



**BANK OF FINLAND**

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

# **Main Indicators for the Finnish Economy**

*2/2007*



16 Feb 2007

*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.

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## Monetary policy and market interest rates

Chart 1.

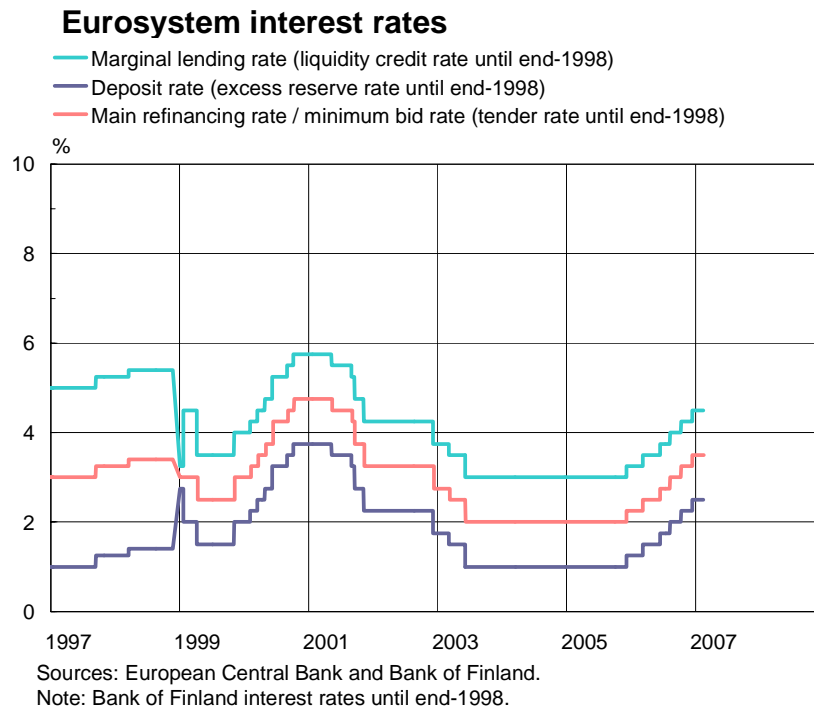


Chart 2.

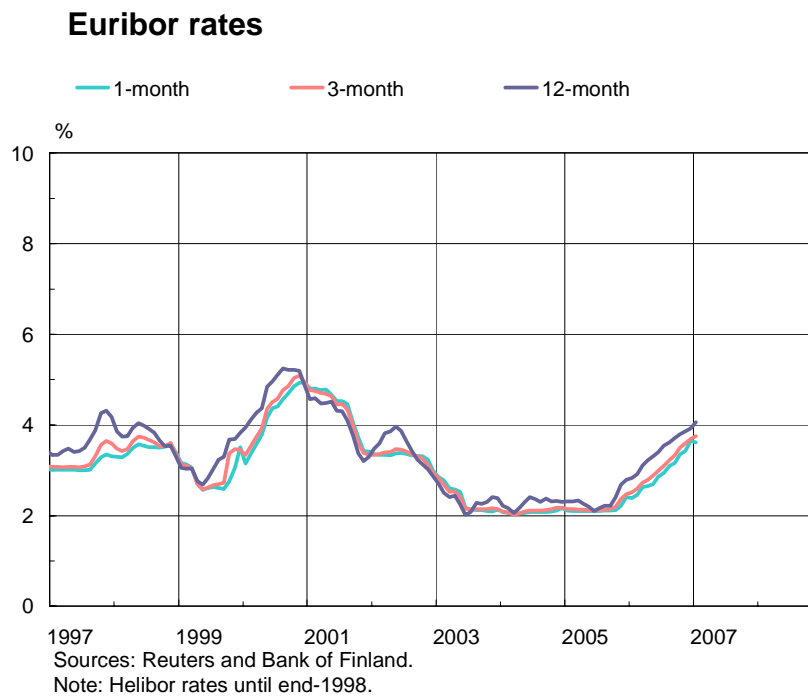
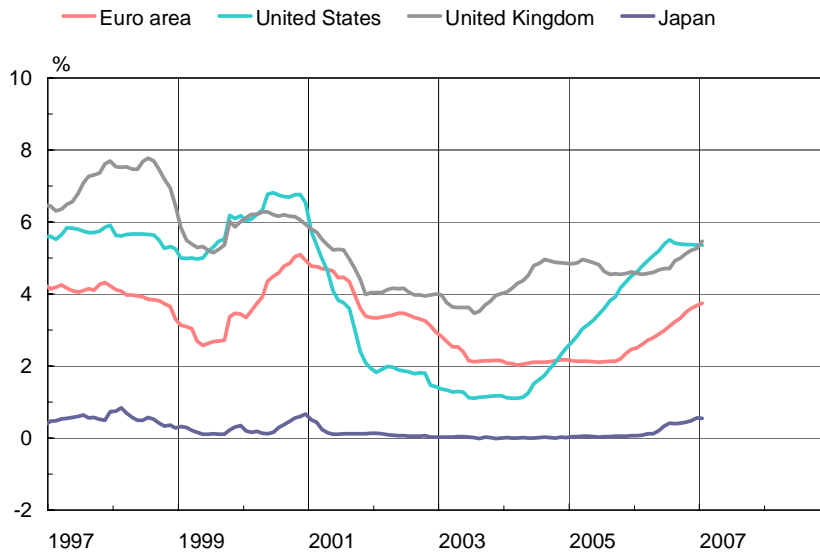


Chart 3.

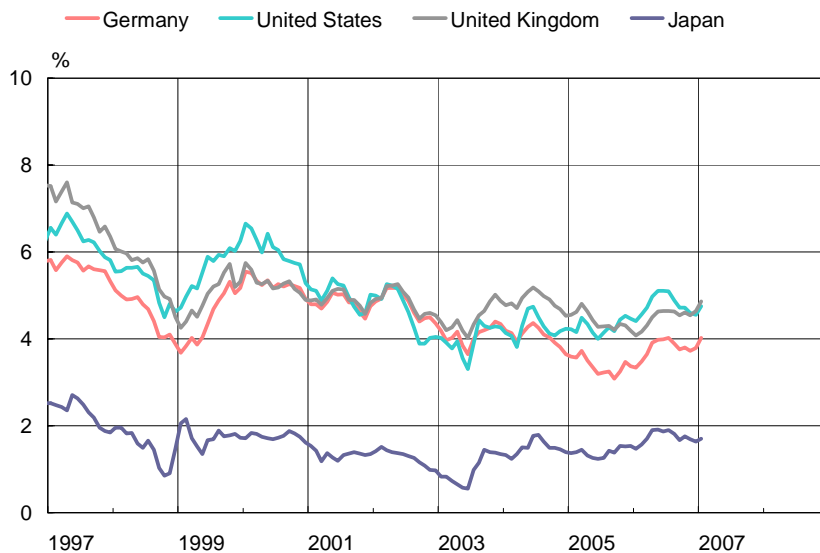
**International three-month interest rates**



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.

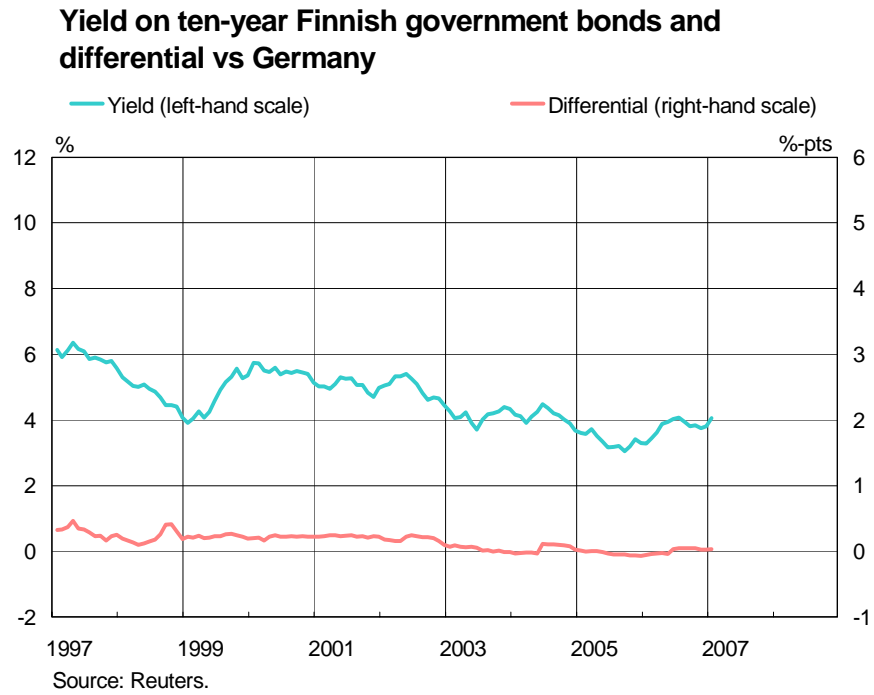
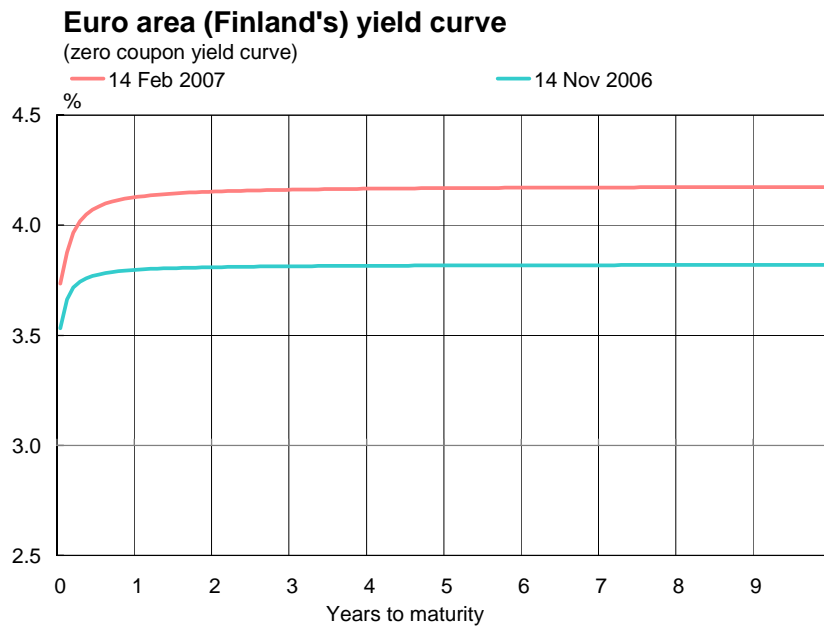


Chart 6.



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.

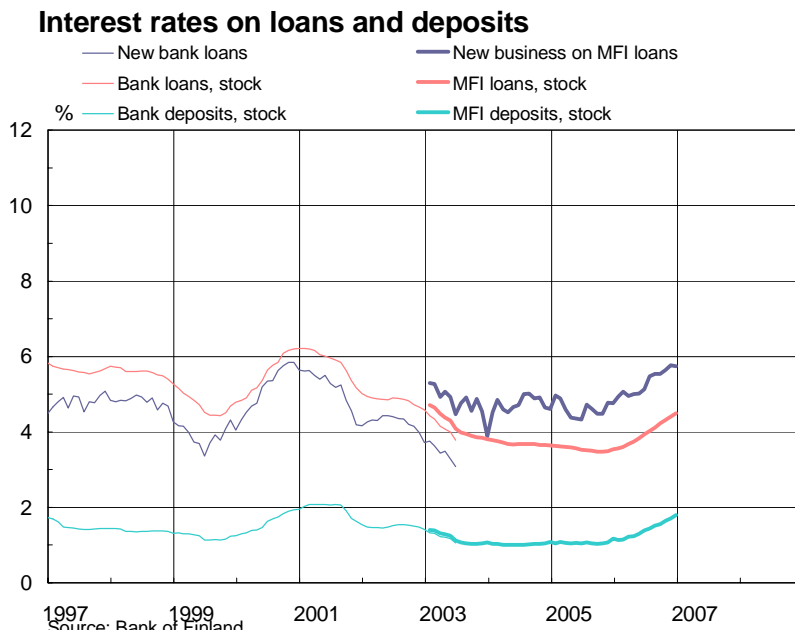


Chart 8.

