

# Economic and Finance statistics



Economic territory, institutional units and sectors  
Economic assets and liabilities in the b.o.p./i.i.p.  
Stocks and flows, functional categories

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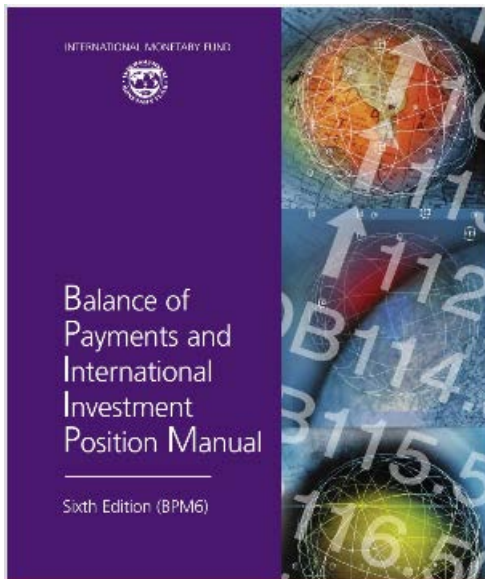
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# Outline

- ❑ Economic territory, institutional units and sectors
- ❑ Economic assets and liabilities in the b.o.p./i.i.p.
- ❑ Stocks and flows, functional categories

# Main BPM6 references



Chapter 1: Introduction

Chapter 2: Overview of the framework

Chapter 3: Accounting principles

Chapter 4: Economic Territory, Units, Institutional Sectors, and Residence

Chapter 5: Classifications of Financial Assets and Liabilities

Chapter 6: Functional categories

# Economic territory

- Area under the effective economic control of a single government
  - The land
  - Airspace
  - Territory waters
  - Territorial enclaves in the rest of the world (e.g. Embassies)
  - Special zones (e.g. offshores)
- International organisations



**Euro area:** All euro area countries, the ECB and ESM



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## The eurozone

The 19 countries that use the euro as their national currency



**EUROPEAN CENTRAL BANK**  
EUROSYSTEM

# Institutional units

Main characteristics:

- Entitled to own goods or assets in its own right
- Able to take economic decisions and engage in economic activities, for which is directly responsible and accountable
- Able to incur liabilities on its own behalf and to enter into contracts
- Have a complete set of accounts (or could compile it if required)



Types:

- Households (persons: consumers)
- Corporations (producers)



# Institutional sectors

Groups of institutional units which have similar economic objectives, functions and behaviour:

- Central Banks
- Other MFIs
  - Deposit taking corporations except central bank
  - Money market funds
- General government
- Other sectors
  - Financial corporations other than MFIs
  - NFCs, households and NPISHs



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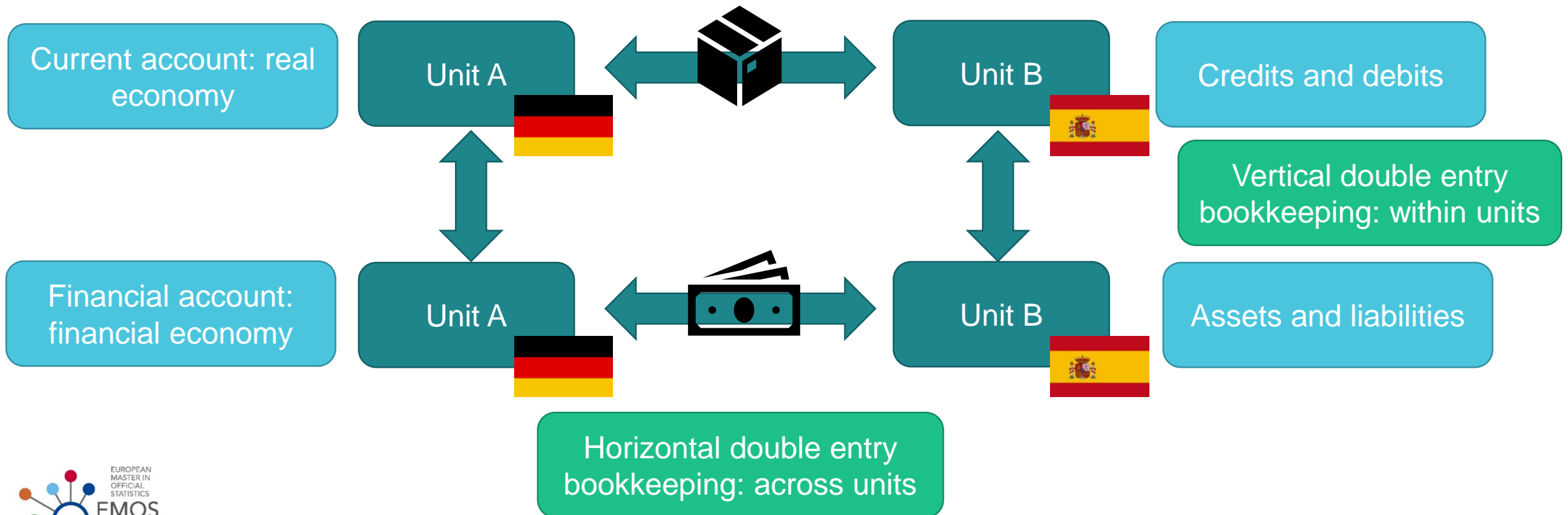


# Economic assets and liabilities in the b.o.p./i.i.p.

## External transactions

- Transactions between a resident and a non-resident institutional unit

## Quadruple-entry system



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# Stocks and flows

## Positions (international investment position – i.i.p.)

Positions ( $L_t$ ) refer to the level of financial assets or liabilities at a certain point in time

## Flows

Flows reflect the creation, transformation, exchange, transfer, or extinction of economic value; they involve changes in the volume, composition, or value of an institutional unit's assets and liabilities

- **Transactions (balance of payments – b.o.p.)**

- Transaction ( $T_t$ ) is an interaction between two institutional units that occurs by mutual agreement or through the operation of the law and involves an exchange of value or a transfer

- **Other flows**

- Other flows are changes in the volume, value, or classification of an asset or liability that do not result from a transaction between a resident and a non-resident: exchange rates ( $E_t$ ) and price revaluations ( $P_t$ ), other changes in the volume of assets (/liabilities) ( $OVC_t$ )



**Link between b.o.p. and i.i.p. ->  $L_t = L_{t-1} + T_t + E_t + P_t + OVC_t$**

# Functional categories (of financial instruments)



# Thank you



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