



EUROPEAN CENTRAL BANK

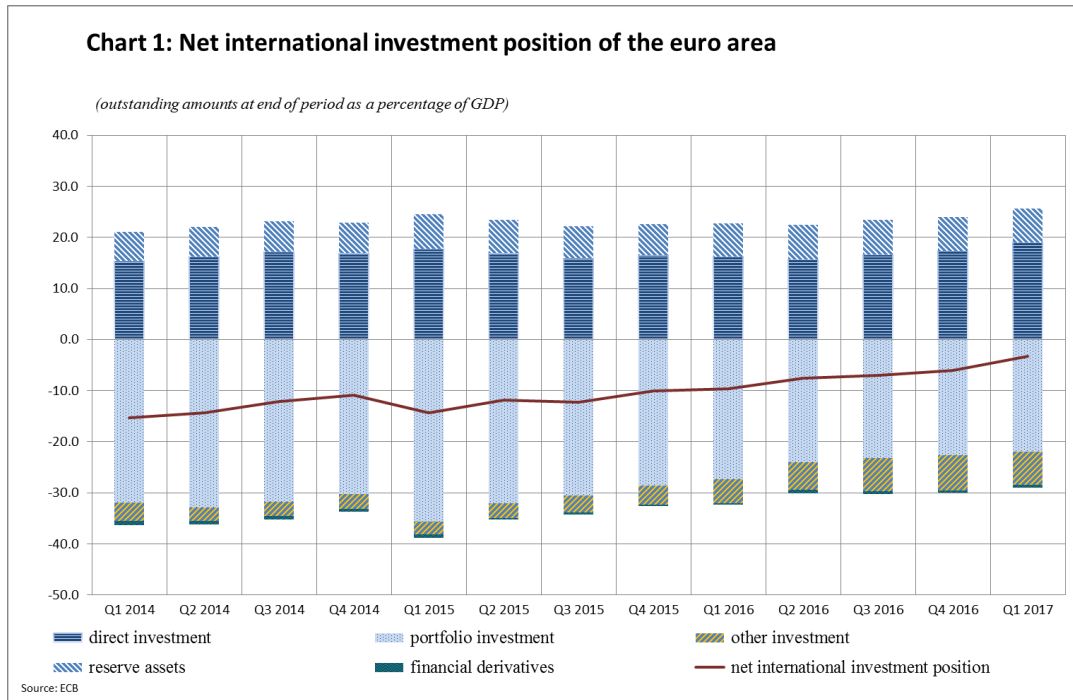
EUROSYSTEM

PRESS RELEASE

5 July 2017

Euro area quarterly balance of payments and international investment position (first quarter of 2017)

- The current account of the euro area showed a surplus of €374.1 billion (3.5% of euro area GDP) in the four quarters to the first quarter of 2017.¹
- At the end of the first quarter of 2017 the international investment position of the euro area recorded net liabilities of €0.4 trillion (approximately 3% of euro area GDP).



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 €69.8 billion in the first quarter of 2017, compared with €68.6 billion in the same quarter of 2016 (see Table 1). The modest increase in the *current account* surplus was due to increases in the surpluses for *services* (from €9.6 billion to €11.6 billion) and *primary income* (from €24.3 billion to €24.6 billion) and a decrease in the deficit for *secondary income* (from €46.6 billion to €38.2 billion), which were partly offset by a decrease in the surplus for *goods* (from €81.4 billion to €71.8 billion).

The increase in the surplus for *services* resulted primarily from an improvement in the balances for the *transport* (an increase in the surplus from €0.6 billion to €1.5 billion), *travel* (an increase in the surplus from €2.1 billion to €2.8 billion) and *telecommunication, computer and information services* (an increase in the surplus from €14.6 billion to €17.0 billion) components. This was partly offset by a deterioration in the balance for the *other business services* component (an increase in the deficit from €2.2 billion to €6.1 billion).

In the four quarters to the first quarter of 2017 the current account of the euro area showed a surplus of €374.1 billion (3.5% of euro area GDP), compared with one of €348.2 billion (3.3% of euro area GDP) a year earlier. The rise resulted from increases in the surpluses for *goods* (from €357.7 billion to €366.4 billion) and *primary income* (from €50.1 billion to €90.5 billion). These developments were partly offset by a decrease in the surplus for *services* (from €69.8 billion to €46.7 billion). The deficit for *secondary income* remained broadly unchanged at €129.5 billion.

