

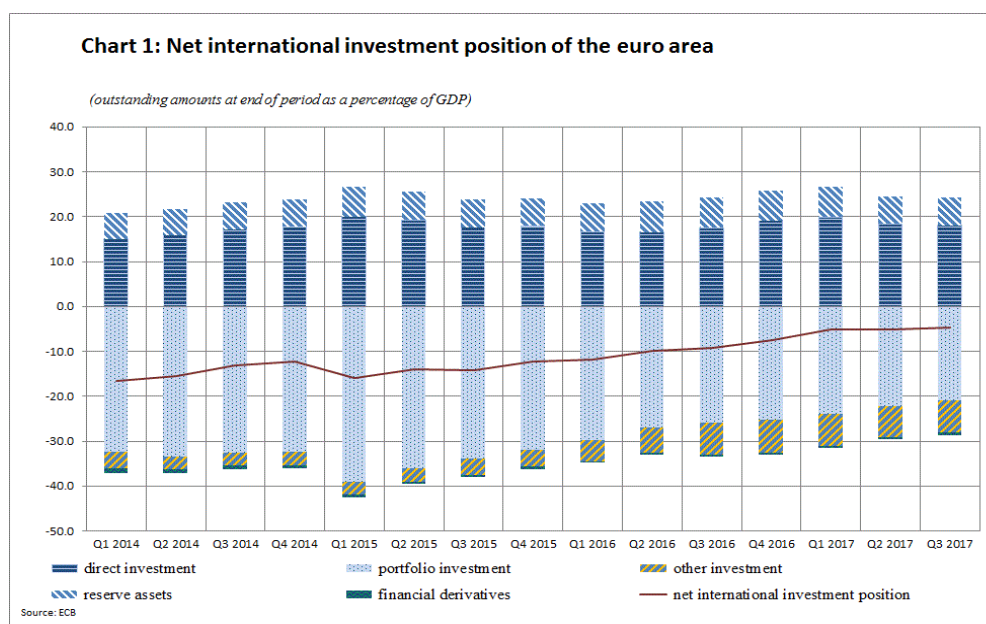


# PRESS RELEASE

11 January 2018

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

- The current account of the euro area showed a surplus of €386.9 billion (3.5% of euro area GDP) in the four quarters to the third quarter of 2017.<sup>1</sup>
- At the end of the third quarter of 2017 the international investment position of the euro area recorded net liabilities of €0.5 trillion (approximately 5% of euro area GDP).



<sup>1</sup> 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.

## **Current account**

The *current account* of the euro area showed a surplus of €129.0 billion in the third quarter of 2017, compared with €94.7 billion in the same quarter of 2016 (see Table 1). The increase in the *current account* surplus was due to improvements in all components, namely increases in the surpluses for *services* (from €14.3 billion to €31.6 billion), *primary income* (from €22.3 billion to €35.4 billion) and *goods* (from €92.7 billion to €95.3 billion), as well as a decrease in the deficit for *secondary income* (from €34.6 billion to €33.3 billion).

The increase in the surplus for *services* resulted from improvements in all the categories shown in Table 1, in particular a decrease in the deficit for *other business services* (from €11.5 billion to €3.4 billion) and an increase in the surplus for *travel* (from €10.8 billion to €14.9 billion).

The increase in the *primary income* surplus resulted primarily from an increase in the *investment income* surplus (from €17.9 billion to €27.7 billion), which is explained by a decrease in the deficit for *portfolio investment income* (from €11.7 billion to €6.2 billion) and an increase in the surplus for *direct investment* (from €29.7 billion to €33.6 billion).

In the four quarters to the third quarter of 2017 the current account of the euro area showed a surplus of €386.9 billion (3.5% of euro area GDP), compared with one of €371.1 billion (also 3.5% of euro area GDP) a year earlier. This rise in the surplus resulted from increases in the surpluses for *primary income* (from €78.5 billion to €114.0 billion) and *services* (from €48.6 billion to €66.7 billion). These developments were partly offset by a decrease in the surplus for *goods* (from €380.1 billion to €350.9 billion) and an increase in the deficit for *secondary income* (from €136.1 billion to €144.7 billion).

