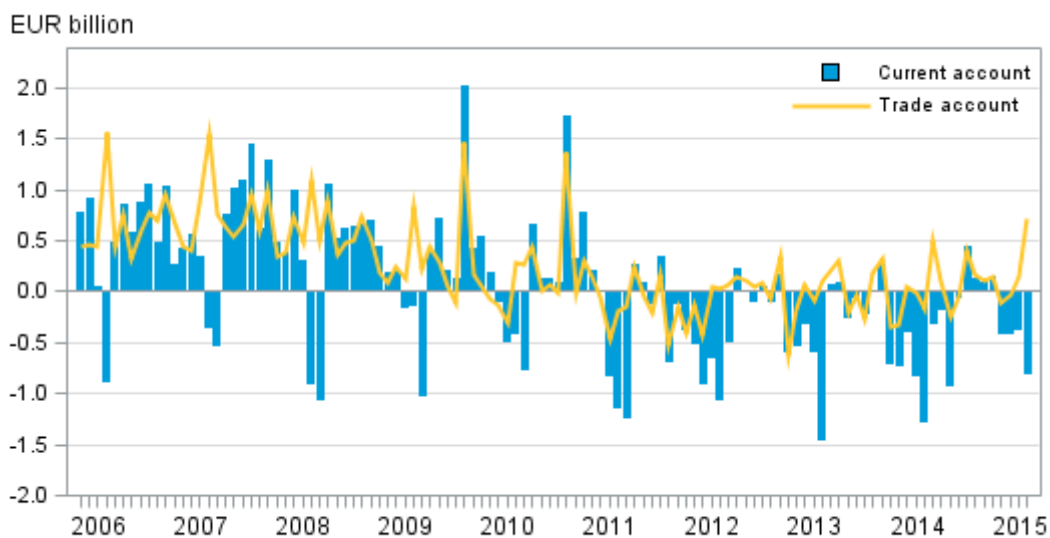


Balance of payments and international investment position

Current account in deficit, net capital flowed in the first quarter of 2015

In balance of payment terms, the trade account was in balance in the first quarter. Exports of goods made a downturn as goods exports to Russia declined strongly. Service exports remained on last year's level. In April, the trade account was pushed into surplus as exports increased slightly and imports decreased further. On the financial account side there was net capital inflow, mainly in form of direct investments.

Finland's current account and trade account



Current account in the first quarter

The current account was EUR 1.2 billion in deficit in the first quarter of 2015. The deficit was generated from the service, primary and secondary income accounts. The trade account was in balance.

The total value of goods exports was EUR 12.9 billion in the first quarter of 2015. Goods exports to Russia decreased by 34 per cent compared with the first quarter of 2014, which pushed total exports to a 2.5 per cent decline. Excluding Russia, goods exports in the first quarter remained on level with the previous year.

Service exports amounted to EUR 4.8 billion in the first quarter as the telecommunications, computer, and information services item grew clearly to EUR 1.9 billion. In most service items the year-on-year changes were small and service exports remained on last year's level. Service exports were depressed by the decrease in consumption by Russian visitors in Finland. Foreign tourists' consumption in Finland is recorded as service exports and it amounted to EUR 0.6 billion in the first quarter.

The value of goods imports in balance of payment terms, EUR 12.9 billion, decreased by 4.7 per cent in the first quarter. Goods imports from Russia declined by 23 per cent. Excluding Russia, goods imports in the first quarter decreased by around one per cent from the previous year. Service imports, EUR 5.3 billion, declined by good one per cent. The net effect of services derived from the difference between service exports and imports was EUR 0.4 billion in deficit.

