



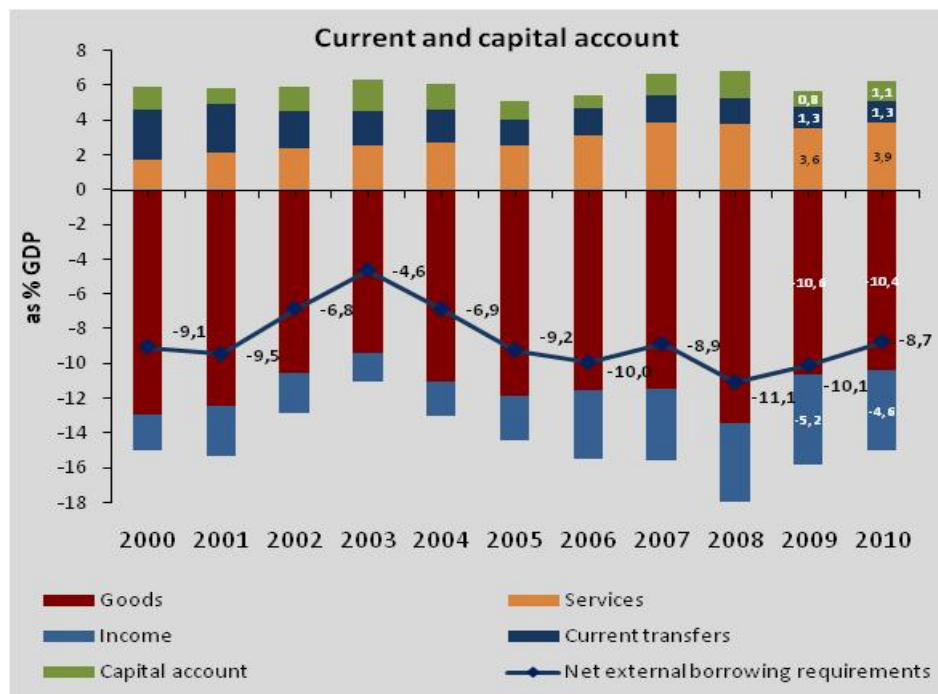
## Banco de Portugal publishes the Balance of Payments and International Investment Position statistics for 2010

Banco de Portugal publishes today in the Statistical Bulletin and in the BPstat |Statistics Online the Balance of Payments and International Investment Position statistics for 2010.

Summary of the main results.

The net external borrowing requirements of the Portuguese economy in 2010, measured by the global deficit of the **current and capital accounts**, was €15.1 billion, equating to 8.7 per cent of GDP<sup>1</sup>, which compares with a deficit of 10.1 per cent of GDP (€17.0 billion) in 2009 (Chart 1).

