



**BANK OF FINLAND**

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

EUROJÄRJESTELMÄ  
EUROSYSTEMET

# **Main Indicators for the Finnish Economy**

5/2008



16 May 2008

*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.

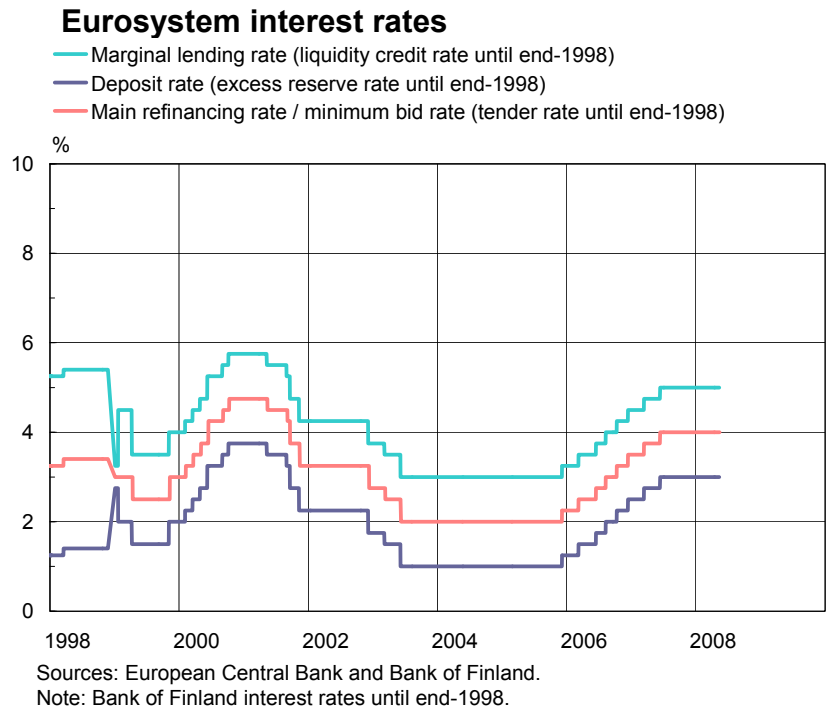


Chart 2.

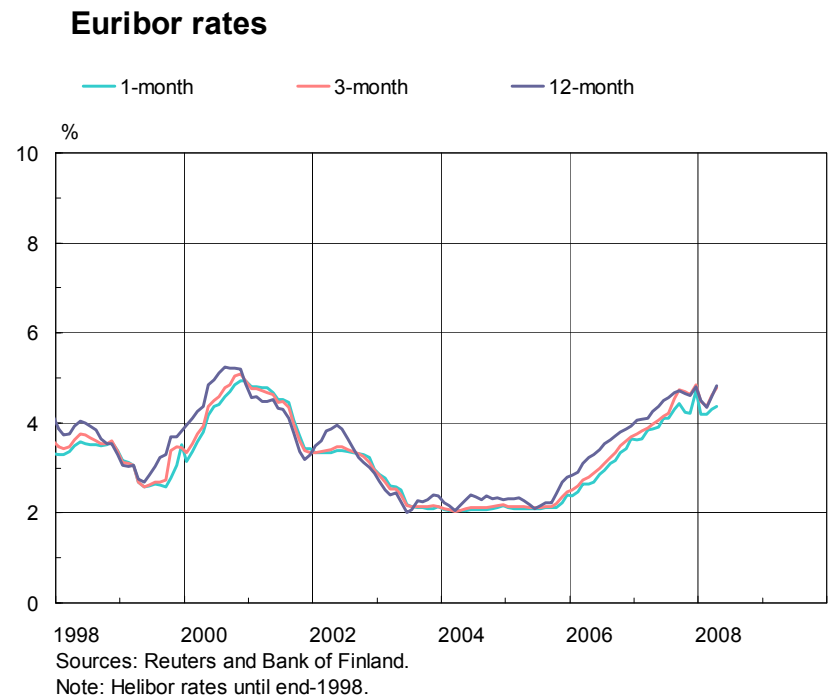
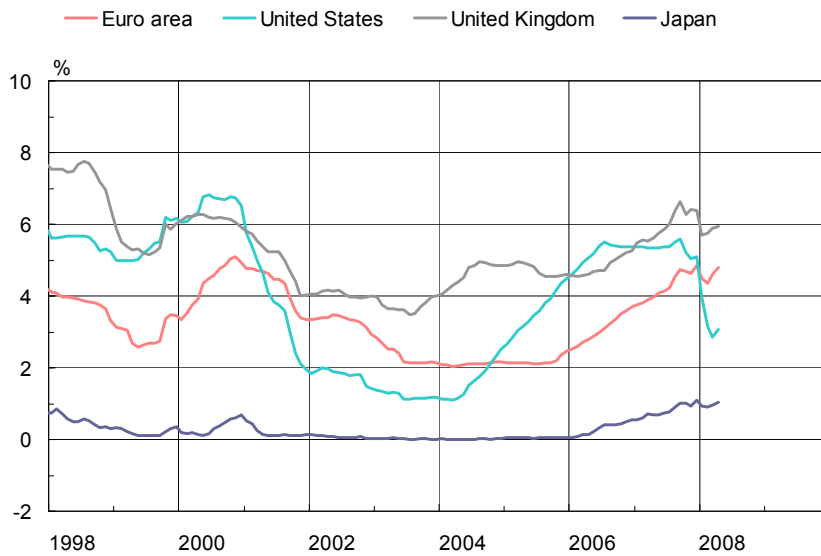


Chart 3.

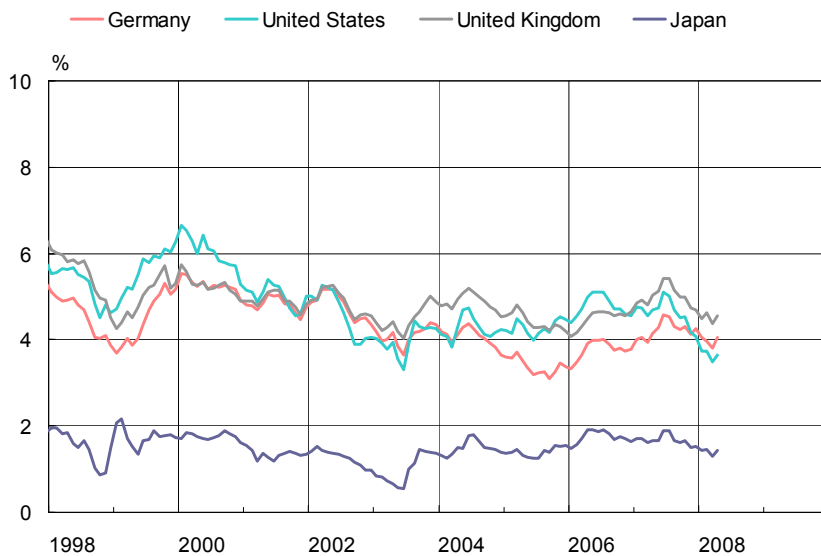
**International three-month interest rates**



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.

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

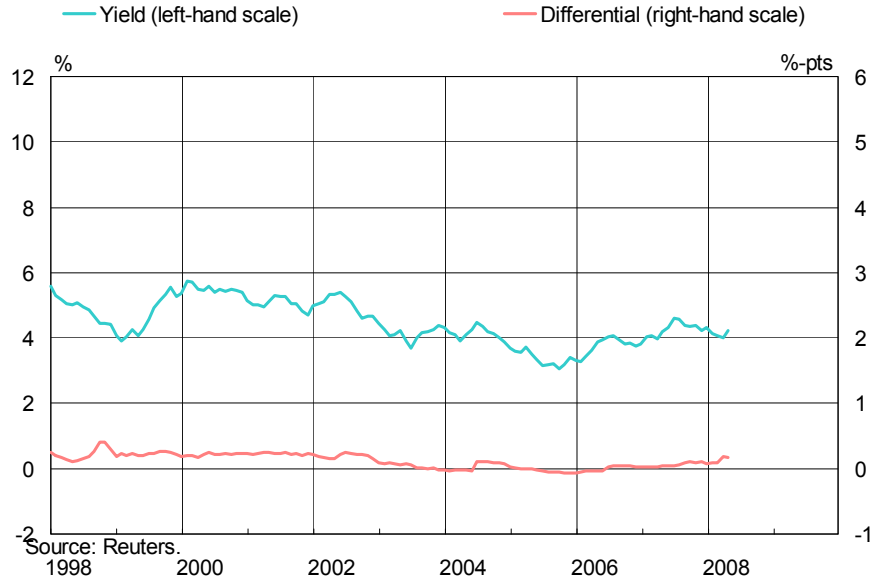
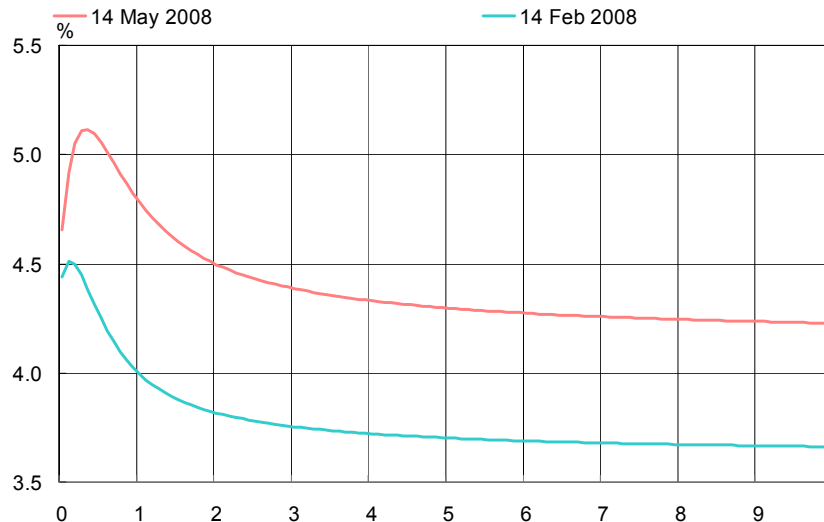


Chart 6.

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

(zero coupon yield curve)



Source: Bank of Finland.

Years to maturity

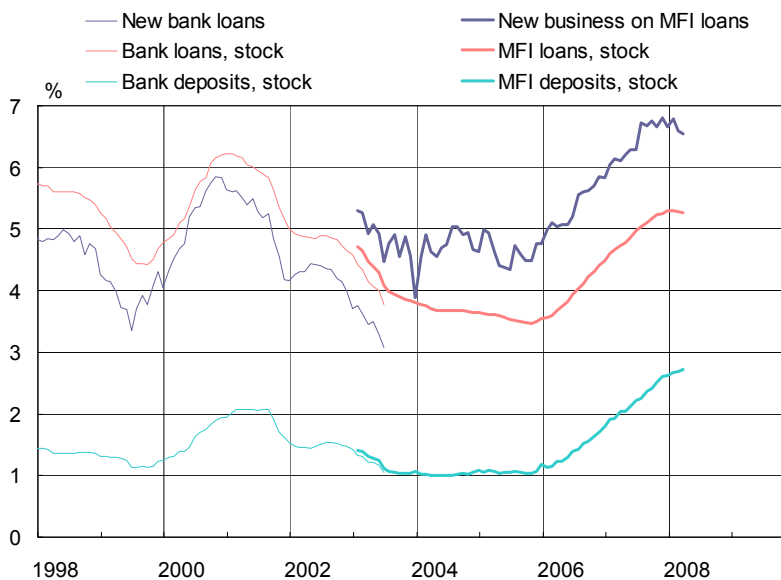
Note: BOF estimation using Nelson & Siegel (1987) yield curve model applied to Eonia and Euribor rates and Finnish benchmark government bond yields.

