



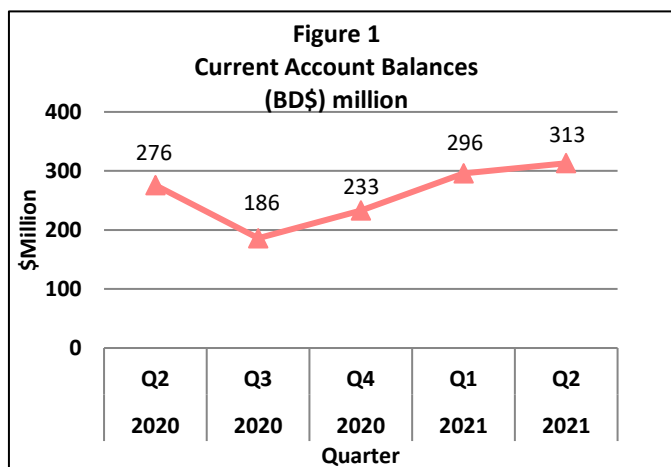
### BALANCE OF PAYMENTS

#### FAST FACTS

##### Current Account

The Bermuda current account recorded a surplus of \$313 million in the second quarter of 2021 (Figure 1 and Table 1). This represented a \$37 million increase year-over-year.

- The deficit on the goods account widened by \$58 million to \$237 million.
- Services transactions realised a surplus of \$72 million, up \$19 million year-over-year.
- The surplus on Bermuda's primary income account increased by \$80 million to \$511 million in the second quarter of 2021.



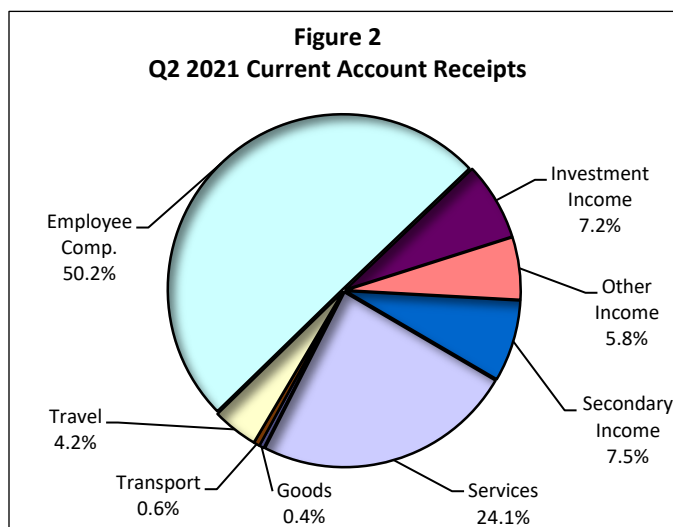
#### Financial, Capital, and Reserve Assets Accounts

Transactions on Bermuda's assets accounts resulted in a net lending position of \$351 million (Table 1). Factors influencing this year-over-year performance include:

- Bermuda's net acquisition of financial assets resulted in an increase of \$1 billion compared to a decrease of \$130 million in 2020.
- Bermuda increased its net incurrence of financial liabilities by \$838 million this quarter compared to a decrease of \$289 million in 2020.

#### Current Account Surplus = \$313 million

The current account surplus stood at \$313 million for the second quarter of 2021 (Table 1). This represented a \$37 million increase from the \$276 million surplus in the second quarter of 2020. The growth in the surplus reflected an increase in receipts from non-residents which was larger than the rise in payments. With the exception of the goods account, all major sub-accounts recorded improvements in their net balance led by an \$80 million increase in the surplus on the primary income account.



#### Goods Account Deficit = \$237 million

Year-over-year, the goods account deficit widened by \$58 million during the second quarter of 2021. The value of imported goods increased to \$241 million (Table 1). This growth was reflected mostly in a \$42 million rise in imported goods from the United States. Goods imported from All Other Countries, the United Kingdom and Canada also increased by \$8 million, \$5 million and \$3 million, respectively. The value of goods imported from the Caribbean remained unchanged. Among the commodity groups, growth was reflected primarily in the imports of Finished Equipment, Chemicals and Machinery which rose by \$17 million, \$11 million and \$10 million respectively. Imports across all other commodity groups also increased.

