



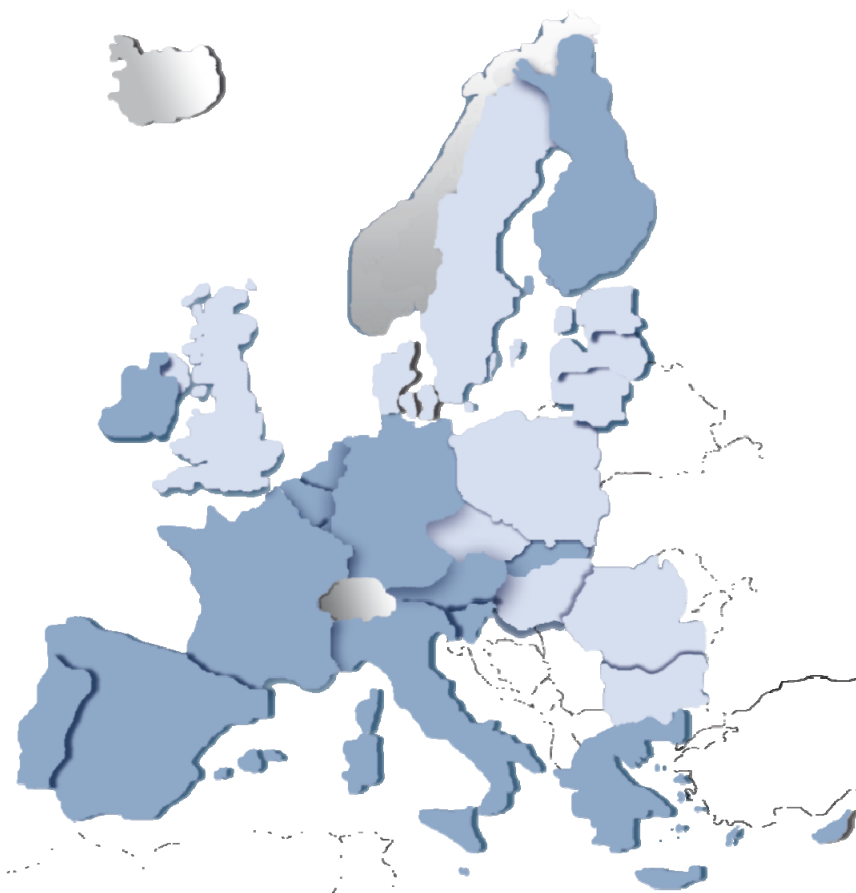
**BANK OF FINLAND**

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

EUROJÄRJESTELMÄ  
EUROSYSTEMET

# **Main Indicators for the Finnish Economy**

8/2009



06 August 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.

*Main Indicators for the Finnish Economy* is posted on our website  
[http://www.bof.fi/en/julkaisut/selvitykset\\_ja\\_raportit/main/index.htm](http://www.bof.fi/en/julkaisut/selvitykset_ja_raportit/main/index.htm)

## Charts and Tables

### Monetary policy and market interest rates

Chart 1.	Eurosystem interest rates	5
Chart 2.	Euribor rates	5
Chart 3.	International three-month interest rates	6
Chart 4.	International long-term interest rates	6
Chart 5.	Yield on ten-year Finnish government bonds and differential vs. Germany	7
Chart 6.	Yield curve	7

### Banking in Finland

Chart 7.	Average interest rates on loans and deposits	8
Chart 8.	Average interest rates on new loans to households	8
Chart 9.	Stock of bank lending by interest rate linkage	9
Chart 10.	Stock of bank deposits by interest rate linkage	9
Chart 11.	Growth of deposits	10
Chart 12.	Growth of lending	10
Chart 13.	Liabilities of Finnish MFIs in the Finnish contribution to euro area monetary aggregates	11
Chart 14.	Outstanding loans to households and non-financial corporations	11

### Securities market

Chart 15.	Selected stock price indices in the euro area	12
Chart 16.	OMX Nordic Exchange Helsinki: share indices by sector	12
Chart 17.	Listed shares in Finland: total market capitalization and non-residents' holdings	13
Chart 18.	Non-residents' portfolio investments in Finland	13
Chart 19.	Bonds issued in Finland	14
Chart 20.	Mutual funds registered in Finland	14

### Borrowing by sector in Finland

Chart 21.	Non-financial corporate sector and household borrowing	15
Chart 22.	Sectoral debt ratios in Finland	15

### Exchange rates

Chart 23.	Euro exchange rates against the US dollar and the yen	16
Chart 24.	Euro exchange rates against the pound sterling and the Swedish krona	16
Chart 25.	Euro's external value and Finland's competitiveness indicator	17
Chart 26.	Competitiveness indicators for Finland	17

### Real economy

Chart 27.	GDP, volume, Finland and euro area	18
Chart 28.	GDP, volume, Finland, monthly indicator	18
Chart 29.	Industrial production, volume, Finland and euro area	19
Chart 30.	Industrial confidence indicator, Finland and euro area	19
Chart 31.	Manufacturing production by sector in Finland, volume index	20
Chart 32.	Finland's imports of goods, volume	20
Chart 33.	Consumption in Finland, volume	21
Chart 34.	Consumer confidence, Finland and euro area	21
Chart 35.	Fixed investment in Finland, volume	22
Chart 36.	Construction indicators	22
Chart 37.	Exports of goods, volume, Finland	23
Chart 38.	Exports by industry, Finland	23
Table 1.	Supply, demand and labour market indicators	24

