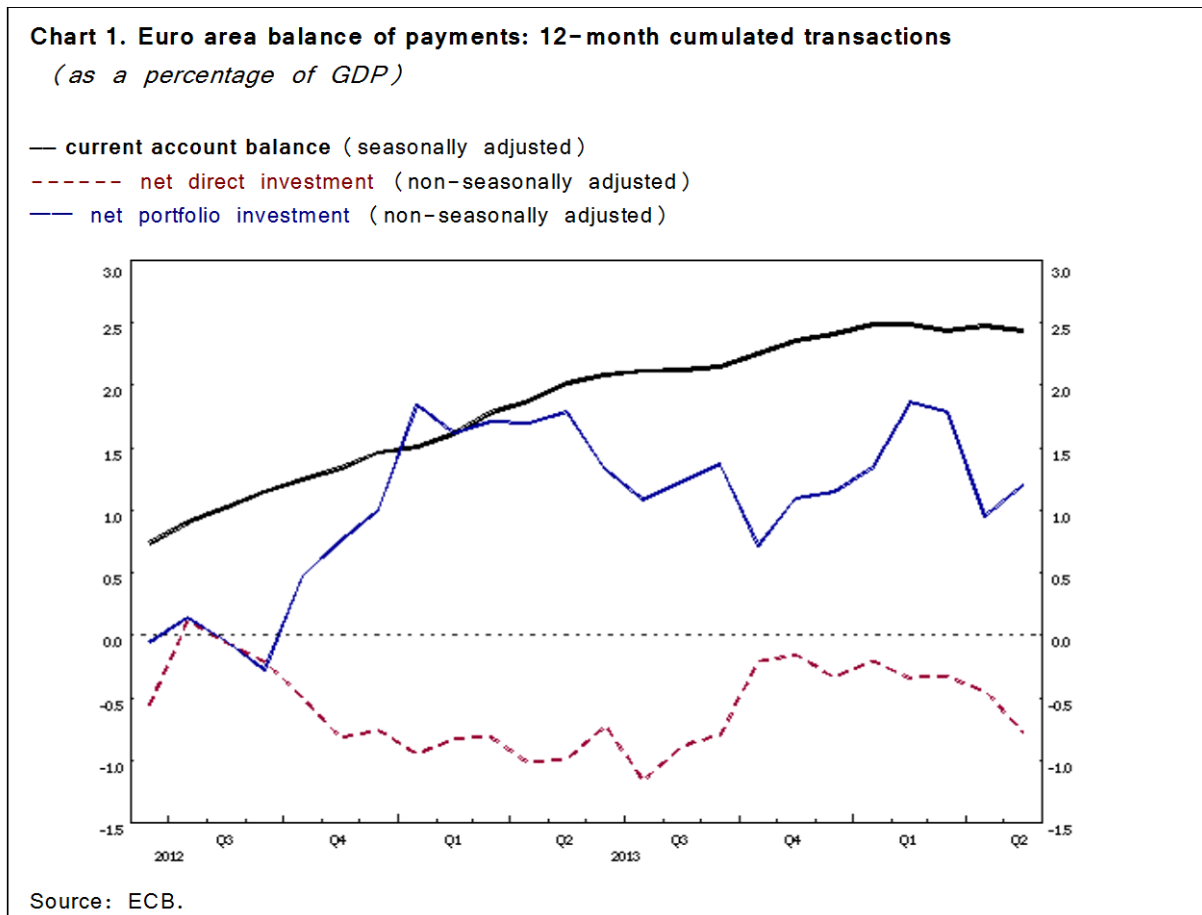
*In May 2014 the seasonally adjusted current account of the euro area recorded a surplus of €19.5 billion. In the financial account, combined direct and portfolio investment recorded net inflows of €60 billion (non-seasonally adjusted).*

*At the end of the first quarter of 2014 the international investment position of the euro area recorded net liabilities of €1.2 trillion vis-à-vis the rest of the world (approximately 12% of euro area GDP). This represented an increase of €24 billion in comparison with the revised data for the end of 2013.*

#### **Balance of payments in May 2014**

The seasonally adjusted *current account* of the euro area recorded a surplus of €19.5 billion in May 2014 (see Table 1). This reflected surpluses for *goods* (€13.8 billion), *services* (€13.0 billion) and *income* (€1.7 billion), which were partially offset by a deficit for *current transfers* (€8.9 billion).

