

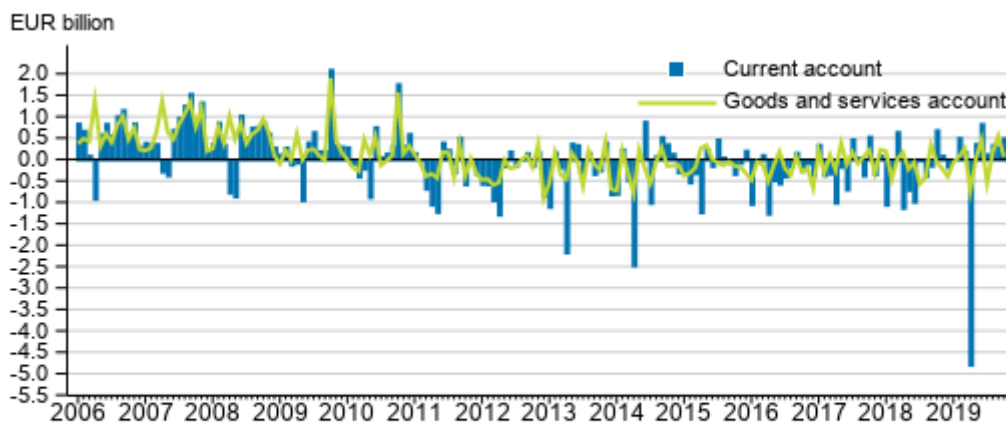
# Balance of payments and international investment position

2019, 3rd quarter, October

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

The current account was in surplus in the third quarter of 2019. The value of goods exports in balance of payments terms remained on level with the corresponding quarter of last year. Service exports grew strongly, which resulted in the service account turning to surplus. The primary income account was also in surplus. 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 third quarter of 2019, the current account was EUR 0.8 billion in surplus. The balance of goods and services showed a surplus of EUR 0.2 billion. Of the sub-items of the current account, the primary income account was EUR 1.2 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 deficit in the third quarter of 2019. In the corresponding quarter of the previous year, the trade account deficit amounted to EUR 0.2 billion. The service account showed a surplus of EUR 0.2 billion in the third quarter of 2019. The surplus in the service account is primarily explained by strong growth in the export of IT services.

Goods exports in balance of payments terms amounted to EUR 15.4 billion in the third quarter of 2019, which means that goods exports remained on level with the corresponding quarter of last year. Goods imports amounted to EUR 15.5 billion, so goods imports declined by 1 per cent from the third quarter in 2018. In the third quarter of 2019, service exports grew by 17 per cent and service imports by 7 per cent compared to the corresponding quarter of the previous year. Service exports amounted to EUR 7.9 billion and service imports to EUR 7.6 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 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 third quarter

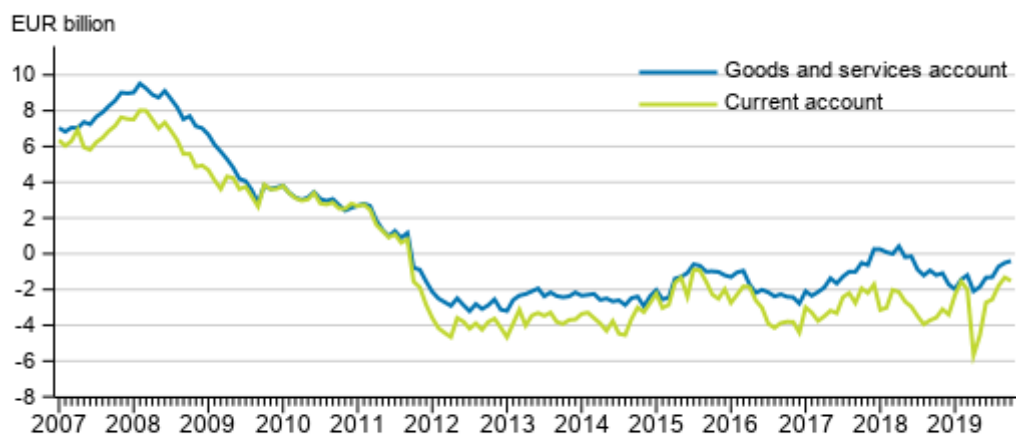
The primary income account was EUR 1.2 billion in surplus in the third quarter of 2019. The primary income account includes compensation of employees, investment income and other primary income paid abroad from Finland and from abroad to Finland. The surplus of primary income was mainly due to investment income, which includes such as returns on capital like interests and dividends. A total of EUR 1.1 billion were paid to Finland in investment income on net in the third quarter of 2019.

