

Balance of payments and international investment position

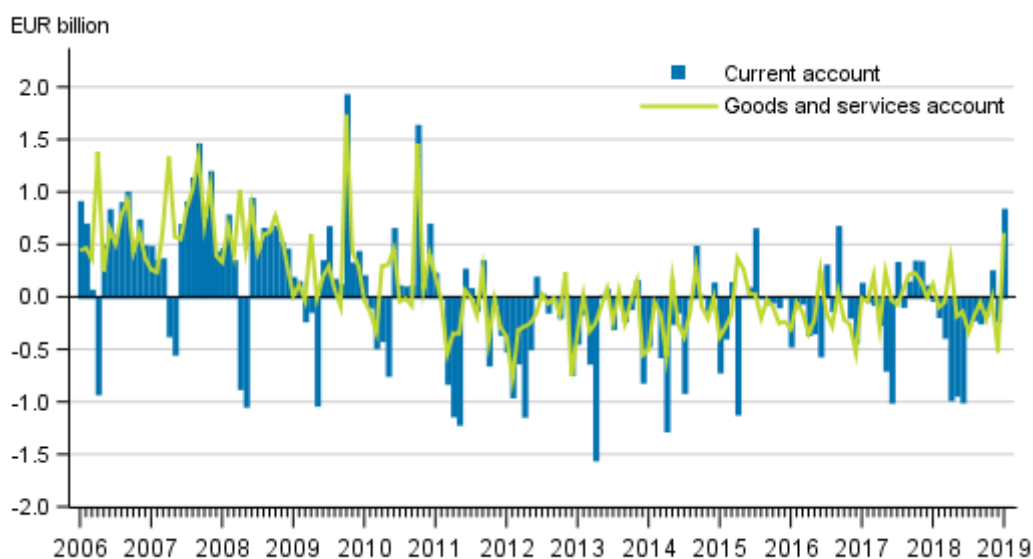
2018, 4th quarter, January

Current account showed a deficit in the fourth quarter, the net international investment position was negative

Corrected on 25 March 2019. The corrections are indicated in red.

The current account was in deficit in the fourth quarter of 2018. The value of goods exports in balance of payments terms increased by five per cent and the value of service exports by five per cent. The net exports of goods and services remained in deficit as imports grew more strongly than exports. The deficit of the current account was curbed by positivity of the primary income account. The net international investment position **remained negative**. 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 fourth quarter of 2018, the current account was EUR 0.1 billion in deficit. The balance of goods and services showed a deficit of EUR 0.8 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 fourth quarter of 2018. In the corresponding quarter of the previous year, the trade account surplus amounted to EUR 0.3 billion. The service account showed a deficit of EUR 0.7 billion in the fourth quarter of 2018. The service account weakened particularly due to the strengthening exports of telecommunications, computer and information services and other business services compared to the corresponding quarter of the previous year. On the other hand, exports of other business services were exceptionally high in the fourth quarter of 2017.

Goods exports in balance of payments terms amounted EUR 16.2 billion in the fourth quarter of 2018, which means that goods exports strengthened by five per cent from the corresponding period of 2017. Goods imports rose to EUR 16.3 billion, rising by eight per cent year-on-year. In the fourth quarter of 2018, service exports grew by five per cent and service imports by 15 per cent compared to the corresponding quarter of the previous year. Service exports rose to EUR 7.9 billion and service imports to EUR 8.6 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 fourth quarter

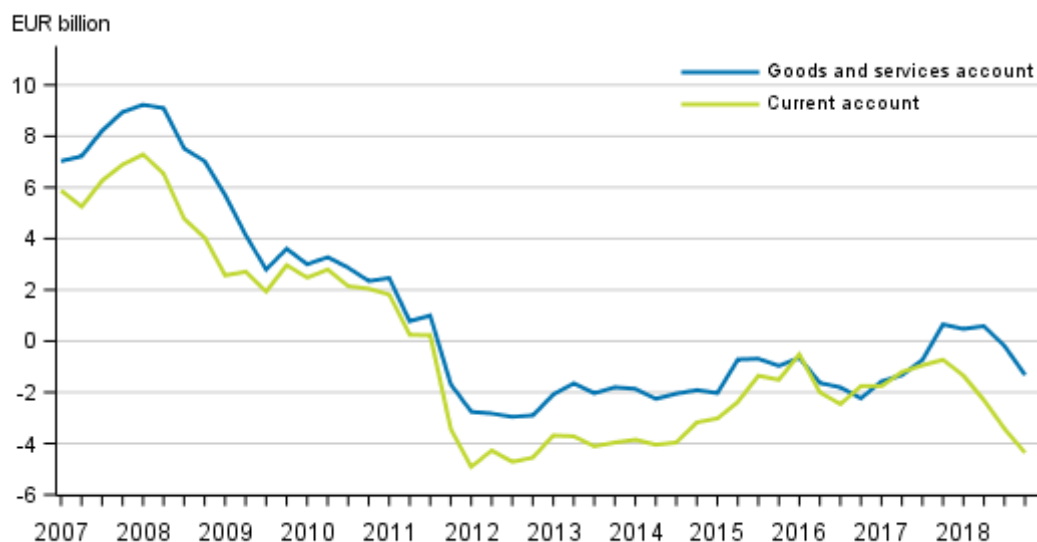
The primary income account was EUR 1.2 billion in surplus in the fourth quarter of 2018. The primary income account includes compensation of employees, investment income and other primary income paid abroad from Finland and from abroad to Finland. The surplus of primary income was mainly due to investment income, which includes such as returns on capital like interests and dividends. EUR 1.0 billion were paid in investment income in net to Finland in the fourth quarter of 2018.