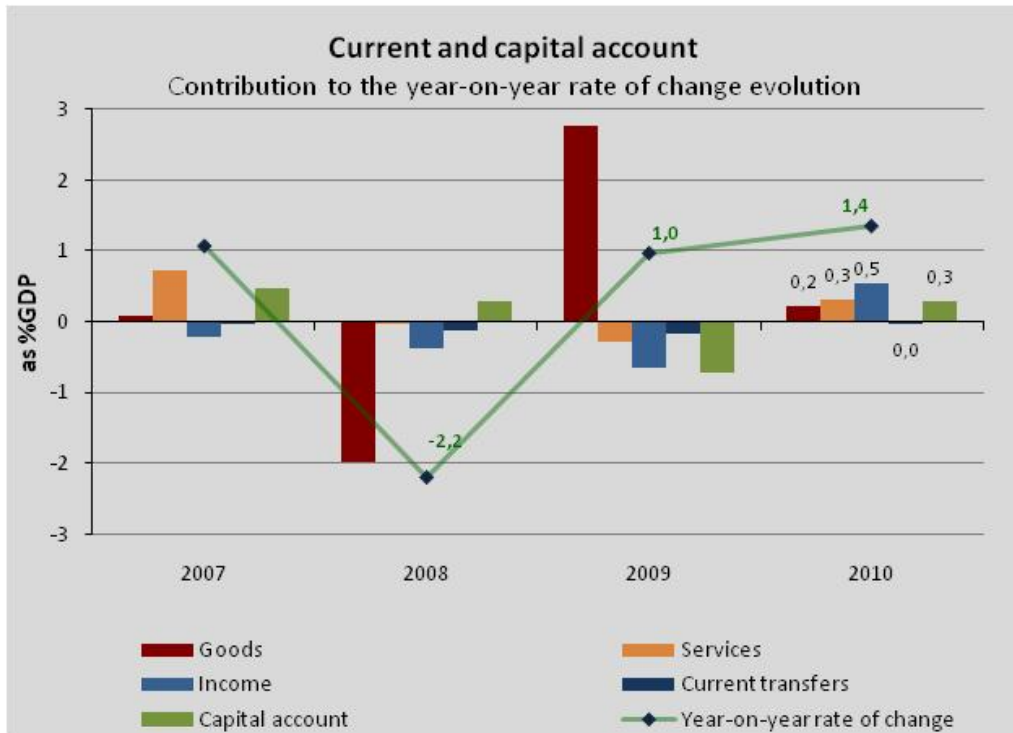
Chart 1



<sup>1</sup> The estimate of the GDP for 2010 used in this note was calculated by Banco de Portugal on the basis of information disseminated by Statistics Portugal, namely the volume change for the 4th quarter.

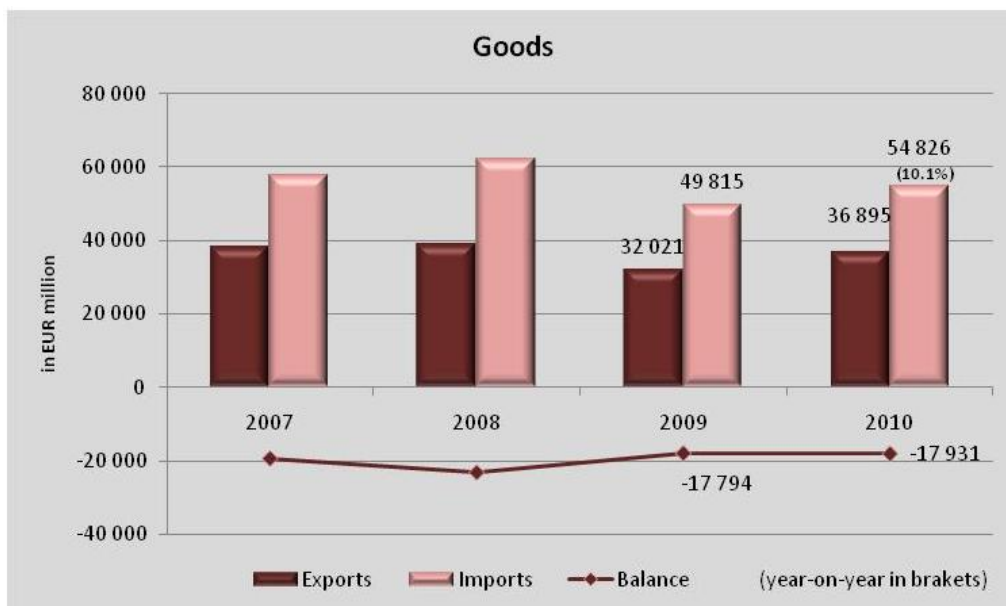
The reduction of the deficit by 1.4 percentage points (p.p.) of GDP was brought about by a reduction in the goods and income accounts' deficits, by 0.2 p.p. and 0.5 p.p. of GDP respectively, and by an increase in the services and capital accounts' surpluses, by 0.3 p.p. of GDP each (Chart 2).

