

21 August 2000

No 8/2000

# Main Indicators for the Finnish Economy

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Chart 1.1

### GROSS DOMESTIC PRODUCT: FINLAND AND EU

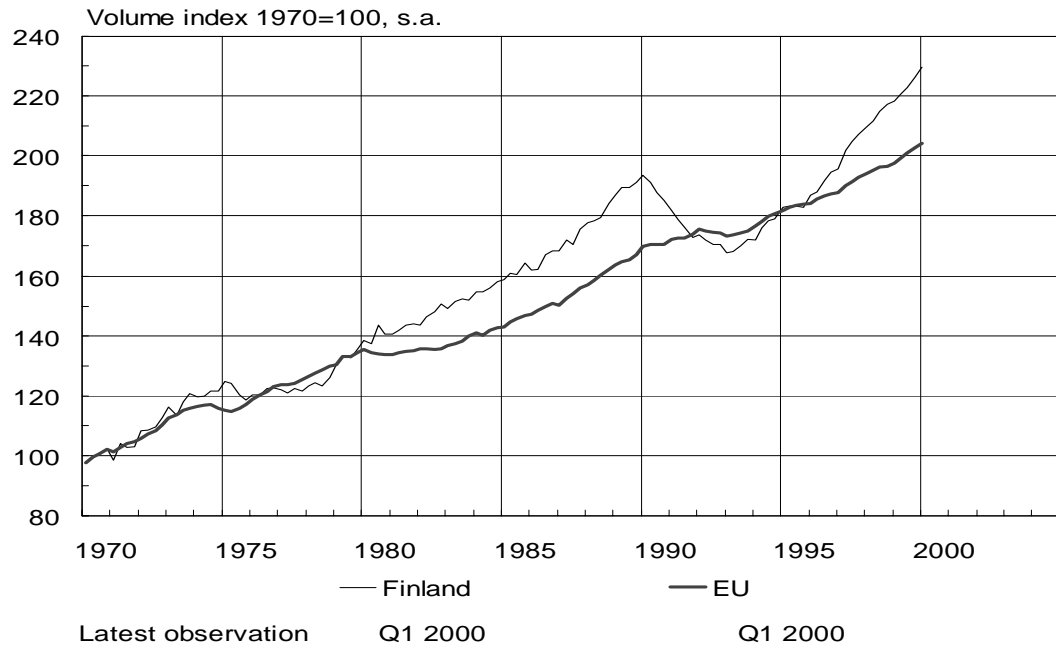


Chart 1.2

### GROSS DOMESTIC PRODUCT

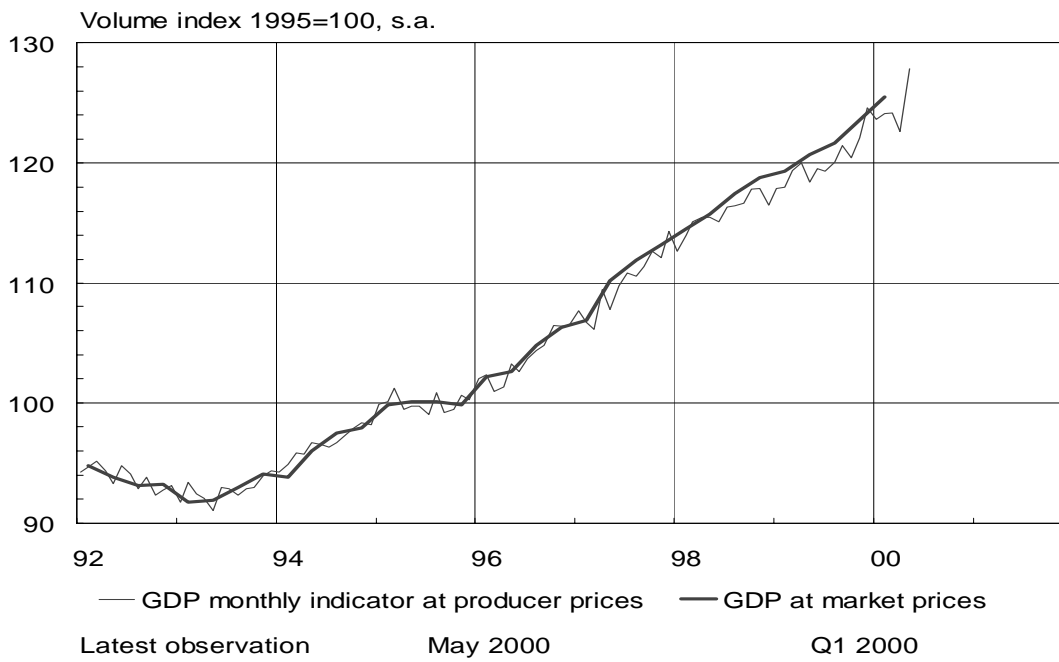
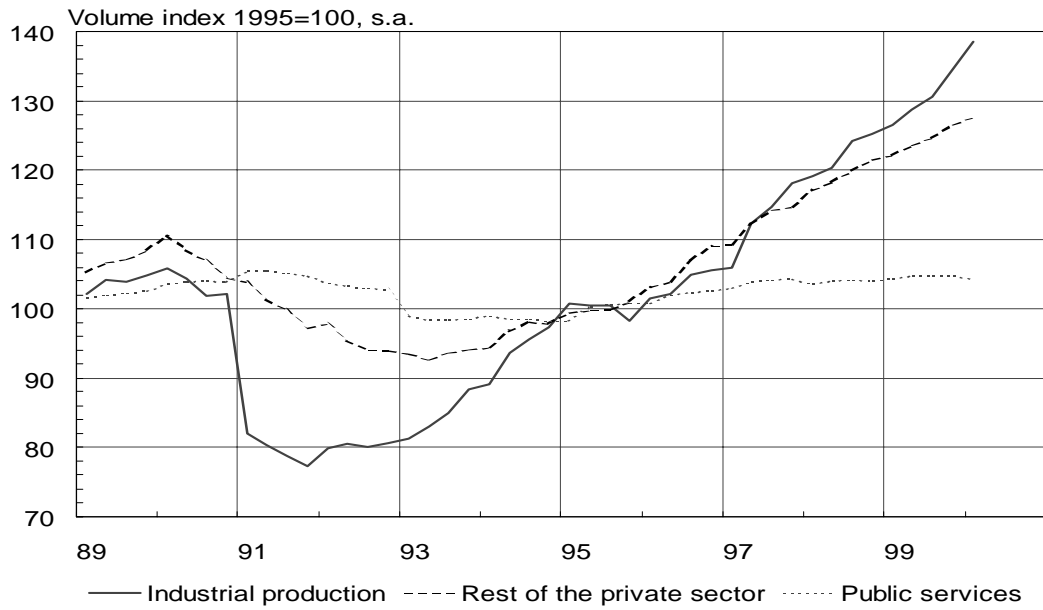


Chart 2.

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

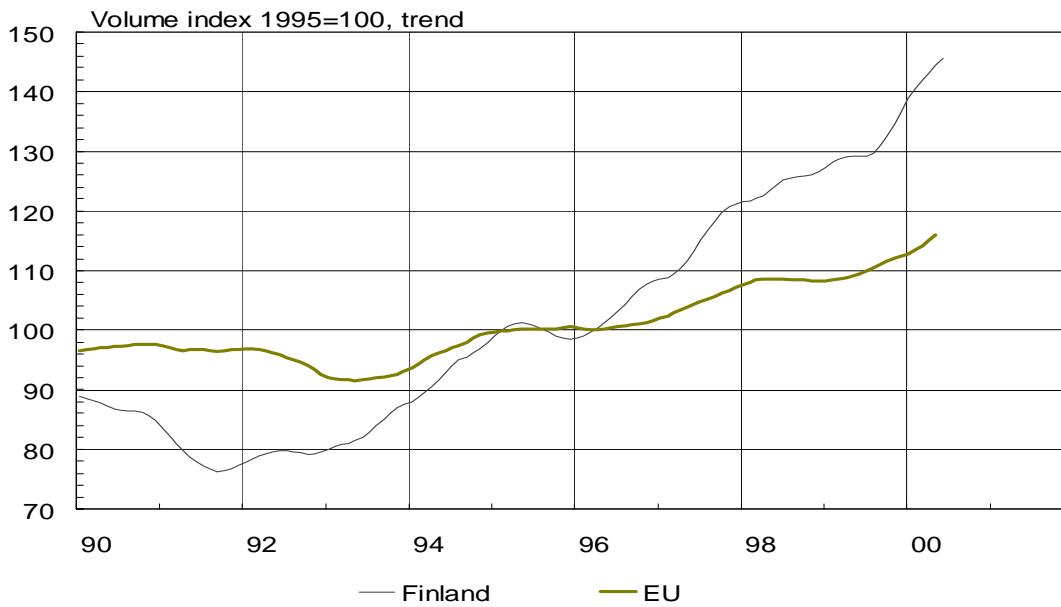


Latest observation Q1 2000

1) GDP at producer prices

Chart 3.

**MANUFACTURING PRODUCTION**



Latest observation

Jun 2000

May 2000

Chart 4.

**MAIN DEMAND COMPONENTS**

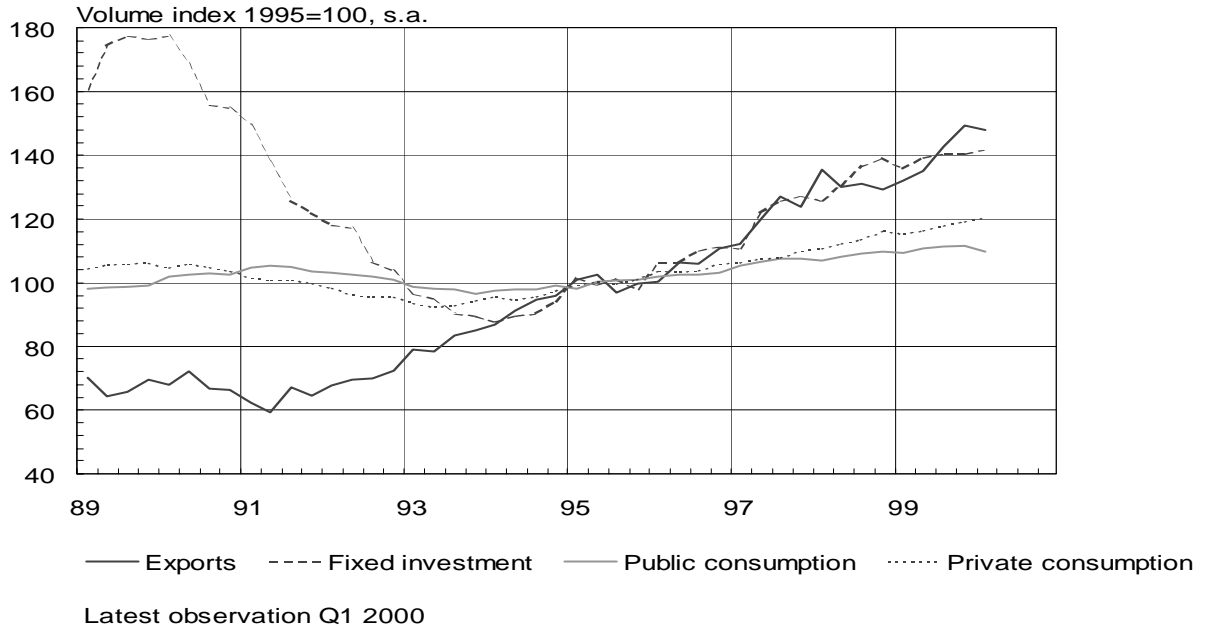


Chart 5.

