



EUROPEAN CENTRAL BANK

Frankfurt am Main, 30 April 1999

PRESS RELEASE

EURO AREA BALANCE OF PAYMENTS KEY ITEMS (monthly developments; 1998, January and February 1999)

The tables attached to this press release contain the first set of statistics produced by the Eurosystem relating to the monthly balance of payments (b.o.p.) of the euro area. These statistics are compiled by the ECB on the basis of data on extra-euro area transactions reported by euro area countries. The results for 1998 and for the first two months of 1999 will also be published in the May issue of the ECB Monthly Bulletin.

Main developments in the balance of payments of the euro area

Developments in 1998

In 1998 the current account of the euro area b.o.p. showed a surplus of ECU 67 billion, i.e. 1.2% of GDP. The current account surplus resulted from a combination of surpluses in the goods and services balances amounting to ECU 122.1 billion and ECU 3.1 billion respectively, and deficits in the income and current transfers balances amounting to ECU 12.6 billion and ECU 45.5 billion respectively.

In the same year the financial account of the euro area b.o.p. showed net capital exports for both direct and portfolio investment amounting to ECU 100.2 billion and ECU 90.8 billion respectively. Bonds and notes transactions accounted for most of the total net portfolio investment outflow. By contrast, a strong net inflow of capital was recorded in the other investment account, which was worth ECU 198.9 billion and which was mainly accounted for by an increase in cross-border liabilities of the euro area Monetary Financial Institutions (MFIs) (excluding the Eurosystem). The under-recording of outflows, notably in portfolio and other investment, may be the cause of substantial errors and omissions in monthly data for 1998 totalling ECU 87.6 billion.

Developments in January and February 1999

In January and February 1999 together the current account surplus of the euro area was € 3.7 billion, i.e. € 3.3 billion higher than in the corresponding months in 1998. This was mainly due to the lower current transfers deficit.

In the first two months of 1999 the surplus of the goods balance of the euro area amounted to € 11.2 billion, i.e. € 1.7 billion lower than in the same period in 1998: the value of exports declined by 8.1% to € 111.1 billion; the value of euro area imports decreased to € 99.9 billion, i.e. 7.5% less than in the corresponding months a year ago. The balance of services was in deficit by € 1.9 billion in the first two months of 1999.

The net income account was in deficit by € 1.5 billion, i.e. € 1.1 billion lower than in the same period in 1998, with both payments and receipts lower. Current transfers to non-residents – including European Union institutions - constituted the largest deficit item, which partly offset the surpluses in the goods balance. In January and February 1999 current transfers to non-residents were € 4.2 billion higher than the transfers received by residents. The deficit on current transfers was reduced by € 2.8 billion over the same period.

In January and February 1999 direct investment net outflow amounted to € 7.2 billion, while the portfolio investment account showed a net global outflow of € 8.7 billion. The latter was mainly related to purchases of non-resident bonds and notes by euro area residents. Equity flows were almost in balance during January and February. By contrast, the other investment account showed large net inflows, mainly in the short-term items of the MFI sector. The large movements on both sides of the account in January in the MFI sector (excluding the Eurosystem) may have been reversals of transactions in December 1998.

Methodological note

The euro area b.o.p. is compiled by the ECB in accordance with a methodology agreed with the European Commission (Eurostat) based on extra-euro area transactions, i.e. by aggregating cross-border transactions of euro area residents vis-à-vis non-euro area residents as reported by the 11 participating Member States. Transactions between residents of the euro area are not taken into account.

This approach is considered the best way in which to compile the euro area aggregates. It allows net changes in assets and in liabilities for main items of the b.o.p. financial account to be shown

separately, thereby facilitating an assessment of the developments which affect the monetary and foreign exchange conditions of the euro area. The euro area b.o.p. aggregates could be compiled, in principle, by adding up the net b.o.p. of the individual Member States involved. For this approach to succeed, intra-euro area transactions should net out. In practice, however, bilateral data do not match, thus resulting in significant discrepancies at the euro area level.

Owing to the fact that the split between intra-euro area and extra-euro area transactions of the MFI sector within the other investment account was partly estimated in 1998, data for this part of the account for 1998 are not fully comparable with those for 1999.

