

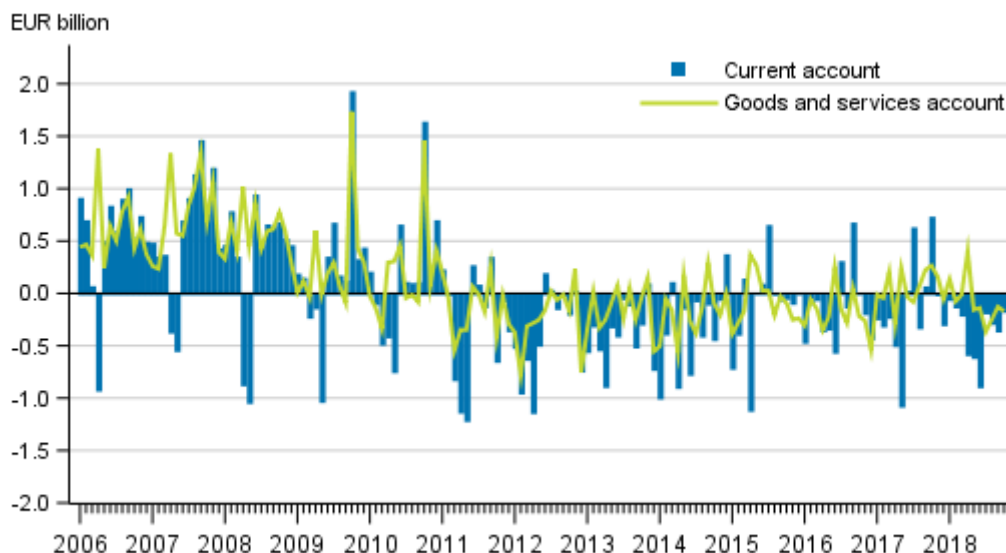
# Balance of payments and international investment position

2018, 3rd quarter, October

## Current account showed a deficit in the third quarter, net international investment position strengthened

The current account was in deficit in the third quarter of 2018. The value of goods exports in balance of payment terms increased by 3 per cent and the value of service exports by 5 per cent. The net exports of goods and services turned into deficit as imports grew faster than exports. Goods trade was also in deficit in addition to services. Goods trade was last in deficit in the last quarter of 2016. 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 2018, the current account was EUR 0.8 billion in deficit. The balance of goods and services showed a deficit of EUR 0.7 billion. Of the sub-items of the current account, the primary income account was EUR 0.5 billion in surplus and the secondary income account EUR 0.5 billion in deficit.

## Goods and services

The trade account in balance of payments terms was EUR 0.2 billion in deficit in the third quarter of 2018. In the corresponding quarter of the previous year, the trade account surplus amounted to EUR 0.5 billion. The service account showed a deficit of EUR 0.5 billion in the third quarter of 2018. The service account weakened particularly due to the strengthening imports of telecommunications, computer and information services, transport and other business services compared to the corresponding quarter last year.

Goods exports in balance of payments terms amounted to EUR 15.2 billion in the third quarter of 2018, which means that goods exports strengthened by 3 per cent from the corresponding period of 2017. Goods imports rose to EUR 15.4 billion, rising by 8 per cent year-on-year. In the third quarter of 2018, service exports grew by 5 per cent and service imports by 8 per cent compared to the corresponding quarter of the previous year. Service exports rose to EUR 6.7 billion and service imports to EUR 7.2 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 third quarter

