



EUROPEAN CENTRAL BANK

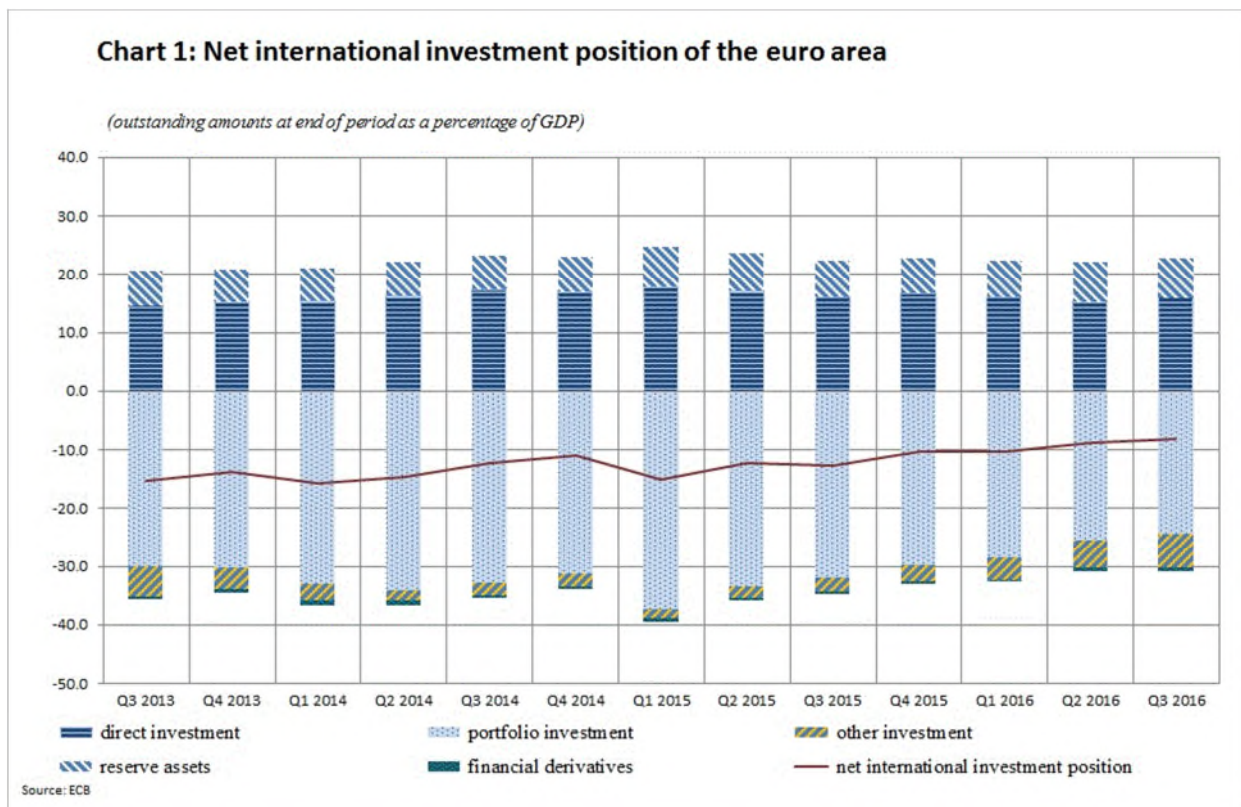
EUROSYSTEM

PRESS RELEASE

13 January 2017

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

- The current account of the euro area showed a surplus of €344.0 billion (3.2% of euro area GDP) in the four quarters to the third quarter of 2016.
- At the end of the third quarter of 2016 the international investment position of the euro area recorded net liabilities of €0.9 trillion (approximately 8% of euro area GDP).



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Current account

The *current account* of the euro area showed a surplus of €93.7 billion in the third quarter of 2016, compared with €94.7 billion in the same quarter of 2015 (see Table 1). The minor decrease resulted from a decrease in the surplus for *primary income* (from €9.6 billion to €7.5 billion) and an increase in the deficit for *secondary income* (from €22.6 to €32.2 billion). These were partly offset by increases in the surpluses for *goods* (from €88.8 billion to €93.1 billion) and *services* (from €18.9 billion to €25.3 billion).

The increase in the surplus for *services* resulted mainly from improvements in the balances for the *other business services* (a decrease in the deficit from €5.9 billion to €1.2 billion) and *telecommunication, computer and information services* (an increase in the surplus from €13.7 billion to €15.6 billion) components. This was partly offset by decreases in the surpluses for the *travel* (from €12.3 billion to €11.9 billion) and *insurance, pension and financial services* (from €4.8 billion to €3.9 billion) components.

