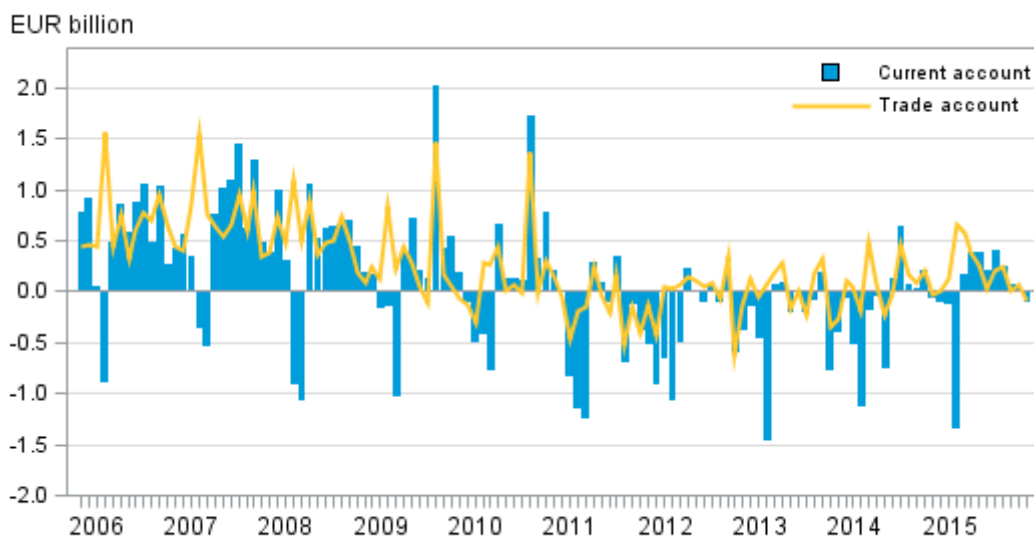


Balance of payments and international investment position

Exports decreased in the fourth quarter, net international investment position contracted

The current account showed a slight surplus in the last quarter of 2015. The combined exports of goods and services decreased. The decline in exports steepened in January 2016. According to Statistics Finland's preliminary data, the current account showed a slight surplus in the whole year of 2015. Direct investment liabilities increased and the net international investment position contracted in the fourth quarter.

Finland's current account and trade account



Current account in the fourth quarter

The current account showed a slight surplus, EUR 0.3 billion, in the last quarter of 2015. The current account for the whole year 2015 was also slightly in surplus, EUR 0.3 billion. From 2011 to 2014, the current account was clearly in deficit.

Exports of goods in balance of payment terms declined by four per cent in the fourth quarter from the corresponding period in the year before, and imports contracted by three per cent. The EUR 0.3 billion surplus in the goods account was lower than in the fourth quarter of 2014 as exports decreased faster than imports.

The EUR 2.5 billion surplus in the goods account for the whole year 2015 was highest in five years as imports of goods declined faster than exports of goods. The drop in the value of exports is explained by the decline in the value of oil products and heavily contracted Russian trade.

The service account showed a deficit of EUR 0.4 billion in the last quarter. The deficit of the service account for the whole year was EUR 1.3 billion. Exports of services increased by four per cent from the fourth quarter of 2014. In the biggest item in exports of services, “telecommunications, computer, and information services”, exports declined by one per cent in the fourth quarter. In the whole year 2015, the exports of this item increased by 8.6 per cent.

