

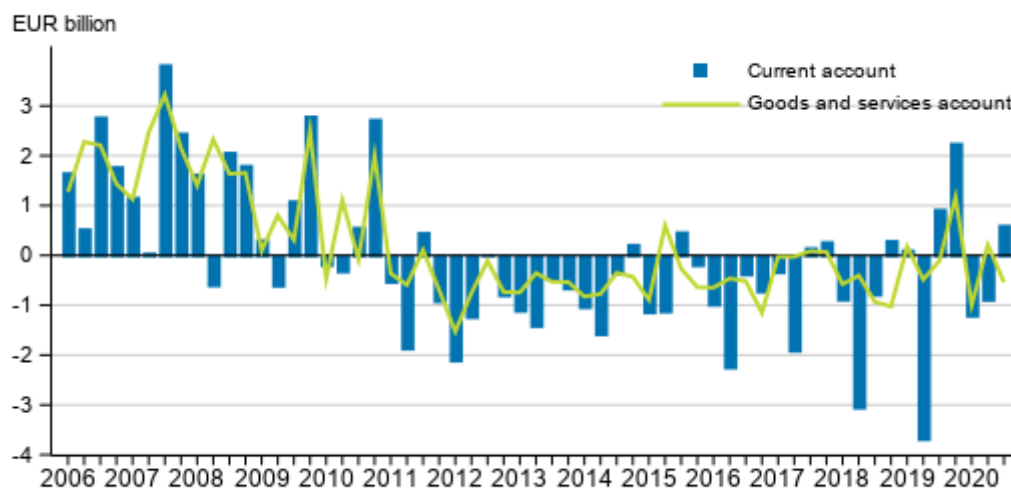
Balance of payments and international investment position

2020, 3rd quarter

Current account in surplus in the third quarter, net international investment position weakened

The current account was in surplus in the third quarter of 2020. In balance of payments terms, the value of goods exports fell by nine per cent and the value of goods imports by 11 per cent from the corresponding quarter of the year before. Service exports, in turn, decreased by 32 per cent compared to the corresponding quarter in the previous year. Net exports of goods and services showed a deficit, but the surplus of the primary income account kept the current account positive. The net international investment position weakened. 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 third quarter of 2020, the current account was EUR 0.6 billion in surplus. The balance of goods and services showed a deficit of EUR 0.5 billion. Of the sub-items of the current account, the primary income account was EUR 1.8 billion in surplus and the secondary income account EUR 0.6 billion in deficit.

Goods and services

The trade account in balance of payments terms was EUR 0.1 billion in surplus in the third quarter of 2020. In the corresponding quarter of the previous year, the trade account was EUR 0.2 billion in deficit. The service account showed a deficit of EUR 0.7 billion in the third quarter of 2020.

In the third quarter, the value of goods exports in balance of payment terms decreased by nine per cent from twelve months back and totalled EUR 14.1 billion while the value of goods imports in balance of payment terms decreased by 11 per cent to EUR 14.0 billion from twelve months back. In the third quarter of 2020, service exports declined by 32 per cent and service imports by 22 per cent compared to the corresponding quarter of the previous year. Service exports amounted to EUR 5.6 billion and service imports to EUR 6.2 billion.

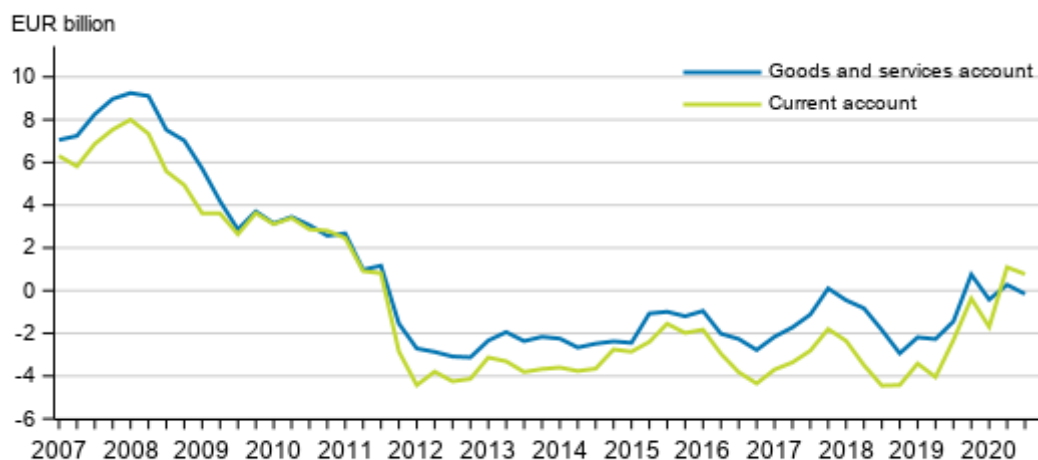
More detailed import and export figures in balance of payments terms by service item and area can be found in the [statistics on international trade in goods and services](#) starting from 2013. Decreases and increases made to the Finnish Customs figures, which result in goods trade in balance of payments terms, are also broken down in the statistics on international trade in goods and services.

