

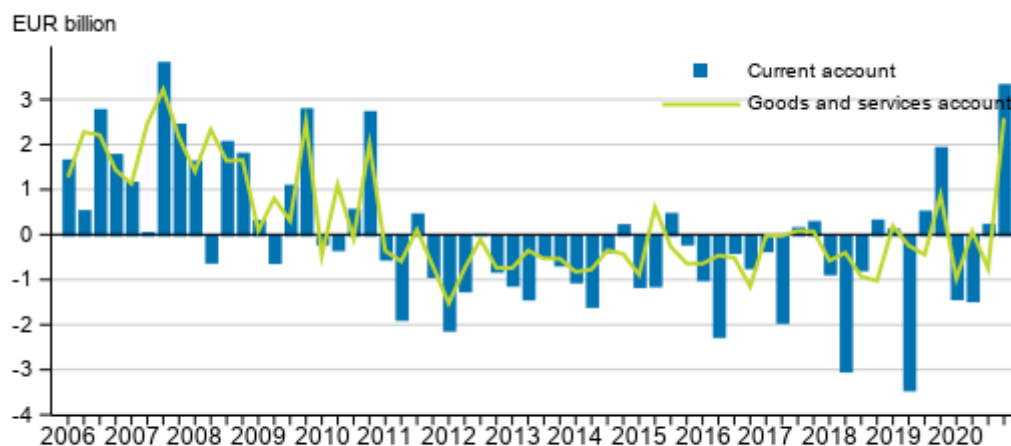
Balance of payments and international investment position

2020, 4th quarter

Current account in surplus in the fourth quarter, net international investment position strengthened

The current account was in surplus in the fourth quarter of 2020. The value of goods exports in balance of payments terms decreased by 3 per cent from twelve months back. In turn, the value of goods imports decreased by 8 per cent. At the same time, the value of service exports decreased by 10 per cent year-on-year, while the value of service imports declined by 20 per cent. The primary income account was in surplus. Compared to the previous quarter, 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 fourth quarter of 2020, the current account was EUR 3.3 billion in surplus. The four-quarter moving total of the current account was EUR 0.7 billion in surplus. The balance of goods and services was EUR 2.6 billion in surplus. Of the sub-items of the current account, the primary income account was EUR 1.3 billion in surplus and the secondary income account was EUR 0.5 billion in deficit.

Goods and services

The goods account in balance of payments terms was EUR 2.3 billion in surplus in the fourth quarter. In the corresponding quarter of the previous year, the goods account was EUR 1.5 billion in surplus. The services account showed a surplus of EUR 0.3 billion in the fourth quarter of 2020.

The value of goods exports in balance of payment terms decreased by three per cent year-on-year and was EUR 16.7 billion while the value of goods imports in balance of payment terms decreased by eight per cent year-on-year to EUR 14.4 billion. The value of service exports declined by 10 per cent year-on-year and totalled EUR 7.3 billion. The value of service imports, in turn, decreased by 20 per cent year-on-year to EUR 7.0 billion.

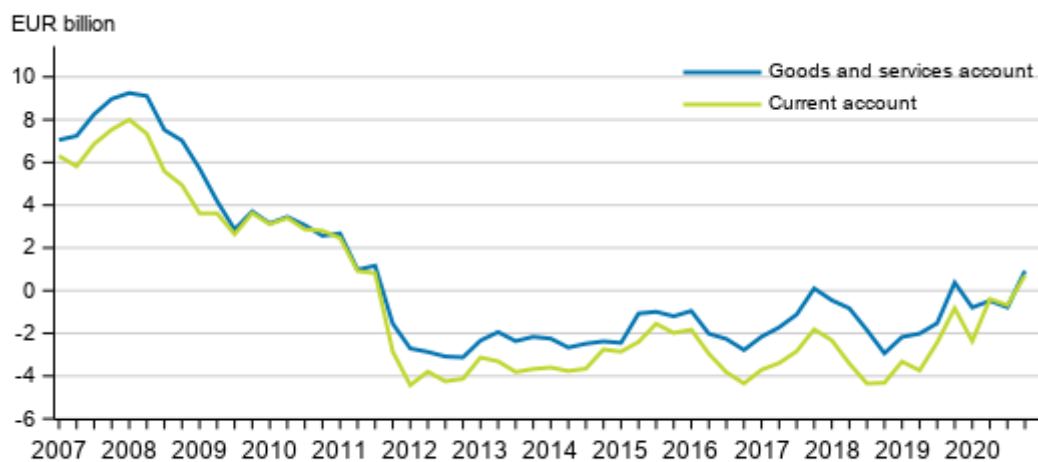
More detailed import and export figures in balance of payments terms by service item and area can be found in the [statistics on international trade in goods and services](#) starting from 2013. Decreases and increases made to the Finnish Customs figures, which result in goods trade in balance of payments terms, are also broken down in the statistics on international trade in goods and services.