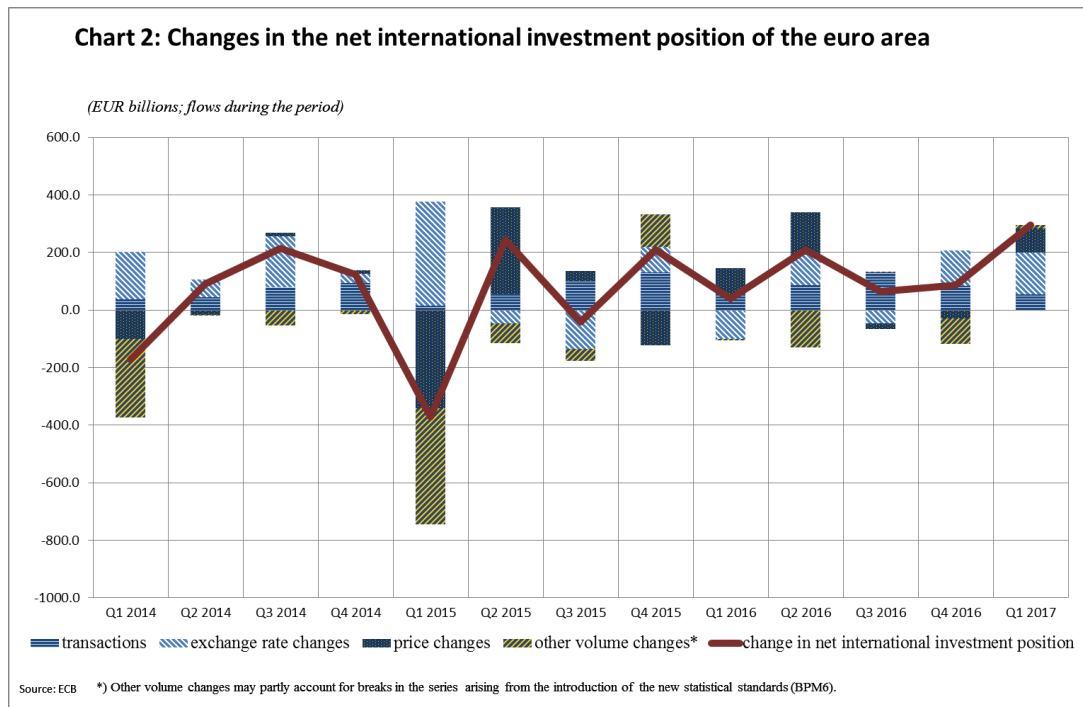
International investment position

At the end of the first quarter of 2017 the international investment position of the euro area recorded net liabilities of €0.4 trillion vis-à-vis the rest of the world (approximately 3% of euro area GDP; see Chart 1). This represented an improvement of around €295 billion compared with the net position at the end of 2016 (see Table 2).

This change resulted from improvements in all international investment position components. Higher net asset positions were recorded for *direct investment* (€2,054 billion, up from €1,864 billion) and *reserve assets* (€727 billion, up from €708 billion), while lower net liability positions were recorded for *portfolio investment* (€2,378 billion, down from €2,440 billion), *other investment* (€712 billion, down from €733 billion) and *financial derivatives* (€51 billion, down from €54 billion).

The improvement in the net international investment position of the euro area in the first quarter of 2017 can be primarily explained by net positive revaluations due to exchange rate and asset price changes. However, transactions and other volume changes, mainly related to reclassifications and changes in data coverage, have also contributed positively to this development (see Chart 2). In *direct* and *portfolio investments*, changes in assets and liabilities were mainly driven by net investments and

positive revaluations due to price changes. In *other investment*, net investments and positive revaluations due to exchange rate changes explained the increases in assets and liabilities.



At the end of the first quarter of 2017 the *gross external debt* of the euro area amounted to €14.0 trillion (approximately 129% of euro area GDP), which represents an increase of around €344 billion compared with the previous quarter. On the contrary, *net external debt* decreased (by approximately €316 billion) owing to an even larger increase in external assets in debt instruments.

