

Overview for September 2018 quarter

Balance of payments and international investment position September 2018 quarter

Balance of payments

International investment position

The seasonally adjusted **current account** balance was a \$2.6 billion deficit (actual current account balance was a deficit of \$6.1 billion).

The **financial account** showed a net outflow of \$303 million.

Net international liabilities were \$156.2 billion (53.7 percent of GDP) at 30 September 2018.

The latest deficit was \$0.1 billion **smaller** than the June 2018 quarter seasonally adjusted deficit.

The seasonally adjusted **goods deficit** fell \$343 million in the latest quarter, down to \$1.0 billion.

The **primary and secondary income deficit** was \$2.6 billion, down \$102 million from the June 2018 quarter.

The **primary income** deficit reduced by \$65 million. The **secondary income** balance remained in deficit, decreasing \$38 million from the June 2018 quarter.

New Zealand investment abroad was a \$3.6 billion **net inflow** in the latest quarter. This was due to a decrease in **reserve assets** (\$2.3 billion), mostly in short-term debt securities.

Foreign investment in New Zealand was a \$3.9 billion **net outflow** in the September 2018 quarter. This was driven by settling financial derivative liabilities (\$2.2 billion) and withdrawing portfolio investment (\$1.5 billion).

The net international liability position **widened** from the revised \$154.5 billion (53.6 percent of GDP) at 30 June 2018.

This was due to a fall in the value of assets held abroad and an increase in the value of our liabilities.

Foreign investment in New Zealand was **\$425.4 billion** at 30 September 2018. This was driven by increased market prices of NZX-listed companies and exchange-rate movements, which were mostly offset by a withdrawal of liabilities.

New Zealand's investment abroad was **\$269.2 billion**. The fall in New Zealand's assets was driven by a withdrawal in assets held abroad and financial derivative valuation changes.

New Zealand's **annual current account** was a \$10.5 billion deficit (3.6 percent of GDP) for the year ended 30 September 2018. This is larger than the \$7.4 billion deficit (2.7 percent of GDP) for the year ended 30 September 2017.