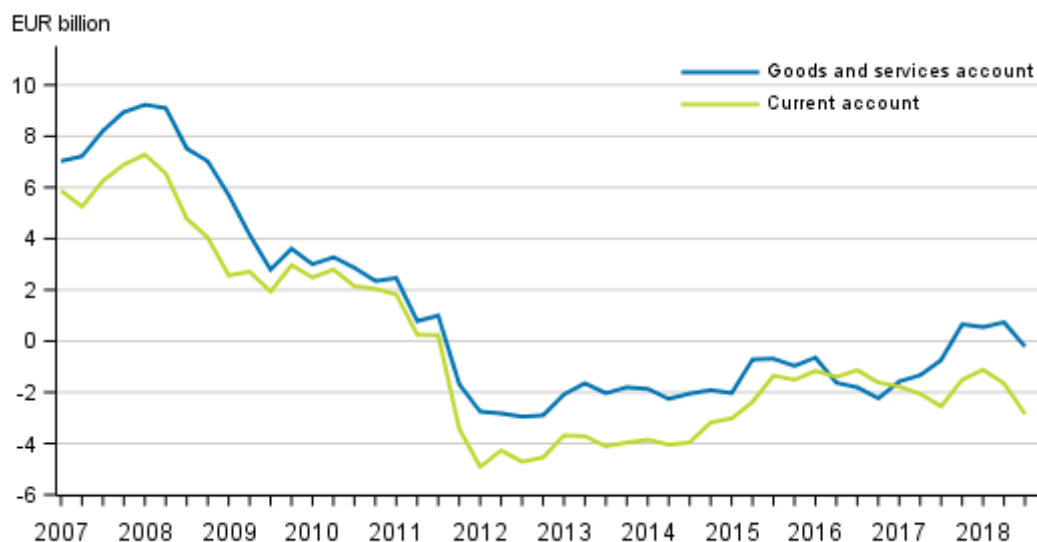
The primary income account was EUR 0.5 billion in surplus in the third quarter of 2018. The primary income account includes compensation of employees, investment income and other primary income paid abroad from Finland and from abroad to Finland. The surplus of primary income was mainly due to investment income, which includes i.a. returns on capital like interests and dividends. In the third quarter of 2018, EUR 0.3 billion were paid in investment income in net to Finland .

The secondary income account was EUR 0.5 billion in deficit in the third quarter of 2018.

## Current account in deficit in October 2018

The current account was EUR 0.2 billion in deficit in October. The value of goods exports in balance of payments terms grew by 3 per cent from twelve months back. Of the sub-items of the current account, the primary income account was in surplus. The trade account in balance of payments terms, the service account 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

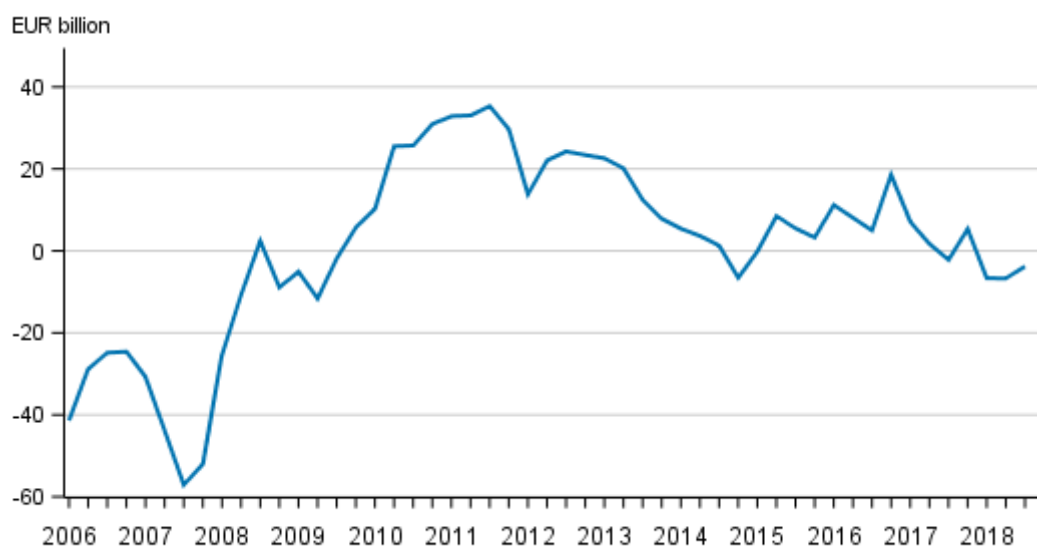
*Net international investment position strengthened from the previous quarter*

At the end of the third quarter of 2018, Finland had EUR 658.4 billion in foreign assets on gross and EUR 662.1 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 3.8 billion negative as there were more liabilities than assets. However, the net investment position strengthened compared with the end of the previous quarter, when the net investment position was EUR -6.7 billion. The stock of both foreign assets and liabilities increased in the third quarter, but assets grew more than liabilities.

At the end of the third quarter of 2018, foreign direct investment assets on gross stood at EUR 161.6 billion and the corresponding liabilities at EUR 122.6 billion, as a result of which the net investment position of direct investments was EUR 39.0 billion positive at the end of the third quarter.

