

## Press release

3 July 2019

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

- The [current account](#) of the euro area recorded a surplus of €327 billion (2.8% of euro area GDP) in the four quarters to the first quarter of 2019, compared with a surplus of €371 billion (3.3% of euro area GDP) a year earlier.
- As regards [geographic counterparts](#), in the four quarters to the first quarter of 2019 the euro area current account recorded its largest bilateral surpluses vis-à-vis the *United Kingdom* (€154 billion, down from €163 billion a year earlier) and the *United States* (€122 billion, up from €102 billion), while the largest bilateral deficit in the euro area current account was recorded vis-à-vis *China* (€67 billion, down from €75 billion).
- At the end of the first quarter of 2019 the international investment position of the euro area recorded net liabilities of €157 billion vis-à-vis the rest of the world (around 1% of euro area GDP), compared with net liabilities of €332 billion in the previous quarter.

## Current account

The *current account* of the euro area recorded a surplus of €327 billion (2.8% of euro area GDP) in the four quarters to the first quarter of 2019, compared with a surplus of €371 billion (3.3% of euro area GDP) a year earlier (see Table 1). The decline in the *current account* surplus reflected a lower surplus for *goods* (declining from €322 billion to €281 billion) and a higher deficit for *secondary income* (increasing from €142 billion to €159 billion). These developments were partly offset by an increase in the surplus for *primary income* (from €83 billion to €96 billion), while the surplus for *services* remained at €109 billion.

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The surplus for *services* remained stable owing to countervailing developments in its components. The surplus for *telecommunication, computer and information services* increased from €72 billion to €83 billion. This was offset by an increase in the deficit for *other business services* (from €10 billion to €15 billion) and declines in the surpluses for *travel* (from €42 billion to €39 billion) and *insurance, pension and financial services* (from €17 billion to €14 billion).

The increase in the *primary income* surplus was mainly due to increases in the surpluses for *other primary income* (from €11 billion to €20 billion) and *investment income* (from €56 billion to €62 billion). The developments in *investment income* mainly reflected larger surpluses for *portfolio debt income* (from €21 billion to €30 billion) and *direct investment income* (from €116 billion to €120 billion), which were partly offset by a larger deficit for *portfolio equity income* (from €93 billion to €99 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 Q1			2019 Q1			2018 Q1	2019 Q1
	Balance	Credit	Debit	Balance	Credit	Debit	Balance	Balance
<b>Current account</b>	371	3,966	3,594	327	4,185	3,857	72	64
<i>Percentage of GDP</i>	3.3%	35.1%	31.8%	2.8%	35.9%	33.1%		
<b>Goods</b>	322	2,266	1,944	281	2,370	2,089	67	68
<b>Services</b>	109	883	774	109	923	814	22	21
Transport	17	148	131	17	158	141	3	3
Travel	42	151	109	39	155	116	6	5
Insurance, pension and financial	17	96	78	14	94	80	4	3
Telecommunication, computer and information	72	132	60	83	147	65	18	21
Other business	-10	228	238	-15	232	247	-1	-2
Other	-29	128	157	-28	137	165	-8	-9
<b>Primary income</b>	83	705	623	96	776	680	28	27
Compensation of employees	16	38	22	14	38	24	4	5
Investment income	56	632	576	62	694	632	22	15
Direct investment	116	386	270	120	422	302	24	17
Portfolio equity	-93	70	163	-99	78	177	-12	-14
Portfolio debt	21	118	97	30	124	94	6	10
Other investment	7	54	46	6	65	59	3	0
Reserve assets	4	4		5	5		1	1
Other primary income	11	36	25	20	43	23	2	7
<b>Secondary income</b>	-142	111	253	-159	116	275	-45	-52

Source: ECB.