## **International investment position**

At the end of the third quarter of 2017 the international investment position of the euro area recorded net liabilities of €0.5 trillion vis-à-vis the rest of the world (approximately 5% of euro area GDP; see Chart 1). This represented an improvement of €54 billion compared with the second quarter of 2017 (see Table 2).

This change resulted mainly from lower net liabilities for *portfolio investment* (€2,311 billion, down from €2,439 billion). This movement was partly offset by higher net liabilities for *other investment* (€802 billion, up from €763 billion) and *financial derivatives* (€59 billion, up from €47 billion), as well as lower net assets for *direct investment* (€1,990 billion, down from €2,004 billion) and *reserve assets* (€675 billion, down from €683 billion).

The improvement in the net international investment position of the euro area in the third quarter of 2017 is explained mainly by net transactions and net positive price changes that were partially offset by net negative exchange rate changes (see Chart 2). For *direct investment* assets and liabilities, amounts outstanding declined mainly as a result of net disinvestments and negative exchange rate changes. In *portfolio investment*, assets and liabilities increased owing to net investments and positive price changes, as well as positive other volume changes in liabilities that were only partially offset by negative exchange rate changes.

At the end of the third quarter of 2017 the *gross external debt* of the euro area amounted to €13.7 trillion (approximately 124% of euro area GDP), which represents a decrease of €125 billion compared with the

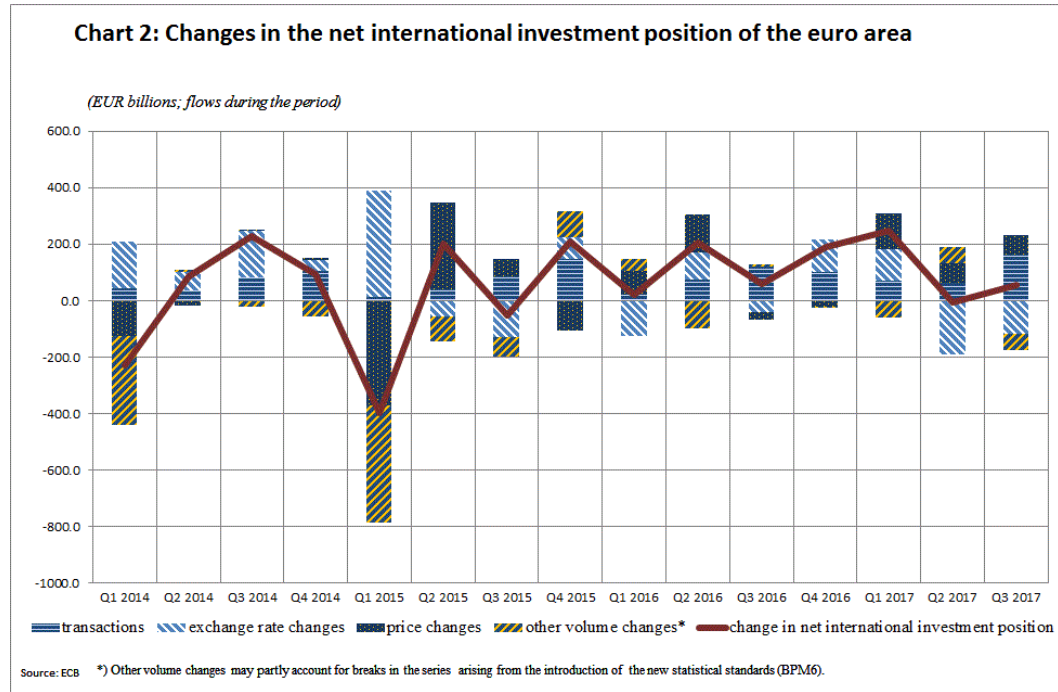
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previous quarter. The *net external debt* also decreased (by approximately €112 billion); this lower decrease was due to a slight decline in external debt assets.



## **Data revisions**

This press release incorporates revisions to the data for all the reference periods between the first quarter of 2016 and the second quarter of 2017. These revisions were particularly sizeable in the case of direct and portfolio investment in the second quarter of 2017. They primarily reflect improvements in the national contributions to the euro area aggregates.

