



**BANK OF FINLAND**

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

EUROJÄRJESTELMÄ  
EUROSYSTEMET

# **Main Indicators for the Finnish Economy**

12/2008



22 Dec 2008

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## **Real economy**

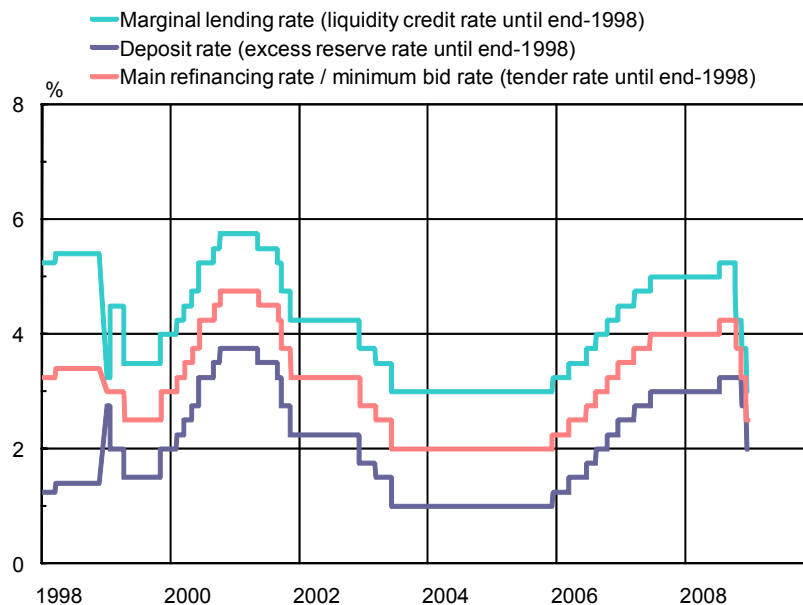
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## Monetary policy and market interest rates

Chart 1.

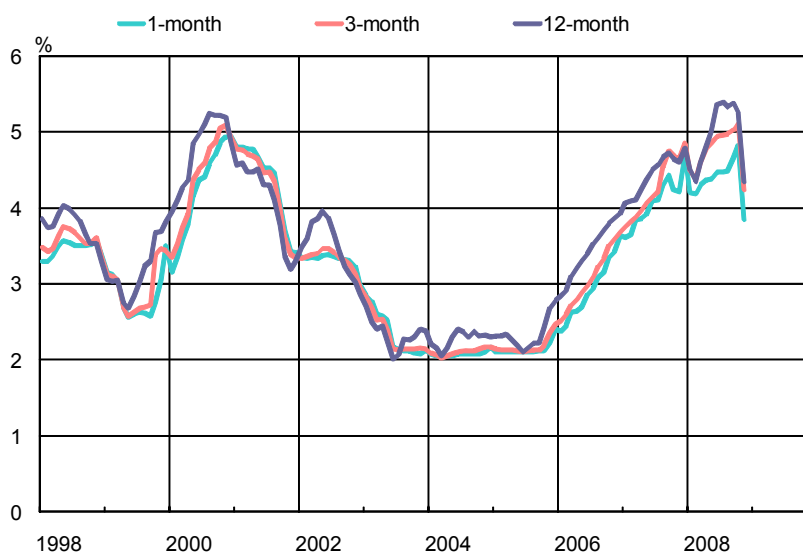
### Eurosystem interest rates



Sources: European Central Bank and Bank of Finland.  
 Note: Bank of Finland interest rates until end-1998.

Chart 2.

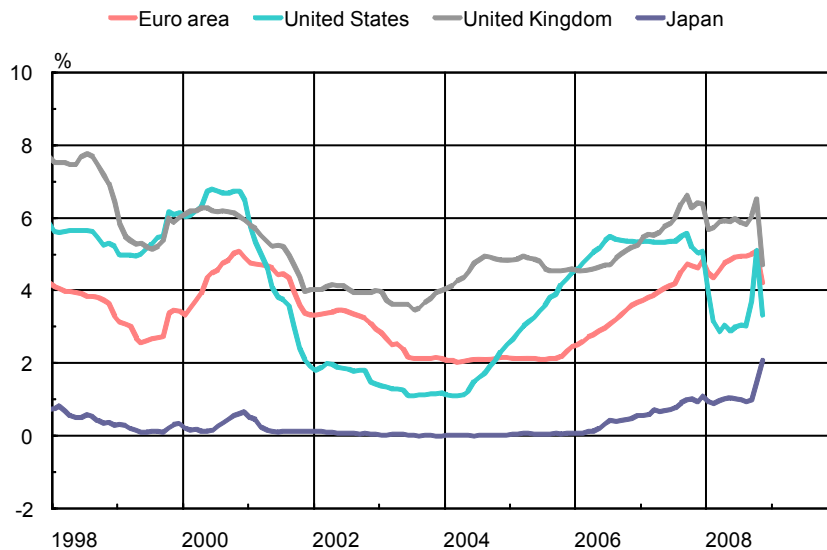
### Euribor rates



Sources: Reuters and Bank of Finland.  
 Note: Helibor rates until end-1998.

Chart 3.

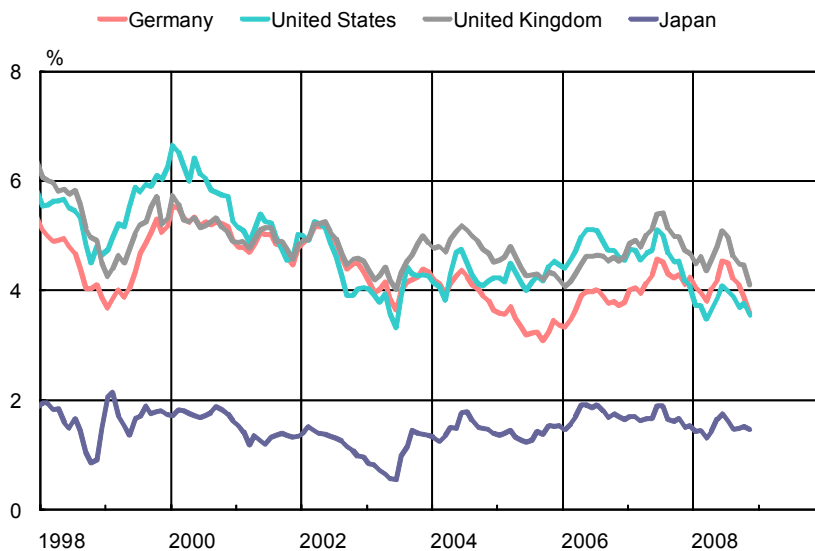
**International three-month interest rates**



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.

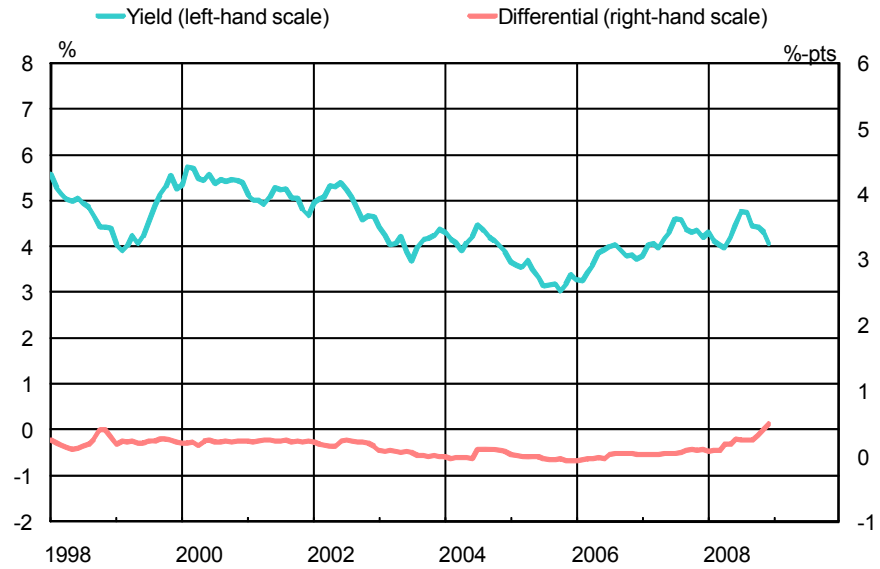
**International long-term interest rates**



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

Chart 5.

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

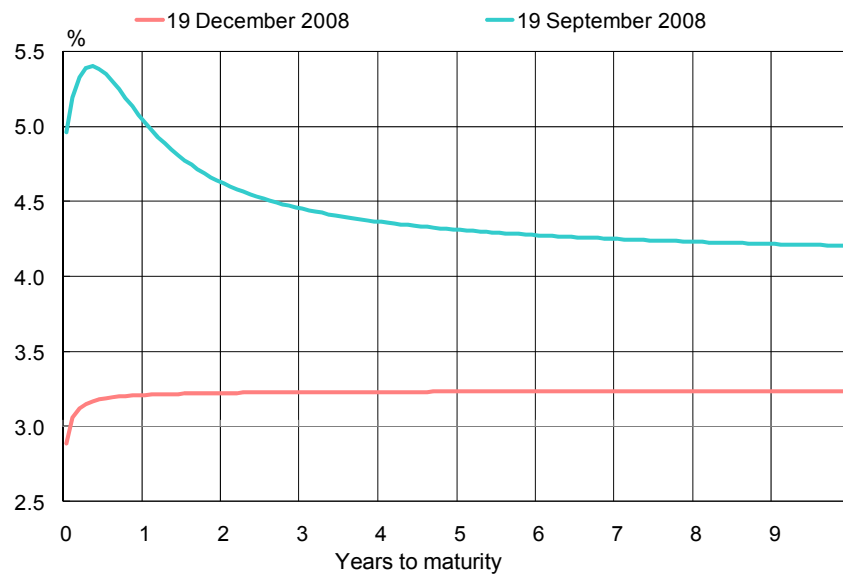


Source: Reuters.

Chart 6.

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

(zero coupon yield curve)



Source: Bank of Finland.

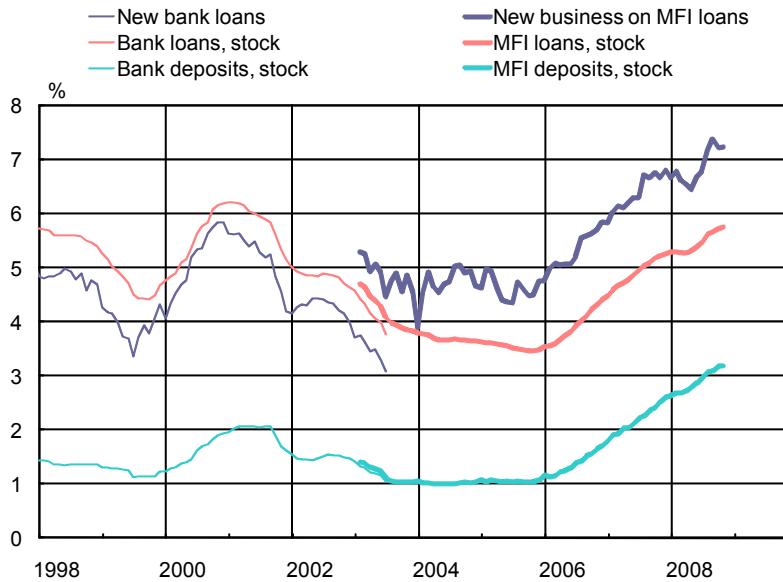
Note: BOF estimation using Nelson & Siegel (1987) yield curve model applied to Eonia and Euribor rates and Finnish benchmark government bond yields.

