BPM6 communication and analysis challenges in the euro area\textsuperscript{1}

Aurel Schubert, European Central Bank

\textsuperscript{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.
Aurel Schubert
Director General Statistics
European Central Bank

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”
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# Overview

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1. The introduction of BPM6 in the euro area

BPM6 introduction - timeline

- 2009: Start WG discussions on the update of ECB Guideline
- 2010: Enactment of the new Guideline ECB/2011/23
- 2011: Compilation system re-design
- 2012: First national BPM6 data transmission
- 2013: First euro area BPM6 data dissemination
- 2014: Dissemination of additional back data
- 2015: Dissemination of additional back data and accounting detail:
  - Sector and Instrument
  - Stock/flow reconciliation
- 2016: Dissemination of additional back data
2. Major changes and challenges

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…
2. Major changes and challenges

Communication

• To internal users
  o Several seminars on methodological and technical changes
  o Technical support to adjust analytical tools

• To all users
  o Webpage with comprehensive information on the changeover process
    - Timetable
    - Methodological and technical changes
    - Impact assessment, etc…
  o Articles in the Monthly Bulletin: “pre” and “post” introduction
  o “Alias” linking BPM5 and BPM6 concepts
  o Detailed methodological information: “Bop book”
2. Major changes and challenges

The new data requirements – Guideline ECB/2011/23

• Monthly balance of payments (t+44)
  o Main categories (including basic sector detail)

• Quarterly bop/iip (t+85/82)
  o Comparable with the IMF standard components
  o Detailed instrument and sector breakdowns
  o Detailed geographical counterpart: main partners
  o Revaluations and other changes in volume

• International Reserves assets template (t+10)
  o Identical to the IMF template
2. Major changes and challenges

The new data requirements – Guideline ECB/2011/23

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

• Publication of back data:
  o From 2013 Q1 – 2014 Q2: October 2014
  o From January (Q1) 2009 onwards: April 2015
  o Back to 1999: towards the end of 2015
## 2. Major changes and challenges

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

<table>
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<th>Current Account balance</th>
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<tr>
<td><strong>(3 year moving average as % of GDP)</strong></td>
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<tr>
<td>5% to 0.5%</td>
</tr>
<tr>
<td>0.5% to 0%</td>
</tr>
<tr>
<td>0% to -0.5%</td>
</tr>
<tr>
<td>-0.5% to -3.5%</td>
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<th>Net International Investment Position</th>
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<tr>
<td><strong>(as % of GDP)</strong></td>
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<tr>
<td>35% to 8%</td>
</tr>
<tr>
<td>8% to 0%</td>
</tr>
<tr>
<td>0% to -8%</td>
</tr>
<tr>
<td>-8% to -75%</td>
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</tbody>
</table>

*Source: Eurostat*
3.1 From a net flow analysis to assets and liabilities

Judging just on net flows can be misleading!

Euro area Portfolio Investment flows: net and gross

- % of GDP, flows during the period

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The role of ‘other flows’ in changes in the IIP

Changes in the net international investment position of the euro area

- transactions
- other flows
- change in net international investment position

EUR billions

13Q1 13Q2 13Q3 13Q4 14Q1 14Q2 14Q3 14Q4 15Q1
### Breakdown of Austrian changes in stocks (assets) by ‘type’ of flow

- **other flows (rest) assets**
- **other flows (exchange rate) assets**

![Graph showing changes in Austrian stocks (assets) by 'type' of flow for 2013Q1 to 2014Q4.](image)

### Breakdown of Austrian changes in stocks (liabilities) by ‘type’ of flow

- **FDI flows liab**
- **other flows (price effect) liab**
- **other flows (exchange rate) liab**
- **other flows (rest) liab**

![Graph showing changes in Austrian stocks (liabilities) by 'type' of flow for 2013Q1 to 2014Q4.](image)
3.3 Dealing with geographical heterogeneity - I

Large variations in Euro area country data

Net IIP by Euro area member state
- % of GDP
- 1Q4
- 1Q3
- MIP threshold

Gross External debt by Euro area member state
- 1Q4
- 1Q3

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3.3 Dealing with geographical heterogeneity - II

Large variations in Euro area country data

Current account of the euro area

- Surplus
- Large deficit
- Other
- Discrepancy
- EA

% of Euro area GDP, 4-quarter average
Large variations in Euro area country data

German current account balance
- trade in goods balance
- primary income balance
- secondary income balance
- current account balance

Greek current account balance
- trade in goods balance
- trade in services balance
- primary income balance
- secondary income balance
- current account balance

% of GDP, flows during the period

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How to communicate on errors & omissions?

Two sources of errors & omissions in the euro area:
- National errors & omissions
- Intra-euro area asymmetries
Many thanks for your attention!

Any question?