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Current account deficit 40.8 b.kr. in Q1/2024 – net IIP positive by 41.4% of GDP

The current account deficit measured 40.8 b.kr. in Q1/2024. This represents a deterioration of 11.7 b.kr. relative to the previous quarter and 26.2 b.kr. relative to Q1/2023. There was a deficit on goods trade in the amount of 55.7 b.kr and a 13 b.kr. surplus on services trade.¹ The surplus on primary income amounted to 13.4 b.kr., whereas there was a 11.5 b.kr. deficit on secondary income (Table 1).

This is included in new information published on the Central Bank of Iceland website, showing the preliminary balance of payments in Q1/2023 and the external position of the economy at the end of the quarter.²

Table 1. Balance of payments (b.kr.)

	2023/1	2023/2	2023/3	2023/4	2024/1
Current account balance	-14.6	6.0	78.3	-29.2	-40.8
Balance on goods	-44.9	-83.4	-84.7	-77.5	-55.7
Balance on services	25.7	86.1	148.0	28.5	13.0
Balance on primary income	16.9	15.9	27.9	33.6	13.4
Secondary income, net	-12.4	-12.6	-12.9	-13.7	-11.5
Capital account	-1.3	-0.9	-0.7	-1.4	-0.8
Financial account	-45.0	-22.5	57.0	71.2	4.3
Direct investment	-13.8	0.7	-125.1	98.8	0.0
Portfolio investment	25.8	74.8	99.6	90.6	-201.8
Derivatives	-2.8	-2.6	-6.9	-3.7	0.1
Other investments	-32.3	-68.9	95.6	-118.5	86.2
International reserves	-21.9	-26.4	-6.3	4.0	119.8
Net errors and omissions	-29.1	-27.6	-20.6	101.7	45.9

At the end of the quarter, the net international investment position was positive by 1,775 b.kr., or 41.4% of GDP. It improved by 201 b.kr., or 4.6% of GDP, during the quarter. External assets totalled 6,194 b.kr. at the end of the quarter, and external liabilities were 4,420 b.kr. The position improved by 4 b.kr. during the quarter, owing to financial transactions, as foreign assets increased by 214 b.kr. and foreign

¹See the [Statistics Iceland](https://www.cb.is/statistics/) website.

² Tables on Iceland's balance of payments and international investment position can be found on the Statistics pages of the Central Bank website: <https://www.cb.is/statistics/>.

liabilities by 210 b.kr. Price and exchange rate movements during the quarter increased asset values by 201 b.kr. and increased the value of liabilities by 5 b.kr., thereby yielding an improvement of 196 b.kr. in the net external position. The króna appreciated by just under 0.5% in terms of the trade-weighted index. Prices in foreign securities markets rose by 8.5% between quarters, while prices in the domestic stock market fell by 3%.

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

	Position at end-Q4/2023	Financial account	Exchange rate and price changes	Other changes	Position at end-Q1/2024
Foreign assets, total	5,770	214	201	9	6,194
Direct investment	979	21	0	0	1,001
Portfolio investment	3,336	-26	207	0	3,517
Derivatives*	17	0	-8	0	9
Other investments	648	99	-1	8	755
International reserves	790	120	3	0	912
Foreign liabilities, total	4,197	210	5	8	4,420
Direct investment	1,487	21	7	-4	1,511
Portfolio investment	1,435	176	-4	0	1,606
Derivatives*	18	0	-3	0	14
Other investments	1,256	13	5	13	1,287
Net international investment position (NIIP)	1,573	4	196	1	1,775
% of GDP	36.7%	0.1%	4.6%	0.0%	41.4%

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