

Current account surplus 63 b.kr. in Q3/2019 – net IIP positive by 714 b.kr.

The current account surplus measured 63 b.kr. in Q3/2019, as compared with a surplus of 73.8 b.kr. in the same quarter of 2018. There was a deficit on goods trade in the amount of 45.9 b.kr and a 101.3 b.kr. surplus on services trade,¹ as well as a 13.4 b.kr. surplus on primary income and a 5.9 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 Q3/2019 and the international investment position of the economy at the end of the quarter.²

According to the preliminary figures, foreign assets totalled 3,870 b.kr. at the end of the quarter, while foreign liabilities totalled 3,156 b.kr. The net international investment position was therefore positive by 714 b.kr., or 24.5% of GDP, and improved by 91 b.kr., or 3.1% of GDP during the quarter. Net financial transactions improved the IIP by 115 b.kr. during the quarter, owing mainly to residents purchases of foreign securities in the amount of 80 b.kr. Total foreign assets increased by 74 b.kr. as a result of the transactions, and foreign liabilities declined by 40 b.kr. Exchange rate movements and price changes had a negative impact on the external position in the amount of 6 b.kr., owing mainly to a 4% appreciation of the króna against most other major currencies in terms of the trade-weighted index. Foreign securities markets changed little during the quarter, declining by 0.1%.

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

²Tables 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/>.

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

	<u>2018/3</u>	<u>2018/4</u>	<u>2019/1</u>	<u>2019/2</u>	<u>2019/3</u>
Current account balance	73.8	2.7	42.7	15.0	63.0
Balance on goods	-47.6	-37.6	2.7	-42.6	-45.9
Balance on services	123.4	36.3	29.6	51.4	101.3
Balance on primary income	3.9	11.1	17.4	13.1	13.4
Transfers, net	-5.9	-7.1	-7.0	-6.9	-5.9
Capital account	-0.3	-0.7	-0.4	-0.5	-0.4
Financial account	88.7	36.2	87.4	29.1	114.8
Direct investment	44.9	-6.6	23.4	25.5	7.6
Portfolio investment	22.7	112.9	25.8	-27.6	107.4
Derivatives	-0.7	2.6	0.1	1.7	0.4
Other investments	21.4	-82.8	45.0	-34.8	-6.4
International reserves	0.4	10.1	-7.0	64.3	5.7
Net errors and omissions	15.2	34.2	45.1	14.5	52.2

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

	Position at end- Q2/2019	Financial account	Exchange rate and price changes	Other changes	Position at end- Q3/2019
Foreign assets, total	3,882	74	-83	-4	3,870
Direct investment	823	16	-32	-3	804
Portfolio investment	1,624	80	-11	0	1,693
Derivatives*	13	0	0	-1	11
Other investments	582	-28	-18	0	536
International reserves	841	6	-21	0	826
Foreign liabilities, total	3,259	-40	-77	14	3,156
Direct investment	1,239	8	-21	5	1,232
Portfolio investment	1,339	-27	-47	4	1,269
Derivatives*	6	0	-1	3	8
Other investments	675	-22	-8	2	647
Net international investment position (NIIP)	623	115	-6	-18	714
% of GDP	21.3%	3.9%	-0.2%	-0.6%	24.5%

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

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