

# *Balance of payments and international investment position*

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## *Current account slightly in surplus in the third quarter, goods imports declining*

**Corrected on 7 January 2015. The corrections are indicated in red.**

The current account showed slight surplus in the third quarter of 2014. Positive capital outflow.

### *Current account*

The current account was EUR 0.1 billion in surplus in the third quarter of 2014. The current account remained on the same level as in the third quarter of 2013. Of the sub-items of the current account, the trade account in balance of payment terms rose by EUR 0.7 billion from the third quarter of 2013 to EUR 0.2 billion. The increase was caused by a decrease in the value of goods imports in balance of payment terms in the third quarter. Throughout the ongoing year, major changes cannot, however, be detected in the levels of imports and exports compared to 2013. The services account was almost in balance and did not change from the third quarter of 2013.

The primary income account was EUR 0.1 billion in surplus. The surplus of the primary income account decreased by EUR 0.8 billion from the third quarter of 2013 due to an increase in investment income paid abroad. Investment income consists of the inward and outward payments of interests, dividends and reinvested earnings. Investment income to Finland amounted to EUR 3.1 billion and to EUR 3.0 billion from Finland. The secondary income account was EUR 0.2 billion in deficit. The secondary income account includes payments to international organisations.

### *Financial account and international investment position*

In the third quarter of 2014, outward capital flow on net from Finland amounted to EUR 0.5 billion. Outward capital flow was mainly in the form of portfolio investments, altogether EUR 3.7 billion. Inward capital flow was EUR 1.9 billion as direct investments.

At the end of September 2014, Finland had EUR 711.3 billion in foreign assets and EUR 701.8 billion in foreign liabilities. Finland's net international investment position grew slightly in the third quarter to EUR 9.5 billion. Exchange rate changes increased the net international investment position by EUR 2.5 billion, while other valuation changes decreased it by EUR 1.8 billion. Other valuation changes include price changes.



At the end of September, the biggest foreign assets (EUR 292.2 billion) and liabilities (EUR 361.7 billion) were those of deposit banks. The wealth of social security funds and the indebtedness of the non-financial corporations sector continued in the third quarter. During the third quarter, foreign assets of social security funds grew by EUR 4.2 billion, while non-financial corporations imported a total of EUR 3.5 billion in capital on net. The net international investment position of the central government sector weakened by EUR 2.2 billion during the third quarter.

## ***Securities***

In the third quarter of 2014, foreign investors dissolved EUR 0.9 billion worth of investments in shares and mutual fund shares and EUR 1.7 billion of investments in debt securities. At the end of September 2014, outward portfolio investment liabilities stood at EUR 282.3 billion, of which EUR 87.2 billion were investments in shares and mutual fund shares, and EUR 195.1 billion (were) investments in debt securities. In the third quarter, portfolio investment liabilities increased by EUR 4.1 billion from the previous quarter even though investments were dissolved. Value changes in securities increased liabilities by EUR 4.2 billion and exchange rate changes by EUR 2.6 billion.

Outward portfolio investment amounted to EUR 1.1 billion in the third quarter. A total of EUR 0.8 billion in foreign investments in shares and mutual fund shares were dissolved and EUR 2.0 billion were invested in debt securities. Debt security investments mainly consisted of investments in long-term bonds (EUR 1.7 billion). At the end of September 2014, outward portfolio investment assets stood at EUR 279.8 billion, of which EUR 135.3 billion were investments in shares and mutual fund shares, and EUR 144.5 billion were investments in debt securities. In the third quarter, portfolio investment assets amounted to EUR 7.7 billion of which the share of value changes in securities was EUR 1.3 billion and that of exchange rate changes was EUR 5.4 billion.

## ***Direct investments***

At the end of September 2014, direct investment assets on gross stood at EUR 139.4 billion and the corresponding liabilities at EUR 107.2 billion. During the third quarter, direct investment assets increased by EUR 1.4 billion and liabilities by EUR 2.6 billion.

