

IFC Satellite meeting at the ISI World Statistics Congress on *"Assessing international capital flows after the crisis"*

Rio de Janeiro, Brazil, 24 July 2015

BPM6 communication and analysis challenges in the euro area¹

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¹ This presentation was prepared for the meeting. The views expressed are those of the author and do not necessarily reflect the views of the BIS, the IFC or the central banks and other institutions represented at the meeting.



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BPM6 communication and analysis challenges in the euro area

Panel Session 4

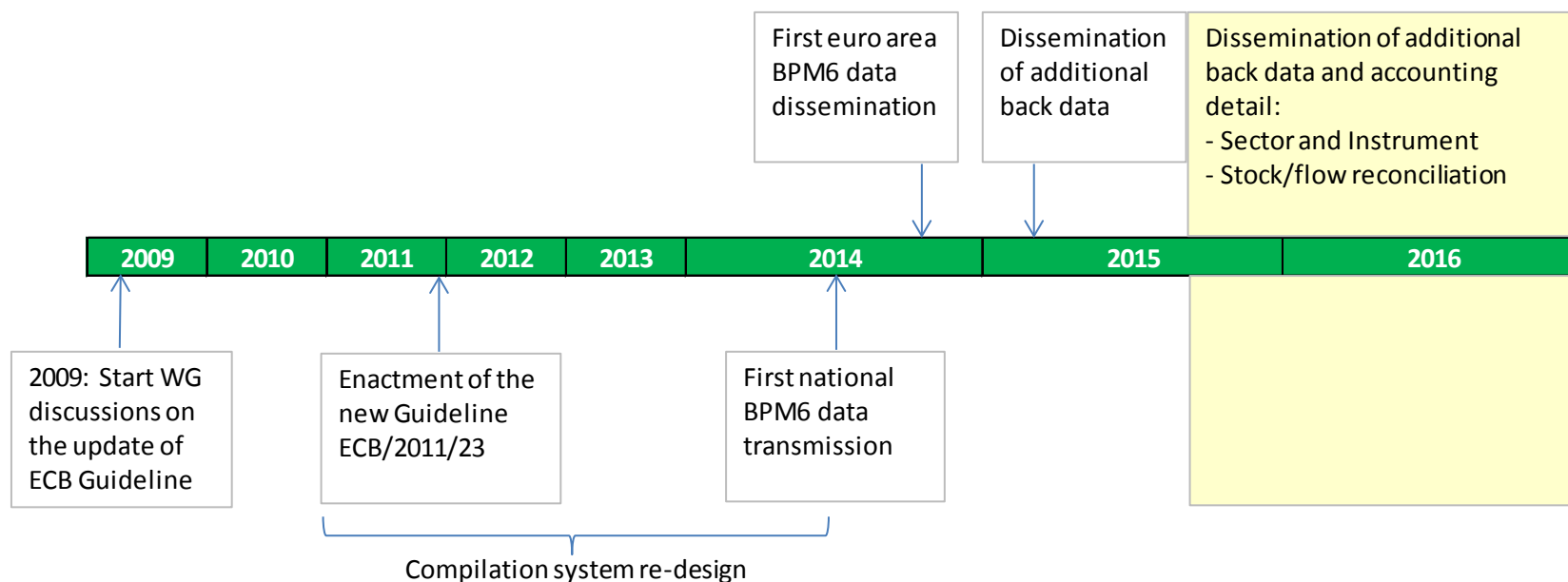
IFC Satellite meeting at the ISI 60th
World Statistics Conference: “Assessing
internal capital flows after the crisis”

Rio de Janeiro, 24 July 2015

Overview

- 1** The introduction of BPM6 in the euro area - timeline
- 2** Major changes and challenges
- 3** Special features and illustrations
 - 3.1** From a net flow analysis to assets and liabilities
 - 3.2** From transactions to a comprehensive stock/flow analysis
 - 3.3** Dealing with geographical heterogeneity
 - 3.4** Communicating on errors & omissions

BPM6 introduction - timeline



Major challenges (national and euro area)

- **New methodology and (in general) compilation systems**
 - **Selected methodological changes (e.g. FDI, FISIM, etc...)**
 - **Revamp of national compilation systems (abandon International Transactions Reporting Systems - ITRS)**
 - **New (national) data sources and compilation practices**
- **Introduction of new technical infrastructure for data transmission**
 - **New codification scheme BOP-DSD**
 - **New transmission standard (SDMX-ML)**
- **Scarce resources**
 - **Deliver (new system) in parallel with regular BPM5 production...**

Communication

- **To internal users**
 - **Several seminars on methodological and technical changes**
 - **Technical support to adjust analytical tools**
- **To all users**
 - **Webpage with comprehensive information on the changeover process**
 - **Timetable**
 - **Methodological and technical changes**
 - **Impact assessment, etc...**
 - **Articles in the Monthly Bulletin: “pre” and “post” introduction**
 - **“Alias” linking BPM5 and BPM6 concepts**
 - **Detailed methodological information: “Bop book”**