The decrease in the *primary income* surplus resulted primarily from a decrease in the *investment income* surplus for *direct investment* (from €19.1 billion to €15.2 billion).

In the four quarters to the third quarter of 2016 the current account of the euro area showed a surplus of €344.0 billion (3.2% of euro area GDP), compared with one of €314.4 billion (3.0% of euro area GDP) a year earlier. The rise resulted from an increase in the surplus for *goods* (from €331.4 billion to €377.4 billion) and a decrease in the deficit for *secondary income* (from €135.5 billion to €128.3 billion). These developments were partly offset by a decrease in the surplus for *primary income* (from €55.6 billion to €31.8 billion). The surplus for *services* remained broadly unchanged.

International investment position

At the end of the third quarter of 2016 the international investment position of the euro area recorded net liabilities of €0.9 trillion vis-à-vis the rest of the world (approximately 8% of euro area GDP; see Chart 1). This represented an improvement of €70 billion in the net international investment position compared with the second quarter of 2016 (see Table 2).

This improvement resulted from a higher net asset position for *direct investment* (€1,693 billion, up from €1,610 billion), lower net liability positions for *portfolio investment* (€2,598 billion, down from €2,716 billion) and *financial derivatives* (€49 billion, down from €54 billion), and an increase in *reserve assets* (€727 billion, up from €722 billion). These movements were partly offset by a higher net liability position for *other investment* (€639 billion, up from €499 billion).

This improvement in the net international investment position of the euro area in the third quarter of 2016 can be explained by financial transactions, partially offset by negative revaluations – due to exchange rate and asset price changes – and other volume changes (see Chart 2). Negative revaluations due to exchange rate changes have been recorded for virtually all asset and liability components, but have been larger on the asset side. In *direct investment* assets, the net negative revaluations were partially offset by

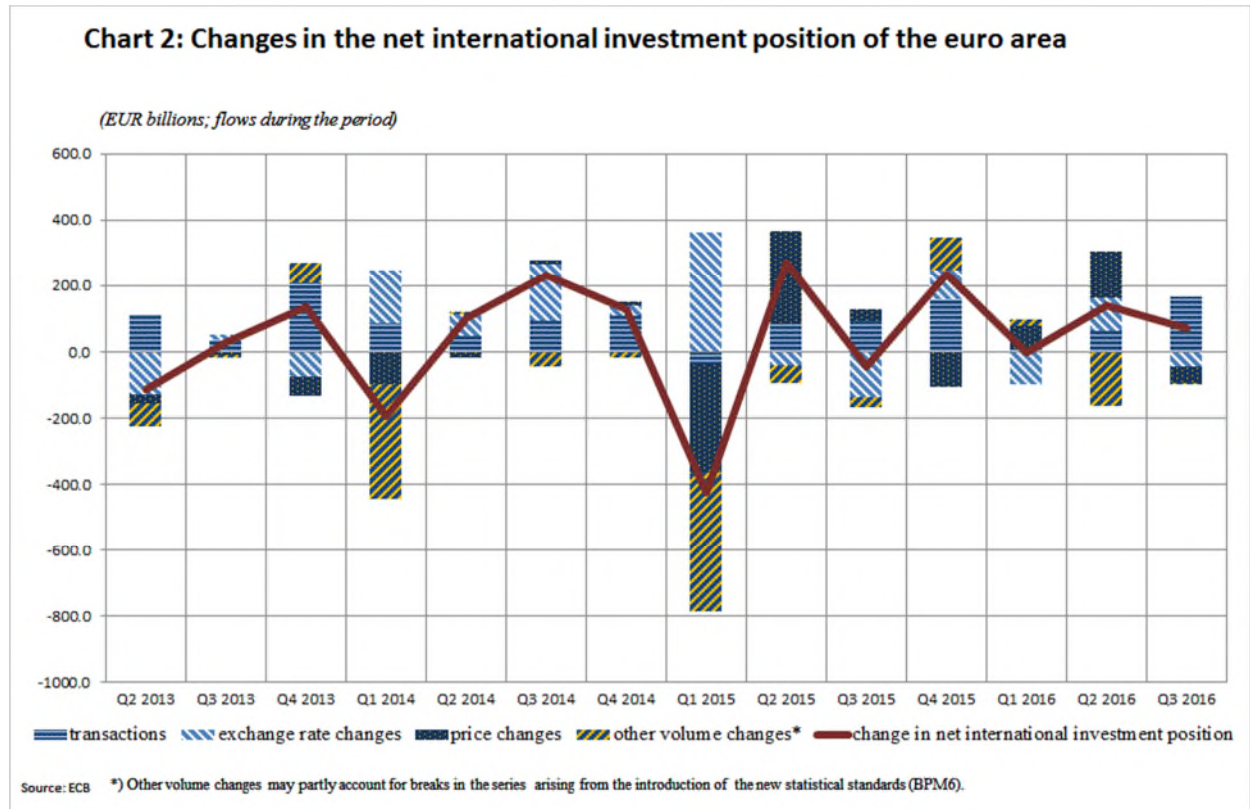
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positive net investments and other volume changes, while in *direct investment* liabilities the negative revaluations were reinforced by net disinvestments. The increases in *portfolio investment* assets and liabilities resulted primarily from positive price developments, which were reinforced by net purchases on the asset side and partially offset by net sales/amortisations on the liability side.