Finland still has clearly more direct investment assets than liabilities even though the net investment position related to these investments has weakened clearly during 2014. At the end of 2013, assets exceeded liabilities by EUR 43.7 billion but at the end of September 2014, the difference was only EUR 32.2 billion. The change in the net investment position is mainly explained by changes in intra-group loans and trade credits. During January to September, these debt assets decreased by EUR 3.5 billion and the corresponding liabilities increased by EUR 7.3 billion.

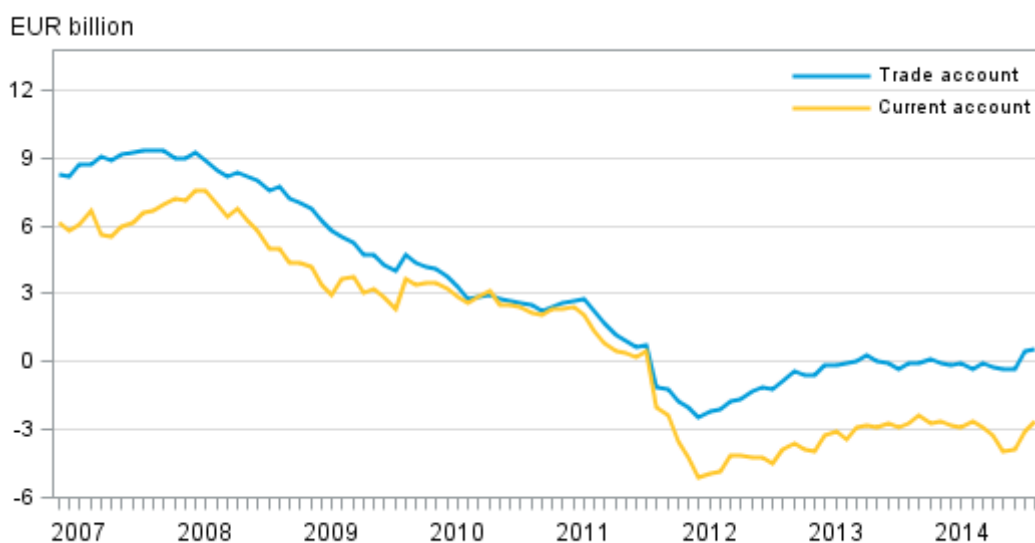
## ***Other investments***

In the third quarter of 2014, other investments, i.e. loans, deposits and trade credits amounted to EUR 0.4 billion inward on net. At the end of the quarter, assets as other investments amounted to EUR 172.0 billion and liabilities to EUR 209.3 billion. The net investment position related to these investments weakened by EUR 2.1 billion in the third quarter and exchange rate changes accounted for EUR 1.6 billion of the drop.

## ***Finland's balance of payments in October 2014***

The current account was EUR 0.5 billion in surplus in October. One year earlier, the current account showed a deficit of EUR 0.1 billion. The 12-month moving total of the current account was EUR 2.6 billion in deficit.