The secondary income account was EUR 0.6 billion in deficit in the third quarter of 2019.

## Current account in surplus in October 2019

The current account showed a surplus in October. The value of exports of goods in balance of payments terms decreased by three per cent from one year ago. Of the sub-items of the current account, the primary income account and trade account were in surplus. The service account in balance of payments terms 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 third quarter of 2019, Finland foreign assets amounted to EUR 856.2 billion on gross and EUR 854.9 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 1.3 billion as there were more assets than liabilities. Both gross assets and gross liabilities grew substantially, which was mainly due to growth in financial derivatives' stocks.

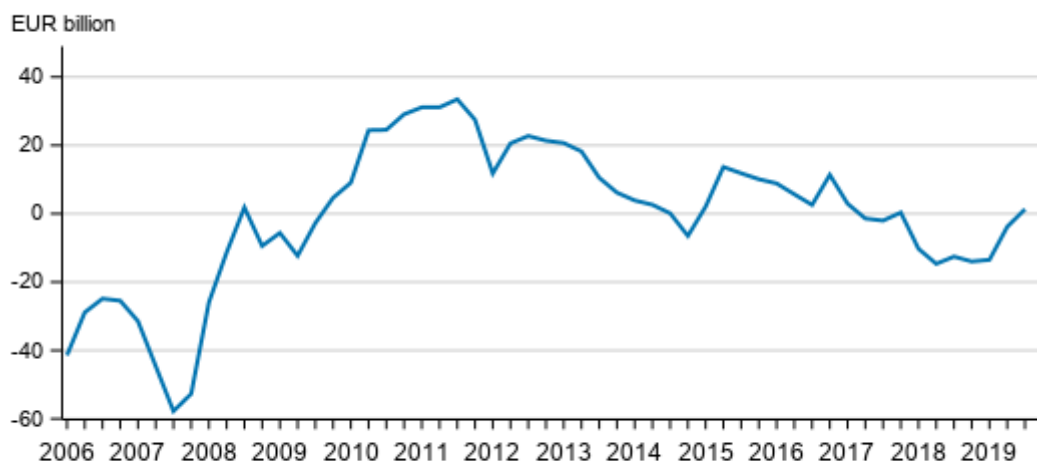
The net international investment position improved from the previous quarter when the net international investment position was EUR -3.8 billion. Financial transactions stood for EUR 0.9 billion and changes in classifications and other valuation changes for EUR 4.3 billion of the change in the net international investment position.

Examined by type of investment, the biggest gross assets, EUR 334.0 billion were in portfolio investments. Gross assets of bonds and money market instruments amounted to EUR 135.9 billion and equity and investments fund shares EUR 204.1 billion. Gross assets in direct investments amounted to EUR 165.4 billion and other investments EUR 267.6 billion.

Portfolio investments had also the biggest gross liabilities with EUR 441.8 billion. Gross liabilities of direct investments amounted to EUR 115.3 billion and other investments EUR 252.6 billion respectively.

Examined by type of investment, the biggest net assets, EUR 50.1 billion were in direct investments. Highest net liabilities, EUR 71.8 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 133.6 billion. However, equity and investments fund shares amounted to a net surplus of EUR 61.8 billion.

## Finland's net international investment position quarterly



### *Capital outflow from Finland in the form of portfolio investments*

In the third quarter of 2019, net capital outflow from Finland was largely in form of portfolio investments, which amounted to an outflow of EUR 3.3 billion. Capital inflow to Finland was in the form of other investments, which amounted to an inflow of EUR 3.7 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 153.5 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 146.5 billion and enterprises, EUR 88.7 billion had most net liabilities.

## Financial account in October 2019

Financial account showed net capital outflow of EUR 2.6 billion. By functional category, net capital outflow was in form of other investments 1.7 billion and in form of portfolio investments 1.5 billion.