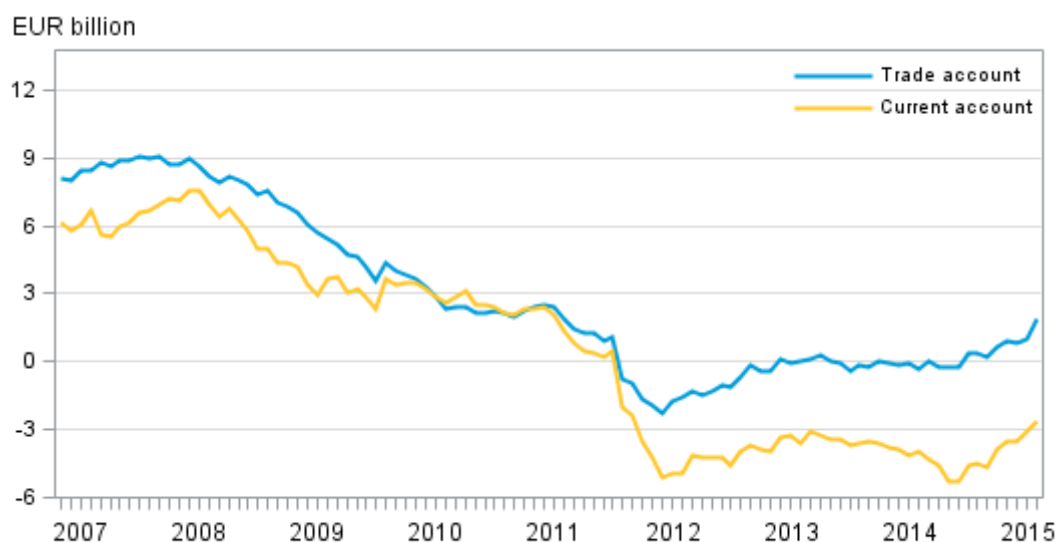
The primary income account was EUR 0.2 billion in deficit. The deficit was generated from investment income. Investment income from Finland amounted to EUR 3.5 billion and to Finland from abroad to EUR 3.2 billion. Investment income includes such as interests and dividends. The secondary income account was EUR 0.6 billion in deficit. The secondary income account includes payments to international organisations.

Current account in April 2015

The current account was EUR 0.8 billion in deficit in April despite the trade account being in surplus. One year earlier, in April 2014, the current account showed a deficit of EUR 1.3 billion. The 12-month moving total of the current account was EUR 2.6 billion in deficit.

The deficit in the current account was particularly formed from the primary income account that was EUR 1.3 billion in deficit. The services account and the secondary income account were also in deficit. The EUR 0.7 billion surplus in the trade account was explained by a decrease in imports. The value of goods imports in balance of payment terms was EUR 4.1 billion in April and it decreased by 17 per cent from April 2014. Goods exports, EUR 4.8 billion, increased by one per cent.

Finland's current account and trade account, 12 –month moving sum



Financial account and international investment position

In the first quarter of 2015 net capital inflow to Finland amounted to EUR 5.0 billion. The main source of inward capital flow on net was direct investments, EUR 9.5 billion. Correspondingly, outward capital flow on net was mainly in the form of other investments (loans, deposits and trade credits), totalling EUR 3.5 billion.

At the end of March 2015, Finland had EUR 803.3 billion in foreign assets and EUR 811.0 billion in foreign liabilities. Finland's net international investment position was negative EUR 7.7 billion. Most net debt was found in the other investments item, EUR 37.7 billion. In the first quarter of 2015, the net investment position was depressed by changes in exchange rates and other valuation changes, EUR 2.1 billion, as well as price changes, EUR 1.4 billion.

Table 1. External assets and liabilities by investment type in 2015 Q1, EUR billion

	Opening position 31.12.2014	Financial transactions 2015 Q1	Price changes 2015 Q1	Changes in the exchange rates and valuation adjustments 2015 Q1	Closing position 31.3.2015
Financial account	0.8	-5.0	-1.4	-2.1	-7.7
Assets	723.6	-2.8	66.7	15.7	803.3
Liabilities	722.8	2.2	68.2	17.8	811.0
Direct investment	25.9	-9.5	1.1	-2.5	15.0
Assets	135.5	-0.8	1.7	2.8	139.1
Liabilities	109.6	8.7	0.6	5.3	124.2
Portfolio investment	-2.7	3.0	-6.2	2.7	-3.3
Assets	284.0	0.9	10.2	9.4	304.5
Liabilities	286.8	-2.1	16.4	6.7	307.8
Other investment	-38.6	3.5	0.0	-2.6	-37.7
Assets	166.1	25.9	0.0	4.7	196.6
Liabilities	204.7	22.3	0.0	7.3	234.3
Financial derivatives	7.5	-1.9	3.5	-0.4	8.7
Reserve assets	8.8	-0.1	0.2	0.7	9.6

Securities

In the first quarter of 2015, foreign investors dissolved their portfolio investments in Finland for a total of EUR 2.1 billion. Investments in Finnish equity and mutual fund shares grew by EUR 1.4 billion but investments in debt securities decreased by EUR 3.5 billion. At the end of March 2015, Finland's portfolio investment liabilities stood at EUR 307.8 billion, of which EUR 105.0 billion were investments in shares and mutual fund shares, and EUR 202.8 billion in bonds and money market instruments. Finland's portfolio investment liabilities also grew as the prices of Finnish shares increased during the first quarter.

Finland's portfolio investment assets increased by EUR 0.9 million. Capital flow to foreign securities was EUR 5.5 billion, while EUR 4.6 billion in equity and mutual fund shares were dissolved. In debt securities, investments in money market instruments increased by EUR 1.9 billion of which a majority was invested by other monetary financial institutions. A total of EUR 3.6 billion was invested in bonds. The biggest investors were insurance corporations and non-financial corporations.

