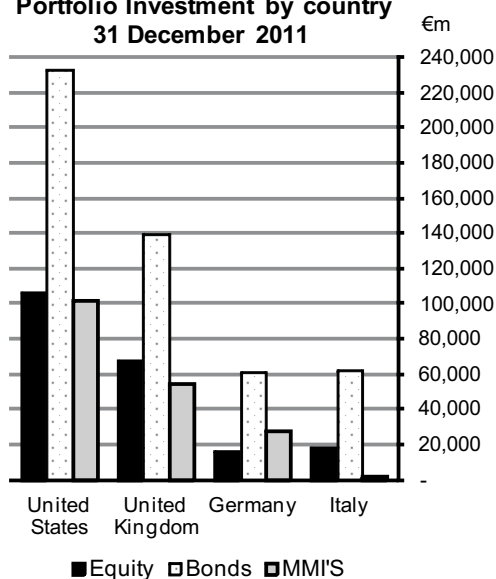




Resident Holdings of Foreign Portfolio Securities

31 December 2011

Portfolio Investment by country
31 December 2011



Published by the Central Statistics Office, Ireland.

Ardee Road
Dublin 6
Ireland

Skehard Road
Cork
Ireland

LoCall: 1890 313 414 (ROI)
0870 876 0256 (UK/NI)

Tel: +353 1 498 4000
Fax: +353 1 498 4020

Tel: +353 21 453 5000
Fax: +353 21 453 5555

Both offices may be contacted through any of these telephone numbers.

CSO on the Web: www.cso.ie
and go to

Economy: Balance of Payments

Director General: Pádraig Dalton

Enquiries:

BOP Statistics

BOP Section, 01 498 4055
bop@cso.ie

General queries

Information Section, ext 5021
information@cso.ie

© Central Statistics Office

The contents of this release may be quoted provided the source is given clearly and accurately. Reproduction for own or internal use is permitted.

ISSN 1649-4334

December 2011	€million			Total
	Equity	Bonds and notes	Money market instruments	
Total	437,267	719,796	275,845	1,432,908
<i>of which:</i>				
United States	106,017	232,017	101,506	439,540
United Kingdom	67,787	138,596	54,729	261,112
Germany	15,285	60,148	27,368	102,801
Italy	18,200	61,654	2,163	82,017

Investment in foreign securities drops marginally to €1.43 trillion at end-2011

The value of Irish residents' holdings of foreign securities at end-December 2011 amounted to €1,433bn, down €25bn on the revised 2010 level of €1,458bn. Equity assets accounted for 75 per cent of this decline. Combined investment in US-issued and UK-issued instruments (€701bn) accounted for 49 per cent of the total stock, up from 46 per cent in 2010. Other points of note from the end-2011 results are:

- ◆ Overall investment in US securities showed an increase of €28.8bn, due mainly to increased investment in *bonds & notes* of €16.8bn and *money market instruments* of €8.1bn – see table 1. While investment in US securities by *other sectors* increased by €69bn to €355.8bn, the corresponding investment by *monetary financial institutions* decreased by €37.8bn to €81.8bn - see table 2.
- ◆ Total investment by *monetary financial institutions* decreased by €137.4bn to €348.4bn while total investment by *other sectors* increased by €117.7bn to €1,063.1bn - see table 2.
- ◆ Investment in French securities fell by €28.3bn to €77bn. France is now the fifth most popular investment location having been overtaken by Germany (€102.8bn) and Italy (€82bn).
- ◆ Significant holdings are also shown for Netherlands (€54.7bn), Japan (€38.4bn), Portugal (€37.7bn), Luxembourg (€32.2bn), Spain (€29.1bn) and Cayman Islands (€21.9bn).

The present release contains a new table (Table 2) which provides analysis by sector of holder and type of security. Corresponding data for 2009 and 2010 are shown including revisions resulting from more recent information. Overall, 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 Coordinated Portfolio Investment Survey. They are also consistent with the portfolio investment stock statistics published on the 12th July 2012 in the Release *Quarterly International Investment Position and External Debt – 31 March 2012* – see *Background Notes*. More detailed geographical analysis is available on the CSO website.

For more information contact Annette Hayes at 01 498 4319, Stephen Treacy at 01 498 4076 or Stephen McDonagh at 01 498 4364.

