



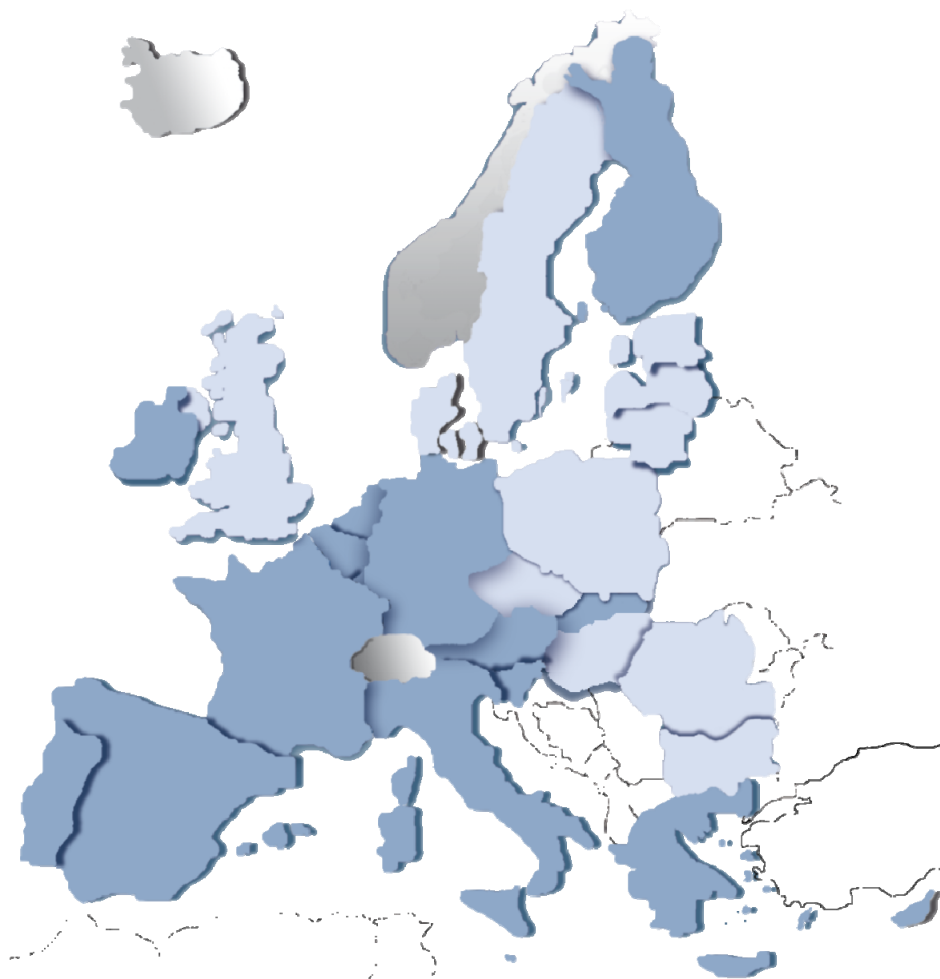
**BANK OF FINLAND**

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

EUROJÄRJESTELMÄ  
EUROSYSTEMET

# **Main Indicators for the Finnish Economy**

1/2009



21 Jan 2009

*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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## **Real economy**

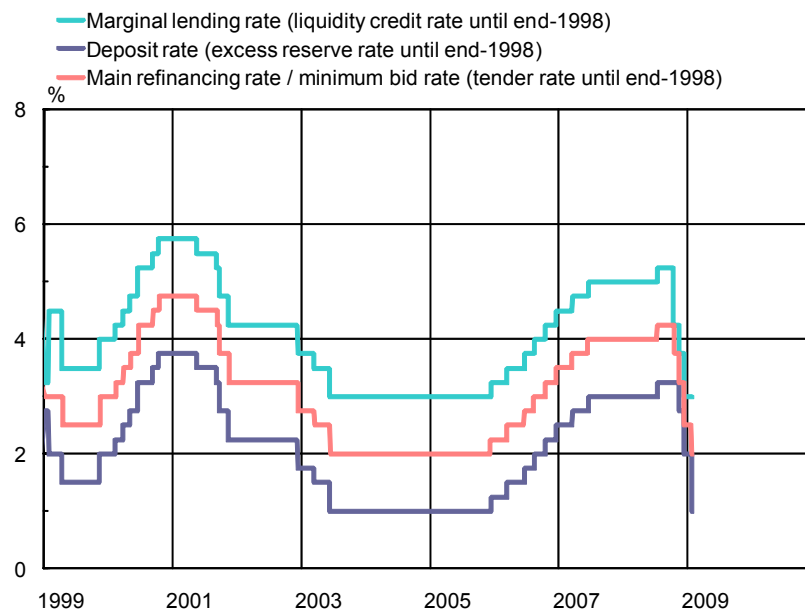
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## Monetary policy and market interest rates

Chart 1.

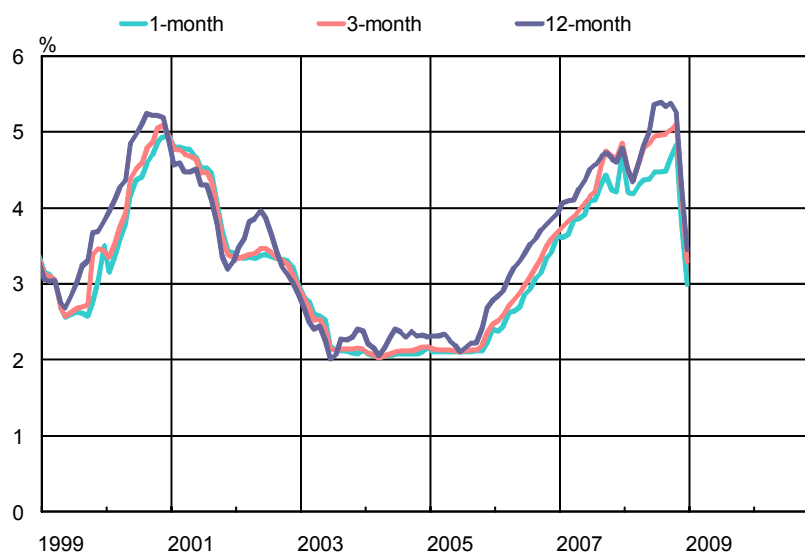
### Eurosystem interest rates



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

Chart 2.

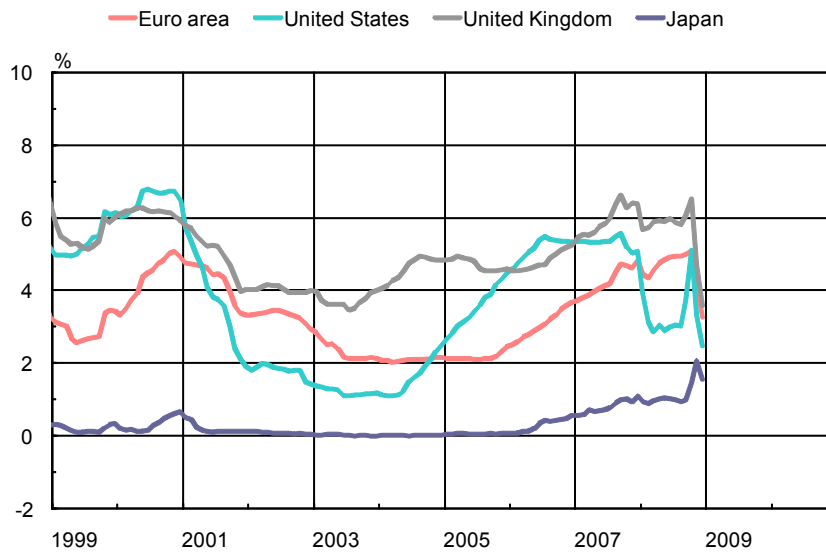
### Euribor rates



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

Chart 3.

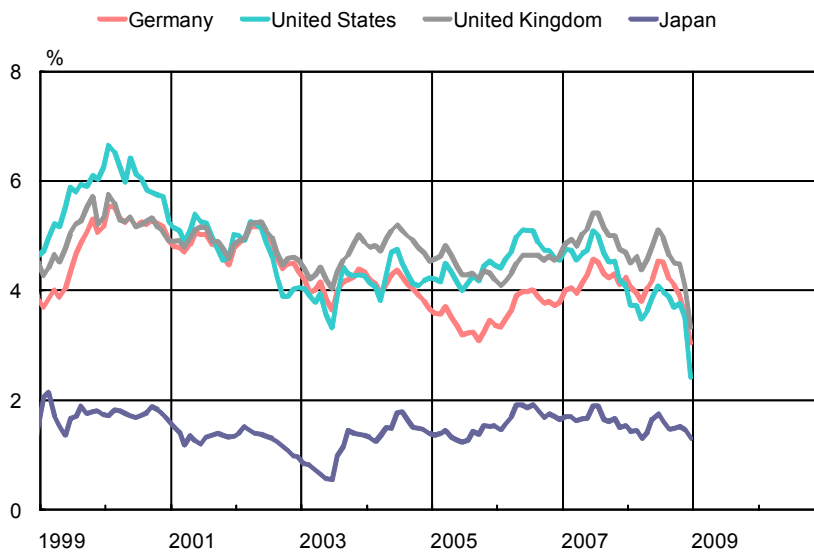
**International three-month interest rates**



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.

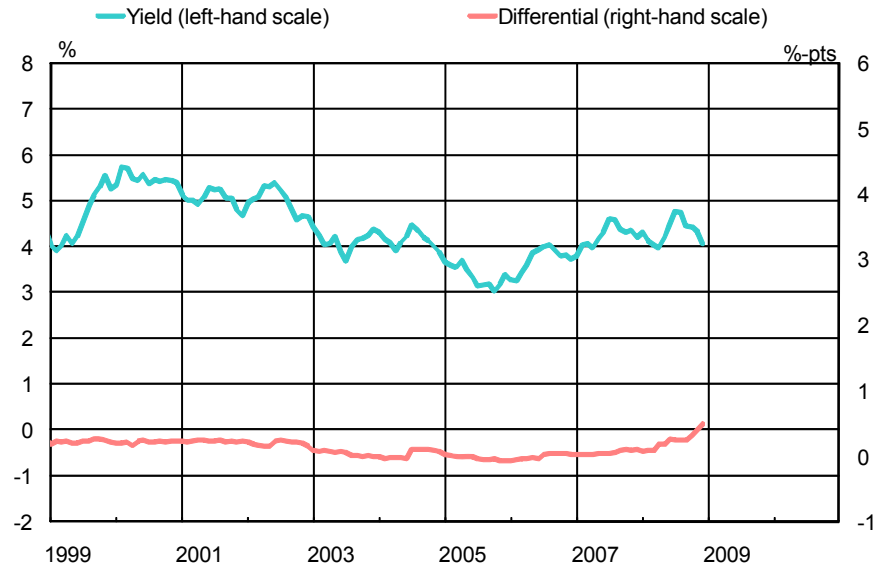
**International long-term interest rates**



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

Chart 5.

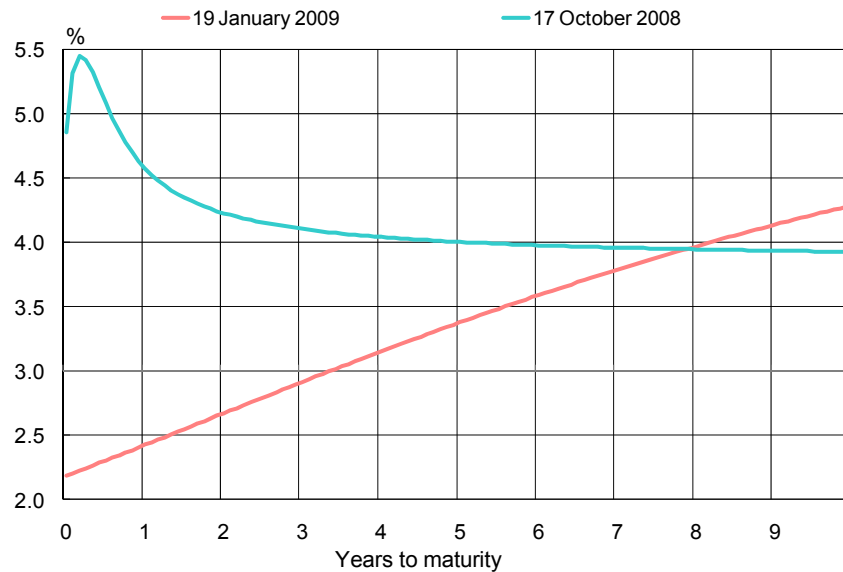
**Yield on ten-year Finnish government bonds and differential vs. Germany**



Source: Reuters.

