



EUROPEAN CENTRAL BANK

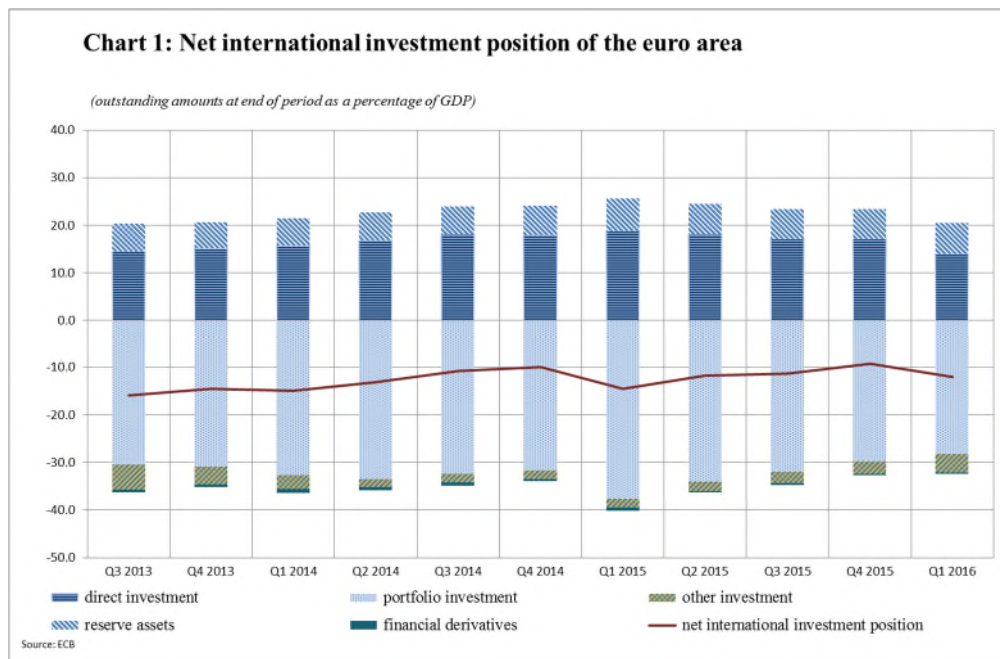
EUROSYSTEM

PRESS RELEASE

8 July 2016

Euro area quarterly balance of payments and international investment position (first quarter of 2016)

- The current account of the euro area showed a surplus of €335.3 billion (3.2% of euro area GDP) in the four quarters to the first quarter of 2016.¹
- At the end of the first quarter of 2016 the international investment position of the euro area recorded net liabilities of €1.3 trillion (approximately 12% of euro area GDP).



¹ All data are neither seasonally nor working day-adjusted. Ratios to GDP (including in the charts) refer to four-quarter sums of non-seasonally and non-working day-adjusted GDP figures.

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Current account

The *current account* of the euro area showed a surplus of €60.6 billion in the first quarter of 2016, compared with €54.9 billion in the same quarter of 2015 (see Table 1). The increase in the *current account* surplus was due to increases in the surpluses for *goods* (from €74.1 billion to €81.3 billion) and *services* (from €6.9 billion to €8.8 billion) and a decrease in the deficit for *secondary income* (from €50.5 billion to €44.0 billion), which were partly offset by a decrease in the surplus for *primary income* (from €24.4 billion to €14.5 billion).

The increase in the surplus for *services* resulted from an improvement in the balances for the *travel* (an increase in the surplus from €0.6 billion to €1.6 billion), *telecommunication, computer and information services* (an increase in the surplus from €12.5 billion to €14.6 billion) and *other business services* (a decrease in the deficit from €3.1 billion to €1.8 billion) components. This was partly offset by a slight deterioration in the balances for all the other components.

In the four quarters to the first quarter of 2016 the current account of the euro area showed a surplus of €335.3 billion (3.2% of euro area GDP), compared with one of €269.6 billion (2.7% of euro area GDP) a year earlier. The rise resulted from an increase in the surplus for *goods* (from €275.6 billion to €361.6 billion) and a decrease in the deficit for *secondary income* (from €141.6 billion to €125.7 billion). These developments were partly offset by decreases in the surpluses for *services* (from €68.9 billion to €60.0 billion) and *primary income* (from €67.0 billion to €39.5 billion).