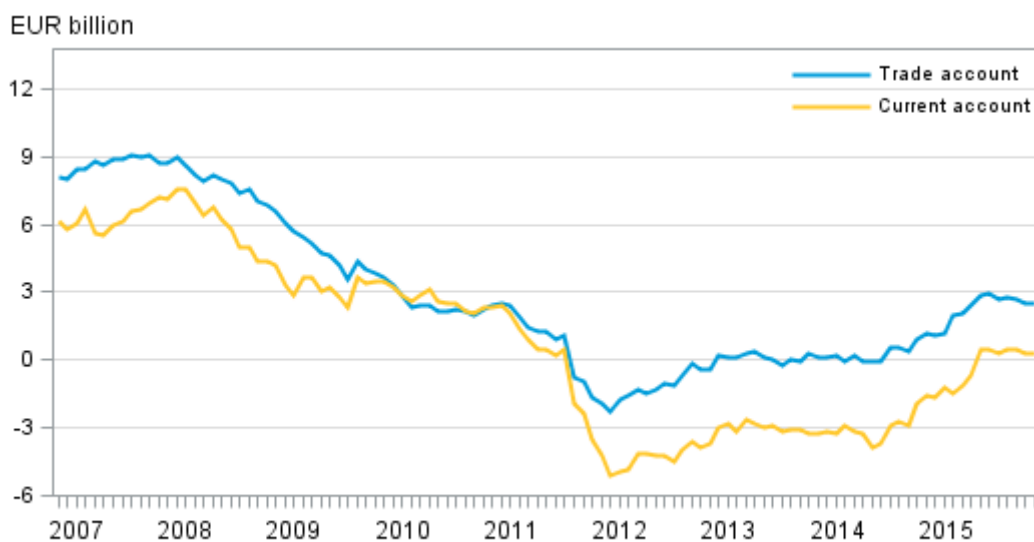
The deficit of the service account is mainly due to EUR 0.4 billion deficit in the travel balance. In the full year, the tourism balance deficit was a record high EUR 1.6 billion because tourism income from Russia has declined heavily and Finnish tourism expenditure abroad has continued growing at an annual level. The calculation method of tourism income was revised starting from the statistical reference year 2015.

The primary income account was EUR 0.9 billion in surplus in the fourth quarter, which is due to the surplus of investment income. The primary income account comprises, among other items investment income, which includes, for example, interest payments and receipts, and dividends. The secondary income account was EUR 0.5 billion in deficit.

Current account in January 2016

Exports of goods in balance of payment terms decreased heavily, by nine per cent from one year back. Goods imports declined by eight per cent. The goods account in balance of payment terms was EUR 0.1 billion in deficit. In January, the current account was almost in balance, EUR 0.1 billion in deficit. Of the sub-items, the primary income account was EUR 0.3 billion in surplus. The 12-month moving total of the current account was EUR 0.3 billion in surplus.

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



Financial account and international net investment position

Capital inflow to Finland in the last quarter of 2015

In the last quarter of 2015, net capital inflow to Finland amounted to EUR 4.9 billion. Inflow capital was mostly in the form of portfolio investments, EUR 4.9 billion net, and outflow capital was mostly in the form of other investments, EUR 3.5 billion. Other investments include, for example, loans, deposits and trade credits.

Table 1. External assets and liabilities by investment type in 2015 Q4, EUR billion

	Opening position 30.09.2015	Financial transactions 2015 Q4	Price changes 2015 Q4	Changes in the exchange rates and valuation adjustments 2015 Q4	Closing position 31.12.2015
Financial account	-0,4	-4,9	-4,4	1,7	-8,0
Assets	734,4	-59,4	18,4	4,4	697,8
Liabilities	734,8	-54,5	22,8	2,7	705,8
Direct investment	8,6	-3,8	-0,5	0,5	4,8
Assets	131,0	-1,9	-0,2	0,7	129,6
Liabilities	122,5	1,9	0,3	0,2	124,9
Portfolio investment	0,3	-4,9	-3,1	1,2	-6,4
Assets	285,2	-0,4	4,1	2,3	291,3
Liabilities	284,9	4,5	7,2	1,1	297,7
Other investment	-22,1	3,5	0,0	-0,2	-18,8
Assets	199,5	-33,3	0,0	1,2	167,4
Liabilities	221,5	-36,8	0,0	1,4	186,2
Financial derivatives	3,5	0,5	-0,7	0,0	3,2
Reserve assets	9,3	-0,2	-0,1	0,2	9,2

Direct investment liabilities increased

During the fourth quarter, direct international investment liabilities grew by EUR 2.4 billion and assets declined by EUR 1.4 billion. At the end of 2015, international direct investment assets on gross stood at EUR 129.6 billion and the corresponding liabilities at EUR 124.9 billion.

Finland still has slightly more direct investment assets than liabilities as, at the end of 2015, assets exceeded liabilities by EUR 4.8 billion. The net investment position related to these investments has contracted heavily in the past two years as, at the end of 2013, direct investment assets exceeded liabilities by EUR 41.0 billion. The change in 2015 is mainly explained by changes in intra-group loans and trade credits. During 2015, these debt assets decreased by EUR 0.2 billion and the corresponding liabilities increased by EUR 13.7 billion.