Chart 6.

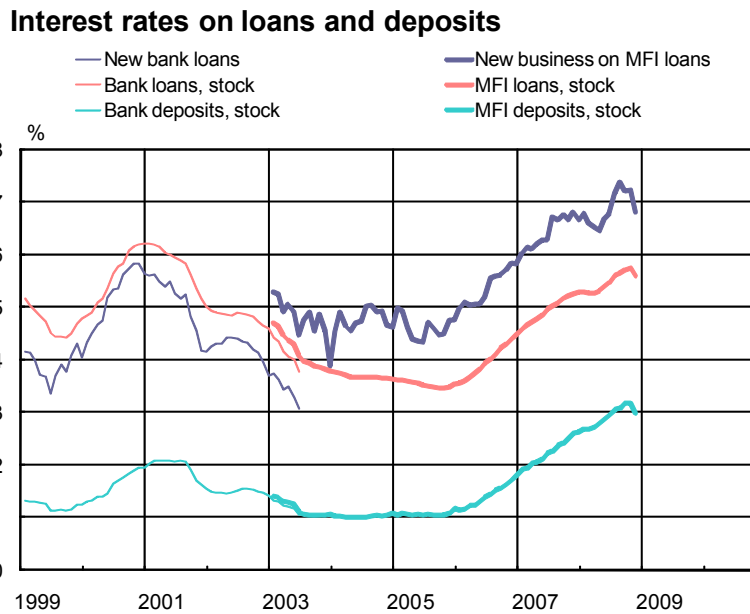
**Euro area (Finland's) yield curve**  
(zero coupon yield curve)



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.

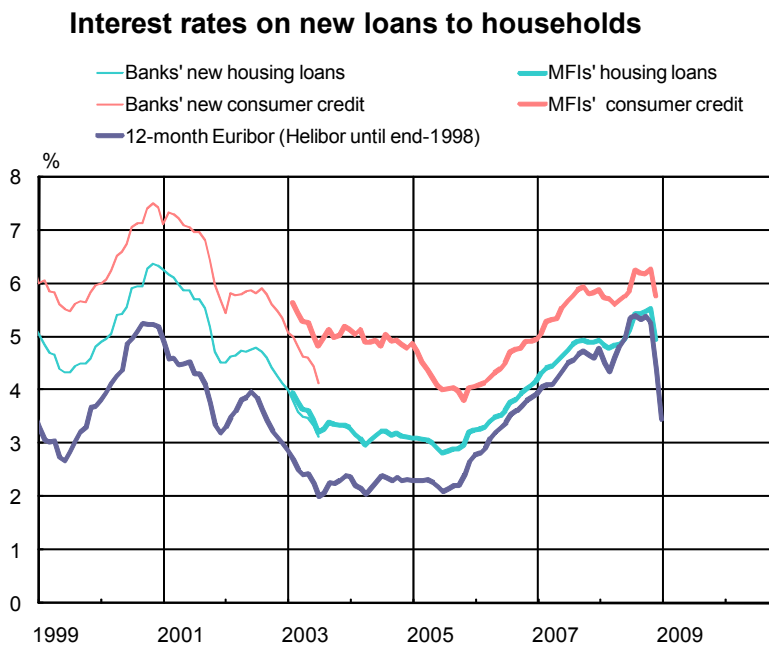
# Banking in Finland

Chart 7.



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.

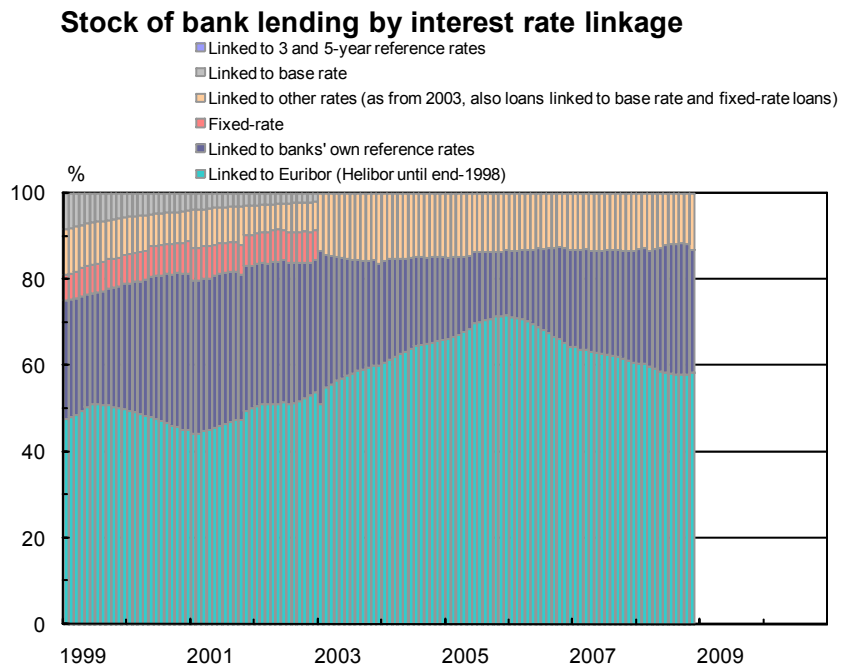
Chart 8.



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

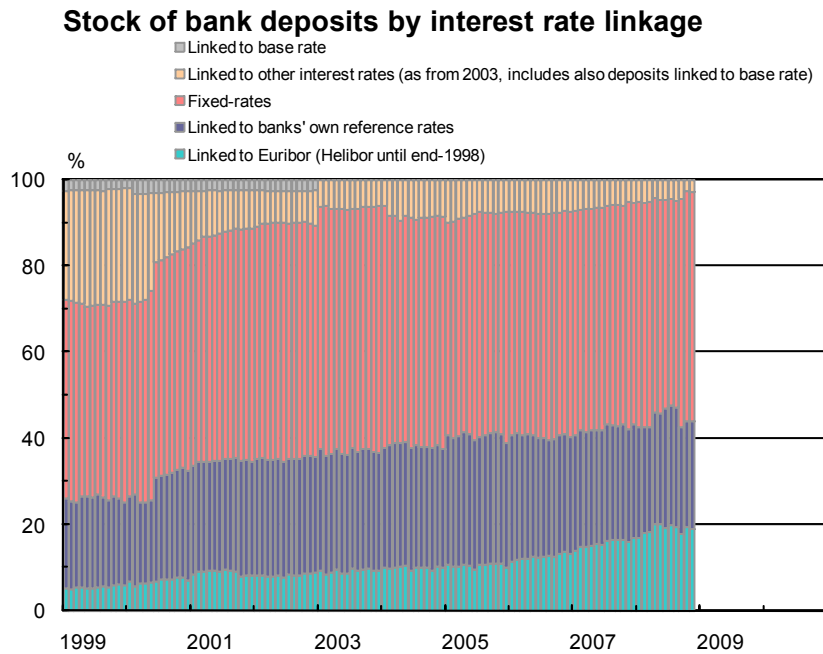


Chart 9.



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

Chart 10.



Source: Bank of Finland.  
See note in Chart 7

Chart 11.

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

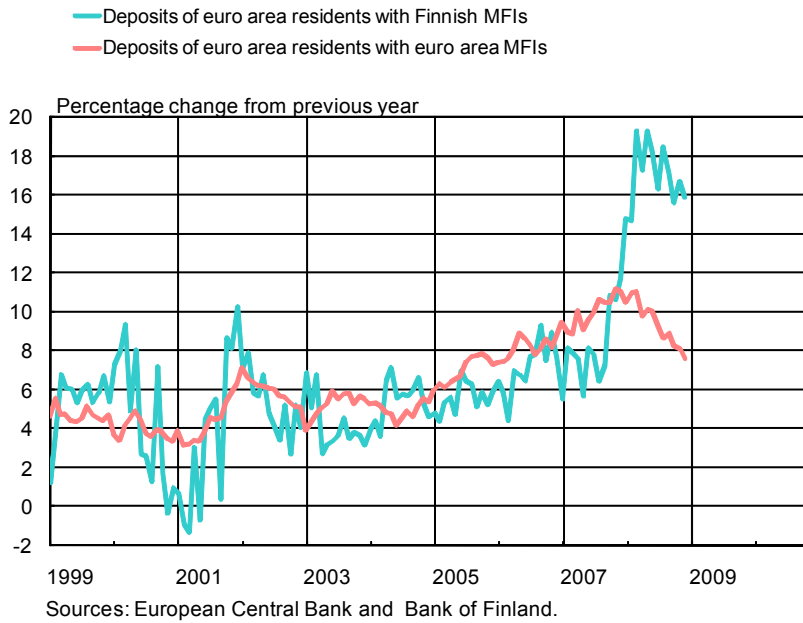


Chart 12.

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

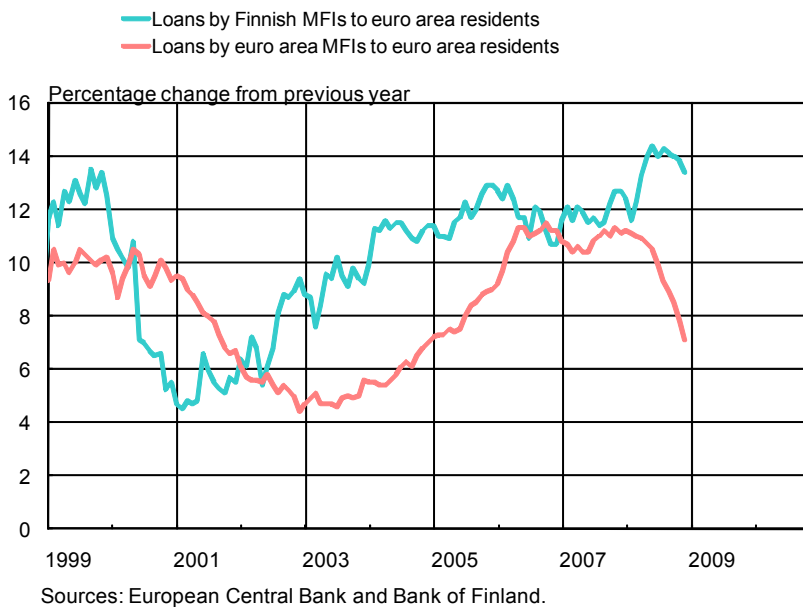
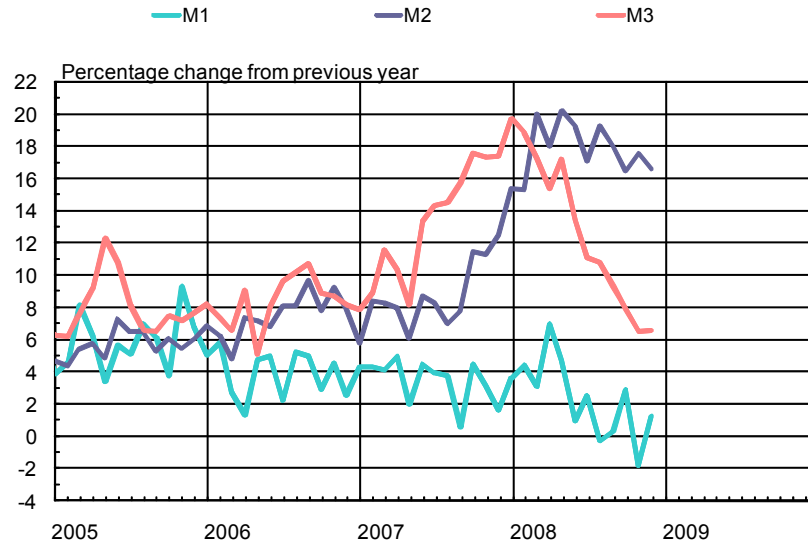


Chart 13.