Examined by sector, mainly other monetary financial institutions had a weakening effect on the net international investment position in the third quarter of 2018. The development was opposite in many sectors, such as social security funds.

## Finland's net international investment position quarterly



### *Net investment position of other monetary financial institutions weakened*

The net investment position of the non-financial corporations remained stable in the third quarter of 2018 compared to the previous quarter, being EUR -90.4 billion at the end of the quarter. Both assets and liabilities of the non-financial corporations grew slightly, but the growth was moderate. The biggest foreign assets of the non-financial corporations were in direct investments. The non-financial corporations had EUR 130.2 billion in such assets and EUR 106.6 billion in liabilities. The net investment position of direct investments was EUR 23.7 billion positive for the non-financial corporations sector.

A weakening took place in the net investment position of other monetary financial institutions between the second and third quarters of 2018, with a decrease from EUR -142.5 billion to EUR -149.1 billion. The negative change was due to other investments of deposit banks, such as loans from outside the group, deposits and trade credits, had most significance. In contrast, the net investment position of other credit institutions strengthened. The strengthening was caused by the positive growth of stocks of portfolio investments. Portfolio investments include bonds, money market instruments and equity. The net investment position of investment funds remained stable. Investment funds include money market funds and collective investment schemes. At the end of the third quarter the net investment position for these sectors was 58.4 billion. Investment funds have both the biggest assets and liabilities relative to the rest of the world in portfolio investments.

In general sector, social security funds have the biggest net foreign assets, EUR 146.3 billion. Most of them consisted of portfolio investments. In contrast, the net financial position of central government was negative and was EUR -78.1 billion at the end of the third quarter. Central government's largest liabilities mainly comprise bonds that are classified in portfolio investments.

## Financial account in October 2018

In October, net capital inflow to Finland amounted to EUR 4.7 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 mostly in the form of other investments.

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# Appendix tables

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

		Year/quarter				
		2017/Q3	2017/Q4	2018/Q1	2018/Q2	2018/Q3
Credit	1. Current account	24889	27091	26067	27940	25864
	1.1 Goods	14797	15397	15410	16275	15191
	1.2 Services	6395	7477	6462	6434	6716
	1.3 Primary income	3424	3932	3865	4984	3682
	1.4 Secondary income	273	285	330	247	274
Debit	1. Current account	24515	26662	26449	30014	26683
	1.1 Goods	14303	15087	15044	15148	15423
	1.2 Services	6676	7415	6786	7451	7225
	1.3 Primary income	2774	3361	3723	6602	3219
	1.4 Secondary income	762	799	897	814	816

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/Q3	2017/Q4	2018/Q1	2018/Q2	2018/Q3
Assets	S1 Total economy	-3634	-37026	-9813	-18049	122
	S11 Non-financial corporations	-9138	-12805	-8510	-11095	-6941
	S121 Central bank	14049	-27307	17207	-2673	5421
	S122 Other monetary financial institutions	-4862	9285	-8977	3200	8630
	S123 Money market funds (MMF)	74	50	-183	-19	-197
	S124 Collective investment schemes, excl. money market funds	1575	249	2165	645	73
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	781	703	1126	-192	22
	S128+S129 Insurance corporations and pension funds	508	-1903	51	-129	243
	S1311 Central government	-3636	-7627	-8582	-5280	-5541
	S1313 Local government	71	-32	-3	-4	-4
	S1314 Social security funds	-3384	2496	-4302	-2615	-1681
	S14+S15 Households and non-profit institutions serving households	326	-136	195	114	95
	Liabilities	S1 Total economy	2957	-31374	-9669	-17642
S11 Non-financial corporations		-308	-10197	-4082	-12780	-7814
S121 Central bank		1067	502	-984	993	-104
S122 Other monetary financial institutions		9737	-16873	14206	2477	15582
S123 Money market funds (MMF)		-2	2	-10	7	-0
S124 Collective investment schemes, excl. money market funds		487	-123	286	370	501
S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders		2737	-1302	2340	638	1322
S128+S129 Insurance corporations and pension funds		283	279	154	122	133
S1311 Central government		-3983	-2684	-10900	-2991	-7158
S1313 Local government		28	152	-22	-45	6
S1314 Social security funds		-7090	-1130	-10656	-6432	-4619
S14+S15 Households and non-profit institutions serving households		.	.	.	.	.
Net		S1 Total economy	-6591	-5652	-144	-407
	S11 Non-financial corporations	-8829	-2608	-4428	1686	873
	S121 Central bank	12983	-27809	18191	-3666	5525
	S122 Other monetary financial institutions	-14599	26158	-23182	723	-6951
	S123 Money market funds (MMF)	76	48	-173	-26	-196
	S124 Collective investment schemes, excl. money market funds	1088	372	1879	275	-427
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	-1957	2005	-1214	-830	-1300
	S128+S129 Insurance corporations and pension funds	225	-2182	-103	-251	110
	S1311 Central government	347	-4943	2319	-2289	1617
	S1313 Local government	43	-184	18	41	-10
	S1314 Social security funds	3706	3626	6354	3817	2939
	S14+S15 Households and non-profit institutions serving households	326	-136	195	114	95