**Prices and costs**

Chart 39.	Consumer prices (CPI), Finland and euro area	25
Chart 40.	Harmonized index of consumer prices (HICP), Finland and euro area	25
Chart 41.	Inflation rates in the euro area (HICP)	26
Chart 42.	Producer prices, Finland and euro area	26
Chart 43.	Earnings in Finland	27
Chart 44.	Hourly labour costs	27
Chart 45.	Finland's export prices, import prices and terms of trade	28
Chart 46.	Dwelling prices in Finland	28
Table 2.	Cost and price indicators	29

**Labour market**

Chart 47.	Unemployment rate, Finland and euro area	30
Chart 48.	Employment in Finland	30

**Public finances**

Chart 49.	Public sector balances in Finland	31
Chart 50.	Public sector debt in Finland	31

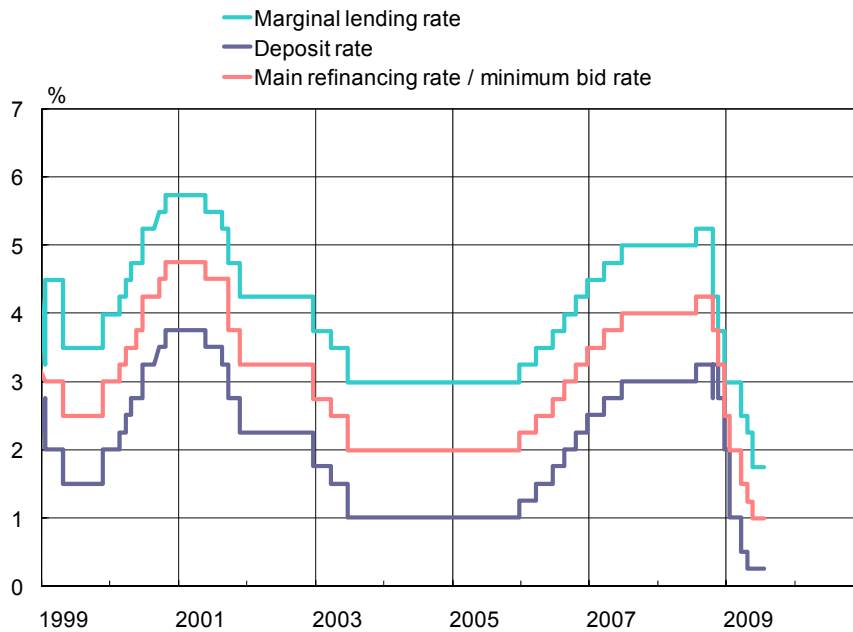
**External balance**

Chart 51.	Goods account and current account, Finland	32
Chart 52.	Net international investment position, Finland	32
Table 3.	External balance and sectoral balances indicators	33

## Monetary policy and market interest rates

Chart 1.

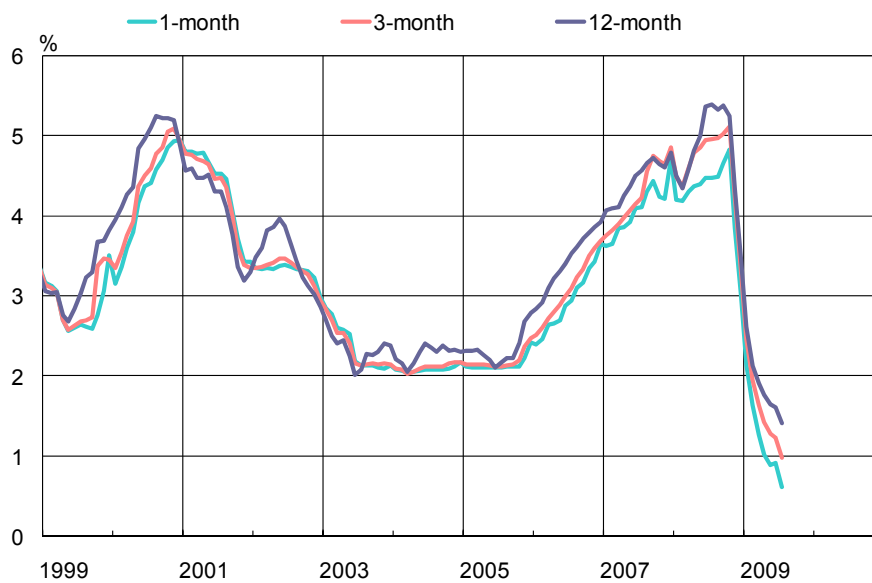
### Eurosystem interest rates



Sources: European Central Bank and Bank of Finland.

Chart 2.

### Euribor rates



Sources: Reuters and Bank of Finland.

Chart 3.