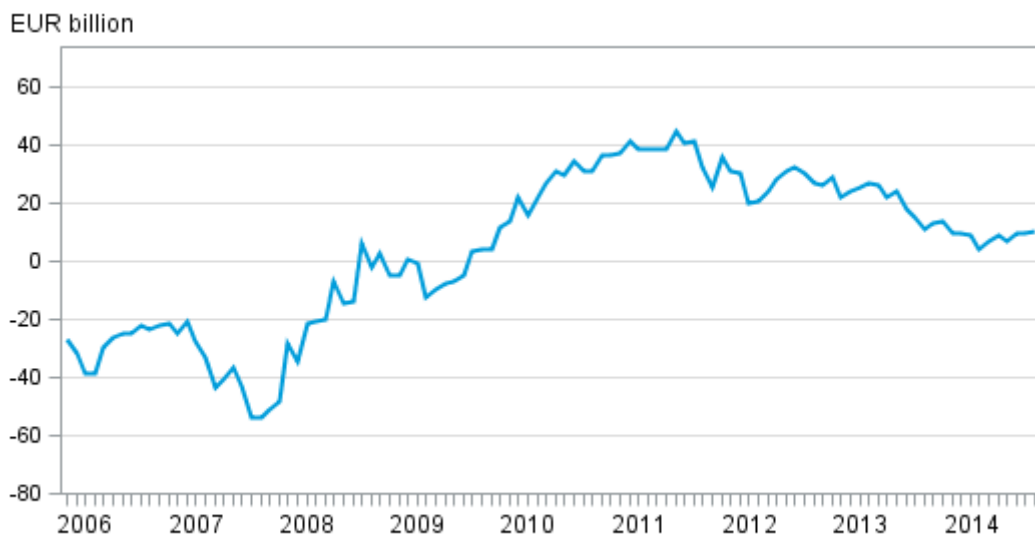
### Finland's current account and trade account, 12 moving sum



In October, outward capital flow on net from Finland amounted to EUR 0.9 billion. Direct investment was EUR 0.3 million outward on net and portfolio investment was EUR 0.9 billion outward on net, while other investment was EUR 0.3 billion inward on net.

At the end of October 2014, the international net investment position stood at EUR 10.3 billion. Finns had EUR 710 billion in foreign assets and EUR 700 billion in foreign liabilities.

### Finland's monthly international investment position



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**Appendix table 1. Finland's current account, quarterly 2014, EUR million**

		Year/quartal				
		2013/Q3	2013/Q4	2014/Q1	2014/Q2	2014/Q3
Credit	1. Current account	22 657	23 485	21 676	23 465	22 897
	1.1 Goods	13 529	14 221	13 194	14 495	13 679
	1.2 Services	5 505	5 427	4 872	4 765	5 442
	1.3 Primary income	3 347	3 556	3 347	3 922	3 466
	1.4 Secondary income	276	280	263	284	310
Debit	1. Current account	22 802	23 732	23 126	24 874	22 837
	1.1 Goods	14 031	14 056	13 543	14 054	13 459
	1.2 Services	5 545	5 932	5 235	5 568	5 501
	1.3 Primary income	2 369	3 079	2 966	4 362	3 326
	1.4 Secondary income	857	665	1 382	890	551

1) The statistics become final more than two years after the end of the reference year.

**Appendix table 2. External assets and liabilities by sector, quarterly 2014, EUR million**

		Year/quartal				
		2013/Q3	2013/Q4	2014/Q1	2014/Q2	2014/Q3
Assets	S1 Total economy	-21 143	-504	-5 894	-6 274	-12 433
	S11 Non-financial corporations	-7 294	-5 604	-8 471	-8 513	-7 841
	S121 Central bank	-5 029	3 231	-1 939	-1 084	-6 817
	S122 Other monetary financial institutions	228	808	4 684	2 179	7 301
	S123 Money market funds (MMF)	-14	125	-37	-183	378
	S124 Collective investment schemes excl. money market funds	2 296	609	1 823	1 850	394
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	711	394	24	878	804
	S128+S129 Insurance corporations and pension funds	118	1 357	32	-1 105	-507
	S1311 Central government	-11 426	-3 065	-1 862	-3 047	-4 497
	S1313 Local government	10	2	6	11	7
	S1314 Social security funds	-968	1 321	-19	2 562	-1 676
	S14+S15 Households and non-profit institutions serving households	224	317	-135	180	20
	Liabilities	S1 Total economy	-19 705	-4 495	1 494	-3 651
S11 Non-financial corporations		-5 043	-5 471	-2 023	-4 868	-6 161
S121 Central bank		63	-722	55	-314	-48
S122 Other monetary financial institutions		-4 032	5 114	5 214	4 686	99
S123 Money market funds (MMF)		-40	30	21	-1	-16
S124 Collective investment schemes excl. money market funds		-247	565	113	888	-1 136
S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders		-684	435	676	314	702
S128+S129 Insurance corporations and pension funds		18	63	64	-116	40
S1311 Central government		-8 369	-2 564	-305	-3 118	-3 727
S1313 Local government		7	-174	-20	2	4
S1314 Social security funds		-1 386	-1 781	-2 302	-1 126	-2 733
S14+S15 Households and non-profit institutions serving households		9	9			

