

STATISTICAL PRESS RELEASE



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Banco de Portugal releases statistics of the Balance of Payments and the International Investment Position of 2014

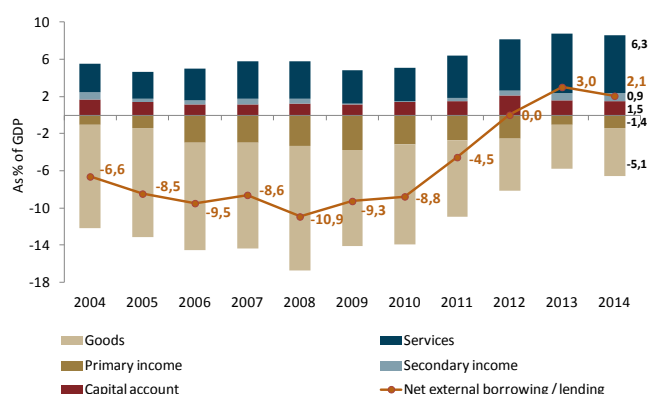
Banco de Portugal releases today, on the Statistical Bulletin and on BPstat|Statistics online, the statistics of balance of payments and international investment position of 2014.

Main Results

In 2014, the Portuguese economy recorded a net lending capacity measured by the balance of the current and capital accounts, of 3.6 billion euro, corresponding to 2.1 per cent of GDP¹, less 1 percentage point (p.p.) than in 2013 (chart 1).

Chart 1

Current and capital accounts

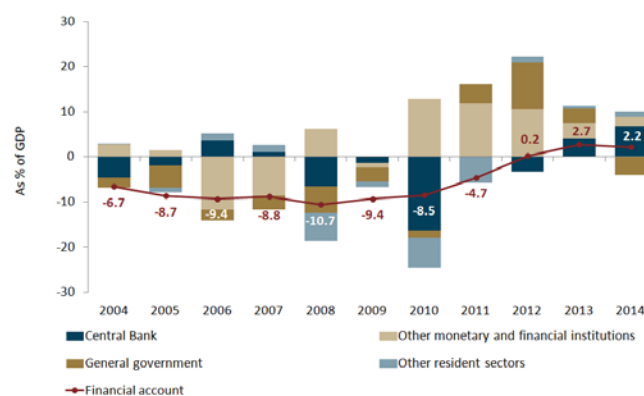


¹ The estimation of the GDP for 2014 was calculated by the Banco de Portugal based on information released by INE, namely the variations in volume of the 4th quarter.

In the financial account this evolution was reflected as an increase of 3.8 billion euro, corresponding to 2.2 per cent of GDP, in Portuguese net assets *vis-à-vis* the rest of the world (chart 2).

Chart 2

Financial account by institutional sector*



*Values reflect the variation of net assets: a positive value corresponds to an increase in assets or a reduction in liabilities.

The Portuguese international investment position (IIP), measured by the difference between the stock of financial assets and liabilities, *vis-à-vis* the rest of the world, has become less negative by 6.7 p.p. of GDP, compared with the position at the end of 2013. IIP reached approximately -193.1 billion euro, corresponding to -110.7 percent of GDP (chart 3). This evolution was explained by transactions which, in net terms, correspond to the balance of the financial account, but also by changes in prices and exchange rates, as well by other adjustments to assets and liabilities *vis-à-vis*

the rest of the world. In 2014, price changes contributed with 2.1 p.p. of GDP to the overall change in the IIP, where the following contributions should be highlighted:

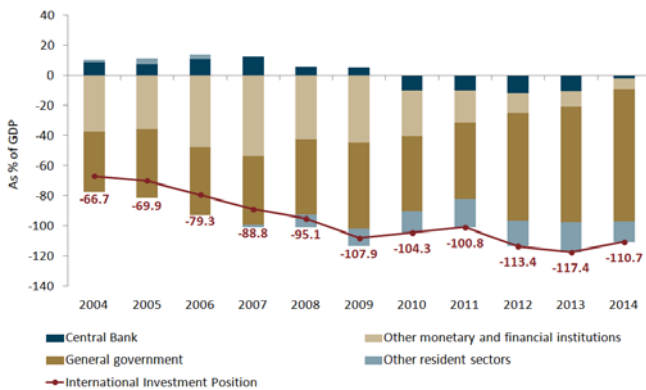
- i) Gold price appreciation, with impact on the reserve assets of the central bank;
- ii) Devaluation of resident banks and non-financial corporations' shares owned by non-residents, in the form of direct investment.

