



EUROPEAN CENTRAL BANK

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PRESS RELEASE

EURO AREA BALANCE OF PAYMENTS KEY ITEMS (monthly developments April 1999)

The table attached to this press release contains statistics produced by the Eurosystem in respect of 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 April 1999 will also be published in the July issue of the ECB Monthly Bulletin. A quarterly version of the b.o.p. which covers the first quarter of 1999 and includes a further breakdown of some items, such as investment income as well as portfolio and other investment, will be published together with the European Commission (Eurostat) in a joint press release in due course.

Main developments in the b.o.p. of the euro area in April 1999

In April 1999 the current account surplus of the euro area was EUR 6.8 billion, i.e. EUR 1.3 billion higher than in the corresponding month in 1998. This was mainly due to the swing from deficit to surplus in the income account and to the lower deficit in current transfers balance, which more than offset the reduction in the surplus in the goods balance and the swing into deficit of the services balance.

In April 1999 the surplus of the goods balance of the euro area amounted to EUR 8.6 billion, i.e. EUR 1.3 billion lower than in the same period in 1998, as a result of the value of exports declining by 4.5% and that of imports by 2.8%. The balance of services was in deficit by

EUR 0.4 billion in April 1999, compared with a surplus of EUR 0.2 billion in April 1998. The net income account was in surplus by EUR 1.4 billion, compared with a deficit of EUR 0.7 billion in the same period in 1998, while net current transfers vis-à-vis non-residents – including European Union institutions - were in deficit by EUR 2.8 billion, i.e. EUR 1.1 billion lower than in April 1998.

In the first four months of 1999 the cumulative current account surplus increased by EUR 3 billion with respect to the corresponding period in 1998 and reached EUR 16 billion. The increase in the surplus was due to the reduction in the current transfer deficit by EUR 6.1 billion and the improvement of the income balance by EUR 3.1 billion, which more than offset the decline of EUR 5.1 billion to EUR 27.6 billion in the cumulative surplus in the balance on goods, as the value of exports of goods decreased more than the value of imports, compared with the same period in 1998. The deficit in the balance of services increased by EUR 1.2 billion.

In April the capital account closed with a surplus of EUR 0.6 billion. In the first four months of 1999 the surplus amounted to EUR 3.1 billion.

Turning to the financial account, direct investment recorded net outflows of EUR 13.8 billion in April 1999, following outflows of EUR 2.6 billion in March and EUR 2.0 billion in February. The portfolio investment account, by contrast, showed net inflows of EUR 2.4 billion, compared with outflows in the order of EUR 33.2 billion and EUR 16.8 billion in March and February, respectively. The inflows in April resulted mainly from a net redemption and net sales by euro area residents of money market instruments issued by non-residents. Overall, in the first four months of 1999 the portfolio investment account recorded net outflows of EUR 39.5 billion, compared with EUR 76.6 billion in the same period of 1998.

The “other investment account” showed net inflows of EUR 24.5 billion, mainly in the form of a reduction in the short-term external assets of the MFI sector. In the first four months of

1999 inflows in the “other investment account” amounted to EUR 52.2 billion, as compared with EUR 68.1 billion in the same period of the preceding year. Reserve assets decreased by EUR 1.5 billion in April (EUR 5.5 billion between January and April 1999), and inflows from transactions related to financial derivatives amounted to EUR 2.7 billion (EUR 1.1 billion between January and April 1999).

Errors and omissions reached –EUR 24.7 billion in April. In the first four months of 1999, they amounted to –EUR 14.7 billion.