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

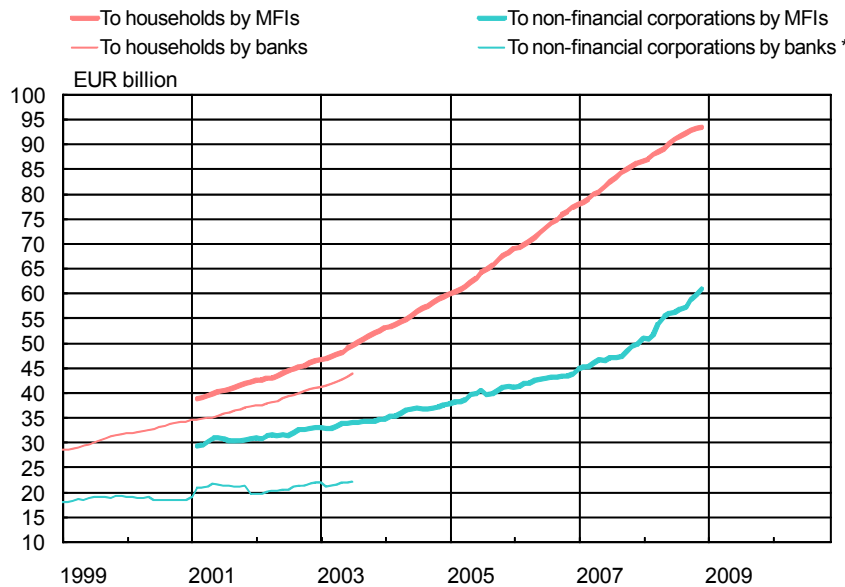


Source: Bank of Finland.

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

Chart 14.

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



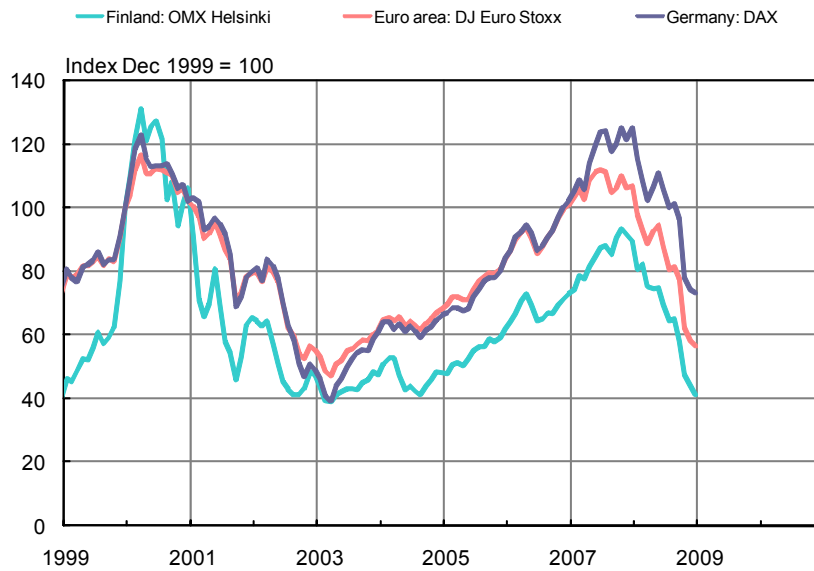
Source: Bank of Finland.

\* Note: The series includes structural changes.

## Securities market

Chart 15.

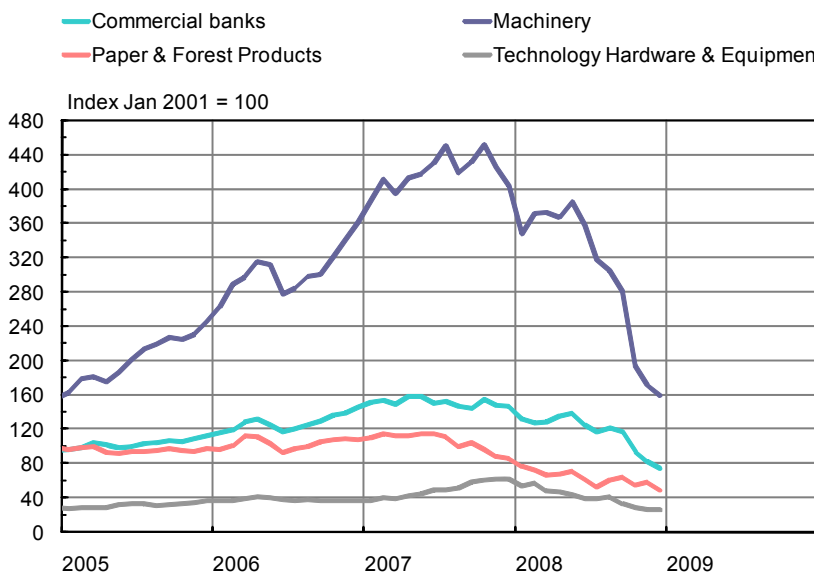
### Selected stock price indices in the euro area



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

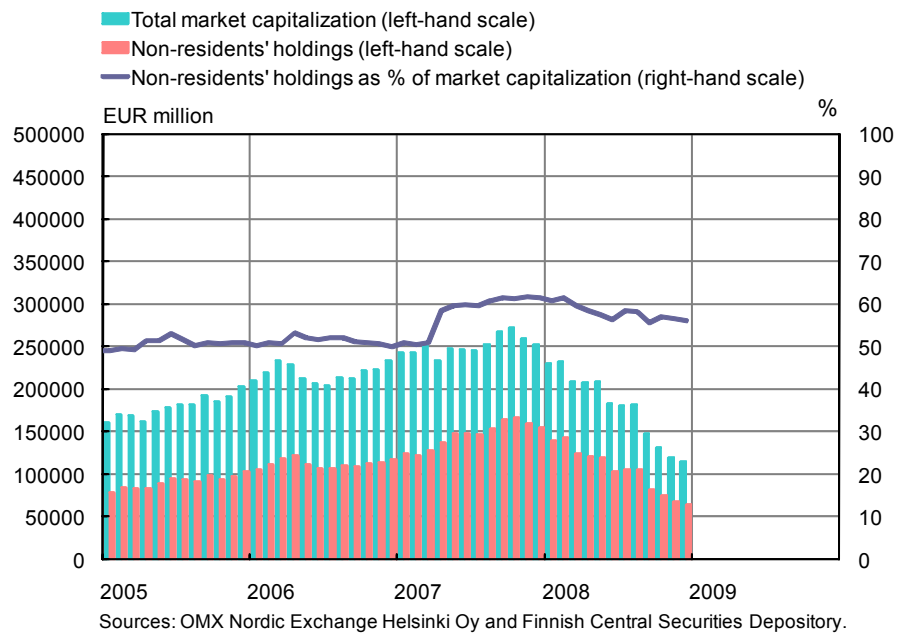


Chart 18.

### Non-residents' portfolio investments in Finland

12-month moving totals

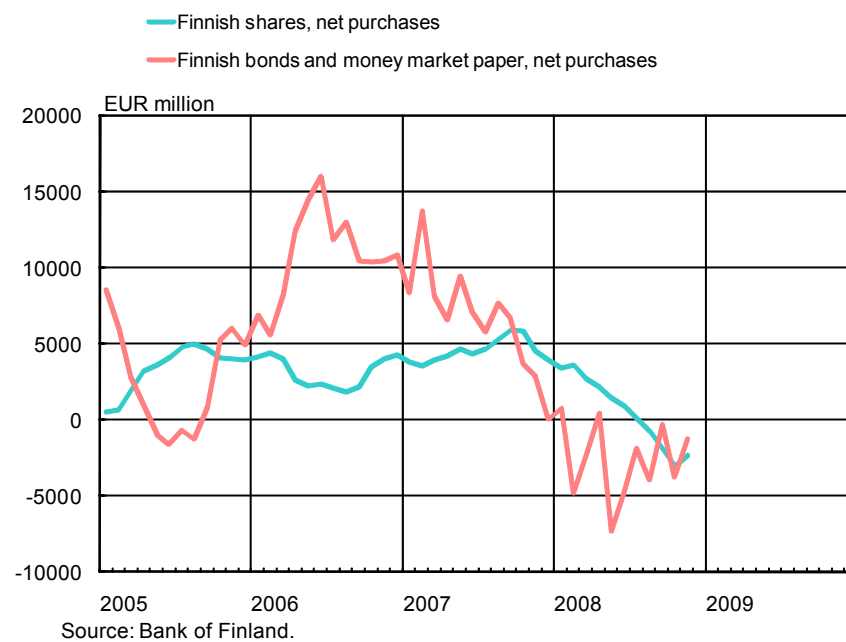
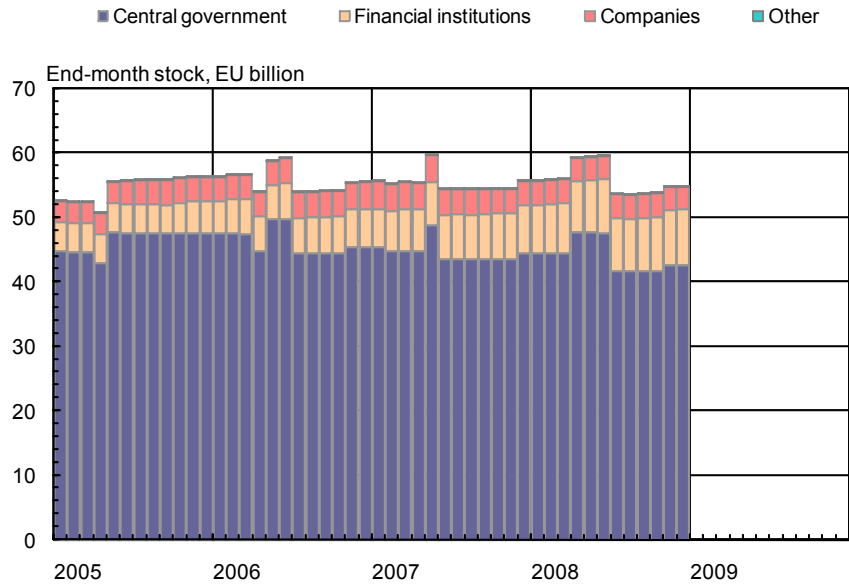


Chart 19.

