

Balance of payments and international investment position

Outward portfolio investment increased in the second quarter of 2014

Correction. *The published figures corrected on the 18th of September, 2014. The corrected figures are indicated in red.*

More than usual was invested from Finland into foreign securities during the second quarter of 2014. The current account remained in deficit.

Financial account and international investment position

In the second quarter of 2014, inward capital flow on net decreased to EUR 3.2 billion from EUR 7.4 billion in the first quarter. Inward capital flow was mainly in the form of direct investments and other investments, i.e. loans, deposits and trade credits. Outward capital flow was mainly in the form of portfolio investments.

The international net investment position increased slightly towards the end of the quarter after the dip in April to May, and amounted to EUR 11.9 billion. Exchange rate and other valuation changes have also boosted net wealth by EUR 2.2 billion.

At the end of June 2014, Finns had EUR 685.9 billion in foreign assets and EUR 674.0 billion in foreign liabilities. Both the assets and liabilities have grown from the corresponding period last year, assets by EUR 36.5 billion and liabilities by EUR 49.0 billion.

Portfolio investment

In the second quarter of 2014, inward capital flow as portfolio investment liabilities amounted to EUR 2.0 billion. Altogether, EUR 2.0 billion was invested into shares and mutual fund shares from abroad. The sum was divided evenly between the financial instruments. Outward portfolio investment liabilities amounted to EUR 277.9 billion, of which EUR 85.4 billion were investments in shares and mutual fund shares, and EUR 192.5 billion were investments in debt securities.

Outward capital flow as portfolio investment assets amounted to EUR 12.3 billion, of which EUR 4.6 billion were investments in shares and mutual fund shares. EUR 2.2 billion were invested in foreign shares and EUR 2.4 billion in foreign mutual fund shares. A total of EUR 7.7 billion were invested in debt

securities, which mainly consisted of investments into long-term bonds. Portfolio investment assets amounted to EUR 272.1 billion during the period in question, of which EUR 131.1 billion were investments in shares and mutual fund shares, and EUR 141.0 billion were investments in debt securities.

In the second quarter of 2014, value changes in securities have boosted portfolio investment assets by EUR 5.5 billion and liabilities by EUR 3.9 billion. Dividends received by Finnish investors on outward portfolio investment abroad amounted to EUR 0.8 billion and dividends paid to foreign investors on portfolio investment in Finland were EUR 1.8 billion. During the first half of 2014, dividends received by Finnish investors on portfolio investment abroad amounted to EUR 1.1 billion and dividends paid to foreign investors on portfolio investment in Finland were EUR 2.3 billion.

Direct investments

Direct investment assets on gross at the end of the second quarter of 2014 stood at EUR 141.0 billion and corresponding liabilities amounted to EUR 104.3 billion. During the first half of the year, assets decreased by EUR 1.4 billion and liabilities grew by EUR 9.8 billion.

