

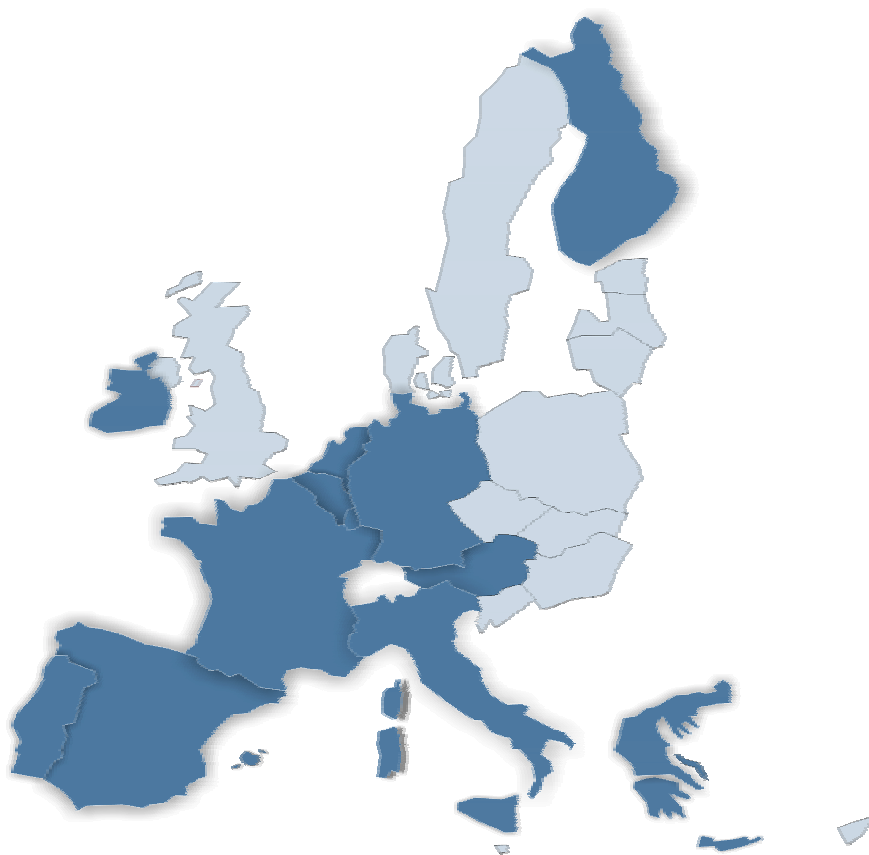


BANK OF FINLAND

Monetary Policy and Research - Financial Markets and Statistics

Main Indicators for the Finnish Economy

No 6/2005



17 June 2005

Main Indicators for the Finnish Economy is produced jointly by the Monetary Policy and Research department and Financial Markets and Statistics department and it is issued monthly. The review is unofficial, and the Bank of Finland is not liable for any possible errors.

Main Indicators for the Finnish Economy is posted on our website
(http://www.bof.fi/fin/2_rahapolitiikka/2.1_paatehtava/mainindicators.stm)

Charts and tables

Monetary policy and market interest rates

Chart 1. Eurosystem interest rates	5
Chart 2. Euribor rates	5
Chart 3. International three-month interest rates	6
Chart 4. International long-term interest rates	6
Chart 5. Yield on ten-year Finnish government bonds and differential vs Germany	7
Chart 6. Yield curve	7

Banking in Finland

Chart 7. Average interest rates on loans and deposits	8
Chart 8. Average interest rates on new loans to households	8
Chart 9. Stock of bank lending by interest rate linkage	9
Chart 10. Stock of bank deposits by interest rate linkage	9
Chart 11. Growth of deposits	10
Chart 12. Growth of lending	10
Chart 13. Liabilities of Finnish MFIs in the Finnish contribution to euro area monetary aggregates	11
Chart 14. Outstanding loans to households and non-financial corporations	11

Securities market

Chart 15. Selected stock price indices in the euro area	12
Chart 16. HEX Helsinki Exchanges: share indices by sector	12
Chart 17. Listed shares in Finland: total market capitalization and non-residents' holdings	13
Chart 18. Non-residents' portfolio investments in Finland	13
Chart 19. Bonds issued in Finland	14
Chart 20. Mutual funds registered in Finland	14

Borrowing by sector in Finland

Chart 21. Non-financial corporate sector and household borrowing	15
Chart 22. Sectoral debt ratios in Finland	15

Exchange rates

Chart 23. Euro exchange rates against the US dollar and the yen	16
Chart 24. Euro exchange rates against the pound sterling and the Swedish krona	16
Chart 25. Euro's external value and Finland's competitiveness indicator	17
Chart 26. Competitiveness indicators for Finland	17

Real economy

Chart 27. GDP, volume, Finland and euro area	18
Chart 28. GDP, volume, Finland, monthly indicator	18
Chart 29. Industrial production, volume, Finland and euro area	19
Chart 30. Industrial confidence indicator, Finland and euro area	19
Chart 31. Manufacturing production by sector in Finland, volume index	20
Chart 32. Finland's imports of goods, volume	20
Chart 33. Consumption in Finland, volume	21
Chart 34. Consumer confidence, Finland and euro area	21
Chart 35. Fixed investment in Finland, volume	22
Chart 36. Construction indicators	22
Chart 37. Exports of goods, volume, Finland	23
Chart 38. Exports by industry, Finland	23
Table 1. Supply, demand and labour market indicators	24

Prices and costs	
Chart 39. Consumer prices (CPI), Finland and euro area	25
Chart 40. Harmonized index of consumer prices (HICP), Finland and euro area	25
Chart 41. Inflation rates in the euro area (HICP)	26
Chart 42. Producer prices, Finland and euro area	26
Chart 43. Earnings in Finland	27
Chart 44. Hourly labour costs	27
Chart 45. Finland's export prices, import prices and terms of trade	28
Chart 46. Dwelling prices in Finland	28
Table 2. Cost and price indicators	29
Labour market	
Chart 47. Unemployment rate, Finland and euro area	30
Chart 48. Employment in Finland	30
Public finances	
Chart 49. Public sector balances in Finland	31
Chart 50. Public sector debt in Finland	31
External balance	
Chart 51. Goods account and current account, Finland	32
Chart 52. Net international investment position, Finland	32
Table 3. External balance and sectoral balances indicators	33

Monetary policy and market interest rates

Chart 1.

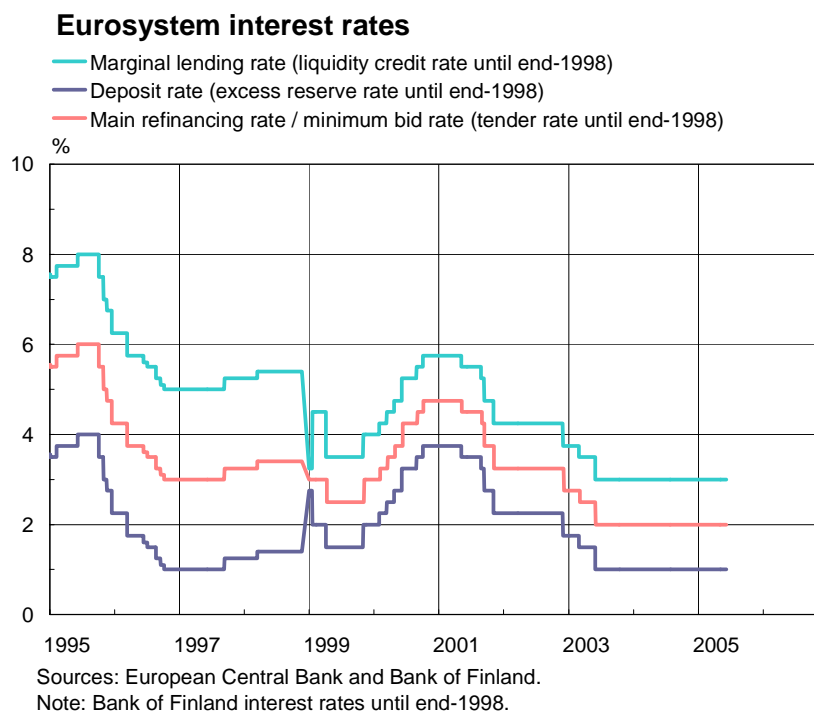


Chart 2.

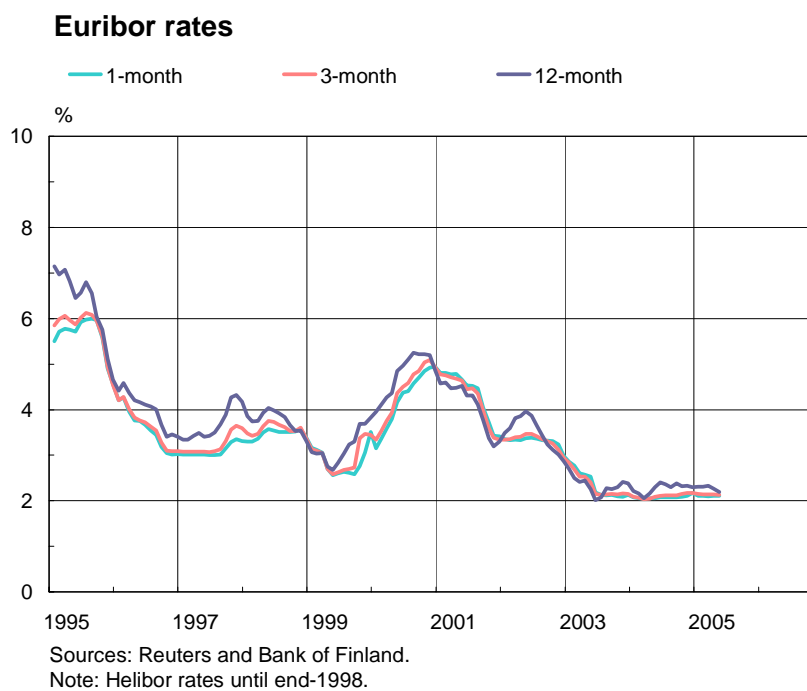
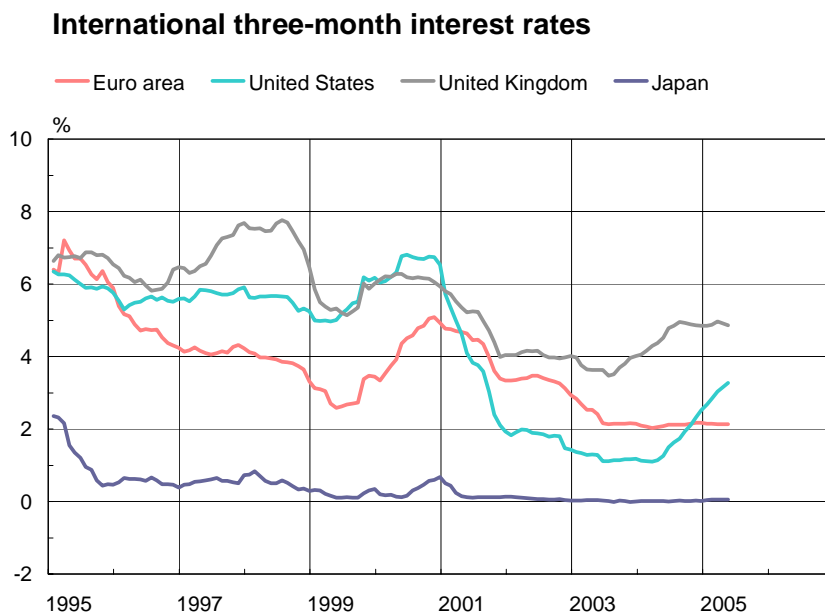
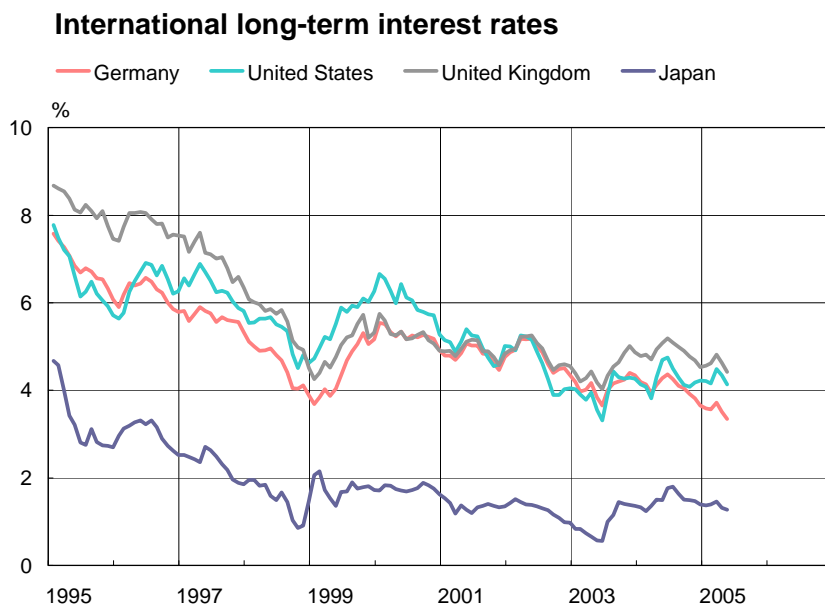


Chart 3.



