## Balance of payments and international investment position – overview for December 2020 quarter

Balance of payments

International investment position

The seasonally adjusted **current account** deficit was \$2.1 billion. The unadjusted current account deficit was \$2.7 billion.

The **financial account** showed a net inflow of \$6.5 billion.

Net international liabilities were \$177.1 billion (55.0 percent of GDP) at 31 December 2020.

The seasonally adjusted current account deficit widened by \$1.6 billion in the December 2020 quarter. The seasonally adjusted **goods surplus** decreased by \$722 million, from \$937 million in September 2020 to \$215 million in December 2020.

The primary and secondary income deficit narrowed by \$185 million from the September 2020 quarter to \$1.6 billion.

The primary income deficit narrowed \$76 million from the September 2020 quarter. The secondary income deficit narrowed by \$108 million from the September 2020 quarter.

New Zealand investment abroad was a \$746 million net outflow in the December 2020 quarter. This was largely due to outflows of funds invested in portfolio investment of \$8.9 billion and direct investment of \$1.1 billion. This was partly offset by inflows from settlements of financial derivative assets of \$6.2 billion.

Foreign investment in New Zealand recorded a \$7.2 billion net inflow in the December 2020 quarter. This was largely due to inflows of funds in direct investment of \$3.2 billion, portfolio investment of \$3.0 billion and other investment of 2.4 billion. This was partly offset by outflows from settlements of financial derivative liabilities of \$1.3 billion.

The net international liability position narrowed by \$97 million from \$177.2 billion at 30 September 2020. New Zealand's net liability position fell due to valuation changes of \$6.6 billion, offset by net financial account inflows of \$6.5 billion for the December 2020 quarter.

Overall, our assets increased by more than our liabilities.

Increases in portfolio investment had the largest impact on the rise in assets and increases in financial derivatives had the largest impact on the rise in liabilities.

New Zealand's **annual current account** was a \$2.5 billion deficit (0.8 percent of GDP) for the year ended 31 December 2020, compared with the \$10.6 billion deficit (3.3 percent of GDP) for the year ended 31 December 2019.