

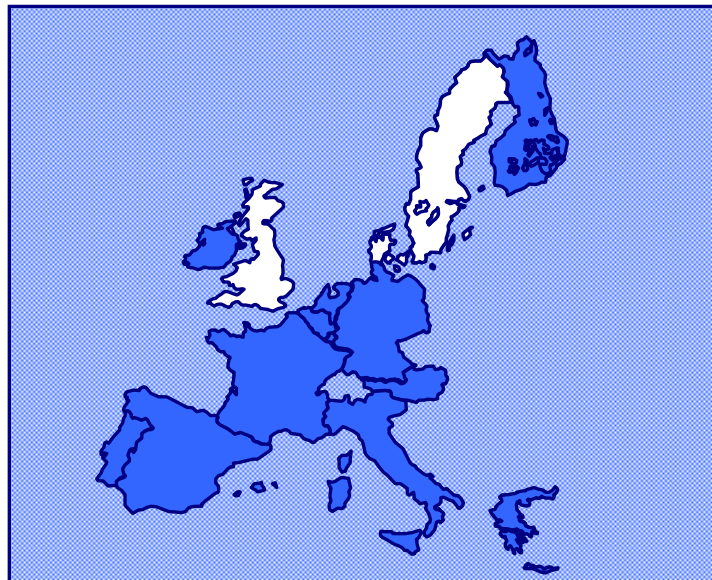


**BANK OF FINLAND**

**Economics Department - Financial Markets Department - Statistics Department**

# **Main Indicators for the Finnish Economy**

No 8/2001



21 Aug 2001

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## Monetary policy and market interest rates

Chart 1.

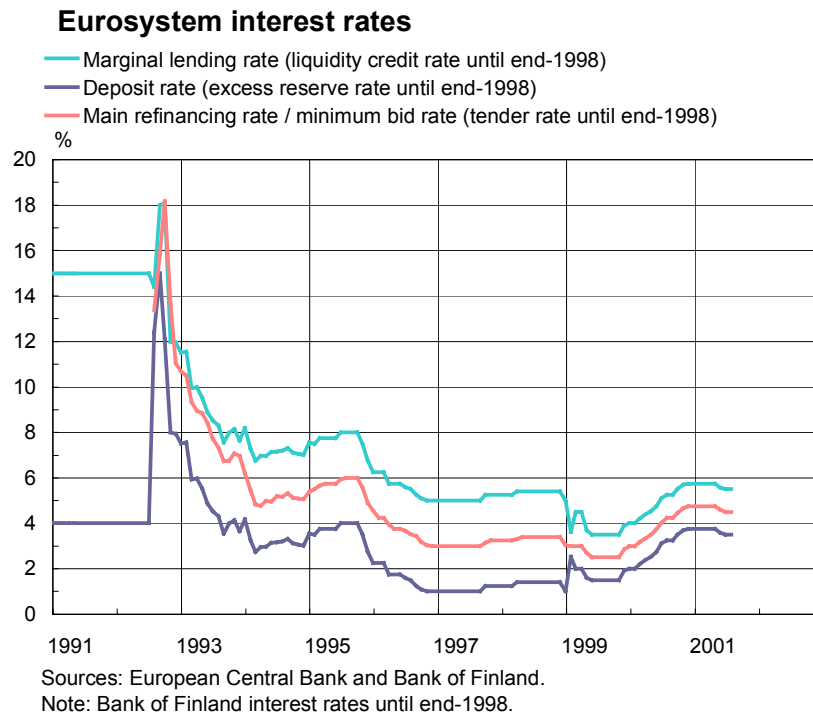


Chart 2.

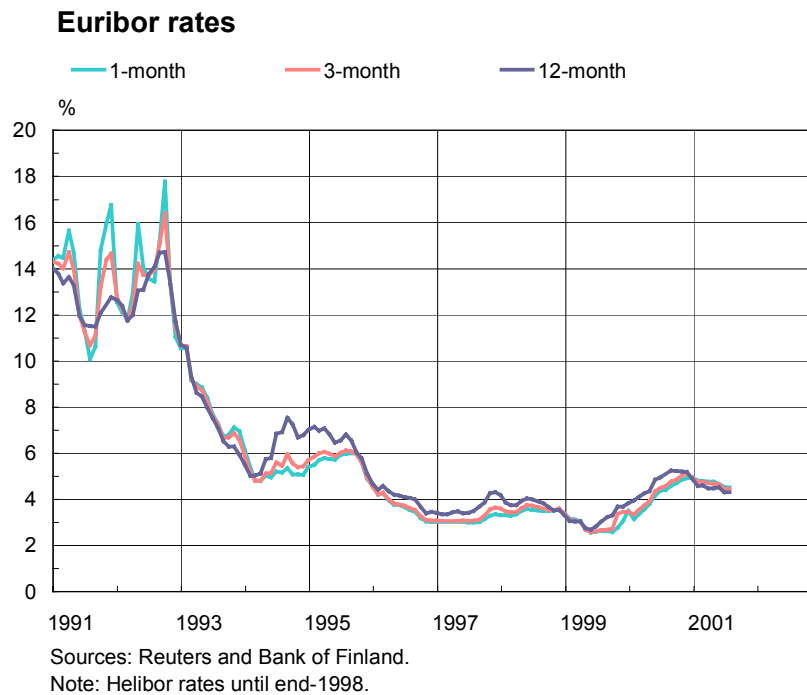
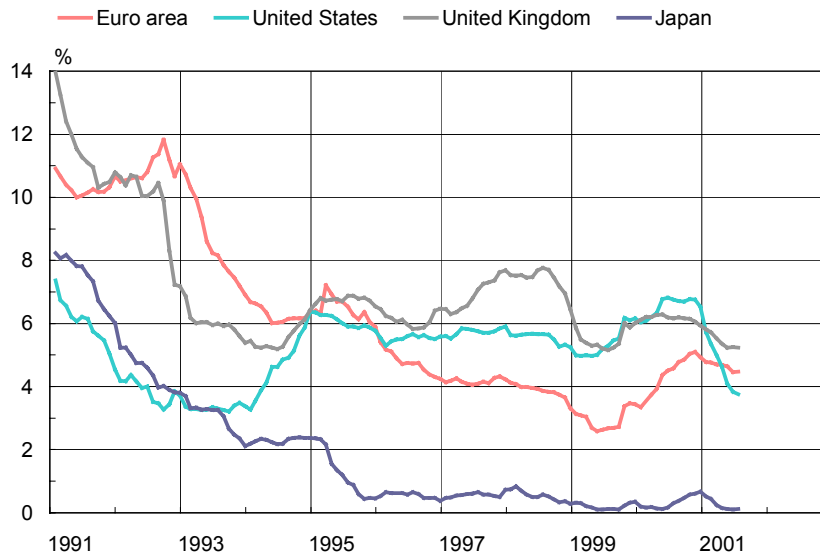


Chart 3.

**International three-month interest rates**

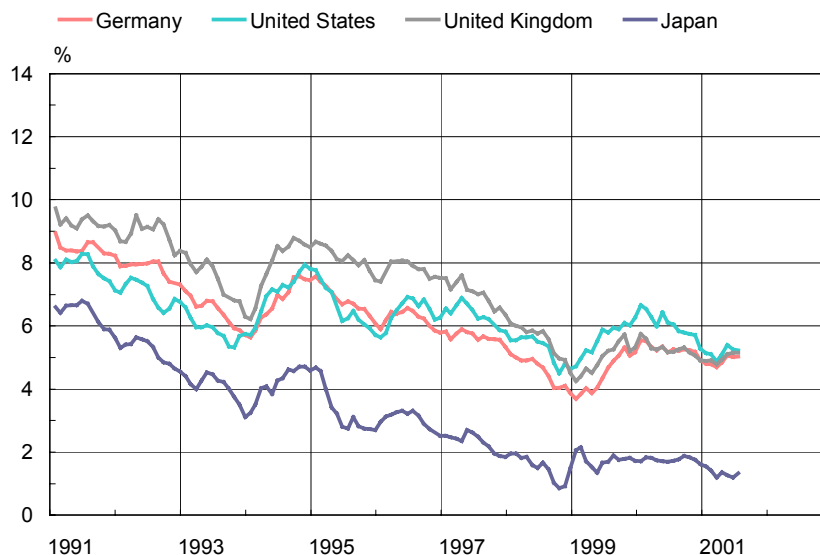


Sources: Reuters and European Central Bank.

Note: Until end-1998 the euro area rate is calculated as the average of national rates weighted by GDP. Euribor from January 1999.

Chart 4.

**International long-term interest rates**



Source: Reuters.

Note: Yield on ten-year government bonds.

Chart 5.

### Yield on ten-year Finnish government bonds and differential vs Germany

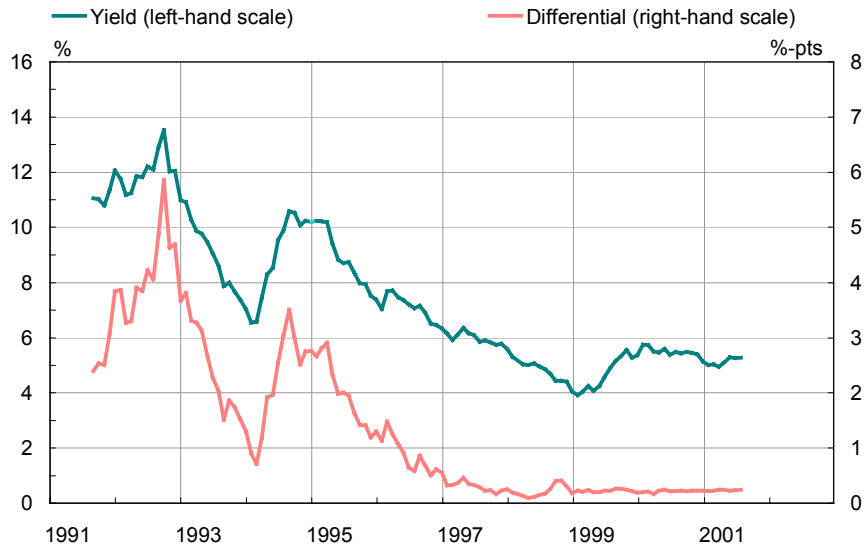
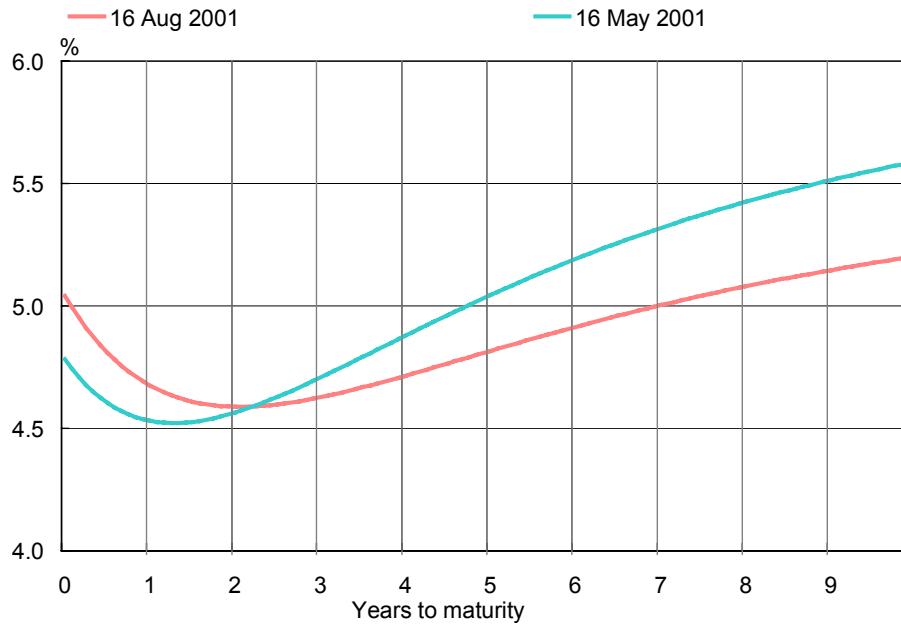


Chart 6.

### Euro area (Finland's) yield curve

(zero coupon yield curve)



Source: Bank of Finland.

Note: BOF estimation using Nelson & Siegel (1987) yield curve model applied to Eonia and Euribor rates and Finnish benchmark government bond yields.

# Banking in Finland

Chart 7.

