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## Current account deficit 30.5 b.kr. in Q2/2024 – net IIP positive by 38.9% of GDP

Iceland's current account showed a deficit of 30.5 b.kr. in Q2/2024. This represents an improvement of 3.3 b.kr. relative to the previous quarter but a deterioration of 36.6 b.kr. relative to Q2/2023. There was a deficit on goods trade in the amount of 89.5 b.kr and a 67.2 b.kr. surplus on services trade.<sup>1</sup> The surplus on primary income amounted to 5.4 b.kr., whereas there was a 13.7 b.kr. deficit on secondary income (Table 1).

This is included in new information published on the Central Bank of Iceland website, showing the preliminary balance of payments in Q2/2024 and the external position of the economy at the end of the quarter.<sup>2</sup>

**Table 1. Balance of payments (b.kr.)**

	<u>2023/2</u>	<u>2023/3</u>	<u>2023/4</u>	<u>2024/1</u>	<u>2024/2</u>
<b>Current account balance</b>	<b>6.1</b>	<b>81.8</b>	<b>-23.2</b>	<b>-33.8</b>	<b>-30.5</b>
Balance on goods	-82.6	-84.4	-76.8	-55.5	-89.5
Balance on services	88.9	155.0	37.3	17.9	67.2
Balance on primary income	11.3	23.0	28.6	14.4	5.4
Secondary income, net	-11.6	-11.8	-12.3	-10.6	-13.7
<b>Capital account</b>	<b>-0.9</b>	<b>-0.7</b>	<b>-1.4</b>	<b>-0.8</b>	<b>-1.4</b>
<b>Financial account</b>	<b>-30.9</b>	<b>48.4</b>	<b>68.8</b>	<b>11.1</b>	<b>-39.9</b>
Direct investment	-3.5	-130.4	96.6	10.8	18.4
Portfolio investment	74.8	99.5	92.9	-202.3	59.1
Derivatives	-2.6	-6.9	-3.7	-0.1	1.5
Other investments	-73.1	92.5	-120.9	82.9	-97.6
International reserves	-26.4	-6.3	4.0	119.8	-21.4
<b>Net errors and omissions</b>	<b>-36.1</b>	<b>-32.7</b>	<b>93.4</b>	<b>45.7</b>	<b>-8.0</b>

<sup>1</sup>See the [Statistics Iceland](https://www.stat.is/) website.

<sup>2</sup> 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/>.

The net international investment position was positive by 1,705 b.kr., or 38.9% of GDP, and deteriorated by 47 b.kr., or 1.1% of GDP, during the quarter. External assets totalled 6,173 b.kr. at the end of the quarter, and external liabilities were 4,468 b.kr. The position deteriorated by 40 b.kr. during the quarter, owing to financial account transactions, as foreign assets declined by 132 b.kr. and foreign liabilities by 92 b.kr. Price and exchange rate movements during the quarter increased asset values by 19 b.kr. and reduced the value of liabilities by 6 b.kr., thereby yielding an improvement of 24 b.kr. in the net external position. The króna appreciated by just under 0.3% in terms of the trade-weighted index. Prices in foreign securities markets rose by 2.2% between quarters, while prices in the domestic stock market fell by 3.3%.

**Table 2. Quarter-on-quarter change in international investment position (b.kr.)**

	<b>Position at end-Q1/2024</b>	<b>Financial account</b>	<b>Exchange rate and price changes</b>	<b>Other changes</b>	<b>Position at end-Q2/2024</b>
<b>Foreign assets, total</b>	<b>6,199</b>	<b>-132</b>	<b>19</b>	<b>88</b>	<b>6,173</b>
Direct investment	990	-11	-2	87	1,063
Portfolio investment	3,521	-1	28	0	3,548
Derivatives*	8	2	-4	0	5
Other investments	767	-100	1	1	669
International reserves	912	-21	-3	0	888
<b>Foreign liabilities, total</b>	<b>4,446</b>	<b>-92</b>	<b>-6</b>	<b>119</b>	<b>4,468</b>
Direct investment	1,541	-30	1	116	1,628
Portfolio investment	1,602	-60	-5	0	1,537
Derivatives*	14	0	-1	0	13
Other investments	1,290	-3	0	3	1,290
<b>Net international investment position (NIIP)</b>	<b>1,753</b>	<b>-40</b>	<b>24</b>	<b>-32</b>	<b>1,705</b>
<b>% of GDP</b>	<b>39.9%</b>	<b>-0.9%</b>	<b>0.6%</b>	<b>-0.7%</b>	<b>38.9%</b>

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