### International three-month interest rates

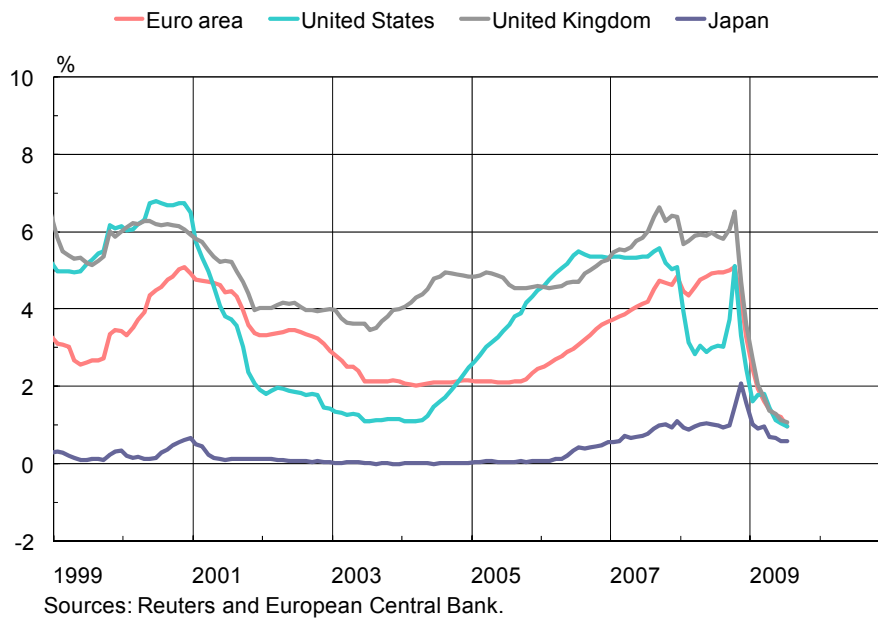


Chart 4.

### International long-term interest rates

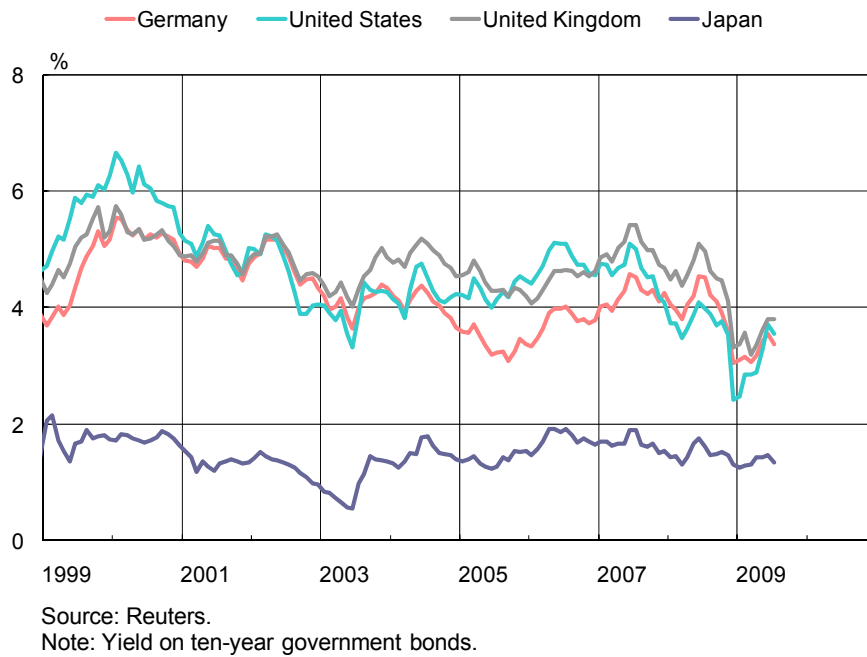
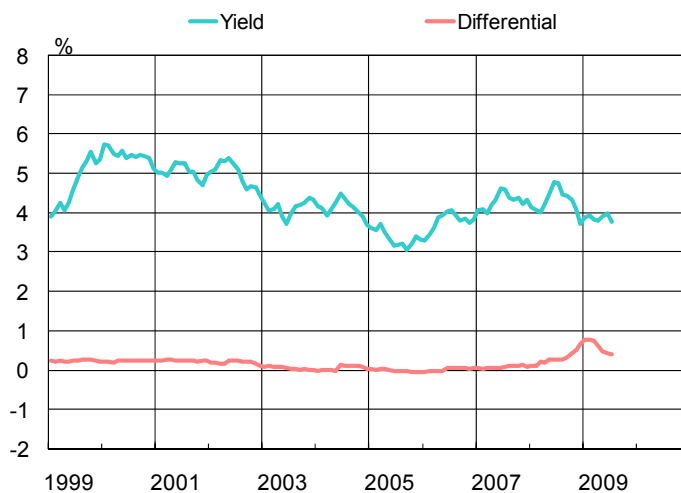


Chart 5.

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

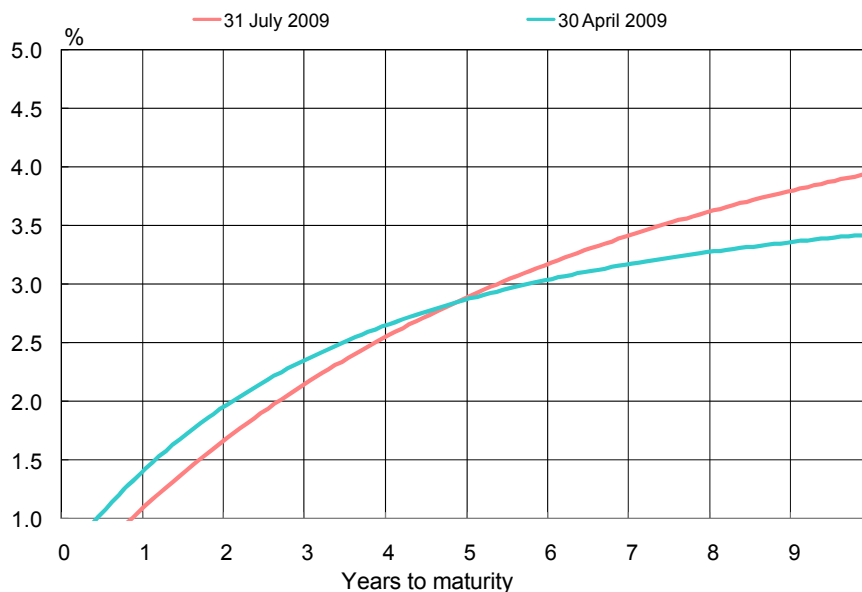


Source: Reuters.