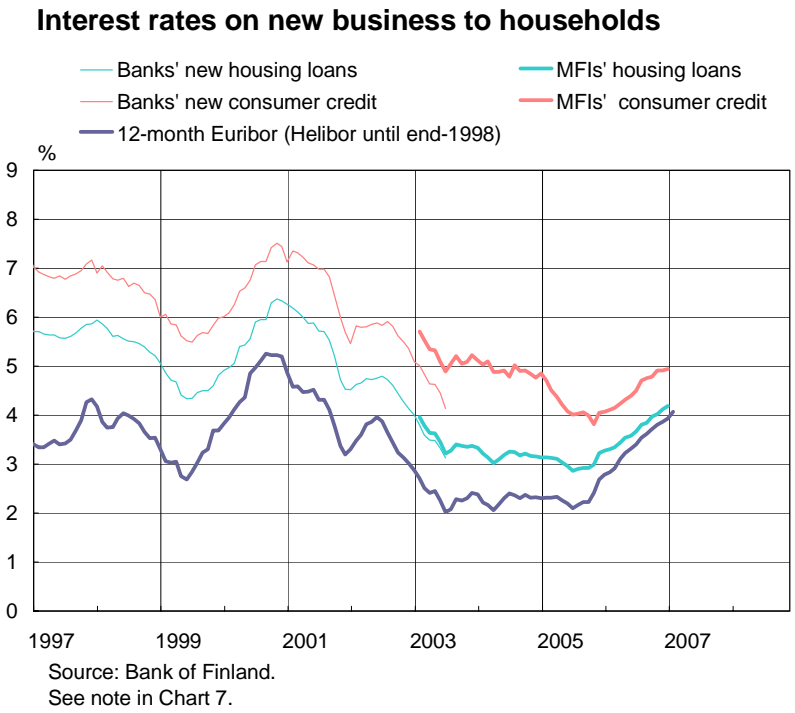




Chart 9.

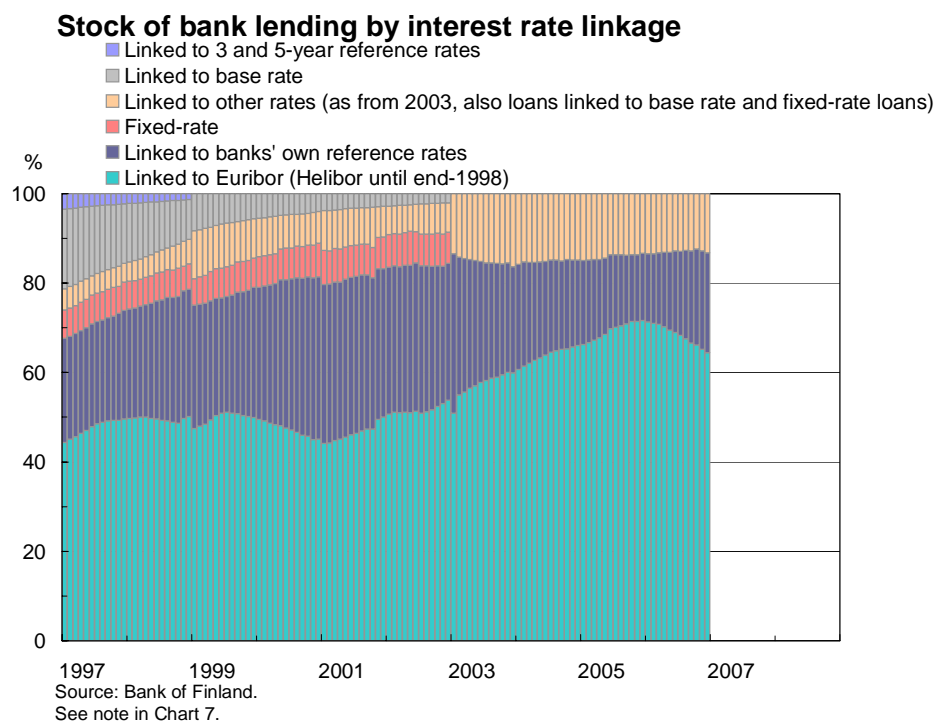


Chart 10.

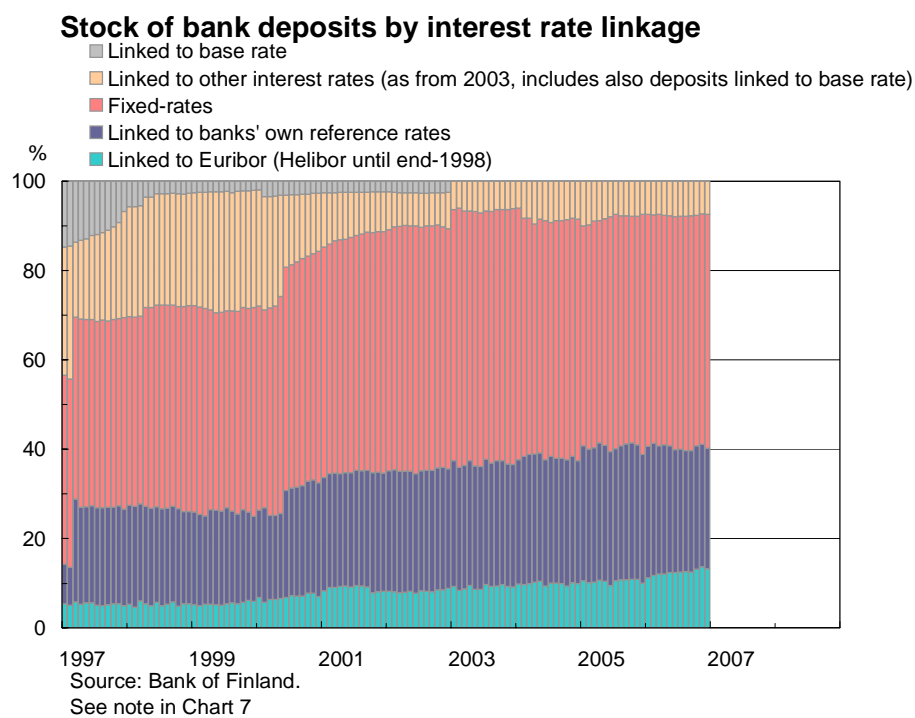


Chart 11.

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

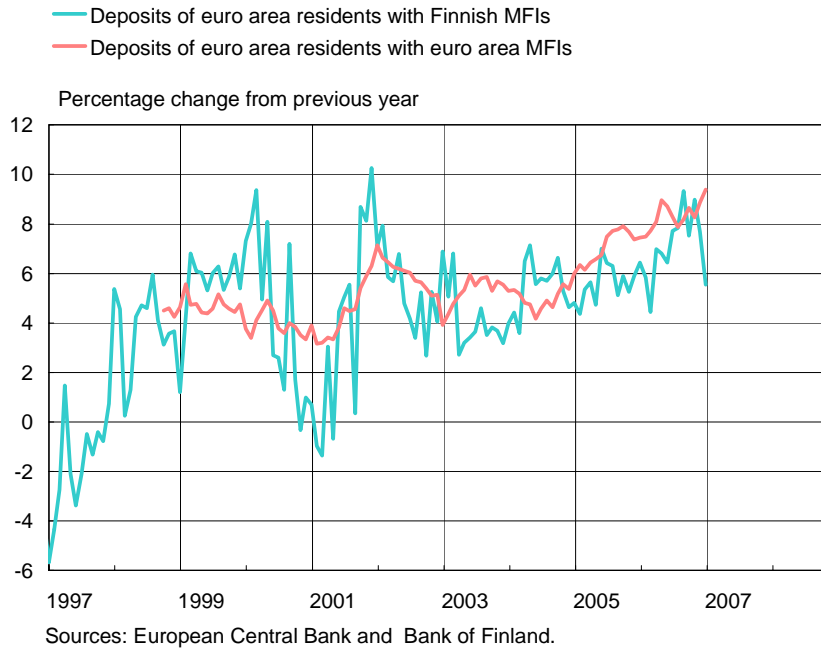


Chart 12.

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

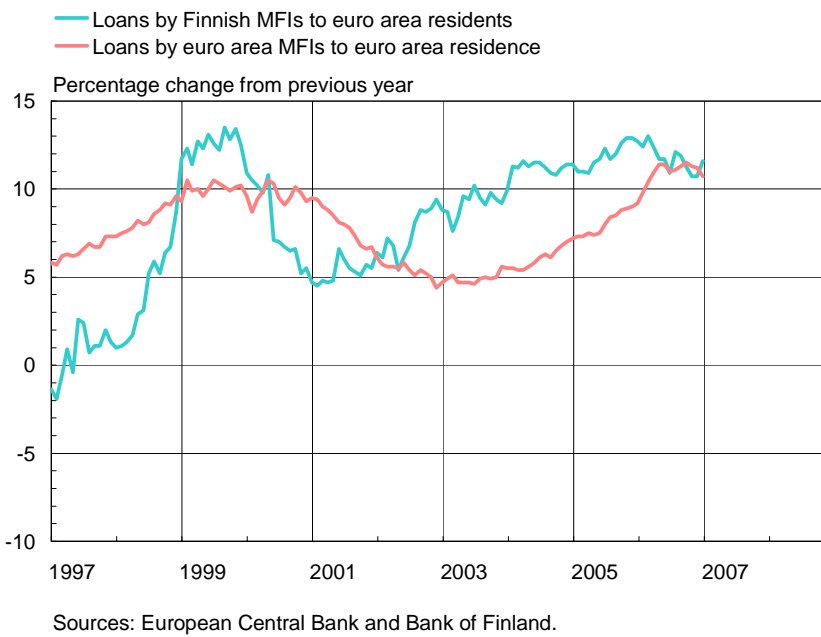
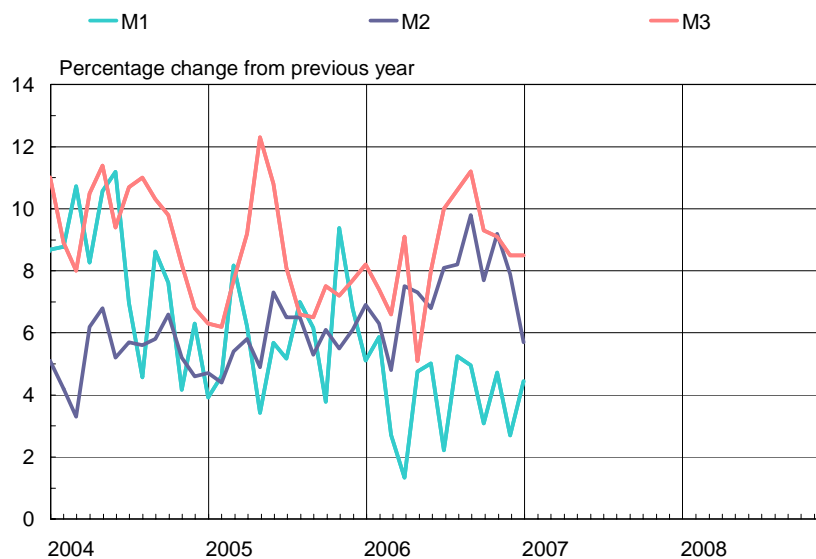


Chart 13.