The new data requirements – Guideline ECB/2011/23

- **Monthly balance of payments (t+44)**
 - **Main categories (including basic sector detail)**
- **Quarterly bop/iip (t+85/82)**
 - **Comparable with the IMF standard components**
 - **Detailed instrument and sector breakdowns**
 - **Detailed geographical counterpart: main partners**
 - **Revaluations and other changes in volume**
- **International Reserves assets template (t+10)**
 - **Identical to the IMF template**

The new data requirements – Guideline ECB/2011/23

- **First release of BPM6 b.o.p./i.i.p. data for the euro area:**
 - **First release of quarterly data: 30 October 2014**
 - **First release of monthly data: 19 November 2014**

- **Publication of back data:**
 - **From 2013 Q1 – 2014 Q2: October 2014**
 - **From January (Q1) 2009 onwards : April 2015**
 - **Back to 1999: towards the end of 2015**

Impact of the BPM6 change-over on the data (MIP indicators)

Current Account balance (3 year moving average as % of GDP)	
5% to 0.5%	MT, ES, FR,
0.5% to 0%	BE, PT, CY, SK
0% to -0.5%	GR, IT, SI, LT, FI, LU, NL
-0.5% to -3.5%	DE, EE, AT, LV, IE

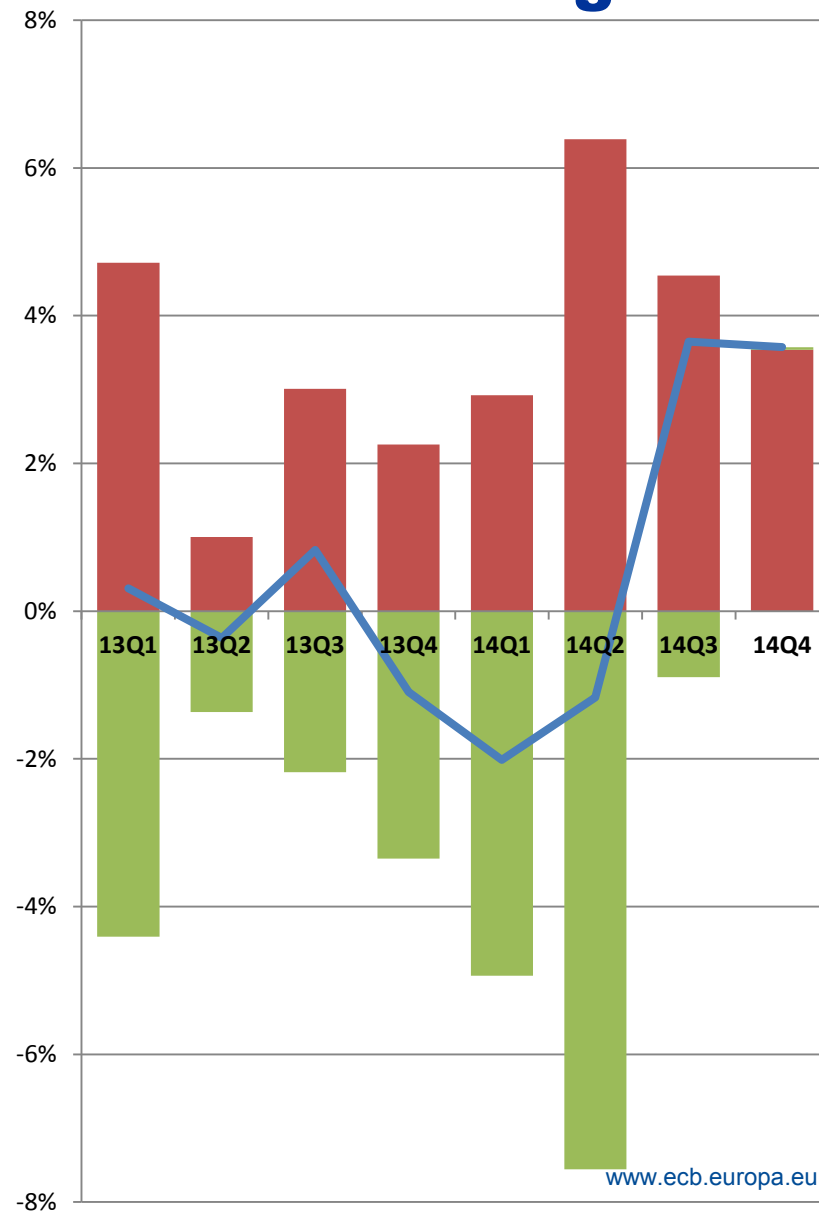
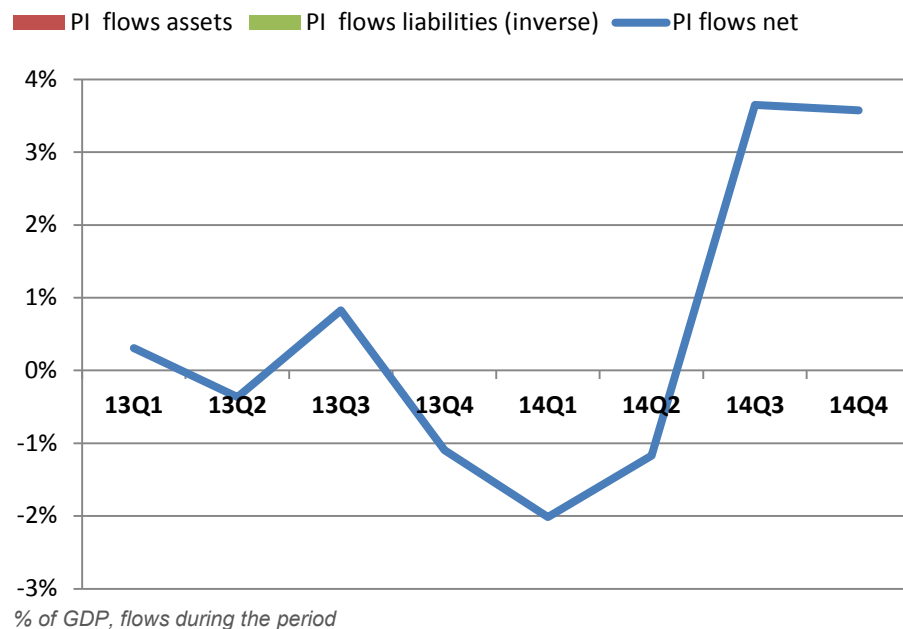
Source: Eurostat