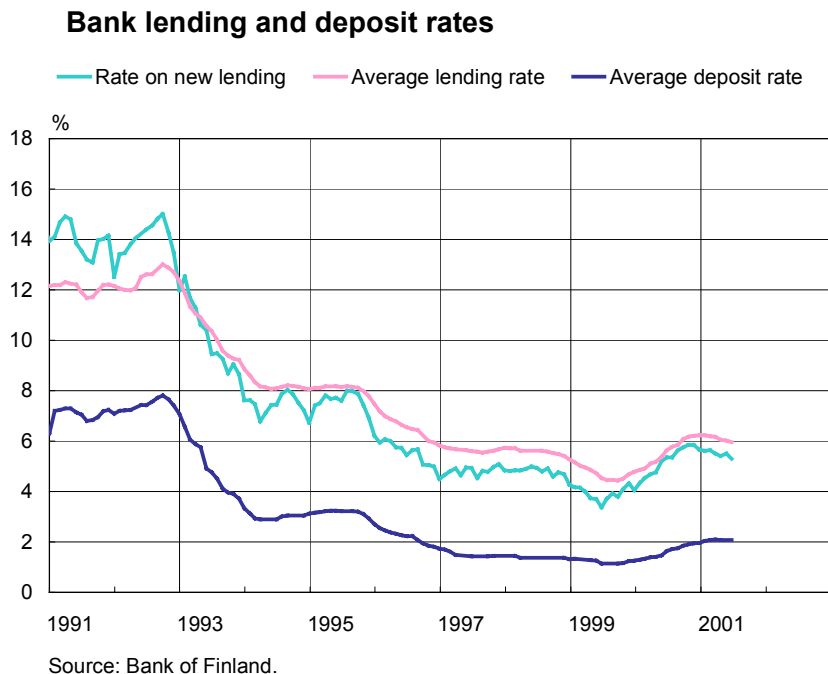


Chart 8.

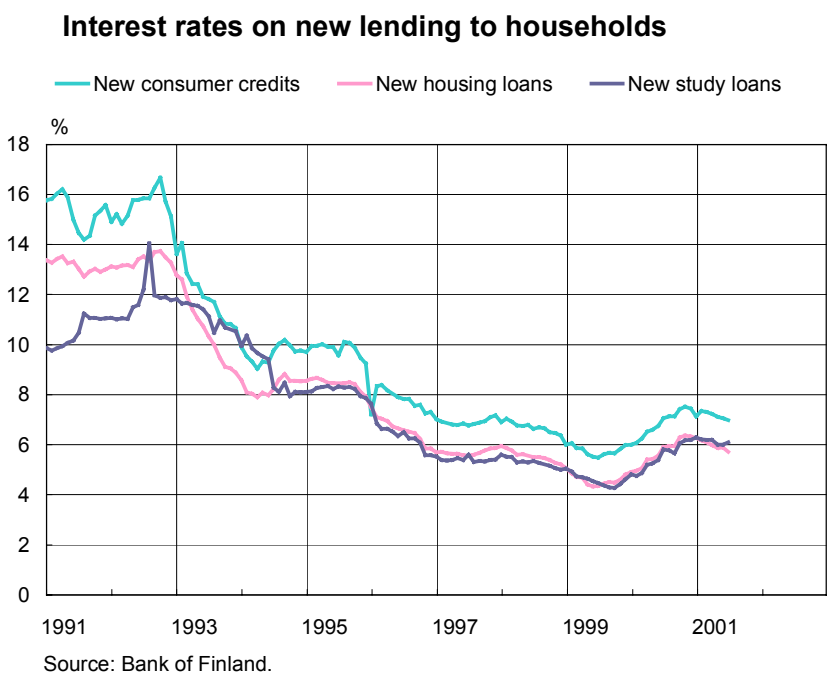




Chart 9.

**Stock of bank lending by interest rate linkage**

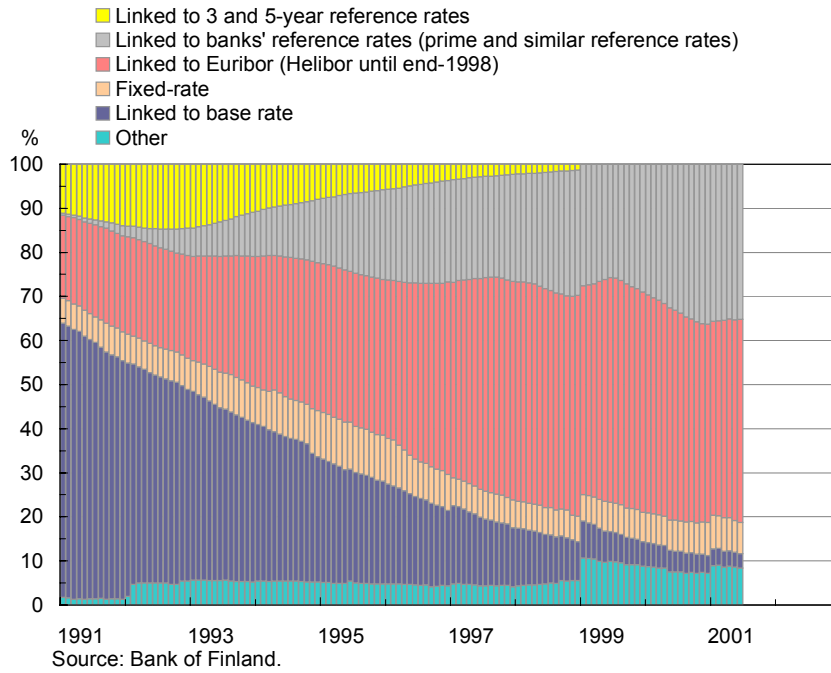


Chart 10.

**Stock of bank deposits by interest rate linkage**

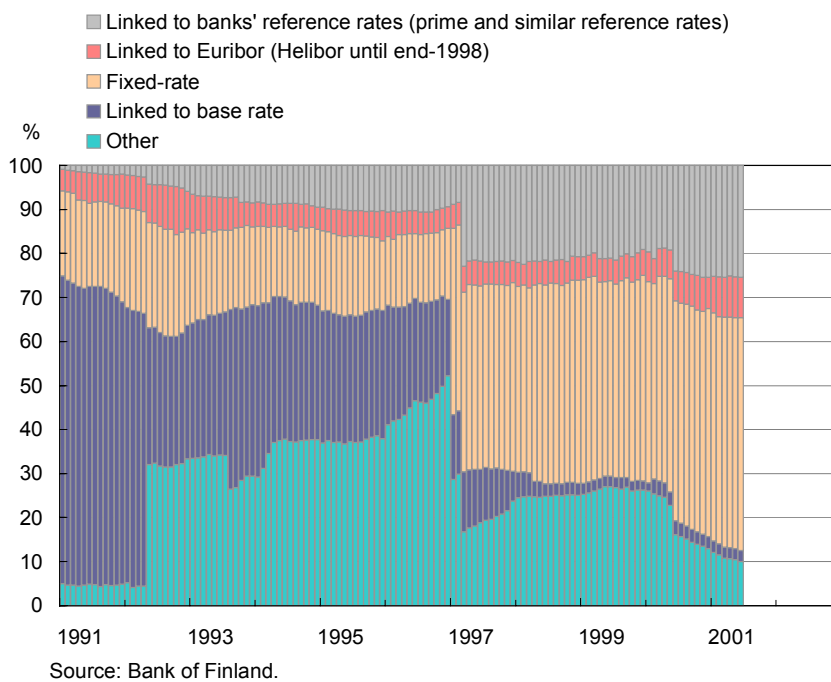
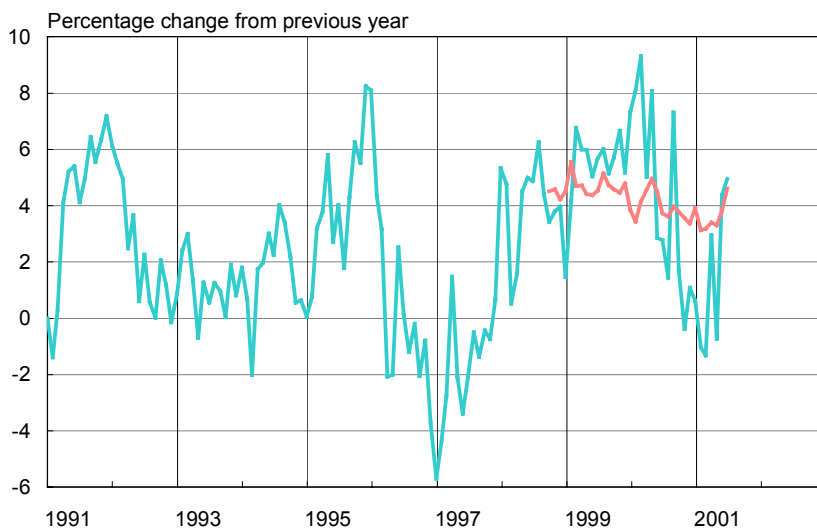


Chart 11.

**Euro area and Finnish banks: growth of deposits**

- Deposits of Finnish residents with Finnish banks
- Deposits of euro area residents with euro area banks

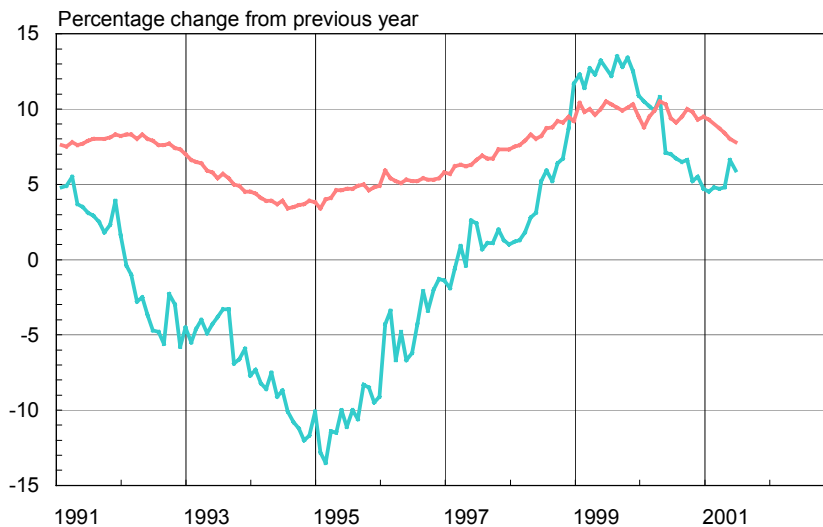


Sources: European Central Bank and Bank of Finland.

Chart 12.

**Euro area and Finnish banks: growth of lending**

- Lending by Finnish banks to Finnish residents
- Lending by euro area banks to euro area residents

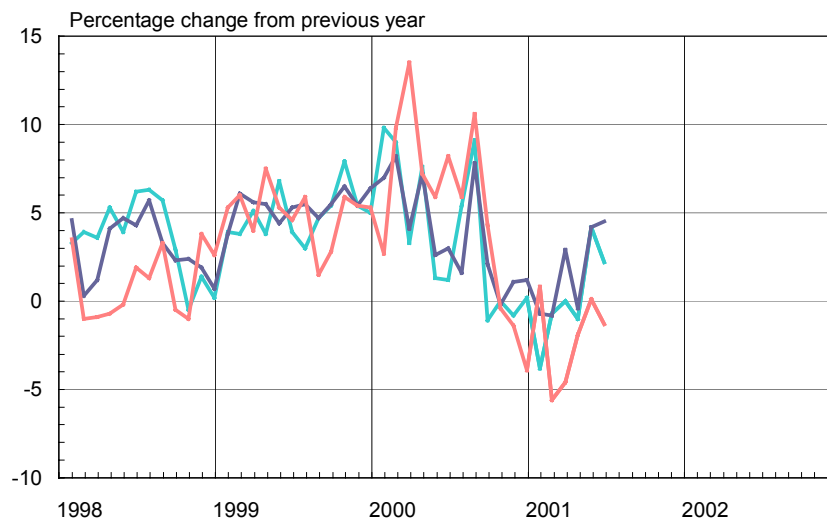


Sources: European Central Bank and Bank of Finland.

Chart 13.