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

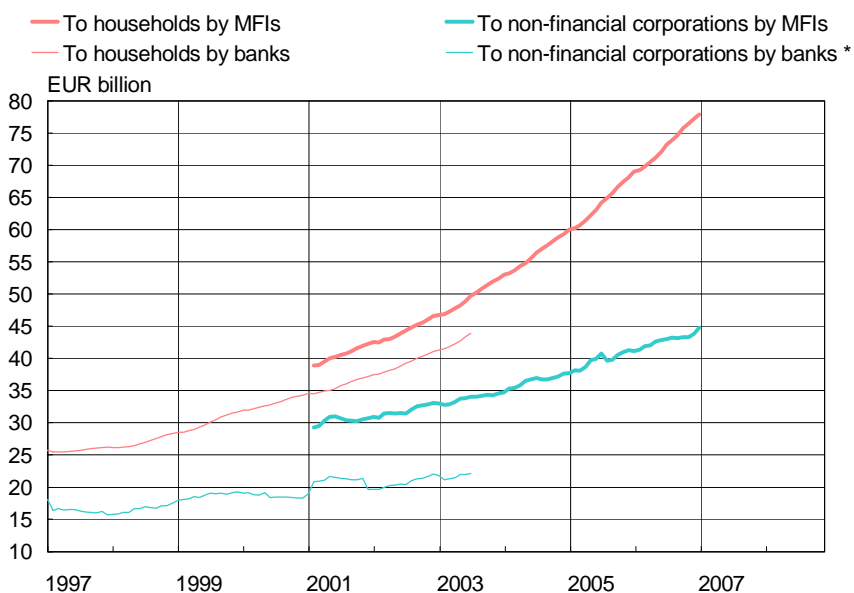


Source: Bank of Finland.

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

Chart 14.

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



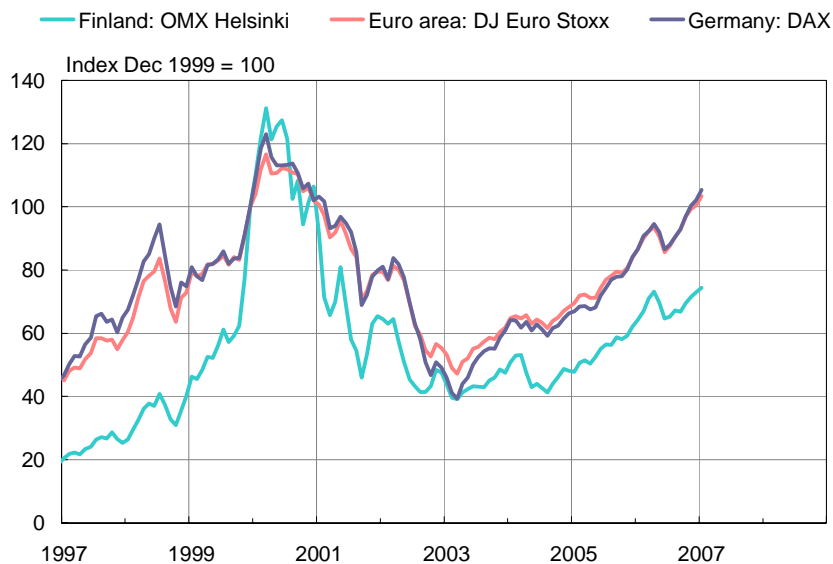
Source: Bank of Finland.

\* Note: The series includes structural changes.

## Securities market

Chart 15.

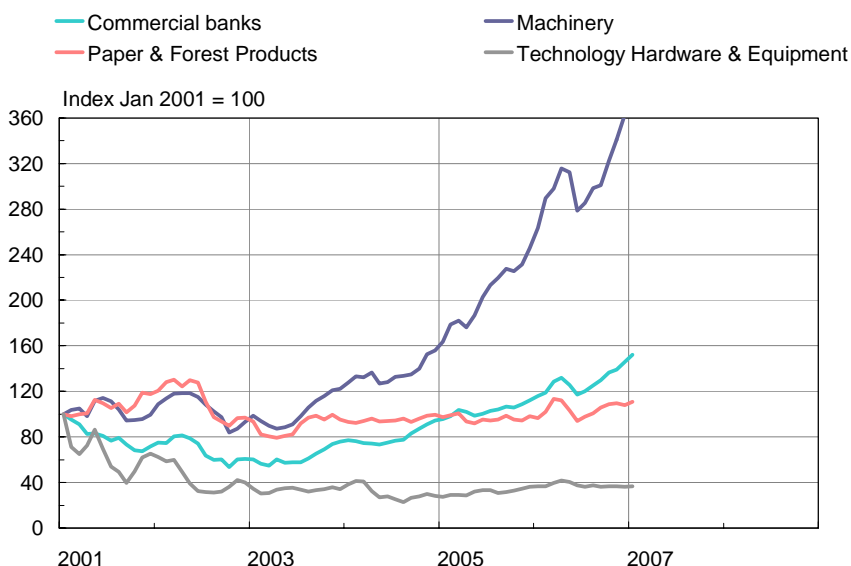
### Selected stock price indices in the euro area



Sources: Bloomberg and Helsinki Stock Exchange.

Chart 16.

### Helsinki Stock Exchange: share indices by sector



The Helsinki Stock Exchange introduced the Global Industry Classification Standard (GICS) for listed companies as of 1 July 2005.

Source: Helsinki Stock Exchange.

Chart 17.



Chart 18.

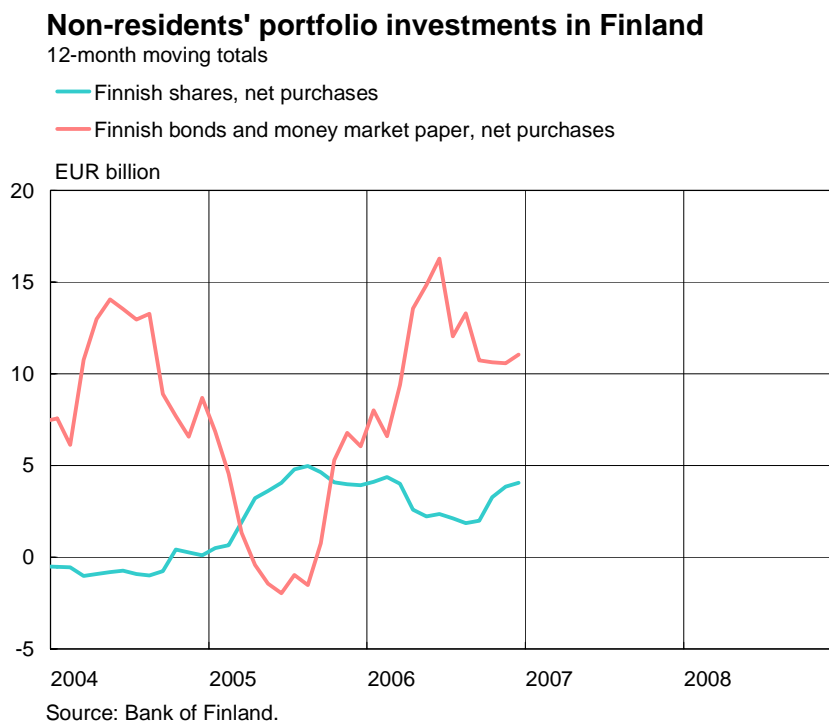


Chart 19.

### Bonds issued in Finland

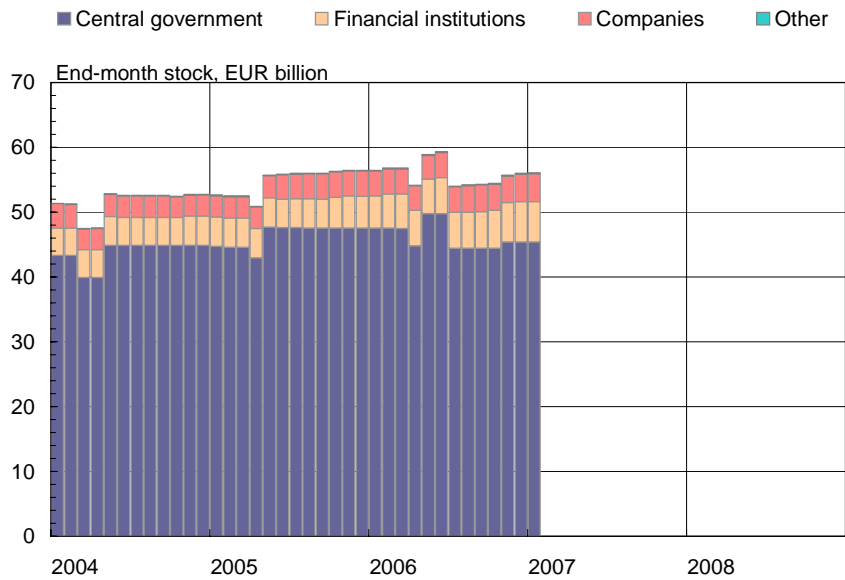
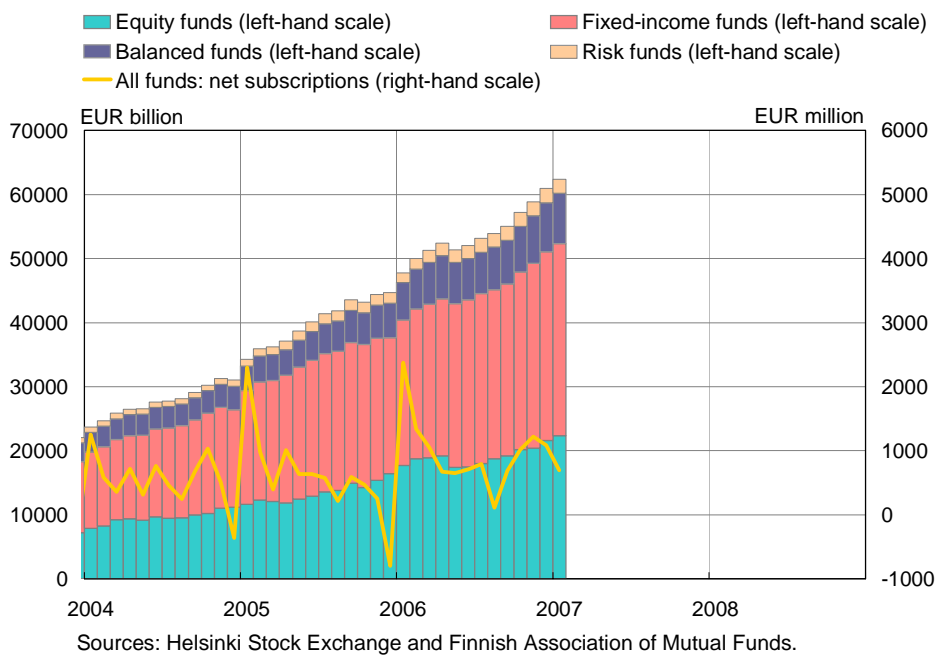


Chart 20.

### Mutual funds registered in Finland



## Borrowing by sector in Finland

Chart 21.

