

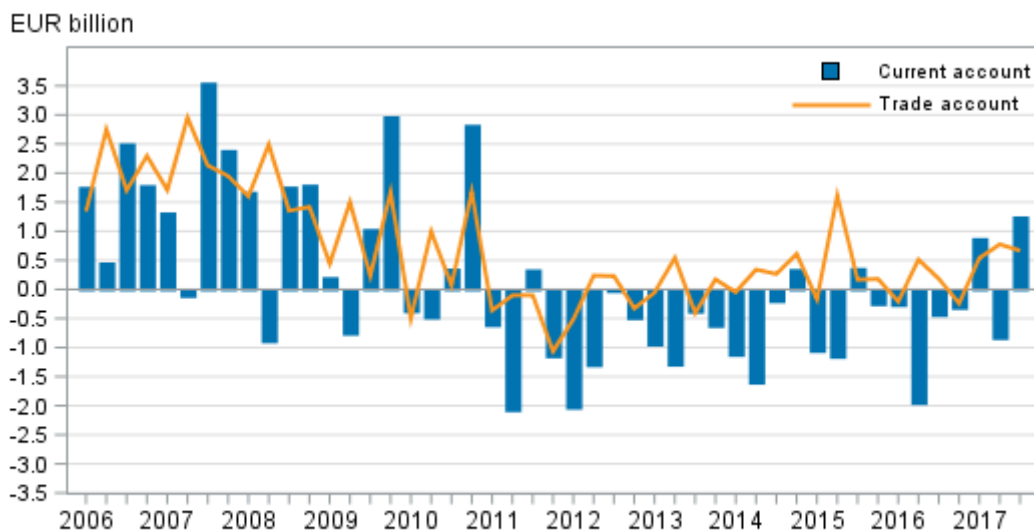
Balance of payments and international investment position

2017, 3rd quarter

Current account in surplus, net international investment position was negative

The current account turned EUR 1.3 billion into surplus in the third quarter of 2017. Exports of both goods and services grew more than imports and the trade account in balance of payments terms was in surplus. The primary income account also increased the surplus. In other words, more investment income, such as interests and dividends, was paid to Finland than abroad from Finland. The net international investment position was negative. The data appear from Statistics Finland's statistics on balance of payments and international investment position.

Current account and trade account



Current account

The current account was EUR 1.3 billion in surplus in the third quarter of 2017. This was explained by both the positive primary income account and the trade account being in surplus. In addition, the deficit of the service account contracted. The 12-month moving total of the current account started to show a surplus, which was particularly due to the primary income account being in surplus.

Goods and services

In balance of payment terms, the trade account was EUR 0.7 billion in surplus. In the corresponding quarter of the previous year, the trade account was EUR 0.2 billion in surplus. The service account's deficit contracted to EUR 0.2 billion. In the third quarter of 2016, the deficit stood at EUR 0.7 billion.

In the third quarter, goods exports in balance of payments terms amounted to EUR 14.4 billion and grew by 10 per cent from the corresponding period in 2016. Goods imports increased to EUR 13.7 billion, rising by seven per cent year-on-year. In January to September, goods exports in balance of payments terms grew by 14 per cent.

Service exports, EUR 6.3 billion, grew by eight per cent and service imports, EUR 6.5 billion, remained on level with the previous year. In January to September, service exports increased by eight per cent.

The value added of factoryless goods production previously included in exports of manufacturing services has been included in the statistics as goods exports starting from the statistical reference year 2014. The change was made in March 2017. A corresponding change to earlier years will be made in connection with the next time series correction. [As a result of the change, the level of service exports before 2014 falls and the level of goods exports rises.](#) The correction will not change the combined value of exports of goods and services.