Net International Investment Position (as % of GDP)	
35% to 8%	LU, MT, FR
8% to 0%	ES, PT, SI, EE, BE, SK, IR
0% to -8%	LV, LT, AT, IT, GR, DE, FI
-8% to -75%	NL, CY

Source: Eurostat

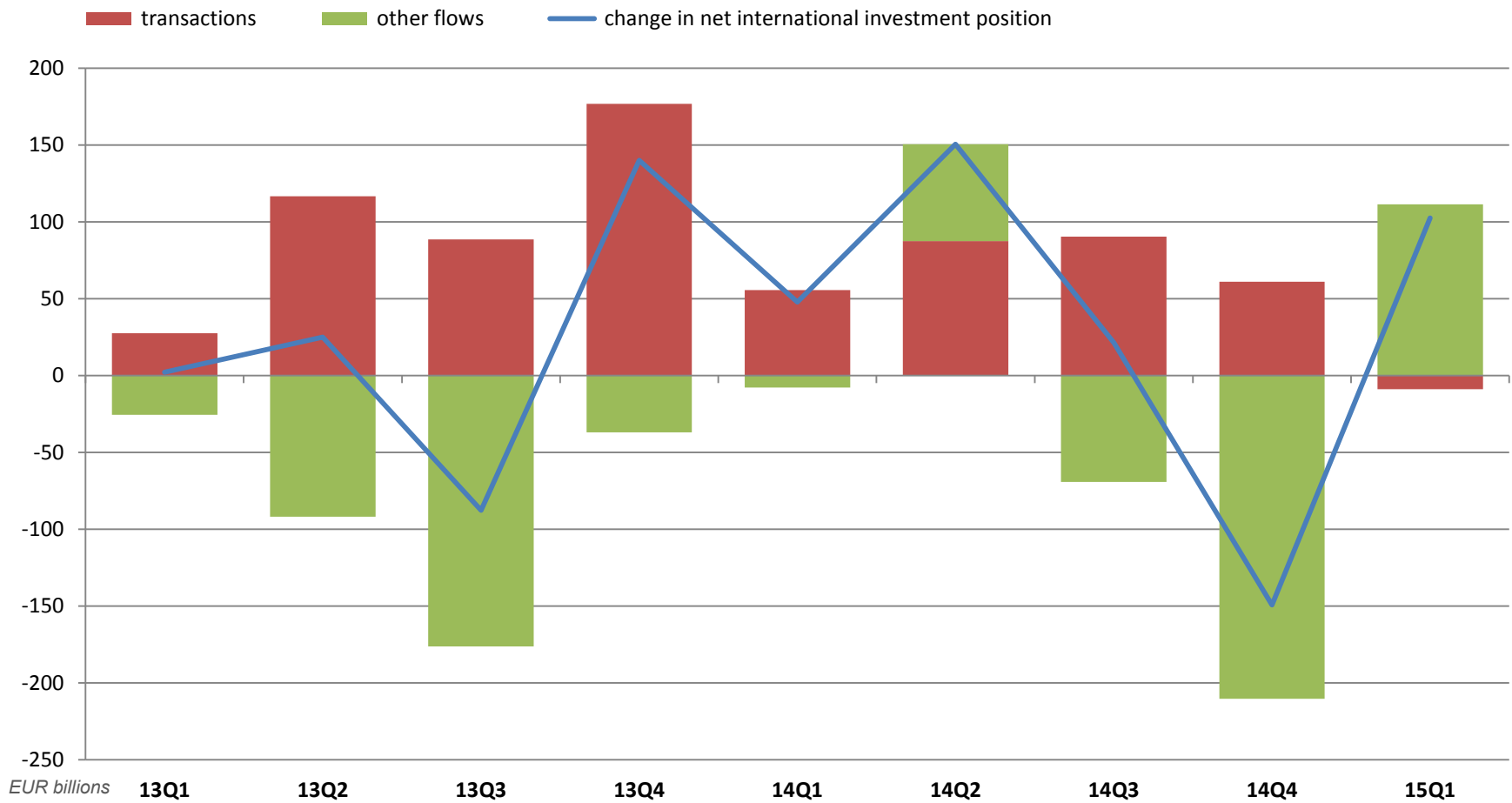
Judging just on net flows can be misleading!

