

20 March 2000

No 3/2000

# Main Indicators for the Finnish Economy

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Chart 1.1

**GROSS DOMESTIC PRODUCT: FINLAND AND EU**

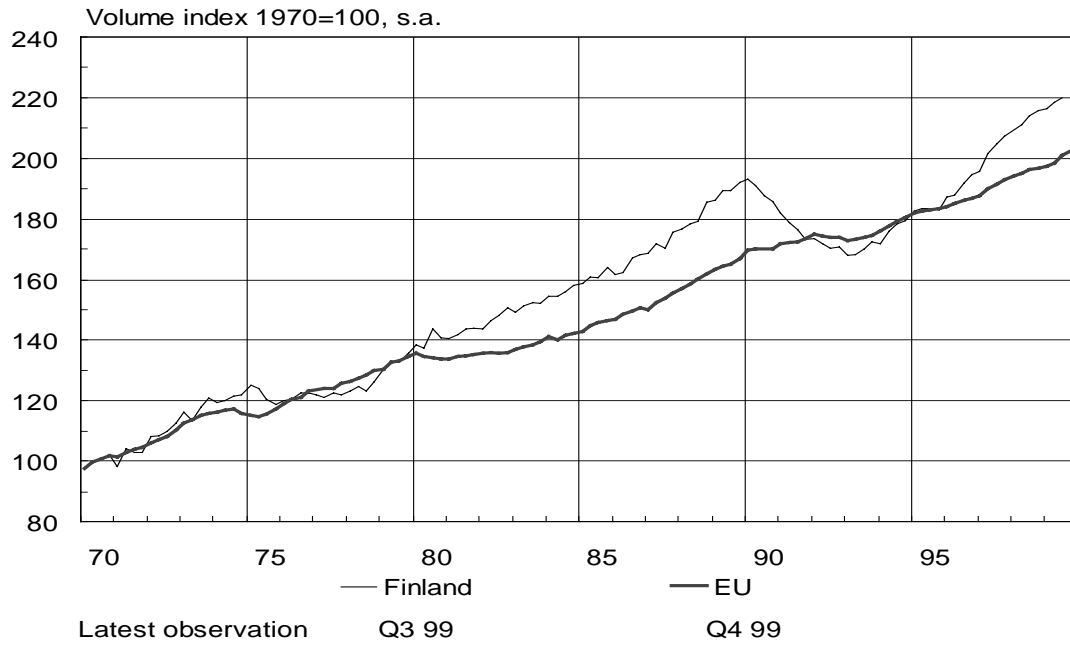


Chart 1.2

**GROSS DOMESTIC PRODUCT**

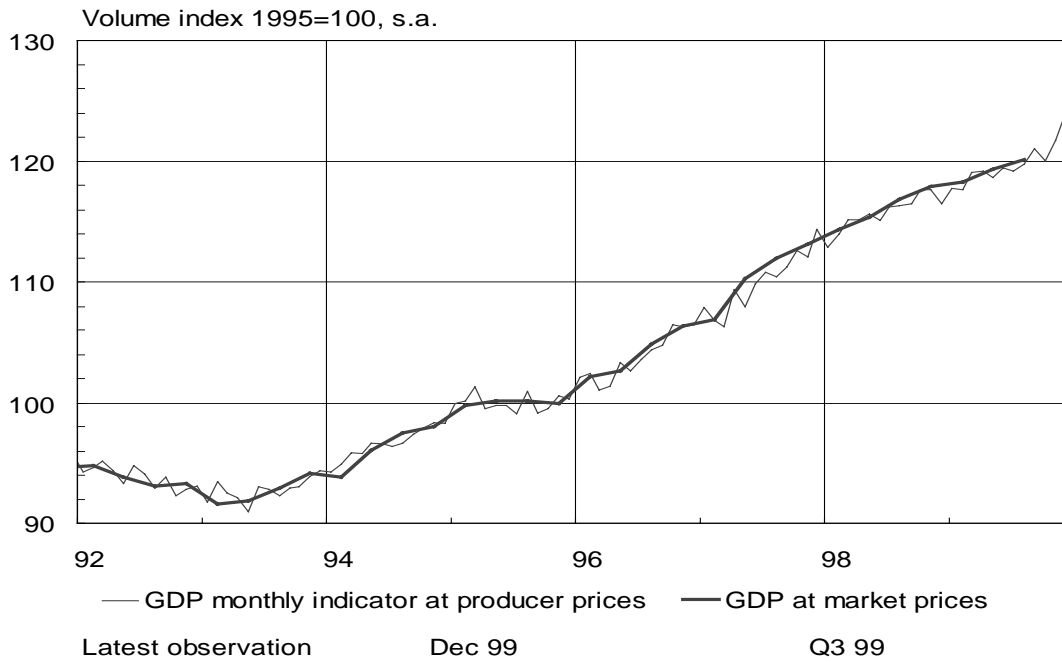


Chart 2.

**GDP<sup>1)</sup> BY SECTORS OF ORIGIN**

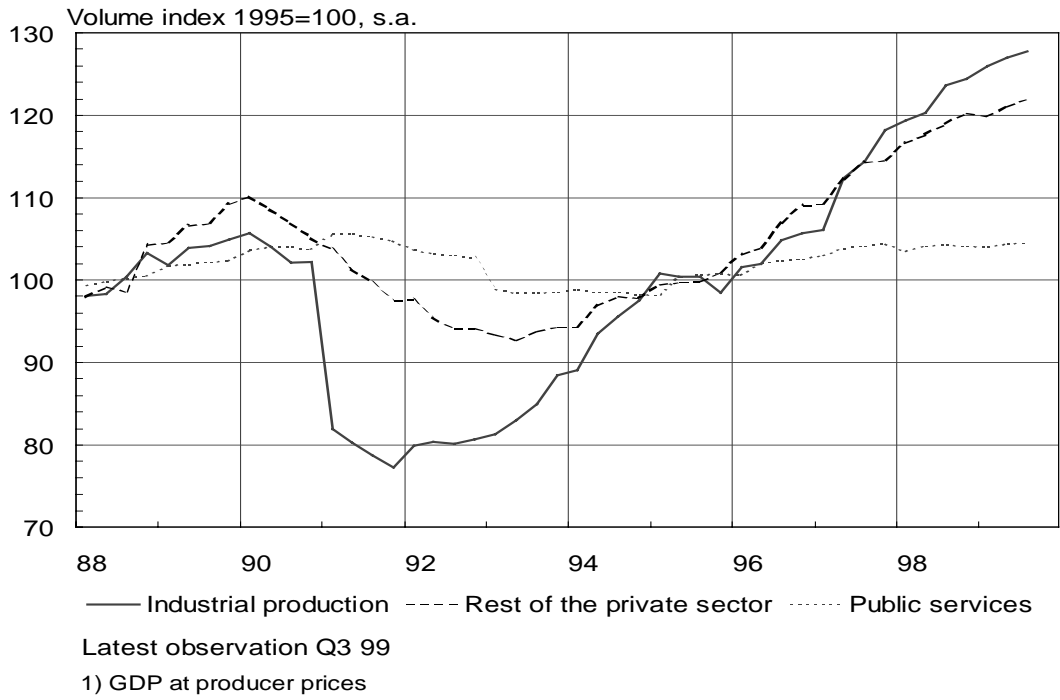


Chart 3.

**MANUFACTURING PRODUCTION**

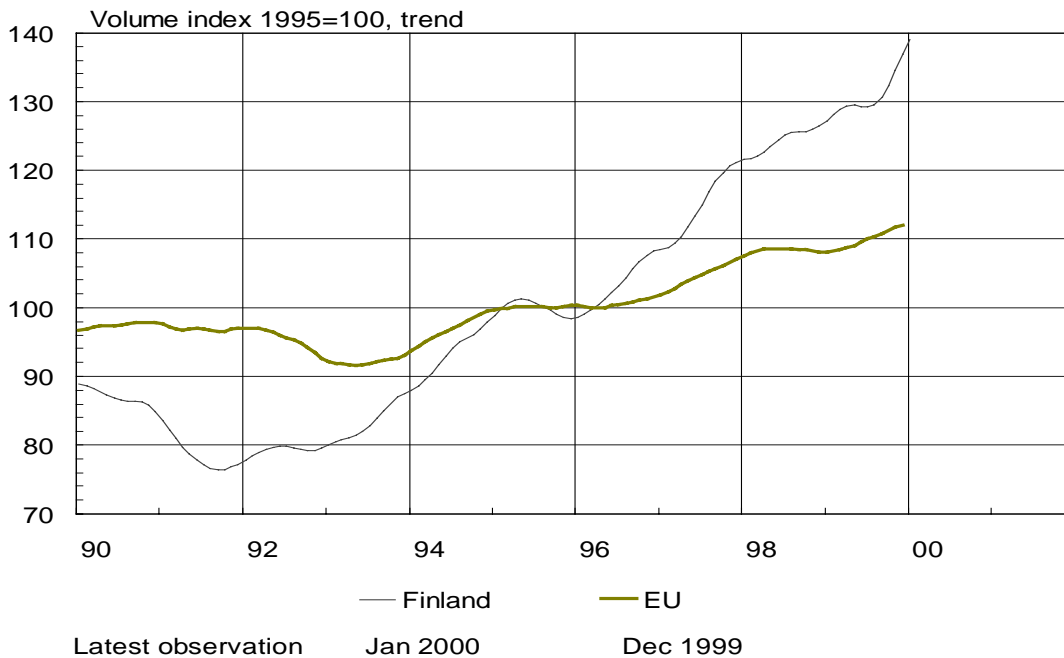


Chart 4.

**MAIN DEMAND COMPONENTS**

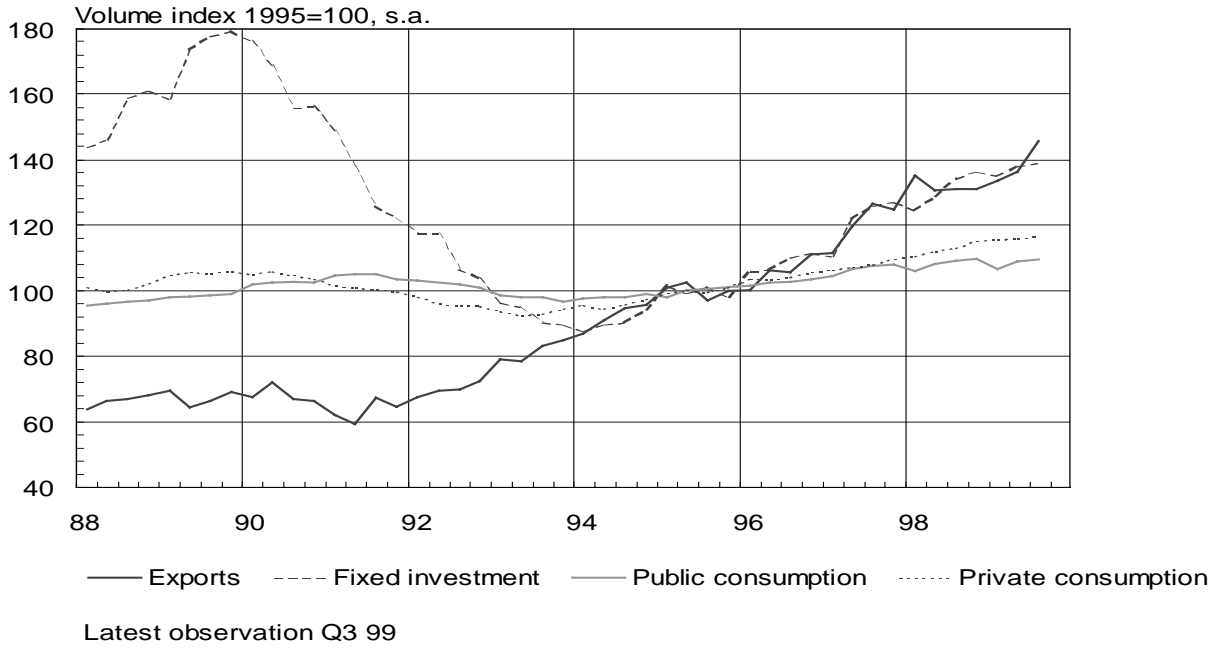


Chart 5.

