

Current account surplus 68.1 b.kr. in Q3 – net IIP positive by 108 b.kr.

The current account surplus measured 68.1 b.kr. in Q3/2017. There was a deficit on goods trade in the amount of 47.5 b.kr and a 117.5 b.kr. surplus on services trade,¹ as well as a 1.6 b.kr. surplus on primary income and a 3.5 b.kr. deficit on secondary income.

This is included in new information published on the Central Bank of Iceland website, showing the preliminary balance of payments in Q3/2017 and the external position of the economy at the end of the quarter.²

According to the preliminary figures, foreign assets totalled 3,307 b.kr. at the end of the quarter, while foreign liabilities totalled 3,198 b.kr. The net external position was therefore positive by 108 b.kr., or 4.4% of GDP, and improved by 125 b.kr., or 5% of GDP, between quarters. Net financial transactions improved the international investment position by 72 b.kr., as foreign liabilities declined by 398 b.kr. and foreign assets by 326 b.kr. as a result of the transactions. Price and exchange rate movements had a positive impact on the international investment position in the amount of 91 b.kr., owing to a 4.5% increase in foreign securities market prices and a 5% depreciation of the króna in trade-weighted terms.

¹ See the [Statistics Iceland website](#)

² See the Statistics pages at www.sedlabanki.is.

Table 1. Quarterly balance of payments (b.kr.)

	<u>2016, Q3</u>	<u>2016, Q4</u>	<u>2017, Q1</u>	<u>2017, Q2</u>	<u>2017, Q3</u>
Current account balance	100.8	42.2	8.0	15.0	68.1
Balance on goods	-22.5	-13.3	-35.0	-45.9	-47.5
Balance on services	122.7	41.1	41.4	61.5	117.5
Balance on primary income	2.8	18.3	5.0	4.6	1.6
Secondary income, net	-2.4	-3.9	-3.4	-5.1	-3.5
Capital account	-0.2	-0.5	-0.3	-0.3	-0.3
Financial account	50.4	112.3	-6.9	-3.1	72.1
Direct investment	-85.0	-13.0	-4.1	27.2	-22.8
Portfolio investment	-31.3	61.8	36.5	140.7	48.1
Derivatives	0.8	0.4	1.3	9.1	10.9
Other investments	50.3	-37.6	-39.1	-72.6	36.6
Foreign exchange reserves	115.6	100.7	-1.5	-107.6	-0.7
Net errors and omissions	-50.1	70.6	-14.6	-17.8	4.3

Table 2. Quarter-on-quarter changes in the international investment position (b.kr.)

	Position at end-Q2/2017	Financial account	Exchange rate and price changes	Other changes	Position at end-Q3/2017
Foreign assets, total	3,478	-326	152	2	3,307
Direct investment	1,316	-380	56	0	992
Portfolio investment	988	44	61	0	1,093
Derivatives*	13	11	-11	0	13
Other investments	497	0	21	2	520
Foreign exchange reserves	664	-1	25	0	688
Foreign liabilities, total	3,495	-398	62	40	3,198
Direct investment	1,778	-357	27	37	1,484
Portfolio investment	1,122	-4	22	2	1,141
Derivatives*	10	0	1	0	10
Other investments	585	-36	12	1	563
International investment position	-17	72	91	-38	108
International investment position, % of GDP	-0.7%	2.9%	3.6%	-1.5%	4.4%

*Other changes are included under price and exchange rate changes for derivatives.

Further information can be obtained from Ríkarður Bergstað Ríkarðsson at the Central Bank of Iceland Statistics Department, tel (+354) 569-9600.