Chart 2



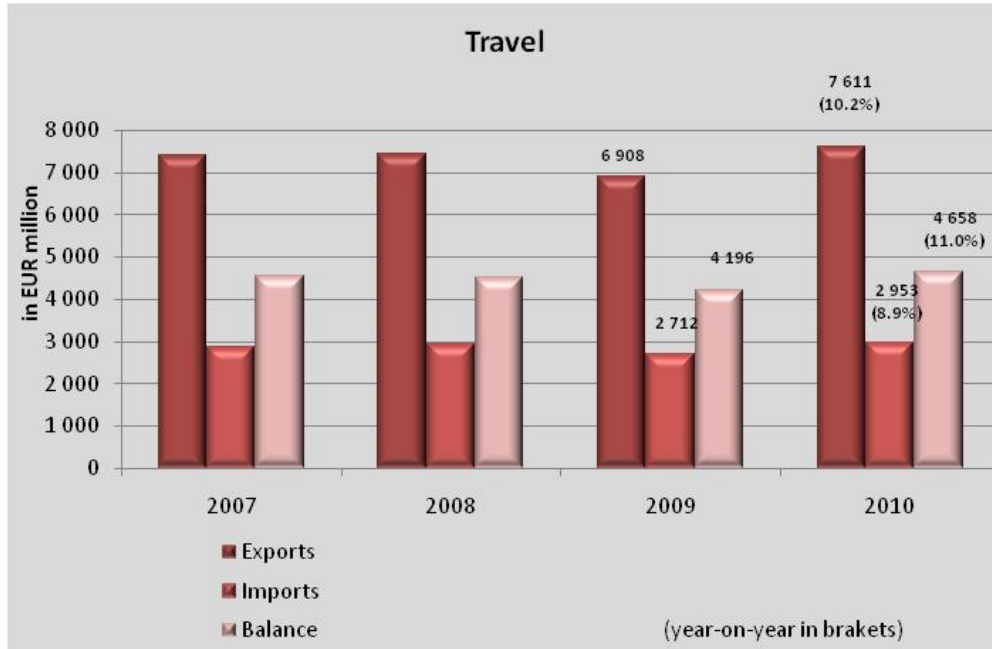
The **goods account** recorded a deficit of €17.9 billion due to an increase in exports of 15.2 per cent and to an increase in imports of 10.1 per cent (Chart 3).

Chart 3



The **services account** surplus was €6.7 billion, 12.1 per cent higher than in the previous year (€6.0 billion). This increase was mainly due to an 11.0 per cent increase in **Travel** (Chart 4) and to a 29.1 per cent increase in **Transport**.

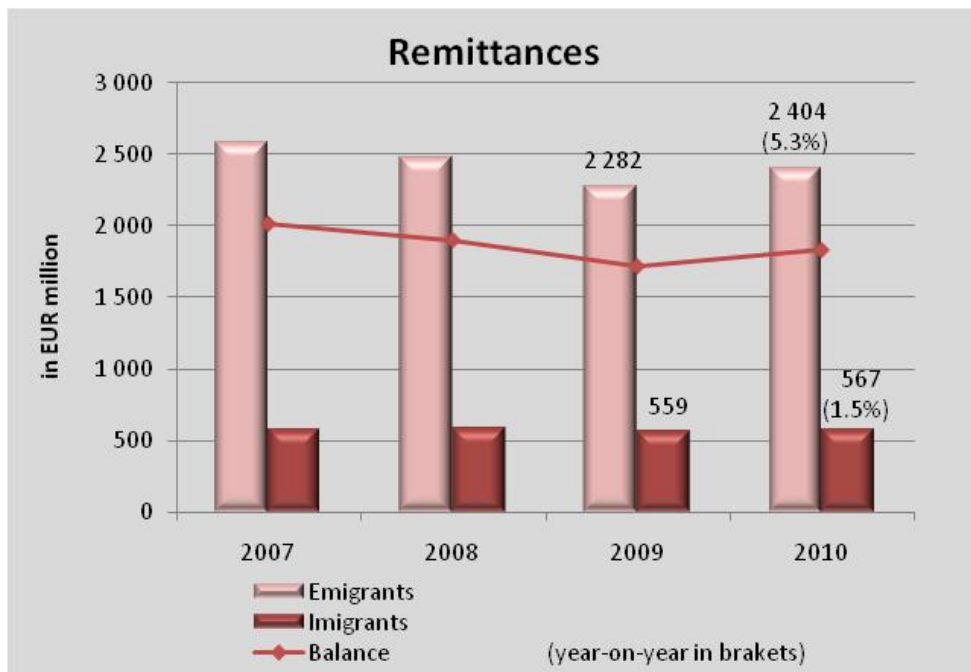
Chart 4



The **income account** deficit was €8.0 billion, 7.8 per cent lower than in the previous year (€8.7 billion).

The surplus on **current transfers account** amounted to €2.2 billion, an increase of 1.9 per cent when compared to 2009 (€2.1 billion). It's worth noting that emigrants' remittances increased by 5.3 per cent (Chart 5).

Chart 5



The surplus in the **capital account** increased from €1.4 billion in 2009 to €1.9 billion in 2010, which represents a growth of 39.3 per cent. This increase was mainly due to an increase in the capital transfers from the European Union.