**HOUSEHOLD SECTOR'S SAVING RATIO**

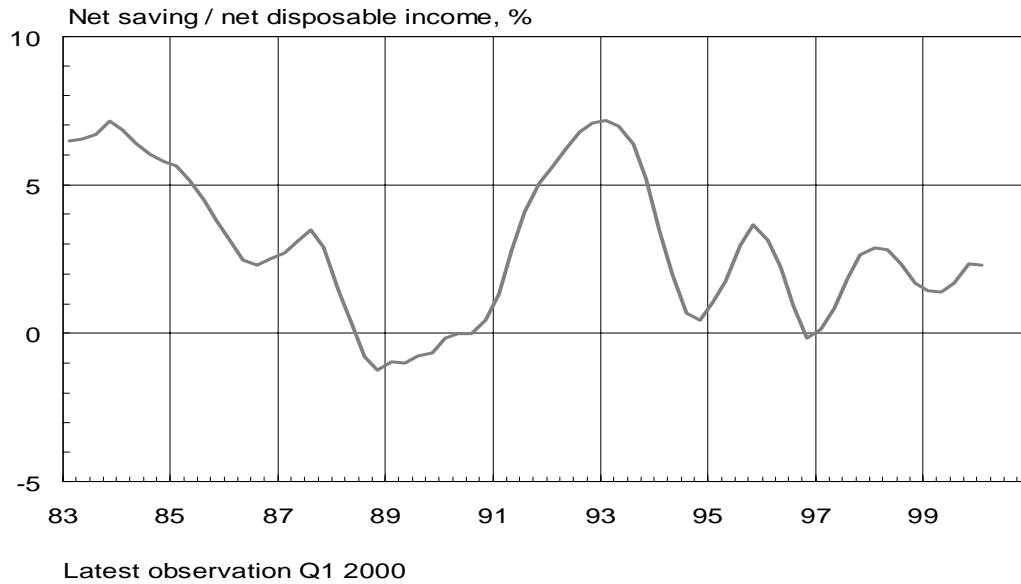
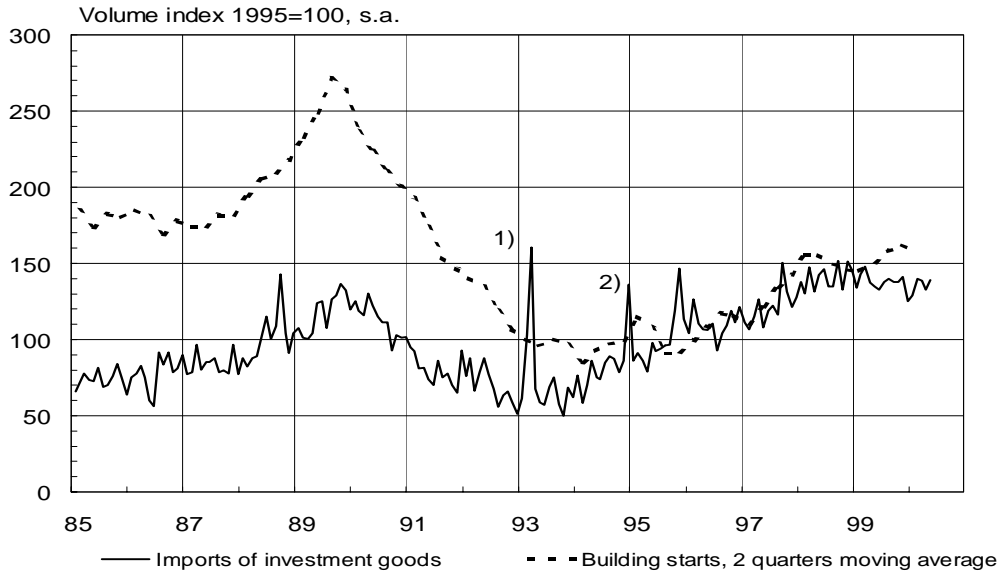


Chart 6.  
**INDICATORS OF DOMESTIC DEMAND**  
**Private consumption**



**Fixed investment**



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.

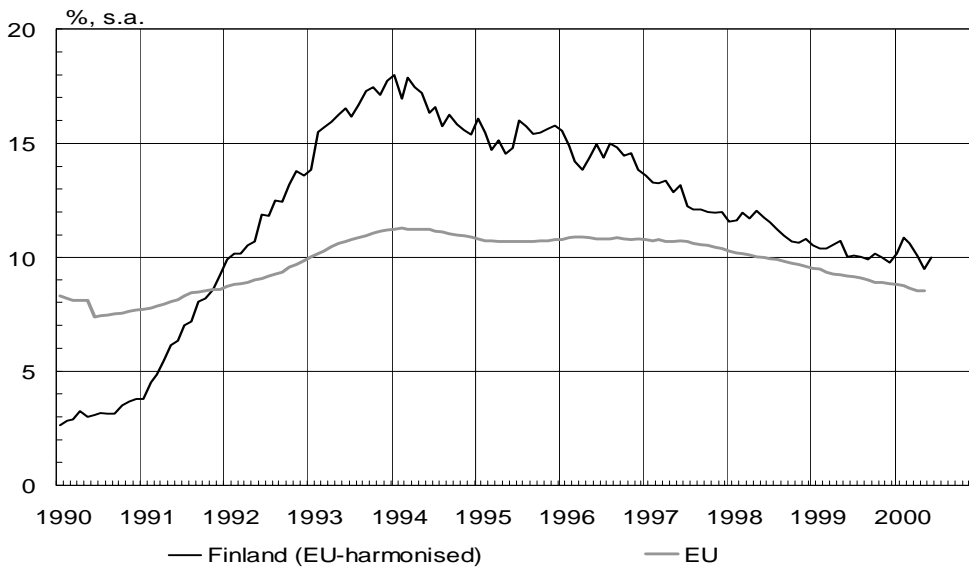
**LABOUR FORCE AND EMPLOYMENT**



Latest observation Jun 2000

Chart 8.

**UNEMPLOYMENT RATE**



Latest observation June 2000

May 2000



TABLE 1

## Supply, demand and labour market indicators

	1997	1998	1999	2000	
	Volume change from previous year, per cent				
Gross domestic product 1) at market prices	6.3	5.5	4.0	5.2	Q1
GDP monthly indicator at producer prices	6.0	5.3	3.7	7.9 4.9	M05 M01-M05
Manufacturing production	10.0	8.9	5.7	12.7 9.2	M06 M01-M06
Consumption expenditure 1)	3.7	3.9	3.1	3.1	Q1
private	3.5	4.9	3.6	4.4	Q1
government	4.1	1.7	2.0	0.0	Q1
Gross fixed capital formation 1)	11.9	9.4	4.6	3.8	Q1
private	11.3	11.7	6.2	2.5	Q1
government	15.0	-1.4	-3.8	13.0	Q1
Domestic demand 1)	4.7	4.9	2.7	2.3	Q1
Exports of goods and services 1)	14.1	8.9	6.3	12.0	Q1
Imports of goods and services 1)	11.3	8.3	3.2	5.3	Q1
	Percentage change from previous year				
Employed persons 2)	2.0	2.4	3.3	0.5 1.4	M06 M01-M06
	Per cent				
Unemployment rate 2)	12.6	11.4	10.2	10.0 10.2	s.a. M06 M01-M06

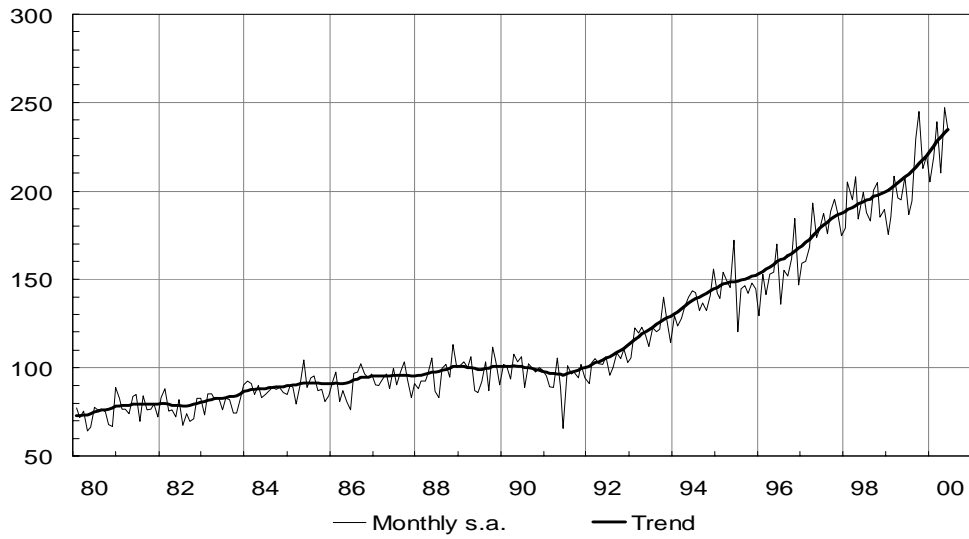
1) European System of Accounts 1995

2) EU harmonized figures

Chart 9.

**EXPORTS OF GOODS, volume**

Index 1990 =100

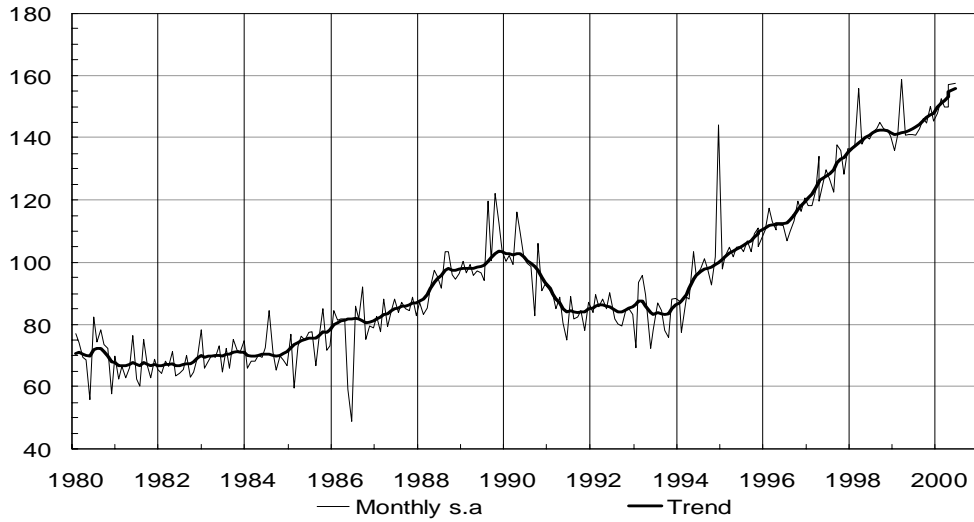


Latest observation Jun 2000

Chart 10.

**IMPORTS OF GOODS, volume**

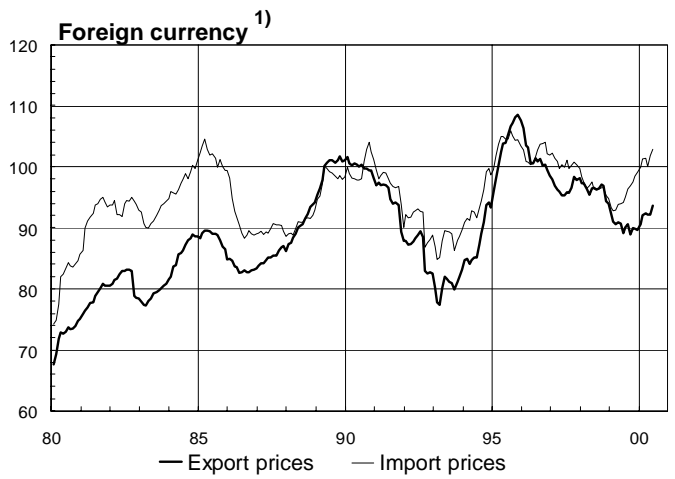
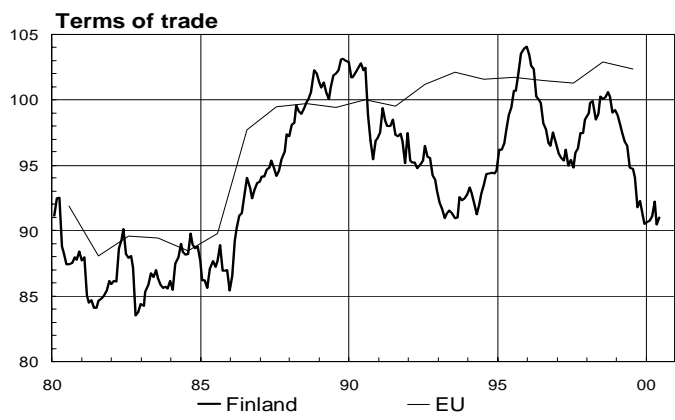
Index 1990 =100