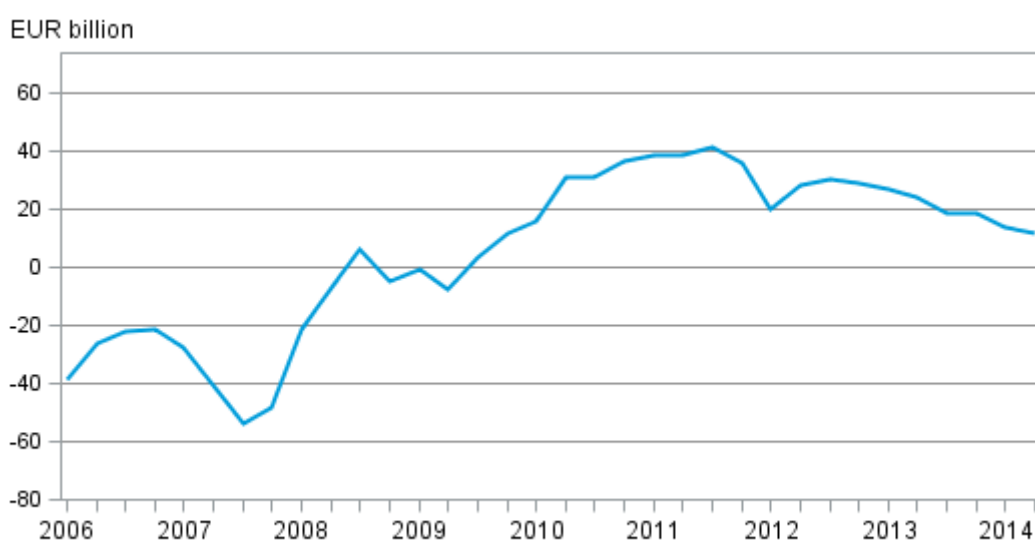
Changes in the FDI stocks are mainly explained by changes in internal loans of enterprise groups and trade credits. During the first half of the year, these debt assets decreased by EUR 2.7 billion and corresponding liabilities grew by EUR 6.3 billion.

In January to June, assets generated EUR 3.2 billion in profits for domestic investors and liabilities generated profits of EUR 1.8 billion for foreign investors.

Other investments

In the second quarter of 2014, other investments, i.e. loans, deposits and trade credits amounted to EUR 10.9 billion outward on net. This was mainly affected by both a decrease of EUR 4.8 billion in foreign deposit assets and an increase of EUR 5.8 billion in deposit liabilities. At the end of the quarter, assets as other investments amounted to EUR 168.3 billion and liabilities to EUR 203.5 billion.

Finland's international investment position quarterly



Current account

The current account was EUR 1.4 billion in deficit in the second quarter of 2014. Thus, the deficit has grown from the corresponding period in 2013 when the current account showed a deficit of EUR 1.1 billion.

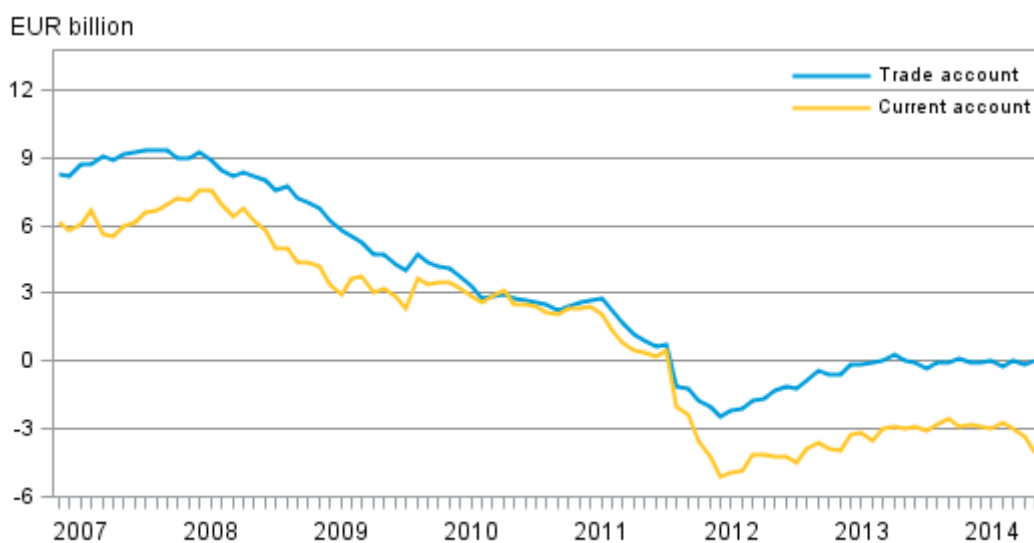
All other sub-items of the current account apart from the balance of payments were in deficit. The trade account in balance of payment terms was EUR 0.5 billion in surplus, which was the result of increased vehicle exports in May. The services account was EUR 0.8 billion in deficit as exports of services stood at EUR 4.7 billion and imports at EUR 5.6 billion.