Primary income

The primary income account was EUR 1.3 billion in surplus in the fourth quarter of 2020. 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, dividends and reinvested earnings.

In the last quarter of 2020, property income paid to Finland on net amounted to EUR 1.2 billion, while property income paid to Finland from abroad amounted to EUR 4.4 billion and property income paid abroad from Finland to EUR 3.3 billion. Most property income on net from abroad to Finland was paid in the form of direct investments, EUR 1.1 billion in the last quarter.

Finland's current account and goods and services account, 12-month moving sum



Financial account and net international investment position

Portfolio investments strengthened the net international investment position

In the last quarter of 2020, Finland had EUR 831.6 billion in foreign assets on gross and EUR 829.2 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 2.4 billion as there were more assets than liabilities. Gross assets diminished mainly due to the fallen stocks of other investments. Gross liabilities also diminished due to the fallen stocks of other investments.

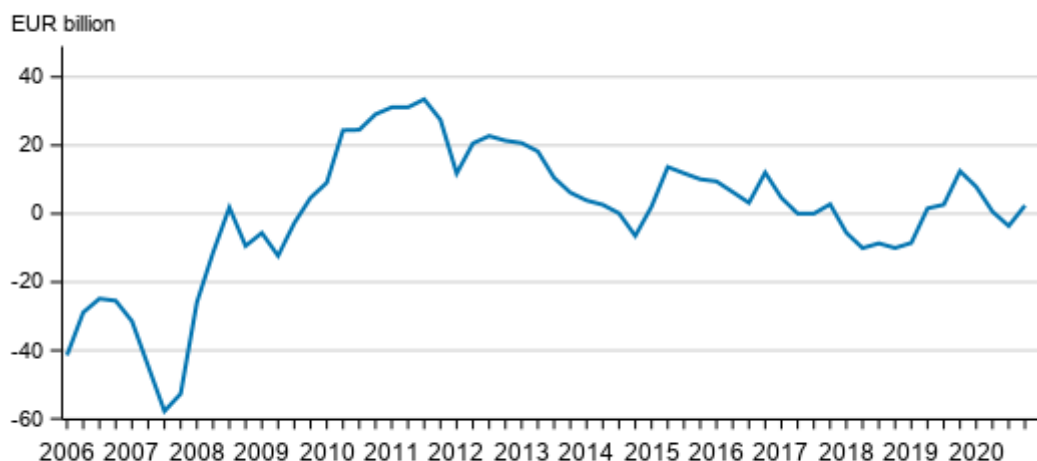
The net international investment position strengthened from the previous quarter when the net international investment position was EUR -3.6 billion. Financial transactions stood for EUR 1.5 billion of the rise in the net international investment position, while prices and exchange rates and other changes in classifications stood for EUR 4.5 billion.

Portfolio investment assets and liabilities grew

Examined by type of investment, there were most foreign assets in the form of portfolio investments at the end of the last quarter of 2020. Portfolio investment assets grew from the previous quarter. At the end of the last quarter of 2020, there were EUR 356.1 billion in portfolio investment assets, while in the previous quarter there were EUR 338.3 billion in assets. The change in stocks is almost entirely explained by changes in the prices of portfolio investments. Of portfolio investment assets, EUR 128.0 billion were in bonds and money market instruments and EUR 228.1 billion in equity and mutual fund shares.

The share of portfolio investments is also highest in foreign liabilities. At the end of the last quarter of 2020, portfolio investment liabilities stood at EUR 431.2 billion and, as a result of price changes, the stock of portfolio investment liabilities also grew significantly from the previous quarter, when the stock of portfolio investment liabilities stood at EUR 419.3 billion. Portfolio investment liabilities were highest in the form of bonds and money market instruments, which stood at EUR 266.1 billion at the end of the fourth quarter.

Finland's net international investment position quarterly



When examining the net international investment position by type of investment, it can be seen that the biggest net assets were in direct investments, while the largest net liabilities were in the form of portfolio investments. At the end of the last quarter of 2020, net assets in direct investments were EUR 56.3 billion and net liabilities in portfolio investments EUR 75.1 billion. The large net liability of portfolio investments is explained by the net liabilities of EUR 138.1 billion in bonds and money market instruments. Assets in equity and mutual fund shares were EUR 63.0 billion larger than liabilities.

