

## Press release

10 January 2020

# Euro area quarterly balance of payments and international investment position: third quarter of 2019

- The [current account](#) of the euro area showed a surplus of €338 billion (2.9% of euro area GDP) in the four quarters to the third quarter of 2019, down from €377 billion (3.3% of euro area GDP) a year earlier.
- As regards [geographic counterparts](#), the largest bilateral surpluses were recorded vis-à-vis the *United Kingdom* (€156 billion, which is the same as a year earlier) and the *United States* (€148 billion, up from €123 billion), and the largest deficit was recorded vis-à-vis *China* (€67 billion, marginally down from €68 billion).
- The [international investment position](#) of the euro area showed net liabilities of €126 billion (around 1% of euro area GDP) at the end of the third quarter of 2019, compared with net liabilities of €280 billion at the end of the previous quarter.

## Current account

The *current account* of the euro area showed a surplus of €338 billion (2.9% of euro area GDP) in the four quarters to the third quarter of 2019, compared with a surplus of €377 billion (3.3% of euro area GDP) a year earlier (see Table 1). The decrease in the *current account* surplus reflected a lower surplus for *services* (down from €120 billion to €89 billion) and a higher deficit for *secondary income* (up from €137 billion to €162 billion). These developments were partly offset by increases in the surpluses for *goods* (from €313 billion to €322 billion) and *primary income* (from €81 billion to €90 billion).

The lower surplus in *services* resulted mainly from an increase in the deficit for *other business services* (from €3 billion to €51 billion), triggered by higher imports. This was partially compensated by an

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increase in the surplus for *telecommunication, computer and information services* (from €75 billion to €92 billion), which was driven by higher exports.

The increase in the *primary income* surplus was driven by developments in the *investment income* balance (up from €52 billion to €65 billion), which mainly reflected an increase in the *direct investment income* surplus (from €116 billion to €128 billion). On the other hand, a larger surplus for *portfolio debt income* (up from €23 billion to €35 billion) was offset by a larger deficit for *portfolio equity income* (from €101 billion to €113 billion).

**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							
	2018 Q3			2019 Q3			2018 Q3	2019 Q3
	Balance	Credit	Debit	Balance	Credit	Debit	Balance	Balance
<b>Current account</b>	377	4,099	3,722	338	4,269	3,931	90	117
<i>Percentage of GDP</i>	3.3%	35.7%	32.4%	2.9%	36.1%	33.3%		
<b>Goods</b>	313	2,316	2,003	322	2,408	2,087	65	88
<b>Services</b>	120	913	793	89	963	874	37	43
Transport	13	152	139	15	159	144	5	6
Travel	43	158	114	39	163	124	17	16
Insurance, pension and financial	16	95	79	14	94	80	4	5
Telecommunication, computer and information	75	138	63	92	159	68	19	22
Other business	-3	232	235	-51	241	292	-1	-4
Other	-25	137	162	-20	146	166	-7	-3
<b>Primary income</b>	81	756	675	90	785	695	23	24
Compensation of employees	15	39	24	15	40	25	3	3
Investment income	52	681	629	65	709	644	21	23
Direct investment	116	420	304	128	421	293	26	30
Portfolio equity	-101	74	175	-113	84	197	-15	-22
Portfolio debt	23	122	99	35	129	94	7	11
Other investment	10	60	50	9	69	60	1	3
Reserve assets	5	5		5	5		1	1
Other primary income	14	37	23	10	37	26	-1	-2
<b>Secondary income</b>	-137	114	251	-162	112	274	-35	-38

Source: ECB

Note: "Equity" comprises equity and investment fund shares. Discrepancies between totals and their components may arise from rounding.