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.

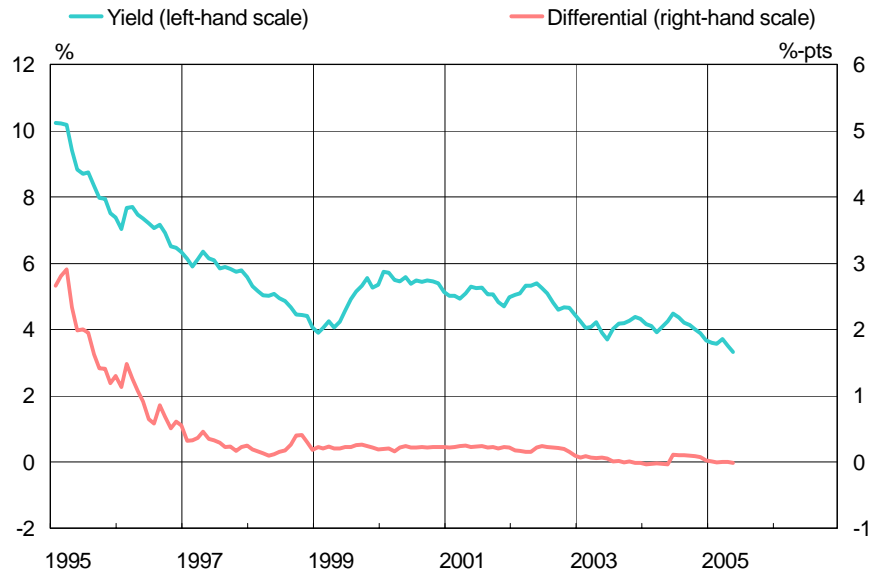
Chart 4.



Source: Reuters.
 Note: Yield on ten-year government bonds.

Chart 5.

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

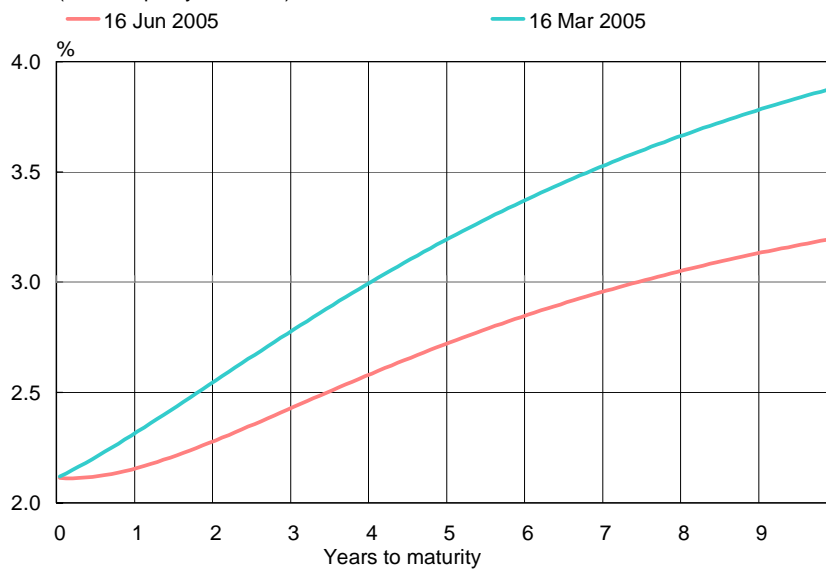


Source: Reuters.

Chart 6.

Euro area (Finland's) yield curve

(zero coupon yield curve)

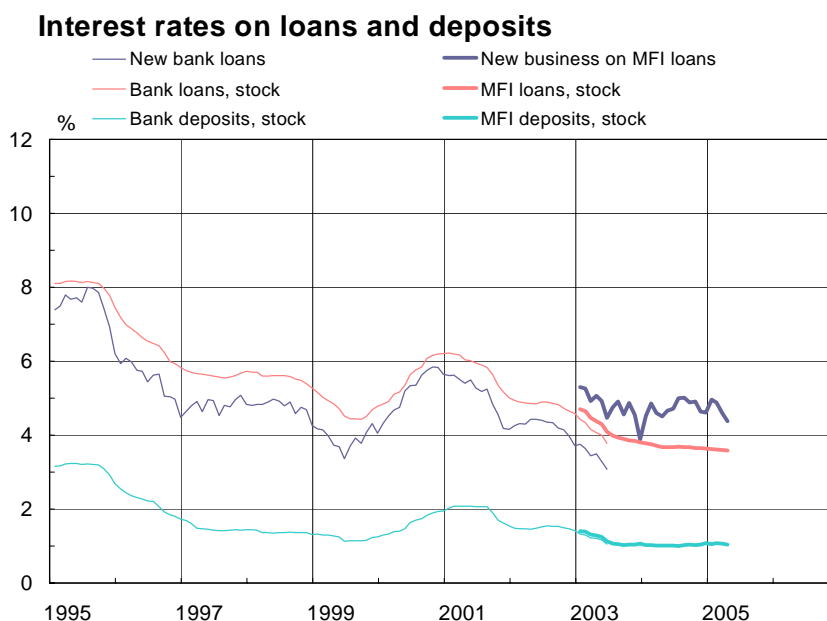


Source: Bank of Finland.

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

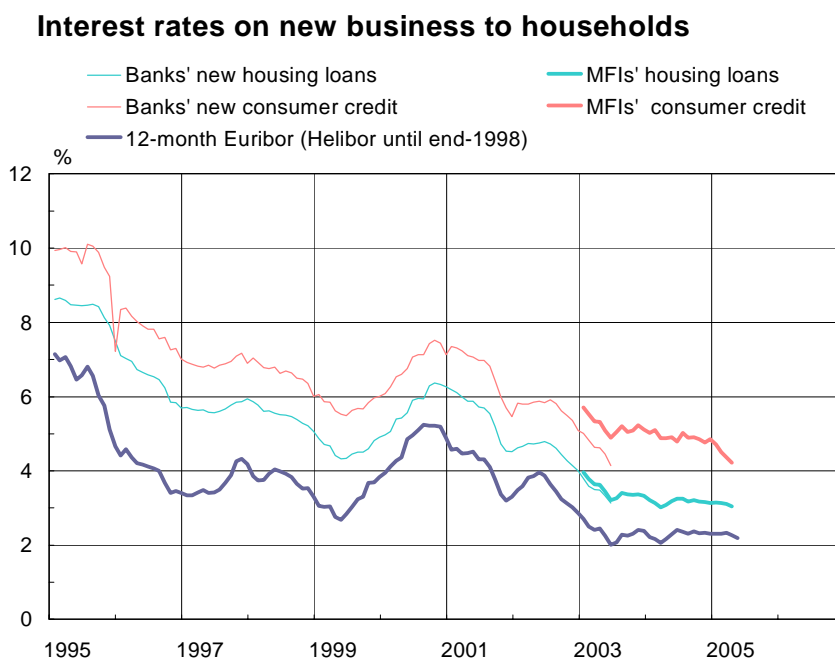
Chart 7.



Source: Bank of Finland.

The data collection process changed from 1 January 2003, with the coming into force of the ECB Regulation concerning statistics on interest rates ECB/2001/18. Consecutively, the reporting population has been extended to cover credit institutions, in addition to deposit banks.

Chart 8.



Source: Bank of Finland.

See note in Chart 7.

Chart 9.

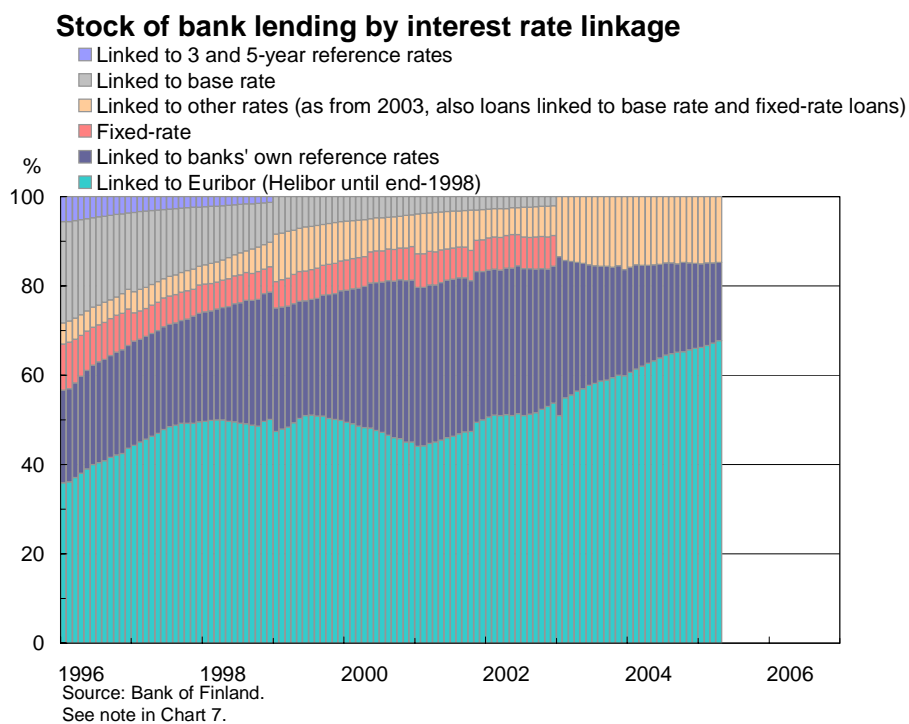


Chart 10.

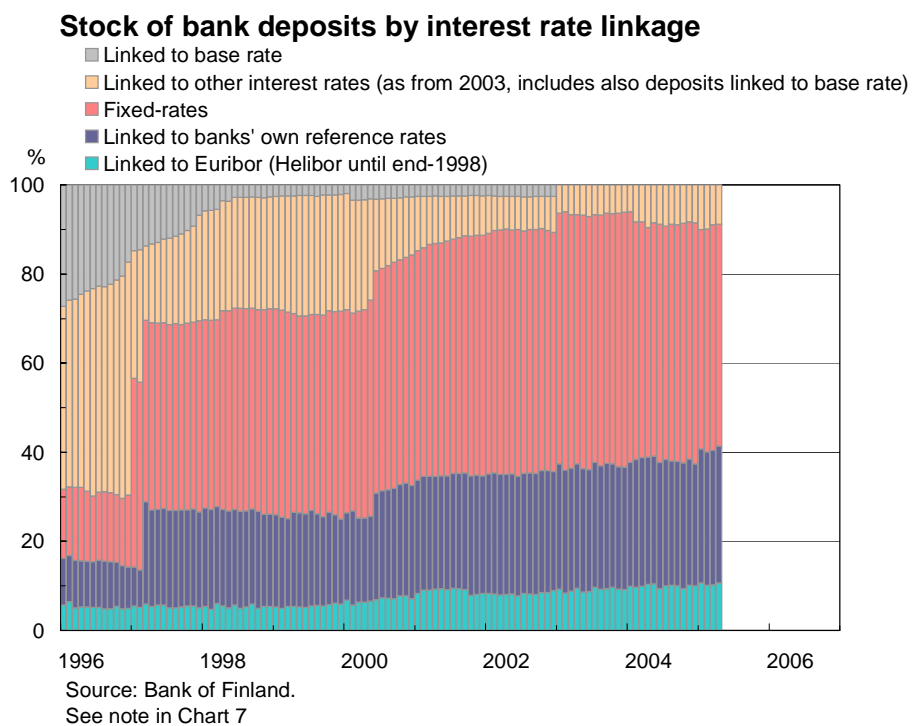


Chart 11.

