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Current account deficit 95.2 b.kr. in Q4/2024 – net IIP positive by 42.5% of GDP

The current account deficit measured 95.2 b.kr. in Q4/2024. This represents a deterioration of 147.4 b.kr. relative to the previous quarter and 77.7 b.kr. relative to Q4/2023. There was a deficit on goods trade in the amount of 104.1 b.kr and a 34.5 b.kr. surplus on services trade.¹ The deficit on primary income was 10.5 b.kr., and the deficit on secondary income was 15.1 b.kr. (Table 1).

This is included in new information published on the Central Bank of Iceland website, showing the preliminary balance of payments in Q4/2024 and the external position of the economy at the end of the quarter.²

Table 1. Balance of payments

B.kr.	2023/4	2024/1	2024/2	2024/3	2024/4
Current account balance	-17.5	-34.6	-39.3	52.3	-95.2
Balance on goods	-77.8	-51.6	-87.2	-71.6	-104.1
Balance on services	34.1	18.1	67.9	141.2	34.5
Balance on primary income	39.1	10.2	-5.4	-4.9	-10.5
Secondary income, net	-13.0	-11.3	-14.6	-12.4	-15.1
Capital account	-1.4	-0.8	-1.4	-0.4	-1.2
Financial account	-4.2	35.9	-40.9	65.8	79.4
Direct investment	21.3	9.0	-16.4	-18.1	15.7
Portfolio investment	96.0	-191.6	105.4	27.5	109.6
Derivatives	-3.7	0.1	1.5	-2.8	-3.6
Other investments	-121.8	98.5	-110.1	69.1	-52.3
International reserves	4.0	119.8	-21.4	-9.9	9.9
Net errors and omissions	14.7	71.3	-0.3	14.0	175.7

The current account balance for 2024 as a whole showed a deficit of 116.8 b.kr., as compared with a surplus of 36.5 b.kr. in 2023. The deficit on goods trade totalled 314.5 b.kr., while the surplus on services trade totalled 261.7 b.kr. The deficit on primary income was 10.6 b.kr., and the deficit on secondary income was 53.4 b.kr.

¹ See the [Statistics Iceland](https://www.statistik.is/) website.

² Tables on Iceland's balance of payments and international investment position can be found on the Statistics pages of the Central Bank website: <https://www.cb.is/statistics/>.

There is some uncertainty about the Central Bank's information on financial transactions due to the settlement of the sale of an Icelandic industrial company to non-residents. This is the main reason for the large errors and omissions item. The acquisition in question is a complex transaction involving a large number of domestic and foreign entities, and it is possible that the statistics will be revised when final information is available. This affects only the financial account and the international investment position and has no impact on the current account balance.

At the end of Q4, the net international investment position was positive by 1,963 b.kr., or 42.5% of GDP. It improved by 120 b.kr., or 2.6% of GDP, during the quarter. External assets totalled 6,549 b.kr. at the end of the quarter, and external liabilities were 4,586 b.kr. The position improved by 79 b.kr. during the quarter, owing to financing activities. Foreign assets increased by 140 b.kr. and foreign liabilities by 61 b.kr. Price and exchange rate movements during the quarter increased asset values by 21 b.kr. and reduced the value of liabilities by 30 b.kr., thereby yielding an improvement of 51 b.kr. in the net external position. The króna appreciated during the quarter by just under 3.5% in terms of the trade-weighted index. Prices in foreign securities markets fell by 0.4% between quarters, and prices in the domestic stock market rose by 16.3%.

Table 2. Quarter-on-quarter change in international investment position

b.kr.	Position at end-Q3/2024	Financial account	Exchange rate and price changes	Other changes	Position at end-Q4/2024
Foreign assets, total	6,383	140	21	5	6,549
Direct investment	1,062	27	-26	20	1,083
Portfolio investment	3,687	144	82	0	3,912
Derivatives*	16	-4	4	1	17
Other investments	720	-37	-16	-16	650
International reserves	899	10	-23	0	886
Foreign liabilities, total	4,540	61	-30	15	4,586
Direct investment	1,750	11	-5	9	1,765
Portfolio investment	1,528	35	-17	0	1,545
Derivatives*	10	0	1	0	11
Other investments	1,253	15	-9	6	1,264
Net international investment position (NIIP)	1,843	79	51	-10	1,963
% of GDP	39.9%	1.7%	1.1%	-0.2%	42.5%

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