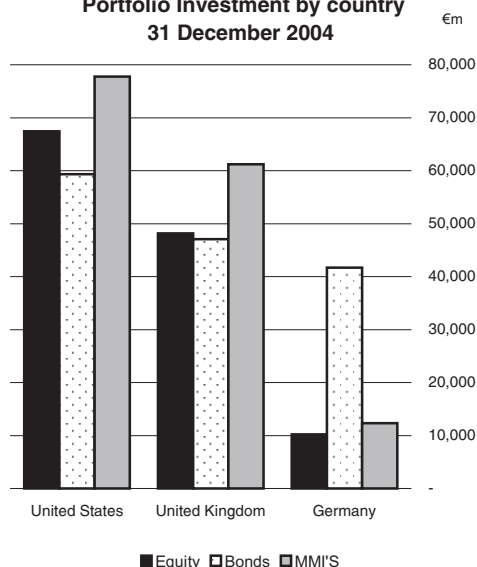




Central Statistics Office
An Phríomh-Oifig Staidrimh

3 October 2005

Portfolio Investment by country
31 December 2004



Resident Holdings of Foreign Portfolio Securities

31 December 2004

€million				
December 2004	Equity	Bonds and notes	Money market instruments	Total
Total	225,225	344,992	213,318	783,535
<i>of which</i>				
United States	67,403	59,325	77,774	204,502
United Kingdom	48,141	47,047	61,203	156,391
Germany	10,208	41,712	12,345	64,266
France	14,873	30,174	10,469	55,516

Investment in US and UK securities continues to rise

The total stock of foreign portfolio asset securities held by Irish residents at the end of 2004 amounted to €783.5 billion, up €122.5 billion on the 2003 level of € 661.1 billion. In geographical terms, investment in US and UK issued instruments continued to rise in absolute terms and, at €204.5 billion and €156.4 billion respectively, far exceeded that for any other country's securities. When combined, Irish resident holdings of US and UK portfolio securities accounted for just over 46% of the total, down somewhat on the proportions for the two previous years. Other points of note for the end-2004 results are:

- ◆ Investment in French securities (€55.5 billion) was also higher than for the previous year but the value of holdings of German securities (€64.3 billion) declined slightly.
- ◆ *Equity* investment in proportional terms accounted for 28.7% of total investment and showed a marginal recovery compared to both 2002 and 2003. This is particularly evident for US and UK equity but a variable pattern is shown generally.
- ◆ Euro area issuers accounted for €300.4 billion or 38% of total security holdings.

The figures presented update the series on the stocks of foreign portfolio assets held by Irish investors at 31 December 2004 and give a detailed geographical analysis by country of issuer of the securities. The type of financial instrument is also distinguished (ie *equity, bonds and notes* and *money market instruments*). Comparable data for the two previous years are shown. The data are compatible in form and content with the data being submitted to the International Monetary Fund (IMF) as a result of Ireland's ongoing participation in the IMF's world-wide annual Co-ordinated Portfolio Investment Survey – see *Background Notes*. They are also consistent with the portfolio investment stock statistics separately published on 30 September 2005 in the Release *International Investment Position – 31 December 2004*.

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Table 1 - Resident Holdings of Foreign Portfolio Securities¹ - by Country

€ million

Country	Equity			Bonds and notes			Money market instruments			Total		
	31 Dec 2002 ²	31 Dec 2003 ²	31 Dec 2004	31 Dec 2002 ²	31 Dec 2003 ²	31 Dec 2004	31 Dec 2002 ²	31 Dec 2003 ²	31 Dec 2004	31 Dec 2002 ²	31 Dec 2003 ²	31 Dec 2004
Argentina	7	14	8	29	39	*	0	0	*	36	53	54
Australia	1,842	2,295	2,552	1,933	3,601	4,914	1,816	2,642	2,259	5,592	8,538	9,725
Austria	165	256	562	4,048	4,748	5,056	341	228	545	4,553	5,232	6,163
Bahamas	*	*	38	*	*	16	146	0	0	152	53	54
Barbados	0	0	6	8	34	*	0	0	*	8	34	14
Belgium	387	521	973	4,852	4,337	4,476	650	1,022	1,802	5,889	5,880	7,251
Bermuda	305	588	847	48	226	*	50	0	*	403	814	1,081
Brazil	148	469	582	138	623	523	0	0	0	286	1,092	1,104
British Virgin Islands	652	716	758	*	1	*	*	0	*	729	717	760
Bulgaria	*	*	10	57	36	11	*	*	0	57	37	20
Canada	*	*	402	7,388	8,533	9,600	*	*	1,520	9,069	9,370	11,522
Cayman Islands	875	1,259	1,714	5,281	5,573	6,339	1,635	1,232	1,528	7,791	8,065	9,580
Chile	10	26	30	61	54	43	0	0	0	72	80	73
China	163	390	448	2	15	143	0	0	0	165	404	591
Colombia	*	1	*	52	95	53	*	0	*	53	96	54
Cote d'Ivoire	*	*	0	195	248	39	*	*	0	195	285	39
Croatia	14	11	3	17	*	79	0	*	0	31	47	82
Cyprus	*	*	*	22	73	*	*	*	*	24	74	73
Czech Republic	122	199	305	*	*	352	*	*	0	276	446	656
Denmark	290	341	525	1,519	2,237	2,328	498	957	1,601	2,307	3,534	4,454
Egypt	5	17	43	*	4	*	*	0	*	10	20	49
Estonia	15	16	7	12	17	107	0	0	0	28	33	114
Fiji	0	6	6	0	7	7	0	0	0	0	13	13
Finland	1,336	1,405	1,263	2,080	2,017	2,068	568	609	1,179	3,985	4,031	4,509
France	6,360	10,940	14,873	11,517	25,393	30,174	2,144	10,767	10,469	20,021	47,101	55,516
Germany	3,747	8,420	10,208	25,411	41,064	41,712	8,161	15,601	12,345	37,320	65,086	64,266
Gibraltar	0	0	0	32	32	18	0	0	0	32	32	18
Greece	104	184	325	3,153	*	5,785	80	*	107	3,337	4,188	6,217