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

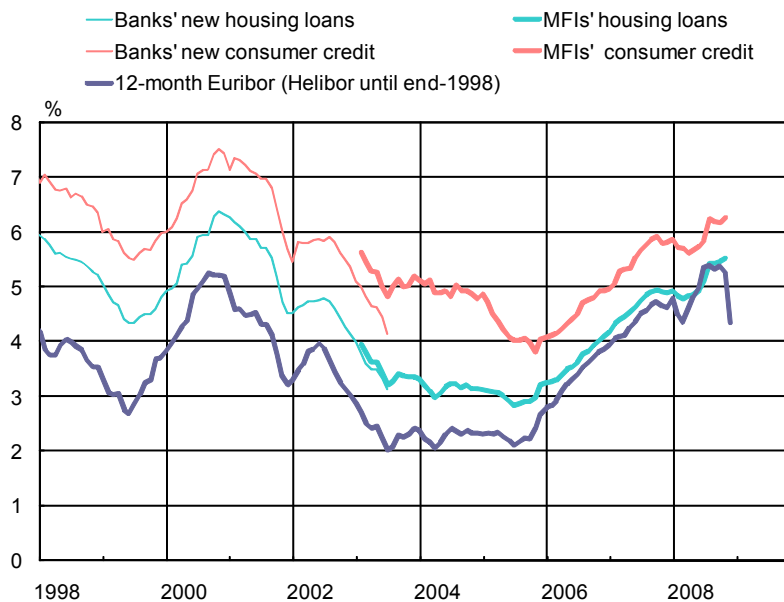


Source: Bank of Finland.

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



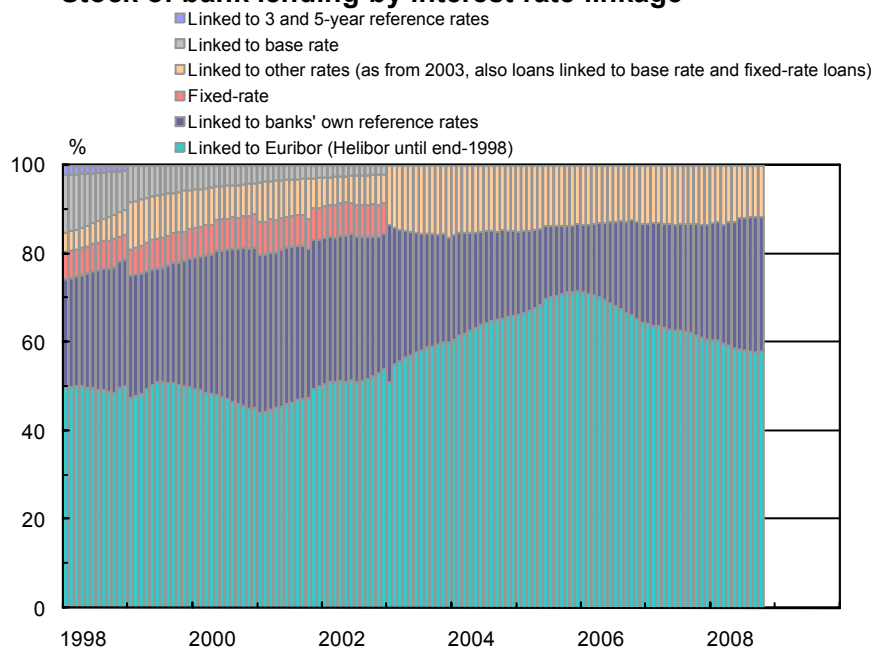
Source: Bank of Finland.

See note in Chart 7.



Chart 9.

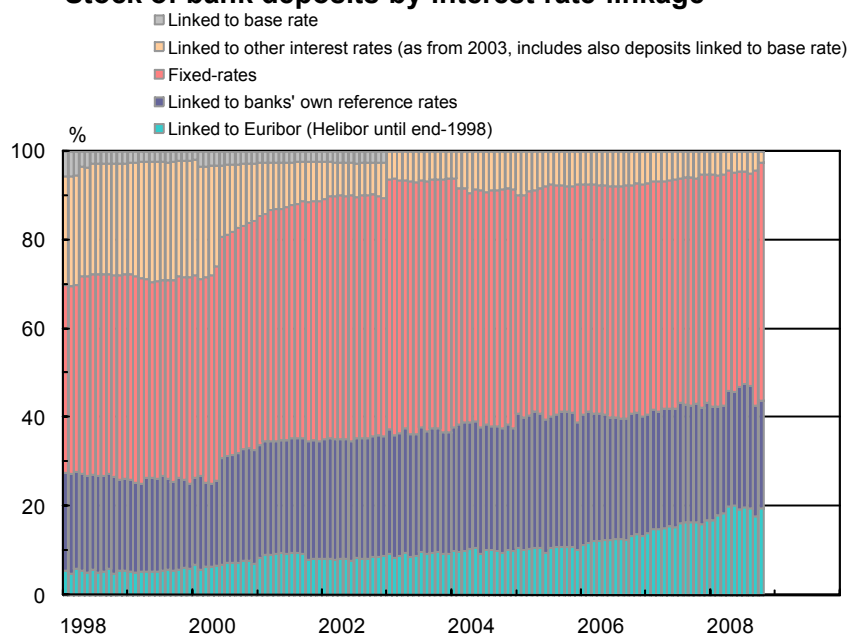
**Stock of bank lending by interest rate linkage**



Source: Bank of Finland.  
See note in Chart 7.

Chart 10.

**Stock of bank deposits by interest rate linkage**



Source: Bank of Finland.  
See note in Chart 7

Chart 11.

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

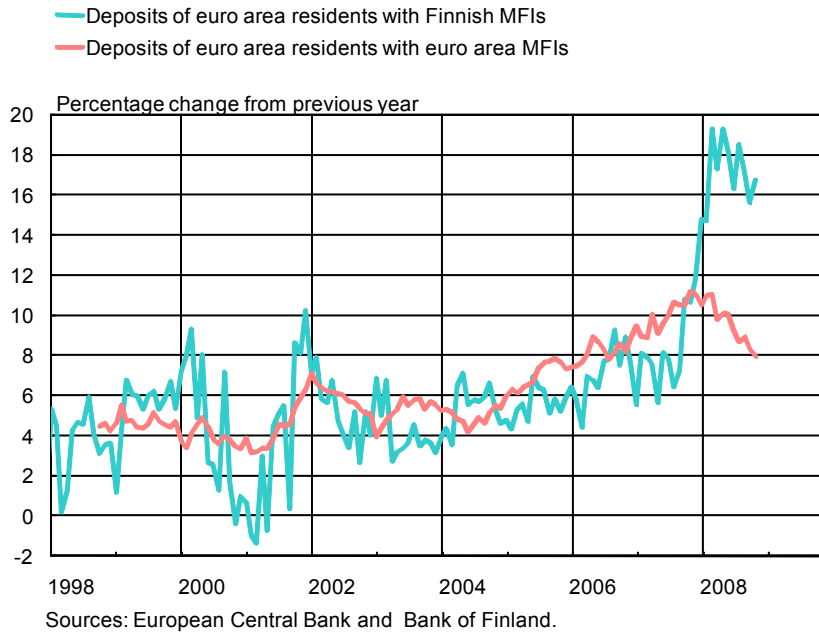


Chart 12.

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

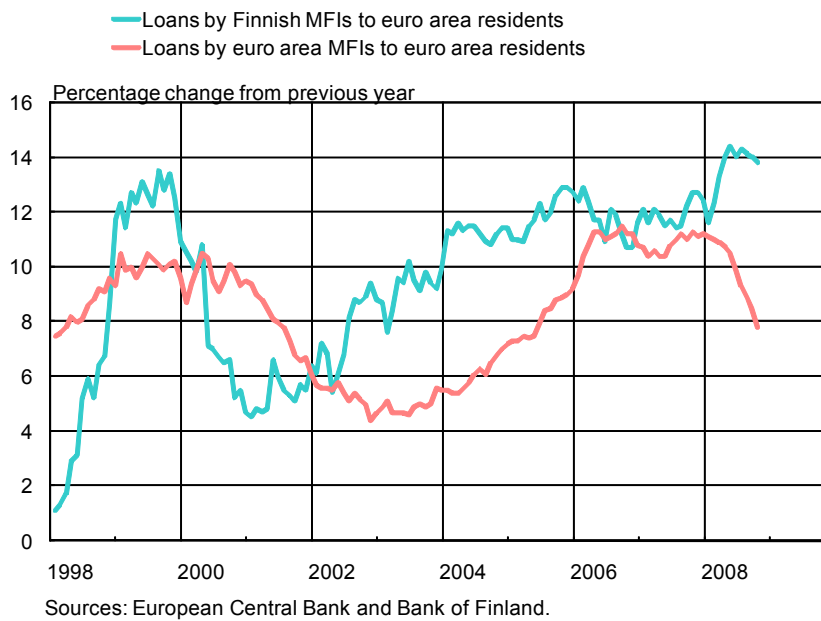
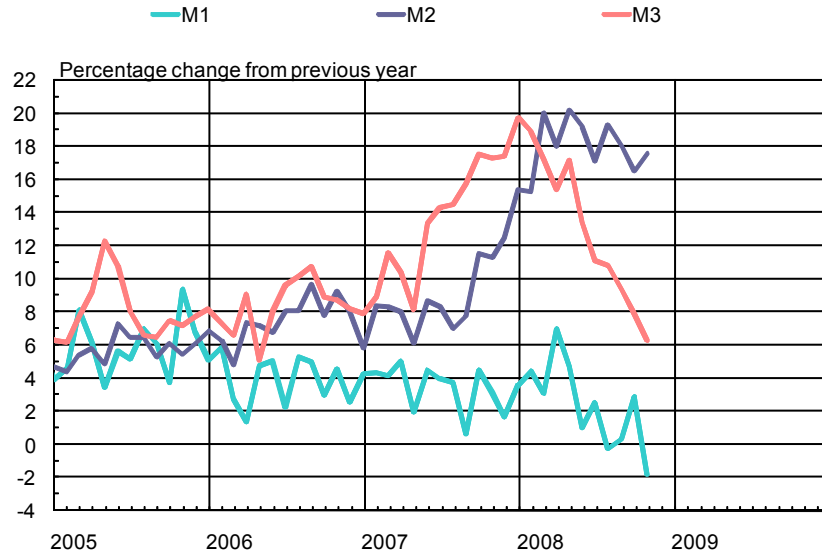


Chart 13.

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

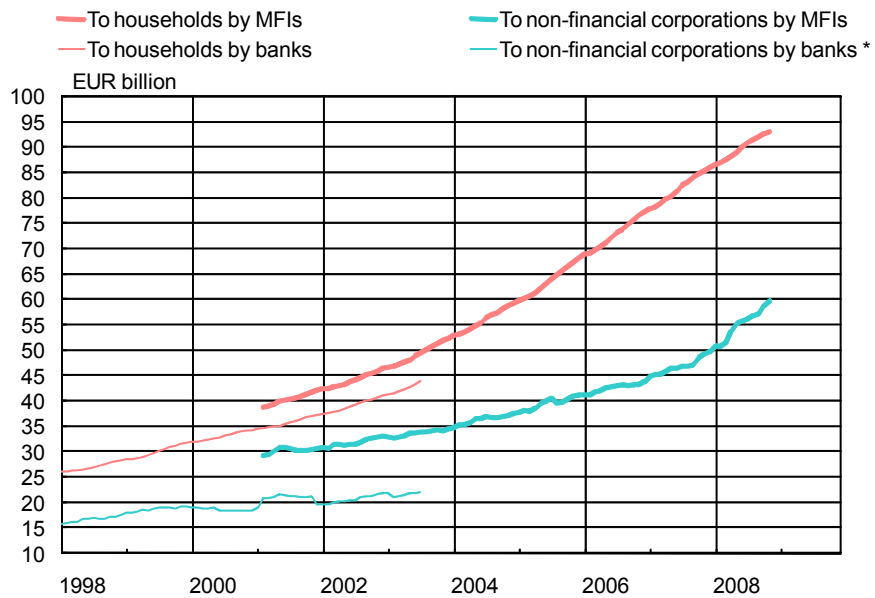


Source: Bank of Finland.