Revenue earned from the exports of goods increased by \$2 million to \$4 million in 2021 as more fuel was re-exported to foreign airlines visiting Bermuda.

**Services Account Surplus = \$72 million**

The surplus on the services account increased \$19 million during the second quarter of 2021. The higher surplus balance reflected mostly improvements in travel services and business services. The deficit on travel services narrowed by \$19 million due to increased expenditure in Bermuda by visitors. The surplus on business services increased by \$16 million driven by transactions in accounting services, legal services and premiums collected for direct insurance services.

In contrast, the net deficit balance on transportation transactions increased by \$15 million to \$37 million as residents paid more for freight transport services and air passenger transport services. The deficit balance on ICT services widened by \$7 million to \$10 million due to lower receipts during the second quarter of 2021.

**Primary Income Account Surplus = \$511 million**

The primary income account reflects balances on compensation earned/paid to non-residents, and income from investments and payroll tax paid by non-resident companies to the government. Year-over-year, the surplus on the primary income account increased by \$80 million during the second quarter of 2021 (Figure 3 and Table 1). This rise reflected primarily an increase in net employee compensation by \$60 million. Net investment income grew by \$14 million while the net surplus balance on other income increased by \$6 million.

**Secondary Income Account Deficit = \$33 million**

The secondary income account reflects the balances on donations, insurance claims and other transfers between residents and non-residents. The deficit balance on the secondary income account widened by \$4 million from a year ago due mostly to an increase in net nonlife insurance claims paid to non-residents.

**INTERNATIONAL INVESTMENT POSITION (Tables 2 & 3)**

**Bermuda’s Net IIP Increased to \$4.9 billion**

At the end of the second quarter 2021, the stock of foreign assets held by Bermuda residents registered above its stock of foreign liabilities by an estimated \$4.9 billion (Table 2). The net IIP increased by \$877 million over the first quarter of 2021.

**Foreign Assets Rose to \$18.3 billion**

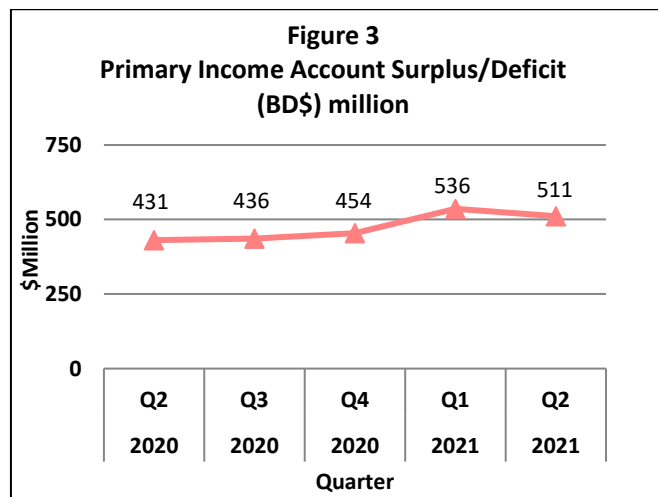
Between the first and second quarters of 2021, Bermuda residents’ stock of foreign financial assets grew by \$1.7 billion due mostly to increased holdings of loans and debt securities.

**Bermuda’s Liability Position Increased to \$13.4 billion**

Bermuda residents’ stock of foreign liabilities increased by \$847 million from the first quarter of 2021. The increase in the liability position reflected mostly a rise in currency and deposit liabilities along with equity and investment funds held by resident institutions and owed to non-residents.

**IIP by Resident Institutional Sector**

The non-financial corporations held a net liability position of \$2.2 billion with the rest of the world at the end of the second quarter 2021. The general government sector’s external liabilities exceeded its external assets by \$78 million, representing a smaller negative net investment position due to a rise in portfolio investment assets. Financial corporations held a net asset position of \$7.1 billion due mostly to holdings of portfolio investments in the form of debt securities and other investments in the form of currency and deposits. Non-profit institutions serving households also recorded a net asset position of \$44 million at the end of the second quarter.