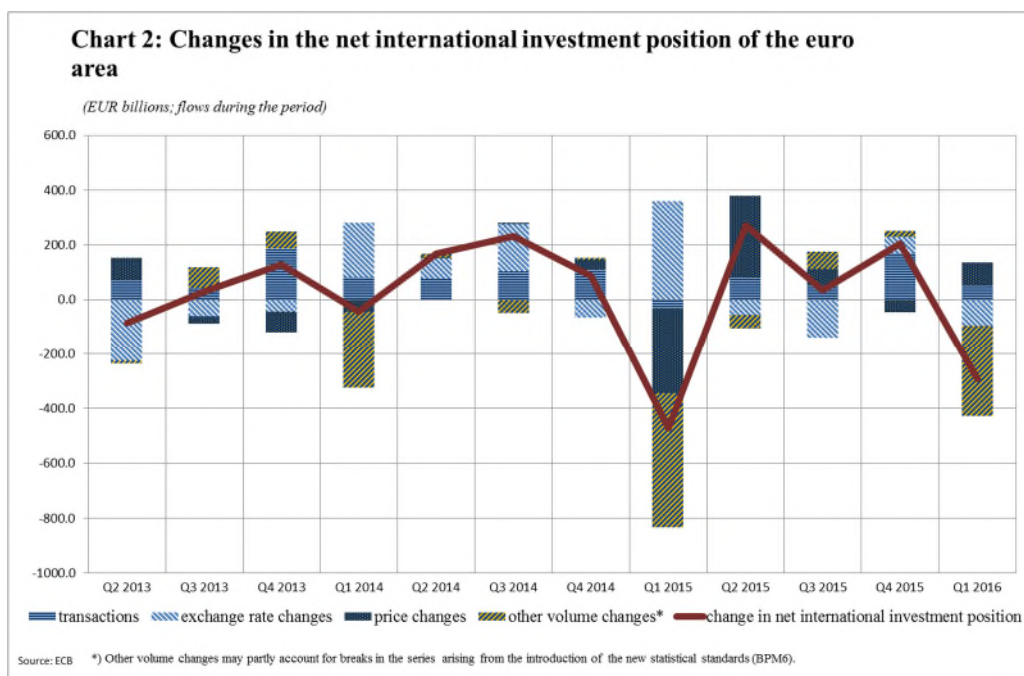
International investment position

At the end of the first quarter of 2016 the international investment position of the euro area recorded net liabilities of €1.3 trillion vis-à-vis the rest of the world (approximately 12% of euro area GDP; see Chart 1). This represented a decrease of around €290 billion compared with the net position at the end of 2015 (see Table 2).

The decrease resulted mainly from a lower net asset position for *direct investment* (€1,466 billion, down from €1,788 billion) and a higher net liability position for *other investment* (€408 billion, up from €266 billion). These movements were only partly offset by a lower net liability position for *portfolio investment* (€2,962 billion, down from €3,104 billion) and an increase in *reserve assets* (€675 billion, up from €644 billion).

The change in the net international investment position of the euro area in the first quarter of 2016 can be broadly attributed to other volume changes, mainly related to changes in data coverage (see Chart 2). However, significant negative effects due to exchange rate changes have been recorded for all asset and liability components. The decrease in *direct investment* assets triggered by exchange rate changes was partly offset by large positive transactions, while the increase in direct investment liabilities can be

explained by large positive transactions and other volume changes. The decreases in *portfolio investment* assets and liabilities resulted primarily from exchange rate developments, which were partly offset by positive transactions on the asset side and reinforced by negative price changes on the liability side.



At the end of the first quarter of 2016 the *gross external debt* of the euro area amounted to €13.3 trillion (approximately 127% of euro area GDP), which represents an increase of €325 billion compared with the previous quarter. This resulted mainly from transactions and other changes in volume, which were partly offset by revaluations (mostly exchange rate changes). The *net external debt* also increased (by approximately €260 billion) from the end of 2015 to the end of the first quarter of 2016.

Data revisions

- This press release incorporates revisions to the data for the reference periods from the first quarter of 2015 to the last quarter of 2015. These revisions reflect improvements in the national contributions to the euro area aggregates, in particular the incorporation of some large corporations that moved their residency to the euro area in the course of 2015. They had a significant impact throughout the accounts, particularly visible in the international investment position.