### Non-financial corporate sector and household borrowing

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

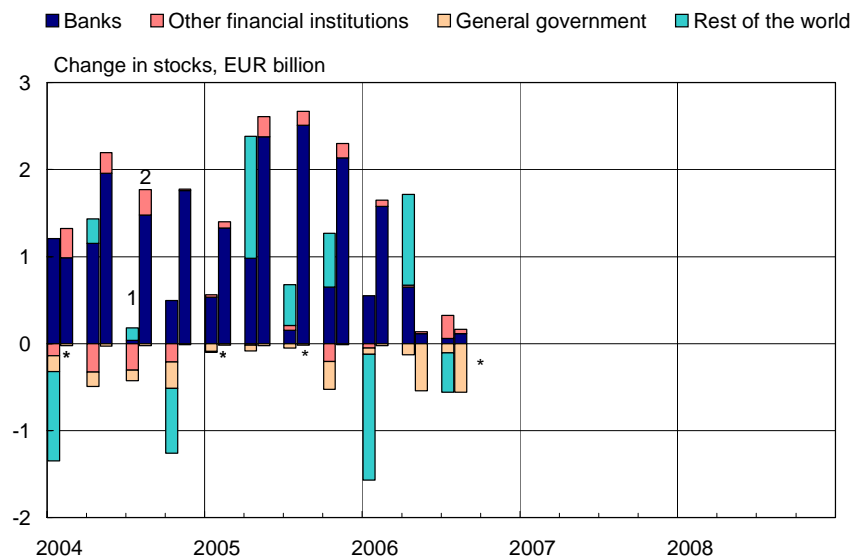
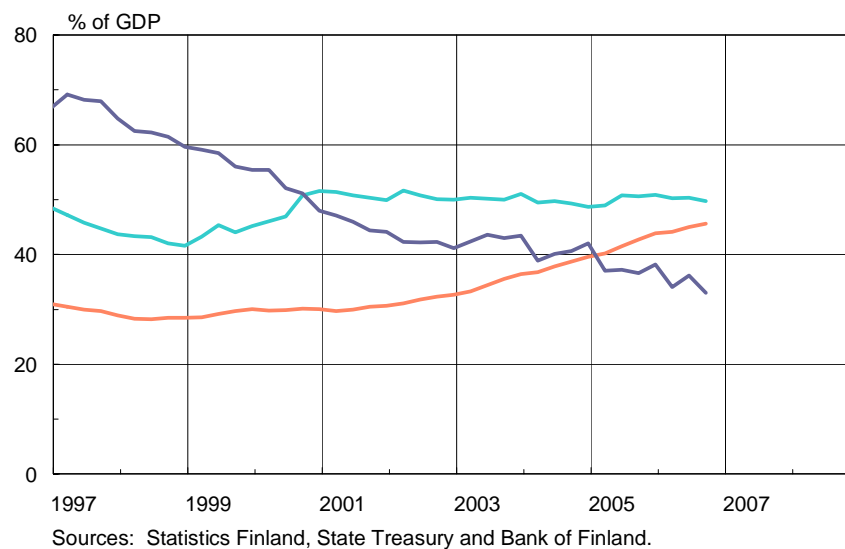


Chart 22.

### Sectoral debt ratios in Finland

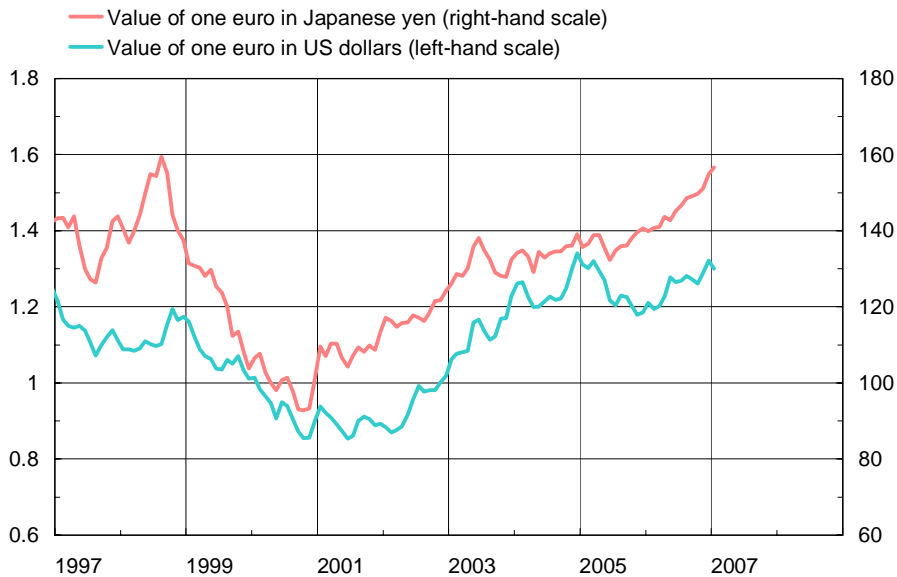
— Non-financial corporate sector excl. housing corporations  
— Household sector  
— Central government



## Exchange rates

Chart 23.

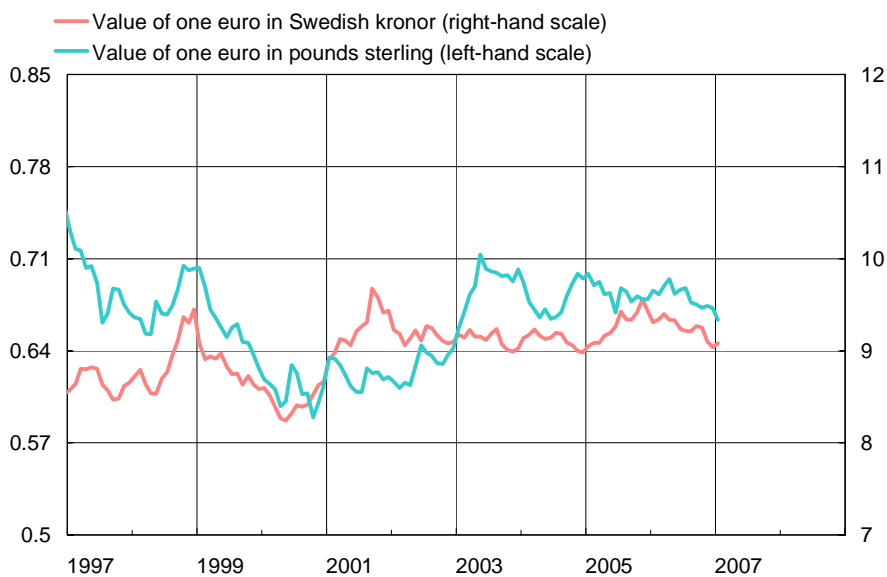
### Euro exchange rates against the US dollar and the yen



Sources: European Central Bank and Reuters.  
Note: ECU exchange rate until end-1998.

Chart 24.

### Euro exchange rates against the pound sterling and the Swedish krona

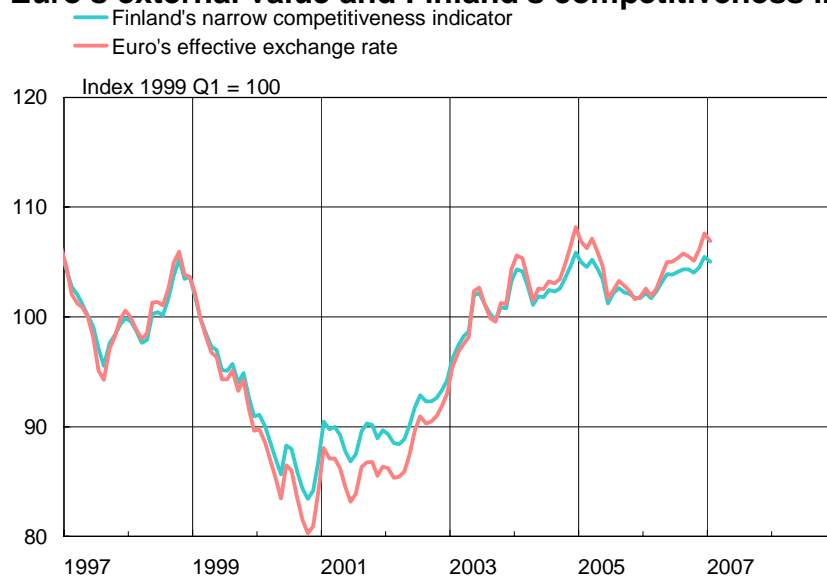


Sources: European Central Bank and Reuters.  
Note: ECU exchange rate until end-1998.



Chart 25.

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

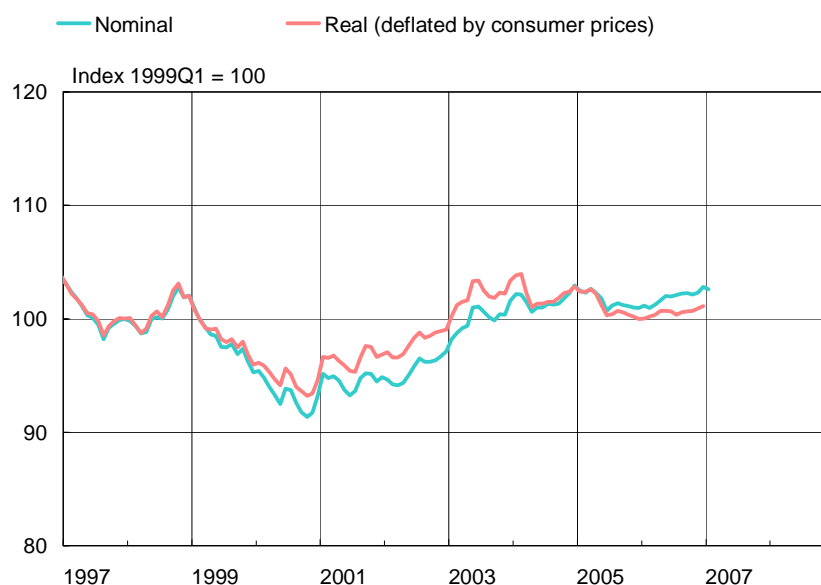


Sources: European Central Bank and Bank of Finland.

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.

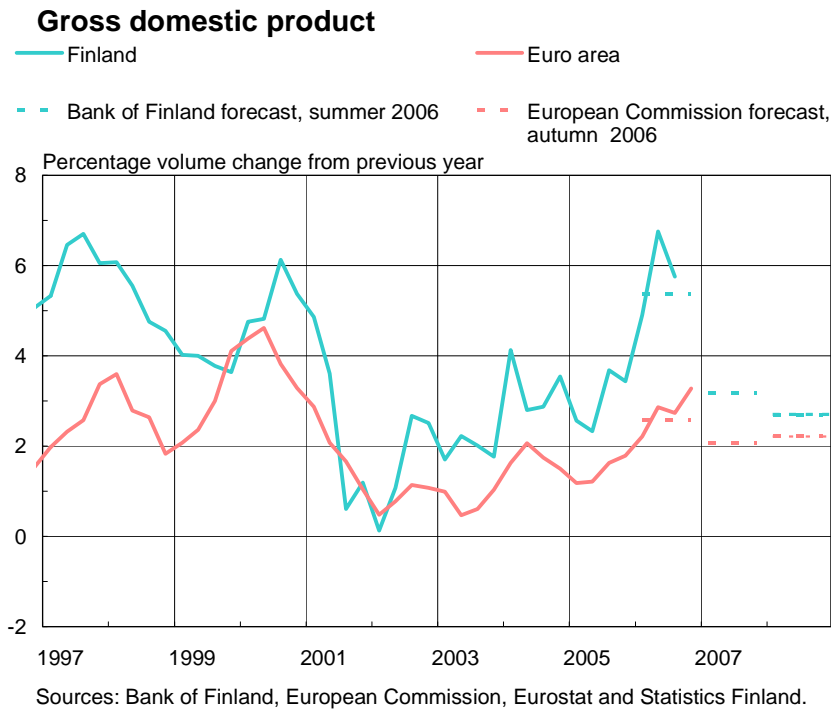


Chart 28.

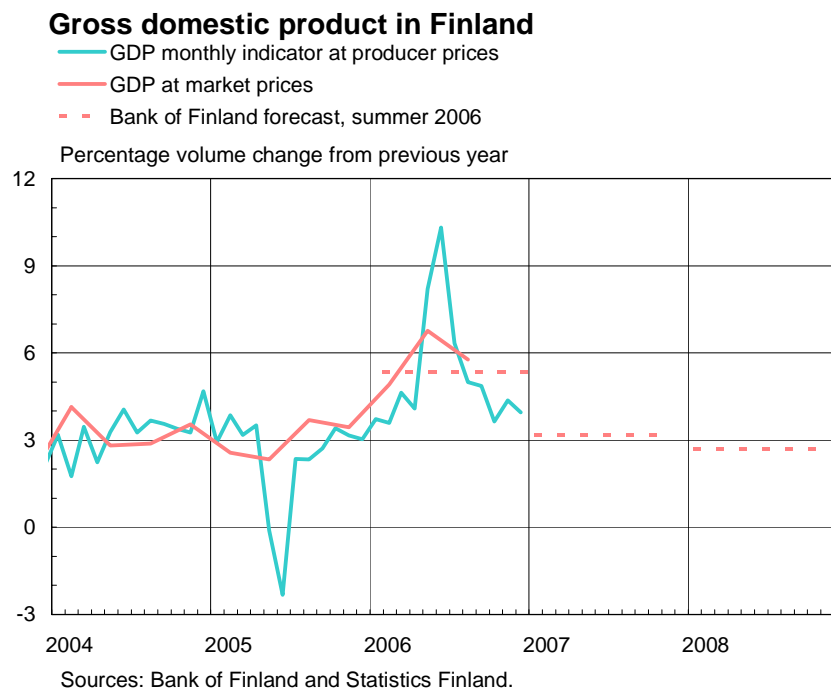


Chart 29.