From now on the ECB will publish every month the key items of the euro area balance of payments. As from July 1999 the ECB will also publish, in close co-operation with the European Commission (Eurostat), a quarterly b.o.p. for the euro area with a more detailed breakdown of the main items of the financial account (direct investment, portfolio investment, financial derivatives, other investment and reserve assets) as well as of investment income.

A more detailed methodological note on euro area b.o.p. statistics is available on the ECB's Web site.

Further information may be requested from the ECB, at the following address:

<p style="text-align: center;">European Central Bank Press Division Kaiserstrasse 29, D-60311 Frankfurt am Main Tel.: 0049 69 1344 7455, Fax: 0049 69 1344 7404 Internet: http://www.ecb.int Reproduction is permitted provided that the source is acknowledged.</p>

Table 1 Summary balance of payments

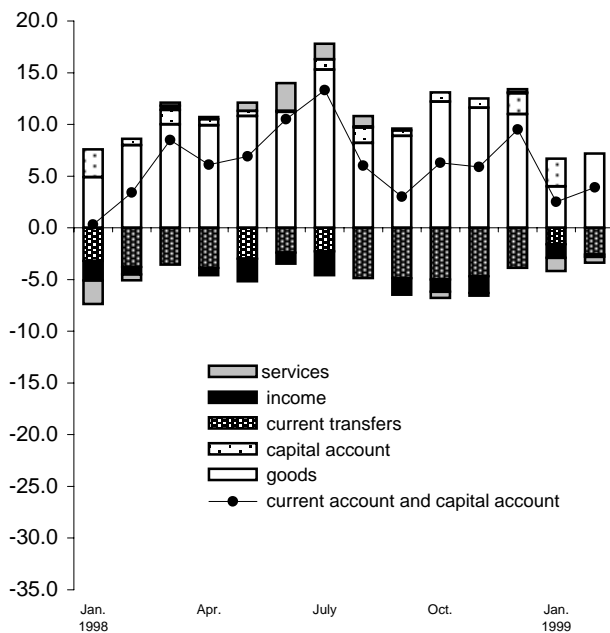
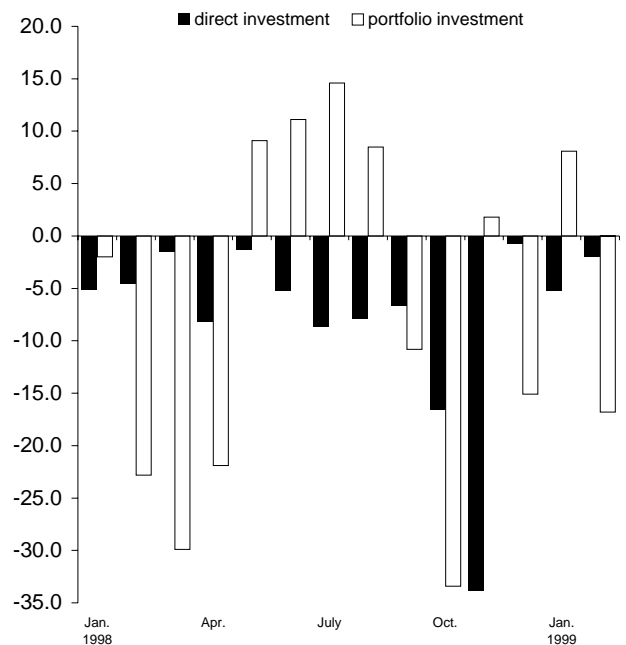
Table 2 Current account and capital account

Table 3 Direct and portfolio investment accounts

Table 4 Other investment account

Table 1
Summary balance of payments ¹⁾
(EUR billions (ECU billions to end-1998); net flows)

