

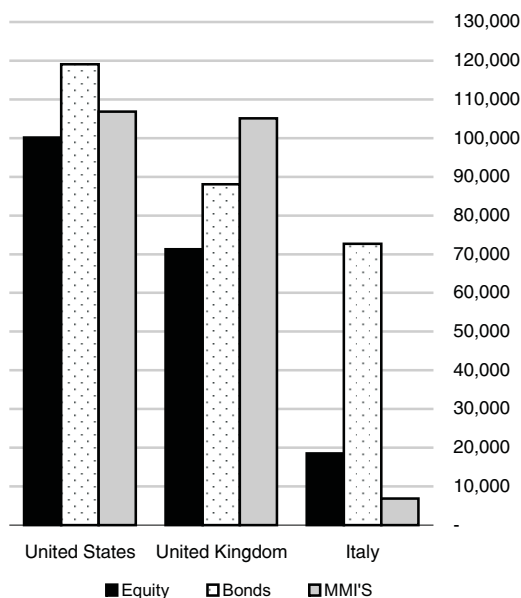


## Resident Holdings of Foreign Portfolio Securities

31 December 2007

**Portfolio Investment by country**  
**31 December 2007**

€m



Published by the Central Statistics Office, Ireland.

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Ref 204/2008

ISSN 1649-4334

€million

December 2007	Equity	Bonds and notes	Money market instruments	Total
<b>Total</b>	<b>441,085</b>	<b>574,935</b>	<b>322,056</b>	<b>1,338,076</b>
<i>of which:</i>				
<b>United States</b>	100,121	119,070	106,832	326,023
<b>United Kingdom</b>	71,280	88,089	105,148	264,517
<b>Italy</b>	18,555	72,722	6,875	98,152
<b>Germany</b>	23,170	49,270	19,983	92,423

### Investment in foreign securities exceeds €1.3 trillion

The total stock of foreign portfolio asset securities held by Irish residents at the end of 2007 amounted to €1,338bn, up almost €108bn on the revised 2006 level of €1,230bn. In geographical terms, investment in US and UK issued instruments accounted for almost 52% of the total increase and just over 44% of the total stock. Other points of note from the end-2007 results are:

- ◆ Investment in Italian and German securities remained significant with increases to €98.2bn and €92.4bn respectively. There was also a significant increase in holdings of Portuguese (€37.4bn – see box) and French (€79.7bn) securities. Conversely there was a significant decrease in holdings of Cayman Islands (€36.7bn) securities.
- ◆ *Equity* investment in proportional terms decreased from 35.4% of total investment assets in 2006 to 33% in 2007. The decrease in equity investment was offset by an increase in the proportion of stocks of long-term bonds and notes, up to 43% from 42.1%. The proportion of short-term money market instruments increased significantly from 22.5% to 24.1%.
- ◆ Euro area issuers accounted for €473.3 billion or 35.4% of total security holdings of Irish residents. This reflects a reduction on the percentage for 2006.

The figures presented update the series on the stocks of foreign portfolio assets held by Irish investors at 31 December 2007 giving a detailed geographical analysis by country of issuer of the securities. The type of financial instrument is also distinguished (i.e. *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 Coordinated Portfolio Investment Survey – see *Background Notes*. They are also consistent with the portfolio investment stock statistics separately published on 28 October 2008 in the Release *International Investment Position – 31 December 2007*. As noted in that release revised 2006 and 2007 data include a re-classification of the assets of certain securitisation vehicles. The effects of this re-classification can be seen in the holdings of Portuguese equity in this release.

For more information contact John Fitzpatrick at 01 498 4366, or Stephen Treacy at 01 498 4076.