Latest observation Jun 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

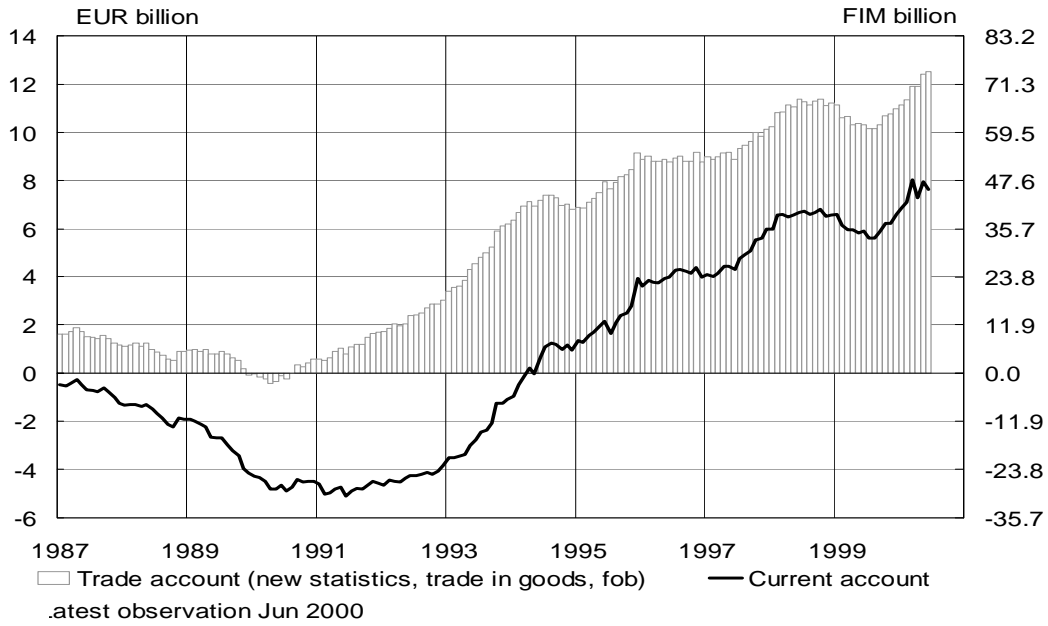


Chart 13.  
**SECTORAL DEBT RATIOS**

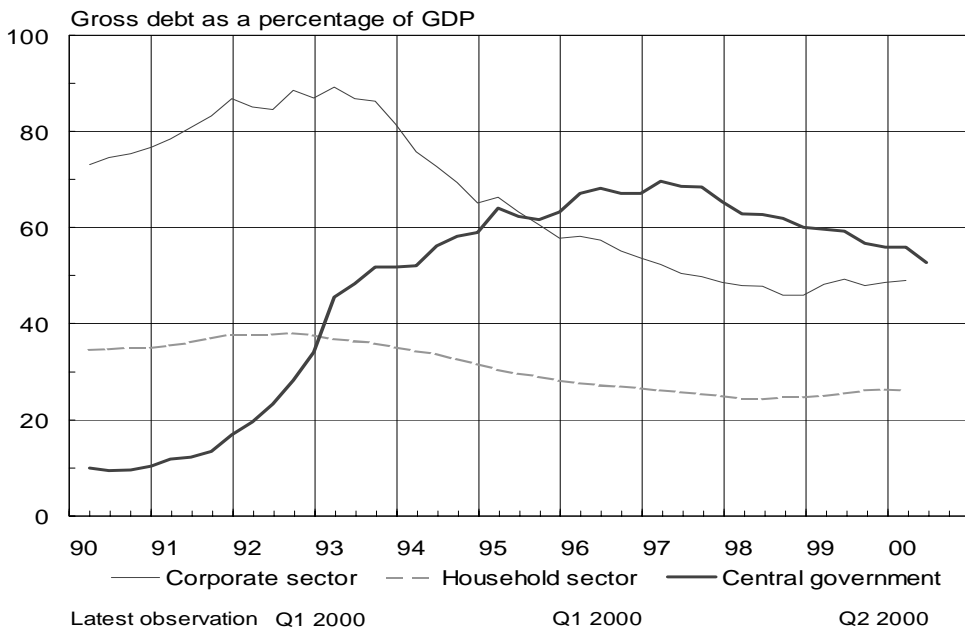


Chart 14.  
**CORPORATE SECTOR BORROWING**

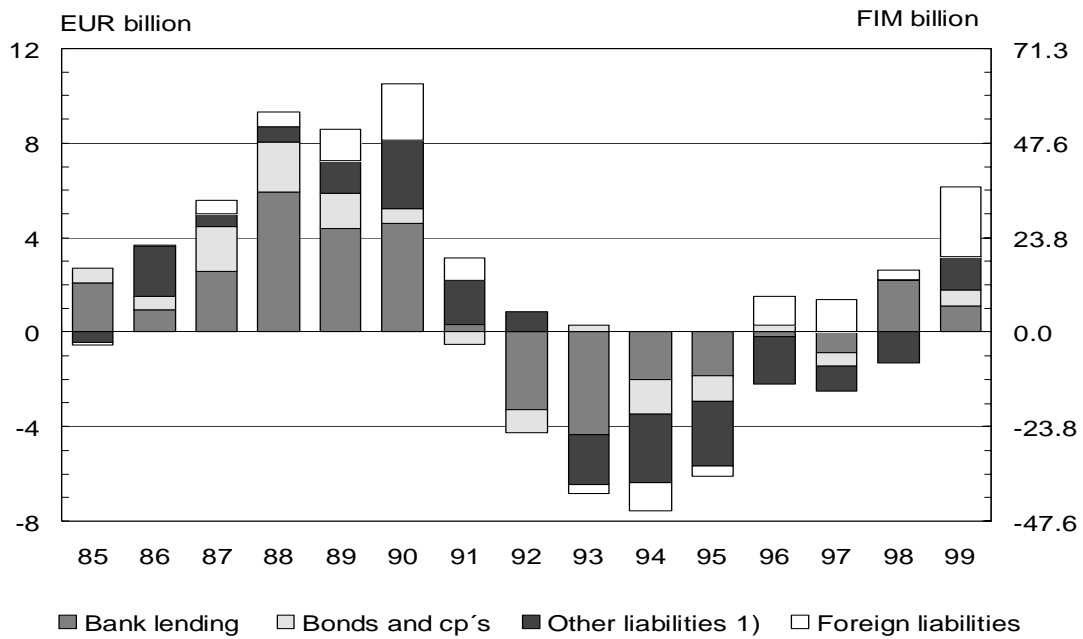
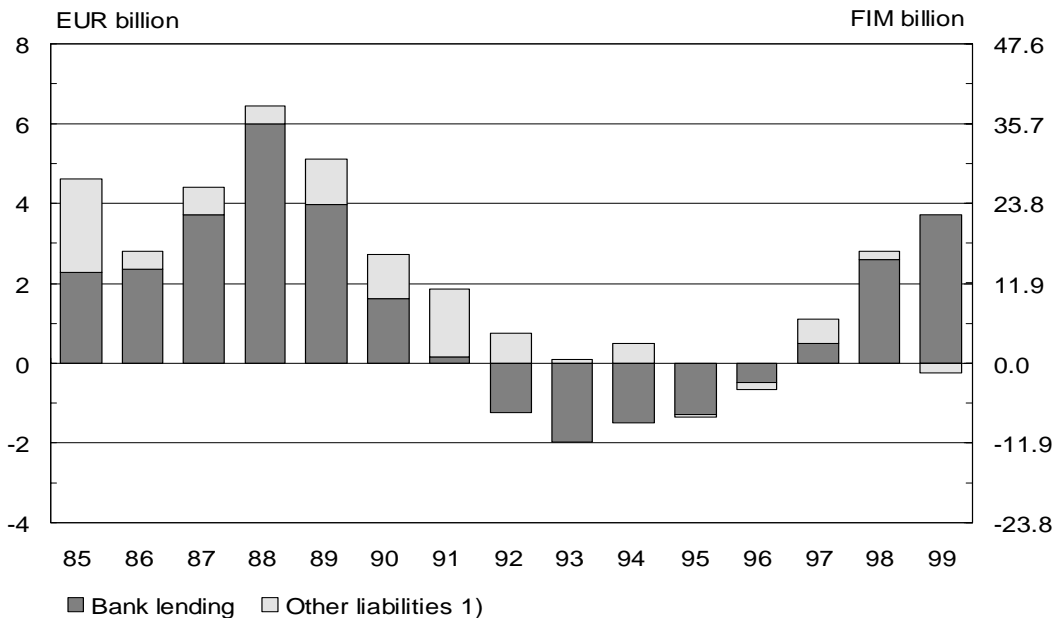


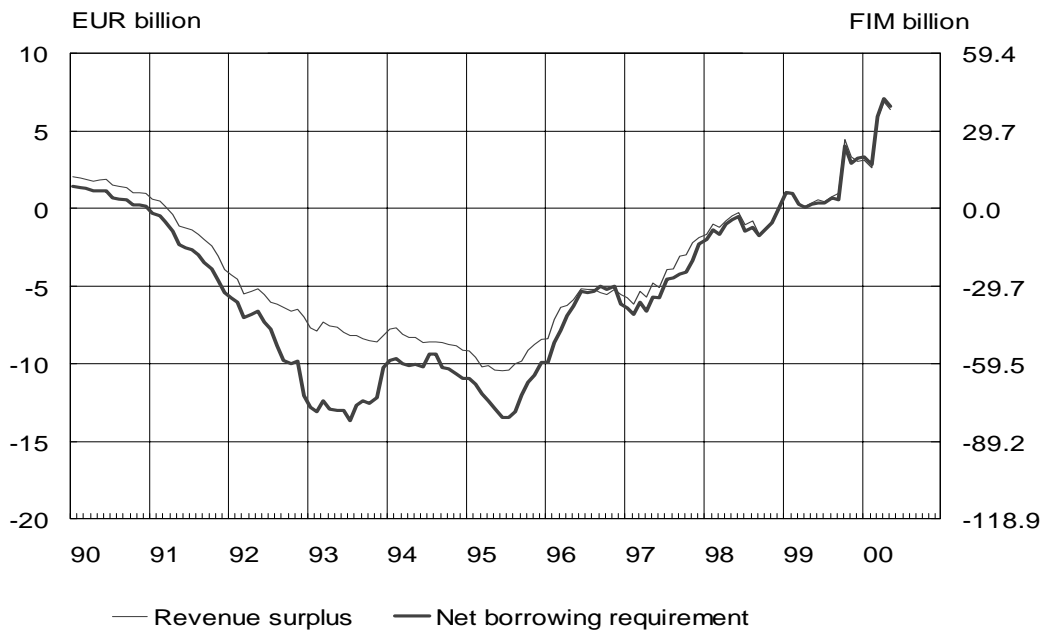
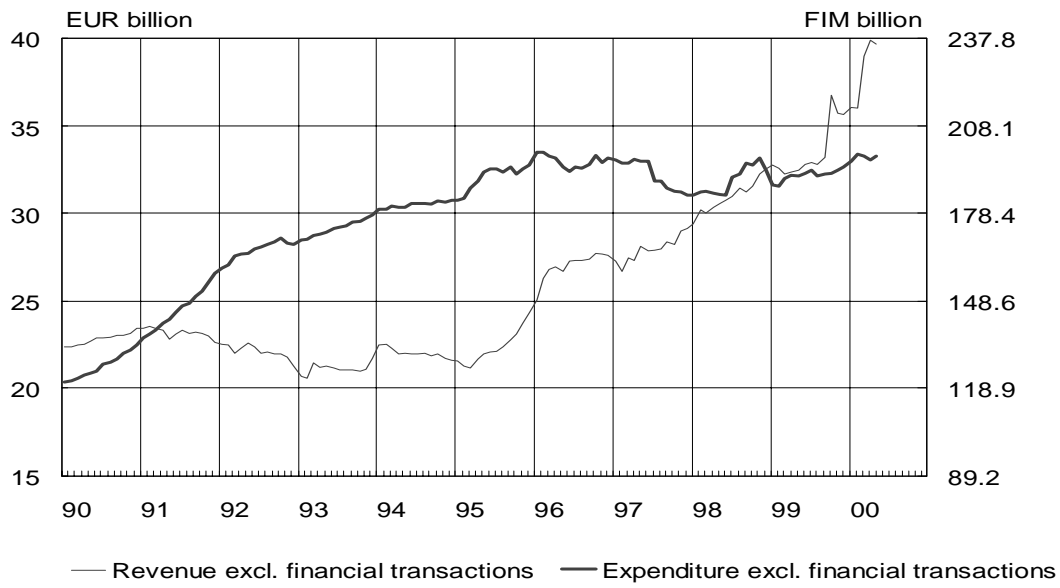
Chart 15.  
**HOUSEHOLDS' BORROWING**



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**  
12-month moving totals



Latest observation May 2000

Chart 17.

### NET INTERNATIONAL INVESTMENT POSITION, international comparison

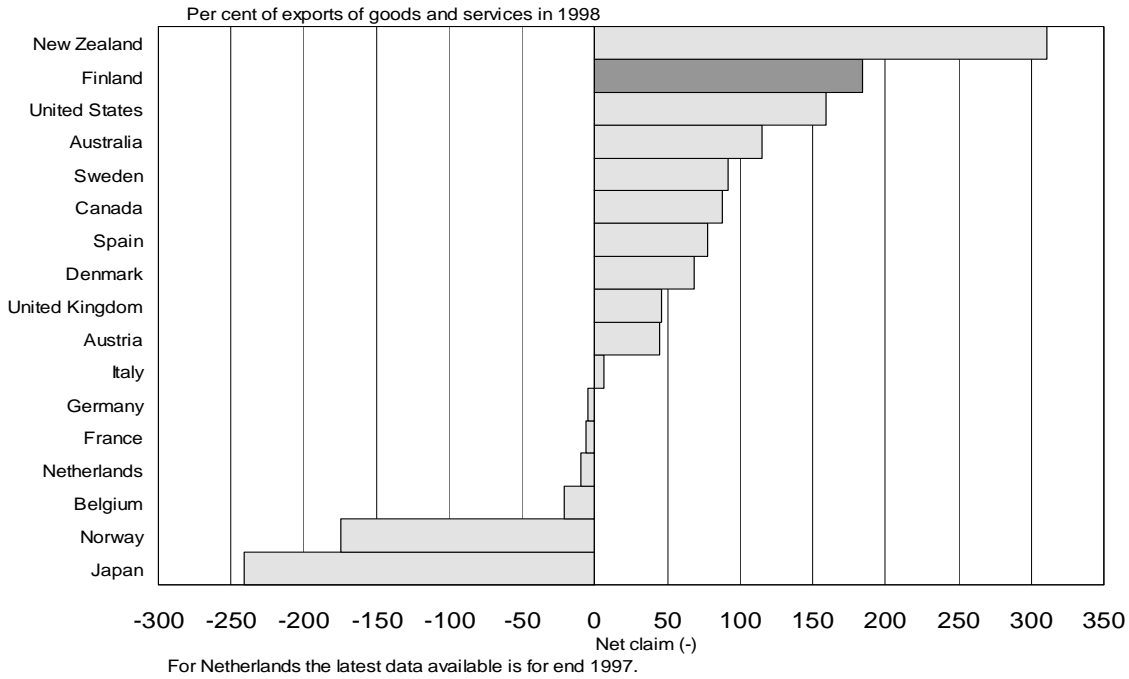


Chart 18.