	Current account					Capital account	Financial account ²⁾						Errors and omissions ³⁾
	Total	Goods	Services	Income	Current transfers		Total ³⁾	Direct investment	Portfolio investment ³⁾	Financial derivatives ³⁾	Other investment ^{3) 4)}	Reserve assets ³⁾	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1998	67.0	122.1	3.1	-12.6	-45.5	12.6	7.9	-100.2	-90.8	-8.3	198.9	8.3	-87.6
1998 Q1	7.6	22.9	-2.6	-2.2	-10.5	4.7	-1.6	-11.2	-54.7	0.3	65.2	-1.3	-10.7
Q2	22.3	31.8	3.7	-4.0	-9.3	1.2	4.1	-14.8	-1.7	-4.1	24.6	0.0	-27.5
Q3	19.3	32.4	2.7	-3.8	-12.1	3.0	-3.3	-23.1	12.3	1.2	3.5	2.8	-19.0
Q4	17.9	34.9	-0.6	-2.8	-13.6	3.7	8.7	-51.1	-46.7	-5.6	105.5	6.7	-30.3
1998 Jan.	-2.4	4.9	-2.3	-1.9	-3.2	2.7	13.5	-5.1	-2.0	-1.8	20.0	2.5	-13.9
Feb.	2.8	8.0	-0.6	-0.7	-3.8	0.6	-17.6	-4.5	-22.8	0.7	12.9	-3.9	14.2
Mar.	7.1	10.0	0.3	0.4	-3.6	1.4	2.5	-1.5	-29.9	1.4	32.3	0.2	-11.0
Apr.	5.5	9.9	0.2	-0.7	-3.9	0.6	-29.0	-8.2	-21.9	-0.9	2.9	-0.9	22.9
May	6.4	10.8	0.8	-2.2	-3.0	0.5	19.5	-1.3	9.1	-1.5	12.3	0.9	-26.4
June	10.4	11.2	2.7	-1.1	-2.4	0.1	13.6	-5.2	11.1	-1.8	9.5	0.0	-24.1
July	12.3	15.3	1.5	-2.3	-2.3	1.0	23.8	-8.6	14.6	-1.4	17.8	1.3	-37.1
Aug.	4.5	8.2	1.0	0.1	-4.9	1.5	8.6	-7.9	8.5	2.3	8.3	-2.5	-14.6
Sep.	2.5	8.9	0.2	-1.6	-4.9	0.5	-35.7	-6.6	-10.8	0.3	-22.6	4.0	32.6
Oct.	5.4	12.2	-0.6	-1.2	-5.0	0.9	-12.3	-16.6	-33.4	-3.0	44.1	-3.3	6.0
Nov.	5.0	11.6	-0.3	-1.6	-4.7	0.9	4.7	-33.8	1.8	-2.4	45.1	-6.1	-10.5
Dec.	7.5	11.0	0.3	0.1	-3.9	2.0	16.3	-0.7	-15.1	-0.2	16.2	16.1	-25.8
1999 Jan.	-0.2	4.0	-1.3	-1.3	-1.6	2.7	11.8	-5.2	8.1	-2.1	13.6	-2.4	-14.3
Feb.	3.9	7.2	-0.6	-0.2	-2.6	0.0	6.7	-2.0	-16.8	-0.2	21.2	4.6	-10.6

Current account and capital account

Direct and portfolio investment


Source: ECB.

1) Discrepancies may arise from rounding.

2) Inflows (+); outflows (-).

3) Series for which data from January 1999 are not closely comparable with earlier observations.

4) Flows before January 1999 include estimations.

Table 2**Current and capital account ¹⁾***(EUR billions (ECU billions to end-1998); gross flows)*

	Current account										Capital account	
	Total		Goods		Services		Income		Current transfers		Credit	Debit
	Credit 1	Debit 2	Credit 3	Debit 4	Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10		
1998	1,277.8	1,210.7	779.4	657.3	247.6	244.4	190.2	202.9	60.6	106.1	17.6	5.0
1998 Q1	317.6	310.1	190.8	167.9	56.3	58.9	47.0	49.2	23.5	34.1	5.9	1.2
Q2	325.7	303.5	199.0	167.2	64.1	60.4	50.3	54.2	12.3	21.6	2.4	1.2
Q3	316.0	296.7	190.8	158.3	67.4	64.7	45.5	49.3	12.2	24.3	4.1	1.1
Q4	318.4	300.5	198.8	163.9	59.7	60.4	47.4	50.1	12.5	26.1	5.2	1.5
1998 Jan.	104.7	107.1	58.6	53.7	18.5	20.8	14.6	16.5	13.0	16.2	3.1	0.4
Feb.	101.0	98.1	62.3	54.3	17.6	18.2	15.1	15.8	6.0	9.8	0.9	0.4
Mar.	112.0	104.9	69.9	60.0	20.2	19.9	17.3	16.9	4.6	8.1	1.8	0.4
Apr.	106.4	101.0	66.5	56.6	20.2	20.0	16.2	16.9	3.5	7.4	1.0	0.4
May	104.4	98.0	64.3	53.5	20.7	19.9	15.2	17.3	4.2	7.2	0.9	0.4
June	114.9	104.5	68.2	57.1	23.2	20.5	18.9	20.0	4.6	7.0	0.5	0.4
July	116.0	103.7	70.6	55.3	24.1	22.6	16.2	18.5	5.0	7.3	1.4	0.4
Aug.	94.6	90.1	55.3	47.1	22.3	21.3	13.4	13.3	3.6	8.5	1.8	0.3
Sep.	105.4	102.9	64.8	55.9	21.0	20.9	15.9	17.5	3.6	8.5	0.9	0.4
Oct.	106.8	101.4	68.2	56.0	20.4	21.0	14.6	15.8	3.6	8.6	1.3	0.4
Nov.	101.5	96.5	65.2	53.5	18.1	18.4	14.2	15.8	4.1	8.8	1.3	0.5
Dec.	110.1	102.5	65.4	54.4	21.2	20.9	18.6	18.5	4.8	8.7	2.6	0.6
1999 Jan.	94.3	94.5	53.0	49.0	14.5	15.8	14.2	15.5	12.6	14.2	3.1	0.5
Feb.	93.7	89.8	58.1	50.9	16.0	16.6	14.3	14.4	5.3	7.9	0.5	0.5

