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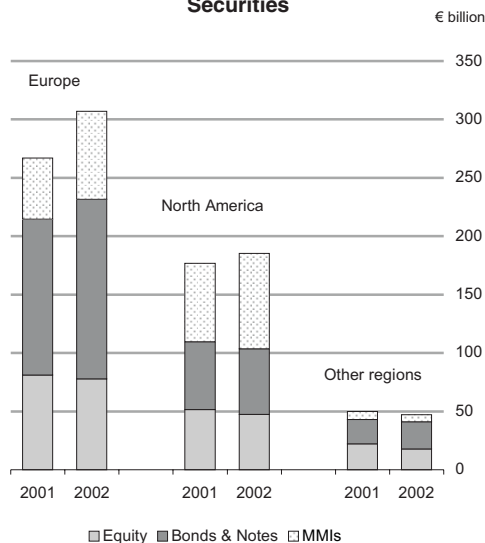
24 October 2003

Resident Holdings of Foreign Portfolio Securities

31 December 2002

NEW SERIES

Resident Holdings of Foreign Portfolio Securities



	Equity	Bonds and notes	Money market instruments	Total
2001	154,759	212,635	126,266	493,660
2002	143,150	233,200	162,884	539,234

Portfolio assets concentrated in the US and the UK

New figures show that, at the end of 2002, the total stock of foreign portfolio assets held by Irish residents stood at €539,234m (compared to €493,660m in the previous year). Of this, €297,962m or 55% relate to securities issued by EU residents while residents of North American countries issued €185,273m or slightly over one-third of total holdings. On an individual country basis, the data show that holdings of foreign securities are concentrated mainly in the US (i.e. €177,347m or just 33% of the total) and the UK (i.e. €113,442m or 21% of the total) - see *Tables 1 and 2*. These figures are consistent with aggregate portfolio investment assets data in the International Investment Position (IIP) Release published on 8 October 2003.

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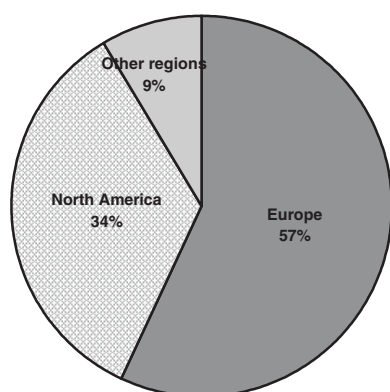
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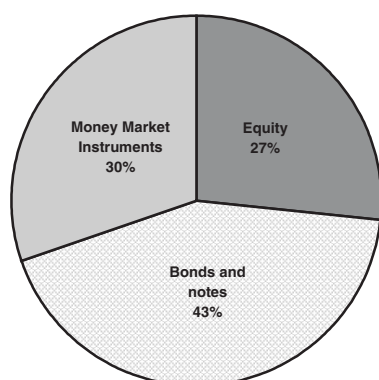
This Release introduces a new annual series of stock statistics on Irish residents' investments in foreign portfolio securities as at the 31 December and commencing with 2001 data. The figures provide a detailed geographical analysis of holdings by Irish residents of foreign portfolio assets on an individual country basis in December 2001 and 2002. These new data result generally from the CSO's improved data collection and compilation arrangements and more specifically from its participation in the world-wide *Co-ordinated Portfolio Investment Survey* (CPIS) project initiated by the International Monetary Fund (IMF) in 1997 and conducted annually from 2001. This Survey is concerned with investment in *equities* and in long-term (i.e. *bonds and notes*) and short-term (i.e. *money market instruments*) securities – see *Background Notes*. The figures have been compiled in line with IMF methodological requirements specified in its *Co-ordinated Portfolio Investment Survey - Compilation Guide*. As such, they are conceptually consistent with the International Investment Position statistics published by the CSO and the compilation methodology is essentially the same. The results are classified by country (and/or region or zone) and by type of financial instrument i.e. *equity*, *bonds and notes* and *money market instruments* – see *Background Notes* for a description of the definition and classification of the relevant financial instruments.