Chart 6.

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

(zero coupon yield curve)



Source: Bank of Finland.

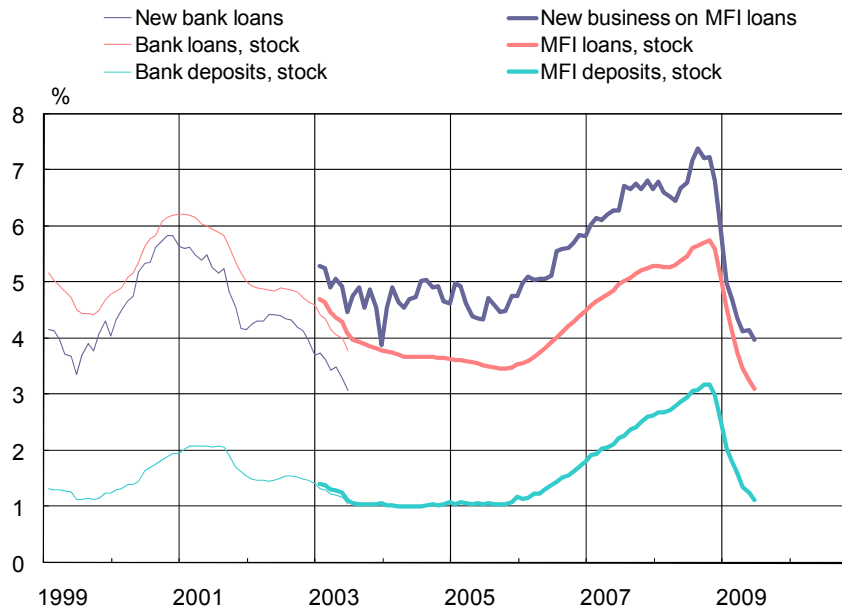
Note: BOF estimation using Nelson & Siegel (1987) yield curve model applied to Eonia and Euribor rates and Finnish benchmark government bond yields.

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

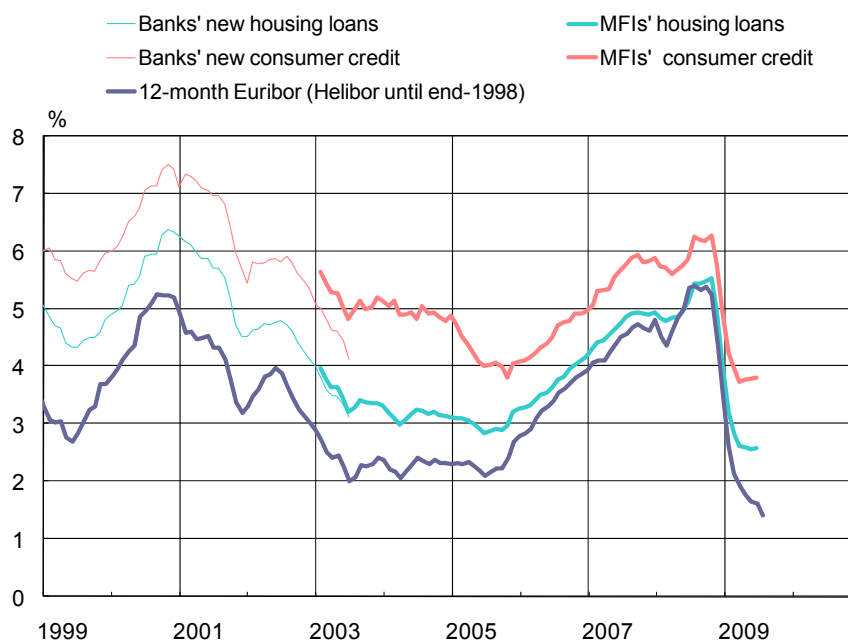


Source: Bank of Finland.

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



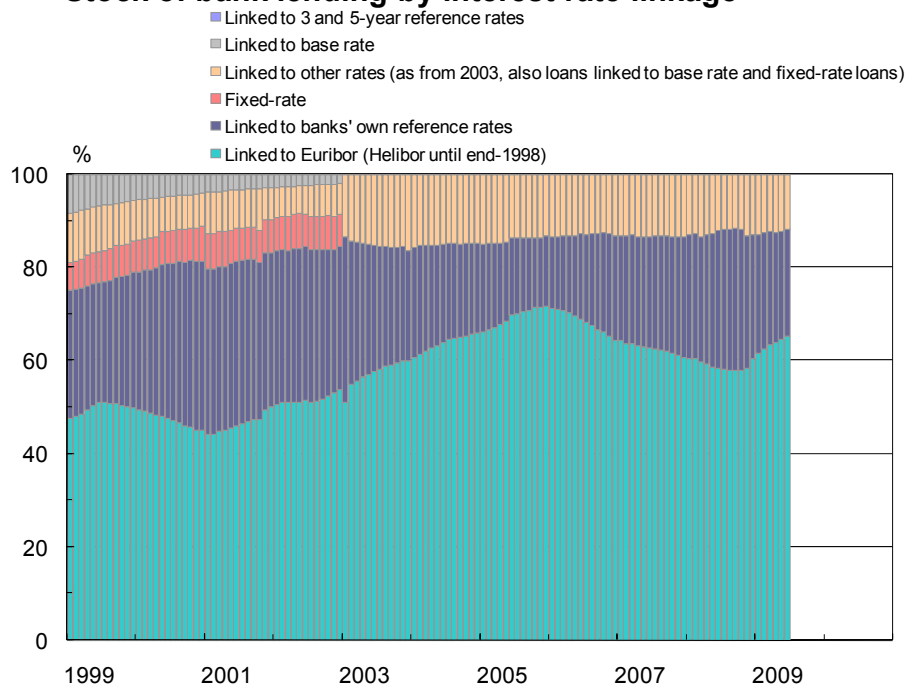
Source: Bank of Finland.