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

Chart 14.

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



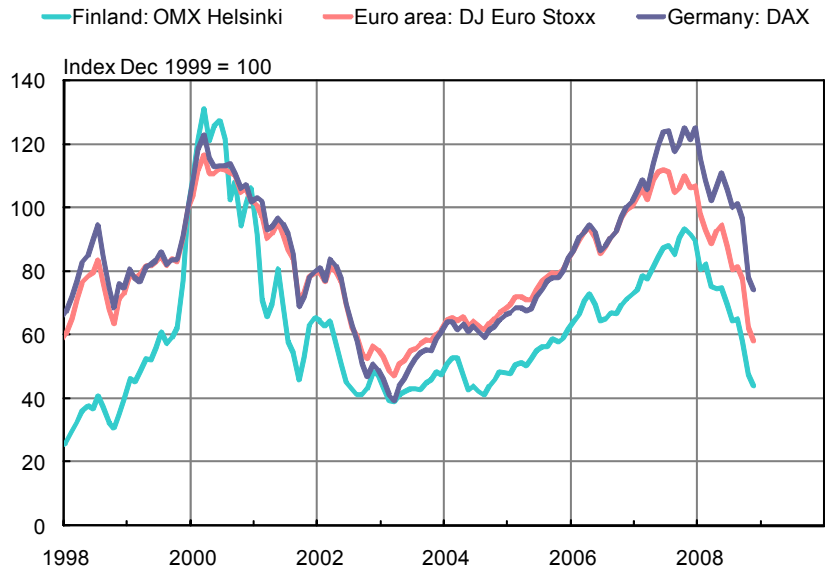
Source: Bank of Finland.

\* Note: The series includes structural changes.

## Securities market

Chart 15.

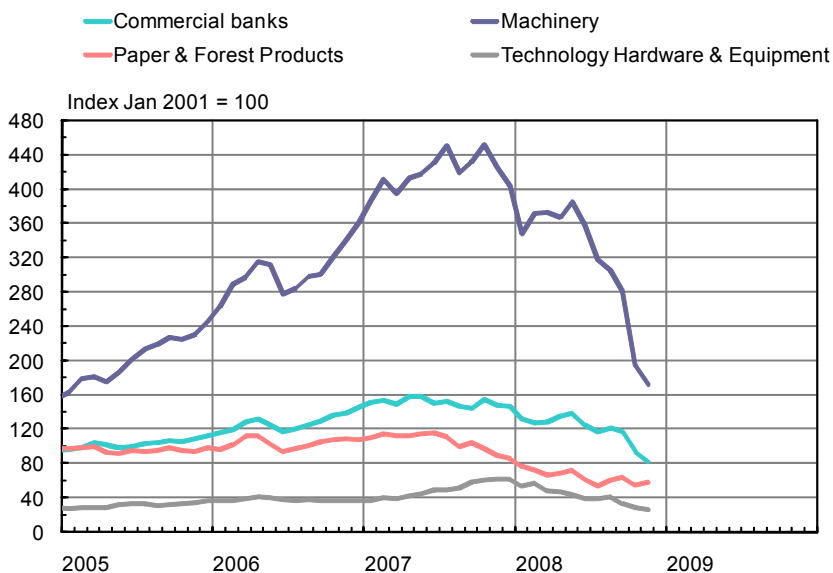
### Selected stock price indices in the euro area



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

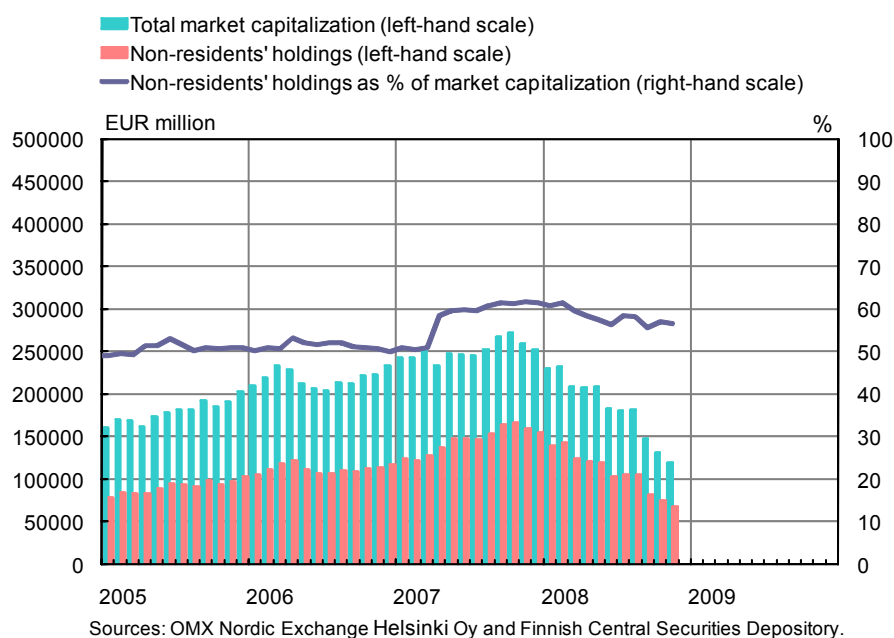


Chart 18.

### Non-residents' portfolio investments in Finland

12-month moving totals

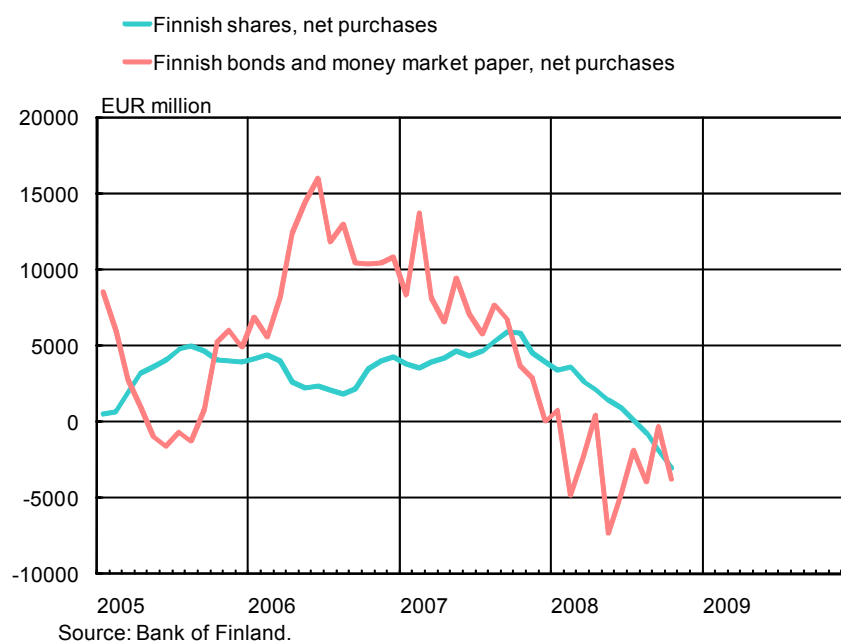
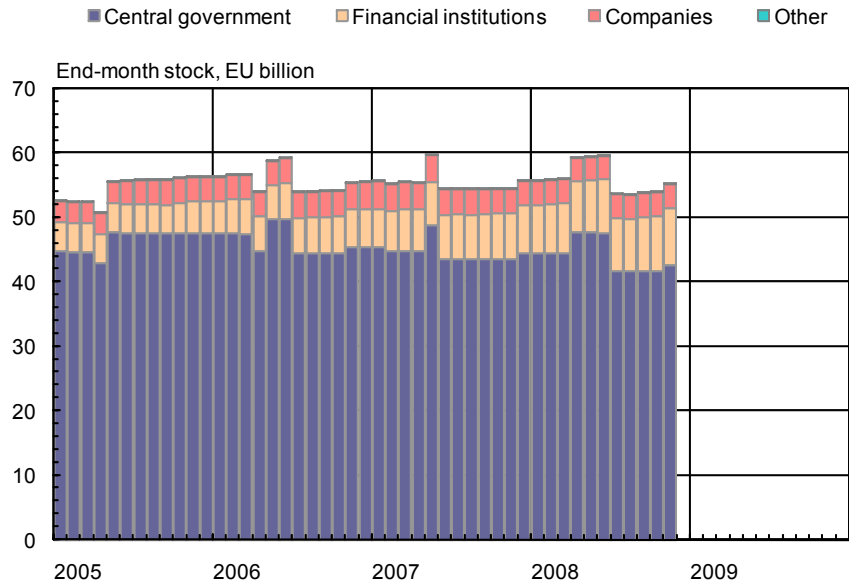


Chart 19.

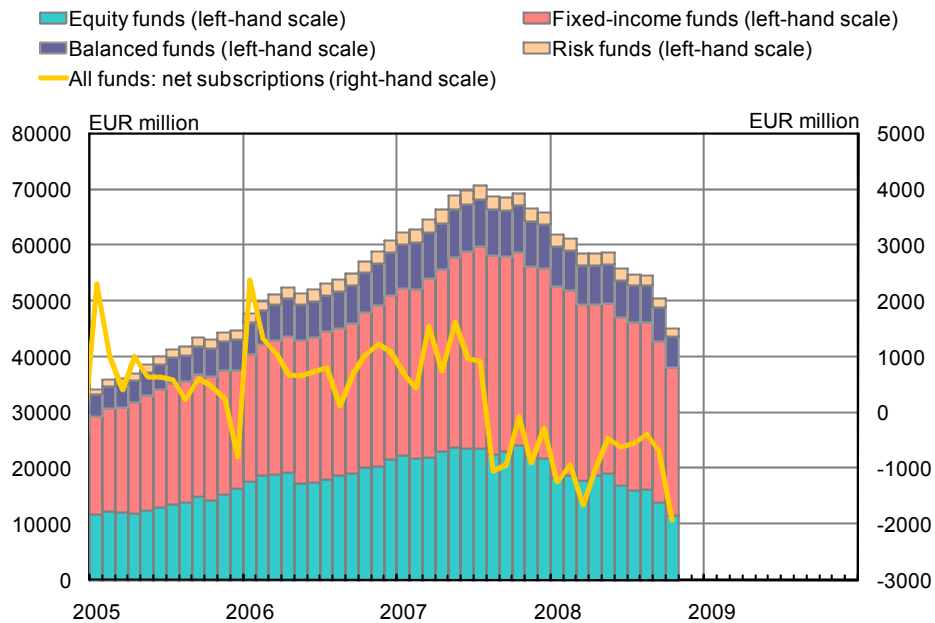
### Bonds issued in Finland



Source: Statistics Finland.

Chart 20.

### Mutual funds registered in Finland



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

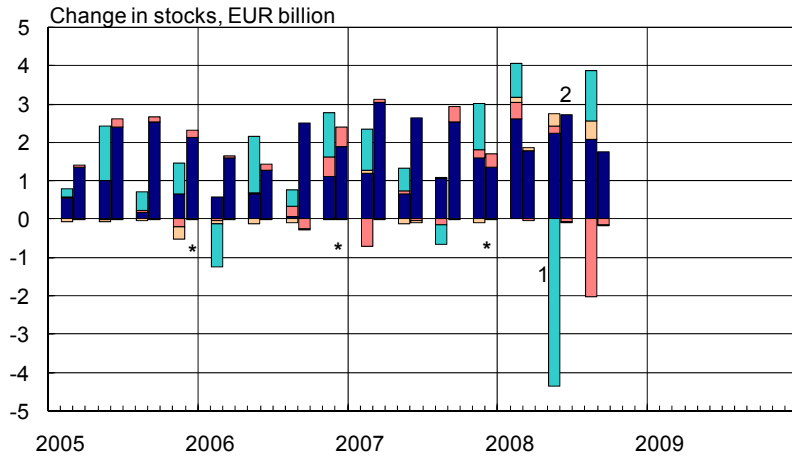
## Borrowing by sector in Finland

Chart 21.

