

Balance of payments in the second quarter of 2013 and the external position

The Central Bank of Iceland has published on its website the preliminary statistics for the balance of payments in the second quarter of 2013, and for the external position at the end of the quarter.¹

The current account balance was negative by 10.7 b.kr. during the quarter, as opposed to a positive balance of 3.9 b.kr. in the preceding quarter. The goods account showed a deficit of 2.2 b.kr., and the services account was positive by 20.1 b.kr. The balance on income was negative by 28.6 b.kr. The current account balance excluding deposit institutions in winding-up proceedings was positive by 0.5 b.kr., as opposed to a surplus of 15.4 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 16.5 b.kr., while revenues were 5.3 b.kr. The negative effect of deposit institutions in winding-up proceedings on the balance on income totalled 11.3 b.kr. The balance on income excluding these institutions was therefore negative by 17.4 b.kr.

External assets totalled 4,671 b.kr. at the end of the quarter, while external liabilities totalled 12,556 b.kr. Thus the net external position was negative by 7,885 b.kr., and net liabilities declined by approximately 164 b.kr. quarter-on-quarter. Excluding the financial institutions undergoing winding-up proceedings, assets totalled 2,633 b.kr. and liabilities 3,097 b.kr., yielding a net balance of -464 b.kr. Net liabilities declined by 21.5 b.kr. between quarters.

Underlying international investment position

An analysis of the underlying external position of the Icelandic economy has been published on the Central Bank of Iceland website today.

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>2012, II</u>	<u>2012, III</u>	<u>2012, IV</u>	<u>2013, I</u>	<u>2013, II</u>
Current account balance	-58.3	30.3	-21.3	3.9	-10.7
Balance on goods	7.4	23.0	28.4	25.6	-2.2
Balance on services	6.6	35.0	-10.8	-0.2	20.1
Factor income and current transfers, net	-72.3	-27.7	-39.0	-21.6	-28.6
Capital and financial account	61.4	-74.1	26.6	-45.2	-9.7
Financial account excl. reserves	-18.2	-398.5	9.4	-55.1	-26.8
External assets, net	265.6	-399.2	95.0	-55.7	-29.8
External debt, net	-283.7	0.7	-85.7	0.5	3.0
Reserve assets (- increase)	79.6	324.5	17.2	9.9	17.1
Net errors and omissions	-3.1	43.8	-5.2	41.3	20.4
<i>Memorandum items:</i>					
CA excluding DMBs undergoing winding-up proceedings	-22.6	50.6	-7.5	15.4	0.5

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

	<u>2012, II</u>	<u>2012, III</u>	<u>2012, IV</u>	<u>2013, I</u>	<u>2013, II</u>
Foreign assets, total	4,314	4,436	4,835	4,664	4,671
Direct investment abroad	1,578	1,602	1,569	1,454	1,460
Portfolio assets	868	902	1,073	1,086	1,115
Financial assets excl. reserves	1,016	1,400	1,653	1,620	1,610
Foreign exchange reserves	852	533	540	505	486
Foreign liabilities, total	13,421	13,352	13,116	12,714	12,556
Inward foreign direct investment	1,676	1,712	1,350	1,295	1,326
Domestic marketable securities	2,265	2,014	1,500	1,464	1,405
Other foreign debt	9,479	9,626	10,266	9,954	9,826
International investment position	-9,107	-8,915	-8,281	-8,049	-7,885
<i>Memorandum items:</i>					
Net external position excluding DMBs undergoing winding-up proceedings	-929	-1,143	-520	-485	-464

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