**Table 1 - Resident Holdings of Foreign Portfolio Securities<sup>1</sup> - by Country**

€ million

Country	Equity			Bonds and notes			Money market instruments			Total		
	31 Dec 2005	31 Dec 2006 <sup>2</sup>	31 Dec 2007	31 Dec 2005	31 Dec 2006 <sup>2</sup>	31 Dec 2007	31 Dec 2005	31 Dec 2006 <sup>2</sup>	31 Dec 2007	31 Dec 2005	31 Dec 2006 <sup>2</sup>	31 Dec 2007
Argentina	*	55	210	292	490	*	*	0	*	562	545	1,074
Australia	3,622	4,933	5,949	8,590	9,434	12,258	3,461	4,828	5,315	15,673	19,194	23,521
Austria	*	1,797	1,321	6,102	6,585	6,899	*	437	488	7,288	8,819	8,708
Bahamas	164	*	*	7	*	*	0	0	0	171	943	832
Bahrain	*	*	*	*	0	41	0	*	*	41	57	199
Barbados	*	*	0	*	*	125	0	0	0	111	85	125
Belgium	1,758	3,522	2,321	5,365	6,040	6,581	1,192	1,325	1,690	8,315	10,887	10,591
Bermuda	1,913	2,952	3,734	*	*	*	*	*	*	2,172	3,295	4,041
Brazil	1,100	1,530	3,451	856	1,384	1,014	0	0	0	1,956	2,914	4,465
British Virgin Islands	1,502	2,021	2,108	*	*	*	*	*	*	1,543	2,166	2,168
Bulgaria	*	*	*	37	*	*	*	*	*	40	102	80
Canada	2,894	1,461	466	11,044	11,641	12,446	851	1,558	1,867	14,789	14,660	14,778
Cayman Islands	5,004	11,241	11,468	9,951	19,114	18,300	7,754	12,753	6,951	22,709	43,108	36,719
Chile	66	109	165	46	126	*	0	0	*	112	235	302
China	2,495	3,854	4,489	361	994	*	0	0	*	2,856	4,848	4,926
Colombia	*	*	*	649	467	747	*	*	*	792	577	817
Cote d'Ivoire	0	0	0	*	40	*	*	0	*	32	40	150
Croatia	6	*	*	105	200	*	0	*	0	111	210	240
Cyprus	*	*	72	81	162	*	*	*	*	160	238	217
Czech Republic	356	318	147	386	400	1,205	0	0	0	742	718	1,352
Denmark	1,633	1,998	2,193	4,463	3,344	5,641	1,636	1,845	1,230	7,732	7,187	9,064
Egypt	67	132	224	14	79	*	0	0	*	81	211	300
Estonia	*	*	*	88	79	*	*	*	0	89	87	44
Fiji	0	0	0	0	*	0	0	*	0	0	2	0
Finland	2,275	968	4,230	2,604	2,806	2,284	309	514	1,018	5,188	4,288	7,532
France	20,655	26,788	25,949	27,212	27,053	34,694	10,323	13,761	19,079	58,189	67,601	79,721
Germany	15,908	18,932	23,170	48,592	50,089	49,270	12,699	16,861	19,983	77,199	85,882	92,423
Gibraltar	10	1	*	*	*	*	*	*	0	27	49	25
Greece	*	*	1,706	8,402	7,960	*	*	*	*	9,613	9,424	8,254

**Table 1 - Resident Holdings of Foreign Portfolio Securities<sup>1</sup> - by Country - continued**

€ million

Country	Equity			Bonds and notes			Money market instruments			Total		
	31 Dec 2005	31 Dec 2006 <sup>2</sup>	31 Dec 2007	31 Dec 2005	31 Dec 2006 <sup>2</sup>	31 Dec 2007	31 Dec 2005	31 Dec 2006 <sup>2</sup>	31 Dec 2007	31 Dec 2005	31 Dec 2006 <sup>2</sup>	31 Dec 2007
Guernsey	28	119	379	145	*	*	0	*	*	173	245	742
Hong Kong	5,313	6,658	10,269	*	1,014	*	*	0	*	5,996	7,672	10,706
Hungary	693	849	132	1,745	2,064	2,465	0	0	0	2,438	2,913	2,597
Iceland	*	16	*	1,244	1,248	*	*	150	0	1,593	1,414	959
India	2,353	2,152	1,792	36	*	338	0	*	0	2,389	2,243	2,130
Indonesia	385	604	613	158	*	*	0	*	*	543	880	840
Isle of Man	7	25	41	0	0	0	0	0	0	7	25	41
Israel	183	246	319	*	*	*	*	*	*	354	312	410
Italy	13,204	17,731	18,555	69,692	75,629	72,722	2,701	4,799	6,875	85,597	98,159	98,152
Japan	25,072	31,868	27,491	11,277	*	*	165	*	*	36,514	43,268	42,524
Jersey	*	*	463	1,148	1,522	5,249	*	*	6,201	6,149	11,769	11,913
Lithuania	0	0	*	*	*	*	*	*	0	10	210	230
Luxembourg	15,743	21,339	24,954	5,442	5,760	5,850	1,631	2,452	1,189	22,816	29,552	31,992
Malaysia	558	829	986	*	209	172	*	0	0	716	1,038	1,158
Malta	0	*	*	*	*	*	*	0	0	6	10	15
Marshall Islands	6	4	*	*	*	*	*	*	0	9	6	21
Mauritius	*	13	*	*	2	*	0	0	*	27	15	161
Mexico	605	1,057	1,455	1,050	*	*	0	*	*	1,655	2,067	3,045
Netherlands	9,473	10,599	10,069	18,110	22,265	21,808	7,582	9,304	12,023	35,165	42,168	43,900
Netherlands Antilles	*	256	*	156	120	*	*	0	*	370	376	676
New Zealand	279	425	354	537	568	482	166	202	654	982	1,195	1,490
Norway	1,200	2,822	1,936	2,041	2,391	2,508	394	363	1,311	3,636	5,576	5,755
Panama	26	63	119	120	148	136	0	0	0	146	211	255
Peru	32	*	41	178	217	219	0	*	0	210	253	260
Philippines	*	356	373	687	668	913	*	0	0	875	1,024	1,286
Poland	577	682	390	3,003	3,727	3,839	0	0	0	3,580	4,409	4,229
Portugal <sup>3</sup>	1,145	22,481	30,624	6,581	6,987	5,052	1,927	801	1,740	9,653	30,269	37,416
Puerto Rico	2	9	0	*	*	0	*	*	0	2	9	0
Qatar	*	*	*	51	138	*	*	*	0	63	182	309

