

Current account surplus 300 m.kr. in Q4/2018 – net IIP positive by 276 b.kr.

The current account surplus measured just under 300 m.kr. in Q4/2018. There was a deficit on goods trade in the amount of 37 b.kr and a 33.4 b.kr. surplus on services trade,¹ as well as a 10.1 b.kr. surplus on primary income and a 6.3 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 Q4/2018 and the external position of the economy at the end of the quarter.²

According to the preliminary figures, foreign assets totalled 3,386 b.kr. at the end of the quarter, while foreign liabilities totalled 3,110 b.kr. The net external position was therefore positive by 276 b.kr., or 9.9% of GDP, and deteriorated by 77 b.kr., or 2.8% of GDP, during the quarter. Net financial transactions improved the international investment position by 41 b.kr. during the quarter, as foreign assets increased by 13 b.kr. as a result of financial transactions, while liabilities declined by 28 b.kr. Exchange rate movements and price changes had a negative impact on the external position in the amount of 78 b.kr., owing mainly to a decline of nearly 13% in prices on foreign securities markets. On the other hand, the exchange rate of the króna fell by just over 3% in trade-weighted terms.

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

²See the tables for the balance of payments and external position on the Statistics pages of the Bank's website: www.sedlabanki.is.

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

	<u>2017, Q4</u>	<u>2018, Q1</u>	<u>2018, Q2</u>	<u>2018, Q3</u>	<u>2018, Q4</u>
Current account balance	6.7	6.4	-0.4	75.1	0.3
Balance on goods	-37.9	-27.2	-48.3	-46.7	-37.0
Balance on services	51.9	36.6	52.0	123.7	33.4
Balance on primary income	-1.7	2.2	0.5	4.1	10.1
Secondary income, net	-5.7	-5.1	-4.6	-6.0	-6.3
Capital account	-0.5	-0.4	-0.4	-0.3	-0.4
Financial account	-17.0	61.1	-17.5	92.0	40.6
Direct investment	-17.8	24.3	-19.4	46.4	-0.3
Securities	22.9	-25.4	1.4	23.4	103.3
Derivatives	-0.4	1.8	0.7	2.6	0.0
Other investments	-23.0	70.0	-4.5	19.2	-72.5
International reserves	1.3	-9.6	4.3	0.4	10.1
Net errors and omissions	-23.2	55.1	-16.7	17.2	40.7

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

	Position at end-Q3/2018	Financial account	Exchange rate and price changes	Other changes	Position at end-Q4/2018
Foreign assets, total	3,364	13	6	3	3,386
Direct investment	701	26	24	-4	747
Securities	1,336	59	-61	0	1,334
Derivatives*	11	0	0	0	11
Other investments	613	-82	19	7	557
International reserves	703	10	23	0	736
Foreign liabilities, total	3,010	-28	84	43	3,110
Direct investment	1,118	26	31	24	1,198
Securities	1,236	-44	37	15	1,245
Derivatives*	7	0	0	-2	5
Other investments	649	-10	16	6	661
International investment position (IIP)	353	41	-78	-40	276
% of GDP	12.6%	1.4%	-2.8%	-1.4%	9.9%

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

Further information can be obtained from Ríkardur Bergstad Ríkardsson
at Central Bank of Iceland Statistics Department, tel (+354) 569-9600.