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## PRESS RELEASE

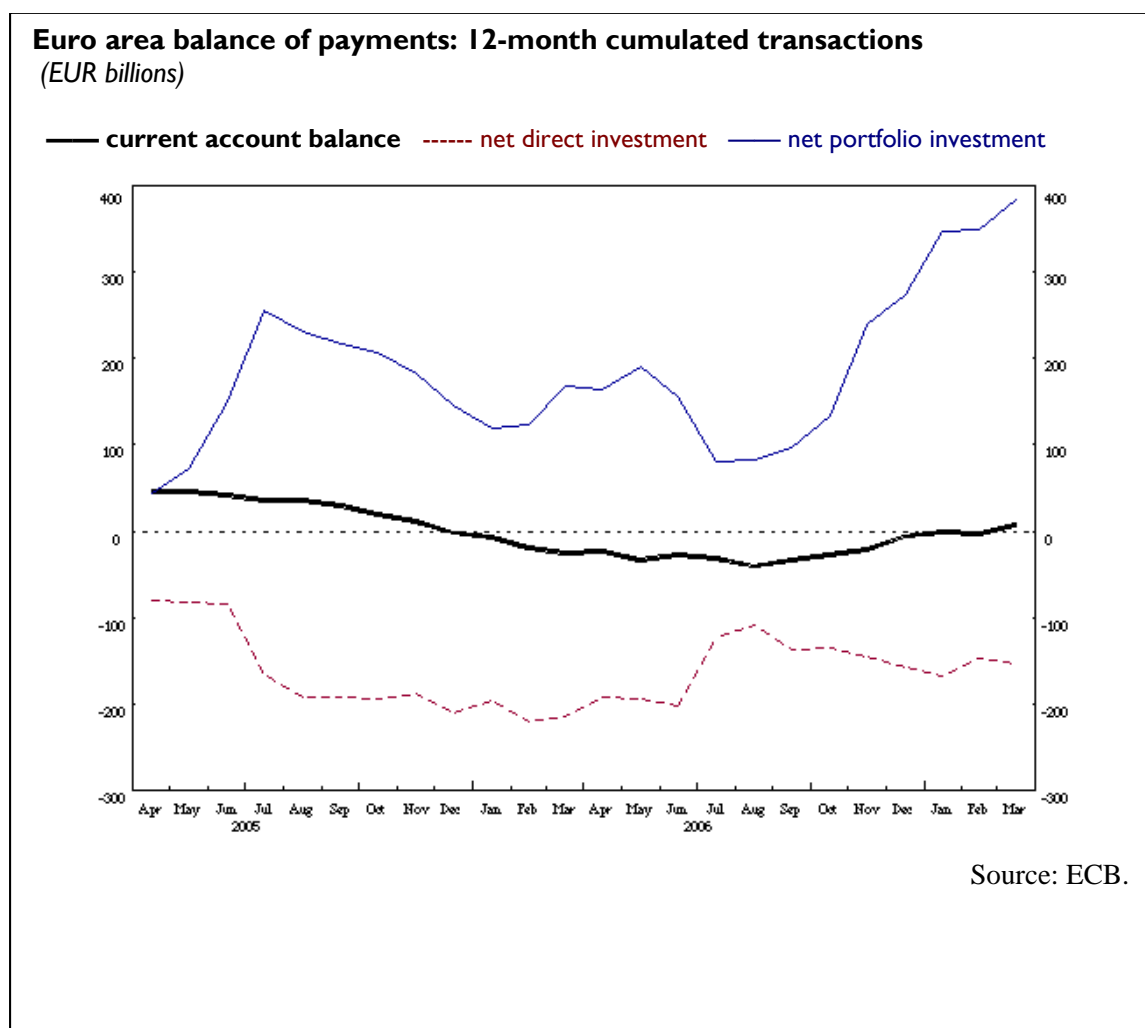
### EURO AREA BALANCE OF PAYMENTS (March 2007)

*The seasonally adjusted current account of the euro area recorded a surplus of EUR 5.4 billion in March 2007, reflecting surpluses in goods and services that were partly offset by a deficit in current transfers. In the financial account, net inflows in combined direct and portfolio investment mainly concerned net portfolio purchases of securities by non-residents.*

#### **Current account**

The working day and seasonally adjusted *current account* of the euro area recorded a surplus of EUR 5.4 billion in March 2007 (corresponding to EUR 8.8 billion in non-seasonally adjusted terms). This reflected surpluses in *goods* (EUR 7.2 billion) and *services* (EUR 4.2 billion) that were partly counterbalanced by a deficit in *current transfers* (EUR 5.1 billion). The income account was balanced.

