



EUROPEAN CENTRAL BANK

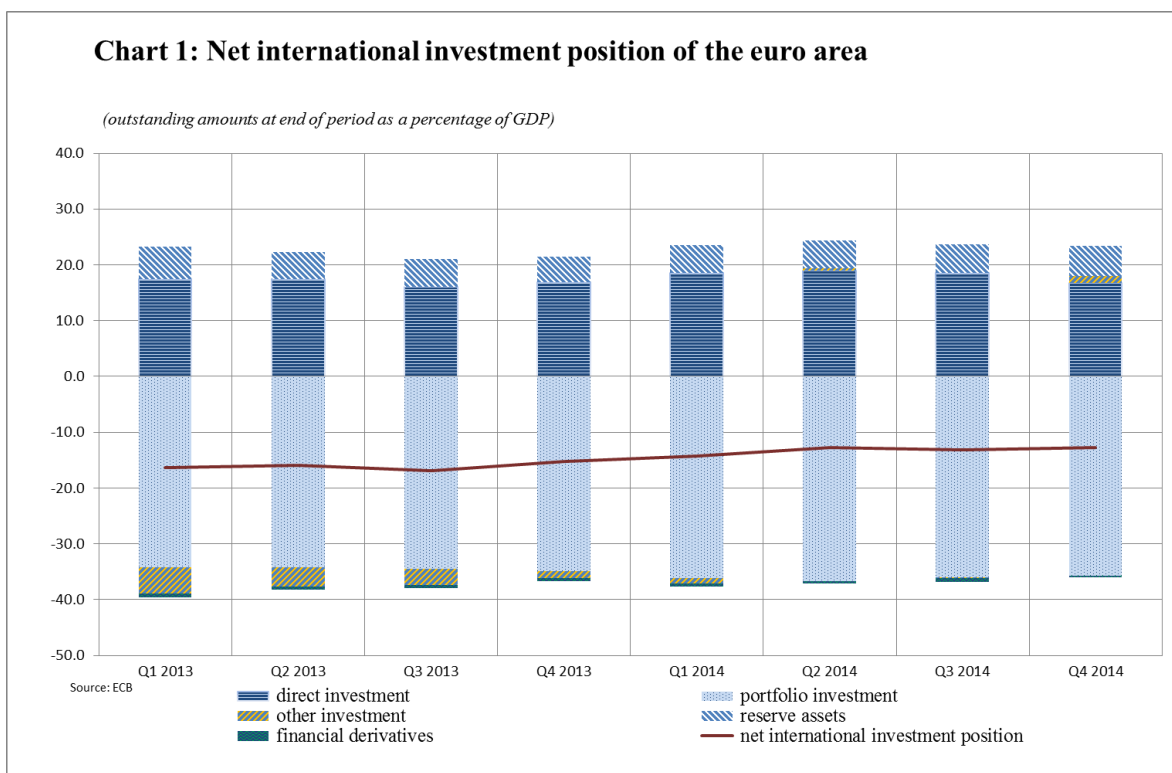
EUROSYSTEM

# PRESS RELEASE

9 April 2015

## Euro area quarterly balance of payments and international investment position (fourth quarter of 2014)

- The current account of the euro area showed a surplus of €212.7 billion (2.1% of euro area GDP) in 2014.
- At the end of 2014, the international investment position of the euro area recorded net liabilities of €1.3 trillion (approximately 13% of euro area GDP).



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## Current account

In the last quarter of 2014, the *current account* of the euro area showed a surplus of €91.8 billion, compared with €78.9 billion in the last quarter of 2013 (see Table 1). The increase in the *current account* surplus was due to increases in the surpluses for *goods* (from €60.0 billion to €81.1 billion) and *primary income* (from €29.5 billion to €30.3 billion). These developments were partly offset by a decrease in the surplus for *services* (from €18.7 billion to €12.8 billion) and by an increase in the deficit for *secondary income* (from €29.3 to €32.4 billion).<sup>[1]</sup>

The developments in *services* were broadly explained by a deterioration of the balances for all major components, with the exception of *telecommunication, computer and information services*, where the surplus rose from €10.6 billion to €12.2 billion.

