

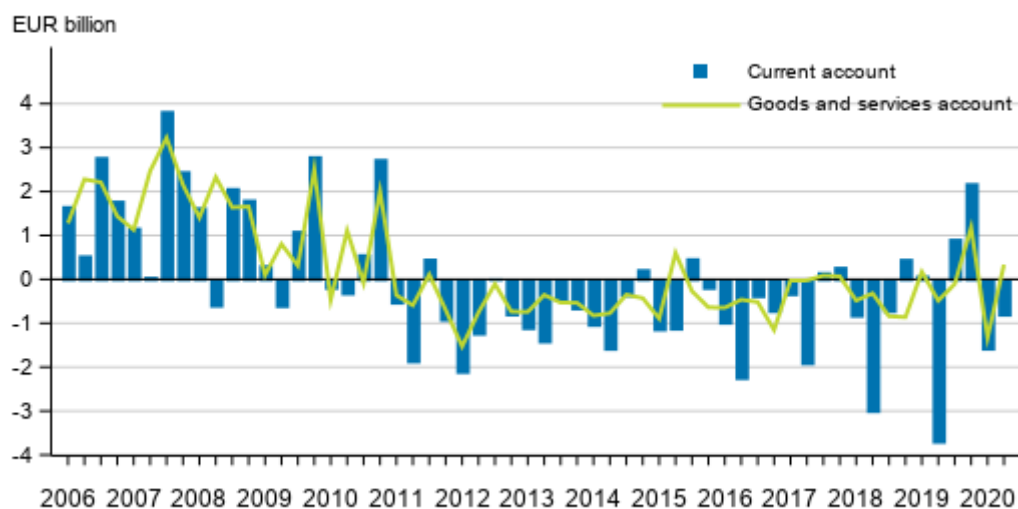
# Balance of payments and international investment position

2020, 2nd quarter

## Current account showed a deficit in the second quarter, the net international investment position weakened

The current account was in deficit in the second quarter of 2020. In balance of payments terms, the value of goods exports fell by 12 per cent and the value of goods imports by 20 per cent from the corresponding quarter of the year before. Service exports, in turn, fell by 28 per cent from the respective quarter of the year before. The primary income account turned into deficit. The net international investment position weakened. 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 second quarter of 2020, the current account was EUR 0.8 billion in deficit. The balance of goods and services showed a surplus of EUR 0.3 billion. Of the sub-items of the current account, the primary income account was EUR 0.3 billion in deficit and the secondary income account EUR 0.8 billion in deficit.

## Goods and services

The goods account in balance of payments terms was EUR 1.0 billion in surplus in the second quarter of 2020. In the corresponding quarter of the previous year, the goods account was EUR 0.2 billion in deficit. The service account showed a deficit of EUR 0.7 billion in the second quarter of 2020.

Goods exports in balance of payments terms amounted to EUR 13.8 billion in the second quarter of 2020, which means that goods exports fell by 12 per cent from the corresponding quarter of the previous year. Goods imports amounted to EUR 12.8 billion, so goods imports declined by 20 per cent from the quarter in the previous year. In the second quarter of 2020, service exports declined by 28 per cent and service imports by 22 per cent compared to the corresponding quarter of the previous year. Service exports amounted to EUR 5.7 billion and service imports to EUR 6.4 billion.

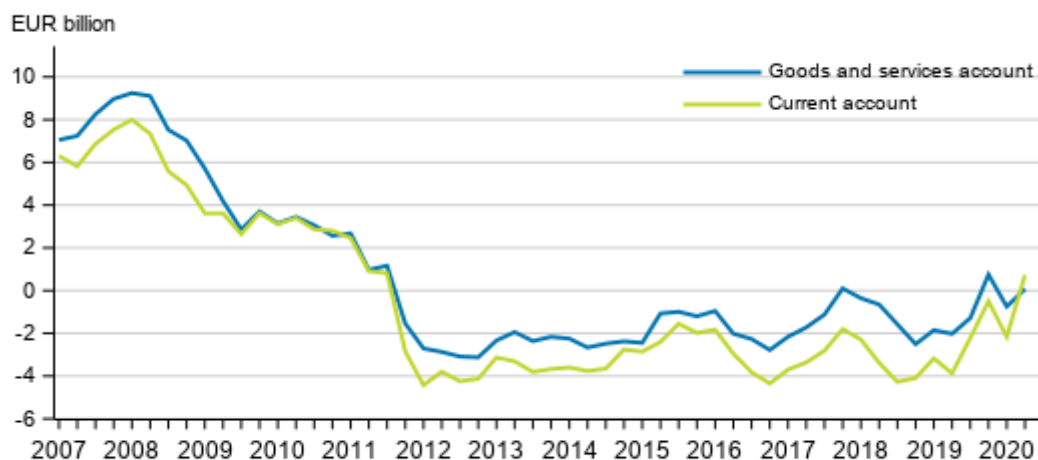
More detailed import and export figures in balance of payments terms by service item and area can be found in the [statistics on international trade in goods and services](#) starting from 2013. Decreases and increases made to the Finnish Customs figures, which result in goods trade in balance of payments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