### FINLAND'S NET INTERNATIONAL INVESTMENT POSITION

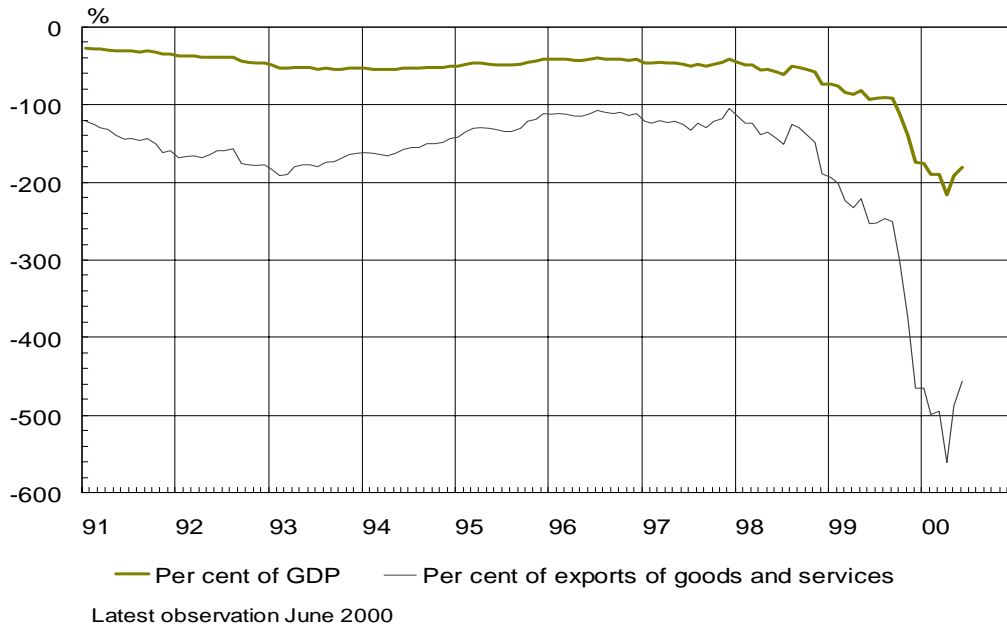


TABLE 2

**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	6.5 M01-M06 1.1 M06
per cent of GDP	8.9	9.5	9.7	9.0	
<b>Current account</b>					
EUR billion	4.0	6.0	6.6	6.6	2.9 M01-M06 0.4 M06
per cent of GDP	4.0	5.6	5.7	5.4	
<b>Capital account. EUR billion</b>	-6.3	-4.2	-6.4	-6.5	-2.9 M01-M06 -0.7 M06
General government	1.1	-1.0	-4.0	-4.4	-1.6 M01-M06 0.0 M06
Direct investment					
to Finland	0.9	1.8	10.9	3.1	6.4 M01-M06 -0.1 M06
abroad	2.8	4.6	16.8	4.3	7.7 M01-M06 1.2 M06
Shares	0.9	2.0	5.0	5.5	0.9 M01-M06 -0.4 M06
Other capital (incl. errors and omissions)	-6.5	-2.4	-1.5	-6.3	-0.8 M01-M06 0.8 M06
Foreign exchange reserve (increase -)	2.4	-1.8	-0.2	-0.1	0.0 M01-M06 0.3 M06
<b>Net lending</b> (saving minus investment)					
Private sector					
EUR billion	7.1	7.6	5.1	4.3	
per cent of GDP	7.2	7.1	4.4	3.5	
General government					
EUR billion	-3.1	-1.6	1.5	2.3	
per cent of GDP	-3.2	-1.5	1.3	1.9	
Central government					
EUR billion	-7.1	-3.9	-1.7	-0.9	
per cent of GDP	-7.2	-3.7	-1.5	-0.8	
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	3.5	
per cent of GDP	3.3	2.8	3.1	2.9	
<b>Net foreign debt</b>					
per cent of GDP	41.9	41.0	73.2	174.7	
per cent of exports of goods and services	111.6	105.0	189.2	466.9	
<b>Sectoral debt ratios</b> (gross debt per cent of GDP)					
Non-financial corporate sector	48.6	43.6	41.3	43.7	
Household sector	42.0	39.7	38.9	40.0	
General government (EMU)	57.1	54.1	48.7	46.7	



Chart 19.

**EARNINGS**

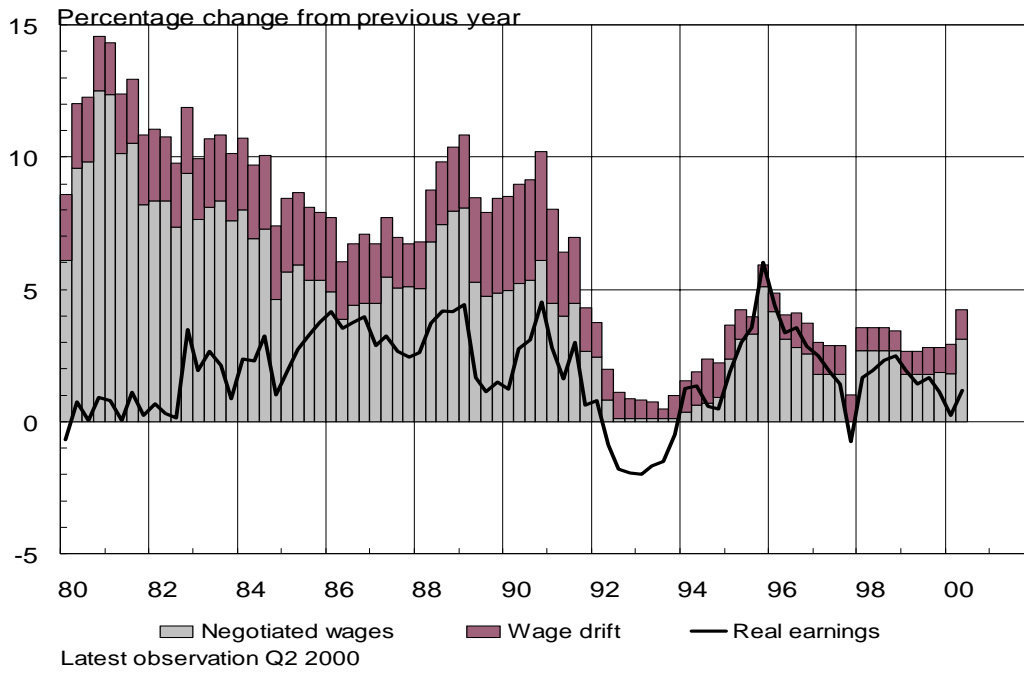
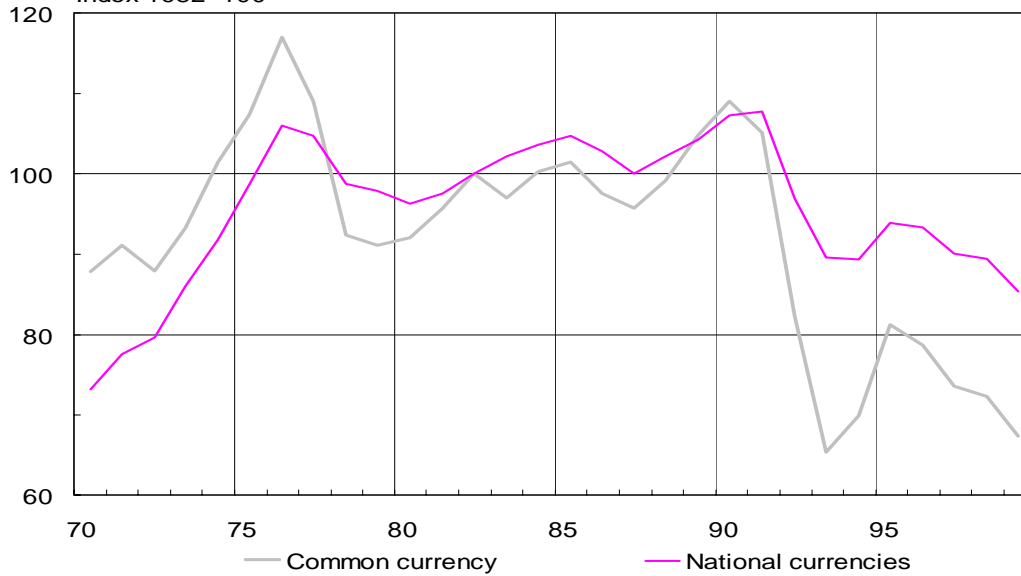


Chart 20.

**RELATIVE UNIT LABOUR COSTS IN MANUFACTURING**

Finland / competitor countries  
 Index 1982=100

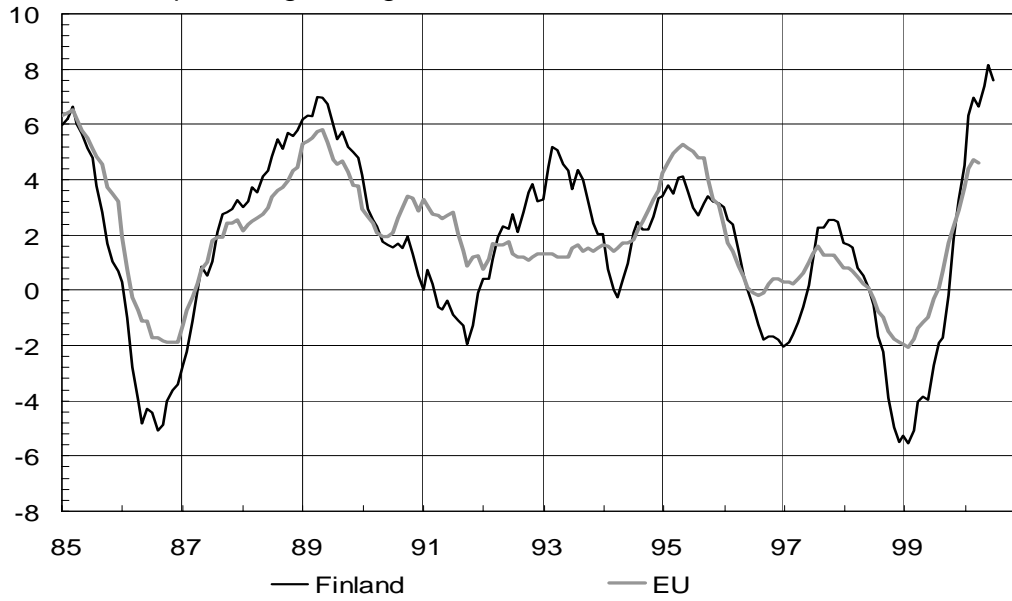


Latest observation year 1999

A fall indicates improvement in competitive position

Chart 21.  
**PRODUCER PRICE INDICES**

12-month percentage change

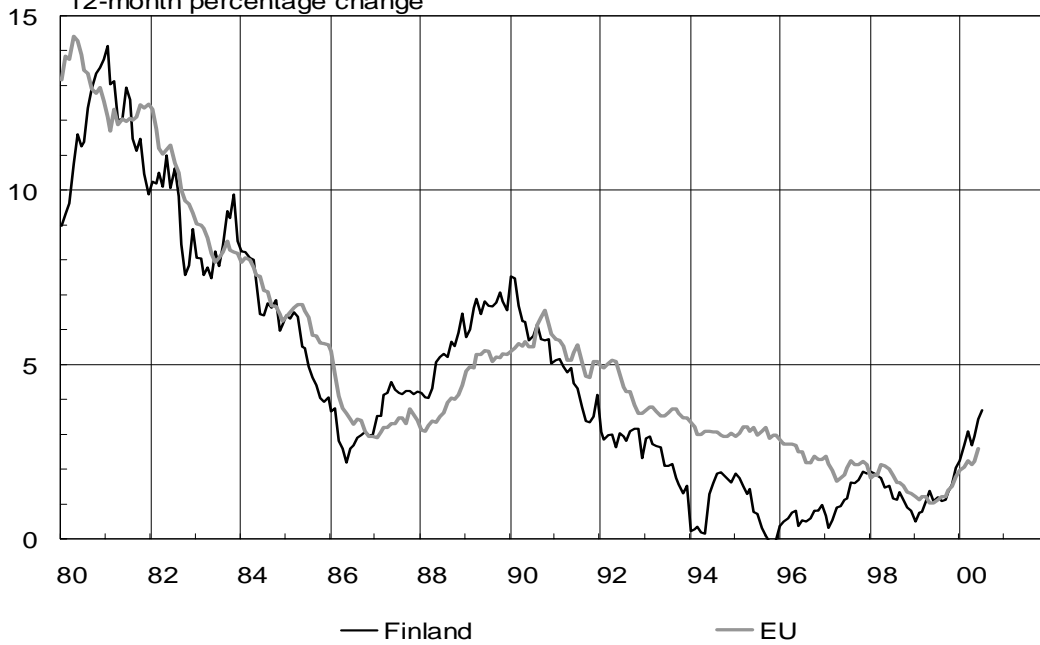


Latest observation Jul 2000

Apr 2000

Chart 22.  
**CONSUMER PRICES**

12-month percentage change



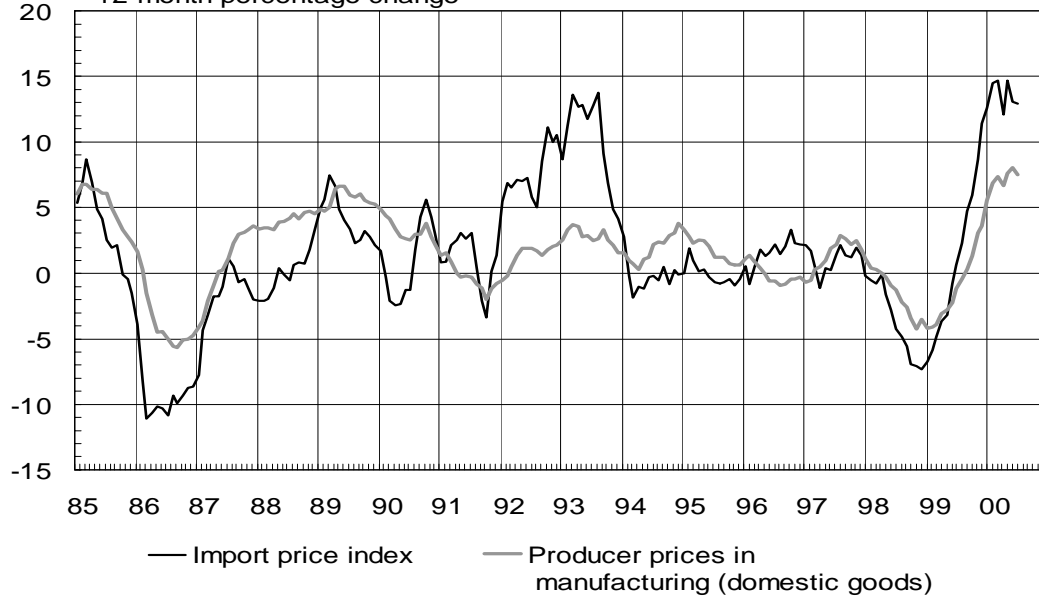
Latest observation Jul 2000

Jun 2000

Chart 23 .