## **Additional information**

- Time series data: [ECB's Statistical Data Warehouse \(SDW\)](#).
- [Methodological information](#)
- [Next press releases:](#)
  - o Monthly balance of payments: **19 January 2018** (reference data up to November 2017).
  - o Quarterly balance of payments and international investment position: **6 April 2018** (reference data up to the fourth 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						Q3 2016			Q3 2017		
	Q3 2016			Q3 2017			Net	Credit	Debit	Net	Credit	Debit
	Net	Credit	Debit	Net	Credit	Debit						
Current account	371.1	3,671.9	3,300.8	386.9	3,862.3	3,475.4	94.7	914.4	819.7	129.0	974.6	845.5
Percentage of GDP <sup>1</sup>	3.5	34.2	30.8	3.5	34.9	31.4	-	-	-	-	-	-
Goods	380.1	2,122.5	1,742.4	350.9	2,243.2	1,892.3	92.7	526.8	434.2	95.3	563.0	467.7
of which: General merchandise	349.2	2,052.4	1,703.2	328.5	2,176.5	1,847.9	83.5	508.1	424.6	91.3	547.5	456.2
Services	48.6	783.0	734.4	66.7	823.2	756.6	14.3	206.9	192.7	31.6	220.2	188.7
Transport	7.1	126.2	119.2	9.8	134.8	125.0	3.0	33.0	29.9	4.0	35.9	31.8
Travel	22.8	124.9	102.1	31.9	136.2	104.3	10.8	44.2	33.4	14.9	49.3	34.4
Insurance, pension and financial services	20.2	89.9	69.7	21.0	94.4	73.4	4.9	22.1	17.3	5.1	23.0	17.9
Telecommunication, computer and information services	62.7	111.9	49.2	71.1	121.8	50.7	15.6	27.6	12.0	17.3	29.9	12.6
Other business services	-31.1	206.5	237.6	-37.4	209.4	246.9	-11.5	50.1	61.6	-3.4	50.0	53.5
Other	-33.0	123.6	156.6	-29.6	126.6	156.3	-8.5	30.0	38.5	-6.3	32.2	38.4
Primary income	78.5	657.4	578.9	114.0	687.4	573.4	22.3	154.7	132.4	35.4	166.2	130.7
Compensation of employees	20.6	37.5	17.0	20.6	38.2	17.6	4.6	9.3	4.8	4.3	9.2	4.9
Investment income	51.4	588.4	537.0	77.5	607.4	529.9	17.9	141.1	123.1	27.7	148.3	120.6
Direct investment	132.1	365.4	233.3	147.3	372.6	225.3	29.7	85.0	55.3	33.6	87.4	53.8
of which: Reinvested earnings	3.6	34.1	30.5	16.3	65.2	48.9	4.9	10.4	5.5	9.2	26.5	17.2
Portfolio investment	-80.1	179.4	259.5	-72.2	187.4	259.6	-11.7	45.2	56.9	-6.2	48.8	55.0
Dividends	-4.0	62.0	66.1	-6.3	65.7	71.9	5.5	15.7	10.3	7.1	17.9	10.8
Income on investment fund shares	-76.3	5.1	81.3	-78.8	5.2	84.0	-17.7	1.2	18.9	-18.8	1.5	20.4
Interest	0.2	112.3	112.1	13.0	116.6	103.6	0.5	28.2	27.7	5.6	29.4	23.8
Other investment	-3.5	40.7	44.2	-1.2	43.8	45.0	-0.8	10.2	11.0	-0.6	11.2	11.8
of which: interest	-1.7	36.7	38.5	-0.3	39.4	39.7	-0.4	9.3	9.6	-0.5	10.1	10.6
Reserve assets		2.8			3.5			0.7			0.9	
Other primary income	6.4	31.4	25.0	15.9	41.8	25.9	-0.2	4.4	4.5	3.5	8.7	5.2
Secondary income	-136.1	109.0	245.1	-144.7	108.5	253.2	-34.6	26.0	60.5	-33.3	25.1	58.4

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)