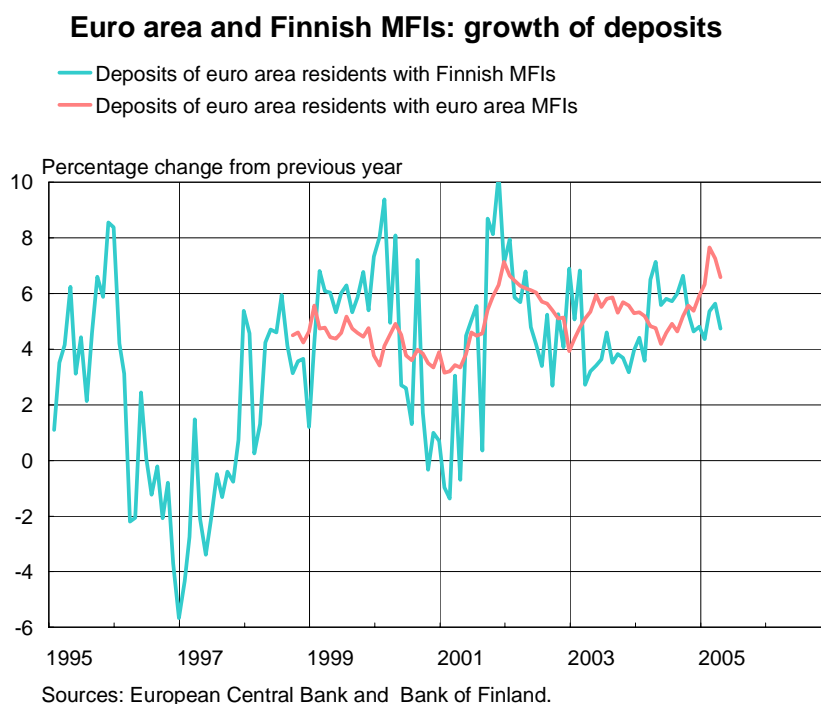


Chart 12.

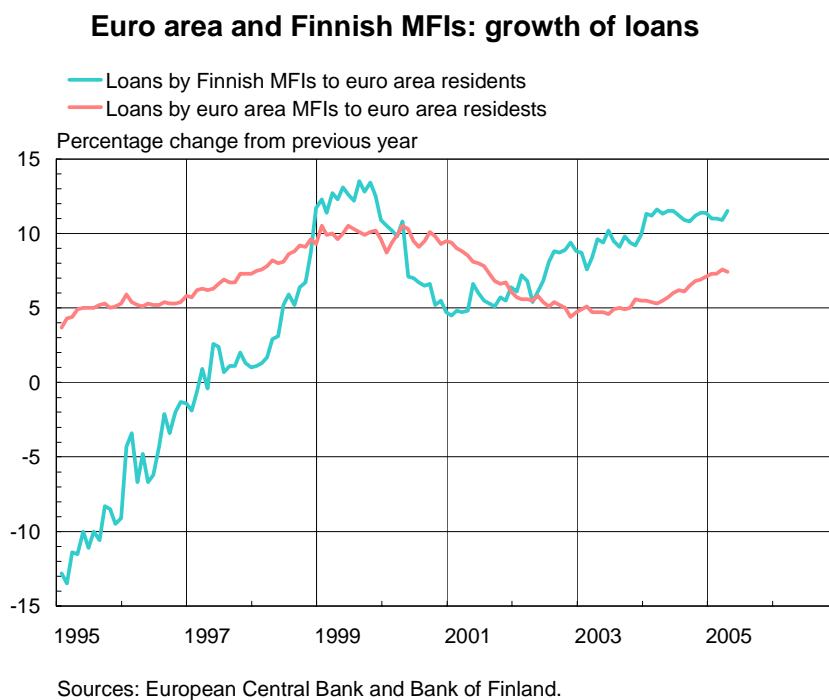
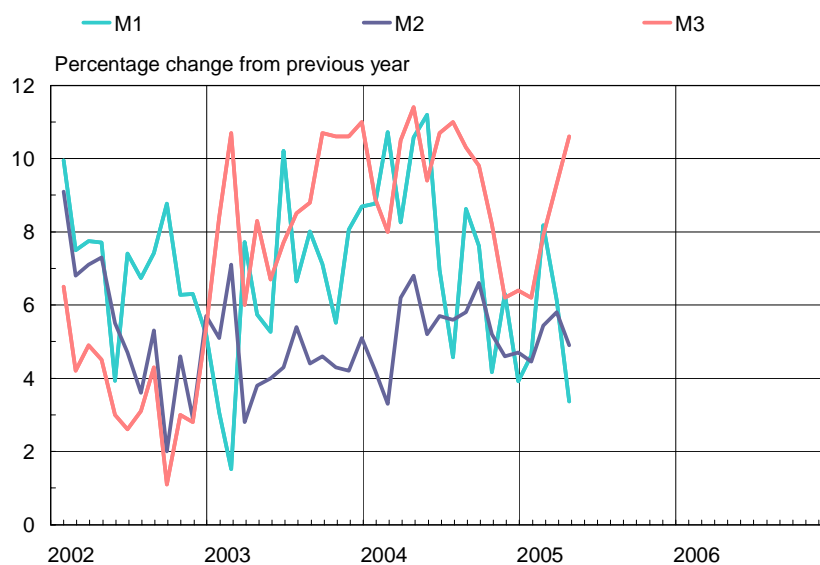


Chart 13.

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

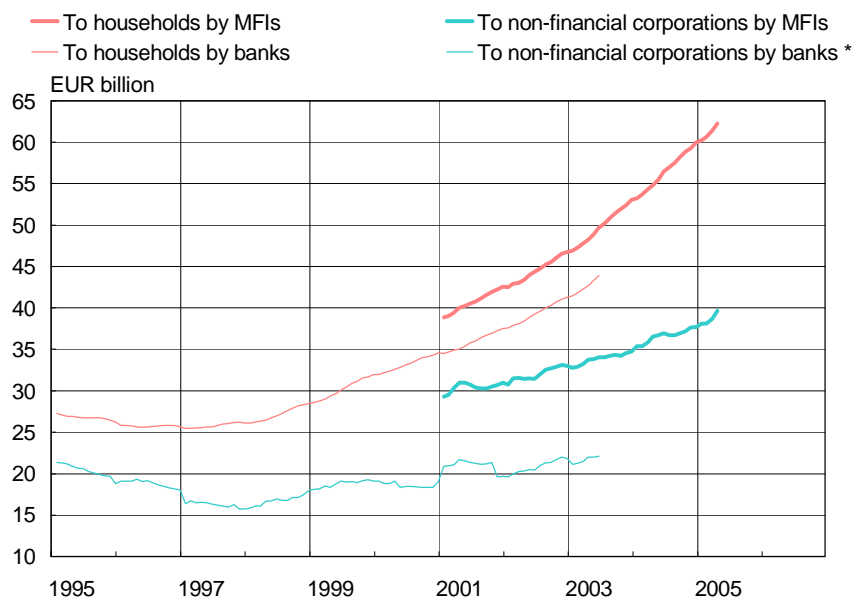


Source: Bank of Finland.

* Note: Excluding currency in circulation with the public.

Chart 14.

Outstanding loans to households and non-financial corporations



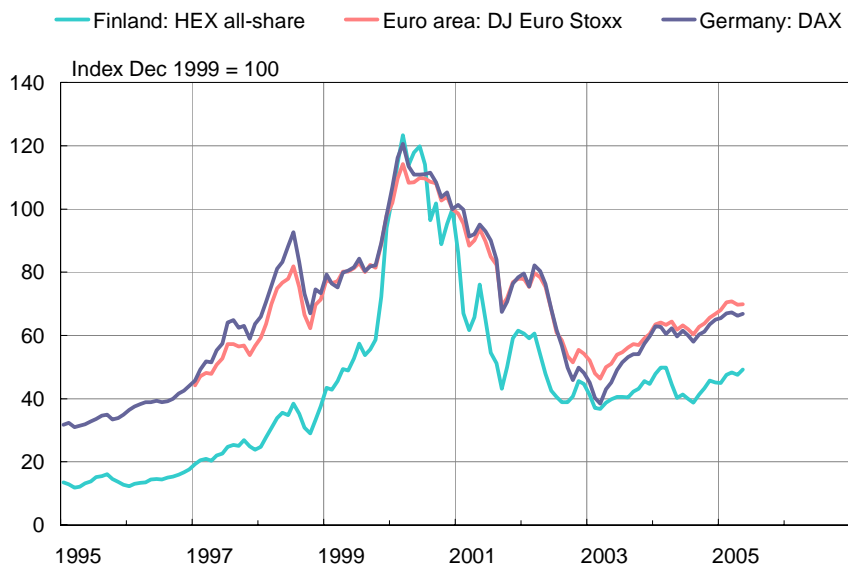
Source: Bank of Finland.

* Note: The series includes structural changes.

Securities market

Chart 15.

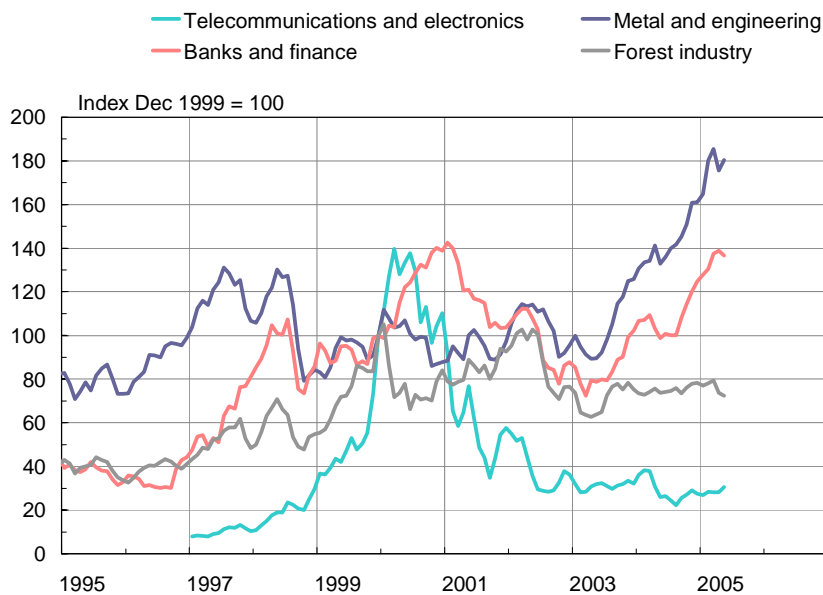
Selected stock price indices in the euro area



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

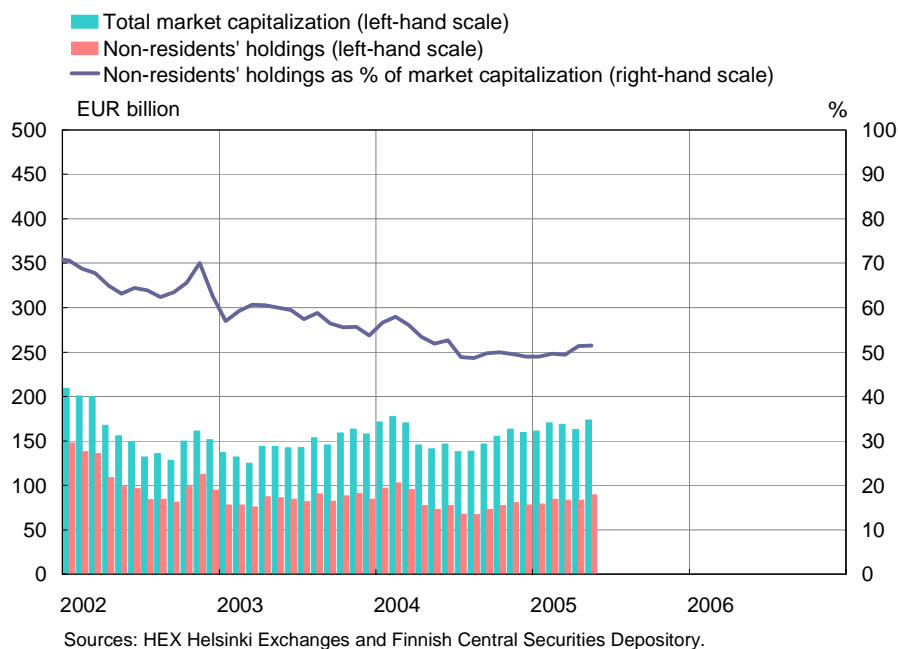


Chart 18.