**IMPORT PRICES AND PRODUCER PRICES**

12-month percentage change

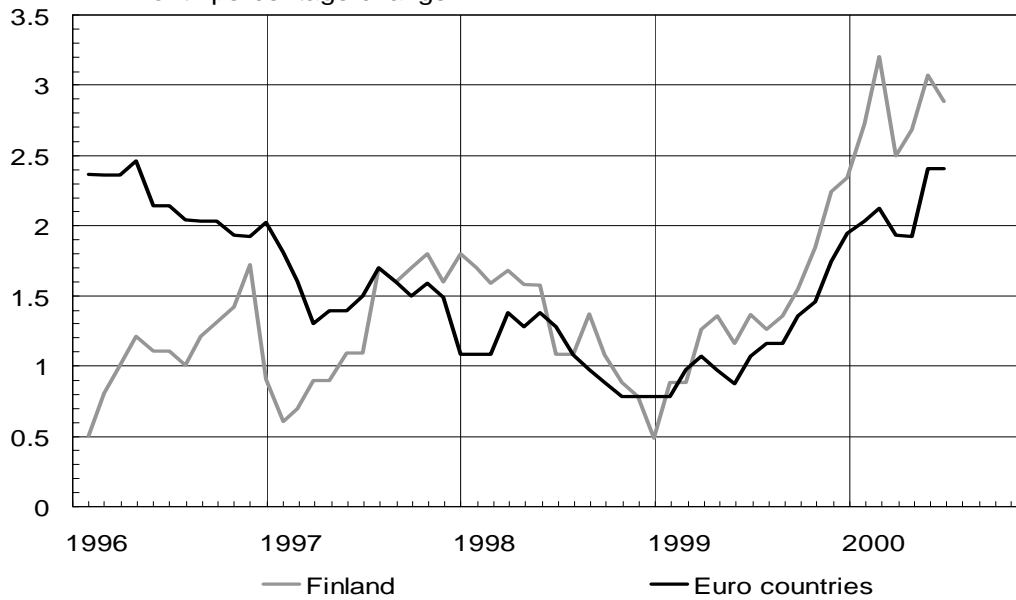


Latest observation Jul 2000

Chart 24.

**HARMONIZED CONSUMER PRICE INDEX**

12-month percentage change

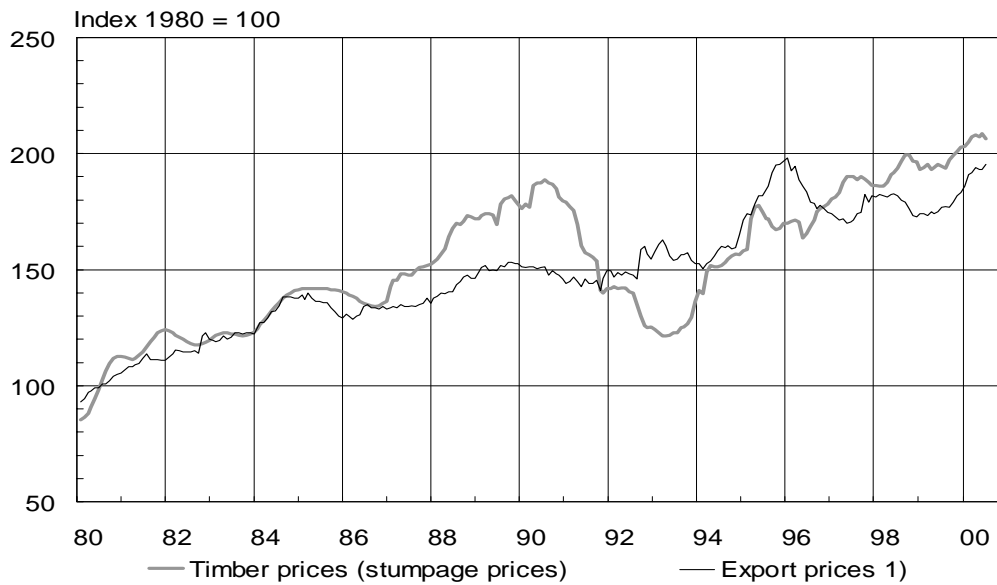


Latest observation Jul 2000

Jul 2000

Chart 25.

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

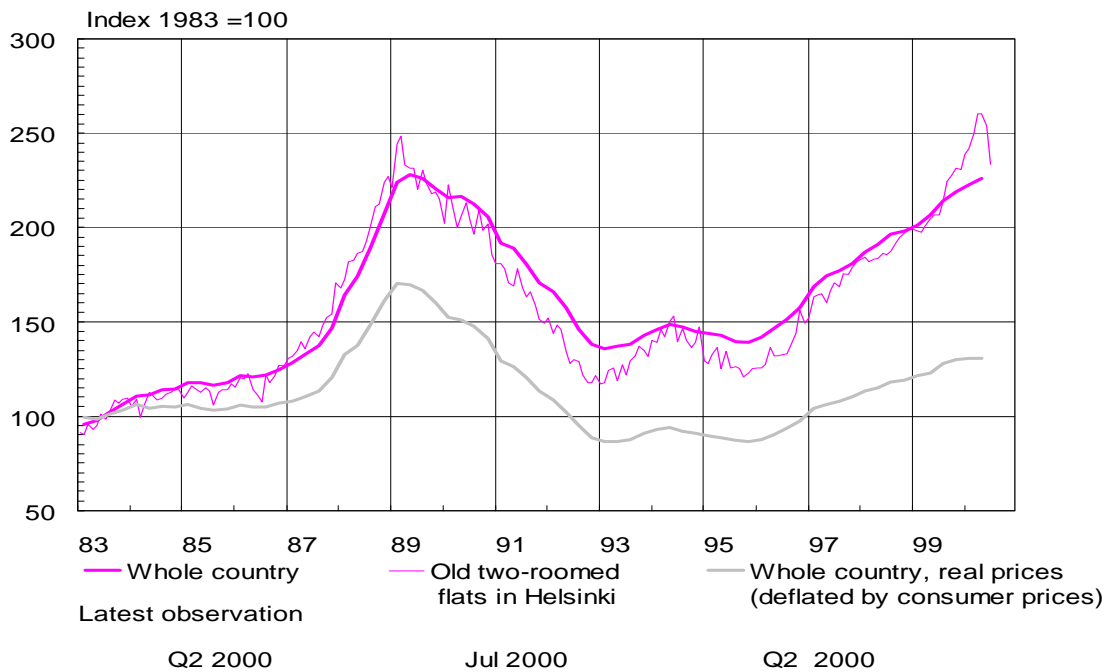


Latest observation July 2000

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

Chart 26.

**DWELLING PRICES**



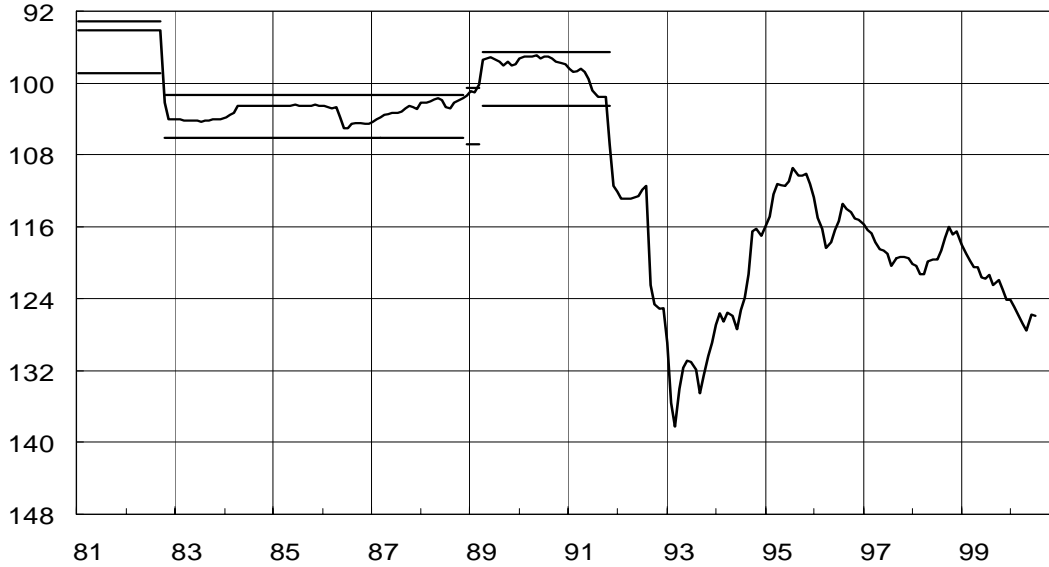
**TABLE 3****Cost and price indicators, percentage change**

	1998	1999	2000
<b>Labour costs</b>			
Index of wages and salaries	3.5	2.7	4.2 Q2
Unit labour costs			
Whole economy	1.9	2.2	..
Manufacturing	-1.0	0.6	..
<b>Price indices</b>			
Export prices	0.0	-4.4	8.2 M07 6.8 M01-M07
Import prices	-3.5	0.6	12.9 M07 13.5 M01-M07
Producer prices	-1.1	-2.5	7.5 M07 7.1 M01-M07
Wholesale prices	-1.5	-0.1	8.0 M07 7.8 M01-M07
Consumer prices	1.4	1.2	3.7 M07 3.0 M01-M07
Indicator of the underlying inflation	1.0	1.3	3.6 M06 3.1 M01-M06
<b>Asset prices</b>			
Stumpage prices	3.0	1.9	6.3 M07 6.3 M01-M07
Dwelling prices	10.2	8.9	9.4 Q2
Share prices	41.6	72.1	98.4 M07 137.2 M01-M07

Chart 27.

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

Index 1982=100



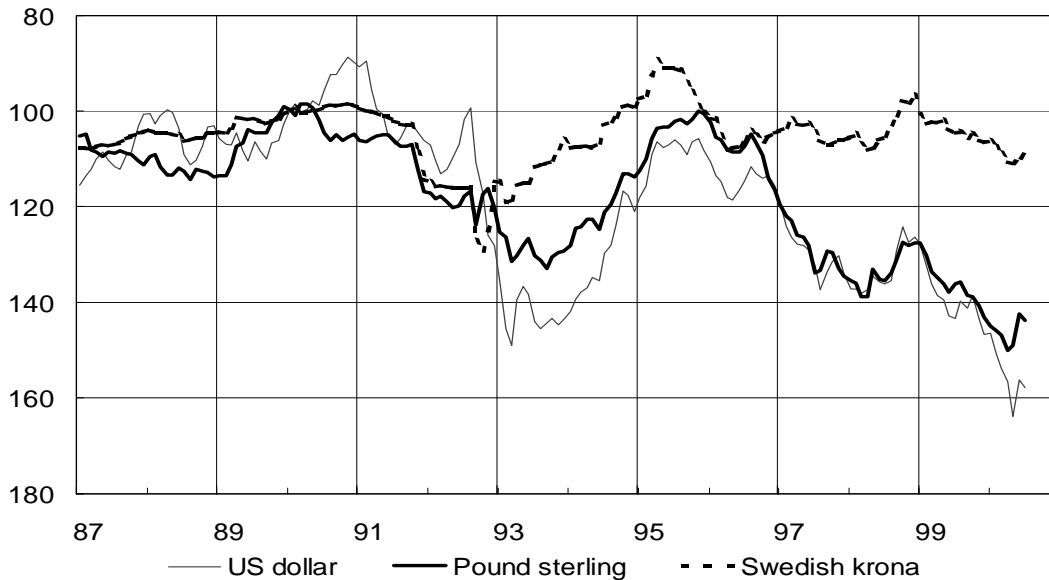
Latest observation July 2000

Chart 28.