### Liabilities of Finnish monetary financial institutions included in monetary aggregates for the euro area

- Items included in M1: transaction accounts (=overnight deposits)
- Items included in M2: all deposits except fixed-term deposits of over 2 years
- Items included in M3: M2 plus certain securities and other items

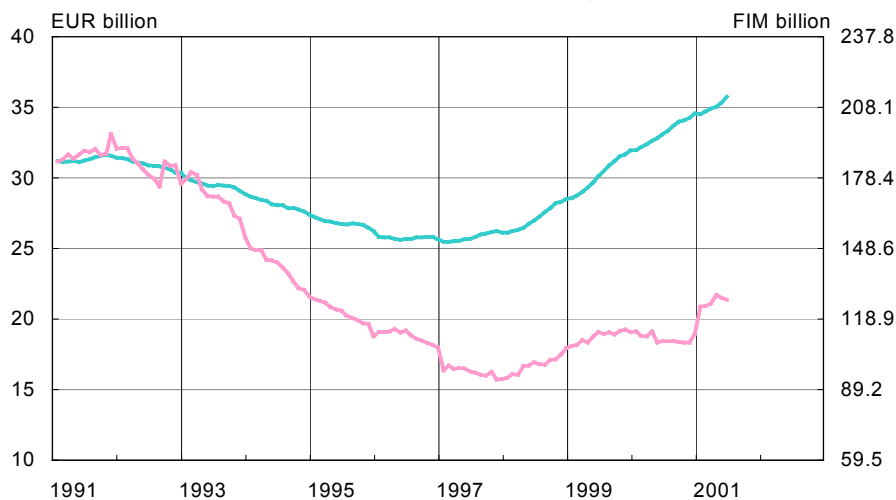


Source: Bank of Finland.

Chart 14.

### Outstanding bank credit to households and non-financial corporations in Finland

- Households
- Non-financial corporations \*



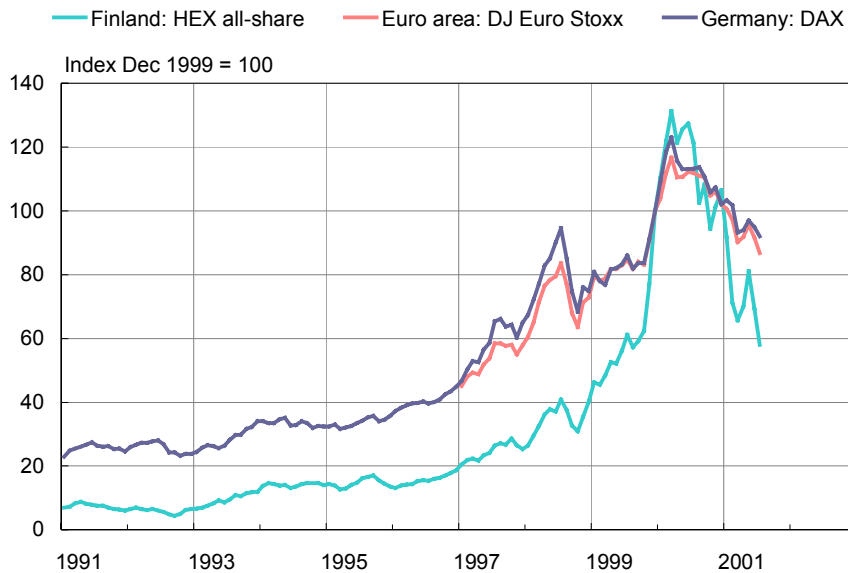
Source: Bank of Finland.

\* Note: The series includes structural changes.

## Securities market

Chart 15.

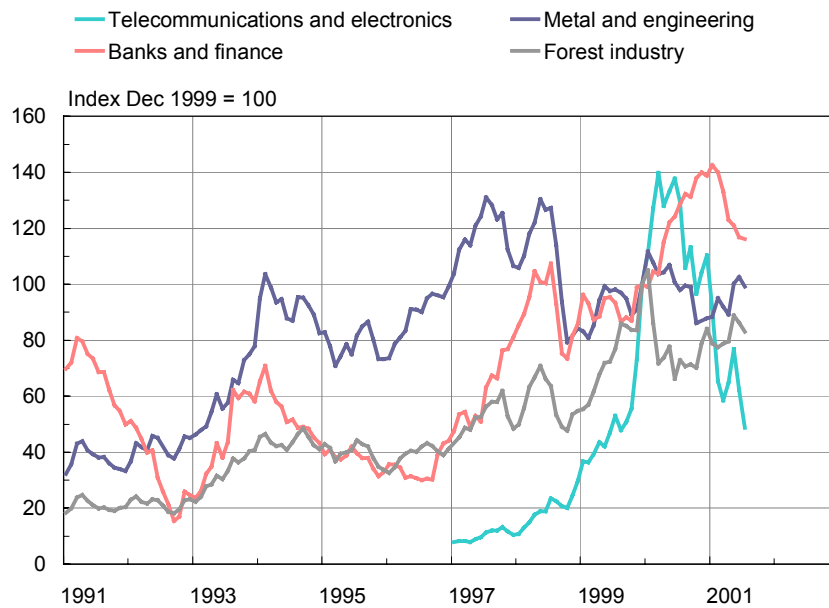
### Selected stock price indices in the euro area



Sources: Bloomberg and HEX Helsinki Exchanges.

Chart 16

### HEX Helsinki Exchanges: share indices by sector



Source: HEX Helsinki Exchanges.

Chart 17.

### Listed shares in Finland: total market capitalization and non-residents' holdings

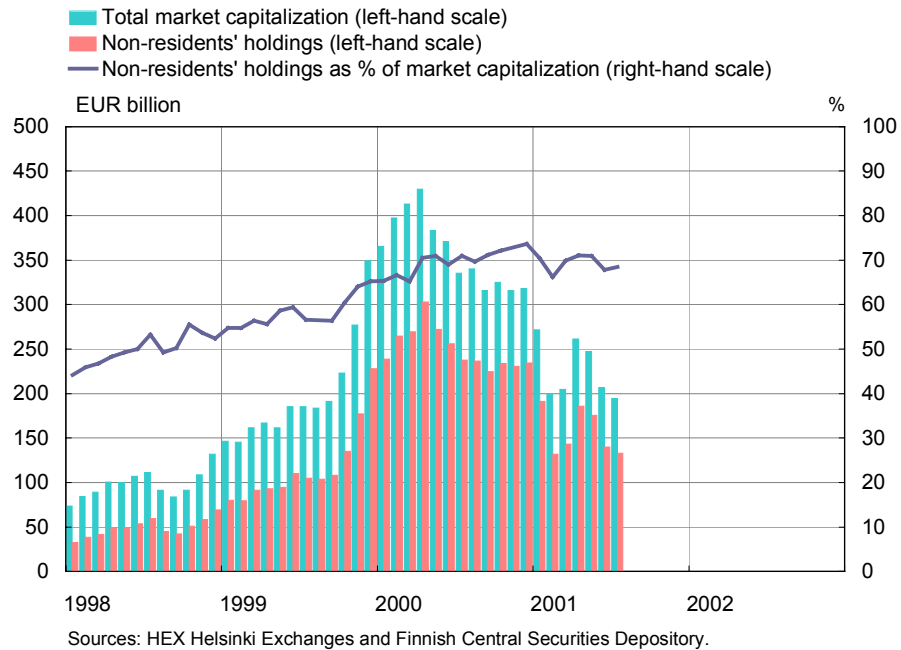


Chart 18.

### Non-residents' portfolio investments in Finland

12-month moving totals

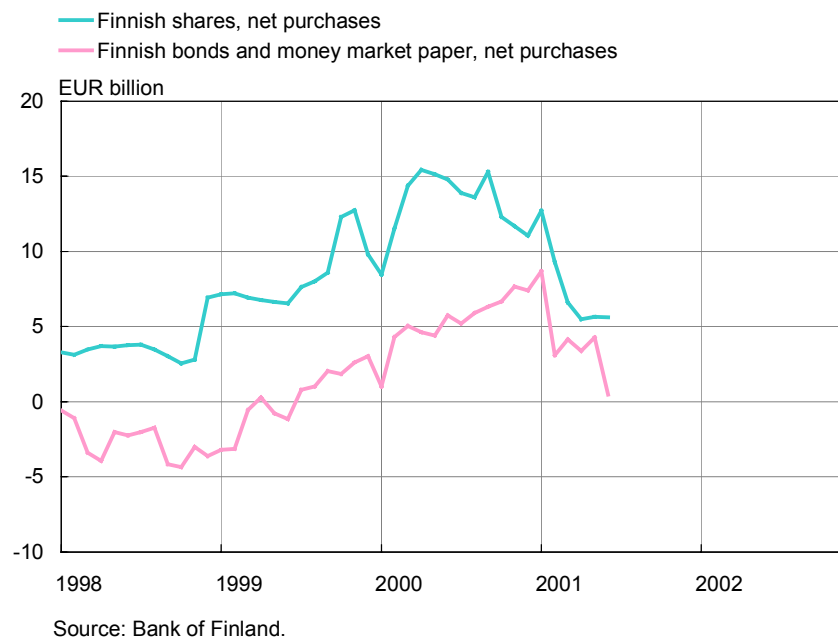
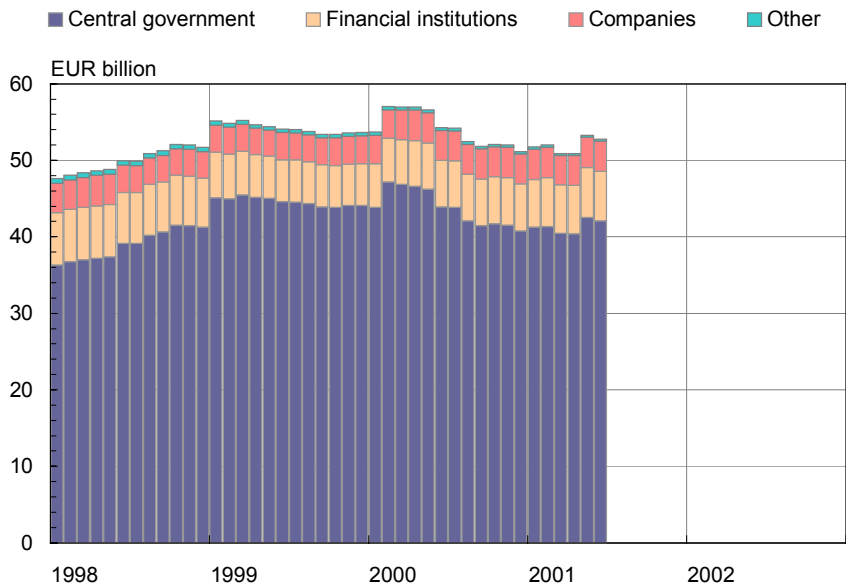


Chart 19.

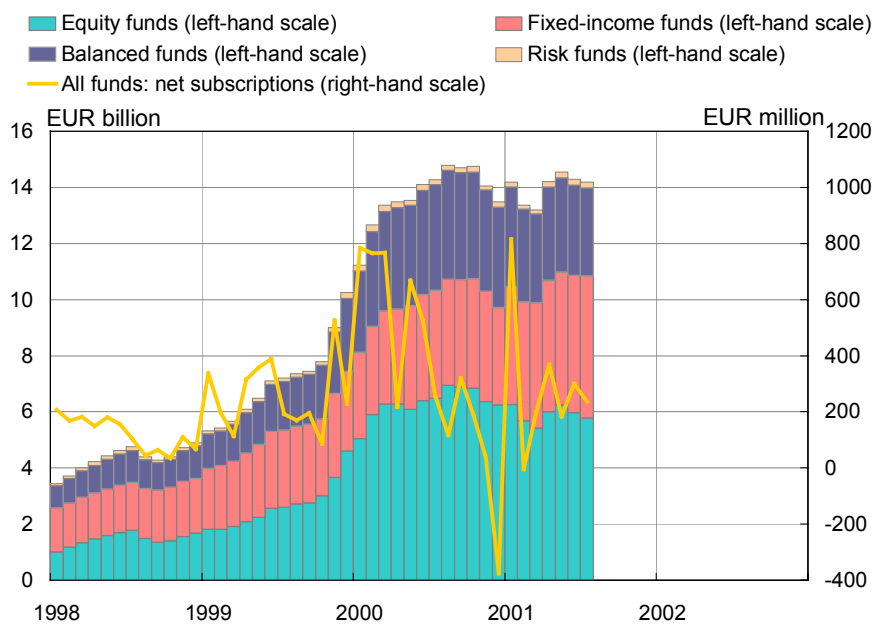
### Bonds issued in Finland



Source: Statistics Finland.  
Note: End-month stock.

Chart 20.

### Mutual funds registered in Finland



Source: HEX Helsinki Exchanges.

## Borrowing by sector in Finland

Chart 21.

