

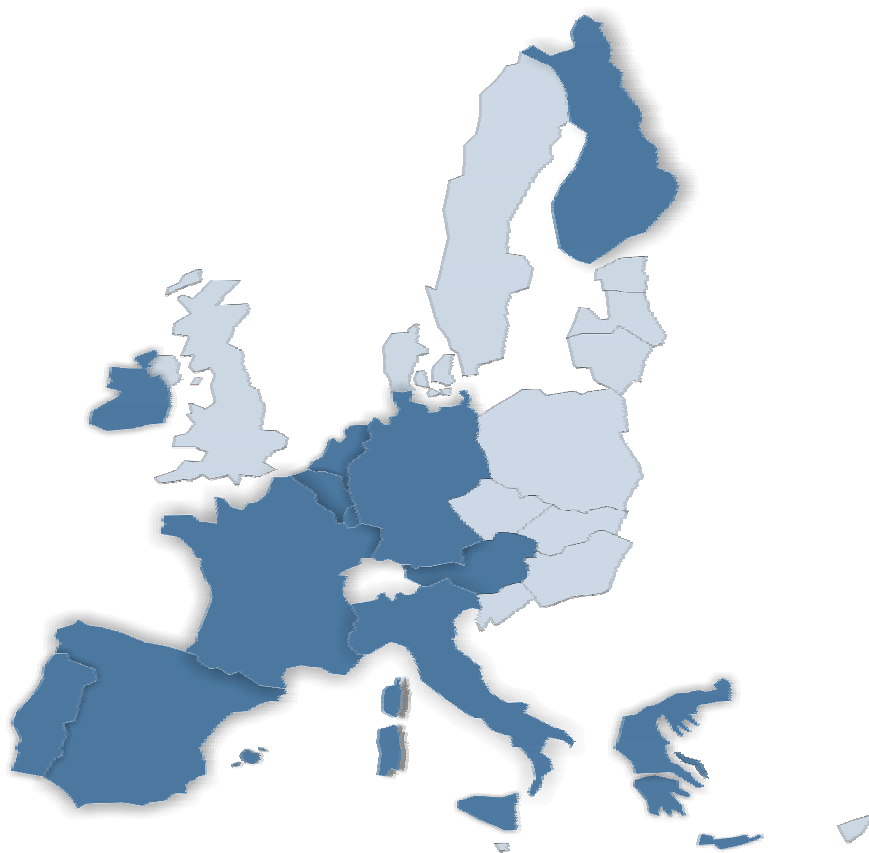


**BANK OF FINLAND**

**Monetary Policy and Research - Financial Markets and Statistics**

# **Main Indicators for the Finnish Economy**

No 8/2005



17 Aug 2005

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# Monetary policy and market interest rates

Chart 1.

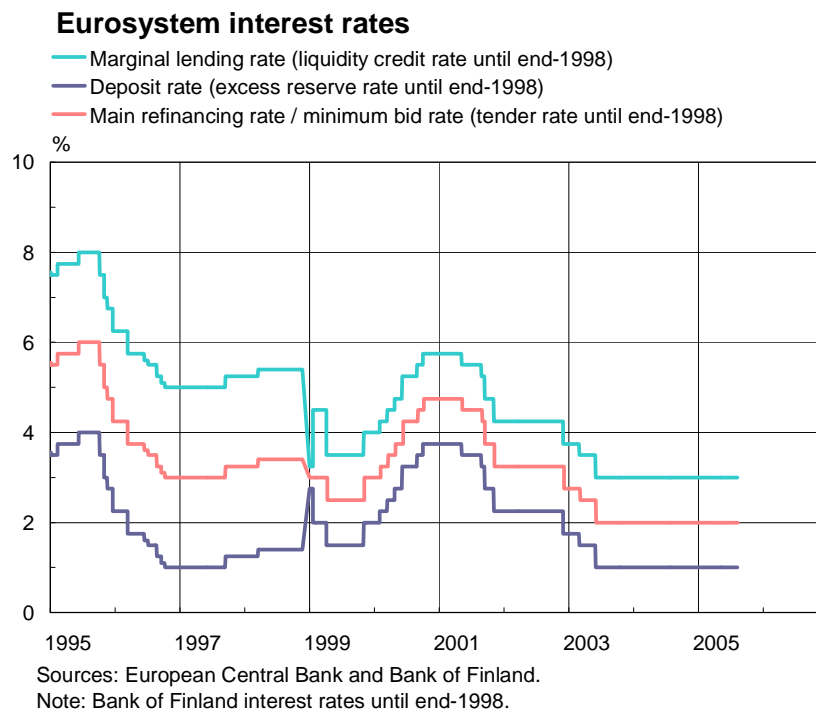


Chart 2.

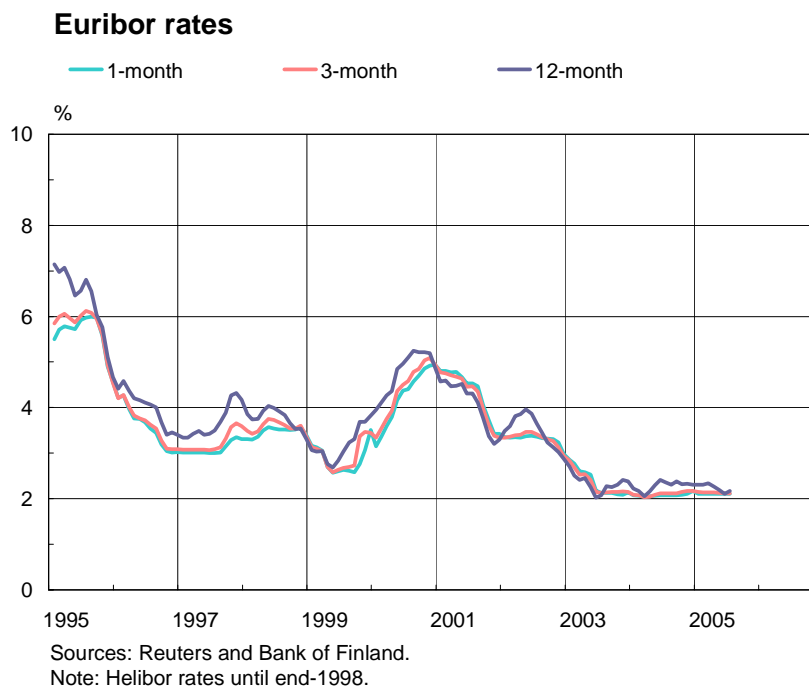


Chart 3.

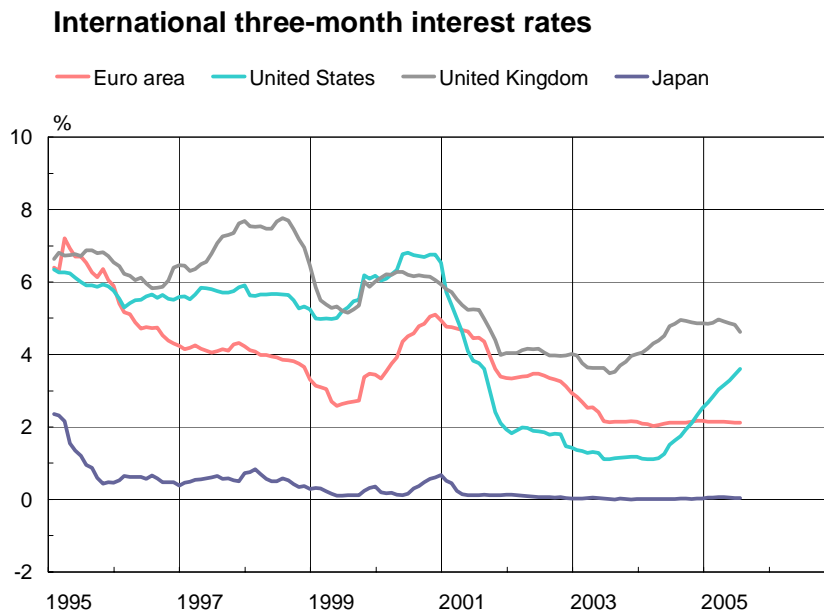


Chart 4.

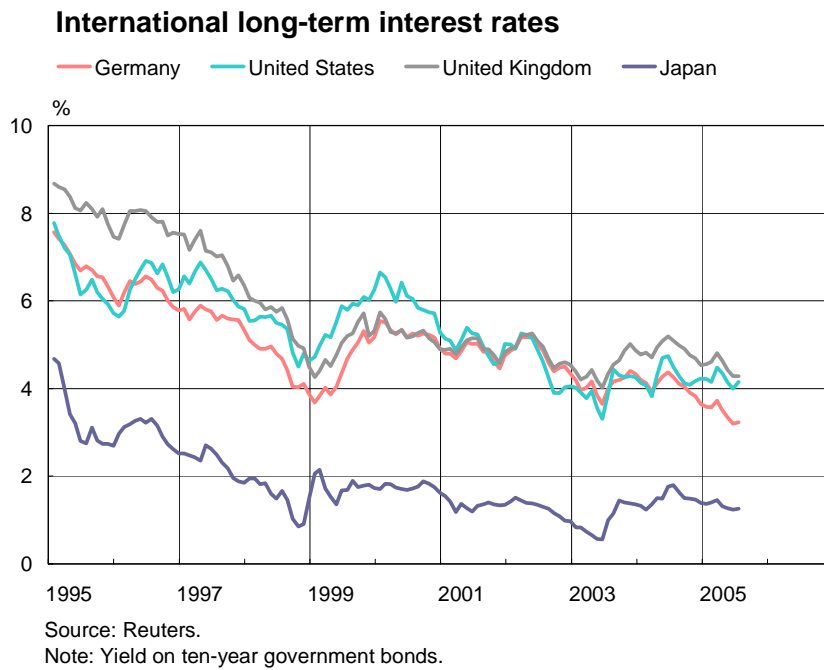
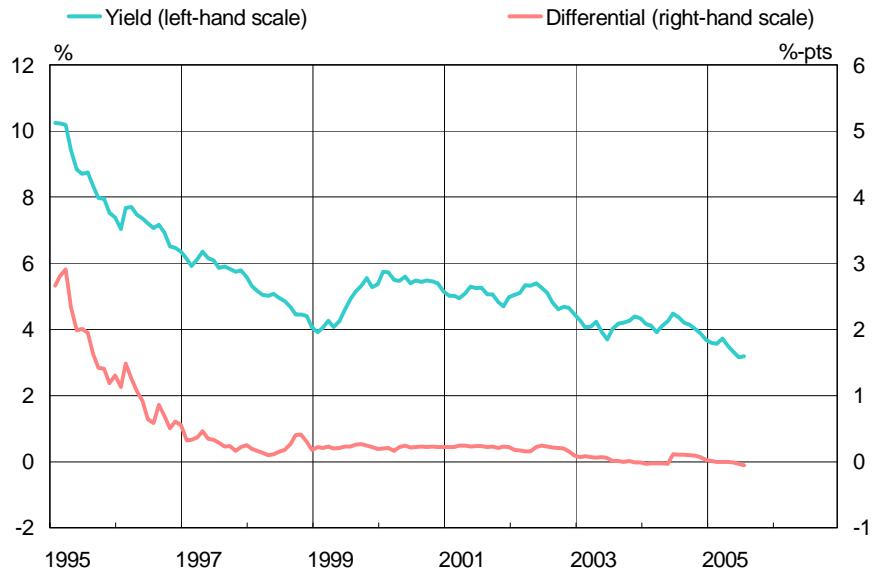


Chart 5.

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

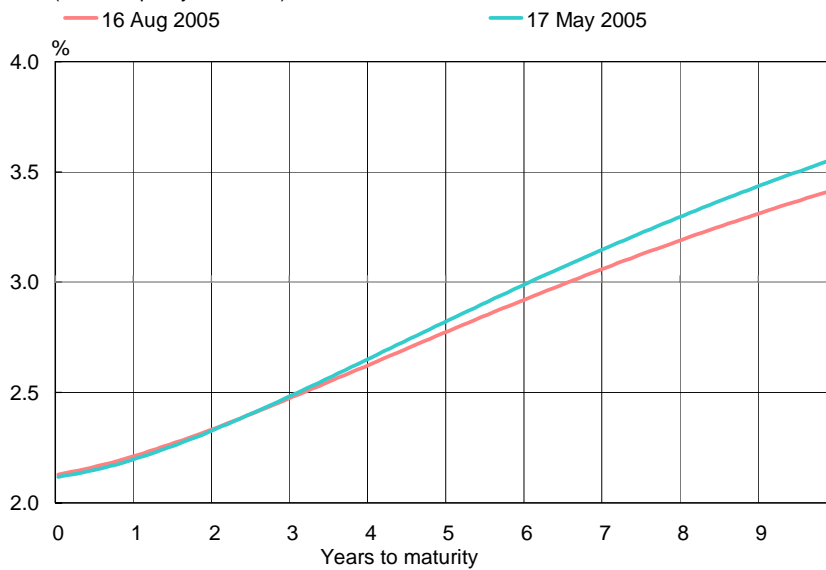


Source: Reuters.