Data for the current account of the euro area

Data on the geographic counterparts of the euro area current account (see Chart 1) show that in the four quarters to the third quarter of 2019 the euro area recorded the largest surpluses vis-à-vis the *United*

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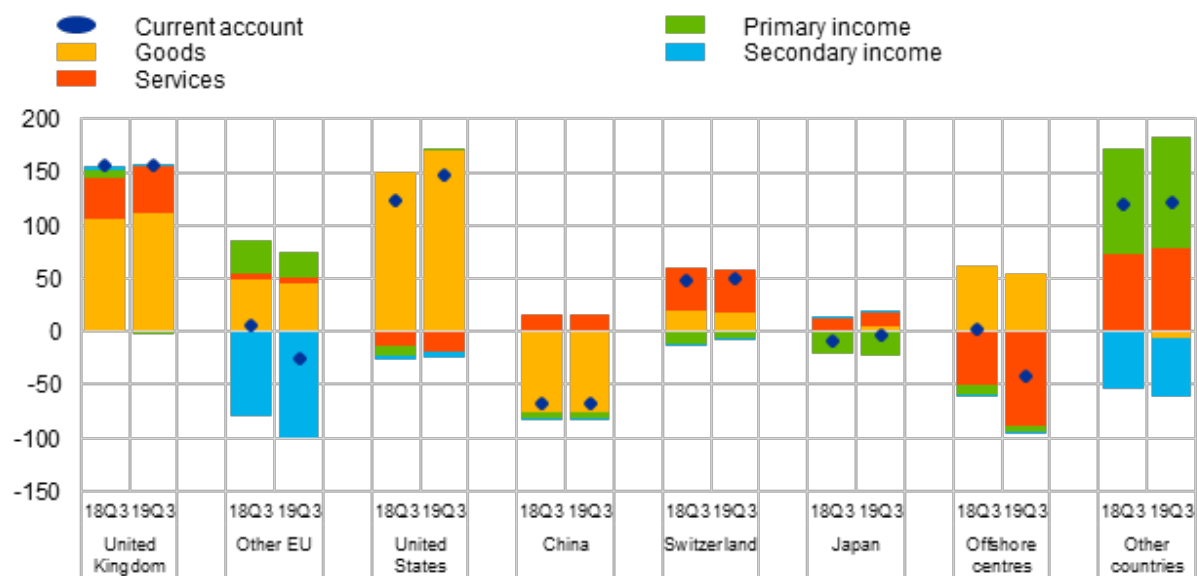
Kingdom (€156 billion, which is the same as a year earlier), the *United States* (€148 billion, up from €123 billion), a residual group of *other countries* (€122 billion, up from €119 billion) and *Switzerland* (€50 billion, up from €48 billion). The largest bilateral deficits in the euro area current account were recorded vis-à-vis *China* (€67 billion, marginally down from €68 billion) and *offshore centres* (in this case the balance moved from a surplus of €1 billion to a deficit of €42 billion in the period under review).

The most significant geographic change in the *goods* balance in the four quarters to the third quarter of 2019 compared with the previous year was the increase in the *goods* surplus vis-à-vis the *United States* (from €151 billion to €171 billion). In *services*, the deficit vis-à-vis *offshore centres* increased from €50 billion to €88 billion. Moreover, the *primary income* balance vis-à-vis the *United States* moved from a deficit of €9 billion to a surplus of €2 billion, while in *secondary income* the increase in the deficit was mostly explained by transactions vis-à-vis *Other EU* countries (up from €79 billion to €100 billion).

## Chart 1

### Geographical breakdown of the euro area current account balance

(Four-quarter moving sums in EUR billions; non-seasonally adjusted)



Source: ECB.

Note: "Other EU" comprises EU Member States and EU institutions outside the euro area excluding the United Kingdom.

