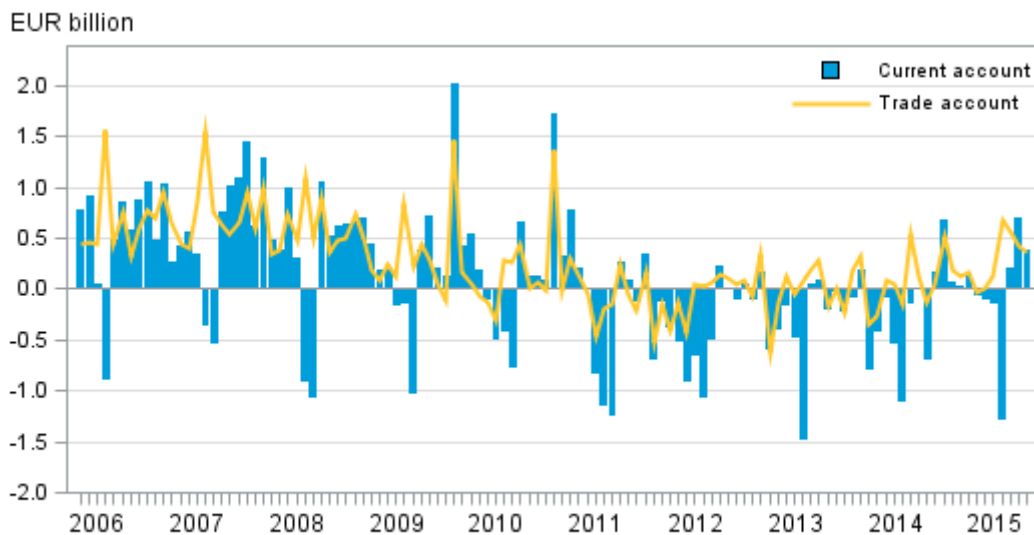


Balance of payments and international investment position

Current account in deficit in the second quarter, net capital outflow from Finland

Current account deficit in the second quarter of 2015 diminished from one year ago. In July, the current account showed a surplus. On the financial account side, capital was exported from Finland in the second quarter. These data derive from Statistics Finland's balance of payments and international investment position statistics.

Finland's current account and trade account



Current account in the second quarter

The current account was EUR 0.4 billion in deficit in the second quarter of 2015. The deficit was generated from the service, primary and secondary income accounts. The value of exports of goods decreased from one year ago but the bigger drop in imports than in exports pushed the goods account clearly into surplus.

The value of goods exports was EUR 14.3 billion in the second quarter. As in the first quarter, goods exports to Russia and Sweden continued to decline in the second quarter while goods exports to Germany grew.

The value of goods imports in balance of payment terms was EUR 12.7 billion in the second quarter and decreased by 12 per cent compared to the second quarter of 2014. The value of goods imports from Russia declined by 49 per cent. The goods account was EUR 1.7 billion in surplus as the value of goods imports declined more than the value of exports.

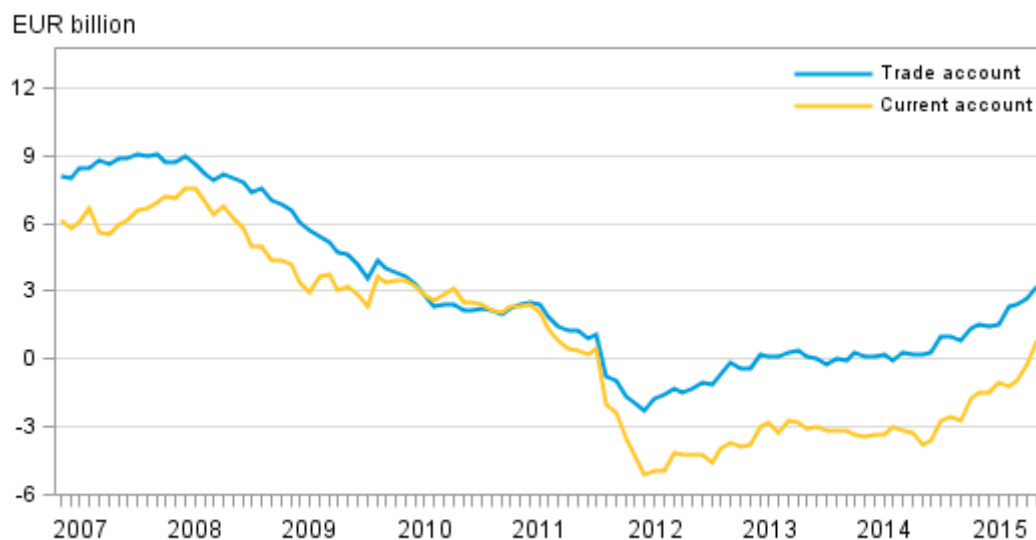
Service exports amounted to EUR 5.2 billion in the second quarter. The telecommunications, computer, and information services item and business activities grew from the corresponding quarter of the previous year. Service exports were depressed by the decrease in consumption by Russian visitors in Finland. Foreign tourists' consumption in Finland amounted to EUR 0.5 billion in the second quarter. Finns' travel abroad continued growing and the travel account was EUR 0.6 billion in deficit. Overall, service imports, EUR 5.8 billion, remained on last year's level. The service account, derived from the difference between service exports and imports was EUR 0.6 billion in deficit.