At the end of March 2015, Finland's portfolio investment assets stood at EUR 304.5 billion, of which EUR 151.5 billion were investments in shares and mutual fund shares, and EUR 153.0 billion in bonds and money market instruments.

Direct investments

During the first quarter of 2015, EUR 8.7 billion in capital flowed to Finland as direct investments, while direct investment made from Finland to foreign countries decreased by EUR 0.8 billion. Direct investments include both equity and debt-based investments within a group. At the start of 2015, investments from abroad to Finland mainly consisted of debt-based items.

At the end of March 2015, Finland had EUR 139.1 billion in foreign assets and EUR 124.2 billion in foreign liabilities as direct investments. Despite the increase in direct investment liabilities, the net capital stock remained positive at the end of the first quarter of 2015.

Other investments

EUR 22.3 billion in capital flowed to Finland as other investments during the first quarter of 2015. At the end of March 2015, Finland had foreign liabilities in the form of other investments in the amount of EUR 234.3 billion. EUR 25.9 billion in capital flowed abroad from Finland as other investments. At the end of March 2015, Finland had foreign assets in the form of other investments in the amount of EUR 196.6 billion.

Financial derivatives

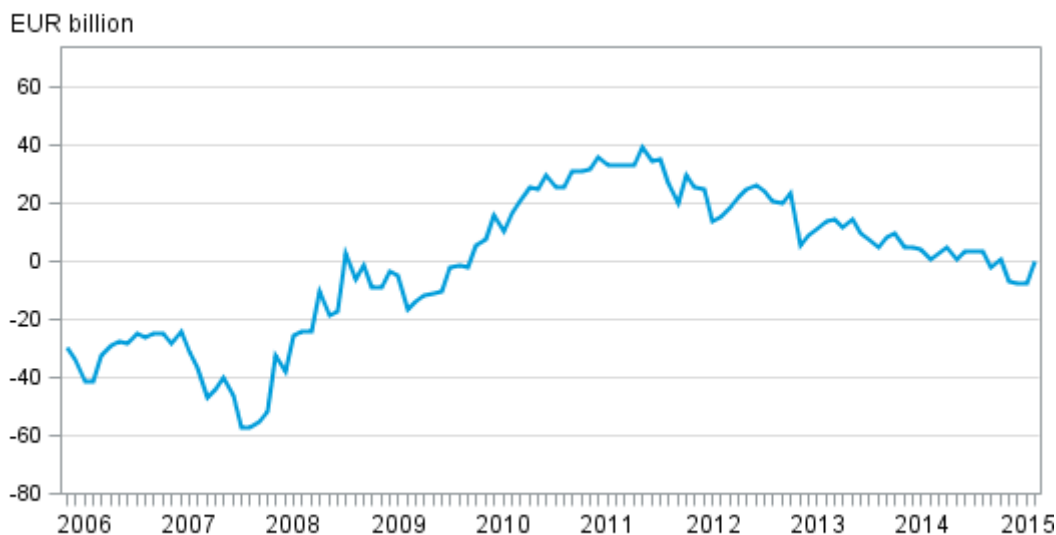
At the end of March 2015, Finland had EUR 8.7 billion derivative-related net assets. Derivative-related assets and liabilities have been growing since the beginning of 2014 but due to faster growth in assets, the net position has improved slightly. At the end of March 2014, net assets in the form of derivatives stood at EUR 6.3 billion.

April 2015

In April, the inward capital flow on net to Finland was EUR 2.5 billion. The main source of inward capital flow was other investments, EUR 1.1 billion. Direct investment was EUR 0.3 billion and portfolio investment was also EUR 0.3 billion inward on net. Finland's net investment position was slightly positive at the end of April 2015 as foreign liabilities amounted to a little under EUR 771.6 billion and assets to slightly over EUR 771.6 billion. Finland's net investment position improved compared to the situation at the end of March 2015 as the net investment position related to securities turned positive.

The data for May 2015 will be published on 10 July 2015.

