



EUROPEAN CENTRAL BANK

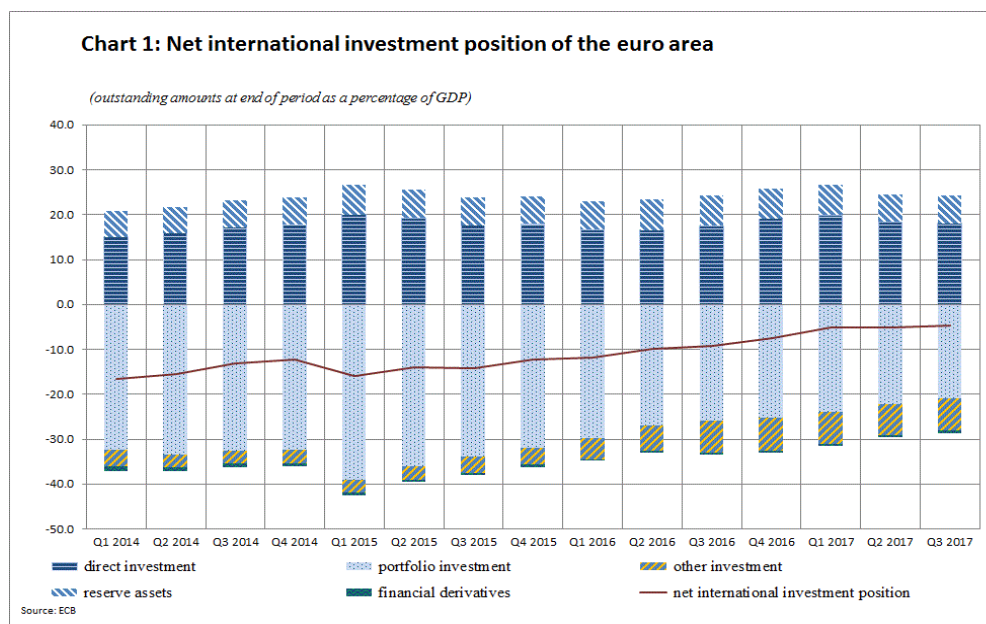
EUROSYSTEM

PRESS RELEASE

11 January 2018

Euro area quarterly balance of payments and international investment position (third quarter of 2017)

- The current account of the euro area showed a surplus of €386.9 billion (3.5% of euro area GDP) in the four quarters to the third quarter of 2017.¹
- At the end of the third quarter of 2017 the international investment position of the euro area recorded net liabilities of €0.5 trillion (approximately 5% 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 €129.0 billion in the third quarter of 2017, compared with €94.7 billion in the same quarter of 2016 (see Table 1). The increase in the *current account* surplus was due to improvements in all components, namely increases in the surpluses for *services* (from €14.3 billion to €31.6 billion), *primary income* (from €22.3 billion to €35.4 billion) and *goods* (from €92.7 billion to €95.3 billion), as well as a decrease in the deficit for *secondary income* (from €34.6 billion to €33.3 billion).

The increase in the surplus for *services* resulted from improvements in all the categories shown in Table 1, in particular a decrease in the deficit for *other business services* (from €11.5 billion to €3.4 billion) and an increase in the surplus for *travel* (from €10.8 billion to €14.9 billion).

The increase in the *primary income* surplus resulted primarily from an increase in the *investment income* surplus (from €17.9 billion to €27.7 billion), which is explained by a decrease in the deficit for *portfolio investment income* (from €11.7 billion to €6.2 billion) and an increase in the surplus for *direct investment* (from €29.7 billion to €33.6 billion).

In the four quarters to the third quarter of 2017 the current account of the euro area showed a surplus of €386.9 billion (3.5% of euro area GDP), compared with one of €371.1 billion (also 3.5% of euro area GDP) a year earlier. This rise in the surplus resulted from increases in the surpluses for *primary income* (from €78.5 billion to €114.0 billion) and *services* (from €48.6 billion to €66.7 billion). These developments were partly offset by a decrease in the surplus for *goods* (from €380.1 billion to €350.9 billion) and an increase in the deficit for *secondary income* (from €136.1 billion to €144.7 billion).

