Press release

20 September 2022

Euro area monthly balance of payments: July 2022

- Current account recorded €20 billion deficit in July 2022, down from €4 billion surplus in previous month
- Current account surplus amounted to €63 billion (0.5% of euro area GDP) in 12 months to July 2022, down from €370 billion (3.1%) one year earlier
- In financial account, euro area residents' net acquisitions of non-euro area portfolio investment securities totalled €74 billion and non-residents' net sales of euro area portfolio investment securities totalled €138 billion in 12 months to July 2022

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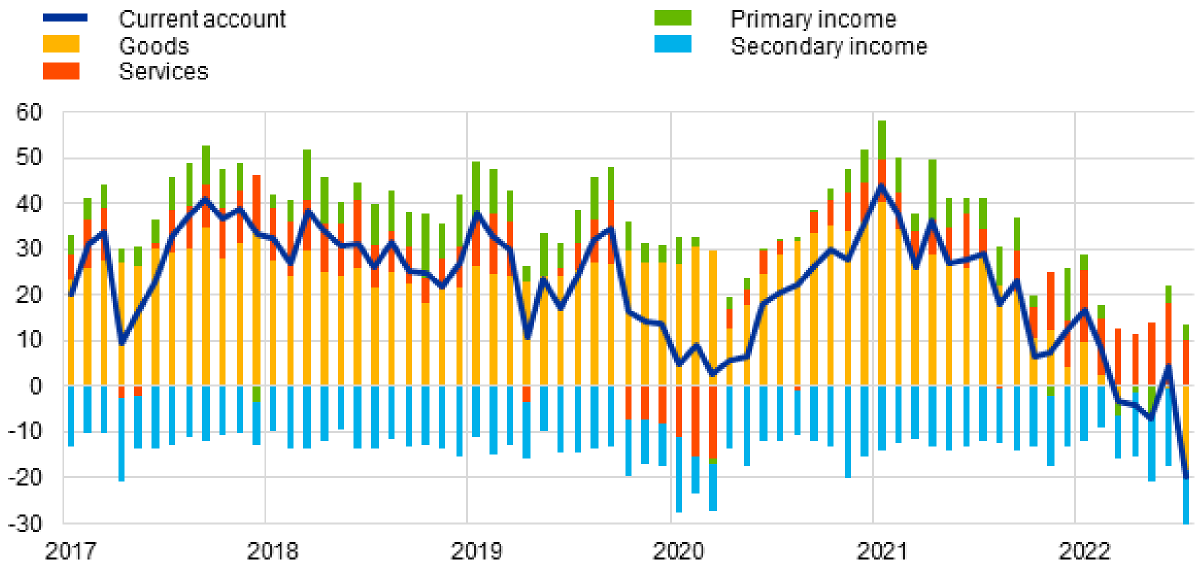
Chart 1

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 deficit of €20 billion in July 2022, a decrease of €24 billion from the previous month (Chart 1 and Table 1). Deficits were recorded for *goods* (€18 billion) and *secondary income* (€15 billion). These were partly offset by surpluses for *services* (€10 billion) and *primary income* (€3 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 2021		July 2022				
			% of GDP		% of GDP	Jul 2021	Jun 2022	Jul 2022
Current account	Balance	370	3.1%	63	0.5%	29	4	-20
	Credit	4,190	35.1%	4,855	37.9%	369	430	428
	Debit	3,821	32.0%	4,792	37.4%	340	426	448
Goods	Balance	383	3.2%	60	0.5%	28	0	-18
	Credit (exports)	2,378	19.9%	2,736	21.3%	209	253	243
	Debit (imports)	1,996	16.7%	2,675	20.9%	181	253	261
Services	Balance	83	0.7%	132	1.0%	6	18	10
	Credit (exports)	907	7.6%	1,143	8.9%	82	99	102
	Debit (imports)	824	6.9%	1,011	7.9%	76	81	92
Primary income	Balance	65	0.5%	31	0.2%	7	4	3
	Credit	764	6.4%	823	6.4%	65	67	71
	Debit	699	5.9%	792	6.2%	58	64	68
Secondary income	Balance	-161	-1.3%	-160	-1.2%	-12	-17	-15
	Credit	141	1.2%	154	1.2%	13	11	12
	Debit	301	2.5%	314	2.5%	25	28	27

Source: ECB.
Note: Discrepancies between totals and their components may be due to rounding.

Data for the current account of the euro area

In the 12 months to July 2022, the *current account* recorded a surplus of €63 billion (0.5% of euro area GDP), compared with a surplus of €370 billion (3.1% of euro area GDP) in the 12 months to July 2021. This decline was predominantly driven by a reduction in the surplus for *goods* (down from €383 billion to €60 billion) and, to a lesser extent, by a smaller surplus for *primary income* (down from €65 billion to €31 billion). This development was partly offset by a larger surplus for *services* (up from €83 billion to €132 billion) and a smaller deficit for *secondary income* (down from €161 billion to €160 billion).

