

## Balance of payments in the fourth quarter of 2011 and the external position

The Central Bank of Iceland has published on its website the preliminary statistics for the balance of payments in the fourth quarter of 2011, and for the external position at the end of the quarter.<sup>1</sup>

The current account balance was negative by 48.9 b.kr. in the fourth quarter, as opposed to a positive balance of 8 b.kr. in the preceding quarter. The goods account showed a surplus of 15.3 b.kr., and the services account was negative by 5 b.kr. The balance on income, however, was negative by 59.2 b.kr.

As before, the deficit in the balance on income during the quarter can be attributed largely to financial institutions in winding-up proceedings. Expenditures due to these institutions totalled 44.3 b.kr., while revenues were 17.7 b.kr. Therefore, the balance on income excluding deposit institutions in winding-up proceedings was negative by 32.7 b.kr., and the current account balance was negative in the amount of 22.3 b.kr.

External assets totalled 4,434 b.kr. at the end of the quarter, while external liabilities totalled 13,661 b.kr. Thus the net external position was negative by 9,227 b.kr., and net liabilities declined by approximately 49 b.kr. quarter-on-quarter. Excluding the financial institutions undergoing winding-up proceedings, assets totalled 2,789 b.kr. and liabilities 3,644 b.kr., yielding a net balance of -856 b.kr.

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

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

	<u>2010, IV</u>	<u>2011, I</u>	<u>2011, II</u>	<u>2011, III</u>	<u>2011, IV</u>
<b>Current account</b>	<b>-51.8</b>	<b>-40.2</b>	<b>-35.0</b>	<b>8.0</b>	<b>-48.9</b>
Exports of goods and services	213.9	202.2	238.3	277.4	233,5
Imports of goods and services	-181.6	-176.1	-202.0	-217.2	-223,1
Income and transfer. net	-84.1	-66.3	-71.3	-52.2	-59,2
<b>Capital and financial account</b>	<b>284.5</b>	<b>-4.6</b>	<b>-25.8</b>	<b>79.3</b>	<b>48.3</b>
Financial account excl. reserves	454.9	66.5	22.6	177.4	169.6
Foreign assets. net	452.7	-8.6	5.8	47.1	375,1
Foreign liabilities. net	2.1	75.1	16.8	130.3	-205,5
Reserve assets	-170.3	-71.1	-48.4	-98.0	-121.2
<b>Net errors and omissions</b>	<b>-232.7</b>	<b>44.7</b>	<b>60.8</b>	<b>-87.3</b>	<b>0.6</b>
<i>Memorandum items:</i>					
<b>CA without DMBs undergoing winding-up proceedings</b>	<b>-25.1</b>	<b>-13.2</b>	<b>-11.6</b>	<b>37.0</b>	<b>-22.3</b>

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

	<u>2010, IV</u>	<u>2011, I</u>	<u>2011, II</u>	<u>2011, III</u>	<u>2011, IV</u>
<b>Total assets</b>	<b>4.183</b>	<b>4.456</b>	<b>4.577</b>	<b>4.554</b>	<b>4.434</b>
Direct investment abroad	1.368	1.424	1.417	1.368	1.387
Portfolio assets	820	869	997	1.029	965
Other investment, net	1.331	1.400	1.335	1.245	1.033
Reserves	665	764	828	912	1.049
<b>Total liabilities</b>	<b>13.890</b>	<b>14.375</b>	<b>14.237</b>	<b>13.829</b>	<b>13.661</b>
Direct investment in Iceland	1.356	1.449	1.498	1.496	1.539
Portfolio liabilities	3.244	3.169	3.104	2.826	2.513
Other investment, liabilities	9.290	9.758	9.635	9.507	9.609
<b>International investment position</b>	<b>-9.707</b>	<b>-9.919</b>	<b>-9.660</b>	<b>-9.275</b>	<b>-9.227</b>
<i>Memorandum items:</i>					
<b>IIP excl. DMBs undergoing winding up proceedings</b>	<b>-967</b>	<b>-951</b>	<b>-932</b>	<b>-941</b>	<b>-856</b>

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