



EUROPEAN CENTRAL BANK

EUROSYSTEM

PRESS RELEASE

4 July 2018

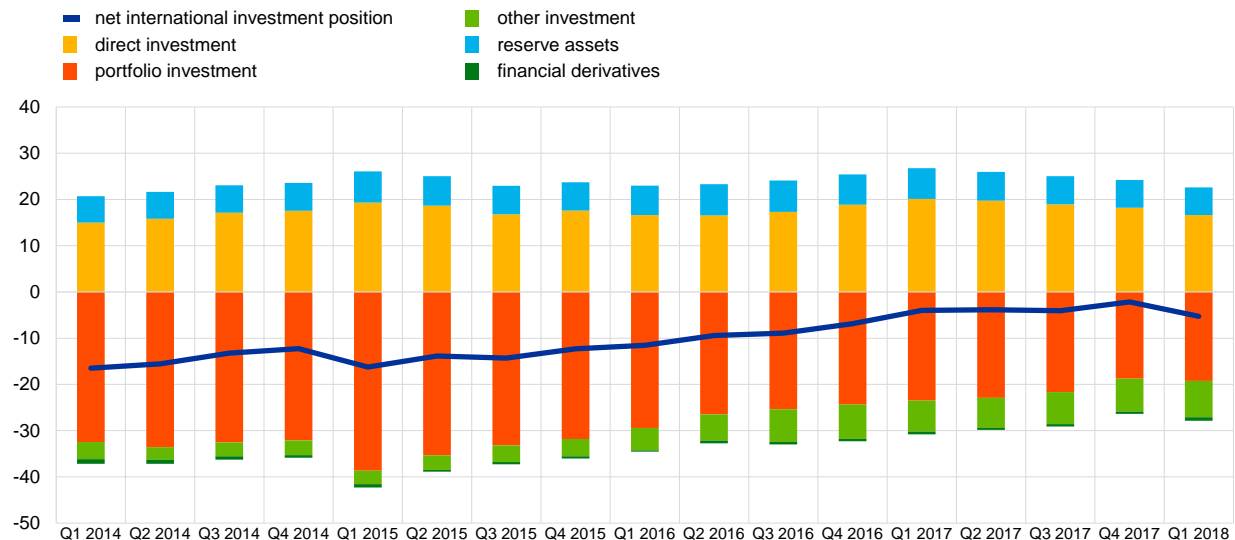
Euro area quarterly balance of payments and international investment position (first quarter of 2018)

- The current account of the euro area showed a surplus of €403.1 billion (3.6% of euro area GDP) in the four quarters to the first quarter of 2018.¹
- At the end of the first quarter of 2018 the international investment position of the euro area recorded net liabilities of €593 billion (5% of euro area GDP).

Chart 1

Net international investment position of the euro area

(outstanding amounts at the end of the period as percentages of GDP)



Source: ECB.

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 €80.7 billion in the first quarter of 2018, compared with €64.2 billion in the same quarter of 2017 (see Table 1). The increase in the *current account* surplus was broad-based across all components but was mainly driven by larger surpluses for *goods* (from €63.0 billion to €74.2 billion) and *services* (from €16.0 billion to €20.9 billion).

The increase in the surplus for *services* resulted mainly from a decrease in the deficit for *other business services* (from €5.1 billion to €2.2 billion) and increases in the surpluses for *Telecommunication, computer and information services* (from €17.0 billion to €19.2 billion) and *travel* (from €5.1 billion to €6.2 billion). These improvements were partially compensated by a decrease in the surplus for *Insurance, pension and financial services* (from €5.1 billion to €3.7 billion).

The *primary income* surplus increased by €0.1 billion to €28.8 billion. This relative stability was reflected in its main component, where the surplus for *investment income* decreased from €21.6 billion to €21.5 billion. Within this component, a decrease in the deficit for *portfolio investment income* (from €9.5 billion to €5.9 billion) was compensated by a decrease in the surplus for *direct investment income* (from €28.9 billion to €25.3 billion).