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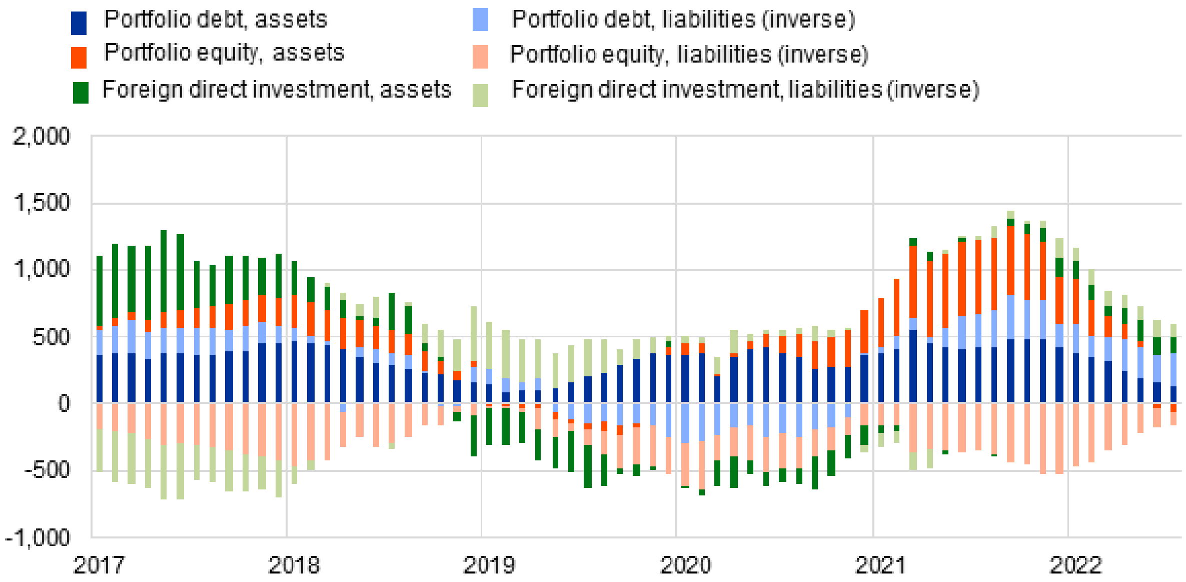
Chart 2

Selected items of the euro area financial account

(EUR billions; 12-month cumulated data)



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 area instruments by non-euro area investors.

In *direct investment*, euro area residents made net investments of €114 billion in non-euro area assets in the 12-month period to July 2022, following net investments of €7 billion in the 12 months to July 2021 (Chart 2 and Table 2). Non-residents disinvested €100 billion in net terms from euro area assets in the 12-month period to July 2022, following net disinvestments of €26 billion in the 12 months to July 2021.

In *portfolio investment*, euro area residents switched from net purchases of non-euro area *equity* of €554 billion in the 12 months to July 2021 to net sales of €55 billion in the 12 months to July 2022. Over the same period, euro area residents' net purchases of non-euro area *debt securities* decreased to €129 billion, down from €428 billion in the 12 months to July 2021. Non-residents' net purchases of euro area *equity* decreased to €112 billion in the 12-month period to July 2022, down from €344 billion in the 12 months to July 2021. Over the same period, non-residents made net sales of euro area *debt securities* amounting to €249 billion, following net sales of €241 billion in the 12 months to July 2021.

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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 2021			July 2022		
	Net	Assets	Liabilities	Net	Assets	Liabilities
Financial account	498	1,027	529	121	740	620
Direct investment	33	7	-26	214	114	-100
Portfolio investment	879	982	102	212	74	-138
Equity	210	554	344	-167	-55	112
Debt securities	669	428	-241	378	129	-249
Financial derivatives (net)	-17	-17		45	45	
Other investment	-408	45	453	-481	377	858
Eurosystem	-168	22	190	-290	-14	277
Other MFIs	-178	44	221	-193	173	367
General government	-47	-3	44	-88	4	92
Other sectors	-14	-17	-2	91	214	123
Reserve assets	10	10		130	130	

Source: ECB.
Notes: Decreases in assets and liabilities are shown with a minus sign. Net financial derivatives are reported under assets. “MFIs” stands for monetary financial institutions. Discrepancies between totals and their components may be due to rounding.

[Data for the financial account of the euro area]

In *other investment*, euro area residents recorded net acquisitions of non-euro area assets amounting to €377 billion in the 12 months to July 2022 (following net acquisitions of €45 billion in the 12 months to July 2021), while their net incurrence of liabilities increased to €858 billion (up from €453 billion in the 12 months to July 2021).