See note in Chart 7.



Chart 9.

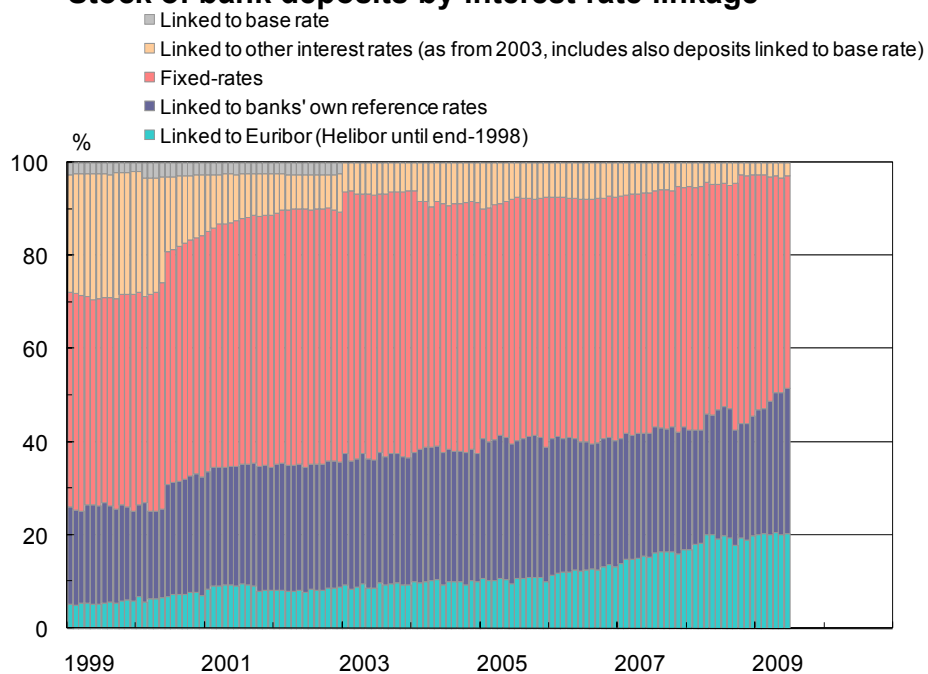
### Stock of bank lending by interest rate linkage



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

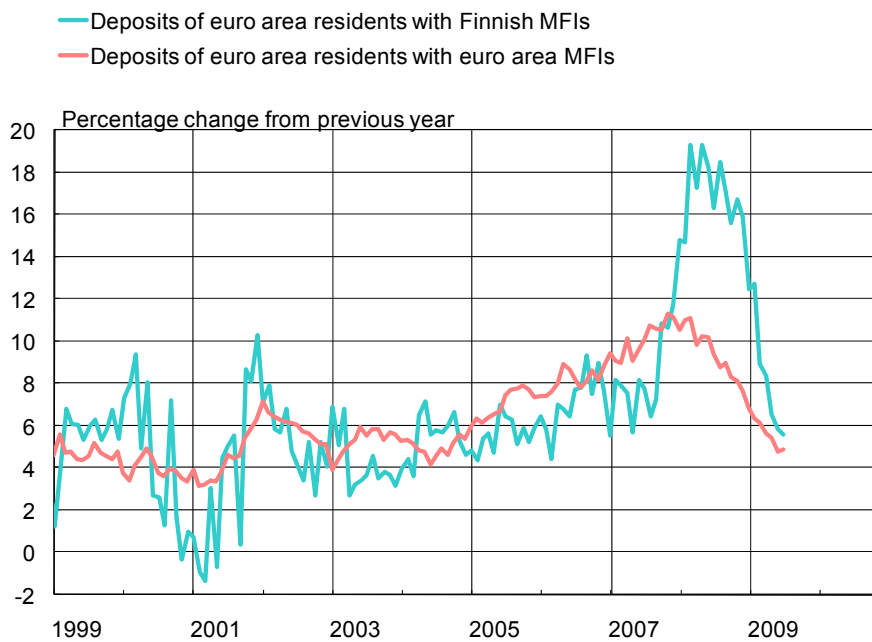


Chart 12.