**HOUSEHOLD SECTOR'S SAVING RATIO**

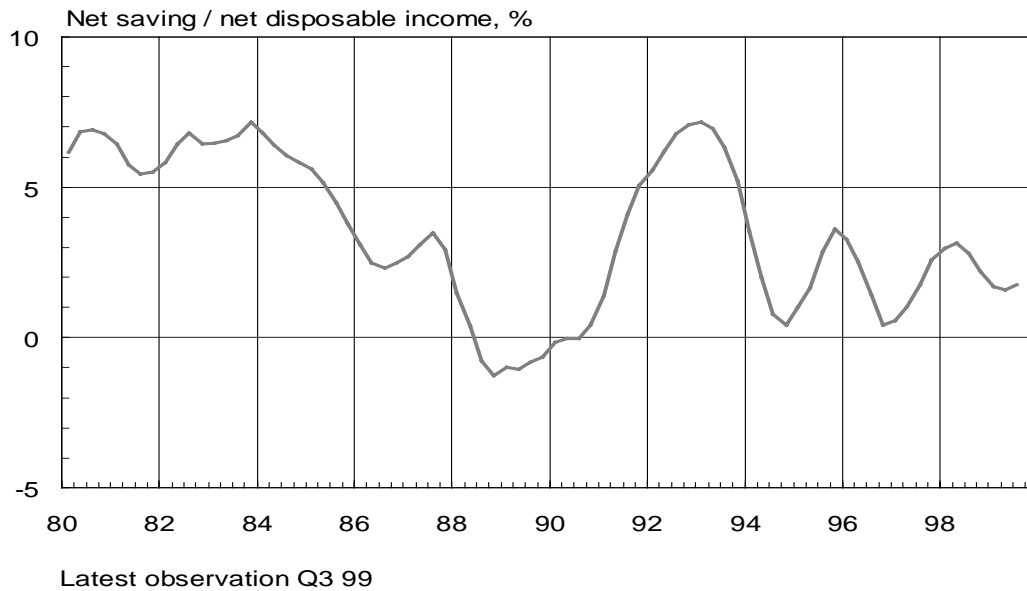
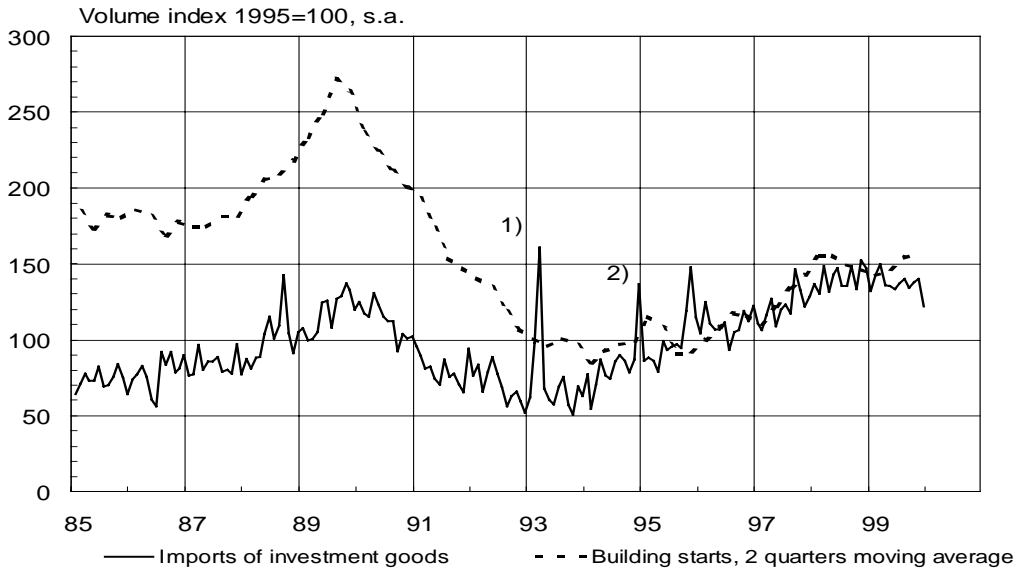


Chart 6.  
**INDICATORS OF DOMESTIC DEMAND**  
**Private consumption**



**Fixed investment**



Latest observation Dec 99

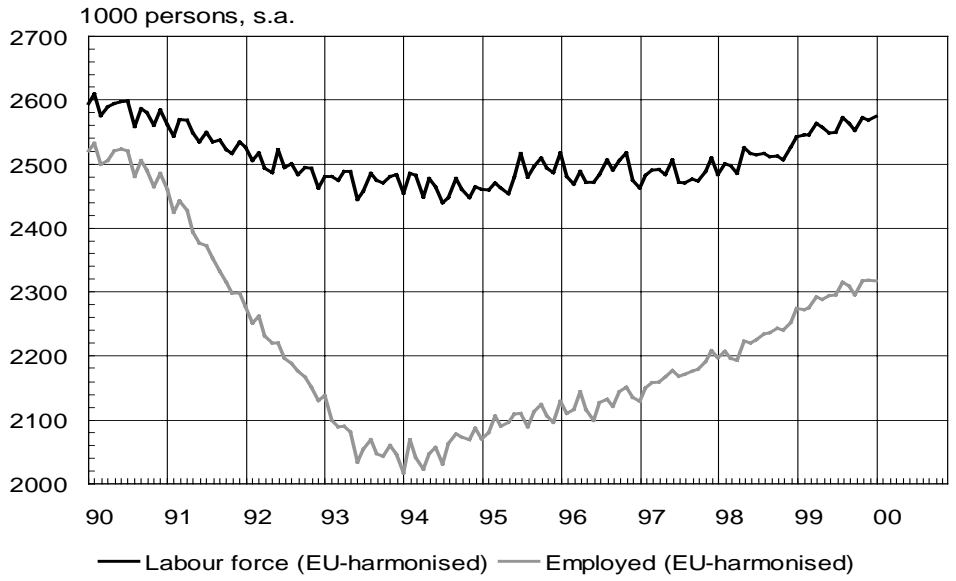
Q4 99

1) Peak in March 1993 due to cruiser ship imports (FIM 1.5 billion)

2) Includes increase caused by the change in statistical periods connected with Finland's entry into the EU

Chart 7.

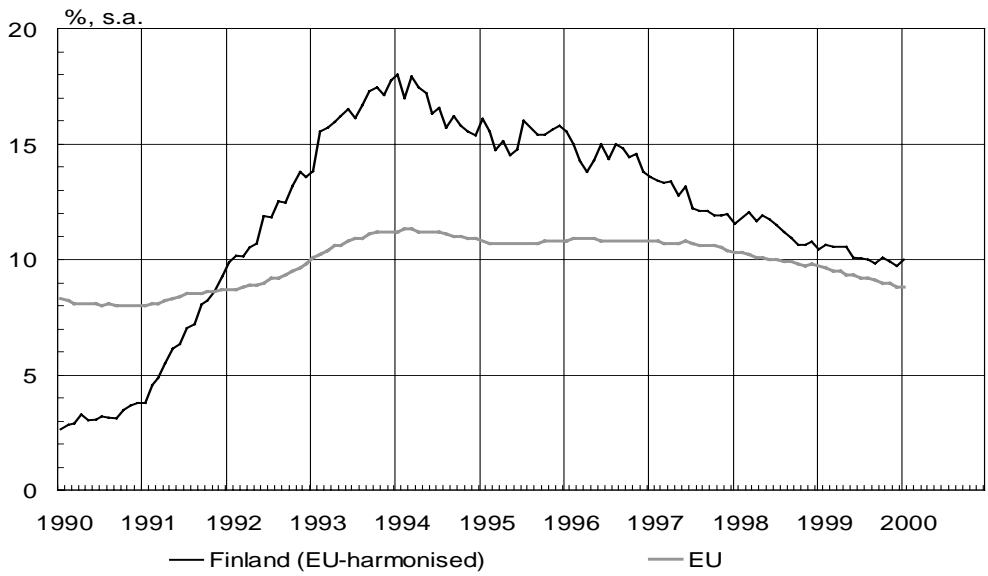
**LABOUR FORCE AND EMPLOYMENT**



Latest observation Jan 2000

Chart 8.

**UNEMPLOYMENT RATE**



Latest observation Jan 2000

Jan 2000



**TABLE 1****Supply, demand and labour market indicators**

	1997	1998	1999	1999 / 2000	
	Volume change from previous year, per cent				
Gross domestic product 1) at market prices	6.3	5.0	3.5	2.8	Q3
GDP monthly indicator at producer prices	6.0	5.3	3.5	6.6 3.5	M12 M01-M12
Manufacturing production	10.0	8.9	5.7	7.0	M01
Consumption expenditure 1)	3.7	3.7	2.1	2.5	Q3
private	3.5	4.6	2.8	3.4	Q3
government	4.1	1.5	0.3	0.5	Q3
Gross fixed capital formation 1)	11.9	7.8	4.8	4.2	Q3
private	11.3	9.6	7.0	6.3	Q3
government	15.0	-0.4	-6.3	-8.0	Q3
Domestic demand 1)	4.7	4.3	1.8	-0.9	Q3
Exports of goods and services 1)	14.1	9.3	7.0	11.8	Q3
Imports of goods and services 1)	11.3	8.5	3.3	3.6	Q3
	Percentage change from previous year				
Employed persons 2)	2.0	2.4	3.3	1.9	M1
	Per cent				
Unemployment rate 2)	12.6	11.4	10.2	10.0	s.a. M1

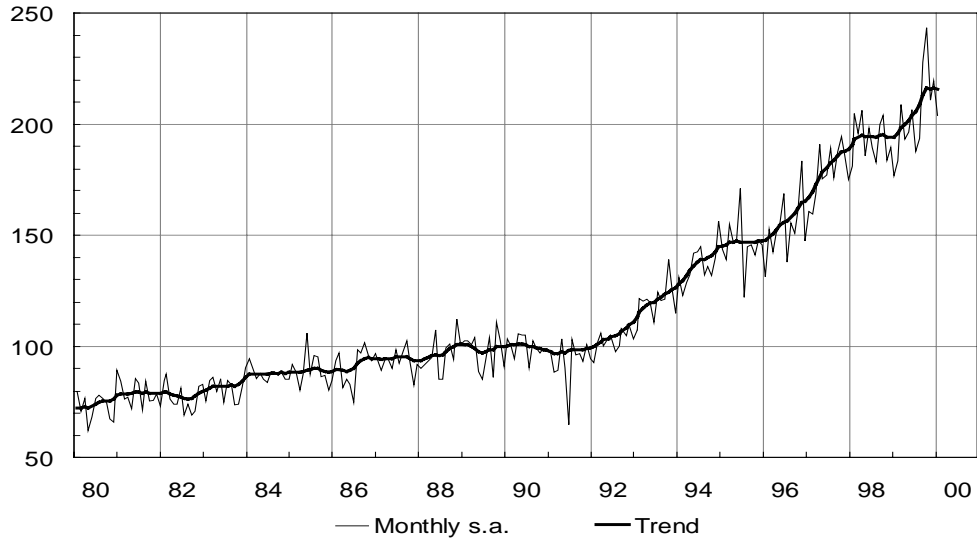
1) European System of Accounts 1995

2) EU harmonized figures

Chart 9.

**EXPORTS OF GOODS, volume**

Index 1990 =100

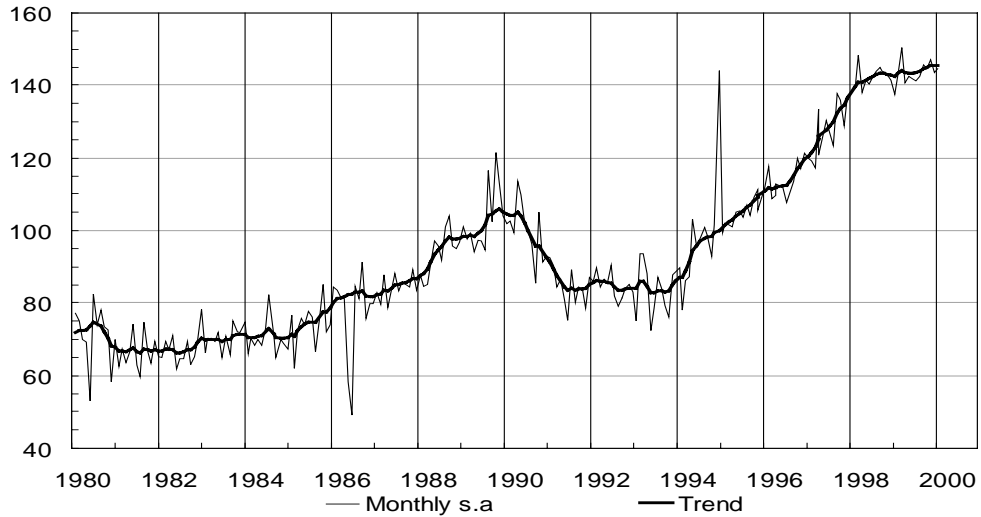


Latest observation Jan 2000

Chart 10.

**IMPORTS OF GOODS, volume**

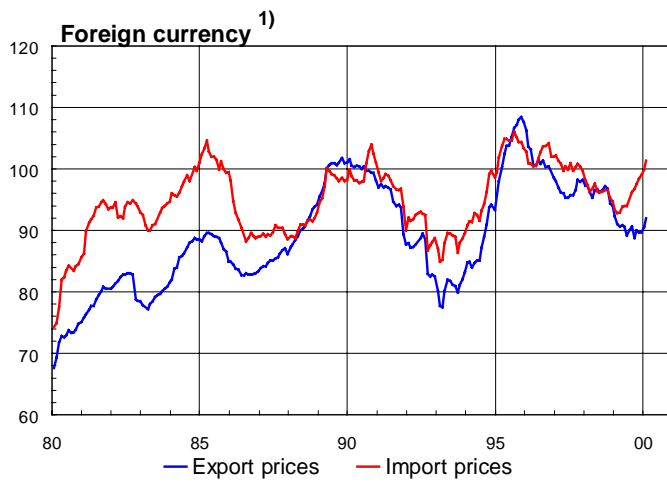
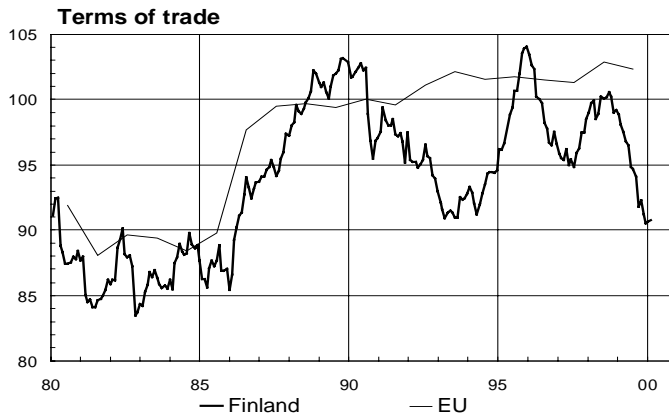
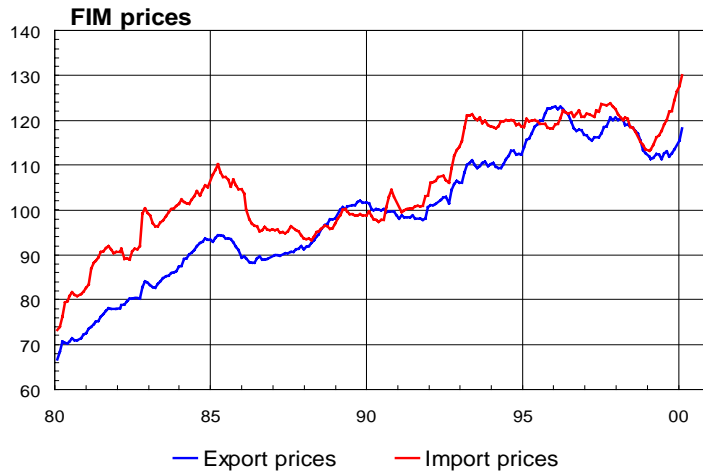
Index 1990 =100



Latest observation Jan 2000

The change in statistical periods caused by Finland's entry into the EU has not been taken into account in the seasonally-adjusted figures or in the trend for December 1994

Chart 11.  
**FOREIGN TRADE PRICES**  
 Index 1990 = 100



1) FIM prices have been deflated using the payments-weighted currency index.

