



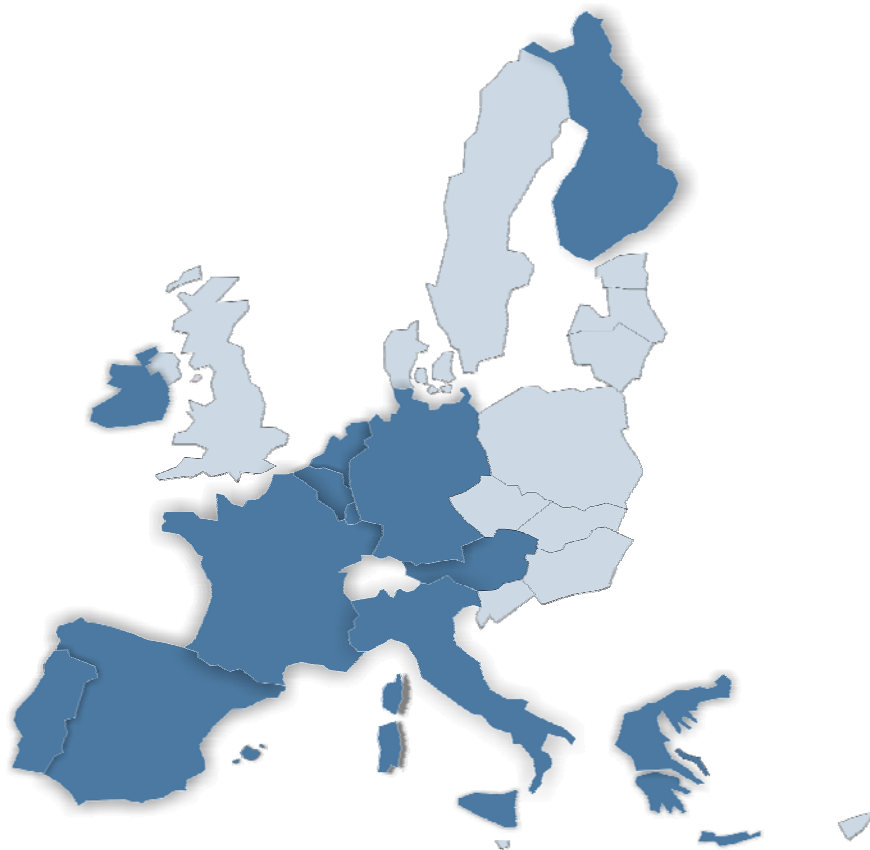
**BANK OF FINLAND**

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

EUROJÄRJESTELMÄ  
EUROSYSTEMET

# **Main Indicators for the Finnish Economy**

No 10/2005



19 Oct 2005

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# Monetary policy and market interest rates

Chart 1.

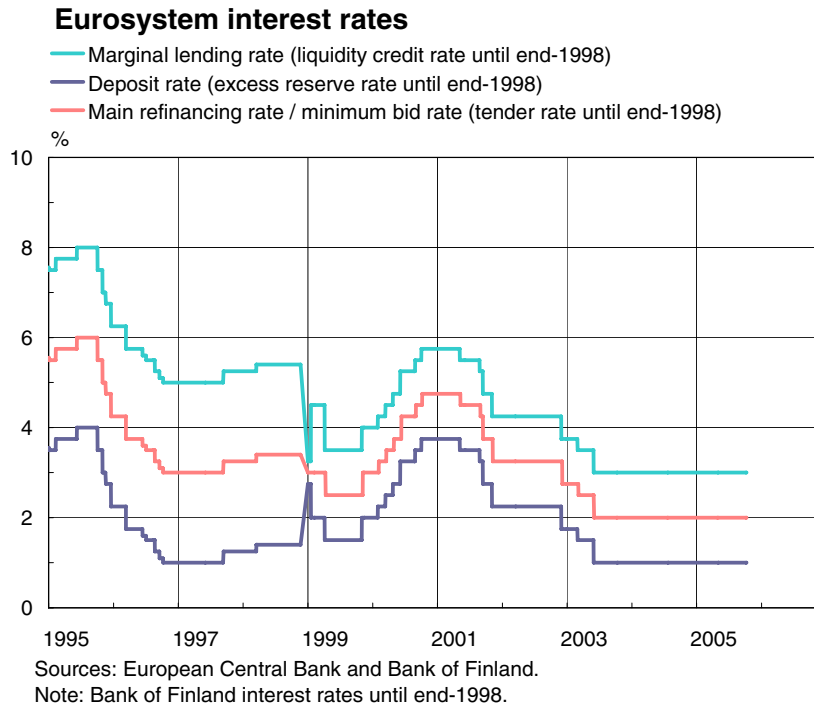


Chart 2.

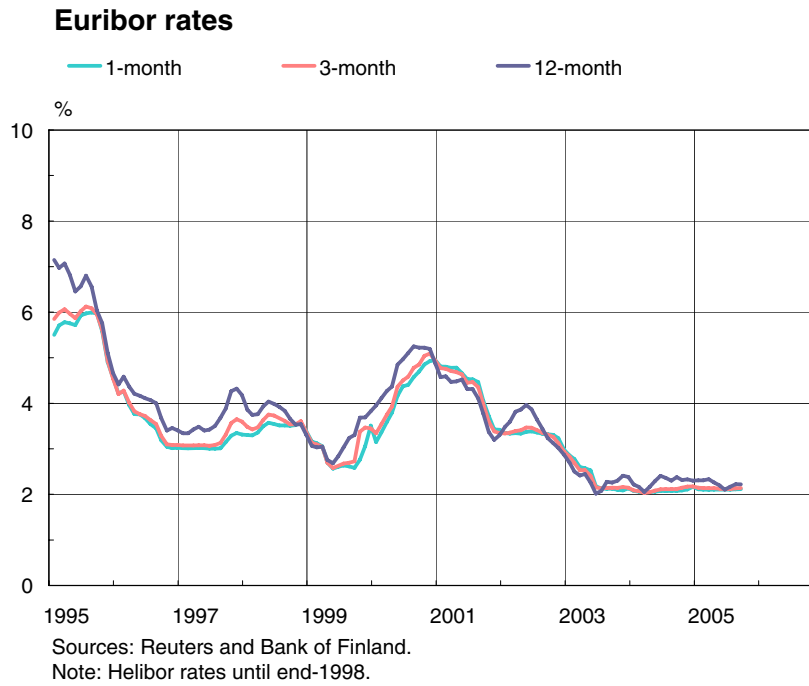


Chart 3.

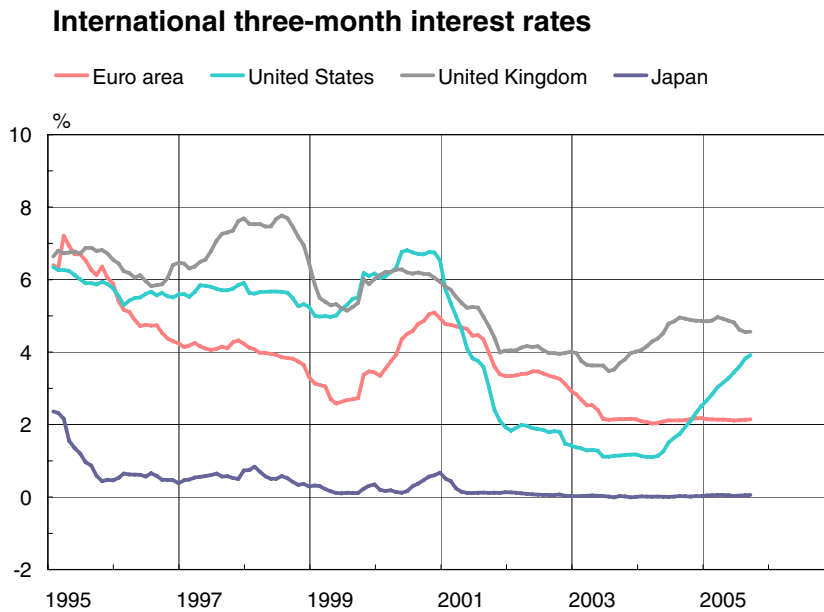


Chart 4.

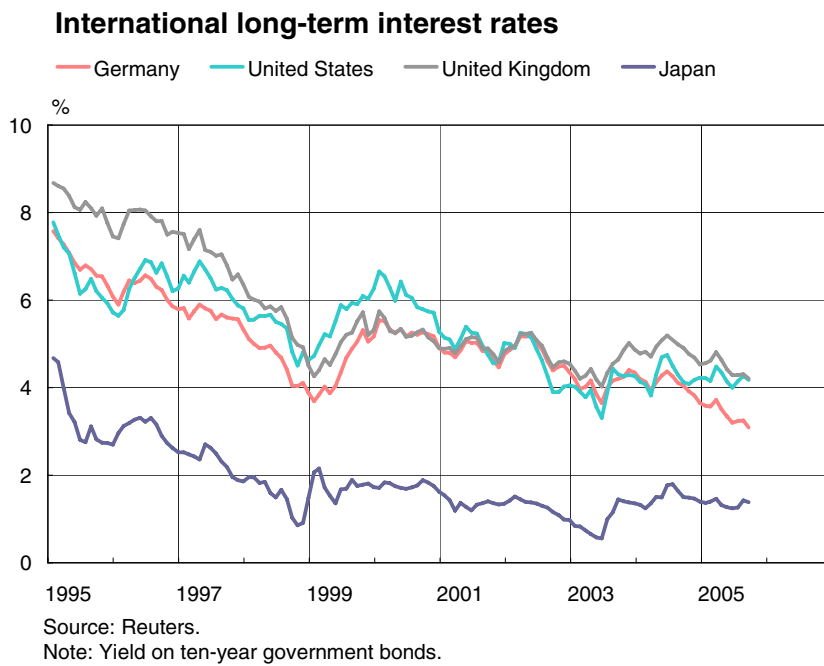
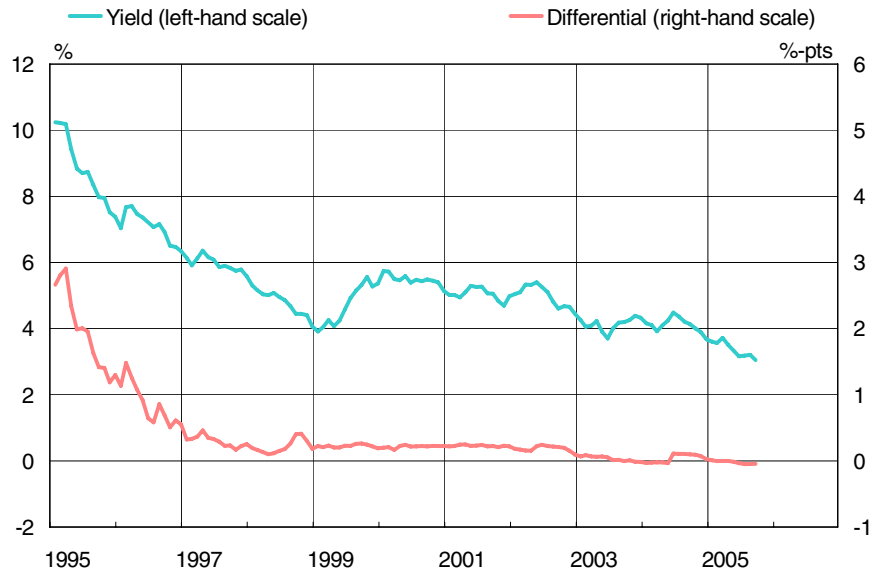


Chart 5.

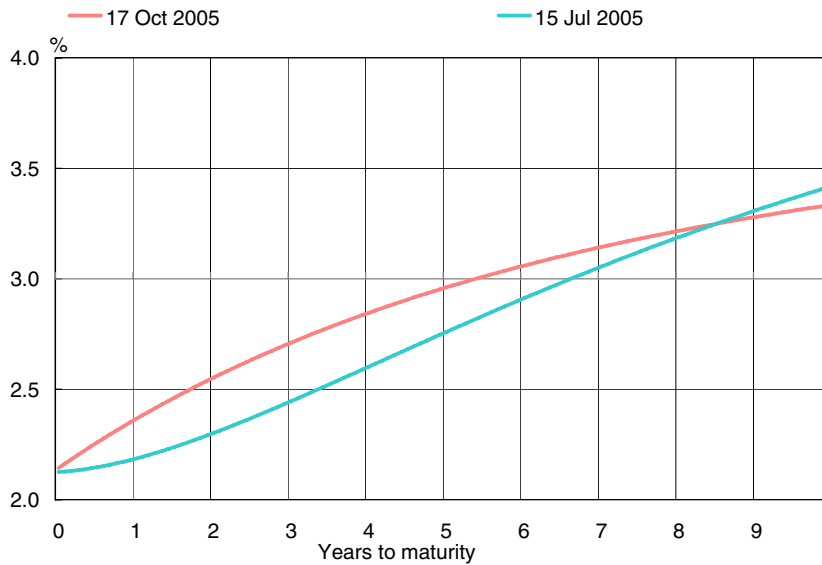
**Yield on ten-year Finnish government bonds and differential vs Germany**



Source: Reuters.

