

Press release

2 October 2019

Euro area quarterly balance of payments and international investment position: second quarter of 2019

- Euro area [current account](#) surplus at €311 billion (2.7% of euro area GDP) in the four quarters to the second quarter of 2019, down from €410 billion (3.6% of GDP) a year earlier.
- [Geographic counterparts](#): largest bilateral surpluses vis-à-vis the *United Kingdom* (€155 billion, down from €164 billion a year earlier) and the *United States* (€137 billion, up from €117 billion), and largest deficit vis-à-vis *China* (€64 billion, down from €70 billion).
- The [international investment position](#) showed net liabilities of €245 billion (around 2% of euro area GDP) at the end of the second quarter of 2019, compared with net liabilities of €254 billion in the previous quarter.

Current account

The *current account* of the euro area recorded a surplus of €311 billion (2.7% of euro area GDP) in the four quarters to the second quarter of 2019, compared with a surplus of €410 billion (3.6% of euro area GDP) a year earlier (see Table 1). The decline in the *current account* surplus reflected lower surpluses for *goods* (down from €338 billion to €302 billion) and *services* (down from €119 billion to €82 billion) and a higher deficit for *secondary income* (up from €134 billion to €160 billion). The surplus in *primary income* remained relatively stable at €86 billion (slightly down from €88 billion).

The decline in the surplus for *services* was mainly due to a larger deficit in *other business services* (up from €4 billion to €48 billion). In addition, lower surpluses were recorded for *travel services* (down from €45 billion to €40 billion) and for *insurance, pension and financial services* (down from €16 billion to €13 billion). These developments were partly offset by a larger surplus for *telecommunication, computer and information services* (up from €73 billion to €88 billion).

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The overall stability in the *primary income* surplus masks offsetting developments in its components. The surplus for *other primary income* declined from €20 billion to €11 billion, while the *investment income* surplus increased from €52 billion to €59 billion. The latter mainly reflected larger surpluses for *portfolio debt income* (up from €21 billion to €32 billion) and *direct investment income* (up from €117 billion to €121 billion), which were partly offset by a larger deficit for *portfolio equity income* (up from €100 billion to €106 billion).

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						2018 Q2	2019 Q2
	2018 Q2			2019 Q2				
	Balance	Credit	Debit	Balance	Credit	Debit	Balance	Balance
Current account	410	4,059	3,648	311	4,219	3,908	78	42
<i>Percentage of GDP</i>	3.6%	35.7%	32.1%	2.7%	36.1%	33.4%		
Goods	338	2,296	1,958	302	2,388	2,085	78	84
Services	119	900	782	82	943	861	34	1
Transport	12	149	137	13	157	143	4	4
Travel	45	157	111	40	161	121	16	15
Insurance, pension and financial	16	95	79	13	92	80	4	3
Telecommunication, computer and information	73	135	62	88	154	66	19	25
Other business	-4	229	233	-48	237	285	-2	-39
Other	-24	136	160	-23	142	166	-6	-7
Primary income	88	749	662	86	775	689	-5	-15
Compensation of employees	15	39	23	15	40	24	3	3
Investment income	52	668	615	59	698	639	-11	-12
Direct investment	117	415	298	121	416	295	38	37
Portfolio equity	-100	71	172	-106	82	188	-58	-61
Portfolio debt	21	120	99	32	127	95	5	8
Other investment	10	57	47	7	68	61	2	3
Reserve assets	4	4		5	5		1	1
Other primary income	20	43	23	11	37	26	2	-7
Secondary income	-134	113	246	-160	114	273	-28	-28

Source: ECB.

Notes: "Equity" comprises equity and investment fund shares. Discrepancies between totals and their components may arise from rounding.