**EXCHANGE RATES**

Rising curve=EURO strenghtens

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

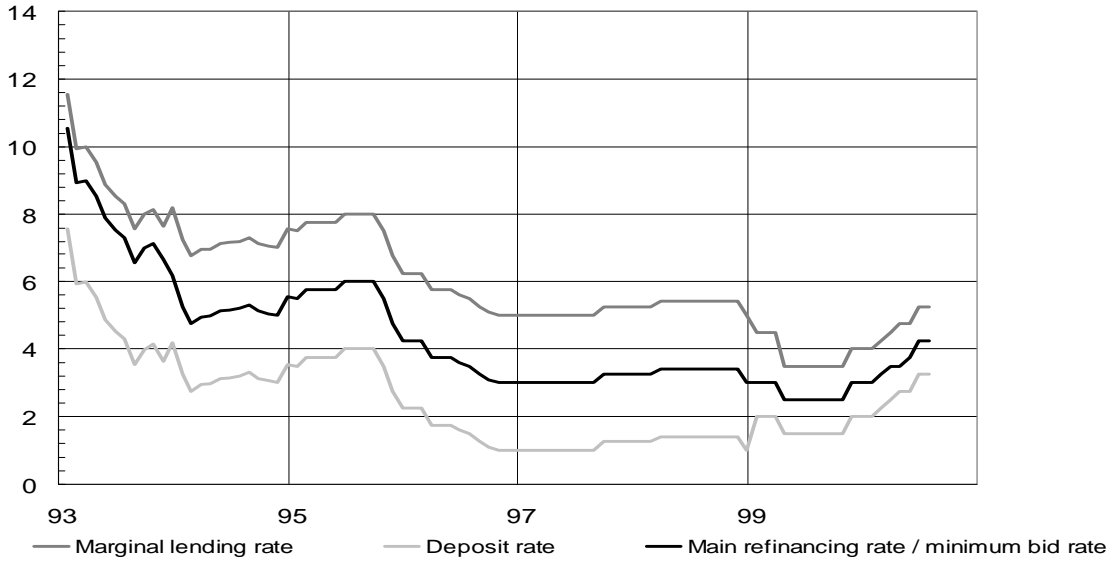


Exchange rates until 31 Dec 1998 are based on corresponding Finnish markka rates converted into euro rates at the fixed conversion rate 5.94573.

Latest observation July 2000

Chart 29.

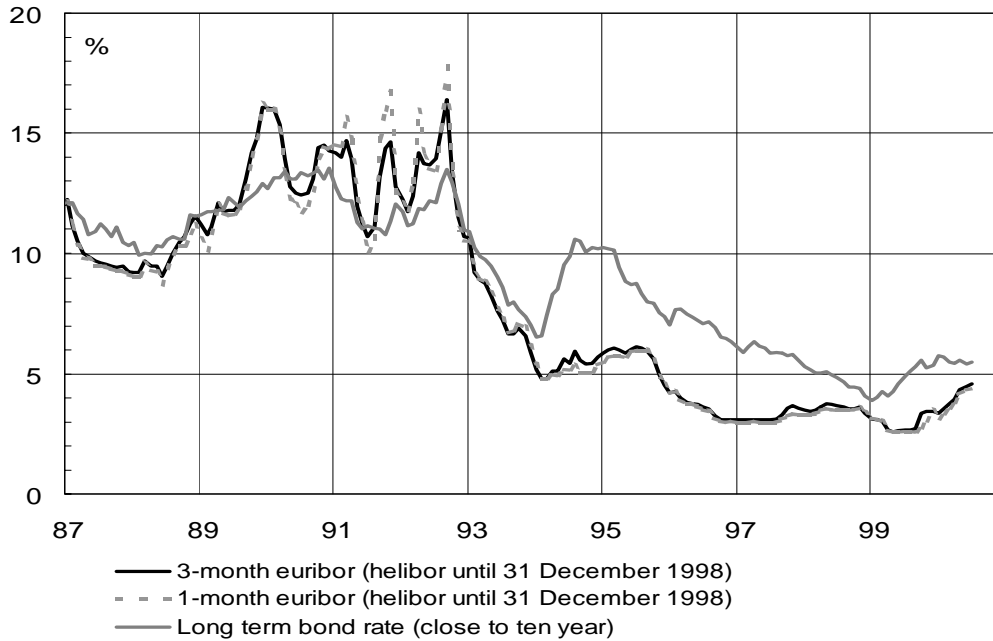
**RATES OF INTEREST SET BY EUROSYSYSTEM**



Until 31 Dec 1998 the corresponding rates set by the Bank of Finland.  
 Latest observation July 2000

Chart 30.

**KEY INTEREST RATES**



Latest observation July 2000

Chart 31.

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

3-month interest rates, %

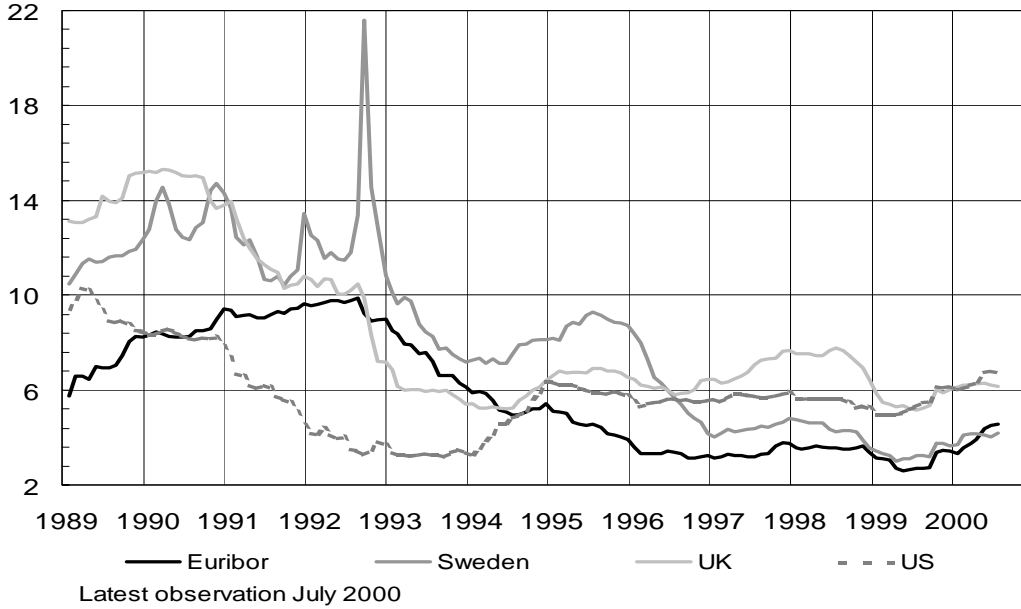


Chart 31.1.

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

Government bond yields, close to 10 year, %

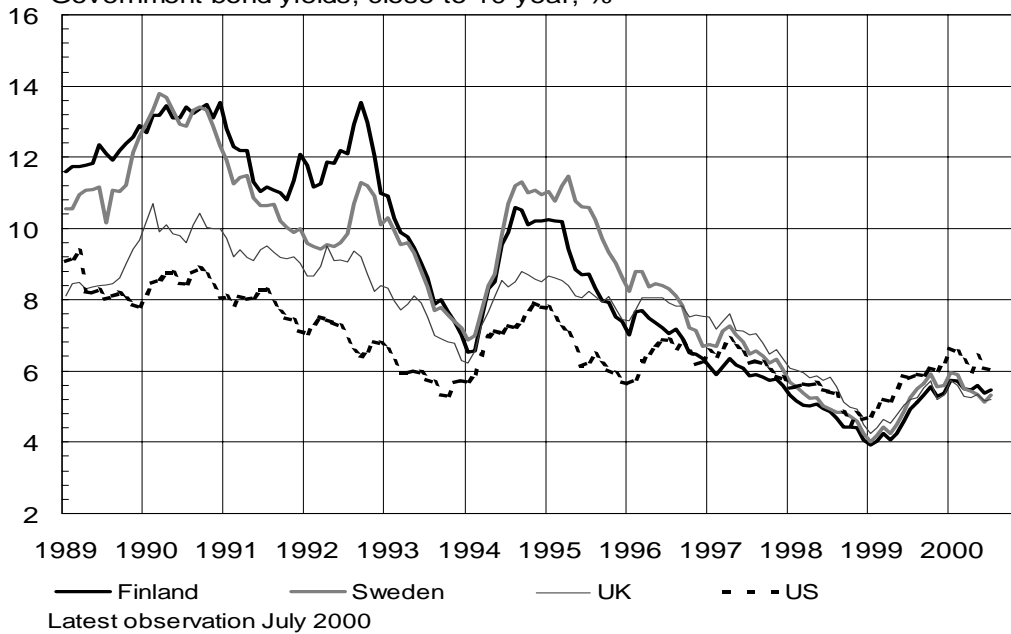
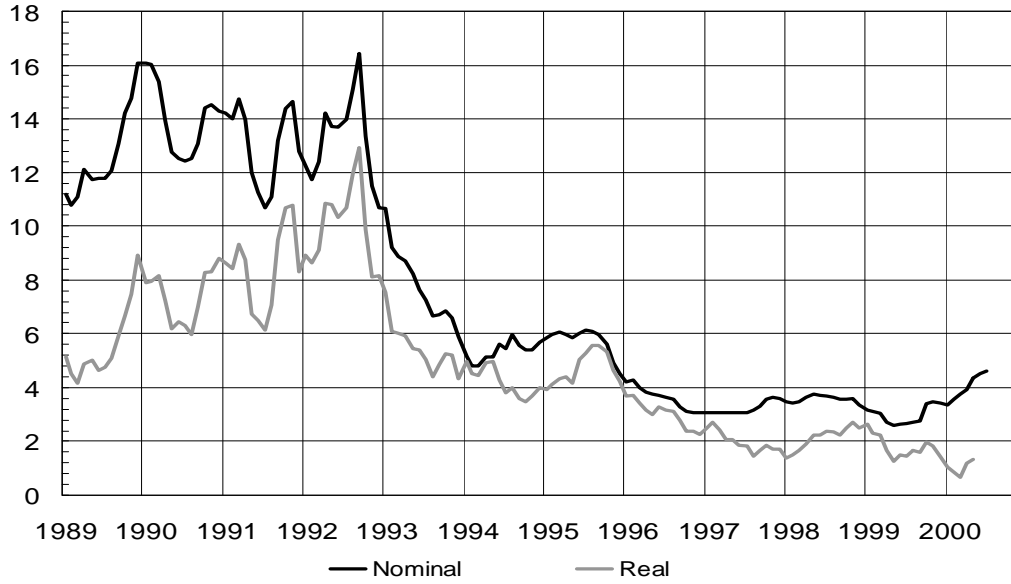




Chart 32.

**REAL AND NOMINAL INTEREST RATES**

3-month interest rates, %

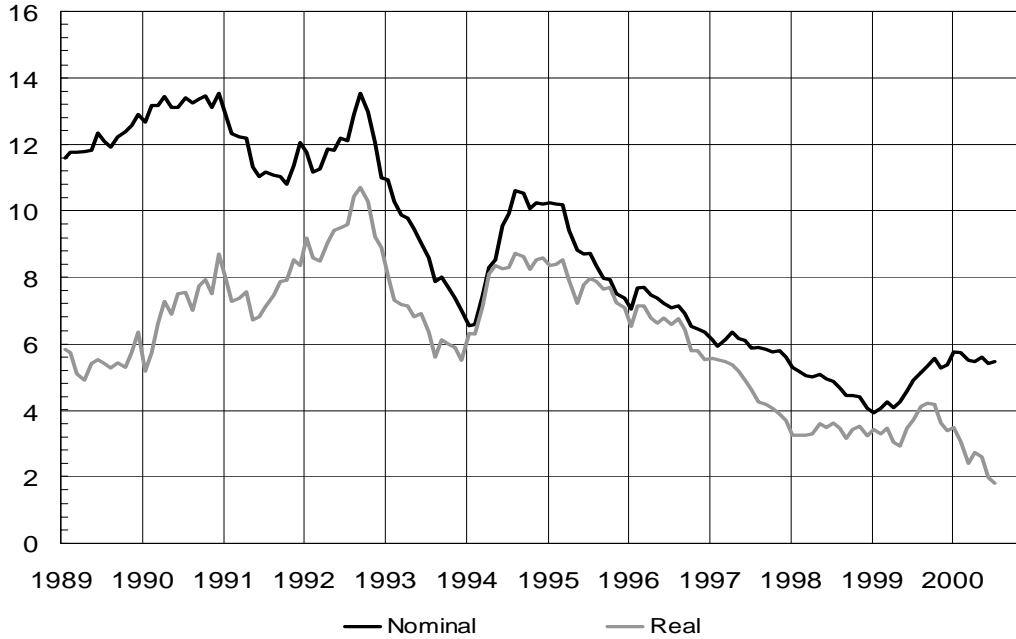


3-month euribor (from January 1999)  
 Latest observation July 2000

Chart 32.1.

**REAL AND NOMINAL INTEREST RATES**

Government bond yields, close to 10 year, %



Latest observation July 2000

Chart 33.

