

## Balance of payments in the fourth 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 fourth quarter of 2013, and for the external position at the end of the quarter.<sup>1</sup>

The current account balance was positive by 11.1 b.kr. during the quarter, as compared with a positive balance of 54.6 b.kr. in the preceding quarter. The goods account balance showed a surplus of 23.9 b.kr., whereas the balance on services was negative by 3.6 b.kr. The balance on income<sup>2</sup> was negative by 9.1 b.kr. The current account balance excluding the effects of deposit institutions in winding-up proceedings was positive by 20.1 b.kr., as compared with a surplus of 63.2 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 14.6 b.kr., while revenues were 5.7 b.kr. The negative effect of deposit institutions in winding-up proceedings on the balance on income totalled 8.9 b.kr. The balance on income excluding these institutions was therefore negative by 0.2 b.kr.

External assets totalled 4,698 b.kr. at the end of the quarter, while external liabilities totalled 12,230 b.kr. Thus the net external position was negative by 7,532 b.kr., and net liabilities declined by approximately 115 b.kr. quarter-on-quarter. Excluding the financial institutions undergoing winding-up proceedings, assets totalled 2,735 b.kr. and liabilities 2,949 b.kr., yielding a net balance of -214 b.kr. Net liabilities declined by 41 b.kr. between quarters.

### **Changes in methodology in 2014**

The planned changes in methodology and the associated publication of statistics will take place in September 2014 and not in June, as was stated in the last balance of payments press release. This is done to ensure consistency with statistics on trade in goods and services and with the national accounts, which are handled by Statistics Iceland. Further information on the effects of the changes on statistics will be

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<sup>1</sup> See the Statistics pages at <http://www.sedlabanki.is>.

<sup>2</sup> Including current transfers

forthcoming at a later time. A summary of the changes can be found in Appendix 8 of the new balance of payments manual.<sup>3</sup>

### 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.

**Table 1. Quarterly balance of payments in billions of krónur, at the price levels of the relevant period**

	<u>2012, IV</u>	<u>2013, I</u>	<u>2013, II</u>	<u>2013, III</u>	<u>2013, IV</u>
<b>Current account</b>	<b>-20,6</b>	<b>13,0</b>	<b>-8,8</b>	<b>54,6</b>	<b>11,1</b>
Balance on goods	28,4	26,6	-1,5	20,4	23,9
Balance on services	-10,8	-0,2	19,5	46,7	-3,6
Balance on income and transfer, net	-38,3	-13,5	-26,8	-12,4	-9,1
<b>Capital and financial account</b>	<b>28,7</b>	<b>-52,1</b>	<b>-25,2</b>	<b>-69,2</b>	<b>-60,7</b>
Financial account excl. reserves	11,5	-62,0	-42,4	-75,1	-30,3
Foreign assets, net	98,0	-63,5	-35,3	4,7	-55,6
Foreign liabilities, net	-86,5	1,5	-7,0	-79,8	25,3
Reserve assets	17,2	9,9	17,1	5,9	-30,4
<b>Net errors and omissions</b>	<b>-8,1</b>	<b>39,1</b>	<b>34,0</b>	<b>14,5</b>	<b>49,6</b>

*Memorandum items:*

<b>CA without DMBs undergoing winding-up proceedings</b>	<b>-6,9</b>	<b>24,5</b>	<b>3,1</b>	<b>63,2</b>	<b>20,0</b>
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**Table 2. International investment position at the end of the quarter in billions of krónur, at the price levels of the relevant period**

	<u>2012, IV</u>	<u>2013, I</u>	<u>2013, II</u>	<u>2013, III</u>	<u>2013, IV</u>
<b>Total assets</b>	<b>4.870</b>	<b>4.733</b>	<b>4.698</b>	<b>4.745</b>	<b>4.698</b>
Direct investment abroad	1.587	1.507	1.491	1.503	1.461
Portfolio assets	1.073	1.086	1.117	1.201	1.233
Other investment, net	1.669	1.635	1.603	1.563	1.516
Reserves	540	505	486	478	487
<b>Total liabilities</b>	<b>13.113</b>	<b>12.707</b>	<b>12.518</b>	<b>12.392</b>	<b>12.230</b>
Direct investment in Iceland	1.337	1.279	1.272	1.250	1.239
Portfolio liabilities	1.510	1.474	1.418	1.248	1.200
Other investment, liabilities	10.266	9.954	9.828	9.894	9.791
<b>International investment position</b>	<b>-8.244</b>	<b>-7.975</b>	<b>-7.820</b>	<b>-7.647</b>	<b>-7.532</b>

*Memorandum items:*

<b>IIP excl. DMBs undergoing winding up proceedings</b>	<b>-483</b>	<b>-415</b>	<b>-381</b>	<b>-255</b>	<b>-214</b>
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<sup>3</sup> *Balance of Payments and International Investment Position Manual, 6th Edition. Appendix 8.* <http://www.imf.org/external/pubs/ft/bop/2007/pdf/appx8.pdf>

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