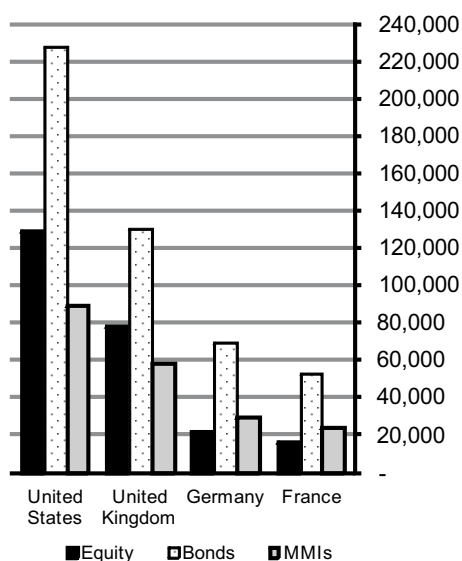




An Phríomh-Oifig Staidrimh
Central Statistics Office

2 October 2013

Portfolio Investment by country 31 December 2012



Resident Holdings of Foreign Portfolio Securities

31 December 2012

December 2012	€million			
	Equity	Bonds and notes	Money market instruments	Total
Total	503,819	802,296	282,868	1,588,982
<i>of which:</i>				
United States	128,532	226,959	89,579	445,070
United Kingdom	78,192	129,990	58,472	266,654
Germany	21,617	69,137	29,016	119,770
France	16,141	52,377	23,901	92,419

Investment in foreign securities rises to €1.59 trillion at end-2012

The value of Irish residents' holdings of foreign securities at end-December 2012 amounted to €1,589bn, up €157bn on the revised 2011 level of €1,432bn. The increase is largely accounted for by increases in equity and in bonds and notes assets. Combined investment in US-issued and UK-issued instruments (€712bn) accounted for 45 per cent of the total stock, down from 49 per cent in 2011. Other points of note from the end-2012 results are:

- ◆ Overall investment in US securities rose by just €6bn, but the composition of that investment changed significantly with *equity* up €22.9bn, *bonds & notes* down €5bn and *money market instruments* down €11.9bn – see table 1. Investment in US securities by *other sectors* increased by €5.8bn to €361.2bn; the corresponding investment by *monetary financial institutions* was more or less static at €81.9bn – see table 2.
- ◆ Total investment by *other sectors* increased by €142.1bn to €1,204.8bn, and investment by *monetary financial institutions* increased by €15.1bn to €363.3bn – see table 2.
- ◆ Investment in German securities rose by €16.8bn to €119.8bn, cementing its position as the third most popular investment location. France has regained fourth place with investment rising by €15.4bn to €92.4bn.
- ◆ Significant holdings are also shown for Italy (€82.5bn), Netherlands (€51.9bn), Luxembourg (€43bn, up 33%), Portugal (€37.7bn), Japan (€37.4bn), Spain (€29.8bn) and Cayman Islands (€24.7bn).

This release also provides analysis by sector of holder and type of security (table 2). Corresponding data for 2011 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 part of Ireland's on-going 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 27th June 2013 in the Release *Quarterly International Investment Position and External Debt – 31 March 2013* – see *Background Notes*. More detailed geographical analysis is available on the CSO website.