Chart 6.

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

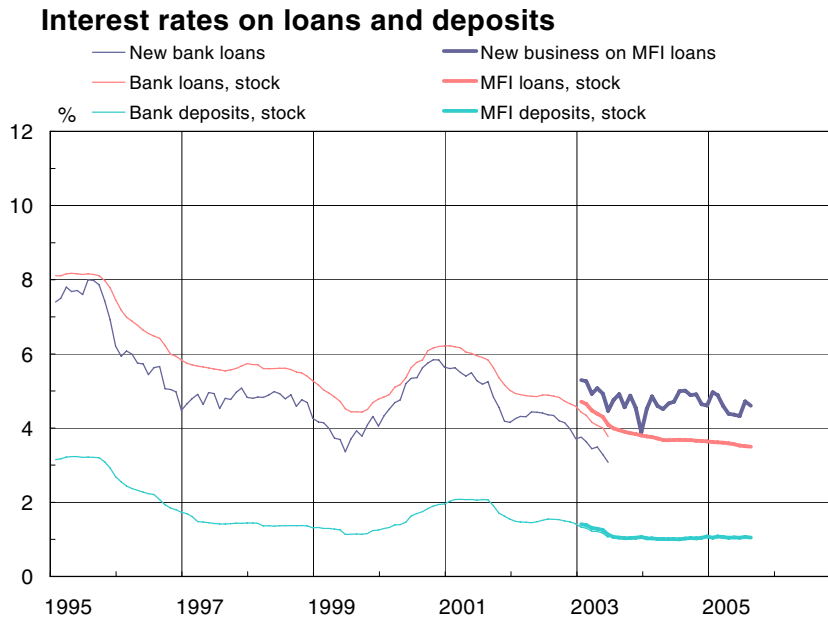


Source: Bank of Finland.

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

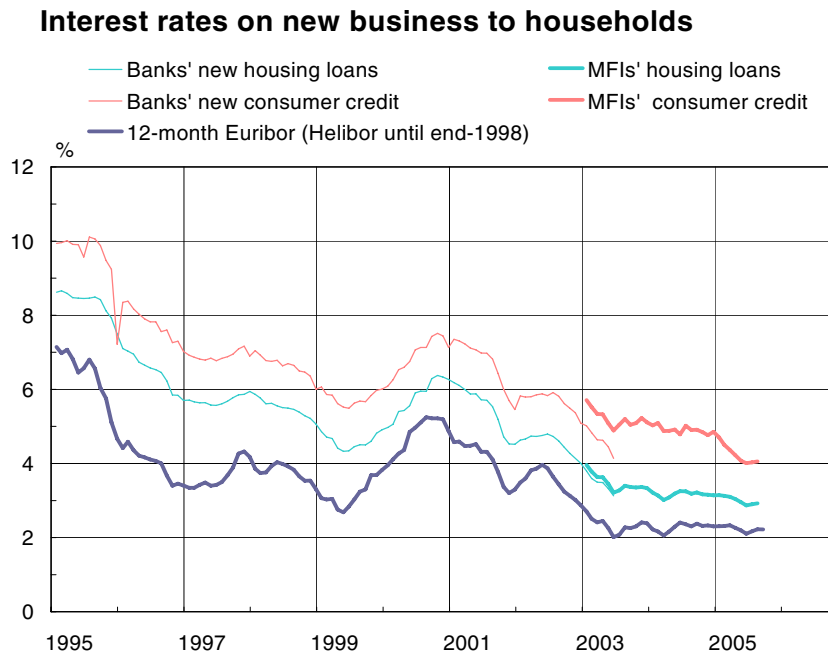
# Banking in Finland

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.

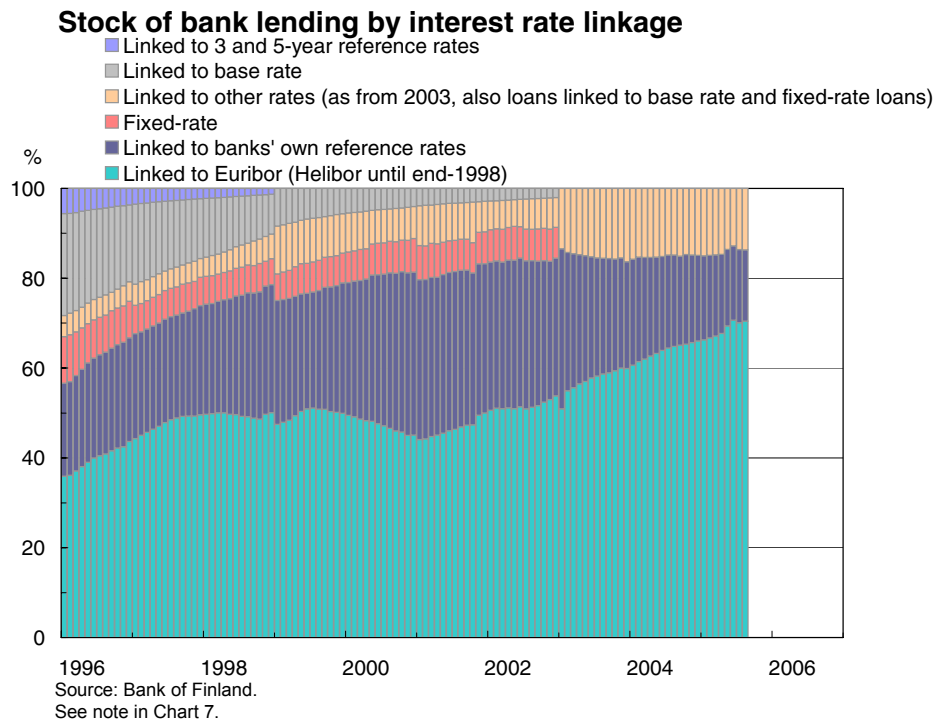


Chart 10.

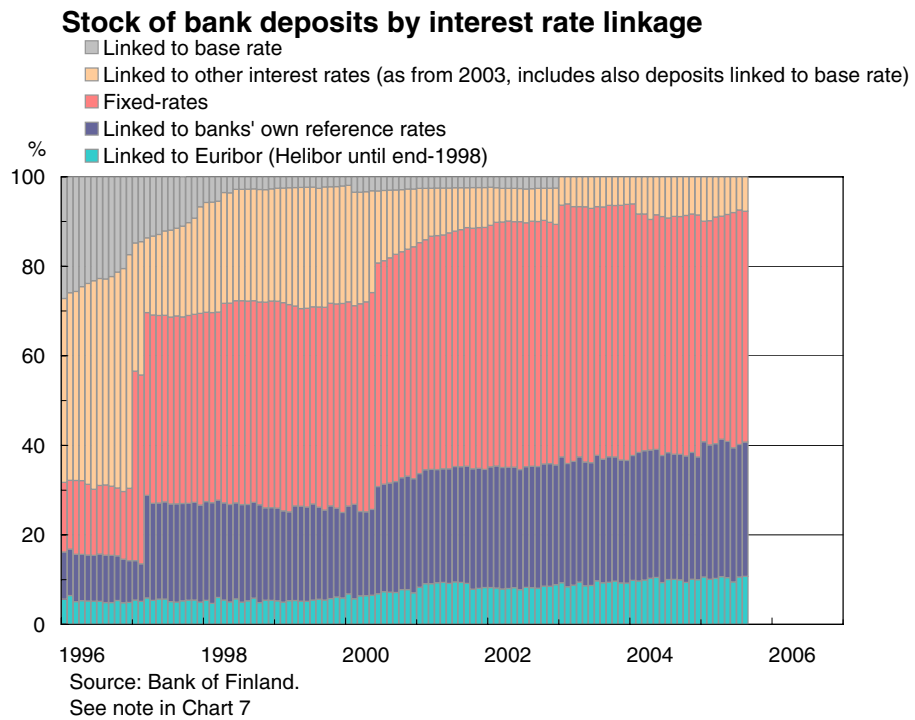
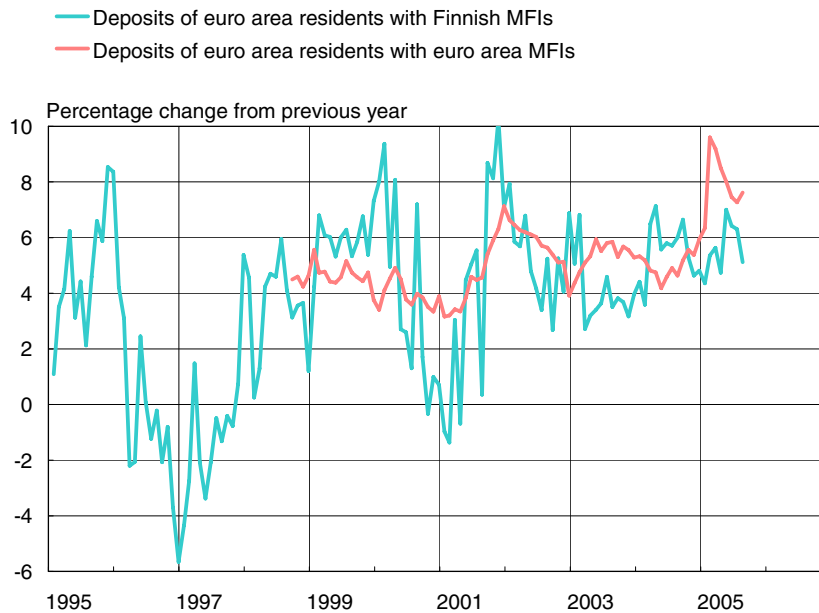


Chart 11.

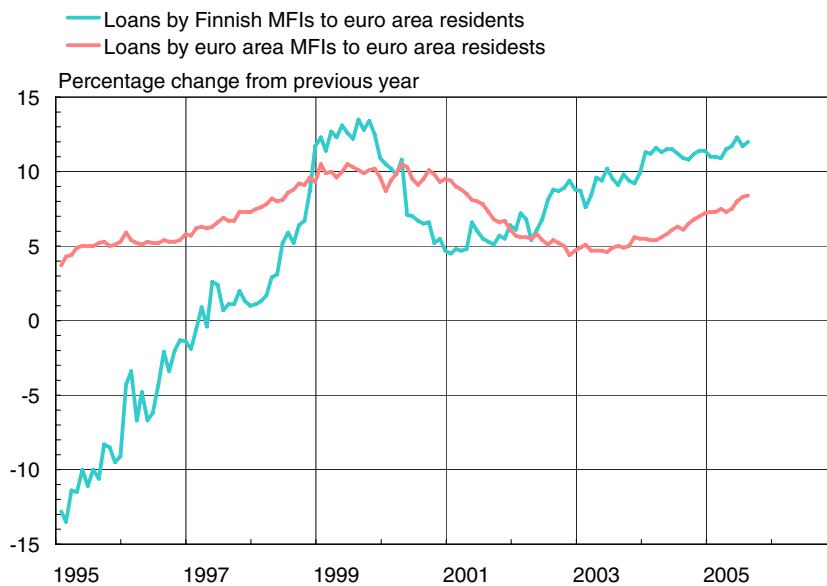
**Euro area and Finnish MFIs: growth of deposits**



Sources: European Central Bank and Bank of Finland.

Chart 12.

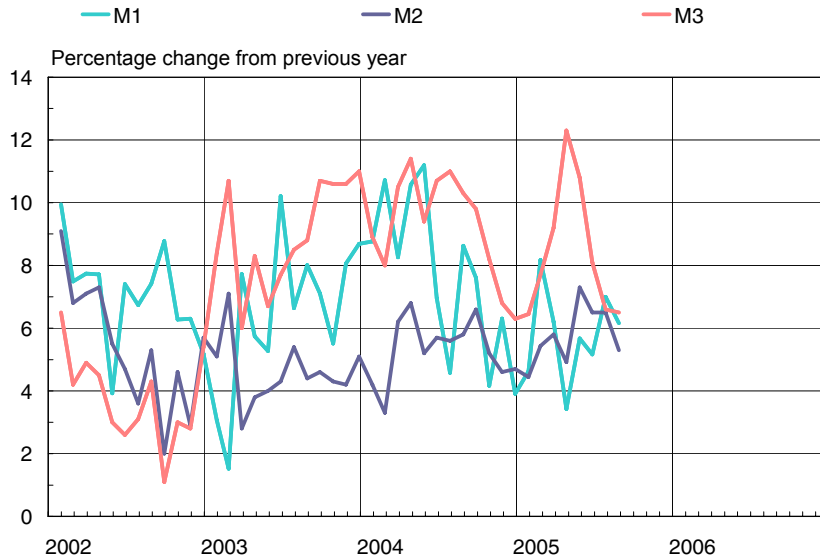
**Euro area and Finnish MFIs: growth of loans**



Sources: European Central Bank and Bank of Finland.