Additional information

- Time series data: [ECB's Statistical Data Warehouse \(SDW\)](#).

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- Methodological information: [ECB's website](#).
- [Next press releases](#):
 - o Monthly balance of payments: **20 July 2016** (reference data up to May 2016).
 - o Quarterly balance of payments and international investment position: **7 October 2016** (reference data up to the second quarter of 2016)

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Annexes

- Table 1: Current account of the euro area
- Table 2: 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 during the period; non-working day and non-seasonally adjusted)

	Cumulated figures for the four-quarter period ending in						Q1 2015			Q1 2016		
	Q1 2015			Q1 2016			Net	Credit	Debit	Net	Credit	Debit
	Net	Credit	Debit	Net	Credit	Debit						
Current account	269.9	3,456.2	3,186.3	335.3	3,593.4	3,258.1	54.9	860.1	805.3	60.6	844.8	784.2
Percentage of GDP ¹	2.7	34.0	31.3	3.2	34.3	31.1	-	-	-	-	-	-
Goods	275.6	2,006.8	1,731.2	361.6	2,106.5	1,744.9	74.1	509.8	435.8	81.3	501.9	420.5
of which: General merchandise	260.9	1,953.9	1,693.0	340.4	2,046.8	1,706.4	69.7	495.5	425.9	78.6	489.3	410.7
Services	68.9	723.0	654.2	60.0	774.2	714.2	6.9	172.8	165.8	8.8	177.8	169.0
Transport	6.3	131.0	124.7	5.2	130.6	125.4	0.7	31.9	31.2	-0.2	29.5	29.6
Travel	18.5	119.1	100.6	23.8	123.9	100.1	0.6	21.3	20.7	1.6	22.4	20.8
Insurance, pension and financial services	17.9	85.0	67.1	17.8	91.3	73.5	4.6	22.3	17.7	4.2	22.5	18.2
Telecommunication, computer and information services	49.8	92.9	43.1	59.9	105.6	45.6	12.5	23.5	11.0	14.6	26.1	11.6
Other business services	-2.7	191.4	194.1	-12.6	203.8	216.4	-3.1	48.1	51.2	-1.8	48.0	49.8
Other	-21.0	103.7	124.7	-34.1	119.0	153.1	-8.4	25.7	34.1	-9.6	29.3	38.9
Primary income	67.0	631.0	564.0	39.5	610.8	571.3	24.4	153.7	129.3	14.5	142.6	128.1
Compensation of employees	18.8	33.9	15.0	21.4	36.8	15.4	6.0	9.0	3.0	6.1	9.1	3.0
Investment income	23.1	555.4	532.3	8.0	544.0	536.0	7.3	129.5	122.2	7.0	126.9	119.8
Direct investment	100.3	345.8	245.5	88.6	321.8	233.1	20.8	76.3	55.5	18.5	74.6	56.1
of which: Reinvested earnings	-13.5	29.1	42.6	-36.2	30.8	67.0	-9.6	13.6	23.1	2.2	22.9	20.7
Portfolio investment	-78.3	166.0	244.4	-80.6	182.3	262.9	-13.3	42.3	55.6	-11.2	42.3	53.5
Dividends	1.9	57.9	55.9	-0.7	64.9	65.6	6.1	14.0	7.9	5.2	14.2	9.0
Income on investment fund shares	-73.3	4.5	77.8	-83.9	4.2	88.1	-18.0	1.0	19.0	-17.4	0.9	18.3
Interest	-6.9	103.7	110.6	4.0	113.2	109.2	-1.5	27.3	28.8	0.9	27.1	26.2
Other investment	-1.2	41.2	42.4	-2.8	37.3	40.0	-0.8	10.2	11.0	-1.0	9.2	10.2
of which: interest	-0.5	37.9	38.4	-1.7	33.9	35.6	-0.4	9.5	9.9	-0.5	8.6	9.1
Reserve assets		2.4			2.7			0.7			0.7	
Other primary income	25.1	41.8	16.6	10.1	29.9	19.8	11.1	15.2	4.2	1.4	6.6	5.3
Secondary income	-141.6	95.4	237.0	-125.7	102.0	227.7	-50.5	23.8	74.3	-44.0	22.6	66.6

1) Four-quarter cumulated sums of non-working day and non-seasonally adjusted GDP.

