

## **Measuring external debt in a context of macroeconomic imbalances**

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The exploitation of new methodologies and indicators is considered valuable in measuring a key macroeconomic indicator like the external debt. The recent Portuguese economic developments illustrate the need and usefulness of having a multidimensional approach of this indicator, with several balance of payment items, such as the current and the capital account balances, the foreign direct investment or the reserves assets being carefully analysed when reading the external conditions faced by the economy. Only such an approach can provide with a comprehensive measure of external debt consistent across the range of debt instruments, institutional sectors and valuation methods used. This paper develops an assessment of external debt measures and concludes about their potential advantages and disadvantages. Comparisons are made by focusing on alternatives like external debt vis-à-vis international investment position, external gross debt against external net debt, and external debt at nominal value vis-à-vis external debt at market value.

**Key Words:** external debt; valuation; debt instruments; institutional sectors