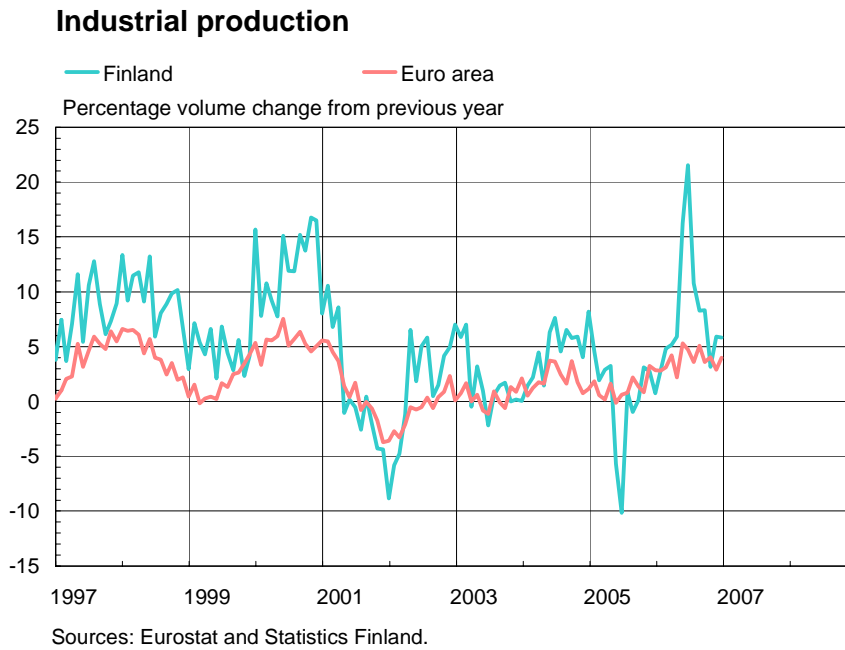


Chart 30.

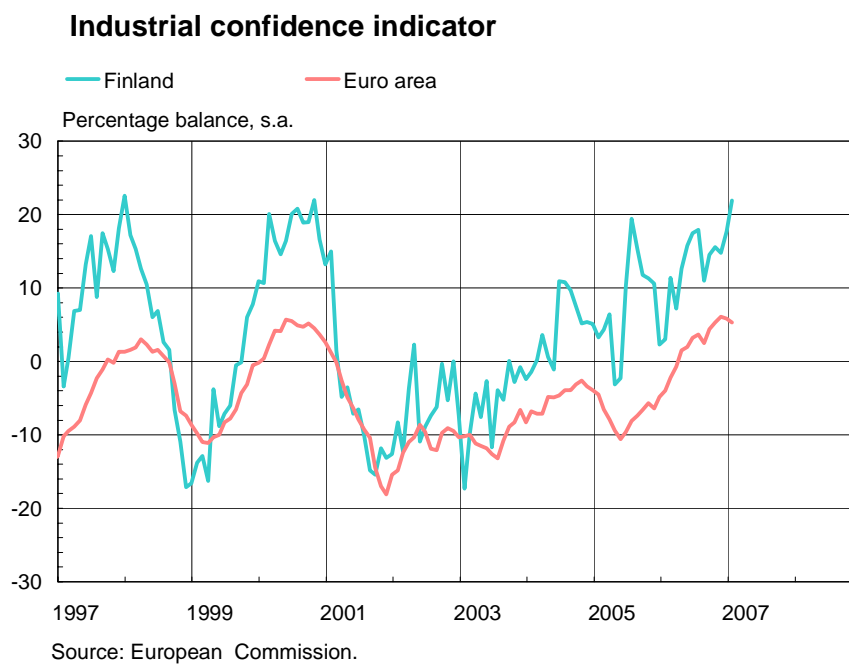


Chart 31.

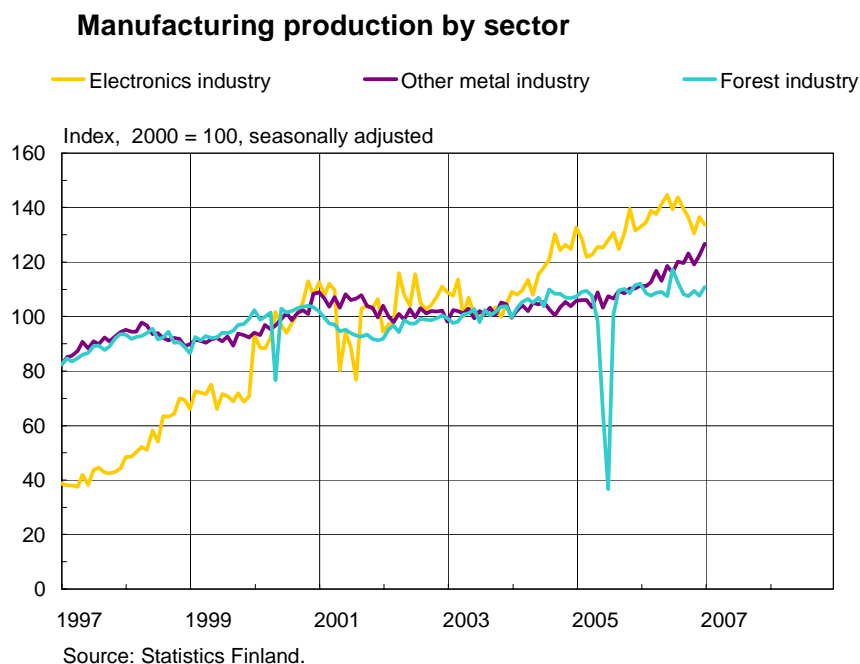


Chart 32.



Chart 33.

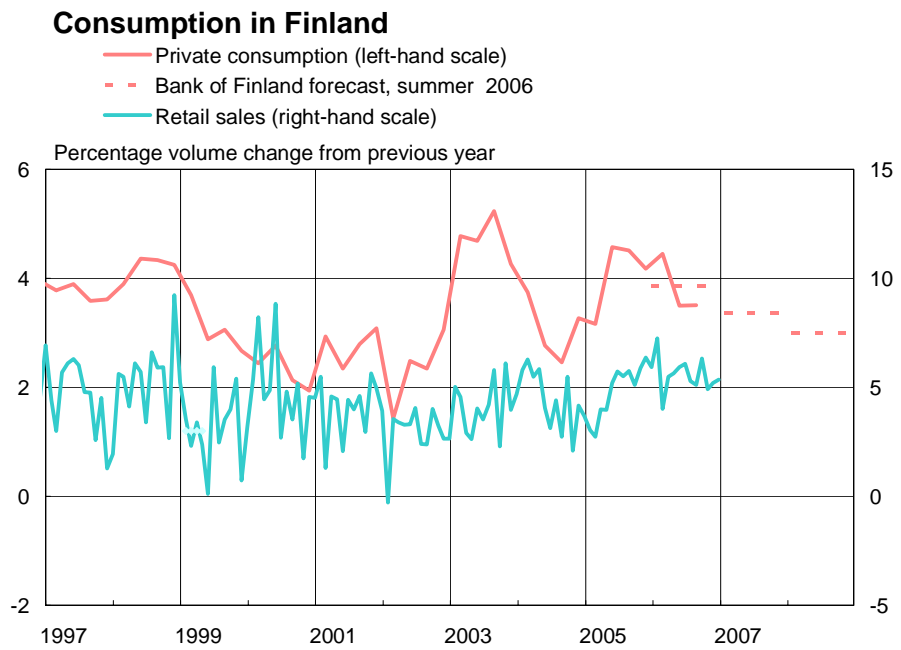


Chart 34.

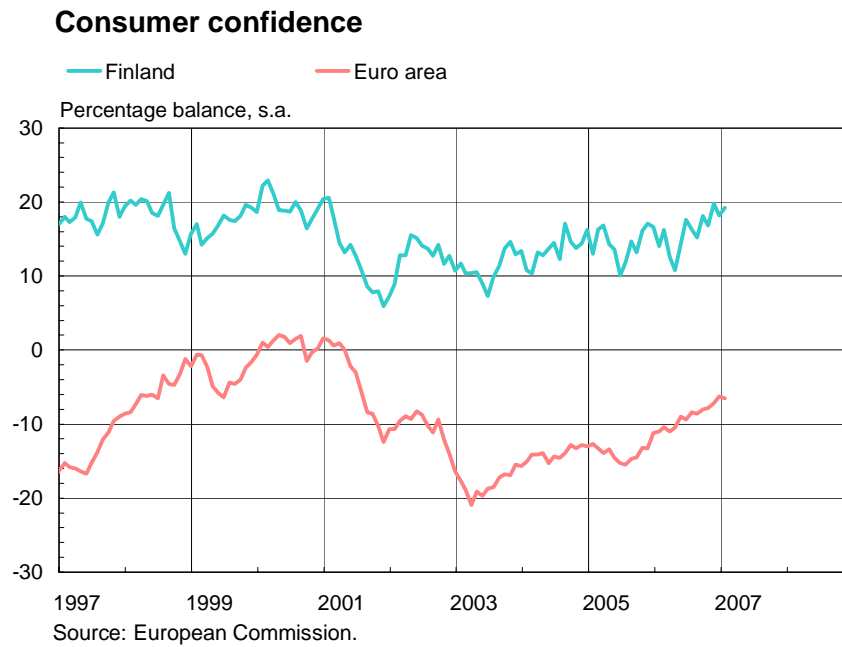


Chart 35.

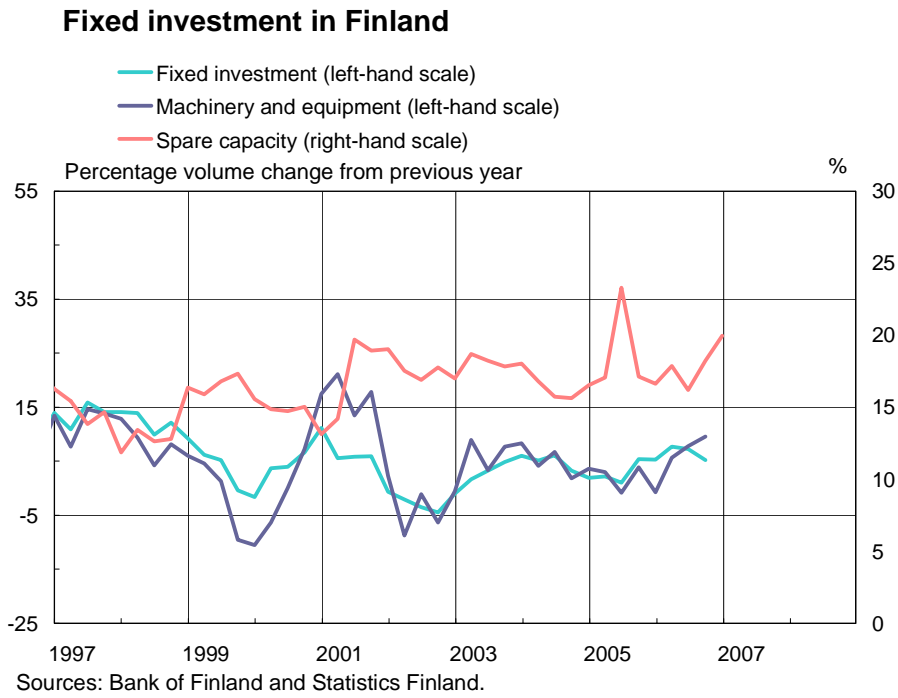


Chart 36.

