

Overview for September 2017 quarter

Balance of payments and international investment position September 2017 quarter

Balance of payments

International investment position

The seasonally adjusted **current account** balance was a \$1,309 million deficit (actual current account balance was a deficit of \$4.679 million).

The **financial account** showed a net inflow of \$2,160 million.

Net international liabilities were \$156.7 billion (56.3 percent of GDP) at 30 September 2017.

The latest deficit was \$183 million **smaller** than the June 2017 quarter seasonally adjusted deficit.

Despite a **surplus** of \$1,160 million in the **goods and services balance**, the **deficit** of \$2,469 million in the **primary and secondary income balance** means that the **current account** remains in **deficit**.

The **goods deficit** decreased by \$411 million in the current quarter to reach \$26 million. This can be attributed to lower imports of goods while exports were stable.

Secondary income net outflows decreased \$175 million in the latest quarter. This is due to lower outflows of foreign aid.

There was a \$2.2 billion **net inflow** of investment in the September 2017 quarter.

Foreign investment in New Zealand was a \$257 million **net inflow** this quarter. This increase in liabilities was driven by changes in **portfolio investment**, which was partly offset by **other investment**. Banks issued debt securities this quarter, which increased liabilities and the New Zealand Super Fund decreased its accounts payable.

New Zealand investment abroad was a \$1.9 billion **net inflow** this quarter. This decrease in assets was primarily due to a \$1.5 billion settlement of **financial derivative** assets held abroad.

The net international liability position **narrowed** from the revised 57.4 percent of GDP at 30 June 2017.

The net liability position change was driven by **net market price changes and financial derivative valuation changes**. This was due to the performance of major stock overseas indices, and a decrease in valuation of financial derivative assets and liabilities.

Foreign investment in New Zealand was **\$401.8 billion** at 30 September, driven by the decreases in valuation for financial derivatives.

New Zealand's investment abroad in the September quarter was **\$245.1 billion**, driven by the decreases in valuation for financial derivatives.

New Zealand's **annual current account** was a deficit of \$7.1 billion (2.6 percent of GDP) for the year ended September 2017, the same as the \$7.1 billion deficit (2.7 percent of GDP) for the year ended September 2016.