EUROPEAN CENTRAL BANK

EUROSYSTEM

PRESS RELEASE

19 September 2018

Euro area monthly balance of payments: July 2018

- In July 2018 the current account of the euro area recorded a surplus of €21 billion, compared with a surplus of €24 billion in June 2018.[1]
- In the 12-month period to July 2018, the current account recorded a surplus of €394 billion (3.5% of euro area GDP), compared with one of €358 billion (3.3% of euro area GDP) in the 12-month period to July 2017.
- In the financial account, euro area residents made net acquisitions of foreign portfolio investment securities of €474 billion in the 12-month period to July 2018 (decreasing from €497 billion in the 12 months to July 2017). Non-residents' net purchases of euro area portfolio investment securities amounted to €127 billion (down from €212 billion in the 12-month period to July 2017).

[1] References to the current account are always to data that are seasonally and working day-adjusted, unless otherwise indicated, whereas references to the capital and financial accounts are to data that are neither seasonally nor working day-adjusted.

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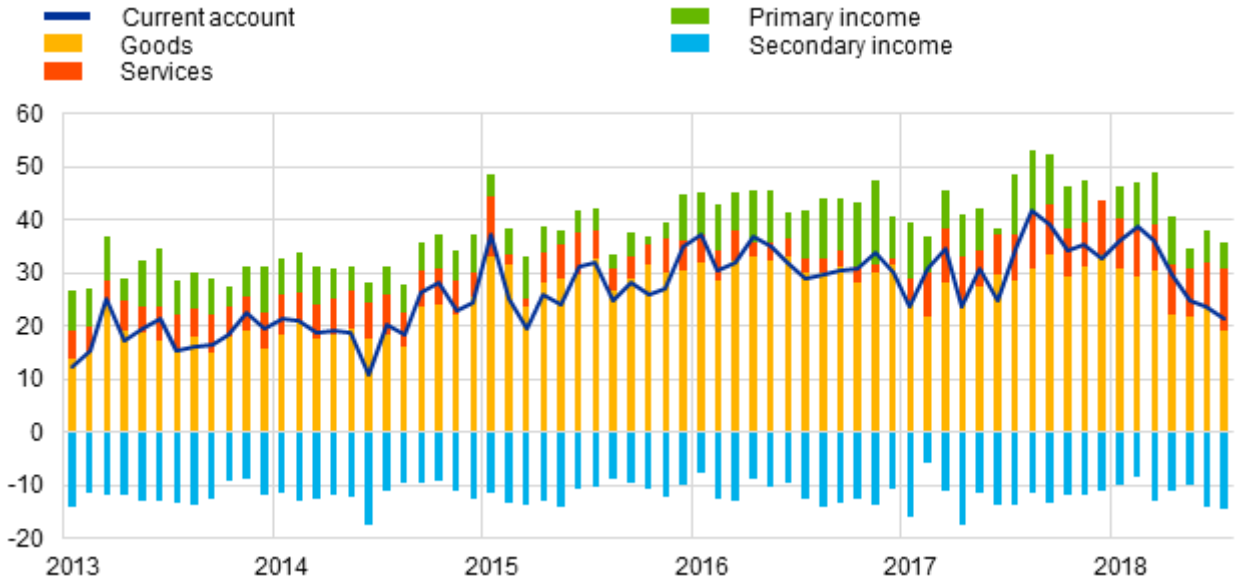
Chart 1

Euro area current account balance

(EUR billions unless otherwise indicated; working day and seasonally adjusted data)



Source: ECB.

The *current account* of the euro area recorded a surplus of €21 billion in July 2018, decreasing by €3 billion compared with June 2018 (see Chart 1 and Table 1). Surpluses were recorded for *goods* (€19 billion), *services* (€12 billion) and *primary income* (€5 billion). These were partly offset by a deficit for *secondary income* (€14 billion).

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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 in						
		July 2017	% of GDP	July 2018	% of GDP	July 2017	June 2018	July 2018
Current account	Balance	358	3.3%	394	3.5%	35	24	21
	Credit	3,806	34.6%	3,962	34.8%	325	330	328
	Debit	3,448	31.3%	3,568	31.3%	290	307	306
Goods	Balance	336	3.1%	335	2.9%	28	23	19
	Credit (exports)	2,214	20.1%	2,327	20.4%	189	197	191
	Debit (imports)	1,878	17.1%	1,992	17.5%	160	173	172
Services	Balance	66	0.6%	114	1.0%	9	9	12
	Credit (exports)	826	7.5%	863	7.6%	71	71	73
	Debit (imports)	760	6.9%	750	6.6%	62	63	61
Primary income	Balance	110	1.0%	85	0.7%	11	6	5
	Credit	661	6.0%	662	5.8%	56	54	55
	Debit	551	5.0%	577	5.1%	45	48	50
Secondary income	Balance	-154	-1.4%	-140	-1.2%	-14	-14	-14
	Credit	106	1.0%	110	1.0%	9	8	9
	Debit	260	2.4%	249	2.2%	23	23	23

Source: ECB.