Price changes increased portfolio investments

At the end of 2015, external portfolio investment assets stood at EUR 291.3 billion, of which EUR 149.3 billion were investments in shares and mutual fund shares, and EUR 142.0 billion in bonds and money market instruments. In the fourth quarter of 2015 foreign investments in equity and mutual fund shares increased by EUR 3.4 billion and debt securities decreased by EUR 3.9 billion.

At the end of 2015, external portfolio investment liabilities stood at EUR 297.7 billion, of which EUR 102.2 billion were investments in shares and mutual fund shares, and EUR 195.4 billion in bonds and money market instruments. In the fourth quarter, foreign investors increased their investments in Finnish shares and mutual fund shares by EUR 3.0 billion and in debt securities by EUR 1.4 billion. Portfolio investment liabilities grew by EUR 12.8 billion in the last quarter of 2015. Changes in security prices increased liabilities by EUR 7.2 billion and other valuation changes by EUR 1.1 billion.

Other investment liabilities decreased more than assets

In the fourth quarter of 2015, net capital outflow from Finland of other investments, i.e. loans, deposits and trade credits amounted to EUR 3.5 billion. The net investment position related to other investments improved by EUR 3.3 billion in the fourth quarter of 2015 when the share of other adjustments, EUR -0.2 billion, is included. At the end of the year, assets from other investments amounted to EUR 167.4 billion and liabilities to EUR 186.2 billion. Of these assets, EUR 139.5 billion and of the liabilities, EUR 155.7 billion were held by financial institutions.

Financial derivatives -related investments decreased

At the end of December, Finland had EUR 3.2 billion net assets in financial derivatives, which is EUR 0.2 billion less than at the end of September. Derivative-related assets and liabilities decreased clearly in the fourth quarter.

The net international investment position contracted further

At the end of December 2015, Finland had EUR 697.8 billion in foreign assets and EUR 705.8 billion in foreign liabilities. The net international investment position was negative at the end of the quarter as there were EUR 8.0 billion more liabilities than assets. Both international assets and liabilities have decreased over the past three quarters and are now at the lowest since the second quarter of 2014.

At the end of September 2015, the net investment position was EUR 0.4 billion negative so the net decrease was EUR 7.6 billion. During the last quarter, assets contracted by EUR 36.6 billion and liabilities by EUR 29.0 billion. Price changes related to foreign assets and liabilities decreased the net investment position by EUR 4.4 billion in the fourth quarter. Changes in exchange rates and other valuation changes improved the net investment position by EUR 1.7 billion.

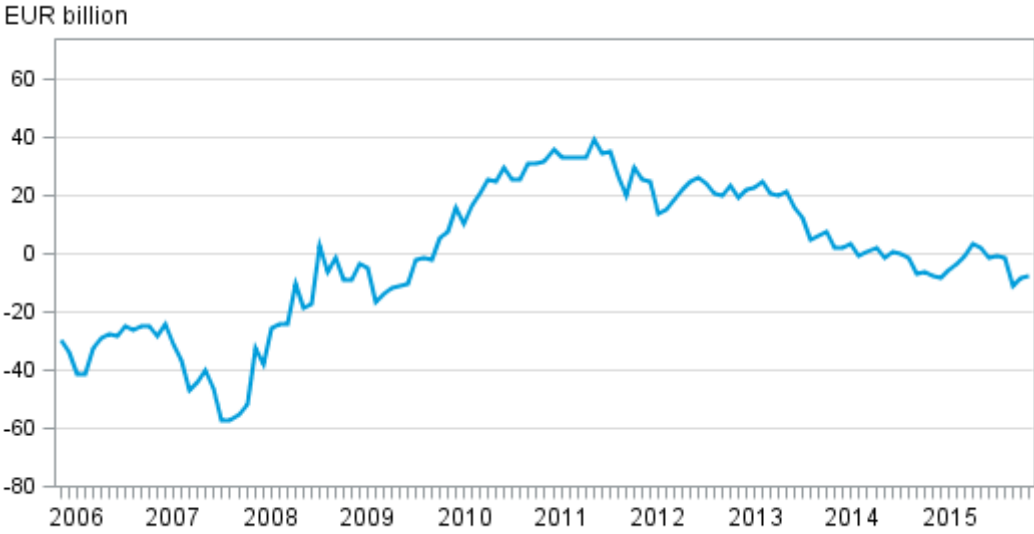
Financial account and international investment position in January 2016

In January, the net inward capital flow to Finland was EUR 1.0 billion. Inward capital flow was highest in the form of portfolio investments, altogether EUR 13.0 billion. Outward capital flow was highest in direct investments, EUR 9.9 billion.