The 12-month cumulated seasonally adjusted *current account* recorded a surplus of €234.2 billion in May 2014 (2.4% of euro area GDP; see Table 1 and Chart 1), compared with a surplus of €191.7 billion a year earlier (2.0% of euro area GDP). This resulted from increases in the surpluses for *goods* (from €138.4 billion to €173.9 billion) and *services* (from €97.7 billion to €119.3 billion) and was partly offset by the decrease in the surplus for *income* (from €66.8 billion to €59.8 billion) and the increase in the deficit for *current transfers* (from €111.2 billion to €118.9 billion).



In the financial account (see Table 2), *combined direct and portfolio investment* recorded net inflows of €60 billion in May 2014 as a result of net inflows for both direct investment and portfolio investment.

The net inflows for *direct investment* (€12 billion) resulted from net inflows for *other capital* (€19 billion), which were partly offset by outflows for *equity capital and reinvested earnings* (€7 billion). The net inflows for *portfolio investment* (€48 billion) were broadly explained by developments in *debt instruments* (mostly *bonds and notes*).

The *financial derivatives* account recorded net outflows of €2 billion.

*Other investment* recorded net outflows (€66 billion), reflecting net outflows for *MFIs excluding the Eurosystem* (€62 billion) and *general government* (€4 billion). The *Eurosystem* recorded minor net inflows, while *other sectors* recorded minor net outflows.

The [Eurosystem's stock of reserve assets](#) increased by €1 billion in May 2014 (from €568 billion to €569 billion), mainly on account of net acquisitions of assets.

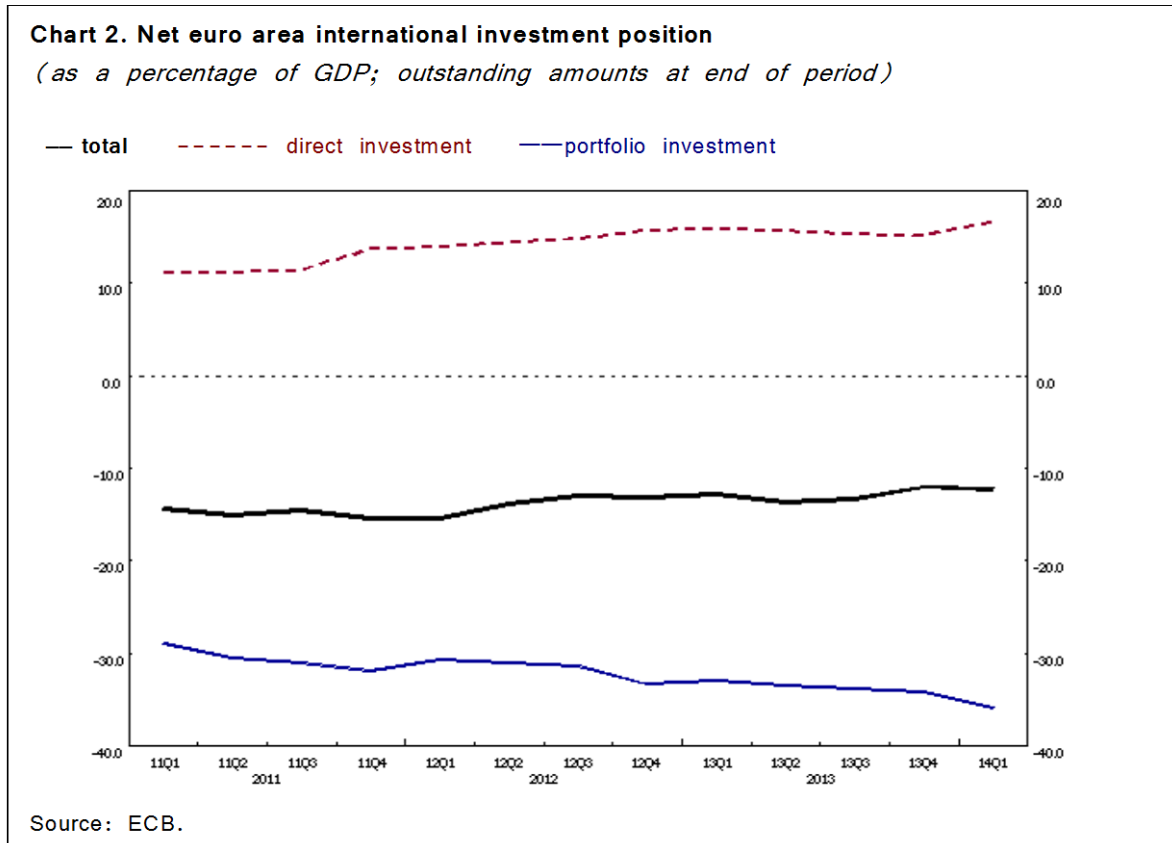
In the 12-months to May 2014 *combined direct and portfolio investment* recorded cumulated net inflows of €41 billion, compared with net inflows of €76 billion in the preceding 12-month period. This decrease was the result of lower net inflows for *portfolio investment* (down from €170 billion to €115 billion), which were partly offset by lower net outflows for *direct investment* (down from €94 billion to €74 billion).