Non-residents' portfolio investments in Finland

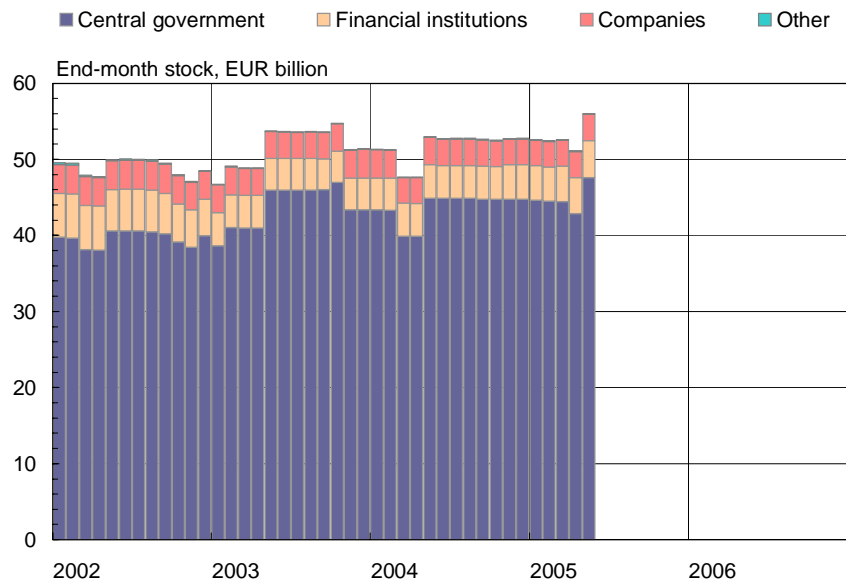
12-month moving totals

- Finnish shares, net purchases
- Finnish bonds and money market paper, net purchases



Chart 19.

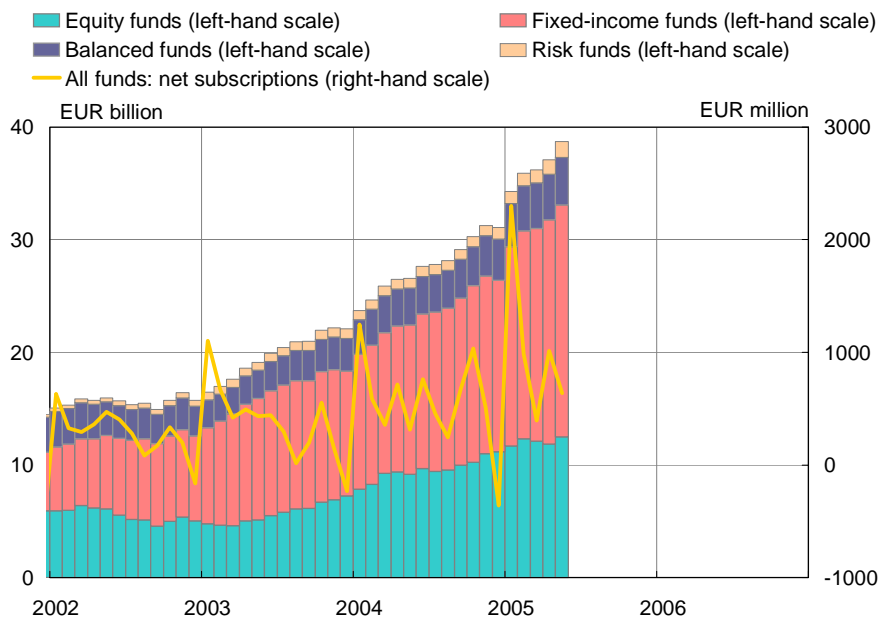
Bonds issued in Finland



Source: Statistics Finland.

Chart 20.

Mutual funds registered in Finland



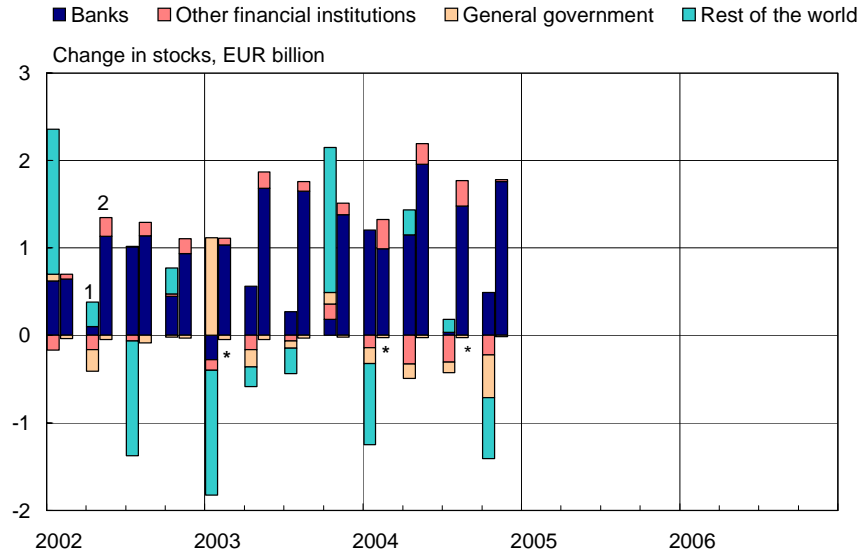
Sources: HEX Helsinki Exchanges and Finnish Association of Mutual Funds.

Borrowing by sector in Finland

Chart 21.

Non-financial corporate sector and household borrowing

1 = corporate sector (excl. housing corporations), 2 = households.



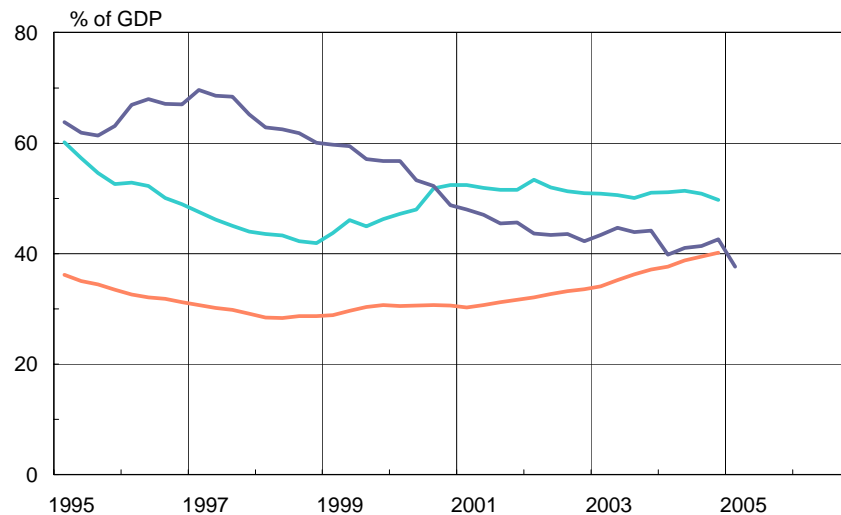
Sources: Bank of Finland and Statistics Finland.

*Note: Corrected for changes in sectoral classification.

Chart 22.

Sectoral debt ratios in Finland

Legend: Non-financial corporate sector excl. housing corporations (teal), Household sector (orange), Central government (purple)



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

Exchange rates

Chart 23.

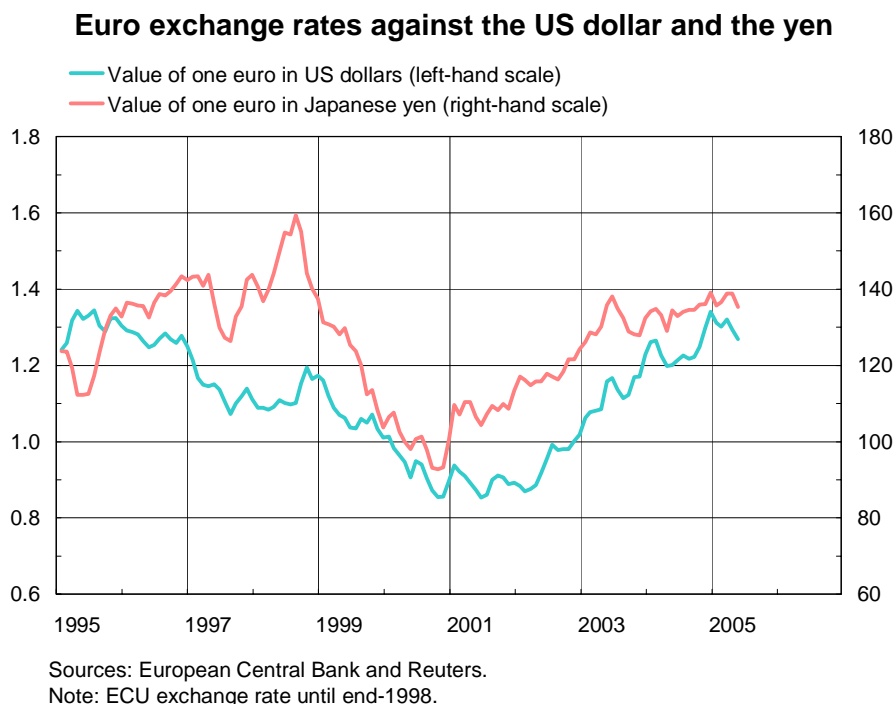


Chart 24.

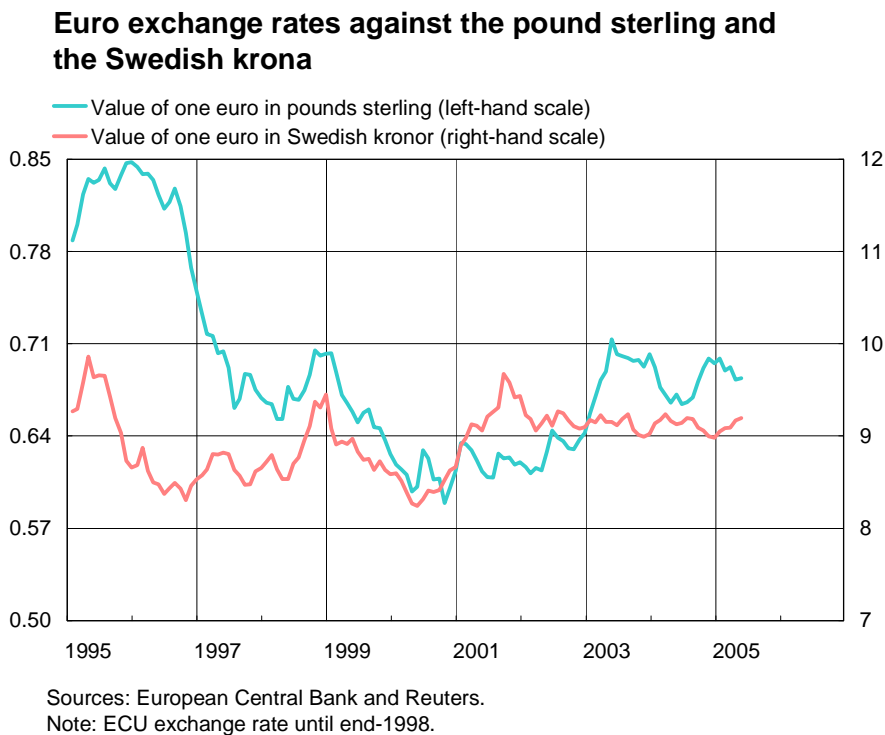
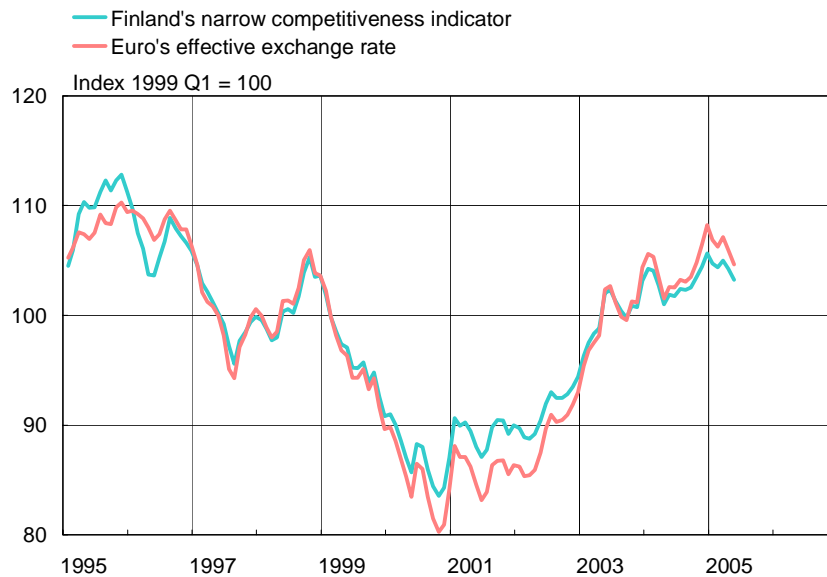


Chart 25.