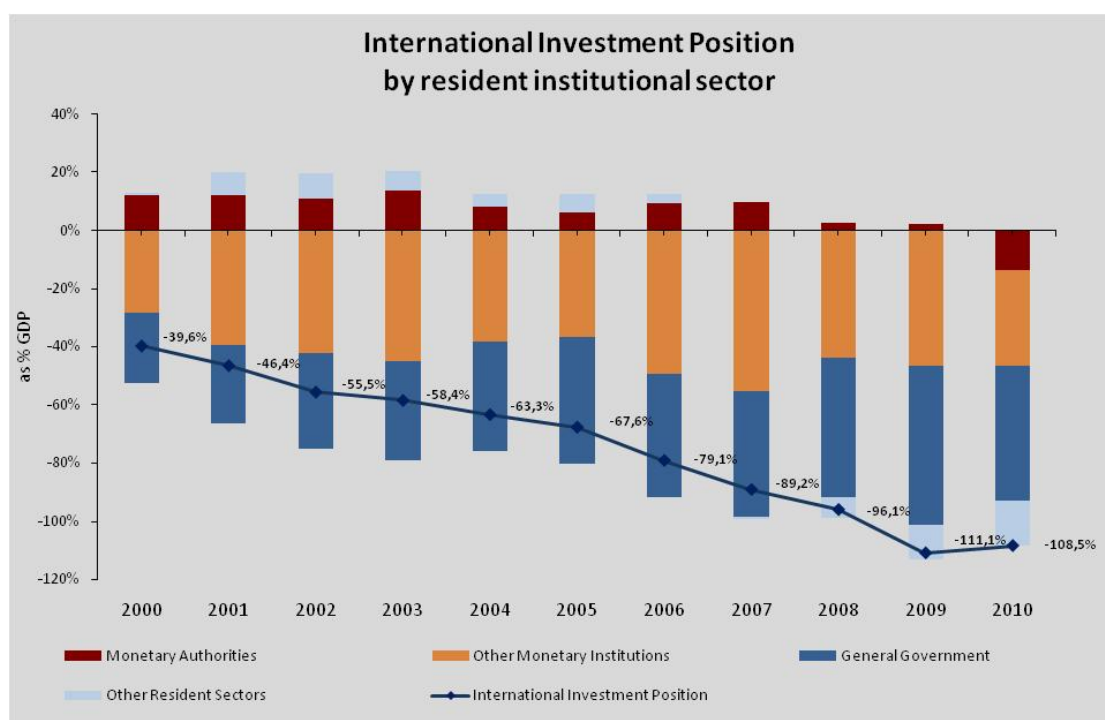
The **International Investment Position (IIP)** records the value and composition of:

- The stock of financial assets held by residents which constitute claims on non-residents (includes direct investment and portfolio investment abroad, loans granted to non-residents, deposits abroad and reserve assets);
- The stock of financial liabilities of residents vis-à-vis non-residents (includes direct investment and portfolio investment from abroad, loans and deposits attained from nonresidents);

For Portugal, since the difference between the stock of assets and the stock of liabilities is negative, the IIP provides an indicator of the total net external liabilities of the country vis-à-vis the rest of the world.

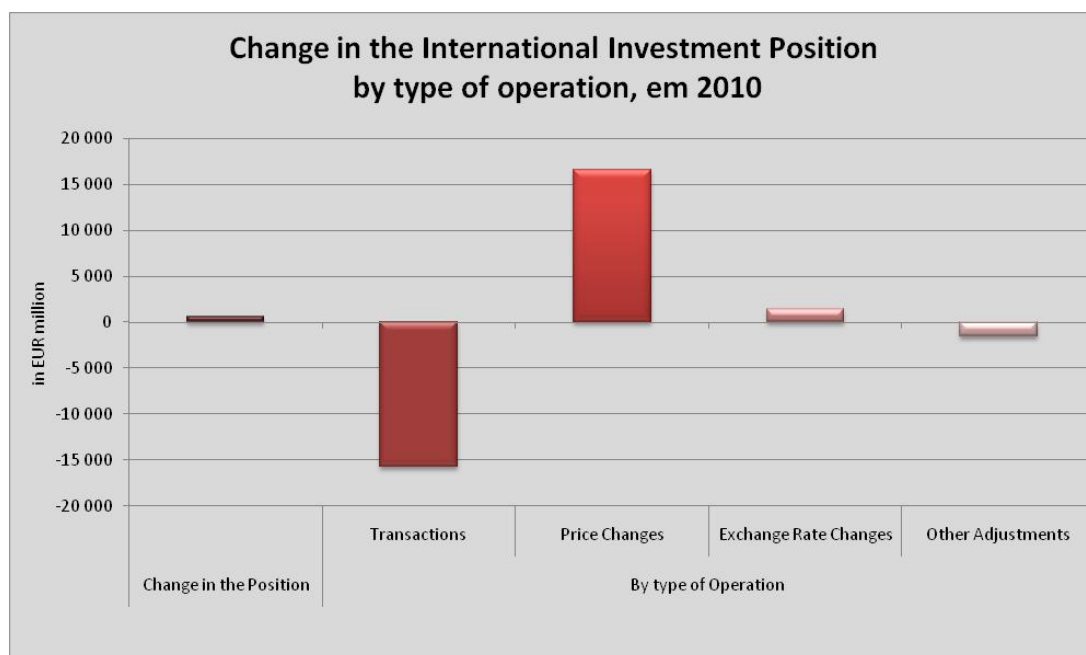
The IIP recorded, at the end of 2010, net external liabilities of €185.6 billion, i.e. less €0.6 billion than at the end of 2009 (€186.2 billion). As a share of GDP, the decrease in the IIP was of 2.5 p.p., from -111.1 per cent at the end of 2009 to -108.5 per cent at the end of 2010 (Chart 6).