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

€ million

Country	Equity			Bonds and notes			Money market instruments			Total		
	31 Dec 2009 ²	31 Dec 2010 ²	31 Dec 2011	31 Dec 2009 ²	31 Dec 2010 ²	31 Dec 2011	31 Dec 2009 ²	31 Dec 2010 ²	31 Dec 2011	31 Dec 2009 ²	31 Dec 2010 ²	31 Dec 2011
Australia	5,832	7,322	6,533	10,480	7,822	6,481	7,421	4,147	4,599	23,733	19,291	17,613
Austria	1,124	755	459	*	4,883	4,355	*	1,004	312	6,803	6,642	5,126
Belgium	1,975	1,799	1,576	5,428	5,341	4,839	5,649	4,044	1,378	13,052	11,184	7,793
Brazil	5,382	8,175	6,916	*	*	*	*	*	*	6,275	10,186	9,011
Canada	3,491	6,041	6,679	10,710	9,111	9,548	1,495	1,344	1,327	15,696	16,496	17,554
Cayman Islands	13,611	15,067	16,993	9,371	*	4,870	749	*	76	23,731	21,689	21,939
China, P.R.	8,479	10,933	8,506	*	*	*	*	*	*	8,544	11,020	8,570
Finland	1,883	2,106	1,433	2,002	1,234	1,934	3,390	3,794	5,147	7,275	7,134	8,514
France	16,745	17,558	14,435	53,246	48,238	44,605	23,454	39,514	17,966	93,445	105,310	77,006
Germany	14,690	16,331	15,285	61,842	57,206	60,148	15,847	19,543	27,368	92,379	93,080	102,801
Hong Kong SAR of China	7,303	9,184	7,386	*	*	*	*	*	*	7,459	9,436	7,846
Italy	17,991	18,123	18,200	91,163	64,910	61,654	4,522	4,545	2,163	113,676	87,578	82,017
Japan	15,487	22,828	20,920	9,981	5,617	11,174	3,510	4,273	6,347	28,978	32,718	38,441
Jersey	990	1,604	2,102	1,762	*	671	4,381	*	1,363	7,133	5,633	4,136
Luxembourg	25,542	27,807	27,164	4,785	4,057	4,001	1,198	744	1,041	31,525	32,608	32,206
Netherlands	5,563	6,318	5,452	33,822	30,432	29,160	9,477	22,260	20,128	48,862	59,010	54,740
Norway	1,940	2,239	1,900	2,706	2,396	1,923	851	506	2,875	5,497	5,141	6,698
Portugal	34,428	34,394	34,368	7,856	5,286	3,297	1,211	284	68	43,495	39,964	37,733
Republic of Korea (South)	5,500	9,428	8,072	2,919	1,684	*	85	50	*	8,504	11,162	9,491
South Africa	1,983	3,783	3,205	*	1,293	*	*	0	*	2,349	5,076	5,178
Spain	7,628	7,199	5,766	35,523	24,999	22,549	7,470	3,935	789	50,621	36,133	29,104
Sweden	4,164	6,088	5,636	4,927	4,203	4,530	3,720	4,255	5,453	12,811	14,546	15,619
Switzerland	8,310	10,152	9,549	3,599	2,692	3,558	605	940	3,666	12,514	13,784	16,773
Taiwan Province of China	4,772	7,006	4,907	*	39	*	*	0	*	4,794	7,045	4,950
United Kingdom	53,424	66,526	67,787	168,142	147,708	138,596	39,888	49,749	54,729	261,454	263,983	261,112
United States	81,513	102,115	106,017	172,903	215,181	232,017	75,685	93,415	101,506	330,101	410,711	439,540
Other countries ³	24,851	34,725	29,961	56,228	62,115	58,449	5,263	17,655	16,462	86,342	114,495	104,872
International Organisations	122	740	60	5,028	5,874	5,889	399	620	576	5,549	7,234	6,525
Total	374,723	456,346	437,267	761,356	721,791	719,796	216,518	280,152	275,845	1,352,597	1,458,289	1,432,908

¹ The figures exclude Reserve Assets (see background notes)

² Revised

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

* Suppressed for confidentiality reasons

Table 2 - Resident Holdings of Foreign Portfolio Securities¹ - by Country of Issuer and Sector of Holder

