

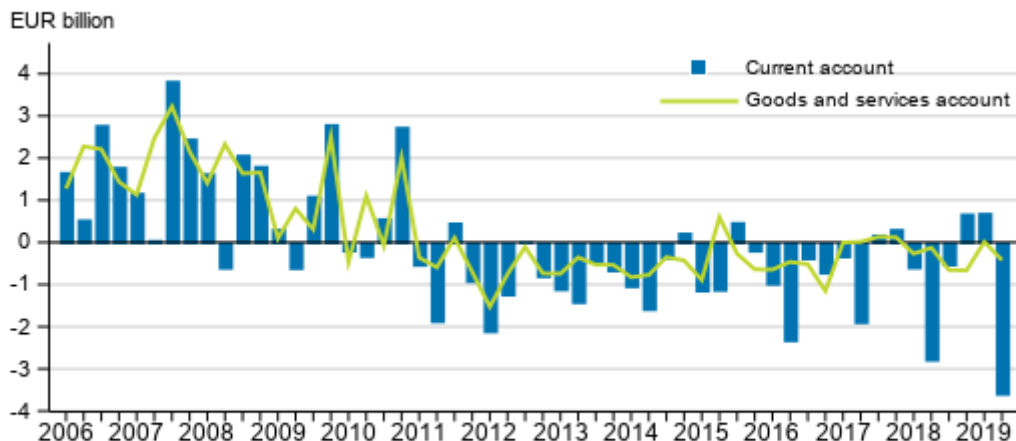
Balance of payments and international investment position

2019, 2nd quarter, July

Current account in deficit in the second quarter, net international investment position strengthened

The current account was in deficit in the second quarter of 2019. The value of goods exports in balance of payments terms remained on level with the corresponding quarter of last year. The primary income account was strongly in deficit. Growth in service exports was strong. The net international investment position strengthened. The data appear from Statistics Finland's statistics on balance of payments and international investment position.

Current account and goods and services account



Current account

In the second quarter of 2019, the current account was EUR 3.6 billion in deficit. The balance of goods and services showed a deficit of EUR 0.4 billion. Of the sub-items of the current account, the primary income account was EUR 2.7 billion in deficit and the secondary income account EUR 0.5 billion in deficit.

Goods and services

The trade account in balance of payments terms was EUR 0.2 billion in surplus in the second quarter of 2019. In the corresponding quarter of the previous year, the trade account surplus amounted to EUR 0.9 billion. The service account showed a deficit of EUR 0.7 billion in the second quarter of 2019. The deficit in the service account is explained in particular by the deficit in tourism, transport and other business services.

Goods exports in balance of payments terms amounted to EUR 16.4 billion in the second quarter of 2019 so goods exports remained on level with the corresponding quarter of last year. Goods imports grew to EUR 16.1 billion or by four per cent year-on-year. In the second quarter of 2019, service exports grew by 13 per cent and service imports by seven per cent compared to the corresponding quarter of the previous year. Service exports amounted to EUR 7.2 billion and service imports to EUR 7.9 billion and, thus, the service account was in deficit.

More detailed 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](#) starting from 2015. 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.

Primary income in the second quarter

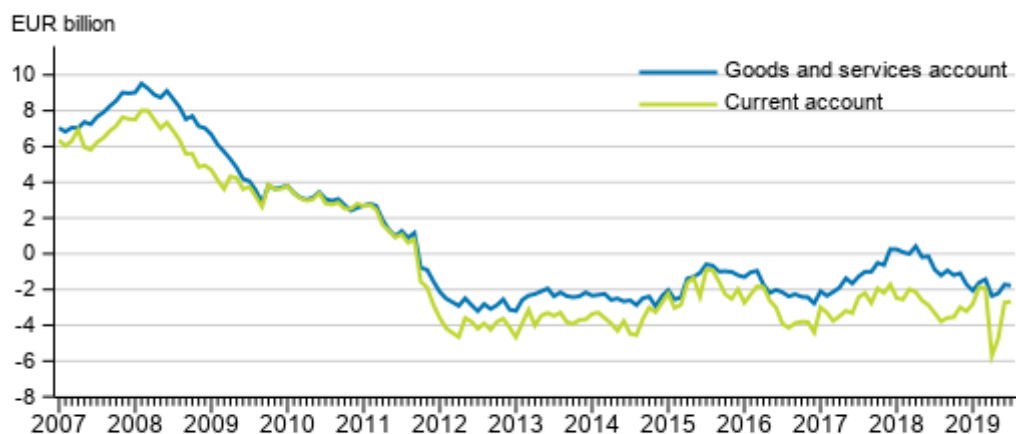
The primary income account was EUR 2.7 billion in deficit in the second quarter of 2019. The primary income account includes compensation of employees, investment income and other primary income paid abroad from Finland and from abroad to Finland. The deficit of primary income was mainly due to investment income, which includes e.g. returns on capital like interests and dividends. A total of EUR 2.8 billion were paid from Finland in investment income on net in the second quarter of 2019.