Finland's monthly international investment position



Contents

Tables

Appendix tables

Appendix table 1. Finland's current account, quarterly 2015, EUR million.....	7
Appendix table 3. International investment position by sector, quarterly 2015, EUR million.....	7
Appendix table 4. Finland's balance of payments 2015, EUR million.....	8

Appendix tables

Appendix table 1. Finland's current account, quarterly 2015, EUR million

		Year/quarteral				
		2014/Q1	2014/Q2	2014/Q3	2014/Q4	2015/Q1
Credit	1. Current account	21 692	23 605	22 957	23 253	21 621
	1.1 Goods	13 243	14 528	13 751	14 213	12 911
	1.2 Services	4 843	4 872	5 440	5 419	4 833
	1.3 Primary income	3 319	3 898	3 443	3 365	3 580
	1.4 Secondary income	286	307	323	257	296
Debit	1. Current account	23 605	25 346	23 484	22 897	22 790
	1.1 Goods	13 537	14 096	13 635	13 787	12 907
	1.2 Services	5 334	5 631	5 490	5 571	5 272
	1.3 Primary income	3 351	4 729	3 627	2 859	3 733
	1.4 Secondary income	1 382	890	731	680	878

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 2015, EUR million

		Year/quarteral				
		2014/Q1	2014/Q2	2014/Q3	2014/Q4	2015/Q1
Assets	S1 Total economy	662 051	686 020	716 915	723 640	803 317
	S11 Non-financial corporations	127 811	125 592	126 925	128 461	134 355
	S121 Central bank	44 326	43 422	37 150	45 139	51 141
	S122 Other monetary financial institutions	246 706	260 840	289 902	291 291	334 365
	S123 Money market funds (MMF)	2 095	1 909	2 287	2 351	2 765
	S124 Collective investment schemes excl. money market funds	56 786	60 057	61 538	61 194	67 611
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	19 097	20 444	21 634	20 947	23 336
	S128+S129 Insurance corporations and pension funds	25 394	24 869	24 751	23 639	26 922
	S1311 Central government	20 490	22 566	21 168	18 696	20 529
	S1313 Local government	366	398	406	413	487
	S1314 Social security funds	107 264	113 807	118 802	119 095	128 047
	S14+S15 Households and non-profit institutions serving households	11 716	12 117	12 353	12 415	13 756
	Liabilities	S1 Total economy	658 028	681 559	713 326	722 809
S11 Non-financial corporations		172 668	175 566	181 019	183 737	210 689
S121 Central bank		10 579	10 330	10 469	10 607	10 748
S122 Other monetary financial institutions		323 154	338 949	361 693	365 967	415 640
S123 Money market funds (MMF)		8	7	-9	5	-9
S124 Collective investment schemes excl. money market funds		17 107	18 379	17 540	16 768	18 726
S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders		26 619	27 812	29 605	30 058	35 440
S128+S129 Insurance corporations and pension funds		3 268	3 176	3 290	3 398	2 540
S1311 Central government		98 376	101 891	102 662	105 071	109 094
S1313 Local government		2 231	2 232	2 237	2 352	2 598
S1314 Social security funds		3 005	3 191	3 807	3 832	4 589
S14+S15 Households and non-profit institutions serving households		1 013	27	1 014	1 014	988

		Year/quartal				
		2014/Q1	2014/Q2	2014/Q3	2014/Q4	2015/Q1
Net	S1 Total economy	4 023	4 461	3 589	831	-7 725
	S11 Non-financial corporations	-44 857	-49 974	-54 094	-55 276	-76 333
	S121 Central bank	33 746	33 092	26 681	34 531	40 393
	S122 Other monetary financial institutions	-76 448	-78 110	-71 791	-74 676	-81 275
	S123 Money market funds (MMF)	2 088	1 902	2 296	2 346	2 774
	S124 Collective investment schemes excl. money market funds	39 679	41 678	43 997	44 426	48 885
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	-7 521	-7 368	-7 972	-9 111	-12 103
	S128+S129 Insurance corporations and pension funds	22 125	21 693	21 461	20 242	24 382
	S1311 Central government	-77 887	-79 324	-81 494	-86 375	-88 565
	S1313 Local government	-1 865	-1 835	-1 831	-1 939	-2 111
	S1314 Social security funds	104 259	110 616	114 995	115 263	123 458
	S14+S15 Households and non-profit institutions serving households	10 703	12 091	11 339	11 401	12 768

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

Appendix table 4. Finland's balance of payments 2015, EUR million

	Year 2014	12 month moving sum	2015/03	2015/04
1. Current account	-3 826	-2 621	-362	-802
1.1 Goods	679	1 862	142	711
1.2 Services	-1 452	-1 213	-168	-68
1.3 Primary income	-541	-1 272	-142	-1 250
1.4 Secondary income	-2 512	-1 998	-194	-195
2. Capital account	202	214	17	13
3. Financial account	-9 254	-4 184	-944	-2 526
3.1 Direct investment	-13 603	-11 054	-1 079	-253
3.2 Portfolio investment	5 461	9 868	-3 569	-270
3.3 Other investment	-178	528	3 953	-1 135
3.4 Financial derivatives	-727	-3 312	-116	-834
3.5 Reserve assets	-207	-213	-132	-35
4. Errors and omissions	-5 630	-1 777	-599	-1 738

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

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