### **International investment position at the end of the first quarter of 2014**

At the end of the first quarter of 2014 the international investment position of the euro area recorded net liabilities of €1.2 trillion vis-à-vis the rest of the world (approximately 12% of euro area GDP; see Chart 2). This represented an increase of €24 billion in comparison with the revised data for the end of 2013 (see Table 3).

This increase in the net liability position was the result of higher net liability positions for *portfolio investment* (€3,462 billion, up from €3,275 billion) and *financial derivatives* (€86 billion, up from €39 billion), which were partly offset by higher net asset positions for *direct investment* (€1,601 billion, up from €1,453 billion), *other investment* (€200 billion, up from €166 billion) and *reserve assets* (€571 billion, up from €542 billion). The changes in the net positions for *direct investment*, *portfolio investment*, *financial derivatives* and *reserve assets* mainly reflected “other changes” (predominantly revaluations on account of changes in exchange rates and asset prices).

At the end of the first quarter of 2014 the gross external debt of the euro area amounted to €11.8 trillion (approximately 123% of euro area GDP), which represented an increase of €218 billion compared with the revised data for the end of 2013.



### Data revisions

This press release incorporates revisions to the monthly balance of payments for the period from October 2013 to April 2014, and to the quarterly international investment position at the end of 2013.

The revisions to the balance of payments in April 2014 have not significantly altered the data previously published. The revisions to the *current account* balances for the first quarter of 2014 resulted in a slight decrease in the surplus observed, whereas the revisions to the *financial account* were moderate and mainly affected non-MFIs.

The revisions to the international investment position at the end of 2013 did not significantly change the net liability position of the euro area; however, there were some offsetting revisions to all components (*direct investment, portfolio investment and 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 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 2014 will also be published in the August 2014 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 August 2014. The ECB will start publishing, at the end of 2014, the euro area balance of payments and international investment position statistics in accordance with its [Guideline ECB/2011/23](#), which adheres to the sixth edition of the IMF’s Balance of Payments and International Investment Position Manual (BPM6). More detailed information is available on a dedicated [webpage](#).*

For media enquiries, please call Rocio Gonzalez Lopez on +49 691344 6451

**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

**European Central Bank**

Directorate General Communications & Language Services, Global Media Relations Division

