



BANK OF FINLAND **BULLETIN**

BANK OF FINLAND ARTICLES ON THE ECONOMY

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Forecast for 2017–2019

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December 2016

1. BALANCE OF SUPPLY AND DEMAND, AT REFERENCE YEAR 2010 PRICES

% change on previous year

	2015	2016	2017 ^f	2018 ^f	2019 ^f
GDP at market prices	0.2	1.0	1.3	1.2	1.2
Imports of goods and services	1.9	1.2	2.0	2.1	1.9
Exports of goods and services	-0.2	0.7	2.1	2.5	2.6
Private consumption	1.5	1.9	1.4	1.0	0.9
Public consumption	0.4	0.3	0.3	0.3	-0.3
Private fixed investment	2.2	5.8	3.4	2.5	2.7
Public fixed investment	-5.1	3.1	0.6	-0.2	-0.1

Source: Bank of Finland forecast December 2016.

2. CONTRIBUTIONS TO GROWTH¹

	2015	2016	2017 ^f	2018 ^f	2019 ^f
GDP, % change	0.2	1.0	1.3	1.2	1.2
Net exports	-0.8	-0.2	0.0	0.1	0.3
Domestic demand excl. inventory change	1.0	2.2	1.5	1.1	0.9
of which Consumption	0.9	1.2	0.8	0.6	0.4
Investment	0.1	1.1	0.6	0.4	0.5
Inventory change + statistical discrepancy	0.0	-1.1	-0.2	0.0	0.0

¹ Bank of Finland calculations. Annual growth rates using the previous year's GDP shares at current prices as weights.

Source: Bank of Finland forecast December 2016.

3. BALANCE OF SUPPLY AND DEMAND, PRICE DEFLATORS

Index 2010 = 100, and % change on previous year

	2015	2016	2017 ^f	2018 ^f	2019 ^f
GDP at market prices	112.0	113.3	113.2	113.6	114.4
	1.6	1.2	-0.1	0.3	0.7
Imports of goods and services	100.6	98.5	101.6	104.3	106.5
	-4.0	-2.0	3.1	2.7	2.1
Exports of goods and services	103.3	100.7	103.2	105.2	107.1
	-0.9	-2.5	2.5	2.0	1.8
Private consumption	110.8	111.4	112.0	112.7	113.6
	0.4	0.5	0.6	0.7	0.8
Public consumption	112.6	114.3	113.7	114.1	114.8
	0.2	1.5	-0.5	0.4	0.6
Private fixed investment	109.4	111.2	112.4	113.4	114.9
	0.5	1.6	1.0	0.9	1.3
Public fixed investment	110.3	112.2	114.3	114.8	115.6
	0.1	1.7	1.9	0.4	0.8
Terms of trade (goods and services)	102.7	102.2	101.6	100.9	100.6
	3.3	-0.5	-0.6	-0.7	-0.3

Source: Bank of Finland forecast December 2016.

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES

EUR million and % change on previous year

	2015	2016	2017 ^f	2018 ^f	2019 ^f
GDP at market prices	209,149	213,663	216,225	219,620	223,805
	1.8	2.2	1.2	1.6	1.9
Imports of goods and services	77,548	76,869	80,780	84,665	88,096
	-2.2	-0.9	5.1	4.8	4.1
Total supply	286,697	290,532	297,005	304,286	311,901
	0.7	1.3	2.2	2.5	2.5
Exports of goods and services	76,579	75,193	78,715	82,286	85,969
	-1.0	-1.8	4.7	4.5	4.5
Consumption	166,733	170,560	172,795	175,163	177,429
	1.5	2.3	1.3	1.4	1.3
Private	115,711	118,595	120,929	122,941	125,049
	1.8	2.5	2.0	1.7	1.7
Public	51,022	51,965	51,865	52,221	52,380
	0.6	1.8	-0.2	0.7	0.3
Fixed investment	42,718	45,695	47,582	48,931	50,603
	1.1	7.0	4.1	2.8	3.4
Private	34,562	37,146	38,821	40,154	41,771
	2.7	7.5	4.5	3.4	4.0
Public	8,156	8,549	8,761	8,777	8,832
	-5.1	4.8	2.5	0.2	0.6
Inventory change + statistical discrepancy	667	-916	-2,086	-2,094	-2,101
% of previous year's total demand	0.0	-0.6	-0.4	0.0	0.0

Source: Bank of Finland forecast December 2016.

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES

Total demand	286,697	290,532	297,005	304,286	311,901
	0.7	1.3	2.2	2.5	2.5
Total domestic demand	210,118	215,339	218,291	221,999	225,931
	1.4	2.5	1.4	1.7	1.8

Source: Bank of Finland forecast December 2016.