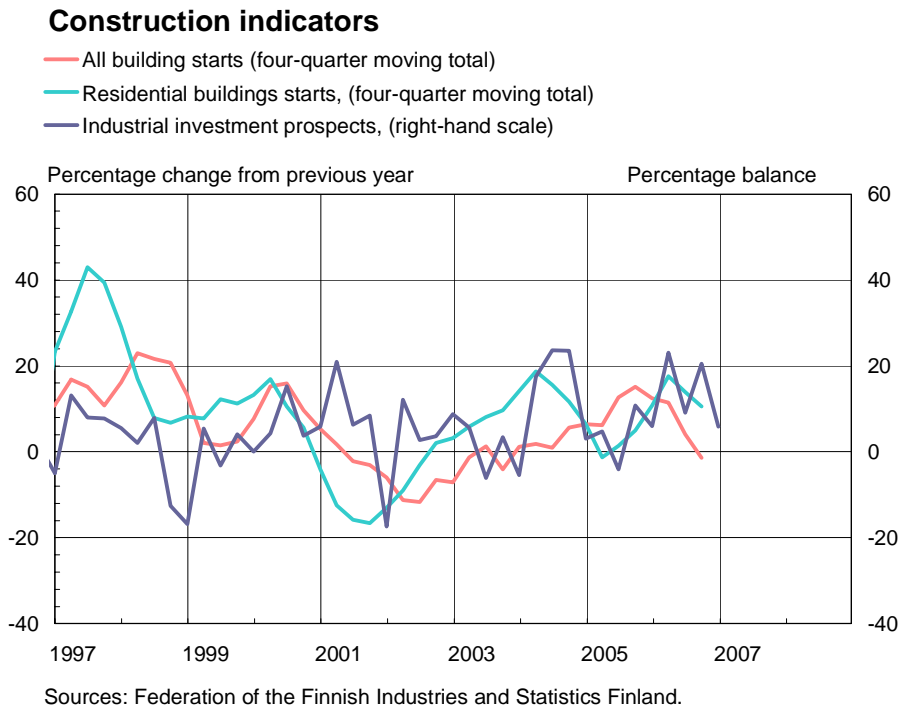


Chart 37.

### Finland's exports of goods

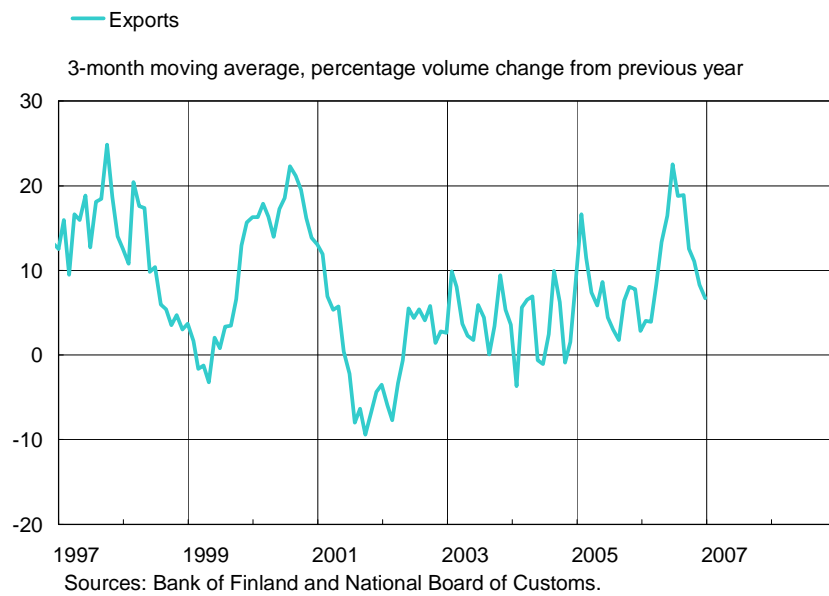


Chart 38.

### Finland's exports by industry

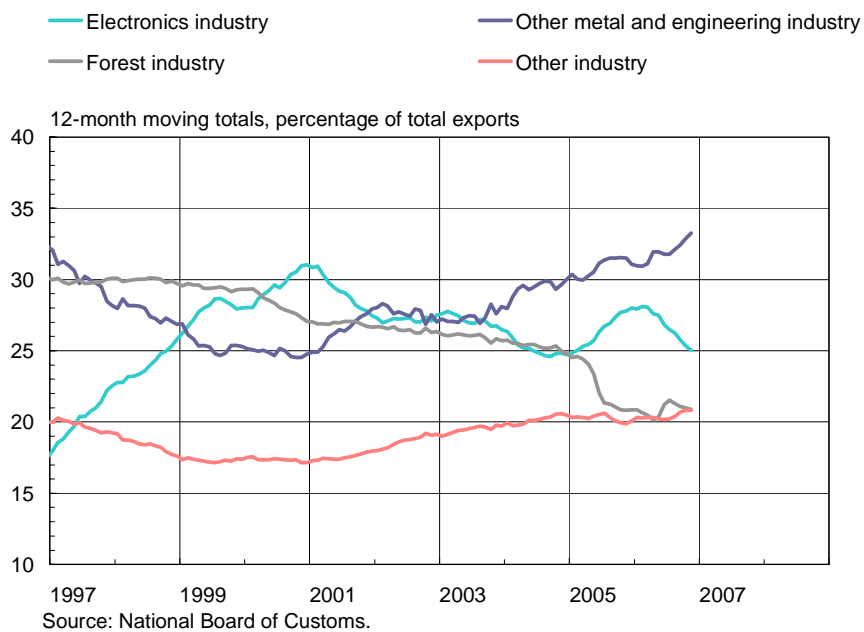


Table 1.

**Supply, demand and labour market indicators**

	2004	2005	2006 Actual		2006*	2007*
<b>Supply and demand</b>						
<i>percentage volume change from previous year</i>						
Gross domestic product at market prices	3.7	2.9	5.4 Q3 6.0 Q1-Q3		5.4	3.2
GDP monthly indicator at producer prices	3.6	2.1	2.1 M12 5.0 M1-M12			
Manufacturing production	5.5	1.1	6.1 M12 7.3 M1-M12			
Consumption expenditure	2.6	3.2	2.3 Q3 2.6 Q1-Q3			
- private	3.0	3.8	3.2 Q3 3.6 Q1-Q3		3.9	3.4
- general government	1.8	1.7	0.0 Q3 0.2 Q1-Q3		0.6	0.8
Gross fixed capital formation	3.6	3.7	4.7 Q3 7.3 Q1-Q3			
- private	3.6	6.4	5.3 Q3 8.3 Q1-Q3		6.1	3.9
- general government	3.7	-10.7	1.8 Q3 1.2 Q1-Q3		2.9	2.8
Domestic demand	3.1	4.9	4.3 Q3 3.5 Q1-Q3			
Exports of goods and services	8.6	7.1	8.2 Q3 11.1 Q1-Q3		12.0	7.3
Imports of goods and services	7.8	12.2	5.8 Q3 5.4 Q1-Q3		9.2	7.7
<b>Labour market indicators</b>						
Employed persons <i>percentage change from previous year</i>	0.0	1.5	2.5 M12 1.8 M1-M12		1.5	0.6
Unemployment rate, s.a. **	8.8	8.4	7.2 M12 8.3 M1-M12		7.8	7.5

Source: Statistics Finland.

\* Bank of Finland forecast, summer 2006.

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



## Prices and costs

Chart 39.

### Consumer prices

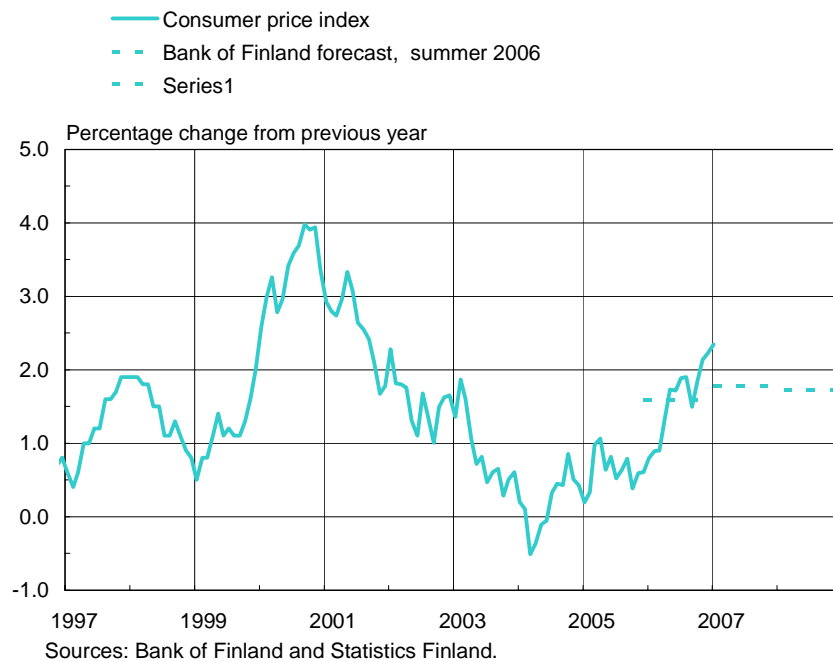


Chart 40.

### Harmonized index of consumer prices (HICP)

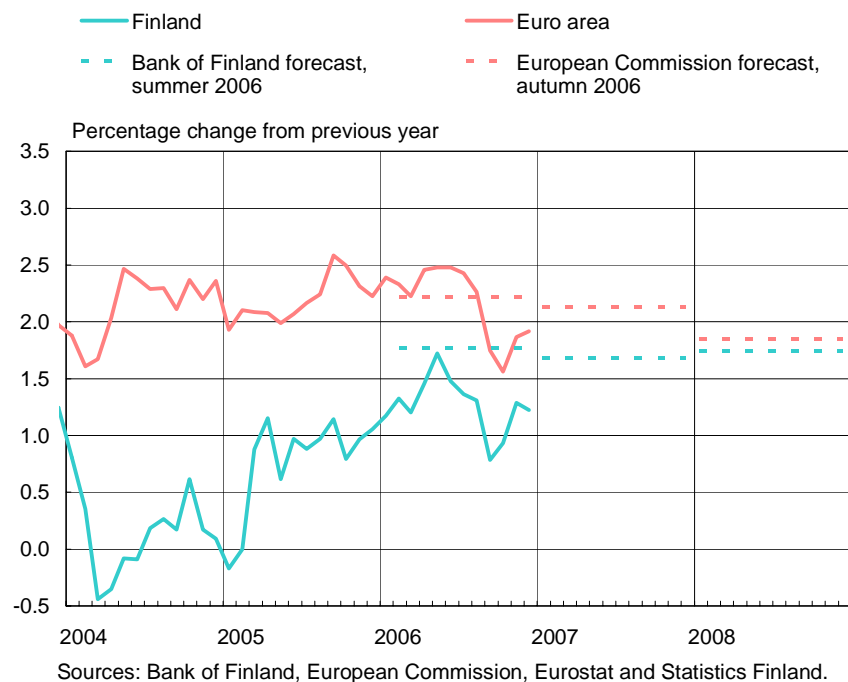
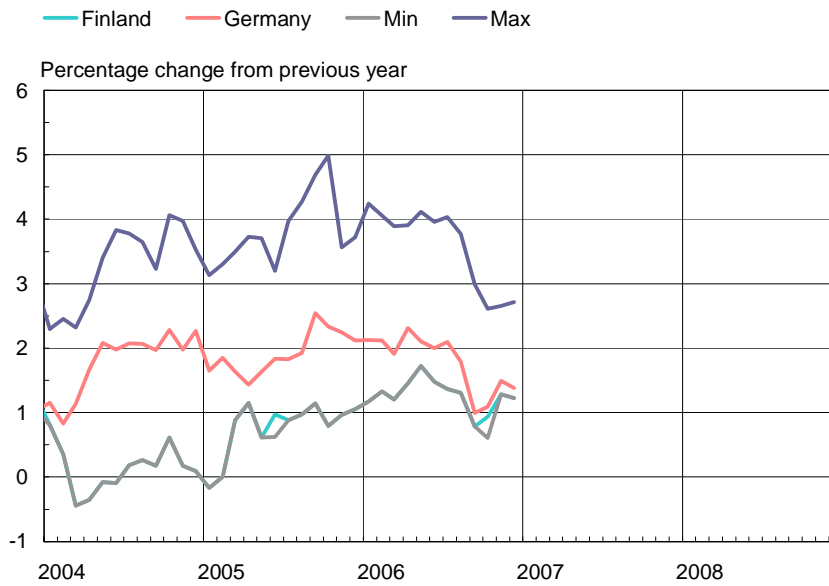


Chart 41.