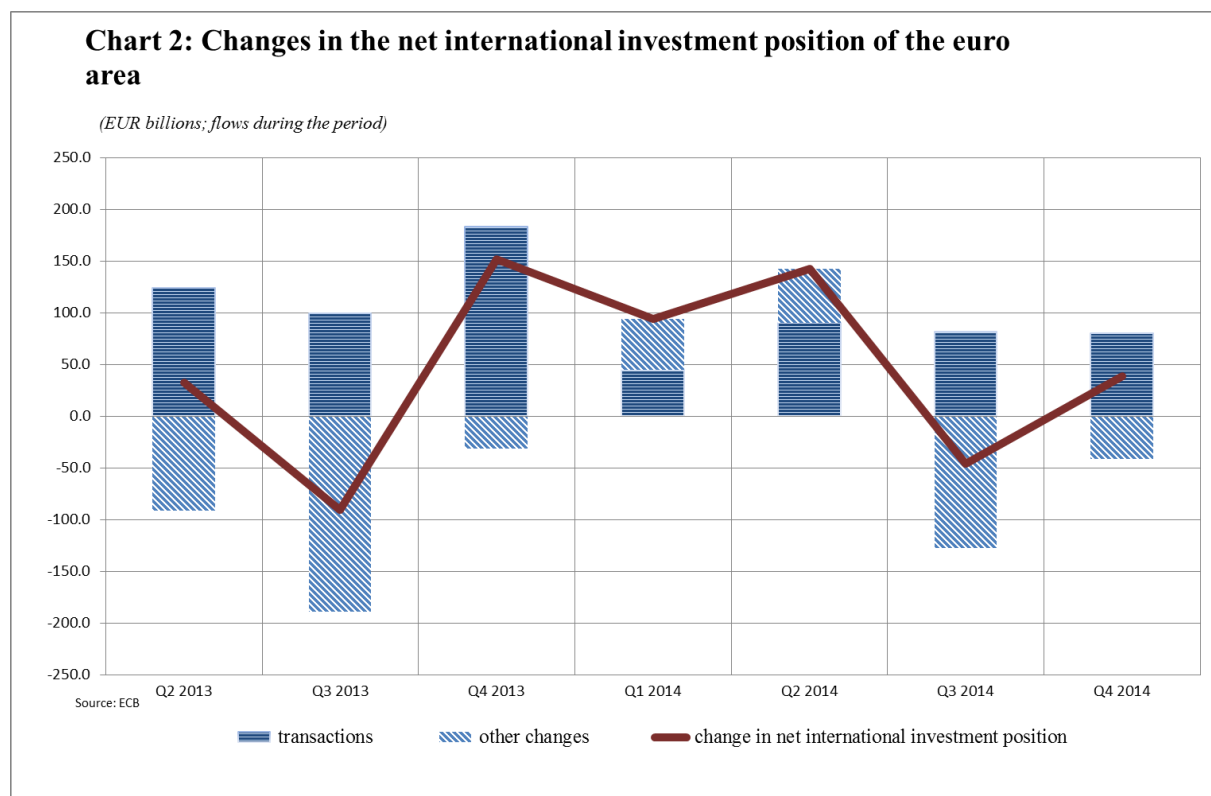
The increase in the *primary income* surplus was driven by a decrease in the *investment income* deficit for *portfolio investment*, while all other primary income components remained broadly unchanged.

## International investment position

At the end of 2014, 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% of euro area GDP; see Chart 1). This represented a decrease of €38 billion in net liabilities, in comparison with the third quarter of 2014 (see Table 2).

The decrease was the result of (i) lower net liability positions for *portfolio investment* (from €3,631 billion to €3,606 billion) and *financial derivatives* (from €75 billion to €39 billion), (ii) a shift from a net liability position to a net asset position for *other investment* (from €6 billion to €128 billion) and (iii) higher *reserve assets* (from €519 billion to €534 billion). These developments were partly offset by a decrease in the net asset position for *direct investment* (from €1,867 billion to €1,697 billion).