Chart 13.

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

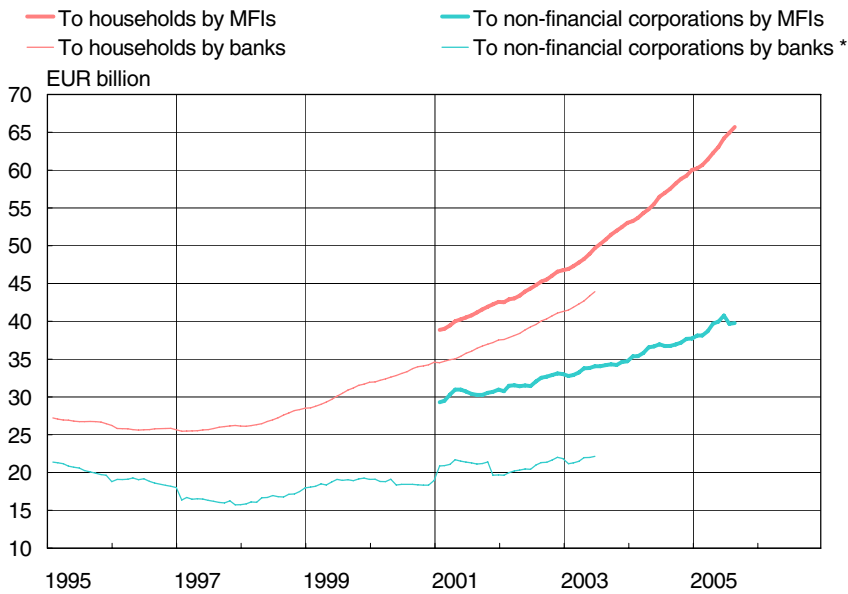


Source: Bank of Finland.

\* Note: Excluding currency in circulation with the public.

Chart 14.

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



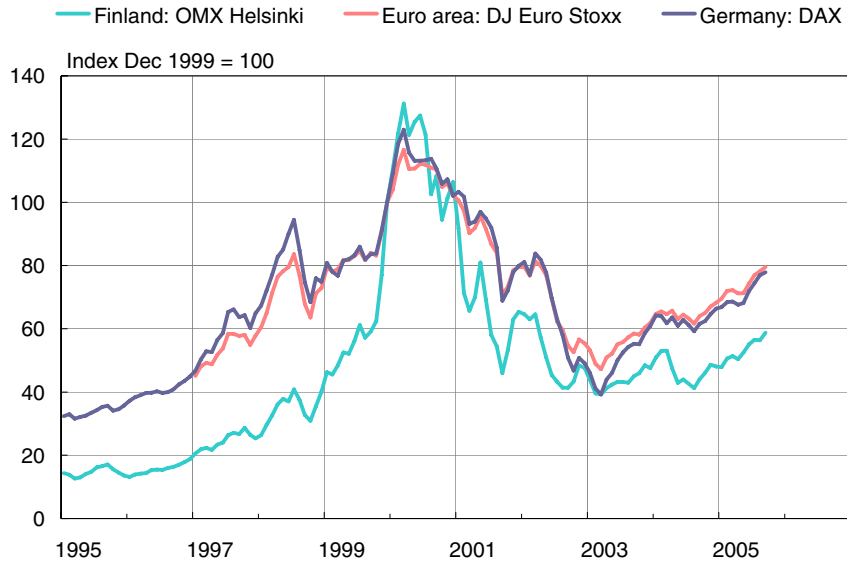
Source: Bank of Finland.

\* Note: The series includes structural changes.

# Securities market

Chart 15.

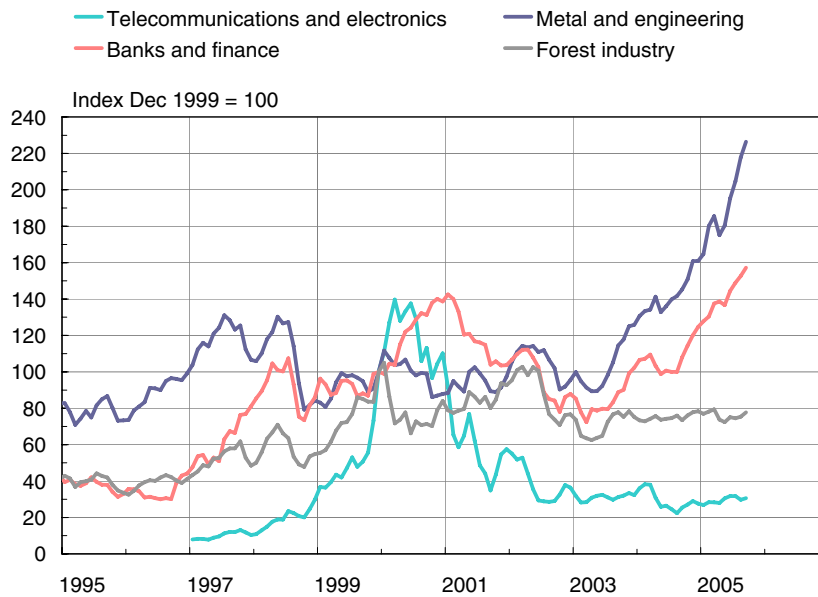
## Selected stock price indices in the euro area



Sources: Bloomberg and Helsinki Stock Exchange.

Chart 16.

## Helsinki Stock Exchange: share indices by sector



Source: Helsinki Stock Exchange.

Chart 17.

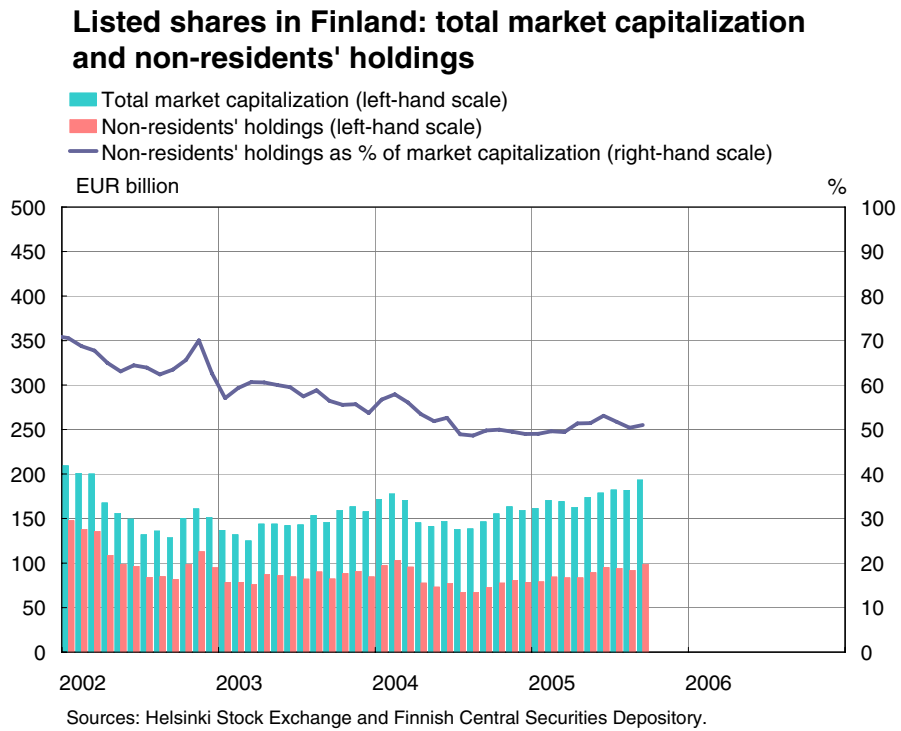


Chart 18.

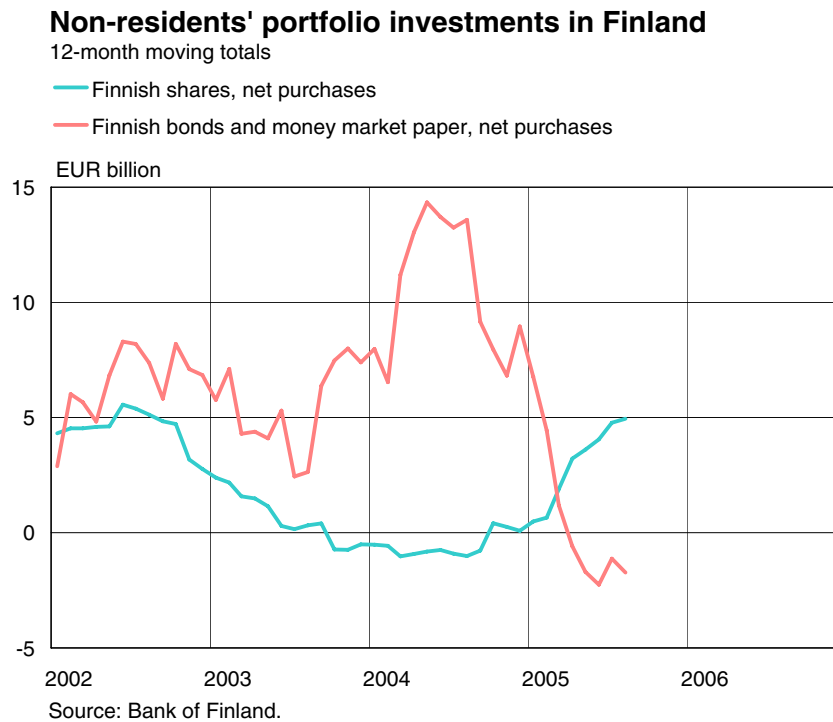
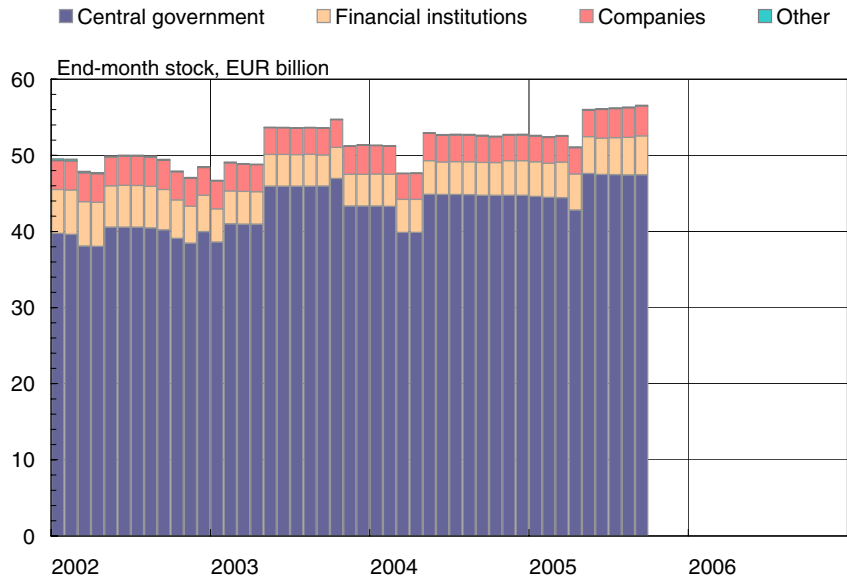


Chart 19.

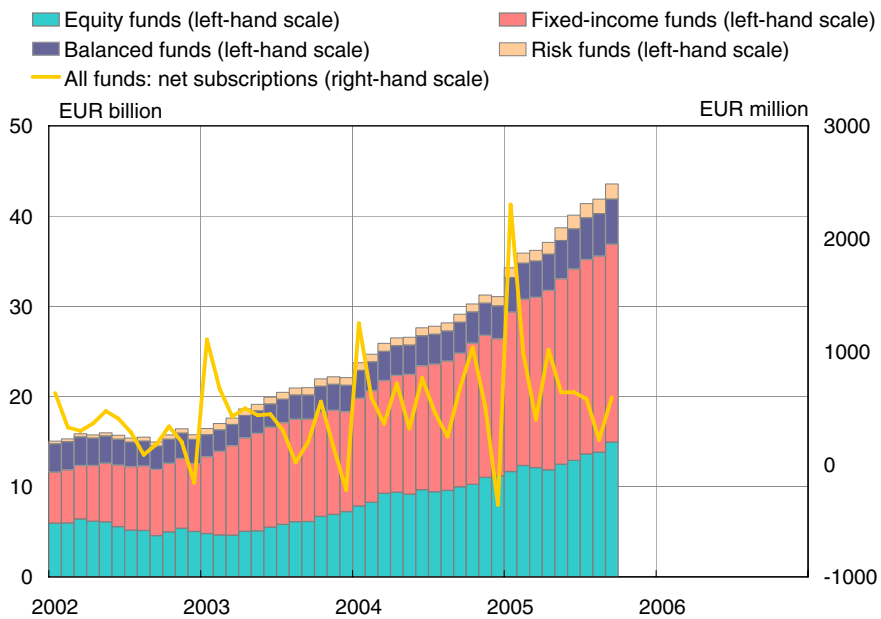
**Bonds issued in Finland**



Source: Statistics Finland.