Chart 6.

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

(zero coupon yield curve)

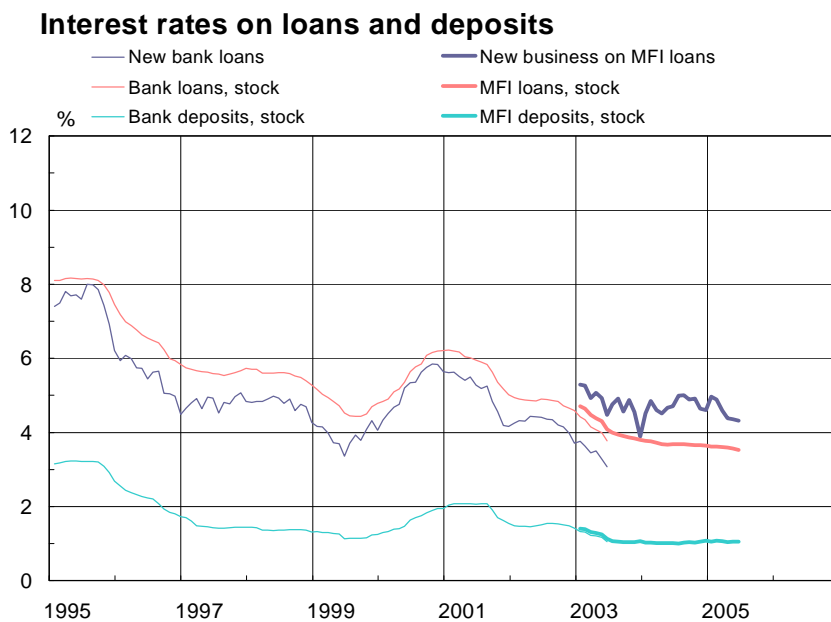


Source: Bank of Finland.

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

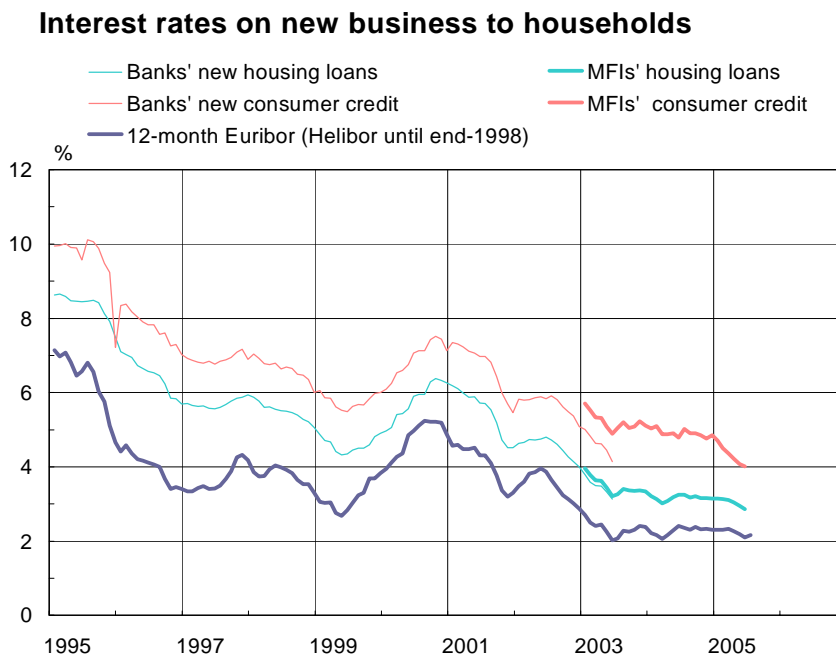
# Banking in Finland

Chart 7.



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.



See note in Chart 7.



Chart 9.

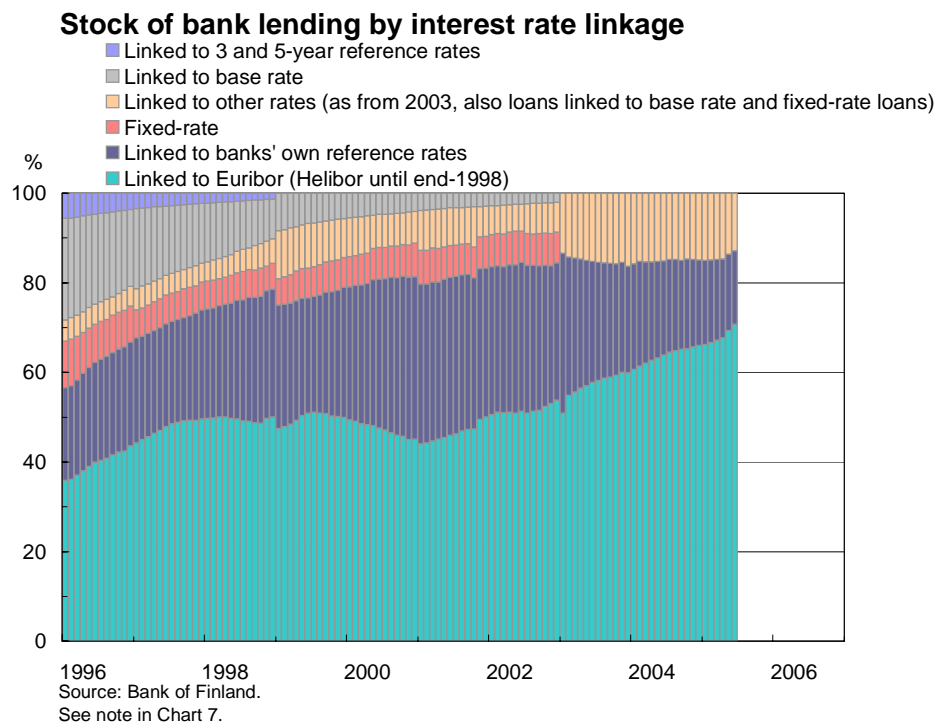


Chart 10.

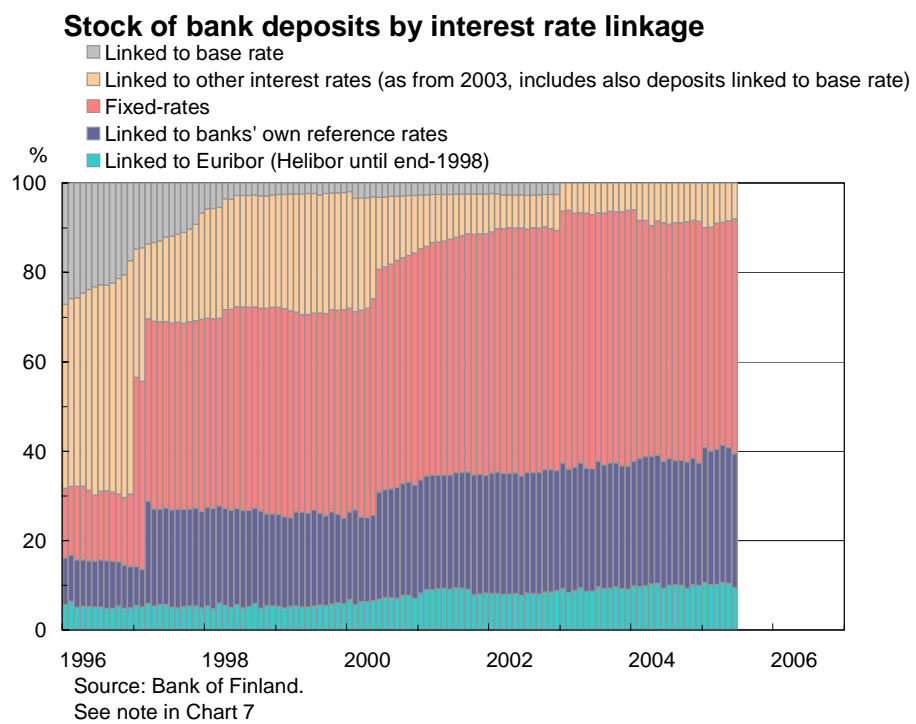


Chart 11.

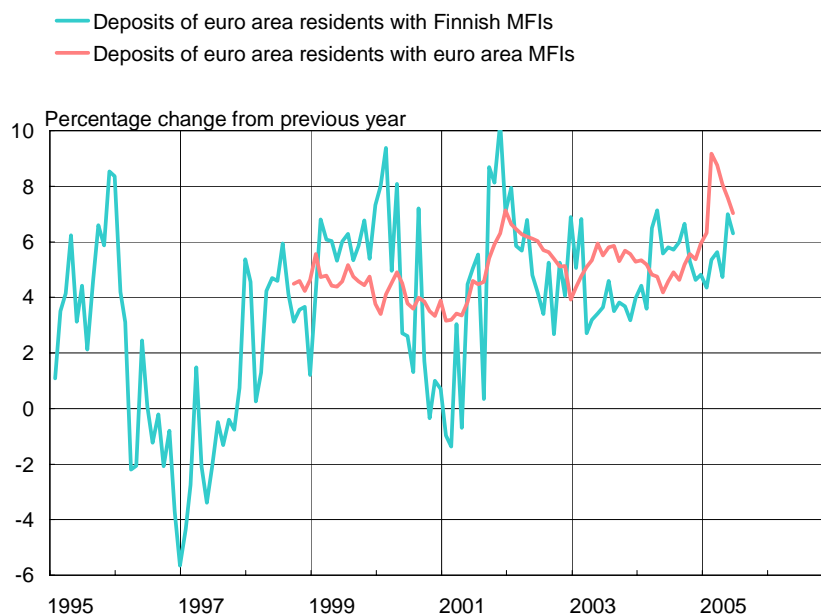
**Euro area and Finnish MFIs: growth of deposits**

Chart 12.

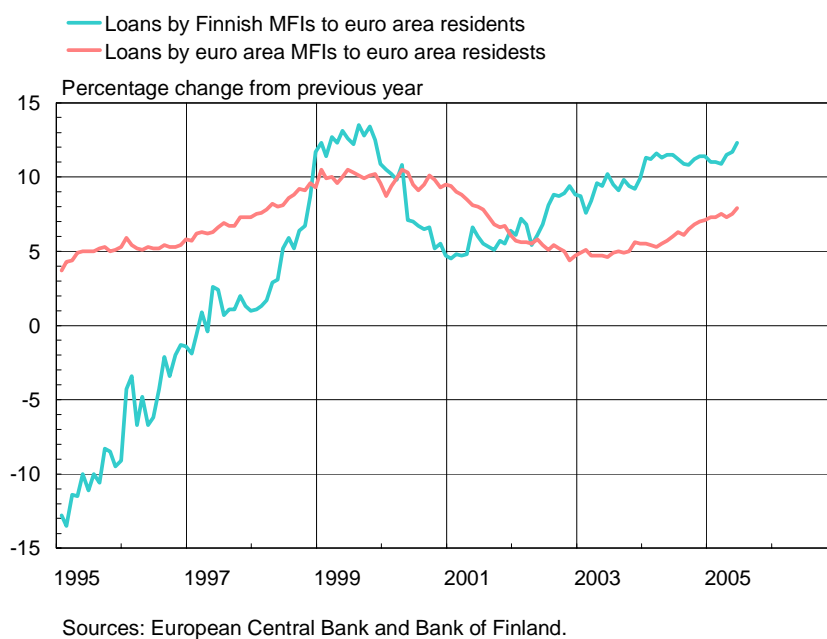
**Euro area and Finnish MFIs: growth of loans**

Chart 13.