Kaiserstrasse 29, D-60311 Frankfurt am Main

Tel.: +49 69 1344 7455, Fax: +49 69 1344 7404

Internet: <http://www.ecb.europa.eu>

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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		2013							2014				
	May 2013	May 2014	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
<b>CURRENT ACCOUNT</b>	<b>191.7</b>	<b>234.2</b>	<b>20.9</b>	<b>15.3</b>	<b>16.5</b>	<b>18.1</b>	<b>21.5</b>	<b>24.1</b>	<b>21.2</b>	<b>21.0</b>	<b>17.2</b>	<b>17.4</b>	<b>21.6</b>	<b>19.5</b>
<i>Memo: as a percentage of GDP</i>	<i>2.0</i>	<i>2.4</i>												
Credit	3,245.9	3,272.0	273.2	266.7	269.4	272.3	271.4	274.7	273.1	276.7	276.2	275.7	272.6	269.8
Debit	3,054.2	3,037.9	252.3	251.4	253.0	254.3	249.9	250.7	251.9	255.7	259.0	258.4	251.0	250.4
<b>Goods</b>	<b>138.4</b>	<b>173.9</b>	<b>12.4</b>	<b>10.3</b>	<b>13.9</b>	<b>13.4</b>	<b>14.5</b>	<b>16.7</b>	<b>15.2</b>	<b>16.9</b>	<b>15.9</b>	<b>14.0</b>	<b>16.9</b>	<b>13.8</b>
Credit (exports)	1,939.8	1,950.3	160.5	157.0	161.4	161.7	162.7	165.2	164.3	165.7	166.6	163.5	162.6	159.1
Debit (imports)	1,801.4	1,776.3	148.1	146.7	147.5	148.3	148.1	148.6	149.1	148.8	150.7	149.5	145.6	145.4
<b>Services</b>	<b>97.7</b>	<b>119.3</b>	<b>9.8</b>	<b>10.7</b>	<b>8.1</b>	<b>10.7</b>	<b>10.3</b>	<b>10.7</b>	<b>10.3</b>	<b>10.1</b>	<b>8.3</b>	<b>7.5</b>	<b>10.0</b>	<b>13.0</b>
Credit (exports)	644.3	680.4	55.7	55.1	54.2	57.3	56.2	56.8	57.0	58.3	57.5	57.7	56.5	57.8
Debit (imports)	546.5	561.1	45.9	44.4	46.2	46.7	45.9	46.1	46.8	48.2	49.2	50.2	46.5	44.9
<b>Income</b>	<b>66.8</b>	<b>59.8</b>	<b>9.3</b>	<b>4.9</b>	<b>4.7</b>	<b>3.8</b>	<b>5.5</b>	<b>5.5</b>	<b>5.7</b>	<b>3.9</b>	<b>3.7</b>	<b>6.0</b>	<b>5.4</b>	<b>1.7</b>
Credit	562.8	541.7	48.6	46.1	45.7	44.9	44.3	44.5	43.1	44.3	43.7	45.8	45.9	44.8
Debit	496.0	481.9	39.3	41.1	41.0	41.2	38.9	39.0	37.5	40.4	40.0	39.8	40.5	43.1
<b>Current transfers</b>	<b>-111.2</b>	<b>-118.9</b>	<b>-10.6</b>	<b>-10.6</b>	<b>-10.2</b>	<b>-9.8</b>	<b>-8.8</b>	<b>-8.8</b>	<b>-9.9</b>	<b>-9.8</b>	<b>-10.7</b>	<b>-10.1</b>	<b>-10.7</b>	<b>-8.9</b>
Credit	99.0	99.7	8.4	8.5	8.0	8.3	8.2	8.2	8.6	8.4	8.4	8.8	7.6	8.1
Debit	210.2	218.6	19.0	19.1	18.3	18.1	17.0	17.0	18.6	18.2	19.1	18.9	18.3	17.0