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Total Portfolio Assets - 2002
Regional distribution



Total Portfolio Assets - 2002
Financial Instrument distribution



In general, the difference in the investment levels between the two reference dates results from purchases and sales transactions in the relevant instruments combined with the effects of changes in both the market prices of the securities and in the exchange rate of the euro against other currencies over the period. In this context, the fall in international stock market values during 2002 as well as the strengthening of the euro against other currencies, particularly the US \$ and the £Sterling, in this period should be borne in mind.

Some specific points of note are given below:

- ◆ Between 2001 and 2002, the stock of portfolio investment in equities issued by EMU (i.e. euro) area residents reduced by over €3 billion from €39,465m to €36,142m; investments in lower risk instruments (i.e. *bonds and notes* and *money market instruments*) increased by almost €28 billion from €112,453m to €140,144m. A similar pattern is shown for securities issued by EU residents – see *Table 1*.
- ◆ At end-2002, *equity* accounted for over 24% of security assets issued by EU residents while *bonds and notes* and *money market instruments* accounted for almost 51% and 25% respectively. A significant degree of variation in this instrument mix is evident at individual EU country level. For example, UK securities were relatively evenly spread over the three instrument types; Italian bonds and notes accounted for over 80% of investment in Italian securities; and two-thirds of investments in Luxembourg-issued instruments were in equities – see *Table 1*.
- ◆ Over 2002, investment in US equities dropped from €51,466m to €47,521m and *bonds and notes* also showed a reduction from €52,013m to €49,138m. Short-term securities (*money market instruments*) showed a significant increase from €66,896m to €80,688m – see *Table 1*.
- ◆ At the end of 2002, the US instrument mix contrasted somewhat with that for EU securities, *equity* and *bonds and notes* each accounting for about 27% of US-issued portfolio assets while *money market instruments* accounted for over 45% of the total shown (€177,347m) – see *Table 1*.
- ◆ Investments in Japanese securities at end of 2002 amounted to €10,613m and were €1.4 billion lower than the 2001 level. This decline affected both *equity* and *bonds and notes* – see *Table 1*.
- ◆ Australian securities accounted for €5,178m of Irish resident investments at the end of last year. This represented an increase of 11% over the end-2001 level.
- ◆ Investments in securities issued by residents of internationally defined off-shore centres amounted to €10,073m in December 2002, an increase of over €1 billion on the 2001 level. The Cayman Islands accounted for almost three-quarters of this or €7,436m see *Table 1* and *Table 2*.

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

€ million

Country	31 December 2001				31 December 2002			
	Equity	Bonds and notes	Money Market Instruments	Total	Equity	Bonds and notes	Money Market Instruments	Total
Europe	81,170	133,486	52,349	267,005	77,858	153,816	75,212	306,885
EMU countries²	39,465	91,219	21,234	151,917	36,142	108,698	31,446	176,285
<i>of which:</i>								
France	7,309	9,444	4,360	21,113	6,912	12,158	3,496	22,565
Germany	7,023	24,075	6,270	37,367	4,375	25,835	13,155	43,366
Italy	3,297	25,070	1,213	29,581	4,530	28,612	1,990	35,132
Luxembourg	11,985	2,113	0	14,098	10,038	2,505	2,243	14,787
Netherlands	5,508	5,958	4,119	15,585	5,171	8,309	6,377	19,857
Spain	2,332	12,169	755	15,256	2,612	15,325	428	18,365
EU countries	75,833	129,825	52,049	257,707	72,541	150,567	74,854	297,962
<i>of which:</i>								
United Kingdom	34,910	34,228	29,496	98,633	35,195	37,642	40,606	113,442
Other Europe³	5,337	3,661	299	9,298	5,316	3,249	358	8,923
North American countries	51,466	58,296	67,146	176,908	47,521	56,154	81,598	185,273
<i>of which:</i>								
Canada	0	6,283	251	6,534	0	7,016	910	7,927
United States	51,466	52,013	66,896	170,374	47,521	49,138	80,688	177,347
Central American countries	317	420	0	738	243	438	0	682
South American countries	394	409	0	804	178	363	0	541
Asia	11,831	6,110	0	17,942	11,134	5,244	25	16,404
<i>of which:</i>								
Hong Kong	1,904	87	0	1,991	1,732	45	0	1,777
Japan	6,736	5,322	0	12,058	6,283	4,304	25	10,613
Republic of Korea (South)	1,141	409	0	1,550	1,250	270	0	1,520
Oceania and polar regions	1,919	1,913	1,033	4,865	1,908	1,834	1,981	5,723
<i>of which:</i>								
Australia	1,898	1,734	1,033	4,665	1,866	1,458	1,853	5,178
Africa	249	357	0	607	299	247	38	583
Offshore centres⁴	2,092	5,486	1,343	8,920	2,103	6,008	1,963	10,073
International organisations	12	693	168	873	7	1,450	484	1,941
Other countries (not geographically allocated) ⁵	5,308	5,463	4,228	14,999	1,899	7,644	1,584	11,127
Total	154,759	212,635	126,266	493,660	143,150	233,200	162,884	539,234