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

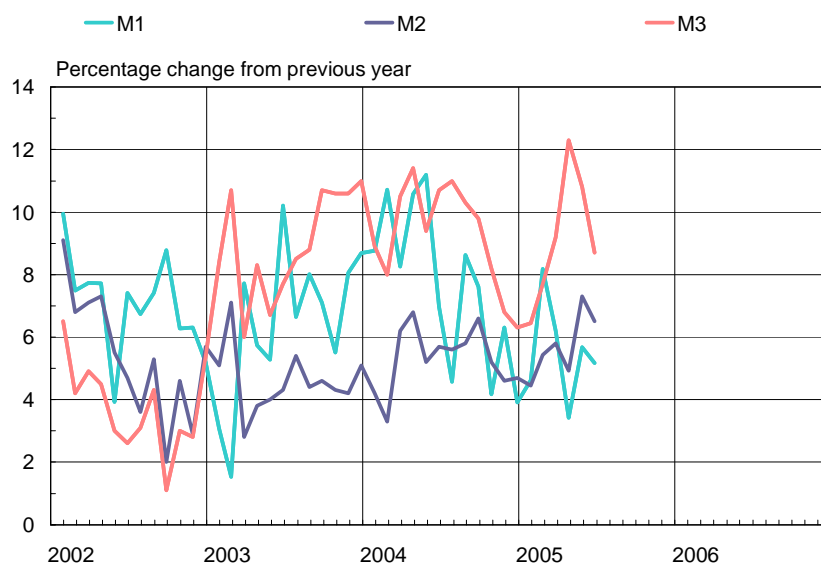
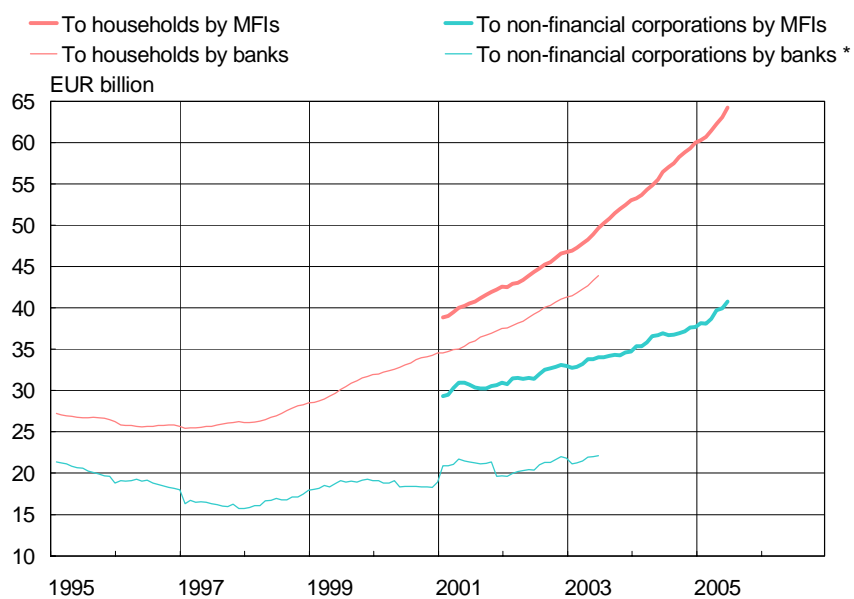


Chart 14.

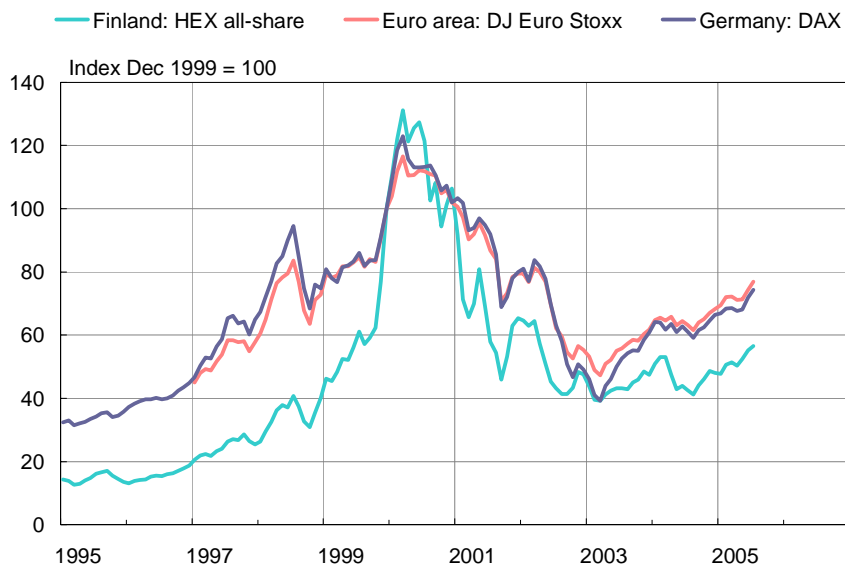
**Outstanding loans to households and non-financial corporations**



## Securities market

Chart 15.

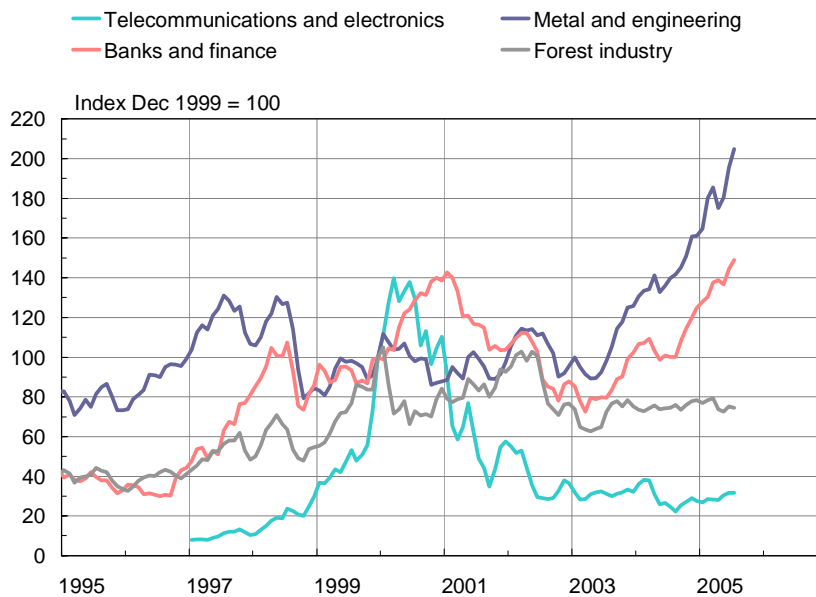
### Selected stock price indices in the euro area



Sources: Bloomberg and Helsinki Stock Exchange.

Chart 16.

### Helsinki Stock Exchange: share indices by sector



Source: Helsinki Stock Exchange.

Chart 17.

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

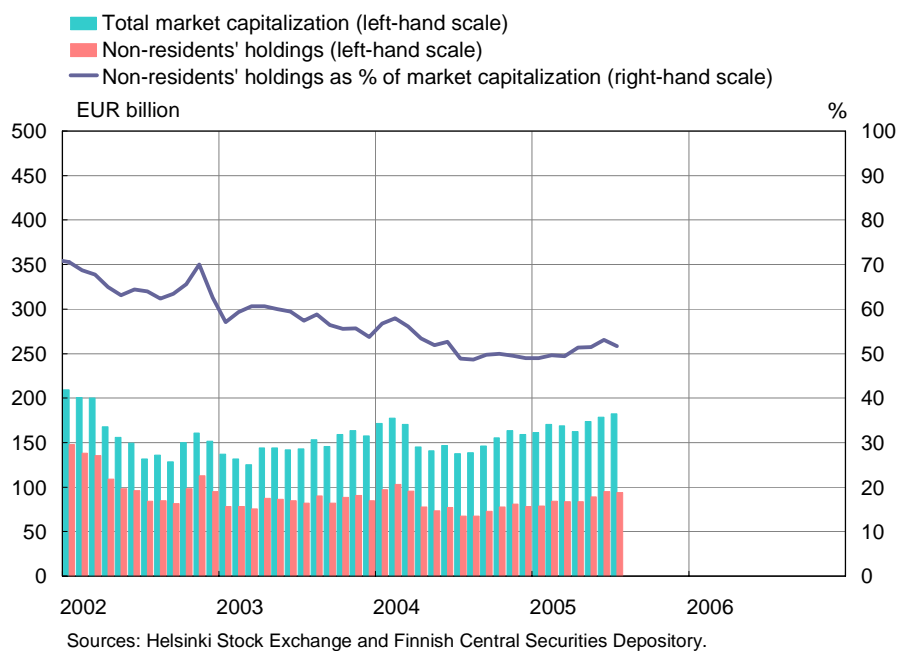


Chart 18.

### Non-residents' portfolio investments in Finland

12-month moving totals

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



Chart 19.

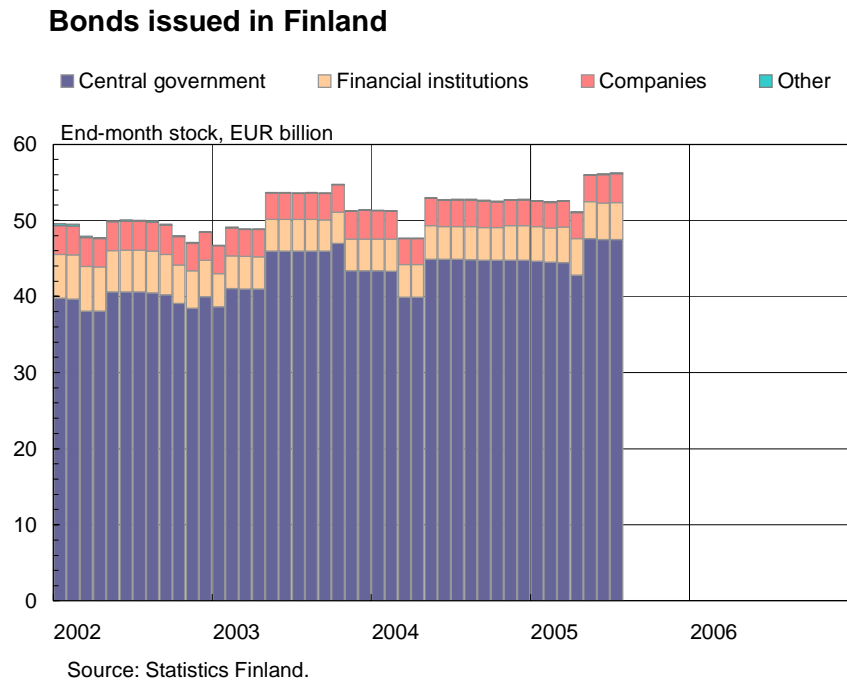
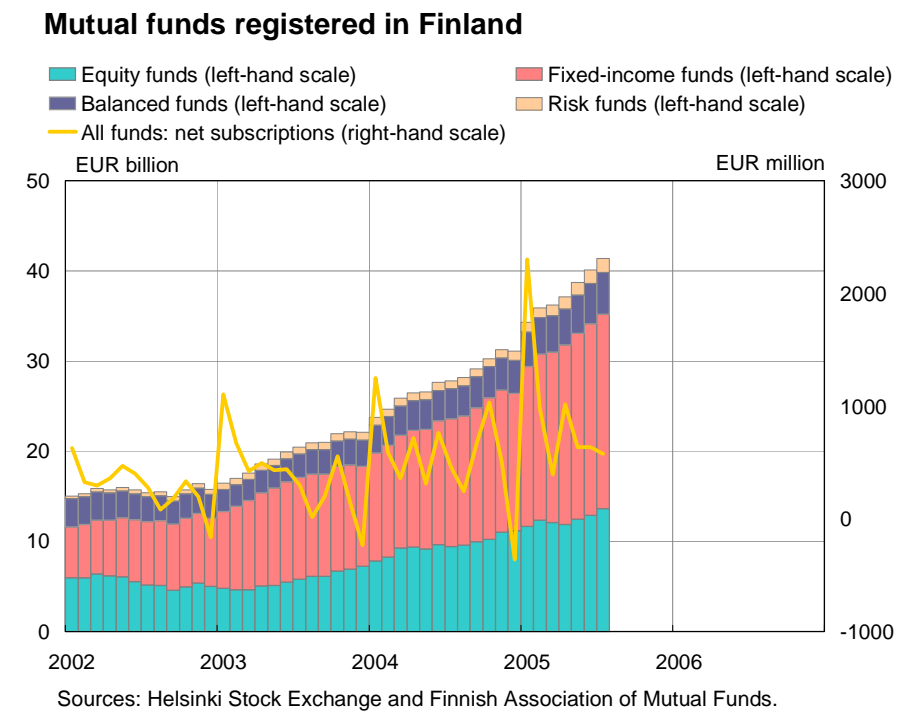


Chart 20.



## Borrowing by sector in Finland

Chart 21.