Source: ECB.

1) Discrepancies may arise from rounding.

Table 3**Direct and portfolio investment account** ^{1) 2)}*(EUR billions (ECU billions to end-1998); net flows)*

	Direct investment		Portfolio investment									
			Total		Equity		Debt instruments					
	Abroad	In the euro area	Assets	Liabilities ³⁾	Assets	Liabilities ³⁾	Assets			Liabilities ³⁾		
							Total	Bonds and notes	Money market instruments	Total	Bonds and notes	Money market instruments
1	2	3	4	5	6	7	8	9	10	11	12	
1998	-177.9	77.7	-307.1	216.3	-82.4	68.5	-224.7	-206.9	-17.9	147.8	119.4	28.3
1998 Q1	-46.4	35.2	-114.1	59.4	-29.6	14.8	-84.5	-74.9	-9.5	44.6	39.9	4.6
Q2	-39.6	24.9	-83.3	81.6	-25.6	24.8	-57.6	-55.1	-2.5	56.7	44.3	12.4
Q3	-25.3	2.2	-55.0	67.3	-9.8	-0.4	-45.2	-42.5	-2.7	67.7	50.5	17.3
Q4	-66.6	15.4	-54.7	8.0	-17.3	29.2	-37.4	-34.3	-3.1	-21.2	-15.2	-6.0
1998 Jan.	-9.8	4.7	-20.8	18.7	-5.7	4.7	-15.1	-16.3	1.2	14.0	11.3	2.7
Feb.	-15.0	10.5	-51.1	28.3	-11.4	3.2	-39.7	-33.0	-6.7	25.1	26.0	-1.0
Mar.	-21.6	20.1	-42.3	12.4	-12.5	6.9	-29.7	-25.7	-4.0	5.5	2.6	2.9
Apr.	-20.7	12.5	-34.0	12.1	-8.0	1.2	-26.0	-30.9	4.9	10.9	10.6	0.3
May	-12.3	10.9	-19.6	28.7	-6.7	5.5	-12.9	-10.0	-2.9	23.2	15.8	7.5
June	-6.6	1.4	-29.7	40.8	-10.9	18.2	-18.7	-14.2	-4.6	22.6	17.9	4.7
July	-2.8	-5.8	-23.0	37.6	-3.2	9.1	-19.8	-20.9	1.1	28.6	17.0	11.6
Aug.	-4.0	-4.0	-14.5	23.0	0.5	-5.4	-15.0	-14.1	-0.9	28.4	22.4	6.0
Sep.	-18.6	12.0	-17.5	6.7	-7.1	-4.1	-10.4	-7.4	-2.9	10.8	11.1	-0.3
Oct.	-11.7	-5.0	-6.9	-26.6	-1.4	-6.1	-5.5	-8.0	2.5	-20.4	-24.8	4.3
Nov.	-41.1	7.3	-30.3	32.1	-9.0	33.0	-21.3	-15.7	-5.6	-0.9	1.1	-2.0
Dec.	-13.8	13.1	-17.6	2.5	-7.0	2.4	-10.6	-10.6	0.0	0.1	8.4	-8.3
1999 Jan.	-11.6	6.3	-17.2	25.3	-6.3	5.9	-10.9	-7.4	-3.5	19.3	23.5	-4.1
Feb.	-5.4	3.4	-19.8	3.0	-3.1	2.8	-16.7	-18.5	1.8	0.1	-5.8	5.9

Source: ECB.

