

New Zealand: Balance of Payments: Current Account Deficit NZ\$7.0bn in 4Q2024

Bottom line: New Zealand's current account deficit narrowed to NZ\$7.0bn in 4Q2024, broadly in line with expectations (BBG: NZ\$6.7bn). In seasonally adjusted terms, the current account deficit narrowed by NZ\$0.5bn to NZ\$5.9bn. We maintain our 4Q2024 GDP tracking estimate at +0.5%qoq (-1.2%yoy) ahead of tomorrow's release.

Key numbers:

Quarter current account balance (nsa), 4Q2024: -NZ\$7.0bn; Previous: -NZ\$10.8bn; Bloomberg consensus: -NZ\$6.7bn.

Quarter current account balance (sa): -NZ\$5.9bn; Previous: -NZ\$6.4bn.

Year current account balance (% of GDP): -6.2%; Previous: -6.5%; Bloomberg consensus: -6.1%.

Main points:

1. NZ's **current account deficit** (non-seasonally adjusted) narrowed to NZ\$7.0bn in 4Q2024, broadly in line with expectations (BBG: NZ\$6.7bn). In seasonally adjusted terms, the current account deficit narrowed by NZ\$0.5bn to NZ\$5.9bn. The year-ended current account deficit as a share of GDP fell slightly to 6.2%.
2. Compositionally, the **goods and services balance** (non-seasonally adjusted) printed a smaller deficit of NZ\$2.8bn (prior: NZ\$6.7bn), driven by an increase in goods and services exports. The net income deficit (non-seasonally adjusted) widened slightly.
3. The financial account printed a net outflow of NZ\$3.2bn in the quarter, with increases in reserve assets and other investment abroad offsetting ongoing large "net errors and omissions". NZ's **net international investment liability position** narrowed to 49.4% of GDP (from 49.7%).

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