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Current account surplus 2.8 b.kr. in Q4/2017 – net IIP positive by 190 b.kr. at end of 2017

The current account surplus measured 2.8 b.kr. in Q4/2017. There was a deficit on goods trade in the amount of 40.2 b.kr. and a 53.4 b.kr. surplus on services trade,¹ as well as a 5.1 b.kr. deficit on primary income and a 5.3 b.kr. deficit on secondary income.

This is included in new information published today on the Central Bank of Iceland website, showing the preliminary balance of payments in Q4/2017 and the external position of the economy at the end of the quarter.²

According to the preliminary figures, foreign assets totalled 3,092 b.kr. at the end of 2017 while foreign liabilities totalled 2,902 b.kr. The net international investment position (NIIP) was therefore positive by 190 b.kr., or 7.5% of GDP, and improved by 63 b.kr., or 2.5% of GDP, between quarters. Net financial transactions improved the position by 24 b.kr., as foreign liabilities declined by 110 b.kr. and foreign assets by 85 b.kr. as a result of the transactions. Price and exchange rate movements had a positive impact on the NIIP in the amount of 33 b.kr., owing mainly to a 5.3% price increase in foreign securities markets. The króna appreciated against most major currencies during the quarter, or by 0.5% in terms of the trade-weighted index.

¹See the [Statistics Iceland website](#)

² See the Statistics pages at www.sedlabanki.is

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

	<u>2016, Q4</u>	<u>2017, Q1</u>	<u>2017, Q2</u>	<u>2017, Q3</u>	<u>2017, Q4</u>
Current account balance	43.1	7.8	14.2	68.4	2.8
Balance on goods	-13.3	-34.9	-46.2	-45.7	-40.2
Balance on services	41.1	41.3	61.4	116.0	53.4
Balance on primary income	19.4	5.0	4.4	1.7	-5.1
Secondary income, net	-4.2	-3.5	-5.3	-3.6	-5.3
Capital account	-0.5	-0.3	-0.3	-0.3	-0.5
Financial account	89.2	-6.9	1.0	54.7	24.4
Direct investment	-35.7	-3.7	26.6	-24.2	-7.1
Portfolio investment	61.8	36.5	152.1	48.0	45.0
Derivatives	0.4	1.3	2.4	3.9	-0.4
Other investments	-38.0	-39.4	-72.6	27.7	-22.8
International reserves	100.7	-1.5	-107.6	-0.7	9.6
Net errors and omissions	46.7	-14.4	-13.0	-13.4	22.1

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

	Position at end-Q3/2017	Financial account	Exchange rate and price changes	Other changes	Position at end-Q4/2017
Foreign assets, total	3,154	-85	33	-10	3,092
Direct investment	833	-138	1	1	696
Portfolio investment	1,093	47	40	0	1,180
Derivatives*	13	0	1	0	13
Other investments	526	-3	-3	-4	516
International reserves	688	10	-6	-6	686
Foreign liabilities, total	3,027	-110	0	-15	2,902
Direct investment	1,314	-131	-2	-7	1,173
Portfolio investment	1,129	2	2	2	1,135
Derivatives*	10	0	0	0	11
Other investments	574	19	0	-10	583
International investment position	127	24	33	6	190
Net international investment position, % of GDP	5.0%	1.0%	1.3%	0.2%	7.5%

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

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