### Non-financial corporate sector and household borrowing

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

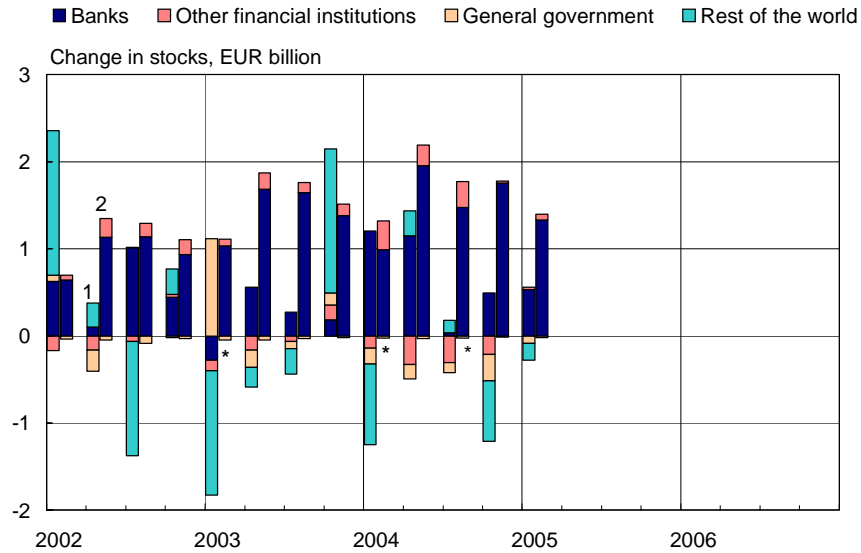
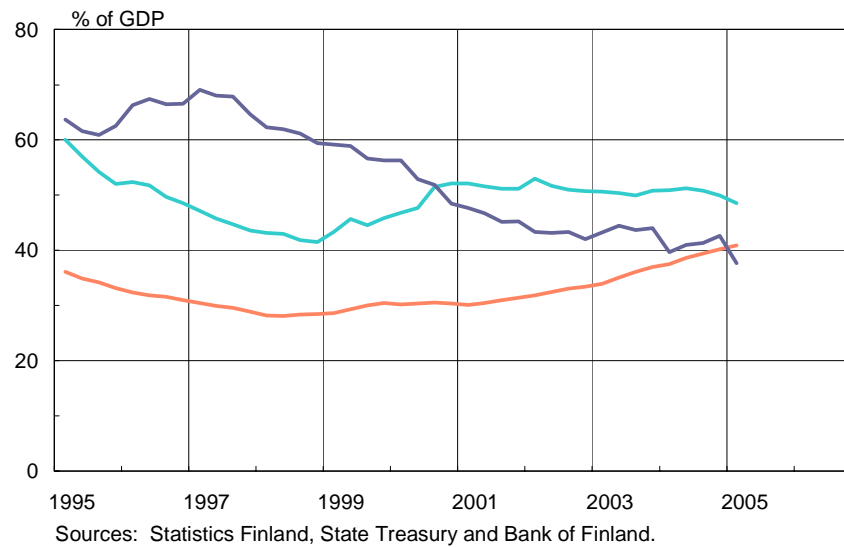


Chart 22.

### Sectoral debt ratios in Finland

— Non-financial corporate sector excl. housing corporations  
— Household sector  
— Central government



## Exchange rates

Chart 23.

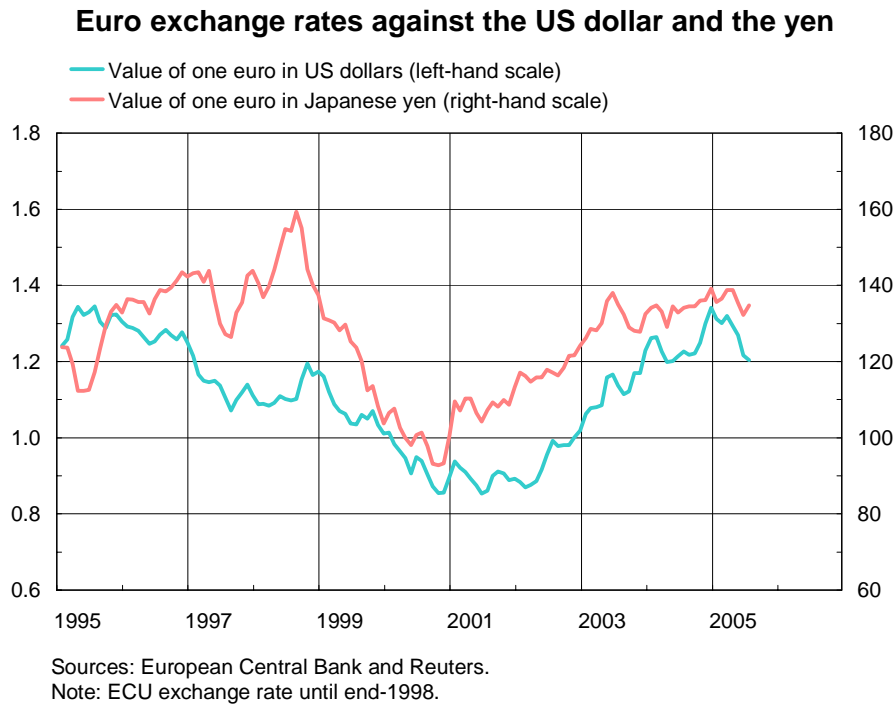


Chart 24.

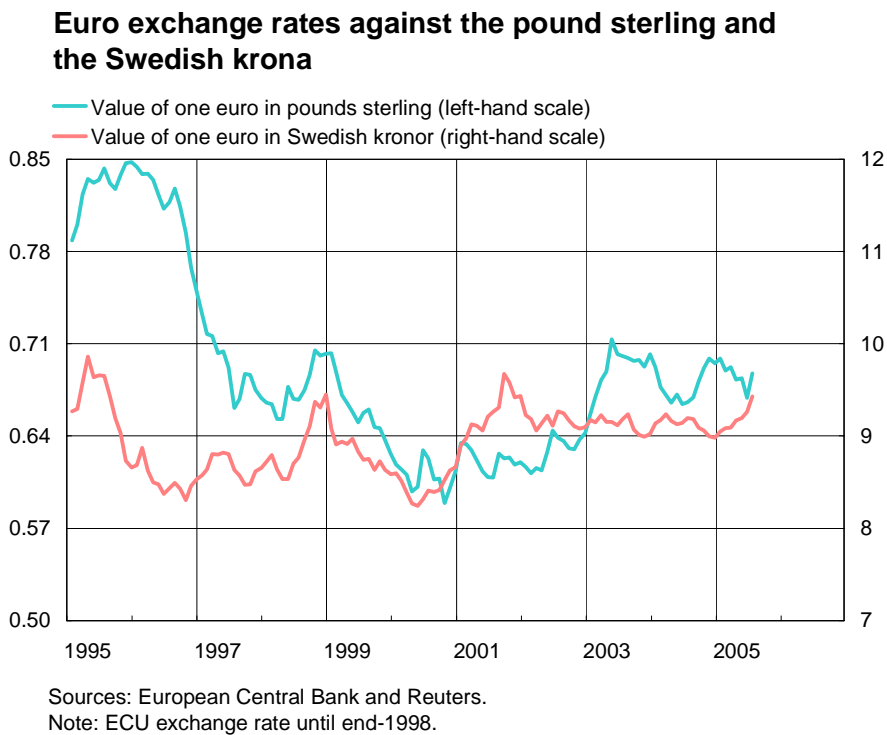
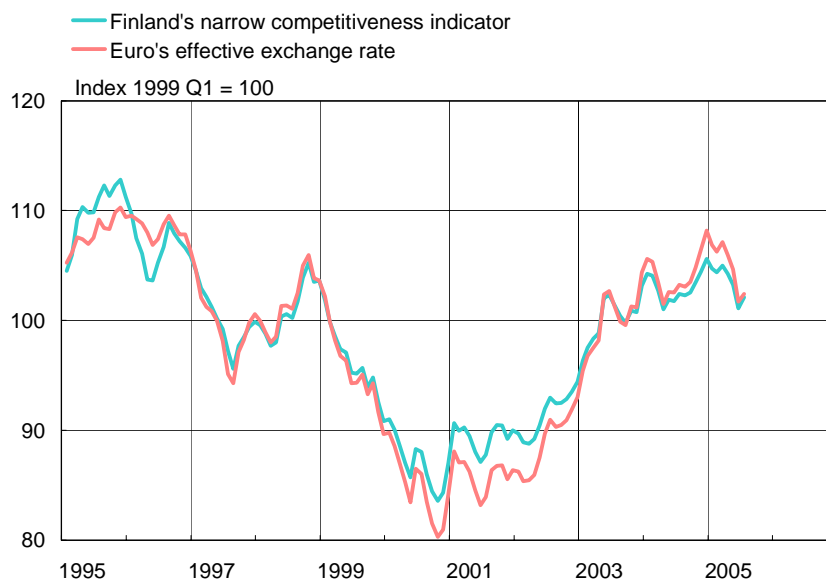




Chart 25.

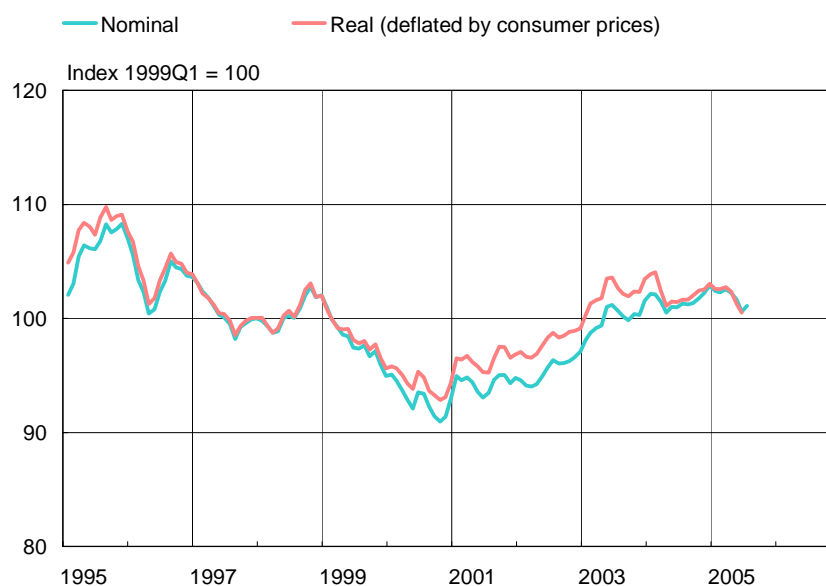
**Euro's external value and Finland's competitiveness indicator**



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.

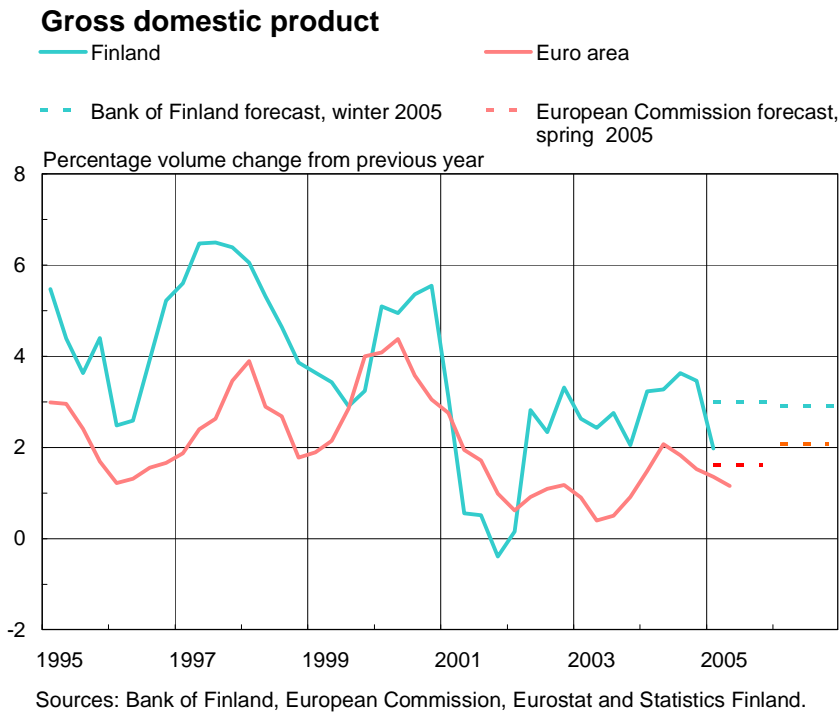


Chart 28.