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**

		Year/quarter				
		2017/Q3	2017/Q4	2018/Q1	2018/Q2	2018/Q3
Assets	S1 Total economy	635958	622756	629913	637037	658363
	S11 Non-financial corporations	140944	139103	142870	141048	143514
	S121 Central bank	96567	68988	85943	83574	88655
	S122 Other monetary financial institutions	70625	79221	69305	74010	82416
	S123 Money market funds (MMF)	2512	2555	2366	2340	2138
	S124 Collective investment schemes, excl. money market funds	80854	81988	81659	83213	84422
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	40423	40351	42110	43248	45344
	S128+S129 Insurance corporations and pension funds	32557	31065	31552	31767	32079
	S1311 Central government	13670	13168	12696	13195	12976
	S1313 Local government	786	761	744	741	745
	S1314 Social security funds	141362	150311	145853	148943	150390
	S14+S15 Households and non-profit institutions serving households	15658	15245	14815	14958	15683
	Liabilities	S1 Total economy	638145	617429	636590	643735
S11 Non-financial corporations		228936	220284	228494	231401	233921
S121 Central bank		13180	13274	12325	13130	12876
S122 Other monetary financial institutions		218465	198876	215299	216533	231551
S123 Money market funds (MMF)		29	32	21	29	28
S124 Collective investment schemes, excl. money market funds		26734	26911	26205	27037	28115
S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders		46944	47480	49754	50625	53293
S128+S129 Insurance corporations and pension funds		1351	1444	2998	3113	3236
S1311 Central government		94141	95134	93655	93514	91051
S1313 Local government		4162	4309	4058	4013	4019
S1314 Social security funds		4202	9685	3780	4341	4041
S14+S15 Households and non-profit institutions serving households		.	.	.	.	.
Net		S1 Total economy	-2186	5328	-6676	-6698
	S11 Non-financial corporations	-87992	-81181	-85623	-90353	-90406
	S121 Central bank	83387	55714	73618	70444	75779
	S122 Other monetary financial institutions	-147840	-119655	-145995	-142522	-149134
	S123 Money market funds (MMF)	2482	2524	2344	2311	2110
	S124 Collective investment schemes, excl. money market funds	54120	55077	55454	56176	56308
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	-6521	-7129	-7644	-7377	-7950
	S128+S129 Insurance corporations and pension funds	31206	29621	28554	28654	28842
	S1311 Central government	-80471	-81965	-80959	-80319	-78075
	S1313 Local government	-3376	-3548	-3314	-3272	-3274
	S1314 Social security funds	137160	140626	142072	144602	146349
	S14+S15 Households and non-profit institutions serving households	15658	15245	14815	14958	15683

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 2017	12 month moving sum	2018/09	2018/10
1. Current account	-1 507	-3 748	-355	-168
1.1. Goods	1 709	1 298	-19	-36
1.2. Services	-1 058	-1 947	-108	-133
1.3. Primary income	-107	-894	-52	184
1.4. Secondary income	-2 052	-2 205	-176	-183
2. Capital account	178	185	15	15
3. Financial account	-4 724	-3 136	5 265	-4 739
3.1. Direct investment	-1 837	6 566	-861	-89
3.2. Portfolio investment	4 809	-10 987	3 729	-4 265
3.3. Other investment	835	2 389	1 989	388
3.4. Financial derivatives	-8 142	-1 039	352	-720
3.5. Reserve assets	-390	-64	56	-53
4. Errors and omissions	-3 395	427	5 605	-4 587

- 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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