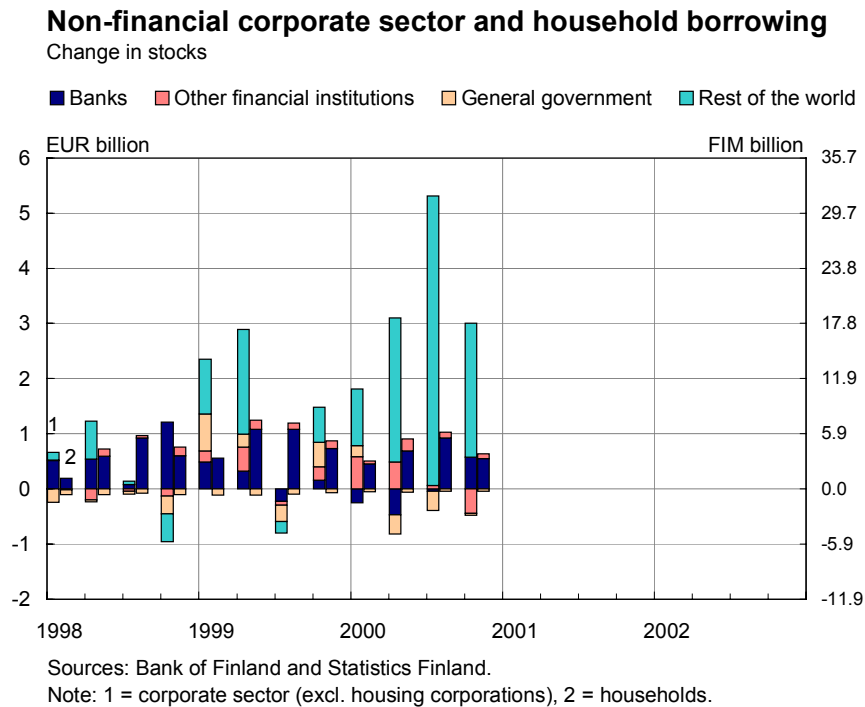
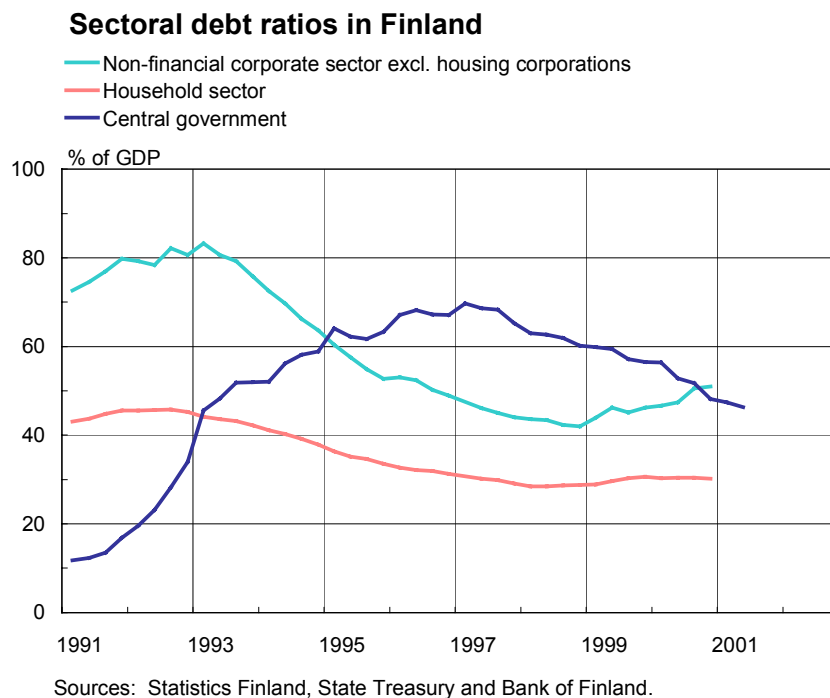
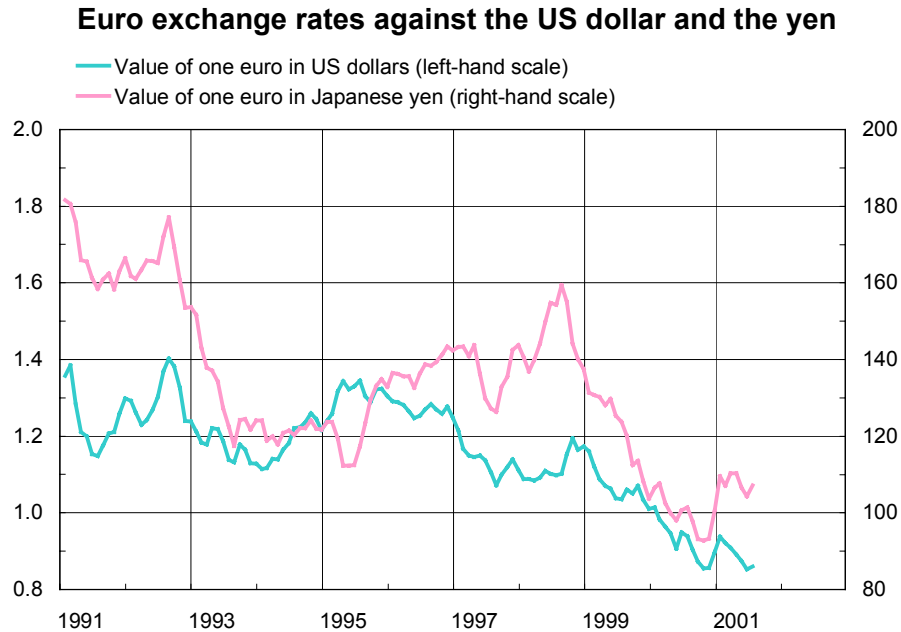


Chart 22.



## Exchange rates

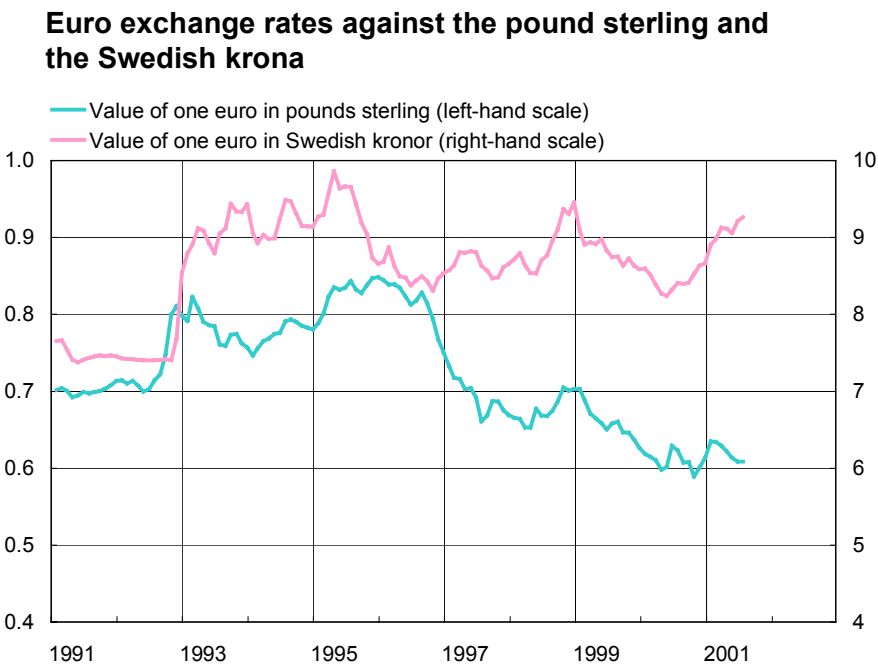
Chart 23.



Sources: European Central Bank and Reuters.

Note: ECU exchange rate until end-1998.

Chart 24.

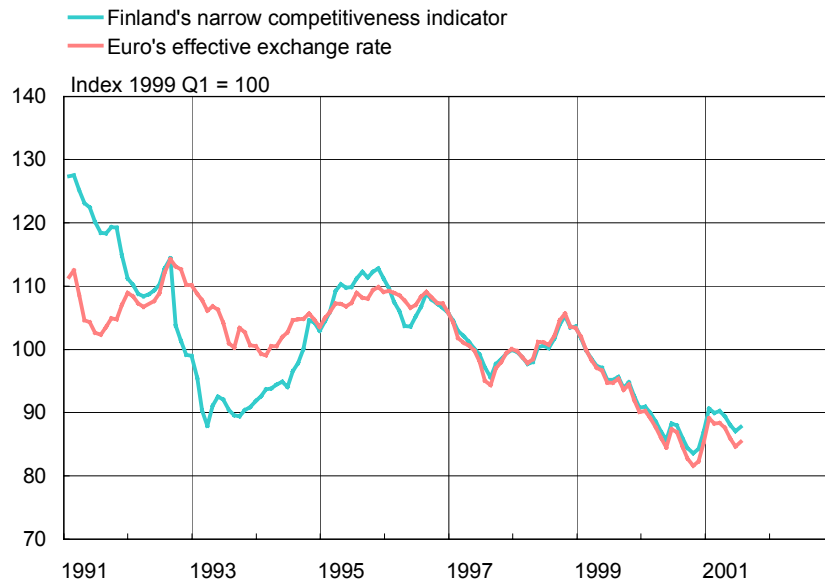


Sources: European Central Bank and Reuters.

Note: ECU exchange rate until end-1998.



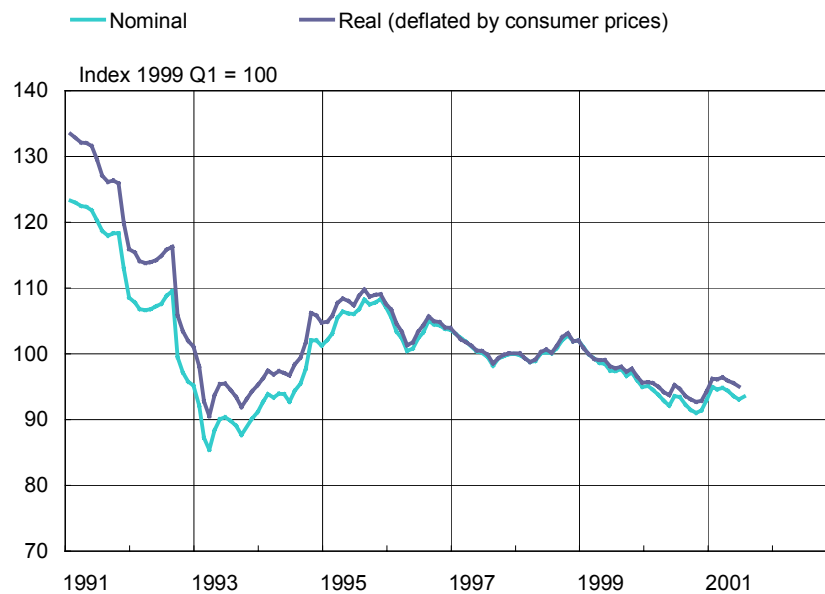
Chart 25.

**Euro's external value and Finland's competitiveness indicator**

Sources: European Central Bank and Bank of Finland.

Note: An upward movement of the index represents an appreciation of the euro/  
a weakening in Finnish competitiveness. The method of calculation is described in the  
Bank of Finland Bulletin 1/2000.

Chart 26.

**Competitiveness indicators for Finland**

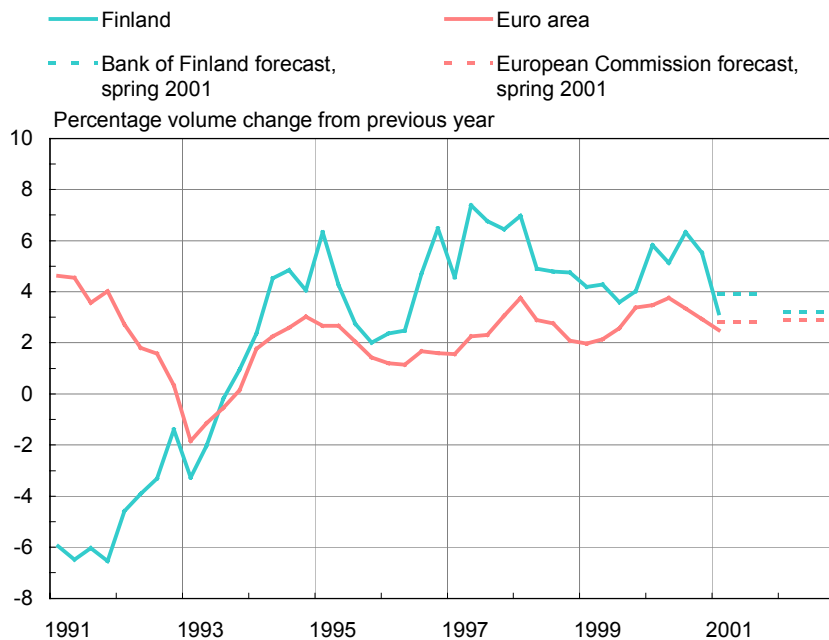
Source: Bank of Finland.