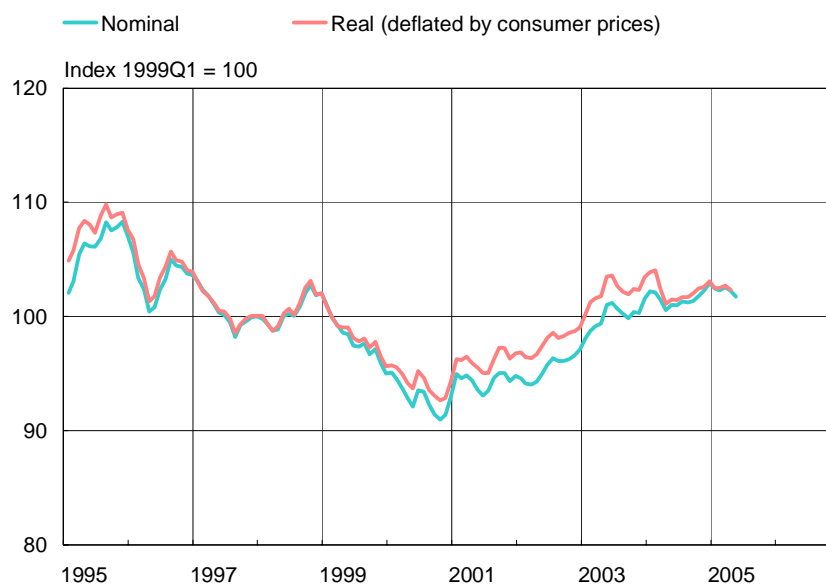
Euro's external value and Finland's competitiveness indicator



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.

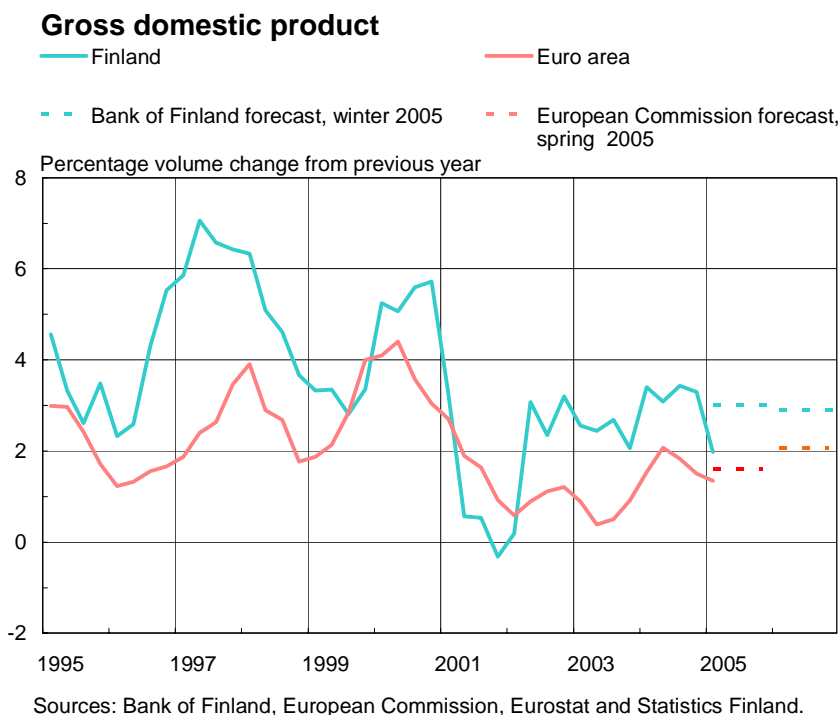


Chart 28.

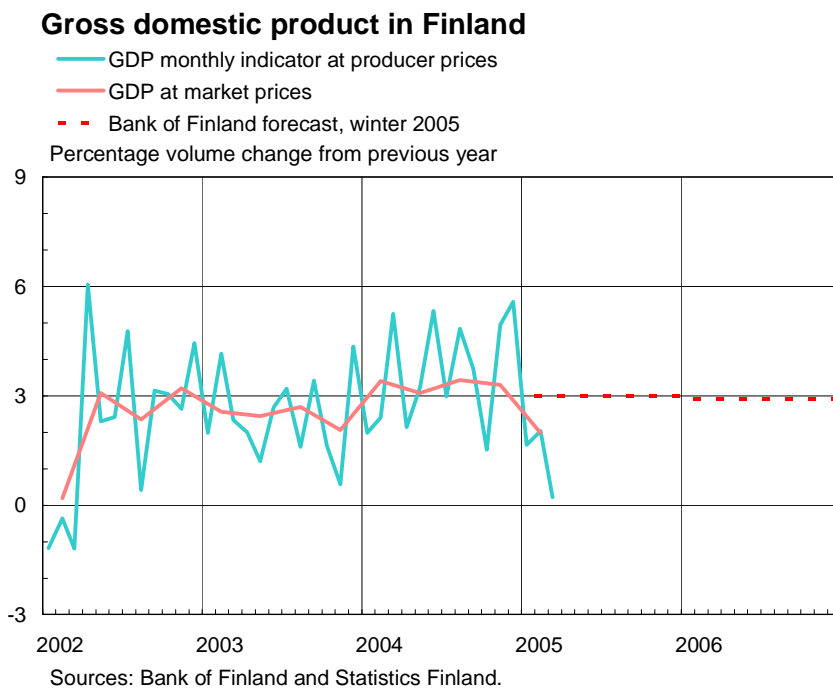


Chart 29.

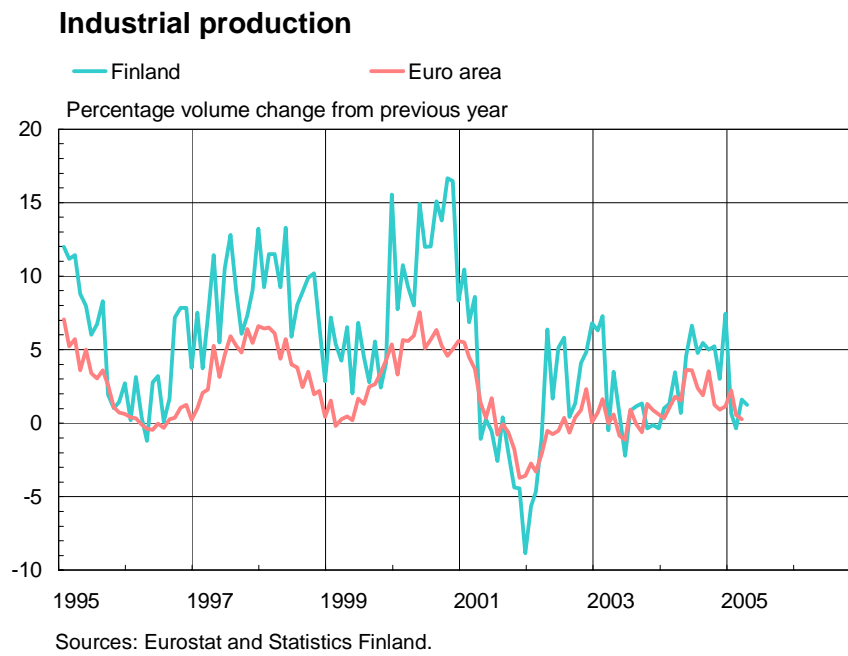


Chart 30.

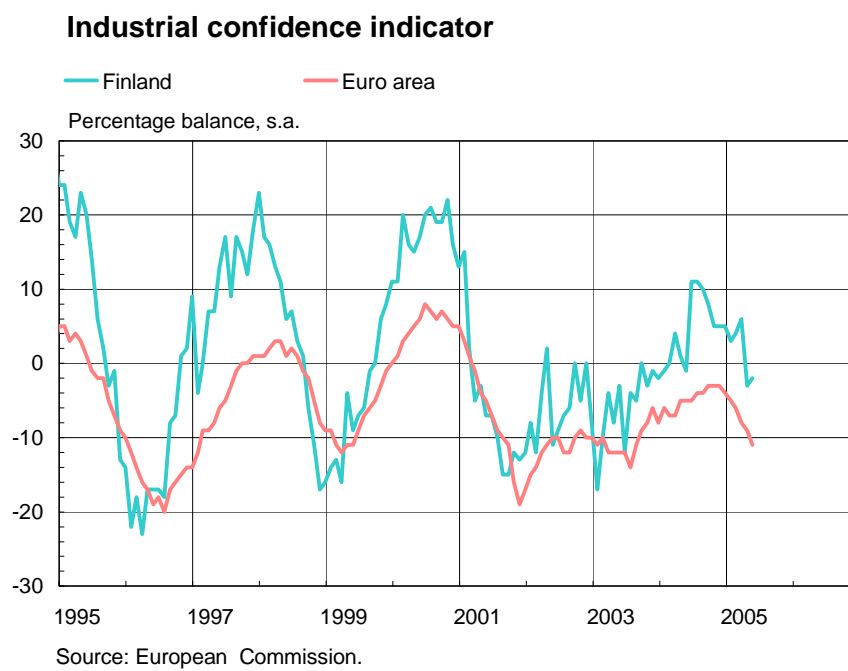


Chart 31.



Chart 32.



Chart 33.

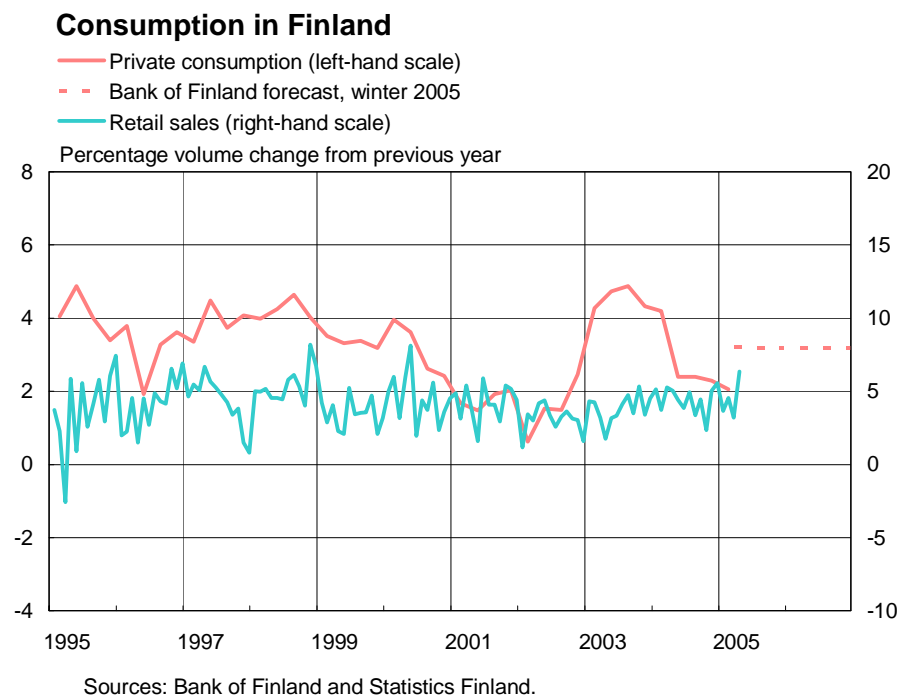


Chart 34.

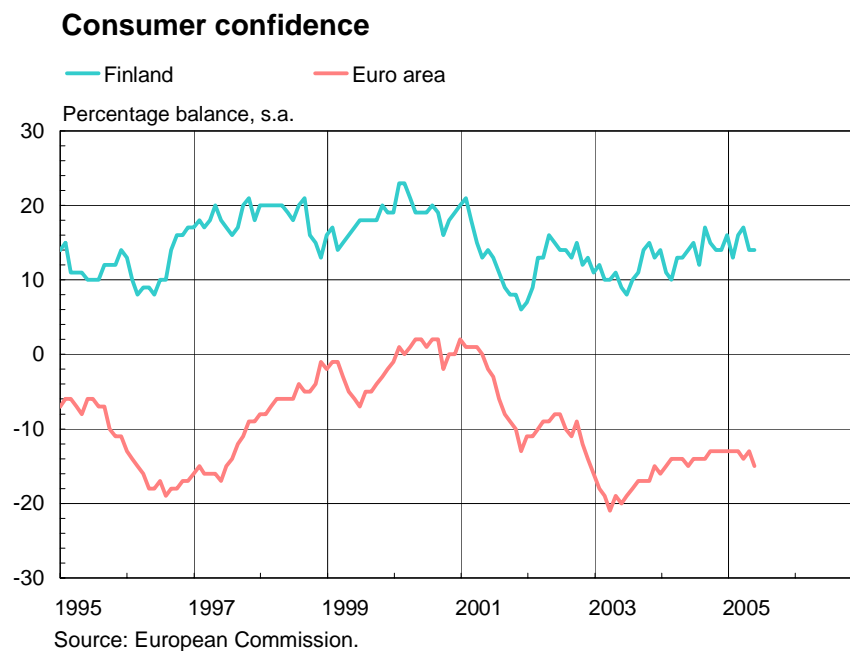


Chart 35.