Notes: "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

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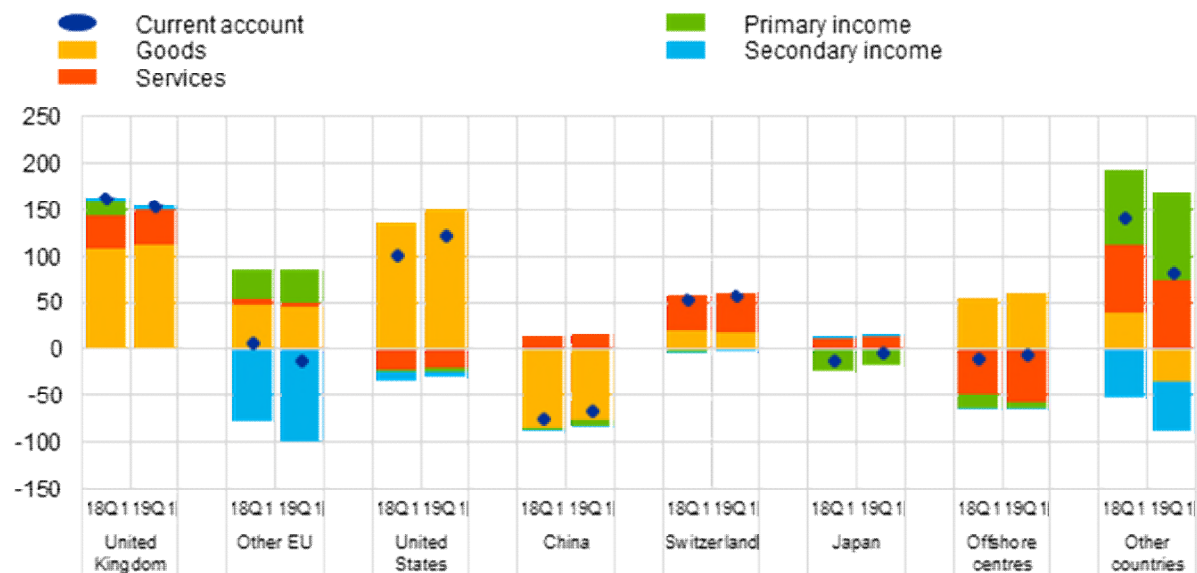
Data on the geographic counterparts of the euro area current account (see Chart 1) show that in the four quarters to the first quarter of 2019 the euro area recorded its largest bilateral surpluses vis-à-vis the *United Kingdom* (€154 billion, down from €163 billion a year earlier), the *United States* (€122 billion, up from €102 billion), a residual group of *other countries* (€82 billion, down from €141 billion) and *Switzerland* (€58 billion, up from €54 billion). The largest bilateral deficit in the euro area current account was recorded vis-à-vis *China* (€67 billion, down from €75 billion).

The most significant geographic changes in the *goods* balance in the four quarters to the first quarter of 2019 relative to the previous year were a shift from a surplus to a deficit vis-à-vis a residual group of *other countries* (from a surplus of €39 billion to a deficit of €35 billion), and an increase in the surplus vis-à-vis the *United States* (from €135 billion to €151 billion). In *services*, the deficit vis-à-vis *offshore centres* increased from €49 billion to €57 billion, while the surplus vis-à-vis *Switzerland* increased from €38 billion to €42 billion. Moreover, the *primary income* surplus vis-à-vis the *United Kingdom* declined from €16 billion to €1 billion, while the surplus vis-à-vis a residual group of *other countries* increased from €82 billion to €95 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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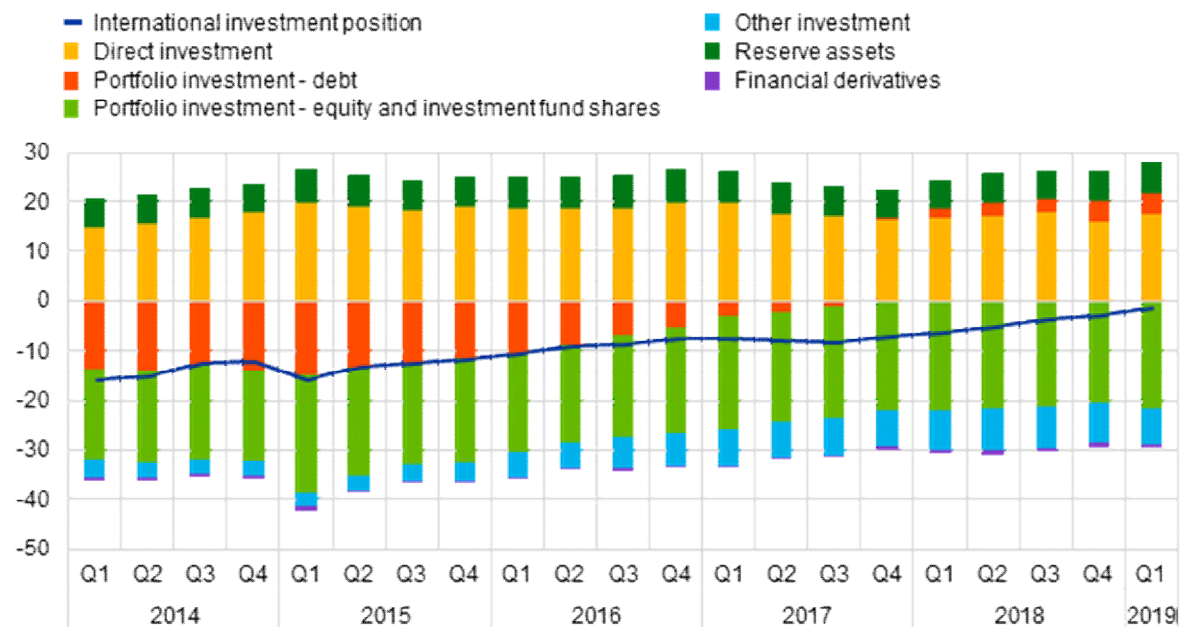
## International investment position

At the end of the first quarter of 2019 the international investment position of the euro area recorded net liabilities of €157 billion vis-à-vis the rest of the world (around 1% of euro area GDP), compared with net liabilities of €332 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 end of 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 €175 billion reflected higher net assets for *direct investment* (€2,050 billion, up from €1,866 billion) and *portfolio debt* (€482 billion, up from €474 billion), as well as lower net liabilities for *other investment* (€812 billion, down from €936 billion). These developments were partially offset by higher net liabilities for *portfolio equity* (€2,518 billion, up from €2,362 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)