Note: Narrow plus euro area competitiveness indicator. See also note in Chart 25.

## Real economy

Chart 27.

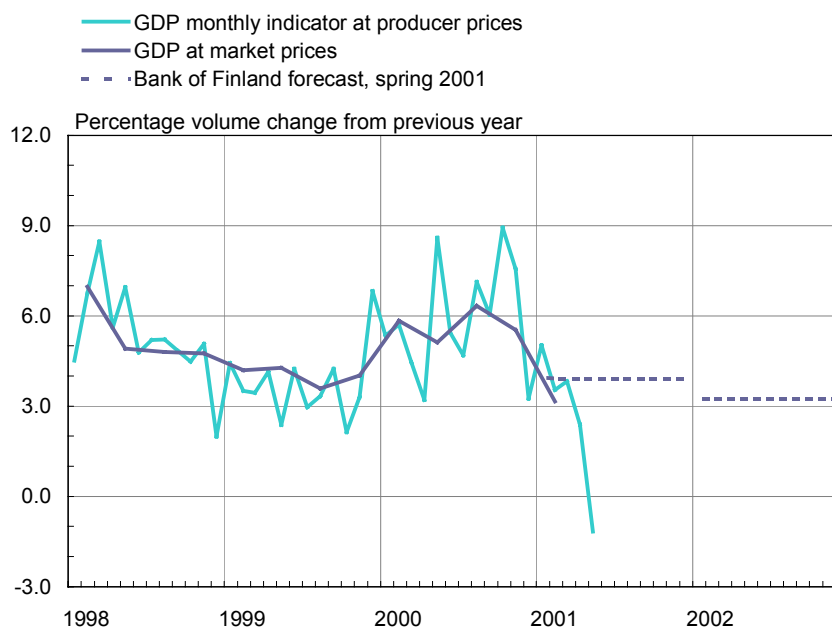
### Gross domestic product



Sources: Bank of Finland, European Commission, Eurostat and Statistics Finland.

Chart 28.

### Gross domestic product in Finland



Sources: Bank of Finland and Statistics Finland.

Chart 29.

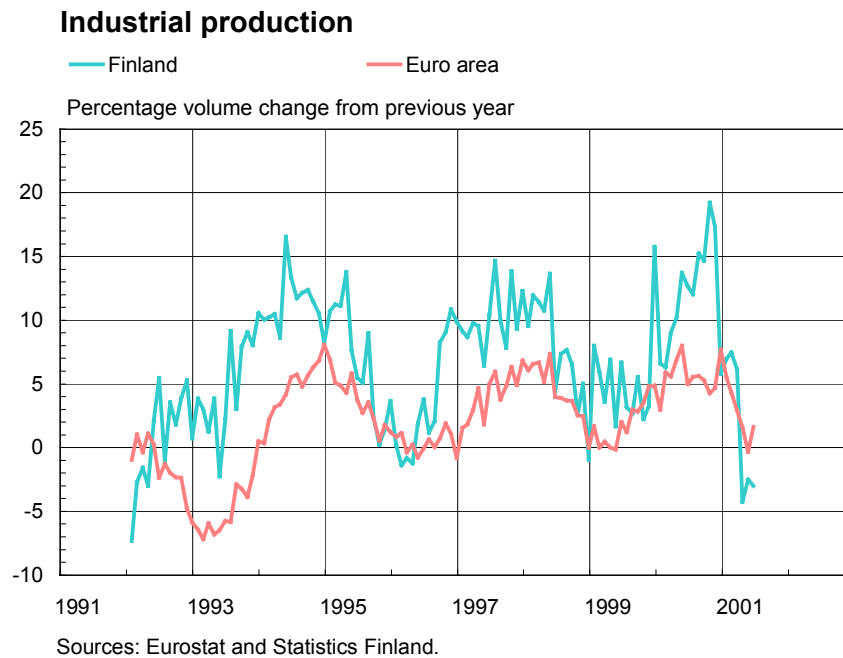


Chart 30.

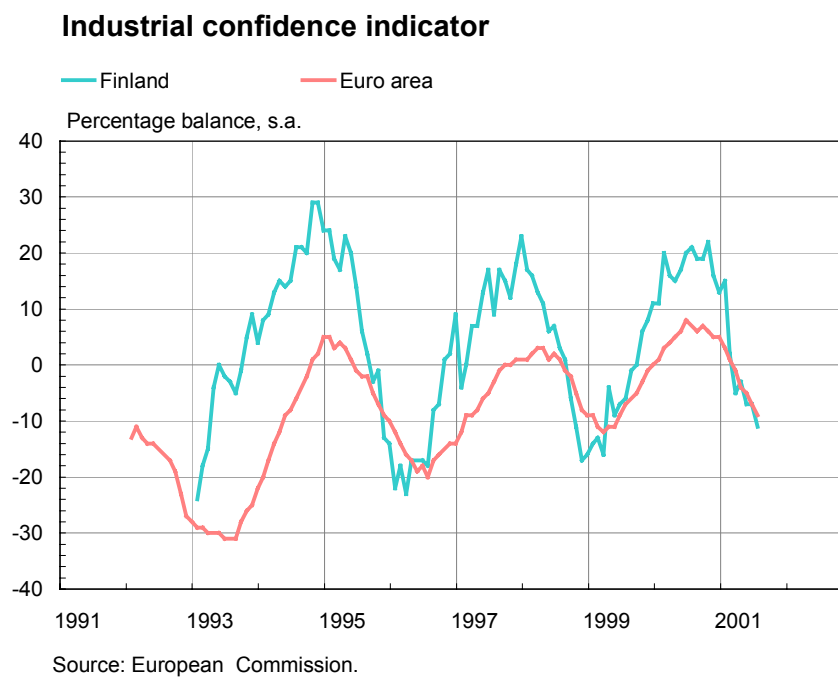
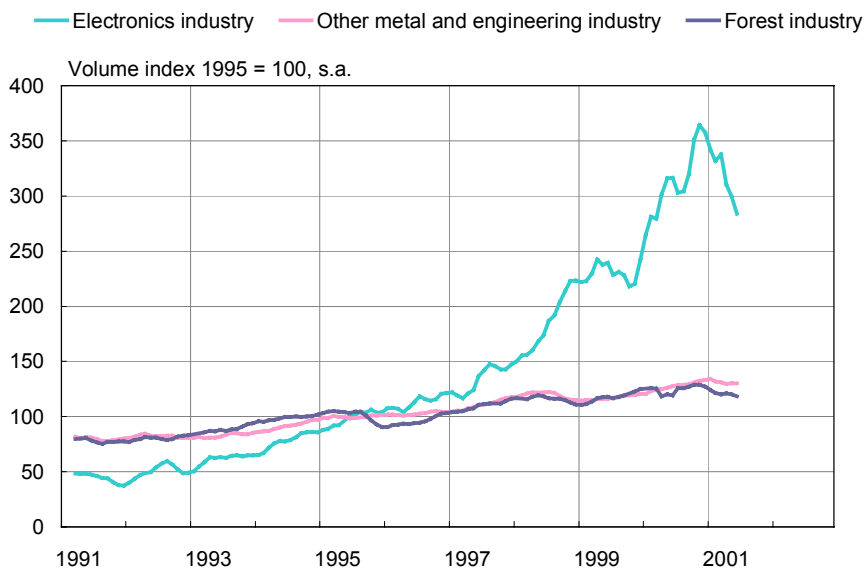


Chart 31.

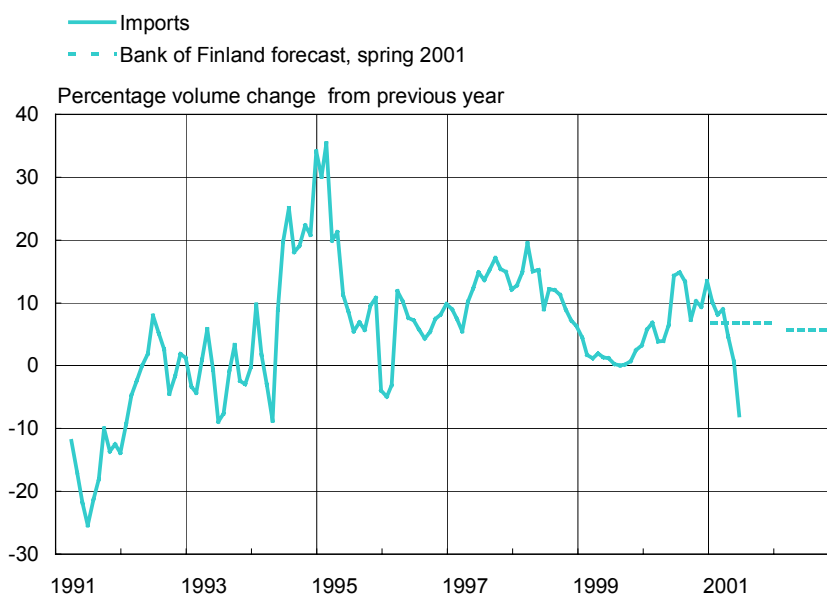
### Manufacturing production by sector in Finland



Source: Statistics Finland.  
 Note: 3-month moving average.

Chart 32.

### Finland's imports of goods



Sources: Bank of Finland and National Board of Customs.  
 Note: 3-month moving average.

Chart 33.

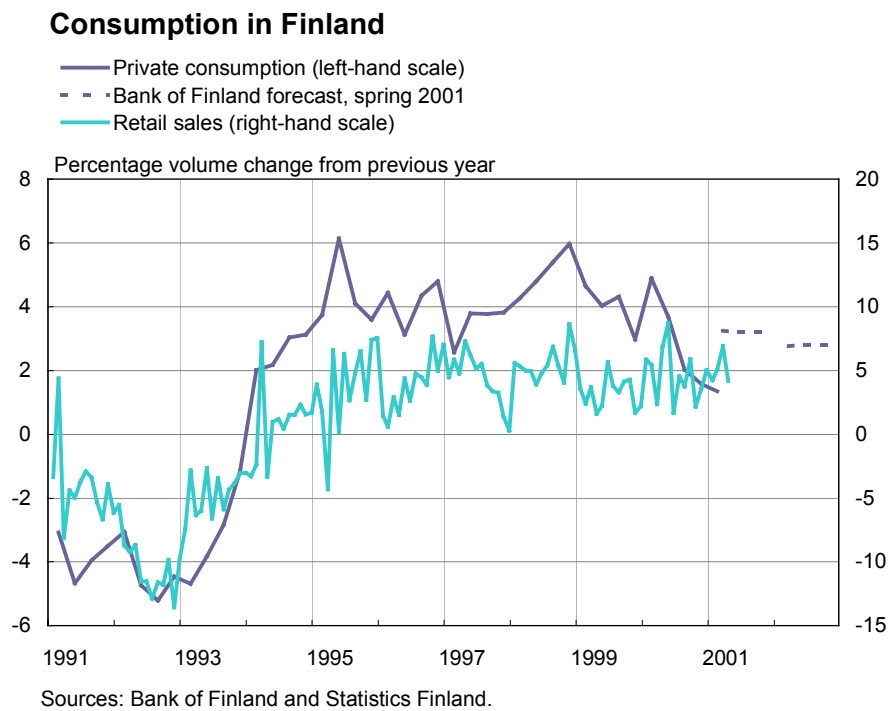


Chart 34.