**YIELD CURVE**

Maturities over one year based on government benchmark bonds, %

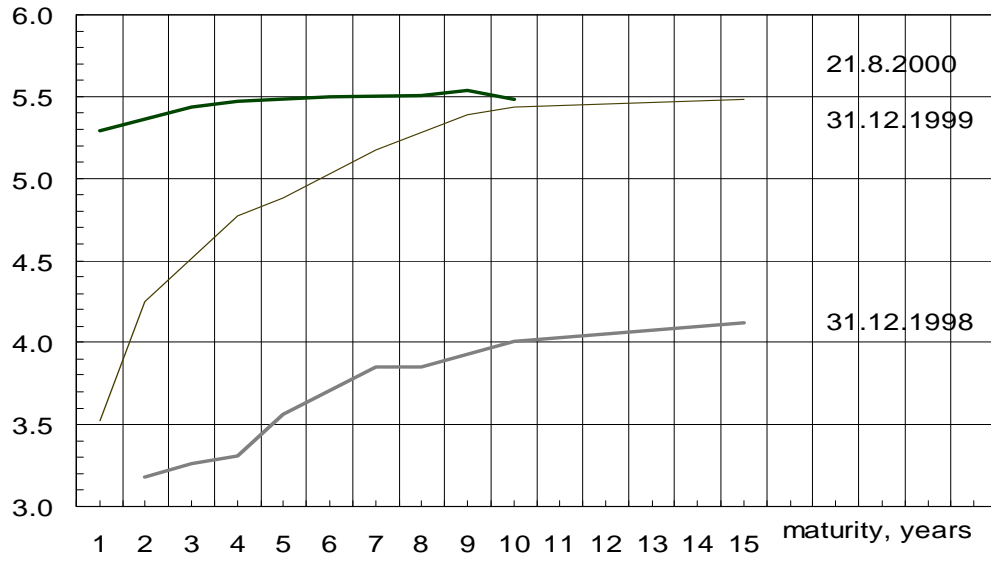


TABLE 4

## Interest rates and exchange rates

**Market rates**, %, daily averages

	1999	1/2000	2/2000	3/2000	4/2000	5/2000	6/2000	7/2000
EURIBOR (Helibor until 31 December 1998)								
1 month	2.862	3.150	3.359	3.589	3.791	4.163	4.370	4.408
3 months	2.961	3.343	3.537	3.747	3.925	4.362	4.502	4.583
6 months	3.054	3.556	3.735	3.936	4.083	4.544	4.681	4.837
12 months	3.183	3.949	4.111	4.267	4.365	4.849	4.965	5.105
Yields on government bonds								
5 years	4.07	5.12	5.19	5.04	5.24	5.48	5.31	5.42
10 years	4.74	5.75	5.72	5.50	5.46	5.59	5.39	5.48

**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

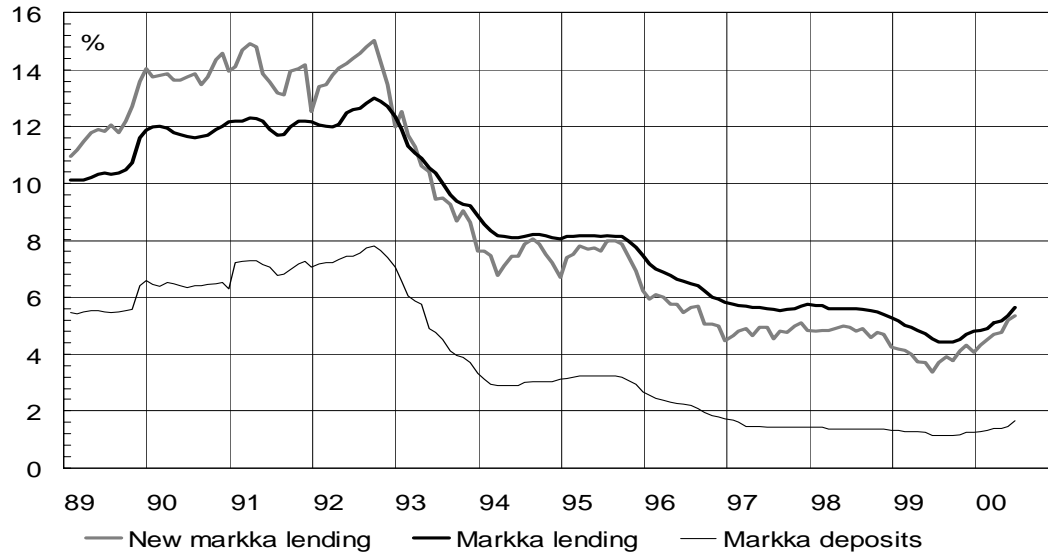
EUR exchange rate against  
US dollar, Pound sterling and Swedish krona

Daily average								
US dollar	1.066	1.014	0.983	0.964	0.947	0.906	0.949	0.940
Pound sterling	0.659	0.618	0.615	0.611	0.598	0.601	0.629	0.623
Swedish krona	8.807	8.597	8.511	8.388	8.267	8.241	8.318	8.407

Trade-weighted competitiveness indicator 1982=100	121.2	124.2	124.8	125.8	126.8	127.6	125.7	125.9
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Chart 34.

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

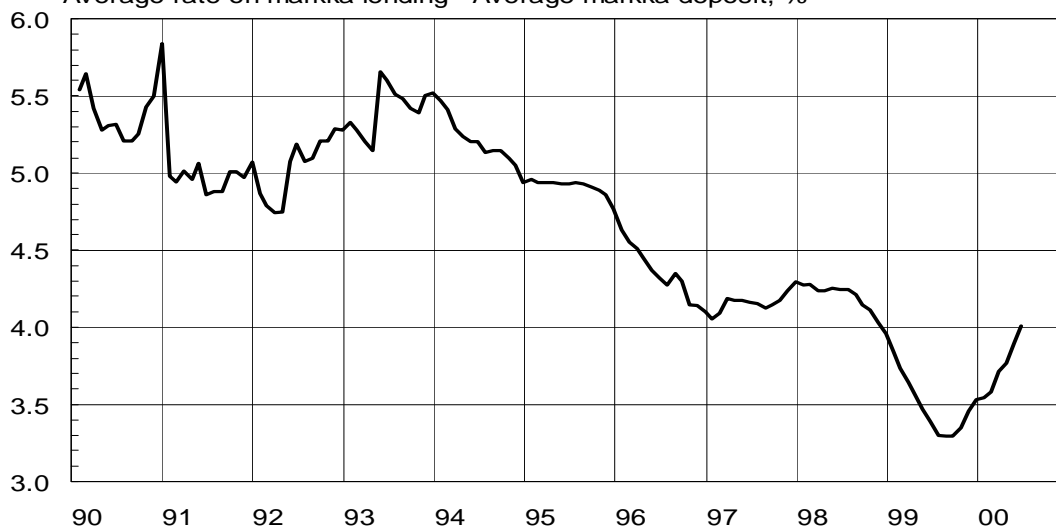


Latest observation June 2000

Chart 35.

### BANKS' INTEREST RATE MARGIN

Average rate on markka lending - Average markka deposit, %



Latest observation June 2000

Chart 36.

**BANK FUNDING FROM THE PUBLIC**

12-month change, %

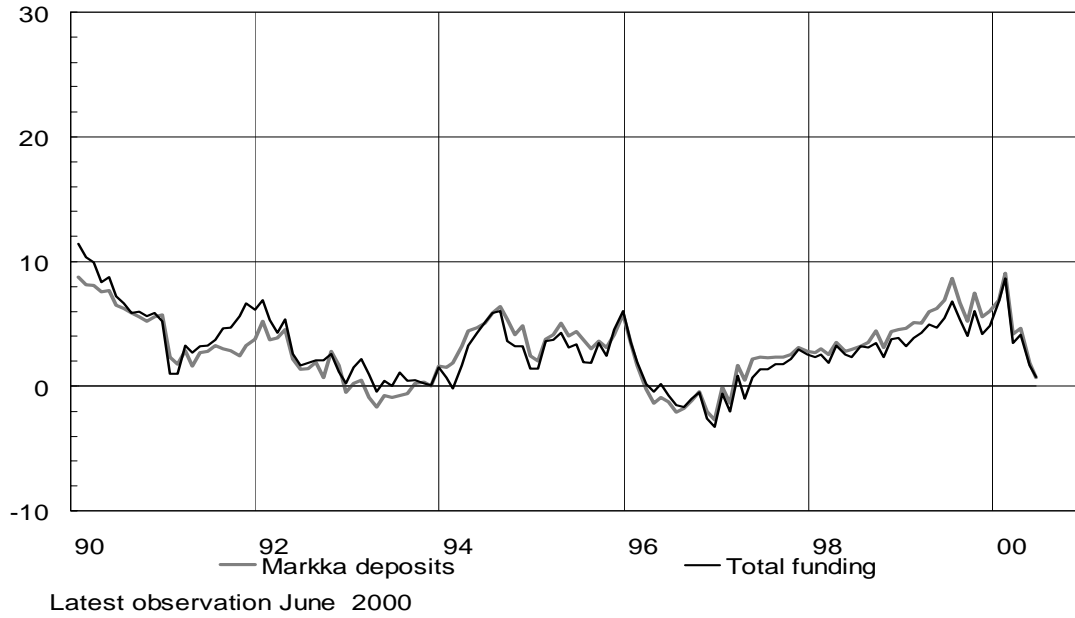


Chart 37.

**BANK LENDING TO THE PUBLIC**

12-month change, %

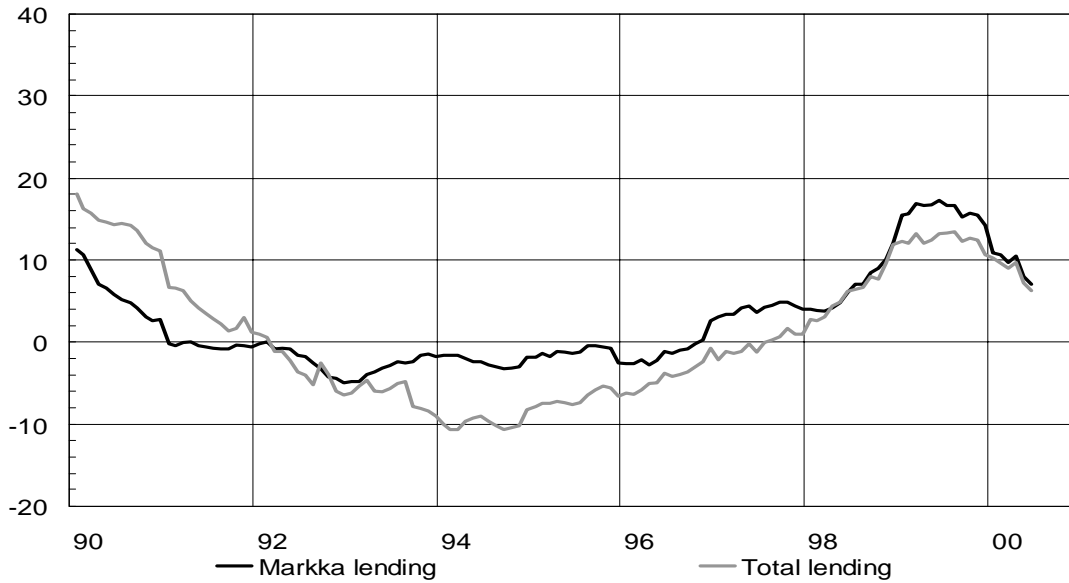


Chart 38.

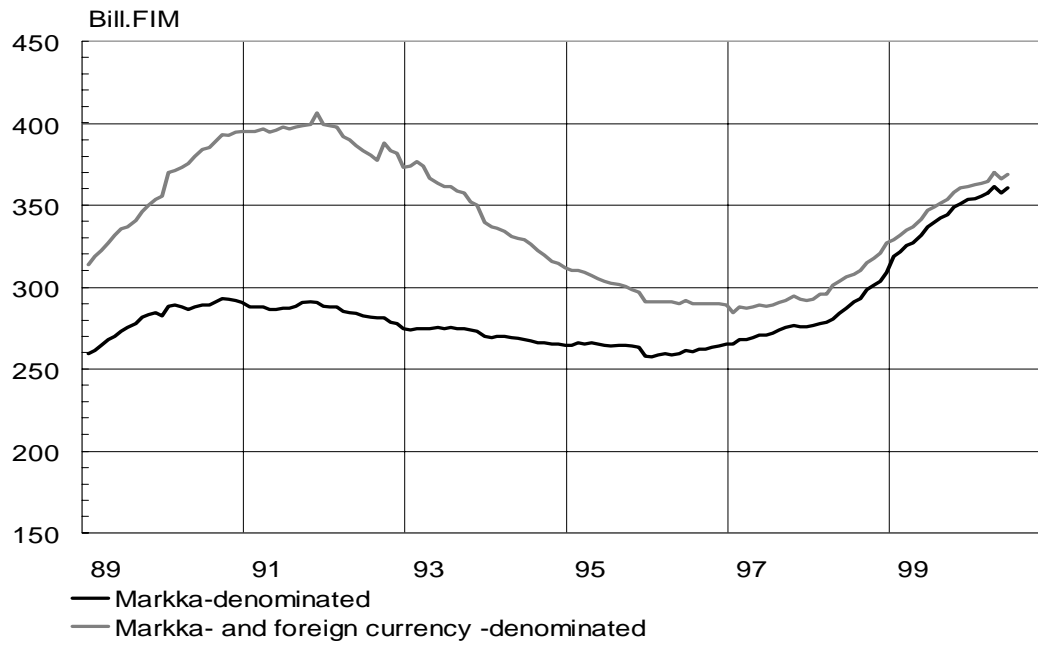
**OUTSTANDING BANK CREDIT**

Chart 39.