In the four quarters to the first quarter of 2018 the current account of the euro area showed a surplus of €403.1 billion (3.6% of euro area GDP), compared with a surplus of €381.3 billion (3.5% of euro area GDP) a year earlier. The rise resulted from an increase in the surplus for *services* (from €44.9 billion to €106.6 billion), which was partially offset by decreases in the surpluses for *primary income* (from €113.0 billion to €86.1 billion) and *goods* (from €358.7 billion to €354.3 billion), as well as an increase in the deficit for *secondary income* (from €135.3 billion to €144.0 billion).

International investment position

At the end of the first quarter of 2018 the international investment position of the euro area recorded net liabilities of €593 billion vis-à-vis the rest of the world (5% of euro area GDP; see Chart 1). This represented a deterioration of €351 billion compared with the fourth quarter of 2017 (see Table 2).

This change resulted primarily from lower net assets for *direct investment* (€1,872 billion, down from €2,033 billion), but also from larger net liabilities for *portfolio investment* (€2,169 billion, up from €2,095 billion), *other investment* (€883 billion, up from €798 billion) and *financial derivatives* (€86 billion, up from €52 billion). *Reserve assets* increased by €3 billion to €673 billion.

The decline in the euro area's net international investment position in the first quarter of 2018 was driven by other volume changes and net negative exchange rate and price changes that were only partially offset by net positive transactions (see Chart 2). In *direct investment*, the decline in net assets resulted mainly from a decrease on the asset side owing to negative exchange rate and price changes and large negative other volume changes owing to reclassifications and data enhancements in the first quarter of 2018. These changes were only partly compensated by net positive investments by euro area residents.

The decline observed in the net liability position for *portfolio investment* was due to larger liabilities combined with lower assets. While on the liability side negative price and exchange rate revaluations were more than compensated by net purchases of euro area securities by non-residents and other

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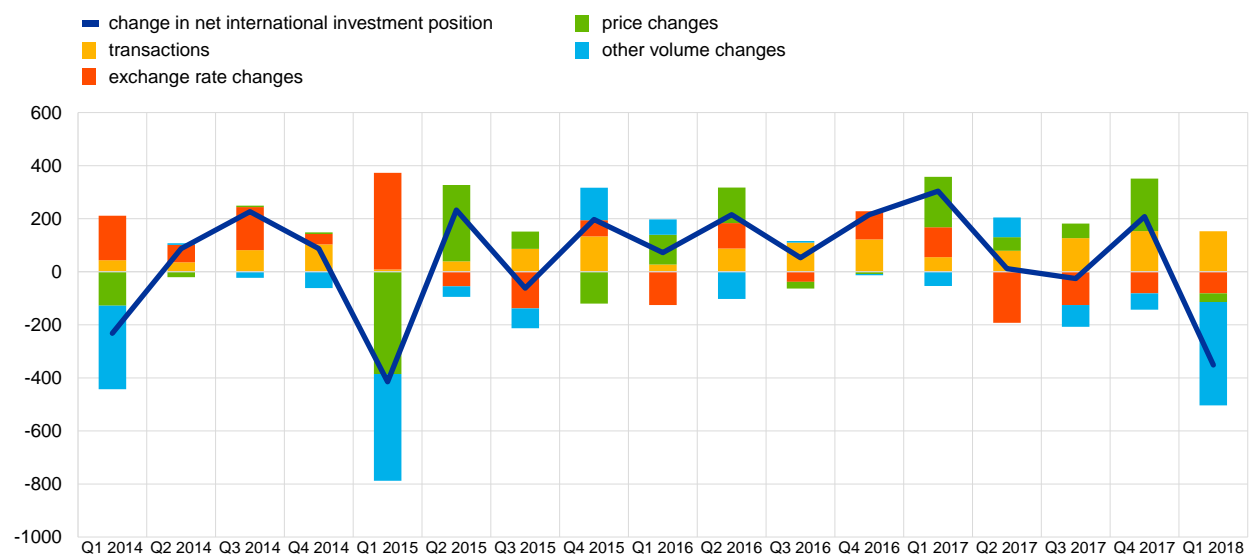
volume changes, on the asset side the net acquisition of foreign assets by euro area residents was more than offset by negative exchange rate and price revaluations.

At the end of the first quarter of 2018 the *gross external debt* of the euro area amounted to €13.8 trillion (123% of euro area GDP), which represents an increase of €244 billion compared with the fourth quarter of 2017, while *net external debt* increased by €91 billion over the same period.