Chart 20.

**Mutual funds registered in Finland**



Sources: Helsinki Stock Exchange 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.

■ Banks ■ Other financial institutions ■ General government ■ Rest of the world

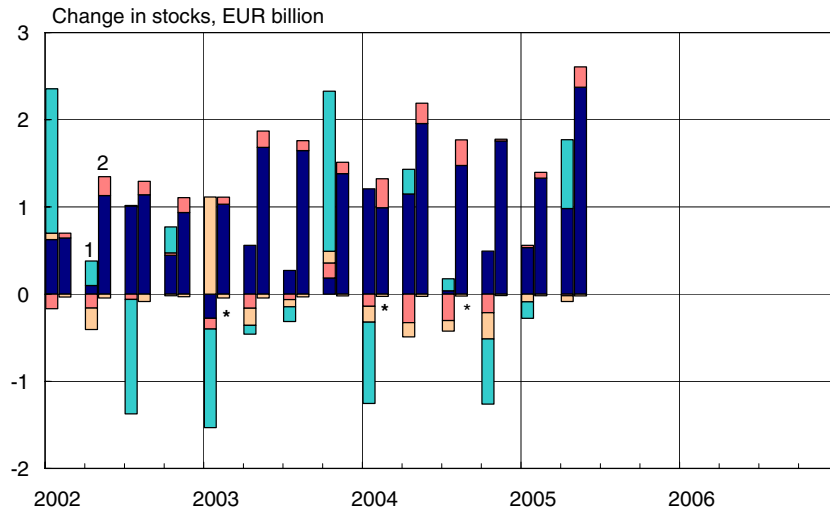
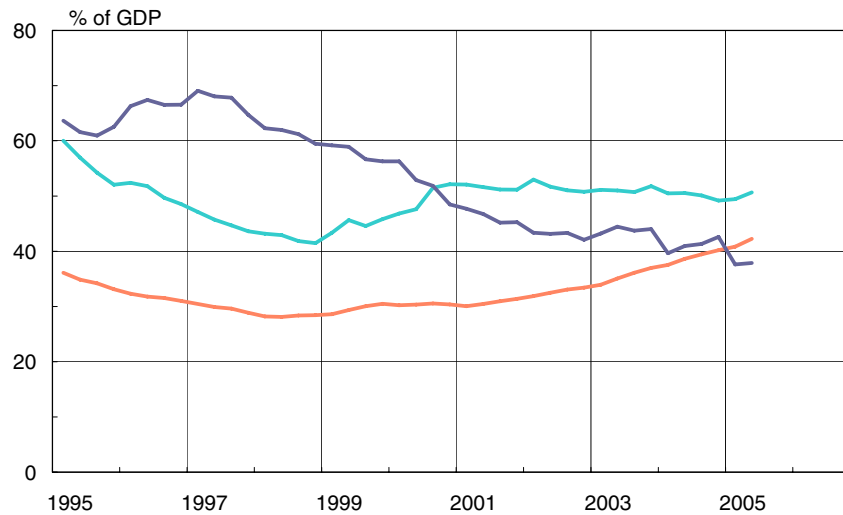


Chart 22.

### Sectoral debt ratios in Finland

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



## Exchange rates

Chart 23.

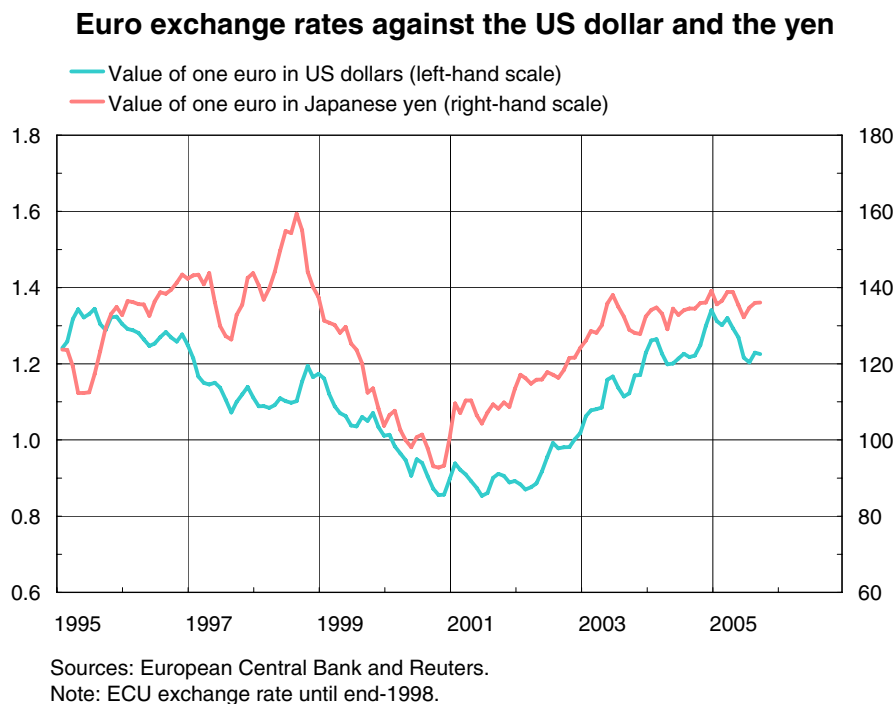


Chart 24.

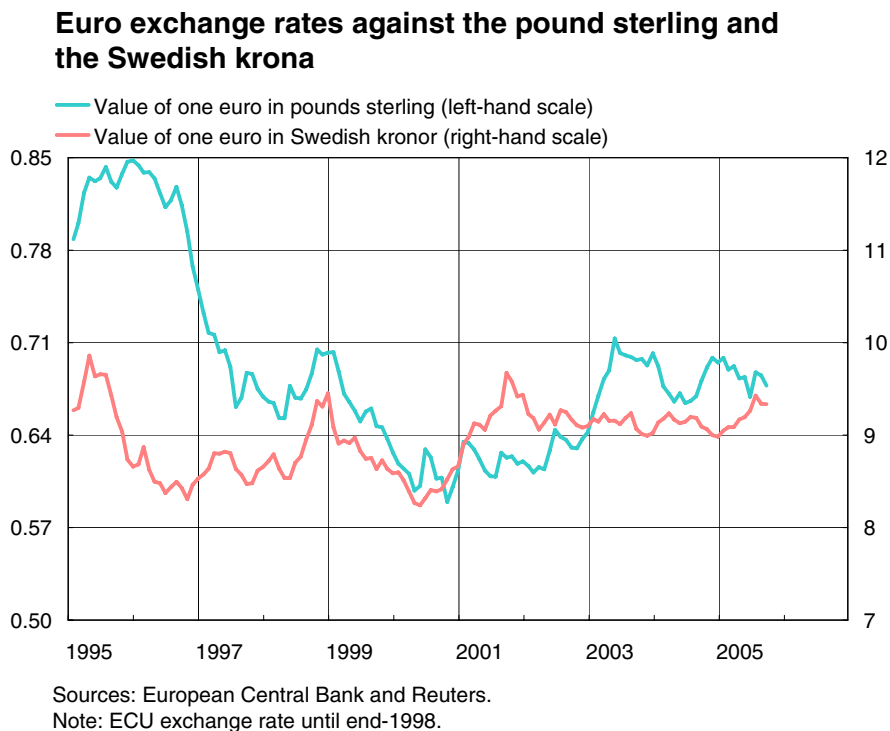
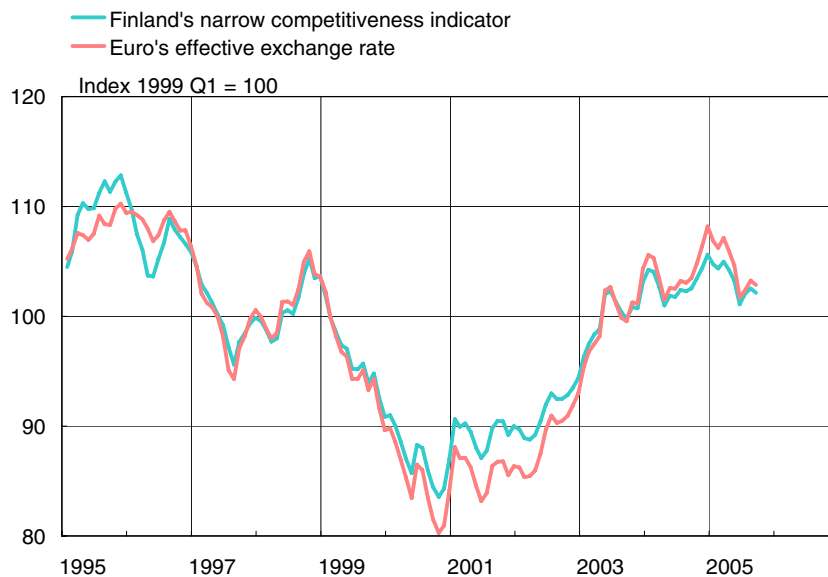




Chart 25.

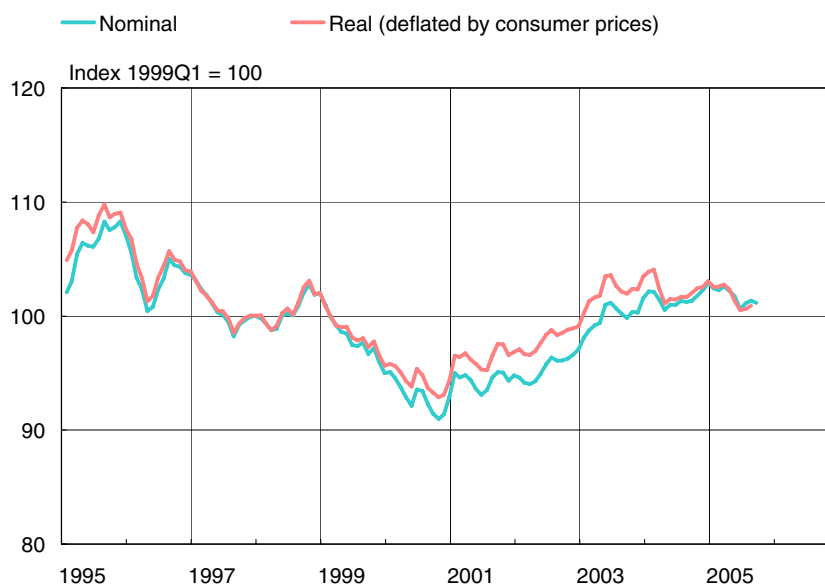
**Euro's external value and Finland's competitiveness indicator**



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.

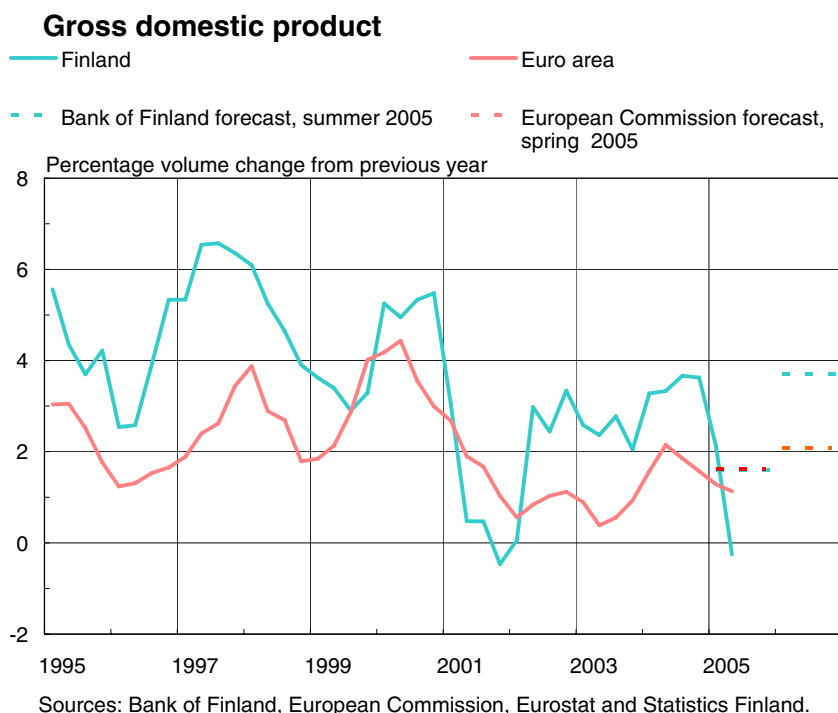


Chart 28.