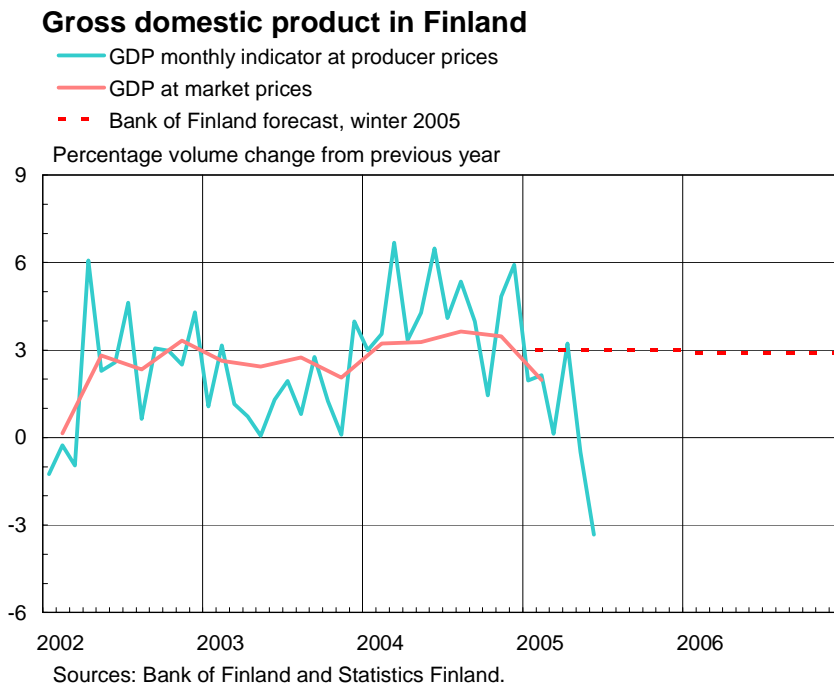


Chart 29.

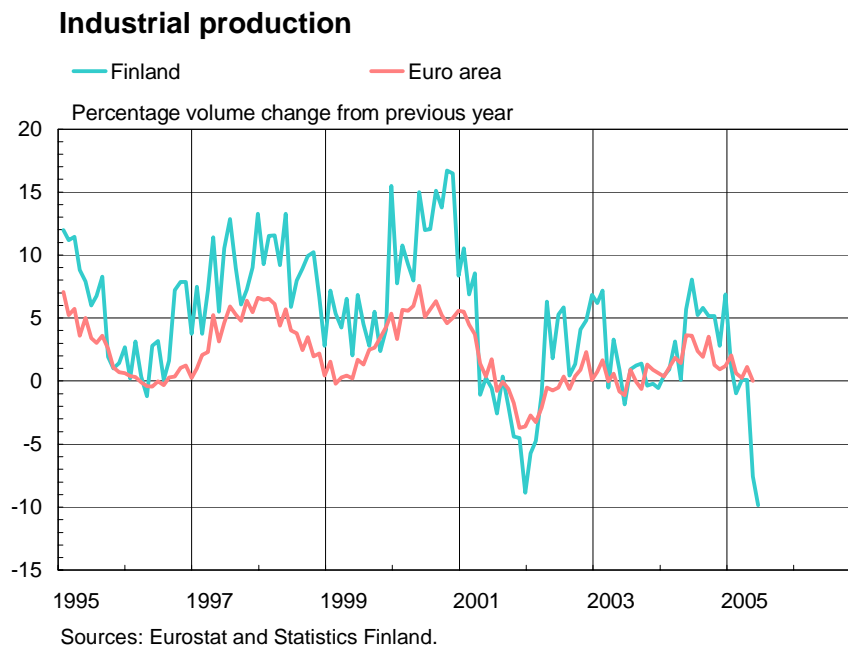


Chart 30.

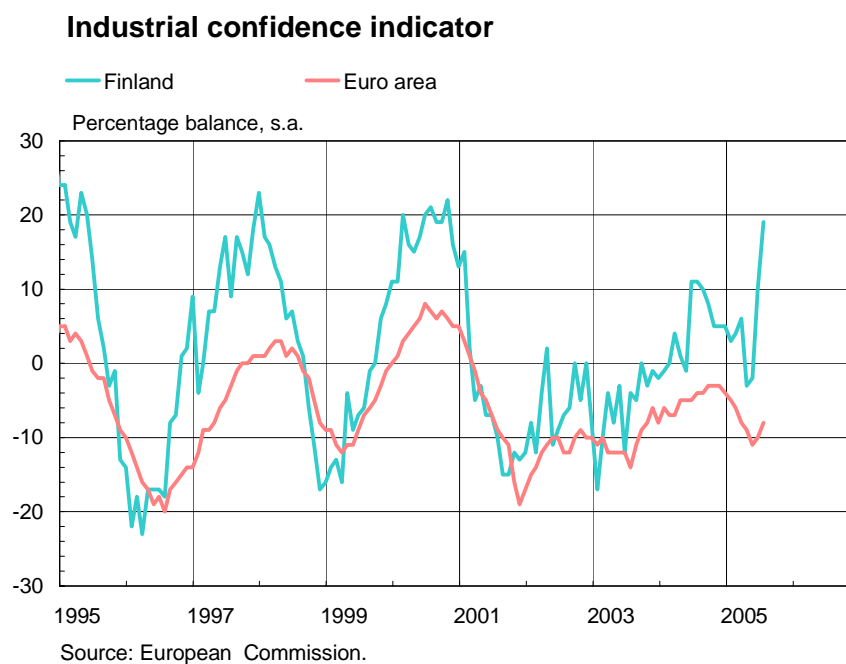


Chart 31.

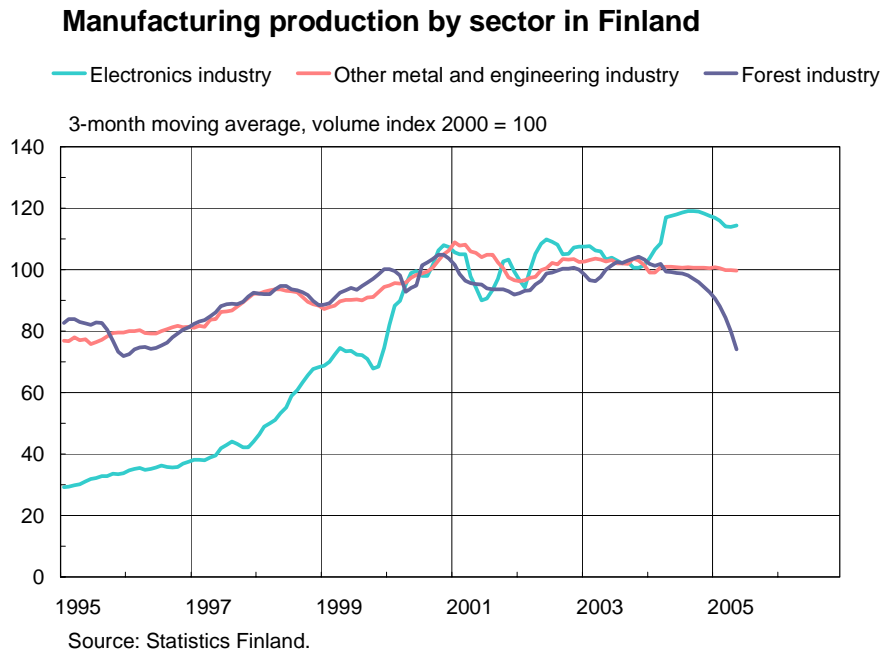


Chart 32.

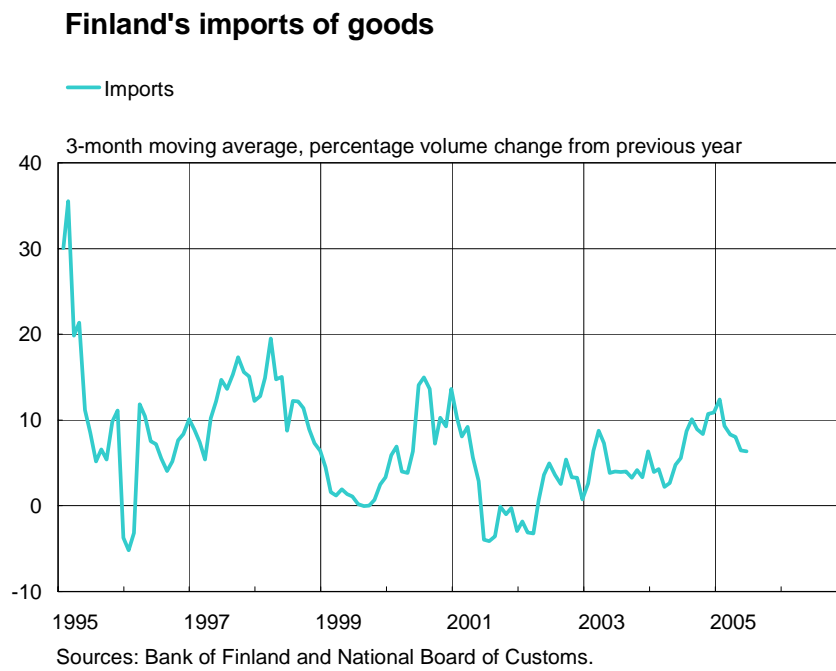


Chart 33.

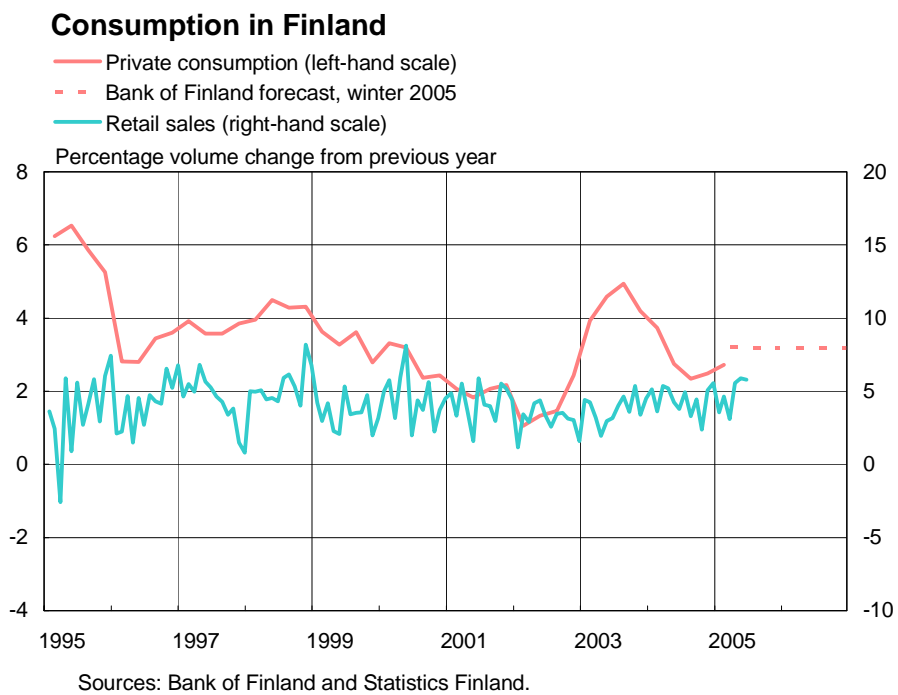


Chart 34.

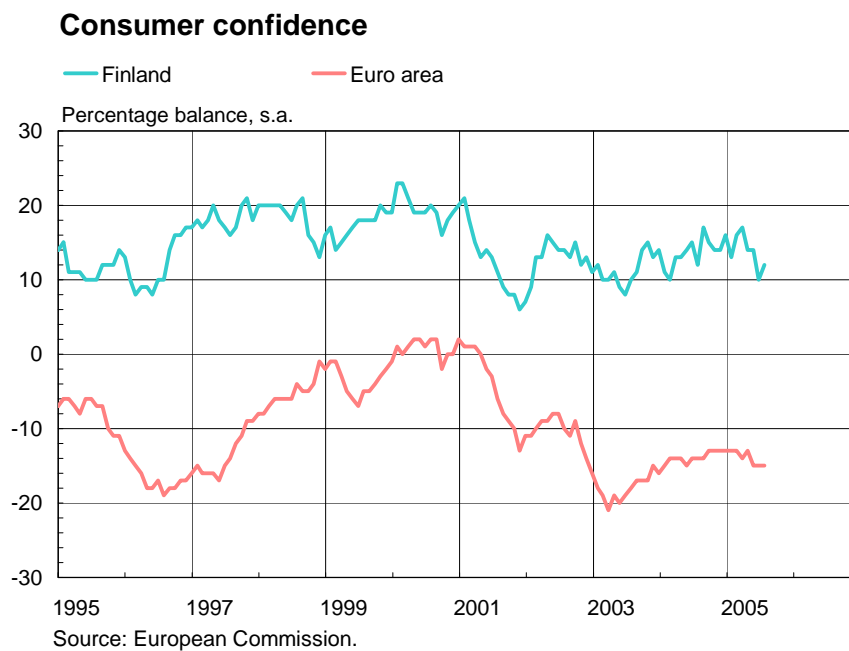


Chart 35.