**BERMUDA BALANCE OF PAYMENTS & INTERNATIONAL INVESTMENT POSITION**

**TABLE 1 - BALANCE OF PAYMENTS (BD\$) MILLIONS<sup>1</sup>**

| Components   | 2020<br>YTD Q2 | 2021<br>YTD Q2 | 2020<br>Q2  | 2020<br>Q3  | 2020<br>Q4  | 2021R<br>Q1 | 2021<br>Q2   |
|--|----------------|----------------|-------------|-------------|-------------|-------------|--------------|
| <b>CURRENT ACCOUNT PAYMENTS</b>                                |                |                |             |             |             |             |              |
| <b>GOODS IMPORTS (1)</b>                                       | <b>448</b>     | <b>487</b>     | <b>181</b>  | <b>226</b>  | <b>253</b>  | <b>246</b>  | <b>241</b>   |
| <b>SERVICES (2)</b>  | <b>402</b>     | <b>389</b>     | <b>169</b>  | <b>189</b>  | <b>205</b>  | <b>201</b>  | <b>188</b>   |
| Transportation   | 80             | 81             | 28          | 38          | 39          | 38          | 42           |
| Travel   | 99             | 93             | 38          | 46          | 46          | 45          | 47           |
| Business Services:   | 222            | 215            | 103         | 105         | 120         | 117         | 98           |
| Insurance Services   | 36             | 34             | 18          | 16          | 22          | 17          | 17           |
| Financial Services   | 40             | 45             | 24          | 19          | 21          | 22          | 23           |
| ICT Services   | 45             | 46             | 21          | 23          | 26          | 24          | 22           |
| Other Business Services  | 101            | 91             | 40          | 48          | 50          | 54          | 37           |
| Government Services  | 0              | 0              | 0           | 0           | 0           | 0           | 0            |
| <b>PRIMARY INCOME (3)</b>                                      | <b>162</b>     | <b>92</b>      | <b>73</b>   | <b>61</b>   | <b>47</b>   | <b>33</b>   | <b>59</b>    |
| Employee Compensation  | 26             | 24             | 12          | 12          | 11          | 13          | 12           |
| Investment Income  | 136            | 68             | 61          | 49          | 36          | 20          | 47           |
| Other Income   | 0              | 0              | 0           | 0           | 0           | 0           | 0            |
| <b>SECONDARY INCOME (4)</b>                                    | <b>182</b>     | <b>204</b>     | <b>77</b>   | <b>123</b>  | <b>79</b>   | <b>103</b>  | <b>101</b>   |
| <b>TOTAL PAYMENTS (5)=SUM(1:4)</b>                             | <b>1,194</b>   | <b>1,172</b>   | <b>499</b>  | <b>600</b>  | <b>584</b>  | <b>583</b>  | <b>589</b>   |
| <b>CURRENT ACCOUNT RECEIPTS</b>                                |                |                |             |             |             |             |              |
| <b>GOODS EXPORTS (6)</b>                                       | <b>6</b>       | <b>6</b>       | <b>2</b>    | <b>2</b>    | <b>3</b>    | <b>2</b>    | <b>4</b>     |
| <b>SERVICES (7)</b>  | <b>516</b>     | <b>518</b>     | <b>222</b>  | <b>236</b>  | <b>266</b>  | <b>258</b>  | <b>261</b>   |
| Transportation   | 17             | 12             | 6           | 7           | 15          | 7           | 5            |
| Travel   | 50             | 49             | 10          | 22          | 24          | 11          | 38           |
| Business Services:   | 401            | 417            | 205         | 206         | 220         | 200         | 216          |
| Insurance Services   | 34             | 44             | 16          | 19          | 18          | 20          | 24           |
| Financial Services   | 79             | 82             | 44          | 56          | 65          | 36          | 46           |
| ICT Services   | 39             | 25             | 19          | 13          | 13          | 13          | 12           |
| Other Business Services  | 248            | 265            | 126         | 118         | 125         | 131         | 134          |
| Government Services  | 49             | 41             | 2           | 1           | 7           | 39          | 1            |
| <b>PRIMARY INCOME (8)</b>                                      | <b>1,041</b>   | <b>1,139</b>   | <b>504</b>  | <b>498</b>  | <b>501</b>  | <b>569</b>  | <b>570</b>   |
| Employee Compensation  | 787            | 877            | 393         | 393         | 394         | 425         | 452          |
| Investment Income  | 135            | 130            | 64          | 61          | 64          | 64          | 65           |
| Other Income   | 118            | 132            | 46          | 43          | 43          | 80          | 52           |