Chart 12.  
**EXTERNAL BALANCE**  
12-month moving totals

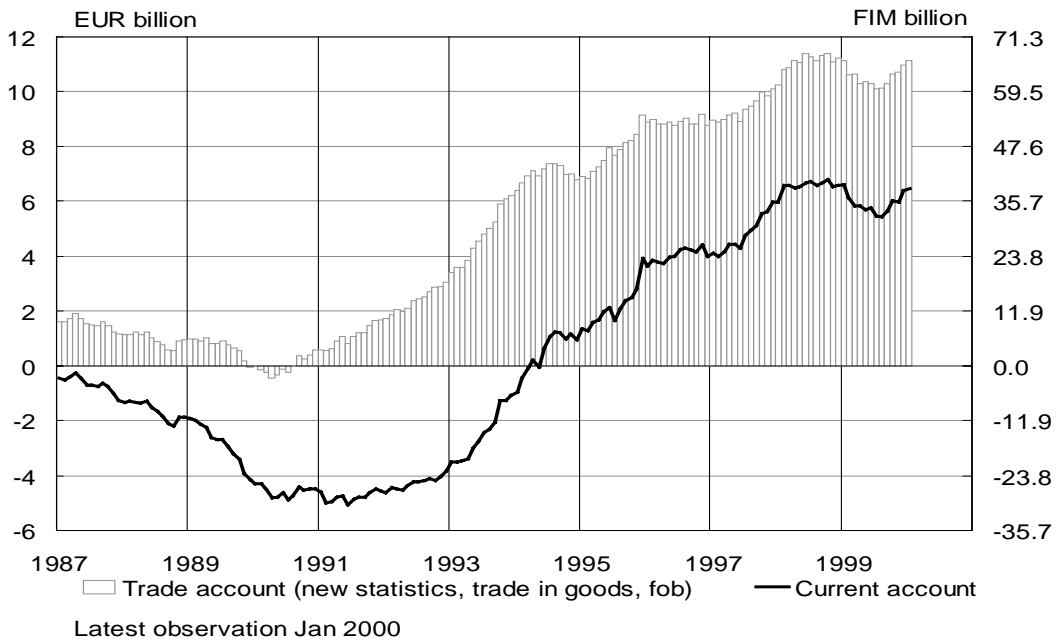


Chart 13.  
**SECTORAL DEBT RATIOS**

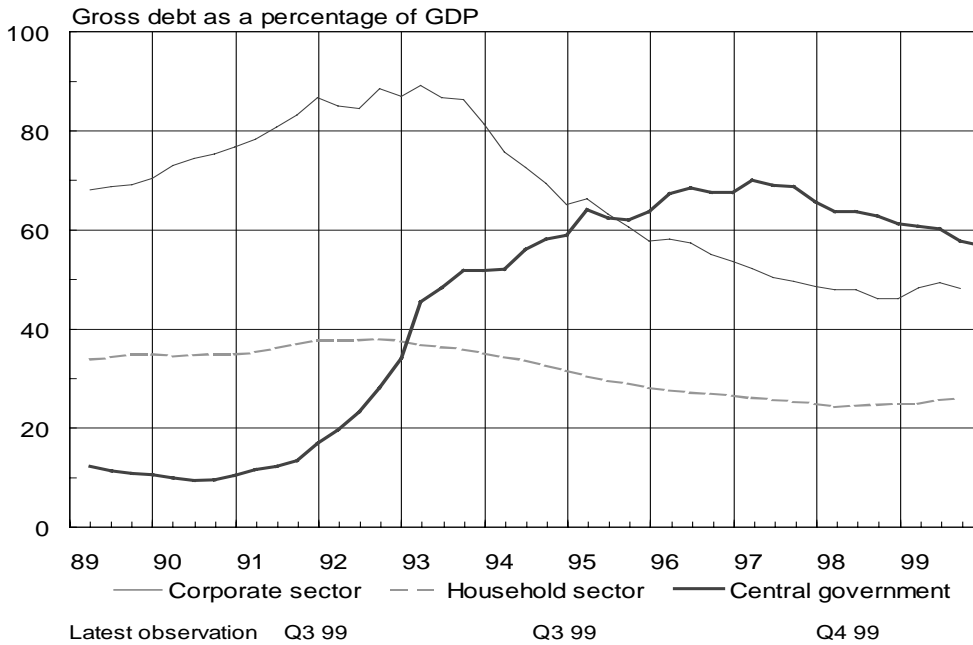


Chart 14.  
**CORPORATE SECTOR BORROWING**

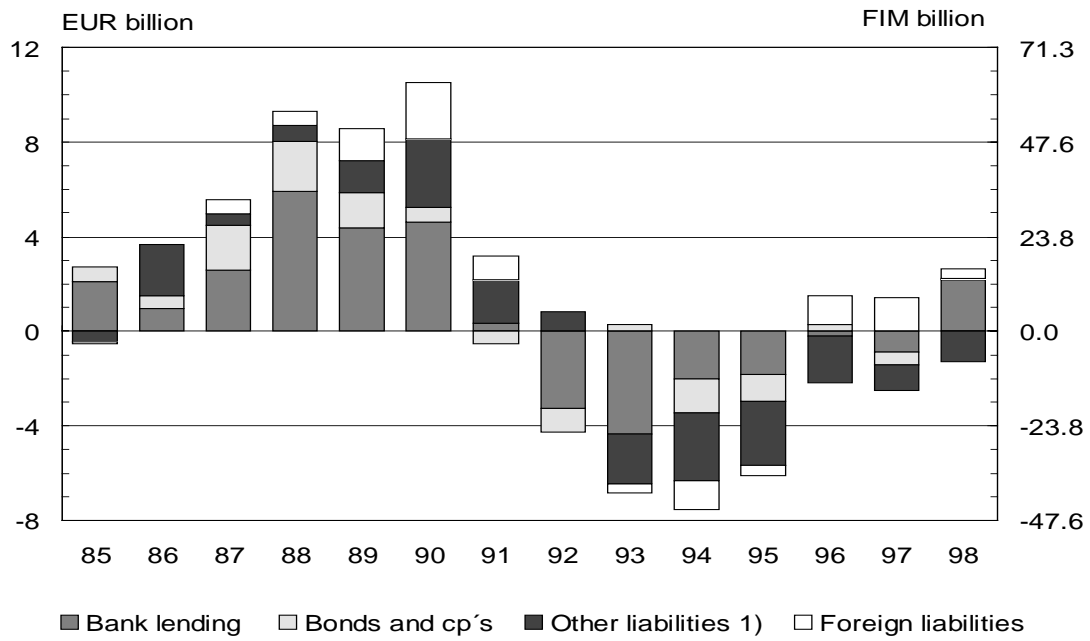
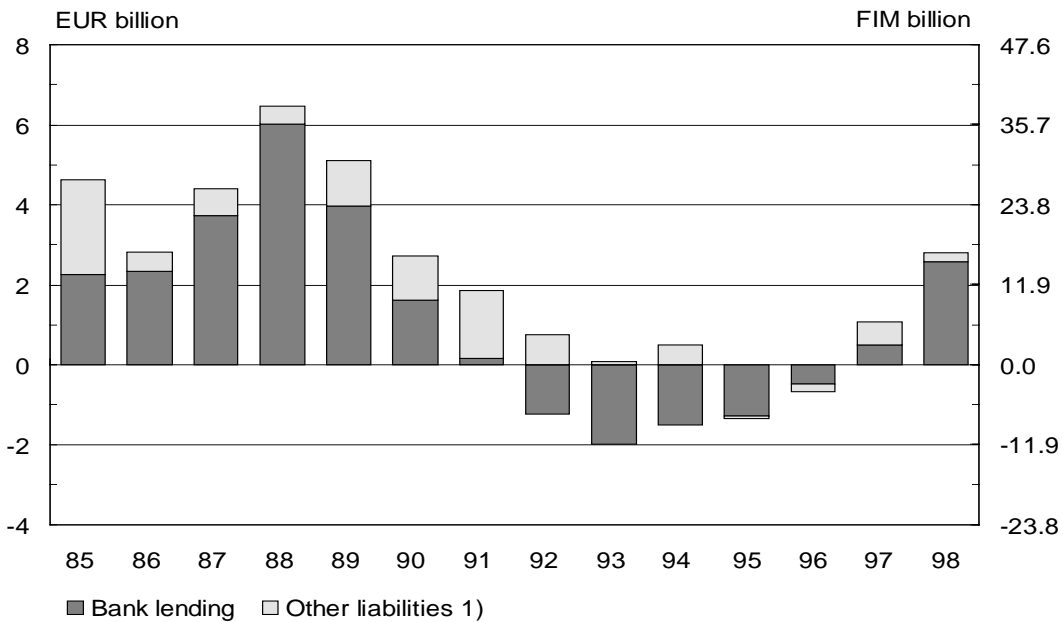


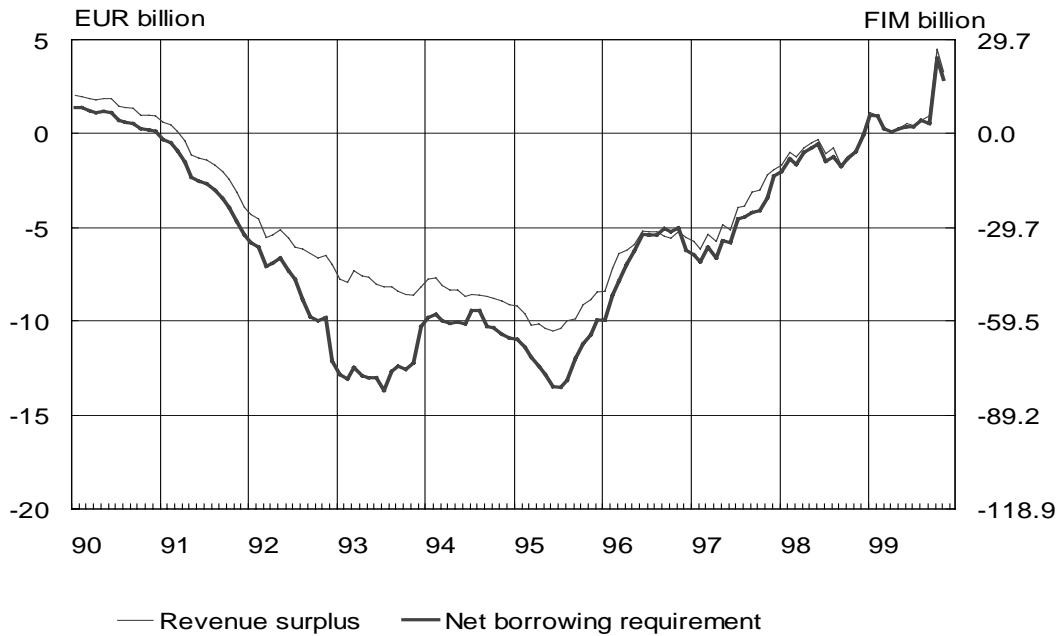
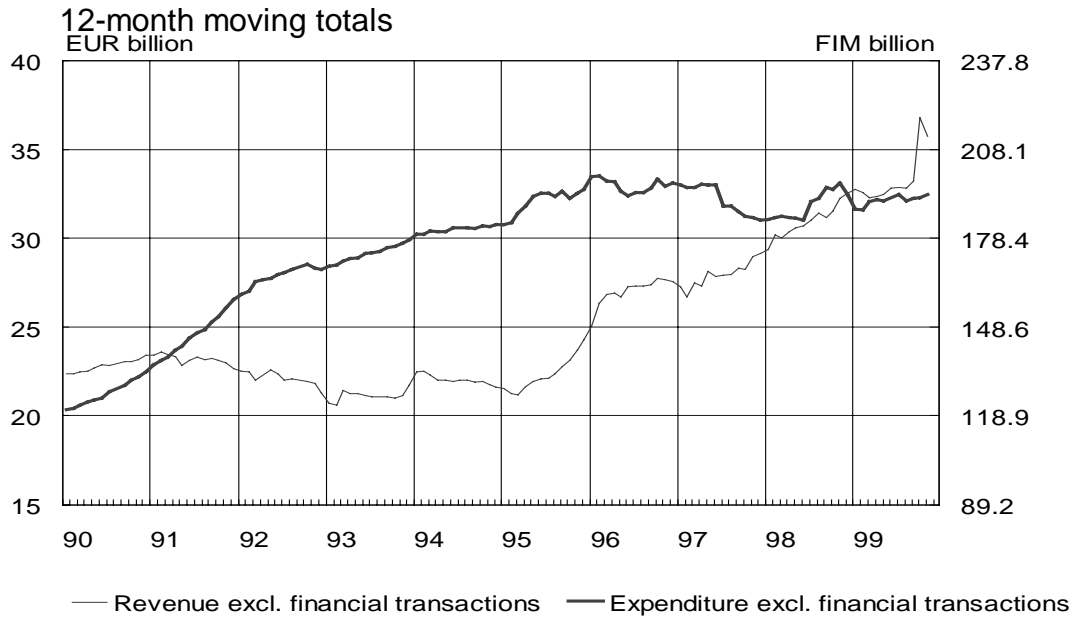
Chart 15.  
**HOUSEHOLDS' BORROWING**



1) Due to a change (1996) in how the sectoral breakdown is made, there was a FIM 3.5 billion shift from households to the corporate sector.

Chart 16.

### CENTRAL GOVERNMENT FINANCES



Latest observation November 99

Chart 17.