Data revisions

This press release incorporates revisions to the data for the reference periods from the first quarter of 2016 to the last quarter of 2016. They had an impact throughout the accounts, particularly visible in foreign direct investment including the respective income component.

Additional information

- Time series data: [ECB's Statistical Data Warehouse \(SDW\)](#).
- [Methodological information](#)
- [Next press releases:](#)
 - o Monthly balance of payments: **20 July 2017** (reference data up to May 2017).

- Quarterly balance of payments and international investment position: **4 October 2017** (reference data up to the second quarter of 2017).

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 2016			Q1 2017		
	Q1 2016			Q1 2017			Net	Credit	Debit	Net	Credit	Debit
	Net	Credit	Debit	Net	Credit	Debit						
Current account	348.2	3,618.3	3,270.0	374.1	3,728.0	3,354.0	68.6	853.9	785.3	69.8	933.6	863.8
Percentage of GDP ¹	3.3	34.3	31.0	3.5	34.4	31.0	-	-	-	-	-	-
Goods	357.7	2,105.1	1,747.4	366.4	2,171.8	1,805.4	81.4	503.5	422.2	71.8	557.5	485.7
of which: General merchandise	330.4	2,038.5	1,708.1	340.2	2,103.1	1,762.9	76.4	489.4	413.0	66.4	540.4	474.0
Services	69.8	780.9	711.1	46.7	799.2	752.5	9.6	178.8	169.3	11.6	192.2	180.7
Transport	9.4	132.0	122.6	7.5	130.1	122.5	0.6	29.7	29.1	1.5	32.3	30.9
Travel	24.8	123.7	98.9	24.7	127.9	103.2	2.1	22.7	20.6	2.8	24.2	21.5
Insurance, pension and financial services	21.0	89.9	69.0	19.0	90.5	71.5	3.9	21.4	17.5	4.0	23.7	19.7
Telecommunication, computer and information services	60.8	107.0	46.2	66.8	116.3	49.5	14.6	26.3	11.7	17.0	28.9	11.9
Other business services	-14.3	205.9	220.2	-41.9	210.1	252.0	-2.2	49.0	51.2	-6.1	51.0	57.1
Other	-32.0	122.3	154.2	-29.5	124.3	153.8	-9.4	29.8	39.2	-7.6	32.0	39.6
Primary income	50.1	625.8	575.7	90.5	646.4	555.8	24.3	145.4	121.1	24.6	158.0	133.4
Compensation of employees	20.9	37.3	16.5	21.5	38.5	17.0	5.9	9.3	3.3	6.1	9.6	3.5
Investment income	18.3	558.6	540.3	55.8	569.1	513.3	16.5	129.9	113.4	16.8	141.7	124.8
Direct investment	101.3	332.7	231.3	125.9	344.6	218.7	28.8	77.3	48.5	23.4	84.2	60.9
of which: Reinvested earnings	-12.9	36.4	49.3	4.9	30.4	25.5	8.2	19.0	10.8	3.4	26.3	22.9
Portfolio investment	-83.8	183.7	267.6	-73.9	178.8	252.7	-12.3	42.5	54.8	-8.8	43.9	52.7
Dividends	-0.7	65.4	66.1	-3.1	61.2	64.4	5.4	14.2	8.7	4.9	13.9	9.0
Income on investment fund shares	-82.1	4.8	87.0	-74.3	5.1	79.5	-16.8	1.1	17.9	-16.8	1.2	18.0
Interest	-1.0	113.5	114.5	3.5	112.4	108.8	-0.9	27.2	28.1	3.1	28.8	25.6
Other investment	-2.0	39.4	41.4	0.8	42.7	41.9	-0.8	9.4	10.1	1.4	12.7	11.3
of which: interest	-0.6	35.3	35.8	2.3	38.7	36.4	-0.2	8.5	8.7	1.7	11.6	9.9
Reserve assets		2.8			3.1			0.7			0.9	
Other primary income	10.9	29.8	18.9	13.3	38.8	25.5	1.9	6.3	4.3	1.7	6.8	5.1
Secondary income	-129.4	106.5	235.9	-129.5	110.7	240.2	-46.6	26.2	72.8	-38.2	25.8	64.0