International investment position

At the end of the third quarter of 2017 the international investment position of the euro area recorded net liabilities of €0.5 trillion vis-à-vis the rest of the world (approximately 5% of euro area GDP; see Chart 1). This represented an improvement of €54 billion compared with the second quarter of 2017 (see Table 2).

This change resulted mainly from lower net liabilities for *portfolio investment* (€2,311 billion, down from €2,439 billion). This movement was partly offset by higher net liabilities for *other investment* (€802 billion, up from €763 billion) and *financial derivatives* (€59 billion, up from €47 billion), as well as lower net assets for *direct investment* (€1,990 billion, down from €2,004 billion) and *reserve assets* (€675 billion, down from €683 billion).

The improvement in the net international investment position of the euro area in the third quarter of 2017 is explained mainly by net transactions and net positive price changes that were partially offset by net negative exchange rate changes (see Chart 2). For *direct investment* assets and liabilities, amounts outstanding declined mainly as a result of net disinvestments and negative exchange rate changes. In *portfolio investment*, assets and liabilities increased owing to net investments and positive price changes, as well as positive other volume changes in liabilities that were only partially offset by negative exchange rate changes.

At the end of the third quarter of 2017 the *gross external debt* of the euro area amounted to €13.7 trillion (approximately 124% of euro area GDP), which represents a decrease of €125 billion compared with the

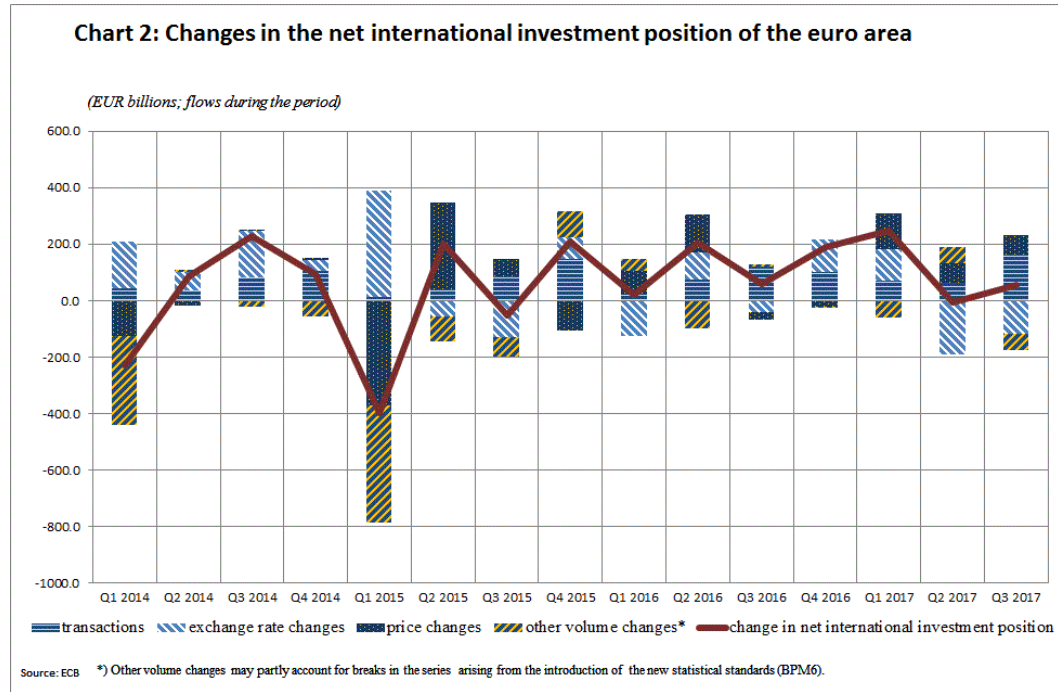
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previous quarter. The *net external debt* also decreased (by approximately €112 billion); this lower decrease was due to a slight decline in external debt assets.