| <b>SECONDARY INCOME (9)</b>                                    | <b>94</b>      | <b>117</b>     | <b>47</b>   | <b>50</b>   | <b>46</b>   | <b>50</b>   | <b>68</b>    |
| <b>TOTAL RECEIPTS (10)=SUM(6:9)</b>                            | <b>1,657</b>   | <b>1,781</b>   | <b>775</b>  | <b>786</b>  | <b>817</b>  | <b>879</b>  | <b>902</b>   |
| <b>CURRENT ACCOUNT BALANCES</b>                                |                |                |             |             |             |             |              |
| <b>GOODS</b>   | <b>-442</b>    | <b>-481</b>    | <b>-179</b> | <b>-224</b> | <b>-251</b> | <b>-244</b> | <b>-237</b>  |
| <b>SERVICES</b>  | <b>114</b>     | <b>129</b>     | <b>53</b>   | <b>47</b>   | <b>62</b>   | <b>57</b>   | <b>72</b>    |
| Transportation   | -63            | -68            | -22         | -30         | -24         | -31         | -37          |
| Travel   | -50            | -44            | -28         | -25         | -22         | -35         | -9           |
| Business Services:   | 178            | 201            | 102         | 101         | 100         | 83          | 118          |
| Insurance Services   | (2)            | 10             | -2          | 3           | -4          | 3           | 7            |
| Financial Services   | 39             | 37             | 20          | 37          | 43          | 14          | 23           |
| ICT Services   | -6             | -20            | -3          | -10         | -13         | -11         | -10          |
| Other Business Services  | 147            | 174            | 86          | 71          | 74          | 77          | 97           |
| Government Services  | 49             | 41             | 2           | 1           | 7           | 39          | 1            |
| <b>PRIMARY INCOME</b>  | <b>879</b>     | <b>1,047</b>   | <b>431</b>  | <b>436</b>  | <b>454</b>  | <b>536</b>  | <b>511</b>   |
| Employee Compensation  | 761            | 853            | 381         | 382         | 382         | 412         | 441          |
| Investment Income  | 0              | 62             | 4           | 12          | 29          | 44          | 18           |
| Other Income   | 118            | 132            | 46          | 43          | 43          | 80          | 52           |
| <b>SECONDARY INCOME</b>  | <b>-87</b>     | <b>-86</b>     | <b>-29</b>  | <b>-72</b>  | <b>-33</b>  | <b>-53</b>  | <b>-33</b>   |
| <b>CURRENT ACCOUNT BALANCE (11)=(10)-(5)</b>                   | <b>463</b>     | <b>609</b>     | <b>276</b>  | <b>186</b>  | <b>233</b>  | <b>296</b>  | <b>313</b>   |
| <b>FINANCIAL ACCOUNT</b>                                       |                |                |             |             |             |             |              |
| Direct Investment  | -35            | -18            | -25         | 41          | -18         | -18         | 1            |
| Portfolio Investment   | 210            | 197            | -246        | 454         | 382         | -558        | 755          |
| Financial Derivatives  | 54             | 54             | 26          | 21          | 20          | 37          | 16           |
| Other Investment   | 514            | 912            | 96          | 157         | 401         | 507         | 405          |
| Reserve Assets   | 33             | 40             | 20          | -15         | -1          | 28          | 12           |
| <b>NET ACQUISITION OF FIN. ASSETS (12)</b>                     | <b>777</b>     | <b>1,185</b>   | <b>-130</b> | <b>658</b>  | <b>785</b>  | <b>-4</b>   | <b>1,189</b> |
| Direct Investment  | 70             | 61             | 39          | 25          | 384         | 10          | 52           |
| Portfolio Investment   | 2              | -54            | 95          | 248         | -57         | -51         | -3           |
| Financial Derivatives  | 37             | -41            | -11         | -6          | 16          | -40         | -2           |
| Other Investment   | 321            | 612            | -413        | 120         | 226         | -179        | 791          |
| <b>NET INCURRENCE OF FIN. LIABILITIES (13)</b>                 | <b>429</b>     | <b>578</b>     | <b>-289</b> | <b>387</b>  | <b>569</b>  | <b>-260</b> | <b>838</b>   |
| <b>TOTAL NET CAPITAL ACCOUNT (14)</b>                          | <b>0</b>       | <b>0</b>       | <b>0</b>    | <b>0</b>    | <b>0</b>    | <b>0</b>    | <b>0</b>     |
| <b>NET LENDING(+)/NET BORROWING(-)<br/>(15)=(12)+(14)-(13)</b> | <b>348</b>     | <b>606</b>     | <b>159</b>  | <b>271</b>  | <b>216</b>  | <b>256</b>  | <b>351</b>   |
| <b>BALANCING ITEM (15)-(11)</b>                                | <b>-116</b>    | <b>-3</b>      | <b>-118</b> | <b>84</b>   | <b>-17</b>  | <b>-40</b>  | <b>37</b>    |