The primary income account was EUR 0.5 billion in deficit. The main sub-item of the primary income account is investment income that consists of the inward and outward payments of interests, dividends and reinvested earnings. Investment income to Finland amounted to EUR 3.6 billion and to EUR 4.1 billion from Finland.

Finland's balance of payments in July 2014

The current account was EUR 0,8 billion in deficit in July. One year earlier, the current account showed a deficit of EUR 0.04 billion. The 12-month moving total of the current account was EUR 4.0 billion in deficit.

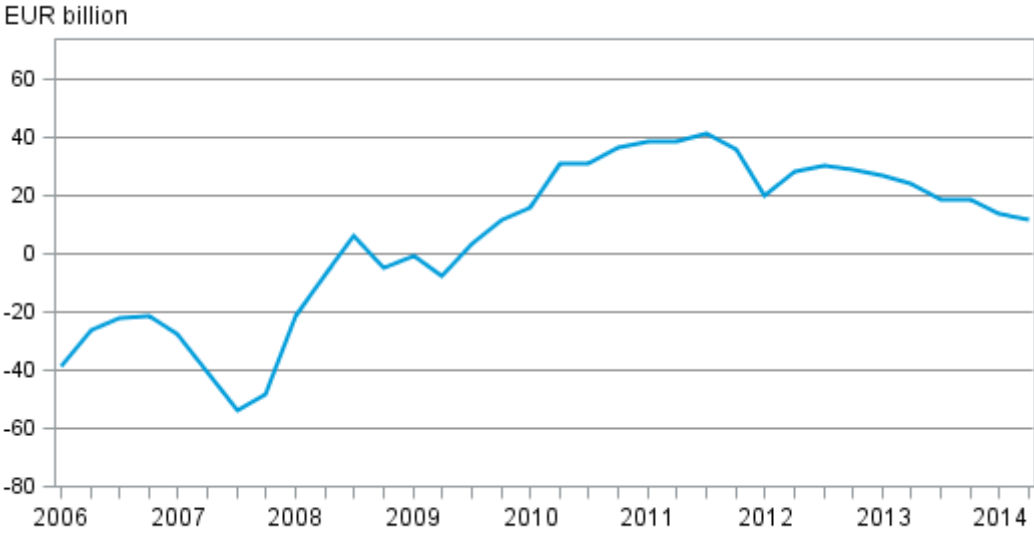
Finland's current account and trade account, 12 moving sum



In July, the inward capital flow on net to Finland was EUR 2.2 billion. Direct investment was EUR 800.9 million inward on net and portfolio investment was EUR 2.4 billion inward on net, while other investment was EUR 1.2 billion outward on net.

At the end of July 2014, the international net investment position stood at EUR 13.1 billion. Finns had EUR 686.5 billion in foreign assets and EUR 673.5 billion in foreign liabilities.

Finland's monthly international investment position



Contents

Tables

Appendix tables

Appendix table 1. Finland's current account, quarterly 2014, EUR million.....	6
Appendix table 2. Finland's balance of payments, monthly 2014, EUR million.....	6
Appendix table 3. Finland's current account, monthly 2014, EUR million.....	6
Appendix table 4. External assets and liabilities, by investment type, monthly 2014, EUR million.....	7
Appendix table 5. Finland's balance of payments 2014, EUR million.....	8

Figures

Figures

Appendix figure 1. Finland's current account and trade account.....	9
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Appendix tables

Appendix table 1. Finland's current account, quarterly 2014, EUR million

		Year/quartal				
		2013/Q2	2013/Q3	2013/Q4	2014/Q1	2014/Q2
Credit	1. Current account	22596	22593	23494	21705	23392
	1.1 Goods	14050	13529	14221	13205	14445
	1.2 Services	4874	5505	5427	4872	4742
	1.3 Primary income	3402	3282	3566	3365	3921
	1.4 Secondary income	270	276	280	263	283
Debit	1. Current account	23711	22759	23790	23131	24819
	1.1 Goods	13437	14031	14056	13479	13945
	1.2 Services	5636	5545	5932	5231	5560
	1.3 Primary income	3759	2326	3136	3040	4425
	1.4 Secondary income	878	857	665	1382	890