5. BALANCE OF SUPPLY AND DEMAND

% of GDP at current prices

	2015	2016	2017 ^f	2018 ^f	2019 ^f
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Imports of goods and services	37.1	36.0	37.4	38.6	39.4
Exports of goods and services	36.6	35.2	36.4	37.5	38.4
Consumption	79.7	79.8	79.9	79.8	79.3
Private	55.3	55.5	55.9	56.0	55.9
Public	24.4	24.3	24.0	23.8	23.4
Fixed investment	20.4	21.4	22.0	22.3	22.6
Private	16.5	17.4	18.0	18.3	18.7
Public	3.9	4.0	4.1	4.0	3.9
Inventory change + statistical discrepancy,	0.3	-0.4	-1.0	-1.0	-0.9
Total demand	137.1	136.0	137.4	138.6	139.4
Total domestic demand	100.5	100.8	101.0	101.1	101.0

Source: Bank of Finland forecast December 2016.

6. PRICES

Index 2010 = 100, and % change on previous year

	2015	2016	2017 ^f	2018 ^f	2019 ^f
Harmonised index of consumer prices, 2005=100	100.0	100.4	101.1	102.0	103.0
	-0.2	0.4	0.8	0.8	1.0
Consumer price index, 2005=100	100.0	100.4	101.1	101.9	102.9
	-0.2	0.4	0.7	0.8	1.0
Private consumption deflator	110.8	111.4	112.0	112.7	113.6
	0.4	0.5	0.6	0.7	0.8
Private investment deflator	109.4	111.2	112.4	113.4	114.9
	0.5	1.6	1.0	0.9	1.3
Exports of goods and services deflator	103.3	100.7	103.2	105.2	107.1
	-0.9	-2.5	2.5	2.0	1.8
Imports of goods and services deflator	100.6	98.5	101.6	104.3	106.5
	-4.0	-2.0	3.1	2.7	2.1
Value-added deflators					
Value-added, gross at basic prices	111.9	113.8	113.9	114.4	115.2
	1.8	1.6	0.2	0.4	0.7
Private sector	111.2	113.3	113.8	114.2	115.0
	2.1	1.9	0.4	0.4	0.7
Public sector	115.1	115.5	114.7	115.0	115.9
	0.7	0.4	-0.8	0.3	0.8

Source: Bank of Finland forecast December 2016.

7. WAGES AND PRODUCTIVITY

% change on previous year

	2015	2016	2017 ^f	2018 ^f	2019 ^f
Whole economy					
Index of wage and salary earnings	1.4	1.3	0.3	0.8	1.3
Compensation per employee	1.6	1.1	-0.5	0.6	1.0
Unit labour costs	1.0	0.5	-1.2	0.0	0.4
Labour productivity per employed person	0.6	0.6	0.7	0.7	0.5

Source: Bank of Finland forecast December 2016.

8. LABOUR MARKET

1,000 persons and % change on previous year

	2015	2016	2017 ^f	2018 ^f	2019 ^f
Labour force survey (15–74-year-olds)					
Employed persons	2,437	2,446	2,460	2,474	2,491
	-0.4	0.4	0.6	0.6	0.7
Unemployed persons	252	237	228	224	223
	8.7	-6.2	-3.7	-1.7	-0.5
Labour force	2,689	2,683	2,688	2,698	2,714
	0.4	-0.3	0.2	0.4	0.6
Working-age population (15–64-year-olds)	3,474	3,463	3,452	3,444	3,437
	-0.4	-0.3	-0.3	-0.2	-0.2
Labour force participation rate, %	65.6	65.3	65.2	65.3	65.6
Unemployment rate, %	9.4	8.8	8.5	8.3	8.2
Employment rate (15–64-year-olds), %	68.1	68.6	69.1	69.7	70.2

Source: Bank of Finland forecast December 2016.

9. GENERAL GOVERNMENT REVENUE, EXPENDITURE, BALANCE AND DEBT

% OF GDP

	2015	2016	2017 ^f	2018 ^f	2019 ^f
General government revenue	54.9	54.9	54.3	54.2	54.0
General government expenditure	57.7	57.4	56.9	56.6	56.2
General government primary expenditure	56.5	56.4	55.9	55.7	55.3
General government interest expenditure	1.2	1.0	1.0	0.9	0.9
General government net lending	-2.8	-2.5	-2.6	-2.4	-2.2
Central government	-3.0	-2.9	-2.8	-2.5	-2.0
Local government	-0.6	-0.7	-0.6	-0.6	-0.6
Social security funds	0.9	1.1	0.8	0.6	0.4
General government primary balance	-1.6	-1.4	-1.7	-1.5	-1.3
General government debt (EDP)	63.6	65.6	68.2	70.1	71.3
Central government debt	47.7	49.4	51.6	53.3	54.3
Tax ratio	44.1	44.2	43.7	43.7	43.6

Source: Bank of Finland forecast December 2016.