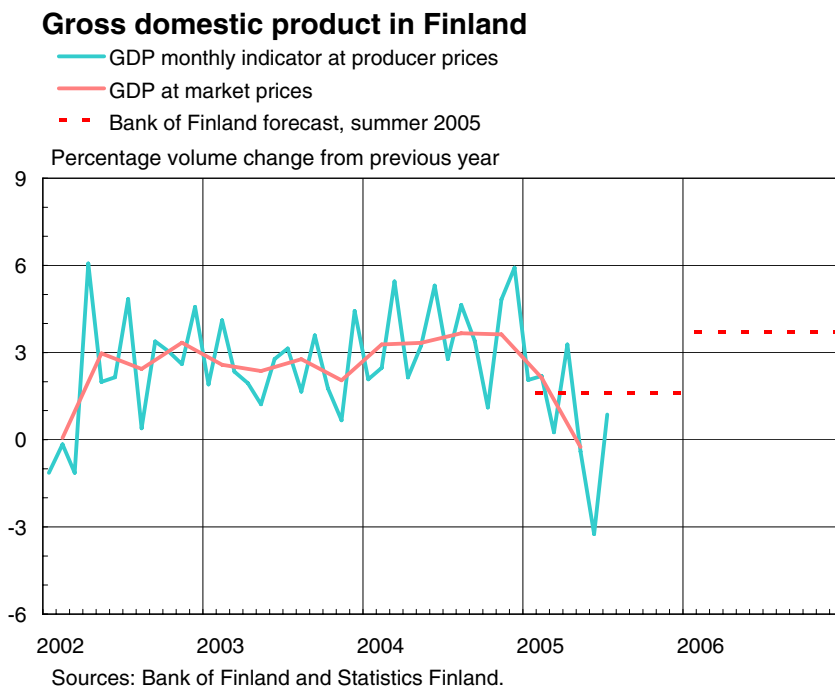


Chart 29.

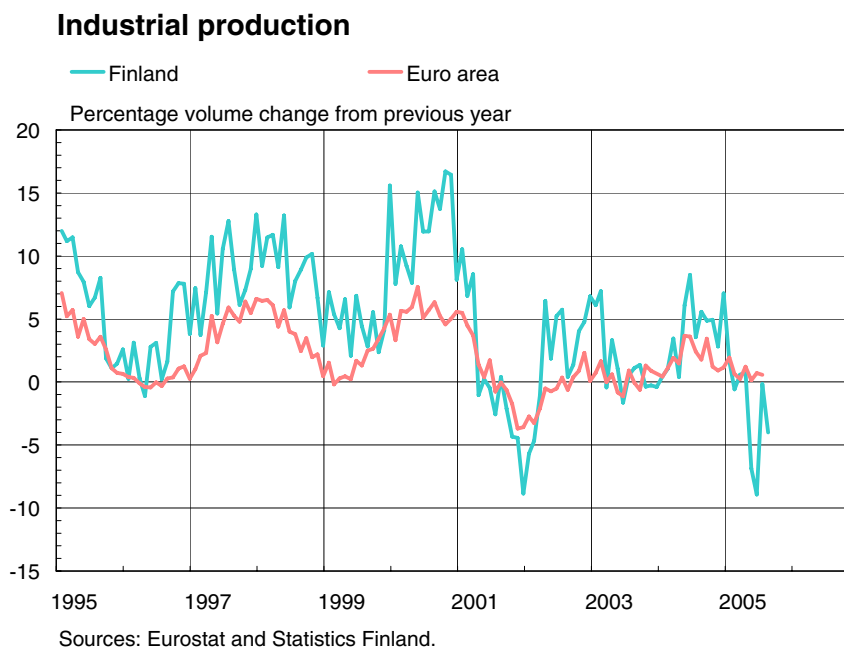


Chart 30.

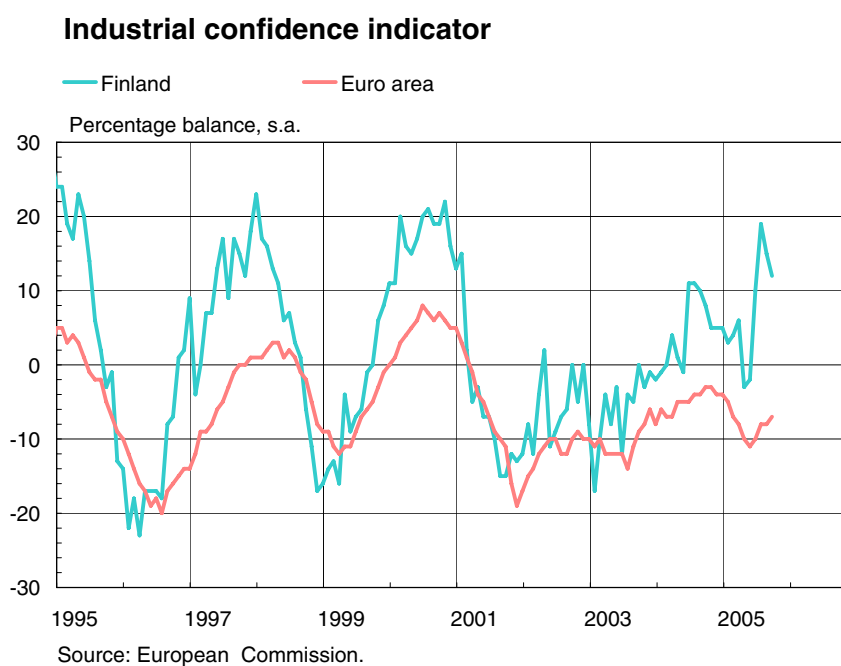


Chart 31.



Chart 32.



Chart 33.

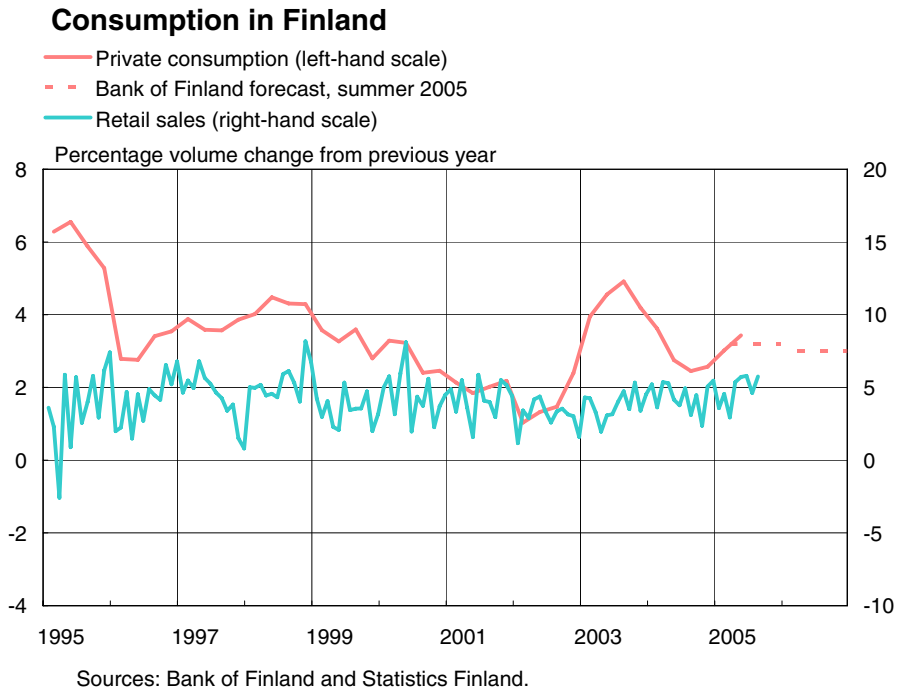


Chart 34.

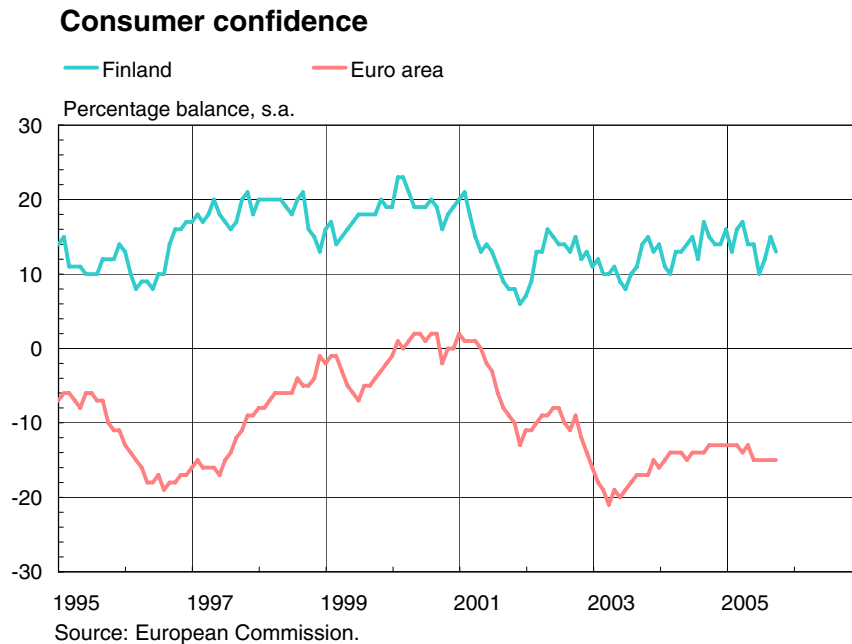


Chart 35.

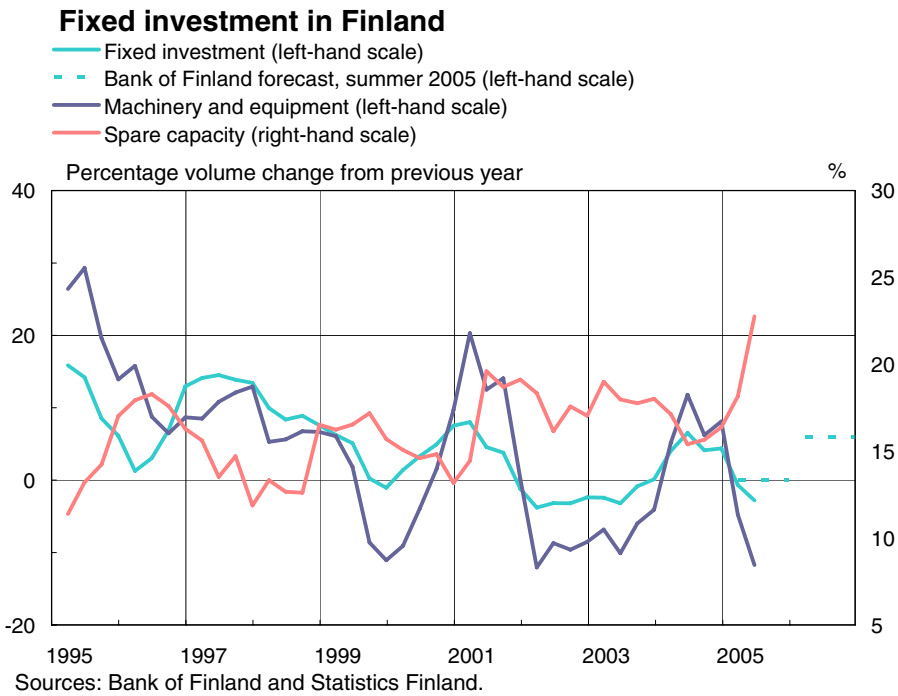


Chart 36.

