

Luxembourg, 13 July 2021

BALANCE OF PAYMENTS OF LUXEMBOURG DURING THE FIRST QUARTER OF 2021

The Banque centrale du Luxembourg (BCL) and STATEC inform that, according to the first provisional results, the current account for the first quarter of 2021 showed a surplus of 352 million euros, an increase of more than 500 million compared to the same period of the previous year, which showed a deficit.

The goods surplus stood at 763 million euros and increased only slightly in the first quarter of 2021 (+12 million). Both exports and imports of goods, however, show significant increases of around 10%. First, net exports from goods under merchanting (purchases of goods abroad and their resale abroad) are up 25% (+206 million euros). For general merchandise (i.e. excluding merchanting), exports went up 9.5% (+556 million euros), while imports increased by 10.7% (+545 million euros).

The balance of international trade in services fell by 4.1% in the first quarter of 2021 (-222 million euros), due to the fact that exports and imports have increased at a sustained but different pace, with +5.1 and 7.8% respectively. At the level of sub-items however, evolutions were more contrasted. Trade in non-financial services declined for exports (-2.7%) but increased for imports (+1.6%). International trade in financial services, meanwhile, posted strong growth, with +11.1% for exports and +14% for imports. This evolution is driven mainly by the significant appreciation in average assets managed by investment funds during the period under review (+13%).

In the financial account, in the first quarter of 2021, direct investment flows experienced a significant drop in both assets (-1 billion euros) and liabilities (-6 billion euros). This development is linked to the restructuring operations which have affected the SOPARFis sector in recent years and which seem to have slowed down in the first quarter of 2021.

Regarding portfolio investments, following the strong recovery in financial markets since the second quarter of 2020, transactions in Luxembourg equities resulted in net inflows of 117 billion euros in the first quarter of 2021, compared with net outflows of 63 billion euros in the same quarter in 2020. On the other hand, Luxembourg debt securities continued to experience net sales, reaching 8 billion euros in the first quarter of 2021. Transactions in foreign equity

securities resulted in net purchases of 88 billion euros in the first quarter of 2021, compared to net sales of 57 billion in the same quarter in 2020. Foreign debt securities, for their part, underwent net purchases, amounting to 21 billion euros in the first quarter of 2021, compared with net sales of 92 billion in the same quarter in 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	1st quarter 2020			1st quarter 2021		
	Credit	Debit	Balance	Credit	Debit	Balance
CURRENT ACCOUNT	98.988	99.142	-155	95.094	94.742	352
Goods	5.849	5.098	751	6.405	5.643	763
General merchandise (incl. "non-monetary gold")	5.032	5.098	-66	5.383	5.643	-260
Goods under merchanting (net exports)	817	0	817	1.023	0	1.023
Services	24.256	18.831	5.426	25.502	20.298	5.203
Financial services	13.749	9.389	4.360	15.274	10.704	4.570
Non financial services	10.507	9.441	1.066	10.228	9.595	633
Primary income	66.417	72.561	-6.144	60.730	66.247	-5.517
Secondary income	2.465	2.652	-188	2.457	2.554	-97
CAPITAL ACCOUNT	404	461	-57	199	249	-50
	Assets	Liabilities	Net	Assets	Liabilities	Net
FINANCIAL ACCOUNT			-171			269
DIRECT INVESTMENT	-109.443	-85.520	-23.922	-1.250	-5.898	4.648
Equity and Reinvestment of earnings	-85.712	-49.900	-35.812	-7.174	-15.056	7.882
Debt instruments	-23.731	-35.620	11.890	5.925	9.158	-3.234
PORTFOLIO INVESTMENT	-149.990	-77.522	-72.468	109.334	108.656	679
Equity securities	-57.567	-63.458	5.891	88.416	116.943	-28.527
Debt securities	-92.423	-14.064	-78.359	20.918	-8.288	29.206
FINANCIAL DERIVATIVES			3.040			-4.121
OTHER INVESTMENT	182.841	89.648	93.193	20.023	21.040	-1.018
RESERVE ASSETS			-13			80
ERRORS AND OMISSIONS			41			-34

source : BCL, STATEC

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