Euro area Portfolio Investment flows: net and gross

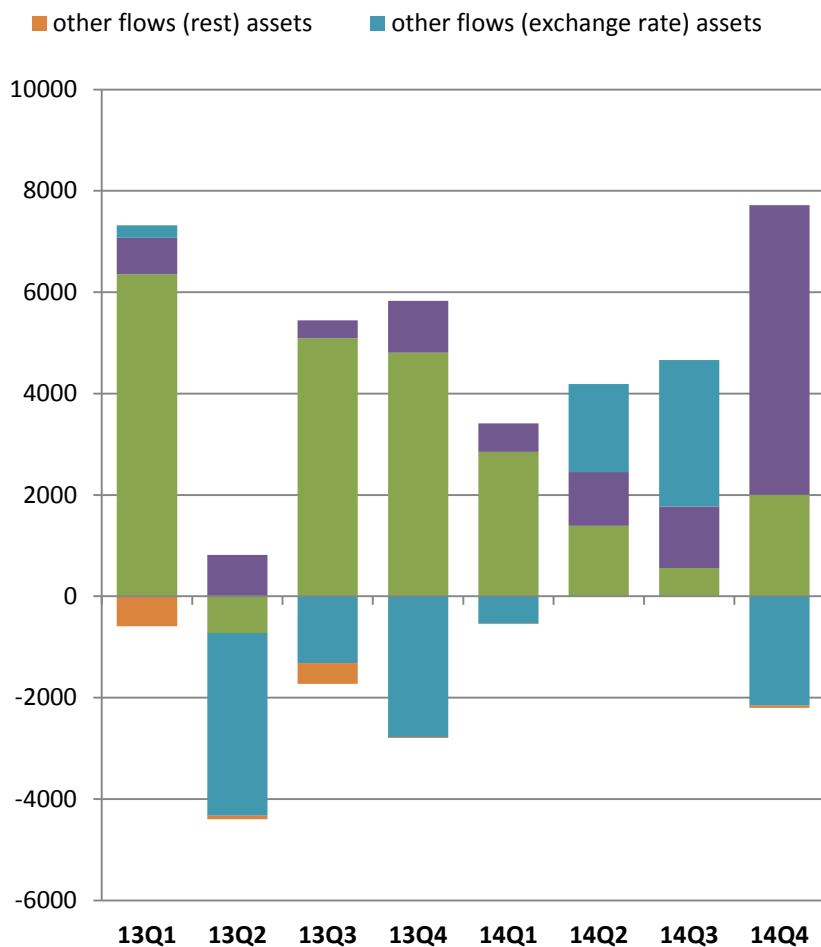


The role of 'other flows' in changes in the IIP

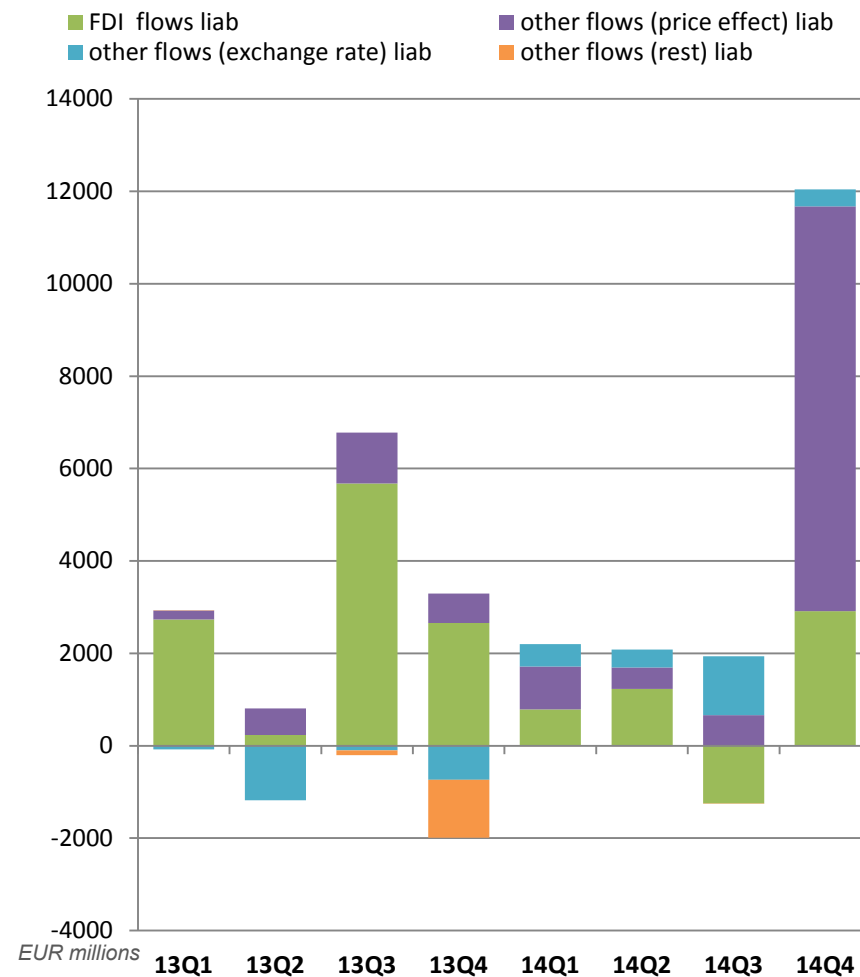
Changes in the net international