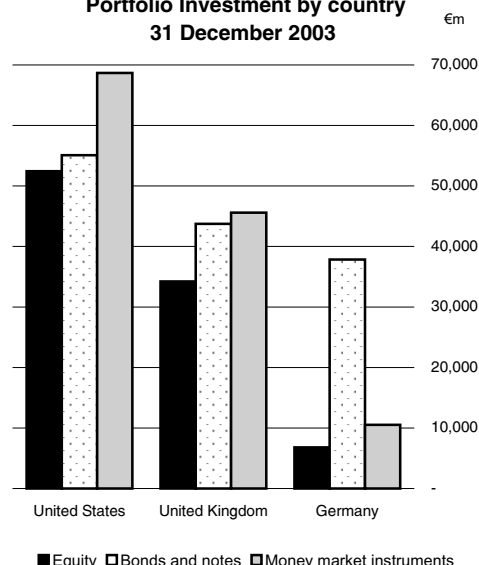




Central Statistics Office
An Phríomh-Oifig Staidrimh

30 September 2004

**Portfolio Investment by country
31 December 2003**



Resident Holdings of Foreign Portfolio Securities 31 December 2003

€million				
December 2003	Equity	Bonds and notes	Money market instruments	Total
Total	167,391	305,414	169,827	642,632
<i>of which</i>				
United States	52,436	55,078	68,674	176,188
United Kingdom	34,207	43,750	45,581	123,538
Germany	6,790	37,848	10,519	55,157
Italy	5,735	44,867	1,576	52,178
France	8,756	25,016	6,621	40,394

US and UK securities still favoured by Irish investors

The latest results show that the total stock of foreign portfolio asset securities held by Irish residents at the end of 2003 amounted to €642.6 billion, up €95 billion on the previous year's level of €547.2 billion. In geographical terms the figures show that:

- ◆ investment in US securities i.e. €176 billion (or 27.4% of the total) and UK securities i.e. €124 billion (or 19.2% of the total) continues to reflect the main focus of investors on an individual country basis.
- ◆ for *equity*, combined investment in the US and UK accounted for almost 52% of the total equity assets in 2003. The corresponding percentage for *bonds and notes* was 32.4% while for *money market instruments* it was 67%.
- ◆ euro area issuers accounted for 52% of the *bonds and notes* investment in 2003.

This Release updates the new series introduced in October 2003 on investment by Irish residents in foreign portfolio securities, distinguishing the country of investment and the type of financial instrument (*equity, bonds and notes* and *money market instruments*). The figures presented show the stocks of foreign portfolio assets held by Irish investors at 31 December 2003 with comparable data for the two previous years. They 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 – see *Background Notes*. The data are also consistent with the portfolio investment stock statistics separately published today in the Release *International Investment Position – 31 December 2003*.

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Table 1 - Resident Holdings of Foreign Portfolio Securities¹ by Country

€ million

Country	Equity			Bonds and notes			Money market instruments		
	31 Dec 2001	31 Dec 2002	31 Dec 2003	31 Dec 2001	31 Dec 2002	31 Dec 2003	31 Dec 2001	31 Dec 2002	31 Dec 2003
Argentina	*	7	14	46	29	34	0	0	0
Australia	1,926	1,842	2,279	1,322	1,933	3,598	*	1,796	2,636
Austria	65	208	308	3,446	3,785	4,758	*	*	391
Bahamas	*	*	*	0	*	*	*	*	0
Belgium	435	487	624	2,575	4,537	4,421	763	1,015	1,791
Bermuda	411	305	586	102	48	*	*	*	0
Brazil	334	148	469	149	138	623	0	0	0
British Virgin Islands	*	*	*	*	*	*	*	*	0
Bulgaria	0	0	0	42	57	36	0	0	0
Canada	-250	-72	-150	5,254	7,388	8,527	*	*	989
Cayman Islands	*	875	1,255	3,675	5,281	5,565	1,270	1,635	1,232
Chile	*	*	26	*	*	54	0	0	0
China	273	163	394	*	2	15	0	0	0
Colombia	*	0	1	15	52	95	0	0	0
Côte d'Ivoire	0	0	0	*	*	*	0	0	*
Croatia	2	14	11	*	*	31	0	0	*
Cyprus	0	*	*	*	22	73	0	0	0
Czech Republic	86	*	201	134	154	246	0	0	0
Denmark	311	290	346	1,189	1,519	2,239	*	*	995
Dominican Republic	0	0	0	*	15	*	0	0	0
Ecuador	0	*	*	*	12	27	0	0	0
Egypt	4	5	17	*	*	*	0	0	0
El Salvador	0	0	0	*	*	*	0	0	0
Estonia	*	*	*	19	12	*	0	0	0
Finland	1,231	1,681	1,650	1,989	1,945	1,995	1,195	887	1,024
France	7,801	8,000	8,756	9,537	12,919	25,016	*	3,347	6,621
Germany	7,046	4,713	6,790	24,241	26,097	37,848	6,535	12,739	10,519
Greece	92	131	220	2,958	2,948	4,048	*	*	*