**NET INTERNATIONAL INVESTMENT POSITION,  
international comparison**

Per cent of exports of goods and services in 1998

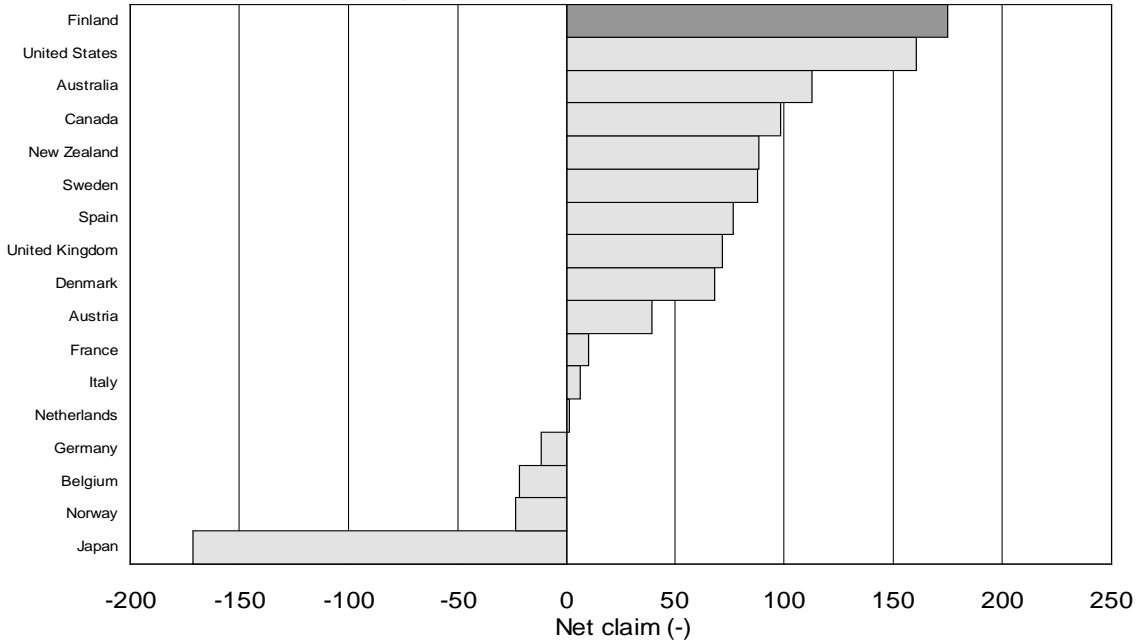


Chart 18.

**FINLAND'S NET INTERNATIONAL INVESTMENT POSITION**



TABLE 2

**External balance and sectoral finance indicators**

	1996	1997	1998	1999	2000
<b>Trade account</b>					
EUR billion	8.8	10.1	11.2	11.0	0.9 M01
per cent of GDP	8.9	9.5	9.7	9.1	
<b>Current account</b>					
EUR billion	4.0	6.0	6.6	6.4	0.3 M01
per cent of GDP	4.0	5.6	5.7	5.3	
<b>Capital account. EUR billion</b>	-6.3	-4.2	-6.4	-6.3	-0.1 M01
General government	1.1	-1.0	-4.0	-4.5	-2.6 M01
Direct investment					
to Finland	0.9	1.8	10.9	2.8	5.0 M01
abroad	2.8	4.6	16.8	3.9	0.7 M01
Shares	0.9	2.0	5.0	5.4	-4.0 M01
Other capital (incl. errors and omissions)	-6.5	-2.4	-1.5	-6.1	2.3 M01
Foreign exchange reserve (increase -)	2.4	-1.8	-0.2	-0.1	-0.2 M01
<b>Net lending</b>					
(saving minus investment)					
Private sector					
EUR billion	7.1	7.6	5.1	3.6	
per cent of GDP	7.2	7.1	4.4	3.0	
General government					
EUR billion	-3.1	-1.6	1.5	2.7	
per cent of GDP	-3.2	-1.5	1.3	2.3	
Central government					
EUR billion	-7.1	-3.9	-1.7	-0.7	
per cent of GDP	-7.2	-3.7	-1.5	-0.6	
Local government					
EUR billion	0.8	-0.7	-0.4	-0.3	
per cent of GDP	0.8	-0.7	-0.3	-0.2	
Social security funds					
EUR billion	3.2	3.0	3.6	3.8	
per cent of GDP	3.3	2.8	3.1	3.1	
<b>Net foreign debt</b>					
per cent of GDP	41.9	41.0	71.9	175.7	
per cent of exports of goods and services	111.6	105.0	184.3	466.8	
<b>Sectoral debt ratios</b>					
(gross debt per cent of GDP)					
Non-financial corporate sector	48.6	43.6	41.6		
Household sector	42.0	39.7	39.2		
General government (EMU)	57.1	54.1	49.0	47.1	
Central government	66.8	65.3	63.0		



Chart 19.

**EARNINGS**

Percentage change from previous year

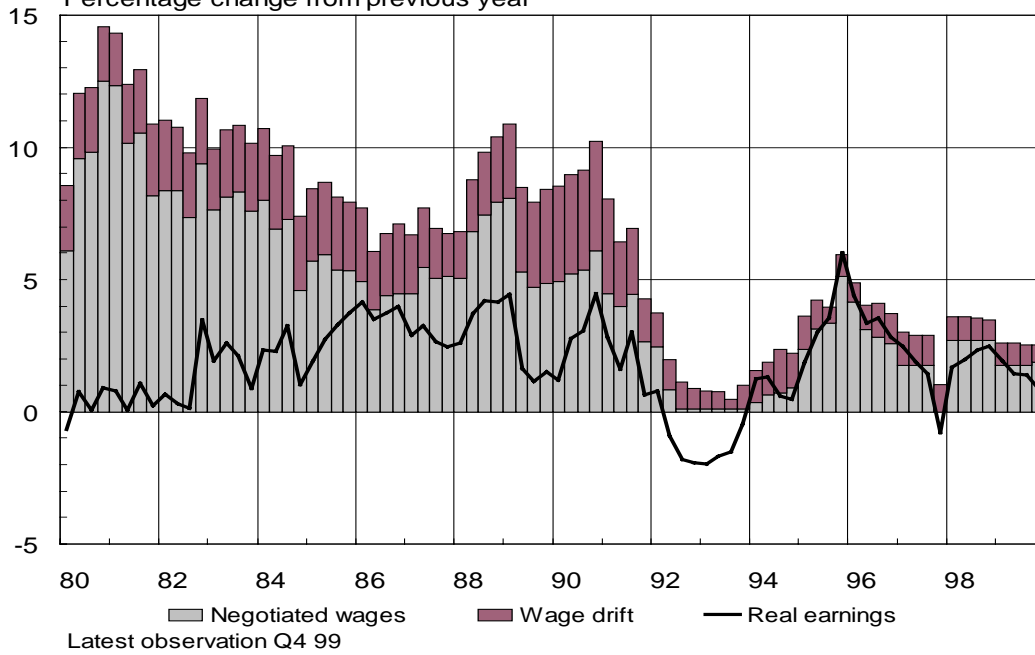
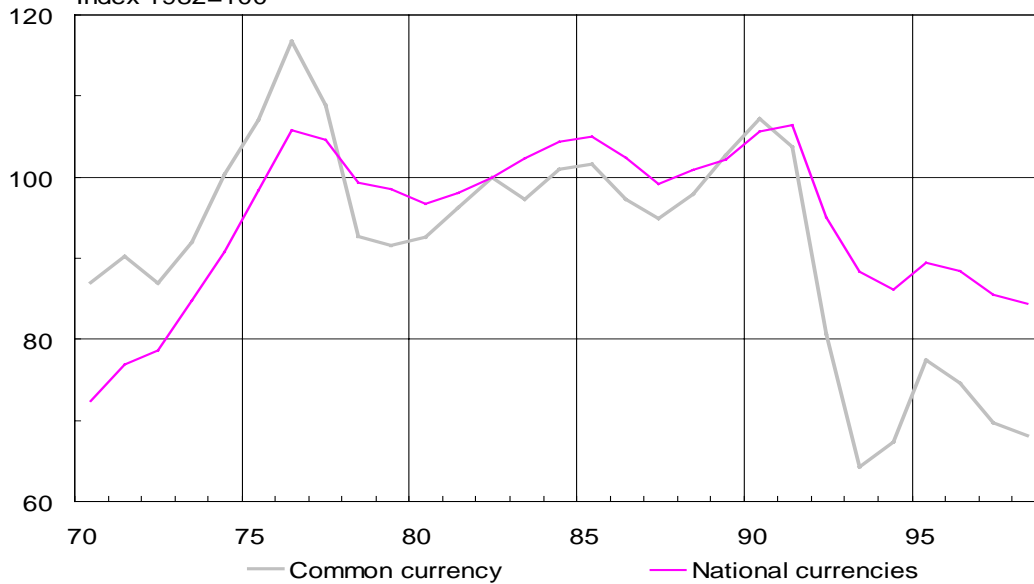


Chart 20.

**RELATIVE UNIT LABOUR COSTS IN MANUFACTURING**

Finland / competitor countries  
Index 1982=100



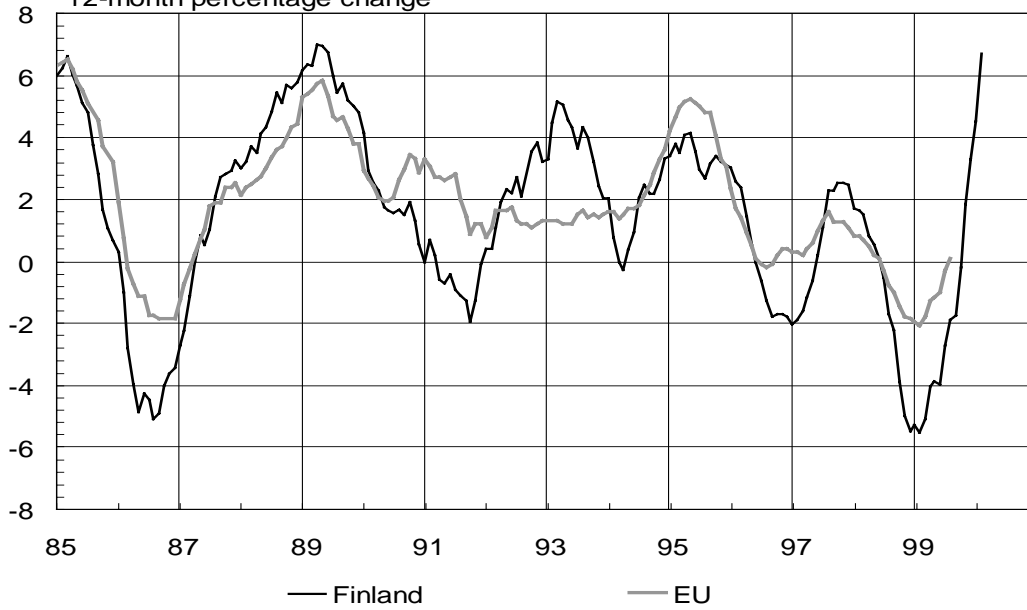
Latest observation year 1998

A fall indicates improvement in competitive position

Chart 21.

**PRODUCER PRICE INDICES**

12-month percentage change



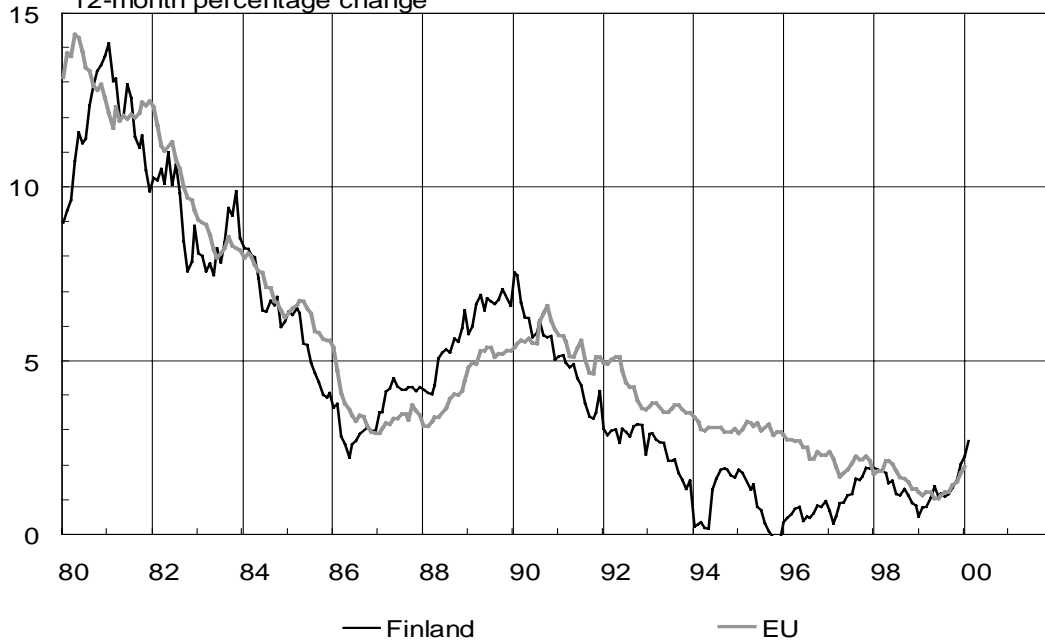
Latest observation Feb 2000

Aug 1999

Chart 22.

**CONSUMER PRICES**

12-month percentage change



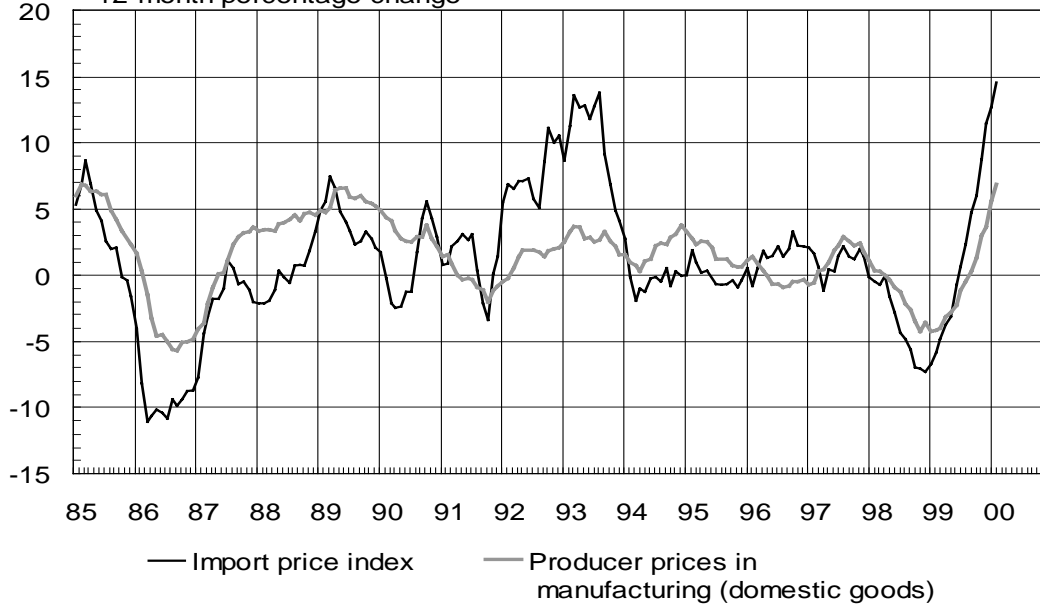
Latest observation Feb 2000

Jan 2000

Chart 23 .