Table 1 - Resident Holdings of Foreign Portfolio Securities¹ - by Country - continued

€ million

Country	Equity			Bonds and notes			Money market instruments			Total		
	31 Dec 2002 ²	31 Dec 2003 ²	31 Dec 2004	31 Dec 2002 ²	31 Dec 2003 ²	31 Dec 2004	31 Dec 2002 ²	31 Dec 2003 ²	31 Dec 2004	31 Dec 2002 ²	31 Dec 2003 ²	31 Dec 2004
Guernsey	12	9	25	*	148	137	*	12	0	185	169	162
Hong Kong	1,752	2,758	2,775	*	*	54	*	*	0	1,812	2,814	2,829
Hungary	130	128	510	*	*	584	*	*	0	552	556	1,094
Iceland	*	*	2	*	*	827	13	115	100	187	545	929
India	217	327	326	*	*	21	*	*	0	220	327	347
Indonesia	72	155	194	10	*	12	0	*	0	82	162	206
Isle of Man	9	4	10	0	0	0	0	0	0	9	4	10
Israel	54	97	128	*	*	*	*	*	*	60	268	302
Italy	3,805	6,649	8,057	30,179	43,384	*	1,232	4,212	*	35,216	54,245	63,655
Japan	6,224	9,597	15,419	4,458	4,974	8,926	24	190	217	10,706	14,761	24,562
Jersey	6	16	43	*	610	810	*	1,172	3,441	650	1,798	4,295
Luxembourg	7,919	7,834	12,995	1,629	3,117	3,042	1,356	1,743	713	10,904	12,693	16,749
Malaysia	179	310	364	17	33	76	0	0	0	196	343	440
Malta	0	0	0	0	*	*	0	*	*	0	6	21
Mashall Islands	0	*	9	0	*	*	0	*	*	0	1	46
Mauritius	1	*	30	0	*	3	0	*	0	1	30	33
Mexico	232	318	372	450	*	592	0	*	0	682	873	964
Netherlands	4,187	6,648	8,705	8,669	11,143	15,314	3,932	6,741	14,639	16,788	24,533	38,658
Netherlands Antilles	162	112	43	*	*	*	*	*	*	561	491	354
New Zealand	41	61	101	523	403	260	119	217	294	683	681	655
Norway	308	443	815	1,499	1,314	1,544	176	203	120	1,984	1,960	2,479
Panama	3	20	21	45	70	65	0	0	0	48	91	85
Peru	5	5	3	30	72	68	0	0	0	35	77	71
Philippines	20	52	85	429	*	526	0	*	0	449	817	611
Poland	143	240	413	*	*	*	*	*	*	405	782	1,390
Portugal	163	169	214	2,903	2,857	3,298	569	229	2,113	3,634	3,255	5,625
Puerto Rico	0	6	15	0	0	*	0	0	*	0	6	20
Qatar	0	0	*	21	16	12	0	0	*	21	16	12

Table 1 - Resident Holdings of Foreign Portfolio Securities¹ - by Country - continued