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 2014 (revised)			May 2014		
	May 2013			May 2014								
	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit
<b>CURRENT ACCOUNT</b>	<b>189.1</b>	<b>3,241.3</b>	<b>3,052.1</b>	<b>229.5</b>	<b>3,262.0</b>	<b>3,032.4</b>	<b>18.8</b>	<b>267.8</b>	<b>249.0</b>	<b>8.9</b>	<b>270.5</b>	<b>261.6</b>
Goods	136.8	1,936.2	1,799.4	171.2	1,940.9	1,769.6	15.7	162.1	146.4	15.1	159.5	144.4
Services	97.7	643.7	546.0	119.4	678.7	559.3	9.4	54.0	44.6	14.0	57.4	43.4
Income	68.2	562.9	494.8	59.2	542.0	482.7	4.5	45.9	41.4	-11.6	46.9	58.5
Current transfers	-113.5	98.4	211.9	-120.4	100.4	220.8	-10.8	5.9	16.7	-8.5	6.7	15.3
<b>CAPITAL ACCOUNT</b>	<b>18.3</b>	<b>33.8</b>	<b>15.5</b>	<b>21.8</b>	<b>33.2</b>	<b>11.3</b>	<b>1.2</b>	<b>2.0</b>	<b>0.8</b>	<b>0.2</b>	<b>1.7</b>	<b>1.6</b>
	<b>Balance</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Balance</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Balance</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Balance</b>	<b>Assets</b>	<b>Liabilities</b>
<b>FINANCIAL ACCOUNT<sup>1)</sup></b>	<b>-242.7</b>			<b>-246.8</b>			<b>-19.1</b>			<b>-7.7</b>		
<b>DIRECT INVESTMENT<sup>2)</sup></b>	<b>-94.0</b>	<b>-342.3</b>	<b>248.4</b>	<b>-74.3</b>	<b>-300.6</b>	<b>226.3</b>	<b>-18.7</b>	<b>-15.4</b>	<b>-3.3</b>	<b>12.0</b>	<b>-16.0</b>	<b>28.1</b>
Equity capital and reinvested earnings	-6.9	-229.7	223.3	-73.2	-283.8	210.7	-5.6	-7.3	1.7	-7.2	-16.4	9.2
Other capital (mostly inter-company loans)	-87.4	-112.7	25.1	-1.5	-16.8	15.6	-13.1	-8.0	-5.0	19.2	0.3	18.9
<b>PORTFOLIO INVESTMENT</b>	<b>169.5</b>	<b>-267.1</b>	<b>436.6</b>	<b>115.2</b>	<b>-264.4</b>	<b>379.6</b>	<b>-86.5</b>	<b>-75.6</b>	<b>-10.8</b>	<b>48.3</b>	<b>-38.0</b>	<b>86.2</b>
Equity	102.1	-141.9	244.0	99.5	-146.3	245.8	-8.5	-33.2	24.7	-3.4	-20.2	16.8
Debt instruments	67.4	-125.2	192.6	15.6	-118.1	133.8	-78.0	-42.4	-35.5	51.7	-17.8	69.5
Bonds and notes	29.1	-146.5	175.6	67.4	-82.7	150.1	-31.2	-30.2	-1.0	42.7	-3.7	46.4
Money market instruments	38.3	21.3	17.0	-51.8	-35.5	-16.3	-46.8	-12.2	-34.5	9.0	-14.1	23.1
<b>MEMO ITEM: COMBINED DIRECT AND PORTFOLIO INVESTMENT</b>	<b>75.6</b>	<b>-609.4</b>	<b>685.0</b>	<b>40.8</b>	<b>-565.0</b>	<b>605.8</b>	<b>-105.2</b>	<b>-91.0</b>	<b>-14.2</b>	<b>60.3</b>	<b>-54.0</b>	<b>114.3</b>
<b>FINANCIAL DERIVATIVES (NET)</b>	<b>15.6</b>			<b>25.4</b>			<b>2.9</b>			<b>-1.6</b>		
<b>OTHER INVESTMENT</b>	<b>-325.2</b>	<b>119.6</b>	<b>-444.8</b>	<b>-305.8</b>	<b>-97.8</b>	<b>-208.1</b>	<b>83.5</b>	<b>-45.5</b>	<b>128.9</b>	<b>-65.8</b>	<b>-46.7</b>	<b>-19.1</b>
Eurosystem	17.9	9.8	8.0	-59.1	11.0	-70.0	-3.9	-5.6	1.8	1.0	5.1	-4.1
General government	-16.6	1.3	-17.9	-2.4	-1.9	-0.4	1.7	2.1	-0.3	-4.3	-1.9	-2.4
of which: currency and deposits	4.4	4.4		-8.6	-8.6		1.6	1.6		-2.2	-2.2	
MFIs (excluding the Eurosystem)	-291.9	144.2	-436.0	-273.1	-101.6	-171.5	44.9	-48.8	93.7	-62.3	-37.1	-25.2
Long-term	10.2	43.0	-32.8	-8.1	86.6	-94.7	0.2	0.8	-0.6	-33.1	-18.0	-15.0
Short-term	-302.1	101.1	-403.2	-265.0	-188.2	-76.8	44.7	-49.6	94.3	-29.2	-19.0	-10.2
Other sectors	-34.6	-35.7	1.1	28.7	-5.2	33.9	40.7	6.9	33.8	-0.2	-12.8	12.6
of which: currency and deposits	11.9	11.9		-23.1	-23.1		4.8	4.8		-20.2	-20.2	
<b>RESERVE ASSETS</b>	<b>-8.7</b>	<b>-8.7</b>		<b>-7.2</b>	<b>-7.2</b>		<b>-0.3</b>	<b>-0.3</b>		<b>-0.6</b>	<b>-0.6</b>	
Errors and omissions	35.3			-4.5			-0.9			-1.4		