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

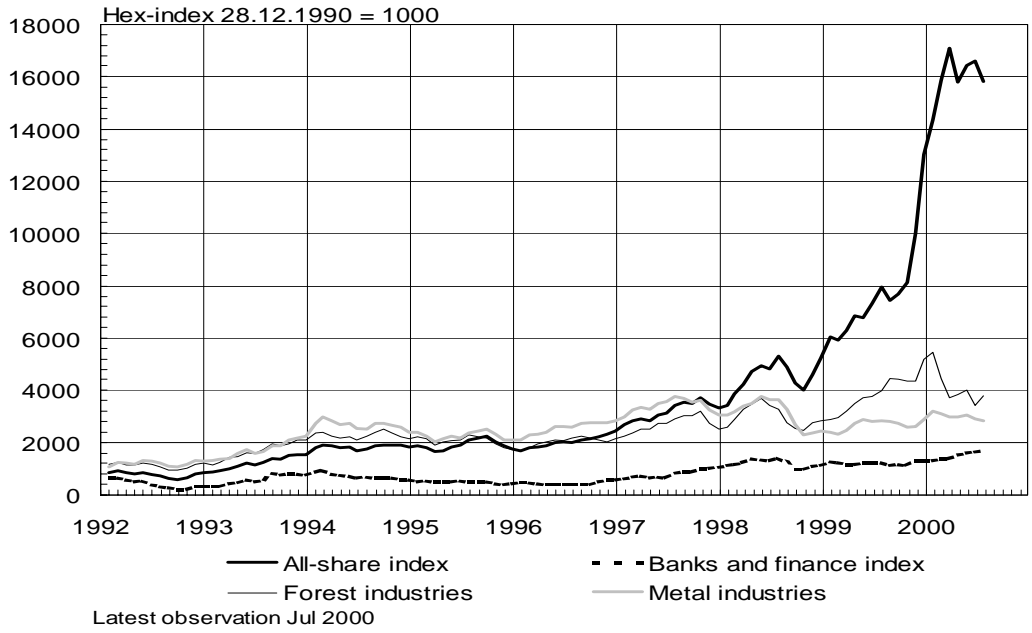


Chart 40.

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

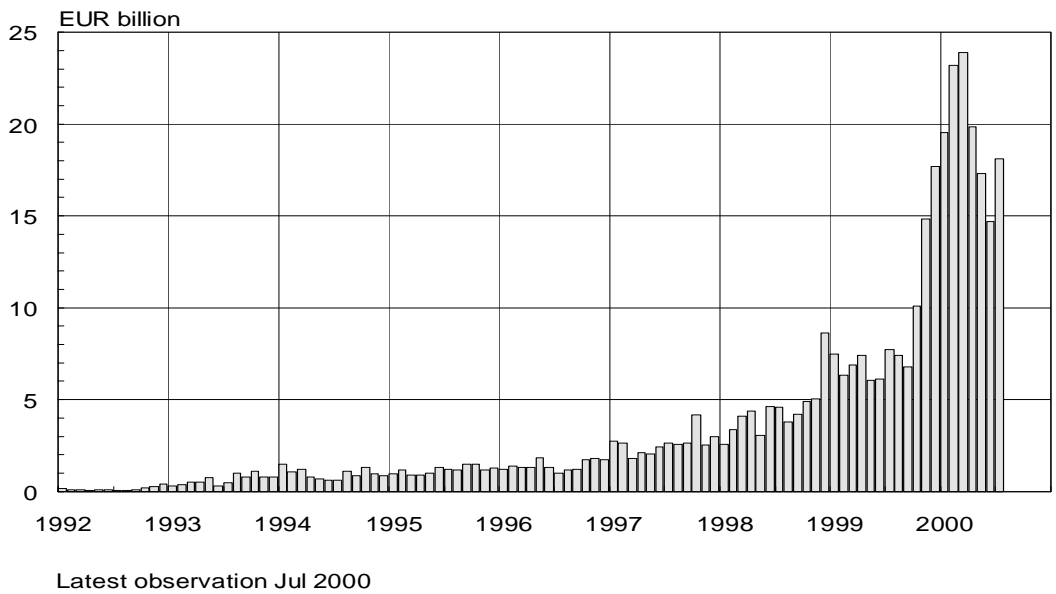


Chart 41.  
**HEX, HELSINKI EXCHANGES**  
**Market Value**

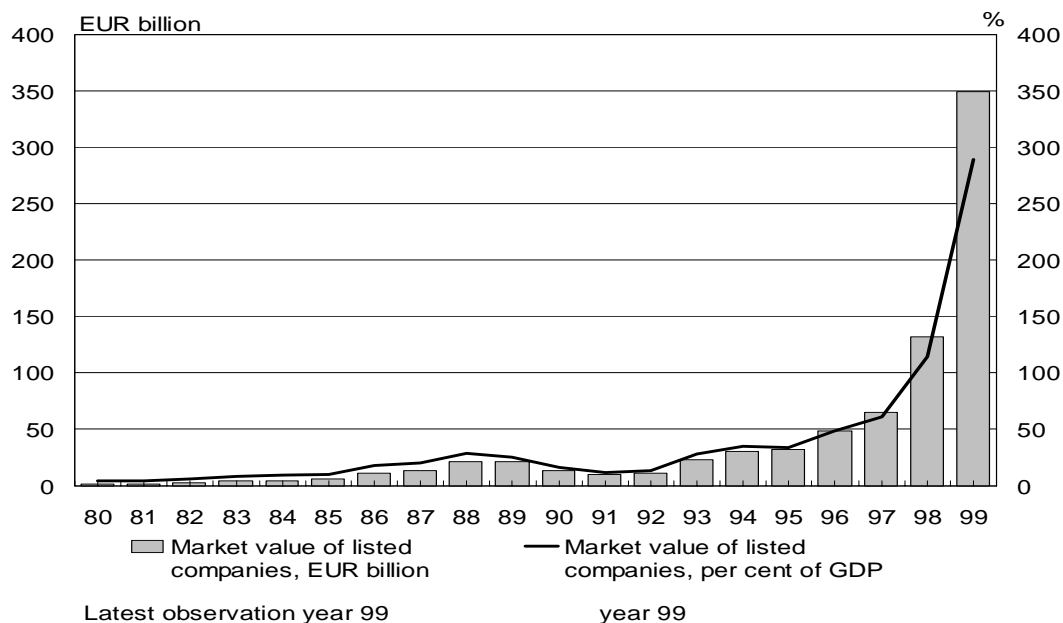


Chart 42.  
**GOVERNMENT BENCHMARK BONDS**

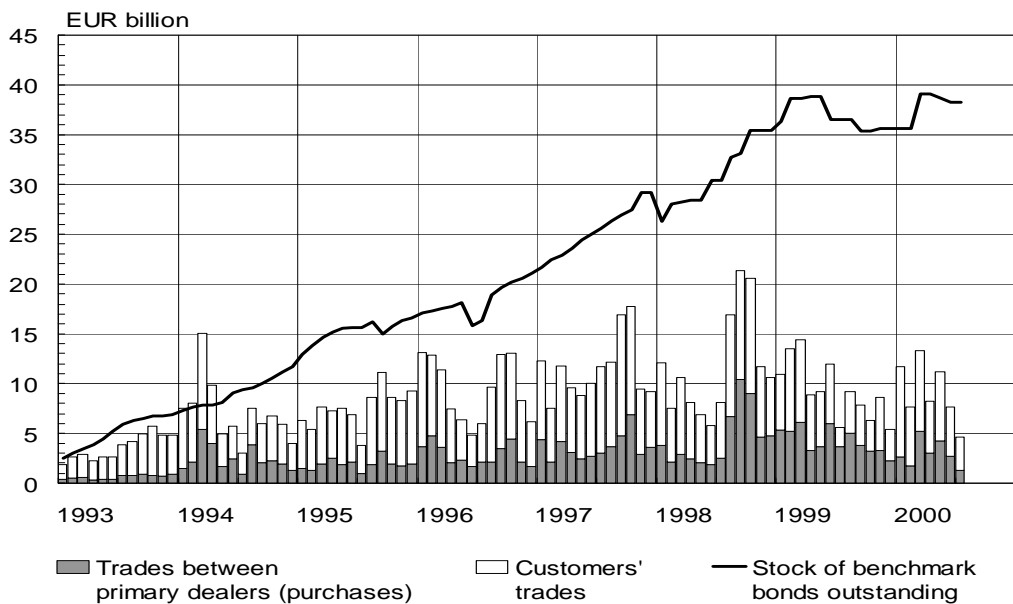




Chart 43.

**STOCK OF BONDS OUTSTANDING IN FINLAND**

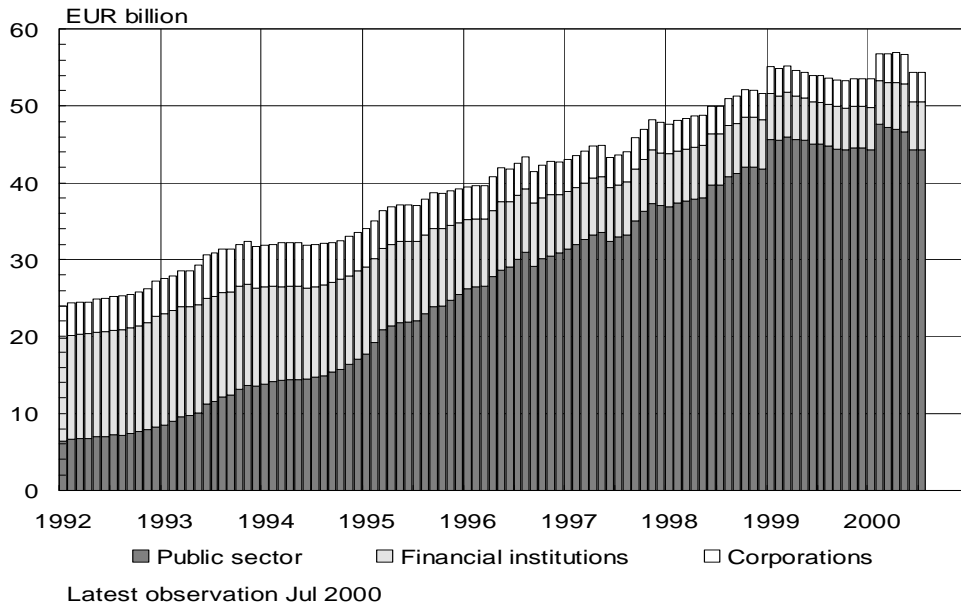


Chart 44.

**FOREIGN PORTFOLIO INVESTMENTS IN FINLAND**

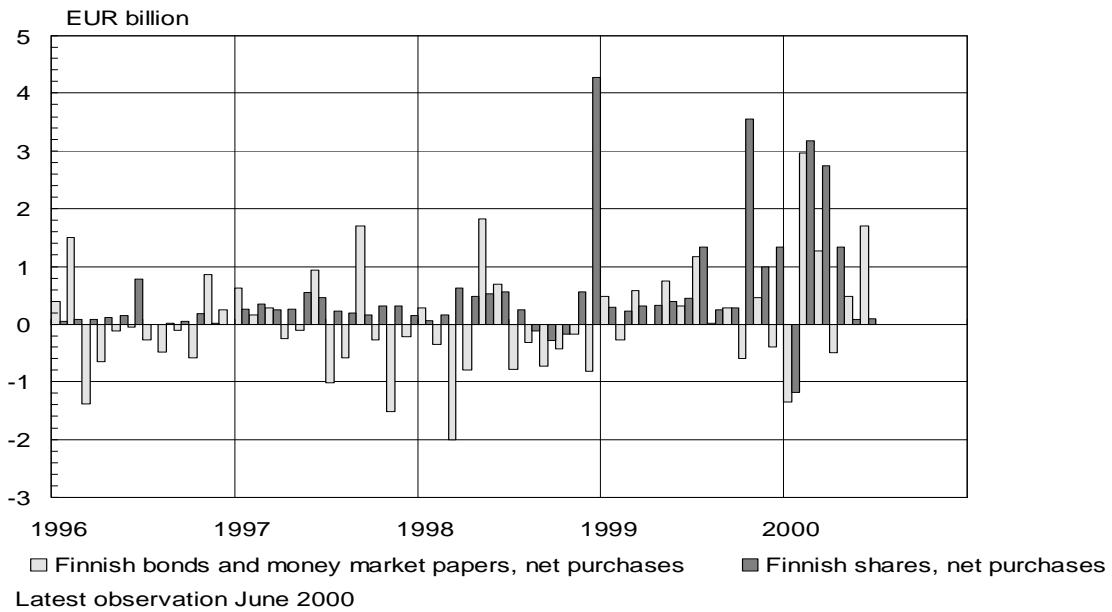


TABLE 5

## 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>Jun 2000</b>
Markka deposits of the public	264.6	268.8	275.4	291.4	283.7	291.1	304.7	323.2	319.4
- 12-month percentage change	-0.5	1.6	2.5	5.8	-2.7	2.6	4.6	6.1	0.7
Markka lending to the public	274.4	269.8	264.7	258.0	265.0	275.7	309.1	353.1	360.5
- 12-month percentage change	-4.9	-1.7	-1.9	-2.5	2.7	4.0	12.1	14.2	7.1
Lending to the public (total)	373.2	339.6	311.8	291.5	289.1	292.0	326.8	361.6	368.6
- 12-month percentage change	-6.5	-9.0	-8.2	-6.5	-0.7	1.0	11.9	10.6	6.3

\* 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