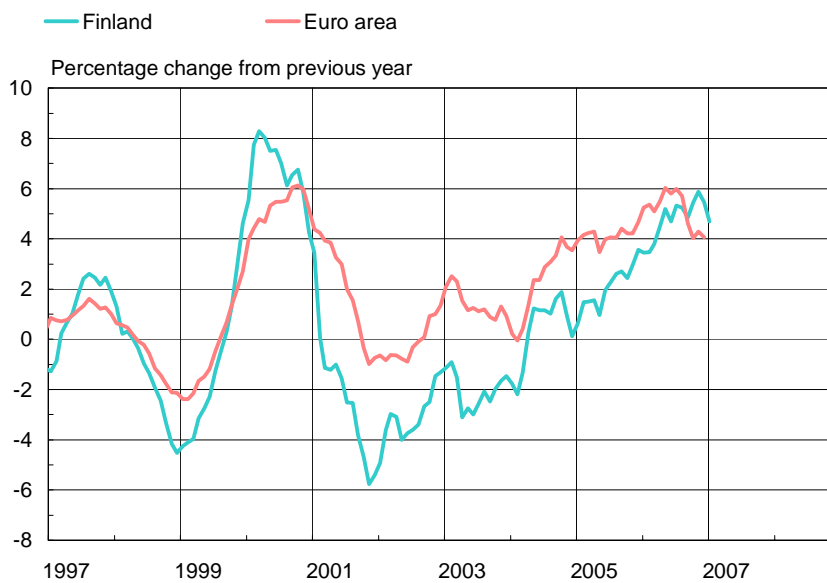
**Inflation rates in the euro area (HICP)**



Sources: Eurostat and Statistics Finland.

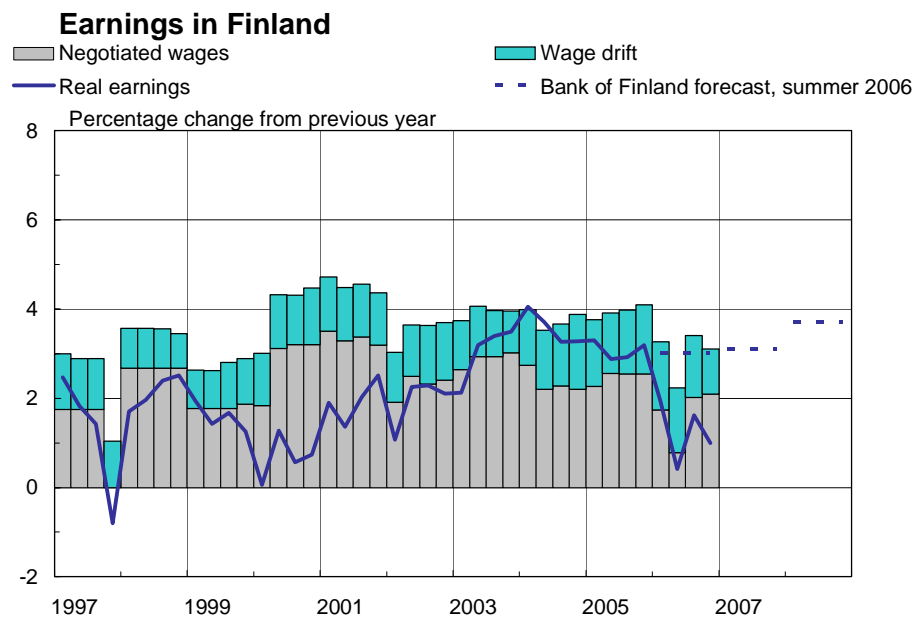
Chart 42.

**Producer prices**



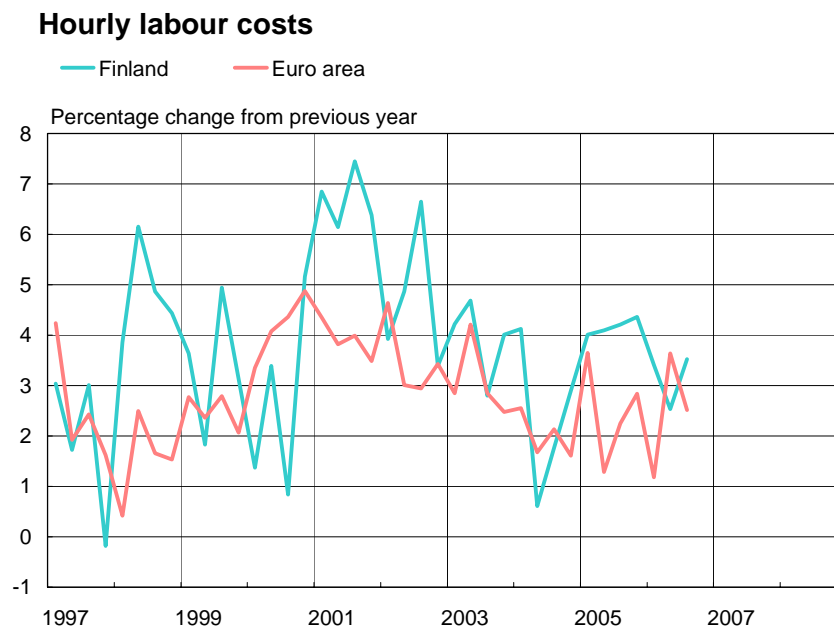
Sources: Eurostat and Statistics Finland.

Chart 43.



Sources: Bank of Finland and Statistics Finland.

Chart 44.



Sources: Eurostat.

Note: Whole economy excl. agriculture, public administration, education, health and services not elsewhere classified.

Chart 45.

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

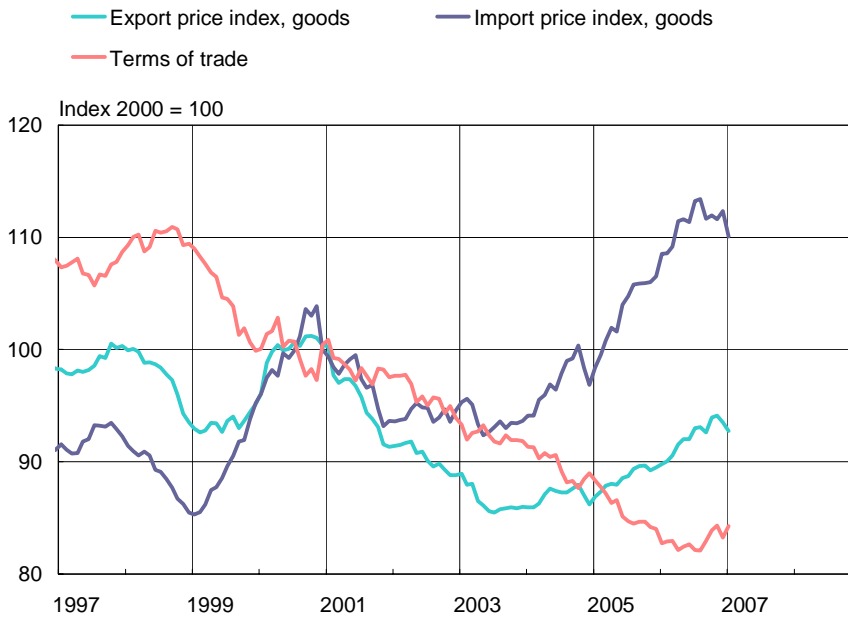


Chart 46.

**Dwelling prices in Finland**

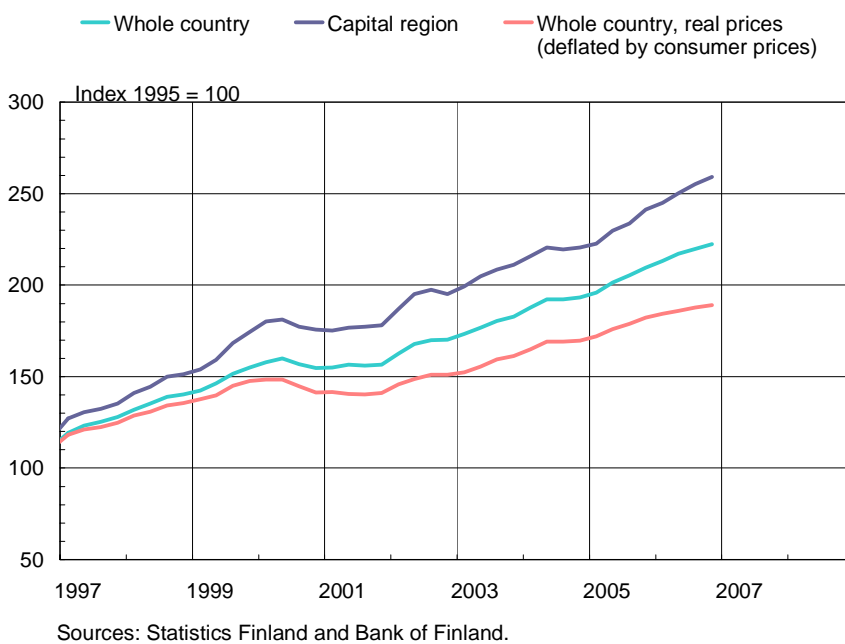


Table 2.

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

	2004	2005	2006 Actual	2006*	2007*
<b>Labour costs</b>					
Index of wages and salaries	3.8	3.9	3.4 Q3 3.0 Q1-Q3	3.0	3.1
Unit labour costs					
- whole economy	0.5	2.2	-2.0 Q3 -2.0 Q1-Q3	-0.6	0.6
<b>Price indices</b>					
Export prices (goods)					
- export price index	0.5	1.8	3.3 M1 3.3 M1 - M1		
- export price deflator	0.1	0.9	3.9 Q3 3.3 Q1-Q3		
Import prices (goods)					
- import price index	3.6	6.6	1.4 M1 1.4 M1 - M1		
- import price deflator	2.5	5.2	7.2 Q3 8.9 Q1-Q3		
Producer prices	0.3	2.1	4.7 M1 4.7 M1 - M1		
Wholesale prices	0.9	3.3	4.3 M1 4.3 M1 - M1		
Consumer prices					
- consumer price index	0.2	0.9	2.3 M1 2.3 M1 - M1	1.6	1.8
- harmonized index of consumer prices	0.1	0.8	1.3 M1 1.3 M1 - M1	1.5	1.8
<b>Asset prices</b>					
Stumpage prices	-3.4	-2.1	8.9 M12 0.0 M1 - M12		
Dwelling prices, whole country	7.3	6.1	7.1 Q3 7.9 Q1-Q3		
Share prices	7.6	17.6	15.8 M1 15.8 M1 - M1		

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

\* Bank of Finland forecast, summer 2006.

# Labour market

Chart 47.