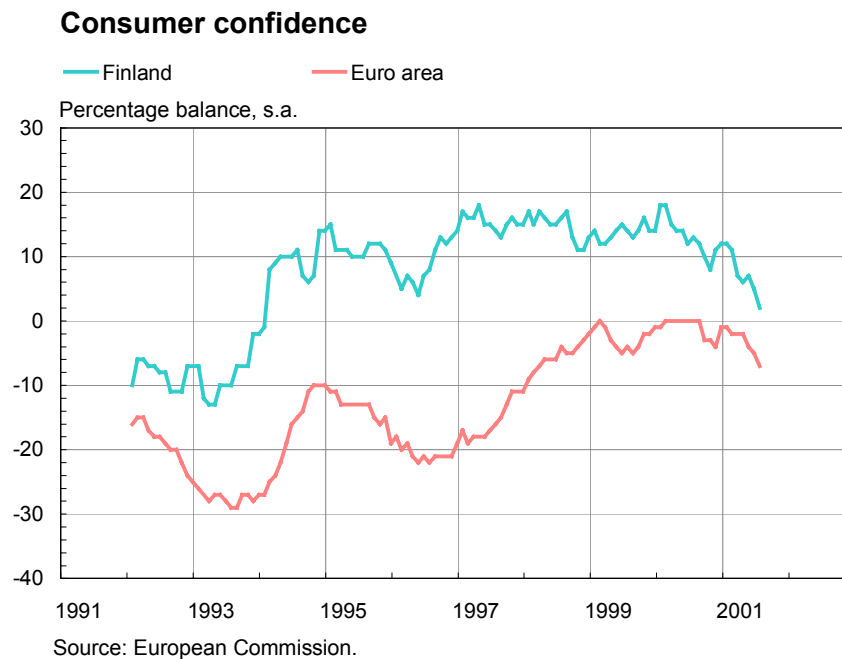


Chart 35.

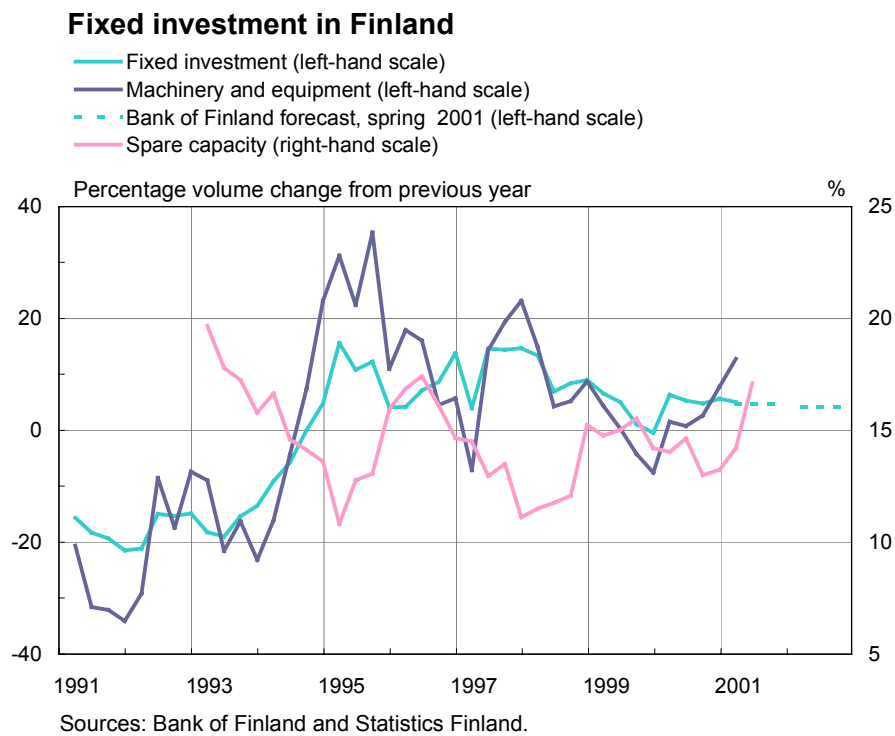


Chart 36.

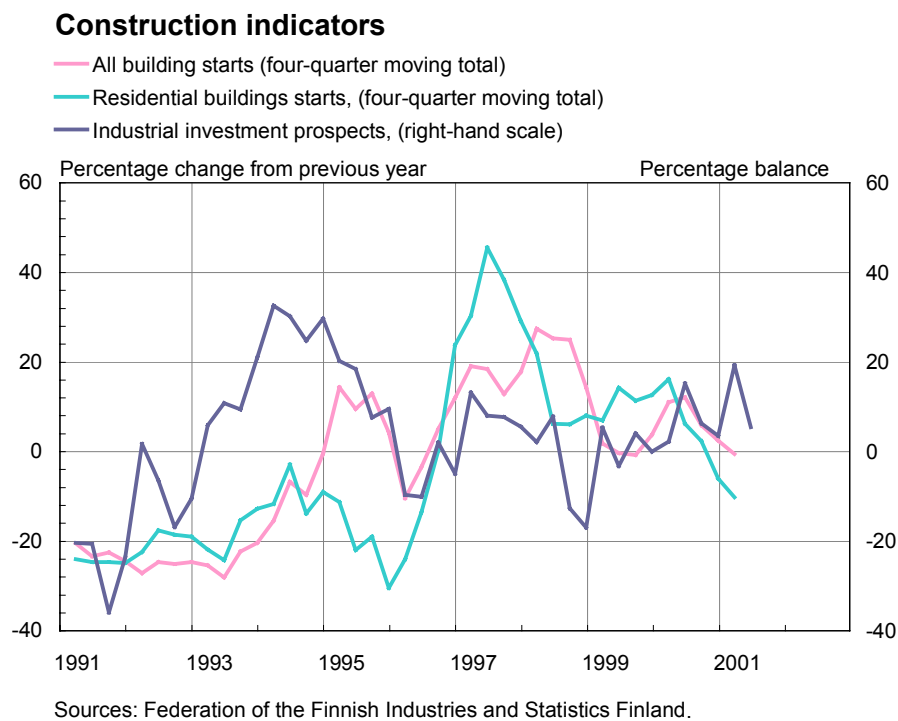


Chart 37.



Chart 38.

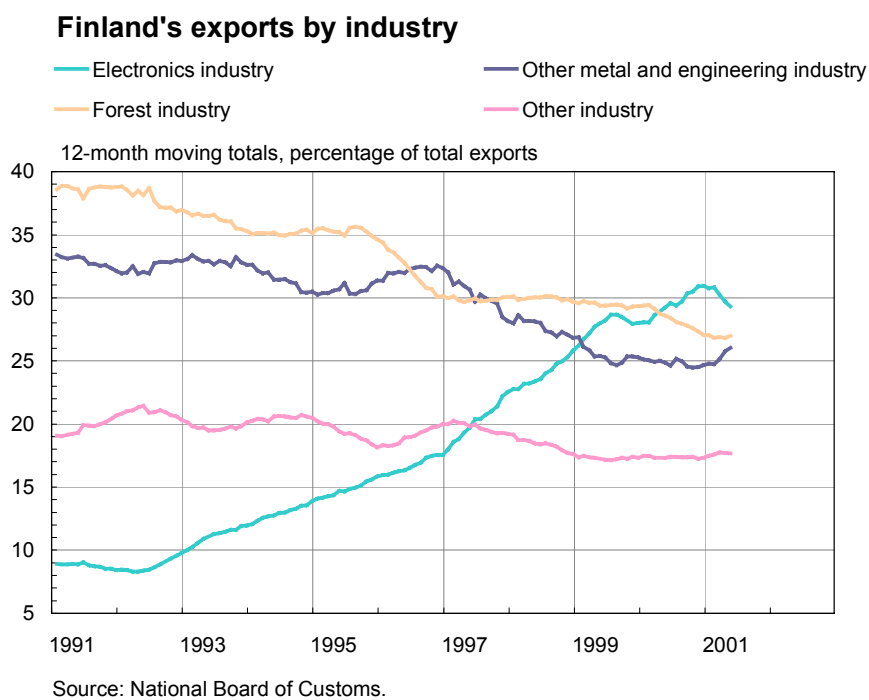


Table 1.

**Supply, demand and labour market indicators**

	1999	2000	2001 Actual		2001*	2002*
<b>Supply and demand</b>						
<i>percentage volume change from previous year</i>						
Gross domestic product at market prices	4.0	5.7	3.4	Q1	3.9	3.3
GDP monthly indicator at producer prices	3.7	5.8	-0.7	M5		
			2.8	M01-M05		
Manufacturing production	5.7	12.8	-4.4	M06		
			1.9	M01-M06		
Consumption expenditure	3.4	2.3	1.5	Q1	2.8	2.6
- private	4.0	3.0	1.3	Q1	3.2	2.8
- general government	1.9	0.7	2.4	Q1	1.8	2.0
Gross fixed capital formation	3.0	5.5	4.9	Q1	4.7	4.2
- private	3.9	7.4	6.5	Q1	5.3	4.6
- general government	-2.2	-5.4	-6.0	Q1	0.9	1.5
Domestic demand	2.7	3.3	3.9	Q1	3.6	2.5
Exports of goods and services	6.8	18.1	5.2	Q1	6.1	6.1
Imports of goods and services	4.0	15.7	7.1	Q1	6.1	5.3
<b>Labour market indicators</b>						
Employed persons	3.3	1.7	0.9	M07	1.4	0.9
<i>percentage change from previous year</i>			1.8	M01-M07		
Unemployment rate, s.a. **	10.2	9.8	9.1	M07	9.2	9.0
			9.1	M01-M07		

Source: Statistics Finland.

\* Bank of Finland forecast, spring 2001.

\*\* Seasonally adjusted by the Bank of Finland.



## Prices and costs

Chart 39.

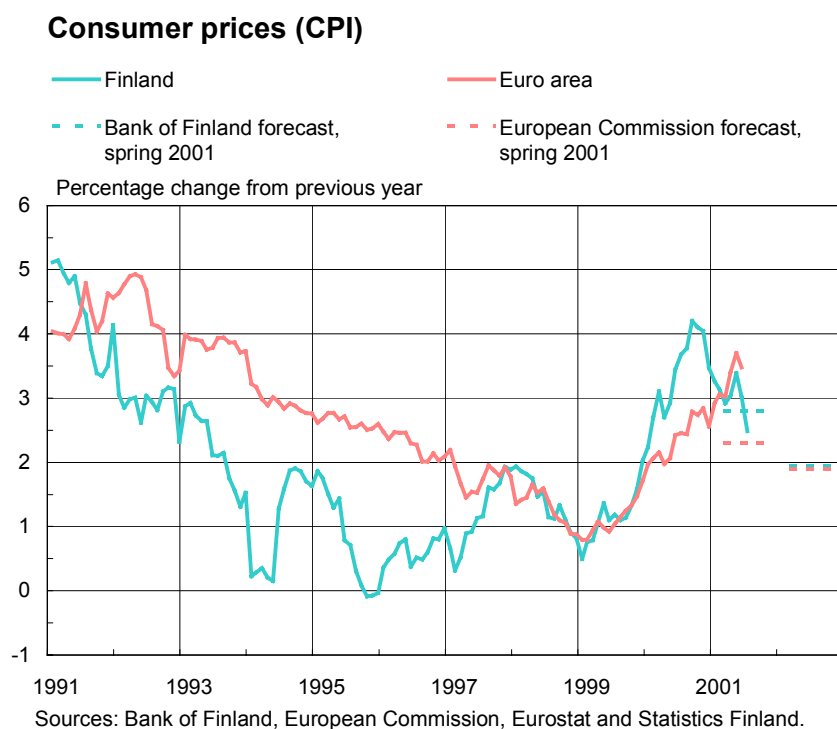


Chart 40.

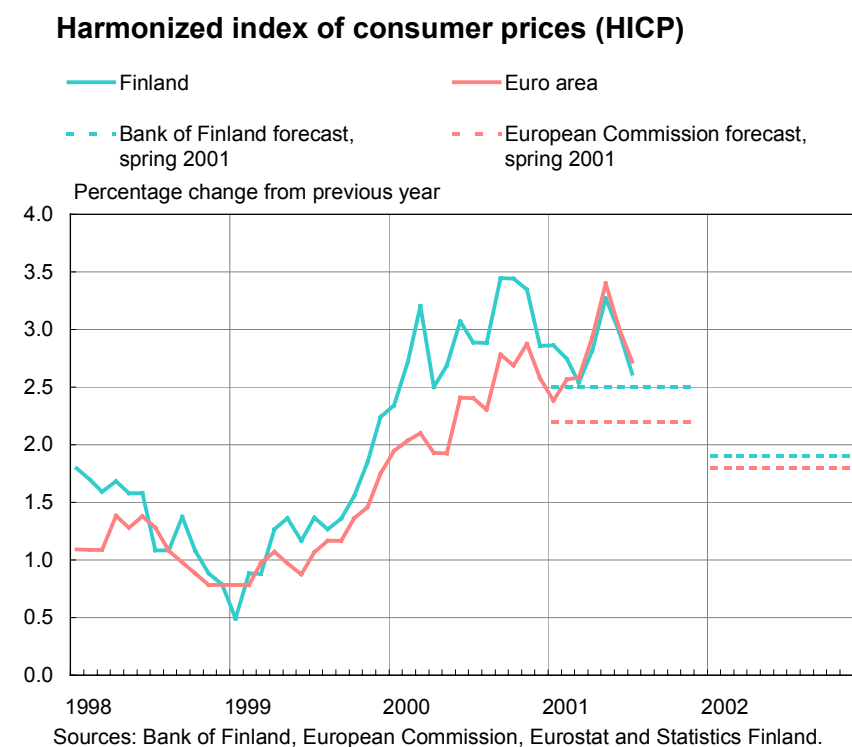


Chart 41.