Note 2: Due to recent turmoil in financial markets, the estimate of the yield curve is biased and, therefore, cannot be interpreted in a mechanical way.

## Banking in Finland

Chart 7.

### Interest rates on loans and deposits

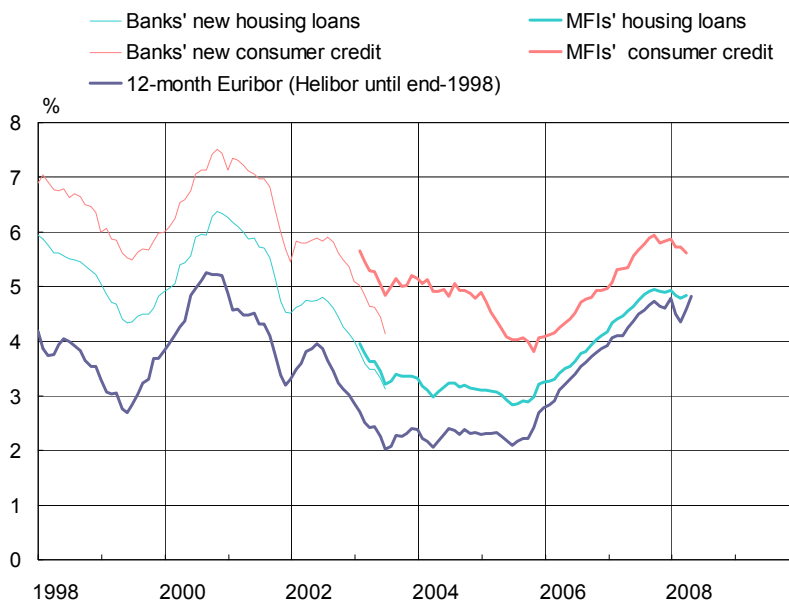


Source: Bank of Finland.

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.

### Interest rates on new loans to households



Source: Bank of Finland.

See note in Chart 7.



Chart 9.

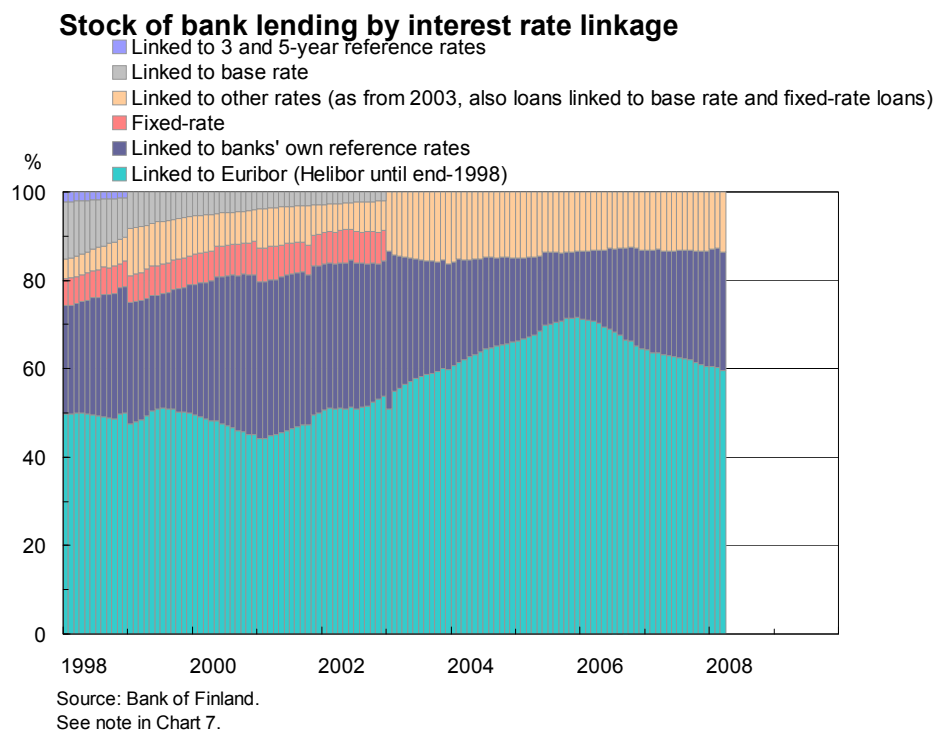


Chart 10.

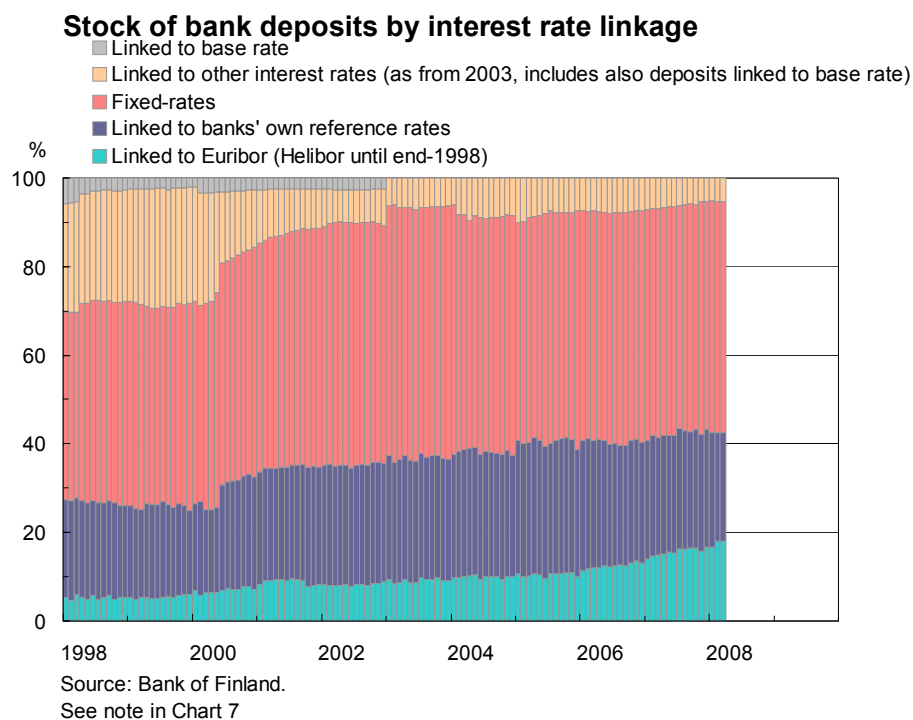


Chart 11.

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

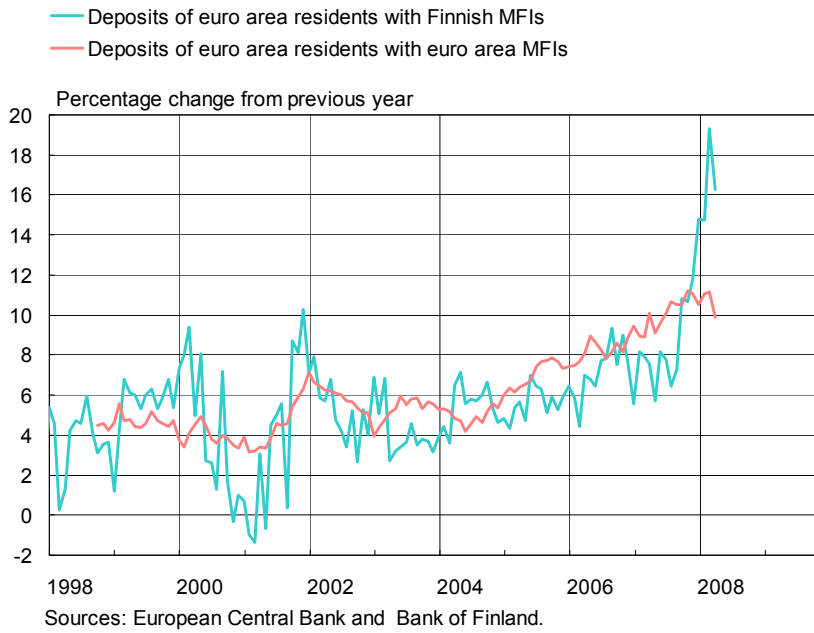


Chart 12.

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

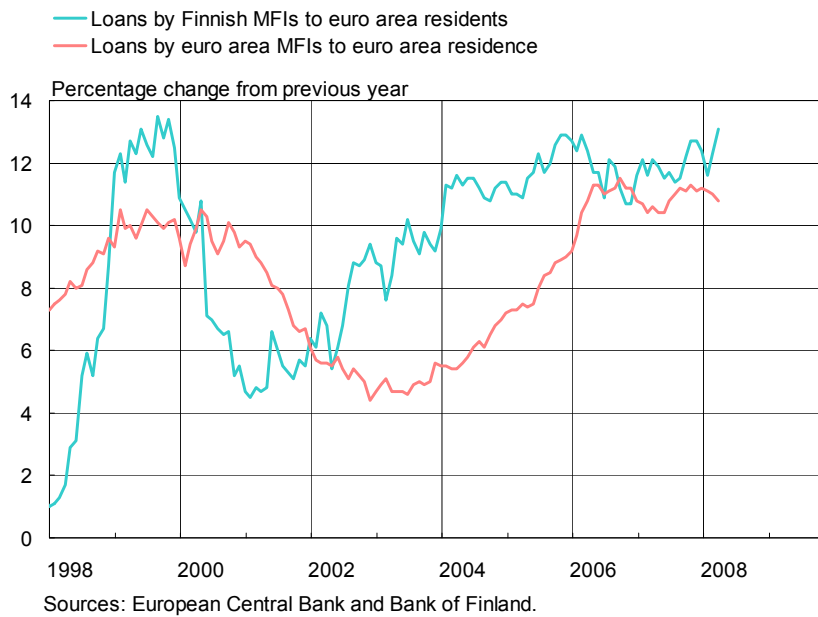
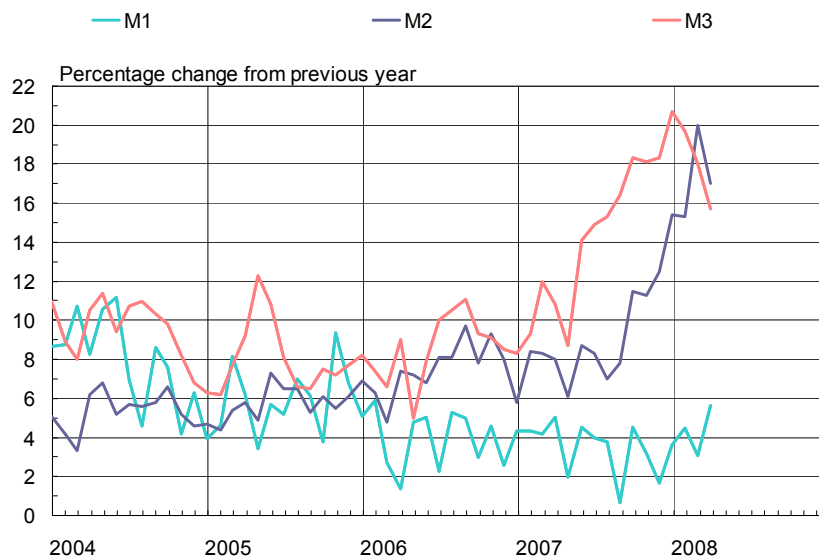


Chart 13.