The secondary income account was EUR 0.5 billion in deficit in the second quarter of 2019.

Current account in balance in July 2019

The current account was in balance in July. The value of goods exports in balance of payments terms grew by two per cent from twelve months back. Of the sub-items of the current account, the primary income account was in surplus. The trade account in balance of payments terms, the service account and the secondary income account were in deficit.

Finland's current account and goods and services account, 12-month moving sum



Financial account and net international investment position

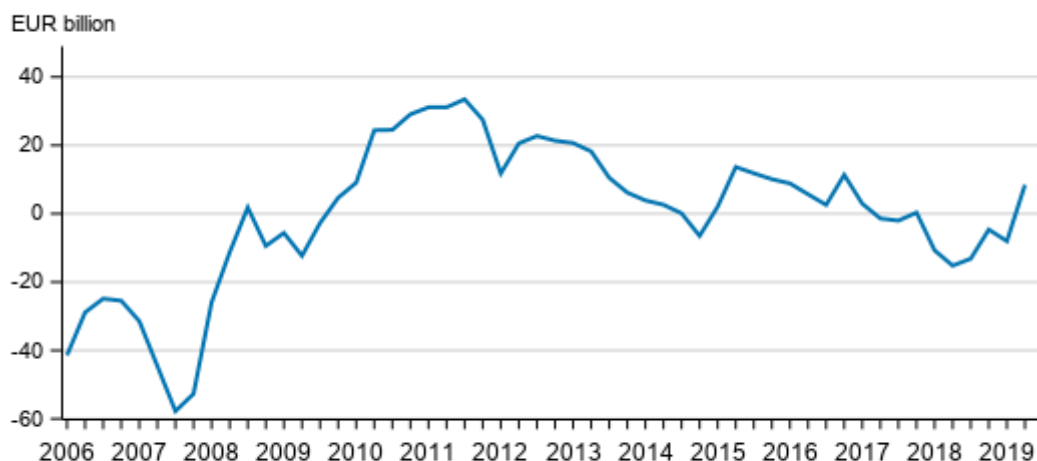
Net international investment position strengthened from the previous quarter

At the end of the second quarter of 2019, Finland had EUR 821.9 billion in foreign assets on gross and EUR 813.5 billion in foreign liabilities on gross. The net international investment position, that is, the difference between the stock of assets and liabilities, was thus EUR 8.4 billion as there were more assets than liabilities. Balance of payments data has been revised from 2006. Time series revision is explained in other section.

The net international investment position improved from the previous quarter when the net international investment position was EUR -8.0 billion. Financial transactions stood for EUR 9.9 billion and changes in classifications and other valuation changes for EUR 6.6 billion of the change in the net international investment position.

Examined by type of investment, the biggest net assets, EUR 47.9 billion were in direct investments. The net assets of other investments amounted to EUR 28.5 billion. Highest net liabilities, EUR 79.6 billion were in portfolio investments, which is explained by the stock of liabilities in bonds and money market instruments which had a net liability of EUR 134.9 billion. However, equity and investments fund shares amounted to a net surplus of EUR 55.4 billion.

Finland's net international investment position quarterly



Capital outflow from Finland in the form of other investments

In the second quarter of 2019, net capital outflow from Finland was largely in form of other investments, which amounted to an outflow of EUR 11.8 billion. The primary financial assets in this type of investment are cash and deposits, as well as loans. Capital inflow to Finland was in the form of portfolio investments, which amounted to an inflow of EUR 5.8 billion.

Examined by investor sectors, foreign assets increased most in the other monetary financial institutions and social security funds. Growth in the stock of liabilities is due to the growth in the liabilities of the government sector. When the net investment position is examined by sector, social security funds had most net foreign assets, EUR 147.9 billion, of which employment pension schemes comprise the majority. EUR 113.2 billion of social security funds' net foreign assets were in shares and mutual fund shares. Other monetary financial institutions, EUR 124.3 billion and enterprises, EUR 86.5 billion had most net liabilities.

Financial account in July 2019

Financial account showed net capital inflow of EUR 8.4 billion. By functional category, net capital inflow of EUR 15.4 billion was in form of other investments and net capital outflow of EUR 6.3 billion in form of portfolio investments.

Time series revision on the data of the balance of payments and international investment position in the September 2019 release

The data of the statistics on balance of payments and international investment position have been level revised for 2006 to 2019. The main goal of the time series revision is to promote cohesion between balance of payments and international investment position and national accounts. In addition, the temporal comparability of the data has been improved and new data sources have been utilised in connection with the time series revision.

