

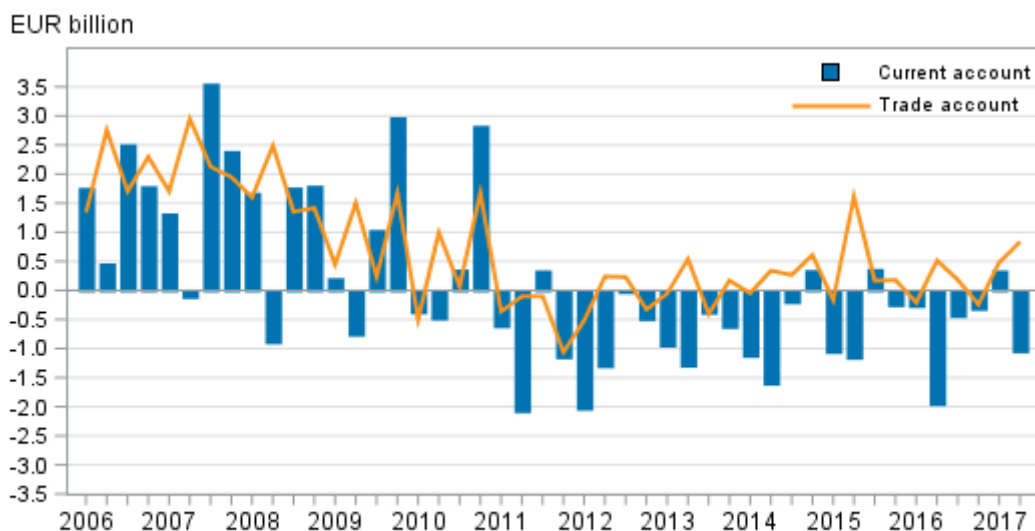
Balance of payments and international investment position

2017, 2nd quarter

Current account deficit decreased, net international investment position weakened

The current account deficit decreased in the second quarter as net exports increased. The surplus of the trade account in balance of payments terms grew clearly and the deficit of the service account decreased as exports grew more than imports. The net international investment position weakened as the liabilities of the non-financial corporations sector increased. The data appear from Statistics Finland's statistics on balance of payments and international investment position.

Current account and trade account



Current account in the second quarter

The current account was EUR 1.0 billion in deficit in the second quarter of 2017. The deficit decreased by EUR 0.9 billion from the corresponding quarter last year. In balance of payments terms, goods exports grew more than goods imports. Service exports also grew clearly.

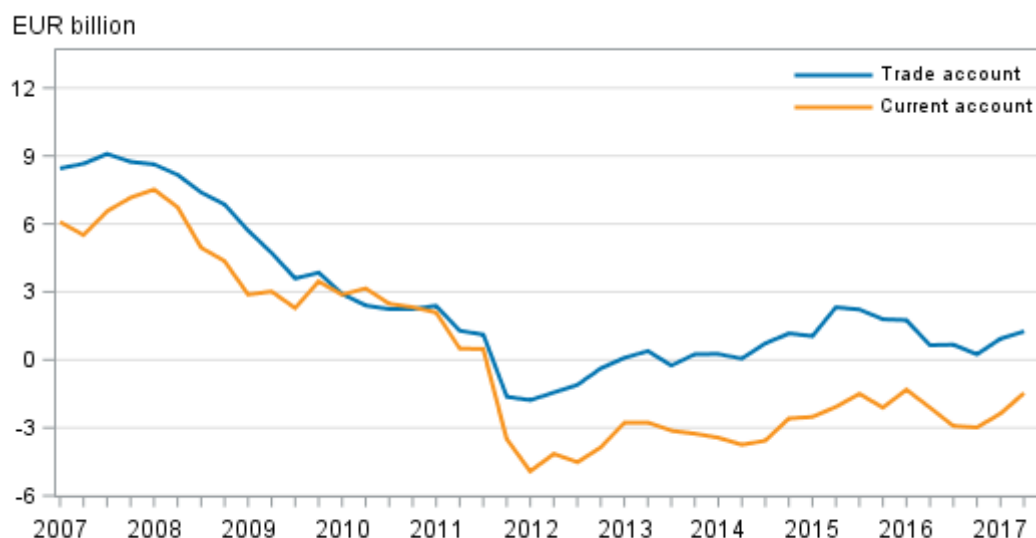
In balance of payments terms, the trade account was EUR 0.8 billion in surplus. In the corresponding quarter of the previous year, the trade account was EUR 0.5 billion in surplus. In the second quarter, goods exports in balance of payments terms amounted to EUR 15.5 billion and grew by 13 per cent from the corresponding period in 2016. Goods imports increased to EUR 14.7 billion, rising by 11 per cent year-on-year. Goods exports in balance of payments terms have grown by 16 per cent in January to June compared to the corresponding period last year.