### Non-financial corporate sector and household borrowing

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

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



Sources: Bank of Finland and Statistics Finland.

\*Note: Corrected for changes in sectoral classification.

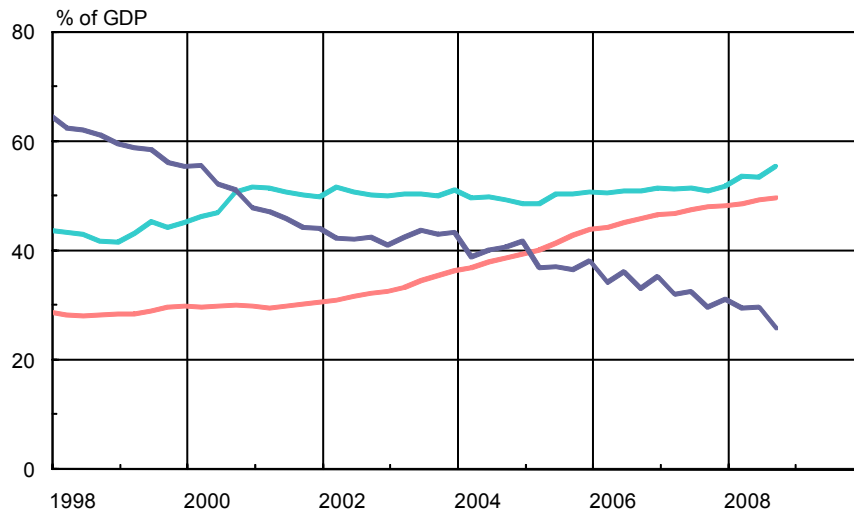
Chart 22.

### Sectoral debt ratios in Finland

— Non-financial corporate sector excl. housing corporations

— Household sector

— Central government

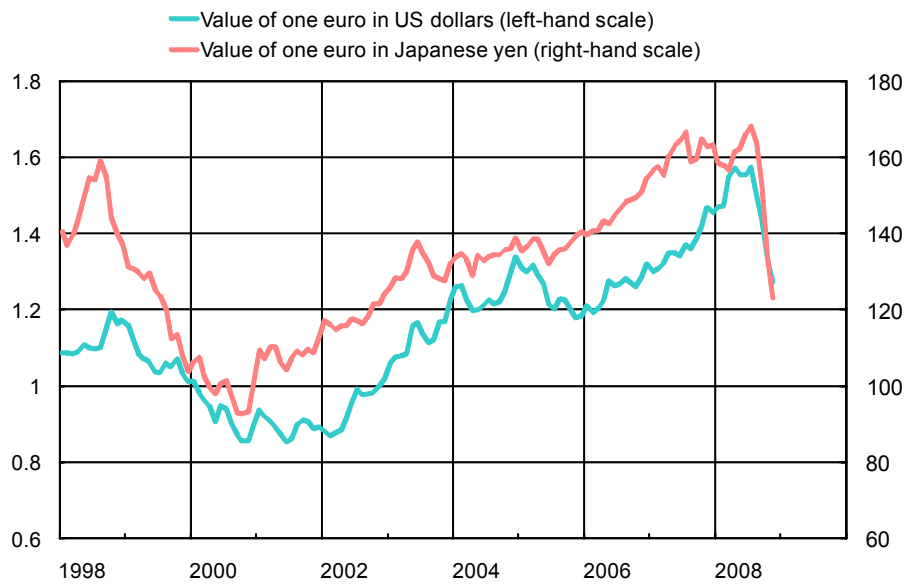


Sources: Statistics Finland, State Treasury and Bank of Finland.

## Exchange rates

Chart 23.

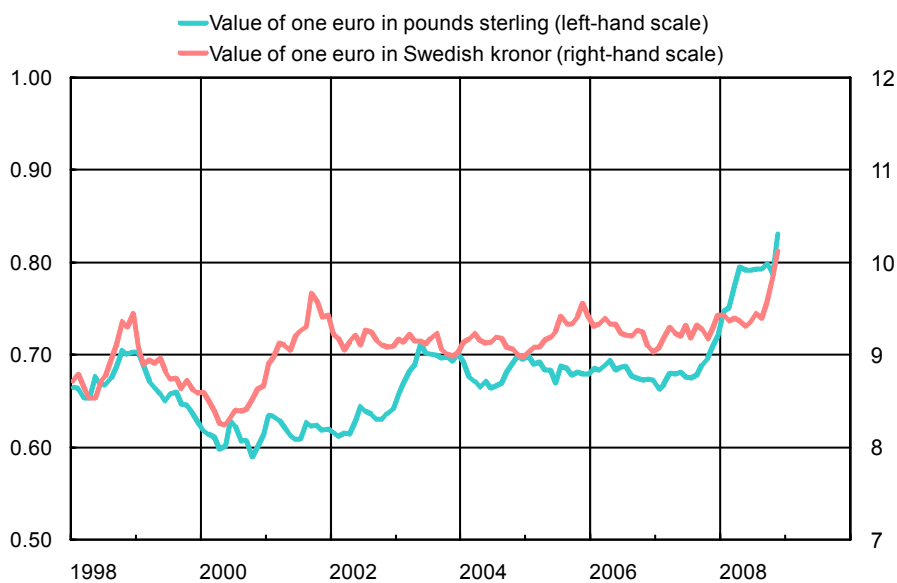
### Euro exchange rates against the US dollar and the yen



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

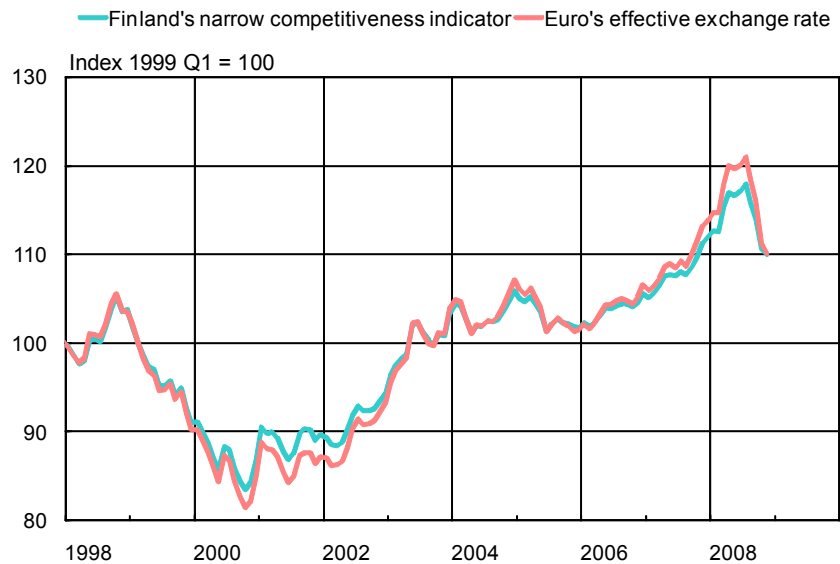


Sources: European Central Bank and Reuters.  
Note: ECU exchange rate until end-1998.



Chart 25.

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

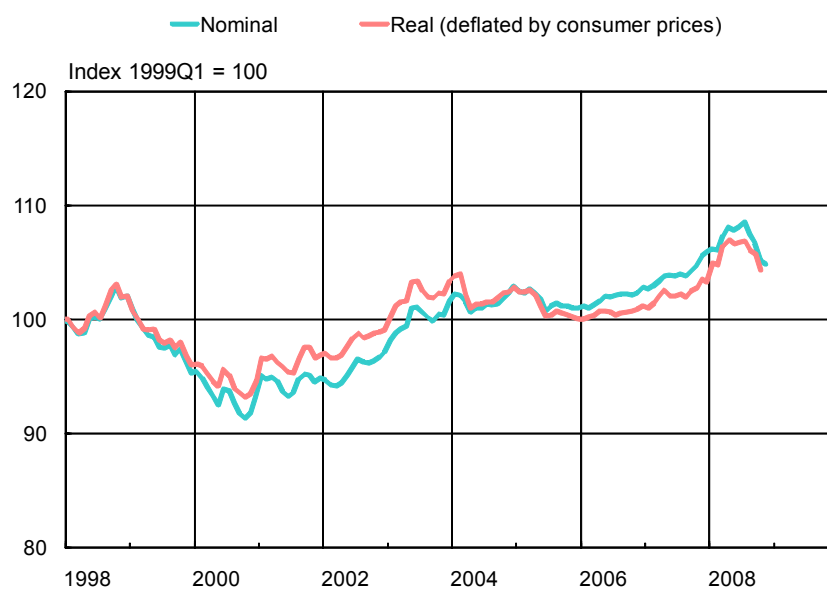


Sources: European Central Bank and Bank of Finland.

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



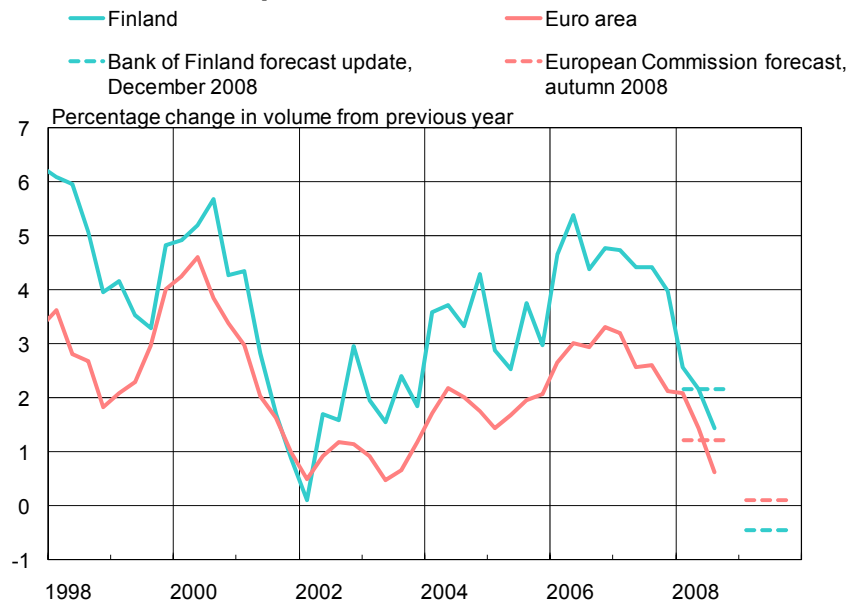
Source: Bank of Finland.

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

# Real economy

Chart 27.

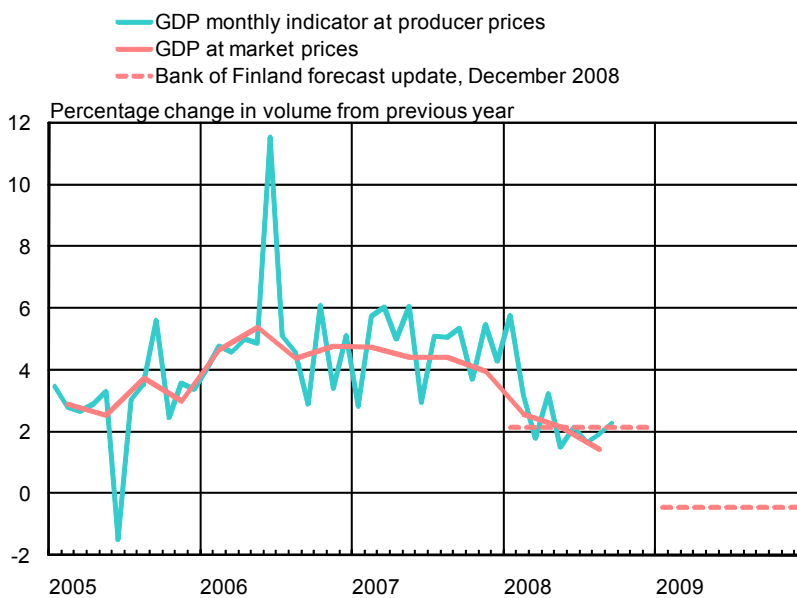
## Gross domestic product



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

Chart 28.