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

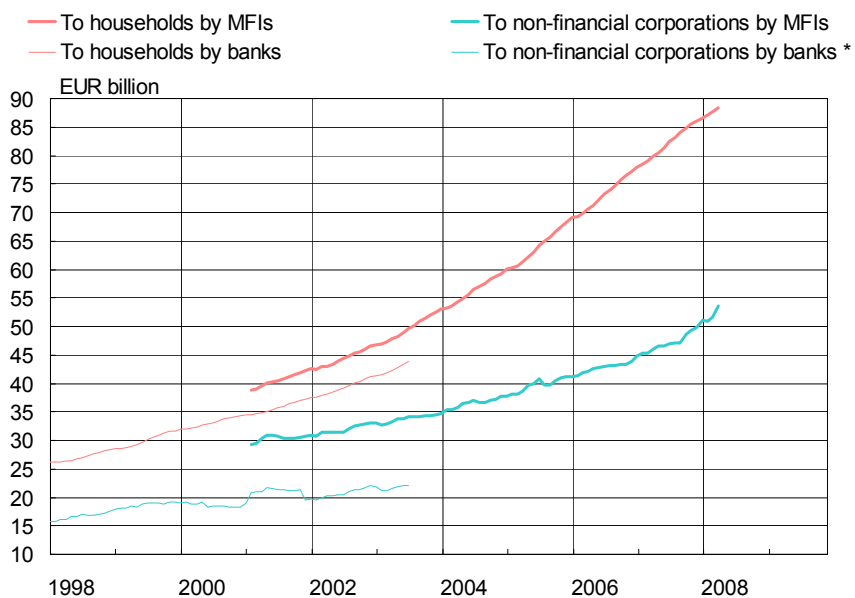


Source: Bank of Finland.

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

Chart 14.

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



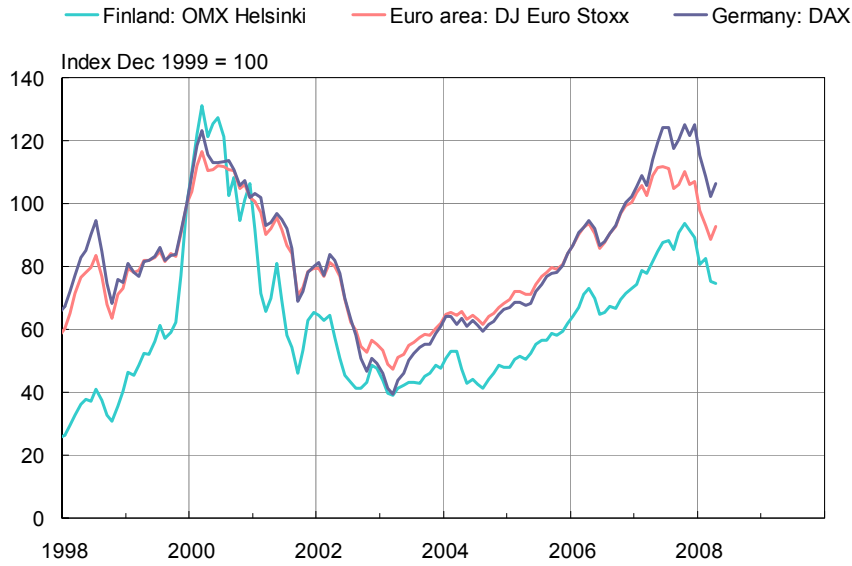
Source: Bank of Finland.

\* Note: The series includes structural changes.

# Securities market

Chart 15.

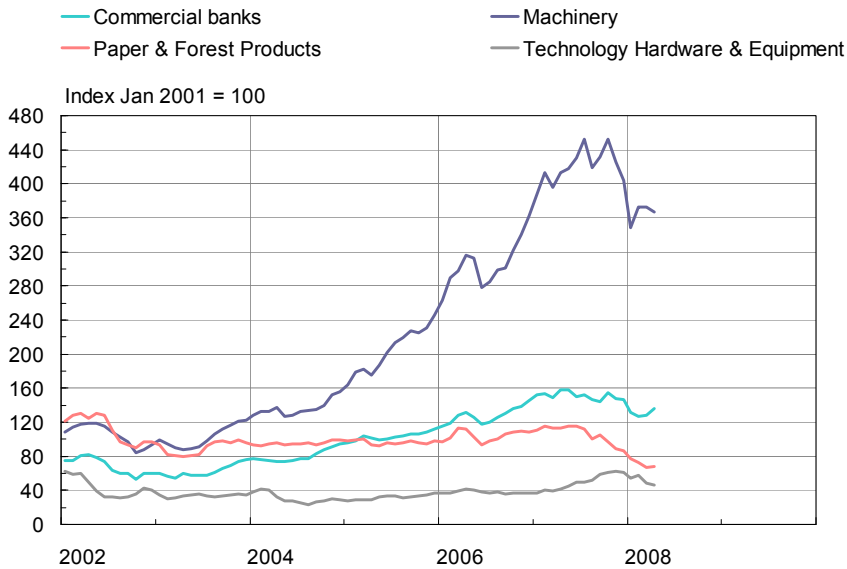
## Selected stock price indices in the euro area



Sources: Bloomberg and OMX Nordic Exchange Helsinki Oy.

Chart 16.

## OMX Nordic Exchange Helsinki: share indices by sector



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

Source: OMX Nordic Exchange Helsinki Oy.

Chart 17.

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

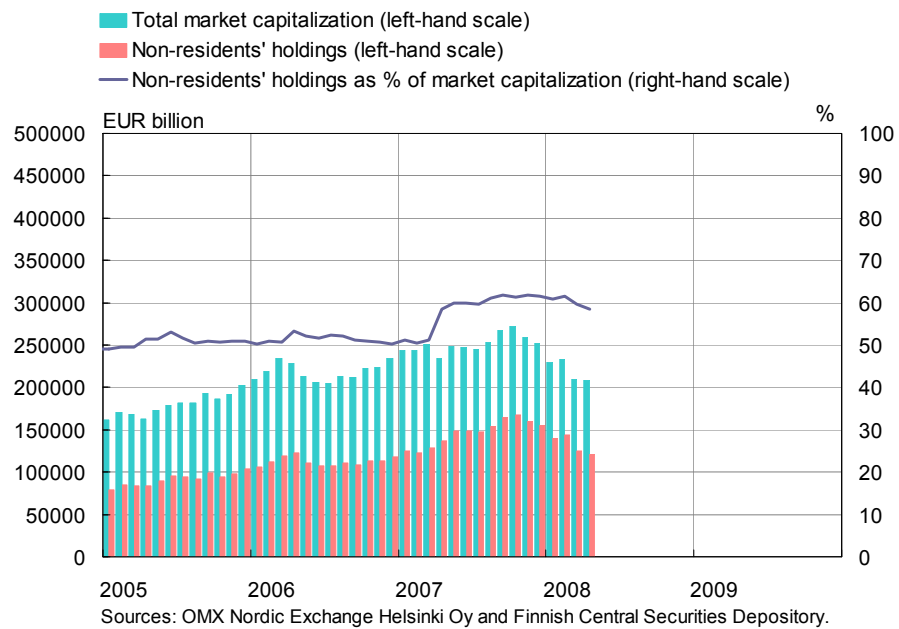


Chart 18.

### Non-residents' portfolio investments in Finland

12-month moving totals

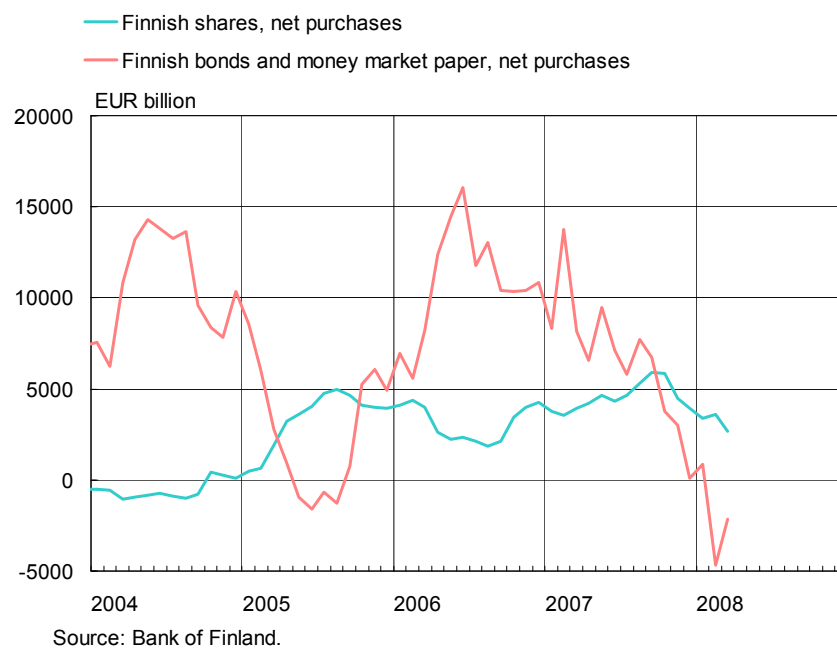
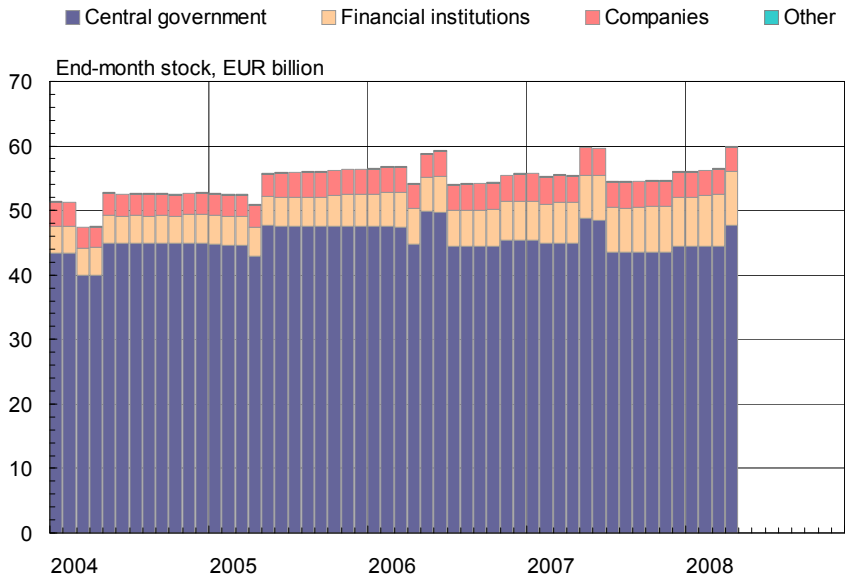


Chart 19.

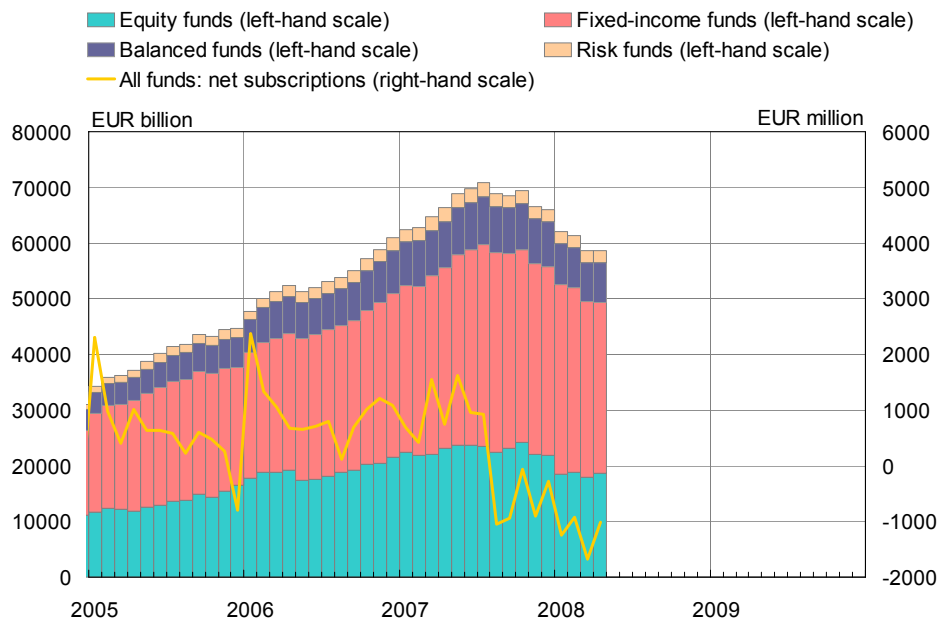
### Bonds issued in Finland



Source: Statistics Finland.