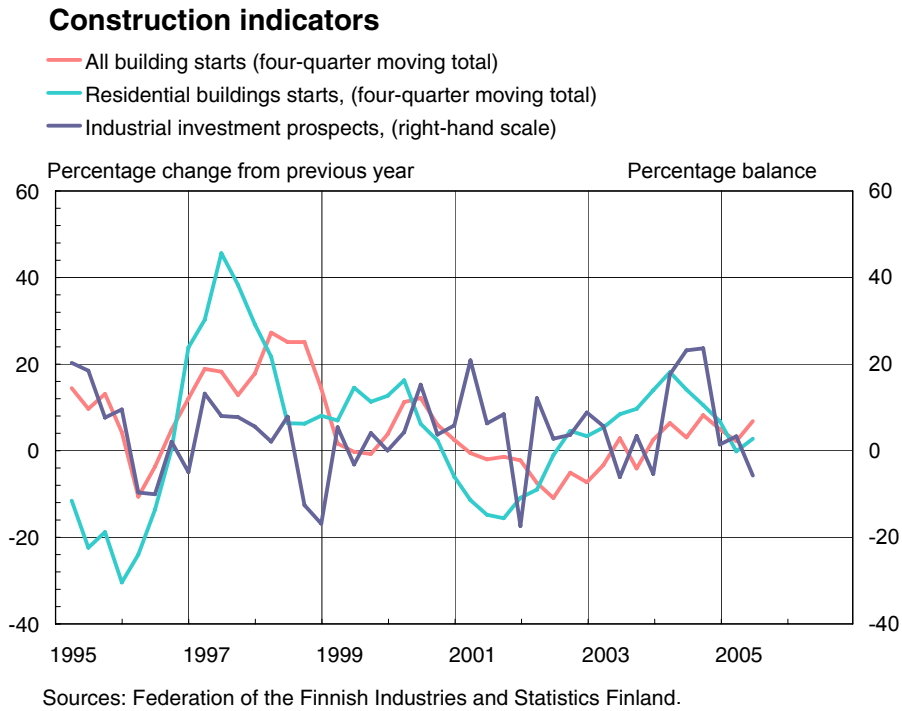


Chart 37.

### Finland's exports of goods

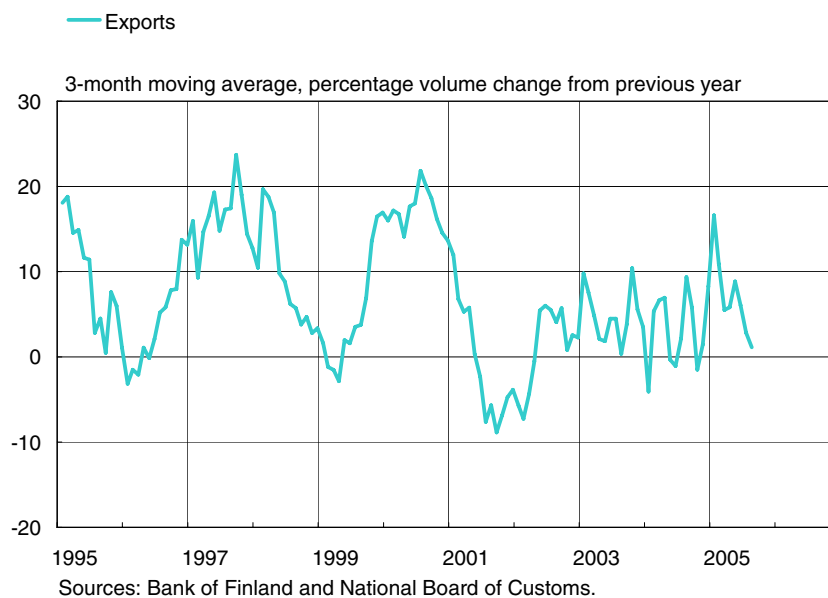


Chart 38.

### Finland's exports by industry

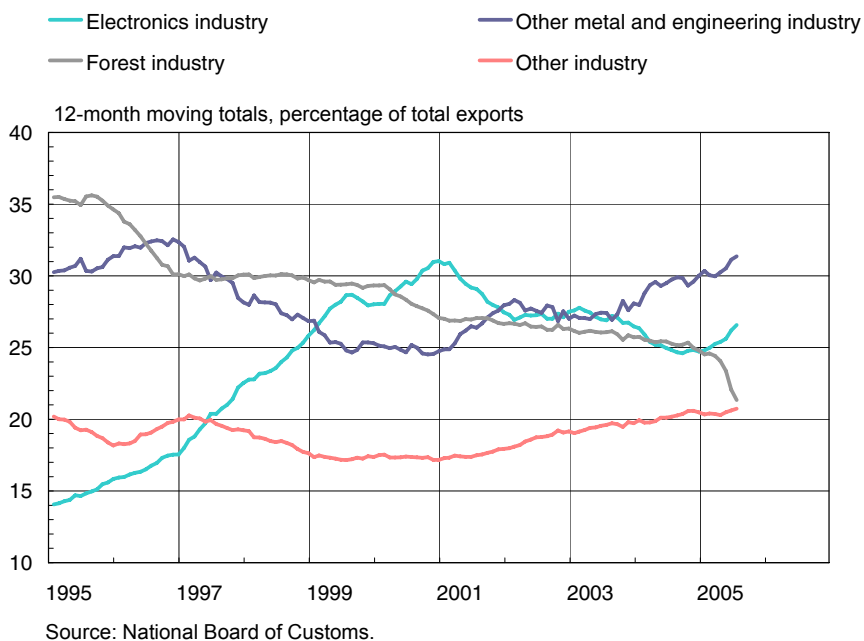


Table 1.

**Supply, demand and labour market indicators**

|   | 2003 | 2004 | 2005<br>Actual        |  | 2005* | 2006* |
|---|------|------|-----------------------|--|-------|-------|
| <b>Supply and demand</b>  |      |      |                       |  |       |       |
| <i>percentage volume change from previous year</i>              |      |      |                       |  |       |       |
| Gross domestic product<br>at market prices                      | 2.4  | 3.6  | 0.2 Q2<br>0.9 Q1-Q2   |  | 1.6   | 3.7   |
| GDP monthly indicator<br>at producer prices                     | 2.4  | 3.6  | 0.9 M7<br>0.7 M1-M7   |  |       |       |
| Manufacturing production  | 0.4  | 4.8  | -2.0 M8<br>-2.5 M1-M8 |  |       |       |
| Consumption expenditure   | 3.5  | 2.8  | 2.9 Q2<br>2.4 Q1-Q2   |  | 2.7   | 2.6   |
| - private   | 4.4  | 3.2  | 3.5 Q2<br>2.8 Q1-Q2   |  | 3.2   | 3.0   |
| - general government  | 1.5  | 1.6  | 1.5 Q2<br>1.5 Q1-Q2   |  | 1.6   | 1.7   |
| Gross fixed capital formation                                   | -1.5 | 5.0  | -1.6 Q2<br>-2.1 Q1-Q2 |  | 0.0   | 5.9   |
| - private   | -3.0 | 5.6  | -1.8 Q2<br>-2.5 Q1-Q2 |  | 0.1   | 6.8   |
| - general government  | 6.7  | 2.1  | -0.6 Q2<br>0.2 Q1-Q2  |  | -0.2  | 0.8   |
| Domestic demand   | 3.1  | 3.5  | -1.0 Q2<br>0.3 Q1-Q2  |  | 1.4   | 3.3   |
| Exports of goods and services                                   | 1.4  | 5.6  | 7.5 Q2<br>7.5 Q1-Q2   |  | 5.7   | 6.8   |
| Imports of goods and services                                   | 2.9  | 6.0  | 6.0 Q2<br>7.2 Q1-Q2   |  | 6.3   | 6.4   |
| <b>Labour market indicators</b>                                 |      |      |                       |  |       |       |
| Employed persons<br><i>percentage change from previous year</i> | -0.3 | 0.0  | 0.8 M8<br>1.3 M1-M8   |  | 1.4   | 0.6   |
| Unemployment rate, s.a. **                                      | 9.0  | 8.8  | 8.3 M8<br>8.7 M1-M8   |  | 8.4   | 8.0   |

Source: Statistics Finland.

\* Bank of Finland forecast, summer 2005.

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



## Prices and costs

Chart 39.

### Consumer prices

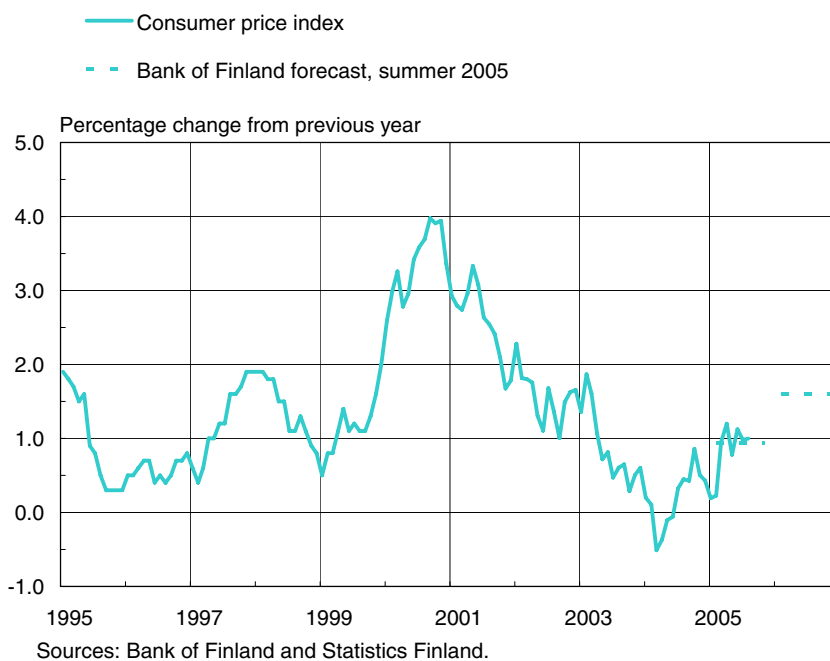


Chart 40.

### Harmonized index of consumer prices (HICP)

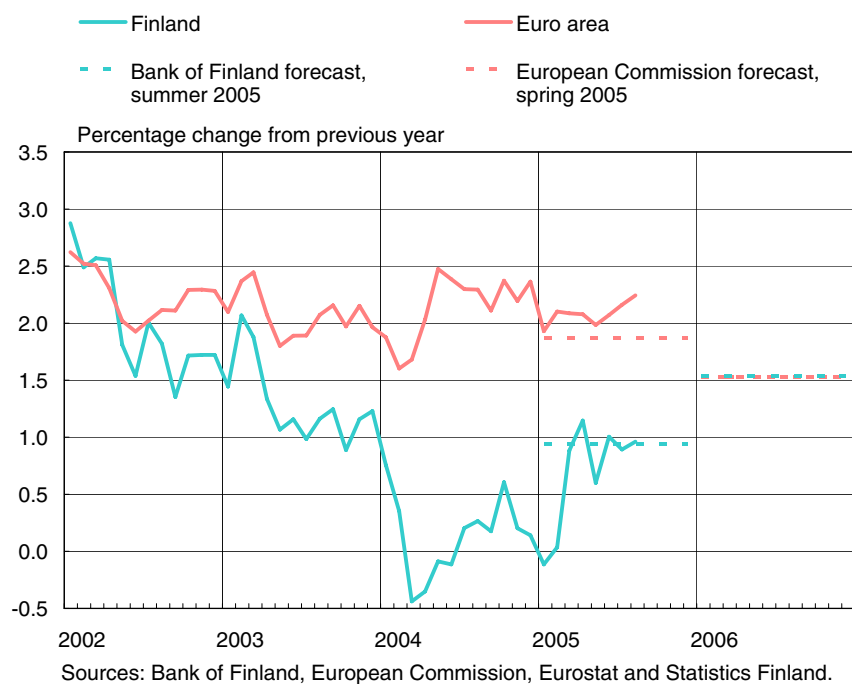


Chart 41.

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

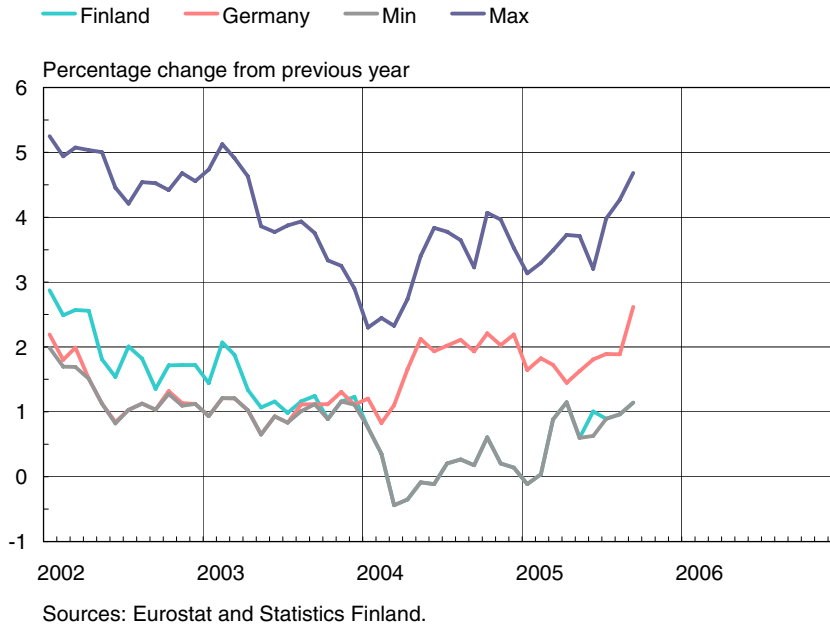


Chart 42.