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

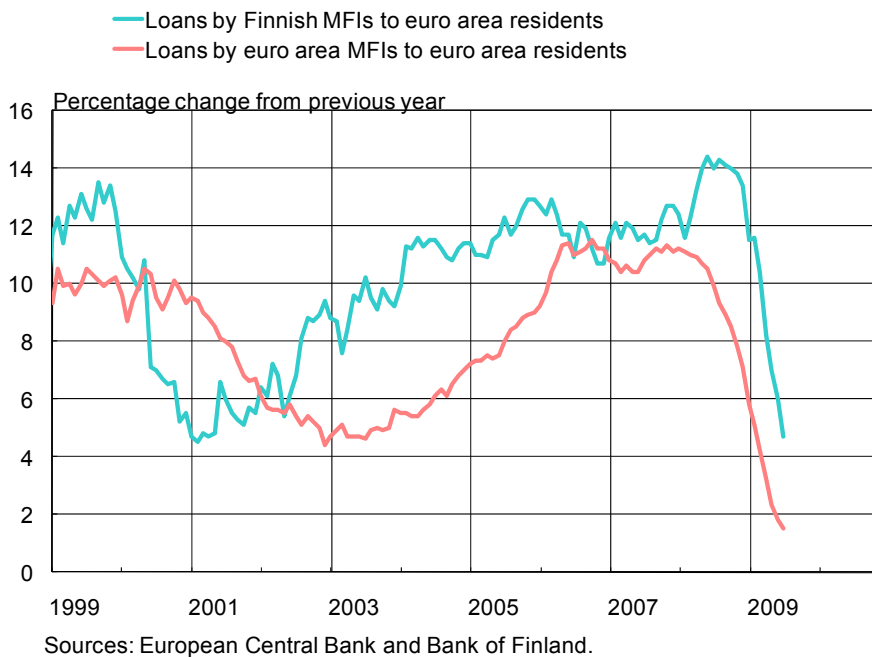
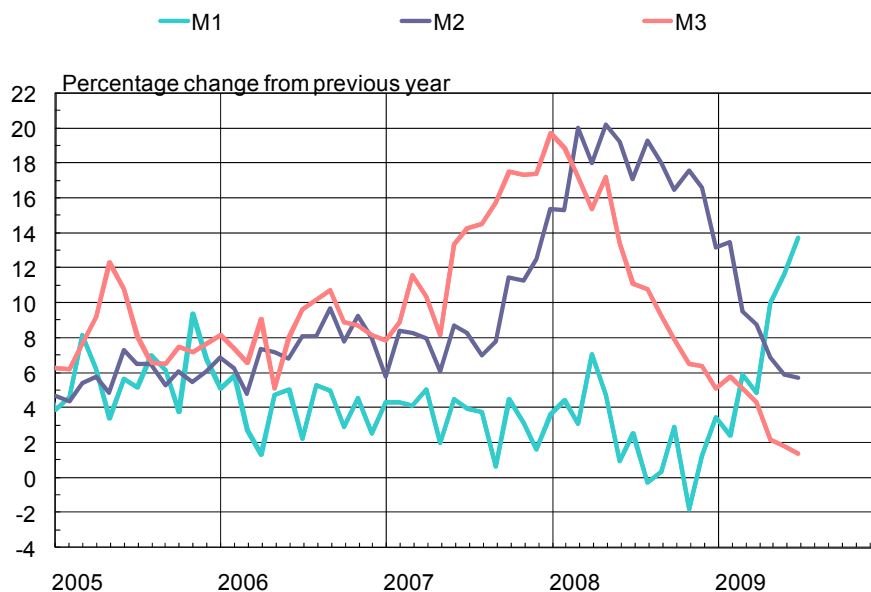


Chart 13.

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

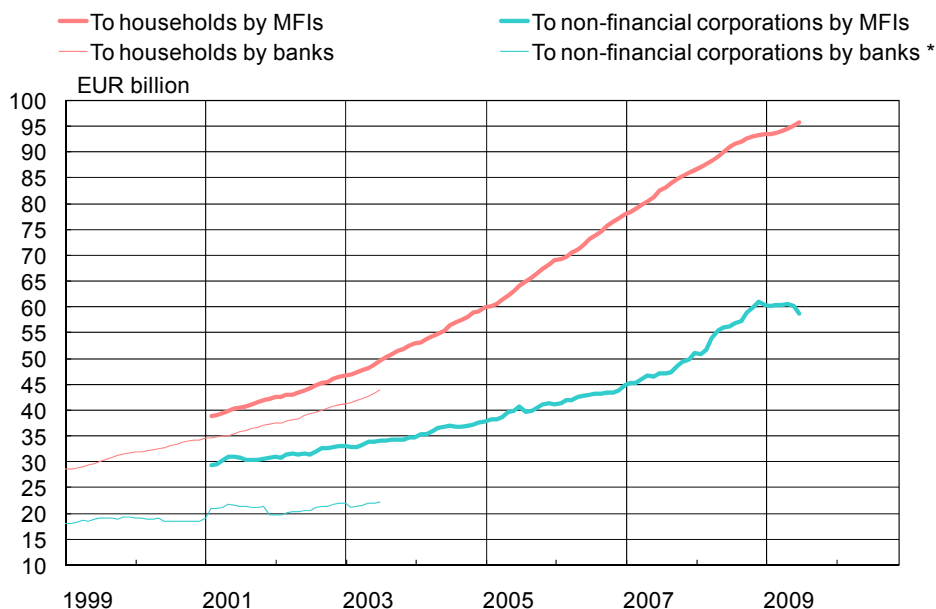


Source: Bank of Finland.

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

Chart 14.

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



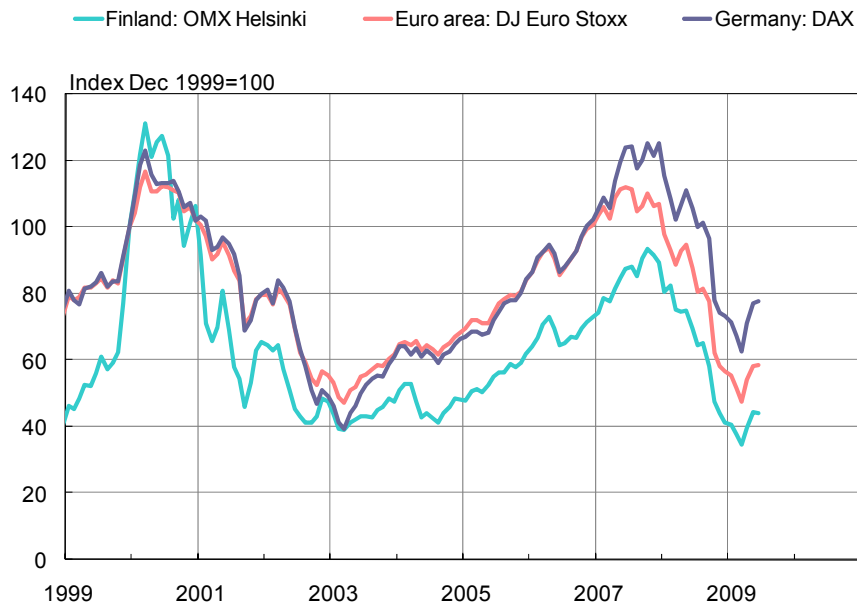
Source: Bank of Finland.