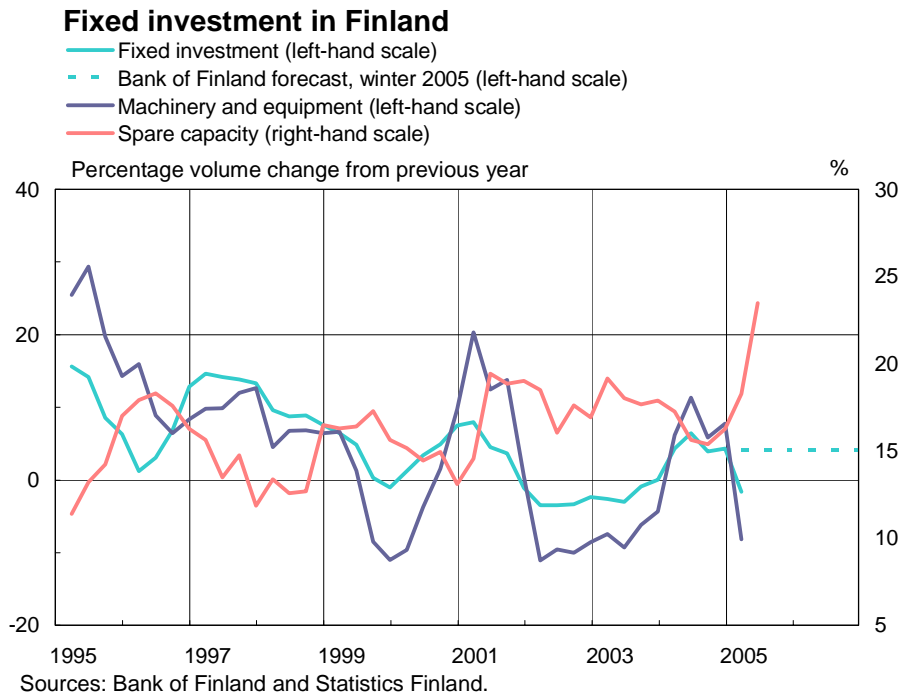


Chart 36.

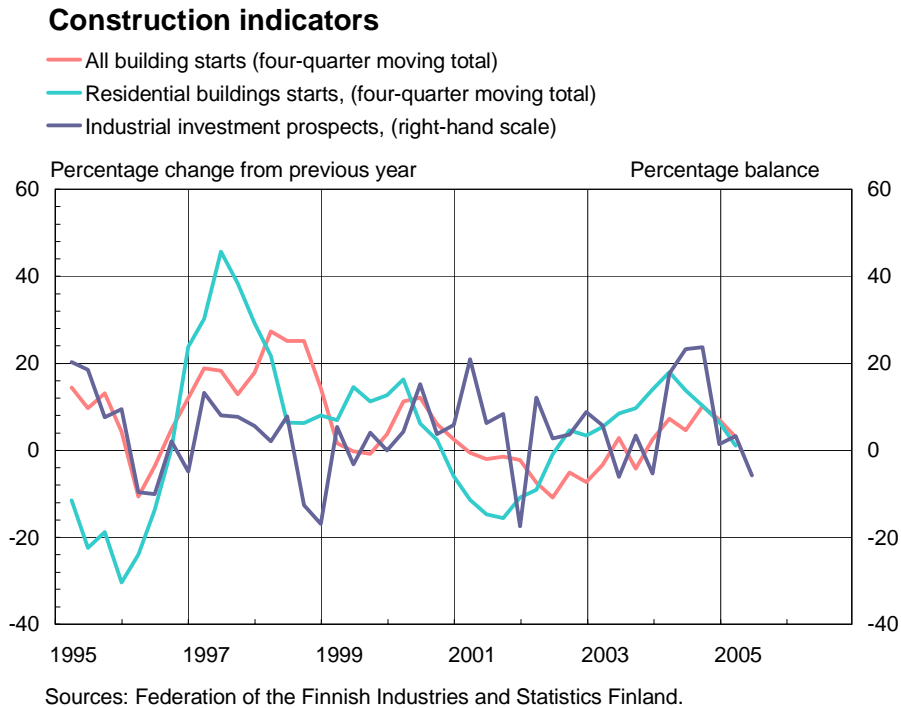


Chart 37.

### Finland's exports of goods

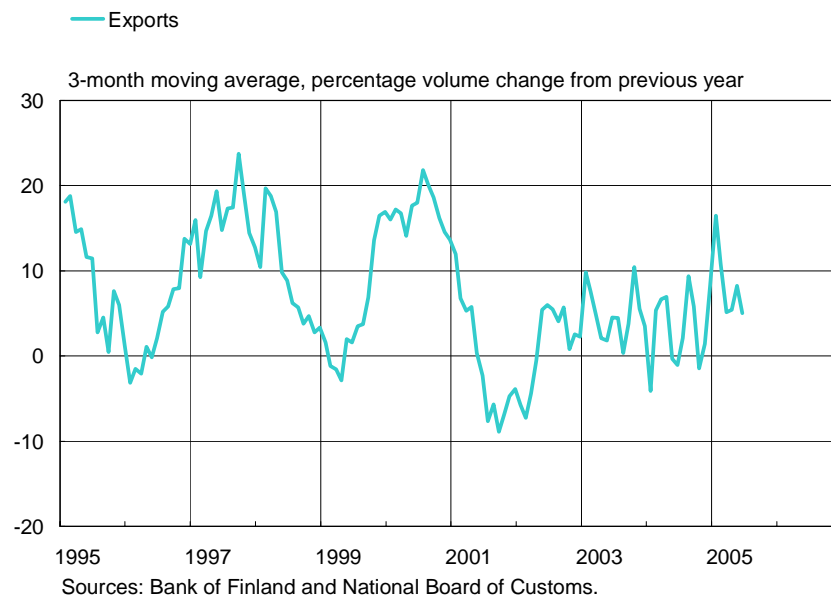


Chart 38.

### Finland's exports by industry

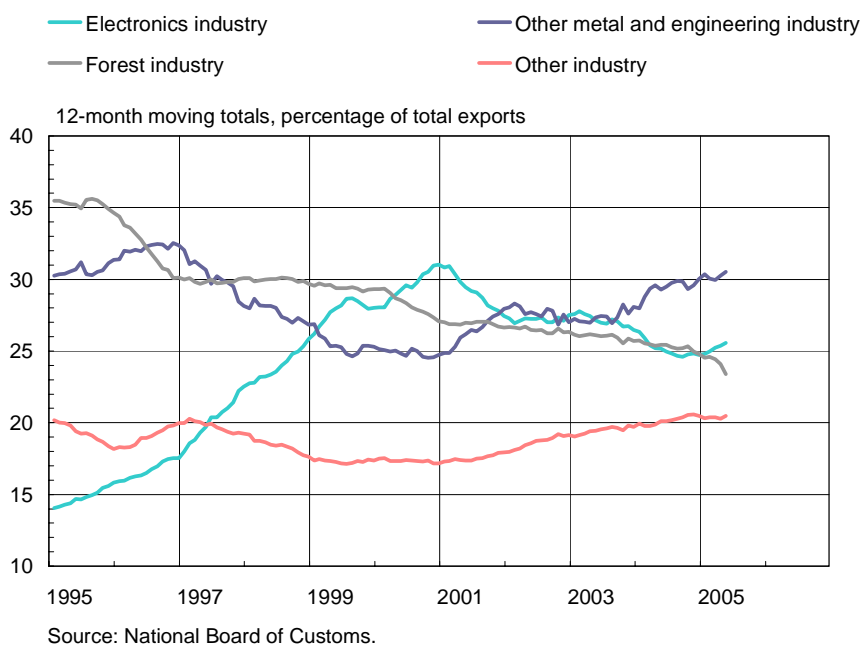


Table 1.

**Supply, demand and labour market indicators**

	2003	2004	2005 Actual		2005*	2006*
<b>Supply and demand</b> <i>percentage volume change from previous year</i>						
Gross domestic product at market prices	2.3	2.0	1.3	Q1	3.0	2.9
GDP monthly indicator at producer prices	2.0	3.6	-3.3	M6		
			0.6	M1-M6		
Manufacturing production	0.4	4.7	-12.3	M6		
			-3.0	M1-M6		
Consumption expenditure	2.2	3.5	1.5	Q1	2.6	2.7
- private	1.5	4.3	1.4	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	0.7	Q1	2.9	2.7
Exports of goods and services	5.1	1.1	5.7	Q1	4.6	4.8
Imports of goods and services	1.9	2.6	5.1	Q1	4.8	4.5
<b>Labour market indicators</b>						
Employed persons <i>percentage change from previous year</i>	-0.3	0.0	1.6	M6	0.9	0.3
			1.6	M1-M6		
Unemployment rate, s.a. **	9.0	8.8	8.4	M6	8.6	8.5
			8.7	M1-M6		

Source: Statistics Finland.

\* Bank of Finland forecast, winter 2005.

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



## Prices and costs

Chart 39.

### Consumer prices

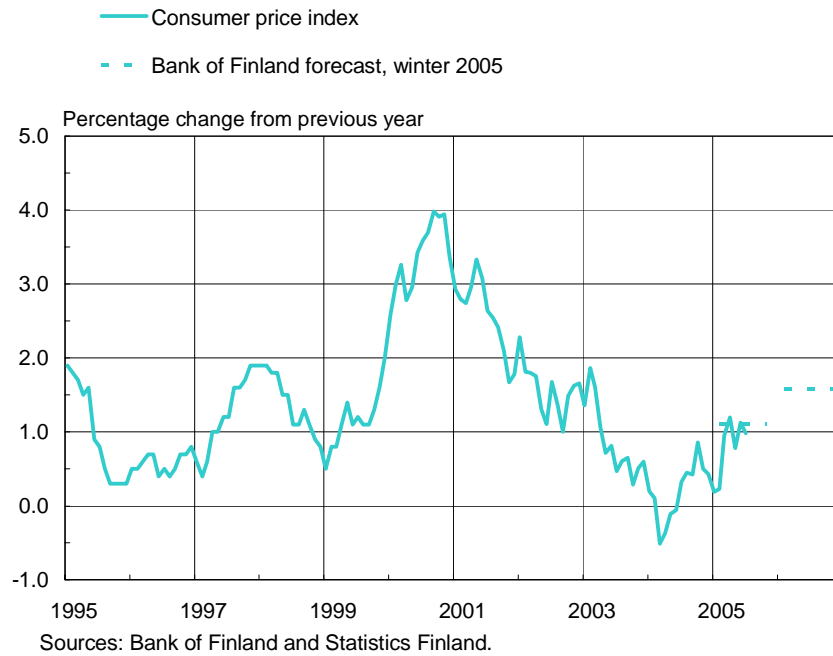


Chart 40.

### Harmonized index of consumer prices (HICP)

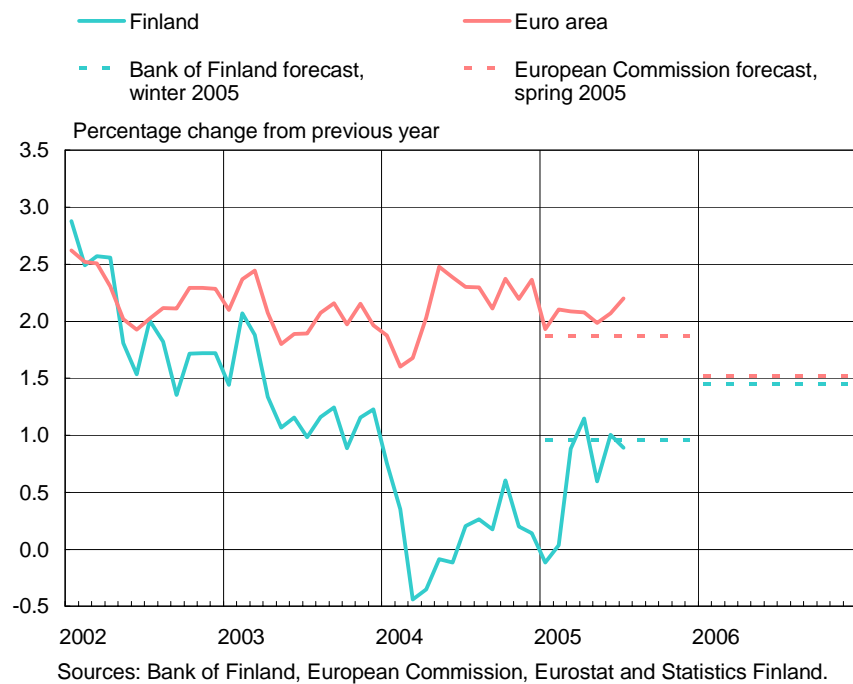
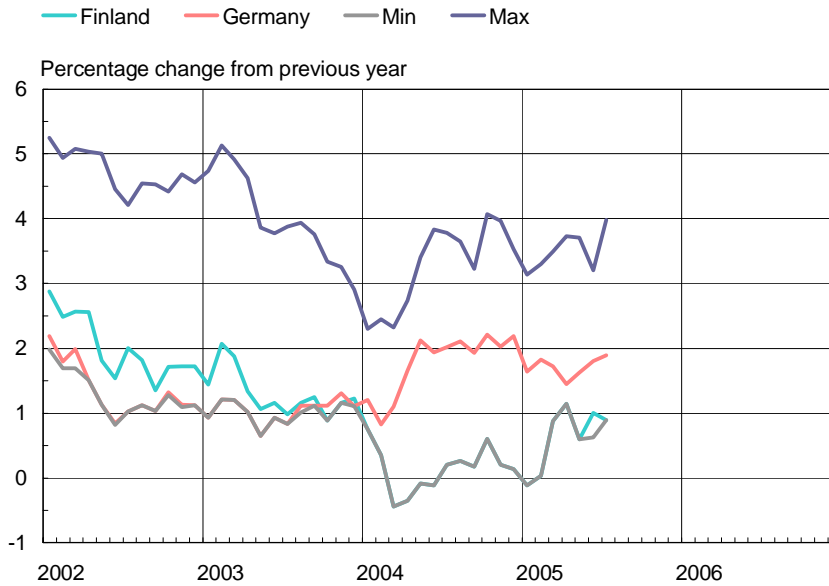


Chart 41.