Chart 20.

### Mutual funds registered in Finland



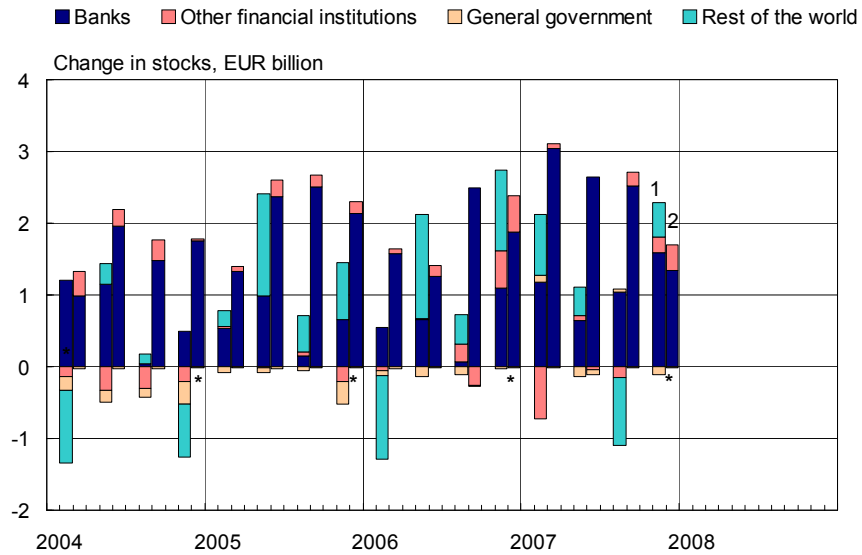
Sources: OMX Nordic Exchange Helsinki Oy and Finnish Association of Mutual Funds.

# Borrowing by sector in Finland

Chart 21.

## Non-financial corporate sector and household borrowing

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



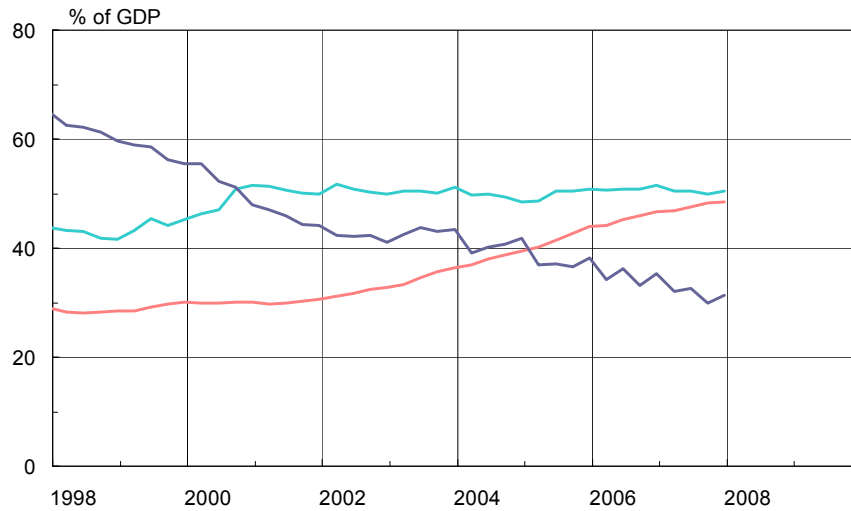
Sources: Bank of Finland and Statistics Finland.

\*Note: Corrected for changes in sectoral classification.

Chart 22.

## Sectoral debt ratios in Finland

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

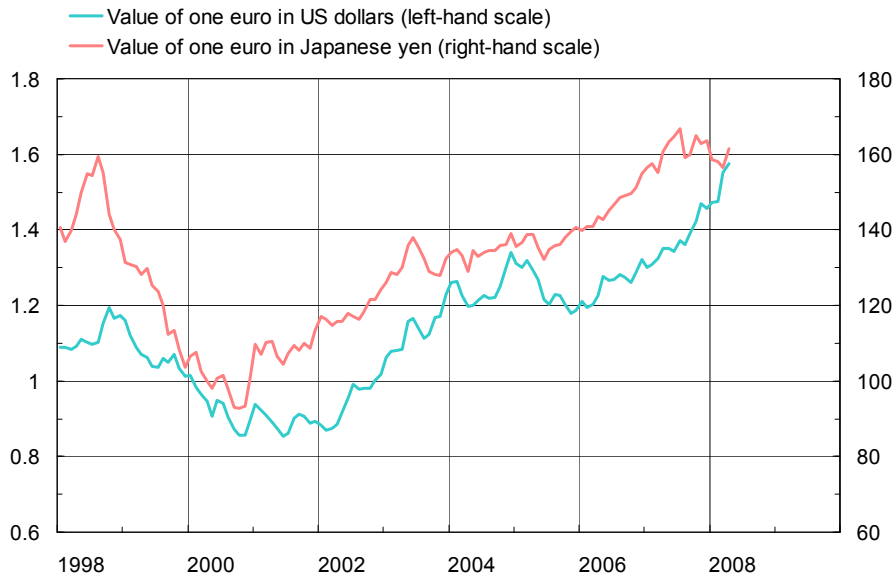


Sources: Statistics Finland, State Treasury and Bank of Finland.

## Exchange rates

Chart 23.

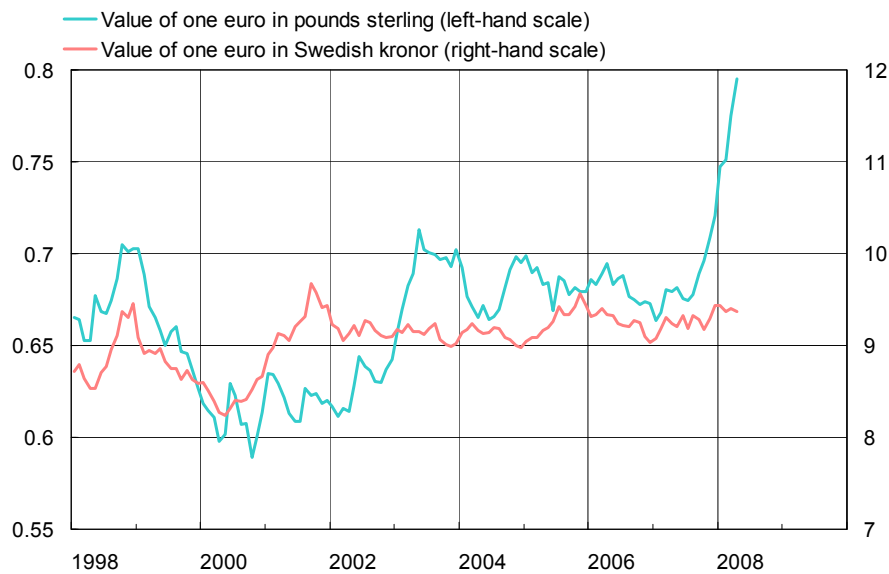
### Euro exchange rates against the US dollar and the yen



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

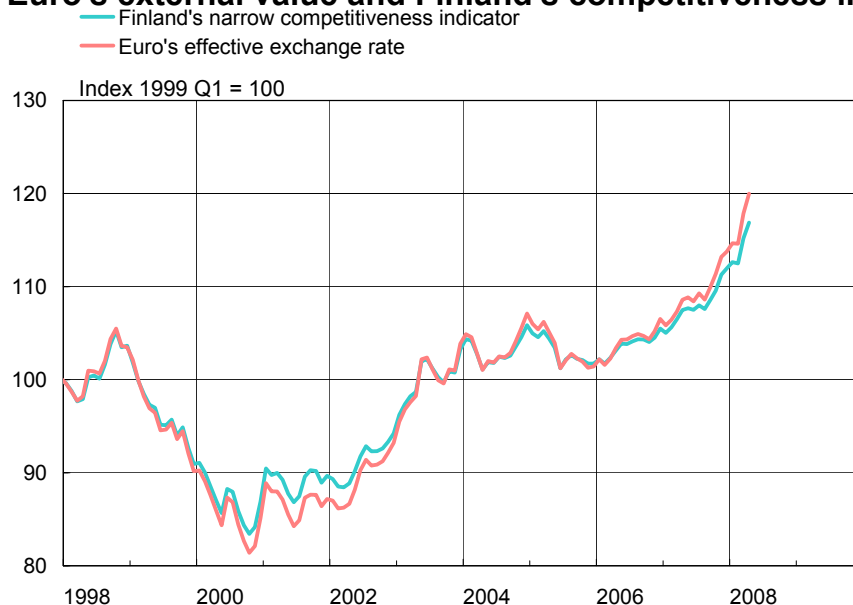


Sources: European Central Bank and Reuters.  
Note: ECU exchange rate until end-1998.



Chart 25.

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

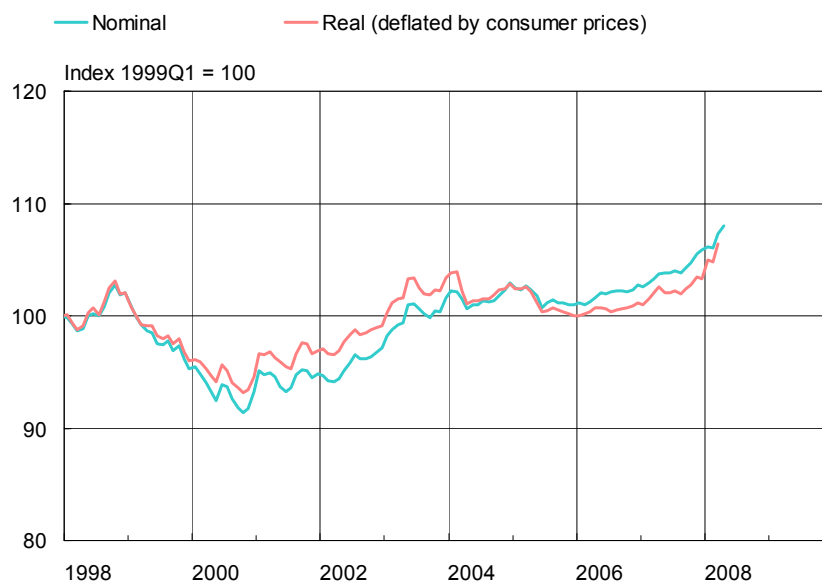


Sources: European Central Bank and Bank of Finland.

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

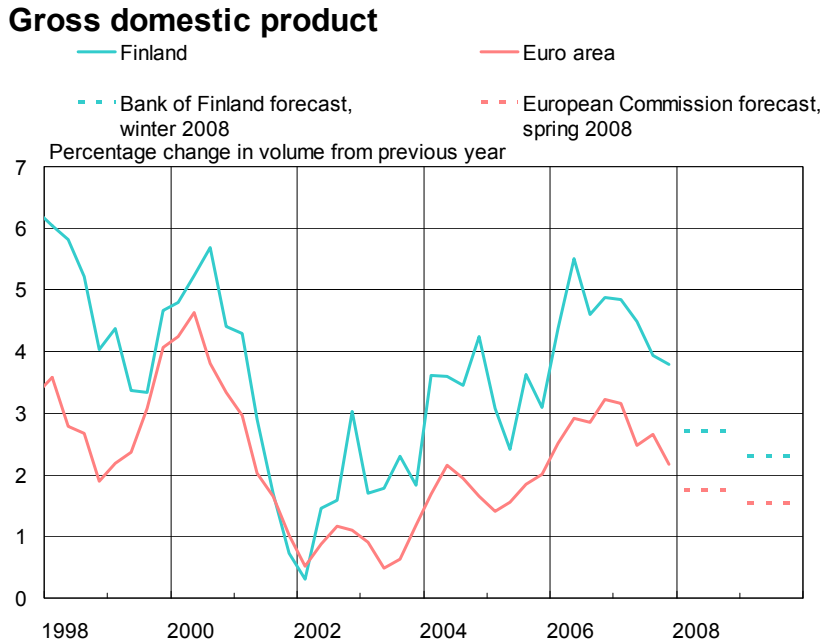


Source: Bank of Finland.