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

€ million

Country	Equity		Bonds and notes		Money market instruments		Total	
	31 Dec 2011 ²	31 Dec 2012	31 Dec 2011 ²	31 Dec 2012	31 Dec 2011 ²	31 Dec 2012	31 Dec 2011 ²	31 Dec 2012
Australia	6,470	7,798	6,490	9,247	4,599	6,661	17,559	23,706
Austria	414	607	4,399	5,054	312	703	5,125	6,364
Belgium	1,562	2,081	4,857	5,655	1,378	4,372	7,797	12,108
Brazil	6,859	8,017	*	*	*	*	8,964	11,535
Canada	6,624	6,215	9,555	10,895	1,327	1,963	17,506	19,073
Cayman Islands	16,935	18,661	4,872	*	76	*	21,883	24,685
China, P.R.	10,438	11,762	*	110	*	43	10,502	11,915
Finland	1,395	1,431	1,971	2,729	5,147	5,034	8,513	9,194
France	14,135	16,141	44,922	52,377	18,006	23,901	77,063	92,419
Germany	15,181	21,617	60,397	69,137	27,409	29,016	102,987	119,770
Hong Kong SAR of China	7,327	8,007	*	284	*	443	7,788	8,734
Italy	18,077	16,347	61,726	64,766	2,163	1,368	81,966	82,481
Japan	18,798	22,729	11,173	9,226	6,347	5,477	36,318	37,432
Jersey	2,014	2,243	700	*	1,409	*	4,123	4,526
Luxembourg	26,988	29,813	4,184	8,504	1,043	4,649	32,215	42,966
Netherlands	5,474	7,076	29,280	32,156	20,128	12,640	54,882	51,872
Norway	1,885	2,322	1,926	2,972	2,875	3,594	6,686	8,888
Portugal	34,367	34,418	3,296	3,319	68	1	37,731	37,738
Republic of Korea (South)	8,018	9,718	*	*	*	*	9,437	11,843
South Africa	3,184	3,788	*	*	*	*	5,154	7,127
Spain	5,761	4,583	22,559	25,127	789	116	29,109	29,826
Sweden	5,569	7,042	4,559	5,250	5,453	8,907	15,581	21,199
Switzerland	9,311	11,155	3,649	1,325	3,675	1,182	16,635	13,662
Taiwan Province of China	4,874	5,619	*	*	*	*	4,917	5,692
United Kingdom	68,204	78,192	138,665	129,990	54,744	58,472	261,613	266,654
United States	105,643	128,532	231,912	226,959	101,488	89,579	439,043	445,070
Other countries ³	29,630	37,846	58,522	115,948	16,465	22,286	104,617	176,080
International Organisations	60	59	5,889	6,034	576	330	6,525	6,423
Total	435,197	503,819	721,059	802,296	275,983	282,868	1,432,239	1,588,982

¹The figures exclude Reserve Assets (see background notes)

²Revised

³This 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 2011 ²	31 Dec 2012	31 Dec 2011 ²	31 Dec 2012	31 Dec 2011 ²	31 Dec 2012	31 Dec 2011 ²	31 Dec 2012	31 Dec 2011 ²	31 Dec 2012
Australia	0	0	5,636	9,238	89	109	11,834	14,359	17,559	23,706
Austria	454	348	2,133	2,117	4	7	2,534	3,892	5,125	6,364
Belgium	1,228	1,275	1,533	4,455	12	17	5,024	6,361	7,797	12,108
Brazil	0	0	0	*	66	*	8,898	11,372	8,964	11,535
Canada	0	0	5,452	6,688	104	109	11,950	12,276	17,506	19,073
Cayman Islands	0	0	1,612	1,242	396	365	19,875	23,078	21,883	24,685
China, P.R.	0	0	0	0	58	85	10,444	11,830	10,502	11,915
Finland	58	120	4,900	5,286	7	8	3,548	3,780	8,513	9,194
France	4,765	6,139	14,771	19,578	127	161	57,400	66,541	77,063	92,419
Germany	1,963	2,243	28,254	34,807	97	132	72,673	82,588	102,987	119,770
Hong Kong SAR of China	0	0	0	424	73	93	7,715	8,217	7,788	8,734
Italy	3,759	2,012	27,628	28,549	82	108	50,497	51,812	81,966	82,481
Japan	0	6	7,671	8,313	137	138	28,510	28,975	36,318	37,432
Jersey	0	0	718	1,762	0	0	3,405	2,764	4,123	4,526
Luxembourg	0	1,078	947	4,280	75	67	31,193	37,541	32,215	42,966
Netherlands	1,231	786	21,365	15,298	76	102	32,210	35,686	54,882	51,872
Norway	0	0	3,382	3,935	10	13	3,294	4,940	6,686	8,888
Portugal	593	345	1,201	1,418	3	2	35,934	35,973	37,731	37,738
Republic of Korea (South)	0	0	*	*	*	*	9,104	11,408	9,437	11,843
South Africa	0	0	*	*	*	*	5,112	7,079	5,154	7,127
Spain	2,153	1,895	16,148	15,839	51	50	10,757	12,042	29,109	29,826
Sweden	0	0	5,665	9,054	18	27	9,898	12,118	15,581	21,199
Switzerland	0	0	3,944	-23	53	66	12,638	13,619	16,635	13,662
Taiwan Province of China	0	0	0	0	36	46	4,881	5,646	4,917	5,692
United Kingdom	0	0	90,366	71,859	523	439	170,724	194,356	261,613	266,654
United States	0	0	81,811	81,896	1,915	2,000	355,317	361,174	439,043	445,070
Other countries ³	851	2	17,777	32,373	191	253	85,799	143,453	104,617	176,080
International Organisations	0	0	5,034	4,485	0	0	1,491	1,938	6,525	6,423
Total	17,055	16,249	348,218	363,332	4,308	4,584	1,062,659	1,204,818	1,432,239	1,588,982

¹The figures exclude Reserve Assets (see background notes)

²Revised

³This 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.