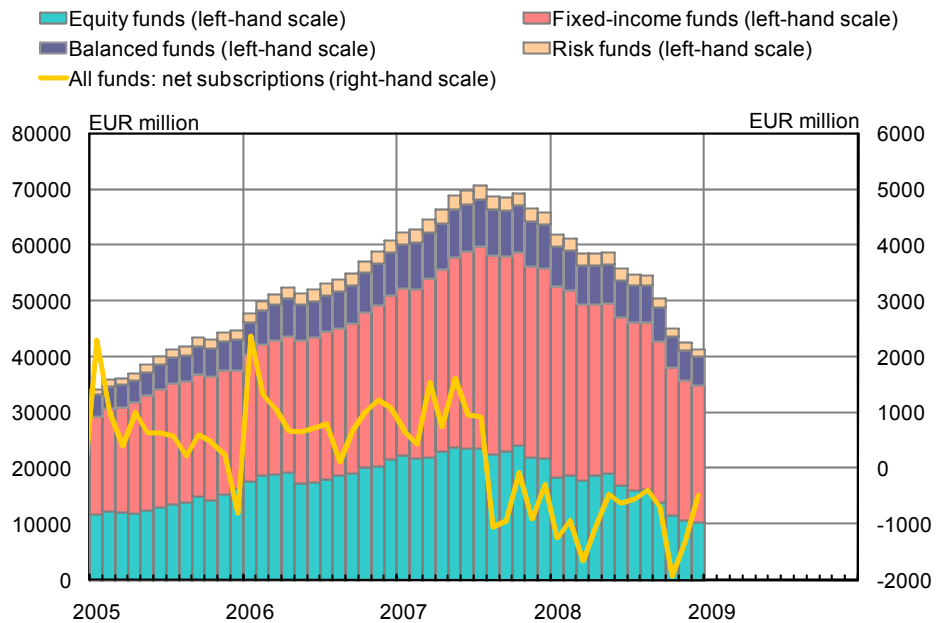
### Bonds issued in Finland



Source: Statistics Finland.

Chart 20.

### Mutual funds registered in Finland



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

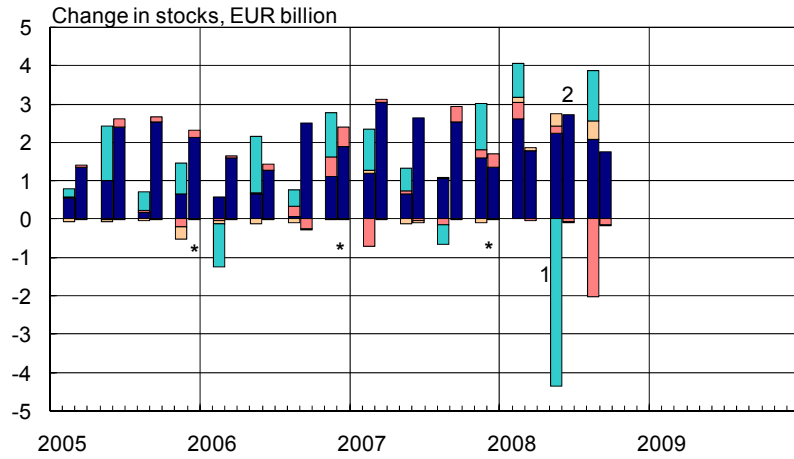
## Borrowing by sector in Finland

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.

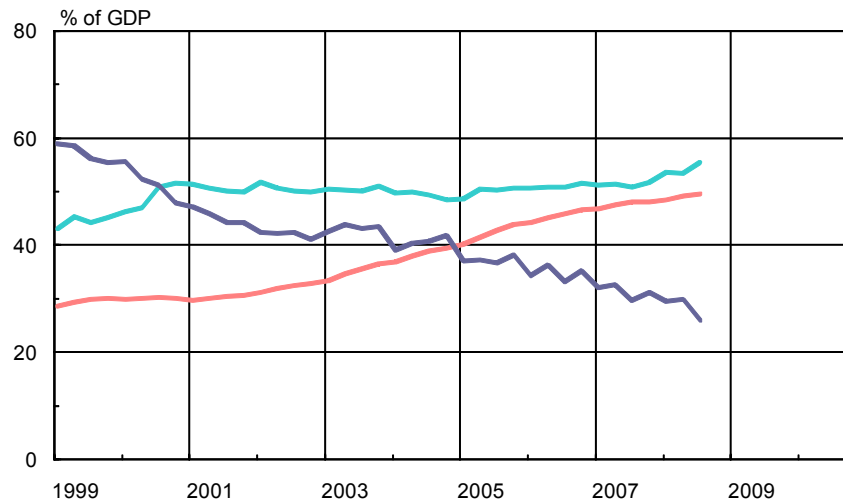
Chart 22.

### 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

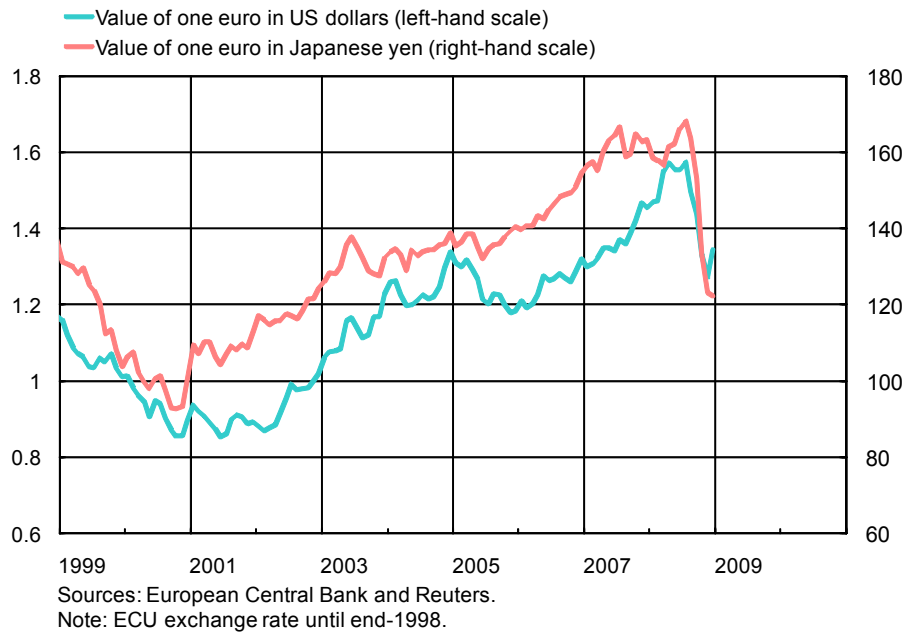


Chart 24.

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

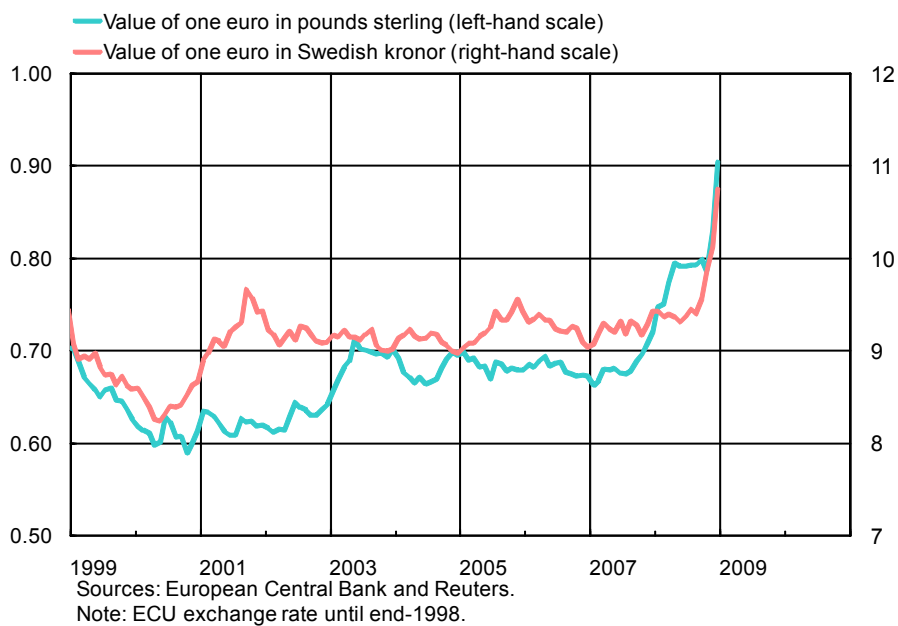
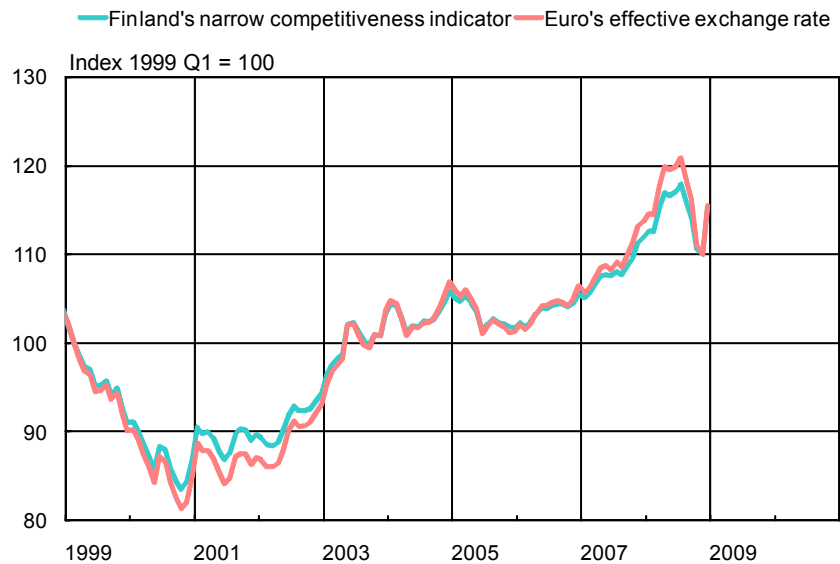




Chart 25.

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

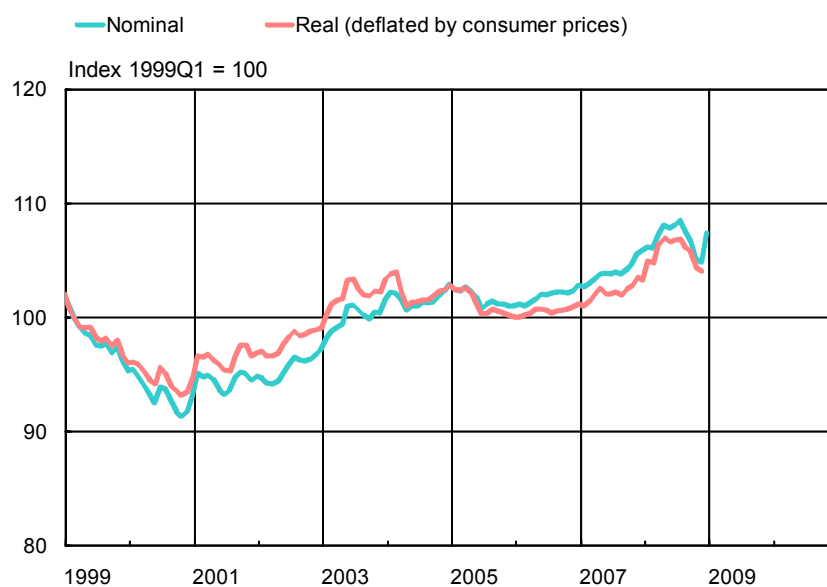


Sources: European Central Bank and Bank of Finland.

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



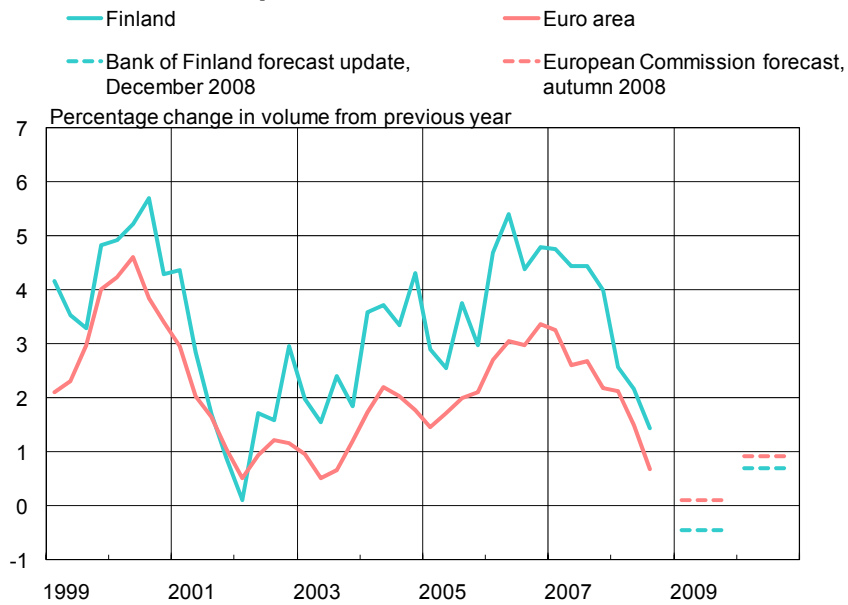
Source: Bank of Finland.

