

Balance of payments and international investment position

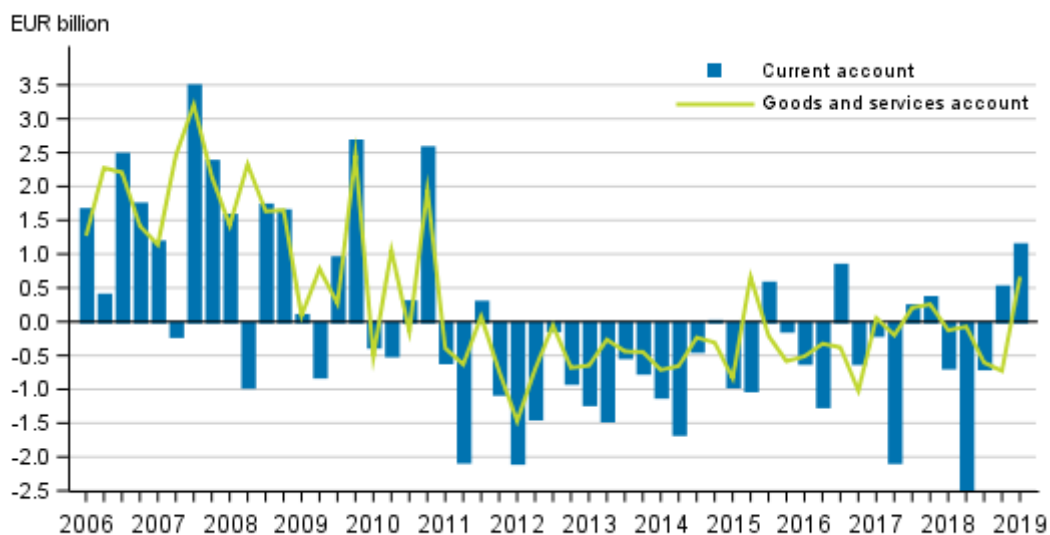
2019, 1st quarter, April

Current account showed a surplus in the first quarter, net international investment position strengthened

Correction on 14 June 2019 at 8:40 am. The Correction is indicated in red

The current account was in surplus in the first quarter of 2019. The value of goods exports in balance of payments terms increased by 4 per cent and the value of service exports by 7 per cent. Net exports of goods turned positive. In addition to goods trade, the primary income account was also positive. 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 first quarter of 2019, the current account was EUR 1.2 billion in surplus. The balance of goods and services showed a surplus of EUR 0.7 billion. Of the sub-items of the current account, the primary income account was EUR 0.8 billion in surplus and the secondary income account EUR 0.3 billion in deficit.

Goods and services

The trade account in balance of payments terms was EUR 1.1 billion in surplus in the first quarter of 2019. In the corresponding quarter of the previous year, the trade account surplus amounted to EUR 0.2 billion. The service account showed a deficit of EUR 0.5 billion in the first quarter of 2019. The deficit in the service account is explained in particular by strengthening imports of telecommunications, computer and information services and other business services compared to the corresponding quarter of the previous year.

Goods exports in balance of payments terms amounted EUR 16.0 billion in the first quarter of 2019, which means that goods exports strengthened by 4 per cent from the corresponding period of 2018. Goods imports declined to EUR 14.9 billion or by 2 per cent year-on-year. In the first quarter of 2019, service exports grew by 7 per cent and service imports by 9 per cent compared to the corresponding quarter of the previous year. Service exports amounted to EUR 7.0 billion and service imports to EUR 7.5 billion and, thus, the service account again showed a 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 first quarter