## BERMUDA BALANCE OF PAYMENTS &amp; INTERNATIONAL INVESTMENT POSITION

 TABLE 2 - INTERNATIONAL INVESTMENT POSITION<sup>1,2</sup>

(BD\$) MILLIONS

| Components   | 2020<br>Q2    | 2020<br>Q3    | 2020<br>Q4    | 2021R<br>Q1   | 2021<br>Q2    |
|--|---------------|---------------|---------------|---------------|---------------|
| <b>ASSETS</b>  |               |               |               |               |               |
| <b>BY FUNCTIONAL CATEGORY</b>                        |               |               |               |               |               |
| Direct investment                                    | 123           | 160           | 141           | 122           | 123           |
| Portfolio investment                                 | 12,161        | 12,788        | 13,268        | 12,828        | 13,537        |
| Financial Derivatives (other than reserves) and ESOs | 45            | 40            | 36            | 46            | 35            |
| Other investment                                     | 2,400         | 2,806         | 3,230         | 3,331         | 4,343         |
| Reserve Assets                                       | 196           | 181           | 181           | 208           | 221           |
| <b>BY INSTRUMENT</b>                                 |               |               |               |               |               |
| Equity and investment fund share/units               | 2,860         | 2,970         | 3,091         | 3,196         | 3,456         |
| Debt instruments:                                    | 12,021        | 12,964        | 13,728        | 13,294        | 14,768        |
| Special drawing rights                               | -             | -             | -             | -             | -             |
| Currency and deposits                                | 684           | 1,049         | 1,493         | 1,199         | 1,131         |
| Debt securities                                      | 9,621         | 10,158        | 10,498        | 9,962         | 10,424        |
| Loans  | 1,657         | 1,679         | 1,646         | 2,038         | 3,095         |
| Insurance, pension, standardized guarantee schemes   | 1             | 1             | 1             | 1             | 1             |
| Other accounts receivable/payable                    | 58            | 77            | 91            | 95            | 117           |
| Other financial assets and liabilities               | 45            | 40            | 36            | 46            | 35            |
| <b>TOTAL ASSETS</b>                                  | <b>14,927</b> | <b>15,975</b> | <b>16,855</b> | <b>16,536</b> | <b>18,259</b> |
| <b>LIABILITIES</b>                                   |               |               |               |               |               |
| <b>BY FUNCTIONAL CATEGORY</b>                        |               |               |               |               |               |
| Direct investment                                    | 2,503         | 2,820         | 3,086         | 2,725         | 2,781         |
| Portfolio investment                                 | 3,874         | 4,388         | 4,334         | 4,619         | 4,621         |
| Financial Derivatives (other than reserves) and ESOs | 85            | 79            | 92            | 53            | 51            |
| Other investment                                     | 5,398         | 5,512         | 5,331         | 5,146         | 5,937         |
| <b>BY INSTRUMENT</b>                                 |               |               |               |               |               |
| Equity and investment fund share/units               | 3,087         | 3,110         | 3,343         | 3,260         | 3,322         |
| Debt instruments:                                    | 8,689         | 9,611         | 9,408         | 9,231         | 10,017        |
| Special drawing rights                               | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          |
| Currency and deposits                                | 4,585         | 4,654         | 4,376         | 4,112         | 4,876         |
| Debt securities                                      | 3,291         | 4,099         | 4,077         | 4,084         | 4,080         |
| Loans  | 716           | 738           | 840           | 893           | 937           |
| Insurance, pension, standardized guarantee schemes   | 22            | 23            | 26            | 27            | 28            |
| Other accounts receivable/payable                    | 75            | 97            | 89            | 114           | 96            |
| Other financial assets and liabilities               | 85            | 79            | 92            | 53            | 51            |
| <b>TOTAL LIABILITIES</b>                             | <b>11,861</b> | <b>12,799</b> | <b>12,843</b> | <b>12,543</b> | <b>13,390</b> |
| <b>NET IIP</b>                                       | <b>3,066</b>  | <b>3,176</b>  | <b>4,012</b>  | <b>3,992</b>  | <b>4,869</b>  |