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

# Real economy

Chart 27.

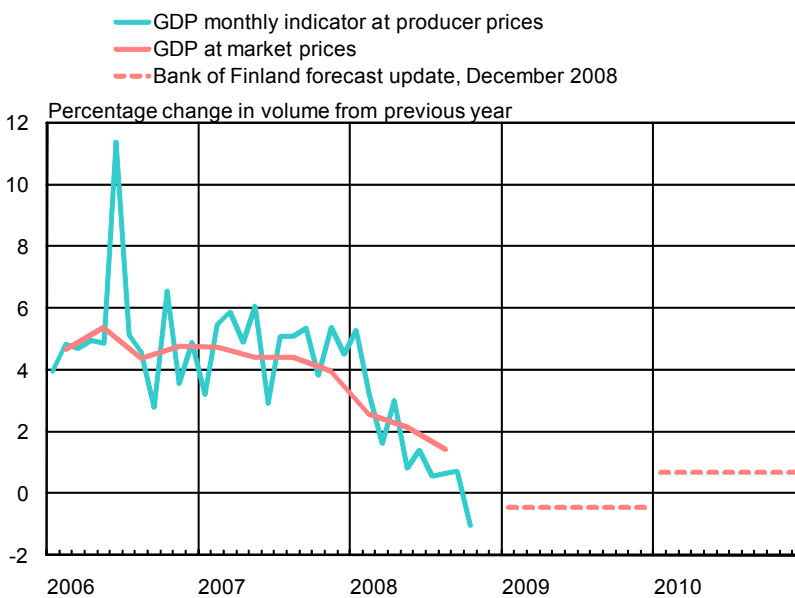
## Gross domestic product



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

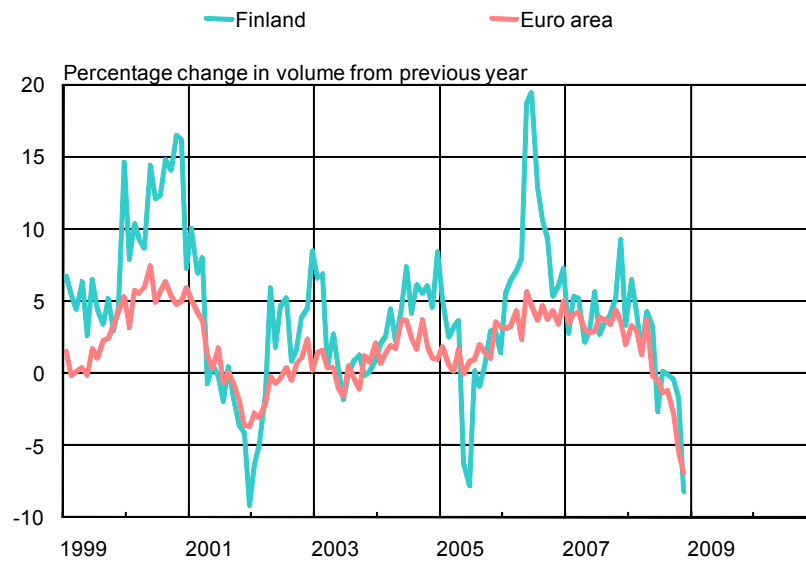


Chart 30.

### Industrial confidence indicator

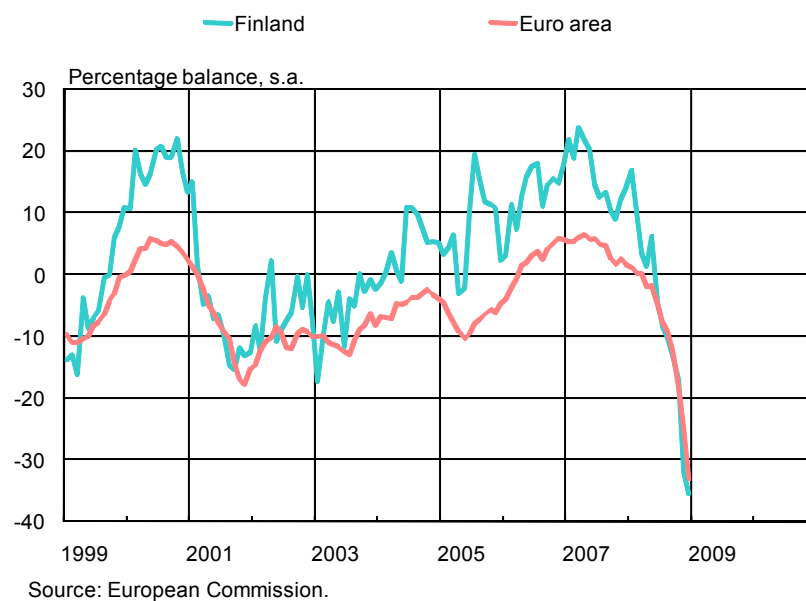


Chart 31.

### Manufacturing production by sector

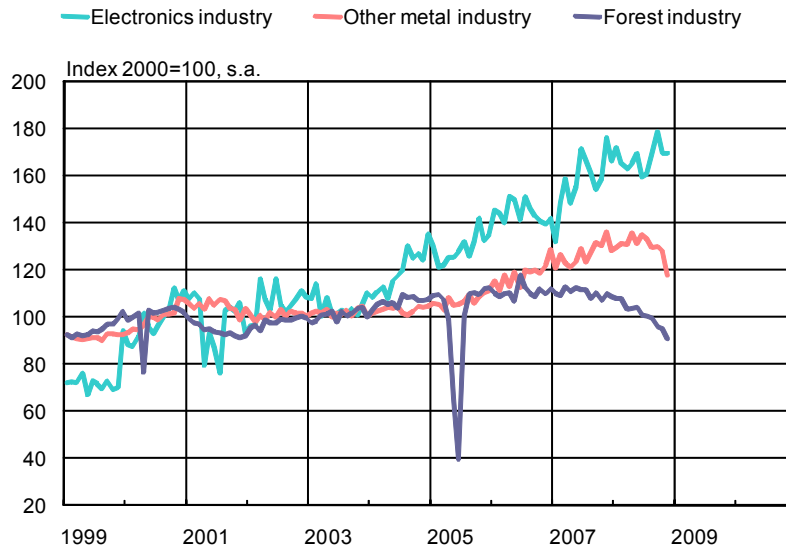


Chart 32.

### Finland's imports of goods

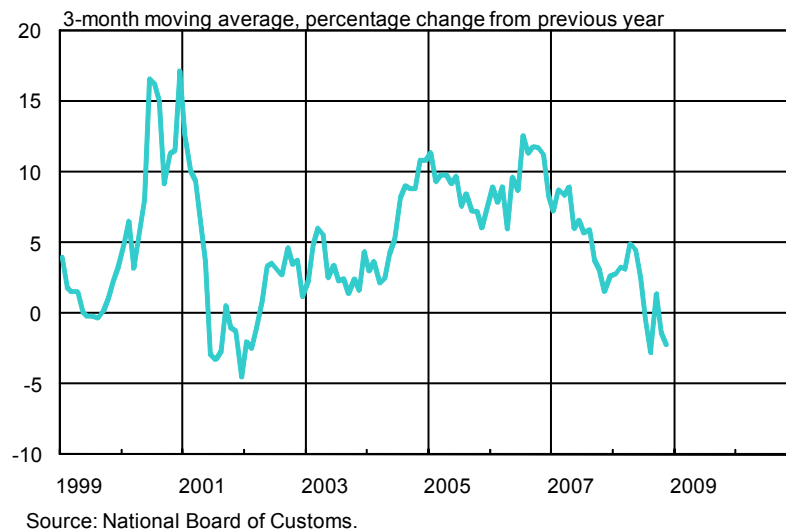
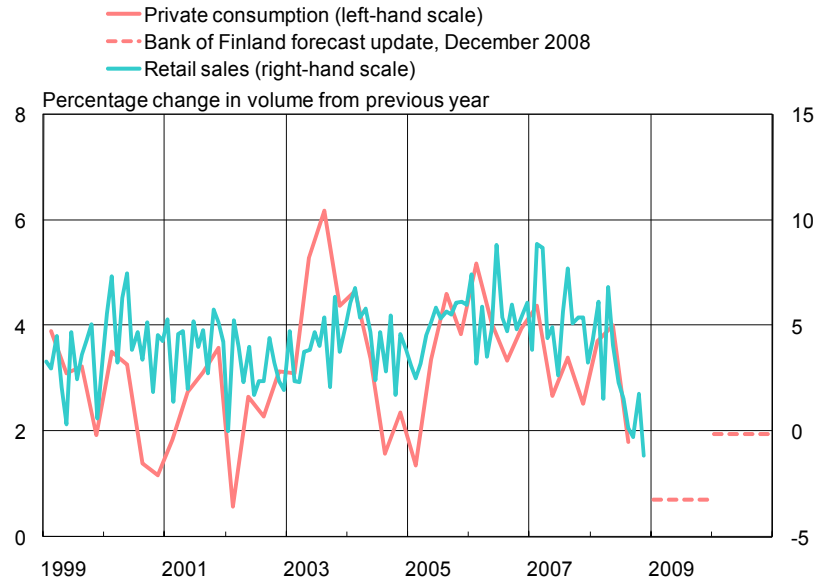


Chart 33.

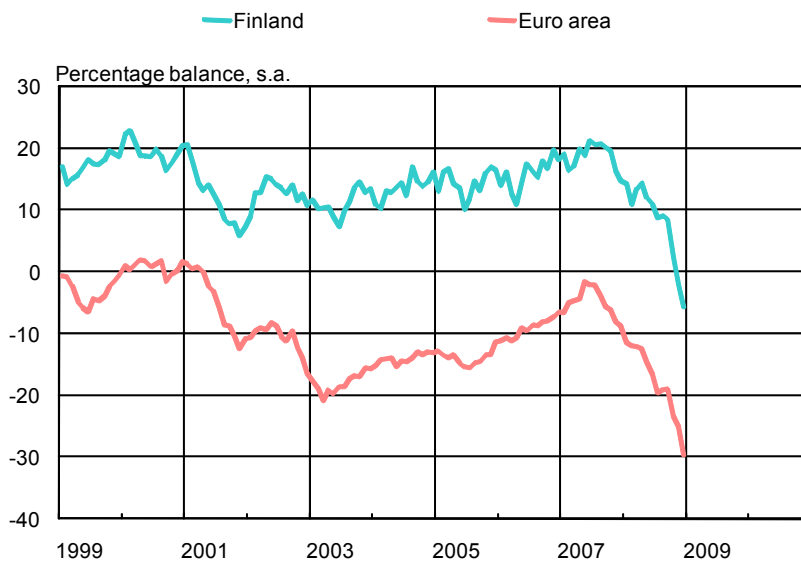
### Consumption in Finland



Sources: Bank of Finland and Statistics Finland.

Chart 34.