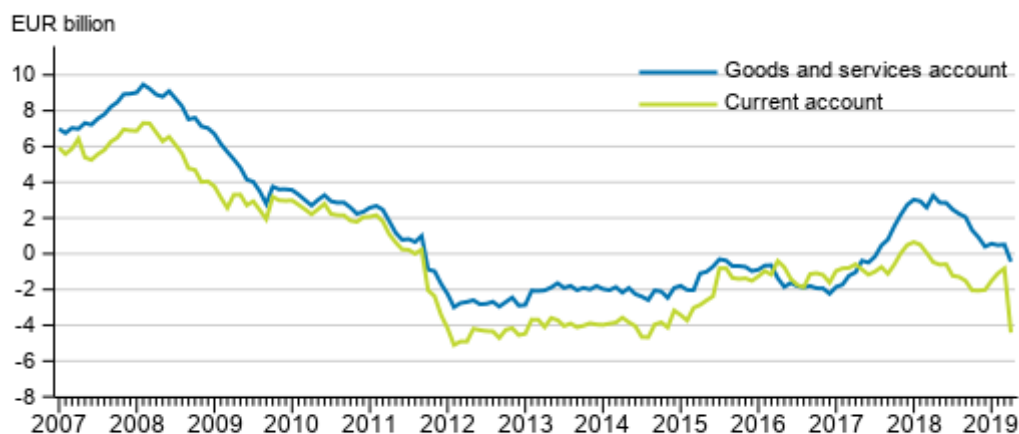
The primary income account was EUR 0.8 billion in surplus in the first quarter of 2019. The primary income account includes compensation of employees, investment income and other primary income paid abroad from Finland and from abroad to Finland. The surplus of primary income was mainly due to investment income, which includes such as returns on capital like interests and dividends. EUR 0.6 billion were paid in investment income in net to Finland in the first quarter of 2019.

The secondary income account was EUR 0.3 billion in deficit in the first quarter of 2019.

Current account in deficit in April 2019

The current account was EUR 4.2 billion in deficit in **April**. The value of goods exports in balance of payments terms decreased by 8 per cent from twelve months back. Primary income showed deficit due to a strong increase in investment income debits. Increase in investment income debits are due to international company restructurings at the end of last year. The final contribution of these restructurings in balance of payments will be available in September 2020 when annual data for statistical year 2019 is updated. Also 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

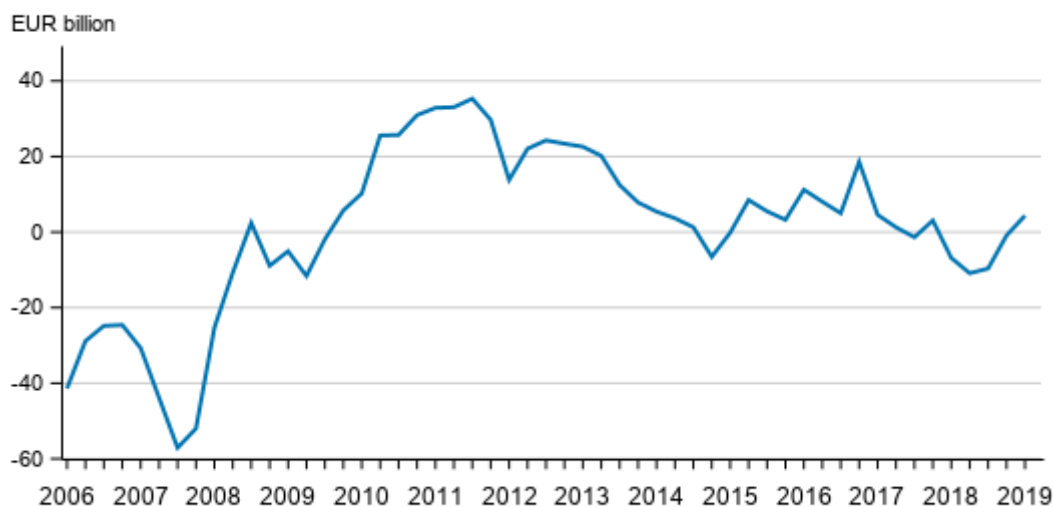
Net international investment position strengthened from the previous quarter

At the end of the first quarter of 2019, Finland had EUR 811.2 billion in foreign assets on gross and EUR 806.9 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 4.3 billion as there were more assets than liabilities.

The net international investment position improved from the previous quarter when the net international investment position was EUR -0.9 billion. Financial transactions stood for EUR 1.6 billion and changes in classifications and other valuation changes for EUR 3.7 billion of the change in the net international investment position.

The stock of international assets and liabilities grew strongly in the last quarter of 2018 as the result of a significant company restructuring, and the growth in the stock of assets and liabilities continued also in the first quarter of 2019. Foreign assets grew most through increases and valuation changes in cash and deposits, as well as equity and investment fund shares. The stock of liabilities grew as a result of increases in cash and deposits, as well as debt securities.

