

Balance of payments – France • March and first quarter of 2018

The current account deficit widened in the first quarter

In the first quarter of 2018, the current account balance deteriorated (-3.6 billion euros, after -0.3 billion in the fourth quarter of 2017, seasonally and working-day adjusted data).

Exports of goods decreased (-3.2% quarter on quarter) slightly more than imports (-0.7%). Thus, the goods deficit reaches -12.9 billion after -9.8 in the previous quarter. Balance of goods excluding energy deteriorated: -2.9 billion in Q1 2018, after -0.3 billion in Q4 2017.

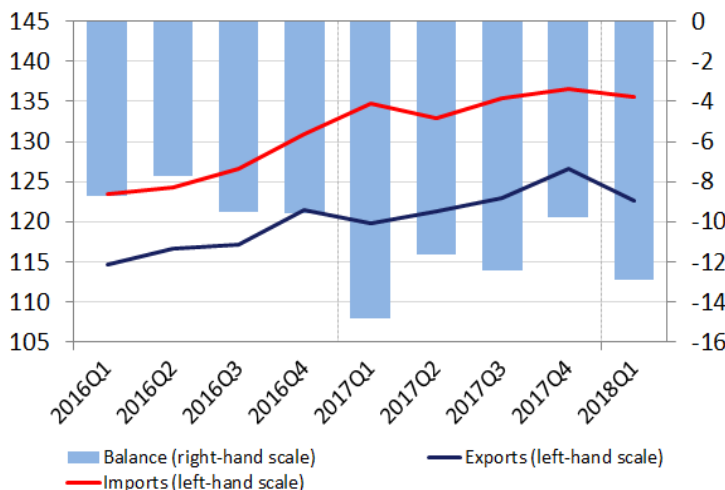
The surplus of services increased (8.2 billion, after 7.6 billion in the previous quarter). This is mainly due to lower imports (-2.8% at quarterly pace). Imports of consulting services, R&D or trade related services declined strongly (-6.7%).

The financial account (non-adjusted data) exhibited net direct investment abroad of 5.4 billion, after 3.9 billion in the fourth quarter of 2017.

In March, the current account showed a deficit of -1.3 billion, after -0.9 billion in February and -1.4 in January (seasonally and working day adjusted data). Services contributed the most to this monthly deterioration, with a surplus of 2.5 billion in March, after 3.2 billion in February and 2.5 billion in January.

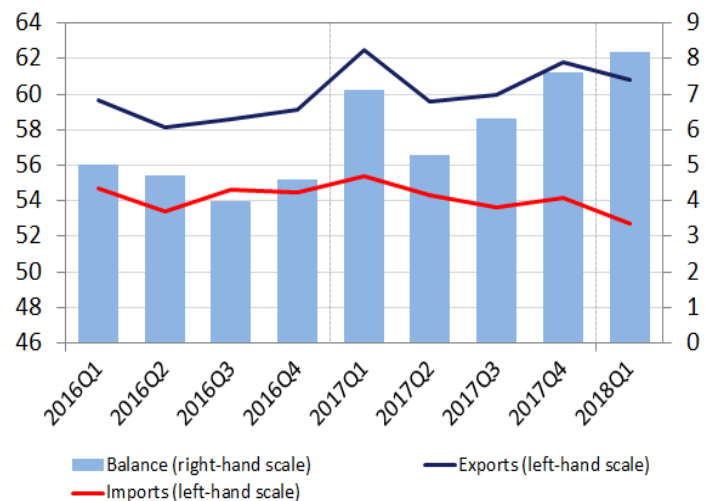
Goods

(seasonally and working-day adjusted, EUR billions)



Services

(seasonally and working-day adjusted, EUR billions)