€ million

Country	Monetary authorities			Monetary financial institutions			General Government			Other Sectors			Total		
	31 Dec 2009 ²	31 Dec 2010 ²	31 Dec 2011	31 Dec 2009 ²	31 Dec 2010 ²	31 Dec 2011	31 Dec 2009 ²	31 Dec 2010 ²	31 Dec 2011	31 Dec 2009 ²	31 Dec 2010 ²	31 Dec 2011	31 Dec 2009 ²	31 Dec 2010 ²	31 Dec 2011
Australia	0	0	0	15,865	8,933	5,636	229	298	89	7,639	10,060	11,888	23,733	19,291	17,613
Austria	621	481	454	3,755	3,782	2,133	39	32	4	2,388	2,347	2,535	6,803	6,642	5,126
Belgium	1,091	1,293	1,228	7,256	5,757	1,533	106	88	12	4,599	4,046	5,020	13,052	11,184	7,793
Brazil	0	0	0	*	0	0	*	187	66	6,186	9,999	8,945	6,275	10,186	9,011
Canada	0	0	0	10,202	6,211	5,452	129	247	104	5,365	10,038	11,998	15,696	16,496	17,554
Cayman Islands	0	0	0	8,306	3,607	1,612	290	416	396	15,135	17,666	19,931	23,731	21,689	21,939
China, P.R.	0	0	0	*	*	0	*	*	58	8,471	10,855	8,512	8,544	11,020	8,570
Finland	115	97	58	4,698	3,837	4,900	113	74	7	2,349	3,126	3,549	7,275	7,134	8,514
France	2,706	3,320	4,765	40,675	50,074	14,771	1,253	796	127	48,811	51,120	57,343	93,445	105,310	77,006
Germany	2,496	2,014	1,963	30,088	26,336	28,254	915	604	97	58,880	64,126	72,487	92,379	93,080	102,801
Hong Kong SAR of China	0	0	0	*	*	0	*	*	73	7,307	9,080	7,773	7,459	9,436	7,846
Italy	2,910	2,889	3,759	57,139	31,767	27,628	417	302	82	53,210	52,620	50,548	113,676	87,578	82,017
Japan	6	6	0	9,830	5,090	7,671	497	567	137	18,645	27,055	30,633	28,978	32,718	38,441
Jersey	0	0	0	4,923	3,641	718	0	0	0	2,210	1,992	3,418	7,133	5,633	4,136
Luxembourg	832	719	0	3,251	1,045	947	137	119	75	27,305	30,725	31,184	31,525	32,608	32,206
Netherlands	1,001	874	1,231	23,306	29,768	21,365	420	327	76	24,135	28,041	32,068	48,862	59,010	54,740
Norway	0	0	0	2,855	2,041	3,382	44	48	10	2,598	3,052	3,306	5,497	5,141	6,698
Portugal	581	884	593	5,502	2,010	1,201	50	20	3	37,362	37,050	35,936	43,495	39,964	37,733
Republic of Korea (South)	0	0	0	2,124	495	*	74	184	*	6,306	10,483	9,158	8,504	11,162	9,491
South Africa	0	0	0	63	*	*	21	*	*	2,265	4,958	5,136	2,349	5,076	5,178
Spain	1,424	1,951	2,153	37,073	22,088	16,148	538	241	51	11,586	11,853	10,752	50,621	36,133	29,104
Sweden	3	0	0	6,660	6,276	5,665	72	97	18	6,076	8,173	9,936	12,811	14,546	15,619
Switzerland	155	3	0	3,240	1,340	3,944	218	208	53	8,901	12,233	12,776	12,514	13,784	16,773
Taiwan Province of China	0	0	0	*	0	0	*	119	36	4,732	6,926	4,914	4,794	7,045	4,950
United Kingdom	0	0	0	140,491	112,338	90,368	721	910	523	120,242	150,735	170,221	261,454	263,983	261,112
United States	15	1	0	132,029	119,577	81,813	3,192	4,302	1,914	194,865	286,831	355,813	330,101	410,711	439,540
Other countries ³	49	863	851	29,639	34,466	17,957	707	954	191	55,947	78,212	85,873	86,342	114,495	104,872
International Organisations	0	0	0	4,261	5,154	5,034	0	0	0	1,288	2,080	1,491	5,549	7,234	6,525
Total	14,005	15,395	17,055	583,262	485,786	348,402	10,527	11,626	4,307	744,803	945,482	1,063,144	1,352,597	1,458,289	1,432,908