## Primary income in the second quarter

In the second quarter of 2020, property income paid on net from Finland amounted to EUR 0.4 billion, while property income paid to Finland from abroad amounted to EUR 4.9 billion and property income paid abroad from Finland to EUR 5.3 billion. The largest net amount of property income paid abroad from Finland was in the form of interests and dividends on portfolio investments, EUR 1.6 billion. By contrast, most property income was paid from abroad to Finland in the second quarter in the form of direct investments, EUR 1.1 billion.

The secondary income account was EUR 0.8 billion in deficit in the second quarter of 2020.

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



## Financial account and net international investment position

### *Portfolio investments weakened the net international investment position*

In the second quarter of 2020, Finland had EUR 844.6 billion in foreign assets on gross and EUR 846.6 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 -2.0 billion as there were more liabilities than assets. Assets on gross diminished due to the fall in the stocks of derivatives and other investments. By contrast, liabilities on gross grew, which was mainly due to an increase in investment stocks in portfolio investments.

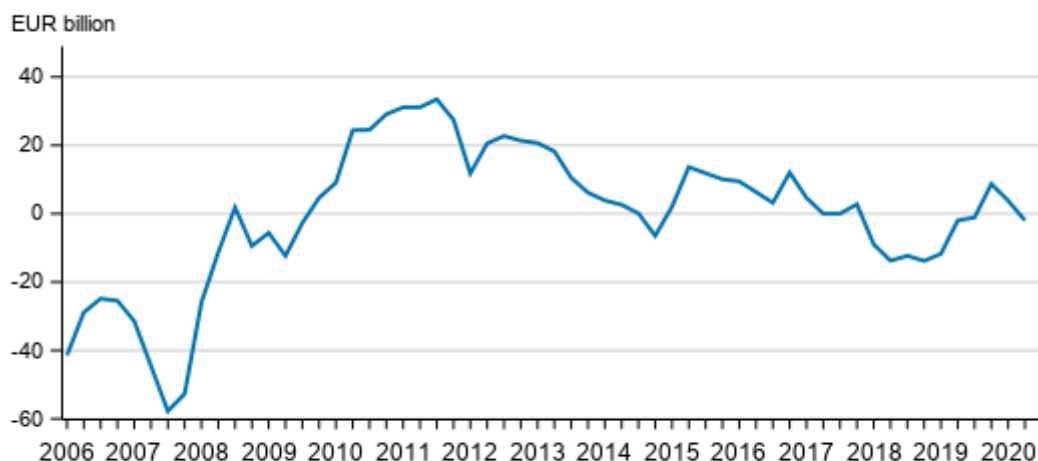
The net international investment position fell from the previous quarter when the net international investment position was EUR 3.8 billion. Financial transactions stood for EUR 2.2 billion of the fall in the net international investment position, while prices and exchange rates and other changes in classifications stood for EUR 3.5 billion.

### *Portfolio investment assets and liabilities increased*

Examined by type of investment, most foreign assets at the end of the second quarter of 2020 were in the form of portfolio investments. Portfolio investment assets grew significantly from the previous quarter. At the end of the second quarter of 2020, there were EUR 328.1 billion in portfolio investment assets, while in the previous quarter there were EUR 313.7 billion in assets. The change in stocks is almost entirely explained by changes in the prices of portfolio investments. Portfolio investment assets in bonds and money market instruments amounted to EUR 129.7 billion and assets in equity and mutual fund shares to EUR 198.4 billion.