**Producer prices**

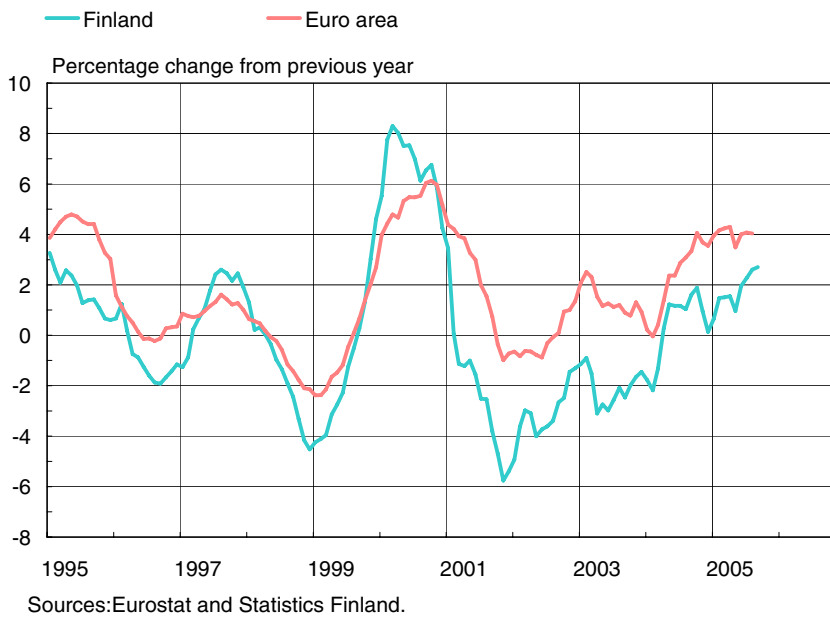


Chart 43.

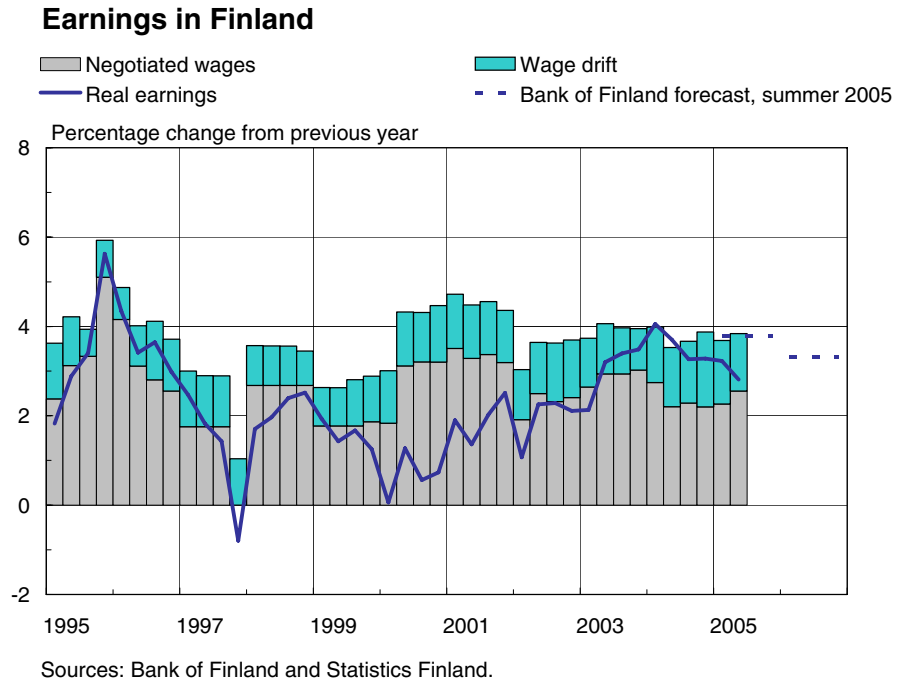


Chart 44.

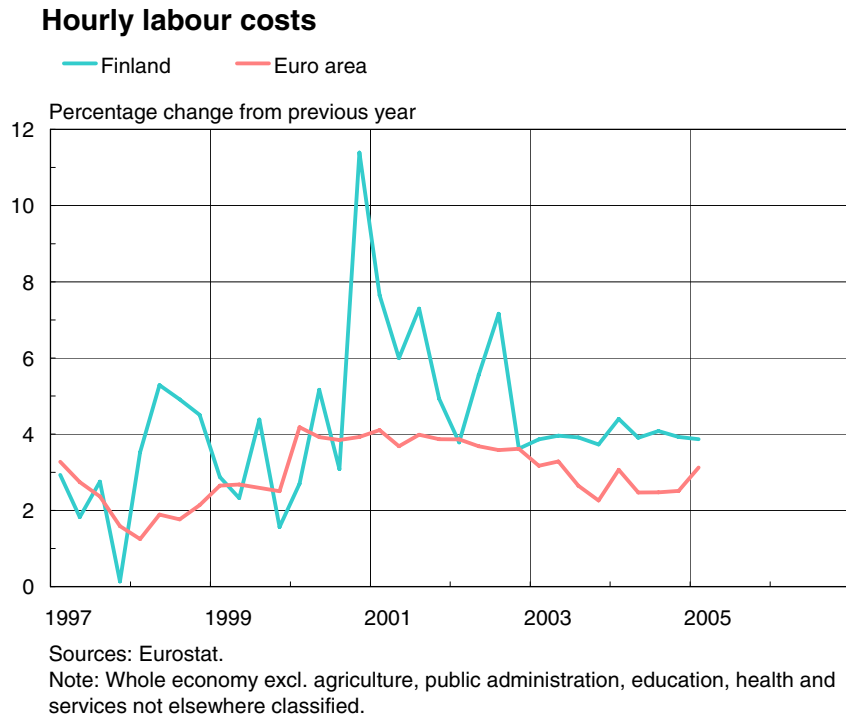
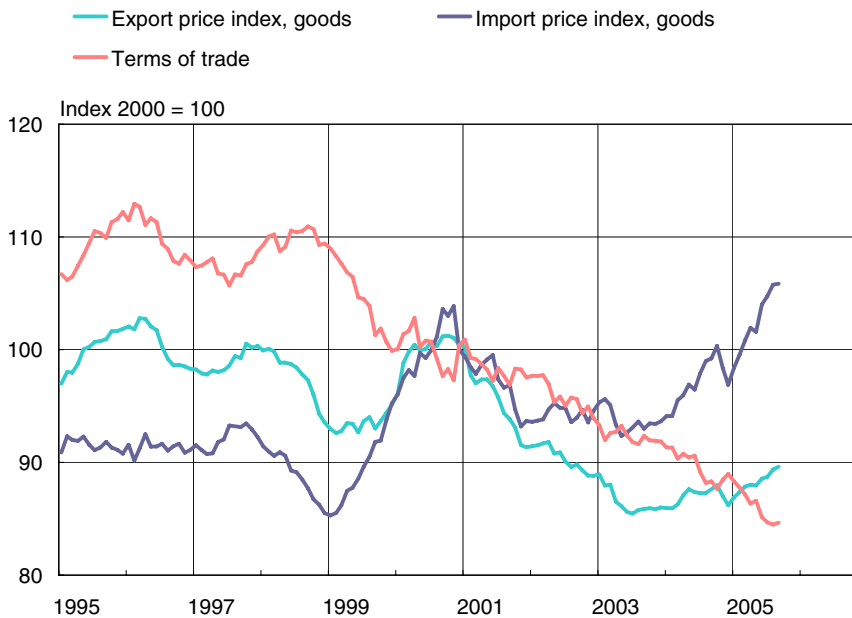


Chart 45.

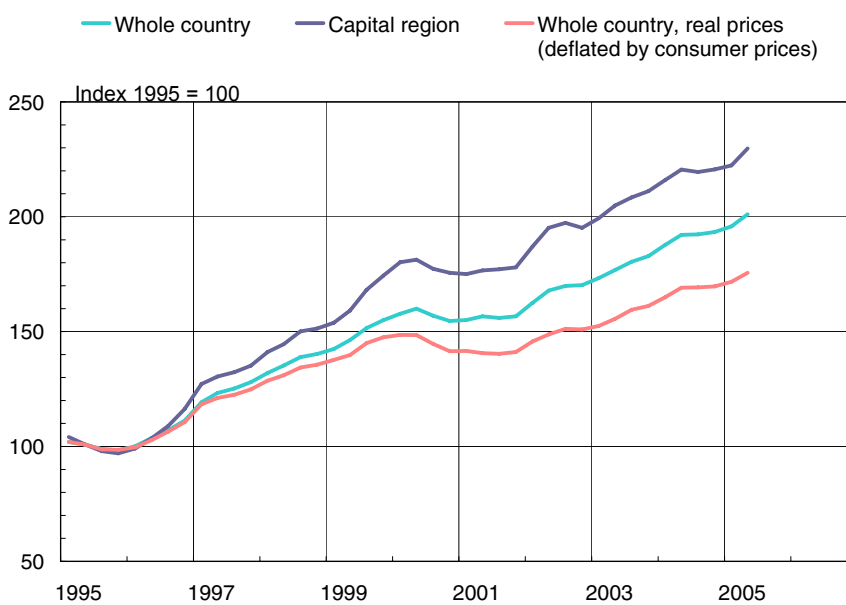
**Finland's export prices, import prices and terms of trade**



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<br>Actual        | 2005* | 2006* |
|---------------------------------------|-------|------|-----------------------|-------|-------|
| <b>Labour costs</b>                   |       |      |                       |       |       |
| Index of wages and salaries           | 3.9   | 3.8  | 3.8 Q2<br>3.8 Q1-Q2   | 3.8   | 3.3   |
| Unit labour costs                     |       |      |                       |       |       |
| - whole economy                       | 0.7   | 0.9  | 4.5 Q2<br>3.8 Q1-Q2   | 2.9   | 0.3   |
| - manufacturing                       | 0.0   | -3.7 | 8.1 Q2<br>6.1 Q1-Q2   |       |       |
| <b>Price indices</b>                  |       |      |                       |       |       |
| Export prices (goods)                 |       |      |                       |       |       |
| - export price index                  | -4.3  | 0.5  | 2.3 M9<br>1.5 M1-M9   |       |       |
| - export price deflator               | -3.7  | 0.1  | -1.3 Q2<br>-0.8 Q1-Q2 |       |       |
| Import prices (goods)                 |       |      |                       |       |       |
| - import price index                  | -0.6  | 3.6  | 6.7 M9<br>6.2 M1-M9   |       |       |
| - import price deflator               | 0.2   | 3.4  | 6.5 Q2<br>5.3 Q1-Q2   |       |       |
| Producer prices                       | -2.1  | 0.3  | 2.7 M9<br>1.7 M1-M9   |       |       |
| Wholesale prices                      | -0.3  | 0.9  | 3.8 M9<br>3.0 M1-M9   |       |       |
| Consumer prices                       |       |      |                       |       |       |
| - consumer price index                | 0.9   | 0.2  | 1.2 M9<br>0.8 M1-M9   | 0.9   | 1.6   |
| - harmonized index of consumer prices | 1.3   | 0.1  | 1.1 M9<br>0.7 M1-M9   | 0.9   | 1.5   |
| <b>Asset prices</b>                   |       |      |                       |       |       |
| Stumpage prices                       | 0.4   | -1.2 | 0.1 M9<br>2.1 M1-M9   |       |       |
| Dwelling prices, whole country        | 6.4   | 7.3  | 4.7 Q2<br>4.5 Q1-Q2   |       |       |
| Share prices                          | -14.5 | 7.6  | 33.5 M9<br>14.8 M1-M9 |       |       |

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

\* Bank of Finland forecast, summer 2005.

# Labour market

Chart 47.