**IMPORT PRICES AND PRODUCER PRICES**

12-month percentage change

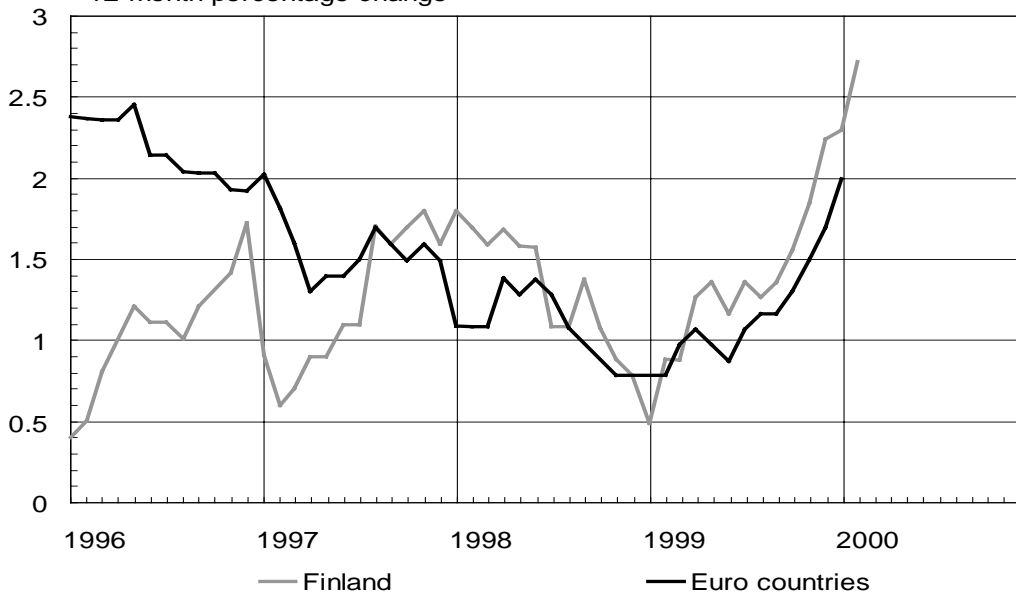


Latest observation Feb 2000

Chart 24.

**HARMONIZED CONSUMER PRICE INDEX**

12-month percentage change

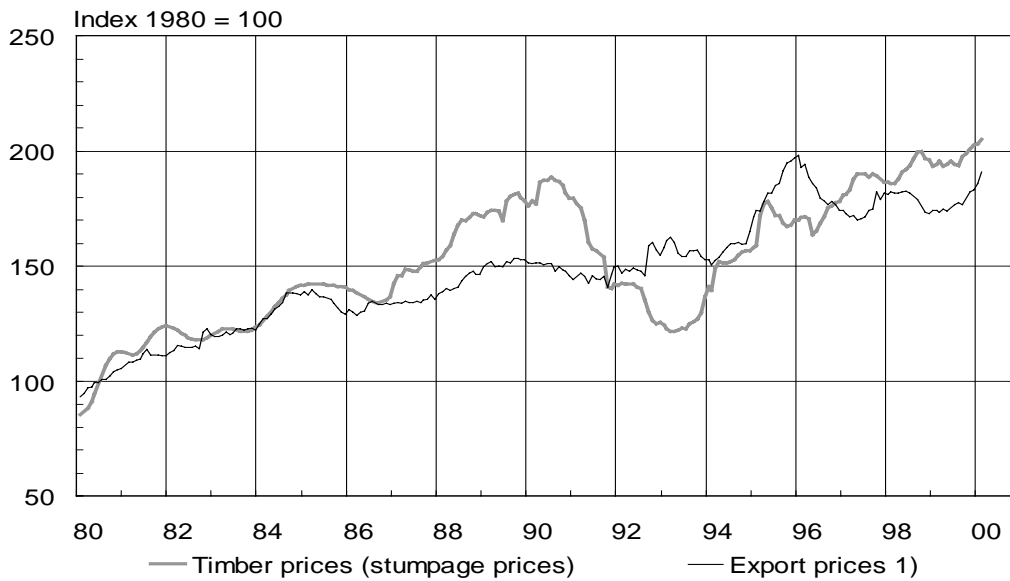


Latest observation Feb 2000

Jan 2000

Chart 25.

**TIMBER PRICES AND EXPORT PRICES OF FOREST INDUSTRY PRODUCTS**

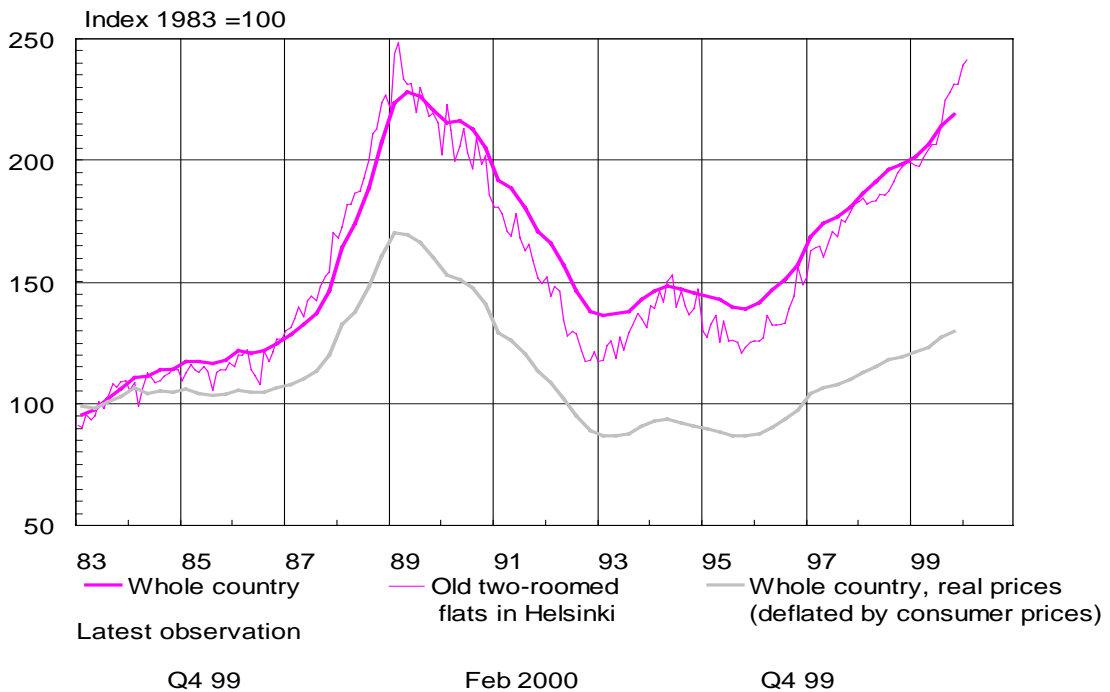


Latest observation Feb 2000

1) Export price index of Statistics Finland from beginning of 1995

Chart 26.

**DWELLING PRICES**



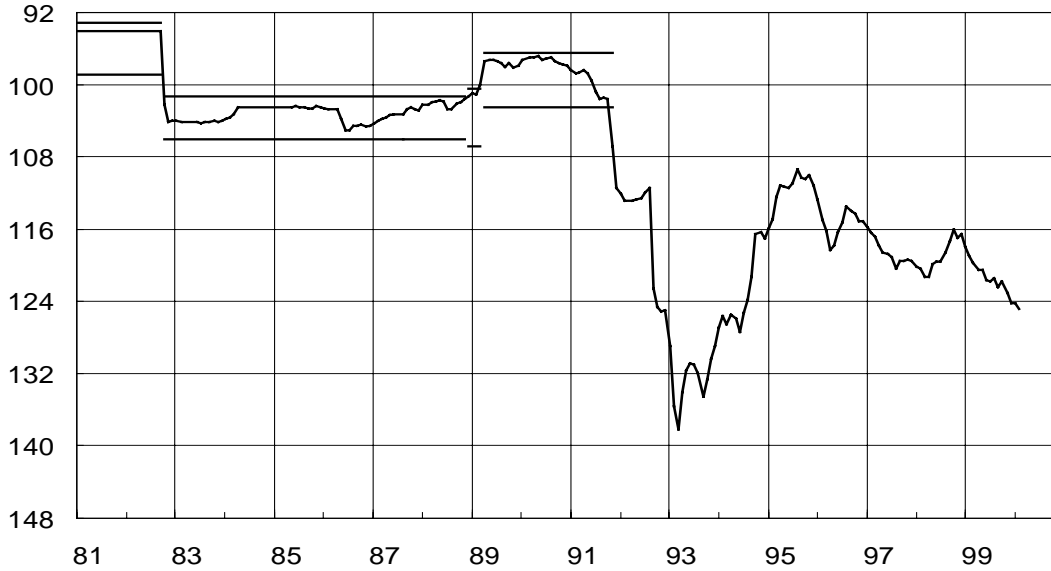
**TABLE 3****Cost and price indicators, percentage change**

	1998	1999	2000
<b>Labour costs</b>			
Index of wages and salaries	3.5	2.6	2.5 99Q4
Unit labour costs			
Whole economy	1.9	2.2	..
Manufacturing	-1.0	0.6	..
<b>Price indices</b>			
Export prices	0.0	-4.4	6.0 M02 4.7 M01-M02
Import prices	-3.5	0.6	14.6 M02 13.6 M01-M02
Producer prices	-1.1	-2.5	6.8 M02 6.1 M01-M02
Wholesale prices	-1.5	-0.1	7.8 M02 7.1 M01-M02
Consumer prices	1.4	1.2	2.7 M02 2.5 M01-M02
Indicator of the underlying inflation	1.0	1.3	2.5 M01
<b>Asset prices</b>			
Stumpage prices	3.0	1.6	5.6 M02 5.3 M01-M02
Dwelling prices	10.2	8.9	9.1 99Q4
Share prices	41.6	72.1	167.5 M02 152.8 M01-M02

Chart 27.

### TRADE-WEIGHTED COMPETITIVENESS INDICATOR (OLD BANK OF FINLAND CURRENCY INDEX)

Index 1982=100



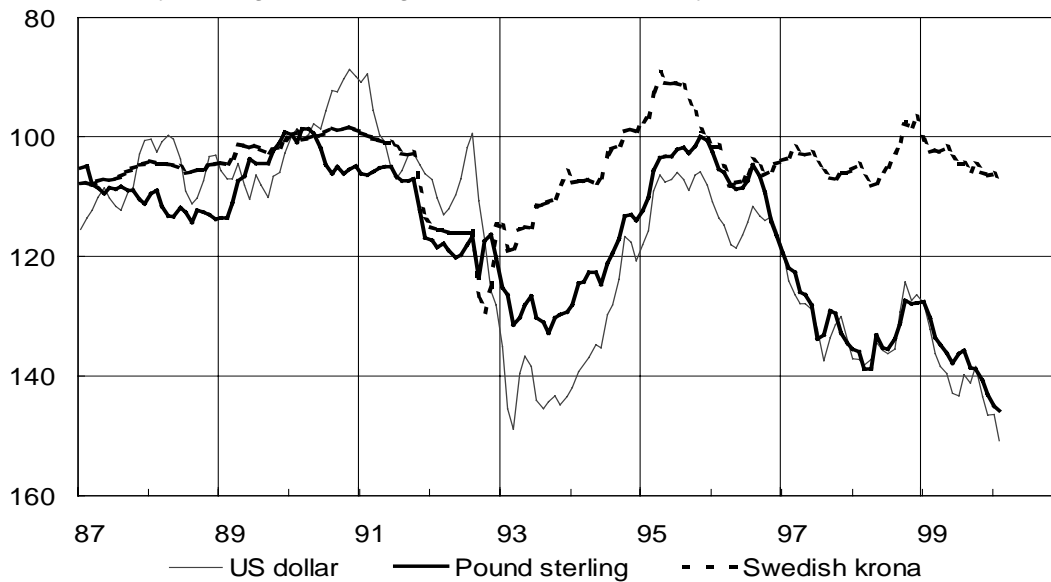
Latest observation Feb 2000

Chart 28.

### EXCHANGE RATES

Rising curve=EURO strengthens

Monthly averages of selling rates in EURO, January 1990=100



Exchange rates until 31 Dec 1998 are based on corresponding Finnish markka rates converted into euro rates at the fixed conversion rate 5.94573.

Latest observation Feb 2000

Chart 29.

