

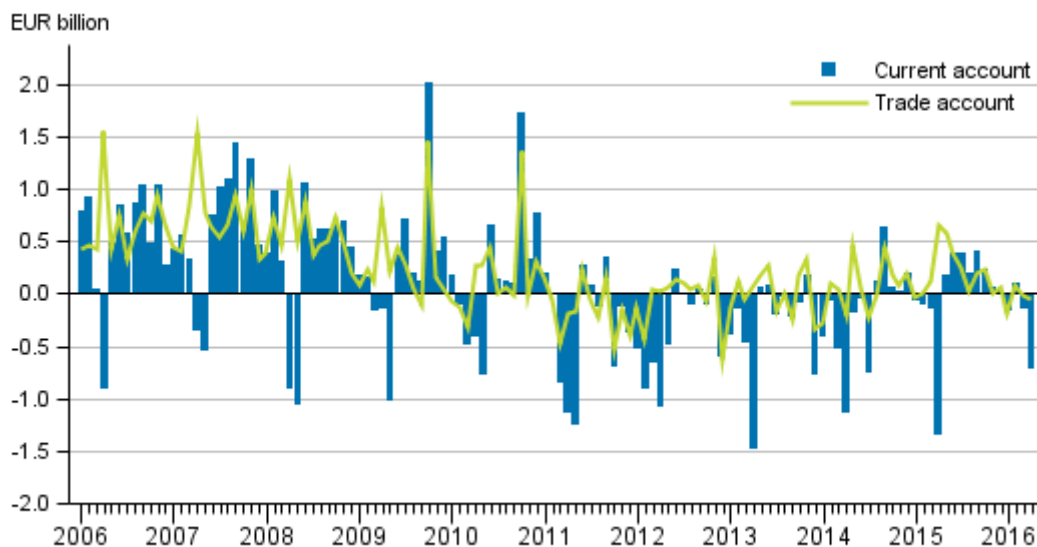
# Balance of payments and international investment position

2016, 1st quarter and April

## Current account in deficit in the first quarter, net capital inflow to Finland

The current account was in deficit in the first quarter of 2016 and in April. In January to April, the combined exports of goods and services decreased by six per cent year-on-year, which was a continuation of the decrease seen in the second half of 2015. There was net capital inflow to Finland and the net international investment position decreased in the first quarter. The data appear from Statistics Finland's statistics on balance of payments and international investment position.

### Current account and trade account



## Current account in the first quarter

The current account showed a slight deficit, EUR 0.2 billion, in the first quarter of 2016. The deficit was generated from the goods, service and secondary income accounts.

Exports of goods in balance of payment terms, EUR 12.4 billion, declined by eight per cent in the first quarter from the corresponding period in the year before, and imports by six per cent. In balance of payment terms, the trade account turned EUR 0.1 billion into deficit, as exports of goods declined faster than imports of goods.

The service account showed a deficit of EUR 0.2 billion in the first quarter. Exports of services remained at previous year's level at EUR 5.4 billion.

The primary income account was EUR 0.8 billion in surplus in the first quarter, which is mainly explained by the surplus of investment income. The primary income account includes investment income like interest rates and dividends. The secondary income account was EUR 0.7 billion in deficit.