Data revisions

This press release incorporates revisions to the data for all the reference periods between the first quarter of 2016 and the second quarter of 2017. These revisions were particularly sizeable in the case of direct and portfolio investment in the second quarter of 2017. 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:](#)
 - o Monthly balance of payments: **19 January 2018** (reference data up to November 2017).
 - o Quarterly balance of payments and international investment position: **6 April 2018** (reference data up to the fourth quarter of 2017).

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 2016 | | | Q3 2017 | | |
|--|---|---------|---------|---------|---------|---------|---------|--------|-------|---------|--------|-------|
| | Q3 2016 | | | Q3 2017 | | | Net | Credit | Debit | Net | Credit | Debit |
| | Net | Credit | Debit | Net | Credit | Debit | | | | | | |
| Current account | 371.1 | 3,671.9 | 3,300.8 | 386.9 | 3,862.3 | 3,475.4 | 94.7 | 914.4 | 819.7 | 129.0 | 974.6 | 845.5 |
| Percentage of GDP ¹ | 3.5 | 34.2 | 30.8 | 3.5 | 34.9 | 31.4 | - | - | - | - | - | - |
| Goods | 380.1 | 2,122.5 | 1,742.4 | 350.9 | 2,243.2 | 1,892.3 | 92.7 | 526.8 | 434.2 | 95.3 | 563.0 | 467.7 |
| of which: General merchandise | 349.2 | 2,052.4 | 1,703.2 | 328.5 | 2,176.5 | 1,847.9 | 83.5 | 508.1 | 424.6 | 91.3 | 547.5 | 456.2 |
| Services | 48.6 | 783.0 | 734.4 | 66.7 | 823.2 | 756.6 | 14.3 | 206.9 | 192.7 | 31.6 | 220.2 | 188.7 |
| Transport | 7.1 | 126.2 | 119.2 | 9.8 | 134.8 | 125.0 | 3.0 | 33.0 | 29.9 | 4.0 | 35.9 | 31.8 |
| Travel | 22.8 | 124.9 | 102.1 | 31.9 | 136.2 | 104.3 | 10.8 | 44.2 | 33.4 | 14.9 | 49.3 | 34.4 |
| Insurance, pension and financial services | 20.2 | 89.9 | 69.7 | 21.0 | 94.4 | 73.4 | 4.9 | 22.1 | 17.3 | 5.1 | 23.0 | 17.9 |
| Telecommunication, computer and information services | 62.7 | 111.9 | 49.2 | 71.1 | 121.8 | 50.7 | 15.6 | 27.6 | 12.0 | 17.3 | 29.9 | 12.6 |
| Other business services | -31.1 | 206.5 | 237.6 | -37.4 | 209.4 | 246.9 | -11.5 | 50.1 | 61.6 | -3.4 | 50.0 | 53.5 |
| Other | -33.0 | 123.6 | 156.6 | -29.6 | 126.6 | 156.3 | -8.5 | 30.0 | 38.5 | -6.3 | 32.2 | 38.4 |
| Primary income | 78.5 | 657.4 | 578.9 | 114.0 | 687.4 | 573.4 | 22.3 | 154.7 | 132.4 | 35.4 | 166.2 | 130.7 |
| Compensation of employees | 20.6 | 37.5 | 17.0 | 20.6 | 38.2 | 17.6 | 4.6 | 9.3 | 4.8 | 4.3 | 9.2 | 4.9 |
| Investment income | 51.4 | 588.4 | 537.0 | 77.5 | 607.4 | 529.9 | 17.9 | 141.1 | 123.1 | 27.7 | 148.3 | 120.6 |
| Direct investment | 132.1 | 365.4 | 233.3 | 147.3 | 372.6 | 225.3 | 29.7 | 85.0 | 55.3 | 33.6 | 87.4 | 53.8 |
| of which: Reinvested earnings | 3.6 | 34.1 | 30.5 | 16.3 | 65.2 | 48.9 | 4.9 | 10.4 | 5.5 | 9.2 | 26.5 | 17.2 |
| Portfolio investment | -80.1 | 179.4 | 259.5 | -72.2 | 187.4 | 259.6 | -11.7 | 45.2 | 56.9 | -6.2 | 48.8 | 55.0 |
| Dividends | -4.0 | 62.0 | 66.1 | -6.3 | 65.7 | 71.9 | 5.5 | 15.7 | 10.3 | 7.1 | 17.9 | 10.8 |
| Income on investment fund shares | -76.3 | 5.1 | 81.3 | -78.8 | 5.2 | 84.0 | -17.7 | 1.2 | 18.9 | -18.8 | 1.5 | 20.4 |
| Interest | 0.2 | 112.3 | 112.1 | 13.0 | 116.6 | 103.6 | 0.5 | 28.2 | 27.7 | 5.6 | 29.4 | 23.8 |
| Other investment | -3.5 | 40.7 | 44.2 | -1.2 | 43.8 | 45.0 | -0.8 | 10.2 | 11.0 | -0.6 | 11.2 | 11.8 |
| of which: interest | -1.7 | 36.7 | 38.5 | -0.3 | 39.4 | 39.7 | -0.4 | 9.3 | 9.6 | -0.5 | 10.1 | 10.6 |
| Reserve assets | | 2.8 | | | 3.5 | | | 0.7 | | | 0.9 | |
| Other primary income | 6.4 | 31.4 | 25.0 | 15.9 | 41.8 | 25.9 | -0.2 | 4.4 | 4.5 | 3.5 | 8.7 | 5.2 |
| Secondary income | -136.1 | 109.0 | 245.1 | -144.7 | 108.5 | 253.2 | -34.6 | 26.0 | 60.5 | -33.3 | 25.1 | 58.4 |

