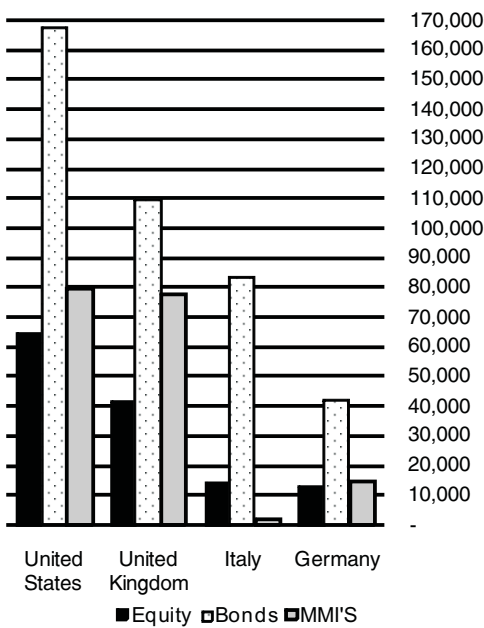




Resident Holdings of Foreign Portfolio Securities

31 December 2008

Portfolio Investment by country
31 December 2008



December 2008	Equity	Bonds and notes	Money market instruments	Total
Total	309,712	643,331	215,891	1,168,934
<i>of which:</i>				
United States	64,369	167,362	79,288	311,017
United Kingdom	41,575	108,928	77,423	227,926
Italy	13,955	83,290	2,108	99,353
Germany	12,795	41,386	14,887	69,068

Investment in foreign securities drops to €1.169 trillion at end-2008

The value of Irish residents' holdings of foreign securities at the end-December 2008 amounted to €1,169bn, down almost €170bn on the revised 2007 level of €1,339bn. The bulk of the decline was in equity assets which had dropped substantially from the previous year to €310bn and continued to decline as a proportion of total assets from 35.4% in 2006 to 26.5% in 2008. Combined investment in US-issued and UK-issued instruments (€539bn) accounted for relatively more (46%) of the total stock than at end-2007. Investment in other euro-area countries (€421bn) at 36% of the total showed little change. Other points of note from the end-2008 results are:

- ◆ While US *equity* showed a sizeable drop to €64.4bn, US *bonds and notes* increased to €167.4bn. The value of investment in UK *equity* also notably declined to €41.6bn but the stock of bonds and notes (€108.9bn) showed only a marginal reduction.
- ◆ Italian securities showed a small increase to €99.4bn while investment in Portuguese securities increased to €43.4bn.
- ◆ Significant holdings are also shown for Germany (€69.1bn), France (€63.4bn), Spain (€50.9bn), Netherlands (€35.6bn), Luxembourg (€25.1bn), Japan (€31.5bn) and the Cayman Islands (€34.1bn) although in each case a decline on the end-2007 stock value is evident.

The figures presented update the series on the stocks of foreign portfolio assets held by Irish investors at 31 December 2008 and give a detailed geographical analysis by country of issuer of the securities and by type of instrument. Corresponding data for the two previous years are shown including revisions for 2007 resulting from later information becoming available. In addition, a change in the collection system was introduced in 2008. This change could affect the comparison for 2008 at individual country level compared to earlier years. 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 – see *Background Notes*. They are also consistent with the portfolio investment stock statistics separately published today in the Release *International Investment Position – 31 December 2008* – see *Background Notes*.

