

Overview for December 2017 quarter

Balance of payments and international investment position December 2017 quarter

Balance of payments

International investment position

The seasonally adjusted **current account** balance was a \$2.0 billion deficit (actual current account balance was a \$2.8 billion deficit).

The **financial account** showed a net inflow of \$1.5 billion.

Net international liabilities were \$155.2 billion (54.8 percent of GDP) at 31 December 2017.

The latest deficit was \$407 million **larger** than the September 2017 quarter seasonally adjusted deficit.

The **goods deficit** increased \$385 million in the latest quarter, to reach \$465 million. While both goods exports and imports reached record high levels, imports were larger than exports this quarter.

The **primary and secondary income deficit** was \$2.7 billion, up just \$6 million from the September quarter.

The **primary income** deficit increased \$217 million; the **secondary income** became a surplus after increasing \$211 million.

New Zealand investment abroad was a \$1.5 billion **net inflow** in the latest quarter. This decrease in assets was primarily due to a \$1.1 billion fall in **reserve assets** held abroad, used to settle maturing bonds issued by The Treasury.

Foreign investment in New Zealand was a \$43 million **net outflow** in the December 2017 quarter. The \$3.2 billion inflow of direct investment was almost entirely offset by a \$3.0 billion settlement of bank and Treasury bonds.

The net international liability position **narrowed** from the revised \$156.2 billion (56.0 percent of GDP) figure at 30 September 2017.

The narrowing was driven by **increases in the value** of New Zealand's assets and liabilities.

New Zealand's investment abroad was \$251.6 billion. The value of portfolio assets increased, due to overseas stock market prices rising during the latest quarter.

The value of **foreign investment in New Zealand** increased to \$406.8 billion as the NZD depreciated against major currencies during the December 2017 quarter.

New Zealand's **annual current account** was a deficit of \$7.7 billion (2.7 percent of GDP) for the year ended December 2017. This is larger than the \$6.0 billion deficit (2.2 percent of GDP) for the year ended December 2016.