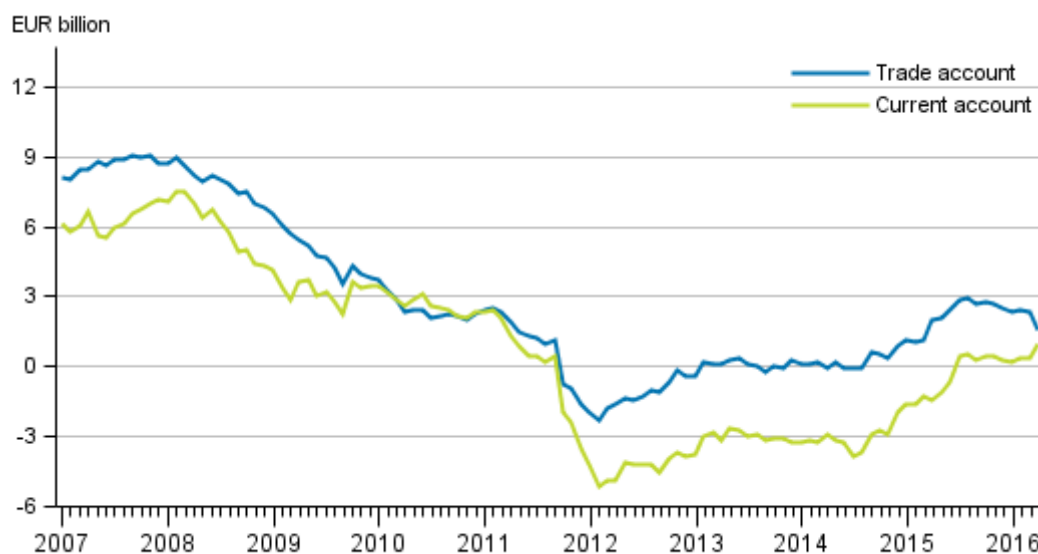
## Current account in April 2016

In April 2016, the current account deficit was EUR 0.7 billion as all sub-items of the current account were in deficit. Exports of goods in balance of payment terms decreased by 11 per cent from twelve months back. April was the ninth consecutive month when exports of goods in balance of payment terms decreased from the corresponding month in the year before. Imports of goods in balance of payment terms increased by four per cent in April.

The goods account in balance of payment terms was in balance when in April 2015, the goods account was EUR 0.7 billion in surplus. The service account showed a deficit of EUR 0.1 billion in April 2016. Of the other sub-items, the primary income account was EUR 0.4 billion in deficit, while in April 2015, the deficit was EUR 1.6 billion.

Export and import figures in balance of payments terms by service item and area can be found in the new [quarterly publication on international trade in goods and services](#).

## Current account and trade account, 12 –month moving sum



## Financial account and net international investment position

### Capital flowed to Finland in the first quarter of 2016

In the first quarter of 2016, net capital inflow to Finland amounted to EUR 5.6 billion. Inward capital flow was mostly in the form of other investments, i.e. loans, deposits and trade credits, EUR 9.8 billion in net. Net capital inflow to Finland in the form of portfolio investments totalled EUR 7.4 billion. Net capital outflow was largest in the form of direct investments, EUR 12.4 billion.

**Table 1. External assets and liabilities by investment type, EUR billion**

	Opening position 31.12.2015	Financial transactions 2016 Q1	Price changes 2016 Q1	Changes in the exchange rates and valuation adjustments 2016 Q1	Closing position 31.03.2016
<b>Financial account</b>	-8,0	-5,6	4,8	-1,3	-10,1
Assets	697,8	26,5	30,1	-10,0	744,4
Liabilities	705,8	32,1	25,2	-8,6	754,5
<b>Direct investment</b>	4,8	12,4	-0,8	-0,7	15,7
Assets	129,6	15,6	-1,0	-4,5	139,7
Liabilities	124,9	3,2	-0,2	-3,9	124,0
<b>Portfolio investment</b>	-6,4	-7,4	4,9	-0,8	-9,7
Assets	291,3	7,6	-2,1	-3,5	293,3
Liabilities	297,7	15,0	-7,0	-2,6	303,1
<b>Other investment</b>	-18,8	-9,8	0,7	0,6	-27,3
Assets	167,4	27,0	0,6	-1,5	193,5
Liabilities	186,2	36,8	0,0	-2,2	220,8
<b>Financial derivatives</b>	3,2	-0,9	-0,1	-0,1	2,1
<b>Reserve assets</b>	9,2	0,0	0,2	-0,2	9,2

### Direct investment assets grew

During the first quarter of 2016, foreign direct investment assets increased by EUR 10.1 billion and liabilities decreased by EUR 0.9 billion. At the end of the first quarter, foreign direct investment assets on gross stood at EUR 139.7 billion and the corresponding liabilities at EUR 124.0 billion.

Before the growth in direct investment assets that took place in the first quarter of this year, the net international investment position of direct investments had declined starting from 2013.

### Portfolio investment liabilities grew more than assets

At the end of the first quarter of 2016, outward portfolio investment assets stood at EUR 293.3 billion, of which EUR 144.0 billion were investments in equity and investment fund shares, and EUR 149.4 billion in bonds and money market instruments. During the quarter, EUR 0.4 billion were added to foreign investments in equity and investment fund shares and EUR 7.2 billion to debt securities. Holding losses (the effect of changes in prices, exchange rates and other valuation changes) decreased portfolio investment assets by EUR 5.6 billion in the first quarter.