investment position of the euro area



Breakdown of Austrian changes in stocks (assets) by 'type' of flow



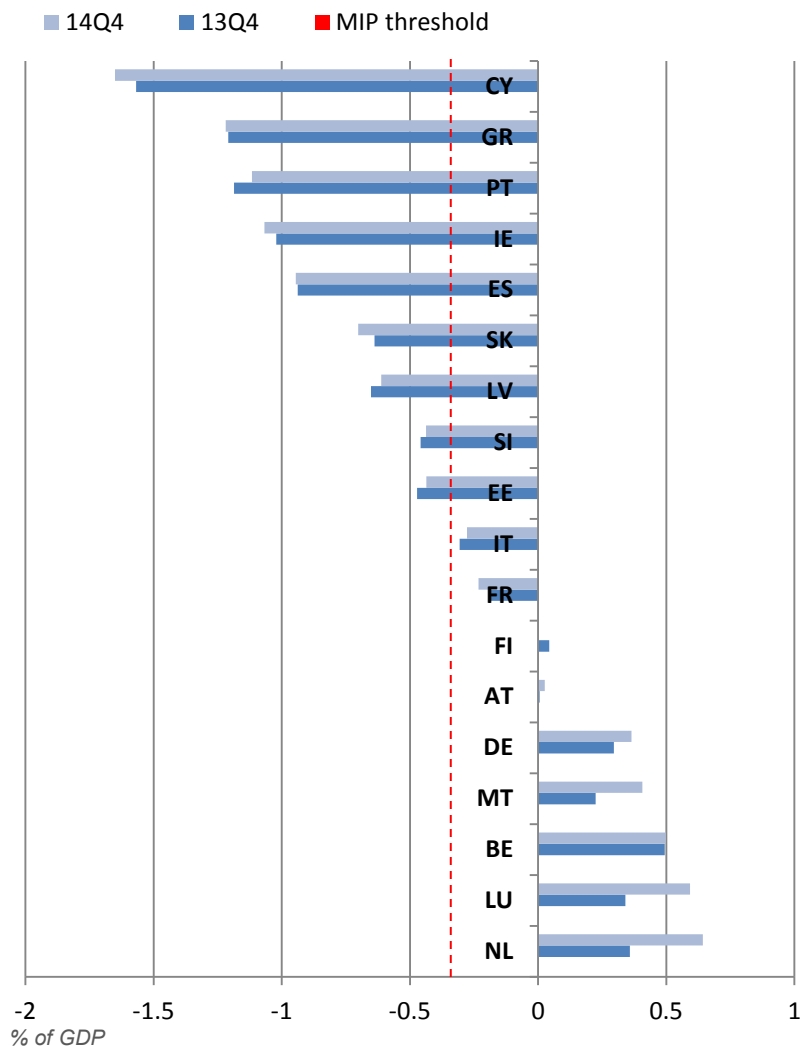
Breakdown of Austrian changes in stocks (liabilities) by 'type' of flow