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)

	Q3 2013	Q4 2013 (revised)				Q1 2014				
	End-of-period outstanding amounts	Transactions <sup>1)</sup>		Other changes	End-of-period outstanding amounts	Transactions <sup>1)</sup>		Other changes	End-of-period outstanding amounts	
			as % of previous end-period outstanding amounts				as % of previous end-period outstanding amounts			as % of GDP
<b>Financial account balance/ Net international investment position</b>	<b>-1,276.7</b>	<b>101.6</b>	<b>-</b>	<b>22.3</b>	<b>-1,152.7</b>	<b>31.8</b>	<b>-</b>	<b>-56.0</b>	<b>-1,176.9</b>	<b>-12.2</b>
<b>Direct investment</b>	<b>1,461.3</b>	<b>16.3</b>	<b>-</b>	<b>-24.5</b>	<b>1,453.1</b>	<b>24.4</b>	<b>-</b>	<b>123.5</b>	<b>1,601.1</b>	<b>16.6</b>
Abroad	6,181.1	188.4	3.0	27.3	6,396.8	-2.7	-0.0	64.2	6,458.4	66.9
Equity/reinvested earnings	4,584.5	214.6	4.7	-17.4	4,781.7	-9.7	-0.2	46.8	4,818.8	49.9
Other capital	1,596.6	-26.1	-1.6	44.7	1,615.1	7.0	0.4	17.4	1,639.5	17.0
In the euro area	4,719.8	172.1	3.6	51.8	4,943.7	-27.1	-0.5	-59.3	4,857.3	50.3
Equity/reinvested earnings	3,279.8	189.9	5.8	57.9	3,527.6	-24.7	-0.7	-34.3	3,468.5	35.9
Other capital	1,439.9	-17.8	-1.2	-6.1	1,416.1	-2.3	-0.2	-25.0	1,388.8	14.4
<b>Portfolio investment</b>	<b>-3,226.7</b>	<b>-59.0</b>	<b>-</b>	<b>10.9</b>	<b>-3,274.7</b>	<b>-63.8</b>	<b>-</b>	<b>-123.9</b>	<b>-3,462.4</b>	<b>-35.9</b>
Assets	5,453.6	50.7	0.9	51.8	5,556.0	74.5	1.3	16.8	5,647.3	58.5
Equity securities	2,172.4	39.6	1.8	81.7	2,293.7	23.5	1.0	45.1	2,362.3	24.5
Debt securities	3,281.2	11.1	0.3	-30.0	3,262.3	51.1	1.6	-28.3	3,285.0	34.0
Bonds and notes	2,817.9	12.4	0.4	-20.6	2,809.6	36.3	1.3	-30.9	2,814.9	29.2
Money market instruments	463.3	-1.3	-0.3	-9.4	452.7	14.8	3.3	2.6	470.1	4.9
Liabilities	8,680.2	109.7	1.3	40.9	8,830.8	138.3	1.6	140.6	9,109.7	94.4