## Gross domestic product in Finland



Sources: Bank of Finland and Statistics Finland.

Chart 29.

### Industrial production

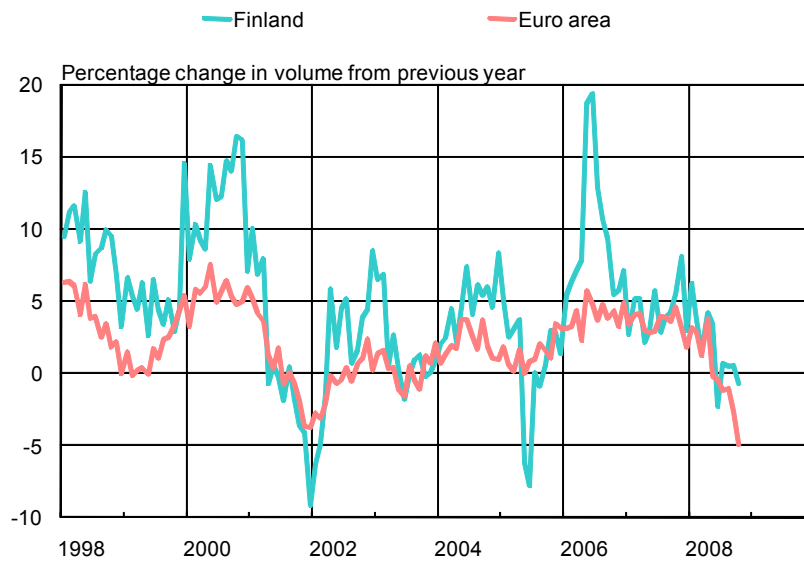


Chart 30.

### Industrial confidence indicator

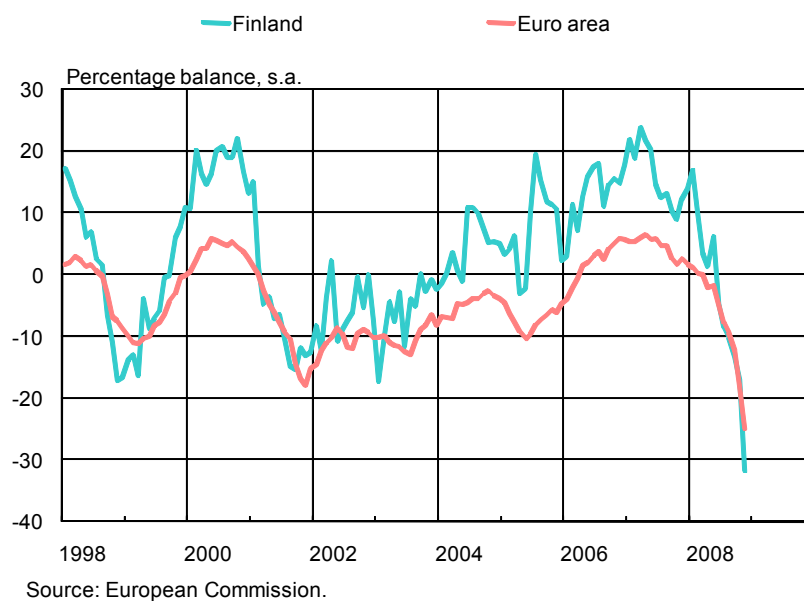


Chart 31.

### Manufacturing production by sector

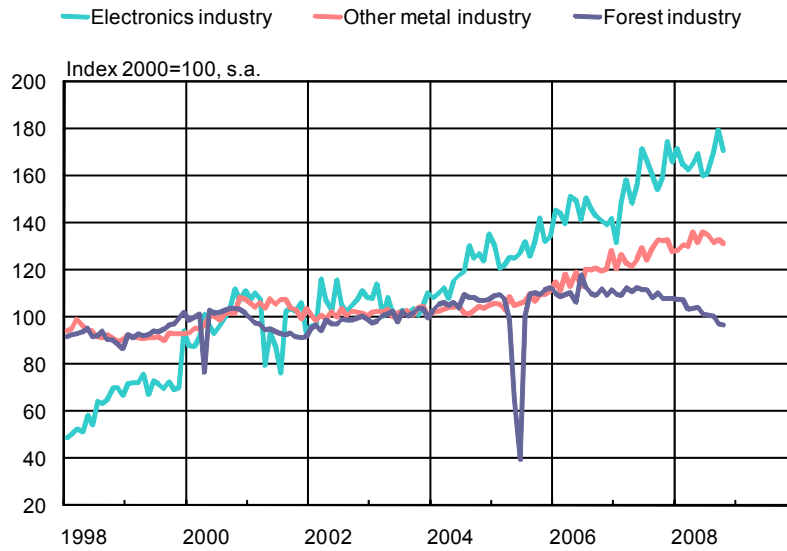


Chart 32.

### Finland's imports of goods

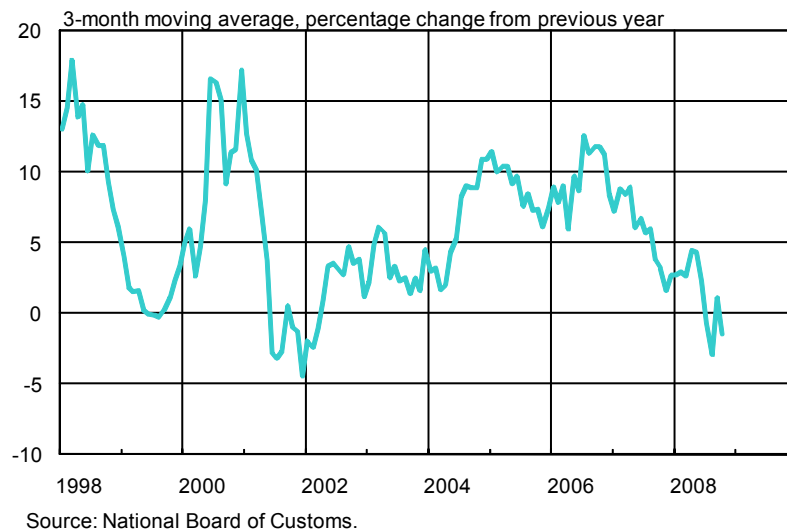
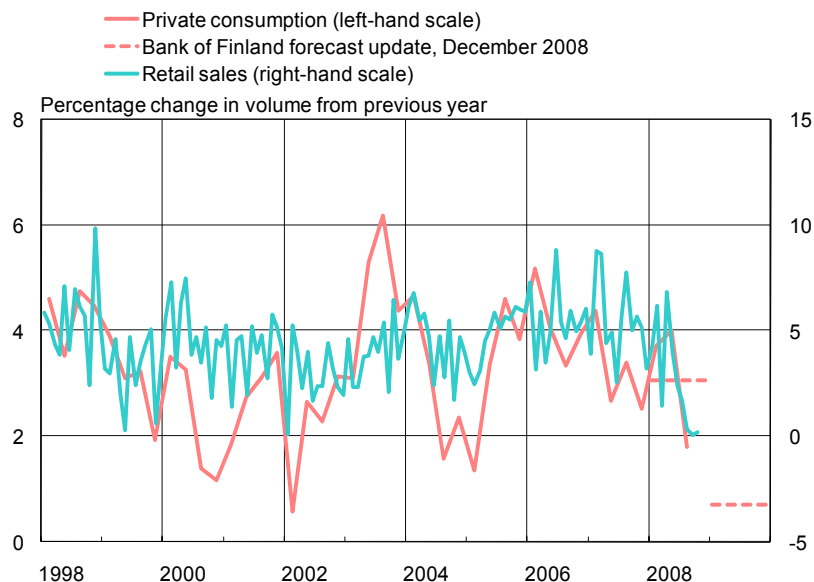


Chart 33.

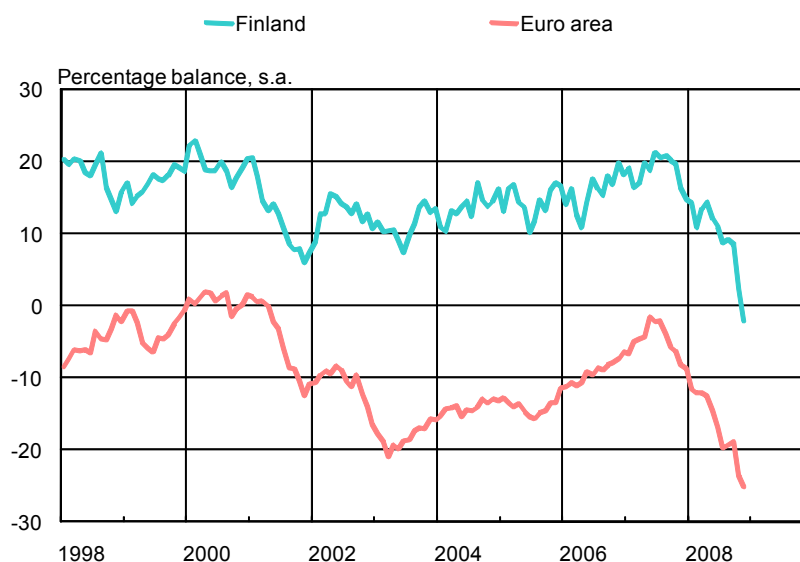
### Consumption in Finland



Sources: Bank of Finland and Statistics Finland.

Chart 34.

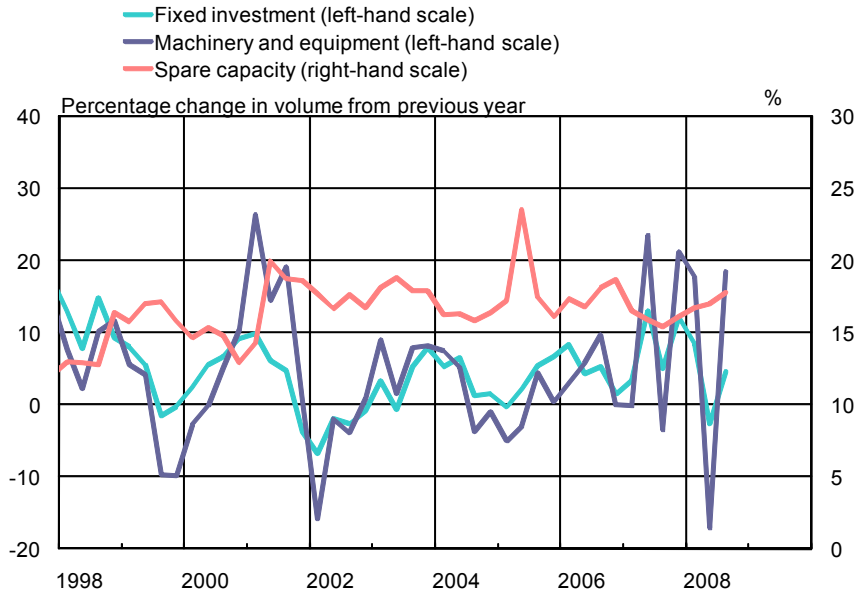
### Consumer confidence



Source: European Commission.

Chart 35.