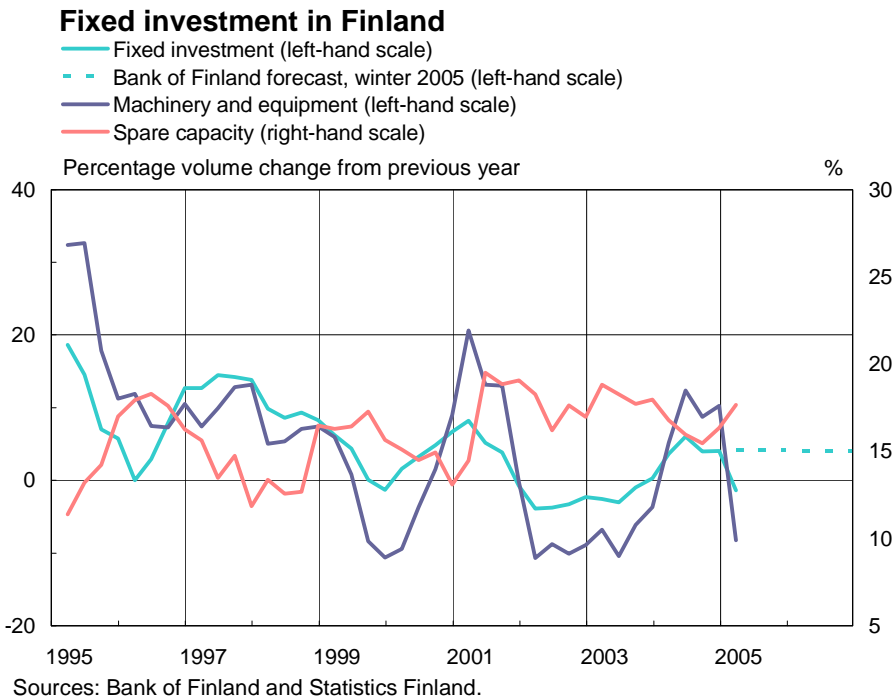


Chart 36.

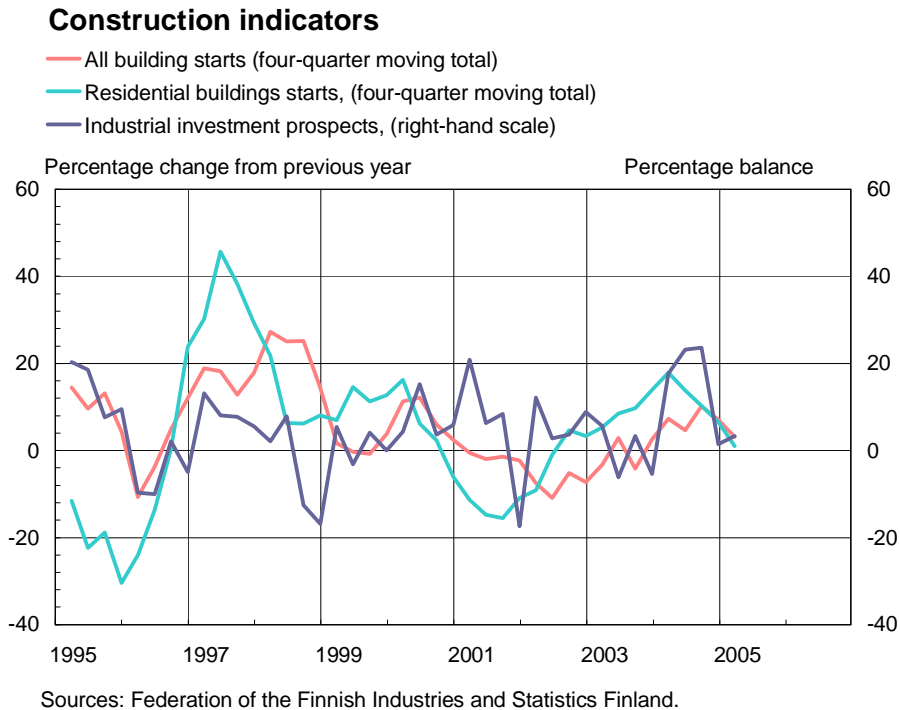


Chart 37.

Finland's exports of goods

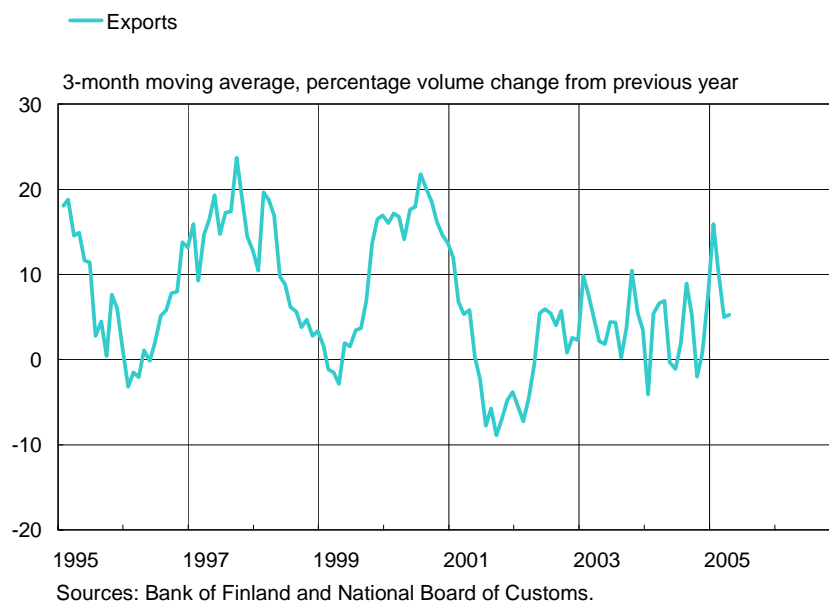


Chart 38.

Finland's exports by industry

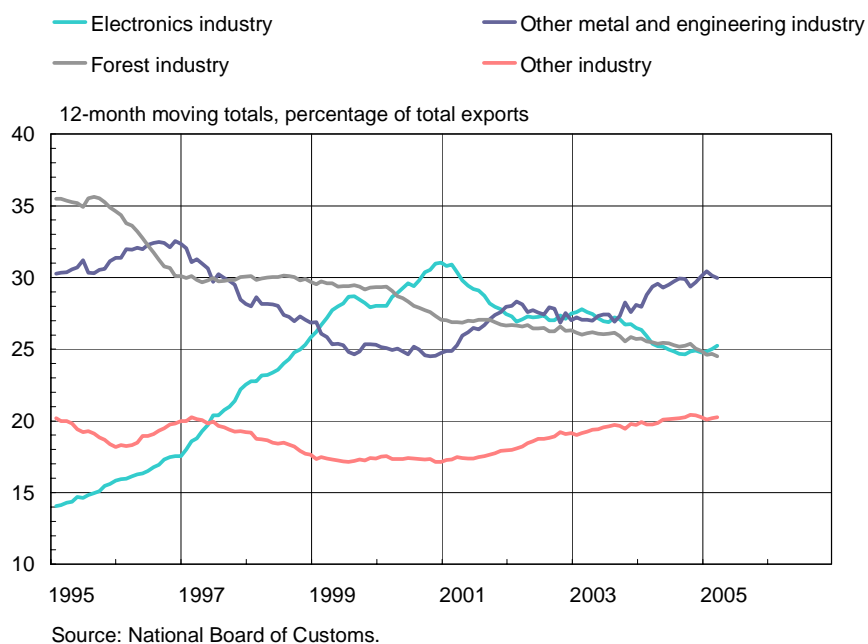


Table 1.

Supply, demand and labour market indicators

	2003	2004	2005 Actual		2005*	2006*
Supply and demand <i>percentage volume change from previous year</i>						
Gross domestic product at market prices	2.3	2.0	1.1	Q1	3.0	2.9
GDP monthly indicator at producer prices	2.0	3.6	0.2	M3		
			1.3	M1-M3		
Manufacturing production	0.4	4.7	1.2	M4		
			0.9	M1-M4		
Consumption expenditure	2.2	3.5	1.5	Q1	2.6	2.7
- private	1.5	4.3	1.5	Q1	3.2	3.2
- general government	3.8	1.6	1.5	Q1	1.1	1.5
Gross fixed capital formation	-3.1	-2.1	-4.1	Q1	4.2	4.1
- private	-4.6	-3.0	-4.8	Q1	4.7	4.7
- general government	6.6	2.7	0.0	Q1	1.3	0.6
Domestic demand	0.8	2.7	0.5	Q1	2.9	2.7
Exports of goods and services	5.1	1.1	5.8	Q1	4.6	4.8
Imports of goods and services	1.9	2.6	5.1	Q1	4.8	4.5
Labour market indicators						
Employed persons <i>percentage change from previous year</i>	-0.3	0.0	1.9	M4	0.9	0.3
			1.7	M1-M4		
Unemployment rate, s.a. **	9.0	8.8	8.7	M4	8.6	8.5
			8.8	M1-M4		

Source: Statistics Finland.

* Bank of Finland forecast, winter 2005.

** Seasonally adjusted by the Bank of Finland.

Prices and costs

Chart 39.

Consumer prices

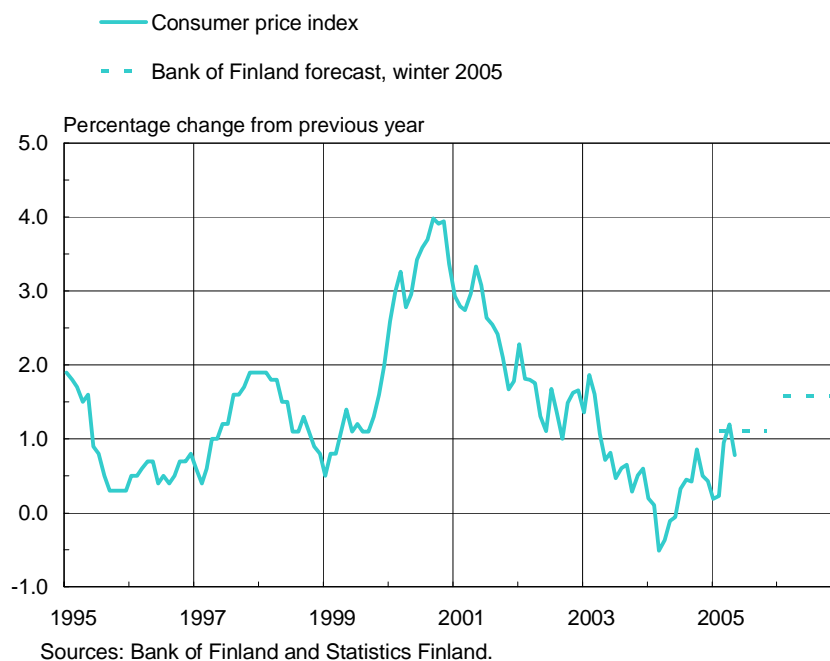


Chart 40.

Harmonized index of consumer prices (HICP)

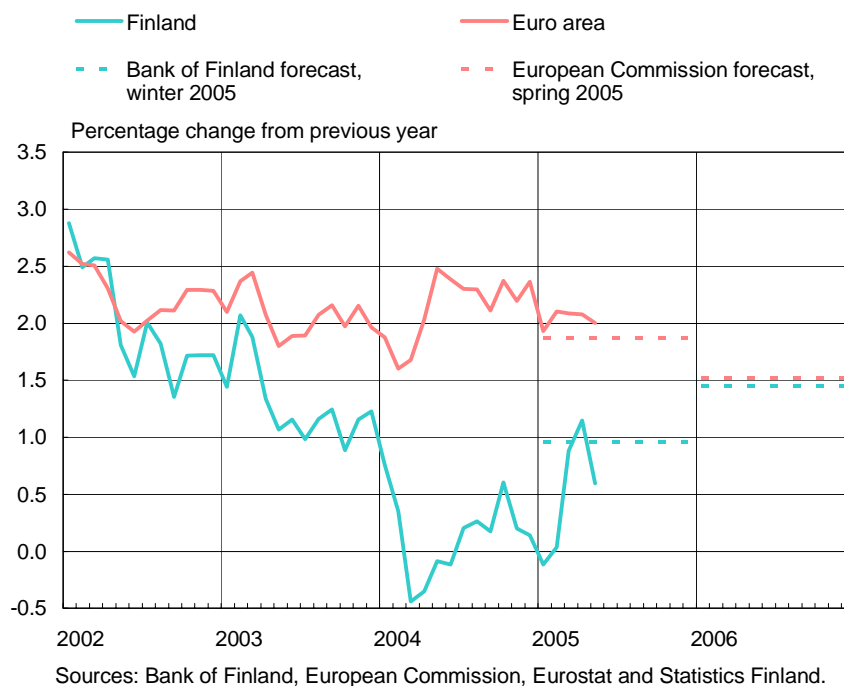


Chart 41.