Data for the current account of the euro area

Data on the geographic counterparts of the euro area current account (see Chart 1) show that in the four quarters to the second quarter of 2019 the euro area recorded its largest bilateral surpluses vis-à-vis the *United Kingdom* (€155 billion, down from €164 billion a year earlier), the *United States* (€137 billion, up

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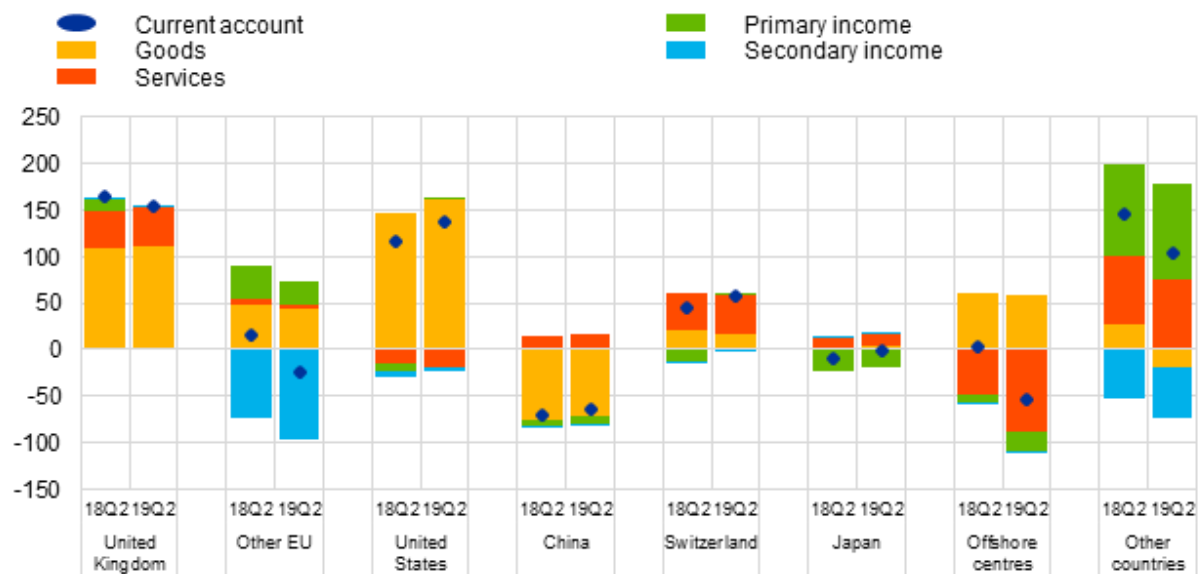
from €117 billion), a residual group of *other countries* (€105 billion, down from €145 billion) and *Switzerland* (€58 billion, up from €45 billion). The largest bilateral deficits in the euro area current account were observed vis-à-vis *China* (€64 billion, down from €70 billion) and *offshore centres* (€53 billion, following a surplus of €4 billion a year earlier).

The most significant geographic changes in the *goods* balance in the four quarters to the second quarter of 2019 relative to the previous year were a shift vis-à-vis the residual group of *other countries* from a surplus of €27 billion to a deficit of €20 billion and an increase in the surplus vis-à-vis the *United States* from €147 billion to €161 billion. In *services*, the deficit vis-à-vis *offshore centres* increased from €48 billion to €89 billion. Meanwhile, the *primary income* balance vis-à-vis *Switzerland* moved from a deficit of €13 billion to a surplus of €2 billion, while the deficit vis-à-vis *offshore centres* increased from €8 billion to €20 billion. The *secondary income* deficit vis-à-vis *other EU* increased from €74 billion to €98 billion.

Chart 1

Geographical breakdown of the euro area current account balance

(Four-quarter moving sums in EUR billions; non-seasonally adjusted)



Source: ECB.

Note: "Other EU" comprises EU Member States and EU institutions outside the euro area, excluding the United Kingdom. "Other countries" includes all countries and country groups not shown in the chart as well as unallocated transactions.