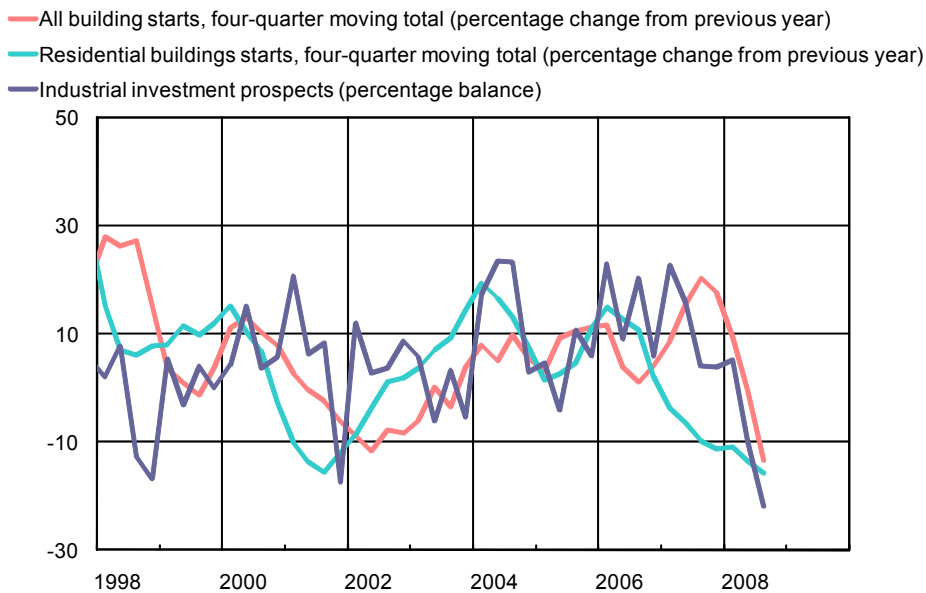
**Fixed investment in Finland**



Source: Statistics Finland.

Chart 36.

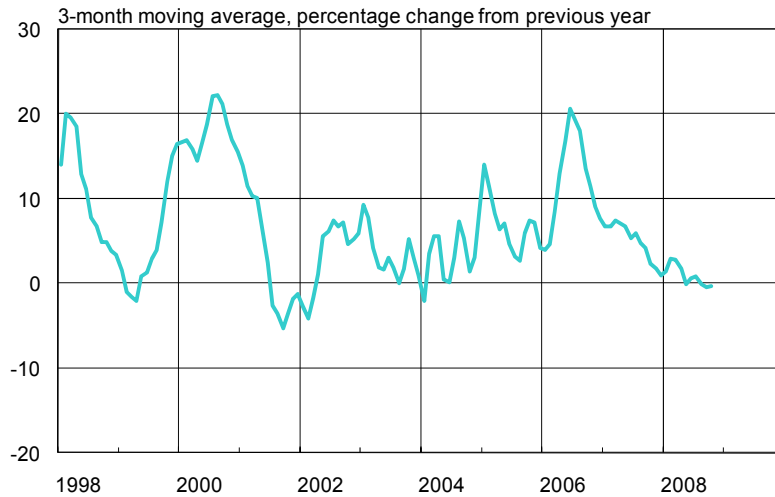
**Construction indicators**



Sources: Statistics Finland and Confederation of the Finnish Industries.

Chart 37.

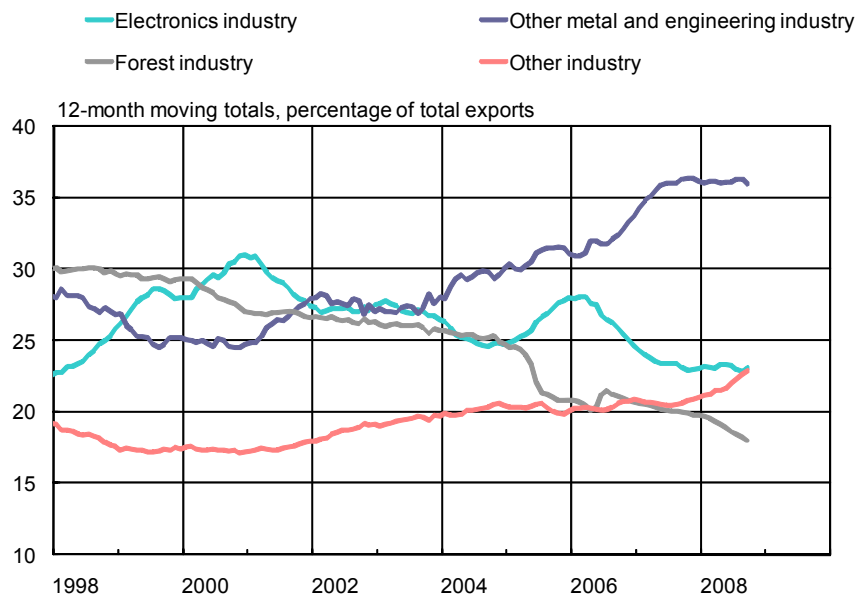
### Finland's exports of goods



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	2008 Actual	2008*	2009*	2010*
<b>Supply and demand</b> <i>percentage change in volume from previous year</i>						
Gross domestic product at market prices	4.9	4.5	1.4 Q3 2.0 Q1-Q3	2.1	-0.5	0.7
GDP monthly indicator at producer prices	5.5	4.2	4.1 M9 2.5 M1-M9			
Manufacturing production	9.1	5.2	-0.4 M10 1.9 M1-M10			
Consumption expenditure	3.1	2.7	1.7 Q3 2.2 Q1-Q3			
- private	4.1	3.2	1.7 Q3 2.7 Q1-Q3	3.1	0.7	1.9
- general government	0.6	1.3	0.2 Q3 0.6 Q1-Q3	1.3	1.9	1.6
Gross fixed capital formation	4.7	8.5	4.7 Q3 3.3 Q1-Q3			
- private	6.5	8.3	4.9 Q3 3.7 Q1-Q3	0.4	-6.4	-1.1
- general government	-6.4	9.4	2.9 Q3 2.9 Q1-Q3	-0.4	4.8	4.5
Domestic demand	3.1	4.6	2.8 Q3 1.4 Q1-Q3			
Exports of goods and services	11.8	8.2	-2.7 Q3 3.4 Q1-Q3	3.9	-3.3	1.0
Imports of goods and services	7.8	6.6	-0.4 Q3 2.0 Q1-Q3	0.4	-2.1	2.6
<b>Labour market indicators</b> <i>percentage change from previous year</i>						
Employed persons	1.8	2.0	1.1 M10 1.7 M1-M10	1.3	-1.8	-1.0
Unemployment rate, s.a. **	7.7	6.9	6.3 M10 6.3 M1-M10	6.3	7.2	7.7

Source: Statistics Finland.

\* Bank of Finland forecast update, December 2008.

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



## Prices and costs

Chart 39.

### Consumer prices

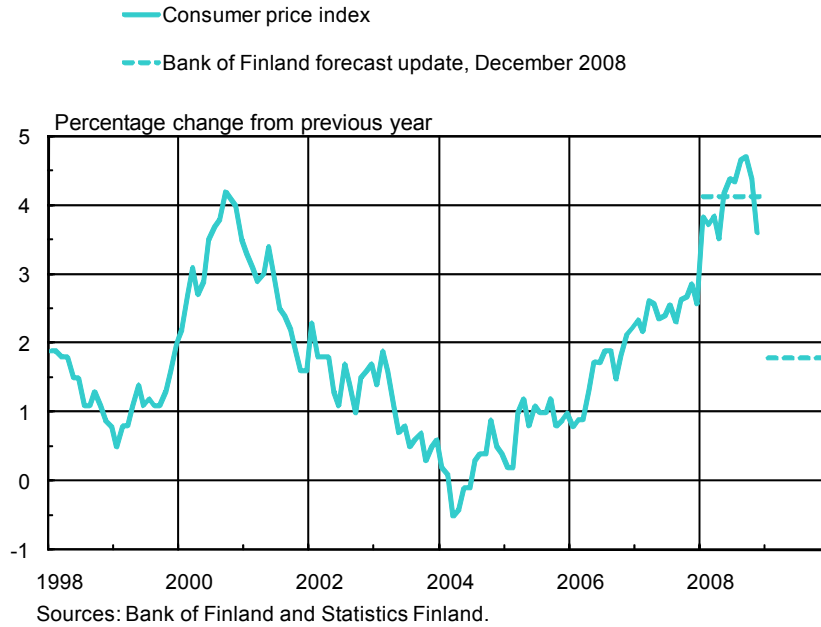


Chart 40.

### Harmonized index of consumer prices (HICP)

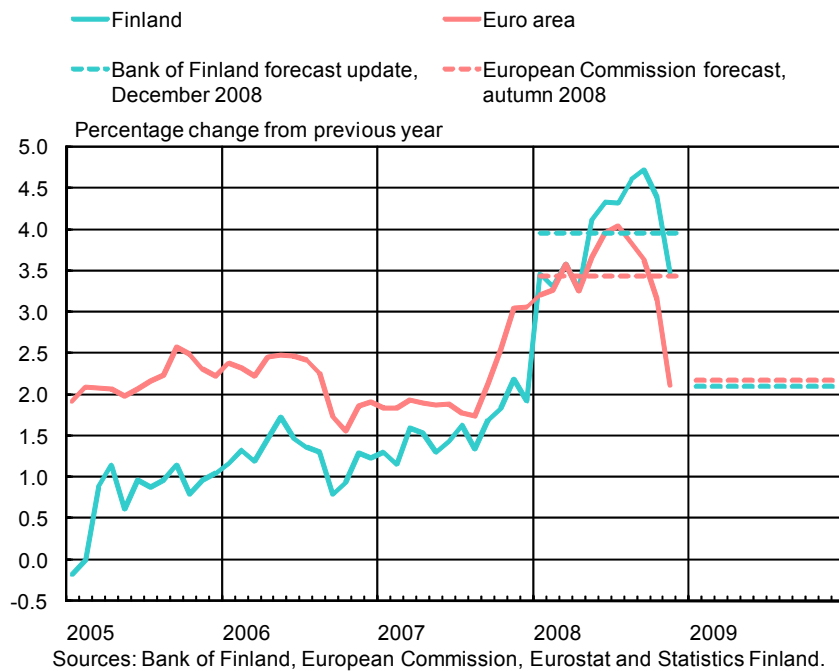


Chart 41.

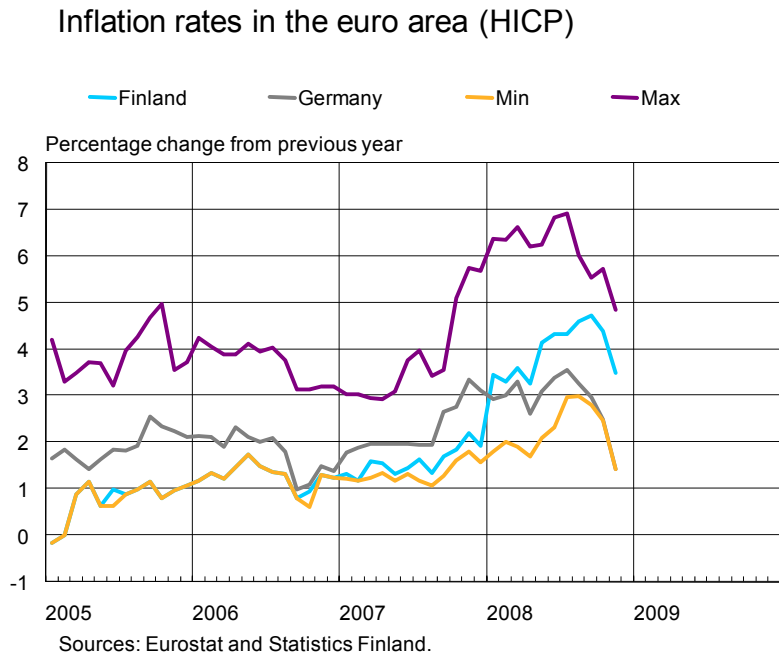


Chart 42.

