

Current account surplus 35.1 b.kr. in Q1/2019 – net IIP positive by 597 b.kr.

The current account surplus measured 35.1 b.kr. in Q1/2019. The surplus on external goods trade measured 3.5 b.kr., and the surplus on services trade¹ was 29.7 b.kr. There was a 8.5 b.kr. surplus on primary income and a 6.7 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 Q1/2019 and the external position of the economy at the end of the quarter.²

According to the preliminary figures, foreign assets totalled 3,746 b.kr. at the end of the quarter, while foreign liabilities totalled 3,149 b.kr. The net external position was therefore positive by 597 b.kr., or 21% of GDP, and improved by 270 b.kr., or 9.5% of GDP during the quarter. Net financial transactions improved the international investment position by 98 b.kr. during the quarter, as foreign assets increased by 59 b.kr. as a result of financial transactions, while liabilities declined by 39 b.kr. Exchange rate movements and price changes had a positive impact on the external position in the amount of 182 b.kr. This is due to a nearly 12% rise in foreign securities prices during the quarter, as well as a 4.5% depreciation of the króna in trade-weighted terms.

¹See the [Statistics Iceland website](#).

²See the tables for the balance of payments and external position on the Statistics pages of the Bank's website: www.sedlabanki.is.

Table 1. Quarterly balance of payments (b.kr.)

	<u>2018/1</u>	<u>2018/2</u>	<u>2018/3</u>	<u>2018/4</u>	<u>2019/1</u>
Current account balance	6.7	-0.2	75.1	0.8	35.1
Balance on goods	-27.2	-48.3	-46.7	-37.0	3.5
Balance on services	36.6	52.0	123.7	33.4	29.7
Balance on primary income	2.2	0.6	3.8	11.3	8.5
Secondary income, net	-4.8	-4.5	-5.8	-7.0	-6.7
Capital account	-0.4	-0.4	-0.3	-0.6	-0.3
Financial account	63.2	-15.0	87.9	46.1	98.0
Direct investment	24.3	-19.0	46.4	-1.3	32.0
Portfolio investment	-25.4	1.4	20.5	117.6	27.9
Derivatives	1.8	0.7	-0.7	2.6	0.2
Other investments	72.1	-2.5	21.3	-82.9	44.9
International reserves	-9.6	4.3	0.4	10.1	-7.0
Net errors and omissions	56.9	-14.4	13.1	46.0	63.3

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

	Position at end- Q4/2018	Financial account	Exchange rate and price changes	Other changes	Position at end- Q1/2019
Foreign assets, total	3,403	59	273	11	3,746
Direct investment	749	-9	31	21	792
Portfolio investment	1,325	52	179	0	1,556
Derivatives*	11	0	0	-4	8
Other investments	582	22	27	-6	625
International reserves	736	-7	36	0	765
Foreign liabilities, total	3,077	-39	91	21	3,149
Direct investment	1,200	-41	39	5	1,203
Portfolio investment	1,203	24	33	1	1,261
Derivatives*	5	0	0	1	6
Other investments	669	-23	18	14	678
International investment position	327	98	182	-10	597
% of GDP	11.5%	3.5%	6.4%	-0.4%	21%

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

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