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

€ million

Country	Equity			Bonds and notes			Money market instruments			Total		
	31 Dec 2006	31 Dec 2007 ²	31 Dec 2008	31 Dec 2006	31 Dec 2007 ²	31 Dec 2008	31 Dec 2006	31 Dec 2007 ²	31 Dec 2008	31 Dec 2006	31 Dec 2007 ²	31 Dec 2008
Argentina	55	210	*	490	*	*	0	*	*	545	1,070	90
Australia	4,933	5,961	3,424	9,434	13,384	9,816	4,828	4,198	1,032	19,194	23,542	14,272
Austria	1,797	1,323	814	6,585	6,975	6,720	437	488	298	8,819	8,786	7,832
Bahamas	*	*	*	*	*	*	0	0	*	943	832	324
Bahrain	*	*	*	0	41	*	*	*	*	57	194	90
Barbados	*	0	*	*	125	*	0	0	0	85	125	318
Belgium	3,522	2,319	1,352	6,040	7,599	5,572	1,325	738	2,369	10,887	10,656	9,293
Bermuda	2,952	3,734	*	*	*	*	*	*	*	3,295	4,041	3,287
Brazil	1,530	3,451	*	1,384	964	*	0	0	0	2,914	4,415	3,354
British Virgin Islands	2,021	2,108	*	*	*	*	*	*	0	2,166	2,180	1,185
Brunei Darussalam	*	0	0	*	0	0	0	0	0	312	0	0
Bulgaria	*	*	*	*	*	*	*	*	0	102	80	116
Canada	1,461	2,466	1,676	11,641	12,895	*	1,558	1,494	*	14,660	16,855	13,122
Cayman Islands	11,241	11,468	*	19,114	19,783	15,180	12,753	5,291	*	43,108	36,542	34,128
Chile	109	165	*	126	*	*	0	*	*	235	302	197
China, P.R.	3,854	*	*	994	*	*	0	*	0	4,848	4,926	5,041
Cocos (Keeling) Islands	0	*	0	0	*	0	0	0	0	0	121	0
Colombia	*	*	*	467	747	*	*	*	0	577	817	198
Côte d'Ivoire	0	*	*	40	*	*	0	*	0	40	150	1
Croatia	*	*	*	200	*	*	*	0	0	210	252	255
Cyprus	*	72	*	162	*	69	*	*	*	238	214	190
Czech Republic	318	147	*	400	1,205	*	0	0	*	718	1,352	1,415
Denmark	1,998	2,193	595	3,344	5,684	5,477	1,845	1,230	857	7,187	9,108	6,930
Dominican Republic	0	0	*	29	51	*	0	0	0	29	51	9
Ecuador	*	*	*	*	*	*	0	0	0	28	38	51
Egypt	132	224	*	79	*	*	0	*	*	211	300	160
El Salvador	*	0	*	*	38	*	0	0	0	68	38	35
Estonia	*	*	*	79	*	*	*	0	0	87	44	146
Finland	968	4,226	1,793	2,806	2,289	2,486	514	1,018	1,244	4,288	7,533	5,523
France	26,788	25,956	15,069	27,053	45,918	36,503	13,761	8,234	11,807	67,601	80,108	63,379
Germany	18,932	23,195	12,795	50,089	59,289	41,386	16,861	10,826	14,887	85,882	93,310	69,068
Gibraltar	1	*	*	*	*	*	*	0	0	49	13	7
Greece	*	1,708	457	7,960	*	*	*	*	*	9,424	8,431	10,645
Guernsey	119	385	*	*	*	*	*	*	0	245	748	486
Hong Kong SAR of China	6,658	10,264	*	1,014	*	*	0	*	*	7,672	10,701	5,702

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

€ million

Country	Equity			Bonds and notes			Money market instruments			Total		
	31 Dec 2006	31 Dec 2007 ²	31 Dec 2008	31 Dec 2006	31 Dec 2007 ²	31 Dec 2008	31 Dec 2006	31 Dec 2007 ²	31 Dec 2008	31 Dec 2006	31 Dec 2007 ²	31 Dec 2008
Hungary	849	136	*	2,064	1,701	*	0	0	0	2,913	1,837	3,103
Iceland	16	*	*	1,248	*	*	150	0	0	1,414	945	211
India	2,152	1,792	*	*	338	*	*	0	0	2,243	2,130	2,083
Indonesia	604	613	*	*	*	*	*	*	*	880	840	444
Isle of Man	25	*	*	0	*	*	0	0	0	25	108	24
Israel	246	319	*	*	*	96	*	*	*	312	410	646
Italy	17,731	18,558	13,955	75,629	73,073	83,290	4,799	5,741	2,108	98,159	97,371	99,353
Japan	31,868	27,472	*	*	*	*	*	*	3,150	43,268	40,860	31,547
Jersey	*	463	*	1,522	6,732	2,041	*	4,709	*	11,769	11,904	5,364
Kazakhstan	38	*	*	96	*	*	0	0	0	134	54	33
Kuwait	*	*	*	*	*	*	*	0	0	116	31	8
Lebanon	*	*	*	*	*	*	0	0	0	36	9	11
Liberia	17	*	*	1	*	*	0	0	0	18	45	35
Liechtenstein	*	*	*	*	*	*	0	0	0	21	32	5
Lithuania	0	*	*	*	*	*	*	0	0	210	230	5
Luxembourg	21,339	24,956	19,835	5,760	6,162	4,502	2,452	577	715	29,552	31,695	25,053
Malaysia	829	986	*	209	172	*	0	0	*	1,038	1,158	958
Malta	*	*	*	*	*	*	0	0	0	10	15	834
Marshall Islands	4	*	*	*	*	*	*	*	*	6	21	8
Mauritius	13	*	*	2	*	*	0	*	*	15	161	155
Mexico	1,057	1,455	*	*	*	924	*	*	*	2,067	3,053	1,785
Morocco	*	*	*	*	*	*	0	0	0	9	86	67
Netherlands	10,599	10,059	5,090	22,265	29,017	24,212	9,304	4,878	6,298	42,168	43,954	35,600
Netherlands Antilles	256	*	*	120	*	*	0	*	*	376	676	308
New Zealand	425	354	36	568	482	*	202	654	*	1,195	1,490	323
Nigeria	0	*	*	16	*	*	0	0	*	16	24	42
Norway	2,822	1,936	*	2,391	2,537	2,635	363	1,311	*	5,576	5,784	5,283
Oman	*	*	*	*	*	*	0	0	0	44	67	11
Pakistan	*	*	*	*	*	*	0	0	0	37	57	18
Panama	63	119	*	148	136	*	0	0	0	211	255	154
Papua New Guinea	3	45	*	0	0	*	0	0	0	3	45	98
Peru	*	41	*	217	219	*	*	0	0	253	260	210
Philippines	356	373	*	668	913	*	0	0	*	1,024	1,286	383
Poland	682	413	*	3,727	3,506	*	0	0	0	4,409	3,919	5,129
Portugal ³	22,481	30,624	34,363	6,987	5,495	7,885	801	408	1,122	30,269	36,527	43,369