With a contrary effect, IIP also reflected the asset devaluations of external direct investment of non-monetary financial institutions except insurance companies and pension funds, and an appreciation of general government liabilities in the form of securities owned by non-residents.

At the end of 2014, net external debt stood at 182.4 billion euro, equivalent to 104.5 percent of GDP, more 3.8 p.p. than the observed at the end of 2013.

Chart 3

International investment position, by institutional sector



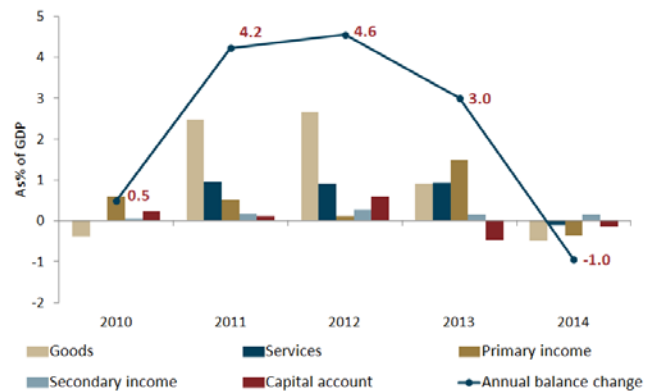
Current and capital accounts

In 2014, the current and capital accounts balance, in percentage of GDP, decreased 1 p.p., when compared to 2013. All components but secondary income contributed to this result. The deficits in goods and primary income accounts increased by 0.5 p.p. and 0.4 p.p. of GDP, respectively, while the positive balances of the services account and capital account diminished

0.1 p.p. of GDP. On the contrary, the secondary income balance improved 0.1 p.p. of GDP, compared with 2013 (chart 4).

Chart 4

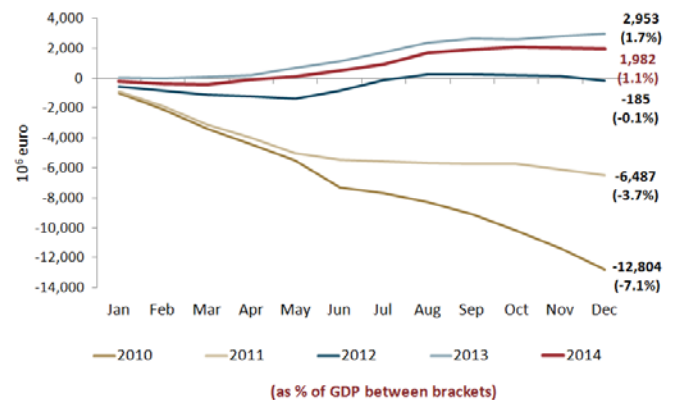
Current and capital accounts – decomposition of the annual change in the overall balance



The trade account (goods and services account) reached a global positive balance of 2 billion euro, which compares with 3 billion euro in 2013 (chart 5). In 2014, the trade account recorded surpluses from April to October. Throughout the year, the exports of goods and services increased 2.5 percent and imports increased 4.1 percent (in 2013, 6.6 percent and 1.7 percent, respectively).

Chart 5

Accumulated trade balance



The deficit of the goods account increased approximately 0.5 p.p. of GDP, reaching 9 billion euro in 2014. Imports increased 3.3 percent, surpassing the growth of exports, in 1.7 percent. The services account in 2014

verified a surplus of 10.9 billion euro, roughly the same amount as in 2013, with the growth of exports and imports of services of 4.0 percent and 7.9 percent, respectively. The balance of travel recorded a significant growth in 2014, 0.5 p.p. of GDP, despite the contrary evolution of other services and transports. In particular, the expenditure of foreign tourists in Portugal grew up 12.4 percent in 2014, as the expenditure of Portuguese tourists abroad increased 6.4 percent (7.5 and 5.9 percent in 2013, respectively).

Financial account

In 2014, the net lending of the Portuguese economy reflected an increase in net assets of Portugal, *vis-à-vis* the rest of the world, mainly resulting from the other investment category, since the operations resulting from direct and portfolio investment have conducted to a net decrease in net assets of Portugal.

The investment from the central bank and insurance companies and pension funds in debt securities issued by non-residents was significant in 2014, but surpassed by the debt securities issued by the general government and owned by non-residents. The increase in general government liabilities is also related to the last loans tranches from the Economical and Financial Assistance Program, in the beginning of 2014.

Relatively to other monetary and financial institutions, the increase in net assets, *vis-à-vis* the rest of the world, resulted essentially from the amortization of liabilities in the form of deposits and loans.