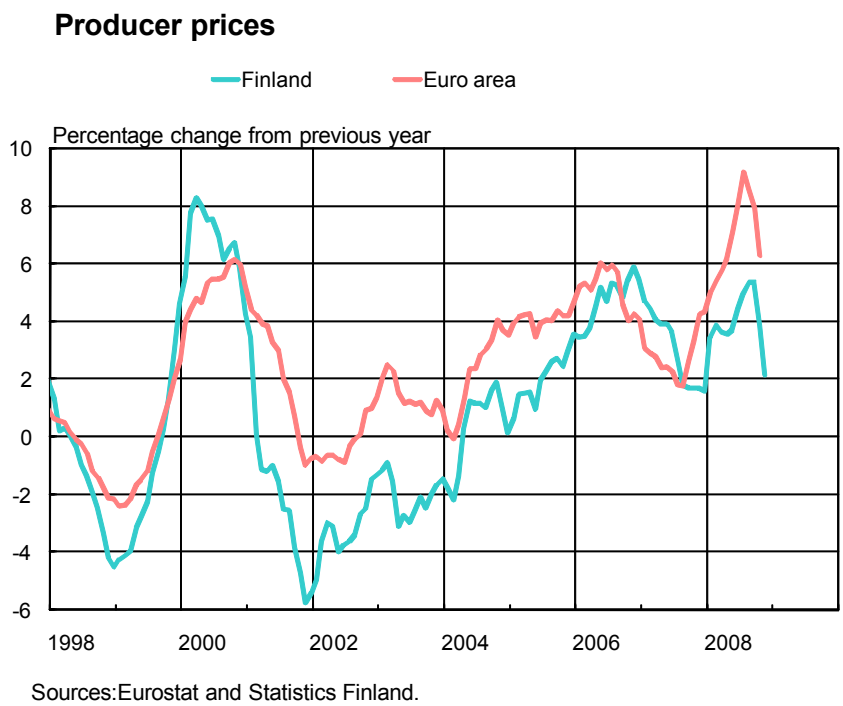
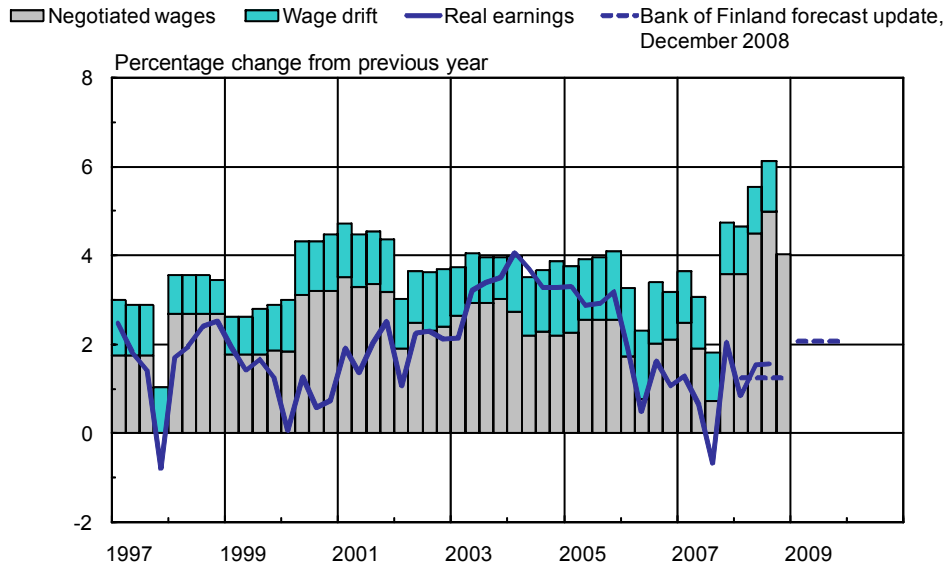


Chart 43.

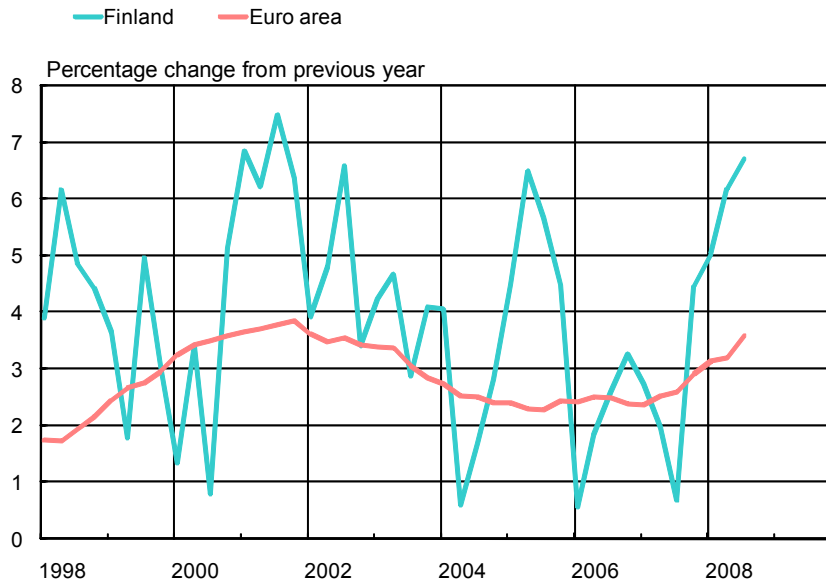
### Earnings in Finland



Source: Statistics Finland.

Chart 44.

### Hourly labour costs



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**

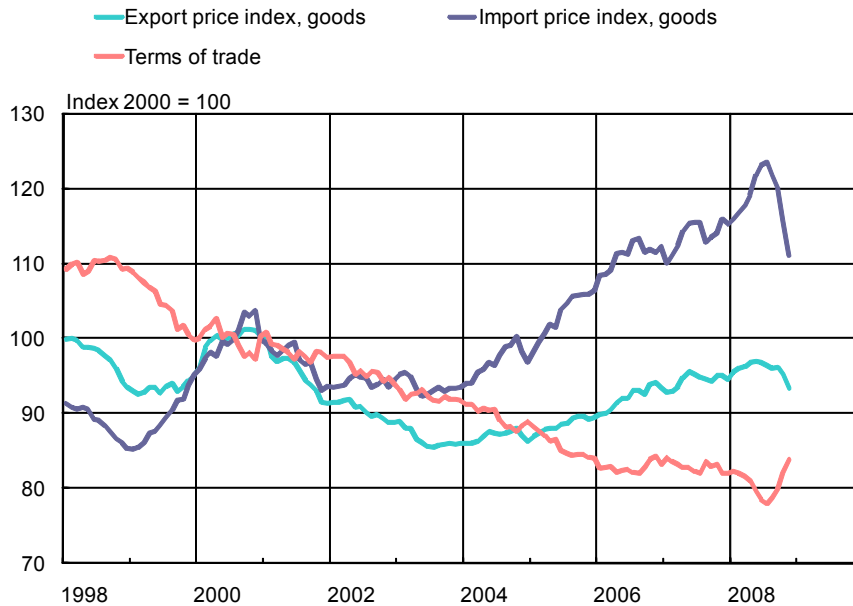


Chart 46.

**Dwelling prices in Finland**

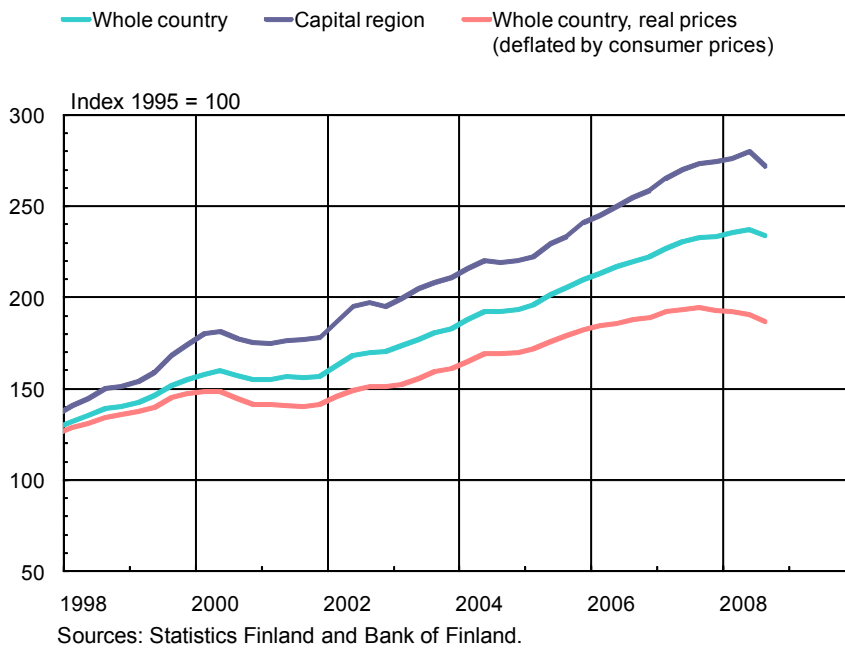


Table 2.

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

	2006	2007	2008 Actual	2008*	2009*	2010*
<b>Labour costs</b>						
Index of wages and salaries	3.0	3.3	6.1 Q3 5.5 Q1 - Q3	5.4	3.9	2.7
Unit labour costs						
- whole economy	-0.4	0.8	5.4 Q3 5.5 Q1 - Q3	5.0	3.0	1.3
<b>Price indices</b>						
Export prices (goods)						
- export price index	4.1	2.4	-1.9 M11 1.6 M1 - M11			
- export price deflator	3.3	-0.1	1.9 Q3 0.9 Q1 - Q3			
Import prices (goods)						
- import price index	7.6	2.4	-4.1 M11 4.5 M1 - M11			
- import price deflator	7.3	1.7	7.9 Q3 5.5 Q1 - Q2			
Producer prices	4.8	3.0	2.1 M11 4.0 M1 - M11			
Wholesale prices	5.9	3.5	1.2 M11 5.1 M1 - M11			
Consumer prices						
- consumer price index	1.6	2.5	3.6 M11 4.1 M1 - M11	4.1	1.8	1.7
- harmonized index of consumer prices	1.3	1.6	3.5 M11 4.0 M1 - M11	4.0	2.1	1.6
<b>Asset prices</b>						
Stumpage prices	0.0	23.4	-13.5 M10 -12.3 M1 - M10			
Dwelling prices, whole country	7.4	5.9	0.5 Q3 2.3 Q1 - Q3			
Share prices	24.5	24.4	-51.8 M11 -21.1 M1 - M11			

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

\* Bank of Finland forecast update, December 2008.

## Labour market

Chart 47.