\* Note: The series includes structural changes.

## Securities market

Chart 15.

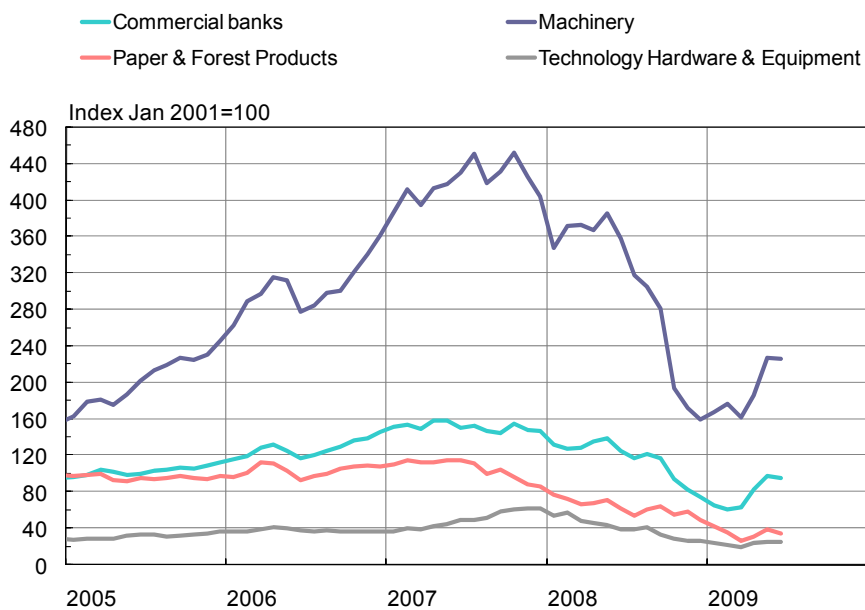
### Selected stock price indices in the euro area



Sources: Bloomberg and NASDAQ OMX Helsinki.

Chart 16.

### NASDAQ OMX Helsinki: share indices by sector



NASDAQ OMX Helsinki introduced the Global Industry Classification Standard (GICS) for listed companies as of 1 July 2005.

Source: NASDAQ OMX Helsinki.

Chart 17.

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

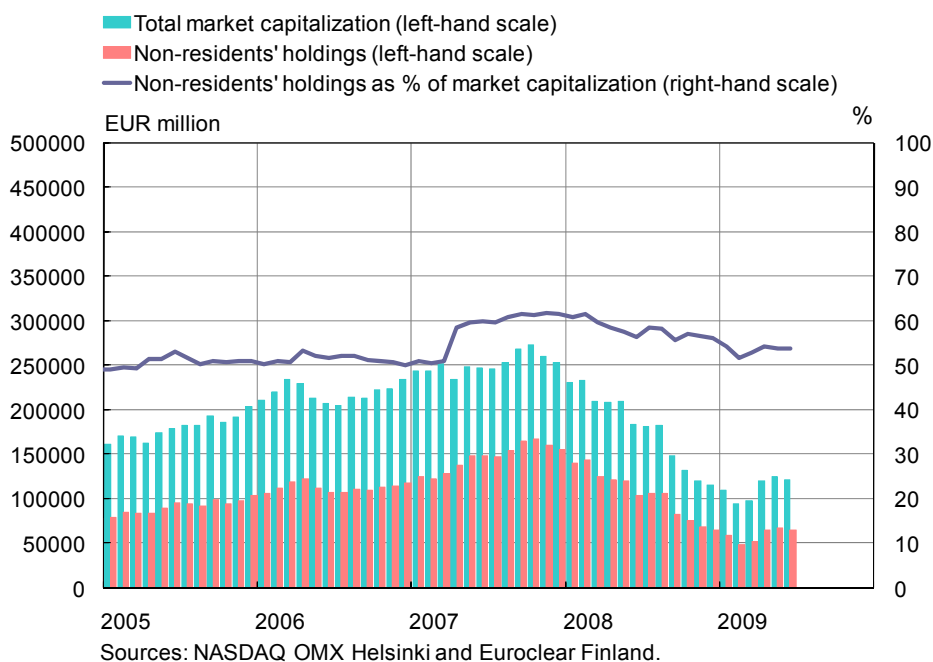


Chart 18.

