

Current account surplus 11.1 b.kr. in Q2/2019 – net IIP positive by 628 b.kr.

The current account surplus measured 11.1 b.kr. in Q2/2019. There was a deficit on goods trade in the amount of 42.7 b.kr. and a 52.1 b.kr. surplus on services trade,¹ There was a 8.6 b.kr. surplus on primary income and a 6.9 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 Q2/2019 and the external position of the economy at the end of the quarter.²

According to the preliminary figures, foreign assets totalled 3,878 b.kr. at the end of the quarter, while foreign liabilities totalled 3,249 b.kr. The net external position was therefore positive by 628 b.kr., or 21.8% of GDP, and improved by 44 b.kr., or 1.5% of GDP during the quarter. Net financial transactions improved the international investment position by 9 b.kr. during the quarter, as foreign assets increased by 56 b.kr. and foreign liabilities by 47 b.kr. as a result of the transactions. Exchange rate movements and price changes had a positive impact on the external position in the amount of 61 b.kr. This is due mainly to a 2.8% rise in foreign securities prices during the quarter, as well as a 2.2% depreciation of the króna in trade-weighted terms.

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

²Tables on the balance of payments and the external position of the economy can be found on the Statistics pages of the Central Bank website:
<https://www.cb.is/statistics/>.

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

	<u>2018/2</u>	<u>2018/3</u>	<u>2018/4</u>	<u>2019/1</u>	<u>2019/2</u>
Current account balance	-4.4	73.6	2.7	40.3	11.1
Balance on goods	-51.9	-47.6	-37.6	2.7	-42.7
Balance on services	51.4	123.4	36.3	30.2	52.1
Balance on primary income	0.5	3.7	11.1	14.4	8.6
Transfers, net	-4.4	-5.9	-7.1	-7.0	-6.9
Capital account	-0.4	-0.3	-0.7	-0.4	-0.5
Financial account	-14.9	90.2	46.1	84.7	9.0
Direct investment	-19.0	46.4	-1.3	20.9	18.3
Portfolio investment	1.4	22.7	117.6	25.5	-40.9
Derivatives	0.7	-0.7	2.6	0.2	1.7
Other investment	-2.4	21.4	-82.9	45.1	-34.3
International reserves	4.3	0.4	10.1	-7.0	64.3
Net errors and omissions	-10.1	16.9	44.1	44.7	-1.6

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

	Position at end- Q1/2019	Financial account	Exchange rate and price changes	Other changes	Position at end- Q2/2019
Foreign assets, total	3,733	56	112	-23	3,878
Direct investment	779	27	19	-4	822
Portfolio investment	1,556	8	69	-11	1,623
Derivatives*	8	2	0	0	10
Other investment	625	-45	11	-8	582
International reserves	765	64	12	0	841
Foreign liabilities, total	3,150	47	51	2	3,249
Direct investment	1,202	8	18	5	1,234
Portfolio investment	1,262	49	26	-3	1,335
Derivatives*	6	0	-1	0	6
Other investment	679	-11	8	0	675
Net international investment position (NIIP)	584	9	61	-25	628
% of GDP	20,3%	0,3%	2,1%	-0,9%	21,8%

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

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