Capital flowed abroad on net from Finland

In the last quarter of 2020, net capital outflow from Finland abroad amounted to EUR 1.5 billion. Net capital outflow from Finland was mostly in the form of direct investments, EUR 1.8 billion. In the form of other investments, net capital outflow from Finland abroad amounted to EUR 0.3 billion.

Social security funds had largest net assets

When the net investment position is examined by investor sector, most foreign net assets, EUR 160.2 billion, were held by social security funds, of which employment pension schemes are the most important ones. EUR 131.7 billion of social security funds' net assets were in the form of equity and mutual fund shares and EUR 25.0 billion in the form of money market instruments and bonds. The net assets of social security funds grew from the previous quarter primarily as a result of price changes in assets of equity and mutual fund shares. Net liabilities were held most by other monetary financial institutions, EUR 120.6 billion. The net investment position of monetary financial institutions strengthened from the third quarter of 2020 due to a decrease in the net liability of other investments.

Contents

Tables

Appendix tables

Appendix table 1. Current account, quarterly 2020, EUR million.....	6
Appendix table 2. External assets and liabilities by sector, quarterly 2020, EUR million.....	7
Appendix table 3. International investment position by sector, quarterly 2020, EUR million.....	8
Appendix table 4. Balance of payments, EUR million.....	9

Appendix tables

Appendix table 1. Current account, quarterly 2020, EUR million

		Year/quarter				
		2019/Q4	2020/Q1	2020/Q2	2020/Q3	2020/Q4
Credit	1. Current account	30 852	27 458	24 870	24 868	29 117
	1.1 Goods	17 107	15 004	13 995	14 152	16 660
	1.2 Services	8 153	7 040	5 517	5 491	7 304
	1.3 Primary income	5 206	4 823	4 993	4 838	4 768
	1.4 Secondary income	386	591	366	387	386
Debit	1. Current account	28 905	28 872	26 328	24 625	25 773
	1.1 Goods	15 591	14 938	13 009	14 093	14 387
	1.2 Services	8 791	8 085	6 432	6 302	6 994
	1.3 Primary income	3 731	4 497	5 517	3 295	3 483
	1.4 Secondary income	791	1 352	1 370	934	910

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 2020, EUR million

		Year/quarter				
		2019/Q4	2020/Q1	2020/Q2	2020/Q3	2020/Q4
Assets	S1 Total economy	-69 502	3 431	-39 860	-26 945	-55 275
	S11 Non-financial corporations	-10 835	-8 133	-7 274	-8 876	-12 903
	S121 Central bank	-12 440	5 852	11 472	-4 775	-15 734
	S122 Other monetary financial institutions	-32 307	37 642	-27 147	-5 198	-21 453
	S123 Money market funds (MMF)	.	.	.	.	.
	S124 Collective investment schemes, excl. money market funds	-310	-1 590	1 311	1 328	1 970
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	947	-23	198	293	1 665
	S128+S129 Insurance corporations and pension funds	-297	-165	671	227	899
	S1311 Central government	-6 170	-8 153	-3 549	-2 309	-4 399
	S1313 Local government	70	6	28	-63	45
	S1314 Social security funds	-8 428	-22 145	-15 775	-7 892	-6 087
	S14+S15 Households and non-profit institutions serving households	268	140	204	321	721
	Liabilities	S1 Total economy	-66 994	6 213	-38 308	-25 910	-56 792
S11 Non-financial corporations		-9 387	-7 151	-6 235	-6 549	-12 460
S121 Central bank		251	391	830	524	1 585
S122 Other monetary financial institutions		-44 955	29 081	-18 565	-4 285	-34 630
S123 Money market funds (MMF)			1	1		
S124 Collective investment schemes, excl. money market funds		51	-255	20	472	1 040
S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders		3 648	459	-342	1 274	-1 201
S128+S129 Insurance corporations and pension funds		83	266	85	74	60
S1311 Central government		-7 070	2 601	-573	-9 637	-3 107
S1313 Local government		274	247	249	-11	36
S1314 Social security funds		-9 903	-19 697	-13 559	-7 843	-8 113
S14+S15 Households and non-profit institutions serving households		15	269	-220	71	-1
Net		S1 Total economy	-2 508	-2 782	-1 551	-1 034	1 517
	S11 Non-financial corporations	-1 448	-981	-1 038	-2 327	-443
	S121 Central bank	-12 690	5 461	10 643	-5 299	-17 319
	S122 Other monetary financial institutions	12 648	8 561	-8 583	-912	13 178
	S123 Money market funds (MMF)		-1	-1		
	S124 Collective investment schemes, excl. money market funds	-361	-1 335	1 291	856	931
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	-2 701	-482	541	-982	2 867
	S128+S129 Insurance corporations and pension funds	-380	-432	586	153	839
	S1311 Central government	900	-10 754	-2 975	7 328	-1 292
	S1313 Local government	-204	-240	-221	-52	8
	S1314 Social security funds	1 475	-2 448	-2 216	-49	2 027
	S14+S15 Households and non-profit institutions serving households	253	-129	424	250	723