**Table 1 - Resident Holdings of Foreign Portfolio Securities<sup>1</sup> - by Country - continued**

€ million

Country	Equity			Bonds and notes			Money market instruments			Total		
	31 Dec 2005	31 Dec 2006 <sup>2</sup>	31 Dec 2007	31 Dec 2005	31 Dec 2006 <sup>2</sup>	31 Dec 2007	31 Dec 2005	31 Dec 2006 <sup>2</sup>	31 Dec 2007	31 Dec 2005	31 Dec 2006 <sup>2</sup>	31 Dec 2007
Republic of Korea ( South )	4,156	4,615	5,574	1,679	2,663	*	0	149	*	5,835	7,427	10,082
Romania	14	19	*	51	94	*	0	0	0	65	113	224
Russian Federation	2,131	2,754	1,668	913	747	1,021	0	0	0	3,044	3,501	2,689
Singapore	1,796	2,072	2,670	*	781	*	*	0	*	2,565	2,853	4,186
Slovak Republic	*	0	*	14	*	*	*	*	0	16	37	179
Slovenia	*	*	*	127	69	*	*	*	0	131	73	76
South Africa	1,101	945	1,074	*	*	*	*	*	*	1,637	1,395	1,454
Spain	7,048	8,469	7,959	29,148	40,229	38,304	6,444	8,895	8,302	42,640	57,593	54,565
Sweden	3,761	4,547	5,241	4,715	5,438	7,043	2,941	4,682	6,583	11,417	14,667	18,867
Switzerland	10,494	10,903	9,363	*	*	2,270	*	*	2,056	12,073	15,170	13,689
Taiwan Province of China	2,443	2,619	2,866	118	*	132	0	*	0	2,561	2,699	2,998
Thailand	665	699	597	*	98	46	*	0	0	740	797	643
Trinidad and Tobago	0	0	0	*	11	*	*	0	*	26	11	9
Tunisia	0	0	0	65	99	211	0	0	0	65	99	211
Turkey	710	580	625	164	360	479	0	0	0	874	940	1,104
Ukraine	*	*	*	100	158	*	*	*	0	147	227	521
United Arab Emirates	*	*	*	*	216	211	*	*	*	188	812	333
United Kingdom	63,917	79,116	71,280	60,518	70,327	88,089	75,719	84,829	105,148	200,154	234,272	264,517
United States	84,580	105,898	100,121	87,040	103,167	119,070	75,688	91,399	106,832	247,308	300,464	326,023
Uruguay	0	*	*	41	175	*	0	*	0	41	176	135
Venezuela	*	*	*	327	469	371	*	*	*	339	603	421
Other countries (not geographically allocated) <sup>4</sup>	663	5,227	4,978	1,919	2,224	10,244	3,296	241	489	5,880	7,692	15,710
International Organisations	0	0	0	4,395	2,276	2,168	21	497	1,392	4,416	2,771	3,560
<b>Total</b>	<b>324,790</b>	<b>435,231</b>	<b>441,085</b>	<b>453,724</b>	<b>518,075</b>	<b>574,935</b>	<b>223,615</b>	<b>276,928</b>	<b>322,056</b>	<b>1,002,129</b>	<b>1,230,234</b>	<b>1,338,076</b>

<sup>1</sup> The figures exclude Reserve Assets (see background notes)

<sup>2</sup> Revised

<sup>3</sup> Reflects the re-classification of the assets of certain securitisation vehicles (see box on page 1)

<sup>4</sup> This category covers data supplied by respondents without a geographical breakdown

\* Suppressed for confidentiality reasons

## Background Notes (updated October 2007)

**Introduction** This Release updates, with 2007 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 and Financial Accounts) Order, 2005 (S.I. No. 124 of 2005) 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.

<b>Valuation</b>	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.
<b>Geographical allocation principle</b>	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).
<b>Presentation of the results</b>	Table 1 gives the full details of the market values of Irish residents' holdings of foreign portfolio securities as at 31 December 2005, 2006 and 2007 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.
<b>Confidential data</b>	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.
<b>Sign convention</b>	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.