Finland's net international investment position quarterly



Capital outflow from Finland in the form of other investments

Examined by type of investment, the biggest net assets, EUR 37.6 billion were in direct investments. The net assets of other investments amounted to EUR 28.5 billion. Highest net liabilities, EUR 69.6 billion were in portfolio investments, which is explained by the stock of liabilities in bonds and money market instruments. Assets were higher than liabilities in equity and investments fund shares.

In the first quarter of 2019, net capital outflow from Finland was largely in form of other investments. 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.

Examined by investor sectors, foreign assets increased most in the central bank sector and other monetary financial institutions. Growth in the stock of liabilities is due to the growth in the liabilities of other monetary financial institutions and enterprises. 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 113.7 billion of social security funds' net foreign assets were in shares and mutual fund shares. Other monetary financial institutions, EUR 133.9 billion and enterprises, EUR 95.9 billion had most net liabilities.

The flow data of the financial account were revised for 2017 and 2018. The biggest revisions applied to the net flow of investment fund shares, equity and bonds.

Financial account in April 2019

Financial account showed net capital outflow of EUR 2.6 billion. By functional category, net capital outflow of EUR 8.3 billion was in form of other investments and net capital inflow of EUR 5.8 billion in form of portfolio investments.

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

		Year/quarter				
		2018/Q1	2018/Q2	2018/Q3	2018/Q4	2019/Q1
Credit	1. Current account	26 075	27 296	25 970	29 222	28 022
	1.1 Goods	15 326	16 213	15 267	16 230	15 977
	1.2 Services	6 572	6 567	6 832	7 873	7 040
	1.3 Primary income	3 829	4 256	3 572	4 797	4 398
	1.4 Secondary income	347	261	298	323	607
Debit	1. Current account	26 752	30 187	26 660	28 686	26 862
	1.1 Goods	15 127	15 349	15 478	16 272	14 858
	1.2 Services	6 898	7 501	7 226	8 557	7 496
	1.3 Primary income	3 686	6 509	3 107	2 978	3 577
	1.4 Secondary income	1 040	829	848	878	931

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/Q1	2018/Q2	2018/Q3	2018/Q4	2019/Q1
Assets	S1 Total economy	-13 736	-23 814	-5 227	-35 244	24 688
	S11 Non-financial corporations	-8 475	-11 883	-7 275	-11 715	-5 347
	S121 Central bank	17 207	-2 673	5 421	-22 512	30 215
	S122 Other monetary financial institutions	-8 981	3 201	8 598	12 011	11 173
	S123 Money market funds (MMF)	-183	-19	-197	4	-43
	S124 Collective investment schemes, excl. money market funds	2 165	645	73	-1 356	-1 980
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	1 143	-192	23	-864	1 178
	S128+S129 Insurance corporations and pension funds	51	-129	243	96	358
	S1311 Central government	-8 552	-5 280	-5 523	-4 128	-3 927
	S1313 Local government	27	-4	-4	-4	-2
	S1314 Social security funds	-8 459	-7 593	-6 680	-6 110	-7 147
	S14+S15 Households and non-profit institutions serving households	321	114	95	-667	210
	Liabilities	S1 Total economy	-8 851	-23 000	-4 110	-31 919	23 120
S11 Non-financial corporations		-3 828	-12 703	-7 425	-11 519	-5 401
S121 Central bank		-984	993	-104	1 068	-990
S122 Other monetary financial institutions		14 120	2 783	14 776	-9 758	45 110
S123 Money market funds (MMF)		-10	7		39	-8
S124 Collective investment schemes, excl. money market funds		286	370	501	46	-1 500
S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders		2 346	622	960	1 451	-1 065
S128+S129 Insurance corporations and pension funds		154	122	133	49	-48
S1311 Central government		-9 748	-6 104	-6 540	-4 311	-5 073
S1313 Local government		-21	-42	7	-7	41
S1314 Social security funds		-11 165	-9 048	-6 417	-8 977	-7 946
S14+S15 Households and non-profit institutions serving households		.	.	.	.	.
Net		S1 Total economy	-4 886	-814	-1 117	-3 325	1 568
	S11 Non-financial corporations	-4 647	820	150	-196	55
	S121 Central bank	18 191	-3 666	5 525	-23 580	31 205
	S122 Other monetary financial institutions	-23 101	419	-6 178	21 769	-33 937
	S123 Money market funds (MMF)	-173	-26	-196	-35	-35
	S124 Collective investment schemes, excl. money market funds	1 879	275	-428	-1 401	-480
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	-1 203	-814	-937	-2 315	2 242
	S128+S129 Insurance corporations and pension funds	-103	-251	110	47	406
	S1311 Central government	1 196	824	1 017	183	1 146
	S1313 Local government	48	38	-11	3	-43
	S1314 Social security funds	2 706	1 455	-263	2 867	800
	S14+S15 Households and non-profit institutions serving households	321	114	95	-667	210