		Year/quartal				
		2013/Q3	2013/Q4	2014/Q1	2014/Q2	2014/Q3
Net	S1 Total economy	-1 438	3 991	-7 387	-2 623	543
	S11 Non-financial corporations	-2 251	-134	-6 448	-3 645	-1 680
	S121 Central bank	-5 092	3 953	-1 995	-770	-6 768
	S122 Other monetary financial institutions	4 261	-4 307	-529	-2 507	7 203
	S123 Money market funds (MMF)	26	95	-59	-183	394
	S124 Collective investment schemes excl. money market funds	2 543	44	1 711	962	1 531
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	1 395	-41	-652	563	102
	S128+S129 Insurance corporations and pension funds	100	1 294	-32	-989	-547
	S1311 Central government	-3 057	-501	-1 557	71	-770
	S1313 Local government	3	176	26	8	2
	S1314 Social security funds	418	3 102	2 283	3 688	1 057
	S14+S15 Households and non-profit institutions serving households	216	309	-135	180	20

1) The statistics become final more than two years after the end of the reference year.

**Appendix table 3. International investment position by sector, quarterly 2014, EUR million**

		Year/quartal				
		2013/Q3	2013/Q4	2014/Q1	2014/Q2	2014/Q3
Assets	S1 Total economy	639 529	642 994	659 443	683 453	711 340
	S11 Non-financial corporations	129 509	126 831	128 501	126 361	127 292
	S121 Central bank	39 709	42 650	40 886	39 949	33 542
	S122 Other monetary financial institutions	242 665	239 904	246 708	260 840	289 902
	S123 Money market funds (MMF)	2 015	2 135	2 095	1 909	2 287
	S124 Collective investment schemes excl. money market funds	52 842	54 404	56 808	60 078	61 560
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	16 559	16 990	18 066	19 389	20 561
	S128+S129 Insurance corporations and pension funds	24 278	25 207	25 394	24 869	24 751
	S1311 Central government	18 071	19 069	20 490	22 566	21 168
	S1313 Local government	386	355	366	398	406
	S1314 Social security funds	101 692	103 000	107 264	113 807	116 353
	S14+S15 Households and non-profit institutions serving households	10 703	11 724	11 714	12 117	12 331
	Liabilities	S1 Total economy	624 494	629 577	650 252	674 789
S11 Non-financial corporations		166 885	167 709	173 464	176 810	181 264
S121 Central bank		2 745	2 008	2 038	1 757	1 760
S122 Other monetary financial institutions		315 366	317 260	323 153	338 949	361 693
S123 Money market funds (MMF)		-44	-14	8	7	-9
S124 Collective investment schemes excl. money market funds		16 095	16 906	17 120	18 394	17 558
S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders		22 442	23 512	26 575	27 369	28 756
S128+S129 Insurance corporations and pension funds		3 002	3 105	3 268	3 176	3 290
S1311 Central government		91 579	93 577	98 376	101 891	102 662
S1313 Local government		2 499	2 324	2 231	2 232	2 237
S1314 Social security funds		2 930	2 175	3 005	3 191	1 567
S14+S15 Households and non-profit institutions serving households		997	1 014	1 014	1 014	1 014
Net		S1 Total economy	15 035	13 417	9 191	8 664
	S11 Non-financial corporations	-37 376	-40 878	-44 962	-50 449	-53 971
	S121 Central bank	36 965	40 642	38 847	38 192	31 782
	S122 Other monetary financial institutions	-72 701	-77 356	-76 445	-78 110	-71 791
	S123 Money market funds (MMF)	2 059	2 149	2 088	1 902	2 296
	S124 Collective investment schemes excl. money market funds	36 747	37 498	39 688	41 684	44 003
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	-4 783	-5 797	-7 358	-6 809	-7 008
	S128+S129 Insurance corporations and pension funds	21 276	22 102	22 125	21 693	21 461
	S1311 Central government	-73 508	-74 508	-77 887	-79 324	-81 494
	S1313 Local government	-2 113	-1 969	-1 865	-1 835	-1 831
	S1314 Social security funds	98 762	100 825	104 259	110 616	114 785
	S14+S15 Households and non-profit institutions serving households	9 706	10 709	10 700	11 103	11 317