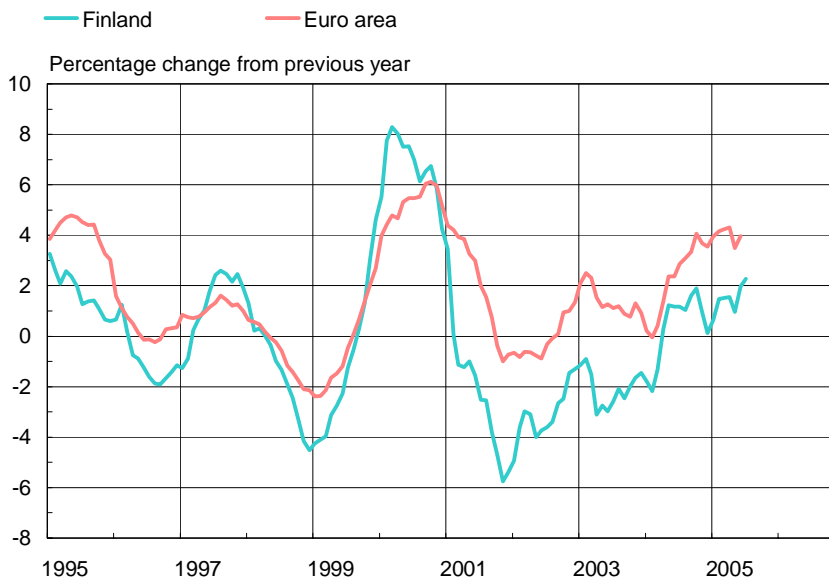
**Inflation rates in the euro area (HICP)**



Sources: Eurostat and Statistics Finland.

Chart 42.

**Producer prices**



Sources: Eurostat and Statistics Finland.

Chart 43.

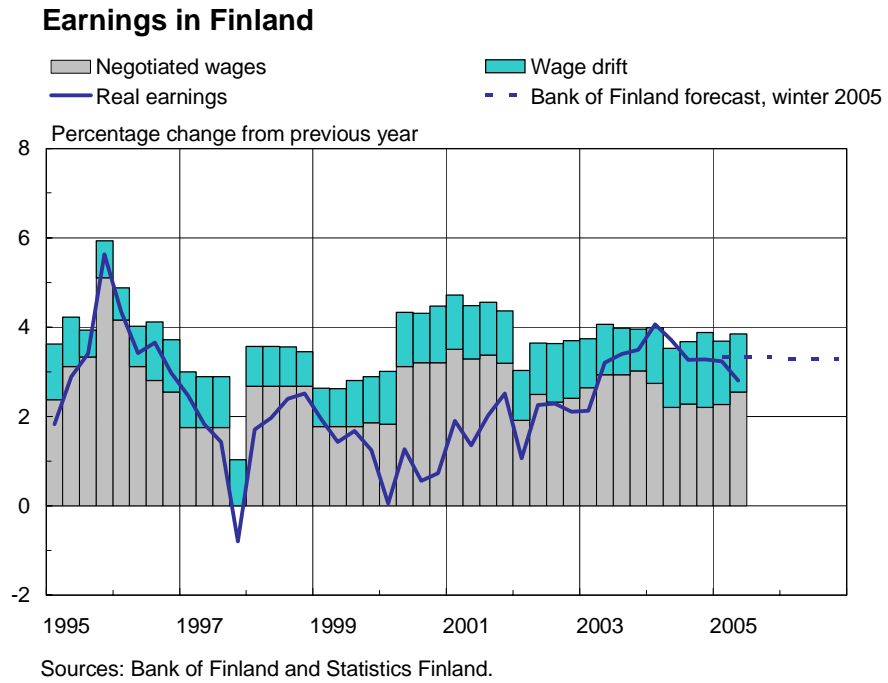


Chart 44.

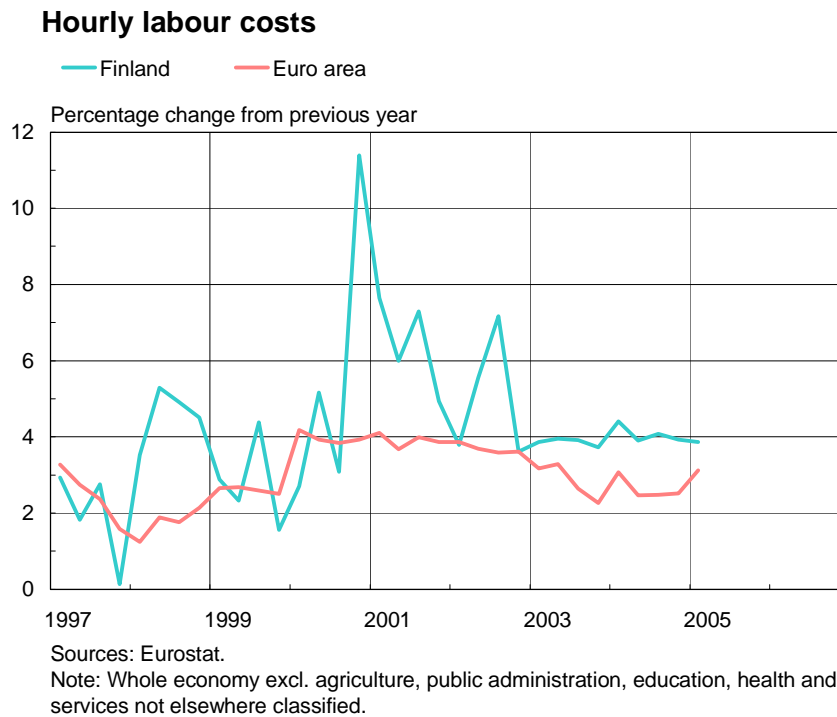
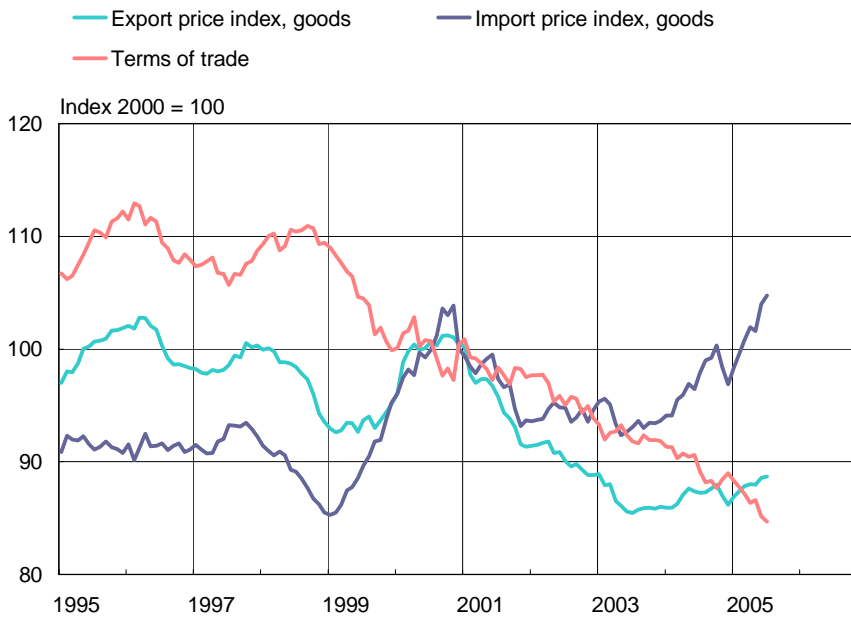


Chart 45.

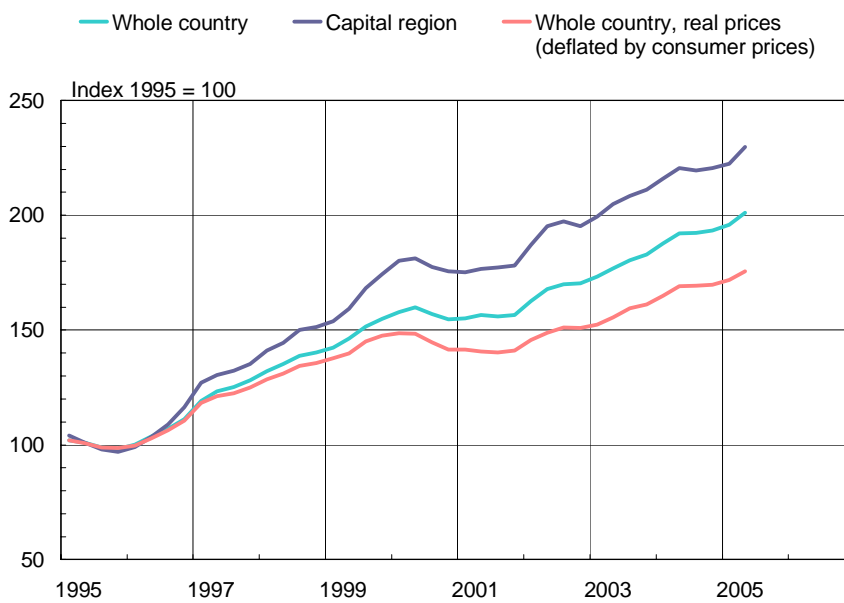
**Finland's export prices, import prices and terms of trade**



Sources: Statistics Finland and Bank of Finland.

Chart 46.

**Dwelling prices in Finland**



Sources: Statistics Finland and Bank of Finland.

Table 2.

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

	2003	2004	2005 Actual	2005*	2006*
<b>Labour costs</b>					
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		
<b>Price indices</b>					
Export prices (goods)					
- export price index	-4.3	0.5	1.7 M7 1.3 M1-M7		
- export price deflator	-3.7	1.1	-0.4 Q1		
Import prices (goods)					
- import price index	-0.6	3.6	7.0 M7 6.0 M1-M7		
- import price deflator	0.2	4.0	5.6 Q1		
Producer prices	-2.1	0.3	2.3 M7 1.5 M1-M7		
Wholesale prices	-0.3	0.9	4.0 M7 2.7 M1-M7		
Consumer prices					
- consumer price index	0.9	0.2	1.0 M7 0.8 M1-M7	1.1	1.6
- harmonized index of consumer prices	1.3	0.1	0.9 M7 0.6 M1-M7	1.0	1.4
<b>Asset prices</b>					
Stumpage prices	0.3	-1.2	1.2 M7 2.5 M1-M7		
Dwelling prices, whole country	6.4	7.3	3.9 Q1		
Share prices	-14.5	7.6	32.6 M7 9.7 M1-M7		

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.