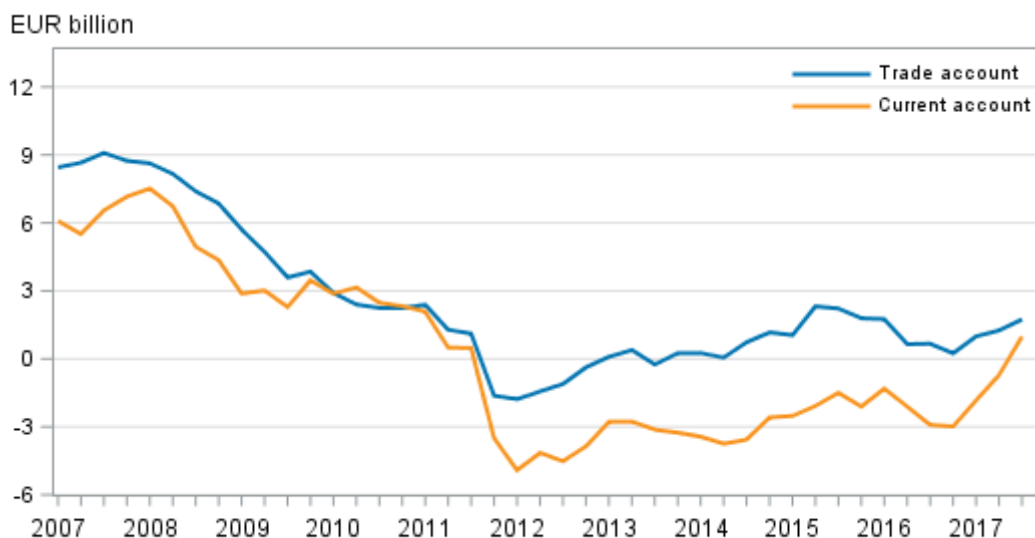
Import and export figures in balance of payments terms by service item and area can be found in the [statistics on international trade in goods and services](#). Adjustments made to the Finnish Customs figures, which result in goods trade in balance of payments terms, are also broken down in the statistics on international trade in goods and services.

Primary income and secondary income

The primary income account was EUR 1.3 billion in surplus in the third quarter. The primary income account comprises compensation of employees, investment income and other primary income paid abroad from Finland and from abroad to Finland. The surplus of primary income is mainly due to investment income, which includes returns on capital like interests and dividends. EUR 1.1 billion were paid in investment income to Finland in net. In January to September, the surplus of the primary income account was EUR 1.7 billion.

The deficit on secondary income account was EUR 0.4 billion in the third quarter.

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



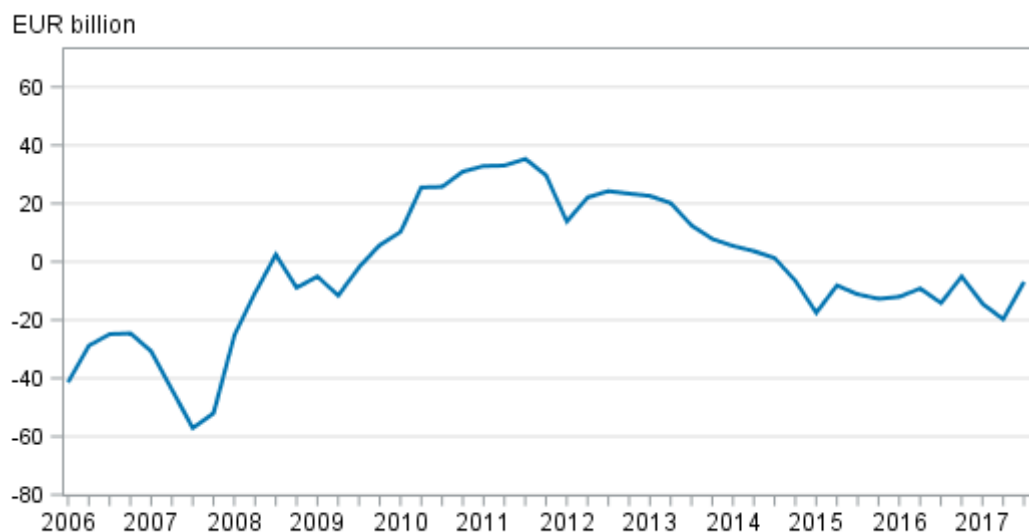
Financial account and net international investment position

Net international investment position was negative

At the end of the third quarter of 2017, Finland had EUR 627.1 billion in foreign assets on gross and EUR 634.0 billion in foreign liabilities on gross. The net international investment position was thus EUR 6.9 billion negative. The net investment position strengthened compared with the end of the previous quarter, when the net investment position was EUR -19.7 billion. Both foreign assets and liabilities increased in the third quarter. Capital flowed out from assets to the tune of EUR 7.3 billion, but other valuation changes, that is, changes in exchange rates, prices and other changes, increased the stock of assets by EUR 21.8 billion. EUR 9.4 billion of liabilities were decreased, but for liabilities other valuation changes also increased the stock by EUR 11.0 billion.