**Inflation rates in the euro area (HICP)**

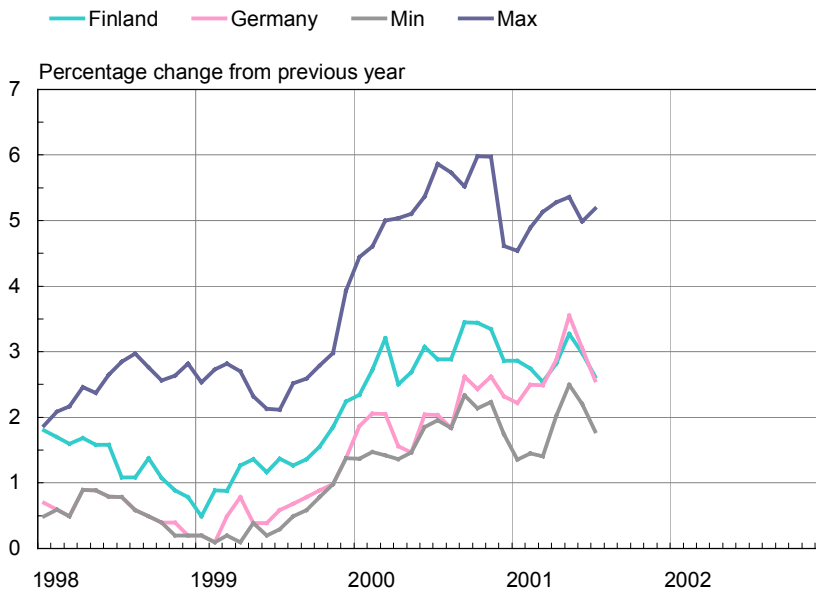


Chart 42.

**Producer prices**

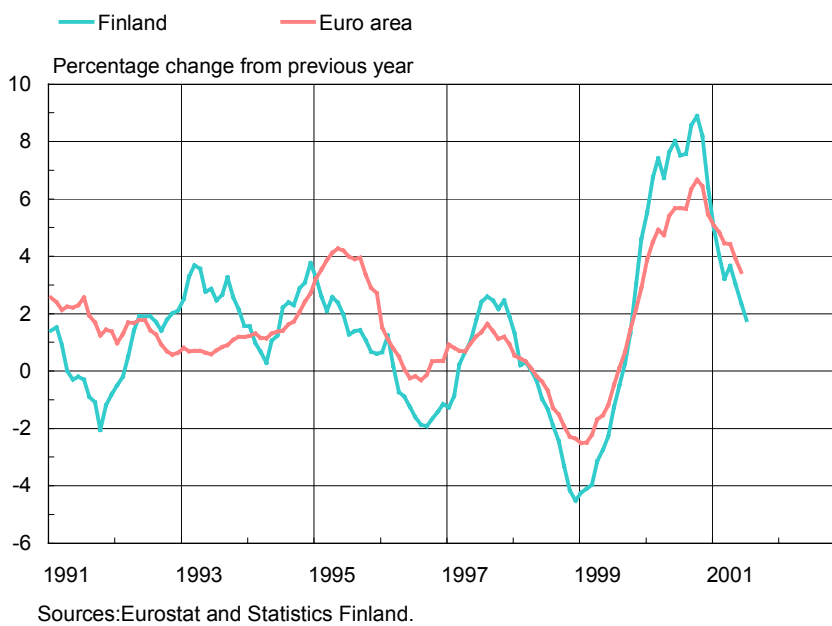


Chart 43.

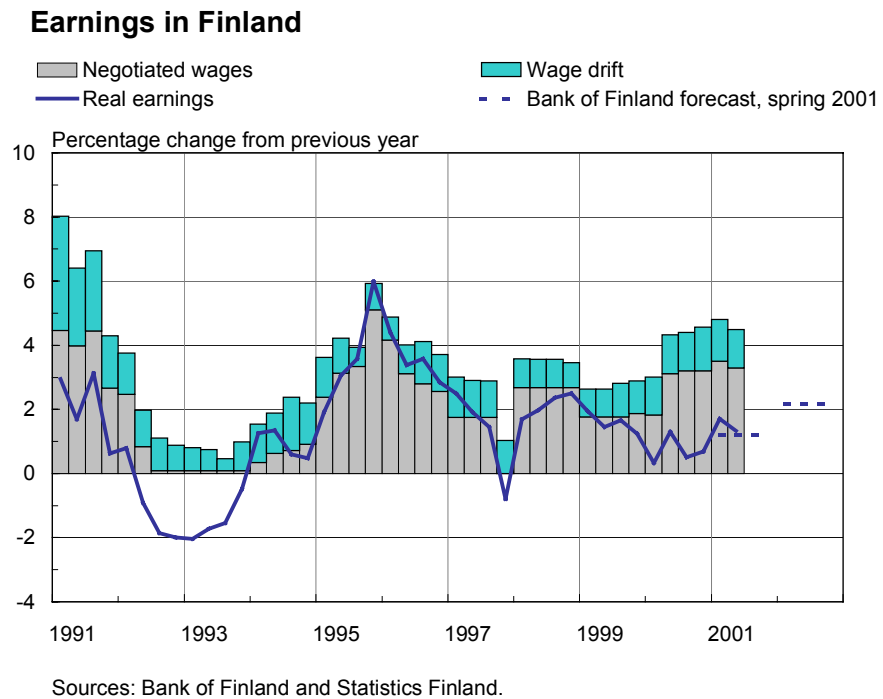


Chart 44.

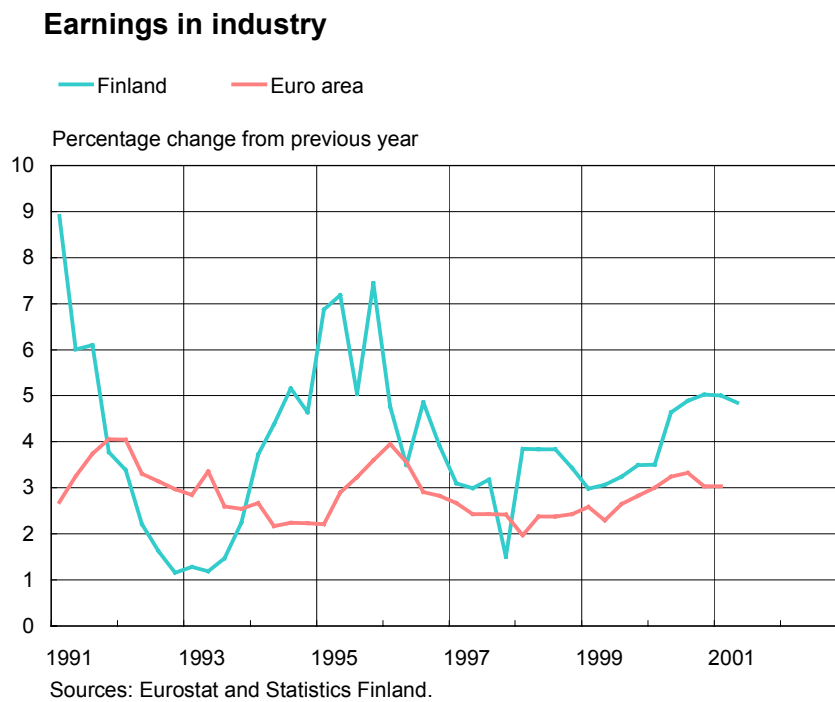


Chart 45.

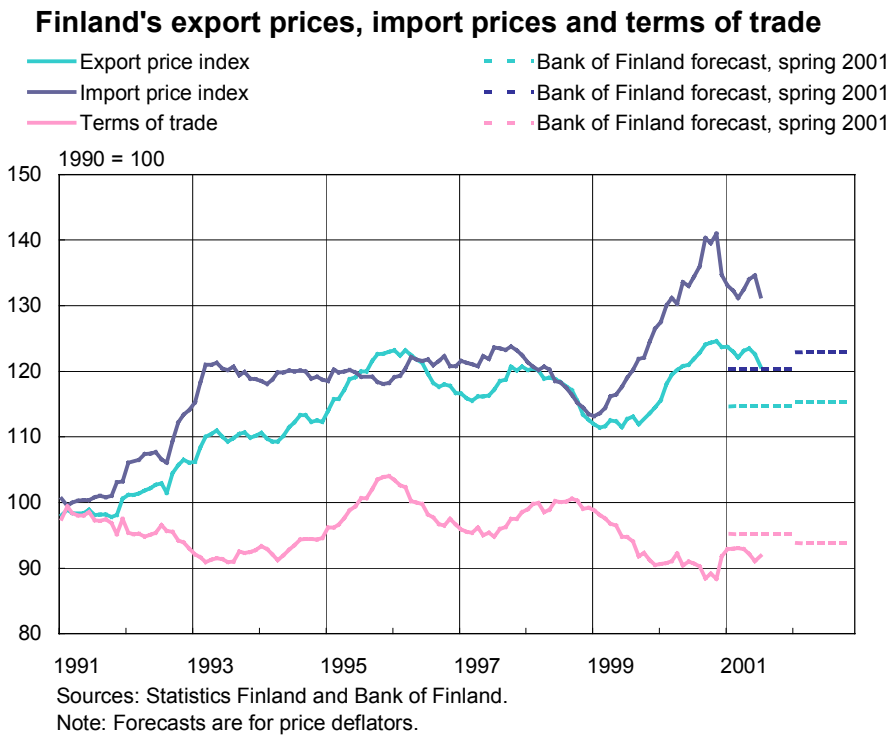


Chart 46.

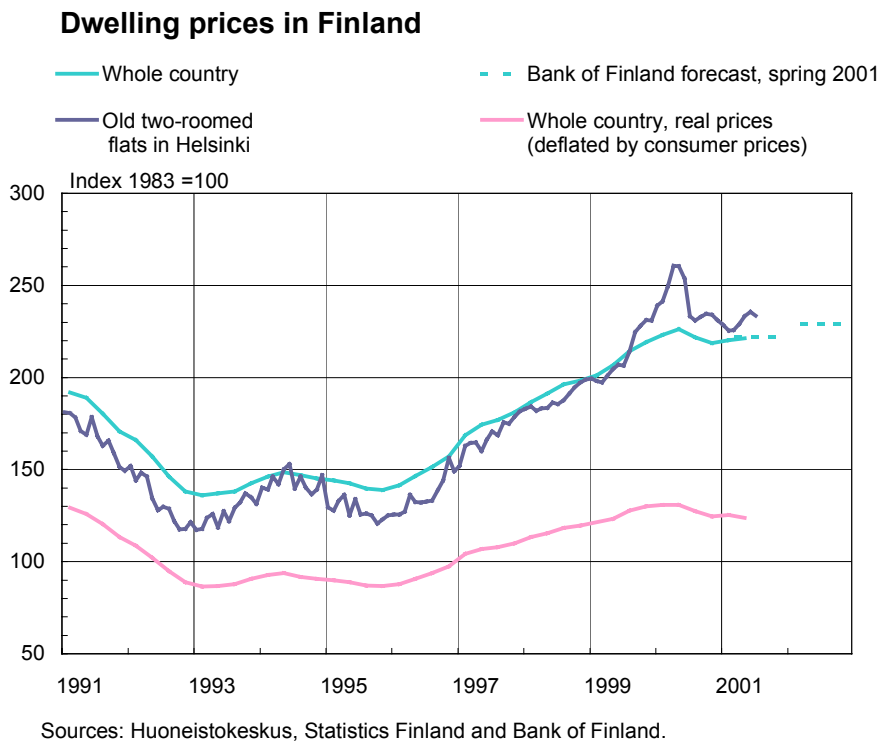


Table 2.