The changes in the net position for *all components, except portfolio investment*, were due mainly to revaluations – changes in exchange rates and asset prices – and other volume changes, whereas the developments in *portfolio investment* were explained by transactions and offsetting other changes (see Chart 2).



At the end of 2014, the *gross external debt* of the euro area amounted to €12 trillion (approximately 120% of euro area GDP), which represented an increase of €30 billion in comparison with the previous quarter. By contrast, the *net external debt* decreased by the same amount (€30 billion), on account of a more marked increase in euro area residents' holdings of (debt) assets issued by non-residents.

## **Data revisions**

- This press release incorporates significant revisions to the data for the reference periods between the first quarter of 2013 and the third quarter of 2014. These revisions reflect both major improvements in the national contributions to the euro area aggregates and compilation efforts to estimate preliminary euro area aggregates back to January (first quarter) 2009.

## **Additional information**

- Time series data: [ECB's Statistical Data Warehouse \(SDW\)](#).
- Methodological information: [ECB's website](#).
- [Next press releases:](#)
  - o Monthly balance of payments: **17 April 2015** (reference data up to February 2015).
  - o Quarterly balance of payments and international investment position: **9 July 2015** (reference data up to the first quarter of 2015)

## **Annexes**

- Table 1: Current account of the euro area
- Table 2: International investment position of the euro area

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## **Notes:**

- <sup>[1]</sup> In broad terms, the new BPM6 concept of “primary income” corresponds to the old BPM5 concept of “income”, and the new concept of “secondary income” corresponds to the old concept of “current transfers”.

**Table 1: Current account of the Euro area**

(EUR billions, unless otherwise indicated; transactions during the period; non working day and non seasonally adjusted)