The service account showed a deficit of EUR 0.5 billion in the second quarter. In the second quarter of 2016, the deficit stood at EUR 0.9 billion. Service exports, EUR 6.2 billion, grew by nine per cent and service imports by two per cent. In January to June, service exports grew by five per cent.

The primary income account was EUR 0.9 billion in deficit in the second quarter, which is mainly explained by the deficit of investment income. The primary income account includes investment income like interests and dividends. The secondary income account was EUR 0.5 billion in deficit.

Import and export figures in balance of payments terms by service item and area can be found in the [statistics on international trade in goods and services](#). Decreases and increases made to the Finnish Customs figures, which result in goods trade in balance of payments terms, are also broken down in the statistics on international trade in goods and services.

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



Financial account and net international investment position

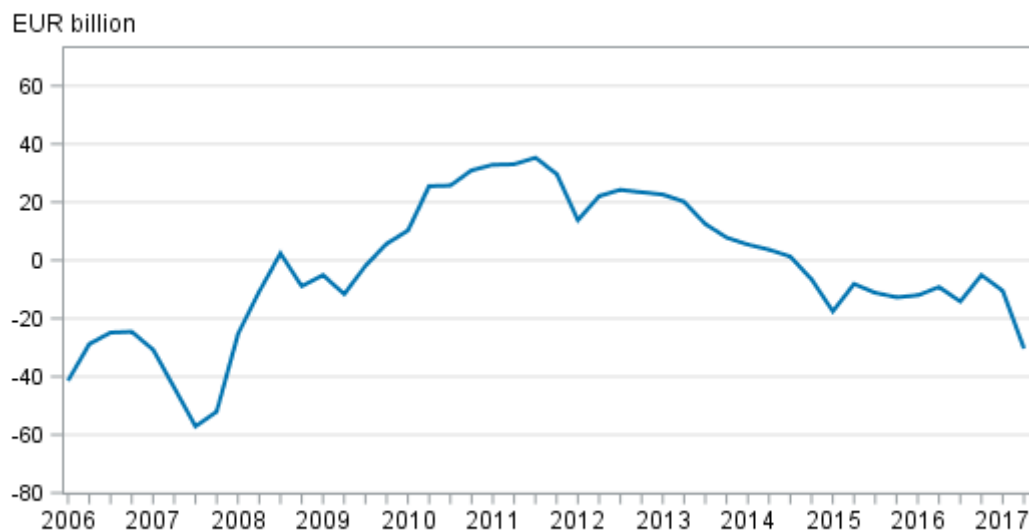
Net international investment position weakened

At the end of the second quarter of 2017, Finland had EUR 605.0 billion in foreign assets on gross and EUR 635.4 billion in foreign liabilities on gross. Thus, the net international investment position stood at EUR -30.3 billion. The net international investment position weakened compared with the end of the previous quarter, when the net international investment position was EUR -10.5 billion. Examined by

sector, the net international investment position was weakened most by a decrease in the net international investment position of the non-financial corporations sector, from EUR -67.6 billion to EUR -86.0 billion.

Compared with previously released data, Finland's net international investment position has weakened throughout the revised time series, starting from the first quarter of 2015. The data revision is mainly explained by a downward revision in net investment position of portfolio investments.

