

Current account surplus 0.3 b.kr. in Q1/2018 – net IIP positive by 235 b.kr.

The current account surplus measured 0.3 b.kr. in Q1/2018. There was a deficit on goods trade in the amount of 27.8 b.kr and a 32.6 b.kr. surplus on services trade,¹ as well as a 0.1 b.kr. deficit on primary income and a 4.3 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 Q1/2018 and the external position of the economy at the end of the quarter.²

According to the preliminary figures, foreign assets totalled 3,096 b.kr. at the end of the quarter, while foreign liabilities totalled 2,861 b.kr. The net external position was therefore positive by 235 b.kr., or 9% of GDP, and improved by 55 b.kr., or 2.1% of GDP. Net financial transactions improved the international investment position by 58 b.kr. during the quarter, as foreign liabilities rose by 40 b.kr. and foreign assets by 98 b.kr. as a result of the transactions. Exchange rate movements and price changes had a negative impact on the external position in the amount of 28 b.kr. This is due to a 3.5% appreciation of the króna in trade-weighted terms and a nearly 2% decline in foreign securities market prices during the quarter.

¹ [See the Statistics Iceland website.](#)

² See the Statistics pages at www.sedlabanki.is

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

	<u>2017, Q1</u>	<u>2017, Q2</u>	<u>2017, Q3</u>	<u>2017, Q4</u>	<u>2018, Q1</u>
Current account balance	5.7	12.4	66.5	2.2	0.3
Balance on goods	-34.9	-46.2	-45.7	-40.2	-27.8
Balance on services	41.3	61.4	116.0	53.4	32.6
Balance on primary income	3.5	2.8	0.7	-5.1	-0.1
Secondary income, net	-4.3	-5.6	-4.5	-5.9	-4.3
Capital account	-0.3	-0.3	-0.3	-0.5	-0.4
Financial account	-7.4	3.4	76.7	7.8	57.6
Direct investment	-4.2	29.0	-24.6	-10.9	30.3
Portfolio investment	36.5	152.4	48.0	39.8	-25.3
Derivatives	1.3	2.4	3.9	-0.4	1.8
Other investments	-39.5	-72.6	27.6	-22.0	75.6
Reserve assets	-1.6	-107.7	21.8	1.3	-24.8
Net errors and omissions	-12.8	-8.7	10.4	6.1	57.8

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

	Position at end-Q4/2017	Financial account	Exchange rate and price changes	Other changes	Position at end-Q1/2018
Foreign assets, total	3,087	98	-105	16	3,096
Direct investment	692	8	-22	17	695
Portfolio investment	1,181	25	-55	0	1,151
Derivatives*	13	2	0	0	15
Other investments	513	88	-17	-1	583
Reserve assets	687	-25	-10	0	652
Foreign liabilities, total	2,907	40	-77	-10	2,861
Direct investment	1,179	-22	-48	-2	1,105
Portfolio investment	1,135	51	-12	-1	1,173
Derivatives*	11	0	-3	0	8
Other investments	583	12	-14	-7	574
International investment position	180	58	-28	26	235
International investment position, % of GDP	6.9%	2.2%	-1.1%	1.0%	9.0%

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

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