Chart 6



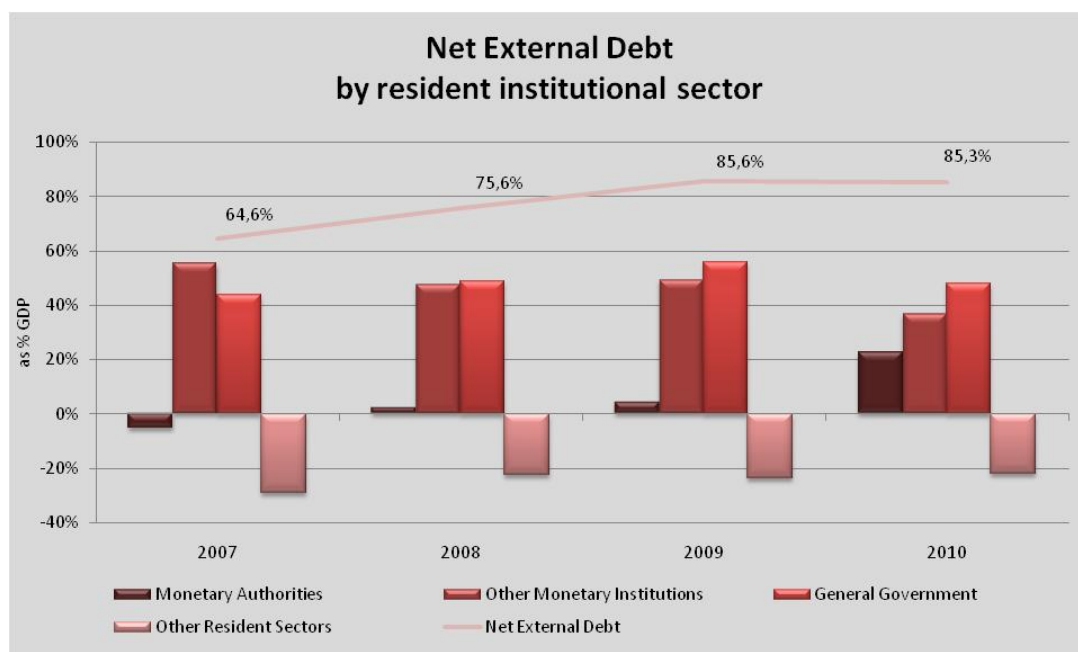
This improvement in IIP is due to price and exchange rate changes that more than offset the reduction in net external assets resulting from the transactions observed during 2010 (Chart 7).

Chart 7



Net External Debt is IIP's main component that excludes reserve assets, financial derivatives and shares and other equity, and is presented with the opposite sign. At the end of 2010, the Net External Debt as a percentage of GDP reached 85.3 per cent (Chart 8), standing 0.3 p.p. lower than at the end of 2009 (85.6 per cent of GDP).

Chart 8



The stock of foreign direct investment in Portugal reached €82.5 billion at the end of 2010, which represents an increase of €2.9 billion compared with the stock recorded in the previous year (€79.6 billion). The stock of Portuguese direct investment abroad amounted to €48.1 billion, an increase of €557 million over the stock of 2009 (€47.5 billion).