

Current account surplus 76.5 b.kr. in Q3/2018 – net IIP positive by 368 b.kr.

The current account surplus measured 76.5 b.kr. in Q3/2018. There was a deficit on goods trade in the amount of 43.7 b.kr. and a 123.7 b.kr. surplus on services trade,¹ as well as a 2.4 b.kr. surplus on primary income and a 6.0 b.kr. deficit on secondary income (see table below).

This is included in new information published on the Central Bank of Iceland website, showing the preliminary balance of payments in Q3/2018 and the external position of the economy at the end of the quarter.²

According to the preliminary figures, foreign assets totalled 3,380 b.kr. at the end of the quarter, while foreign liabilities totalled 3,012 b.kr. The net external position was therefore positive by 368 b.kr., or 13.3% of GDP, and improved by 162 b.kr., or 5.9% of GDP during the quarter. Net financial transactions improved the international investment position by 86 b.kr. during the quarter, as foreign assets increased by 17 b.kr. as a result of financial transactions, while liabilities declined by 69 b.kr. Exchange rate movements and price changes had a positive impact on the external position in the amount of 79 b.kr. This is due to a 4% depreciation of the króna in trade-weighted terms and a rise of just over 4% 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, Q3</u>	<u>2017, Q4</u>	<u>2018, Q1</u>	<u>2018, Q2</u>	<u>2018, Q3</u>
Current account balance	65.0	3.8	4.3	-4.1	76.5
Balance on goods	-46.5	-37.9	-27.2	-48.9	-43.7
Balance on services	115.9	51.9	35.8	50.4	123.7
Balance on primary income	0.2	-4.6	0.8	-1.0	2.4
Secondary income, net	-4.6	-5.7	-5.1	-4.6	-6.0
Capital account	-0.3	-0.5	-0.4	-0.4	-0.3
Financial account	75.8	-10.2	54.4	-18.3	86.0
Direct investment	-24.6	-10.9	27.3	-23.6	43.5
Portfolio investment	47.4	22.2	-25.4	1.5	22.6
Derivatives	3.9	-0.4	1.8	0.7	0.0
Other investment	27.3	-22.4	75.4	-1.3	19.5
Reserve assets	21.8	1.3	-24.8	4.3	0.4
Net errors and omissions	11.0	-13.4	50.6	-13.8	9.9

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

	Position at end-Q2/2018	Financial account	Exchange rate and price changes	Other changes	Position at end-Q3/2018
Foreign assets, total	3,212	17	162	-10	3,380
Direct investment	692	7	27	-6	720
Portfolio investment	1,228	14	90	2	1,333
Derivatives*	10	0	0	0	11
Other investment	600	-4	23	-6	613
Reserve assets	682	0	21	0	703
Foreign liabilities, total	3,005	-69	82	-7	3,012
Direct investment	1,133	-36	31	-6	1,121
Portfolio investment	1,210	-9	39	-4	1,236
Derivatives*	10	0	-3	0	7
Other investment	653	-24	16	4	648
International investment position (IIP)	206	86	79	-3	368
% of GDP	7.5%	3.1%	2.9%	-0.1%	13.3%

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

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