### [Data for the geographical breakdown of the euro area current account](#)

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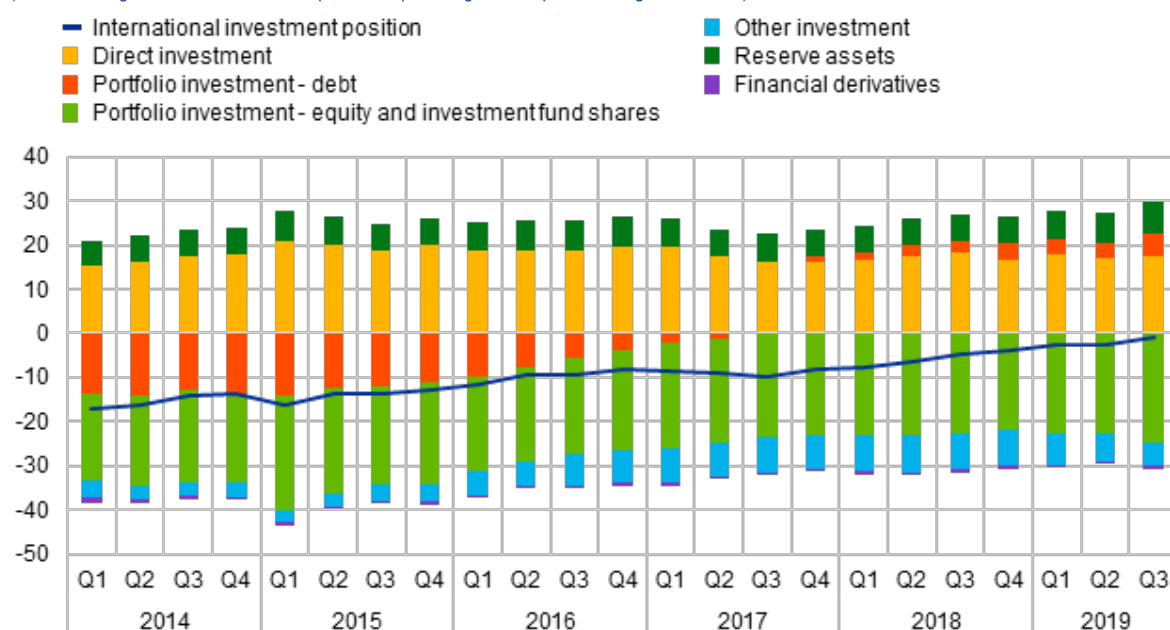
## International investment position

At the end of the third quarter of 2019 the international investment position of the euro area recorded net liabilities of €126 billion vis-à-vis the rest of the world (around 1% of euro area GDP), compared with net liabilities of €280 billion in the previous quarter (see Chart 2 and Table 2).

### Chart 2

#### Net international investment position of the euro area

(Net outstanding amounts at the end of the period as a percentage of four-quarter moving sums of GDP)



Source: ECB.

#### [Data for the net international investment position of the euro area](#)

This improvement of €154 billion mainly reflected higher net assets for *direct investment* (€2,061 billion, up from €1,983 billion), *portfolio debt* (€621 billion, up from €431 billion) and *reserve assets* (€827 billion, up from €771 billion), as well as lower net liabilities for *other investment* (€632 billion, down from €724 billion). These developments were only partially offset by higher net liabilities for *portfolio equity* (€2,914 billion, up from €2,666 billion).

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**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)

	2019 Q2	2019 Q3					Amounts outstanding	%GDP
	Amounts outstanding	Transactions	Exchange rate changes	Price changes	Other volume changes			
<b>Net</b>	<b>-280</b>	<b>105</b>	<b>108</b>	<b>18</b>	<b>-77</b>	<b>-126</b>	<b>-1</b>	
of which: Direct investment	1,983	12	45	-3	24	2,061	17	
of which: Portfolio equity	-2,666	-152	14	-97	-12	-2,914	-25	
of which: Portfolio debt	431	146	38	94	-88	621	5	
of which: Other investment	-724	94	0	0	-3	-632	-5	
<b>Assets</b>	<b>26,805</b>	<b>442</b>	<b>440</b>	<b>172</b>	<b>-25</b>	<b>27,834</b>	<b>236</b>	
Direct investment	11,037	162	159	21	26	11,406	97	
Portfolio equity	3,880	-25	97	32	-4	3,980	34	
Portfolio debt	5,347	172	93	95	-74	5,633	48	
Financial derivatives	-75	3	-	-18	1	-89	-1	
Other investment	5,846	128	79	0	25	6,078	51	
Reserve assets	771	2	12	42	0	827	7	
<b>Liabilities</b>	<b>27,085</b>	<b>337</b>	<b>332</b>	<b>154</b>	<b>52</b>	<b>27,961</b>	<b>237</b>	
Direct investment	9,054	151	114	23	2	9,345	79	
Portfolio equity	6,547	127	84	129	8	6,895	58	
Portfolio debt	4,915	26	55	1	14	5,011	42	
Other investment	6,569	34	79	0	28	6,710	57	
<b>Gross External Debt</b>	<b>14,771</b>	<b>66</b>	<b>191</b>	<b>32</b>	<b>29</b>	<b>15,089</b>	<b>128</b>	

Source: ECB.

Notes: "Equity" comprises equity and investment fund shares. Net financial derivatives are reported under assets. Discrepancies between totals and their components may arise from rounding.