Finland's net international investment position quarterly



Capital flowed to Finland in almost all investment categories

In the second quarter of 2017, net capital inflow to Finland amounted to EUR 15,0 billion. Net capital inflow was mostly in the form of direct investments, EUR 9.8 billion. Net outward capital flow was only in the form of other investments, that is, for example, as extra-group loans, deposits and trade credits, EUR 0.5 billion on net.

At the end of the second quarter of 2017, international direct investment assets on gross stood at EUR 148.0 billion and the corresponding liabilities at EUR 114.2 billion. The net international investment position of direct investments was thus positive at the end of the second quarter as there were EUR 33.8 billion more assets than liabilities. The net international investment position of direct investments weakened in the second quarter when assets from foreign direct investments fell and liabilities grew but it was still EUR 1.0 billion higher than one year ago.

Assets from foreign direct investments were increased by EUR 0.3 billion on net during the second quarter. Gross assets from direct investments fell, however, because other valuation changes in assets amounted to EUR -3.0 billion in the second quarter. Liabilities from direct investments were increased by EUR 10.0 billion on net, and the increase in liabilities was directed primarily at intra-group loans.

Outward capital flow on net in the form of portfolio investment assets amounted to EUR 0.3 billion in the second quarter of 2017. By contrast, the investment stock contracted due to exchange rate and price changes, EUR 4.0 billion in total. At the end of the second quarter of 2017, outward portfolio investment assets stood at EUR 298.5 billion, of which EUR 166.0 billion were investments in equity and investment fund shares, and EUR 132.5 billion in bonds and money market instruments. Even though Finland's international portfolio investment assets have declined during the first two quarters of 2017, the investment stock is still EUR 2.8 billion higher than one year ago.

At the end of the second quarter, international portfolio investment liabilities stood at EUR 331.2 billion, of which EUR 129.8 billion were investments in equity and investment fund shares, and EUR 201.3 billion in bonds and money market instruments. In the second quarter, foreign portfolio investments to Finland increased by EUR 4.5 billion on net. A total of EUR 3.7 billion were invested in equity and investment fund shares on net and EUR 0.7 billion in debt securities.

In the second quarter, financial transactions decreased other investment assets by EUR 19.8 billion on net. Investments were also withdrawn from other investment liabilities, EUR 20.4 billion on net. At the end of the second quarter, assets as other investments amounted to EUR 127.4 billion and liabilities to EUR 170.8 billion.

At the end of the second quarter of 2017, Finland had EUR 2.4 billion in derivative-related net assets, which is EUR 1.9 billion less than at the end of the first quarter. Both derivative-related assets and liabilities have declined considerably compared to one year ago mainly as a result of international company restructurings. Assets have contracted from EUR 108.3 billion to EUR 21.6 billion and liabilities from EUR 103.5 billion to EUR 19.2 billion.

Contents

Tables

Appendix tables

Appendix table 1. Current account, quarterly 2017, EUR million.....	6
Appendix table 2. External net flow by sector, quarterly 2017, EUR million.....	7
Appendix table 3. International investment position by sector, quarterly 2017, EUR million.....	8

Appendix tables

Appendix table 1. Current account, quarterly 2017, EUR million

		Year/quarter				
		2016/Q2	2016/Q3	2016/Q4	2017/Q1	2017/Q2
Credit	1. Current account	24 366	23 379	25 003	24 951	26 367
	1.1 Goods	13 783	13 065	13 907	14 625	15 514
	1.2 Services	5 681	5 816	6 489	6 008	6 184
	1.3 Primary income	4 620	4 219	4 324	4 024	4 328
	1.4 Secondary income	282	280	283	294	342
Debit	1. Current account	26 321	23 821	25 321	24 609	27 415
	1.1 Goods	13 269	12 883	14 149	14 144	14 678
	1.2 Services	6 614	6 520	7 266	6 404	6 720
	1.3 Primary income	5 681	3 553	2 977	3 244	5 195
	1.4 Secondary income	757	864	929	817	821