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

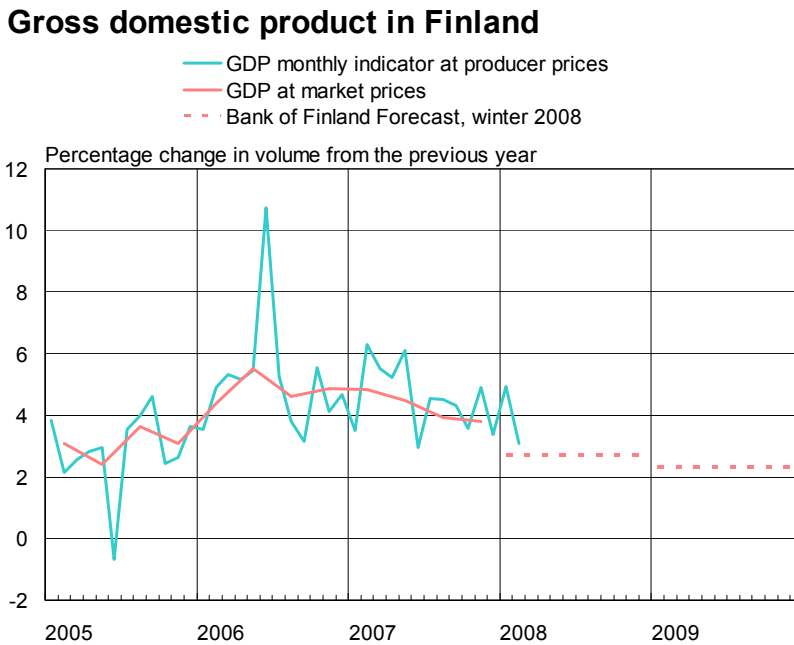
# Real economy

Chart 27.



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

Chart 28.



Sources: Bank of Finland and Statistics Finland.

Chart 29.

### Industrial production

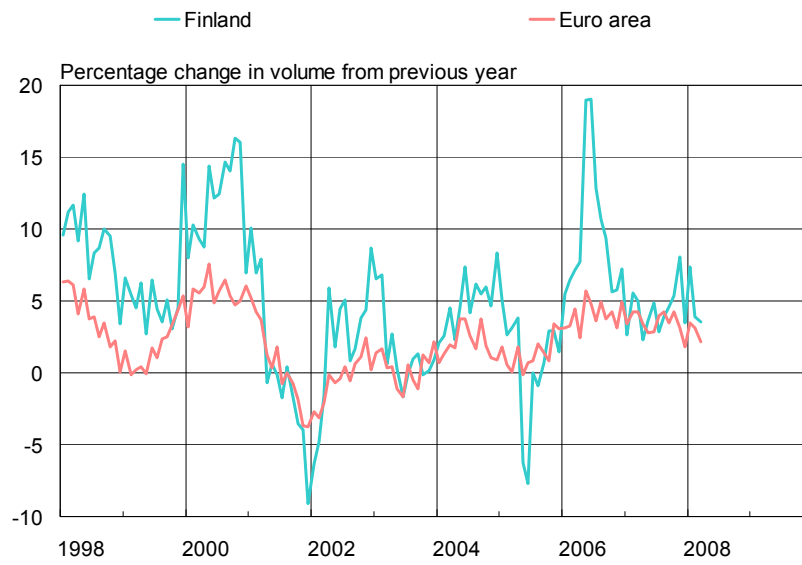


Chart 30.

### Industrial confidence indicator

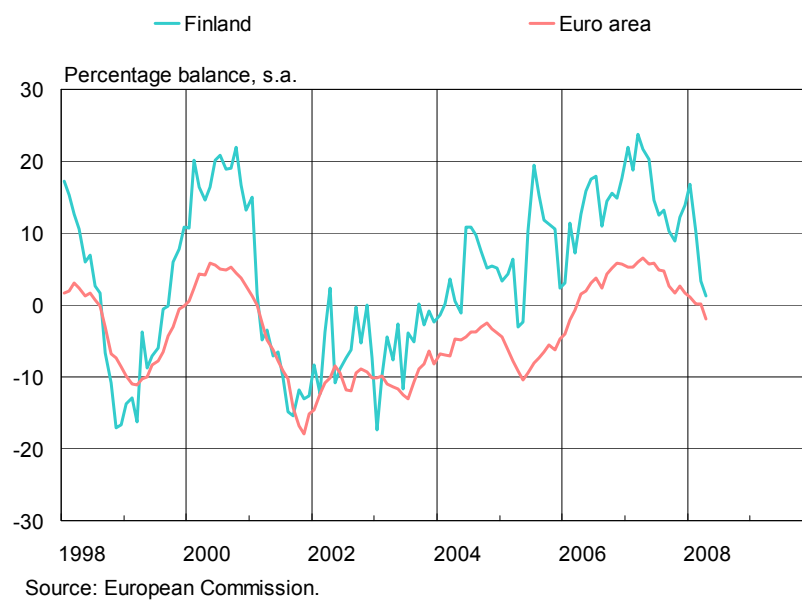


Chart 31.

**Manufacturing production by sector**

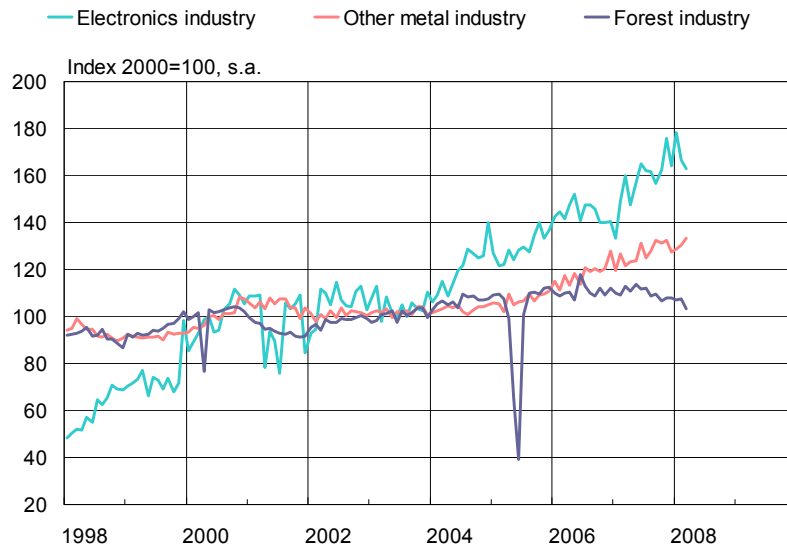


Chart 32.

**Finland's imports of goods**

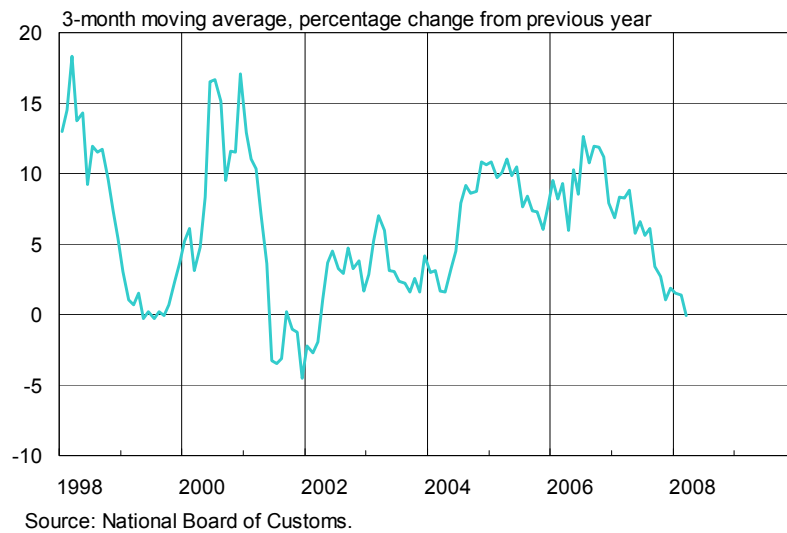
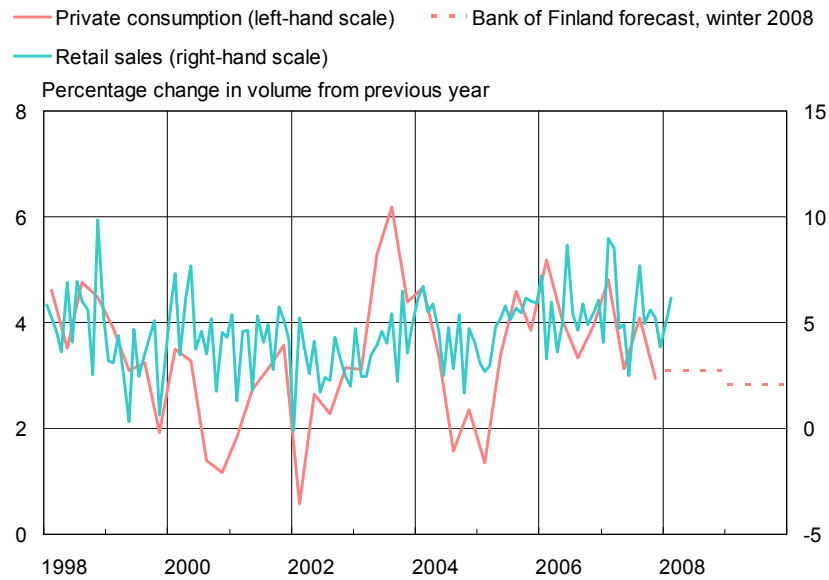


Chart 33.

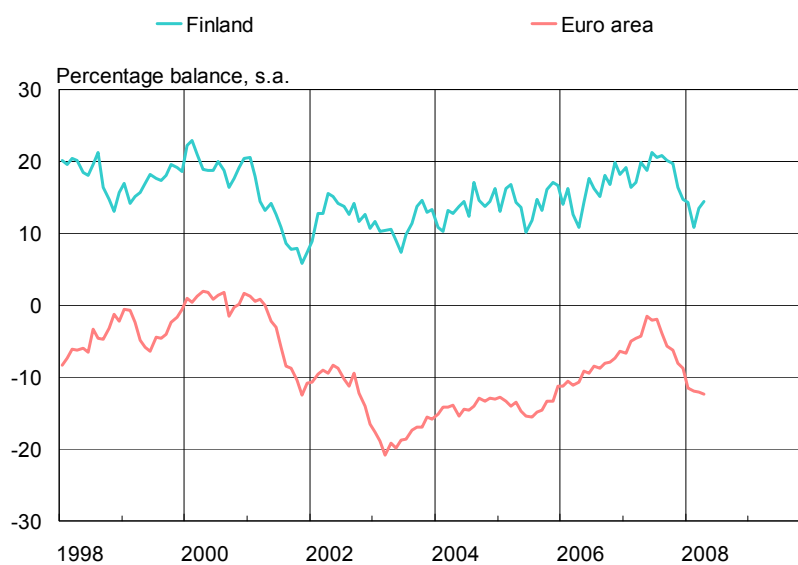
### Consumption in Finland



Sources: Bank of Finland and Statistics Finland.