At the end of the first quarter, outward portfolio investment liabilities stood at EUR 303.1 billion, of which EUR 104.2 billion were investments in equity and investment fund shares, and EUR 198.9 billion in bonds and money market instruments. Portfolio investment liabilities grew by EUR 5.4 billion in the first quarter. Foreign investors increased their investments in Finnish equity and investment fund shares by EUR 11.5

billion and in debt securities by EUR 3.6 billion. In the first quarter changes in prices decreased portfolio investment liabilities by EUR 7.0 billion and other valuation changes by EUR 2.6 billion.

## **Other investment liabilities increased more than assets**

In the first quarter of 2016, net capital inflow to Finland of other investments, i.e. loans, deposits and trade credits amounted to EUR 9.8 billion. At the end of March, assets from other investments amounted to EUR 193.5 billion and liabilities to EUR 220.8 billion. Financial institutions held EUR 166.0 billion of these assets and EUR 190.6 billion of the liabilities.

## **Financial derivatives -related investments declined**

At the end of March, Finland had EUR 2.1 billion in derivative-related net assets, which is EUR 1.1 billion less than at the end of December. Price changes increased derivative-related assets and liabilities in the first quarter.

## **The net international investment position decreased — both assets and liabilities grew**

At the end of March 2016, Finland had EUR 744.4 billion in foreign assets and EUR 754.5 billion in foreign liabilities. Thus the net international investment position was negative at the end of the quarter as liabilities exceeded assets by EUR 10.1 billion. Both foreign assets and liabilities increased in the first quarter.

At the end of December 2015, the net investment position was EUR 8.0 billion negative so the net decrease was EUR 2.1 billion. During the first quarter, assets grew by EUR 46.6 billion and liabilities by EUR 48.7 billion. Price changes related to foreign assets and liabilities raised the net investment position by EUR 4.8 billion during the quarter. Changes in exchange rates and other valuation changes in turn decreased the net investment position by EUR 1.3 billion.

When examining the net investment position at sector level, the foreign assets of investment funds, social security funds and households were higher than their liabilities. Non-financial corporations, monetary financial institutions, central government and local government had more foreign liabilities than assets.

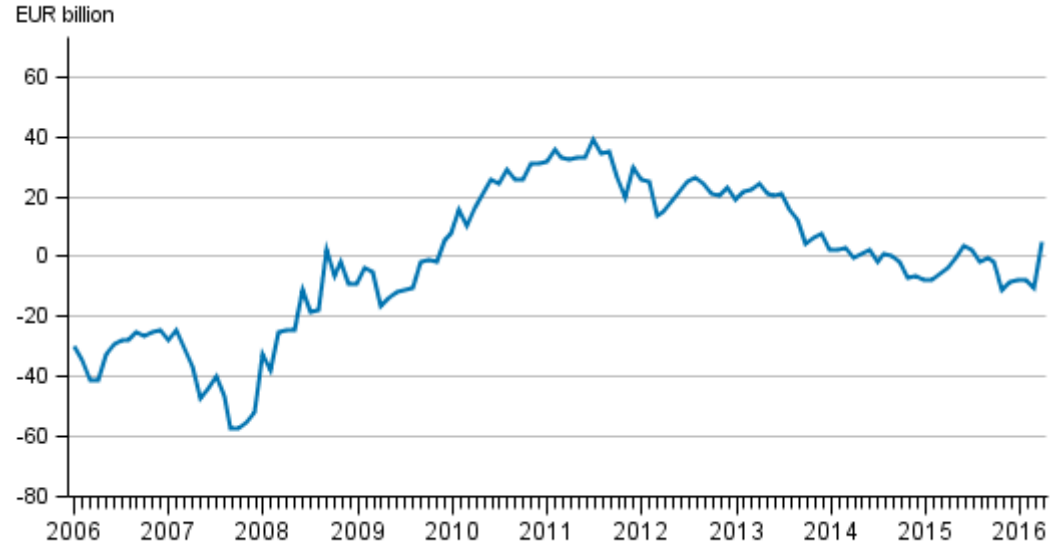
## **Financial account and international investment position in April 2016**

In April, the outward capital flow from Finland was EUR 9.4 billion on net. The outward capital flow was highest in portfolio investments, EUR 4.2 billion.