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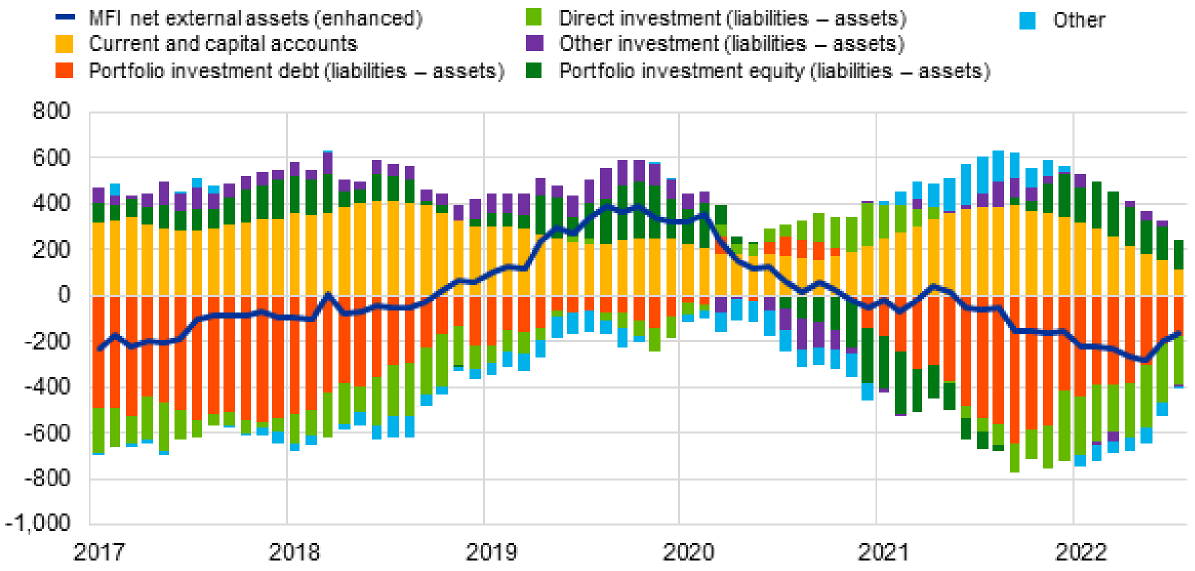
Chart 3

Monetary presentation of the balance of payments

(EUR billions; 12-month cumulated data)



Source: ECB.
Notes: “MFI net external assets (enhanced)” incorporates an adjustment to the MFI net external assets (as reported in the consolidated MFI balance sheet items statistics) based on information on MFI long-term liabilities held by non-residents, available in b.o.p. statistics. 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* and statistical discrepancies.

The monetary presentation of the balance of payments (Chart 3) shows that the *net external assets (enhanced)* of euro area MFIs decreased by €168 billion in the 12-month period to July 2022. This decrease was mainly driven by euro area non-MFIs’ net outflows in *direct investment*, *portfolio investment debt* and, to a lesser extent, *other investment*. These developments were partly offset by the *current and capital accounts* surplus and by euro area non-MFIs’ net inflows in *portfolio investment equity*.

In July 2022 the Eurosystem’s stock of *reserve assets* increased to €1,129.1 billion, up from €1,122.1 billion in the previous month (Table 3). This increase was driven mostly by positive exchange rate changes (€9.4 billion) and, to a lesser extent, by net acquisitions of assets (€1.6 billion) that were partially offset by negative price changes (€3.9 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 2022	July 2022			
	Amounts outstanding	Transactions	Exchange rate changes	Price changes	Amounts outstanding
Reserve assets	**1,122.1**	**1.6**	**9.4**	**-3.9**	**1,129.1**
Monetary gold	602.2	0.0	-	-5.2	597.0
Special drawing rights	186.3	0.6	2.7	-	189.6
Reserve position in the IMF	34.9	0.0	0.5	-	35.4
Other reserve assets	298.7	1.0	6.1	1.3	307.2

Source: ECB.
Notes: "Other *reserve assets*" comprises currency and deposits, securities, financial derivatives (net) and *other* claims. Discrepancies between totals and their components may be due to rounding.

[Data for the reserve assets of the euro area]

Data revisions

This press release does not incorporate revisions to the data for previous periods.

Next releases:

- Quarterly balance of payments and international investment position: 5 October 2022 (reference data up to the second quarter of 2022)
- Monthly balance of payments: 20 October 2022 (reference data up to August 2022)

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Notes

- Current account data are always seasonally and working day-adjusted, unless otherwise indicated, whereas capital and financial account data are neither seasonally nor working day-adjusted.
- Hyperlinks in this press release lead to data that may change with subsequent releases as a result of revisions.

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