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

Appendix table 2. Finland's balance of payments, monthly 2014, EUR million

		Year/month						
		2014/01	2014/02	2014/03	2014/04	2014/05	2014/06	2014/07
1. Current account		-555	-220	-651	-1 170	-199	-59	-765
1.1 Goods		-327	56	-2	-164	532	133	-101
1.2 Services		-116	-117	-126	-276	-281	-261	-86
1.3 Primary income		262	213	-150	-528	-247	272	-397
1.4 Secondary income		-373	-373	-373	-202	-202	-202	-181
2. Capital account		12	12	12	12	12	12	12
3. Financial account		-7 559	3 785	-3 592	-4 662	1 700	-271	-2 152
3.1 Direct investment		-32	-2 995	-3 691	-5 019	1 885	158	-2 225
3.2 Portfolio investment		-6 073	-750	-266	5 468	1 719	3 139	-918
3.3 Other investment		-1 364	7 618	233	-4 907	-2 398	-3 605	1 409
3.4 Financial derivatives		-49	-30	44	-76	533	12	-408
3.5 Reserve assets		-40	-58	89	-128	-40	25	-9
4. Errors and omissions		-7 016	3 993	-2 953	-3 505	1 888	-225	-1 398

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

Appendix table 3. Finland's current account, monthly 2014, EUR million

		Year/month						
		2014/01	2014/02	2014/03	2014/04	2014/05	2014/06	2014/07
Accounting entry								
Credit	1. Current account	7 202	7 068	7 436	7 781	8 165	7 446	7 413
	1.1 Goods	4 350	4 310	4 545	4 681	5 134	4 631	4 400
	1.2 Services	1 631	1 618	1 624	1 586	1 577	1 579	1 730
	1.3 Primary income	1 133	1 052	1 179	1 420	1 360	1 142	1 191
	1.4 Secondary income	88	88	88	94	94	94	92

		Year/month						
		2014/01	2014/02	2014/03	2014/04	2014/05	2014/06	2014/07
Debit	1. Current account	7 756	7 288	8 087	8 951	8 364	7 504	8 178
	1.1 Goods	4 678	4 254	4 547	4 844	4 602	4 498	4 501
	1.2 Services	1 747	1 734	1 749	1 862	1 858	1 840	1 816
	1.3 Primary income	871	839	1 330	1 948	1 607	869	1 588
	1.4 Secondary income	461	461	461	297	297	297	273

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

Appendix table 4. External assets and liabilities, by investment type, monthly 2014, EUR million

		Year/month						
		2014/01	2014/02	2014/03	2014/04	2014/05	2014/06	2014/07
Accounting entry								
Assets	Total	-339	-3 651	-1 875	-4 257	680	-3 912	-10 462
	1. Direct investment	832	-894	-464	-597	293	-896	-493
	1.1 Equity capital	734	589	144	-1 253	141	576	425
	1.2 Other capital	98	-1 483	-608	656	152	-1 472	-919
	2. Portfolio investment	-1 389	3 099	-947	6 111	4 454	1 717	-935
	2.1 Shares	308	1 598	-862	2 344	2 290	-40	19
	2.2 Bonds and notes	-2 324	984	76	2 908	2 291	1 666	-552
	2.3 Money market instruments	627	517	-161	858	-127	91	-401
	3. Other investment	4 258	-2 418	6 305	-4 552	2 288	-1 364	-5 041
	4. Financial derivatives	-3 999	-3 379	-6 858	-5 090	-6 314	-3 394	-3 984
5. Reserve assets	-40	-58	89	-128	-40	25	-9	
Liabilities	Total	7 220	-7 436	1 718	406	-1 021	-3 641	-8 310
	1. Direct investment	865	2 100	3 227	4 423	-1 593	-1 054	1 731
	1.1 Equity capital	172	172	172	4 209	-985	-1 984	1 593
	1.2 Other capital	693	1 928	3 055	214	-607	929	138
	2. Portfolio investment	4 684	3 849	-680	642	2 734	-1 422	-17
	2.1 Shares	1 983	435	-170	306	893	781	308
	2.2 Bonds and notes	1 428	4 457	2 051	113	670	-1 782	67
	2.3 Money market instruments	1 272	-1 043	-2 561	223	1 171	-421	-392
	3. Other investment	5 621	-10 037	6 073	355	4 685	2 241	-6 450
	4. Financial derivatives	-3 949	-3 349	-6 902	-5 015	-6 847	-3 406	-3 575
5. Reserve assets	