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 2016	Q2 2016	Q3 2016	Q4 2016					Q1 2017					Percentage of GDP
				Transactions	Exchange rate changes	Price changes	Other volume changes	Amounts outstanding	Transactions	Exchange rate changes	Price changes	Other volume changes	Amounts outstanding	
Net/Balance	-1,019	-808	-743	84	123	-31	-89	-656	53	145	85	12	-361	-3
of which: Direct investment	1,714	1,665	1,769	17	75	21	-18	1,864	37	10	-5	149	2,054	19
of which: Portfolio investment	-2,883	-2,559	-2,476	93	31	-15	-73	-2,440	77	29	83	-127	-2,378	-22
of which: Other investment	-495	-571	-700	-46	8	0	5	-733	-73	107	-0	-13	-712	-7
Assets	22,268	22,883	23,116	95	486	3	-103	23,598	567	182	325	62	24,734	228
Direct investment	9,768	9,941	9,912	120	223	31	-38	10,246	147	-21	106	136	10,614	98
Equity	6,830	6,962	6,961	119	145	23	16	7,265	94	-11	106	128	7,581	70
Debt instruments	2,938	2,979	2,950	2	77	7	-55	2,982	53	-10	-0	8	3,032	28
Portfolio investment	7,105	7,430	7,690	15	146	10	23	7,884	168	15	213	-57	8,223	76
Equity	2,437	2,530	2,647	21	63	56	11	2,797	18	14	120	-39	2,910	27
Investment fund shares	440	449	454	4	12	7	4	481	12	-2	13	1	505	5
Debt securities	4,228	4,451	4,589	-10	72	-53	8	4,606	138	3	80	-19	4,809	44
Short-term	632	645	652	-26	6	7	4	644	47	-1	-1	-4	684	6
Long-term	3,596	3,806	3,936	16	66	-60	4	3,962	92	4	81	-15	4,125	38
Financial derivatives (net assets)	-31	-65	-62	15	-	-4	-3	-54	15	-	-15	2	-51	-0
Other investment	4,751	4,855	4,850	-59	108	0	-85	4,814	239	188	-0	-19	5,222	48
of which: Currency and deposits	2,543	2,715	2,655	-45	60	-	10	2,681	173	52	-	-56	2,850	26
Reserve assets	675	722	727	5	9	-33	0	708	-3	-1	22	0	727	7
Liabilities	23,287	23,691	23,859	12	364	34	-15	24,254	514	36	241	51	25,095	232
Direct investment	8,053	8,276	8,143	103	148	9	-20	8,383	110	-31	111	-13	8,560	79
Equity	5,062	5,192	5,139	54	67	3	23	5,286	44	-13	107	27	5,451	50
Debt instruments	2,991	3,084	3,004	48	81	6	-43	3,096	67	-18	4	-41	3,109	29
Portfolio investment	9,988	9,989	10,166	-78	115	24	96	10,324	91	-13	130	70	10,601	98
Equity	1,725	1,713	1,807	-7	1	134	12	1,947	-9	6	105	58	2,107	19
Investment fund shares	3,046	3,163	3,292	32	47	20	9	3,401	91	5	67	10	3,573	33
Debt securities	5,217	5,113	5,067	-104	67	-130	75	4,976	9	-24	-42	2	4,921	45
Short-term	404	456	449	-20	5	-3	-10	422	47	-1	0	-14	454	4
Long-term	4,812	4,657	4,618	-83	62	-127	85	4,555	-38	-23	-42	15	4,467	41
Other investment	5,246	5,426	5,550	-13	100	0	-91	5,547	312	81	-0	-6	5,934	55
of which: Currency and deposits	3,150	3,344	3,476	-31	58	-	-89	3,414	222	11	-	-41	3,606	33
Memo item: Gross external debt	13,450	13,619	13,617	-68	249	-124	-59	13,616	388	39	-39	-45	13,960	129
Memo item: Net external debt	1,306	1,095	985	-4	-17	-74	73	963	-39	-141	-119	-17	647	6

Source: ECB.