€ million

Country	Equity			Bonds and notes			Money market instruments			Total		
	31 Dec 2002 ²	31 Dec 2003 ²	31 Dec 2004	31 Dec 2002 ²	31 Dec 2003 ²	31 Dec 2004	31 Dec 2002 ²	31 Dec 2003 ²	31 Dec 2004	31 Dec 2002 ²	31 Dec 2003 ²	31 Dec 2004
Republic of Korea (South)	1,207	1,828	2,107	*	333	*	*	0	*	1,552	2,160	2,522
Romania	*	1	4	38	23	30	*	0	0	60	23	34
Russian Federation	143	270	316	144	306	260	0	0	0	287	577	576
Singapore	443	698	823	*	31	107	*	0	10	668	728	940
Slovak Republic	*	0	*	8	*	15	*	*	*	7	14	15
Slovenia	16	9	*	116	135	139	0	0	*	132	144	145
South Africa	282	394	486	488	428	*	35	13	*	805	835	874
Spain	2,138	3,582	5,242	*	15,224	21,683	*	3,095	4,860	20,803	21,901	31,785
Sweden	1,037	1,380	1,888	3,105	3,401	4,014	2,664	2,249	1,955	6,806	7,030	7,857
Switzerland	4,214	5,275	5,615	305	432	480	193	282	39	4,712	5,989	6,134
Taiwan Province of China	498	849	1,206	42	*	9	0	*	0	539	900	1,214
Thailand	172	356	353	8	*	75	0	*	0	180	371	428
Trinidad and Tobago	0	*	0	*	*	*	*	*	*	20	18	22
Tunisia	0	0	0	*	37	30	*	0	0	40	37	30
Turkey	76	107	179	*	124	*	*	0	*	224	231	322
Ukraine	0	*	0	12	*	39	0	*	0	12	539	39
United Kingdom	33,783	39,320	48,141	40,414	43,147	47,047	35,883	50,466	61,203	110,080	132,933	156,391
United States	46,381	55,879	67,403	45,642	54,804	59,325	79,065	70,318	77,774	171,088	181,001	204,502
Uruguay	0	0	0	26	8	20	0	0	0	26	8	20
Venezuela	2	11	10	63	182	135	0	0	0	65	192	145
Other countries (not geographically allocated) ³	13,263	2,472	3,259	8,358	5,086	2,682	16,745	7,891	9,230	38,366	15,449	15,252
International Organisations	7	21	21	1,987	1,561	3,197	359	730	414	2,353	2,313	3,632
Total	145,758	176,170	225,225	237,626	300,264	344,992	163,930	184,622	213,318	547,314	661,056	783,535

¹ The figures exclude Reserve Assets (see background notes)

² Revised

³ This category covers data supplied by respondents without a geographical breakdown

* Suppressed for confidentiality reasons

Background Notes

Introduction

This Release updates, with 2004 data, the new annual (end December) series on foreign portfolio asset stock statistics introduced in October 2003. These figures result from the CSO's ongoing participation in the annual Co-ordinated Portfolio Investment Survey (CPIS) conducted by the IMF. The information is compiled on the basis of the IMF's methodological recommendations described in its *Co-ordinated Portfolio Investment Survey Guide*. This methodology is designed to harmonise the timing and valuation conventions used by all countries participating in the Survey. The results are conceptually consistent with the International Investment Position (IIP) statistics on foreign assets published by the CSO and the compilation methodology is essentially the same for both series.

The CPIS project was established by the IMF to address global discrepancies in international portfolio investment statistics through the reporting by countries of their portfolio assets on an individual country basis. In addition to providing very valuable data on countries' portfolio assets stocks, a further main objective of the CPIS project is to facilitate the determination of counterpart portfolio liabilities for individual reporting countries, i.e. on the basis that one country's asset is another country's liability. Where there is very wide compiler country participation in the CPIS and where a full geographical breakdown of assets is given, the reporting country's assets data for a particular counterpart country is a good indicator of the latter's portfolio investment liabilities to the former.

The CPIS is concerned with portfolio investment stock statistics for *equities* and long-term (i.e. *bonds and notes*) and short-term (i.e. *money market instruments*) securities – see the Section *Types of financial instrument* below. The results are classified by country of issue of the securities – see the Section *Geographical allocation principle* below – and are also cross-classified by type of financial instrument.

For reasons of consistency with the CPIS results for Ireland to be published in due course by the IMF, the data in this Release exclude the portfolio asset component of the external reserves (or *reserve assets*) held by the Central Bank and Financial Services Authority of Ireland. The relevant information on Ireland's external reserves along with that for other EMU member states is supplied by the European Central Bank to the IMF under the so-called "SEFER" arrangement. The aggregate reserve assets data with a breakdown by country of counterpart will be included as a separate component in the CPIS results to be published by the IMF.

Data collection

The basic data have been obtained from survey respondents as part of the general body of balance of payments (BOP) and international investment position (IIP) data returned to the CSO under its recently improved quarterly statutory data collection arrangements. Data collection is conducted under the Statistics (Balance of Payments) Order, 2001 made under the Statistics Act, 1993.