Chart 34.

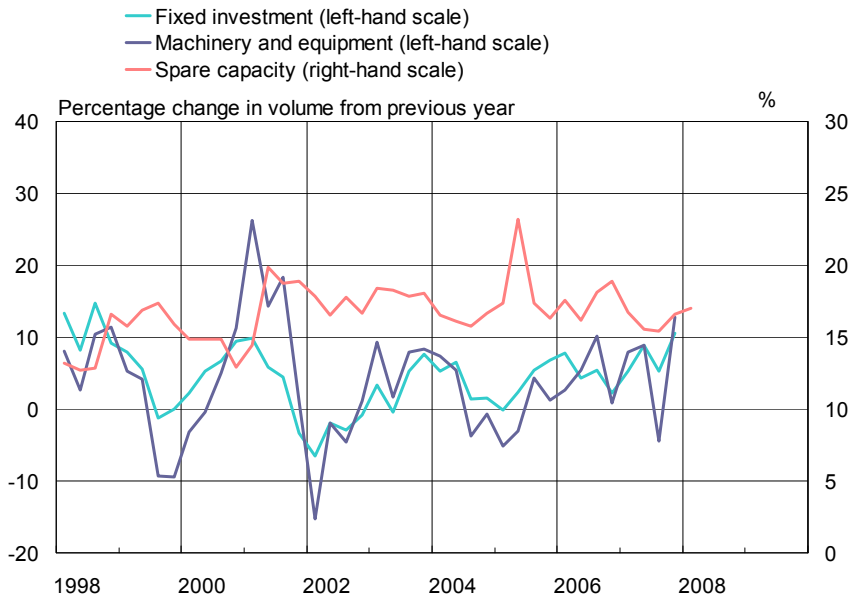
### Consumer confidence



Source: European Commission.

Chart 35.

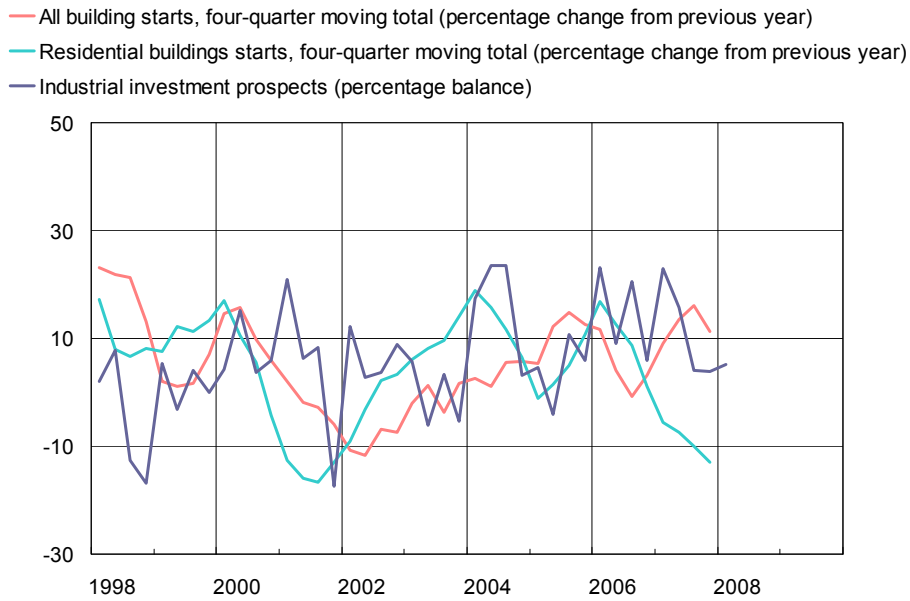
**Fixed investment in Finland**



Source: Statistics Finland.

Chart 36.

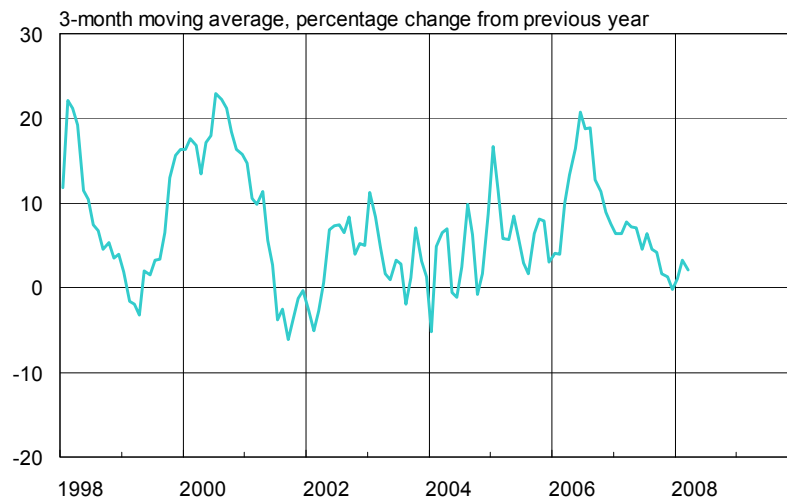
**Construction indicators**



Sources: Statistics Finland and Federation of the Finnish Industries.

Chart 37.

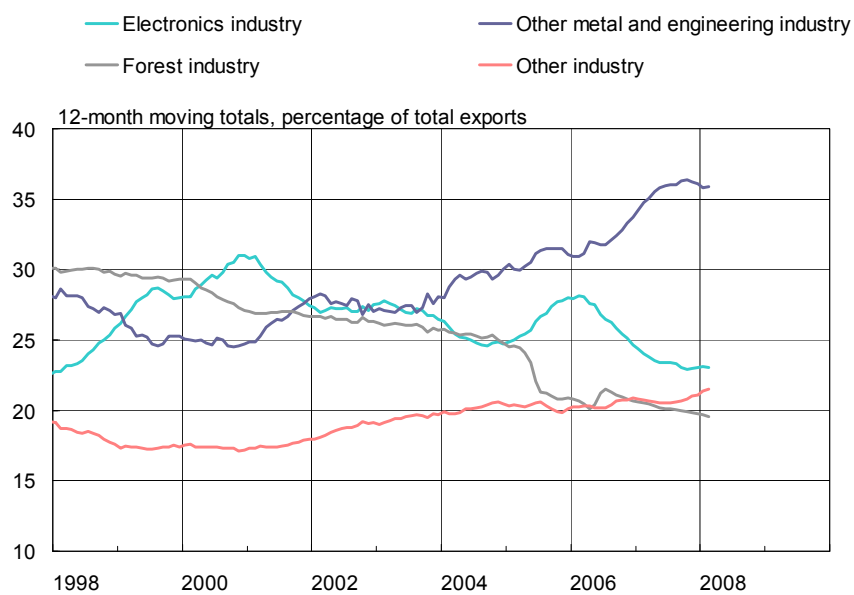
### Finland's exports of goods



Source: National Board of Customs.

Chart 38.

### Finland's exports by industry



Source: National Board of Customs.

Table 1.

**Supply, demand and labour market indicators**

	2006	2007	2007/2008 Actual	2008*	2009*	2010*
<b>Supply and demand</b> <i>percentage volume change from previous year</i>						
Gross domestic product at market prices	4.9	4.4	3.7 Q4 4.4 Q1 - Q4	2.7	2.3	2.2
GDP monthly indicator at producer prices	5.5	4.2	-3.0 M3 1.9 M1-M3			
Manufacturing production	9.1	5.2	3.5 M3 5.9 M1-M3			
Consumption expenditure	3.1	2.8	1.9 Q4 2.8 Q1 - Q4			
- private	4.1	3.7	2.9 Q4 3.7 Q1 - Q4	3.1	2.8	2.6
- general government	0.6	0.8	-0.6 Q4 0.8 Q1 - Q4	1.3	1.5	2.1
Gross fixed capital formation	4.7	7.6	9.9 Q4 7.6 Q1 - Q4			
- private	6.5	8.1	10.7 Q4 8.1 Q1 - Q4	5.7	3.1	2.3
- general government	-6.4	3.4	4.6 Q4 3.5 Q1 - Q4	5.1	2.4	3.2
Domestic demand	3.1	3.8	3.0 Q4 4.1 Q1 - Q4			
Exports of goods and services	11.8	4.8	3.0 Q4 4.8 Q1 - Q4	3.0	4.7	4.7
Imports of goods and services	7.8	4.1	1.4 Q4 4.1 Q1 - Q4	3.6	5.7	5.6
<b>Labour market indicators</b>						
Employed persons <i>percentage change from previous year</i>	1.8	2.0	1.2 M3 2.4 M1-M3	1.9	0.5	0.1
Unemployment rate, s.a. **	7.7	6.9	6.5 M3 6.4 M1-M3	6.1	6.0	5.9

Source: Statistics Finland.

\* Bank of Finland forecast, winter 2008.

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





Chart 41.

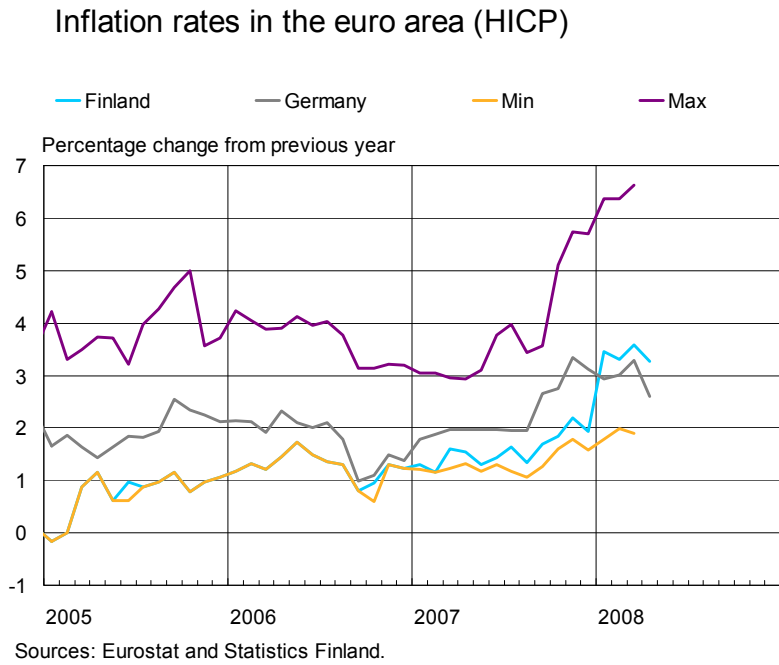


Chart 42.

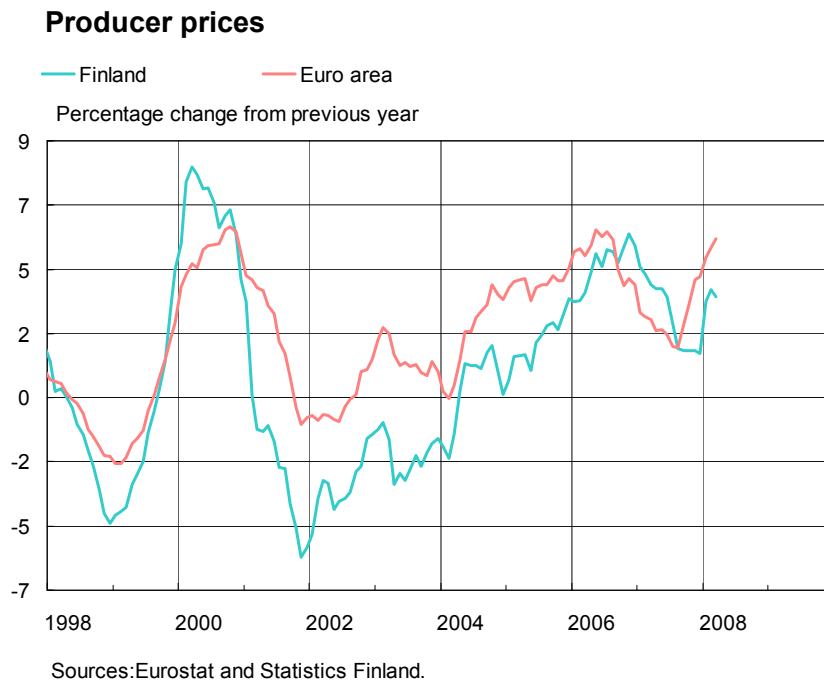


Chart 43.