The share of portfolio investments is also highest in foreign liabilities. At the end of the second quarter of 2020, portfolio investment liabilities stood at EUR 414.5 billion and the stock of portfolio investment liabilities also grew considerably due to price changes from the previous quarter, when the stock of portfolio investment liabilities stood at EUR 386.8 billion. Portfolio investment liabilities were highest in the form of bonds and money market instruments, which stood at EUR 276.4 billion at the end of the second 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 and other investments, while the largest net liabilities were in the form of portfolio investments. At the end of the second quarter of 2020, net assets increased most in other investments, where net assets amounted to EUR 19.3 billion. The net assets of direct investments amounted to EUR 56.0 billion. The net liability of portfolio investments amounted to EUR 86.4 billion. Net liabilities of portfolio investments are explained by net liabilities of EUR 146.8 billion in bonds and money market instruments. Assets in equity and mutual fund shares were EUR 60.3 billion larger than liabilities.

### *Net capital inflow to Finland from abroad*

In the second quarter of 2020, net capital inflow to Finland from abroad amounted to EUR 2.2 billion. Net capital inflow to Finland was mostly in the form of portfolio investments, EUR 8.6 billion, of which EUR 5.2 billion is explained by the growth in liabilities in bonds and money market instruments. In other investments, net capital outflow from Finland abroad amounted to EUR 5.2 billion. In addition, in direct investments, net capital outflow from Finland abroad amounted to EUR 1.6 billion.

### *Social security funds had largest net assets*

When the net investment position is examined by investor sector, most foreign net assets, EUR 142.4 billion, were held by social security funds, of which employment pension schemes are the most important ones. EUR 114.0 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. 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 133.8 billion. The net investment position of monetary financial institutions weakened from the first quarter of 2020 due to increased net liability of portfolio 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/Q2	2019/Q3	2019/Q4	2020/Q1	2020/Q2
Credit	1. Current account	29 703	29 238	31 326	27 046	25 128
	1.1 Goods	15 810	15 513	17 236	14 849	13 838
	1.2 Services	7 922	8 178	8 561	6 698	5 730
	1.3 Primary income	5 637	5 194	5 174	4 968	5 233
	1.4 Secondary income	335	352	355	531	326
Debit	1. Current account	33 404	28 312	29 133	28 627	25 935
	1.1 Goods	16 044	15 753	15 579	14 898	12 844
	1.2 Services	8 175	8 046	9 039	7 982	6 392
	1.3 Primary income	8 324	3 602	3 731	4 545	5 558
	1.4 Secondary income	861	911	785	1 202	1 141

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/Q2	2019/Q3	2019/Q4	2020/Q1	2020/Q2
Assets	S1 Total economy	-25 483	-17 022	-69 686	10 538	-34 259
	S11 Non-financial corporations	-11 458	-6 587	-10 835	-8 196	-7 338
	S121 Central bank	-2 128	925	-12 440	5 834	11 510
	S122 Other monetary financial institutions	560	-719	-32 348	35 821	-27 176
	S123 Money market funds (MMF)	.	.	.	.	.
	S124 Collective investment schemes, excl. money market funds	-316	782	-310	-1 590	1 166
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	428	-539	947	-21	200
	S128+S129 Insurance corporations and pension funds	-88	-29	-281	-171	671
	S1311 Central government	-4 448	-1 886	-6 143	-8 158	-3 548
	S1313 Local government	27	6	70	7	29
	S1314 Social security funds	-8 230	-9 084	-8 582	-13 130	-10 203
	S14+S15 Households and non-profit institutions serving households	169	109	233	141	431
	Liabilities	S1 Total economy	-25 888	-11 703	-66 861	16 646
S11 Non-financial corporations		-11 315	-3 425	-7 957	-6 811	-6 199
S121 Central bank		120	-220	251	378	838
S122 Other monetary financial institutions		-7 396	5 166	-44 930	30 959	-18 559
S123 Money market funds (MMF)					1	1
S124 Collective investment schemes, excl. money market funds		-1 188	385	51	-207	100
S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders		1 760	1 389	2 256	422	-359
S128+S129 Insurance corporations and pension funds		-218	139	83	266	120
S1311 Central government		975	-4 084	-6 805	2 601	-593
S1313 Local government		48	19	274	247	250
S1314 Social security funds		-8 797	-11 157	-10 122	-11 473	-7 949
S14+S15 Households and non-profit institutions serving households		122	86	39	262	335
Net		S1 Total economy	405	-5 319	-2 825	-6 108
	S11 Non-financial corporations	-142	-3 161	-2 878	-1 385	-1 140
	S121 Central bank	-2 248	1 145	-12 690	5 456	10 672
	S122 Other monetary financial institutions	7 955	-5 886	12 582	4 862	-8 617
	S123 Money market funds (MMF)				-1	-1
	S124 Collective investment schemes, excl. money market funds	873	397	-361	-1 383	1 067
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	-1 333	-1 928	-1 309	-443	559
	S128+S129 Insurance corporations and pension funds	131	-167	-364	-437	551
	S1311 Central government	-5 423	2 198	663	-10 759	-2 955
	S1313 Local government	-21	-13	-204	-240	-222
	S1314 Social security funds	567	2 073	1 541	-1 656	-2 253
	S14+S15 Households and non-profit institutions serving households	47	22	194	-121	96