 TABLE 3 - IIP BY RESIDENT INSTITUTIONAL SECTOR — (BD\$) MILLIONS<sup>1</sup>

| 2021 Q2  | Households<br>and<br>NPISHs <sup>2,3</sup> | General<br>government | Financial<br>corporations | Non-<br>financial<br>corporations | Total<br>economy |
|--|--|-----------------------|---------------------------|-----------------------------------|------------------|
| <b>ASSETS</b>  | <b>44</b>                                  | <b>3,222</b>          | <b>14,815</b>             | <b>177</b>                        | <b>18,259</b>    |
| Direct investment                                    | 10   | -                     | 72                        | 40                                | 123              |
| Portfolio investment                                 | 33   | 2,915                 | 10,578                    | 11                                | 13,537           |
| Financial Derivatives (other than reserves) and ESOs | -  | -                     | 35                        | -                                 | 35               |
| Other investment                                     | 1  | 307                   | 3,910                     | 126                               | 4,343            |
| Reserve Assets                                       | -  | -                     | 221                       | -                                 | 221              |
| <b>LIABILITIES</b>                                   | <b>-</b>                                   | <b>3,300</b>          | <b>7,691</b>              | <b>2,399</b>                      | <b>13,390</b>    |
| Direct investment                                    | -  | -                     | 1,104                     | 1,677                             | 2,781            |
| Portfolio investment                                 | -  | 3,300                 | 1,026                     | 293                               | 4,621            |
| Financial Derivatives (other than reserves) and ESOs | -  | -                     | 42                        | 9                                 | 51               |
| Other investment                                     | -  | -                     | 5,516                     | 421                               | 5,937            |
| <b>NET IIP</b>                                       | <b>44</b>                                  | <b>(78)</b>           | <b>7,124</b>              | <b>(2,222)</b>                    | <b>4,869</b>     |

1 Data are estimates only and subject to revision; numbers may not add due to rounding

2. Series does not include stock of household foreign assets and liabilities

3. NPISH: Non-profit institutions serving households.

## WHAT IS THE BALANCE OF PAYMENTS?

The balance of payments (BOP) is a statistical statement that systematically summarizes, for a specific time period, the economic transactions of an economy (resident) with the rest of the world (non-resident). Quite simply, the balance of payments covers all economic transactions between Bermuda and the rest of the world. It includes the **current account** and the **capital and financial account**.

In principle, the current account and capital and financial account should balance each other out. If Bermuda sells more goods and services than it buys (i.e., if it has a current account surplus), it has to lend money abroad to finance its exports (i.e., run a capital and financial account deficit). In theory, therefore, the balance of payments is always zero.

**Example: Every dollar spent by a tourist in Bermuda earns the economy \$1 in foreign currency which can be used to purchase goods and services from overseas.**

## DEFINITIONS AND NOTES

### Balancing Item (Net Errors & Omissions)

A current account surplus or deficit should correspond to an equivalent outflow or inflow in the capital and financial account. In other words, the two accounts should add to zero. In fact, as data are compiled from multiple sources, the two balance of payments accounts rarely equate. As a result, the balancing item is the net unobserved inflow or outflow needed to balance the accounts.