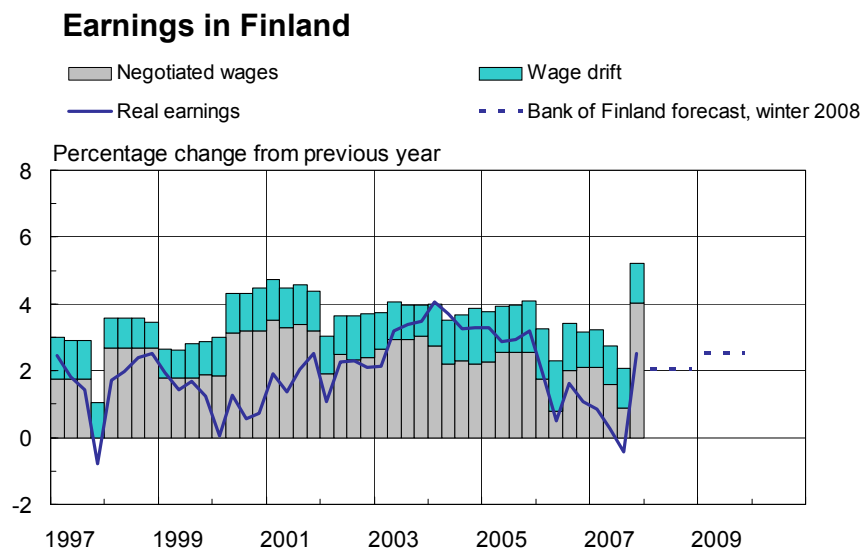


Chart 44.

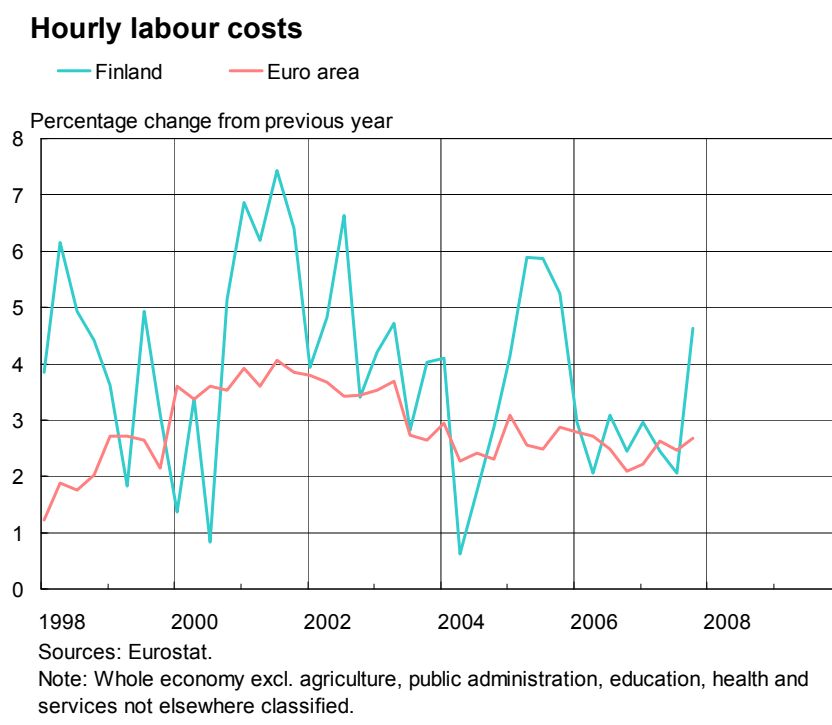


Chart 45.

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

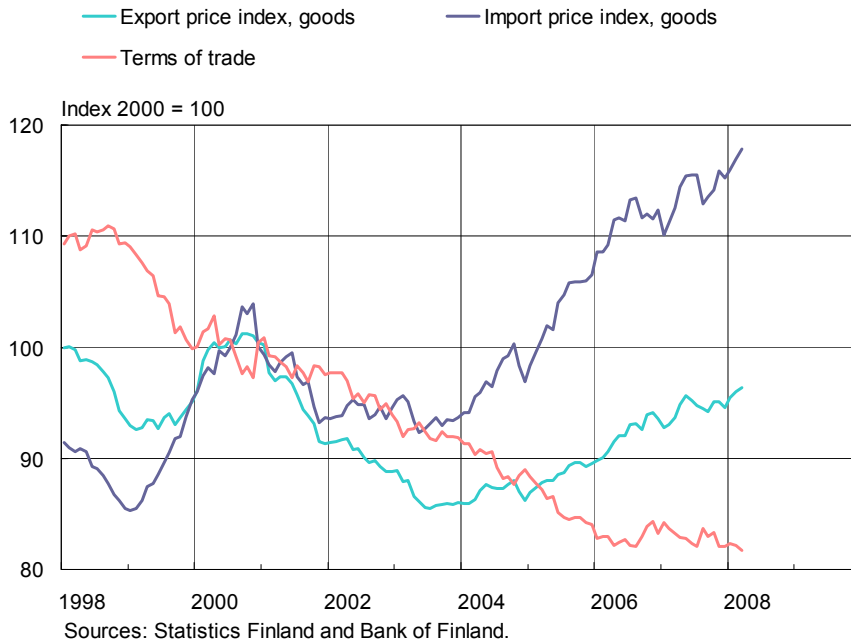


Chart 46.

**Dwelling prices in Finland**

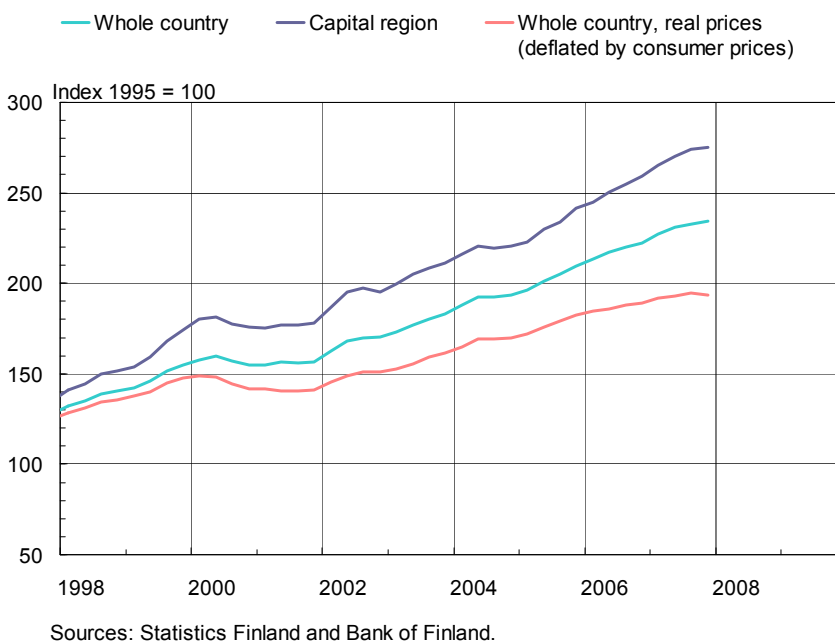


Table 2.

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

	2006	2007	2007 / 2008 Actual	2008*	2009*	2010*
<b>Labour costs</b>						
Index of wages and salaries	3.0	3.3	5.2 Q4 3.3 Q1 - Q4	5.3	4.4	3.5
Unit labour costs						
- whole economy	-0.4	1.1	3.4 Q4 1.1 Q1 - Q3	4.6	2.9	1.8
<b>Price indices</b>						
Export prices (goods)						
- export price index	4.1	2.4	2.8 M3 3.0 M1 - M3			
- export price deflator	3.3	1.2	-1.8 Q4 1.2 Q1 - Q4			
Import prices (goods)						
- import price index	7.6	2.4	4.8 M3 5.1 M1 - M3			
- import price deflator	7.3	3.1	3.2 Q4 3.1 Q1 - Q4			
Producer prices	4.8	3.0	3.6 M3 3.7 M1 - M3			
Wholesale prices	5.9	3.5	4.7 M3 4.8 M1 - M3			
Consumer prices						
- consumer price index	1.6	2.5	3.9 M3 3.8 M1 - M3	3.1	1.9	1.7
- harmonized index of consumer prices	1.3	1.6	3.6 M3 3.4 M1 - M3	3.1	2.5	2.0
<b>Asset prices</b>						
Stumpage prices	0.0	23.4	-2.4 M2 -0.8 M1 - M2			
Dwelling prices, whole country	7.4	6.0	5.3 Q4 6.0 Q1 - Q4			
Share prices	24.5	24.4	-3.0 M3 3.3 M1 - M3			

Sources: Finnish Forest Research Institute, OMX Nordic Exchange Helsinki Oy., National Board of Customs and Statistics Finland.

\* Bank of Finland forecast, summer 2007.

# Labour market

Chart 47.

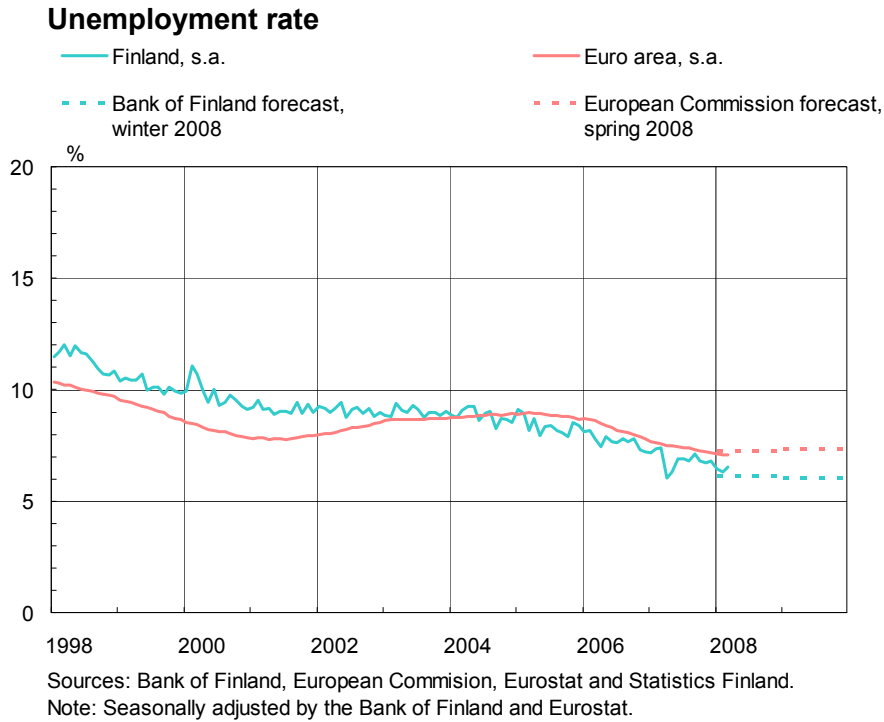
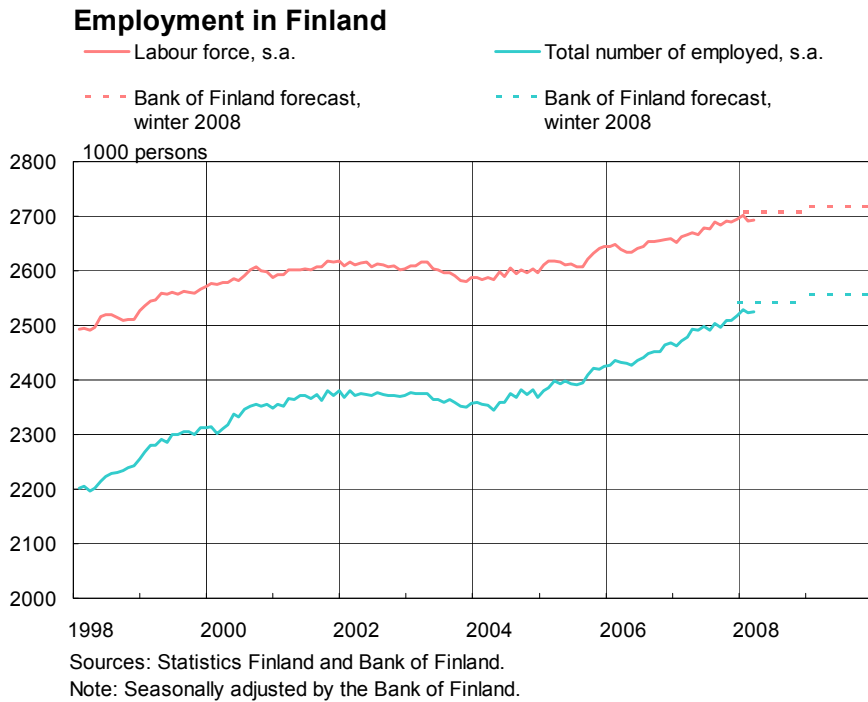


