

Balance of payments and the external position revised in 2009 and first quarter of 2010

The Central Bank of Iceland has published on its website a revised preliminary data for balance of payments and international investment position in 2009 and first quarter of 2010¹

Direct investment abroad was corrected for errors in loan position from affiliated companies at the end of 2009 and related financial inflow in the fourth quarter of that year. Also, the reinvested earnings were revised for the year 2009. The FDI statistics for 2009 will be published with comprehensive data in September, 2010.

The current account balance was negative in the amount of 27 b.kr. in the first quarter, as compared with 22 b.kr. deficit during the same period in the prior year. The merchandise account showed a surplus of 31 b.kr., while the service account was negative by just under 4 b.kr. The balance on income was negative by 52.5 b.kr.

The deficit in the income account is due in part to deposit institutions in winding-up proceedings, as estimated as accrued interest of their external debt in arrears. Therefore, the balance on income excluding deposit institutions in winding-up proceedings was negative by 30 b.kr. and the current deficit would be negative in the amount of 5 b.kr.

Foreign assets totalled 9,092 b.kr. at the end of Q1/2010, and liabilities were 14,365 b.kr. The net external position was therefore negative by 5,273 b.kr., as opposed to 5,670 b.kr. at year-end 2009. Excluding the financial institutions undergoing winding-up proceedings, assets totalled 2,567 b.kr. and liabilities 3,028 b.kr. The net external position was therefore negative by 461 b.kr., excluding those institutions.

Information on the external assets and liabilities of the banks in winding-up proceedings remains limited. That information is therefore restated as it was at the time the banks failed, and is shown in a

¹ See the Statistics pages on <http://www.sedlabanki.is>.

separate item, “Deposit institutions in winding-up proceedings,” which is under the item “Other sectors.”

Table 1. Quarterly balance of payments in billions of krónur, at the price levels of the relevant period

	<u>2009 /1</u>	<u>2009 /2</u>	<u>2009 /3</u>	<u>2009 /4</u>	<u>2010 /1</u>
Current account balance	22,2	-23.0	-32.3	23.1	-27.1
Exports of goods and services	164.6	182.0	226.3	208.3	193,3
Imports of goods and services	-141.5	-155.3	-181.9	-172.9	-165,5
Income and current transfer, net	-45.2	-49.7	-76.7	-12.3	-54,9
Capital and financial account	-14.9	135.9	-68.9	-247.3	-79.4
Financial account excl. reserves	-49.1	100.0	-23.6	-196.3	- 64.1
External assets, net	-17.1	174.2	77.4	-172.3	-32,5
External debt, net	-32.0	-74.1	53.8	-24.0	-11,7
Reserve assets (- increase)	34.6	36.1	-44.9	-50.6	-15.1
Net errors and omissions	37.0	-112.8	101.2	224.2	106.5

Table 2. International investment position at the end of the quarter in billions of krónur, at the price levels of the relevant period

	<u>2009 /1</u>	<u>2009 /2</u>	<u>2009 /3</u>	<u>2009 /4</u>	<u>2010 / 1</u>
Foreign assets, total	7,917	8,759	8,804	8,925	9,092
Outward foreign direct investment	967	955	890	830	813
Foreign marketable securities	1,763	2,002	2,073	2,078	2,151
Financial assets excl. reserves	4,803	5,418	5,406	5,482	5,638
Foreign reserves	384	384	435	485	490
Foreign liabilities, total	13,629	14,772	14,698	14,595	14,365
Inward foreign direct investment	998	1,091	1,057	1,035	1,006
Domestic marketable securities	5,515	5,578	5,427	4,965	4,512
Other foreign debt	7,041	8,021	8,157	8,596	8,847
Net international investment position	-5,712	-6,012	-5,893	-5,669	-5,273

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