

Balance of payments in the fourth quarter of 2012 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 2012, and for the external position at the end of the quarter.¹

The current account balance was negative by 12.6 b.kr. during the quarter, as opposed to a positive balance of 31.7 b.kr. in the preceding quarter. The goods account showed a surplus of 27.9 b.kr., and the services account was negative by 6.8 b.kr. The balance on income, however, was negative by 31 b.kr. The current account balance excluding deposit institutions in winding-up proceedings was negative by 1.5 b.kr., as opposed to a surplus of 51.9 b.kr. in the preceding quarter.

As before, the income account deficit is due largely to the deposit institutions in winding-up proceedings. Calculated expenditures due to these institutions totalled 16.3 b.kr., while revenues were 5.2 b.kr. The negative effect of deposit institutions in winding-up proceedings on the balance on income totalled 11.1 b.kr. The balance on income excluding these institutions was negative by 22.6 b.kr.

External assets totalled 4,430 b.kr. at the end of the quarter, while external liabilities totalled 13,352 b.kr. Thus the net external position was negative by 8,922 b.kr., and net liabilities increased by 14.6 b.kr. quarter-on-quarter. Excluding the financial institutions undergoing winding-up proceedings, assets totalled 2,453 b.kr. and liabilities 3,495 b.kr., yielding a net balance of -1,042 b.kr. Net liabilities declined by 95 b.kr. between quarters.

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

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

| | <u>2011/IV</u> | <u>2012/I</u> | <u>2012/II</u> | <u>2012/III</u> | <u>2012/IV</u> |
|--|----------------|---------------|----------------|-----------------|----------------|
| Current account | -44.2 | -46.1 | -56.6 | 31.7 | -12.6 |
| Balance on goods | 16.1 | 18.2 | 7.0 | 22.4 | 27.9 |
| Balance on services | -4.8 | -5.7 | 8.2 | 36.5 | -6.8 |
| Balance on income and transfer. net | -55.6 | -58.5 | -71.7 | -27.3 | -33.7 |
| Capital and financial account | 25.9 | 4.9 | -60.5 | -96.7 | -111.0 |
| Financial account excl. reserves | 136.0 | -116.7 | -140.9 | -420.8 | -128.8 |
| Foreign assets. net | 345.2 | 71.2 | 153.1 | -427.1 | -8.1 |
| Foreign liabilities. net | -209.2 | -187.9 | -294.1 | 6.3 | -120.7 |
| Reserve assets | -110.1 | 121.6 | 80.5 | 324.1 | 17.9 |
| Net errors and omissions | 18.3 | 41.1 | 117.1 | 65.1 | 123.7 |
| <i>Memorandum items:</i> | | | | | |
| CA excluding DMBs undergoing winding-up proceedings | -20.4 | -15.6 | -20.9 | 51.9 | -1.5 |

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

| | <u>2011, IV</u> | <u>2012, I</u> | <u>2012, II</u> | <u>2012, III</u> | <u>2012, IV</u> |
|---|-----------------|----------------|-----------------|------------------|-----------------|
| Total assets | 4,435 | 4,707 | 4,271 | 4,394 | 4,430 |
| Direct investment abroad | 1,414 | 1,479 | 1,539 | 1,563 | 1,313 |
| Portfolio assets | 922 | 921 | 866 | 900 | 1,068 |
| Other investment, net | 1,052 | 1,331 | 1,014 | 1,398 | 1,509 |
| Reserves | 1,047 | 977 | 852 | 532 | 540 |
| Total liabilities | 13,705 | 13,878 | 13,374 | 13,302 | 13,352 |
| Direct investment in Iceland | 1,553 | 1,677 | 1,627 | 1,656 | 1,597 |
| Portfolio liabilities | 2,553 | 2,366 | 2,279 | 2,029 | 1,524 |
| Other investment, liabilities | 9,600 | 9,835 | 9,467 | 9,616 | 10,231 |
| International investment position | -9,270 | -9,170 | -9,102 | -8,908 | -8,922 |
| <i>Memorandum items:</i> | | | | | |
| IIP excluding DMBs undergoing Winding-up proceedings | -917 | -911 | -924 | -1,137 | -1,042 |

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