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

Source: ECB. 1

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 2016 | Q4 2016 | Q1 2017 | Q2 2017 | | | | | Q3 2017 | | | | | |
|------------------------------------|---------|---------|---------|--------------|-----------------------|---------------|----------------------|---------------------|--------------|-----------------------|---------------|----------------------|---------------------|-------------------|
| | | | | 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 | -994 | -803 | -556 | 62 | -193 | 68 | 57 | -561 | 162 | -119 | 68 | -57 | -507 | -5 |
| of which: Direct investment | 1,879 | 2,057 | 2,157 | 9 | -73 | -19 | -69 | 2,004 | 16 | -41 | 10 | 0 | 1,990 | 18 |
| of which: Portfolio investment | -2,786 | -2,720 | -2,612 | 26 | -82 | 102 | 128 | -2,439 | 148 | -27 | 64 | -58 | -2,311 | -21 |
| of which: Other investment | -752 | -792 | -766 | 32 | -20 | 0 | -9 | -763 | 8 | -43 | 0 | -4 | -802 | -7 |
| Assets | 23,532 | 23,995 | 25,225 | 196 | -759 | -18 | 38 | 24,681 | 91 | -344 | 98 | -19 | 24,508 | 222 |
| Direct investment | 10,326 | 10,691 | 11,113 | 27 | -297 | -23 | 26 | 10,846 | -140 | -144 | 11 | -21 | 10,553 | 95 |
| Equity | 7,333 | 7,647 | 8,052 | 9 | -217 | -7 | 2 | 7,840 | -126 | -105 | 18 | -19 | 7,607 | 69 |
| Debt instruments | 2,993 | 3,044 | 3,061 | 18 | -81 | -17 | 24 | 3,006 | -14 | -39 | -6 | -1 | 2,945 | 27 |
| Portfolio investment | 7,688 | 7,864 | 8,256 | 171 | -269 | 20 | 20 | 8,198 | 191 | -127 | 93 | -0 | 8,354 | 76 |
| Equity | 2,628 | 2,760 | 2,923 | 50 | -123 | 53 | 19 | 2,922 | 47 | -57 | 87 | 0 | 2,999 | 27 |
| Investment fund shares | 462 | 489 | 505 | 5 | -15 | 6 | -0 | 500 | 10 | -7 | 6 | -0 | 508 | 5 |
| Debt securities | 4,597 | 4,616 | 4,829 | 116 | -131 | -39 | 2 | 4,776 | 134 | -63 | 1 | -1 | 4,847 | 44 |
| Short-term | 652 | 644 | 686 | -13 | -17 | -8 | 1 | 649 | 18 | -10 | -6 | 0 | 651 | 6 |
| Long-term | 3,946 | 3,972 | 4,144 | 128 | -114 | -31 | 1 | 4,127 | 116 | -53 | 7 | -1 | 4,196 | 38 |
