



**First IMF Statistical Forum**  
Statistics for Global Economic and Financial Stability

**Comments on**  
**«Cross-border Capital Flows Statistics and**  
**its Implications for Monitoring in China»**

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**Discussion of  
“Capital flow monitoring –  
how statistics are applied in this key task”  
by Wang Xiaoyi**

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# Coping with Volatile Capital Flows

## **Future Policy Orientations (Mr Wang's conclusions):**

- **Further strengthen statistics during the process of eliminating capital account controls**
- **Coordinate between BOP and other statistics**
- **Improve statistics on both cross-border receipts and payments and FX sales and purchases**
- **Strengthen the linkage between cross-border flow statistics and statistics in domestic currency**
- **Introduce more statistical breakdowns of data**
- **Improve statistical methodologies with consideration to costs and benefits**

# Euro area balance of payments - detail

## Monthly b.o.p.

- Current and capital accounts highly aggregated
- Financial account with a higher degree of detail (functional, instrument and sector)
- Timeliness: 7 weeks

## Quarterly b.o.p./i.i.p.

- Further breakdowns by sector and instrument
- Stocks/flows by main trading partner
- Stock/flow reconciliation (revaluations and other changes)
- Timeliness: 15 weeks

# Euro area balance of payments - uses

- Analysis of **counterparts of broad money (M3)**
- **Forecasting**: developments in euro area trade
- **Monitor capital flows and other economic developments** (detail by: function, instrument, sector, maturity, etc...)
- Enable the analysis of changes and trends in **geographical relationships**
- Financial stability and **interlinkages** (external debt and net i.i.p.)
- Links with other macroeconomic statistics: **euro area accounts**

# ECB monetary presentation of the b.o.p.

- It expresses the (accounting) relationship between external transactions of resident non-banks and transactions in money ( $\Delta M$ )

$$\Delta M = - ETN + \Delta DC + OTR$$

$\Delta M$  = transactions in broad money (liabilities of MFIs);

$\Delta DC$  = transactions in domestic credit;

OTR = other (net) transactions vis-à-vis residents;

ETN = external transactions of resident non-banks

- It requires consistency between money and banking statistics and b.o.p.
- The ECB Occasional Paper Series September 2008 “The monetary presentation of the euro area balance of payments”

# Securities liabilities by country and sector

## Portfolio investment

- **Compilation method:** on a security-by-security basis using the Centralised Securities Database
- **CSDB:** Reference issuances database
- **Partner information** (geography) on portfolio investment liabilities is not available
- **Euro area aggregates** use the residual approach: deduct from total issuances those held by other euro area countries
- **Solution:** use mirror data on the holders of equity and debt securities, i.e. **CPIS data**

**Thanks for your attention...**