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

Appendix table 2. External net flow by sector, quarterly 2017, EUR million

		Year/quarter				
		2016/Q2	2016/Q3	2016/Q4	2017/Q1	2017/Q2
Net	S1 Total economy	1 907	-8 849	479	13	-14 993
	S11 Non-financial corporations	1 178	-2 676	2 600	-2 863	-12 490
	S121 Central bank	236	11 260	-35 156	42 974	-9 066
	S122 Other monetary financial institutions	-1 664	-18 823	36 944	-41 125	8 722
	S123 Money market funds (MMF)	90	-4	62	42	-430
	S124 Collective investment schemes excl. money market funds	-43	1 192	619	-69	840
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	509	1 771	-538	646	-1 097
	S128+S129 Insurance corporations and pension funds	609	373	-388	949	-622
	S1311 Central government	-1 151	-2 467	-4 190	-2 409	832
	S1313 Local government	-111	-90	-189	-15	18
	S1314 Social security funds	2 197	338	655	2 007	-1 816
	S14+S15 Households and non-profit institutions serving households	56	276	58	-124	117

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 2017, EUR million

		Year/quarter				
		2016/Q2	2016/Q3	2016/Q4	2017/Q1	2017/Q2
Assets	S1 Total economy	736 387	736 407	693 471	634 830	605 043
	S11 Non-financial corporations	135 478	135 855	136 284	144 236	138 482
	S121 Central bank	72 107	83 696	49 094	91 852	82 745
	S122 Other monetary financial institutions	252 258	229 752	209 670	89 913	76 780
	S123 Money market funds (MMF)	2 448	2 459	2 507	2 539	2 445
	S124 Collective investment schemes excl. money market funds	67 146	70 942	73 276	76 977	78 651
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	26 114	29 424	32 272	33 373	34 581
	S128+S129 Insurance corporations and pension funds	27 726	28 509	28 439	29 120	28 016
	S1311 Central government	16 114	15 729	14 722	15 303	13 219
	S1313 Local government	366	398	448	502	564
	S1314 Social security funds	124 707	126 852	133 075	136 046	134 418
	S14+S15 Households and non-profit institutions serving households	11 924	12 791	13 684	14 970	15 142
	Liabilities	S1 Total economy	745 561	750 557	698 530	645 367
S11 Non-financial corporations		188 499	198 258	198 762	211 834	224 440
S121 Central bank		11 646	11 922	12 151	12 234	12 280
S122 Other monetary financial institutions		376 111	371 782	315 079	245 496	223 607
S123 Money market funds (MMF)		36	56	43	39	382
S124 Collective investment schemes excl. money market funds		19 983	21 362	21 998	24 484	26 095
S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders		35 690	36 591	38 337	39 571	41 646
S128+S129 Insurance corporations and pension funds		714	811	910	971	1 033
S1311 Central government		105 568	102 711	102 104	102 345	96 841
S1313 Local government		2 957	3 069	3 302	4 440	4 467
S1314 Social security funds		4 358	3 997	5 845	3 952	4 570
S14+S15 Households and non-profit institutions serving households						
Net		S1 Total economy	-9 174	-14 150	-5 060	-10 537
	S11 Non-financial corporations	-53 021	-62 403	-62 479	-67 599	-85 957
	S121 Central bank	60 461	71 773	36 942	79 617	70 465
	S122 Other monetary financial institutions	-123 853	-142 030	-105 408	-155 582	-146 827
	S123 Money market funds (MMF)	2 412	2 404	2 464	2 500	2 062
	S124 Collective investment schemes excl. money market funds	47 163	49 580	51 278	52 493	52 556
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	-9 576	-7 165	-6 065	-6 198	-7 065
	S128+S129 Insurance corporations and pension funds	27 012	27 698	27 530	28 149	26 983
	S1311 Central government	-89 454	-86 981	-87 382	-87 042	-83 622
	S1313 Local government	-2 591	-2 671	-2 854	-3 938	-3 903
	S1314 Social security funds	120 349	122 855	127 230	132 094	129 848
	S14+S15 Households and non-profit institutions serving households	11 924	12 791	13 684	14 970	15 142

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

Inquiries

Tapio Kuusisto 029 551 3318

Saana Ranta-Ruona 029 551 3375

Director in charge:

Ville Vertanen

www.stat.fi

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