The 12-month cumulated, working day-adjusted *current account* up to March 2007 recorded a surplus of EUR 7.0 billion, i.e. about 0.1% of GDP, compared with a deficit of EUR 18.5 billion a year earlier. This shift resulted from a reduction in the *income* deficit (by EUR 14.5 billion) and from increases in the surpluses in *goods* (by EUR 11.4 billion) and *services* (by EUR 2.0 billion), which coincided with a higher deficit in *current transfers* (by EUR 2.5 billion).



## Financial account

In the financial account, *combined direct and portfolio investment* recorded net inflows of EUR 64 billion in March 2007, reflecting net inflows in *portfolio investment* (EUR 72 billion) and net outflows in *direct investment* (EUR 8 billion).

Within *direct investment*, the net outflows resulted from net outflows in *equity capital and reinvested earnings* (EUR 20 billion) that were partly counterbalanced by net inflows in *other capital, mostly inter-company loans* (EUR 12 billion).

The *portfolio investment* account recorded net inflows in both *equity* (EUR 42 billion) and *debt instruments* (EUR 30 billion). Net inflows in *equity* concerned both net purchases of euro area equity by non-residents (EUR 26 billion) and net sales of foreign equity by euro area residents (EUR 16 billion). The net inflows in *debt instruments* resulted from net inflows in bonds and notes (EUR 44 billion) and were partly counterbalanced by net outflows in money market instruments (EUR 14 billion).

*Other investment* recorded net outflows of EUR 102 billion, mainly as a result of net outflows by *monetary financial institutions (MFIs) excluding the Eurosystem* (EUR 72 billion) and by *other sectors* (EUR 38 billion).

Reserve assets decreased by EUR 2 billion (excluding valuation effects). At the end of March 2007 the stock of the [Eurosystem's reserve assets](#) stood at EUR 332 billion.

In the 12-month period to March 2007, *combined direct and portfolio investment* showed cumulated net inflows of EUR 229 billion, compared with net outflows of EUR 46 billion a year earlier. This shift resulted from both higher net inflows in *portfolio investment* (from EUR 168 billion to EUR 383 billion) and lower net outflows in *direct investment* (from EUR 214 billion to EUR 154 billion). The developments in *portfolio investment* largely reflected higher net inflows in *bonds and notes* (from EUR 7 billion to EUR 223 billion). The decrease in net outflows in *direct investment* was due to lower net outflows in *equity capital and reinvested earnings* (from EUR 193 billion to EUR 150 billion) and in *other capital, mostly inter-company loans* (from EUR 21 billion to EUR 4 billion).

### **Data revisions**

In addition to the balance of payments for March 2007, this press release incorporates revisions for February 2007. Those revisions have not significantly affected the previously published data.

### **Additional information on the euro area balance of payments and international investment position**

A complete set of updated euro area balance of payments and international investment position statistics is available on the ECB's website in the "Statistics" section under the headings "[Data services](#)" / "[Latest monetary, financial markets and balance of payments statistics](#)". These data, as well as the euro area data according to the composition of the euro area during the reference period, can be downloaded using the [ECB's Statistical Data Warehouse \(SDW\)](#). Results up to March 2007 will also be published in the June 2007 issues of the ECB's *Monthly Bulletin* and the *Statistics Pocket Book*. [A detailed methodological note](#) is available on the ECB's website. The next press release on the euro area monthly balance of payments will be published on 26 June 2007.

### **Annexes**

Table 1: Current account of the euro area – working day and seasonally adjusted data.

Table 2: Monthly balance of payments of the euro area – non-seasonally adjusted data.

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