1) The statistics become final more than two years after the end of the reference year.



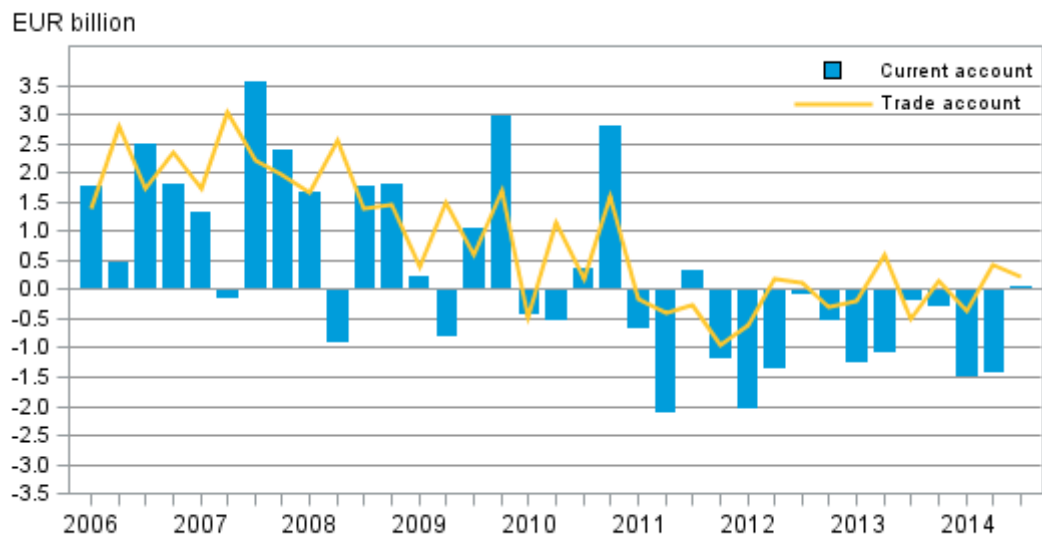
**Appendix table 4. Finland's balance of payments 2014, EUR million**

	Year 2013	12 month moving sum	2014/09	2014/10
1. Current account	-2 685	-2 648	706	555
1.1 Goods	83	588	524	308
1.2 Services	-1 662	-1 473	-34	63
1.3 Primary income	1 413	588	296	312
1.4 Secondary income	-2 518	-2 352	-81	-128
2. Capital account	184	143	12	12
3. Financial account	-3 676	-1 555	172	904
3.1 Direct investment	2 955	-9 723	-523	306
3.2 Portfolio investment	-5 422	13 972	2 373	902
3.3 Other investment	195	-5 162	-1 372	-325
3.4 Financial derivatives	-2 172	-892	-152	36
3.5 Reserve assets	768	250	-155	-16
4. Errors and omissions	-1 176	950	-546	338

- 1) The statistics become final more than two years after the end of the reference year
- 2) Figures in the table are net flows during period
- 3) Financial account = Assets less liabilities

# Figures

Appendix figure 1. Finland's current account and trade account



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Source: Balance of payments and international investment position, Statistics Finland