Inflation rates in the euro area (HICP)

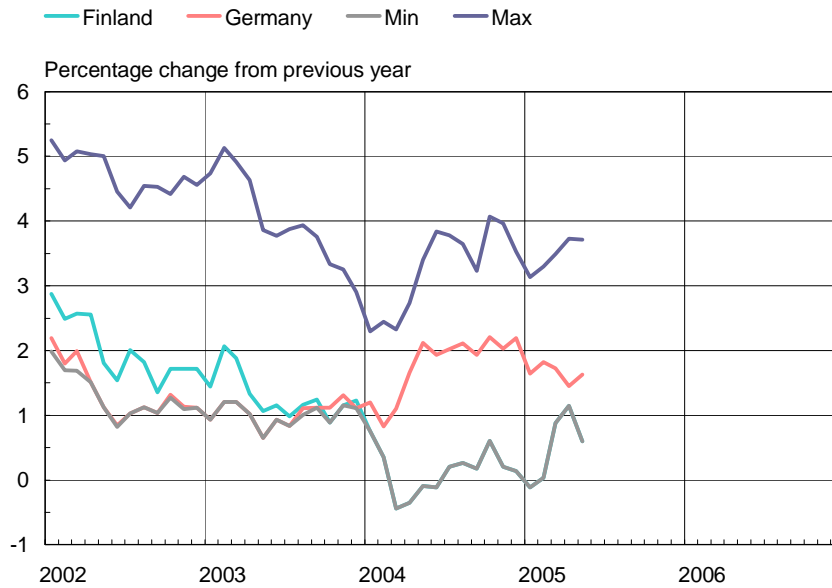


Chart 42.

Producer prices

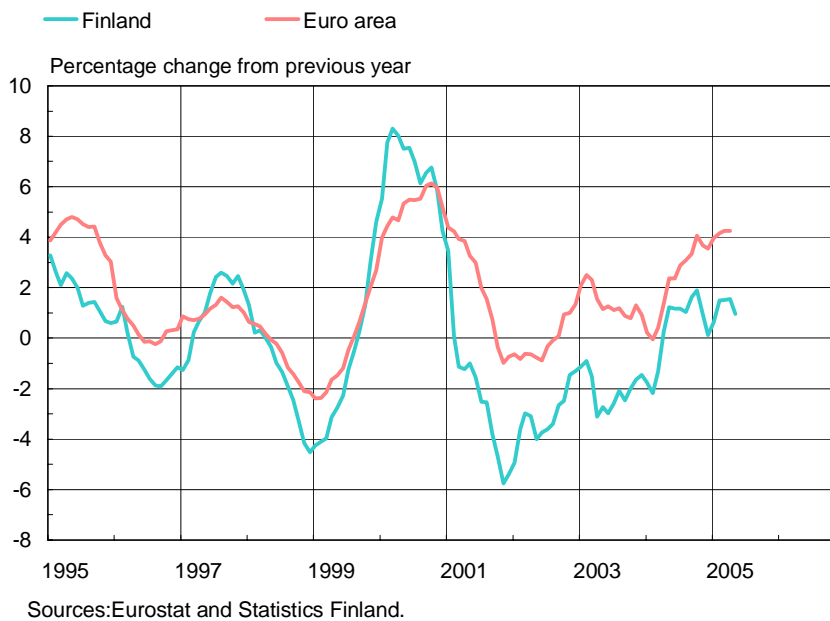


Chart 43.



Chart 44.

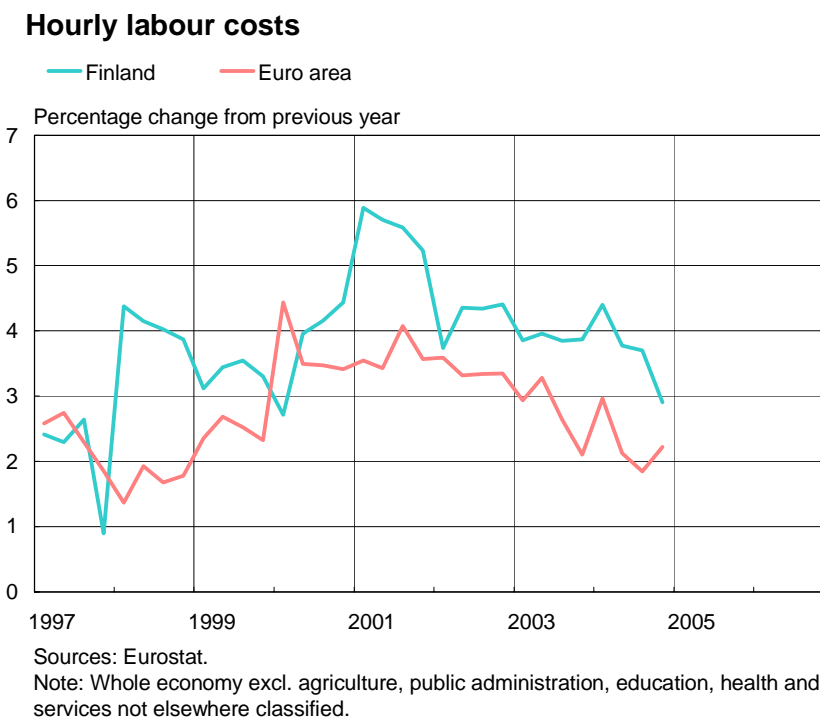


Chart 45.

Finland's export prices, import prices and terms of trade

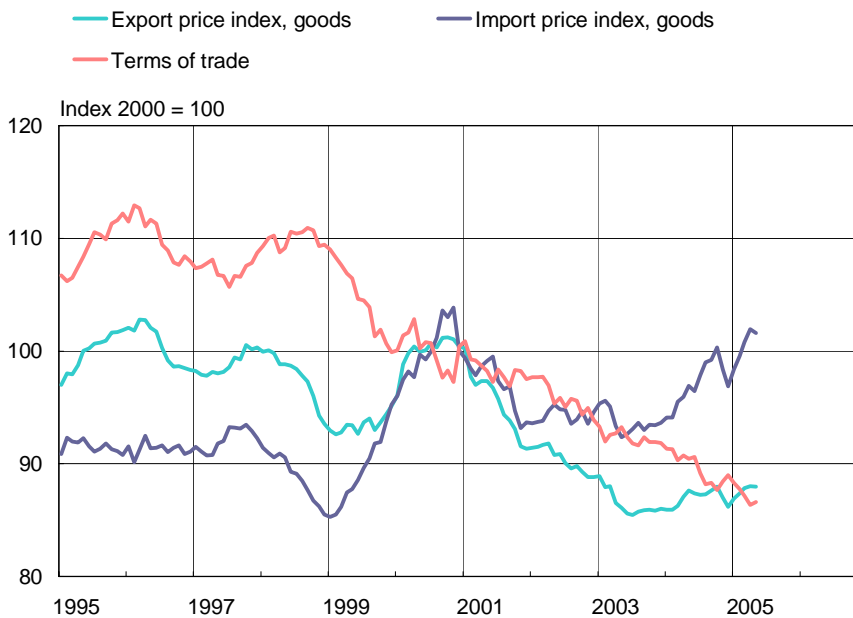


Chart 46.

Dwelling prices in Finland

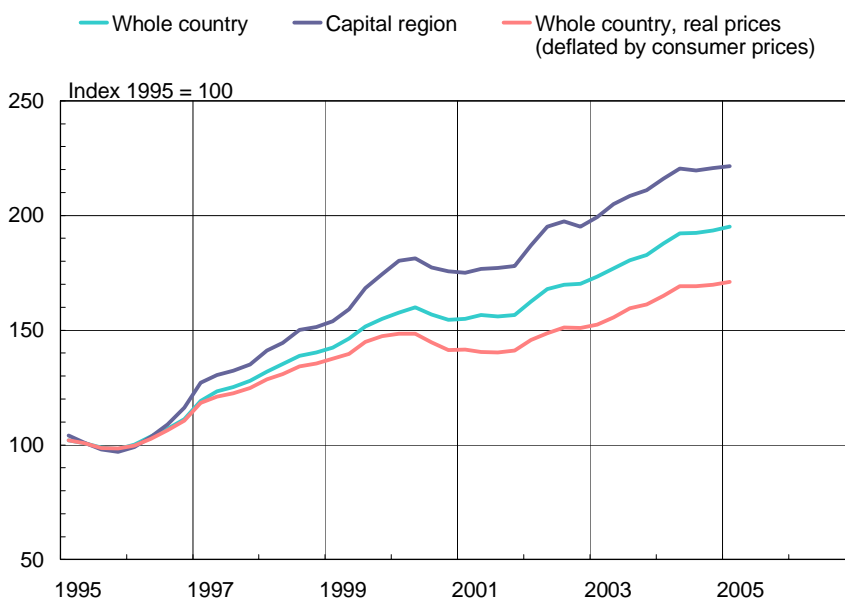


Table 2.

Cost and price indicators*Percentage change from previous year*

	2003	2004	2005 Actual	2005*	2006*
Labour costs					
Index of wages and salaries	3.9	3.6	3.5 Q1	3.3	3.3
Unit labour costs					
- whole economy	0.8	0.7	3.7 Q1	2.6	2.0
- manufacturing	0.0	-1.9	5.2 Q1		
Price indices					
Export prices (goods)					
- export price index	-4.3	0.5	0.4 M5 1.2 M1-M5		
- export price deflator	-3.7	1.1	-0.4 Q1		
Import prices (goods)					
- import price index	-0.6	3.6	4.8 M5 5.4 M1-M5		
- import price deflator	0.2	4.0	5.6 Q1		
Producer prices	-2.1	0.3	1.0 M5 1.2 M1-M5		
Wholesale prices	-0.3	0.9	2.3 M5 2.2 M1-M5		
Consumer prices					
- consumer price index	0.9	0.2	0.8 M5 0.7 M1-M5	1.1	1.6
- harmonized index of consumer prices	1.3	0.1	0.6 M5 0.5 M1-M5	1.0	1.4
Asset prices					
Stumpage prices	0.3	-1.2	2.6 M5 3.0 M1-M5		
Dwelling prices, whole country	6.4	7.3	3.9 Q1		
Share prices	-14.5	7.6	22.2 M5 2.2 M1-M5		

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

* Bank of Finland forecast, winter 2005.

Labour market

Chart 47.