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/Q2	2019/Q3	2019/Q4	2020/Q1	2020/Q2
Assets	S1 Total economy	827 763	859 927	816 925	847 523	844 600
	S11 Non-financial corporations	146 862	154 276	161 296	166 870	166 637
	S121 Central bank	95 217	96 781	84 047	89 602	101 444
	S122 Other monetary financial institutions	251 258	264 911	223 110	275 896	246 190
	S123 Money market funds (MMF)	.	.	.	.	.
	S124 Collective investment schemes, excl. money market funds	85 959	88 484	90 779	77 313	85 840
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	35 033	34 584	35 997	35 953	35 696
	S128+S129 Insurance corporations and pension funds	31 371	31 524	31 247	29 055	30 813
	S1311 Central government	13 656	14 294	13 911	13 887	13 978
	S1313 Local government	732	755	848	750	828
	S1314 Social security funds	153 066	159 705	160 090	144 515	147 753
	S14+S15 Households and non-profit institutions serving households	14 610	14 612	15 601	13 682	15 421
	Liabilities	S1 Total economy	829 766	861 031	808 236	843 709
S11 Non-financial corporations		229 640	239 724	243 260	229 677	245 452
S121 Central bank		12 790	12 606	12 849	13 252	14 061
S122 Other monetary financial institutions		395 570	415 090	360 577	402 794	379 965
S123 Money market funds (MMF)		1	1	1	2	3
S124 Collective investment schemes, excl. money market funds		26 877	27 667	28 863	24 963	27 735
S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders		53 430	53 656	56 678	53 150	53 921
S128+S129 Insurance corporations and pension funds		2 339	2 484	2 524	2 803	2 918
S1311 Central government		96 963	96 196	93 587	104 767	109 386
S1313 Local government		4 177	4 202	4 477	4 727	4 968
S1314 Social security funds		5 527	6 852	2 849	4 739	5 335
S14+S15 Households and non-profit institutions serving households		2 452	2 553	2 572	2 834	2 833
Net		S1 Total economy	-2 004	-1 104	8 689	3 813
	S11 Non-financial corporations	-82 778	-85 447	-81 964	-62 807	-78 816
	S121 Central bank	82 426	84 175	71 198	76 350	87 383
	S122 Other monetary financial institutions	-144 313	-150 178	-137 468	-126 897	-133 775
	S123 Money market funds (MMF)	-1	-1	-1	-2	-3
	S124 Collective investment schemes, excl. money market funds	59 082	60 817	61 916	52 349	58 105
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	-18 397	-19 072	-20 682	-17 197	-18 224
	S128+S129 Insurance corporations and pension funds	29 033	29 039	28 723	26 252	27 895
	S1311 Central government	-83 307	-81 902	-79 676	-90 881	-95 408
	S1313 Local government	-3 445	-3 447	-3 628	-3 977	-4 140
	S1314 Social security funds	147 539	152 853	157 242	139 776	142 418
	S14+S15 Households and non-profit institutions serving households	12 157	12 058	13 029	10 847	12 588

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 2019	12 month moving sum	2020/06	2020/07
1. Current account	-497	433	-345	-121
1.1. Goods	2 281	2 545	267	-34
1.2. Services	-1 528	-2 545	-178	-325
1.3. Primary income	1 164	2 950	-199	470
1.4. Secondary income	-2 413	-2 517	-235	-232
2. Capital account	187	187	15	16
3. Financial account	-9 177	-14 098	-708	-2 189
3.1. Direct investment	-7 813	-5 047	532	59
3.2. Portfolio investment	-25 668	-15 947	-71	-2 042
3.3. Other investment	23 315	7 878	-2 281	-1 175
3.4. Financial derivatives	463	-722	1 049	962
3.5. Reserve assets	527	-262	64	7
4. Errors and omissions	-8 867	-14 718	-378	-2 084

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

### Inquiries

Hanna Björklund 029 551 3296

Johannes Nykänen 029 551 3641

Head of Department in  
charge:

Mari Ylä-Jarkko

[www.stat.fi](http://www.stat.fi)

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