The primary income account was EUR 0.9 billion in deficit. The deficit was generated from investment income, which amounted to EUR 4.4 billion from abroad to Finland and to EUR 5.4 billion to abroad from Finland. Both investment income paid from abroad to Finland and to abroad from Finland grew from the second quarter in 2014. The secondary income account was EUR 0.6 billion in deficit. The secondary income account includes such as payments to international organisations.

Current account in July 2015

In July, the current account was EUR 0.4 billion in surplus. The current account surplus was generated from the goods and primary income accounts. The 12-month moving total of the current account was EUR 0.8 billion in surplus.

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



Financial account and international investment position

In the second quarter of 2015, net capital outflow from Finland amounted to EUR 4.6 billion. Capital outflow was mainly in the form of other investments (loans, deposits and trade credits), totalling EUR 11.3 billion. The main source of capital inflow was direct investments, EUR 3.9 billion.

At the end of June 2015, Finland had EUR 754.4 billion in foreign assets and EUR 740.6 billion in foreign liabilities. Finland's net international investment position grew in the second quarter to EUR 13.9 billion. The net investment position turned positive after two negative quarters. Price changes related to foreign assets and liabilities boosted the net investment position by EUR 10.8 billion in the second quarter. Changes in exchange rates and other valuation changes also strengthened the net investment position by EUR 1.0 billion.

Table 1. External assets and liabilities by investment type in 2015 Q2, EUR billion

	Opening position 31.03.2015	Financial transactions 2015 Q2	Price changes 2015 Q2	Changes in the exchange rates and valuation adjustments 2015 Q2	Closing position 30.6.2015
Financial account	-2,5	4,6	10,8	1,0	13,9
Assets	798,8	-11,7	-28,1	-4,6	754,4
Liabilities	801,3	-16,3	-38,9	-5,5	740,6
Direct investment	14,3	-3,9	-0,1	3,0	13,3
Assets	131,6	1,6	-0,4	0,0	132,8
Liabilities	117,3	5,4	-0,3	-3,0	119,5
Portfolio investment	2,4	-0,2	11,0	-2,2	11,0
Assets	306,7	-1,4	-2,3	-3,6	299,5
Liabilities	304,3	-1,2	-13,3	-1,4	288,4
Other investment	-37,4	11,3	0,0	0,3	-25,8
Assets	197,0	9,7	0,0	-0,7	206,0
Liabilities	234,4	-1,6	0,0	-1,1	231,7
Financial derivatives	8,6	-2,8	0,0	0,0	5,9
Reserve assets	9,6	0,1	-0,1	-0,2	9,5

Direct investments

At the end of June 2015 direct investment assets on gross stood at EUR 132.8 billion and the corresponding liabilities at EUR 119.5 billion. During the second quarter, direct investment assets increased by EUR 1.2 billion and liabilities by EUR 2.2 billion.