¹ The figures exclude Reserve Assets (see background notes)² The relevant EMU countries are: Austria, Belgium, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal and Spain³ Included are all European countries not members of EU⁴ Covering Bahamas, Bermuda, Cayman Islands, Guernsey, Isle of Man, Jersey, Netherlands Antilles and British Virgin Islands for which details are given in Table 2⁵ This category covers data supplied by respondents without a geographical breakdown and also includes data which could not be shown for reasons of confidentiality

Table 2 - Resident Holdings of Foreign Portfolio Securities¹ - by Country

€ million

Country	31 December 2001				31 December 2002			
	Equity	Bonds and notes	Money Market Instruments	Total	Equity	Bonds and notes	Money Market Instruments	Total
Argentina	8	53	0	61	8	28	0	36
Australia	1,898	1,734	1,033	4,665	1,866	1,458	1,853	5,178
Austria	67	3,346	1,784	5,197	179	3,815	551	4,546
Bahamas	0	0	19	19	0	4	151	155
Belgium	447	2,322	735	3,503	522	4,360	1,053	5,935
Bermuda	405	120	30	555	317	49	51	417
Brazil	329	173	0	502	154	117	0	271
British Virgin Islands	293	0	70	363	679	0	72	751
Bulgaria	0	48	0	48	0	57	0	57
Canada	0	6,283	251	6,534	0	7,016	910	7,927
Cayman Islands	1,375	4,616	1,224	7,215	912	4,836	1,688	7,436
Chile	51	30	0	81	11	60	0	70
China	274	13	0	286	169	1	0	169
Colombia	1	18	0	18	0	45	0	45
Côte d'Ivoire	0	0	0	0	0	193	0	193
Croatia	2	20	0	22	14	17	0	31
Cyprus	0	0	0	0	0	23	0	23
Czech Republic	84	283	0	367	126	157	0	283
Denmark	305	1,433	491	2,228	301	1,520	486	2,307
Dominican Republic	0	7	0	7	0	11	0	11
Ecuador	0	19	0	20	0	0	0	0
Egypt	4	0	0	4	5	0	0	5
El Salvador	0	0	0	0	0	15	0	15
Estonia	15	26	0	41	16	13	0	29
Finland	1,187	1,978	1,146	4,311	1,465	2,009	926	4,401
France	7,309	9,444	4,360	21,113	6,912	12,158	3,496	22,565
Germany	7,023	24,075	6,270	37,367	4,375	25,835	13,155	43,366
Greece	96	2,954	28	3,078	131	3,052	128	3,311
Guernsey	16	114	0	130	12	158	0	170
Hong Kong	1,904	87	0	1,991	1,732	45	0	1,777
Hungary	114	448	0	562	135	377	0	512
Iceland	0	432	0	432	0	217	0	217
India	262	22	0	284	226	0	0	226
Indonesia	60	0	0	60	75	0	0	75
Isle of Man	0	0	0	0	10	0	0	10
Israel	110	0	0	110	56	0	0	56
Italy	3,297	25,070	1,213	29,581	4,530	28,612	1,990	35,132
Jamaica	0	7	0	7	0	14	0	14
Japan	6,736	5,322	0	12,058	6,283	4,304	25	10,613
Jersey	3	358	0	361	5	578	0	584
Kazakhstan	0	0	0	0	0	2	0	2