Current account

(EUR billions)	Mar-18 (a)	2017-Q4 (b)	2018-Q1 (a)	Cum. Fig. 4 quarter period (a)	2017 (b)	Cum. Fig. 4 quarter period / 2017
Current account (seasonally and working-day adjusted)	-1.3	-0.3	-3.6	-11.8	-13.1	↑
Goods (1)	-4.1	-9.8	-12.9	-46.7	-48.2	↑
Energy	-3.3	-9.5	-10.0	-36.8	-37.2	→
Goods excl. Energy	-0.8	-0.3	-2.9	-9.9	-11.0	↑
Services	2.5	7.6	8.2	27.4	26.4	↑
Travel	1.6	5.0	5.1	17.9	17.0	↑
Transport services	-0.4	-0.7	-1.2	-2.7	-2.0	↓
Professional and management consulting services, Research and development and Technical services, trade- related and other business services	0.4	0.6	1.4	3.7	3.4	→
Other services (2)	0.9	2.7	2.9	8.5	8.0	↑
Primary and secondary income (3)	0.3	1.9	1.1	7.5	8.7	↓

(a) Provisional data (b) Yearly 2017 data

(1) to (3) See methodological notes on page 2.

Source and production : BANQUE DE FRANCE – DIRECTORATE GENERAL STATISTICS

Capital account and financial account

(EUR billions)	Mar-18 (a)	2017-Q4 (b)	2018-Q1 (a)	Cum. Fig. 4 quarter period (a)	2017 (b)
Capital Account (brut)	0.8	0.7	0.9	1.7	1.1
Financial account (not adjusted)	10.2	-9.8	-20.1	-23.6	-31.9
Direct investment	10.8	3.9	5.4	27.9	7.4
- Abroad	13.1	17.3	17.0	64.3	49.8
- In France	2.3	13.4	11.6	36.4	42.4
Portfolio investment	-2.6	-41.4	28.6	32.7	19.9
- Assets	-0.6	-49.4	52.7	44.5	47.9
- Liabilities	2.0	-8.0	24.1	11.8	28.0
Financial derivatives	-4.7	4.3	-11.8	-8.1	-1.2
Loans and deposits (4)	1.0	26.3	-45.8	-78.9	-54.9
Reserve assets	5.7	-2.9	3.5	2.8	-3.1

(a) Provisional data (b) Annual report 2017 data

(4) See methodological notes.

Methodological notes relating to page 1 and page 2 tables

(1) Data on trade in goods are FOB-FOB values, which means without cost, insurance and freight. The latter expenditure is recorded in the services item. Exchanges of goods include general merchandise as published by the Directorate General of Customs and Excise (DGDDI) on one side, merchanting and methodological adjustments calculated by the Banque de France, on the other side. It ensures the comparability of French balance of payments with those of other countries and its conformity with the international standards set by International Monetary Fund. The key underlying concept in balance of payments is the economic ownership (as for the national accounts).

(2) Services other than travel (tourism and professional travels), transport services, professional and management consulting services, R&D and development and technical services, trade-related and other business services include manufacturing, maintenance and repair, construction, insurance and pension services, financial services, charges for the use of intellectual property, telecommunication, computer and information services, personal, cultural and recreational services and government goods and services.

(3) Income includes primary and secondary incomes. Primary income refers to the flows received by economic agents for their participation in the production process ("compensation of employees") or for the provision of financial assets ("investment income") or for the rental of natural resources ("rent"). Taxes and subsidies on products and production are also included in primary income. Secondary income records current transfers between residents and non-residents. A transfer is a transaction that involves the provision of a good, service, financial asset or another non-produced asset without receiving something of economic value in exchange.

(4) The "other investment" (loans and deposits) component of the financial account includes all transactions in financial assets and liabilities with non-residents that do not concern direct investment, portfolio investment, financial derivatives or reserve assets. In practice, this mainly concerns bank deposits and interbank lending, as well as loans and deposits made by insurance companies and all kinds of investment companies and funds.

On the Banque de France website a detailed [methodological note on balance of payments and international investment position](#) can be found. Highlights on specific topics are also available:

- [foreign direct investments \(English and French\)](#),
- [remittances \(French\)](#),
- [international tourism in France \(French\)](#),
- [international banking activity \(English and French\)](#),
- [banks foreign establishment \(French\)](#),
- [net foreign assets \(English and French\)](#).