Types of financial instrument - Definition of equity and long and short-term debt securities

A **security** is defined as an instrument that is traded or tradable. This survey covers investment by domestic residents in equity and short and long-term debt securities only. Long-term securities are those with an **original** term to maturity of more than one year; they are generally labelled as *bonds and notes*. Short-term securities are those with an **original** term to maturity of one year or less and are generally referred to as *money market instruments*.

Equity securities are defined in the CPIS – *Compilation Guide* to cover all financial instruments and records representing the holder's claims to the residual values of enterprises after the claims of all creditors have been met. They include:

- ◆ ordinary shares
- ◆ stocks
- ◆ participating preference shares
- ◆ depositary receipts (e.g., American depositary receipts) denoting ownership of equity securities issued by non-residents
- ◆ shares/units in mutual funds and investment trusts

- ◆ equity securities that have been sold under repurchase agreements
- ◆ equity securities that have been lent under a securities lending arrangement.

They exclude:

- ◆ non-participating preference shares (which are included under long-term debt)
- ◆ rights, options, warrants and other derivative instruments
- ◆ equity securities that have been bought under repurchase agreements
- ◆ equity securities that have been acquired under a securities lending arrangement.

Long-term debt securities cover bonds, debentures, notes, etc. that usually give the holder the unconditional right to a fixed money income or contractually determined variable money income, and have an original term to maturity of over one year. They include:

- ◆ bonds such as treasury, zero coupon, stripped, deep discounted, currency linked (e.g., dual-currency), floating rate, equity-related (e.g., convertible bonds), and eurobonds
- ◆ asset-backed securities such as mortgage backed bonds, collateralized mortgage obligations (CMO)
- ◆ index-linked securities (e.g., property index certificates)
- ◆ non-participating preference shares
- ◆ floating rate notes (FRN) such as perpetual notes (PRN), variable rate notes (VRN), structured FRN, reverse FRN, collared FRN, step up recovery FRN (SURF), range/corridor/accrual notes
- ◆ euro medium-term notes (EMTN)
- ◆ schuldscheine (German) notes
- ◆ bonds with optional maturity dates, the latest of which is more than one year after issue
- ◆ debentures
- ◆ negotiable certificates of deposits with contractual maturity of more than one year
- ◆ other long-term securities
- ◆ bearer depositary receipts denoting ownership of debt securities issued by non-residents
- ◆ debt securities sold under repurchase agreements
- ◆ debt securities lent under securities lending arrangements.

They exclude:

- ◆ derivative instruments
- ◆ loans
- ◆ trade credit and accounts receivable
- ◆ money market instruments (e.g., treasury notes, banker's acceptances, certificates of deposit with contractual maturity of one year or less, note issuance facilities, revolving underwriting facilities, and promissory notes)
- ◆ debt securities bought under repurchase agreements
- ◆ debt securities acquired under securities lending arrangements.

Short-term debt securities refer to bills, commercial paper, bankers' acceptances, etc. that usually give the holder the unconditional right to receive a stated, fixed sum of money on a specified date and have an original term to maturity **of one year or less**. Money market instruments usually are issued at a discount, in organized markets. They include:

- ◆ money market instruments with an original term to maturity of one year or less, such as treasury bills/notes bankers' acceptances, commercial and financial paper, certificates of deposit with contractual maturity of one year or less

- ◆ short-term notes issued under note issuance facilities or revolving underwriting facilities and promissory notes.

They exclude:

- ◆ any securities listed earlier under *long-term debt securities*
- ◆ derivative instruments
- ◆ loans
- ◆ trade credit and accounts receivable.

Valuation	For the purposes of the CPIS (as well as BOP and IIP) statistics, portfolio securities should be recorded using current market values at the reference date (31 December) and data providers are instructed to report their holdings on this basis. When converting foreign currency valuations, the relevant euro exchange rate as at 31 December should be used.
Geographical allocation principle	The so-called 'debtor' principle is used as the basic guideline for geographical allocation of foreign assets. This approach requires that asset positions (i.e. stocks) are allocated to the country of residence of the debtor counterpart. Therefore, investment in a foreign security should be reported and classified to the country of residence of the issuer of the security (and not to the country of the market of issue or any other substitute for country of issuer).
Presentation of the results	Table 1 gives the full details of the market values of Irish residents' holdings of foreign portfolio securities as at 31 December 2002, 2003 and 2004 classified according to type of financial instrument (columns) and by individual country of issuer (rows). The countries are listed in alphabetical order and the list includes the category <i>international organisations</i> whose residencies, by their nature and under the guidelines, are not attributed to any particular country.
Confidential data	In order to protect the confidentiality of some of the results, certain cells are suppressed (indicated by an *). The confidential data are aggregated at the level of individual country.
Sign convention	The stocks figures are shown unsigned i.e. as positive numbers. Amounts are shown in millions of Euro; '0' means amounts of less than €500,000; '-' means 'not relevant'. Cell entries may not add to totals due to rounding.