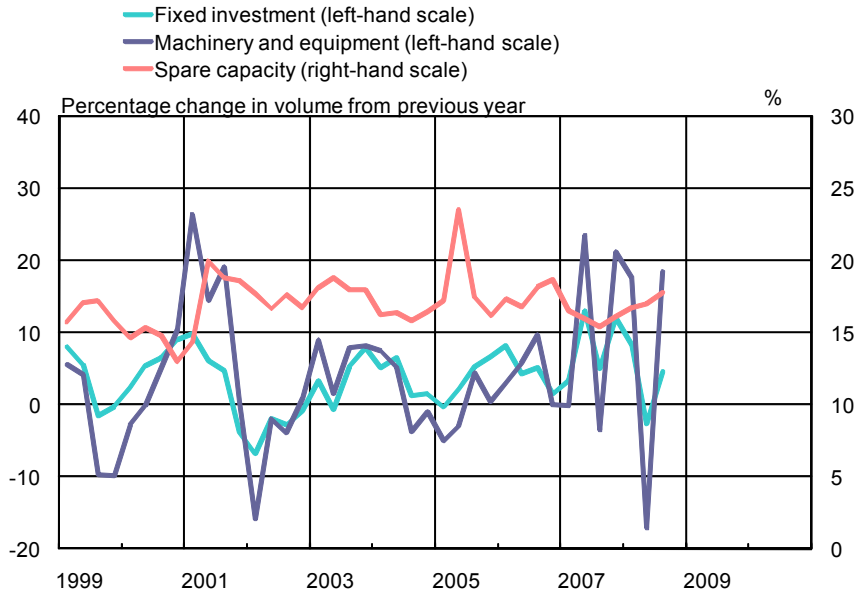
### Consumer confidence



Source: European Commission.

Chart 35.

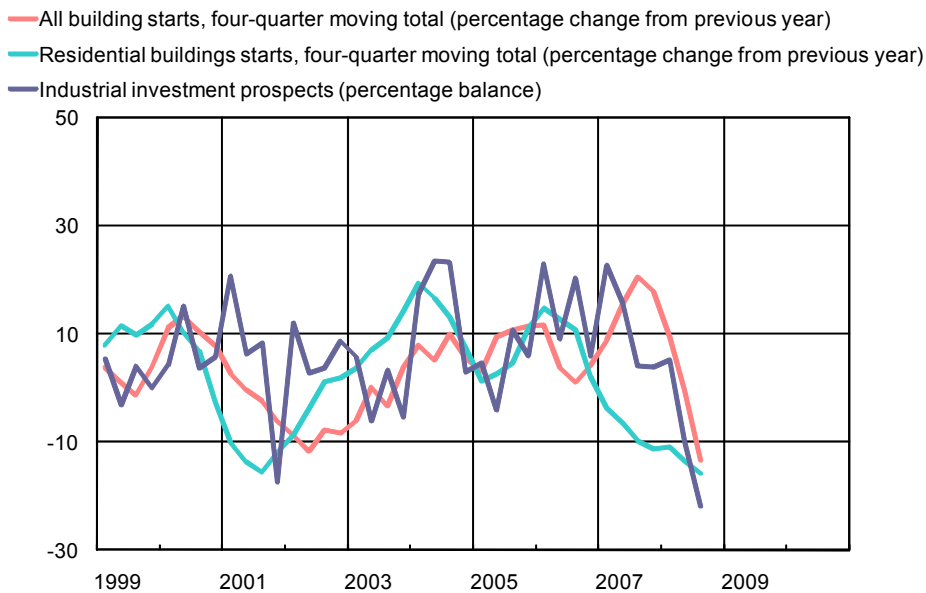
**Fixed investment in Finland**



Source: Statistics Finland.

Chart 36.

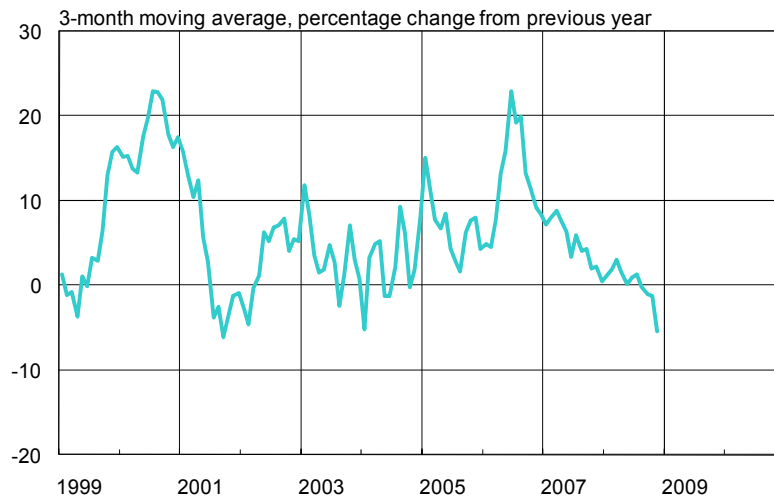
**Construction indicators**



Sources: Statistics Finland and Confederation of the Finnish Industries.

Chart 37.

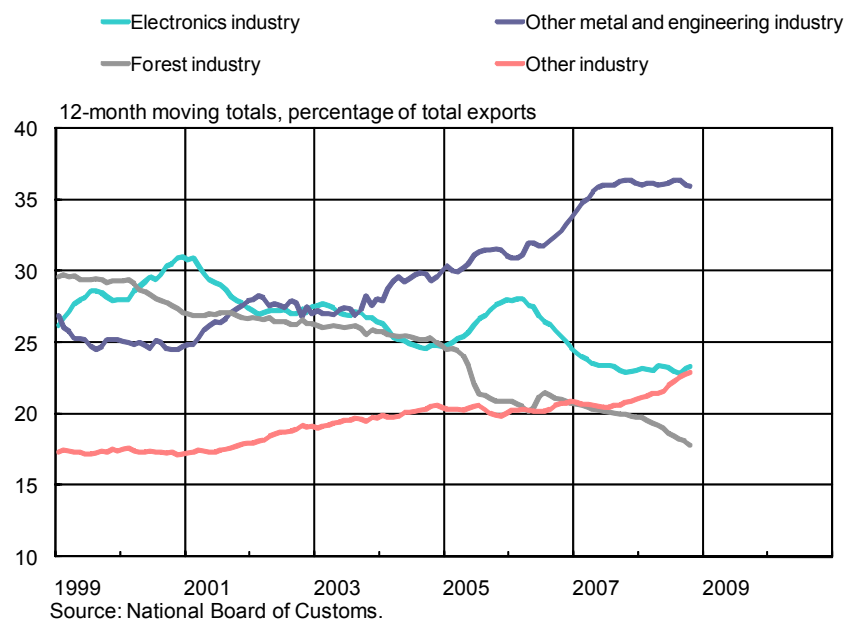
### Finland's exports of goods



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	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	-0.5	0.7
GDP monthly indicator at producer prices	5.5	4.2	-1.5 M10 1.5 M1-M10		
Manufacturing production	9.1	5.2	-10.1 M11 0.7 M1-M11		
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	0.7	1.9
- general government	0.6	1.3	0.2 Q3 0.6 Q1-Q3	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	-6.4	-1.1
- general government	-6.4	9.4	2.9 Q3 2.9 Q1-Q3	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	-3.3	1.0
Imports of goods and services	7.8	6.6	-0.4 Q3 2.0 Q1-Q3	-2.1	2.6
<b>Labour market indicators</b> <i>percentage change from previous year</i>					
Employed persons	1.8	2.0	1.5 M11 1.7 M1-M11	-1.8	-1.0
Unemployment rate, s.a. **	7.7	6.9	6.5 M11 6.3 M1-M11	7.2	7.7

Source: Statistics Finland.

\* Bank of Finland forecast update, December 2008.

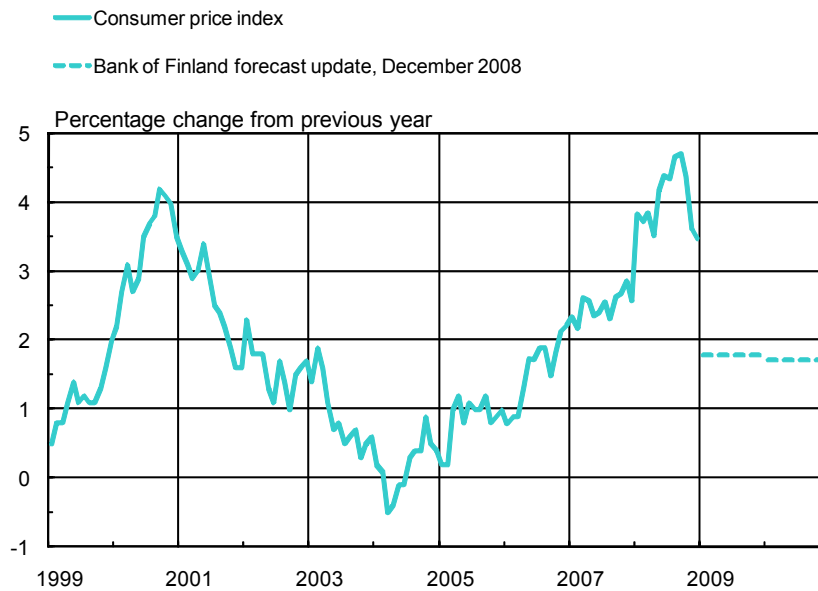
\*\* Seasonally adjusted by the Bank of Finland.



## Prices and costs

Chart 39.

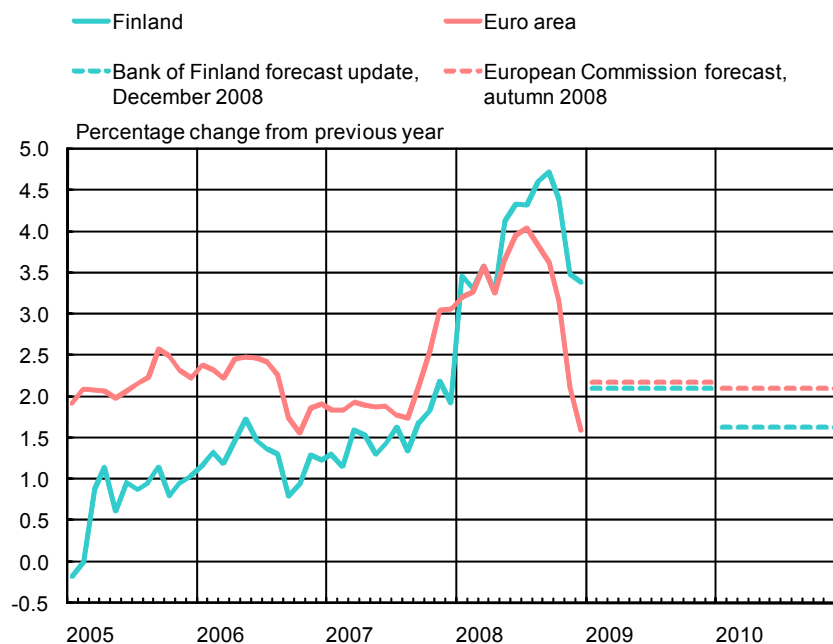
### Consumer prices



Sources: Bank of Finland and Statistics Finland.

Chart 40.

### Harmonized index of consumer prices (HICP)



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

Chart 41.

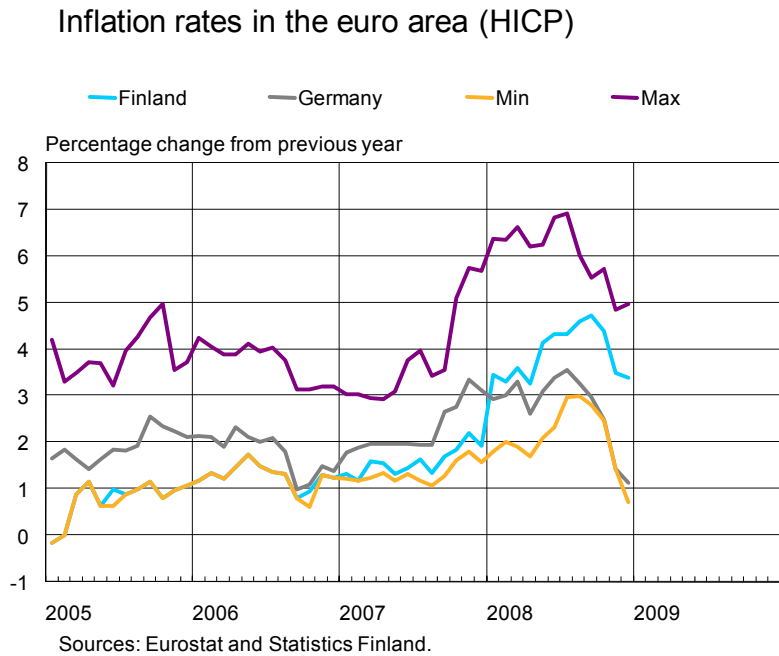


Chart 42.