[Data for the geographical breakdown of the euro area current account](#)

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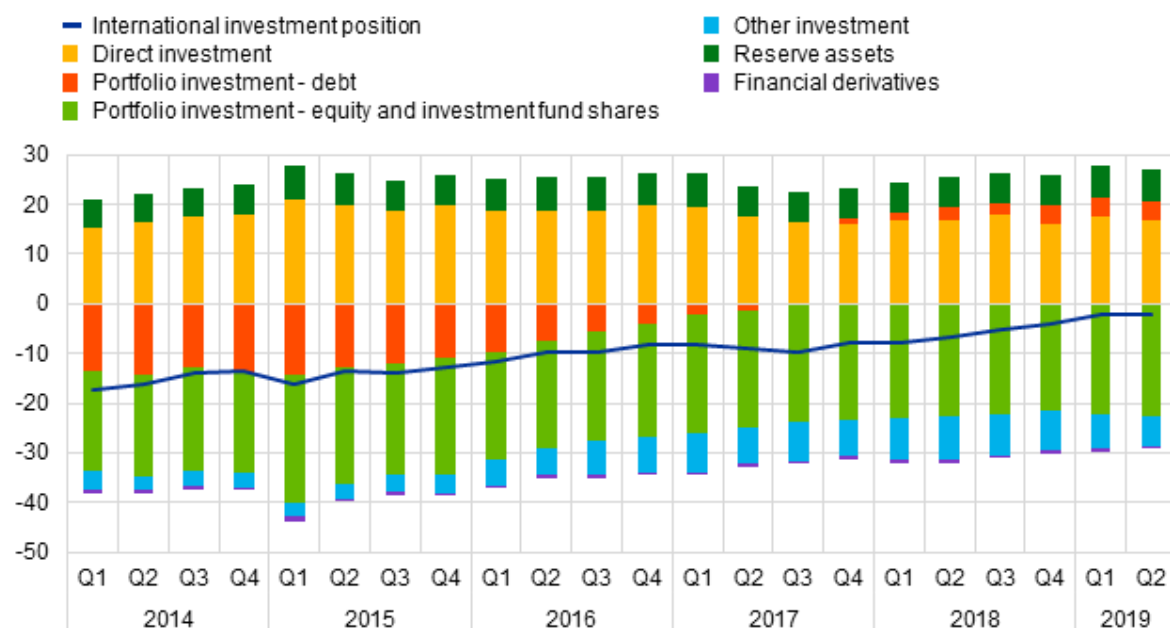
International investment position

At the end of the second quarter of 2019 the international investment position of the euro area recorded net liabilities of €245 billion vis-à-vis the rest of the world (around 2% of euro area GDP), compared with net liabilities of €254 billion in the previous quarter (see Chart 2 and Table 2).

Chart 2

Net international investment position of the euro area

(Net outstanding amounts at end of period as a percentage of four-quarter moving sums of GDP)



Source: ECB.

[Data for the net international investment position of the euro area](#)

This small improvement of €9 billion mainly reflected lower net liabilities for *other investment* (€701 billion, down from €809 billion) and larger *reserve assets* (€771 billion, up from €741 billion). Conversely, net assets for *direct investment* declined from €2,055 billion to €1,968 billion and net liabilities in *portfolio equity* increased from €2,584 billion to €2,643 billion.

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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)

	2019 Q1	2019 Q2					Amounts outstanding	%GDP
	Amounts outstanding	Transactions	Exchange rate changes	Price changes	Other volume changes			
Net	-254	38	-51	21	2	-245	-2	
of which: Direct investment	2,055	-59	-30	7	-6	1,968	17	
of which: Portfolio equity	-2,584	-47	-24	12	-1	-2,643	-23	
of which: Portfolio debt	434	6	0	-9	9	439	4	
of which: Other investment	-809	105	6	0	-4	-701	-6	
Assets	26,667	218	-159	121	5	26,851	230	
Direct investment	11,180	-47	-66	14	-16	11,064	95	
Portfolio equity	3,840	4	-28	52	15	3,884	33	
Portfolio debt	5,274	46	-24	45	7	5,348	46	
Financial derivatives	-91	30	-	-21	4	-78	-1	
Other investment	5,724	183	-39	0	-6	5,862	50	
Reserve assets	741	3	-3	31	0	771	7	
Liabilities	26,921	180	-108	100	3	27,096	232	
Direct investment	9,125	12	-36	7	-10	9,097	78	
Portfolio equity	6,423	51	-3	40	16	6,527	56	
Portfolio debt	4,841	39	-23	54	-1	4,909	42	
Other investment	6,533	77	-45	-1	-2	6,563	56	
Gross External Debt	14,629	117	-86	51	-15	14,695	126	

Source: ECB.