Chart 2

Changes in the net international investment position of the euro area

(EUR billions; flows during the period)



Source: ECB.

Notes: Other volume changes may partly account for breaks in the series arising from the introduction of the new statistical standards (BPM6).

Data revisions

This press release incorporates revisions to the data for all the reference periods between the first quarter of 2017 and the fourth quarter of 2017. The revisions to direct, portfolio and other investment are particularly sizeable for some quarters and reflect revisions to the national contributions to the euro area aggregates.

Additional information

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

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- [Next press releases:](#)
 - o Monthly balance of payments: **20 July 2018** (reference data up to May 2018).
 - o Quarterly balance of payments and international investment position: **2 October 2018** (reference data up to the second quarter of 2018).

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 2017			Q1 2018		
	Q1 2017			Q1 2018			Net	Credit	Debit	Net	Credit	Debit
	Net	Credit	Debit	Net	Credit	Debit						
Current account	381.3	3,739.3	3,358.0	403.1	3,924.3	3,521.2	64.2	934.2	870.0	80.7	946.0	865.3
Percentage of GDP ¹	3.5	34.4	30.9	3.6	34.8	31.3	-	-	-	-	-	-
Goods	358.7	2,186.3	1,827.6	354.3	2,294.1	1,939.8	63.0	560.3	497.4	74.2	569.3	495.0
of which: General merchandise	329.9	2,115.6	1,785.7	339.7	2,236.0	1,896.2	58.9	545.0	486.1	68.2	553.2	485.0
Services	44.9	800.2	755.3	106.6	857.9	751.3	16.0	194.9	179.0	20.9	196.9	176.0
Transport	7.4	128.9	121.5	12.7	138.3	125.5	1.4	32.3	30.8	2.0	33.3	31.3
Travel	27.7	129.9	102.2	43.9	151.1	107.1	5.1	26.3	21.2	6.2	28.6	22.4
Insurance, pension and financial services	20.0	90.4	70.4	18.8	93.9	75.1	5.1	23.8	18.7	3.7	24.0	20.3
Telecommunication, computer and information services	67.0	117.5	50.5	75.9	129.7	53.8	17.0	29.3	12.3	19.2	32.2	13.0
Other business services	-45.4	208.8	254.3	-15.8	215.3	231.1	-5.1	50.9	56.0	-2.2	49.8	52.0
Other	-31.7	124.8	156.5	-29.0	129.7	158.6	-7.5	32.4	39.9	-8.0	29.1	37.0
Primary income	113.0	647.5	534.4	86.1	662.1	575.9	28.7	154.5	125.8	28.8	154.1	125.3
Compensation of employees	20.2	38.3	18.1	18.7	37.6	18.9	5.8	9.6	3.8	5.3	9.4	4.1
Investment income	79.3	570.8	491.5	57.1	589.5	532.5	21.6	139.0	117.4	21.5	138.2	116.8
Direct investment	148.4	343.6	195.2	118.6	347.6	229.0	28.9	82.2	53.3	25.3	80.0	54.6
of which: Reinvested earnings	-5.8	25.0	30.8	-31.0	58.3	89.3	-11.7	13.2	25.0	-0.8	23.3	24.1
Portfolio investment	-74.9	176.9	251.8	-67.5	187.3	254.8	-9.5	43.3	52.8	-5.9	44.4	50.2
Dividends	-8.4	58.1	66.5	-10.7	62.4	73.1	5.3	13.2	7.9	4.7	13.1	8.4
Income on investment fund shares	-73.2	5.0	78.2	-80.5	6.5	87.0	-16.9	1.1	17.9	-17.3	2.0	19.3
Interest	6.8	113.8	107.1	23.7	118.4	94.7	2.0	29.0	27.0	6.7	29.2	22.5
Other investment	2.4	46.8	44.4	2.0	50.7	48.7	1.3	12.5	11.3	1.0	12.8	11.9
of which: interest	3.1	42.4	39.3	2.5	45.9	43.4	1.4	11.3	10.0	1.1	11.8	10.6
Reserve assets		3.5			3.9			0.9			1.1	
Other primary income	13.5	38.4	24.9	10.3	34.9	24.6	1.3	6.0	4.7	2.0	6.4	4.4
Secondary income	-135.3	105.4	240.7	-144.0	110.2	254.2	-43.5	24.4	67.8	-43.2	25.8	69.0