Data for current account of the euro area

In the 12 months to July 2018, the *current account* recorded a surplus of €394 billion (3.5% of euro area GDP), compared with one of €358 billion (3.3% of euro area GDP) in the previous 12-month period. This increase was mainly due to an increase in the surplus for *services* (from €66 billion to €114 billion) and a lower deficit for *secondary income* (from €154 billion to €140 billion). These developments were partly offset by a decline in the surplus for *primary income* (from €110 billion to €85 billion) and a stabilisation of the surplus for *goods* (around €335 billion).

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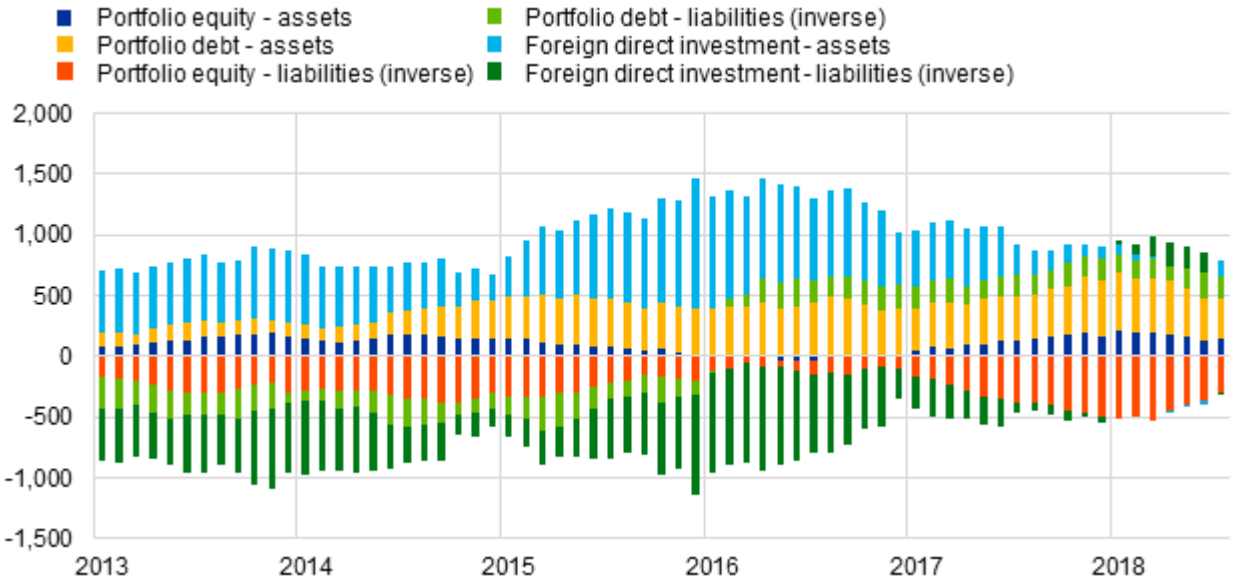
Chart 2

Selected items of the euro area financial account

(EUR billions, 12-month cumulated)



Source: ECB.
Notes: For assets, a positive (negative) number indicates net purchases (sales) of non-euro area instruments by euro area investors. For liabilities, a positive (negative) number indicates net sales (purchases) of euro instruments by non-euro area investors.

In *direct investment*, in the 12-month period to July 2018, euro area residents recorded net investments in non-euro area assets of €130 billion, a decrease from net investments of €251 billion in the previous 12-month period (see Chart 2 and Table 2). Non-residents recorded net investments in euro area assets of €16 billion in the 12-month period to July 2018, after net investments of €76 billion in the 12 months to July 2017.

In *portfolio investment*, net acquisitions of foreign *debt securities* by euro area residents decreased to €333 billion in the 12 months to July 2018, from €362 billion in the corresponding period to July 2017. Net purchases of foreign *equity* by euro area residents increased to €142 billion from €135 billion. Non-residents decreased their net purchases of euro area *equity* to €308 billion (from €390 billion in the 12 months to July 2017). Over the same period, their net sales of euro area *debt securities* slightly increased to €181 billion (from €178 billion).

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Table 2
Financial account of the euro area

(EUR billions unless otherwise indicated; transactions; non-working day and non-seasonally adjusted data)

	Cumulated figures for the 12-month period ending in					
	July 2017			July 2018		
	Net	Assets	Liabilities	Net	Assets	Liabilities
Financial account	389	1,049	660	417	888	472
Direct investment	175	251	76	114	130	16
Portfolio investment	285	497	212	348	474	127
Equity	-255	135	390	-166	142	308
Debt securities	540	362	-178	513	333	-181
Financial derivatives (net)	48	48		23	23	
Other investment	-123	249	372	-90	240	329
Eurosystem	-124	7	131	-123	2	125
Other MFIs	42	144	102	-24	127	151
General government	-2	-8	-6	14	-6	-20
Other sectors	-39	106	145	44	117	73
Reserve assets	4	4		22	22	

Source: ECB.
Notes: Decreases in assets and liabilities are shown with a minus sign. Net financial derivatives are reported under assets. "MFI" stands for monetary financial institutions.