Finland still has more direct investment assets than liabilities even though the net investment position related to these investments has weakened further during 2015. At the end of 2014, assets exceeded liabilities by EUR 19.3 billion but at the end of June 2015, the difference was only EUR 13.3 billion. The change in the net investment position is mainly explained by changes in intra-group loans and trade credits. During the first half of 2015, these debt assets decreased by EUR 0.7 billion and the corresponding liabilities increased by EUR 10.7 billion.

Portfolio Investments

At the end of June 2015, Finland's portfolio investment assets stood at EUR 299.5 billion, of which EUR 148.4 billion were investments in equity and mutual fund shares, and EUR 151.1 billion in bonds and money market instruments. In the second quarter of 2015, EUR 2.2 billion in foreign investments in equity and mutual fund shares were dissolved and EUR 0.9 billion were added to debt securities. In the second quarter, portfolio investment assets decreased by a total of EUR 7.2 billion. The share of price changes in the fall of the investment stock was EUR 2.3 billion and that of other valuation changes EUR 3.6 billion.

At the end of June 2015, Finland's portfolio investment liabilities stood at EUR 288.4 billion, of which EUR 96.1 billion were investments in equity and mutual fund shares, and EUR 192.4 billion in bonds and money market instruments. In April to June, foreign investors lowered their investments in equity and mutual fund shares by EUR 1.4 billion and increased their investments in debt securities by EUR 0.2 billion. In the second quarter, portfolio investment liabilities decreased by a total of EUR 15.9 billion. Changes in security prices decreased liabilities by EUR 13.3 billion and other valuation changes by EUR 1.4 billion.

Other investments

In the second quarter of 2015, net capital outflow of other investments, i.e. loans, deposits and trade credits amounted to EUR 11.3 billion. The net investment position related to other investments improved by EUR 11.6 billion in the second quarter when the share of value changes, EUR 0.3 billion, is considered. At the end of the second quarter, assets as other investments amounted to EUR 206.0 billion and liabilities to EUR 231.7 billion. Of these assets, EUR 172.3 billion and of the liabilities, EUR 196.7 billion were held by financial institutions.

Financial derivatives

At the end of June, Finland had net assets in financial derivatives 5.9 billion EUR, which is EUR 2.8 billion less than at the end of March. Both assets and liabilities decreased clearly in the second quarter as a result of price and value changes.

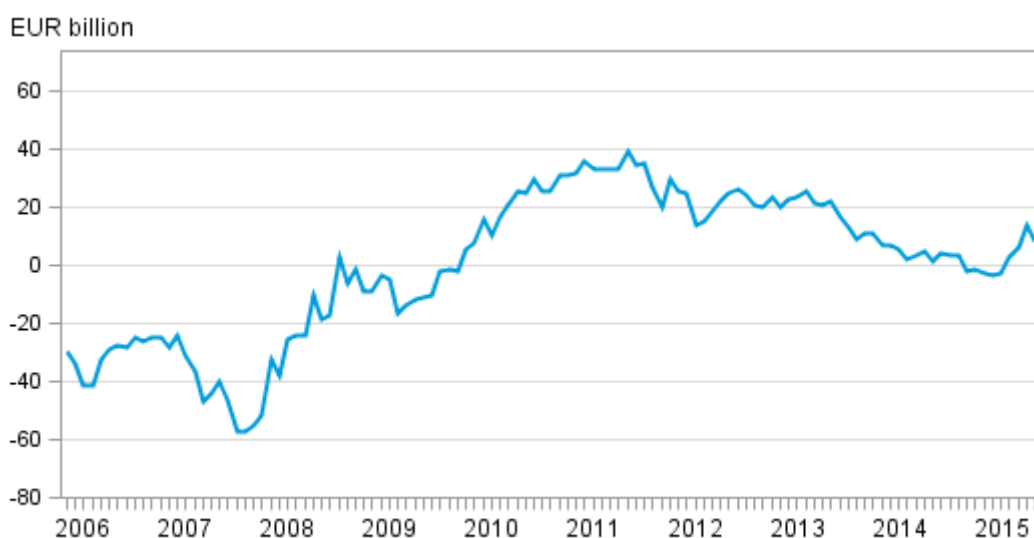
July 2015

In July, Finland's foreign financial assets and liabilities decreased. Due to a slightly bigger decline in financial assets, net capital inflow to Finland amounted to EUR 1.2 billion. The main source of capital inflow was other investments, EUR 3.0 billion. Direct investment inflow was EUR 0.4 billion and portfolio investment outflow was EUR 2.7 billion.