| Financial derivatives (net assets) | -61 | -56 | -62 | -2 | - | 11 | 7 | -47 | -11 | - | -6 | 4 | -59 | -1 |
| Other investment | 4,853 | 4,789 | 5,190 | 1 | -174 | -0 | -15 | 5,001 | 50 | -65 | 0 | -2 | 4,985 | 45 |
| of which: Currency and deposits | 2,649 | 2,649 | 2,824 | -15 | -90 | - | 5 | 2,724 | -5 | -31 | - | -2 | 2,685 | 24 |
| Reserve assets | 727 | 708 | 727 | -2 | -18 | -25 | -0 | 683 | 1 | -8 | -1 | -0 | 675 | 6 |
| Liabilities | 24,526 | 24,798 | 25,781 | 133 | -566 | -86 | -19 | 25,242 | -71 | -225 | 30 | 38 | 25,014 | 226 |
| Direct investment | 8,447 | 8,634 | 8,956 | 18 | -224 | -4 | 95 | 8,841 | -156 | -103 | 1 | -21 | 8,563 | 77 |
| Equity | 5,428 | 5,523 | 5,722 | 11 | -126 | -4 | 47 | 5,650 | -177 | -54 | 1 | -1 | 5,420 | 49 |
| Debt instruments | 3,018 | 3,110 | 3,234 | 7 | -99 | -0 | 49 | 3,191 | 21 | -49 | -0 | -20 | 3,143 | 28 |
| Portfolio investment | 10,474 | 10,584 | 10,869 | 145 | -187 | -82 | -108 | 10,637 | 43 | -100 | 29 | 57 | 10,665 | 97 |
| Equity | 2,007 | 2,134 | 2,286 | 41 | -8 | -23 | -39 | 2,257 | 5 | -11 | 45 | -2 | 2,294 | 21 |
| Investment fund shares | 3,227 | 3,342 | 3,516 | 123 | -84 | -37 | -14 | 3,505 | 111 | -40 | 6 | 13 | 3,595 | 33 |
| Debt securities | 5,240 | 5,109 | 5,066 | -19 | -95 | -22 | -55 | 4,875 | -74 | -50 | -22 | 46 | 4,776 | 43 |
| Short-term | 462 | 429 | 478 | 3 | -6 | 1 | -3 | 473 | -2 | -3 | 2 | -7 | 463 | 4 |
| Long-term | 4,778 | 4,679 | 4,589 | -22 | -89 | -23 | -52 | 4,402 | -72 | -47 | -24 | 53 | 4,313 | 39 |
| Other investment | 5,605 | 5,581 | 5,956 | -31 | -155 | -0 | -7 | 5,764 | 42 | -22 | -0 | 2 | 5,786 | 52 |
| of which: Currency and deposits | 3,471 | 3,412 | 3,616 | -41 | -87 | - | 8 | 3,496 | 58 | -33 | - | -7 | 3,514 | 32 |
| Memo item: Gross external debt | 13,859 | 13,796 | 14,252 | -42 | -349 | -22 | -13 | 13,826 | -10 | -121 | -22 | 28 | 13,701 | 124 |
| Memo item: Net external debt | 1,174 | 1,096 | 924 | -174 | 54 | 34 | -24 | 814 | -180 | 53 | -16 | 32 | 702 | 6 |

Source: ECB.