	Cumulated figures for the four-quarter period ending in						Q4 2013			Q4 2014		
	Q3 2014			Q4 2014			Net	Credit	Debit	Net	Credit	Debit
	Net	Credit	Debit	Net	Credit	Debit						
<b>Current account</b>	<b>199.8</b>	<b>3,314.2</b>	<b>3,114.4</b>	<b>212.7</b>	<b>3,331.1</b>	<b>3,118.4</b>	<b>78.9</b>	<b>843.2</b>	<b>764.3</b>	<b>91.8</b>	<b>860.0</b>	<b>768.3</b>
Percentage of GDP	2.0	32.9	30.9	2.1	32.9	30.8	-	-	-	-	-	-
<b>Goods</b>	<b>225.1</b>	<b>1,936.2</b>	<b>1,711.1</b>	<b>246.2</b>	<b>1,957.6</b>	<b>1,711.4</b>	<b>60.0</b>	<b>490.1</b>	<b>430.1</b>	<b>81.1</b>	<b>511.4</b>	<b>430.3</b>
of which: General merchandise	218.4	1,889.4	1,671.0	239.9	1,911.2	1,671.3	56.6	475.9	419.3	78.2	497.8	419.6
<b>Services</b>	<b>71.2</b>	<b>678.5</b>	<b>607.3</b>	<b>65.3</b>	<b>688.7</b>	<b>623.3</b>	<b>18.7</b>	<b>168.5</b>	<b>149.9</b>	<b>12.8</b>	<b>178.7</b>	<b>165.9</b>
Transport	4.6	125.8	121.2	4.4	126.2	121.8	1.0	31.7	30.6	0.9	32.0	31.2
Travel	19.2	116.5	97.3	18.1	116.9	98.8	1.8	23.5	21.7	0.7	23.9	23.1
Insurance pension and financial services	16.4	78.3	62.0	14.4	78.7	64.2	5.2	20.2	15.0	3.3	20.5	17.2
Telecommunication, computer and information services	40.2	81.0	40.8	41.8	83.1	41.3	10.6	21.1	10.5	12.2	23.2	11.0
Other business services	3.1	179.2	176.1	3.3	185.0	181.7	0.5	46.7	46.3	0.7	52.6	51.9
Other	-12.2	97.7	109.8	-16.8	98.8	115.5	-0.4	25.4	25.8	-5.0	26.6	31.5
<b>Primary income</b>	<b>41.2</b>	<b>608.3</b>	<b>567.1</b>	<b>42.1</b>	<b>591.7</b>	<b>549.6</b>	<b>29.5</b>	<b>161.6</b>	<b>132.2</b>	<b>30.3</b>	<b>145.0</b>	<b>114.7</b>
<b>Compensation of employees</b>	<b>18.3</b>	<b>32.8</b>	<b>14.5</b>	<b>18.7</b>	<b>33.0</b>	<b>14.3</b>	<b>4.6</b>	<b>8.3</b>	<b>3.7</b>	<b>4.9</b>	<b>8.5</b>	<b>3.5</b>
<b>Investment income</b>	<b>-0.7</b>	<b>536.2</b>	<b>536.9</b>	<b>1.0</b>	<b>519.4</b>	<b>518.4</b>	<b>8.5</b>	<b>133.5</b>	<b>125.0</b>	<b>10.2</b>	<b>116.7</b>	<b>106.5</b>
Direct investment	71.3	325.6	254.3	69.9	307.2	237.2	20.9	84.2	63.3	19.5	65.8	46.2
of which: Reinvested earnings	-25.7	25.9	51.5	-28.5	38.9	67.4	-9.3	-9.5	-0.2	-12.1	3.5	15.6
Portfolio investment	-70.9	163.0	233.9	-67.9	166.2	234.1	-12.4	36.7	49.1	-9.4	39.8	49.2
Dividends	2.3	54.9	52.6	2.9	56.1	53.2	4.0	10.3	6.3	4.6	11.5	6.9
Income on investment fund shares	-70.1	5.1	75.2	-72.8	4.7	77.5	-13.6	1.4	15.0	-16.3	0.9	17.2
Interest	-3.1	103.0	106.1	2.0	105.4	103.5	-2.7	25.0	27.7	2.3	27.4	25.1
Other investment	-4.1	44.6	48.7	-4.0	43.1	47.1	-0.8	11.8	12.6	-0.7	10.4	11.1
of which: interest	-2.9	41.5	44.5	-3.0	40.0	43.0	-0.6	10.9	11.5	-0.6	9.4	10.0
Reserve assets		3.0			2.9			0.8			0.7	
<b>Other primary income</b>	<b>23.6</b>	<b>39.3</b>	<b>15.7</b>	<b>22.4</b>	<b>39.3</b>	<b>16.9</b>	<b>16.3</b>	<b>19.9</b>	<b>3.5</b>	<b>15.2</b>	<b>19.8</b>	<b>4.7</b>
<b>Secondary income</b>	<b>-137.7</b>	<b>91.2</b>	<b>229.0</b>	<b>-140.9</b>	<b>93.2</b>	<b>234.1</b>	<b>-29.3</b>	<b>22.9</b>	<b>52.2</b>	<b>-32.4</b>	<b>24.9</b>	<b>57.3</b>

Source: ECB.

**Table 2: International investment position of the euro area**

(EUR billions, unless otherwise indicated; amounts outstanding at the end of the period, flows during the period; non working day and non seasonally adjusted)