Finland's net investment position was EUR 8.5 billion positive at the end of July, as foreign assets amounted to EUR 744.7 billion and foreign liabilities to EUR 736.2 billion. Finland's net international investment position decreased by EUR 5.3 billion compared with the end of June, which was mainly caused by a decline in other investment assets.

The data for August 2015 will be published on 15 October 2015.

Finland's international investment position monthly



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Appendix tables

Appendix table 1. Finland's current account, quarterly 2015, EUR million

		Year/quartal				
		2014/Q2	2014/Q3	2014/Q4	2015/Q1	2015/Q2
Credit	1. Current account	24 797	24 223	24 160	22 872	24 612
	1.1 Goods	14 954	14 292	14 367	13 371	14 346
	1.2 Services	5 082	5 575	5 590	5 225	5 183
	1.3 Primary income	4 461	4 058	3 944	3 974	4 788
	1.4 Secondary income	299	298	258	302	294
Debit	1. Current account	25 996	24 059	23 919	23 129	24 984
	1.1 Goods	14 425	13 859	13 881	13 265	12 688
	1.2 Services	5 787	5 680	6 131	5 500	5 759
	1.3 Primary income	4 901	3 793	2 989	3 478	5 675
	1.4 Secondary income	883	728	917	886	862

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 2015, EUR million

		Year/quartal				
		2014/Q2	2014/Q3	2014/Q4	2015/Q1	2015/Q2
Assets	S1 Total economy	-9 840	-11 474	-32 463	-2 409	-11 682
	S11 Non-financial corporations	-10 475	-6 954	-6 946	-4 936	-2 417
	S121 Central bank	-1 051	-6 682	7 773	5 031	5 070
	S122 Other monetary financial institutions	2 314	7 407	-16 107	7 855	-6 950
	S123 Money market funds (MMF)	-183	378	68	415	-23
	S124 Collective investment schemes excl. money market funds	1 866	410	-1 073	1 070	1 465
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	450	728	-221	256	850
	S128+S129 Insurance corporations and pension funds	-1 117	-482	-1 303	2 014	-802
	S1311 Central government	-3 241	-4 671	-9 219	-5 474	-1 334
	S1313 Local government	5	1		-18	-4
	S1314 Social security funds	1 415	-1 628	-5 522	-8 496	-7 181
	S14+S15 Households and non-profit institutions serving households	178	18	88	-124	-354
	Liabilities	S1 Total economy	-7 339	-11 229	-35 119	1 249
S11 Non-financial corporations		-8 123	-5 462	-10 099	-451	-4 741
S121 Central bank		-282	88	67	47	596
S122 Other monetary financial institutions		4 693	253	-14 635	12 826	-4 060
S123 Money market funds (MMF)		-7		-3	5	5
S124 Collective investment schemes excl. money market funds		886	-1 138	-671	472	-2
S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders		814	1 259	624	424	49
S128+S129 Insurance corporations and pension funds		-297	54	80	-98	-268
S1311 Central government		-3 041	-3 665	-5 885	-5 072	-3 460
S1313 Local government		113	115	236	-69	63
S1314 Social security funds		-2 096	-2 733	-4 834	-6 836	-4 464
S14+S15 Households and non-profit institutions serving households						-

		Year/quartal				
		2014/Q2	2014/Q3	2014/Q4	2015/Q1	2015/Q2
Net	S1 Total economy	-2 501	-245	2 656	-3 657	4 601
	S11 Non-financial corporations	-2 352	-1 492	3 152	-4 486	2 324
	S121 Central bank	-769	-6 769	7 705	4 983	4 473
	S122 Other monetary financial institutions	-2 379	7 154	-1 472	-4 972	-2 890
	S123 Money market funds (MMF)	-176	378	71	410	-28
	S124 Collective investment schemes excl. money market funds	980	1 548	-402	598	1 467
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	-364	-531	-845	-168	801
	S128+S129 Insurance corporations and pension funds	-820	-536	-1 383	2 113	-535
	S1311 Central government	-200	-1 006	-3 334	-402	2 126
	S1313 Local government	-108	-114	-236	51	-67
	S1314 Social security funds	3 511	1 105	-689	-1 660	-2 717
	S14+S15 Households and non-profit institutions serving households	178	18	88	-124	-354

