

Luxembourg, 2 October 2018

BALANCE OF PAYMENTS OF LUXEMBOURG FOR THE FIRST HALF OF 2018

The Central Bank of Luxembourg (BCL) and STATEC inform that, according to preliminary provisional results, the current account for the first half-year of 2018 showed a surplus of 1.6 billion euros, which decreased by 573 million compared to the same period of the previous year. Higher surpluses in goods, services and secondary income did not manage to offset the worsening in the deficit of the primary income, particularly that of investment income.

As a result of a significant increase in net exports of goods under merchanting (46%), the goods deficit decreased by almost 1 billion euros to 168 million. This development is mainly due to the change in structure of a major player in e-commerce. The virtual stagnation of the balance of general merchandise conceals divergent developments at a more detailed level: imports of petroleum and chemical products were still rising sharply (+14%), but they were offset by a significant decrease (-17%) in purchases of transport equipment (a.o. aircraft and satellites).

Over the period under review, exports and imports of services increased by around 8%. The growth of financial services was related to that of net assets managed by investment funds (8.2% on a six months average). Non-financial services also went up, mainly due to other business services, insurance services and personal, cultural and recreational services.

In the financial account, direct investment flows were dominated by disinvestment operations for both assets (-59 billion euros) and liabilities (-66 billion euros). These operations concerned a small number of SOPARFIs that ceased or relocated their activities. Regarding portfolio investment, non-resident investments in Luxembourg equities (largely Investments Funds shares) widely decreased, reaching 130 billion euros in the first semester of 2018, compared to 181 billion euros in the first semester of 2017. On the other hand, long-term debt securities incurred net purchases of 2.6 billion euros in the first half of 2018, compared to 14 billion euros in the same half of 2017. Securities issued by Luxembourg thus resulted into net inflows of 133 billion euros in the first semester of 2018, compared to net inflows of 195 billion euros in the same semester of 2017. With regard to foreign securities, residents decreased their investments in the first semester of 2018, which totalled 105 billion euros compared to 167 billion in the first semester of 2018. Portfolio investment flows resulted in steady net inflows of 27 billion euros in the first semester of 2018, offset entirely by the net outflows in other investments and 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 half year 2017			1st half year 2018		
	Credit	Debit	Balance	Credit	Debit	Balance
CURRENT ACCOUNT	164 048	161 869	2 179	174 001	172 395	1 606
Goods	9 602	10 754	-1 152	10 538	10 706	-168
General merchandise (incl. "non-monetary gold")	7 680	10 754	-3 074	7 735	10 706	-2 971
Goods under merchandising (net exports)	1 922		1 922	2 803		2 803
Services	43 775	33 438	10 337	47 253	36 101	11 152
Financial services	25 921	18 120	7 801	28 001	19 810	8 191
Non financial services	17 854	15 318	2 536	19 252	16 291	2 962
Primary income	106 365	113 752	-7 387	111 245	121 094	-9 849
Secondary income	4 305	3 924	381	4 965	4 494	471
CAPITAL ACCOUNT	18	199	-181	34	110	-76
	Assets	Liabilities	Net	Assets	Liabilities	Net
FINANCIAL ACCOUNT			1 999			1 531
DIRECT INVESTMENT	125 711	167 587	-41 876	-58 657	-65 633	6 976
Equity and Reinvestment of earnings	145 870	148 579	-2 710	-70 872	-57 925	-12 947
Debt instruments	-20 158	19 008	-39 166	12 215	-7 708	19 923
PORTFOLIO INVESTMENT	167 378	195 074	-27 696	105 361	132 833	-27 471
Equity securities	52 594	181 160	-128 567	64 744	130 182	-65 437
Debt securities	114 784	13 914	100 870	40 617	2 651	37 966
FINANCIAL DERIVATIVES			-8 592			4 574
OTHER INVESTMENT	122 322	42 090	80 232	80 350	62 939	17 411
RESERVE ASSETS			-69			42
ERRORS AND OMISSIONS			0			1

source : BCL, STATEC

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