The secondary income account was EUR 0.6 billion in deficit in the fourth quarter of 2018.

Current account in surplus in January 2019

The current account was EUR 0.8 billion in surplus in January. The value of goods exports in balance of payments terms grew by 11 per cent from twelve months back. Of the sub-items of the current account, the trade account and the primary income account were in surplus. The trade 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

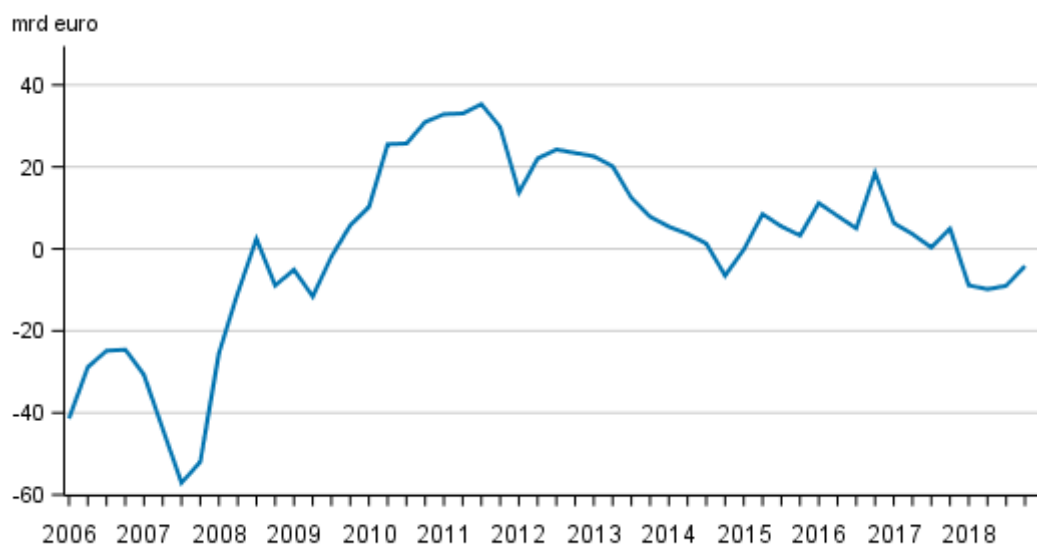
Net international investment position strengthened from the previous quarter

At the end of the fourth quarter of 2018, Finland had EUR 741,5 billion in foreign assets on gross and EUR 745.7 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 4,2 billion negative as there were more liabilities than assets. The net investment position **strengthened** compared to the end of the previous quarter, when the net international investment position was EUR -9.0 billion. Finland's foreign assets and liabilities have grown during the quarter considerably as a result of a significant enterprise reorganisation.

Examined by sector, several sectors, such as investment funds and employment pension schemes, had a weakening effect on the net investment position in the fourth quarter of 2018. Other monetary financial institutions and non-financial corporations mostly showed an opposite development. Of financial claims, growth was significant in Finland's foreign assets in deposits and derivatives and in liabilities, such as bonds and derivatives.

At the end of the fourth quarter, foreign direct investment assets on gross stood at EUR 151,4 billion and the corresponding liabilities at EUR 117.0 billion, as a result of which the investment position of direct investments was EUR 34,4 billion positive at the end of the fourth quarter.