Equity securities	3,809.0	63.6	1.7	97.4	3,970.0	74.4	1.9	116.6	4,161.0	43.1
Debt securities	4,871.2	46.1	0.9	-56.6	4,860.8	63.9	1.3	24.0	4,948.6	51.3
Bonds and notes	4,352.4	87.6	2.0	-48.5	4,391.5	72.4	1.6	15.5	4,479.4	46.4
Money market instruments	518.9	-41.5	-8.0	-8.1	469.3	-8.5	-1.8	8.5	469.3	4.9
<b>MEMO ITEM: COMBINED DIRECT AND PORTFOLIO INVESTMENT</b>	<b>-1,765.3</b>	<b>-42.7</b>	<b>-</b>	<b>-13.6</b>	<b>-1,821.6</b>	<b>-39.4</b>	<b>-</b>	<b>-0.3</b>	<b>-1,861.3</b>	<b>-19.3</b>
<b>Financial derivatives</b>	<b>-41.5</b>	<b>-3.4</b>	<b>-</b>	<b>5.5</b>	<b>-39.4</b>	<b>-0.7</b>	<b>-</b>	<b>-45.8</b>	<b>-85.9</b>	<b>-0.9</b>
<b>Other investment</b>	<b>-56.5</b>	<b>147.3</b>	<b>-</b>	<b>75.4</b>	<b>166.2</b>	<b>69.3</b>	<b>-</b>	<b>-35.8</b>	<b>199.7</b>	<b>2.1</b>
Assets	4,781.8	-23.2	-0.5	-86.0	4,672.5	190.9	4.1	-15.7	4,847.7	50.2
Eurosysteem	25.2	-8.3	-32.9	0.2	17.1	-6.7	-39.0	-0.5	9.9	0.1
General government	149.1	5.6	3.8	2.5	157.2	0.3	0.2	-3.3	154.2	1.6
MFIs excluding Eurosystem	2,848.5	-13.0	-0.5	-81.7	2,753.7	140.1	5.1	9.7	2,903.5	30.1
Other sectors	1,759.0	-7.5	-0.4	-7.0	1,744.5	57.2	3.3	-21.6	1,780.1	18.4
Liabilities	4,838.3	-170.6	-3.5	-161.4	4,506.3	121.6	2.7	20.1	4,648.1	48.2
Eurosysteem	360.7	-17.6	-4.9	-2.5	340.7	-30.2	-8.9	1.2	311.6	3.2
General government	229.6	-8.4	-3.7	2.3	223.5	2.1	0.9	-2.5	223.1	2.3
MFIs excluding Eurosystem	2,740.9	-125.5	-4.6	-84.1	2,531.3	73.7	2.9	10.1	2,615.1	27.1
Other sectors	1,507.1	-19.1	-1.3	-77.2	1,410.8	76.0	5.4	11.4	1,498.2	15.5
<b>Reserve assets</b>	<b>586.8</b>	<b>0.3</b>	<b>0.1</b>	<b>-45.0</b>	<b>542.1</b>	<b>2.6</b>	<b>0.5</b>	<b>26.0</b>	<b>570.6</b>	<b>5.9</b>
<b>MEMO ITEM: GROSS EXTERNAL DEBT</b>	<b>11,982.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,608.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,826.0</b>	<b>122.5</b>

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.