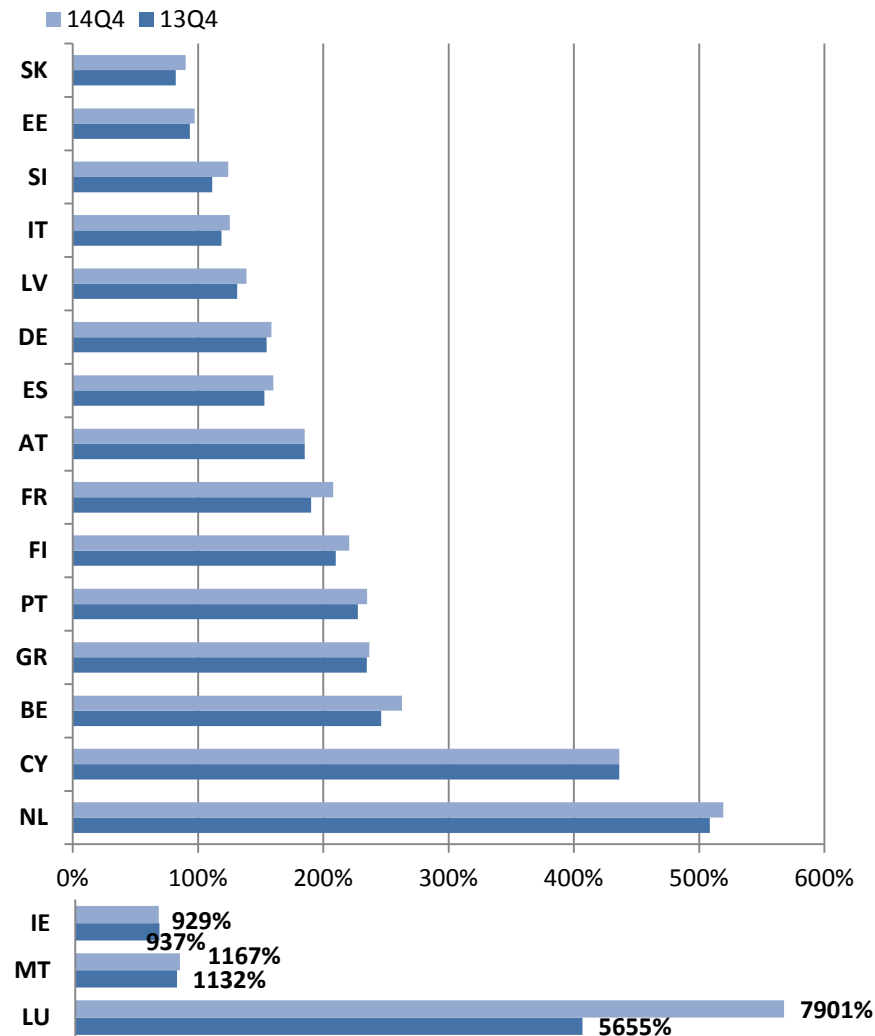
EUR millions

Large variations in Euro area country data

Net IIP by Euro area member state

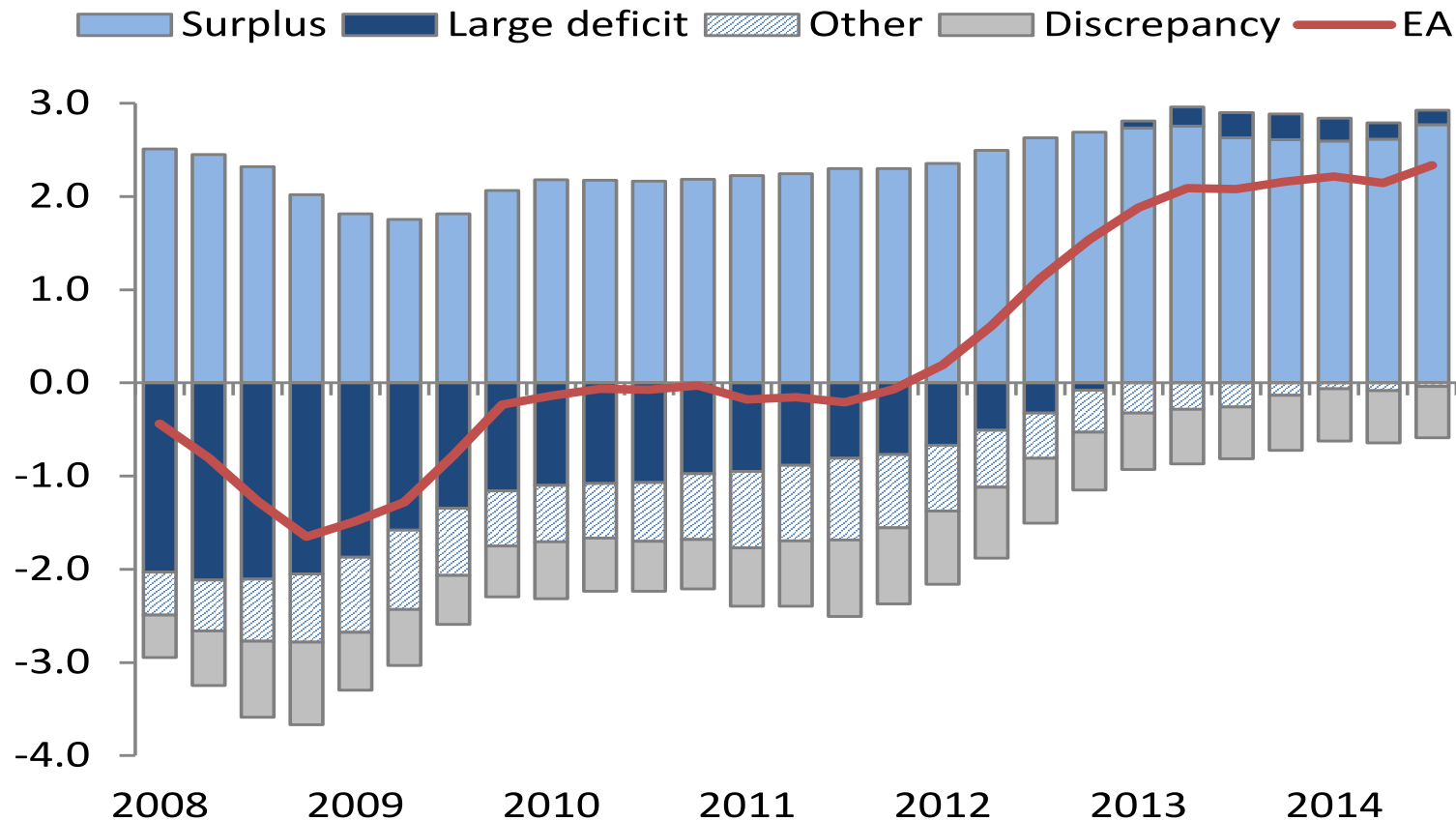


Gross External debt by Euro area member state



Large variations in Euro area country data