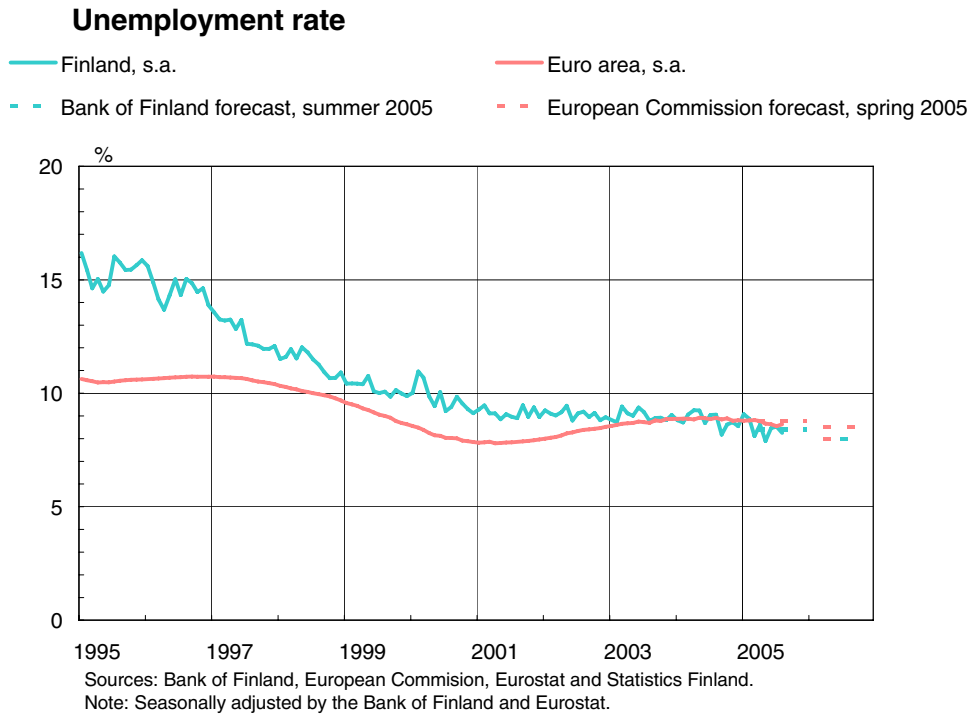


Chart 48.



## Public finances

Chart 49.

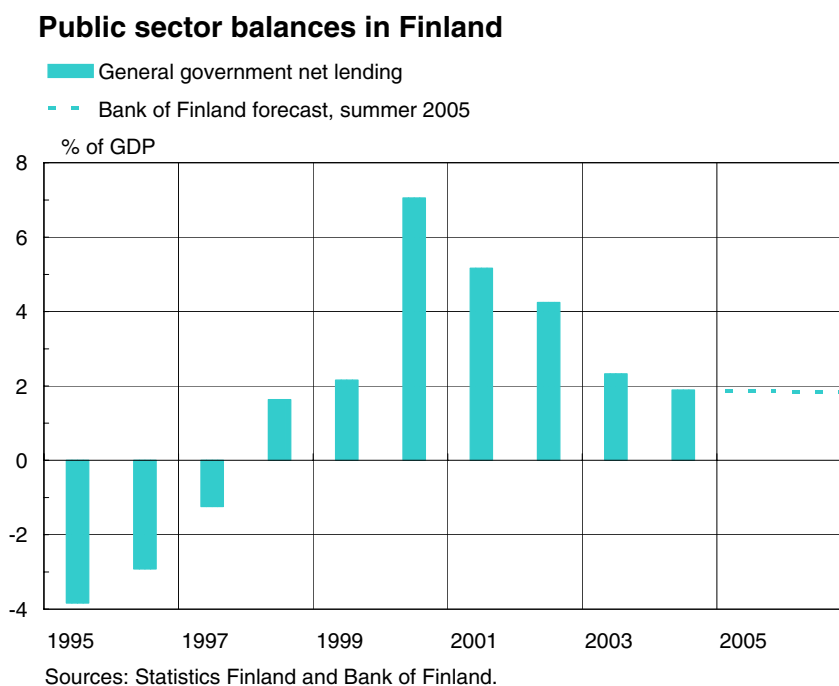
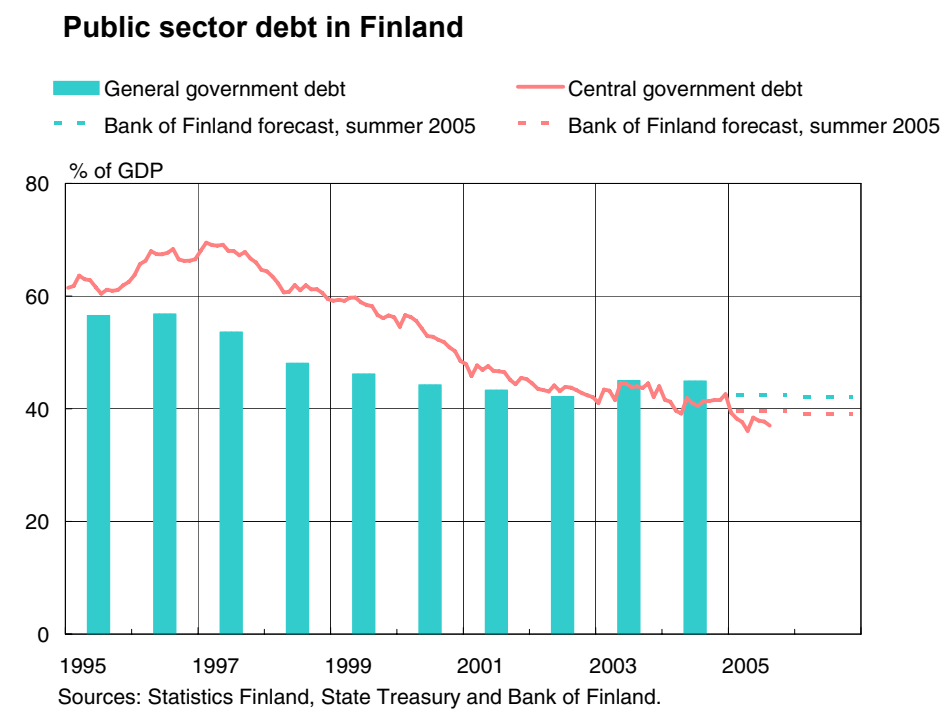


Chart 50.

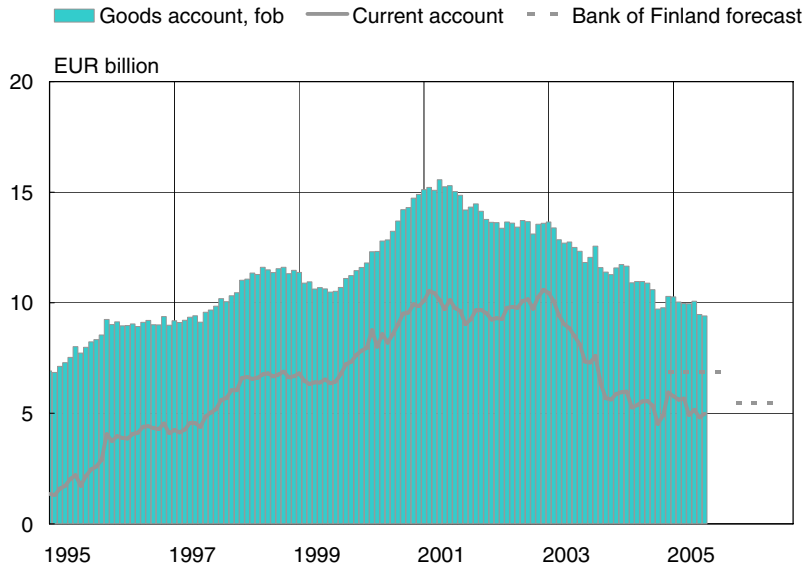


## External balance

Chart 51.

### Finland's goods account and current account

12-month moving totals

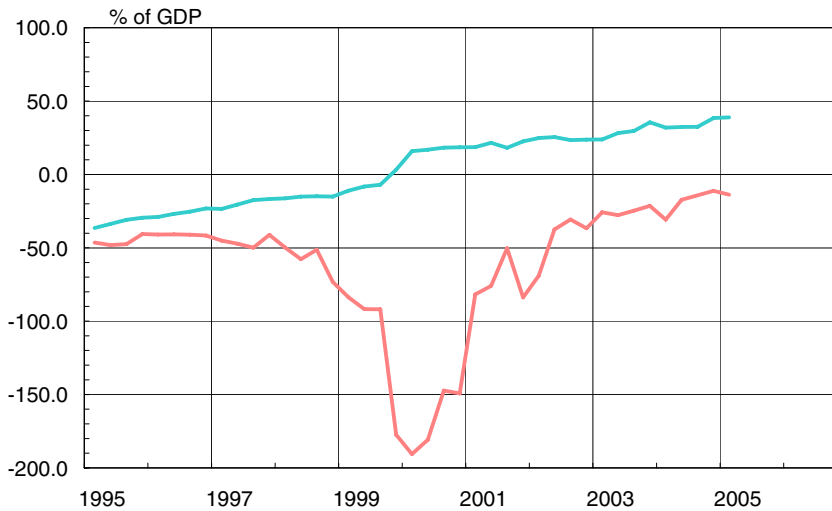


Source: Bank of Finland.

Chart 52.

### Finland's net international investment position

Net international investment position, (NIIP)  
 NIIP excl. nonresidents' holdings of listed Finnish shares



Sources: Bank of Finland and Statistics Finland.



Table 3.

**External balance and sectoral balances indicators**

|  | 2003 | 2004 | 2005<br>Actual           | 2005* | 2006* |
|--|------|------|--------------------------|-------|-------|
| <b>Goods account</b>                                     |      |      |                          |       |       |
| EUR billion  | 11.4 | 10.3 | 0.6 M08<br>5.0 M01-M08   |       |       |
| per cent of GDP  | 7.9  | 6.9  |                          |       |       |
| <b>Current account</b>                                   |      |      |                          |       |       |
| EUR billion  | 6.2  | 7.7  | 0.6 M08<br>1.5 M01-M08   | 4.1   | 4.3   |
| per cent of GDP  | 4.3  | 5.1  |                          | 2.7   | 2.7   |
| <b>Financial account</b>                                 |      |      |                          |       |       |
| EUR billion  | -6.8 | -6.9 | -0.5 M08<br>-2.0 M01-M08 |       |       |
| General government                                       | -0.1 | -5.9 | -0.9 M08<br>-6.5 M01-M08 |       |       |
| Direct investment<br>in Finland                          | 3.0  | 2.4  | 0.3 M08<br>2.5 M01-M08   |       |       |
| abroad   | -2.4 | -1.2 | -0.4 M08<br>2.4 M01-M08  |       |       |
| Shares   | -5.4 | -7.8 | -0.1 M08<br>0.0 M01-M08  |       |       |
| Other capital (incl. errors and omissions)               | -6.7 | 3.1  | -0.2 M08<br>4.4 M01-M08  |       |       |
| Foreign exchange reserves (increase -)                   | 0.5  | -0.7 | -0.1 M08<br>0.5 M01-M08  |       |       |
| <b>Net lending, saving minus investment</b>              |      |      |                          |       |       |
| Private sector   |      |      |                          |       |       |
| EUR billion  | 2.9  | 4.8  |                          | 1.2   | 1.4   |
| per cent of GDP  | 2.0  | 3.2  |                          | 0.8   | 0.9   |
| General government                                       |      |      |                          |       |       |
| EUR billion  | 3.3  | 2.8  |                          | 2.9   | 2.9   |
| per cent of GDP  | 2.3  | 1.9  |                          | 1.9   | 1.8   |
| Central government                                       |      |      |                          |       |       |
| EUR billion  | 0.6  | 0.4  |                          | -0.4  | -0.6  |
| per cent of GDP  | 0.4  | 0.2  |                          | -0.3  | -0.4  |
| Local government   |      |      |                          |       |       |
| EUR billion  | -0.8 | -1.0 |                          | -0.7  | -0.6  |
| per cent of GDP  | -0.6 | -0.7 |                          | -0.5  | -0.4  |
| Social security funds                                    |      |      |                          |       |       |
| EUR billion  | 3.6  | 3.5  |                          | 4.0   | 4.1   |
| per cent of GDP  | 2.5  | 2.3  |                          | 2.6   | 2.6   |
| <b>Net foreign debt</b>                                  |      |      |                          |       |       |
| per cent of GDP  | 23.8 | 10.7 |                          |       |       |
| per cent of exports of goods and services                | 64.4 | 28.3 |                          |       |       |
| <b>Sectoral debt ratios, gross debt, per cent of GDP</b> |      |      |                          |       |       |
| Non-financial corporate sector **                        | 51.8 | 49.2 |                          |       |       |
| Household sector   | 37.0 | 40.2 |                          |       |       |
| General government (Maastricht definition)               | 45.2 | 45.1 |                          | 42.4  | 42.0  |

Sources: Bank of Finland and Statistics Finland.

\* Bank of Finland forecast, summer 2005.

\*\* Excl. housing corporations.