Examined by sector, the net international investment position improved in the third quarter of 2017 most due to the improved net investment position of the non-financial corporations sector from EUR -76.5 billion to EUR -69.7 billion and that of the central bank sector from EUR 70.5 billion to EUR 83.4 billion. Social security funds had the biggest net foreign assets, EUR 132.0 billion, while the other financial institutions sector held the largest net foreign liabilities, EUR 159.5 billion.

Finland's net international investment position quarterly



Capital flowed from Finland as direct investments and portfolio investments

In the third quarter of 2017, net capital outflow from Finland amounted to EUR 2.1 billion, which improved the net international investment position. Examined by type functional category, capital flowed from Finland on net as direct investments and portfolio investments. Inward capital flow was mostly in the form of other investments, that is, for example, as loans from outside the group, deposits and trade credits, EUR 7.1 billion on net.

At the end of the third quarter of 2017, international direct investment assets on gross stood at EUR 159.6 billion and the corresponding liabilities at EUR 113.1 billion. The net investment position of direct investments was thus positive at the end of the third quarter as there were EUR 46.5 billion more assets than liabilities. The net investment position of direct investments strengthened in the third quarter, when assets from foreign direct investments grew more than liabilities.

In the third quarter, assets from foreign direct investments made abroad from Finland increased by EUR 3.4 billion and, in addition, other valuation changes related to assets increased gross assets by EUR 0.4 billion. Liabilities from direct investments increased by EUR 1.3 billion on net and the increase in liabilities was directed primarily at equity items.

The net international position of portfolio investments improved in the third quarter of 2017 as assets from portfolio investments grew and the stock of liabilities fell. Portfolio investment assets amounted to EUR 305.3 billion and portfolio investment liabilities to EUR 317 billion at the end of the third quarter. The increase in portfolio investment assets was primarily caused by the growth in equity and investment fund shares in the third quarter, when assets in these items totalled EUR 172.5 billion. Portfolio investment liabilities contracted in the third quarter, because foreign portfolio investments in bonds and money market instruments decreased by EUR 3.6 billion and in equity and investment fund shares by EUR 2.1 billion. The liabilities stock of portfolio investments also decreased due to valuation changes in bonds.

At the end of the third quarter of 2017, Finland had EUR 0.3 billion in derivative-related net assets, which is EUR 2.0 billion less than at the end of the second quarter. Both derivative-related assets and liabilities have declined considerably compared to one year ago mainly as a result of international company restructurings. Assets have contracted from EUR 102.5 billion to EUR 20.3 billion and liabilities from EUR 98.6 billion to EUR 20.0 billion.

Contents

Tables

Appendix tables

Appendix table 1. Current account, quarterly 2017, EUR million.....	6
Appendix table 2. External assets and liabilities by sector, quarterly 2017, EUR million.....	7
Appendix table 3. International investment position by sector, quarterly 2017, EUR million.....	8

Appendix tables

Appendix table 1. Current account, quarterly 2017, EUR million

		Year/quarter				
		2016/Q3	2016/Q4	2017/Q1	2017/Q2	2017/Q3
Credit	1. Current account	23 379	25 003	25 403	26 583	25 153
	1.1 Goods	13 065	13 907	14 666	15 322	14 405
	1.2 Services	5 816	6 489	6 190	6 323	6 282
	1.3 Primary income	4 219	4 324	4 223	4 593	4 159
	1.4 Secondary income	280	283	324	345	307
Debit	1. Current account	23 821	25 321	24 520	27 420	23 900
	1.1 Goods	12 883	14 149	14 124	14 545	13 740
	1.2 Services	6 520	7 266	6 401	6 848	6 515
	1.3 Primary income	3 553	2 977	3 174	5 202	2 892
	1.4 Secondary income	864	929	821	825	754