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/Q1	2018/Q2	2018/Q3	2018/Q4	2019/Q1
Assets	S1 Total economy	629 917	636 325	655 838	741 922	811 201
	S11 Non-financial corporations	141 943	138 632	139 830	129 910	132 905
	S121 Central bank	85 943	83 574	88 655	66 362	97 137
	S122 Other monetary financial institutions	69 295	74 002	82 376	230 149	248 346
	S123 Money market funds (MMF)	2 366	2 340	2 138	2 129	.
	S124 Collective investment schemes, excl. money market funds	81 659	83 212	84 420	77 057	81 936
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	42 110	43 248	45 344	36 541	38 628
	S128+S129 Insurance corporations and pension funds	30 733	30 948	31 260	30 078	31 490
	S1311 Central government	12 700	13 199	12 998	12 165	14 012
	S1313 Local government	744	741	745	681	728
	S1314 Social security funds	147 609	151 470	152 390	145 586	153 766
	S14+S15 Households and non-profit institutions serving households	14 815	14 958	15 683	11 264	12 254
	Liabilities	S1 Total economy	636 756	647 210	665 487	742 819	806 858
S11 Non-financial corporations		230 818	234 202	237 576	214 060	228 811
S121 Central bank		12 325	13 130	12 876	13 570	12 690
S122 Other monetary financial institutions		210 999	215 100	229 462	333 156	382 242
S123 Money market funds (MMF)		21	29	28	68	1
S124 Collective investment schemes, excl. money market funds		26 205	27 037	28 114	26 221	26 244
S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders		49 756	50 612	52 977	52 711	52 917
S128+S129 Insurance corporations and pension funds		2 998	3 113	3 236	3 247	3 247
S1311 Central government		93 655	93 514	91 051	90 355	90 483
S1313 Local government		3 963	3 921	3 928	3 921	4 330
S1314 Social security funds		6 015	6 552	6 238	5 511	5 895
S14+S15 Households and non-profit institutions serving households		.	.	.	.	.
Net		S1 Total economy	-6 839	-10 884	-9 649	-898	4 342
	S11 Non-financial corporations	-88 875	-95 570	-97 747	-84 150	-95 906
	S121 Central bank	73 618	70 444	75 779	52 791	84 447
	S122 Other monetary financial institutions	-141 704	-141 098	-147 086	-103 007	-133 895
	S123 Money market funds (MMF)	2 344	2 311	2 110	2 062	-1
	S124 Collective investment schemes, excl. money market funds	55 454	56 176	56 305	50 836	55 692
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	-7 646	-7 363	-7 633	-16 170	-14 289
	S128+S129 Insurance corporations and pension funds	27 735	27 835	28 023	26 831	28 243
	S1311 Central government	-80 955	-80 315	-78 054	-78 189	-76 471
	S1313 Local government	-3 219	-3 180	-3 183	-3 240	-3 602
	S1314 Social security funds	141 594	144 918	146 152	140 075	147 871
	S14+S15 Households and non-profit institutions serving households	14 815	14 958	15 683	11 264	12 254

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	2019/03	2019/04
1. Current account	-3 722	-5 302	-238	-4 244
1.1. Goods	809	964	205	-192
1.2. Services	-2 338	-2 457	-180	-253
1.3. Primary income	173	-1 906	-170	-3 695
1.4. Secondary income	-2 365	-1 903	-93	-105
2. Capital account	183	183	16	15
3. Financial account	-10 141	1 295	1 809	2 665
3.1. Direct investment	8 311	4 751	-711	-349
3.2. Portfolio investment	-21 494	-37 481	-6 725	-5 820
3.3. Other investment	3 166	32 210	9 189	8 261
3.4. Financial derivatives	-70	1 366	111	461
3.5. Reserve assets	-54	449	-54	111
4. Errors and omissions	-6 603	6 414	2 031	6 894

- 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