At the end of the third quarter of 2016 the *gross external debt* of the euro area amounted to €13.4 trillion (approximately 125% of euro area GDP), which represents a decrease of €17 billion compared with the previous quarter. The *net external debt* decreased by €110 billion owing to an increase in external debt assets.

Data revisions

- This press release incorporates revisions to the data for all the reference periods between the first quarter of 2015 and the second quarter of 2016. These revisions were particularly sizeable for direct and portfolio investment in the second quarter of 2016. They primarily reflect improvements in the national contributions to the euro area aggregates.

Additional information

- Time series data: [ECB's Statistical Data Warehouse \(SDW\)](#).
- [Methodological information](#).
- [Next press releases](#):
 - Monthly balance of payments: **19 January 2017** (reference data up to November 2016).
 - Quarterly balance of payments and international investment position: **6 April 2017** (reference data up to the last quarter of 2016)

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						Q3 2015			Q3 2016		
	Q3 2015			Q3 2016			Net	Credit	Debit	Net	Credit	Debit
	Net	Credit	Debit	Net	Credit	Debit						
Current account	314.4	3,577.6	3,263.3	344.0	3,573.3	3,229.4	94.7	902.0	807.3	93.7	892.0	798.3
Percentage of GDP ¹	3.0	34.5	31.5	3.2	33.5	30.3	-	-	-	-	-	-
Goods	331.4	2,083.3	1,751.9	377.4	2,095.8	1,718.4	88.8	525.8	436.9	93.1	519.8	426.7
of which: General merchandise	303.5	2,015.3	1,711.8	349.7	2,029.0	1,679.3	80.7	507.6	427.0	84.9	502.0	417.1
Services	62.9	754.9	692.0	63.0	778.3	715.3	18.9	202.5	183.5	25.3	206.1	180.8
Transport	6.6	131.9	125.3	4.3	125.9	121.6	2.3	34.3	31.9	3.3	33.5	30.2
Travel	24.2	121.8	97.6	24.2	124.6	100.4	12.3	43.4	31.1	11.9	44.2	32.3
Insurance, pension and financial services	19.0	90.7	71.7	17.6	89.5	71.9	4.8	23.1	18.3	3.9	21.6	17.7
Telecommunication, computer and information services	56.0	99.5	43.5	62.7	110.3	47.6	13.7	24.5	10.7	15.6	27.2	11.6
Other business services	-12.3	200.2	212.5	-13.4	205.3	218.7	-5.9	48.5	54.4	-1.2	49.6	50.8
Other	-30.6	110.8	141.4	-32.4	122.8	155.1	-8.4	28.7	37.0	-8.2	30.1	38.3
Primary income	55.6	638.5	582.9	31.8	599.0	567.2	9.6	149.9	140.4	7.5	142.8	135.3
Compensation of employees	20.4	35.8	15.4	21.8	37.4	15.7	4.6	9.0	4.4	4.9	9.4	4.5
Investment income	11.6	560.9	549.3	1.4	529.6	528.2	6.1	137.4	131.3	3.5	129.4	125.9
Direct investment	100.6	340.3	239.7	81.7	311.2	229.5	19.1	80.2	61.1	15.2	75.0	59.8
of which: Reinvested earnings	-13.6	24.1	37.8	-20.9	32.6	53.5	-6.0	10.4	16.5	-8.7	3.1	11.9
Portfolio investment	-88.9	178.6	267.6	-79.4	180.1	259.5	-13.2	47.5	60.7	-11.6	45.2	56.8
Dividends	-2.8	63.2	66.0	-3.5	63.3	66.8	8.7	17.6	8.9	5.8	16.1	10.3
Income on investment fund shares	-83.1	4.6	87.7	-80.2	5.0	85.2	-22.5	1.3	23.8	-18.7	1.3	20.0
Interest	-3.1	110.8	113.9	4.3	111.7	107.5	0.7	28.6	27.9	1.3	27.9	26.6
Other investment	-2.7	39.3	42.0	-3.7	35.6	39.2	-0.5	9.0	9.5	-0.8	8.5	9.3
of which: interest	-1.7	36.0	37.7	-2.2	32.6	34.8	-0.3	8.1	8.4	-0.5	7.9	8.3
Reserve assets		2.6			2.7			0.7			0.7	
Other primary income	23.6	41.8	18.2	8.7	32.0	23.3	-1.1	3.6	4.6	-0.9	4.0	4.9
Secondary income	-135.5	100.9	236.4	-128.3	100.2	228.5	-22.6	23.9	46.5	-32.2	23.3	55.5

