

Flash Comment Denmark

Current account surplus revised massively upwards

- **Higher income and more sales of goods abroad pull the current account surplus up.**
- **The revision could pull Danish GDP up by more than 1% and GNI by 2%.**

The Danish current account surplus has been revised upwards by DKK46.2bn in 2015, which is equal to a 33% increase. That amounts to a surplus of about 9¼% of GDP – a revision upwards of almost 3 percentage points, although it may be slightly less when the new figures are included in GDP. For the first seven months of 2016 the surplus is up by DKK36.6bn.

The level of the surplus has generally been revised upwards – especially since 2010. For 2010-14 the revision was caused by a higher surplus on the trade balance. This comes from a larger surplus on the goods balance and a smaller one on the service balance. The higher surplus in 2015-16 stems from a higher surplus on both the goods balance and primary income (wage and capital).

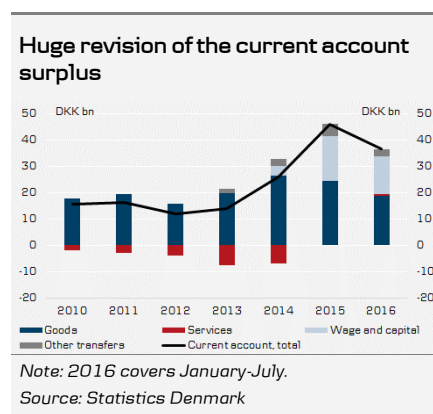
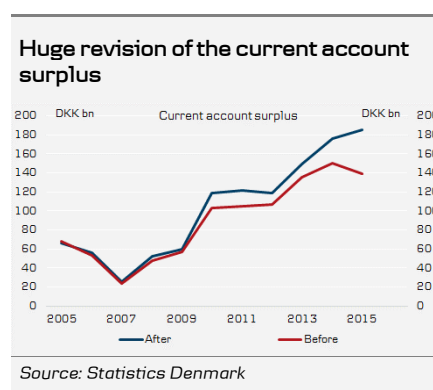
The higher surplus on the trade balance is very much due to a larger export of goods. And the reason for this is a revision of Danish companies' sales of goods produced abroad. Trade in merchanting, that is resale of goods abroad without any processing, can account for more than half of the revision in the surplus on the goods balance in the previous years. The sale of goods abroad after processing abroad, however, has also increased significantly in previous years and this also accounts for a big part of the revision.

From 2010-14 the surplus on services has been revised down which is primarily due to a larger import of manufacturing services, charges for the use of intellectual property and rights.

There has also been a big revision in primary income (wage and capital). This comes from the inclusion of information from companies' annual reports from 2015. So far primary income from 2015 has been based on an estimation by the Danish Central bank. The new figures add another DKK16.9bn to the surplus in 2015 and DKK12.4bn so far in 2016.

The revision of the current account statistics will be included in the revised National accounts published on 3 November. This has the potential to raise the GDP level by more than 1% in 2015 and GNI by 2%.

We expect the current account surplus will decrease a little in the coming years along with rising business investments and thus imports. However, the large surplus is primarily of a structural nature and we expect it to stay large.



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None.

Date of first publication

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