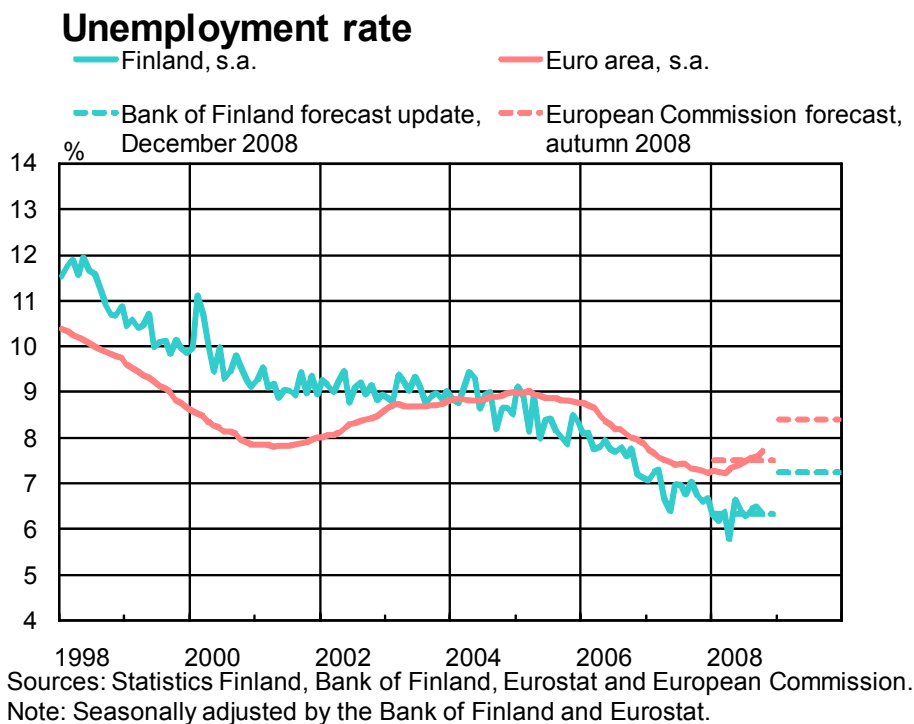
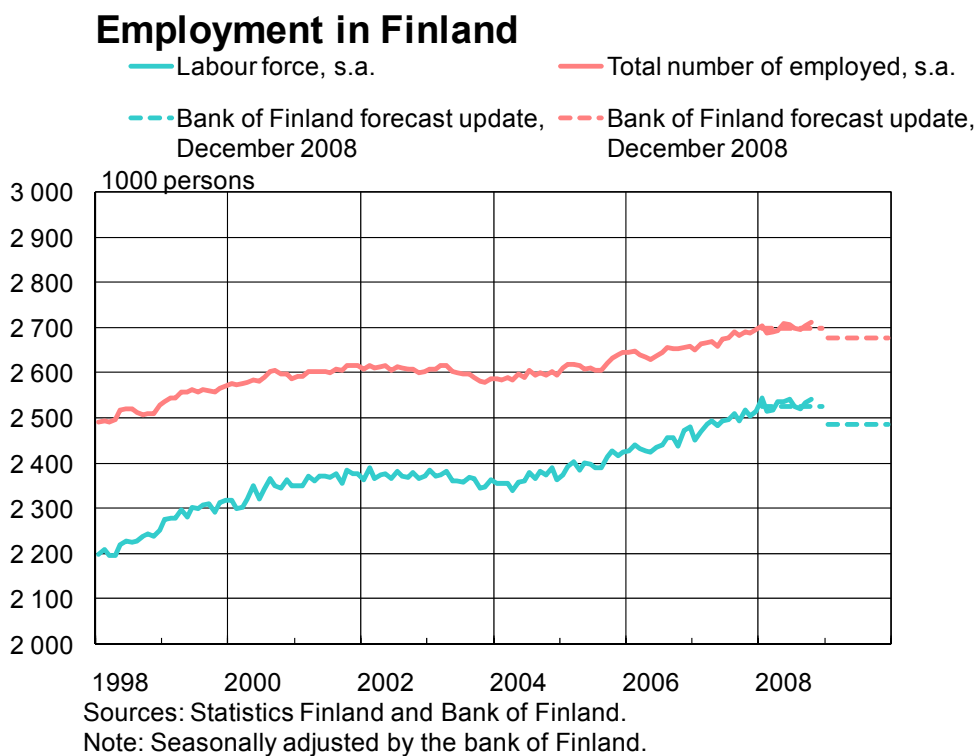


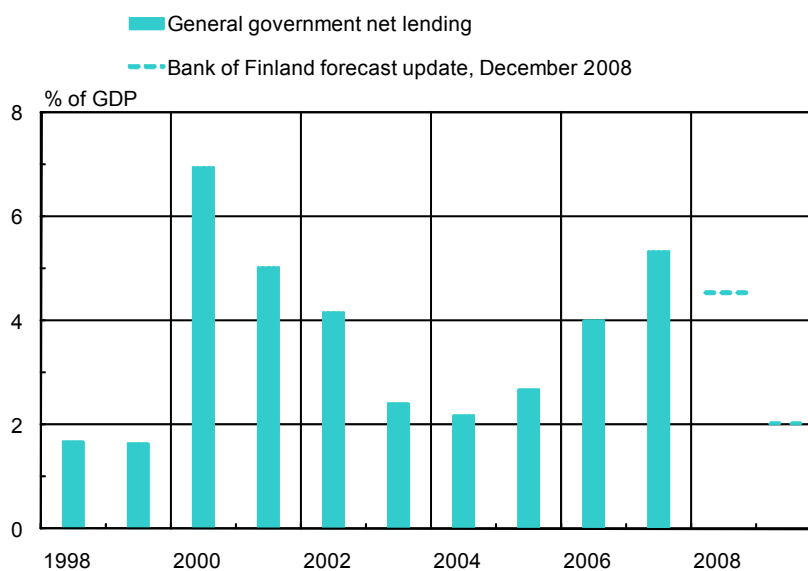
Chart 48.



## Public finances

Chart 49.

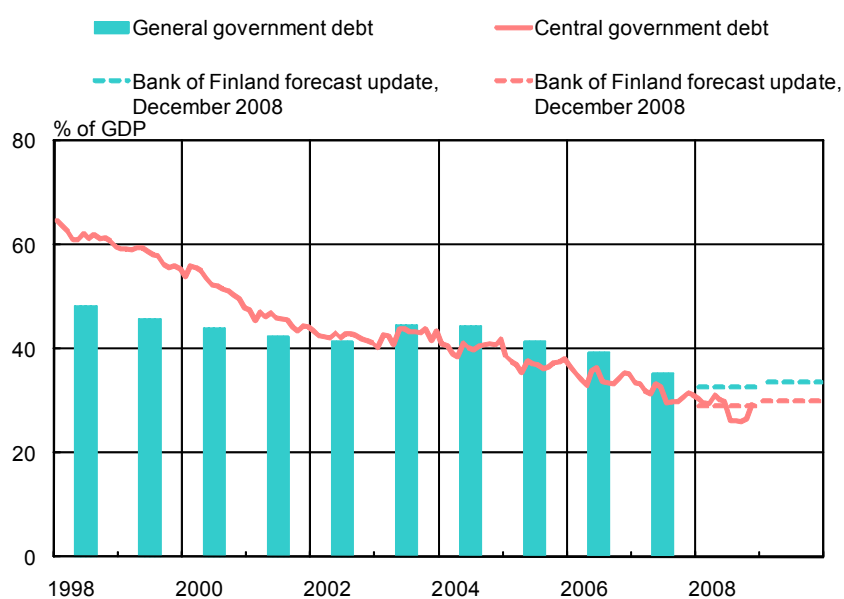
### Public sector balances in Finland



Sources: Statistics Finland and Bank of Finland.

Chart 50.

### Public sector debt in Finland



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

## External balance

Chart 51.

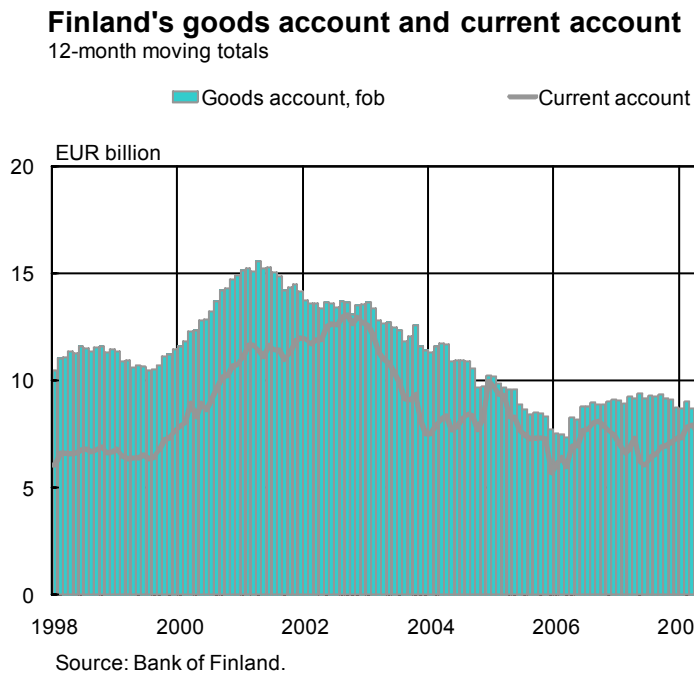


Chart 52.

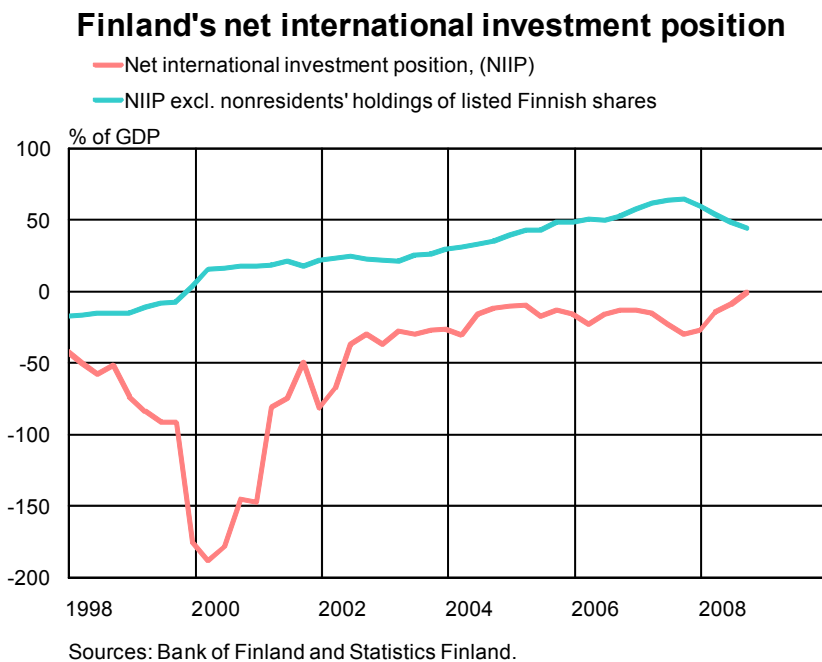




Table 3.  
External balance and sectoral balances indicators

	2006	2007	2008 Actual	2008*	2009*
<b>Goods account</b>					
EUR billion	9.1	8.7	0.9 M10 6.1 M01-M10		
per cent of GDP	5.5	4.9			
<b>Current account</b>					
EUR billion	7.5	7.3	0.7 M10 3.8 M01-M10	7.3	4.7
per cent of GDP	4.5	4.1		3.9	2.5
<b>Financial account</b>					
EUR billion	-11.1	-7.1	-0.6 M10 -3.7 M01-M10		
General government	-8.1	-5.0	2.7 M10 -1.4 M01-M10		
Direct investment in Finland	4.5	8.3	-0.4 M10 -3.5 M01-M10		
abroad	2.5	5.2	-0.2 M10 2.2 M01-M10		
Shares	-7.5	-6.3	2.9 M10 0.7 M01-M10		
Other capital (incl. errors and omissions)	2.5	1.1	-5.9 M10 3.3 M01-M10		
Foreign exchange reserves (increase -)	3.6	-0.2	-0.1 M10 -0.1 M01-M10		
<b>Net lending, saving minus investment</b>					
Private sector					
EUR billion	0.8	-2.3		-1.3	0.8
per cent of GDP	0.5	-1.3		-0.7	0.4
General government					
EUR billion	6.7	9.6		8.6	3.9
per cent of GDP	4.0	5.3		4.5	2.0
Central government					
EUR billion	1.4	3.8		2.3	-1.2
per cent of GDP	0.9	2.1		1.2	-0.6
Local government					
EUR billion	-0.4	-0.1		0.2	-0.2
per cent of GDP	-0.2	-0.1		0.1	-0.1
Social security funds					
EUR billion	5.6	5.9		0.2	5.3
per cent of GDP	3.4	3.3		2.7	2.8
<b>Net foreign debt</b>					
per cent of GDP	12.6	26.6			
per cent of exports of goods and services	27.9	58.1			
<b>Sectoral debt ratios, gross debt, per cent of GDP</b>					
Non-financial corporate sector **	51.5	51.8			
Household sector	46.6	48.2			
General government	39.2	35.1		32.7	33.7

Sources: Bank of Finland and Statistics Finland.

\* Bank of Finland forecast update, December 2008.

\*\* Excl. housing corporations.