Table 2 - Resident Holdings of Foreign Portfolio Securities¹ - by Country - continued

€ million

Country	31 December 2001				31 December 2002			
	Equity	Bonds and notes	Money Market Instruments	Total	Equity	Bonds and notes	Money Market Instruments	Total
Latvia	0	15	0	15	0	0	0	0
Liberia	0	0	0	0	2	0	0	2
Lithuania	0	0	0	0	0	4	0	4
Luxembourg	11,985	2,113	0	14,098	10,038	2,505	2,243	14,787
Malaysia	133	20	0	154	185	16	0	201
Mexico	317	379	0	696	241	362	0	603
Morocco	0	25	0	25	0	37	0	37
Netherlands	5,508	5,958	4,119	15,585	5,171	8,309	6,377	19,857
Netherlands Antilles	0	278	0	278	169	384	0	552
New Zealand	21	179	0	200	42	375	128	545
Niger	0	0	0	0	0	18	0	18
Norway	209	1,489	227	1,925	321	1,392	156	1,869
Pakistan	0	0	0	0	4	0	0	4
Panama	0	28	0	28	3	36	0	39
Peru	5	15	0	20	5	23	0	28
Philippines	24	173	0	196	20	436	0	456
Poland	102	353	0	455	149	250	0	398
Portugal	215	1,789	824	2,828	206	2,715	1,098	4,020
Qatar	0	19	0	19	0	22	0	22
Republic of Korea (South)	1,141	409	0	1,550	1,250	270	0	1,520
Romania	0	17	0	17	0	32	0	32
Russian Federation	175	85	0	260	148	129	0	278
Singapore	493	0	0	493	455	96	0	551
Slovak Republic	0	14	0	14	0	8	0	8
Slovenia	9	133	0	142	17	118	0	135
South Africa	245	333	0	578	292	0	38	330
Spain	2,332	12,169	755	15,256	2,612	15,325	428	18,365
Sweden	1,153	2,946	829	4,928	904	2,707	2,316	5,927
Switzerland	4,544	298	72	4,914	4,311	313	202	4,826
Taiwan	525	26	0	550	507	43	0	550
Thailand	171	20	0	191	171	9	0	181
Turkey	84	0	0	84	78	142	0	221
United Kingdom	34,910	34,228	29,496	98,633	35,195	37,642	40,606	113,442
United States	51,466	52,013	66,896	170,374	47,521	49,138	80,688	177,347
Uruguay	0	0	0	0	0	26	0	26
Venezuela	0	102	0	102	1	64	0	65
Other countries (not geographically allocated) ²	5,308	5,463	4,228	14,999	1,899	7,644	1,584	11,127
International organisations	12	693	168	873	7	1,450	484	1,941
Total	154,759	212,635	126,266	493,660	143,150	233,200	162,884	539,234

¹ The figures exclude Reserve Assets (see background notes)

² This category covers data supplied by respondents without a geographical breakdown and also includes data which could not be shown for reasons of confidentiality

Background Notes

Introduction

This Release introduces a new annual series of stock statistics on Irish residents' investments in foreign portfolio securities as at 31 December and commencing with 2001 data. These figures result from the CSO's participation in the Co-ordinated Portfolio Investment Survey (CPIS) launched by the IMF and first conducted in 1997 as a benchmark survey but now established as an annual survey since 2001. 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*) debt securities – see the Section *Types of financial instrument* below. The results are classified primarily by country from which regional or zonal summaries are derived – see the Section *Geographical allocation principle* below. The geographical data 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 a financial 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 debt 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).

Structure and content of the results tables Table 2 gives the full details of the market values of Irish residents' holdings of foreign portfolio securities as at 31 December 2001 and 2002 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 *international organisations* whose residencies, by their nature and under the guidelines, are not attributed to any particular country.

Table 1 has essentially the same structure and content as Table 2 but it provides a regional summary of the details in the latter table. For the convenience of users, the main country contributions to the regional sub-aggregates are repeated.

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.