Finland's net international investment position quarterly (Corrected on 25 March 2019)



Net investment position of other monetary financial institutions strengthened

The net investment position of the non-financial corporations improved in the fourth quarter of 2018 compared to the previous quarter, being EUR -84.7 billion at the end of the fourth quarter. Both assets and liabilities of the non-financial corporations were falling, but liabilities fell considerably more. Portfolio investments, whose liabilities stock fell during the quarter by EUR 11.8 billion to EUR 94.1 billion, had most effect on improving the net investment position. The biggest foreign assets of non-financial corporations were in direct investments. The non-financial corporations sector had EUR 117.7 billion in such assets and EUR 100.8 billion in liabilities. The net investment position of direct investments was EUR 16.9 billion positive for the non-financial corporations sector.

Between the third and fourth quarters of 2018, a clear change took place in the net investment position of other monetary financial institutions as a result of a significant enterprise reorganisation, when EUR -147.6 billion turned into EUR **-107,0** billion. Other monetary financial institutions include deposit banks and other credit institutions. The changes were visible primarily in portfolio investments and other investments, which include loans from outside the group, deposits and trade credits. The foreign assets of other monetary financial institutions grew from EUR 82.4 billion to EUR **227,4** billion. The assets were biggest in deposits and derivatives. Derivatives were also among the biggest risers for liabilities in addition to bonds.

The net international investment position of the investment funds sector fell by EUR 5.5 billion, being EUR 50.8 billion positive at the end of the quarter. The biggest foreign assets and liabilities of investment funds are in portfolio investments and the biggest part of the fall in the net international financial position is explained by the negative value change of quoted shares.

In general government, social security funds have the biggest net foreign assets, EUR 139.9 billion. Most of them consisted of portfolio investments, whose negative value changes had a significant effect on the fall of net assets. Net foreign assets were EUR 3.8 billion lower than in the previous quarter. In contrast, the net financial position of central government was negative and was EUR -78.3 billion at the end of the fourth quarter. Central government's largest liabilities mainly comprise bonds that are classified in portfolio investments. Their amount remained almost unchanged in the quarter.

The households sector and non-profit institutions serving households had EUR 11.3 billion in foreign assets at the end of the fourth quarter, most of which were various portfolio investments. These sectors'

net financial position fell during the quarter by EUR 4.4 billion mainly due to the effects of a significant enterprise reorganisation on foreign assets and the general negative value change in portfolio investments during the quarter. Households and non-profit institutions serving households also decreased their holdings in foreign quoted shares.

Financial account in January 2019

In January, net capital inflow to Finland amounted to EUR 3,3 billion. Of the sub-items of the financial account, net capital inflow was mostly in the form of portfolio investments. Net capital outflow from Finland was most in the form of other investments.

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Appendix tables

Appendix table 1. Current account, quarterly 2018, EUR million

		Year/quarter				
		2017/Q4	2018/Q1	2018/Q2	2018/Q3	2018/Q4
Credit	1. Current account	27121	26151	27373	25996	28668
	1.1 Goods	15397	15403	16283	15294	16183
	1.2 Services	7477	6572	6567	6832	7873
	1.3 Primary income	3954	3829	4262	3571	4288
	1.4 Secondary income	292	347	261	299	323
Debit	1. Current account	26325	26744	30278	26719	28806
	1.1 Goods	15088	15105	15323	15466	16257
	1.2 Services	7415	6897	7500	7225	8556
	1.3 Primary income	3017	3709	6627	3180	3115
	1.4 Secondary income	805	1033	828	848	878

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 2018, EUR million

		Year/quarter				
		2017/Q4	2018/Q1	2018/Q2	2018/Q3	2018/Q4
Assets	S1 Total economy	-37067	-14744	-24020	-5235	-42971
	S11 Non-financial corporations	-12767	-8475	-11780	-7289	-11740
	S121 Central bank	-27307	17207	-2673	5421	-22512
	S122 Other monetary financial institutions	9285	-8981	3201	8598	2355
	S123 Money market funds (MMF)	50	-183	-19	-197	4
	S124 Collective investment schemes, excl. money market funds	234	2165	645	73	-1356
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	745	1143	-192	23	-339
	S128+S129 Insurance corporations and pension funds	-1825	51	-129	243	5
	S1311 Central government	-7649	-8552	-5280	-5523	-4128
	S1313 Local government	-61	27	-4	-4	-4
	S1314 Social security funds	2458	-9467	-7903	-6675	-4590
	S14+S15 Households and non-profit institutions serving households	-232	321	114	95	-667
	Liabilities	S1 Total economy	-32938	-10955	-23341	-3728	-40188
S11 Non-financial corporations		-11778	-3887	-12796	-7852	-12267
S121 Central bank		502	-984	993	-104	1068
S122 Other monetary financial institutions		-16870	14205	2488	15581	-19868
S123 Money market funds (MMF)		2	-10	7	-0	39
S124 Collective investment schemes, excl. money market funds		-128	286	370	501	44
S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders		-1283	2344	638	957	1489
S128+S129 Insurance corporations and pension funds		279	154	122	133	49
S1311 Central government		-2684	-9748	-6104	-6541	-3936
S1313 Local government		151	-21	-42	7	-7
S1314 Social security funds		-1130	-13293	-9017	-6410	-6799
S14+S15 Households and non-profit institutions serving households		.	.	.	.	.
Net		S1 Total economy	-4129	-3789	-680	-1508	-2783
	S11 Non-financial corporations	-989	-4588	1016	564	527
	S121 Central bank	-27809	18191	-3666	5525	-23580
	S122 Other monetary financial institutions	26155	-23186	713	-6984	22223
	S123 Money market funds (MMF)	48	-173	-26	-196	-35
	S124 Collective investment schemes, excl. money market funds	362	1879	275	-428	-1399
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	2029	-1201	-830	-934	-1828
	S128+S129 Insurance corporations and pension funds	-2104	-103	-251	110	-44
	S1311 Central government	-4965	1196	824	1018	-192
	S1313 Local government	-212	48	38	-11	3
	S1314 Social security funds	3588	3826	1114	-266	2209
	S14+S15 Households and non-profit institutions serving households	-232	321	114	95	-667