Primary income

The primary income account was EUR 1.8 billion in surplus in the third quarter of 2020. The primary income account includes compensation of employees, investment income and other primary income paid abroad from Finland and from abroad to Finland. The surplus of primary income was mainly due to investment income, which includes such as returns on capital like interests, dividends and reinvested earnings.

In the third quarter of 2020, property income paid to Finland on net amounted to EUR 1.7 billion. Property income paid to Finland from abroad amounted to EUR 4.8 billion and from Finland abroad to EUR 3.1 billion. The secondary income account was EUR 0.6 billion in deficit in the third quarter of 2020. In the secondary income account, EUR 0.4 billion were paid to Finland and, correspondingly, EUR one billion from Finland abroad.

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



Financial account and net international investment position

Net international investment position weakened in the third quarter

In the third quarter of 2020, Finland had EUR 844.3 billion in foreign assets on gross and EUR 849.6 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 -5.4 billion as there were more liabilities than assets. Assets on gross diminished due to the fall in the stocks of derivatives and other investments. By contrast, liabilities on gross grew, which was mainly due to an increase in investment stocks in portfolio investments.

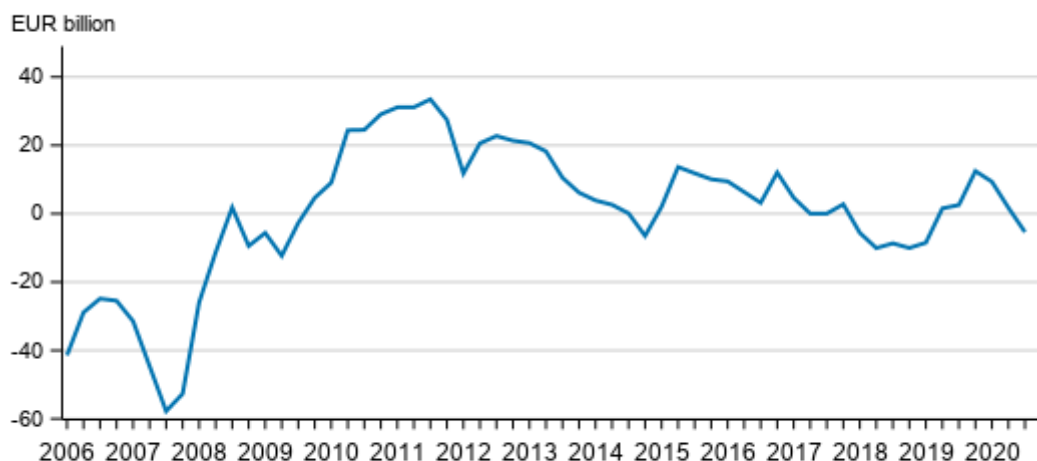
The net international investment position fell from the previous quarter when the net international investment position was EUR 1.7 billion. Financial transactions stood for EUR 2.2 billion of the fall in the net international investment position, while prices and exchange rates and other changes in classifications stood for EUR 4.9 billion.

Portfolio investment assets and liabilities increased

Examined by type of investment, most foreign assets at the end of the third quarter of 2020 were in the form of portfolio investments. Portfolio investment assets grew significantly from the previous quarter. At the end of the third quarter of 2020, there were EUR 338.1 billion in portfolio investment assets, while in the previous quarter there were EUR 332.4 billion in assets. Portfolio investment assets in bonds and money market instruments amounted to EUR 128.1 billion and assets in equity and mutual fund shares to EUR 210 billion.

The share of portfolio investments is also highest in foreign liabilities. At the end of the third quarter of 2020, portfolio investment liabilities stood at EUR 419.1 billion and the stock of portfolio investment liabilities also grew considerably due to price changes from the previous quarter, when the stock of portfolio investment liabilities stood at EUR 414.9 billion. Portfolio investment liabilities were highest in the form of bonds and money market instruments, which stood at EUR 269,1 billion at the end of the third quarter.