[Data for the international investment position of the euro area](#)

The improvement in the euro area's net international investment position in the third quarter of 2019 was driven by transactions and positive net exchange rate revaluations and, to a lesser extent, by positive net price changes, which were partly offset by negative net other volume changes (see Chart 3).

Net assets for *direct investment* increased primarily due to positive net exchange rate revaluations, other volume changes and net transactions (see Table 2). Larger net assets for *portfolio debt* resulted mainly from net transactions and positive net revaluations due to both exchange rates and (other) price changes, which were partly offset by negative net other volume changes, arising particularly on the asset side. Net liabilities for *other investment* declined mainly due to positive net transactions, while the increase in *reserve assets* resulted largely from positive net price changes.

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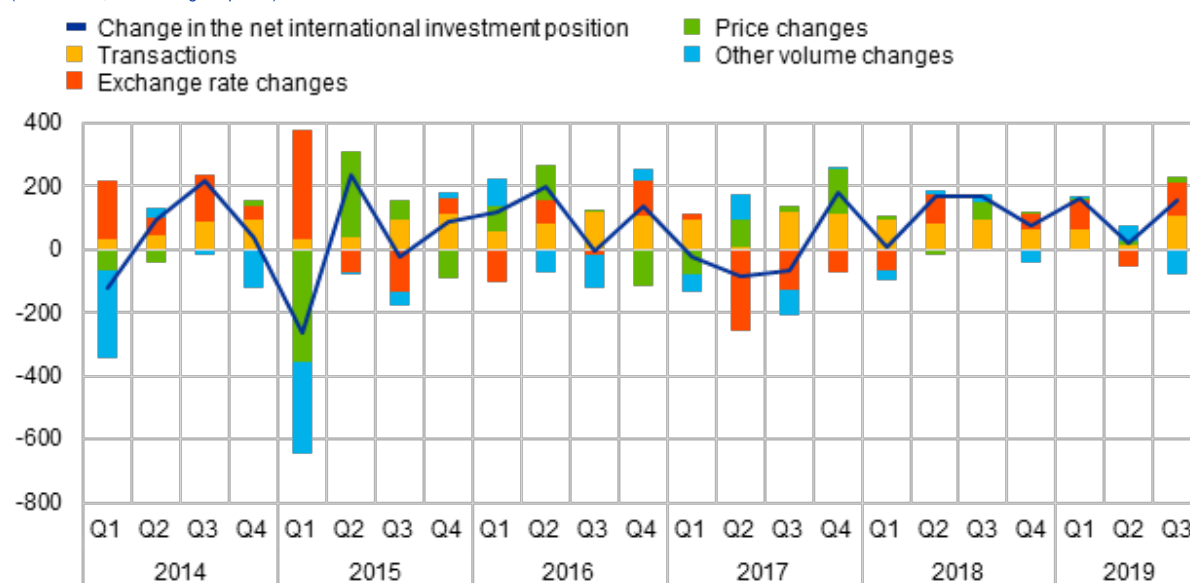
The increase in net liabilities for *portfolio equity* was driven by negative net transactions and price changes.

At the end of the third quarter of 2019 the *gross external debt* of the euro area amounted to €15.1 trillion (around 128% of euro area GDP), which represents an increase of €318 billion compared with the previous quarter.

### Chart 3

#### Changes in the net international investment position of the euro area

(EUR billions; flows during the period)



Source: ECB.

Note: "Other volume changes" mainly reflects reclassifications and data enhancements.

#### [Data for the changes in the net international investment position of the euro area](#)

#### Data revisions

This press release incorporates revisions to the data for all the reference periods between the first quarter of 2018 and the second quarter of 2019. The revisions to *direct investment* and *portfolio investment* were particularly sizeable and reflect revised national contributions to the euro area aggregates, in particular as a result of incorporating newly available information.

#### Next press releases

- Monthly balance of payments: 17 January 2020 (reference data up to November 2019)

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Press release / 10 January 2020

Euro area quarterly balance of payments and international investment position:  
third quarter of 2019

- Quarterly balance of payments and international investment position: 7 April 2020 (reference data up to the fourth quarter of 2019)

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## Notes

- 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.
- Hyperlinks in the press release refer to data that may change with subsequent releases as a result of revisions.

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