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)

	Q1 2015	Q2 2015	Q3 2015	Q4 2015					Q1 2016					Percentage of GDP
				Transactions	Exchange rate changes	Price changes	Other volume changes	Amounts outstanding	Transactions	Exchange rate changes	Price changes	Other volume changes	Amounts outstanding	
Net/Balance	-1,478	-1,207	-1,171	171	59	-46	22	-966	49	-96	87	-332	-1,258	-12
of which: Direct investment	1,915	1,855	1,766	39	46	11	-75	1,788	44	-90	-29	-246	1,466	14
of which: Portfolio investment	-3,832	-3,489	-3,305	122	7	-14	87	-3,104	143	-4	86	-84	-2,962	-28
of which: Other investment	-184	-202	-240	-49	-0	14	10	-266	-157	9	1	5	-408	-4
Assets	22,390	22,097	21,672	107	271	78	64	22,191	433	-430	-67	-11	22,117	211
Direct investment	9,368	9,377	9,392	181	115	23	36	9,748	166	-199	-43	12	9,683	92
Equity	6,401	6,404	6,429	164	79	18	24	6,714	140	-137	-33	28	6,713	64
Debt instruments	2,967	2,972	2,963	17	36	5	12	3,033	26	-62	-11	-16	2,971	28
Portfolio investment	7,296	7,195	6,854	105	98	102	20	7,179	135	-132	-53	-31	7,097	68
Equity	2,749	2,706	2,424	-4	52	104	-7	2,570	-15	-55	-68	-5	2,427	23
Investment fund shares	476	468	454	-0	5	8	5	471	-3	-12	-7	-10	439	4
Debt securities	4,070	4,021	3,976	110	41	-11	22	4,138	152	-66	23	-16	4,231	40
Short-term	642	627	591	35	5	-0	6	636	12	-11	-11	3	629	6
Long-term	3,428	3,394	3,385	75	36	-11	16	3,502	140	-54	34	-19	3,602	34
Financial derivatives (net assets)	-69	-29	-36	54	-	-46	-0	-28	19	-	-11	-8	-28	-0
Other investment	5,105	4,896	4,818	-239	52	10	8	4,649	113	-88	1	15	4,689	45
of which: Currency and deposits	2,826	2,652	2,617	-172	25	-	11	2,481	16	-48	-	17	2,466	24
Reserve assets	690	658	644	5	6	-10	-0	644	1	-10	40	0	675	6
Liabilities	23,868	23,304	22,843	-64	212	124	42	23,157	385	-334	-153	321	23,375	223
Direct investment	7,453	7,521	7,625	142	69	13	111	7,960	122	-108	-14	258	8,218	78
Equity	4,599	4,663	4,775	132	39	9	77	5,031	81	-52	-6	156	5,210	50
Debt instruments	2,854	2,859	2,850	10	30	4	34	2,929	41	-56	-8	102	3,007	29
Portfolio investment	11,127	10,684	10,159	-16	91	116	-67	10,282	-8	-128	-139	53	10,060	96
Equity	2,206	2,076	1,820	-19	10	92	-20	1,884	26	-19	-135	-22	1,735	17
Investment fund shares	3,404	3,297	3,126	73	36	61	-22	3,274	-34	-43	-85	26	3,138	30
Debt securities	5,517	5,311	5,212	-70	44	-37	-25	5,124	0	-67	80	49	5,187	49
Short-term	469	444	429	-59	4	-1	0	372	24	-4	4	11	406	4
Long-term	5,048	4,868	4,784	-11	41	-36	-25	4,752	-24	-62	76	38	4,781	46
Other investment	5,288	5,098	5,059	-190	52	-5	-2	4,914	270	-97	-0	10	5,098	49
of which: Currency and deposits	3,160	3,058	3,034	-188	32	-	-13	2,865	183	-58	-	2	2,992	29
Memo item: Gross external debt	13,655	13,264	13,117	-250	127	-38	7	12,962	311	-220	72	162	13,287	127
Memo item: Net external debt	1,271	1,145	1,129	-142	-6	-41	-37	902	20	4	58	178	1,162	11

Source: ECB.