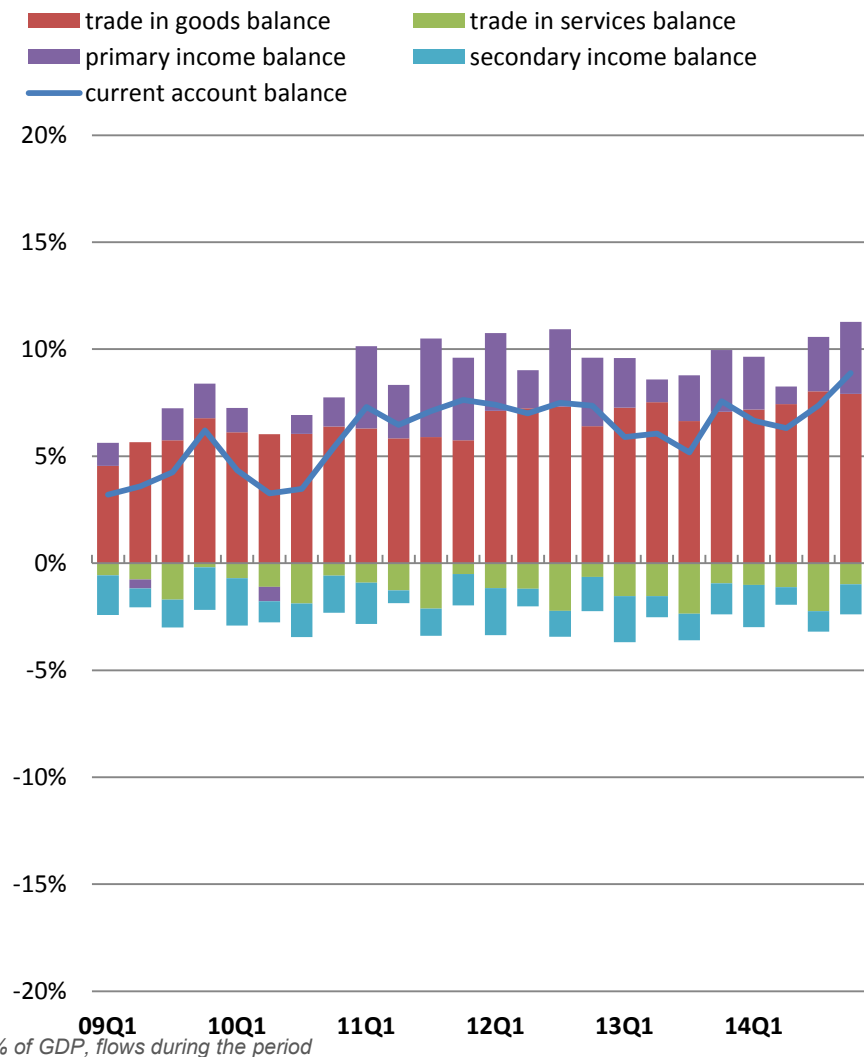
Current account of the euro area



% of Euro area GDP, 4-quarter average

Large variations in Euro area country data

German current account balance

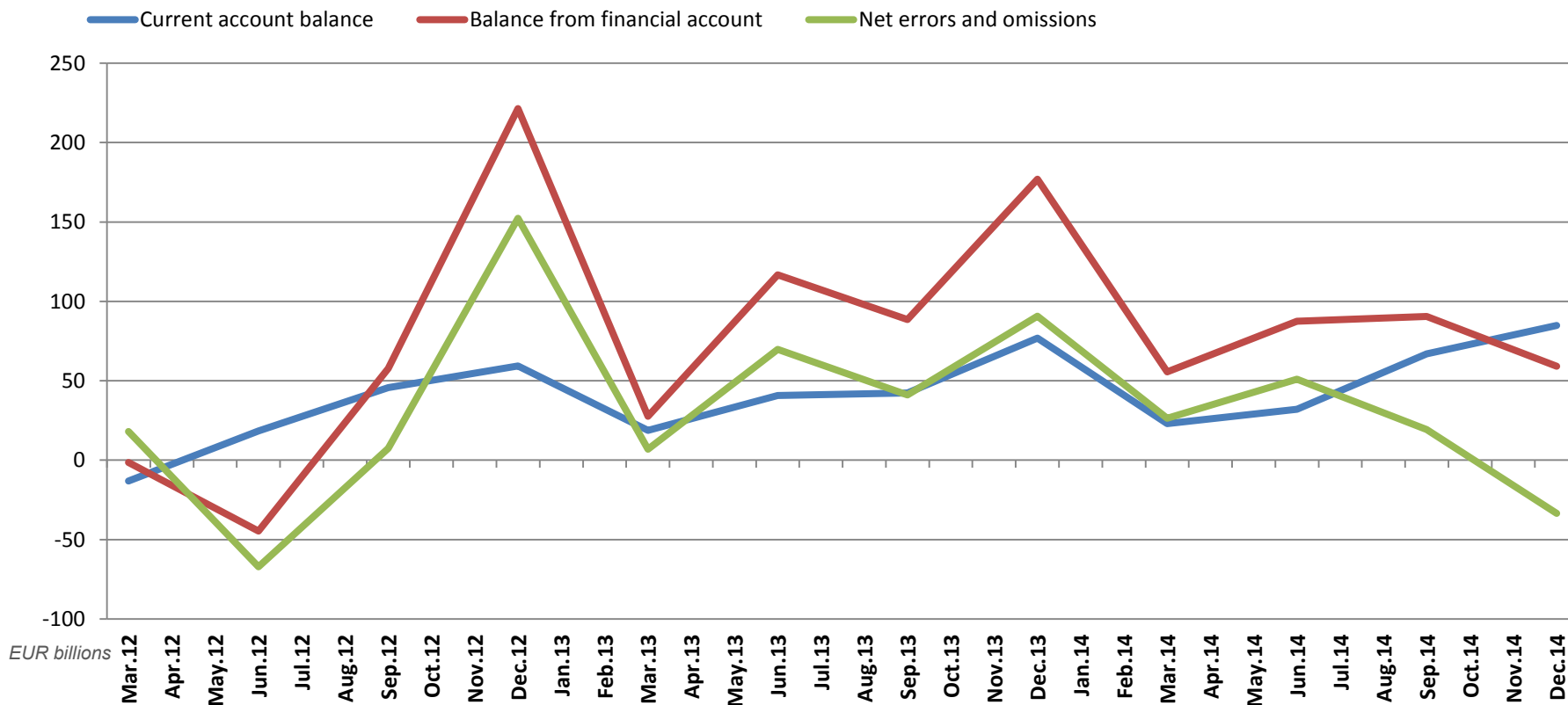


Greek current account balance



How to communicate on errors & omissions?

Euro area quarterly current and financial accounts balances and net errors and omissions



Two sources of errors & omissions in the euro area:

- National errors & omissions
- **Intra-euro area asymmetries**

Many thanks for your attention!

Any question?