Finland's net international investment position quarterly



When examining the net international investment position by type of investment, it can be seen that the biggest net assets were in direct investments, while the largest net liabilities were in the form of portfolio investments. In the third quarter of 2020, net assets decreased most in other investments, by a total of EUR 10.4 billion, which is mainly explained by the share of deposits. Net assets of other investments amounted to EUR 9.4 billion in total at the end of the quarter.

The net assets of direct investments amounted to EUR 56.6 billion. The net liability of portfolio investments amounted to EUR 81 billion. Net liabilities of portfolio investments are explained by net liabilities of EUR 141 billion in bonds and money market instruments. Assets in equity and mutual fund shares in portfolio investments were EUR 60 billion higher than liabilities.

Net capital inflow to Finland from abroad

In the third quarter of 2020, net capital inflow to Finland from abroad amounted to EUR 2.2 billion. Net capital inflow to Finland was mainly in the form of other investments, totalling EUR 9.6 billion. In addition, in the form of the portfolio investments, net capital outflow from Finland abroad amounted EUR 5.8 billion.

Social security funds had largest net assets

When the net investment position is examined by investor sector, most foreign net assets, EUR 148.9 billion, were held by social security funds, of which employment pension schemes are the most important ones. EUR 120.8 billion of social security funds' net assets were in the form of equity, mutual fund shares and other equity and EUR 24.9 billion in the form of money market instruments and bonds. Net assets of social security funds grew from the previous quarter primarily as a result of price changes in assets of equity and mutual fund shares. Net liabilities were held most by other monetary financial institutions, EUR 134.9 billion.

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Appendix table 1. Current account, quarterly 2020, EUR million

		Year/quarter				
		2019/Q3	2019/Q4	2020/Q1	2020/Q2	2020/Q3
Credit	1. Current account	29 263	31 405	27 499	25 162	25 139
	1.1 Goods	15 514	17 236	14 902	13 943	14 092
	1.2 Services	8 174	8 557	7 047	5 597	5 569
	1.3 Primary income	5 194	5 226	4 972	5 268	5 101
	1.4 Secondary income	381	385	579	354	376
Debit	1. Current account	28 320	29 137	28 704	26 049	24 517
	1.1 Goods	15 757	15 587	14 927	12 972	13 965
	1.2 Services	8 033	9 027	8 015	6 352	6 229
	1.3 Primary income	3 602	3 731	4 545	5 569	3 349
	1.4 Secondary income	927	791	1 218	1 157	974

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 2020, EUR million

		Year/quarter				
		2019/Q3	2019/Q4	2020/Q1	2020/Q2	2020/Q3
Assets	S1 Total economy	-16 880	-69 463	10 992	-34 161	-22 962
	S11 Non-financial corporations	-6 587	-10 835	-8 176	-7 254	-8 894
	S121 Central bank	925	-12 440	5 835	11 483	-4 775
	S122 Other monetary financial institutions	-719	-32 308	37 642	-27 152	-5 274
	S123 Money market funds (MMF)	.	.	.	.	.
	S124 Collective investment schemes, excl. money market funds	782	-310	-1 590	1 311	1 328
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	-539	947	-20	203	295
	S128+S129 Insurance corporations and pension funds	9	-297	-171	671	222
	S1311 Central government	-1 956	-6 170	-8 153	-3 546	-2 309
	S1313 Local government	6	70	7	28	-63
	S1314 Social security funds	-8 909	-8 389	-14 511	-10 088	-3 792
	S14+S15 Households and non-profit institutions serving households	109	268	130	183	300
	Liabilities	S1 Total economy	-11 703	-66 931	14 580	-32 550	-20 742
S11 Non-financial corporations		-3 483	-8 014	-6 814	-6 246	-6 549
S121 Central bank		-220	251	378	838	524
S122 Other monetary financial institutions		5 166	-44 930	29 077	-18 582	-3 362
S123 Money market funds (MMF)				1	1	
S124 Collective investment schemes, excl. money market funds		385	51	-207	72	525
S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders		1 446	2 313	454	-228	1 466
S128+S129 Insurance corporations and pension funds		139	83	266	85	74
S1311 Central government		-4 084	-7 070	2 601	-573	-9 637
S1313 Local government		19	274	247	249	-11
S1314 Social security funds		-11 157	-9 903	-11 692	-7 947	-3 843
S14+S15 Households and non-profit institutions serving households		86	15	269	-220	71
Net		S1 Total economy	-5 177	-2 532	-3 588	-1 610	-2 220
	S11 Non-financial corporations	-3 104	-2 821	-1 362	-1 008	-2 345
	S121 Central bank	1 145	-12 690	5 457	10 646	-5 299
	S122 Other monetary financial institutions	-5 885	12 623	8 565	-8 570	-1 911
	S123 Money market funds (MMF)			-1	-1	
	S124 Collective investment schemes, excl. money market funds	397	-361	-1 383	1 238	802
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	-1 985	-1 366	-473	431	-1 171
	S128+S129 Insurance corporations and pension funds	-130	-380	-437	586	147
	S1311 Central government	2 128	900	-10 754	-2 972	7 328
	S1313 Local government	-13	-204	-240	-221	-52
	S1314 Social security funds	2 248	1 514	-2 819	-2 141	51
	S14+S15 Households and non-profit institutions serving households	22	252	-139	403	229

