

Statistical press release

Luxembourg, 26 June 2018

Balance of payments of Luxembourg during the first quarter of 2018

The Central Bank of Luxembourg (BCL) and STATEC inform that, according to preliminary provisional results, the current account showed a surplus of 607 million euros in the first quarter of 2018, compared to a deficit of 495 million euros in the same period of the previous year.

The trade deficit (general merchandise) increased by 171 million euros and reached down 1.9 billion in the first quarter of 2018. An increase in imports of energy products is largely responsible for this development and more than offset the lack of aircraft imports during the first quarter of 2018. With regard to net exports of goods under merchanting (purchases and sales of goods without these passing through Luxembourg), the significant increase in the first quarter of 2018 is explained by the reclassification of some goods purchases under merchanting to imports of non-financial services. This reclassification also affects previous periods (including the first quarter of 2017), but these will only be revised in September 2018. The balance of international trade in services, and more particularly the non-financial services, dropped by 164 and 290 million euros respectively (in relation with the reclassification previously mentioned). Exports and imports of financial services increased by more than 5%, due in part to the performance of assets managed by investment funds.

In the financial account, direct investment flows were dominated by disinvestment operations for both assets (-72 billion euros) and liabilities (-40 billion euros). These operations concerned a small number of SOPARFIs which ceased their activities. Regarding portfolio investment, non-resident investments in Luxembourg equities (largely Investments Funds shares) remained almost stable, reaching 84 billion euros in the first quarter of 2018, compared to 86 billion euros in the first quarter of 2017. On the other hand, long-term debt securities incurred net sales of 24 billion euros in the first quarter of 2017, compared to net purchases of 15 billion euros in the same quarter of 2017. Securities issued by Luxembourg thus amounted to 62 billion euros in the first quarter of 2018, compared to 107 billion euros in the same quarter of 2017. With regard to foreign securities, residents increased their investments, which totaled 95 billion euros in the first quarter of 2018, of which 44 billion euros in debt securities and 51

billion euros in equity securities. Portfolio investment flows resulted in net outflows of 33 billion euros in the first quarter of 2018, offsetting entirely the net inflows in direct investment flows.

Detailed statistical tables are available on BCL's website (www.bcl.lu) as well as on the website of STATEC (www.statistiques.lu).

Table: Balance of payments of Luxembourg

Unit : millions of euros	1st quarter 2017			1st quarter 2018		
	Credit	Debit	Balance	Credit	Debit	Balance
CURRENT ACCOUNT	63 109	63 605	-495	66 071	65 464	607
Goods	3 491	4 760	-1 270	4 727	4 924	-197
General merchandise (incl. "non-monetary gold")	3 030	4 760	-1 730	3 022	4 924	-1 901
Goods under merchanting (net exports)	460		460	1 704		1 704
Services	21 615	16 143	5 471	23 290	17 983	5 307
Financial services	12 985	9 018	3 967	13 682	9 590	4 093
Non-financial services	8 630	7 125	1 504	9 608	8 394	1 214
Primary income	35 806	40 556	-4 749	35 492	40 077	-4 585
Secondary income	2 198	2 145	52	2 562	2 480	82
CAPITAL ACCOUNT	3	139	-137	24	54	-30
	Assets	Liabilities	Net	Assets	Liabilities	Net
FINANCIAL ACCOUNT			-633			562
DIRECT INVESTMENT	15 577	40 098	-24 521	-72 207	-40 515	-31 692
Equity and Reinvestment of earnings	44 425	19 891	24 535	-73 498	-51 717	-21 780
Debt instruments	-28 849	20 207	-49 056	1 291	11 203	-9 912
PORTFOLIO INVESTMENT	80 088	107 394	-27 306	95 806	62 496	33 309
Equity securities	18 613	85 774	-67 161	51 363	84 180	-32 817
Debt securities	61 475	21 620	39 855	44 442	-21 684	66 126
FINANCIAL DERIVATIVES			-2 345			-9 877
OTHER INVESTMENT	73 303	19 717	53 586	47 940	39 117	8 823
RESERVE ASSETS			-47			-1
ERRORS AND OMISSIONS			-1			-15

source : BCL, STATEC

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