### Capital Account

The capital account details transactions that involve the receipt or payment of capital transfers and acquisitions and disposal of non-produced, non-financial assets.

### Current Account

Transactions on goods, services, income, and current transfers are allocated to the current account. Transactions in exports and interest income are examples of receipts, while imports and interest expenses are payments. The difference between payments and receipts determines if Bermuda's current account is in surplus or deficit.

### Financial Account

All transactions associated with changes of ownership in foreign financial assets and liabilities of the economy are included in the financial account. Such changes include the creation and liquidation of claims on, or by, the rest of the world.

### Payments

All monies that are paid by residents to non-residents are considered payments.

### Receipts

All monies that are received by residents from non-residents are considered receipts.

### Reserve Assets

Reserve Assets are those external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy, and serving as a basis for foreign borrowing).

### Resident

The concept of residency is very important in the BOP because the BOP is in fact a statement of transactions between residents and non-residents. A unit must have a centre of predominant economic interest within an economic territory for at least one year or more to be considered resident of that territory.

### Seasonal Workers

Workers from overseas who come to Bermuda to work for a few months in the year or every year are considered seasonal workers. Their expenditure on living expenses in Bermuda is included as travel receipts. Similarly, their income received from employers in Bermuda is a BOP outflow under compensation of employees.



## WHAT IS THE INTERNATIONAL INVESTMENT POSITION?\*

The international investment position (IIP) is a record of Bermuda residents' investment abroad and non-residents' investment in Bermuda. The IIP shows the balance sheet position of financial claims on non-residents as assets and non-residents' claims on Bermuda as liabilities. The balance between these two positions represents the IIP; that is, an excess of assets over liabilities indicates a positive contribution to the nation's net wealth and the reverse signifies a negative contribution.

## WHY IS THE IIP IMPORTANT TO MEASURE?\*

The composition of the IIP allows financial analysts to assess the vulnerability of the economy to changes in external market conditions. Details from the IIP can highlight mismatches in maturity of instruments and currency that can affect an economy's ability to service debt in the face of shock; financial structure problems; solvency problems and dependency problems where overreliance on another economy can present contagion concerns. Therefore, the IIP allows for a more in depth analysis behind balance sheet weaknesses that can lead to a modern-day financial crisis.

## DEFINITIONS AND NOTES

### Currency and Deposits

Currency consists of notes and coins that are of fixed nominal values and are issued or authorized by central banks, monetary authorities such as the Bermuda Monetary Authority or governments.

Deposits include all claims that are (a) on the central bank and other deposit-taking corporations; and (b) represented by evidence of deposit.

### Debt Securities

Debt securities are negotiable instruments serving as evidence of a debt.

### Direct Investment

Direct investment represents the value of long-term capital owned in subsidiaries, affiliates and branches by investors in a position to exercise control or a significant degree of influence on the management of the enterprise. A measure of total investment controlled in Bermuda by foreign direct investors, or abroad by Bermudian direct investors, indicates the leverage type impact of ownership.

### Financial Derivatives

A financial derivative contract is a financial instrument whose value is based on the value of an underlying security such as a stock or bond, commodity or other financial instrument.

### Insurance, Pension, Standardized Guarantee Schemes

Insurance, pension, and standardized guarantee schemes all function as a form of redistribution of income and wealth mediated by financial institutions.

### Loans

Loans represent the extension of money from Bermuda residents to non-residents and vice versa, with an agreement that the money will be repaid.

### Other Accounts Receivable/Payable

Other accounts receivable/payable consists of trade credit and advances between Bermuda and non-residents and, other miscellaneous receivables/payables.

### Other Investment

Other investment is a residual category that includes positions and transactions other than those included in direct investment, portfolio investment, financial derivatives and employee stock options (ESO), and reserve assets.

### Portfolio Investment

Portfolio investment abroad by Bermuda residents and in Bermuda by non-residents is defined as the holding of debt or equity securities other than those included in direct investment or reserve assets.

\* Source: IMF Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6)

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