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 2017, EUR million

		Year/quarter				
		2016/Q3	2016/Q4	2017/Q1	2017/Q2	2017/Q3
Net	S1 Total economy	-8 849	479	2 242	-721	2 069
	S11 Non-financial corporations	-2 676	2 600	-2 418	1 269	939
	S121 Central bank	11 260	-35 156	42 974	-9 066	12 983
	S122 Other monetary financial institutions	-18 823	36 944	-38 375	8 719	-12 795
	S123 Money market funds (MMF)	-4	62	42	-79	76
	S124 Collective investment schemes, excl. money market funds	1 192	619	-69	1 002	1 087
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	1 771	-538	678	-1 113	-743
	S128+S129 Insurance corporations and pension funds	373	-388	949	-622	-476
	S1311 Central government	-2 467	-4 190	-3 407	832	325
	S1313 Local government	-90	-189	-15	18	84
	S1314 Social security funds	338	655	2 009	-1 799	251
	S14+S15 Households and non-profit institutions serving households	276	58	-124	118	338

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 2017, EUR million

		Year/quarter				
		2016/Q3	2016/Q4	2017/Q1	2017/Q2	2017/Q3
Assets	S1 Total economy	736 407	693 471	637 522	612 604	627 078
	S11 Non-financial corporations	135 855	136 284	146 426	145 349	147 663
	S121 Central bank	83 696	49 094	91 852	82 745	96 567
	S122 Other monetary financial institutions	229 752	209 670	89 914	76 781	70 725
	S123 Money market funds (MMF)	2 459	2 507	2 539	2 445	2 512
	S124 Collective investment schemes, excl. money market funds	70 942	73 276	76 977	78 651	80 855
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	29 424	32 272	33 882	35 226	36 547
	S128+S129 Insurance corporations and pension funds	28 509	28 439	29 120	28 045	27 046
	S1311 Central government	15 729	14 722	15 294	13 229	12 610
	S1313 Local government	398	448	502	564	639
	S1314 Social security funds	126 852	133 075	136 046	134 427	136 243
	S14+S15 Households and non-profit institutions serving households	12 791	13 684	14 970	15 142	15 671
	Liabilities	S1 Total economy	750 557	698 530	651 884	632 335
S11 Non-financial corporations		198 258	198 762	218 806	221 828	217 381
S121 Central bank		11 922	12 151	12 234	12 280	13 180
S122 Other monetary financial institutions		371 782	315 079	245 495	223 613	230 186
S123 Money market funds (MMF)		56	43	39	31	29
S124 Collective investment schemes, excl. money market funds		21 362	21 998	24 484	25 950	26 728
S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders		36 591	38 337	39 121	41 290	42 880
S128+S129 Insurance corporations and pension funds		811	910	971	1 041	1 113
S1311 Central government		102 711	102 104	102 345	97 258	93 784
S1313 Local government		3 069	3 302	4 438	4 493	4 481
S1314 Social security funds		3 997	5 845	3 949	4 551	4 202
S14+S15 Households and non-profit institutions serving households						
Net		S1 Total economy	-14 150	-5 060	-14 363	-19 730
	S11 Non-financial corporations	-62 403	-62 479	-72 380	-76 478	-69 718
	S121 Central bank	71 773	36 942	79 617	70 465	83 387
	S122 Other monetary financial institutions	-142 030	-105 408	-155 581	-146 832	-159 461
	S123 Money market funds (MMF)	2 404	2 464	2 500	2 413	2 482
	S124 Collective investment schemes, excl. money market funds	49 580	51 278	52 493	52 702	54 127
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	-7 165	-6 065	-5 239	-6 064	-6 333
	S128+S129 Insurance corporations and pension funds	27 698	27 530	28 149	27 004	25 932
	S1311 Central government	-86 981	-87 382	-87 050	-84 029	-81 174
	S1313 Local government	-2 671	-2 854	-3 936	-3 929	-3 843
	S1314 Social security funds	122 855	127 230	132 097	129 876	132 041
	S14+S15 Households and non-profit institutions serving households	12 791	13 684	14 970	15 142	15 671

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

Inquiries

Tapio Kuusisto 029 551 3318

Pauliina Turunen 029 551 2958

Director in charge:

Ville Vertanen

www.stat.fi

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