**RATES OF INTEREST SET BY EUROSYSTEM**

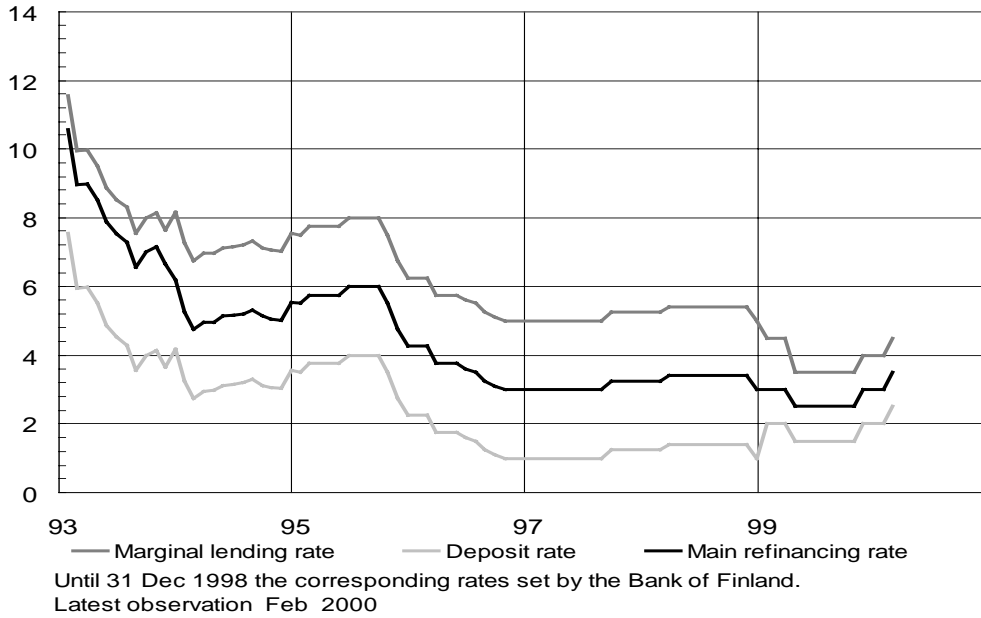


Chart 30.

**KEY INTEREST RATES**

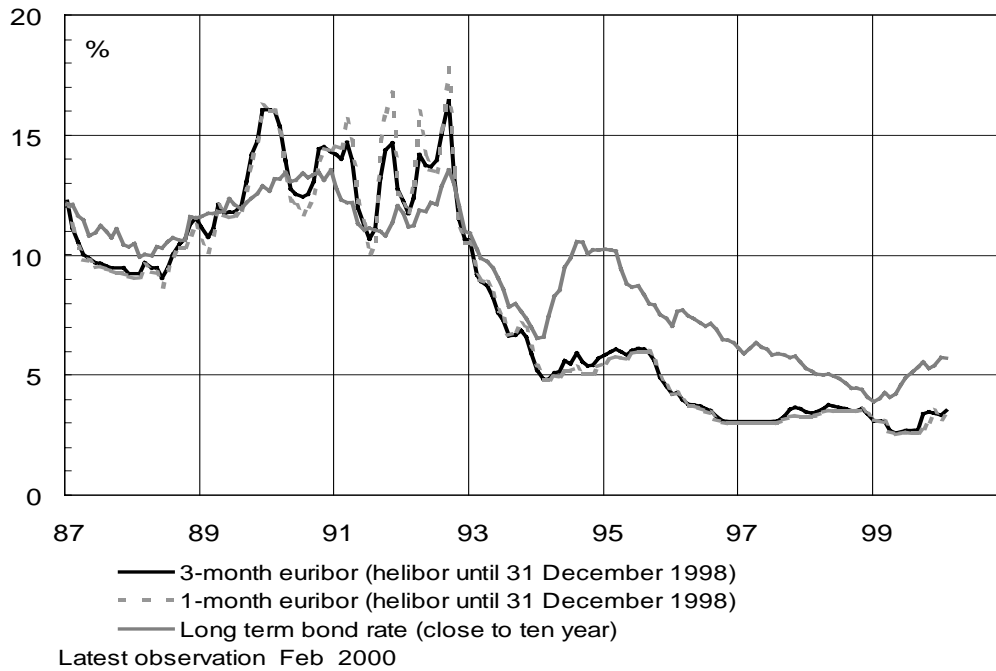


Chart 31.

**SHORT-TERM DOMESTIC AND FOREIGN INTEREST RATES**

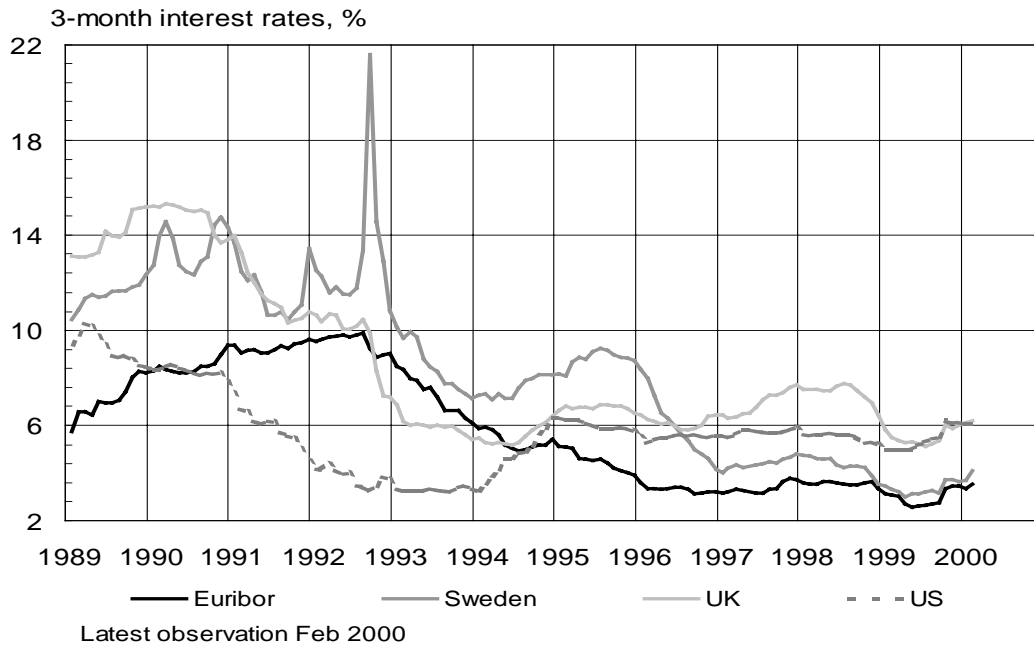


Chart 31.1.

**LONG-TERM DOMESTIC AND FOREIGN INTEREST RATES**

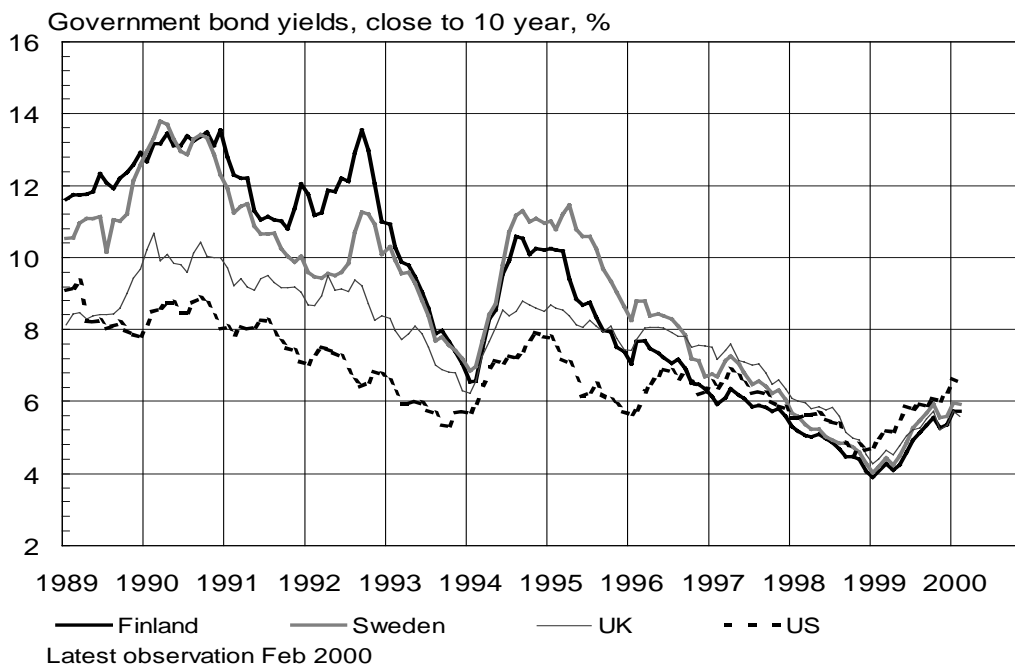
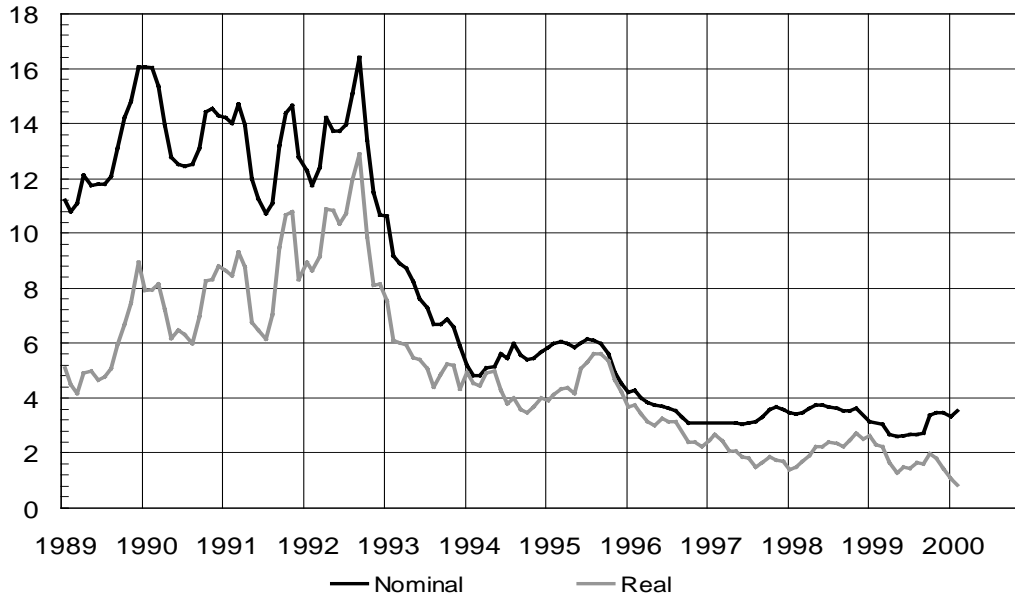




Chart 32.

**REAL AND NOMINAL INTEREST RATES**

3-month interest rates, %

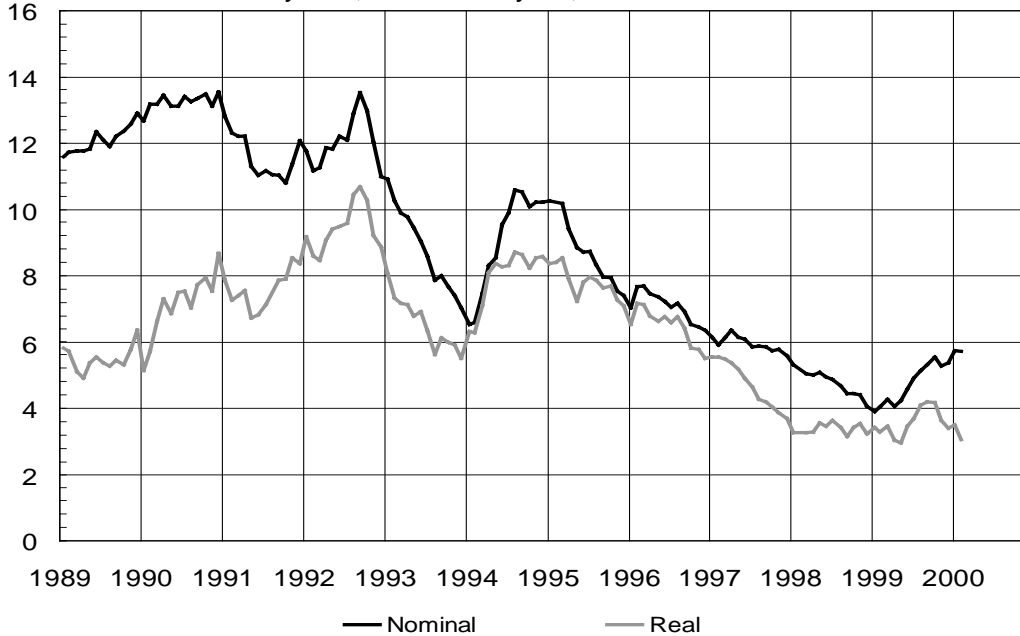


3-month euribor (from January 1999)  
 Latest observation Feb 2000

Chart 32.1.

**REAL AND NOMINAL INTEREST RATES**

Government bond yields, close to 10 year, %



Latest observation Feb 2000

Chart 33.