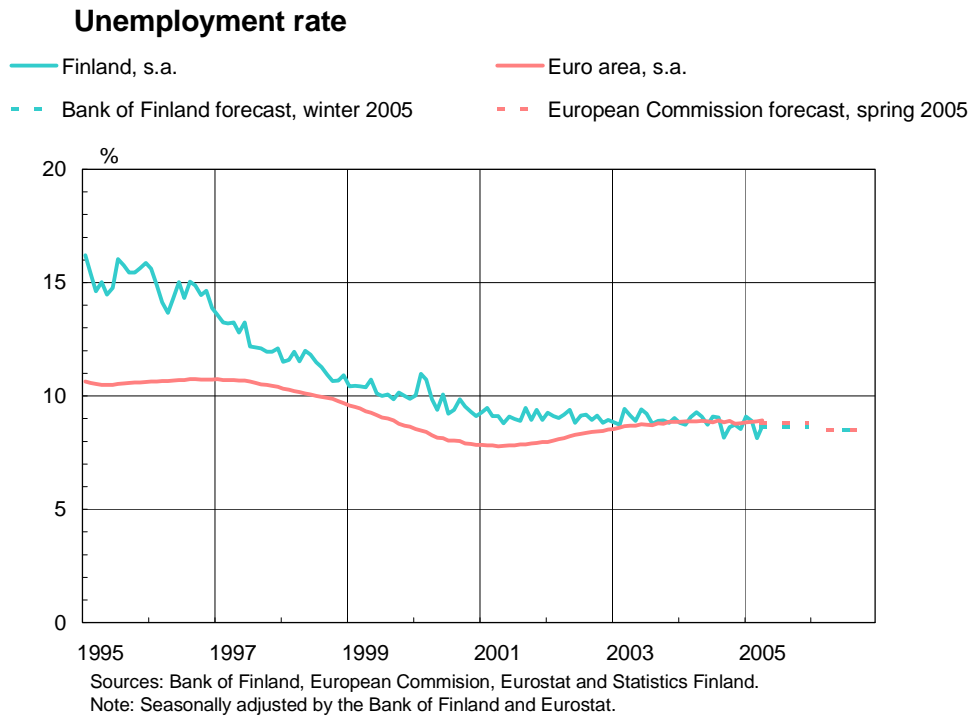
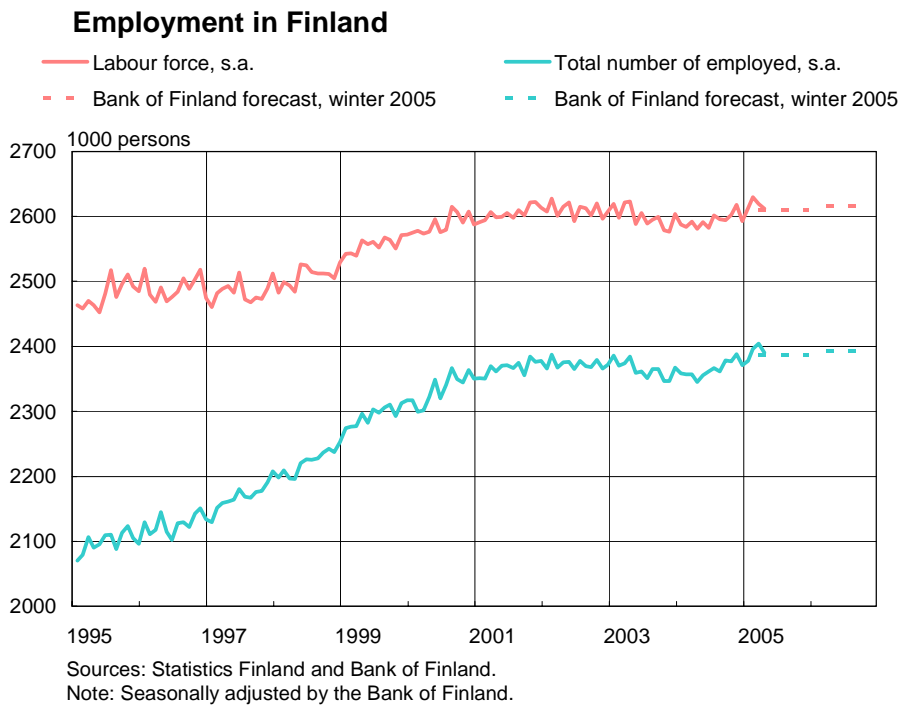


Chart 48.



Public finances

Chart 49.

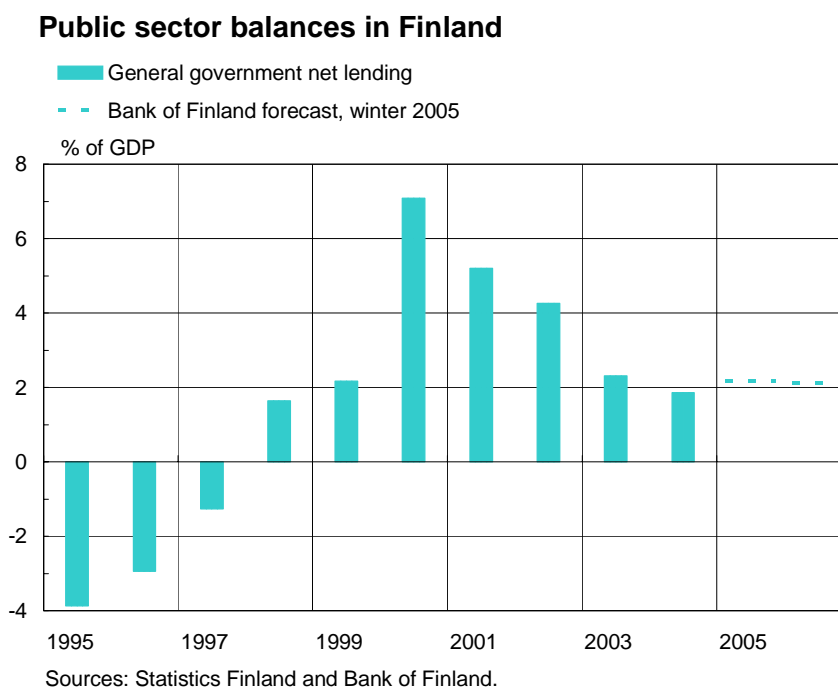
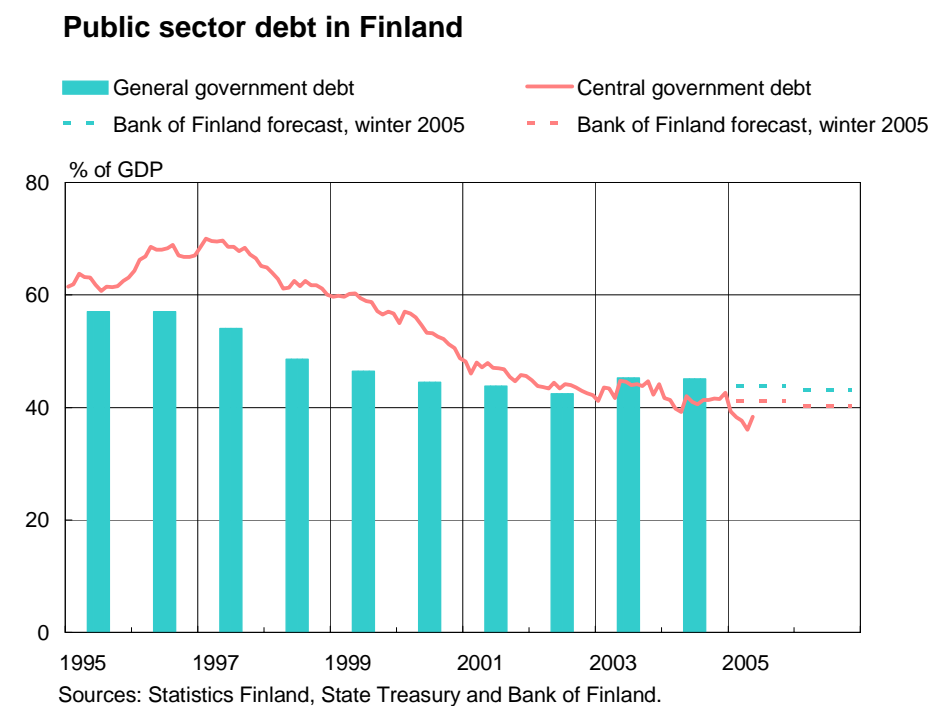


Chart 50.

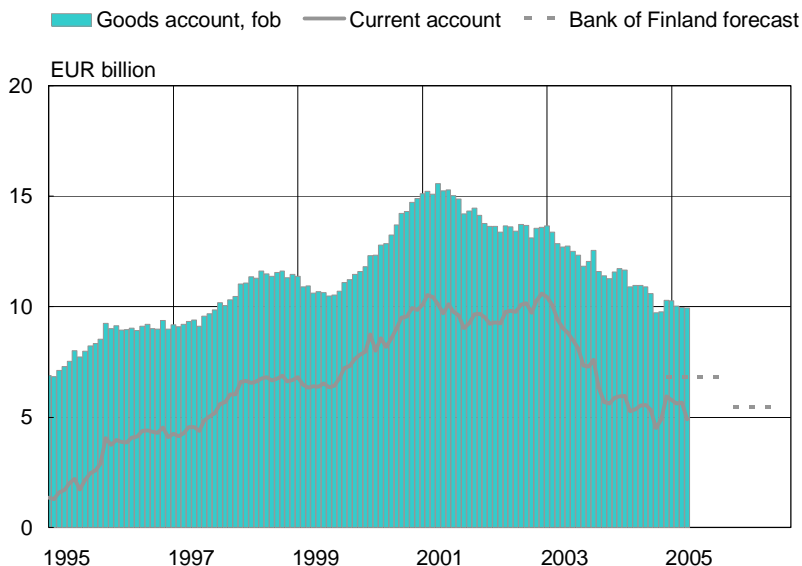


External balance

Chart 51.

Finland's goods account and current account

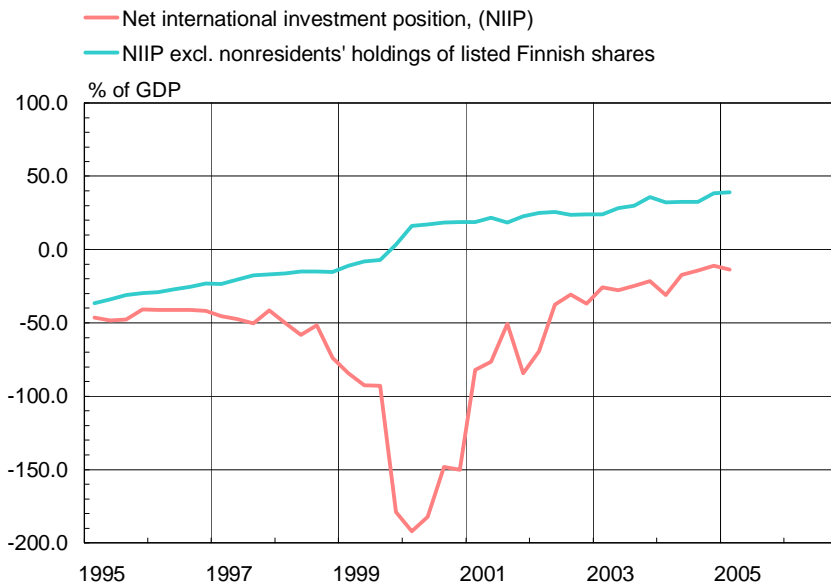
12-month moving totals



Source: Bank of Finland.

Chart 52.

Finland's net international investment position



Sources: Bank of Finland and Statistics Finland.

Table 3.

External balance and sectoral balances indicators

	2003	2004	2005 Actual	2005*	2006*
Goods account					
EUR billion	11.4	10.3	0.8 M04 3.0 M01-M04		
per cent of GDP	7.9	6.9			
Current account					
EUR billion	5.7	5.9	-1.9 M04 -0.9 M01-M04	6.8	6.5
per cent of GDP	4.0	4.0		4.4	4.0
Financial account					
EUR billion	-6.2	-5.2	1.7 M04 0.3 M01-M04		
General government	-0.1	-4.1	-0.3 M04 -4.1 M01-M04		
Direct investment in Finland	2.9	3.7	-0.3 M04 1.8 M01-M04		
abroad	-2.3	-0.8	-0.6 M04 1.6 M01-M04		
Shares	-5.6	-6.4	0.9 M04 1.1 M01-M04		
Other capital (incl. errors and omissions)	-5.7	0.7	0.8 M04 3.1 M01-M04		
Foreign exchange reserves (increase -)	0.5	-0.7	0.2 M04 0.6 M01-M04		
Net lending, saving minus investment					
Private sector					
EUR billion	2.4	3.2		3.4	3.0
per cent of GDP	1.7	2.1		2.2	1.9
General government					
EUR billion	3.3	2.8		3.4	3.5
per cent of GDP	2.3	1.9		2.2	2.1
Central government					
EUR billion	0.4	0.2		-0.3	-0.6
per cent of GDP	0.3	0.1		-0.2	-0.4
Local government					
EUR billion	-0.7	-1.1		-0.7	-0.4
per cent of GDP	-0.5	-0.7		-0.4	-0.2
Social security funds					
EUR billion	3.6	3.7		4.4	4.5
per cent of GDP	2.5	2.4		2.8	2.7
Net foreign debt					
per cent of GDP	21.4	11.1			
per cent of exports of goods and services	57.7	30.0			
Sectoral debt ratios, gross debt, per cent of GDP					
Non-financial corporate sector **	51.0	49.8			
Household sector	37.1	40.2			
General government (Maastricht definition)	45.3	45.1		43.9	43.2

Sources: Bank of Finland and Statistics Finland.

* Bank of Finland forecast, winter 2005.

** Excl. housing corporations.

