International flows and the pandemic: evidence from the euro area

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Breakdown of euro area net portfolio investment flows
(EUR billions; twelve-month moving sums)

Source: ECB.
Notes: A positive (negative) number indicates net outflows (inflows) from (into) the euro area. “Equities” include investment fund shares. “APP” stands for asset purchase programme. “PEPP” stands for pandemic emergency purchase programme.
Euro area portfolio investment abroad
(EUR billions; twelve-month moving sums)

Source: ECB.
Notes: A positive (negative) number indicates net purchases (sales) of non-euro area securities by euro area investors. “APP” stands for asset purchase programme; “PEPP” stands for pandemic emergency purchase programme.
Foreign portfolio investment in the euro area
(EUR billions; twelve-month moving sums)

Investment flows

Source: ECB.
Notes: A positive (negative) number indicates net purchases (sales) of euro area securities by non-euro area investors. "APP" stands for asset purchase programme; "PEPP" stands for pandemic emergency purchase programme. Latest observation: August 2020.
Balance of payments response to the pandemic

Portfolio investment flows by country group

**Assets**
(monthly flows as a percentage of euro area GDP)

**Liabilities**
(monthly flows as a percentage of euro area GDP)

Sources: ECB and Eurostat.
Notes: “Less vulnerable” countries are Austria, Belgium, Finland, France, Germany and the Netherlands; “more vulnerable” countries are Italy, Greece, Portugal and Spain.
Latest observation: July 2020.
Balance of payments response to the pandemic

Portfolio investment debt flows by country group

Assets
(monthly flows as a percentage of euro area GDP)

Liabilities
(monthly flows as a percentage of euro area GDP)

Sources: ECB and Eurostat.
Notes: “Less vulnerable” countries are Austria, Belgium, Finland, France, Germany and the Netherlands; “more vulnerable” countries are Italy, Greece, Portugal and Spain. “MFI” are monetary financial institutions; “CB” is the central bank; “GG” is the general government; “non-MFI” are the remaining sectors; “l.t.” is long-term and “s.t.” is short-term.
Latest observation: July 2020.
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Portfolio debt liabilities following shocks

Less vulnerable
(cumulated monthly flows as a percentage of cross-border stock)

More vulnerable
(cumulated monthly flows as a percentage of cross-border stock)

Sources: ECB and Eurostat.
Notes: Initial period of “Lehman” is September 2008; initial period of “Sovereign crisis” is July 2011; initial period of “COVID-19” is March 2020. Euro area aggregate flows are scaled by cross-border asset and liability stocks. Country group flows are scaled by respective cross-border debt liability stocks. “Less vulnerable” countries are Austria, Belgium, Finland, France, Germany and the Netherlands; “more vulnerable” countries are Italy, Greece, Portugal and Spain.
Portfolio investment asset flows by sector in Q1 2020 and Q2 2020

By instrument
(quarterly flows as a percentage of euro area GDP)

Investment fund shares, by country of issuance
(quarterly flows as a percentage of euro area GDP)

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Sources: SHS and Eurostat.
Notes: “Domestic” refers to cases where the holder country is the same as the issuer country; “EA ex dom” refers to cases where the euro area holder country is not the same as the issuer country; “Other advanced economies” refers to advanced economies excluding euro area countries; “Other” refers to all other countries; “MFI” are monetary financial institutions; “IF” are investment funds; “OFI” are other financial intermediaries; “IC” are insurance companies; “PF” are pension funds; “NFC” are non-financial corporations; “HH” are households. Conceptually, SHS and b.o.p. data are compatible, but the latter also include domestic flows. “Less vulnerable” countries are Austria, Belgium, Finland, France, Germany and the Netherlands; “more vulnerable” countries are Italy, Greece, Portugal and Spain.
Direct and indirect exposures of euro area investors to debt securities at end-2019


Notes: “Less vulnerable” countries are Austria, Belgium, Finland, France, Germany and the Netherlands; “more vulnerable” countries are Italy, Greece, Portugal and Spain. “Domestic” refers to cases where the holder country is the same as the issuer country; “EA (excl. domestic)” refers to cases where the euro area holder country is not the same as the issuer country; “Extra-EA” are all other countries. “B” are deposit-taking corporations; “HH” are households; “IC” are insurance companies; “OS” are other financial intermediaries, general government and non-financial corporations; “PF” are pension funds.

Balance of payments response to the pandemic
Balance of payments response to the pandemic

Portfolio investment asset flows by sector and country group in Q1 2020 and Q2 2020

**Less vulnerable countries**
(quarterly flows as a percentage of euro area GDP)

**More vulnerable countries**
(quarterly flows as a percentage of euro area GDP)

Sources: SHS and Eurostat.
Notes: "Dom" refers to cases where the holder country is the same as the issuer country; "EA ex dom" refers to cases where the euro area holder country is not the same as the issuer country; "Non-EA" refers to all other countries; "MFI" are monetary financial institutions; "IF" are investment funds; "OFI" are other financial intermediaries; "IC" are insurance companies; "PF" are pension funds; "NFC" are non-financial corporations; "HH" are households. Conceptually, SHS and b.o.p. data are compatible, but the latter also include domestic flows. "Less vulnerable" countries are Austria, Belgium, Finland, France, Germany and the Netherlands; "more vulnerable" countries are Italy, Greece, Portugal and Spain.
The monetary side of the balance of payments in the pandemic

Monetary presentation of the balance of payments:
(monthly flows, non-seasonally adjusted, EUR billions)

Sources: ECB and ECB calculations.
Notes: Assets of the financial account, and therefore also net amounts, are depicted with inverted sign to match the direction of the related monetary flows. Equities also include investment fund shares regardless of their investment policy.

Monetary presentation of the balance of payments:
portfolio investment of the non-MFI sector
(monthly flows, non-seasonally-adjusted, EUR billions)

Sources: ECB and ECB calculations.
Notes: Assets of the financial account, and therefore also net amounts, are depicted with inverted sign to match the direction of the related monetary flows. Equities also include investment fund shares regardless of their investment policy.
The monetary side of the balance of payments in the pandemic

**Net external monetary flows during major crises by country groups**
(12-month flows, non-seasonally adjusted, EUR billions)

- More vulnerable countries
- Less vulnerable countries

Sources: ECB and ECB calculations.
Notes: More vulnerable countries include Greece, Spain, Italy and Portugal. Less vulnerable countries include Belgium, Germany, France, Netherlands, Austria and Finland.

**Monetary presentation of the balance of payments by country groups**
(accumulated flows since March 2020, non-seasonally adjusted, EUR billion)

- Current and capital account transactions
- Net purchases of domestic account transactions by foreigners
- Other monetary transactions and data discrepancies
- Cross-border monetary flows

Sources: ECB and ECB calculations.
Correlation of net external monetary flows with common factors during major crises
(12-month net external monetary flows as percentage of M3; cumulative share of total variability attributed to each principal component factor)

Co-movement in net external monetary flows by country groups
(average factor loadings of each group on the first principal component)

Sources: ECB and ECB calculations.
Notes: Average standardized regression coefficients (correlations) on the 12-month net external monetary flow (% of M3) of the groups of more and less vulnerable countries with the first principal component.
The monetary side of the balance of payments in the pandemic

**Cross-country divergence in vulnerability and net external monetary flows (March - June 2020)**

(Left side: cumulative COVID-19 cases over 2 weeks per 100,000 inhabitants and monthly net external flow in EUR billions; right side: index number, inverted sign)

Sources: ECB, European Centre for Disease Prevention and Control (ECDC) and ECB calculations.