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

€ million

Country	Equity			Bonds and notes			Money market instruments			Total		
	31 Dec 2006	31 Dec 2007 ²	31 Dec 2008	31 Dec 2006	31 Dec 2007 ²	31 Dec 2008	31 Dec 2006	31 Dec 2007 ²	31 Dec 2008	31 Dec 2006	31 Dec 2007 ²	31 Dec 2008
Qatar	*	*	*	138	*	*	*	0	0	182	309	307
Republic of Korea (South)	4,615	5,294	*	2,663	*	4,320	149	*	*	7,427	9,750	7,400
Romania	19	*	*	94	*	*	0	0	0	113	224	134
Russian Federation	2,754	1,668	*	747	1,024	*	0	0	0	3,501	2,692	2,146
Saudi Arabia	*	0	*	89	45	*	*	0	0	90	45	62
Singapore	2,072	2,670	*	781	*	308	0	*	*	2,853	4,190	2,309
Slovak Republic	0	*	*	*	*	*	*	0	0	37	179	327
Slovenia	*	*	*	69	*	*	*	0	0	73	76	91
South Africa	945	1,074	*	*	627	*	*	0	0	1,395	1,701	1,417
Spain	8,469	7,959	6,867	40,229	41,067	40,597	8,895	4,993	3,443	57,593	54,019	50,907
Sri Lanka	*	16	*	*	10	*	0	0	0	15	26	18
Sweden	4,547	5,236	2,429	5,438	8,414	5,722	4,682	5,260	3,766	14,667	18,910	11,916
Switzerland	10,903	9,357	7,100	*	2,841	4,062	*	1,562	248	15,170	13,760	11,410
Taiwan Province of China	2,619	2,866	*	*	132	*	*	0	0	2,699	2,998	2,383
Thailand	699	597	*	98	46	*	0	0	0	797	643	584
Trinidad and Tobago	0	0	*	11	*	*	0	*	*	11	9	19
Tunisia	0	0	*	99	211	*	0	0	0	99	211	156
Turkey	580	625	*	360	485	*	0	0	0	940	1,110	1,062
Ukraine	*	*	*	158	*	*	*	0	0	227	521	62
United Arab Emirates	*	*	*	216	211	188	*	*	*	812	333	292
United Kingdom	79,116	71,252	41,575	70,327	109,937	108,928	84,829	80,715	77,423	234,272	261,903	227,926
United States	105,898	100,375	64,369	103,167	150,477	167,362	91,399	82,780	79,288	300,464	333,631	311,017
Uruguay	*	*	*	175	*	*	*	0	0	176	135	69
Venezuela	*	*	*	469	371	*	*	*	0	603	421	190
Vietnam	*	*	*	*	*	*	0	0	0	23	47	5
Virgin Islands, U.S.	*	*	0	*	*	0	0	0	0	10	37	0
Other countries (not geographically allocated) ⁴	4,738	2,618	1,822	1,775	8,752	8,346	181	488	407	6,694	11,855	10,574
International Organisations	0	0	672	2,276	2,201	5,565	497	1,392	405	2,771	3,593	6,642
Total	435,231	440,984	309,712	518,075	664,938	643,331	276,928	232,620	215,891	1,230,234	1,338,542	1,168,934

¹ The figures exclude Reserve Assets (see background notes)

² Revised

³ Reflects the re-classification of the assets of certain securitisation vehicles

⁴ This category covers data supplied by respondents without a geographical breakdown

* Suppressed for confidentiality reasons

Background Notes (updated October 2009)

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*) 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 statutory quarterly surveys conducted by the CSO and by the Central Bank and Financial Services Authority of Ireland (CBFSAI) 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 CBFSAI. 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 recent joint initiative involving the CSO and the CBFSAI to rationalize 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 CBFSAI under its legislation as well as European legislation¹. These data are supplied by the CBFSAI 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, 2005 (S.I. No. 124 of 2005) made under the Statistics Act, 1993. The CSO and CBFSAI surveys underpinning data collection are designed to address the internationally agreed statistical standards for BOP-related statistics. Regarding financial securities, the CBFSAI 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)
- ◆ 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.

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 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. 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 *). The confidential data are aggregated at the level of individual country.
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