Finland's net investment position was negative at the end of January, as foreign assets amounted to EUR 744.5 billion and foreign liabilities to EUR 752.0 billion.

The data for February 2016 will be published on 15 April 2016.

Finland's international investment position monthly



Contents

Tables

Appendix tables

Appendix table 1. Finland's current account, quarterly 2015, EUR million.....	8
Appendix table 2. External assets and liabilities by sector, quarterly 2015, EUR million.....	8
Appendix table 3. International investment position by sector, quarterly 2015, EUR million.....	10
Appendix table 4. Finland's balance of payments 2016, EUR million.....	11

Appendix tables

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

		Year/quartal				
		2014/Q4	2015/Q1	2015/Q2	2015/Q3	2015/Q4
Credit	1. Current account	24 250	23 130	24 449	23 095	23 853
	1.1 Goods	14 436	13 439	14 435	13 475	13 920
	1.2 Services	5 592	5 399	5 331	5 410	5 820
	1.3 Primary income	3 964	3 993	4 393	3 922	3 820
	1.4 Secondary income	258	298	290	288	294
Debit	1. Current account	23 951	23 387	25 217	22 104	23 532
	1.1 Goods	13 962	13 325	12 820	12 998	13 604
	1.2 Services	6 137	5 675	5 914	5 466	6 185
	1.3 Primary income	2 934	3 441	5 632	2 952	2 910
	1.4 Secondary income	917	946	851	688	833

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/Q4	2015/Q1	2015/Q2	2015/Q3	2015/Q4
Assets	S1 Total economy	-32 482	-2 165	-9 704	-23 059	-59 374
	S11 Non-financial corporations	-6 998	-4 704	-3 484	-7 008	-7 211
	S121 Central bank	7 773	5 031	5 208	-850	-9 176
	S122 Other monetary financial institutions	-16 107	7 854	-6 950	-10 396	-32 221
	S123 Money market funds (MMF)	68	415	-23	-67	-97
	S124 Collective investment schemes excl. money market funds	-1 073	1 070	1 470	-180	1 000
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	-206	256	850	806	201
	S128+S129 Insurance corporations and pension funds	-1 303	2 068	-790	928	177
	S1311 Central government	-9 219	-5 527	-1 363	-5 022	-8 695
	S1313 Local government		-18	-4	29	8
	S1314 Social security funds	-5 504	-8 496	-4 275	-1 540	-3 620
	S14+S15 Households and non-profit institutions serving households	88	-112	-342	242	262
	Liabilities	S1 Total economy	-34 987	1 931	-15 453	-23 878
S11 Non-financial corporations		-9 952	255	-4 028	-9 694	-3 861
S121 Central bank		67	47	734	-97	89
S122 Other monetary financial institutions		-14 635	12 831	-4 057	-7 295	-40 450
S123 Money market funds (MMF)		-3	5	5	1	-11
S124 Collective investment schemes excl. money market funds		-671	472	-2	4	209
S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders		623	422	47	1 237	107
S128+S129 Insurance corporations and pension funds		67	-111	-280	-7	59
S1311 Central government		-5 885	-5 072	-3 456	-3 641	-6 342
S1313 Local government		236	-81	50	-10	42
S1314 Social security funds		-4 834	-6 836	-4 464	-4 375	-4 332
S14+S15 Households and non-profit institutions serving households						

		Year/quartal				
		2014/Q4	2015/Q1	2015/Q2	2015/Q3	2015/Q4
Net	S1 Total economy	2 506	-4 097	5 749	818	-4 884
	S11 Non-financial corporations	2 954	-4 959	544	2 686	-3 350
	S121 Central bank	7 705	4 983	4 473	-753	-9 266
	S122 Other monetary financial institutions	-1 472	-4 977	-2 893	-3 101	8 229
	S123 Money market funds (MMF)	71	410	-28	-68	-86
	S124 Collective investment schemes excl. money market funds	-402	598	1 472	-184	790
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	-829	-166	803	-431	94
	S128+S129 Insurance corporations and pension funds	-1 370	2 179	-510	934	118
	S1311 Central government	-3 334	-455	2 094	-1 381	-2 353
	S1313 Local government	-236	64	-53	39	-34
	S1314 Social security funds	-670	-1 660	190	2 834	712
	S14+S15 Households and non-profit institutions serving households	88	-112	-342	242	262

