Overview for March 2018 quarter

Balance of payments and international investment position

March 2018 quarter

Balance of payments

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

International investment position

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.