Finland's net international investment position was positive at the end of April, as foreign assets amounted to EUR 752.9 billion and foreign liabilities to EUR 747.7 billion.

The data for May 2016 will be published on 15 July 2016.

**International investment position monthly**



# Contents

## Tables

### Appendix tables

Appendix table 1. Finland's current account, quarterly 2016, EUR million.....	7
Appendix table 2. External assets and liabilities by sector, quarterly 2016, EUR million.....	8
Appendix table 3. International investment position by sector, quarterly 2016, EUR million.....	9
Appendix table 4. Finland's balance of payments 2016, EUR million.....	10

# Appendix tables

**Appendix table 1. Finland's current account, quarterly 2016, EUR million**

		Year/quarter				
		2015/Q1	2015/Q2	2015/Q3	2015/Q4	2016/Q1
Credit	1. Current account	23 130	24 449	23 095	23 853	22 137
	1.1 Goods	13 439	14 435	13 475	13 920	12 397
	1.2 Services	5 399	5 331	5 410	5 820	5 418
	1.3 Primary income	3 993	4 393	3 922	3 820	4 020
	1.4 Secondary income	298	290	288	294	302
Debit	1. Current account	23 387	25 217	22 104	23 532	22 312
	1.1 Goods	13 325	12 820	12 998	13 604	12 499
	1.2 Services	5 675	5 914	5 466	6 185	5 595
	1.3 Primary income	3 441	5 632	2 952	2 910	3 267
	1.4 Secondary income	946	851	688	833	951

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 2016, EUR million**

		Year/quarter				
		2015/Q1	2015/Q2	2015/Q3	2015/Q4	2016/Q1
Assets	S1 Total economy	-2 165	-9 704	-23 059	-59 374	26 531
	S11 Non-financial corporations	-4 704	-3 484	-7 008	-7 211	5 978
	S121 Central bank	5 031	5 208	-850	-9 176	25 575
	S122 Other monetary financial institutions	7 854	-6 950	-10 396	-32 221	4 627
	S123 Money market funds (MMF)	415	-23	-67	-97	-150
	S124 Collective investment schemes excl. money market funds	1 070	1 470	-180	1 000	-182
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	256	850	806	201	-169
	S128+S129 Insurance corporations and pension funds	2 068	-790	928	177	970
	S1311 Central government	-5 527	-1 363	-5 022	-8 695	-5 259
	S1313 Local government	-18	-4	29	8	4
	S1314 Social security funds	-8 496	-4 275	-1 540	-3 620	-4 959
	S14+S15 Households and non-profit institutions serving households	-112	-342	242	262	97
	Liabilities	S1 Total economy	1 931	-15 453	-23 878	-54 490
S11 Non-financial corporations		255	-4 028	-9 694	-3 861	6 339
S121 Central bank		47	734	-97	89	449
S122 Other monetary financial institutions		12 831	-4 057	-7 295	-40 450	34 943
S123 Money market funds (MMF)		5	5	1	-11	36
S124 Collective investment schemes excl. money market funds		472	-2	4	209	341
S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders		422	47	1 237	107	339
S128+S129 Insurance corporations and pension funds		-111	-280	-7	59	50
S1311 Central government		-5 072	-3 456	-3 641	-6 342	-4 631
S1313 Local government		-81	50	-10	42	-41
S1314 Social security funds		-6 836	-4 464	-4 375	-4 332	-5 728
S14+S15 Households and non-profit institutions serving households			-	-	-	
Net		S1 Total economy	-4 097	5 749	818	-4 884
	S11 Non-financial corporations	-4 959	544	2 686	-3 350	-361
	S121 Central bank	4 983	4 473	-753	-9 266	25 127
	S122 Other monetary financial institutions	-4 977	-2 893	-3 101	8 229	-30 316
	S123 Money market funds (MMF)	410	-28	-68	-86	-186
	S124 Collective investment schemes excl. money market funds	598	1 472	-184	790	-524
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	-166	803	-431	94	-508
	S128+S129 Insurance corporations and pension funds	2 179	-510	934	118	920
	S1311 Central government	-455	2 094	-1 381	-2 353	-628
	S1313 Local government	64	-53	39	-34	45
	S1314 Social security funds	-1 660	190	2 834	712	768
	S14+S15 Households and non-profit institutions serving households	-112	-342	242	262	97

