

Current account surplus 16.3 b.kr. in Q2 – net international investment position negative by 62 b.kr.

The current account surplus measured 16.3 b.kr. in Q2/2017. There was a deficit on goods trade in the amount of 45.8 b.kr. and a 60.5 b.kr. surplus on services trade,¹ as well as a 6.8 b.kr. surplus on primary income and a 5.1 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 Q2/2017 and the external position of the economy at the end of the quarter.²

According to the preliminary figures, foreign assets totalled 3,494 b.kr. at the end of the quarter, while foreign liabilities totalled 3,556 b.kr. The net external position was therefore negative by 62 b.kr., or 2.5% of GDP, and deteriorated by 142 b.kr., or 5.7% of GDP, between quarters. Net financial transactions eroded the international investment position by approximately 4 b.kr., as foreign liabilities declined by 113 b.kr. and foreign assets by 117 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 139 b.kr. during the quarter, owing mainly to a decline in the value of FDI assets. The króna appreciated against most other major currencies during the quarter, or by 4.8% in terms of the trade-weighted index.

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, Q2</u>	<u>2016, Q3</u>	<u>2016, Q4</u>	<u>2017, Q1</u>	<u>2017, Q2</u>
Current account balance	33.1	100.8	42.4	8.2	16.3
Balance on goods	-39.5	-22.5	-13.3	-35.1	-45.8
Balance on services	64.6	122.7	41.1	40.7	60.5
Balance on primary income	10.8	2.9	18.4	5.9	6.8
Secondary income, net	-2.8	-2.3	-3.9	-3.3	-5.1
Capital account	-0.4	-0.2	-0.5	-0.3	-0.3
Financial account	73.6	51.9	115.4	16.7	-3.6
Direct investment	49.0	-85.0	-13.0	-3.5	29.8
Portfolio investment	126.9	-27.4	62.9	57.3	137.1
Derivatives	1.1	0.8	0.4	1.3	9.1
Other investments	-77.7	47.8	-35.6	-36.9	-72.0
Foreign exchange reserves	-25.6	115.6	100.7	-1.5	-107.6
Net errors and omissions	40.9	-48.7	73.5	8.8	-19.6

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

	Position at end-Q1/2017	Financial account	Exchange rate and price changes	Other changes	Position at end-Q2/2017
Foreign assets, total	3,891	-117	-278	-2	3,494
Direct investment	1,494	7	-176	7	1,332
Portfolio investment	1,017	20	-48	0	988
Derivatives*	6	9	-2	0	13
Other investments	550	-45	-5	-3	497
Foreign exchange reserves	824	-108	-47	-6	664
Foreign liabilities, total	3,811	-113	-139	-3	3,556
Direct investment	1,970	-22	-90	9	1,867
Portfolio investment	1,246	-117	-30	-1	1,097
Derivatives*	11	0	-2	0	10
Other investments	584	27	-18	-11	582
International investment position	80	-4	-139	1	-62
International investment position, % of GDP	3.2%	-0.1%	-5.6%	0.1%	-2.5%

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

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