**YIELD CURVE**

Maturities over one year based on government benchmark bonds, %

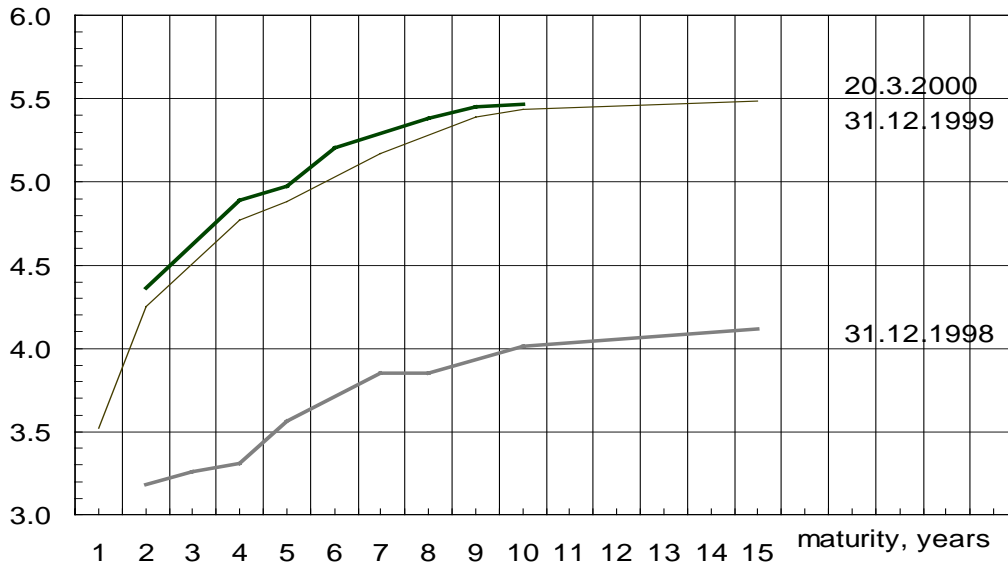


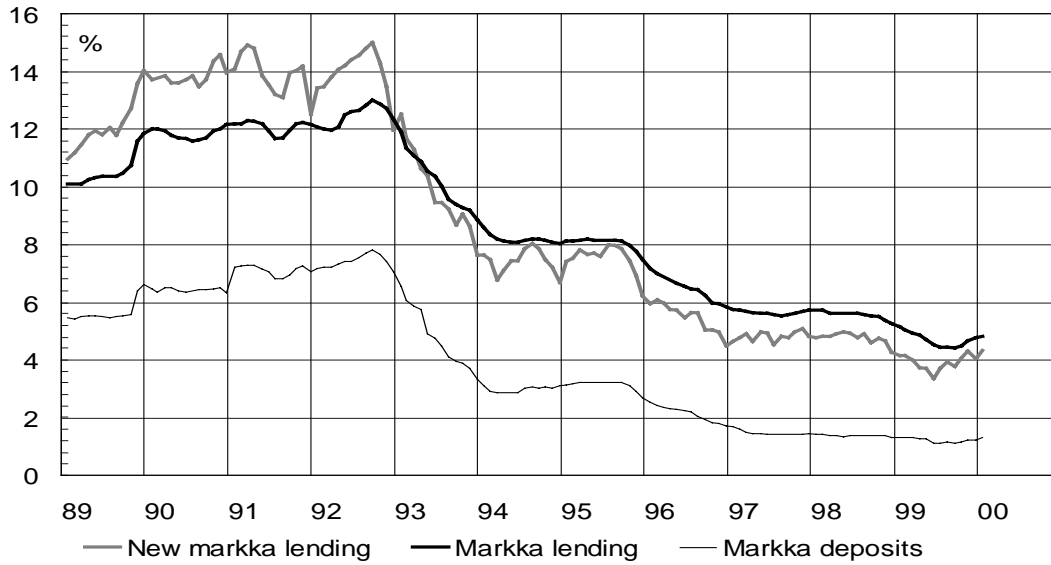
TABLE 4

## Interest rates and exchange rates

Market rates, %, daily averages	1999	8/99	9/99	10/99	11/99	12/99	1/2000	2/2000
EURIBOR (Helibor until 31 December 1998)								
1 month	2.862	2.614	2.584	2.763	3.061	3.509	3.150	3.359
3 months	2.961	2.695	2.727	3.376	3.468	3.446	3.343	3.537
6 months	3.054	3.053	3.107	3.457	3.484	3.512	3.556	3.735
12 months	3.183	3.237	3.301	3.684	3.689	3.826	3.949	4.111
Yields on government bonds								
5 years	4.07	4.45	4.60	4.93	4.72	4.79	5.12	5.19
10 years	4.74	5.15	5.32	5.56	5.27	5.36	5.75	5.72
Exchange rates, daily averages								
Exchange rates until 31 December 1998 are based on corresponding Finnish markka rates converted into euro rates at the fixed conversion rate 5.94573								
EUR exchange rate against US dollar, Pound sterling and Swedish krona								
Daily average								
US dollar	1.066	1.060	1.050	1.071	1.034	1.011	1.014	0.983
Pound sterling	0.659	0.660	0.647	0.646	0.637	0.626	0.618	0.615
Swedish krona	8.807	8.752	8.634	8.727	8.633	8.586	8.597	8.511
Trade-weighted competitiveness indicator 1982=100	121.2	121.4	122.5	121.8	123.1	124.2	124.2	124.8

Chart 34.

### BANKS' MARKKA LENDING RATES AND MARKKA FUNDING RATES

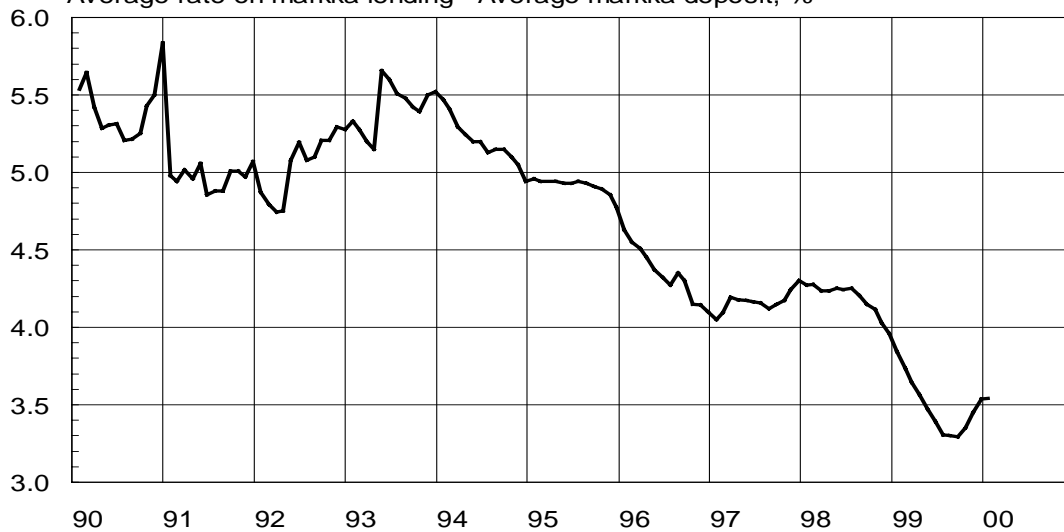


Latest observation Jan 2000

Chart 35.

### BANKS' INTEREST RATE MARGIN

Average rate on markka lending - Average markka deposit, %



Latest observation Jan 2000

Chart 36.

**BANK FUNDING FROM THE PUBLIC**

12-month change, %

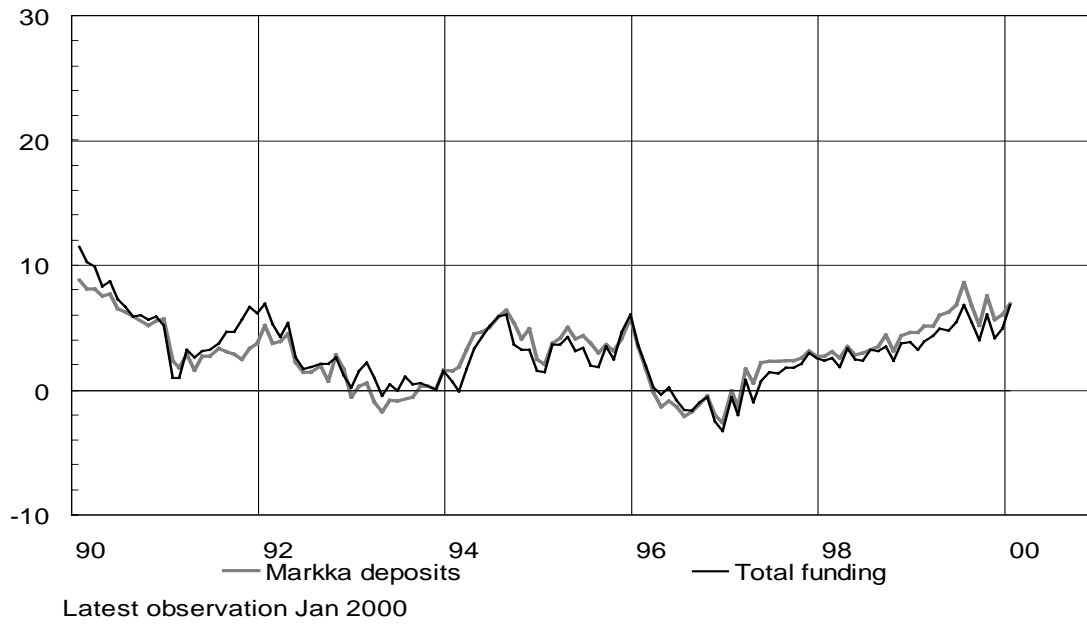


Chart 37.

**BANK LENDING TO THE PUBLIC**

12-month change, %

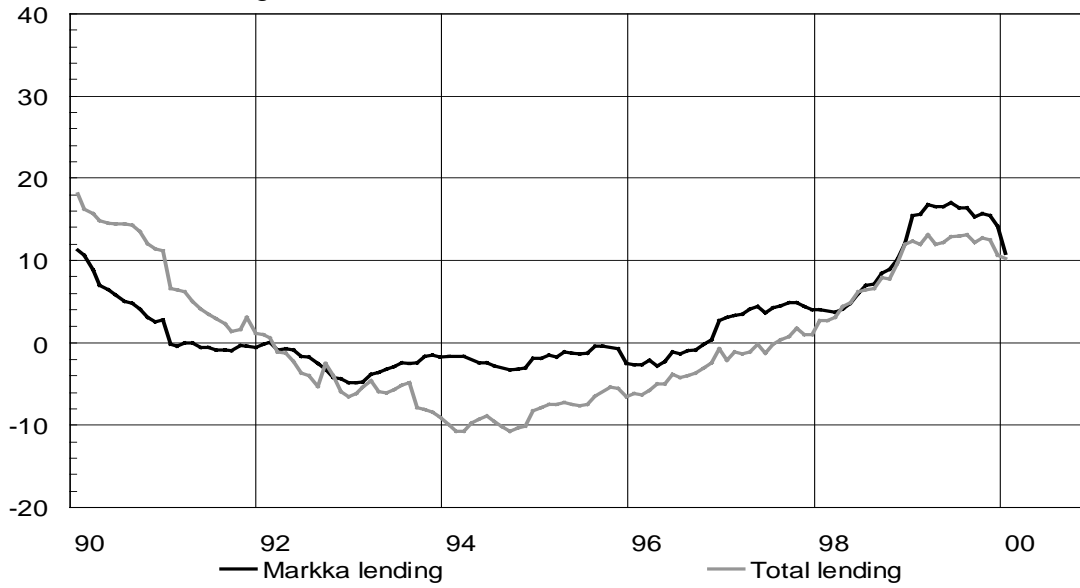


Chart 38.

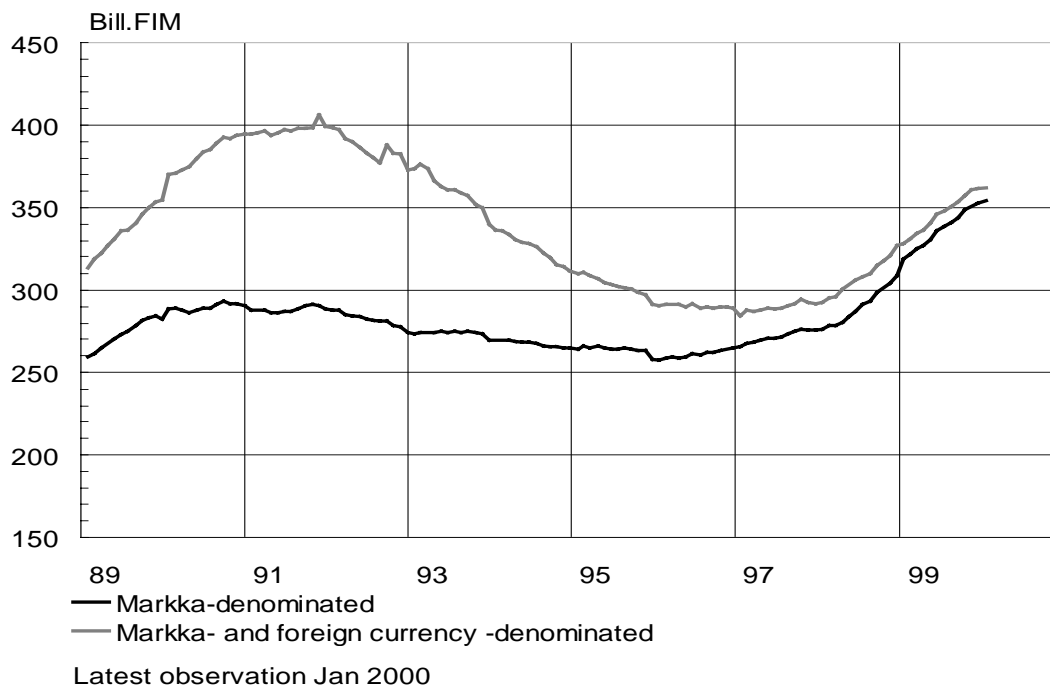
**OUTSTANDING BANK CREDIT**

Chart 39.

**HEX, HELSINKI EXCHANGES**  
**Share indices by sector**

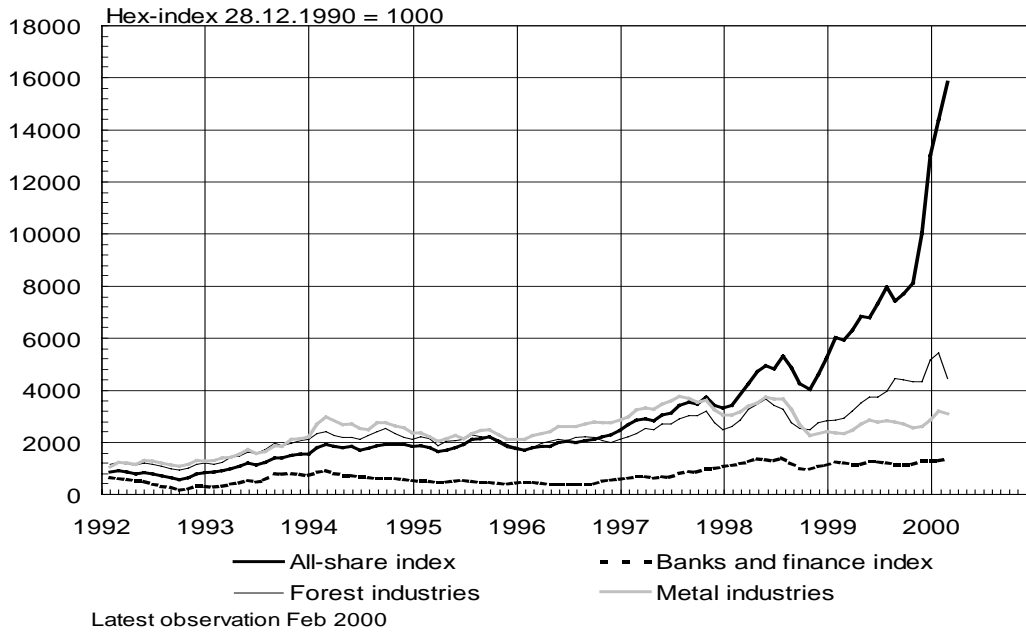


Chart 40.