	2018 Q4	2019 Q1					Amounts outstanding %GDP
	Amounts outstanding	Transactions	Exchange rate changes	Price changes	Other volume changes	Amounts outstanding	
<b>Net</b>	-332	58	108	10	-1	-157	-1
of which: Direct investment	1,866	52	56	31	44	2,050	18
of which: Portfolio equity	-2,362	5	-6	-119	-37	-2,518	-22
of which: Portfolio debt	474	-95	33	100	-30	482	4
of which: Other investment	-936	86	20	0	18	-812	-7
<b>Assets</b>	<b>25,146</b>	<b>337</b>	<b>282</b>	<b>551</b>	<b>-24</b>	<b>26,293</b>	<b>226</b>
Direct investment	10,680	80	96	74	-29	10,901	94
Portfolio equity	3,445	-6	68	334	-22	3,819	33
Portfolio debt	5,037	59	61	145	-29	5,273	45
Financial derivatives	-95	7	-	-16	3	-100	-1
Other investment	5,359	195	52	0	53	5,659	49
Reserve assets	719	3	6	13	0	741	6
<b>Liabilities</b>	<b>25,478</b>	<b>280</b>	<b>174</b>	<b>541</b>	<b>-23</b>	<b>26,450</b>	<b>227</b>
Direct investment	8,814	28	40	43	-73	8,851	76
Portfolio equity	5,806	-11	74	453	15	6,337	54
Portfolio debt	4,563	154	28	45	1	4,791	41
Other investment	6,295	110	32	0	35	6,472	56
Gross External Debt	14,054	231	67	46	34	14,432	124

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 first quarter of 2019 was driven mostly by net positive exchange rate changes and transactions (see Chart 3).

Net assets for *direct investment* increased on account of all components, namely positive transactions, net exchange rate and price revaluations and other volume changes (see Table 2), while the lower net liabilities for *other investment* resulted mainly from transactions. Net assets for *portfolio debt* increased on account of positive net exchange rate and price revaluations. The increase in net liabilities for *portfolio equity* stemmed mainly from negative net price revaluations.

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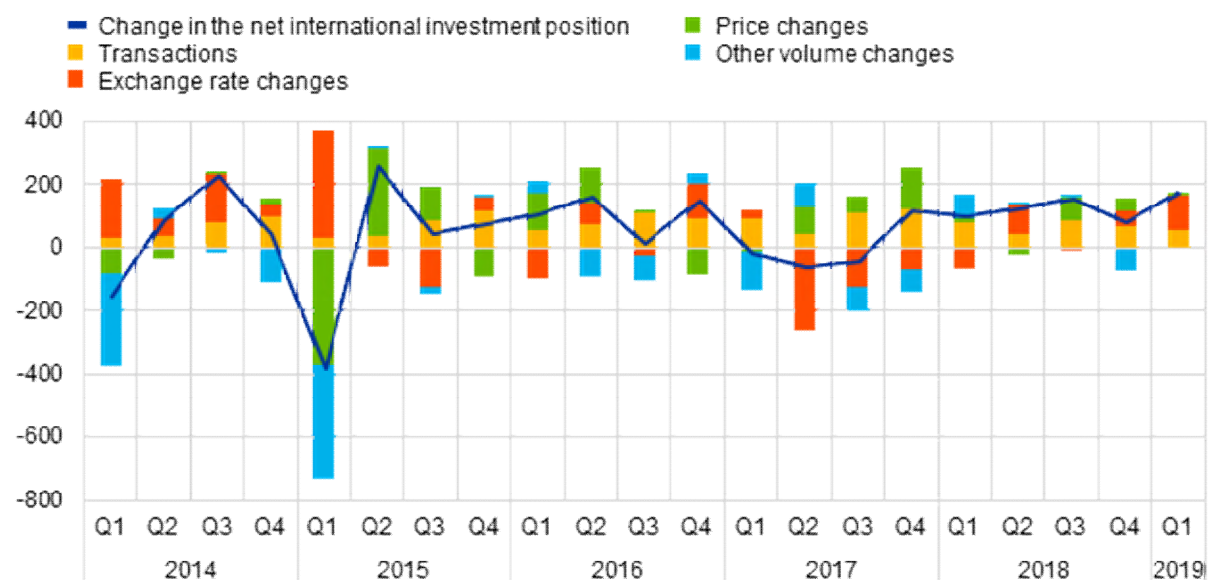
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At the end of the first quarter of 2019 the *gross external debt* of the euro area totalled €14.4 trillion (around 124% of euro area GDP), which represents an increase of €378 billion compared with the previous quarter.

### 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 reflect reclassifications and data enhancements.

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

#### Data revisions

This press release incorporates revisions to data for all four quarters of 2018. The revisions for *direct investment* and *portfolio investment* were particularly sizeable and reflect revised national contributions to euro area aggregates as a result of the incorporation of newly available information.

#### Next press releases

- Monthly balance of payments: 19 July 2019 (reference data up to May 2019)
- Quarterly balance of payments and international investment position: 2 October 2019 (reference data up to the second 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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