

Current account surplus 1.6 b.kr. in Q2/2018 – net IIP positive by 261 b.kr.

The current account surplus measured 1.6 b.kr. in Q2/2018. There was a deficit on goods trade in the amount of 49.8 b.kr and a 55 b.kr. surplus on services trade,¹ as well as a 0.1 b.kr. surplus on primary income and a 3.6 b.kr. deficit on secondary income (see table).

These are the key figures in information published on the Central Bank of Iceland website, showing the preliminary balance of payments in Q2/2018 and the external position of the economy at the end of the quarter.²

According to the preliminary figures, foreign assets totalled 3,250 b.kr. at the end of the quarter, while foreign liabilities totalled 2,989 b.kr. The net external position was therefore positive by 261 b.kr., or 9.8% of GDP, and improved by 69 b.kr., or 2.6% of GDP during the quarter. Net financial transactions improved the international investment position by 15 b.kr. during the quarter, as foreign assets increased by 15 b.kr. as a result of the transactions and foreign liabilities remained unchanged. Exchange rate movements and price changes had a positive impact on the external position in the amount of 59 b.kr. This is due to a 3.1% depreciation of the króna in trade-weighted terms and an increase of just over 1% 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>2017:2</u>	<u>2017:3</u>	<u>2017:4</u>	<u>2018:1</u>	<u>2018:2</u>
Current account balance	11.9	65.1	2.9	3.2	1.6
Goods account balance	-46.7	-46.5	-37.9	-27.2	-49.8
Balance on services	61.4	115.9	51.9	34.8	55.0
Balance on primary income	2.5	0.3	-5.4	0.6	0.1
Secondary income, net	-5.3	-4.6	-5.7	-5.1	-3.6
Capital account	-0.3	-0.3	-0.5	-0.4	-0.4
Financial account	6.6	75.7	6.3	57.3	14.9
Direct investment	29.0	-24.6	-10.9	30.3	9.2
Portfolio investment	156.0	47.4	38.6	-25.4	1.2
Derivatives	2.4	3.9	-0.4	1.8	0.7
Other investment	-73.0	27.2	-22.4	75.4	-0.6
International reserves	-107.7	21.8	1.3	-24.8	4.3
Net errors and omissions	-5.0	10.9	3.9	54.6	13.7

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

	Position at end 2018:1	Financial account	Exchange rate and price changes	Other changes	Position at end 2018:2
Foreign assets, total	3,090	15	141	4	3,250
Direct investment	695	2	17	1	715
Portfolio investment	1,145	14	86	-1	1,244
Derivatives*	15	1	-5	0	10
Other investment	583	-6	16	5	598
International reserves	652	4	26	-1	682
Foreign liabilities, total	2,898	0	82	9	2,989
Direct investment	1,105	-7	33	2	1,133
Portfolio investment	1,173	12	20	4	1,210
Derivatives*	8	0	2	0	10
Other investment	612	-5	27	3	636
International investment position (IIP)	191	15	59	-4	261
(% of GDP)	7.2%	0.6%	2.2%	-0.2%	9.8%

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

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