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/Q4	2015/Q1	2015/Q2	2015/Q3	2015/Q4
Assets	S1 Total economy	719 062	794 593	752 198	734 365	697 762
	S11 Non-financial corporations	121 035	127 868	131 847	131 237	132 523
	S121 Central bank	45 139	51 141	55 900	54 928	45 908
	S122 Other monetary financial institutions	291 461	329 680	284 124	278 718	241 297
	S123 Money market funds (MMF)	2 351	2 765	2 732	2 657	2 553
	S124 Collective investment schemes excl. money market funds	62 403	68 673	67 995	64 061	67 503
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	20 907	23 437	23 930	24 484	24 810
	S128+S129 Insurance corporations and pension funds	24 458	27 064	25 368	25 722	26 229
	S1311 Central government	18 742	21 181	22 437	18 410	18 618
	S1313 Local government	436	482	427	447	458
	S1314 Social security funds	119 744	128 217	124 101	121 667	125 144
	S14+S15 Households and non-profit institutions serving households	12 387	14 084	13 337	12 035	12 718
	Liabilities	S1 Total economy	725 174	800 469	748 599	734 761
S11 Non-financial corporations		182 661	203 319	198 718	190 428	201 361
S121 Central bank		10 607	10 748	11 437	11 344	11 538
S122 Other monetary financial institutions		363 007	408 731	366 737	364 047	319 789
S123 Money market funds (MMF)		37	42	46	47	36
S124 Collective investment schemes excl. money market funds		17 260	19 223	18 857	17 704	18 747
S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders		31 014	35 351	33 169	35 546	36 975
S128+S129 Insurance corporations and pension funds		1 284	1 250	983	987	1 060
S1311 Central government		111 771	113 573	111 849	107 766	109 339
S1313 Local government		2 791	2 589	2 639	2 629	2 671
S1314 Social security funds		3 728	4 589	3 108	3 208	3 234
S14+S15 Households and non-profit institutions serving households		1 014	1 055	1 055	1 055	1 055
Net		S1 Total economy	-6 112	-5 876	3 600	-396
	S11 Non-financial corporations	-61 626	-75 450	-66 871	-59 191	-68 838
	S121 Central bank	34 531	40 393	44 462	43 584	34 370
	S122 Other monetary financial institutions	-71 546	-79 051	-82 612	-85 329	-78 492
	S123 Money market funds (MMF)	2 314	2 724	2 686	2 610	2 517
	S124 Collective investment schemes excl. money market funds	45 143	49 450	49 138	46 357	48 756
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	-10 107	-11 914	-9 238	-11 062	-12 165
	S128+S129 Insurance corporations and pension funds	23 174	25 814	24 385	24 735	25 170
	S1311 Central government	-93 029	-92 391	-89 412	-89 356	-90 721
	S1313 Local government	-2 355	-2 107	-2 212	-2 183	-2 213
	S1314 Social security funds	116 017	123 628	120 992	118 459	121 910
	S14+S15 Households and non-profit institutions serving households	11 372	13 029	12 282	10 980	11 663

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

Appendix table 4. Finland's balance of payments 2016, EUR million

	Year 2015	12 month moving sum	2015/12	2016/01
1. Current account	287	257	27	-86
1.1 Goods	2 522	2 467	70	-83
1.2 Services	-1 282	-1 262	-128	-55
1.3 Primary income	1 193	1 207	265	276
1.4 Secondary income	-2 147	-2 155	-180	-224
2. Capital account	202	202	17	17
3. Financial account	-2 413	-977	2 936	-963
3.1 Direct investment	-16 976	-2 885	-512	9 923
3.2 Portfolio investment	631	-14 526	-4 480	-13 016
3.3 Other investment	19 253	22 735	7 967	3 735
3.4 Financial derivatives	-5 102	-5 784	-1	-1 337
3.5 Reserve assets	-219	-517	-38	-267
4. Errors and omissions	-2 902	-1 436	2 892	-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