

Luxembourg, 11 July 2019

Balance of payments of Luxembourg during the first quarter of 2019

The Central Bank of Luxembourg (BCL) and STATEC inform that, according to preliminary results, the current account for the first quarter of 2019 resulted in a surplus of 725 million euros, a decrease of 1644 million compared to the same period of the previous year.

The trade deficit (general merchandise) increased only slightly (by 25 million euros or 1.6%) in the first quarter of 2019. The reduction of the goods deficit (333 million euros) is due to net exports of merchanting (purchases and sales of goods abroad without LU border crossing), which increased by around 47%. However, caution should be exercised when interpreting these still tentative figures, as the merchanting activity is volatile, dominated by a small number of large multinationals and impacted by transfer pricing effects (billing between companies belonging to the same group). The surplus of international trade in services rose by nearly 9% in the first quarter of 2019 (+482 million euro), driven by non-financial services. Above all, exports of professional services, management consulting and audiovisual services from a few large multinationals have increased significantly. Exports and imports of financial services, meanwhile, are almost stagnating, and their balance only shows a slight increase of 0.6%. This evolution is mainly due to a small increase in average assets managed by investment funds during the period under review (2.1%). Since most partial balances (goods, services, secondary income) were rising, the decline in the current account was linked to primary income, and more specifically to direct and portfolio investment, whose deficits increased by 38% and 6% respectively in the first quarter of 2019.

In the financial account, direct investment flows resumed in the first quarter of 2019, for both assets (55 billion euros) and liabilities (54 billion euros), after the divestments observed throughout 2018. Regarding portfolio investment, non-resident investments in securities issued by Luxembourg (largely Investments Funds shares) widely decreased, reaching 19 billion euros in the first quarter of 2019, compared to net inflows of 84 billion euros in same quarter of 2018. With regard to foreign securities, residents also decreased their investments in the first quarter of 2019, which totaled 41 billion euros compared to 97 billion in in same quarter of 2018. Portfolio investment flows resulted in net outflows of 19 billion euros in the first quarter of 2019, offset entirely by the net inflows in other investments (deposits and traditional credits).

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 2018			1st quarter 2019		
	Credit	Debit	Balance	Credit	Debit	Balance
CURRENT ACCOUNT	82 927	80 558	2 369	81 400	80 675	725
Goods	4 579	5 375	-795	4 927	5 389	-462
General merchandise (incl. "non-monetary gold")	3 815	5 375	-1 560	3 805	5 389	-1 585
Goods under merchandising (net exports)	765		765	1 123		1 123
Services	23 425	17 902	5 523	24 428	18 423	6 005
Financial services	13 656	9 632	4 024	13 702	9 654	4 048
Non financial services	9 769	8 270	1 499	10 726	8 770	1 957
Primary income	52 389	54 644	-2 255	49 171	53 930	-4 760
Secondary income	2 534	2 637	-103	2 874	2 932	-57
CAPITAL ACCOUNT	23	54	-31	5	59	-54
	Assets	Liabilities	Net	Assets	Liabilities	Net
FINANCIAL ACCOUNT			2 350			671
DIRECT INVESTMENT	-46 968	-47 584	616	55 411	53 897	1 514
Equity and Reinvestment of earnings	-87 518	-70 626	-16 892	39 067	27 172	11 894
Debt instruments	40 550	23 041	17 509	16 344	26 724	-10 380
PORTFOLIO INVESTMENT	96 752	108 471	-11 718	41 139	21 548	19 590
Equity securities	52 666	84 426	-31 760	-17 238	19 265	-36 503
Debt securities	44 086	24 044	20 042	58 376	2 283	56 094
FINANCIAL DERIVATIVES			-9 654			255
OTHER INVESTMENT	44 987	21 880	23 107	42 971	63 656	-20 685
RESERVE ASSETS			-1			-3
ERRORS AND OMISSIONS			12			0

source : BCL, STATEC

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