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 2020, EUR million

		Year/quarter				
		2019/Q4	2020/Q1	2020/Q2	2020/Q3	2020/Q4
Assets	S1 Total economy	821 079	849 766	847 313	845 865	831 645
	S11 Non-financial corporations	161 295	166 575	166 273	167 931	165 417
	S121 Central bank	84 047	89 736	101 549	96 629	80 925
	S122 Other monetary financial institutions	223 490	278 321	246 519	239 502	220 530
	S123 Money market funds (MMF)	.	.	.	.	.
	S124 Collective investment schemes, excl. money market funds	90 779	77 313	85 934	89 275	96 835
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	35 997	34 408	34 211	35 766	36 021
	S128+S129 Insurance corporations and pension funds	31 247	29 055	30 813	31 410	33 047
	S1311 Central government	14 061	14 042	14 118	14 601	14 176
	S1313 Local government	848	750	828	783	874
	S1314 Social security funds	163 681	145 840	151 754	153 694	165 731
	S14+S15 Households and non-profit institutions serving households	15 635	13 726	15 315	16 274	18 088
	Liabilities	S1 Total economy	808 632	841 904	846 716	849 462	829 244
S11 Non-financial corporations		239 887	226 288	242 028	252 822	260 424
S121 Central bank		12 849	13 252	14 061	14 554	16 117
S122 Other monetary financial institutions		360 839	401 031	380 401	373 965	341 148
S123 Money market funds (MMF)		1	2	3	3	3
S124 Collective investment schemes, excl. money market funds		28 863	24 963	27 736	29 215	32 480
S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders		59 969	56 493	57 243	60 456	58 411
S128+S129 Insurance corporations and pension funds		2 524	2 803	2 917	3 000	3 048
S1311 Central government		93 588	104 767	109 406	102 944	104 375
S1313 Local government		4 477	4 727	4 967	4 958	4 994
S1314 Social security funds		3 068	4 739	5 335	4 857	5 556
S14+S15 Households and non-profit institutions serving households		2 568	2 837	2 618	2 688	2 687
Net		S1 Total economy	12 447	7 861	596	-3 597	2 401
	S11 Non-financial corporations	-78 592	-59 713	-75 756	-84 890	-95 007
	S121 Central bank	71 198	76 484	87 488	82 075	64 808
	S122 Other monetary financial institutions	-137 349	-122 711	-133 881	-134 463	-120 618
	S123 Money market funds (MMF)	-1	-2	-3	-3	-3
	S124 Collective investment schemes, excl. money market funds	61 916	52 349	58 197	60 060	64 355
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	-23 972	-22 085	-23 032	-24 690	-22 390
	S128+S129 Insurance corporations and pension funds	28 723	26 252	27 895	28 411	29 999
	S1311 Central government	-79 527	-90 725	-95 288	-88 343	-90 199
	S1313 Local government	-3 628	-3 977	-4 139	-4 175	-4 120
	S1314 Social security funds	160 613	141 101	146 419	148 837	160 175
	S14+S15 Households and non-profit institutions serving households	13 067	10 888	12 697	13 585	15 401

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 2020	12 month moving sum	2021/01
1. Current account	716	242	-70
1.1. Goods	3 384	3 403	200
1.2. Services	-2 463	-2 659	-335
1.3. Primary income	2 630	2 356	321
1.4. Secondary income	-2 836	-2 857	-256
2. Capital account	197	198	18
3. Financial account	-3 850	431	4 468
3.1. Direct investment	3 528	3 928	61
3.2. Portfolio investment	-1 005	-853	324
3.3. Other investment	-5 705	-1 478	3 911
3.4. Financial derivatives	-1 548	-1 576	295
3.5. Reserve assets	880	411	-124
4. Errors and omissions	-4 763	-9	4 519

- 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