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 2018, EUR million (Correction on 25 March 2019)

Corrected on 25 March 2019. The corrected numbers are indicated in red						
		Year/quarter				
		2017/Q4	2018/Q1	2018/Q2	2018/Q3	2018/Q4
Assets	S1 Total economy	626919	628979	635498	654755	741479
	S11 Non-financial corporations	142725	141943	139382	140569	130704
	S121 Central bank	68988	85943	83574	88655	66362
	S122 Other monetary financial institutions	79221	69295	74002	82376	227432
	S123 Money market funds (MMF)	2555	2366	2340	2138	2129
	S124 Collective investment schemes, excl. money market funds	81606	81659	83212	84420	77045
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	40601	42110	43248	45344	37358
	S128+S129 Insurance corporations and pension funds	31932	31552	31767	32079	30896
	S1311 Central government	13054	12700	13199	12998	12204
	S1313 Local government	732	744	741	745	681
	S1314 Social security funds	150277	145853	149074	149749	145405
	S14+S15 Households and non-profit institutions serving households	15227	14815	14958	15683	11264
Liabilities	S1 Total economy	621978	637880	645335	663736	745665
	S11 Non-financial corporations	225680	231537	234599	237579	215356
	S121 Central bank	13274	12325	13130	12876	13571
	S122 Other monetary financial institutions	199183	213641	215026	229954	334436
	S123 Money market funds (MMF)	32	21	29	28	68
	S124 Collective investment schemes, excl. money market funds	26719	26205	27037	28114	26218
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	46747	49754	50625	52928	52902
	S128+S129 Insurance corporations and pension funds	1444	2998	3113	3236	3247
	S1311 Central government	95134	93655	93514	91051	90457
	S1313 Local government	4080	3963	3921	3928	3921
	S1314 Social security funds	9685	3780	4341	4041	5491
	S14+S15 Households and non-profit institutions serving households	.	.	.	.	.
Net	S1 Total economy	4941	-8901	-9837	-8981	-4186
	S11 Non-financial corporations	-82955	-89595	-95217	-97010	-84652
	S121 Central bank	55714	73618	70444	75779	52790
	S122 Other monetary financial institutions	-119962	-144346	-141024	-147578	-107004
	S123 Money market funds (MMF)	2524	2344	2311	2110	2062
	S124 Collective investment schemes, excl. money market funds	54886	55454	56176	56305	50828
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	-6146	-7644	-7377	-7584	-15544
	S128+S129 Insurance corporations and pension funds	30488	28554	28654	28842	27650
	S1311 Central government	-82079	-80955	-80315	-78054	-78253
	S1313 Local government	-3348	-3219	-3180	-3183	-3240
	S1314 Social security funds	140592	142072	144733	145708	139914
	S14+S15 Households and non-profit institutions serving households	15227	14815	14958	15683	11264

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	2019/01
1. Current account	-4 359	-3 491	840
1.1. Goods	1 012	1 558	704
1.2. Services	-2 333	-2 392	-95
1.3. Primary income	-680	-334	411
1.4. Secondary income	-2 358	-2 323	-180
2. Capital account	164	162	13
3. Financial account	-8 759	-4 215	3 326
3.1. Direct investment	8 947	10 485	578
3.2. Portfolio investment	-21 669	-23 996	-1 232
3.3. Other investment	4 087	9 319	3 976
3.4. Financial derivatives	-70	165	140
3.5. Reserve assets	-54	-188	-136
4. Errors and omissions	-4 564	-886	2 474

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