10. BALANCE OF PAYMENTS

EUR million

	2015	2016	2017 ^f	2018 ^f	2019 ^f
Exports of goods and services (SNA)	76,579	75,193	78,715	82,286	85,969
Imports of goods and services (SNA)	77,548	76,869	80,780	84,665	88,096
Goods and services account (SNA)	-969	-1,676	-2,065	-2,379	-2,126
% of GDP	-0.5	-0.8	-1.0	-1.1	-1.0
Investment income and other items, net (+ statistical discrepancy)	2,420	2,109	2,222	2,212	2,202
Current transfers, net	-2321	-2068	-2096	-2132	-2176
Current account, net	-870	-1,636	-1,939	-2,299	-2,100
Net lending, % of GDP					
Private sector	2.3	1.7	1.7	1.4	1.3
Public sector	-2.8	-2.5	-2.6	-2.4	-2.2
Current account, % of GDP	-0.4	-0.8	-0.9	-1.0	-0.9

Source: Bank of Finland forecast December 2016.

11. INTEREST RATES

%

	2015	2016	2017 ^f	2018 ^f	2019 ^f
3-month Euribor ¹	0.0	-0.3	-0.3	-0.2	0.0
Average interest rate on new loan drawdowns ²	2.1	1.8	1.8	1.9	2.1
Average interest rate on the stock of loans ²	1.6	1.5	1.4	1.5	1.6
Average interest rate on the stock of deposits ³	0.3	0.2	0.1	0.1	0.2
Yield on Finnish 10-year government bonds ¹	0.7	0.4	0.7	0.9	1.1

¹ Technical assumption derived from market expectations.

² Finnish credit institutions' loans to households and non-financial corporations (excl. overdrafts, credit card credits and repurchase agreements).

³ Finnish credit institutions' deposits from households and non-financial corporations.

Source: Bank of Finland forecast December 2016.

12. INTERNATIONAL ENVIRONMENT

The Eurosystem staff projections

	2015	2016	2017 ^f	2018 ^f	2019 ^f
GDP, % change on previous year					
World	3.1	2.9	3.3	3.4	3.5
USA	2.6	1.5	2.0	2.0	2.0
Euro area	1.9	1.7	1.7	1.6	1.6
Japan	0.6	0.7	0.9	0.8	0.7
Imports, % change on previous year					
World	1.9	1.5	3.2	3.9	4.0
USA	4.6	0.7	3.0	4.5	4.4
Euro area	6.2	3.3	4.1	4.3	4.1
Japan	0.4	-1.7	1.5	2.7	3.0
Index, 2010 = 100, and % change on previous year					
Import volume in Finnish export markets	113.1	115.2	118.4	122.7	127.2
	0.1	1.8	2.8	3.6	3.7
Export prices (excl. oil) of Finland's trading partners, national currencies	102.7	101.0	103.8	106.3	108.6
	-0.5	-1.7	2.7	2.4	2.2
Export prices (excl. oil) of Finland's trading partners, in euro	109.1	105.8	107.2	109.8	112.2
	3.9	-3.0	1.3	2.4	2.2
Industrial raw materials (excl. energy), HWWA index, in US dollars	98.0	95.9	104.1	107.8	112.8
	-25.0	-2.1	8.6	3.6	4.6
Oil price, USD per barrel ¹	52.4	43.1	49.3	52.6	54.6
	-47.1	-17.6	14.3	6.7	3.7

Source: Bank of Finland forecast December 2016.

12. INTERNATIONAL ENVIRONMENT

Finland's nominal competitiveness indicator ^{1, 2}	97.8	99.1	100.5	100.5	100.5
	-4.3	1.4	1.4	0.0	0.0
US dollar value of one euro ¹	1.11	1.11	1.09	1.09	1.09
	-16.5	0.2	-1.9	0.0	0.0

¹ Technical assumption derived from market expectations.

² Narrow plus euro area, 1999Q1 = 100

Source: Bank of Finland forecast December 2016.

13. Current and June 2016 forecast

	2016	2017 ^f	2018 ^f	2019 ^f
GDP, % change	1.0	1.3	1.2	1.2
June 2016	1.1	1.1	1.0	
Inflation (HICP), %	0.4	0.8	0.8	1.0
June 2016	0.2	0.8	1.0	
Current account, % of GDP	-0.8	-0.9	-1.0	-0.9
June 2016	-0.6	-0.8	-0.7	
General government net lending, % of GDP	-2.5	-2.6	-2.4	-2.2
June 2016	-2.6	-2.4	-2.3	
General government debt (EDP), % of GDP	65.6	68.2	70.1	71.3
June 2016	66.0	68.4	70.2	
Unemployment rate, %	8.8	8.5	8.3	8.2
June 2016	9.2	9.0	8.9	

Source: Bank of Finland forecast December 2016.

Tags

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