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 2017	Q2 2017	Q3 2017	Q4 2017				Q1 2018						
				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	-436	-424	-450	153	-81	198	-62	-242	152	-82	-33	-389	-593	-5
of which: Direct investment	2,186	2,164	2,095	38	-44	8	-65	2,033	134	-54	-34	-206	1,872	17
of which: Portfolio investment	-2,558	-2,511	-2,396	68	-23	192	65	-2,095	52	-10	12	-128	-2,169	-19
of which: Other investment	-730	-713	-766	35	-10	0	-56	-798	-41	-13	-1	-31	-883	-8
Assets	25,274	24,750	24,512	85	-170	139	90	24,655	475	-254	-141	-134	24,601	218
Direct investment	11,198	10,944	10,603	36	-80	-13	-27	10,519	95	-110	-19	-93	10,392	92
Equity	8,069	7,914	7,645	50	-55	2	-15	7,626	81	-83	-14	-79	7,532	67
Debt instruments	3,129	3,030	2,959	-13	-25	-15	-12	2,893	14	-28	-5	-14	2,861	25
Portfolio investment	8,196	8,121	8,269	91	-56	154	59	8,517	194	-87	-114	-18	8,492	75
Equity	2,850	2,836	2,912	29	-21	139	19	3,078	40	-43	-74	-5	2,996	27
Investment fund shares	504	503	510	-2	-3	12	5	521	15	-5	2	-8	525	5
Debt securities	4,841	4,782	4,847	64	-32	3	36	4,917	139	-39	-42	-5	4,971	44
Short-term	682	644	647	10	-5	-2	9	659	28	-3	-2	9	691	6
Long-term	4,160	4,138	4,200	53	-27	5	26	4,258	111	-37	-39	-14	4,279	38
Financial derivatives (net assets)	-61	-46	-57	11	-	1	-6	-52	-4	-	-6	-24	-86	-1
Other investment	5,214	5,048	5,022	-55	-30	0	64	5,002	179	-52	0	1	5,129	46
of which: Currency and deposits	2,843	2,751	2,706	-21	-17	-	3	2,672	51	-30	-	-138	2,555	23
Reserve assets	727	683	675	2	-4	-3	0	670	12	-4	-3	-0	673	6
Liabilities	25,710	25,174	24,961	-68	-89	-59	152	24,897	322	-172	-109	255	25,194	224
Direct investment	9,012	8,780	8,508	-2	-37	-21	37	8,486	-39	-56	16	114	8,520	76
Equity	5,742	5,601	5,371	-12	-19	-15	20	5,345	-78	-27	20	121	5,381	48
Debt instruments	3,270	3,178	3,137	11	-17	-7	17	3,141	40	-29	-5	-7	3,139	28
Portfolio investment	10,753	10,632	10,665	23	-33	-38	-6	10,612	142	-77	-126	110	10,661	95
Equity	2,250	2,239	2,262	1	2	-33	10	2,242	18	-7	-65	63	2,252	20
Investment fund shares	3,493	3,486	3,582	133	-19	27	15	3,739	101	-41	-54	1	3,746	33
Debt securities	5,010	4,908	4,821	-111	-16	-32	-31	4,631	23	-29	-7	46	4,664	41
Short-term	486	476	473	-50	0	-1	-6	417	33	-1	-1	-7	441	4
Long-term	4,525	4,432	4,349	-62	-17	-31	-25	4,214	-10	-28	-6	53	4,223	37
Other investment	5,945	5,762	5,788	-89	-20	-0	120	5,800	219	-39	1	32	6,012	53
of which: Currency and deposits	3,614	3,495	3,515	-49	-16	-	-5	3,445	124	-20	-	2	3,551	32
Memo item: Gross external debt	14,221	13,844	13,742	-190	-53	-38	106	13,567	282	-98	-10	70	13,811	123
Memo item: Net external debt	791	756	695	-184	37	-26	18	540	-61	26	37	88	631	6

Source: ECB.