**Cost and price indicators***Percentage change from previous year*

	1999	2000	2001 Actual	2001*	2002*
<b>Labour costs</b>					
Index of wages and salaries	2.7	4.1	4.5 Q2 4.6 Q1-Q2	4.1	3.9
Unit labour costs					
- whole economy	0.6	-0.2	3.5 Q1 3.5 Q1-Q1	1.5	2.1
- manufacturing	-3.6	-5.7	-0.3 Q1 -0.3 Q1-Q1		
<b>Price indices</b>					
Export prices					
- export price index	-4.4	7.9	-1.0 M07 2.6 M01-M07		
- export price deflator	-5.6	4.4	3.1 Q1 3.1 Q1-Q1	0.2	0.5
Import prices					
- import price index	0.6	13.1	-2.2 M07 1.0 M01-M07		
- import price deflator	-1.7	6.4	-1.9 Q1 -1.9 Q1-Q1	0.0	2.1
Producer prices	-1.1	7.4	1.8 M07 3.3 M01-M07		
Wholesale prices	-0.2	8.1	0.7 M07 2.5 M01-M07		
Consumer prices					
- consumer price index	1.2	3.4	2.5 M07 3.0 M01-M07	2.8	1.9
- harmonized index of consumer prices	1.3	3.0	2.6 M07 2.8 M01-M07	2.5	1.9
- indicator of underlying inflation	1.3	3.6	3.5 M06 3.5 M01-M06	2.3	1.6
<b>Asset prices</b>					
Stumpage prices	1.9	6.0	-4.9 M06 1.0 M01-M06		
Dwelling prices, whole country	8.9	5.7	-2.1 Q2 -1.7 Q1-Q2	0.2	3.1
Share prices	72.1	91.1	-52.2 M07 -41.0 M01-M07		

Sources: Finnish Forest Research Institute, HEX Helsinki Exchanges, National Board of Customs and Statistics Finland.

\* Bank of Finland forecast, spring 2001.

## Labour market

Chart 47.

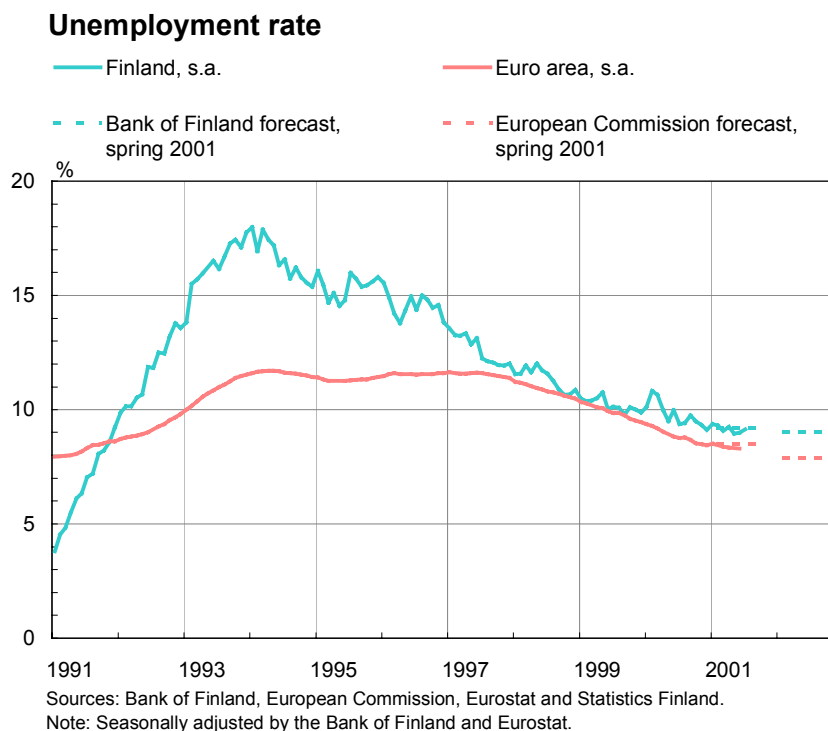
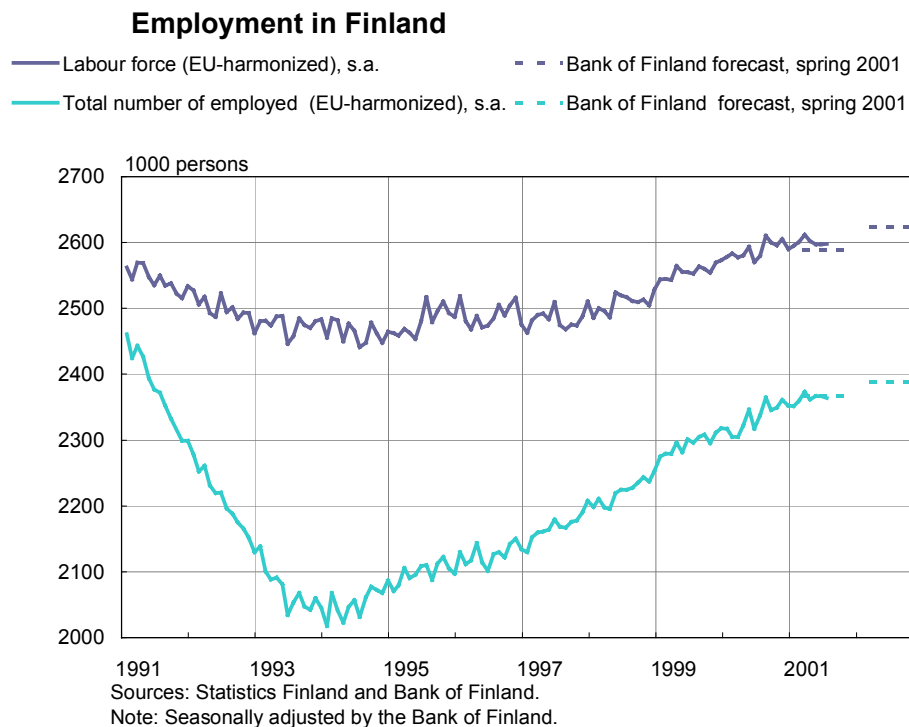


Chart 48.



## Public finances

Chart 49.



Sources: Statistics Finland, State Treasury and Bank of Finland.

Chart 50.



Sources: Statistics Finland, State Treasury and Bank of Finland.

## External balance

Chart 51.

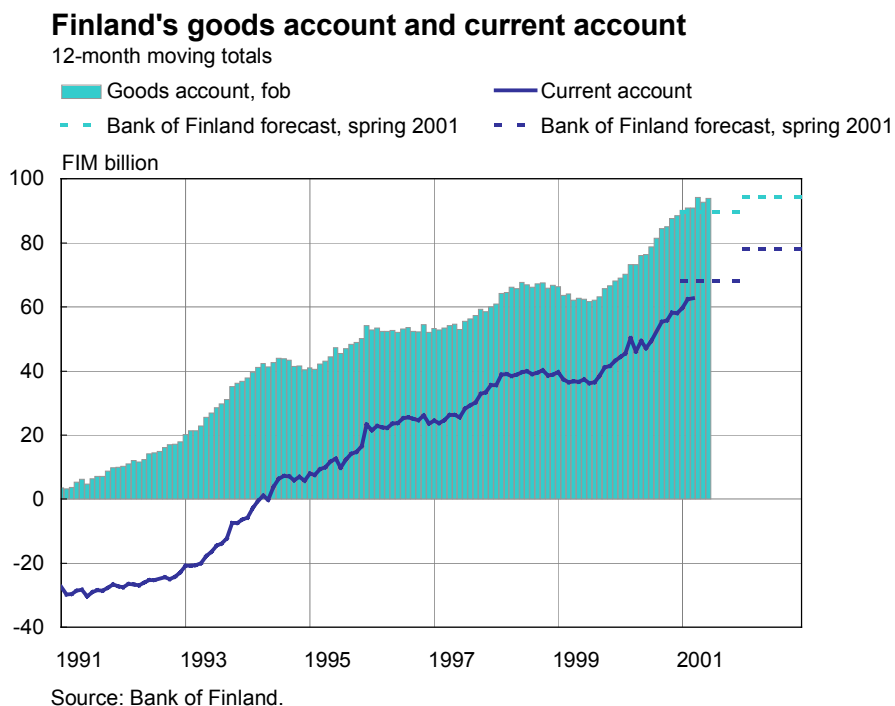


Chart 52.

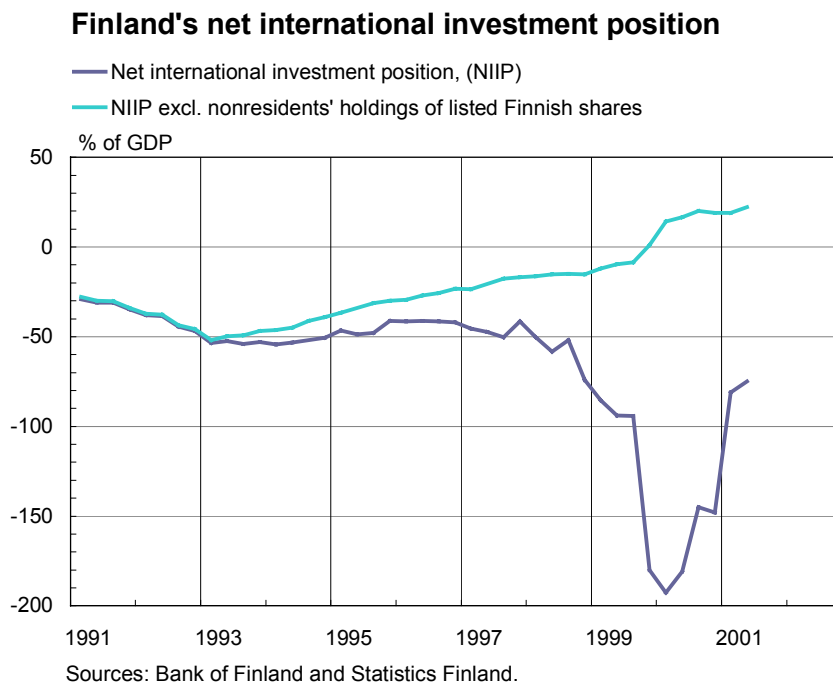




Table 3.

**External balance and sectoral balances indicators**

	1999	2000	2001 Actual	2001*	2002*
<b>Goods account</b>					
EUR billion	11.5	14.9	1.3 M06 7.5 M01-M06	15.1	15.8
per cent of GDP	9.5	11.3		10.9	10.9
<b>Current account</b>					
EUR billion	7.3	9.8	1.0 M06 3.7 M01-M06	11.5	13.2
per cent of GDP	6.0	7.4		8.3	9.1
<b>Financial account</b>					
EUR billion	-7.1	-9.4	-0.9 M06 -3.0 M01-M06		
General government	-5.4	-11.1	-2.0 M06 -10.2 M01-M06		
Direct investment in Finland	4.3	8.7	0.7 M06 1.4 M01-M06		
abroad	6.2	24.5	-1.8 M06 0.4 M01-M06		
Shares	4.6	2.4	-0.7 M06 -1.8 M01-M06		
Other capital (incl. errors and omissions)	-4.4	15.1	-0.7 M06 8.1 M01-M06		
Foreign exchange reserves (increase -)	-0.2	-0.4	0.0 M06 -0.7 M01-M06		
<b>Net lending, saving minus investment</b>					
Private sector					
EUR billion	5.0	0.7		4.2	6.0
per cent of GDP	4.1	0.6		3.0	4.1
General government					
EUR billion	2.3	9.0		7.2	7.2
per cent of GDP	1.9	6.9		5.2	4.9
Central government					
EUR billion	-0.9	4.6		3.4	3.5
per cent of GDP	-0.7	3.5		2.5	2.4
Local government					
EUR billion	-0.3	0.2		-0.3	-0.6
per cent of GDP	-0.3	0.1		-0.2	-0.4
Social security funds					
EUR billion	3.5	4.3		4.1	4.3
per cent of GDP	2.9	3.3		2.9	3.0
<b>Net foreign debt</b>					
per cent of GDP	180.2	147.9			
per cent of exports of goods and services	476.3	346.1			
<b>Sectoral debt ratios, gross debt, per cent of GDP</b>					
Non-financial corporate sector **	46.2	51.0			
Household sector	30.6	30.2			
General government (Maastricht definition)	46.9	44.0		40.4	37.3

Sources: Bank of Finland and Statistics Finland.

\* Bank of Finland forecast, spring 2001.

\*\* excl. housing corporations.

