

## Overview for March 2018 quarter

Balance of payments and international investment position  
March 2018 quarter

Balance of payments

International investment position

The seasonally adjusted **current account** balance was a \$3.0 billion deficit (actual current account balance was a surplus of \$182 million).

The **financial account** showed a net inflow of \$126 million.

**Net international liabilities** were \$156.1 billion (54.5 percent of GDP) at 31 March 2018.

The latest deficit was \$1.0 billion **larger** than the December 2017 quarter seasonally adjusted deficit.

The seasonally adjusted **goods deficit** rose \$1.2 billion in the latest quarter, to reach \$1.7 billion. This is the largest goods deficit on record.

The **primary and secondary income deficit** was \$2.6 billion, down \$102 million from the December 2017 quarter.

The **primary income** deficit reduced by \$311 million. The **secondary income** became a deficit after decreasing \$210 million from the December 2017 quarter's \$99 million surplus.

**New Zealand investment abroad** was a \$1.8 billion **net outflow** in the latest quarter, mainly due to a rise in **portfolio investment assets** (\$2.9 billion). Fund managers increased their investments in equity and fund shares while the Treasury increased its investment in bonds.

**Foreign investment in New Zealand** was a \$1.9 billion **net inflow** in the March 2018 quarter. This was driven by a \$2.0 billion rise in portfolio investment liabilities from the Treasury, which issued more bonds this quarter.

The net international liability position **narrowed** from the revised \$156.9 billion (55.4 percent of GDP) at 31 December 2017.

The change in the net liability position was driven by a **rise** in assets held abroad and a **fall** in the value of our liabilities.

**New Zealand's investment abroad** was **\$252.4 billion**. The rise in New Zealand's assets was driven by increased investment in portfolio and reserve assets.

**Foreign investment in New Zealand** was **\$408.5 billion** at 31 March 2018. The fall in the value of our liabilities was due to market price changes, as the value of NZX-listed companies fell from the December 2017 quarter.

New Zealand's **annual current account** was a \$7.9 billion deficit (2.8 percent of GDP) for the year ended 31 March 2018. This is larger than the \$7.2 billion deficit (2.6 percent of GDP) for the year ended 31 March 2017.