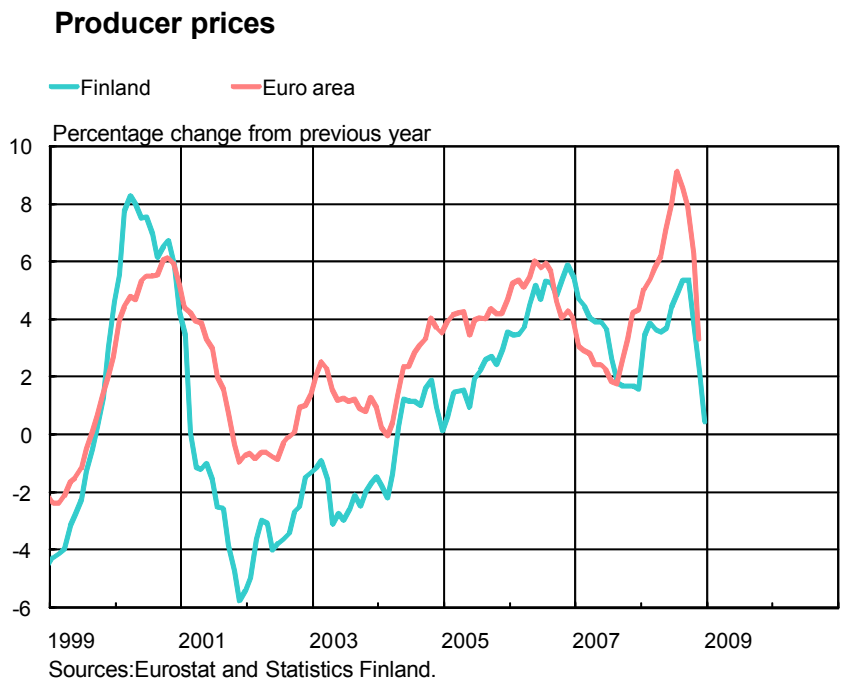
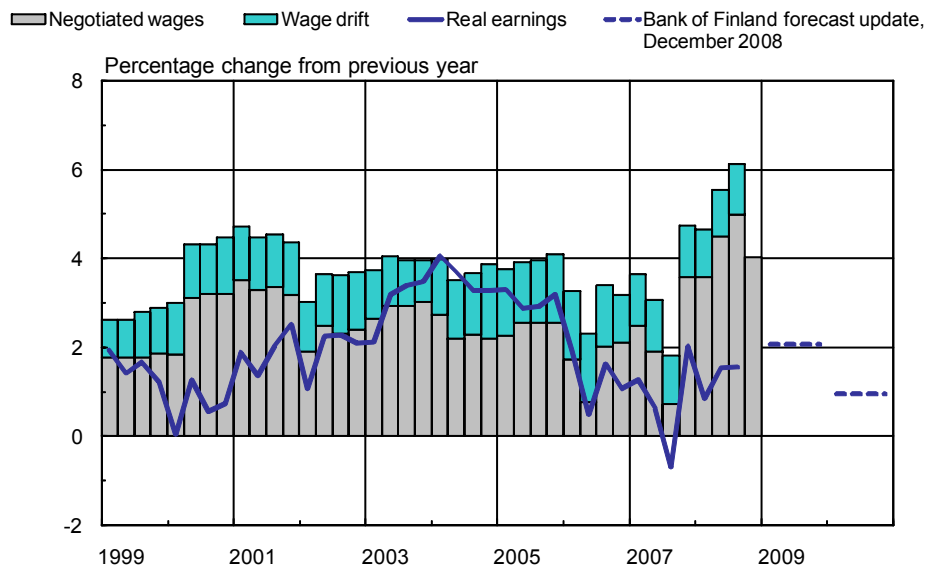


Chart 43.

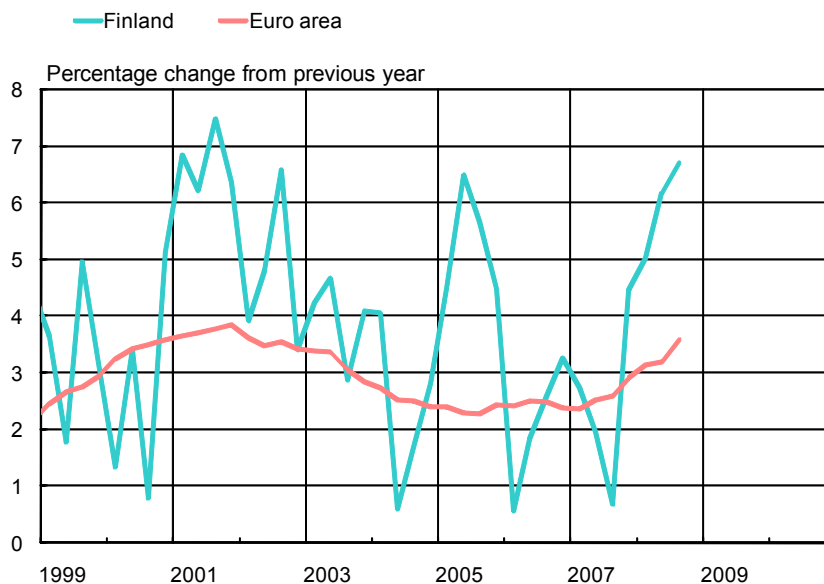
### Earnings in Finland



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**

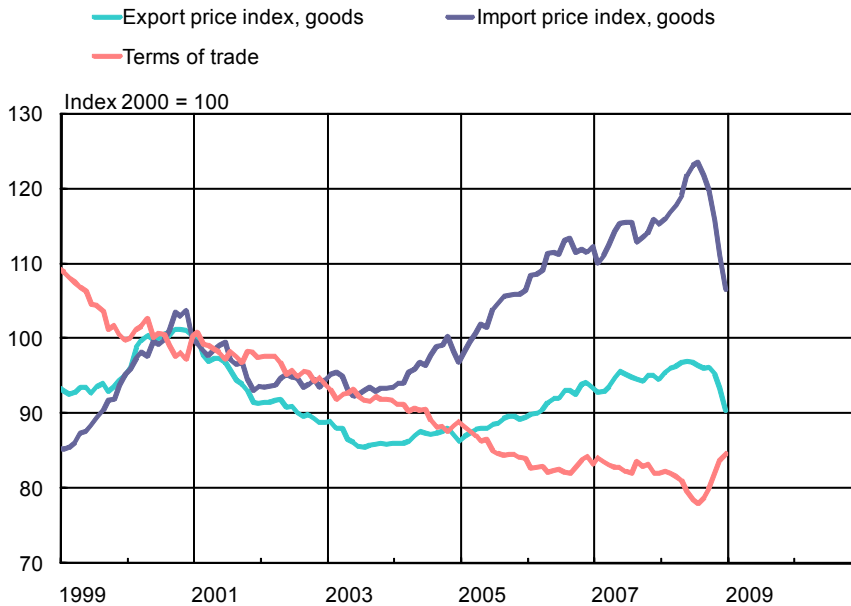


Chart 46.

**Dwelling prices in Finland**

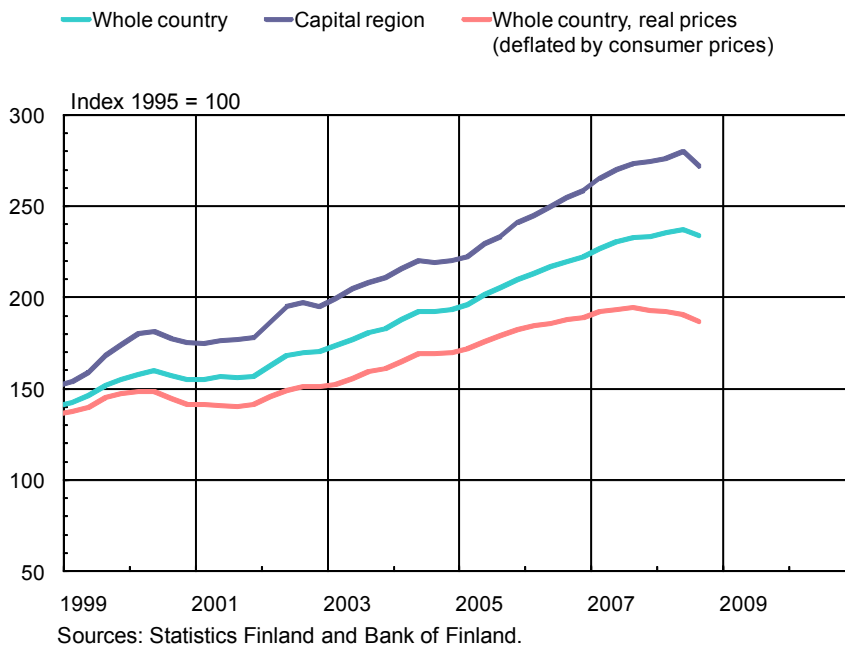


Table 2.

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

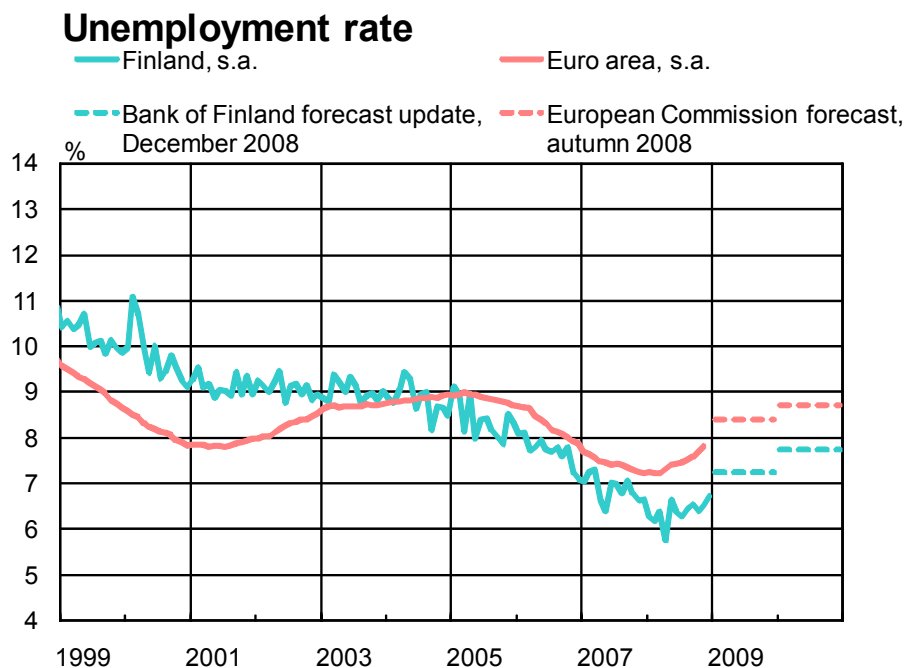
	2006	2007	2008 Actual	2009*	2010*
<b>Labour costs</b>					
Index of wages and salaries	3.0	3.3	6.1 Q3 5.5 Q1 - Q3	3.9	2.7
Unit labour costs					
- whole economy	-0.4	0.8	5.4 Q3 5.5 Q1 - Q3	3.0	1.3
<b>Price indices</b>					
Export prices (goods)					
- export price index	4.1	2.4	-4.4 M12 1.1 M1 - M12		
- export price deflator	3.3	-0.1	1.9 Q3 0.4 Q1 - Q3		
Import prices (goods)					
- import price index	7.6	2.4	-7.4 M12 3.5 M1 - M12		
- import price deflator	7.3	1.7	7.9 Q3 5.5 Q1 - Q3		
Producer prices	4.8	3.0	0.5 M12 3.7 M1 - M12		
Wholesale prices	5.9	3.5	-0.8 M12 4.6 M1 - M12		
Consumer prices					
- consumer price index	1.6	2.5	3.5 M12 4.1 M1 - M12	1.8	1.7
- harmonized index of consumer prices	1.3	1.6	3.4 M12 3.9 M1 - M12	2.1	1.6
<b>Asset prices</b>					
Stumpage prices	0.0	23.4	-13.0 M12 -12.3 M1 - M12		
Dwelling prices, whole country	7.4	5.9	0.5 Q3 2.3 Q1 - Q3		
Share prices	24.5	24.4	-53.9 M12 -24.0 M1 - M12		

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

\* Bank of Finland forecast update, December 2008.