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)

	Q3 2015	Q4 2015	Q1 2016	Q2 2016					Q3 2016					
				Transactions	Exchange rate changes	Price changes	Other volume changes	Amounts outstanding	Transactions	Exchange rate changes	Price changes	Other volume changes	Amounts outstanding	Percentage of GDP
Net/Balance	-1,311	-1,075	-1,077	62	100	143	-165	-937	166	-47	-46	-2	-867	-8
of which: Direct investment	1,656	1,731	1,678	-38	26	10	-67	1,610	125	-36	-21	15	1,693	16
of which: Portfolio investment	-3,309	-3,125	-2,997	157	51	84	-9	-2,716	168	-11	-2	-38	-2,598	-24
of which: Other investment	-257	-280	-411	-14	15	0	-89	-499	-161	1	-0	19	-639	-6
Assets	21,708	22,235	22,100	206	177	141	31	22,655	205	-79	77	-7	22,851	214
Direct investment	9,435	9,814	9,676	-13	53	-12	106	9,809	37	-49	-53	3	9,747	91
Equity	6,564	6,880	6,792	41	41	-23	53	6,904	61	-37	-50	1	6,879	64
Debt instruments	2,871	2,934	2,884	-54	12	11	53	2,904	-23	-12	-4	2	2,868	27
Portfolio investment	6,852	7,176	7,111	122	93	105	-3	7,428	138	-19	154	-13	7,690	72
Equity	2,416	2,575	2,439	18	47	27	4	2,534	20	-5	109	-5	2,652	25
Investment fund shares	451	466	437	-15	5	19	1	447	0	-2	7	-0	451	4
Debt securities	3,984	4,135	4,236	120	41	60	-8	4,448	118	-12	39	-7	4,586	43
Short-term	590	637	631	8	8	-3	4	646	9	-1	-3	3	655	6
Long-term	3,395	3,498	3,605	112	33	63	-12	3,801	109	-11	42	-11	3,931	37
Financial derivatives (net assets)	-46	-45	-22	-45	-	12	0	-54	26	-	-23	2	-49	-0
Other investment	4,822	4,646	4,660	140	23	0	-72	4,750	-4	-10	0	1	4,737	44
of which: Currency and deposits	2,751	2,597	2,503	118	8	-	33	2,661	-59	-6	-	-1	2,596	24
Reserve assets	644	644	675	2	8	36	-0	722	8	-1	-1	-0	727	7
Liabilities	23,019	23,309	23,177	144	77	-1	196	23,592	39	-32	124	-6	23,717	222
Direct investment	7,780	8,082	7,998	25	27	-22	172	8,199	-88	-13	-33	-12	8,053	75
Equity	4,876	5,094	5,013	38	22	-27	103	5,149	-20	-2	-10	-13	5,104	48
Debt instruments	2,903	2,988	2,984	-14	5	5	69	3,050	-67	-11	-23	1	2,949	28
Portfolio investment	10,160	10,301	10,109	-34	43	21	6	10,144	-30	-8	156	25	10,288	96
Equity	1,819	1,904	1,778	28	1	-31	-2	1,775	-19	4	86	10	1,856	17
Investment fund shares	3,132	3,304	3,145	47	27	36	29	3,284	54	1	53	-1	3,391	32
Debt securities	5,209	5,093	5,185	-110	14	16	-21	5,085	-64	-12	17	16	5,041	47
Short-term	433	390	406	50	0	-0	3	459	1	-1	1	-6	454	4
Long-term	4,777	4,703	4,779	-160	14	16	-23	4,626	-65	-11	16	22	4,588	43
Other investment	5,079	4,926	5,071	153	7	0	17	5,249	157	-11	0	-19	5,376	50
of which: Currency and deposits	3,033	2,862	2,987	165	25	-	3	3,180	148	-9	-	-6	3,312	31
Memo item: Gross external debt	13,187	13,004	13,237	30	27	21	66	13,380	25	-34	-6	-1	13,363	125
Memo item: Net external debt	1,282	1,052	1,228	-177	-57	-51	94	1,036	-73	0	-41	3	926	9

Source: ECB.