	Q4 2013	Q1 2014	Q2 2014	Q3 2014			Q4 2014			
				Transactions	Other changes	Amounts outstanding	Transactions	Other changes	Amounts outstanding	Percentage of GDP
<b>Net/Balance</b>	<b>-1,515</b>	<b>-1,421</b>	<b>-1,278</b>	<b>81</b>	<b>-127</b>	<b>-1,324</b>	<b>80</b>	<b>-42</b>	<b>-1,286</b>	<b>-13</b>
of which: Direct investment	1,676	1,847	1,904	22	-59	1,867	5	-175	1,697	17
of which: Portfolio investment	-3,469	-3,608	-3,673	92	-49	-3,631	93	-69	-3,606	-36
of which: Other investment	-117	-101	35	-50	10	-6	-30	164	128	1
<b>Assets</b>	<b>17,707</b>	<b>18,138</b>	<b>18,625</b>	<b>193</b>	<b>528</b>	<b>19,346</b>	<b>87</b>	<b>109</b>	<b>19,542</b>	<b>193</b>
<b>Direct investment</b>	<b>7,325</b>	<b>7,453</b>	<b>7,503</b>	<b>65</b>	<b>155</b>	<b>7,723</b>	<b>70</b>	<b>-252</b>	<b>7,542</b>	<b>75</b>
Equity	5,081	5,130	5,152	47	78	5,277	28	-38	5,267	52
Debt instruments	2,245	2,323	2,351	18	77	2,447	42	-214	2,274	22
<b>Portfolio investment</b>	<b>5,581</b>	<b>5,671</b>	<b>5,959</b>	<b>115</b>	<b>264</b>	<b>6,337</b>	<b>92</b>	<b>92</b>	<b>6,522</b>	<b>65</b>
Equity	1,949	2,016	2,122	30	107	2,259	20	79	2,358	23
Investment fund shares	339	331	368	-4	43	407	-8	19	418	4
Debt securities	3,292	3,324	3,468	88	114	3,671	80	-6	3,745	37
Short-term	471	481	506	25	61	592	22	-16	599	6
Long-term	2,821	2,842	2,962	63	53	3,079	57	10	3,146	31
<b>Financial derivatives (net assets)</b>	<b>-63</b>	<b>-56</b>	<b>-51</b>	<b>18</b>	<b>-42</b>	<b>-75</b>	<b>11</b>	<b>25</b>	<b>-39</b>	<b>-0</b>
<b>Other investment</b>	<b>4,405</b>	<b>4,574</b>	<b>4,707</b>	<b>-4</b>	<b>138</b>	<b>4,841</b>	<b>-88</b>	<b>231</b>	<b>4,983</b>	<b>49</b>
of which: Currency and deposits	2,202	2,342	2,440	-28	78	2,490	-79	148	2,559	25
<b>Reserve assets</b>	<b>459</b>	<b>497</b>	<b>507</b>	<b>-1</b>	<b>14</b>	<b>519</b>	<b>2</b>	<b>13</b>	<b>534</b>	<b>5</b>
<b>Liabilities</b>	<b>19,222</b>	<b>19,559</b>	<b>19,903</b>	<b>111</b>	<b>656</b>	<b>20,671</b>	<b>6</b>	<b>150</b>	<b>20,827</b>	<b>206</b>
<b>Direct investment</b>	<b>5,650</b>	<b>5,606</b>	<b>5,599</b>	<b>43</b>	<b>214</b>	<b>5,857</b>	<b>65</b>	<b>-77</b>	<b>5,845</b>	<b>58</b>
Equity	3,721	3,693	3,686	48	88	3,822	70	20	3,912	39
Debt instruments	1,929	1,913	1,914	-5	126	2,035	-5	-97	1,933	19
<b>Portfolio investment</b>	<b>9,050</b>	<b>9,279</b>	<b>9,632</b>	<b>23</b>	<b>313</b>	<b>9,968</b>	<b>-1</b>	<b>161</b>	<b>10,128</b>	<b>100</b>
Equity	1,694	1,739	1,830	5	6	1,841	1	-11	1,830	18
Investment fund shares	2,482	2,587	2,698	55	188	2,941	35	21	2,998	30
Debt securities	4,874	4,953	5,104	-37	119	5,186	-37	152	5,300	52
Short-term	465	453	480	8	-5	484	-47	16	453	4
Long-term	4,409	4,500	4,624	-46	124	4,702	10	135	4,847	48
<b>Other investment</b>	<b>4,523</b>	<b>4,674</b>	<b>4,672</b>	<b>46</b>	<b>128</b>	<b>4,846</b>	<b>-58</b>	<b>66</b>	<b>4,855</b>	<b>48</b>
of which: Currency and deposits	2,785	2,823	2,802	21	85	2,908	-54	9	2,863	28
<b>Memo item: Gross external debt</b>	<b>11,321</b>	<b>11,536</b>	<b>11,685</b>	<b>-</b>	<b>-</b>	<b>12,063</b>	<b>-</b>	<b>-</b>	<b>12,093</b>	<b>120</b>
<b>Memo item: Net external debt</b>	<b>1,202</b>	<b>1,130</b>	<b>971</b>	<b>-</b>	<b>-</b>	<b>905</b>	<b>-</b>	<b>-</b>	<b>875</b>	<b>9</b>

Source: ECB.