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BALANCE OF PAYMENTS OF THE EURO AREA⁽¹⁾

	1998						1999					
	Apr.			Jan.-Apr.			Apr.			Jan.-Apr.		
	<i>Credit</i>	<i>Debit</i>	<i>Net</i>	<i>Credit</i>	<i>Debit</i>	<i>Net</i>	<i>Credit</i>	<i>Debit</i>	<i>Net</i>	<i>Credit</i>	<i>Debit</i>	<i>Net</i>
CURRENT ACCOUNT	106.4	101.0	5.5	424.1	411.0	13.0	103.8	97.0	6.8	396.5	380.5	16.0
<i>Goods</i>	66.5	56.6	9.9	257.3	224.5	32.7	63.5	55.0	8.6	241.5	213.8	27.6
<i>Services</i>	20.2	20.0	0.2	76.5	78.9	-2.4	17.9	18.3	-0.4	65.8	69.3	-3.6
<i>Income</i>	16.2	16.9	-0.7	63.2	66.1	-2.8	17.5	16.1	1.4	62.0	61.7	0.3
<i>Current transfers</i>	3.5	7.4	-3.9	27.1	41.5	-14.5	4.8	7.6	-2.8	27.2	35.6	-8.4
CAPITAL ACCOUNT	1.0	0.4	0.6	6.9	1.6	5.3	1.5	0.9	0.6	5.9	2.9	3.1
	<i>Assets</i>	<i>Liab.⁽²⁾</i>	<i>Balance</i>	<i>Assets</i>	<i>Liab.⁽²⁾</i>	<i>Balance</i>	<i>Assets</i>	<i>Liab.⁽²⁾</i>	<i>Balance</i>	<i>Assets</i>	<i>Liab.⁽²⁾</i>	<i>Balance</i>
FINANCIAL ACCOUNT⁽²⁾			-29.0			-30.6			17.3			-4.3
DIRECT INVESTMENT			-8.2			-19.4			-13.8			-23.7
<i>Abroad</i>			-20.7			-67.1			-22.4			-50.5
<i>In the euro area</i>			12.5			47.8			8.6			26.8
PORTFOLIO INVESTMENT⁽³⁾	-34.0	12.1	-21.9	-148.1	71.5	-76.6	-14.4	16.8	2.4	-79.0	39.5	-39.5
<i>Equity</i>	-8.0	1.2	-6.8	-37.6	16.0	-21.6	-4.1	2.7	-1.4	-19.3	-10.8	-30.1
<i>Debt instruments</i>	-26.0	10.9	-15.1	-110.5	55.5	-55.0	-10.3	14.1	3.8	-59.7	50.3	-9.4
<i>Bonds and notes</i>	-30.9	10.6	-20.3	-105.9	50.6	-55.3	-16.4	12.7	-3.7	-64.2	45.9	-18.3
<i>Money market instruments</i>	4.9	0.3	5.2	-4.6	4.9	0.3	6.1	1.3	7.4	4.5	4.4	8.9
FINANCIAL DERIVATIVES⁽³⁾			-0.9			-0.6			2.7			1.1
OTHER INVESTMENT⁽³⁾⁽⁴⁾	6.7	-3.8	2.9	-24.5	92.6	68.1	17.9	6.6	24.5	-34.9	87.1	52.2
<i>Eurosystem</i>	-0.0	0.3	0.3	0.4	0.2	0.6	0.9	0.0	0.9	-1.5	0.0	-1.5
<i>General government</i>	0.5	0.2	0.6	-1.5	-2.2	-3.7	-0.1	0.4	0.3	-3.4	-4.6	-8.0
<i>MFIs (excluding the Eurosystem)</i>	12.9	-7.2	5.7	3.3	81.5	84.8	17.0	3.6	20.6	-15.1	74.6	59.4
<i>Long-term</i>	-4.1	4.0	-0.1	-11.8	15.1	3.3	-3.5	4.8	1.3	-23.4	25.9	2.4
<i>Short-term</i>	17.0	-11.3	5.8	15.1	66.4	81.5	20.5	-1.2	19.3	8.3	48.7	57.0
<i>Other sectors</i>	-6.6	2.9	-3.7	-26.7	13.1	-13.6	0.1	2.6	2.7	-14.9	17.1	2.3
RESERVE ASSETS⁽³⁾⁽⁵⁾			-0.9			-2.1			1.5			5.5
ERRORS AND OMISSIONS⁽³⁾			22.9			12.2			-24.7			-14.7

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.

(5) Increase in reserve assets (-), decrease in reserve assets (+).