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 2016, EUR million**

		Year/quarter				
		2015/Q1	2015/Q2	2015/Q3	2015/Q4	2016/Q1
Assets	S1 Total economy	794 593	752 198	734 365	697 762	744 396
	S11 Non-financial corporations	127 868	131 847	131 237	132 523	139 922
	S121 Central bank	51 141	55 900	54 928	45 908	71 227
	S122 Other monetary financial institutions	329 680	284 124	278 718	241 297	256 000
	S123 Money market funds (MMF)	2 765	2 732	2 657	2 553	2 397
	S124 Collective investment schemes excl. money market funds	68 673	67 995	64 061	67 503	66 075
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	23 437	23 930	24 484	24 810	25 335
	S128+S129 Insurance corporations and pension funds	27 064	25 368	25 722	26 229	27 537
	S1311 Central government	21 181	22 437	18 410	18 618	20 796
	S1313 Local government	482	427	447	458	459
	S1314 Social security funds	128 217	124 101	121 667	125 144	122 592
	S14+S15 Households and non-profit institutions serving households	14 084	13 337	12 035	12 718	12 056
	Liabilities	S1 Total economy	800 469	748 599	734 761	705 805
S11 Non-financial corporations		203 319	198 718	190 428	201 361	203 126
S121 Central bank		10 748	11 437	11 344	11 538	11 859
S122 Other monetary financial institutions		408 731	366 737	364 047	319 789	362 847
S123 Money market funds (MMF)		42	46	47	36	72
S124 Collective investment schemes excl. money market funds		19 223	18 857	17 704	18 747	18 791
S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders		35 351	33 169	35 546	36 975	36 380
S128+S129 Insurance corporations and pension funds		1 250	983	987	1 060	1 141
S1311 Central government		113 573	111 849	107 766	109 339	113 225
S1313 Local government		2 589	2 639	2 629	2 671	2 630
S1314 Social security funds		4 589	3 108	3 208	3 234	3 357
S14+S15 Households and non-profit institutions serving households		1 055	1 055	1 055	1 055	1 084
Net		S1 Total economy	-5 876	3 600	-396	-8 043
	S11 Non-financial corporations	-75 450	-66 871	-59 191	-68 838	-63 204
	S121 Central bank	40 393	44 462	43 584	34 370	59 367
	S122 Other monetary financial institutions	-79 051	-82 612	-85 329	-78 492	-106 848
	S123 Money market funds (MMF)	2 724	2 686	2 610	2 517	2 325
	S124 Collective investment schemes excl. money market funds	49 450	49 138	46 357	48 756	47 284
	S125+S126+S127 Other financial intermediaries financial auxiliaries and captive financial institutions and money lenders	-11 914	-9 238	-11 062	-12 165	-11 046
	S128+S129 Insurance corporations and pension funds	25 814	24 385	24 735	25 170	26 396
	S1311 Central government	-92 391	-89 412	-89 356	-90 721	-92 429
	S1313 Local government	-2 107	-2 212	-2 183	-2 213	-2 171
	S1314 Social security funds	123 628	120 992	118 459	121 910	119 235
	S14+S15 Households and non-profit institutions serving households	13 029	12 282	10 980	11 663	10 973

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	2016/03	2016/04
1. Current account	287	991	-129	-702
1.1 Goods	2 522	1 601	-12	-47
1.2 Services	-1 282	-1 091	-71	-102
1.3 Primary income	1 193	2 630	170	-366
1.4 Secondary income	-2 147	-2 148	-217	-187
2. Capital account	202	119	-11	17
3. Financial account	-2 413	7 958	-3 610	9 387
3.1 Direct investment	-16 976	7 239	-937	2 640
3.2 Portfolio investment	631	-6 109	6 102	4 228
3.3 Other investment	19 253	9 994	-8 855	2 383
3.4 Financial derivatives	-5 102	-3 118	148	139
3.5 Reserve assets	-219	-49	-67	-2
4. Errors and omissions	-2 902	6 848	-3 470	10 073

- 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