1) Discrepancies may arise from rounding.

2) Inflows (+); outflows (-).

3) Series for which data from January 1999 are not closely comparable with earlier observations.

Table 4**Other investment account** ^{1) 2) 3)}*(EUR billions (ECU billions to end-1998); net flows)*

	Total		Eurosysteem		General government		MFIs (excluding the Eurosysteem)						Other sectors	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Total		Long-term		Short-term		Assets	Liabilities
							Assets	Liabilities	Assets	Liabilities	Assets	Liabilities		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1998	-37.0	235.8	-0.7	2.5	-1.4	-8.2	-18.1	211.0	-38.3	36.6	20.3	174.4	-16.8	30.5
1998 Q1	-31.2	96.4	0.4	-0.1	-1.9	-2.4	-9.6	88.7	-7.6	11.1	-1.9	77.6	-20.1	10.2
Q2	-1.5	26.2	-1.0	0.5	-2.9	-1.0	-1.8	20.7	-13.7	7.7	11.9	13.1	4.2	5.9
Q3	-79.3	82.8	0.4	-0.6	0.4	-1.9	-73.6	78.7	-14.7	1.4	-58.8	77.3	-6.5	6.6
Q4	75.0	30.4	-0.5	2.7	3.1	-2.8	66.9	22.8	-2.3	16.4	69.1	6.4	5.6	7.8
1998 Jan.	-14.4	34.3	0.1	0.2	-2.4	-1.6	3.1	32.8	-4.4	3.6	7.5	29.2	-15.2	2.9
Feb.	-14.1	27.0	0.3	-0.3	-0.8	-1.3	-6.6	24.6	-4.3	7.3	-2.3	17.4	-7.0	4.0
Mar.	-2.7	35.0	0.0	0.1	1.2	0.5	-6.0	31.3	1.1	0.2	-7.1	31.1	2.1	3.3
Apr.	6.7	-3.8	0.0	0.3	0.5	0.2	12.9	-7.2	-4.1	4.0	17.0	-11.3	-6.6	2.9
May	-0.7	12.9	0.0	-0.3	-1.2	-0.6	-5.9	13.5	-3.9	0.8	-1.9	12.7	6.4	0.4
June	-7.6	17.0	-0.9	0.6	-2.2	-0.6	-8.8	14.5	-5.6	2.9	-3.2	11.6	4.4	2.6
July	-3.2	20.9	0.2	-0.1	0.3	-3.4	6.4	21.9	-3.3	0.9	9.7	21.1	-10.0	2.5
Aug.	-10.2	18.5	0.1	-0.1	0.5	0.5	-22.8	17.4	-6.1	-1.6	-16.7	19.0	12.0	0.7
Sep.	-65.9	43.3	0.1	-0.4	-0.3	0.9	-57.1	39.4	-5.3	2.1	-51.9	37.3	-8.5	3.4
Oct.	5.5	38.7	0.0	0.4	0.2	0.4	14.8	33.6	-1.0	4.6	15.7	29.0	-9.5	4.3
Nov.	10.2	34.9	-0.1	-2.7	1.1	1.5	2.5	33.1	0.5	2.3	2.1	30.9	6.7	3.0
Dec.	59.4	-43.2	-0.4	5.0	1.8	-4.7	49.6	-43.9	-1.8	9.6	51.4	-53.5	8.4	0.5
1999 Jan.	-59.2	72.8	2.7	0.0	-0.5	-5.6	-58.5	75.1	-13.2	8.2	-45.3	67.0	-3.0	3.2
Feb.	20.4	0.7	-4.9	0.0	-2.1	-0.7	39.4	-3.2	-0.7	-3.0	40.2	-0.2	-12.0	4.6

Source: ECB.

1) Discrepancies may arise from rounding.

2) Inflows (+); outflows (-).

3) Series for which data from January 1999 are not closely comparable with earlier observations. Flows before January 1999 include estimations.