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

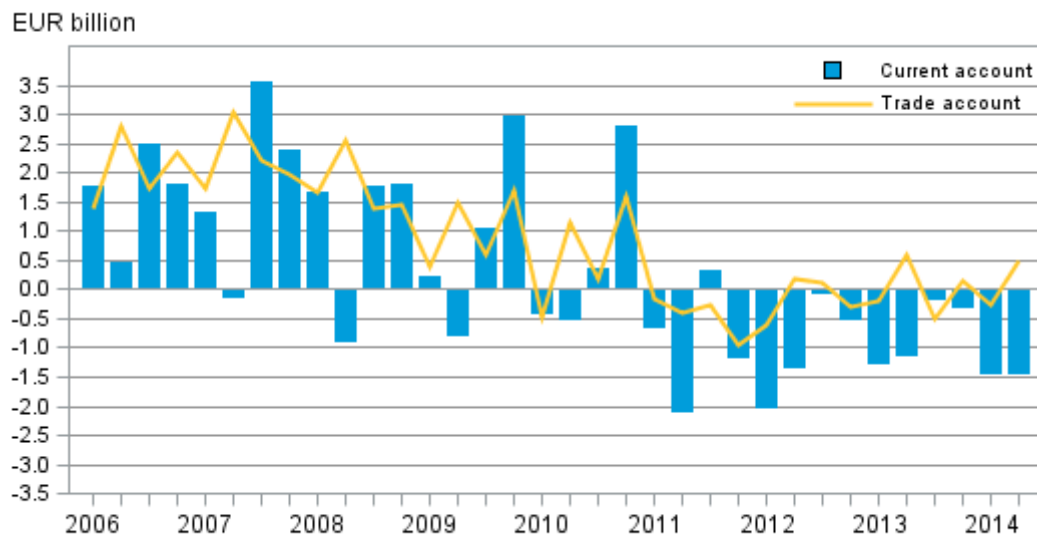
Appendix table 5. Finland's balance of payments 2014, EUR million

	Year 2013	12 month moving sum	2014/06	2014/07
1. Current account	-2 851	-4 040	-59	-765
1.1 Goods	83	-15	133	-101
1.2 Services	-1 662	-1 778	-261	-86
1.3 Primary income	1 246	432	272	-397
1.4 Secondary income	-2 518	-2 679	-202	-181
2. Capital account	184	138	12	12
3. Financial account	-3 308	-8 293	-271	-2 152
3.1 Direct investment	3 179	-10 476	158	-2 225
3.2 Portfolio investment	-5 428	3 791	3 139	-918
3.3 Other investment	204	-1 081	-3 605	1 409
3.4 Financial derivatives	-2 032	-1 271	12	-408
3.5 Reserve assets	768	744	25	-9
4. Errors and omissions	-641	-4 391	-225	-1 398

- 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

Figures

Appendix figure 1. Finland's current account and trade account



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Source: Balance of payments and international investment position, Statistics Finland