Chart 48.



## Public finances

Chart 49.

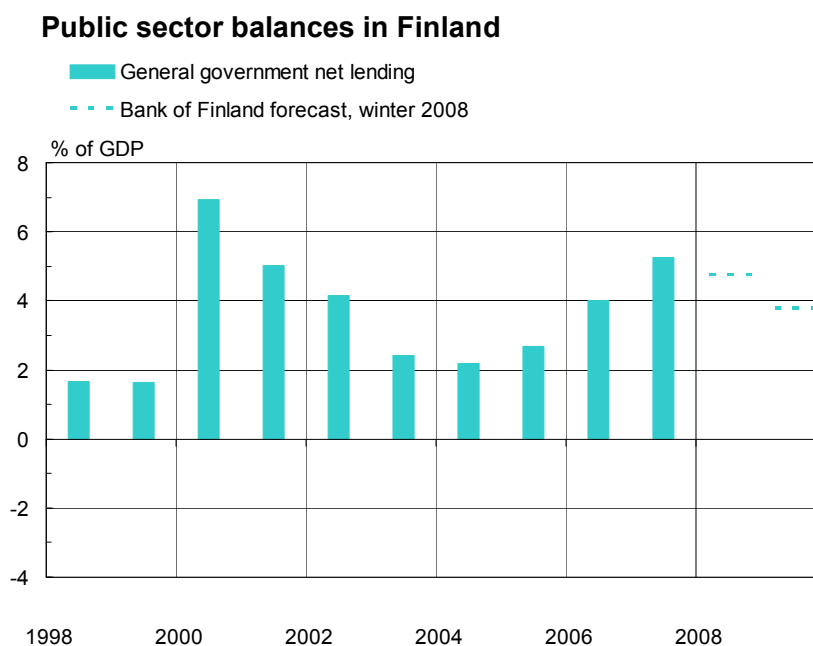
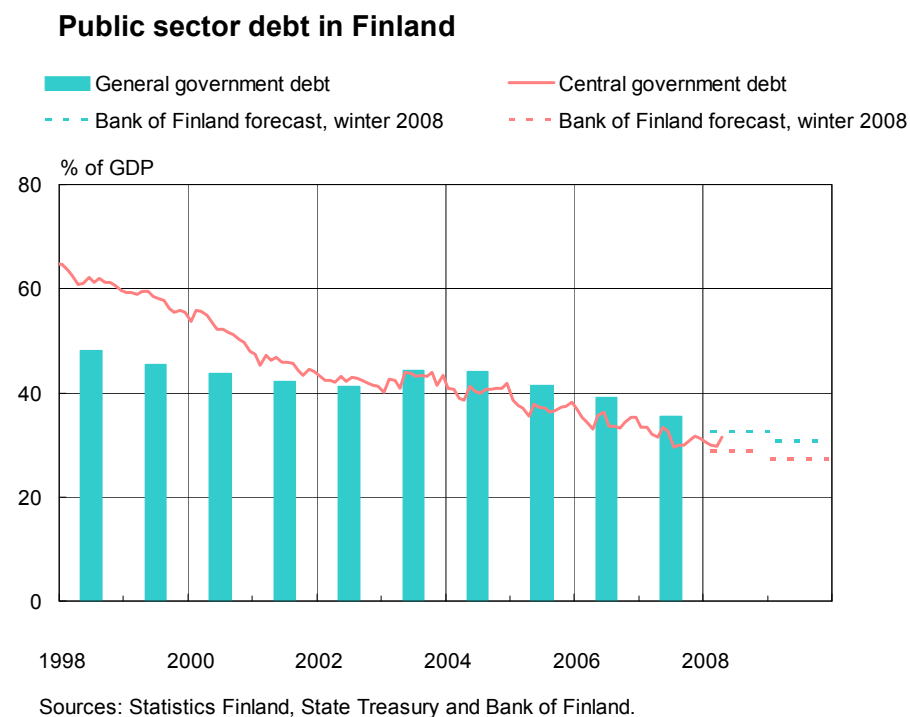


Chart 50.



## External balance

Chart 51.

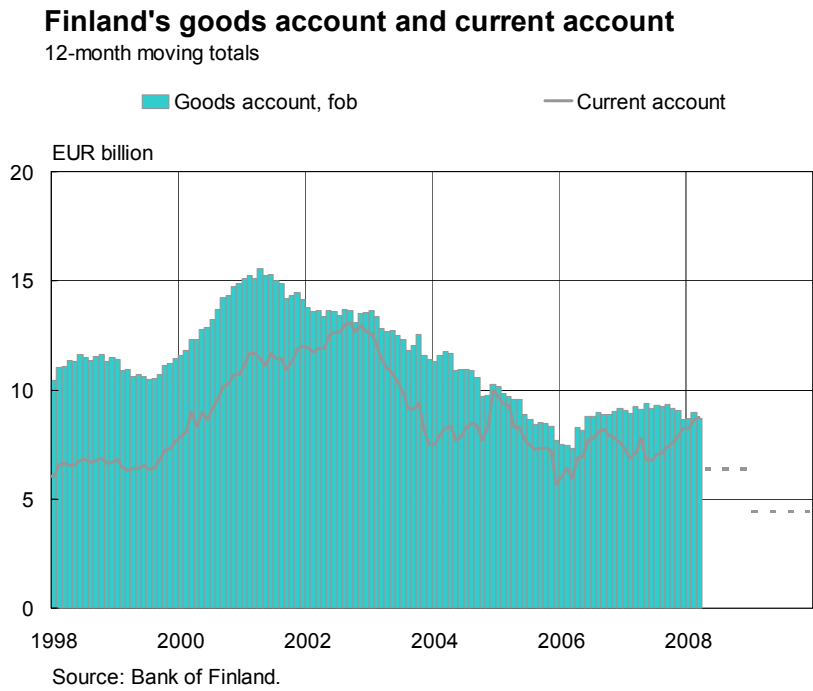


Chart 52.

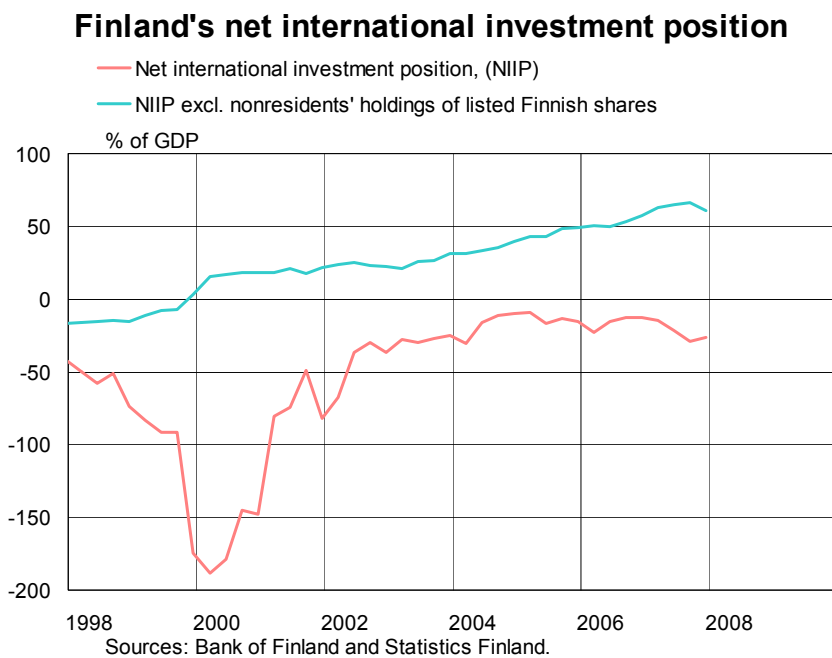




Table 3.  
**External balance and sectoral balances indicators**

	2006	2007	2008 Actual	2008*	2009*
<b>Goods account</b>					
EUR billion	9.1	8.7	0.6 M3 1.8 M01-M3		
per cent of GDP	5.5	4.8			
<b>Current account</b>					
EUR billion	7.6	8.2	0.5 M3 2.1 M01-M3	6.4	4.4
per cent of GDP	4.6	4.6		3.4	2.3
<b>Financial account</b>					
EUR billion	-11.2	-8.0	-0.4 M3 -1.9 M01-M3		
General government	-8.1	-4.5	-0.9 M3 -1.6 M01-M3		
Direct investment in Finland	4.4	6.2	-0.6 M3 0.6 M01-M3		
abroad	2.5	6.3	2.3 M3 3.7 M01-M3		
Shares	-7.5	-6.2	-0.7 M3 -2.8 M01-M3		
Other capital (incl. errors and omissions)	2.6	2.7	4.1 M3 5.5 M01-M3		
Foreign exchange reserves (increase -)	3.6	-0.2	-0.1 M3 -0.2 M01-M3		
<b>Net lending, saving minus investment</b>					
Private sector					
EUR billion	0.9	-1.2		-2.6	-3.0
per cent of GDP	0.5	-0.6		-1.4	-1.5
General government					
EUR billion	6.7	9.4		9.0	7.4
per cent of GDP	4.0	5.2		4.8	3.8
Central government					
EUR billion	1.4	3.6		2.9	1.4
per cent of GDP	0.9	2.0		1.5	0.7
Local government					
EUR billion	-0.4	-0.1		0.3	0.1
per cent of GDP	-0.2	-0.1		0.1	0.1
Social security funds					
EUR billion	5.6	5.8		0.3	5.8
per cent of GDP	3.4	3.3		4.0	3.0
<b>Net foreign debt</b>					
per cent of GDP	12.8	26.1			
per cent of exports of goods and services	28.3	58.3			
<b>Sectoral debt ratios, gross debt, per cent of GDP</b>					
Non-financial corporate sector **	51.5	50.5			
Household sector	46.6	48.4			
General government	39.2	35.4		32.4	30.7

Sources: Bank of Finland and Statistics Finland.

\* Bank of Finland forecast, winter 2008.

\*\* Excl. housing corporations.