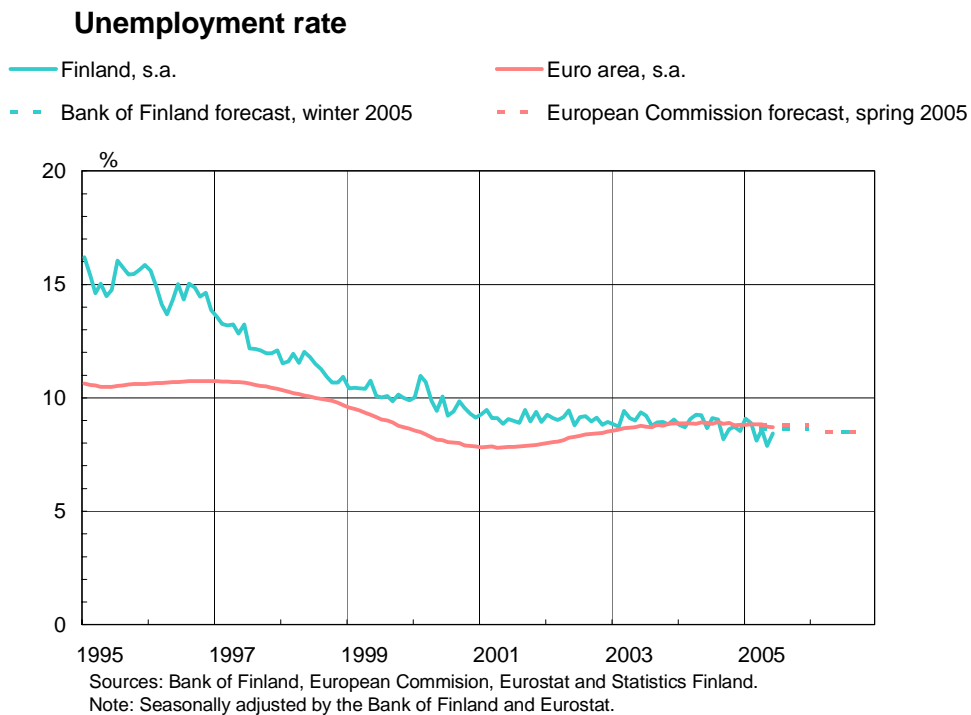
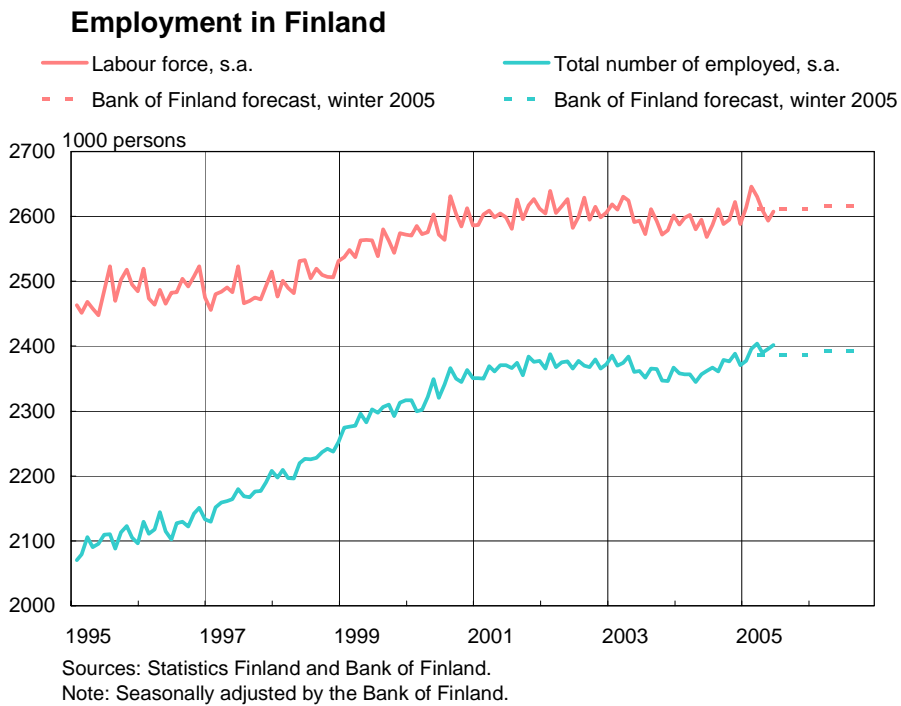


Chart 48.



## Public finances

Chart 49.

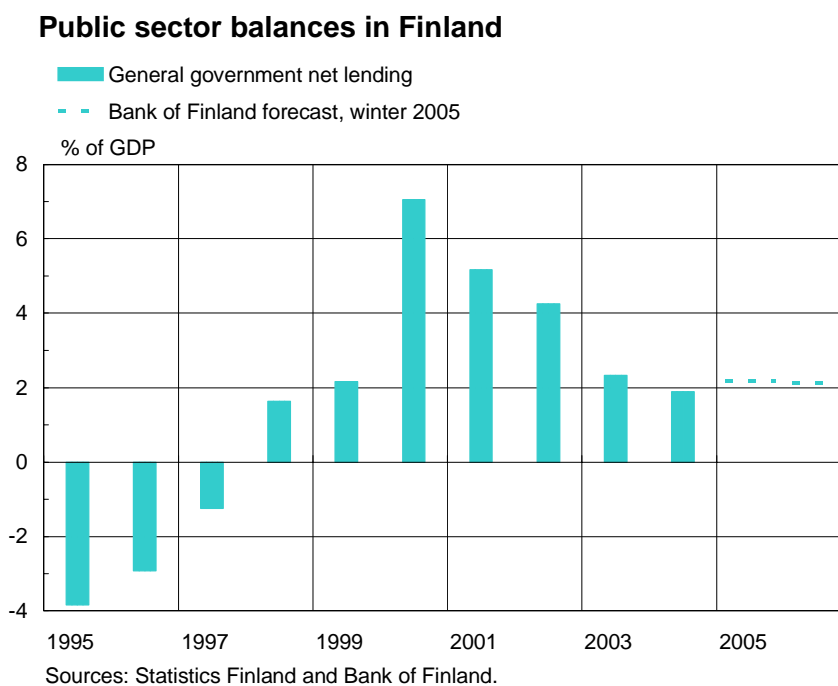
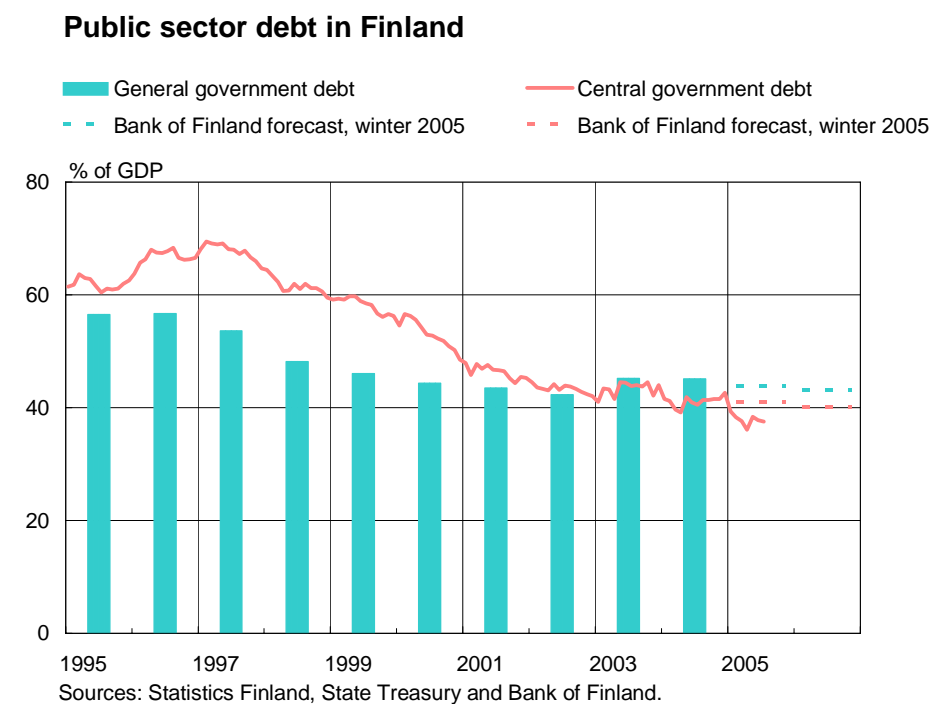


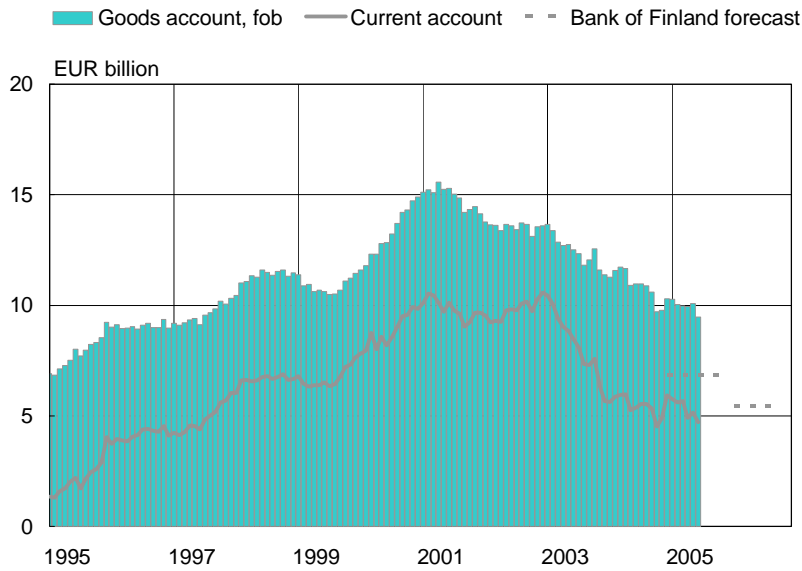
Chart 50.



## External balance

Chart 51.

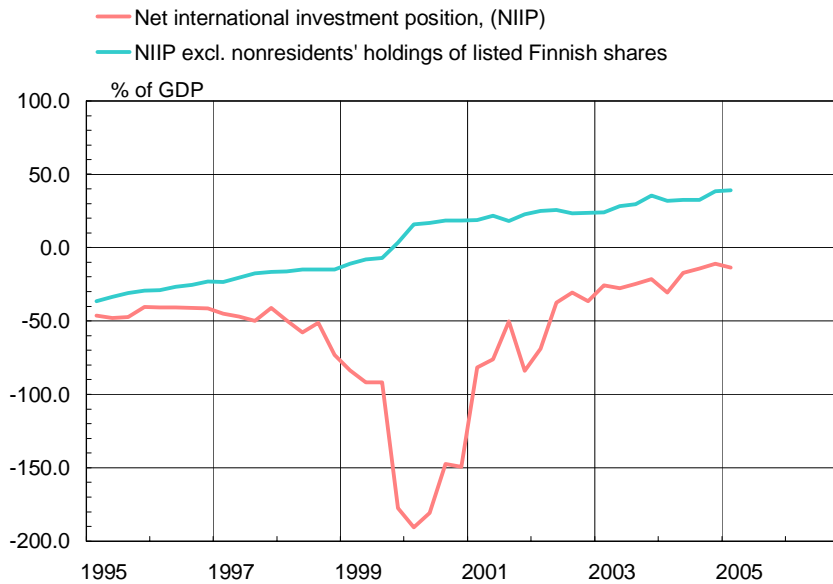
**Finland's goods account and current account**  
12-month moving totals



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*
<b>Goods account</b>					
EUR billion	11.4	10.3	0.3 M06 4.1 M01-M06		
per cent of GDP	7.9	6.9			
<b>Current account</b>					
EUR billion	5.7	5.9	0.1 M06 -0.2 M01-M06	6.8	6.5
per cent of GDP	4.0	4.0		4.4	4.0
<b>Financial account</b>					
EUR billion	-6.2	-5.2	-0.1 M06 -0.5 M01-M06		
General government	-0.1	-4.1	-0.6 M06 -5.2 M01-M06		
Direct investment in Finland	2.9	3.7	0.0 M06 1.9 M01-M06		
abroad	-2.3	-0.8	-0.3 M06 1.6 M01-M06		
Shares	-5.6	-6.4	0.2 M06 0.4 M01-M06		
Other capital (incl. errors and omissions)	-5.7	0.7	-0.1 M06 4.2 M01-M06		
Foreign exchange reserves (increase -)	0.5	-0.7	0.0 M06 0.7 M01-M06		
<b>Net lending, saving minus investment</b>					
Private sector					
EUR billion	2.3	3.1		3.4	3.0
per cent of GDP	1.6	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	0.6	0.4		-0.3	-0.6
per cent of GDP	0.4	0.2		-0.2	-0.4
Local government					
EUR billion	-0.8	-1.0		-0.7	-0.4
per cent of GDP	-0.6	-0.7		-0.4	-0.2
Social security funds					
EUR billion	3.6	3.5		4.4	4.5
per cent of GDP	2.5	2.3		2.8	2.7
<b>Net foreign debt</b>					
per cent of GDP	21.4	11.1			
per cent of exports of goods and services	57.8	29.4			
<b>Sectoral debt ratios, gross debt, per cent of GDP</b>					
Non-financial corporate sector **	50.8	49.9			
Household sector	37.0	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.