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

€ million

Country	Equity			Bonds and notes			Money market instruments		
	31 Dec 2001	31 Dec 2002	31 Dec 2003	31 Dec 2001	31 Dec 2002	31 Dec 2003	31 Dec 2001	31 Dec 2002	31 Dec 2003
Guernsey	16	*	9	*	158	148	0	*	*
Hong Kong	2,107	1,752	2,758	31	59	35	*	*	*
Hungary	116	130	130	360	371	423	0	*	*
Iceland	0	*	*	363	220	660	*	*	*
India	266	217	327	*	*	0	0	0	0
Indonesia	61	72	159	*	*	*	0	0	0
Isle of Man	*	*	*	0	0	0	0	0	0
Israel	112	54	97	*	*	*	0	0	*
Italy	3,235	4,786	5,735	24,804	28,779	44,867	*	1,923	1,576
Jamaica	0	0	0	6	*	0	0	0	0
Japan	7,110	6,224	9,052	4,617	4,458	4,928	*	24	*
Jersey	*	*	*	285	564	610	*	*	*
Kazakhstan	0	0	0	0	*	*	0	0	0
Latvia	*	0	0	*	*	0	0	0	0
Liberia	0	2	2	*	*	*	0	0	0
Lithuania	0	0	*	*	*	0	0	0	0
Luxembourg	*	9,961	*	1,926	2,458	2,984	*	*	2,922
Malaysia	135	179	315	*	17	32	0	0	0
Mexico	321	232	319	331	450	501	*	0	*
Morocco	0	0	*	*	*	39	0	0	0
Netherlands	5,593	5,267	6,016	5,891	8,293	11,970	4,285	*	7,223
Netherlands Antilles	*	*	*	215	388	369	0	*	*
New Zealand	22	41	61	155	523	401	*	*	217
Niger	0	0	0	*	*	0	0	0	0
Norway	211	308	415	1,156	1,499	1,312	*	176	228
Pakistan	*	*	*	*	0	*	0	0	0
Panama	0	*	20	24	*	70	0	0	0
Peru	5	5	5	*	30	*	*	0	0

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

€ million

Country	Equity			Bonds and notes			Money market instruments		
	31 Dec 2001	31 Dec 2002	31 Dec 2003	31 Dec 2001	31 Dec 2002	31 Dec 2003	31 Dec 2001	31 Dec 2002	31 Dec 2003
Philippines	24	20	53	*	*	*	0	0	*
Poland	103	143	244	308	247	536	0	*	*
Portugal	211	205	202	1,737	2,714	2,921	872	888	384
Qatar	0	0	0	*	*	*	*	0	0
Republic of Korea (South)	1,165	1,207	1,790	296	325	330	*	*	0
Romania	*	*	*	*	38	23	0	0	0
Russian Federation	178	143	275	74	144	309	0	0	0
Singapore	518	443	656	*	100	29	*	*	0
Slovak Republic	0	*	0	*	*	12	0	0	*
Slovenia	*	*	*	*	*	135	0	0	0
South Africa	249	282	394	*	*	*	*	*	*
Spain	2,339	2,689	3,346	12,257	14,714	17,894	784	514	*
Sweden	1,267	1,037	1,339	2,510	3,105	3,397	863	2,664	2,680
Switzerland	4,730	4,214	5,075	260	305	392	*	193	*
Taiwan	536	498	858	22	42	*	0	0	0
Thailand	173	172	363	18	*	*	0	0	*
Turkey	85	76	109	*	*	120	*	*	0
United Kingdom	35,830	35,203	34,207	29,120	40,414	43,750	30,575	39,383	45,581
United States	52,400	46,381	52,436	43,513	45,642	55,078	69,250	79,065	68,674
Uruguay	0	0	0	*	*	*	0	0	0
Venezuela	0	2	*	89	*	181	0	0	0
Other countries (not geographically allocated) ²	12,875	6,427	16,803	20,921	8,685	10,277	14,172	17,778	13,414
International organisations	10	7	21	654	1,986	1,431	167	359	729
Total	151,770	147,176	167,391	208,636	235,621	305,414	130,731	164,386	169,827

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

* Suppressed for confidentiality reasons - see footnote 2

Background Notes

Introduction

This Release updates, with 2003 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 issuer 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 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).
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 2001, 2002 and 2003 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 and combined with the data included under the category <i>other countries not geographically allocated</i> .
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.