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 2020, EUR million

		Year/quarter				
		2019/Q3	2019/Q4	2020/Q1	2020/Q2	2020/Q3
Assets	S1 Total economy	863 595	821 176	851 327	848 625	844 252
	S11 Non-financial corporations	154 276	161 296	166 537	165 990	167 493
	S121 Central bank	96 781	84 047	89 736	101 549	94 317
	S122 Other monetary financial institutions	264 944	223 490	278 321	246 516	238 914
	S123 Money market funds (MMF)	.	.	.	.	.
	S124 Collective investment schemes, excl. money market funds	88 484	90 779	77 313	85 934	89 275
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	34 584	35 997	35 950	35 759	37 497
	S128+S129 Insurance corporations and pension funds	31 524	31 247	29 055	30 813	31 395
	S1311 Central government	14 472	14 061	14 042	14 121	14 598
	S1313 Local government	755	848	750	828	783
	S1314 Social security funds	163 162	163 776	145 919	151 843	153 769
	S14+S15 Households and non-profit institutions serving households	14 612	15 635	13 705	15 273	16 210
	Liabilities	S1 Total economy	861 051	808 713	841 988	846 900	849 625
S11 Non-financial corporations		239 441	242 849	229 262	244 948	255 728
S121 Central bank		12 606	12 849	13 252	14 061	14 554
S122 Other monetary financial institutions		415 109	360 839	401 028	380 392	373 770
S123 Money market funds (MMF)		1	1	2	3	3
S124 Collective investment schemes, excl. money market funds		27 667	28 863	24 963	27 736	29 215
S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders		53 938	57 089	53 607	54 516	57 914
S128+S129 Insurance corporations and pension funds		2 484	2 524	2 803	2 917	3 000
S1311 Central government		96 196	93 587	104 767	109 406	102 938
S1313 Local government		4 202	4 477	4 727	4 967	4 958
S1314 Social security funds		6 852	3 068	4 739	5 335	4 857
S14+S15 Households and non-profit institutions serving households		2 553	2 568	2 837	2 618	2 688
Net		S1 Total economy	2 543	12 462	9 339	1 725	-5 373
	S11 Non-financial corporations	-85 165	-81 553	-62 725	-78 958	-88 234
	S121 Central bank	84 175	71 198	76 484	87 488	79 764
	S122 Other monetary financial institutions	-150 165	-137 349	-122 707	-133 875	-134 856
	S123 Money market funds (MMF)	-1	-1	-2	-3	-3
	S124 Collective investment schemes, excl. money market funds	60 817	61 916	52 349	58 197	60 060
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	-19 354	-21 093	-17 657	-18 757	-20 417
	S128+S129 Insurance corporations and pension funds	29 039	28 723	26 252	27 895	28 395
	S1311 Central government	-81 724	-79 526	-90 725	-95 285	-88 340
	S1313 Local government	-3 447	-3 628	-3 977	-4 139	-4 175
	S1314 Social security funds	156 309	160 709	141 180	146 508	148 912
	S14+S15 Households and non-profit institutions serving households	12 058	13 067	10 867	12 655	13 522

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 2019	12 month moving sum	2020/09	2020/10
1. Current account	-345	818	215	535
1.1. Goods	2 264	2 771	85	418
1.2. Services	-1 487	-2 881	-260	-287
1.3. Primary income	1 219	3 412	582	580
1.4. Secondary income	-2 341	-2 484	-193	-176
2. Capital account	187	186	15	15
3. Financial account	-8 731	-16 502	-2 143	-5 467
3.1. Direct investment	-7 813	-1 513	294	255
3.2. Portfolio investment	-24 880	-7 861	6 980	-1 968
3.3. Other investment	22 972	-5 822	-8 929	-3 896
3.4. Financial derivatives	463	-1 077	-576	73
3.5. Reserve assets	527	-229	89	70
4. Errors and omissions	-8 573	-17 506	-2 373	-6 016

- 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