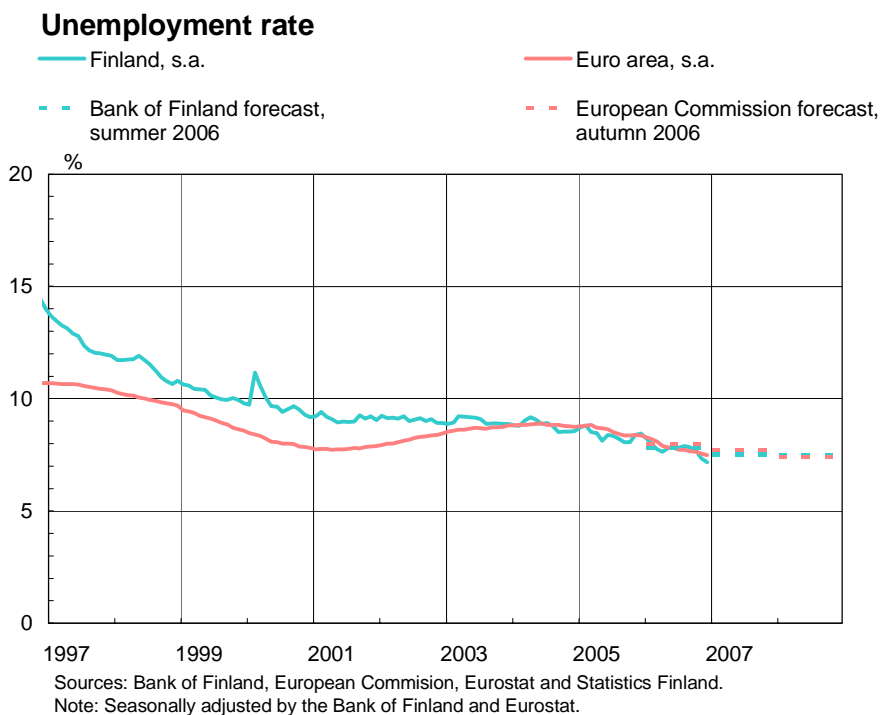


Chart 48.



## Public finances

Chart 49.

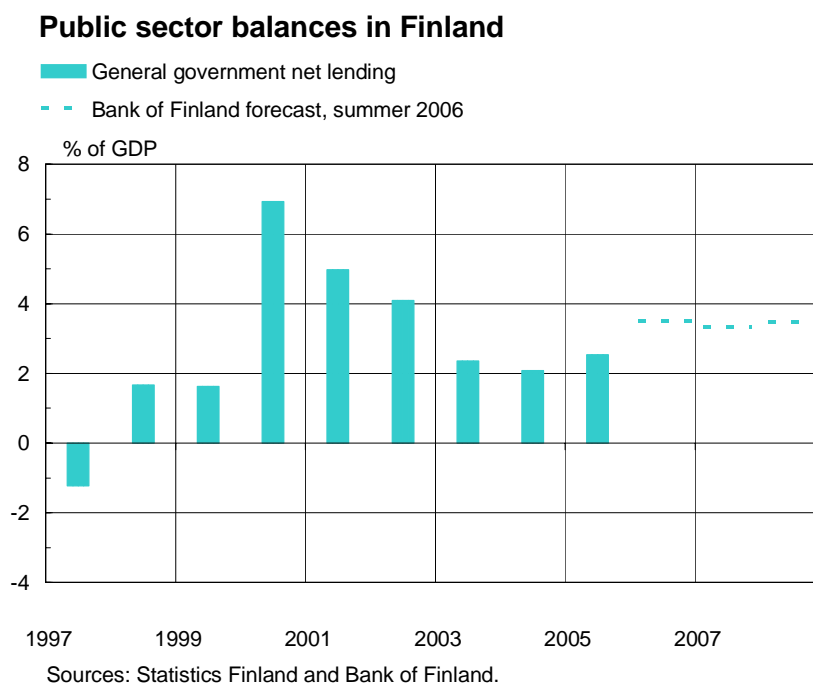
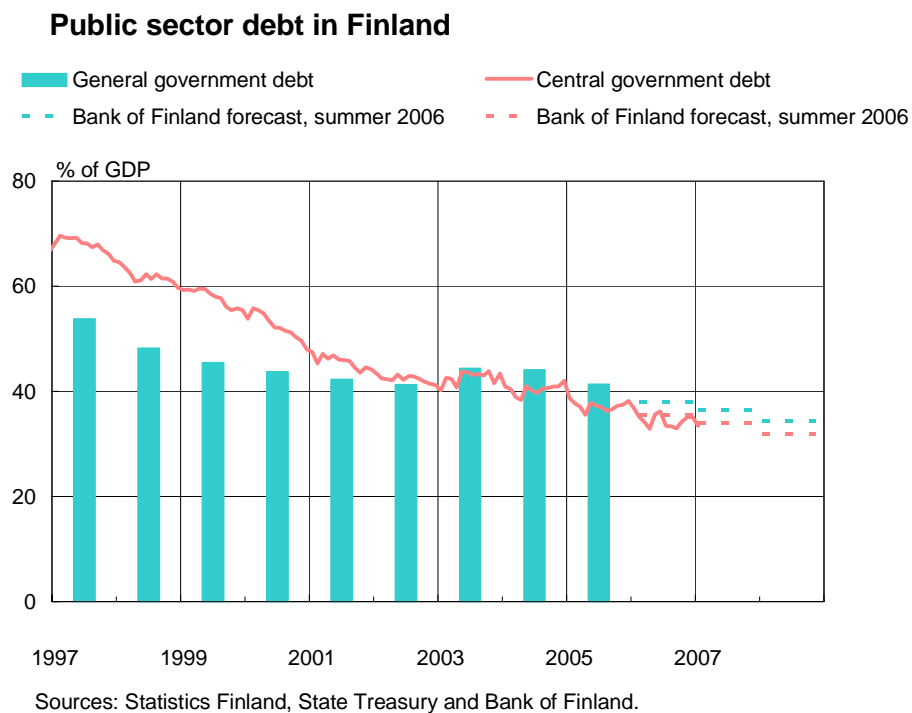


Chart 50.



## External balance

Chart 51.

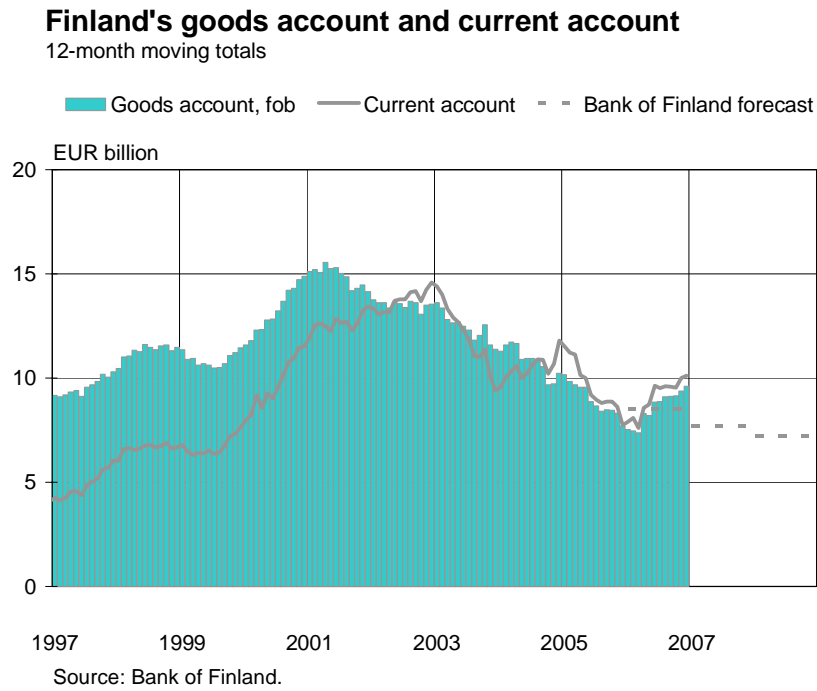


Chart 52.

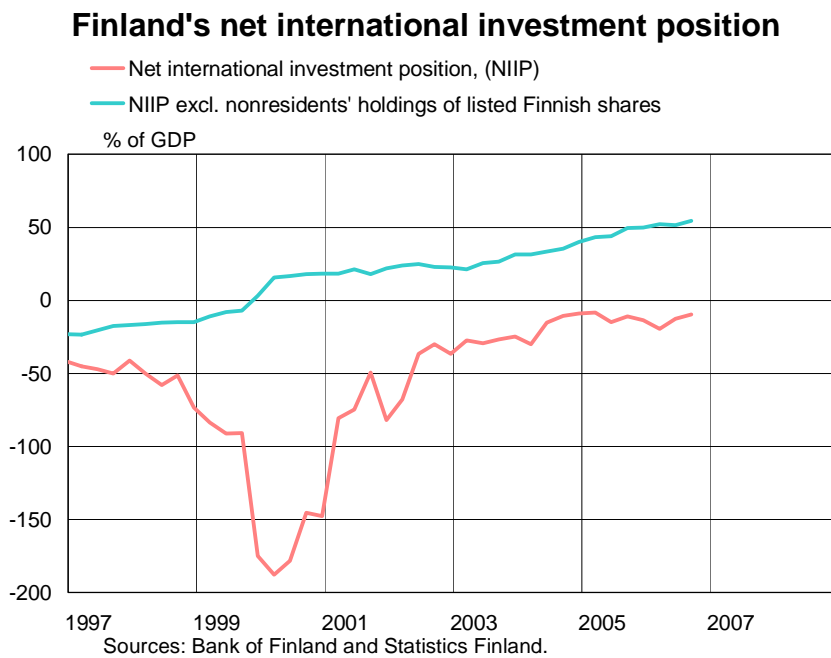




Table 3.

**External balance and sectoral balances indicators**

	2004	2005	2006 Actual	2006*	2007*
<b>Goods account</b>					
EUR billion	10.2	7.7	0.9 M12 9.6 M01-M12		
per cent of GDP	6.7	4.9			
<b>Current account</b>					
EUR billion	11.8	7.8	1.4 M12 10.1 M01-M12	8.5	7.7
per cent of GDP	7.8	4.9		5.1	4.4
<b>Financial account</b>					
EUR billion	-11.1	-7.8	-1.5 M12 -14.1 M01-M12		
General government	-6.2	-6.2	0.5 M12 -8.2 M01-M12		
Direct investment in Finland	2.4	3.2	0.5 M12 2.1 M01-M12		
abroad	-0.9	3.5	0.3 M12 0.2 M01-M12		
Shares	-8.1	-3.6	-1.5 M12 -7.1 M01-M12		
Other capital (incl. errors and omissions)	0.0	2.3	-0.7 M12 -0.6 M01-M12		
Foreign exchange reserves (increase -)	-0.7	0.1	0.0 M12 4.0 M01-M12		
<b>Net lending, saving minus investment</b>					
Private sector					
EUR billion	8.6	3.9		2.7	1.9
per cent of GDP	5.7	2.5		1.6	1.1
General government					
EUR billion	3.2	3.9		5.8	5.8
per cent of GDP	2.1	2.5		3.5	3.3
Central government					
EUR billion	0.6	0.6		1.7	1.4
per cent of GDP	0.4	0.4		1.0	0.8
Local government					
EUR billion	-1.2	-1.0		-0.3	-0.1
per cent of GDP	-0.8	-0.7		-0.2	-0.1
Social security funds					
EUR billion	3.8	4.3		4.4	4.5
per cent of GDP	2.5	2.7		2.7	2.6
<b>Net foreign debt</b>					
per cent of GDP	9.1	13.4			
per cent of exports of goods and services	22.7	32.1			
<b>Sectoral debt ratios, gross debt, per cent of GDP</b>					
Non-financial corporate sector **	48.6	50.9			
Household sector	39.6	43.9			
General government	44.3	40.5		38.0	36.5

Sources: Bank of Finland and Statistics Finland.

\* Bank of Finland forecast, summer 2006.

\*\* Excl. housing corporations.