¹ The figures exclude Reserve Assets (see background notes)

² Revised

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

* Suppressed for confidentiality reasons

Background Notes (updated August 2012)

Introduction This Release updates the 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. Therefore, the compilation methodology, which is designed to meet the recommendations of the IMF's *Balance of Payments Manual - 5th Edition* (BPM5) concerning compilation of international investment position statistics, 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*) debt 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, and by sector of holder.

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 of Ireland (CBI). 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 statutory quarterly surveys conducted by the CSO and by the Central Bank of Ireland as input into the general body of balance of payments (BOP), international investment position (IIP), External Debt and other data compilation requirements of both the CSO and the CBI. The data collection system covers financial and non-financial enterprises and includes enterprises engaged in internationally-traded financial service activities, known collectively as IFSC (International Financial Services Centre) enterprises. Data obtained from administrative sources are also used. Up to 2007, the CSO undertook all the necessary survey collection and compilation required. However, following a joint initiative involving the CSO and the CBI to rationalise statistical data collection and compilation for the financial sector and also to reduce the burden on data providers the data collection arrangements have changed. As a consequence, since 2008 the data required from licensed banks (credit institutions) and from investment funds (including money market funds) to meet BOP, IIP and external debt requirements (as well as other statistical demands on both organisations) are being collected quarterly by the CBI under its legislation as well as European legislation¹. These data are supplied by the CBI to CSO for statistical compilation purposes. The CSO has therefore discontinued its surveys of credit institutions and investment funds but continues to collect the required data from other financial enterprises as well as non-financial enterprises using its ongoing quarterly statutory surveys. These are conducted under the Statistics (Balance of Payments and Financial Accounts) Order, 2010 (S.I. No. 206 of 2010) made under the Statistics Act, 1993. The CSO and CBI surveys underpinning data collection are designed to address the internationally agreed statistical standards for BOP-related statistics. Regarding financial securities, the CBI surveys of credit institutions and investment funds collect assets and liabilities data on an individual security basis to the extent possible.

The CSO surveys collect this information on an aggregate basis but, over time, security-by-security collection is planned. In general terms, the combination of both stock and the related flow data reporting on a single form greatly facilitates the quality-checking and reconciliation of both types of information.

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)
- ◆ 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.

Broad sectoral analysis This Release presents a broad institutional sector analysis of the portfolio investment.

The sectors identified are:

- (i) *monetary authority* (the Central Bank of Ireland),
- (ii) *general government* (covering central and local government),
- (iii) *monetary financial institutions excluding the monetary authority* (i.e. credit institutions and money market funds) and
- (iv) *other sectors* – all other corporations and (implicitly) households. Included are: other financial intermediaries, i.e. investment funds, insurance companies and pension funds, asset finance companies, treasury companies, securities traders and other financial service companies, as well as non-financial service and manufacturing companies, other industrial enterprises, households and non-profit institutions serving households.

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 of the reference years shown classified according to type of financial

instrument (columns) and by individual country of issuer (rows). The top 26 countries are listed in alphabetical order and the list includes the category *international organisations* whose residencies, by their nature and under the guidelines, are not attributed to any particular country. Table 2 presents the Irish residents' holdings of foreign portfolio securities by sector of holder of securities (columns) and by country of issuer (rows). The portfolio investment results on the assets side in the related International Investment Position(IIP) Release show that IFSC enterprises account for a major proportion of the investment by Irish residents in foreign equity and debt securities.

Confidential data In order to protect the confidentiality of some of the results, certain cells are suppressed (indicated by an *). This confidential data is not omitted from the totals given.

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.

¹ECB Regulation on the Assets and Liabilities of Investment Funds (ECB/2007/8) of 27 July 2007, the ECB Balance of Payments and International Investment Statistics Guideline (ECB/2004/15) of 16 July 2004, as amended by (ECB/2007/3) of 31 May 2007, and the ECB Guideline on Monetary, Financial Institutions and Markets Statistics (ECB/2007/9) of 1 August 2007.