The biggest change in goods and services is directed at the treatment of so-called project deliveries. Previously the income from project deliveries were recorded as construction and project delivery exports and the costs as construction and project delivery imports. In connection with the time series revision, net recording was adopted, which decreases the levels of service exports and imports by at most EUR 1.3

billion in 2016. Another important change in recording methods that lowers the levels of exports and imports is how recordings related to international trade are made, which decreases goods exports and imports by at most EUR 0.4 billion in 2014. The above-mentioned revisions do not affect the level of net exports.

The changes that affect net exports most were directed at goods trade related to global production and weakened net exports by at most EUR 0.5 billion in 2016.

In terms of investment income, property income of direct investments related to enterprise reorganisations were revised, and the coverage of investment income was expanded by considering reinvested earnings of mutual funds and investment income of insurance policyholders. The revisions related to enterprise reorganisations increased the deficit of the current account at most by EUR 2.0 billion in 2016 but the coverage revision of investment income decreased the deficit at most by EUR 1.1 billion in 2017.

Other accounts than investment income of the primary income account and the secondary income account were harmonised with the national accounts. As a result of these revisions, the deficit of the current account decreased at most by EUR 0.6 billion in 2008 and increased at most by EUR 0.1 billion in 2011.

The coverage of the data on the international investment position and the financial account have been improved, and coherence with financial accounts data has increased. Since 2016, international loans and deposits of the household sector have been added to the data on the international investment position and the financial account. These data are classified as other investments.

Data on technical provisions has been added since 2006.

Data concerning direct investments have been revised for 2013 to 2016.

The international stock of liabilities from bonds have been harmonised with the data of financial accounts concerning central government and other financial institutions.

In terms of employment pension schemes, clearing receivables related to securities trading and lending have been revised in terms of the timing of recording.

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Appendix tables

Appendix table 1. Current account, quarterly 2019, EUR million

		Year/quarter				
		2018/Q2	2018/Q3	2018/Q4	2019/Q1	2019/Q2
Credit	1. Current account	27 514	26 327	29 176	28 709	29 143
	1.1 Goods	16 338	15 418	16 353	16 355	16 372
	1.2 Services	6 348	6 709	7 494	6 953	7 196
	1.3 Primary income	4 483	3 819	4 926	4 567	5 187
	1.4 Secondary income	344	380	402	835	388
Debit	1. Current account	30 299	26 851	28 491	28 006	32 736
	1.1 Goods	15 479	15 620	16 381	15 512	16 128
	1.2 Services	7 335	7 164	8 128	7 783	7 860
	1.3 Primary income	6 572	3 135	3 022	3 681	7 855
	1.4 Secondary income	913	931	959	1 030	893

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 2019, EUR million

		Year/quarter				
		2018/Q2	2018/Q3	2018/Q4	2019/Q1	2019/Q2
Assets	S1 Total economy	-24 335	-4 028	-38 631	24 341	-21 577
	S11 Non-financial corporations	-11 819	-6 230	-10 092	-4 877	-11 011
	S121 Central bank	-2 673	5 426	-22 511	30 206	-2 210
	S122 Other monetary financial institutions	3 172	8 479	10 861	11 728	4 057
	S123 Money market funds (MMF)	-19	-197	4	-43	.
	S124 Collective investment schemes, excl. money market funds	645	73	-1 342	-2 007	-248
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	-539	82	-4 373	1 092	492
	S128+S129 Insurance corporations and pension funds	-202	181	-59	444	-335
	S1311 Central government	-5 282	-5 516	-4 121	-3 916	-4 419
	S1313 Local government	-3	-2	-3	-2	27
	S1314 Social security funds	-7 723	-6 466	-6 365	-8 481	-8 073
	S14+S15 Households and non-profit institutions serving households	106	143	-630	197	143
	Liabilities	S1 Total economy	-19 738	-3 126	-34 550	31 930
S11 Non-financial corporations		-12 761	-6 248	-10 815	-4 298	-15 206
S121 Central bank		993	-104	1 068	-990	372
S122 Other monetary financial institutions		3 274	14 850	-11 175	47 932	-8 392
S123 Money market funds (MMF)		7		39	-8	
S124 Collective investment schemes, excl. money market funds		373	451	48	-1 442	-843
S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders		246	564	-1 555	5 023	272
S128+S129 Insurance corporations and pension funds		-226	77	-3	157	59
S1311 Central government		-2 637	-6 614	-3 226	-5 073	1 205
S1313 Local government		-12	37	23	42	57
S1314 Social security funds		-9 048	-6 417	-8 977	-9 476	-8 954
S14+S15 Households and non-profit institutions serving households		53	277	20	63	.
Net		S1 Total economy	-4 597	-902	-4 081	-7 589
	S11 Non-financial corporations	943	18	723	-579	4 195
	S121 Central bank	-3 665	5 530	-23 580	31 196	-2 582
	S122 Other monetary financial institutions	-101	-6 371	22 036	-36 204	12 449
	S123 Money market funds (MMF)	-26	-196	-35	-35	
	S124 Collective investment schemes, excl. money market funds	271	-379	-1 390	-565	595
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	-785	-482	-2 819	-3 931	220
	S128+S129 Insurance corporations and pension funds	24	104	-57	287	-394
	S1311 Central government	-2 645	1 098	-895	1 156	-5 625
	S1313 Local government	9	-39	-26	-43	-30
	S1314 Social security funds	1 325	-50	2 611	995	881
	S14+S15 Households and non-profit institutions serving households	53	-134	-650	134	143