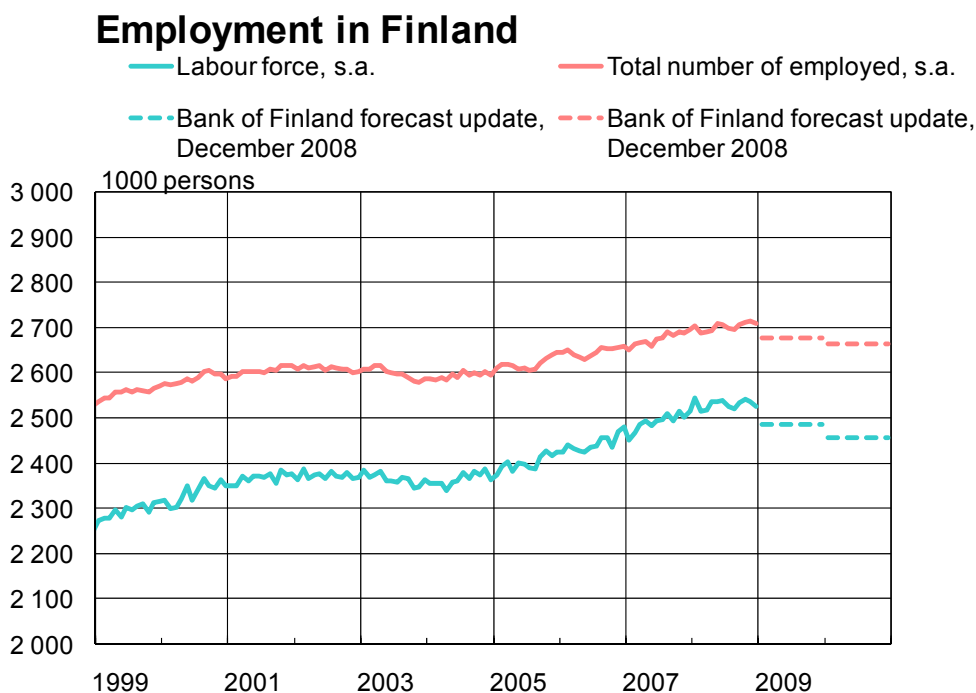
## Labour market

Chart 47.



Sources: Statistics Finland, Bank of Finland, Eurostat and European Commission.  
 Note: Seasonally adjusted by the Bank of Finland and Eurostat.

Chart 48.

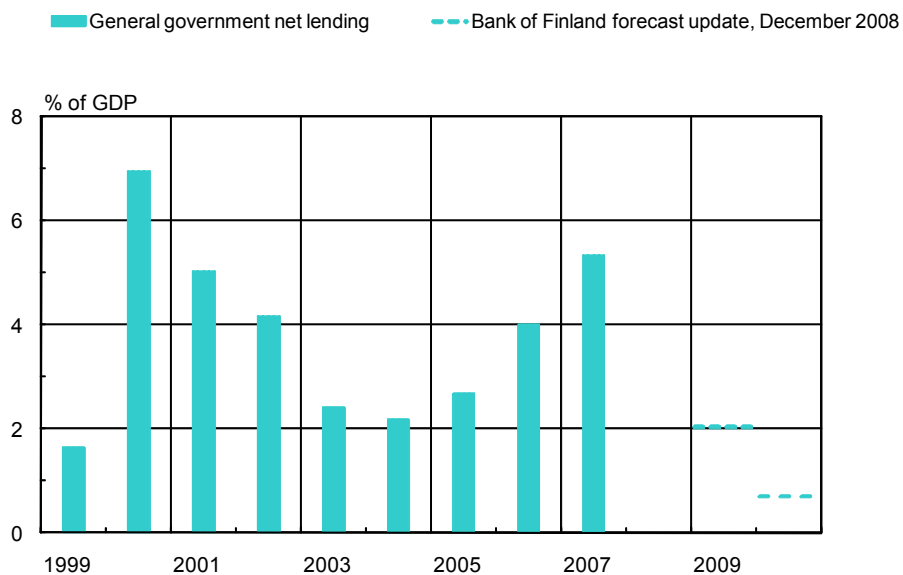


Sources: Statistics Finland and Bank of Finland.  
 Note: Seasonally adjusted by the bank of Finland.

## Public finances

Chart 49.

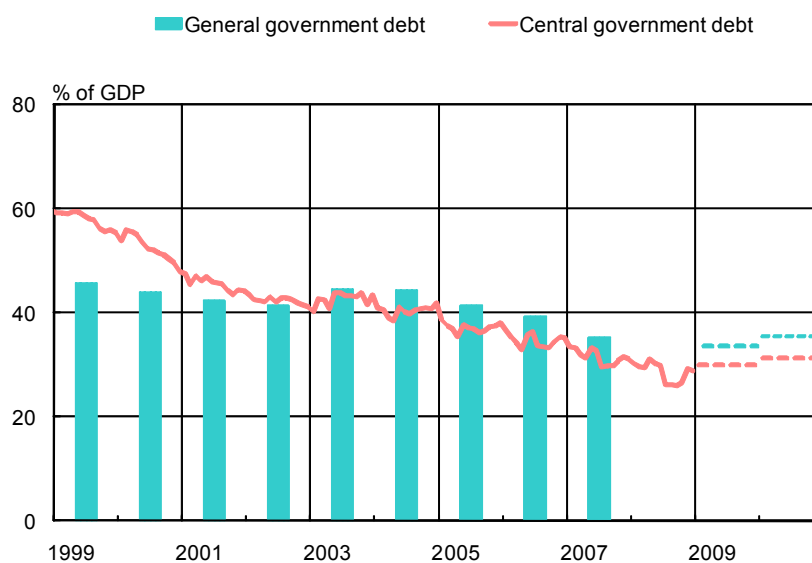
### Public sector balances in Finland



Sources: Statistics Finland and Bank of Finland.

Chart 50.

### Public sector debt in Finland



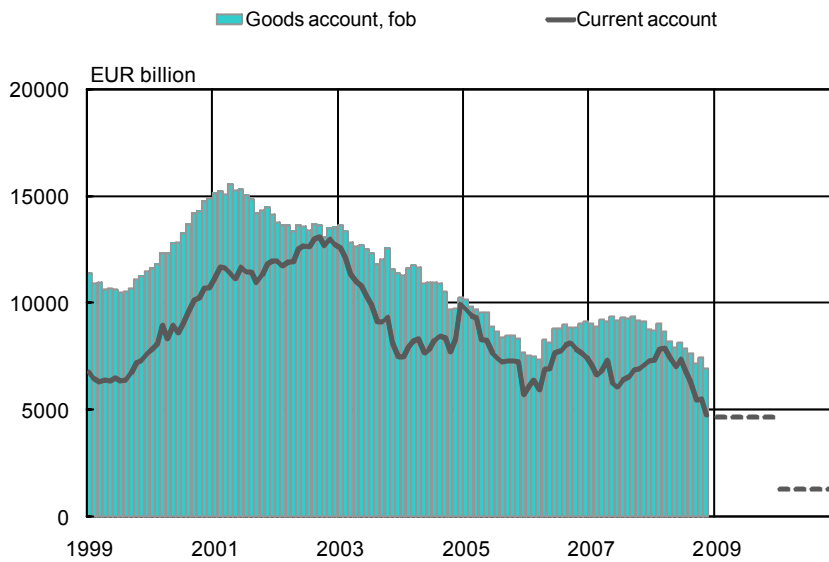
Source: Statistics Finland, State Treasury and Bank of Finland.

## External balance

Chart 51.

### Finland's goods account and current account

12-month moving totals



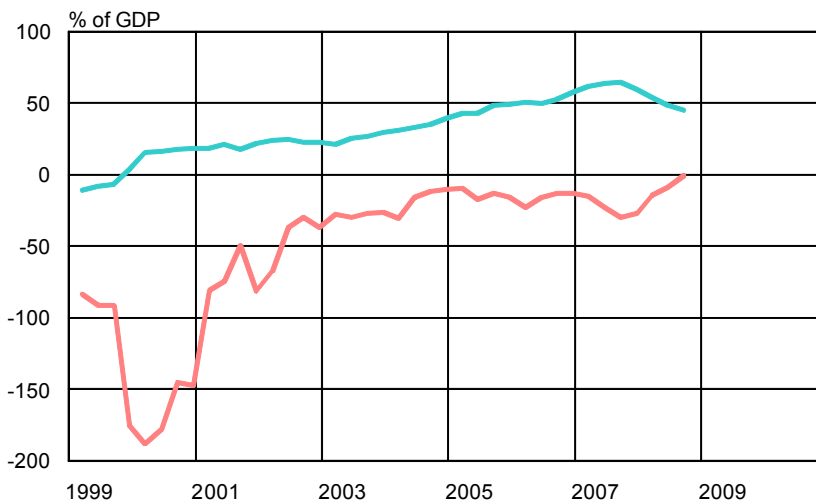
Source: Bank of Finland.

Chart 52.

### Finland's net international investment position

Ulkomainen nettovarallisuus

Ulkomainen nettovarallisuus ilman ulkomaalaisten omistamia pörssiosakkeita



Sources: Bank of Finland and Statistics Finland.



Table 3.

**Finland's balance of payments, EUR billion**

	2006	2007	2008 January- November	2008 November	2009*	2010*
<b>Current account</b>	7.5	7.3	4.3	0.5	4.7	1.3
Goods account	9.1	8.7	6.6	0.5		
Exports, fob	61.7	65.8	61.3	4.7		
Imports, fob	52.6	57.0	54.8	4.3		
Services	-0.9	0.7	1.1	0.0		
Credit	13.9	16.8	16.2	1.5		
Debit	14.8	16.1	15.2	1.5		
Income and current transfers	-0.7	-2.2	-3.3	0.0	-1.7	-1.5
<b>Capital account</b>	0.2	0.2	0.0	0.0		
<b>Financial account</b>	-8.9	-5.5	1.1	-0.4		
Direct investment	2.0	3.1	-5.9	-0.2		
Abroad	2.5	5.2	2.9	0.7		
In Finland	4.5	8.3	-3.0	0.5		
Portfolio investment	-11.6	-8.5	-2.3	5.4		
Assets	26.7	12.4	0.9	-1.9		
Liabilities	15.1	4.0	-1.5	3.5		
Other investment	-3.1	0.7	9.0	-6.4		
Assets	12.5	7.7	6.1	-0.2		
Liabilities	9.5	8.5	15.0	-6.6		
Financial derivatives	0.1	-0.6	0.5	0.8		
<b>Reserve assets (increase -)</b>	3.6	-0.2	-0.1	0.0		
Errors and omissions	1.2	-2.0	-5.5	-0.2		
	31 January 2006	31 January 2007		30 November 2008		
Net international investment position	-21.0	-47.8		-18.4		
excluding equity items	8.5	10.0		-17.6		

\*Bank of Finland forecast, update December 2008