Data for financial account of the euro area

In *other investment*, euro area residents' net acquisitions of foreign assets amounted to €240 billion in the 12 months to July 2018 (compared with €249 billion in the 12 months to July 2017), while net incurrences of liabilities amounted to €329 billion (declining from €372 billion in the corresponding period to July 2017).

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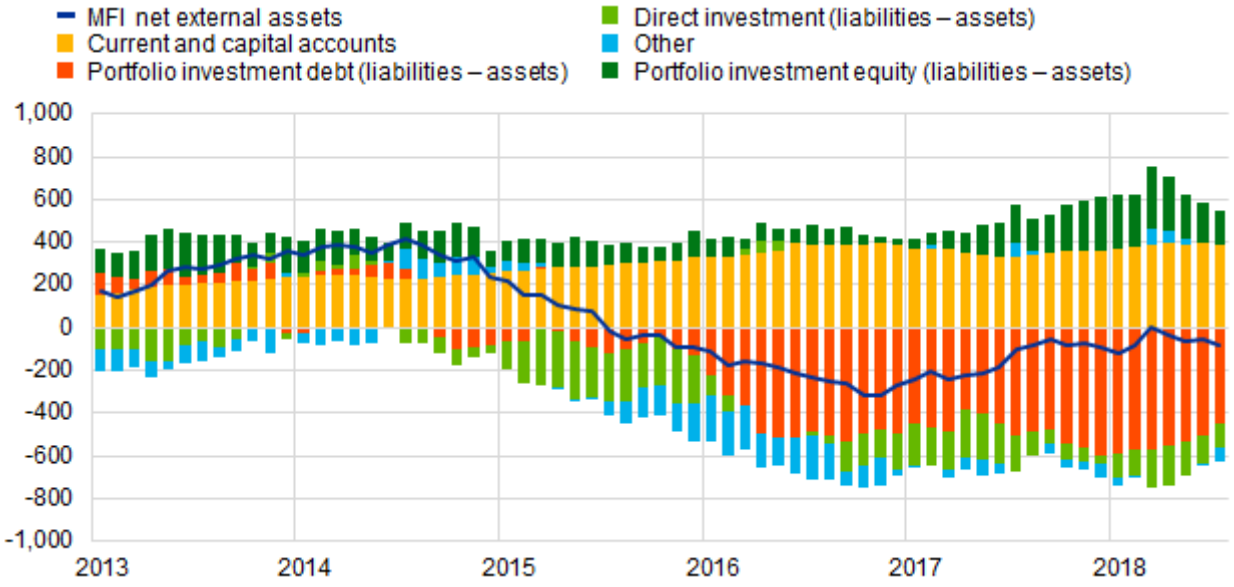
Chart 3

Monetary presentation of the balance of payments

(EUR billions, 12-month cumulated)



Source: ECB.
Notes: MFI net external assets as reported in the consolidated MFI balance sheet items (BSI). B.o.p. transactions refer only to transactions of non-MFI residents of the euro area. Financial transactions are shown as liabilities net of assets. "Other" includes financial derivatives, other investment and statistical discrepancies.

According to the monetary presentation of the balance of payments (see Chart 3), the net external assets of euro area Monetary Financial Institutions (MFIs) decreased by €81 billion in the 12 months to July 2018. Developments in MFIs' net external assets continued to be driven by non-MFI transactions related to net outflows in *portfolio investment debt securities* and *direct investment.* These were only partly offset by the euro area's *current account* surplus and net inflows in *portfolio investment equity*.

In July 2018 the *Eurosystem*'s stock of *reserve assets* decreased to €671.9 billion from €690.0 billion in the previous month (see Table 3). This decrease (€18.1 billion) is explained by negative price changes of €11.6 billion (largely attributed to developments in the price of gold), net disposals of assets (€4.0 billion) and, to a lesser extent, by negative exchange rate changes (€2.2 billion).

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Table 3
Reserve assets of the euro area

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

	June 2018	July 2018			
	Amounts outstanding	Transactions	Exchange rate changes	Price changes	Amounts outstanding
Reserve assets	**690.0**	**-4.0**	**-2.2**	**-11.6**	**671.9**
Monetary gold	372.0	0.0	-	-11.5	360.4
Special drawing rights	50.8	0.2	-0.4	-	50.5
Reserve position in the IMF	19.9	-0.1	-0.2	-	19.6
Other reserve assets	247.4	-4.1	-1.7	-0.1	241.3

Source: ECB.
Note: "Other reserve assets" comprises currency and deposits, securities, financial derivatives (net) and other claims.

Data for reserve assets of the euro area

Data revisions

This press release incorporates revisions of the data for April, May and June 2018. These revisions have not significantly altered the figures previously published.

Next press releases:

- quarterly balance of payments and international investment position: 2 October 2018 (reference data up to the second quarter of 2018).[2]
- monthly balance of payments: 19 October 2018 (reference data up to August 2018)

For media queries, please contact Philippe Rispal, tel.: +49 69 1344 5482.

Notes

The hyperlinks in the main body of the press release are dynamic. The data they lead to may therefore change with subsequent data releases as a result of revisions.

[2] The quarterly press release on 2 October 2018 will incorporate revisions (up to June 2018) to the monthly data published in the present monthly press release.

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