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 2019, EUR million

		Year/quarter				
		2018/Q2	2018/Q3	2018/Q4	2019/Q1	2019/Q2
Assets	S1 Total economy	638 097	659 264	746 578	815 299	821 895
	S11 Non-financial corporations	143 665	146 105	141 685	144 270	142 360
	S121 Central bank	83 223	88 533	66 161	96 925	94 977
	S122 Other monetary financial institutions	73 807	82 215	230 077	248 730	256 054
	S123 Money market funds (MMF)	2 340	2 138	2 129	.	.
	S124 Collective investment schemes, excl. money market funds	83 215	84 423	77 050	82 683	82 006
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	42 541	44 506	32 032	34 171	35 800
	S128+S129 Insurance corporations and pension funds	30 959	31 191	29 860	31 369	31 612
	S1311 Central government	13 300	13 103	12 080	13 924	13 672
	S1313 Local government	744	750	688	711	732
	S1314 Social security funds	148 287	149 511	142 410	149 130	151 100
	S14+S15 Households and non-profit institutions serving households	16 016	16 789	12 407	13 386	13 580
	Liabilities	S1 Total economy	653 300	672 432	751 232	823 335
S11 Non-financial corporations		237 328	241 870	224 239	237 387	228 892
S121 Central bank		13 130	12 876	13 570	12 690	12 791
S122 Other monetary financial institutions		217 630	232 022	334 278	386 618	380 335
S123 Money market funds (MMF)		29	28	68	1	1
S124 Collective investment schemes, excl. money market funds		26 802	27 818	25 955	26 210	25 212
S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders		49 964	51 934	48 651	54 930	56 250
S128+S129 Insurance corporations and pension funds		2 381	2 376	2 310	2 520	2 595
S1311 Central government		93 537	91 009	90 347	92 170	96 970
S1313 Local government		3 985	4 021	4 042	4 141	4 196
S1314 Social security funds		6 552	6 238	5 511	4 344	3 911
S14+S15 Households and non-profit institutions serving households		1 964	2 240	2 260	2 323	2 323
Net		S1 Total economy	-15 203	-13 168	-4 653	-8 036
	S11 Non-financial corporations	-93 663	-95 765	-82 554	-93 117	-86 532
	S121 Central bank	70 093	75 657	52 591	84 235	82 187
	S122 Other monetary financial institutions	-143 823	-149 806	-104 201	-137 888	-124 281
	S123 Money market funds (MMF)	2 311	2 110	2 062	-1	-1
	S124 Collective investment schemes, excl. money market funds	56 413	56 604	51 094	56 472	56 794
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	-7 423	-7 428	-16 620	-20 759	-20 450
	S128+S129 Insurance corporations and pension funds	28 578	28 815	27 550	28 849	29 018
	S1311 Central government	-80 237	-77 906	-78 267	-78 246	-83 298
	S1313 Local government	-3 240	-3 272	-3 354	-3 430	-3 463
	S1314 Social security funds	141 735	143 273	136 899	144 786	147 189
	S14+S15 Households and non-profit institutions serving households	14 053	14 549	10 147	11 062	11 257

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

Appendix table 4. Balance of payments, EUR million

	Year 2018	12 month moving sum	2019/06	2019/07
1. Current account	-3 218	-2 676	1 051	97
1.1. Goods	823	696	437	-318
1.2. Services	-2 537	-2 478	-11	-311
1.3. Primary income	852	830	758	817
1.4. Secondary income	-2 355	-1 724	-132	-90
2. Capital account	196	127	8	11
3. Financial account	-11 387	-11 085	2 620	-8 436
3.1. Direct investment	11 120	-1 491	2 074	865
3.2. Portfolio investment	-21 919	-25 573	-2 088	6 341
3.3. Other investment	80	15 961	2 589	-15 434
3.4. Financial derivatives	-595	-522	46	-211
3.5. Reserve assets	-73	540	-1	3
4. Errors and omissions	-8 365	-8 536	1 561	-8 544

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