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

		Year/quarter				
		2018/Q3	2018/Q4	2019/Q1	2019/Q2	2019/Q3
Credit	1. Current account	26 327	29 174	28 482	28 907	28 011
	1.1 Goods	15 418	16 353	16 250	16 071	15 399
	1.2 Services	6 709	7 494	6 936	7 318	7 856
	1.3 Primary income	3 818	4 925	4 588	5 178	4 384
	1.4 Secondary income	381	402	709	340	371
Debit	1. Current account	26 845	28 486	27 661	32 423	27 177
	1.1 Goods	15 620	16 381	15 126	15 753	15 462
	1.2 Services	7 164	8 128	7 814	7 897	7 630
	1.3 Primary income	3 132	3 019	3 685	7 876	3 144
	1.4 Secondary income	929	958	1 037	897	942

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/Q3	2018/Q4	2019/Q1	2019/Q2	2019/Q3
Assets	S1 Total economy	660 030	747 327	822 439	827 171	856 224
	S11 Non-financial corporations	145 971	141 555	143 992	142 279	145 680
	S121 Central bank	88 566	66 197	97 041	95 088	96 508
	S122 Other monetary financial institutions	82 218	229 995	251 891	255 888	269 202
	S123 Money market funds (MMF)	2 138	2 129	.	.	.
	S124 Collective investment schemes, excl. money market funds	84 423	77 050	83 719	84 447	87 804
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	44 640	32 163	34 299	35 932	35 609
	S128+S129 Insurance corporations and pension funds	31 191	29 860	31 369	31 617	31 918
	S1311 Central government	13 103	12 080	13 924	13 672	14 320
	S1313 Local government	750	688	711	732	760
	S1314 Social security funds	149 420	142 327	151 230	153 059	159 678
	S14+S15 Households and non-profit institutions serving households	17 610	13 284	14 262	14 456	14 746

		Year/quarter				
		2018/Q3	2018/Q4	2019/Q1	2019/Q2	2019/Q3
Liabilities	S1 Total economy	672 588	761 310	835 925	831 010	854 921
	S11 Non-financial corporations	241 575	221 629	234 085	228 330	234 352
	S121 Central bank	12 876	13 570	12 690	12 791	12 607
	S122 Other monetary financial institutions	232 064	346 487	400 580	395 793	415 730
	S123 Money market funds (MMF)	28	68	1	1	1
	S124 Collective investment schemes, excl. money market funds	27 818	25 955	26 210	25 724	26 571
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	52 427	49 151	55 433	56 799	54 077
	S128+S129 Insurance corporations and pension funds	2 376	2 310	2 520	2 595	2 719
	S1311 Central government	91 009	90 347	92 170	96 970	96 218
	S1313 Local government	4 021	4 042	4 141	4 196	4 164
	S1314 Social security funds	6 153	5 491	5 771	5 489	6 159
	S14+S15 Households and non-profit institutions serving households	2 240	2 260	2 323	2 323	2 323
	Net	S1 Total economy	-12 558	-13 983	-13 486	-3 839
S11 Non-financial corporations		-95 603	-80 074	-90 093	-86 050	-88 672
S121 Central bank		75 691	52 627	84 351	82 298	83 901
S122 Other monetary financial institutions		-149 847	-116 492	-148 689	-139 905	-146 529
S123 Money market funds (MMF)		2 110	2 062	-1	-1	-1
S124 Collective investment schemes, excl. money market funds		56 604	51 094	57 509	58 722	61 233
S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders		-7 788	-16 988	-21 134	-20 867	-18 468
S128+S129 Insurance corporations and pension funds		28 815	27 550	28 849	29 023	29 199
S1311 Central government		-77 906	-78 267	-78 246	-83 298	-81 898
S1313 Local government		-3 272	-3 354	-3 430	-3 463	-3 404
S1314 Social security funds		143 267	136 837	145 459	147 570	153 519
S14+S15 Households and non-profit institutions serving households		15 370	11 024	11 939	12 133	12 422

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	2019/09	2019/10
1. Current account	-3 195	-1 376	322	520
1.1. Goods	823	1 569	103	276
1.2. Services	-2 537	-1 972	445	-214
1.3. Primary income	861	981	8	610
1.4. Secondary income	-2 342	-1 955	-234	-153
2. Capital account	197	189	16	9
3. Financial account	-12 858	3 177	3 633	2 556
3.1. Direct investment	11 543	-1 472	-409	-1 149
3.2. Portfolio investment	-20 252	-28 220	-564	1 518
3.3. Other investment	-3 438	32 808	4 682	1 724
3.4. Financial derivatives	-595	-383	-20	480
3.5. Reserve assets	-116	444	-56	-18
4. Errors and omissions	-9 860	4 365	3 295	2 027

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