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 2015, EUR million

		Year/quartal				
		2014/Q2	2014/Q3	2014/Q4	2015/Q1	2015/Q2
Assets	S1 Total economy	679 302	709 874	718 949	798 817	754 442
	S11 Non-financial corporations	117 651	118 485	120 922	127 830	132 873
	S121 Central bank	43 422	37 150	45 139	51 141	55 763
	S122 Other monetary financial institutions	260 930	290 029	291 461	334 274	285 758
	S123 Money market funds (MMF)	1 909	2 287	2 351	2 765	2 732
	S124 Collective investment schemes excl. money market funds	60 260	61 796	62 403	68 673	67 995
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	20 344	21 570	20 907	23 437	23 931
	S128+S129 Insurance corporations and pension funds	25 525	25 428	24 458	27 713	25 983
	S1311 Central government	22 639	21 216	18 742	20 529	21 822
	S1313 Local government	417	435	436	482	427
	S1314 Social security funds	114 107	119 155	119 744	128 217	124 191
	S14+S15 Households and non-profit institutions serving households	12 098	12 325	12 387	13 756	12 966
	Liabilities	S1 Total economy	674 770	706 559	720 466	801 293
S11 Non-financial corporations		170 022	175 963	182 568	202 513	194 985
S121 Central bank		10 330	10 469	10 607	10 748	11 300
S122 Other monetary financial institutions		336 734	359 549	363 020	412 774	367 740
S123 Money market funds (MMF)		40	40	37	42	46
S124 Collective investment schemes excl. money market funds		18 379	17 540	17 260	19 223	18 857
S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders		27 651	29 787	31 014	35 353	33 173
S128+S129 Insurance corporations and pension funds		3 018	3 152	3 317	3 283	3 016
S1311 Central government		101 946	102 682	105 109	109 180	104 691
S1313 Local government		2 445	2 555	2 791	2 602	2 665
S1314 Social security funds		3 191	3 807	3 728	4 589	3 108
S14+S15 Households and non-profit institutions serving households		1 014	1 014	1 014	988	988
Net		S1 Total economy	4 532	3 316	-1 516	-2 477
	S11 Non-financial corporations	-52 371	-57 478	-61 646	-74 683	-62 112
	S121 Central bank	33 092	26 681	34 531	40 393	44 462
	S122 Other monetary financial institutions	-75 804	-69 520	-71 559	-78 500	-81 982
	S123 Money market funds (MMF)	1 869	2 247	2 314	2 724	2 686
	S124 Collective investment schemes excl. money market funds	41 881	44 255	45 143	49 450	49 139
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	-7 307	-8 217	-10 107	-11 916	-9 242
	S128+S129 Insurance corporations and pension funds	22 507	22 276	21 141	24 430	22 967
	S1311 Central government	-79 308	-81 466	-86 367	-88 650	-82 868
	S1313 Local government	-2 028	-2 121	-2 355	-2 120	-2 238
	S1314 Social security funds	110 916	115 348	116 017	123 628	121 083
	S14+S15 Households and non-profit institutions serving households	11 084	11 311	11 372	12 768	11 979

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

Appendix table 4. Finland's balance of payments 2015, EUR million

	Year 2014	12 month moving sum	2015/06	2015/07
1. Current account	-1 777	837	702	376
1.1 Goods	1 318	3 173	413	357
1.2 Services	-1 820	-1 549	-199	-95
1.3 Primary income	1 130	1 455	678	257
1.4 Secondary income	-2 406	-2 241	-189	-143
2. Capital account	188	212	17	13
3. Financial account	-8 395	4 206	3 605	-1 204
3.1 Direct investment	-12 552	-14 916	-4 442	-378
3.2 Portfolio investment	4 619	9 872	1 486	2 673
3.3 Other investment	293	15 099	6 975	-3 027
3.4 Financial derivatives	-547	-5 628	-680	-259
3.5 Reserve assets	-207	-221	266	-213
4. Errors and omissions	-6 806	3 157	2 886	-1 593

- 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