	Q3 2016	Q4 2016	Q1 2017	Q2 2017					Q3 2017					
				Transactions	Exchange rate changes	Price changes	Other volume changes	Amounts outstanding	Transactions	Exchange rate changes	Price changes	Other volume changes	Amounts outstanding	Percentage of GDP
<b>Net/Balance</b>	-994	-803	-556	62	-193	68	57	-561	162	-119	68	-57	-507	-5
of which: Direct investment	1,879	2,057	2,157	9	-73	-19	-69	2,004	16	-41	10	0	1,990	18
of which: Portfolio investment	-2,786	-2,720	-2,612	26	-82	102	128	-2,439	148	-27	64	-58	-2,311	-21
of which: Other investment	-752	-792	-766	32	-20	0	-9	-763	8	-43	0	-4	-802	-7
<b>Assets</b>	23,532	23,995	25,225	196	-759	-18	38	24,681	91	-344	98	-19	24,508	222
Direct investment	10,326	10,691	11,113	27	-297	-23	26	10,846	-140	-144	11	-21	10,553	95
Equity	7,333	7,647	8,052	9	-217	-7	2	7,840	-126	-105	18	-19	7,607	69
Debt instruments	2,993	3,044	3,061	18	-81	-17	24	3,006	-14	-39	-6	-1	2,945	27
Portfolio investment	7,688	7,864	8,256	171	-269	20	20	8,198	191	-127	93	-0	8,354	76
Equity	2,628	2,760	2,923	50	-123	53	19	2,922	47	-57	87	0	2,999	27
Investment fund shares	462	489	505	5	-15	6	-0	500	10	-7	6	-0	508	5
Debt securities	4,597	4,616	4,829	116	-131	-39	2	4,776	134	-63	1	-1	4,847	44
Short-term	652	644	686	-13	-17	-8	1	649	18	-10	-6	0	651	6
Long-term	3,946	3,972	4,144	128	-114	-31	1	4,127	116	-53	7	-1	4,196	38
Financial derivatives (net assets)	-61	-56	-62	-2	-	11	7	-47	-11	-	-6	4	-59	-1
Other investment	4,853	4,789	5,190	1	-174	-0	-15	5,001	50	-65	0	-2	4,985	45
of which: Currency and deposits	2,649	2,649	2,824	-15	-90	-	5	2,724	-5	-31	-	-2	2,685	24
Reserve assets	727	708	727	-2	-18	-25	-0	683	1	-8	-1	-0	675	6
<b>Liabilities</b>	24,526	24,798	25,781	133	-566	-86	-19	25,242	-71	-225	30	38	25,014	226
Direct investment	8,447	8,634	8,956	18	-224	-4	95	8,841	-156	-103	1	-21	8,563	77
Equity	5,428	5,523	5,722	11	-126	-4	47	5,650	-177	-54	1	-1	5,420	49
Debt instruments	3,018	3,110	3,234	7	-99	-0	49	3,191	21	-49	-0	-20	3,143	28
Portfolio investment	10,474	10,584	10,869	145	-187	-82	-108	10,637	43	-100	29	57	10,665	97
Equity	2,007	2,134	2,286	41	-8	-23	-39	2,257	5	-11	45	-2	2,294	21
Investment fund shares	3,227	3,342	3,516	123	-84	-37	-14	3,505	111	-40	6	13	3,595	33
Debt securities	5,240	5,109	5,066	-19	-95	-22	-55	4,875	-74	-50	-22	46	4,776	43
Short-term	462	429	478	3	-6	1	-3	473	-2	-3	2	-7	463	4
Long-term	4,778	4,679	4,589	-22	-89	-23	-52	4,402	-72	-47	-24	53	4,313	39
Other investment	5,605	5,581	5,956	-31	-155	-0	-7	5,764	42	-22	-0	2	5,786	52
of which: Currency and deposits	3,471	3,412	3,616	-41	-87	-	8	3,496	58	-33	-	-7	3,514	32
<b>Memo item: Gross external debt</b>	13,859	13,796	14,252	-42	-349	-22	-13	13,826	-10	-121	-22	28	13,701	124
<b>Memo item: Net external debt</b>	1,174	1,096	924	-174	54	34	-24	814	-180	53	-16	32	702	6

Source: ECB.