**HEX HELSINKI EXCHANGES**  
**Share turnover**

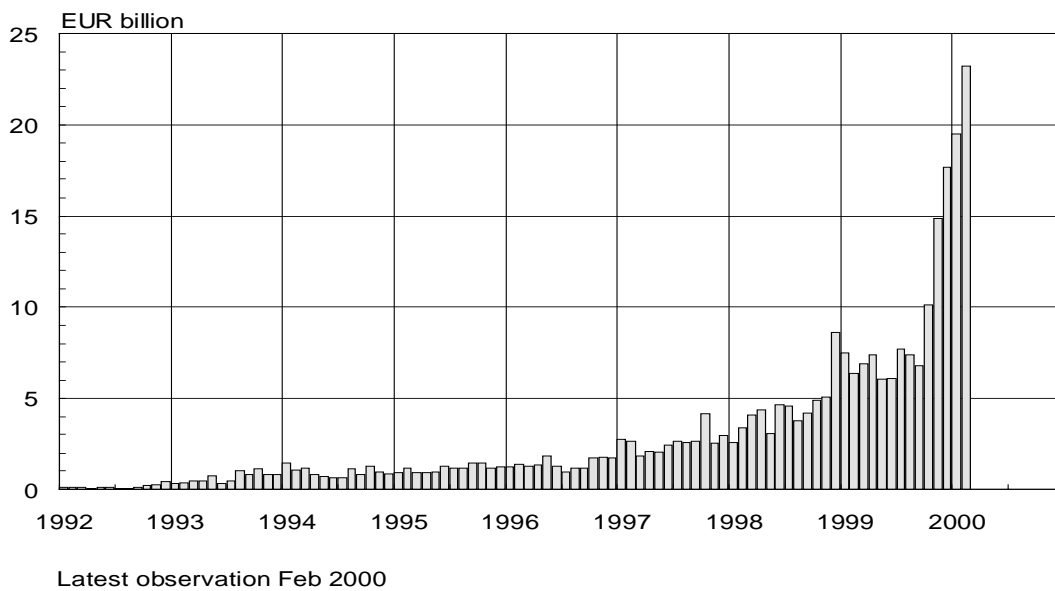


Chart 41.  
**HEX, HELSINKI EXCHANGES**  
**Market Value**

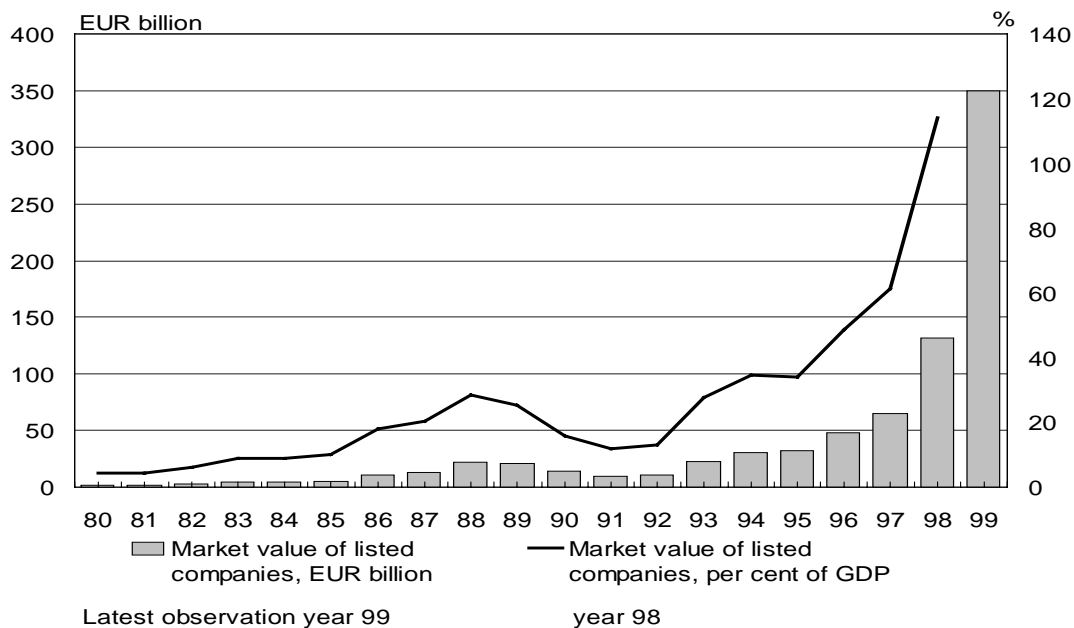


Chart 42.  
**GOVERNMENT BENCHMARK BONDS**

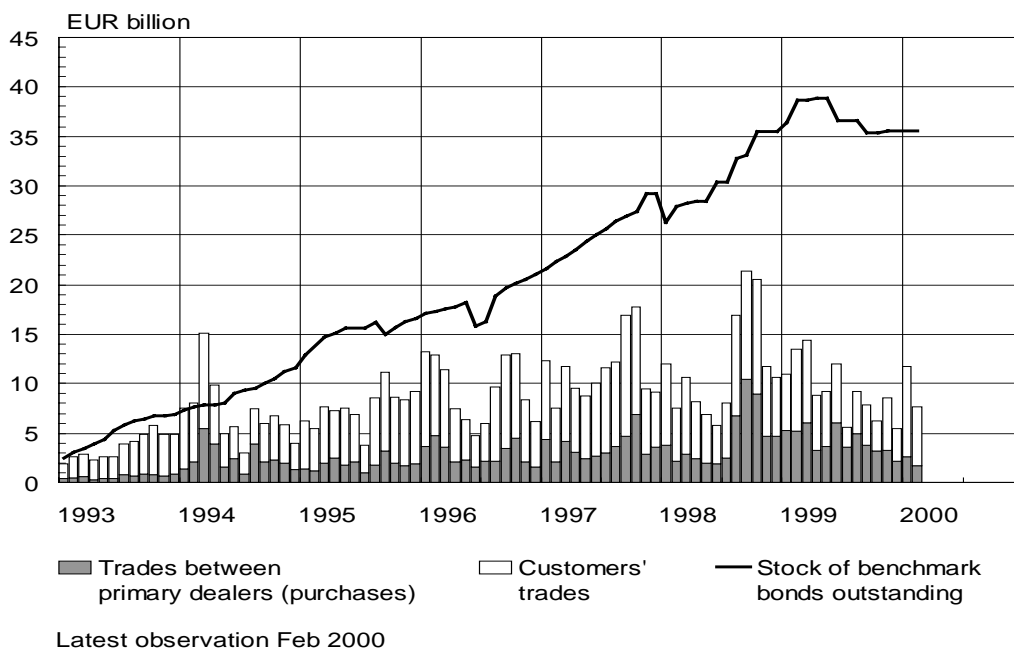




Chart 43.

**STOCK OF BONDS OUTSTANDING IN FINLAND**

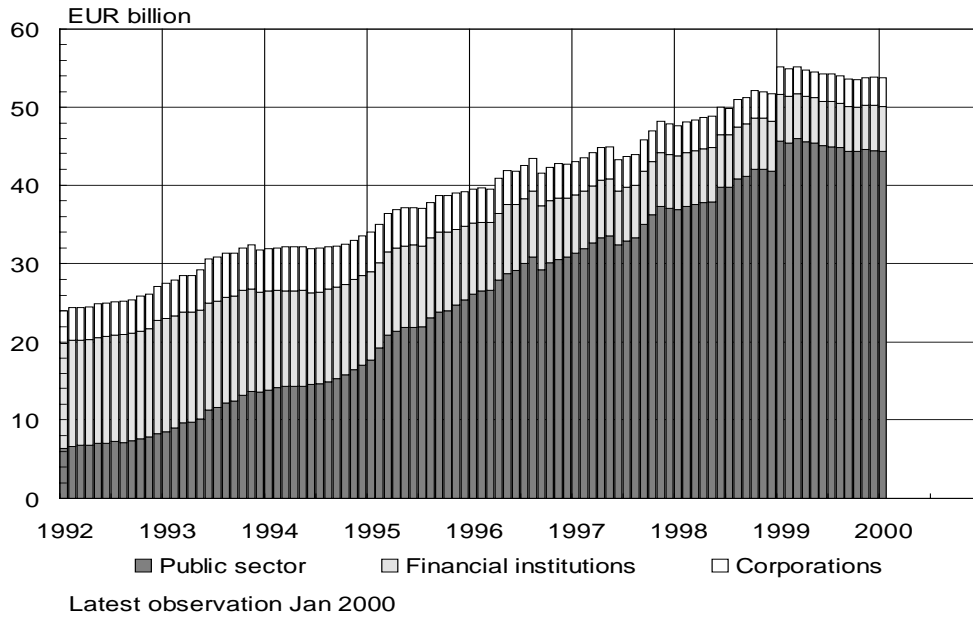


Chart 44.

**FOREIGN PORTFOLIO INVESTMENTS IN FINLAND**

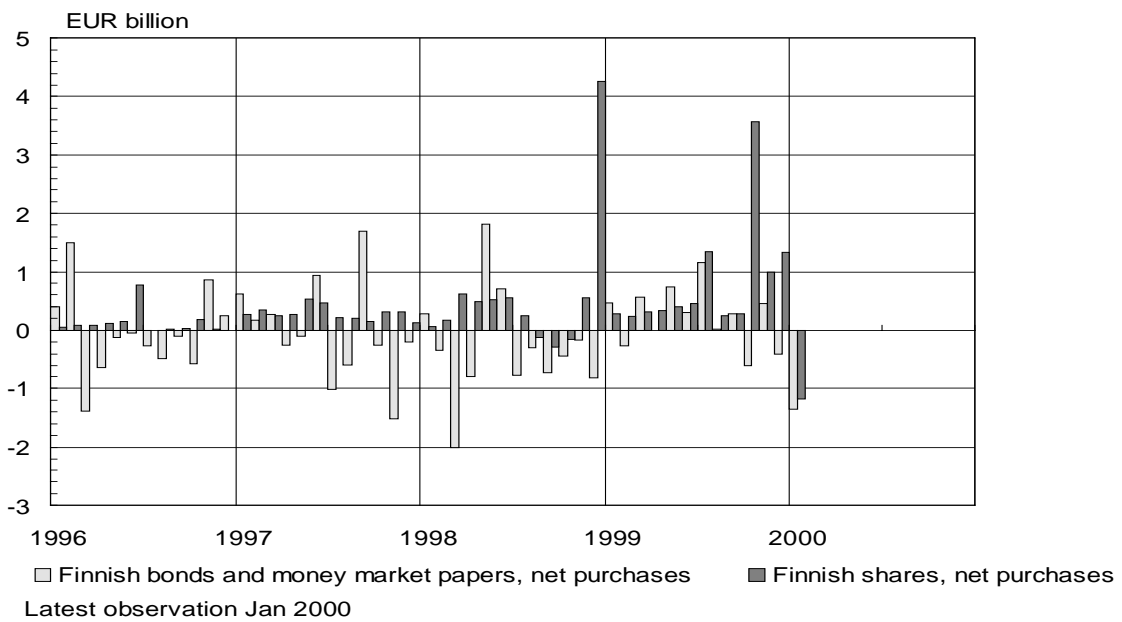


TABLE 5

## Key figures for the Finnish deposit banks, billions of FIM\*

All deposit banks	1992	1993	1994	1995	1996*	1997*	1998*	1999*	
Income from financial operations	10.7	13.0	13.7	12.4	11.0	11.7	13.5	13.5	
Other income	9.5	9.7	8.6	8.2	10.2	10.2	8.4	8.2	
Total income	20.2	22.7	22.3	20.6	21.2	21.9	21.9	21.7	
Expenses	14.9	15.3	16.4	15.5	12.8	12.0	11.4	11.5	
- pensionfund surplus refunded					1.2	1.5	0.6		
Depreciation	1.9	1.9	1.5	1.7	2.1	2.5	1.3	1.2	
Profit before credit and guarantee losse	3.4	5.5	4.4	3.4	7.5	8.9	9.2	9.0	
Credit and guarantee losses	14.0	14.7	11.2	6.2	3.7	2.4	1.8	0.5	
Profit before extraordinary items, appropriations and taxes	-10.6	-9.2	-6.8	-2.8	3.8	6.5	7.3	8.5	
Total assets	688.9	726.8	667.8	616.6	578.2	608.4	643.4	701.0	
Non-performing assets, net		35.9	25.4	19.6	12.3	8.3	5.5	4.8	
Capital adequacy, %	10.7	10.7	11.7	12.0	11.4	11.6	11.5	11.7	
	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>Jan 2000</b>
Markka deposits of the public	264.6	268.8	275.4	291.4	283.7	291.1	304.7	323.2	327.4
- 12-month percentage change	-0.5	1.6	2.5	5.8	-2.7	2.6	4.6	6.1	7.0
Markka lending to the public	274.4	269.8	264.7	258.0	265.0	275.7	309.1	353.1	354.0
- 12-month percentage change	-4.9	-1.7	-1.9	-2.5	2.7	4.0	12.1	14.2	11.0
Lending to the public (total)	373.2	339.6	311.8	291.5	289.1	292.0	326.8	361.6	362.4
- 12-month percentage change	-6.5	-9.0	-8.2	-6.5	-0.7	1.0	11.9	10.6	10.3

\* groups consolidated

\* For 1996 and 1997, the figures for the new cooperative banks group are used, previously separate figures for the OKO group and cooperative banks

\* For 1998, the figures of Merita Pankki Oyj are used, previously figures for the Merita Oyj