Notes: "Equity" comprises equity and investment fund shares. Net financial derivatives are reported under assets. Discrepancies between totals and their components may arise from rounding.

Data for the international investment position of the euro area

The small improvement in the euro area's net international investment position in the second quarter of 2019 compared to the previous quarter was due to positive transactions and net price changes, which were partly offset by negative net exchange rate changes (see Chart 3).

Net liabilities for *other investment* declined mainly due to positive transactions, while the increase in reserve assets resulted largely from positive net price changes (see Table 2). The decline in net assets for *direct investment* and the increase in net liabilities for *portfolio equity* were both driven by negative transactions and negative net exchange rate changes.

At the end of the second quarter of 2019 *gross external debt* of the euro area totalled €14.7 trillion (around 126% of euro area GDP), which represents an increase of €66 billion compared with the previous quarter.

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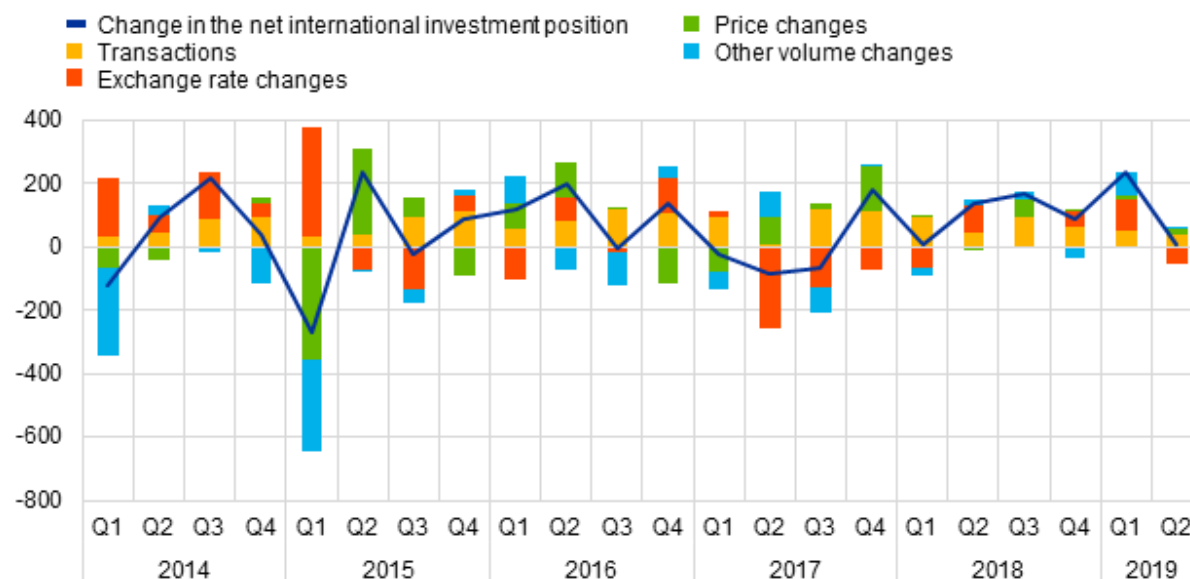
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Chart 3

Changes in the net international investment position of the euro area

(EUR billions; flows during the period)



Source: ECB.

Note: "Other volume changes" mainly reflect reclassifications and data enhancements.

[Data for changes in the net international investment position of the euro area](#)

Data revisions

This press release incorporates sizable data revisions for all quarters between the first quarter of 2008 and the first quarter of 2019. The revisions to *direct investment* and *portfolio investment* were particularly sizeable and reflect revised national contributions to euro area aggregates as a result of the incorporation of newly available information, partly in the context of benchmark revisions.

Next press releases

- Monthly balance of payments: 18 October 2019 (reference data up to August 2019)
- Quarterly balance of payments and international investment position: 10 January 2020 (reference data up to the third quarter of 2019)

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Notes

- 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.
- Hyperlinks in the press release refer to data that may change with subsequent releases as a result of revisions.

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