

Luxembourg, 15 January 2021

Balance of payments of Luxembourg during the first three quarters of year 2020

The Banque centrale du Luxembourg (BCL) and STATEC inform that the current account showed a surplus of 788 million euros in the first three quarters of 2020.

The goods balance fell by 92 million euros (-4 %). Indeed, the fall in net exports from merchanting (-160 million) was only partially absorbed by the increase in the general merchandise balance (+68 million). Both exports and imports of goods fell significantly during the first three quarters of 2020, with -12 % and -13 % respectively. This development is linked to the slowdown or shutdown of certain branches of the economy (and neighbouring economies) following the various restrictive measures put in place by the authorities in the context of the health crisis, especially in the second quarter.

International trade in services fell by 4.6 % during the three quarters of 2020, corresponding to around -3.4 billion euros for exports and -2.7 billion for imports. The surplus of services fell by 722 million (-4.5 %). Unlike previous (financial) crises, financial services were only slightly impacted by the health crisis and even showed growth rates of + 2.2 % for exports and +3.9 % for imports during the period under review. Trade in non-financial services, for its part, suffered a similar decline to that of goods (around -12 %). The services most affected were travel services, other business services, and personal, cultural and recreational services.

Concerning secondary income, the increase in expenditure (debit) is to be seen in relation to the social security benefits paid to cross-border workers during confinement (partial unemployment, extraordinary leave for family reasons, etc.).

In the financial account, during the first three quarters of 2020, direct investment flows were still characterized by disinvestment operations for both assets (-105 billion euros) and liabilities (-109 billion euros). These operations concerned a small number of SOPARFIs that continued restructuring, ceasing or relocating their activities.

Regarding portfolio investments, the second and the third quarters of 2020 were characterized by the resumption of investments in Luxembourg equities (largely Investments Funds shares), after the net sales observed in the first quarter of 2020, in a context of falling stock prices following the Covid-19 pandemic. Transactions in Luxembourg equity shares thus resulted in net inflows of 142 billion euros in the first three quarters of 2020. Luxembourg debt securities, however, suffered net sales of 22 billion euros in the first three quarters of 2020. Transactions in foreign equity securities resulted in low net purchases in favor of foreign debt securities, which underwent large net purchases, amounting to 103 billion euros in the first three quarters of 2020.

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	January to September 2019			January to September 2020		
	Credit	Debit	Balance	Credit	Debit	Balance
CURRENT ACCOUNT	321 548	321 397	151	279 665	278 882	783
Goods	19 379	17 048	2 330	17 034	14 796	2 238
General merchandise (incl. "non-monetary gold")	16 776	17 048	-273	14 591	14 796	-205
Goods under merchandising (net exports)	2 603		2 603	2 443		2 443
Services	74 937	58 840	16 097	71 499	56 129	15 370
Financial services	40 130	27 615	12 514	41 005	28 703	12 301
Non financial services	34 808	31 224	3 583	30 494	27 426	3 069
Primary income	220 146	238 351	-18 205	184 001	200 338	-16 336
Secondary income	7 087	7 159	-72	7 131	7 620	-489
CAPITAL ACCOUNT	779	885	-106	816	947	-131
	Assets	Liabilities	Net	Assets	Liabilities	Net
FINANCIAL ACCOUNT			44			651
DIRECT INVESTMENT	-139 936	-150 230	10 295	-105 502	-109 403	3 901
Equity and Reinvestment of earnings	-148 664	-38 774	-109 890	-83 587	-61 477	-22 110
Debt instruments	8 729	-111 457	120 185	-21 915	-47 926	26 011
PORTFOLIO INVESTMENT	112 409	141 528	-29 119	104 321	119 533	-15 211
Equity securities	-39 694	141 879	-181 573	890	141 960	-141 070
Debt securities	152 103	-351	152 454	103 432	-22 427	125 859
FINANCIAL DERIVATIVES			10 526			19 444
OTHER INVESTMENT	94 704	86 436	8 268	34 171	41 691	-7 520
RESERVE ASSETS			74			37
ERRORS AND OMISSIONS			-1			-1

source : BCL, STATEC

For further information, please contact:

- **STATEC** - Mr. Bley at 247-84393
- **BCL** - « Communication » section at 4774-4265 ou 4599