### Non-residents' portfolio investments in Finland

12-month moving totals

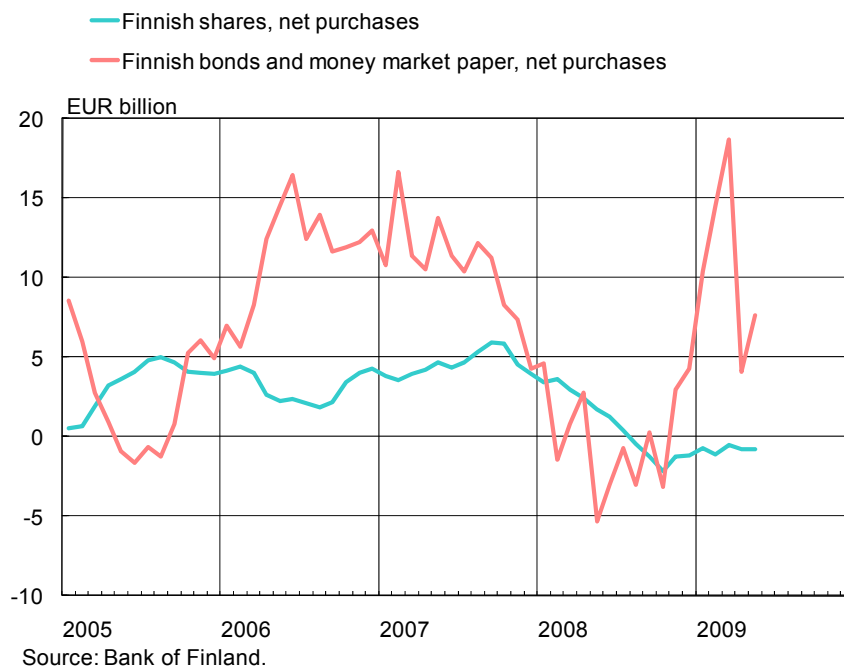
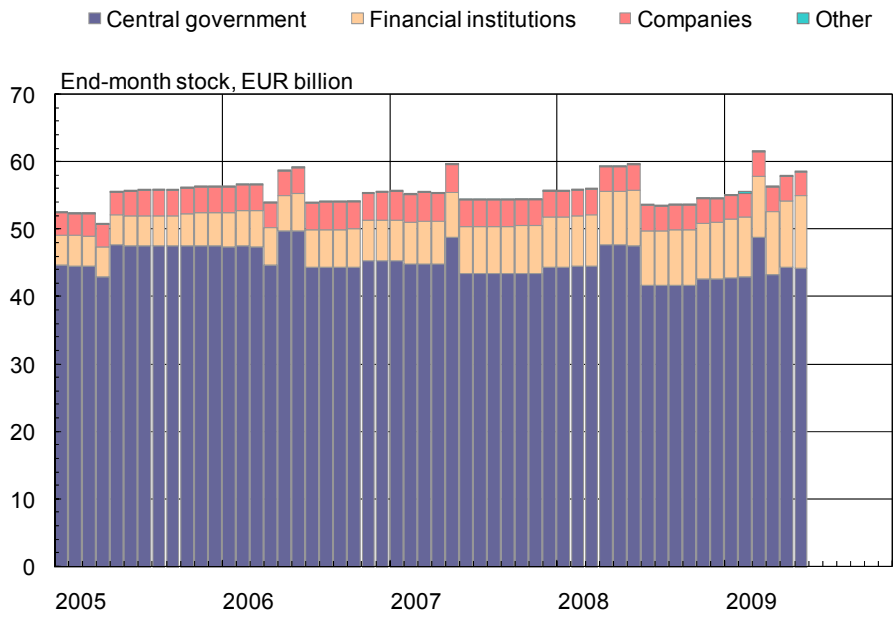


Chart 19.

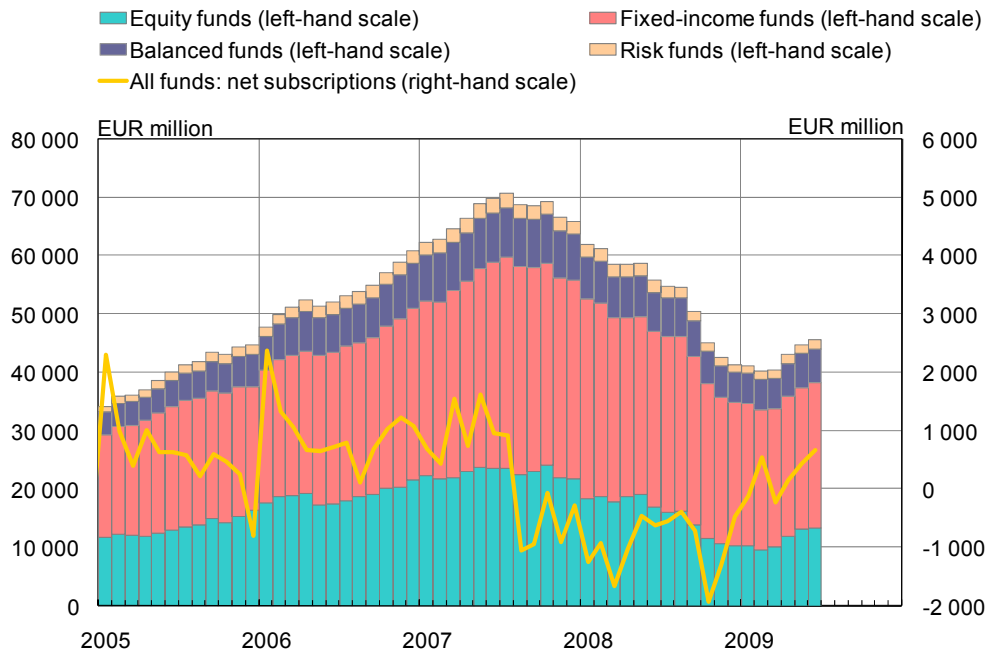
### Bonds issued in Finland



Source: Statistics Finland.

Chart 20.

### Mutual funds registered in Finland



Sources: NASDAQ OMX Helsinki and Finnish Association of Mutual Funds.

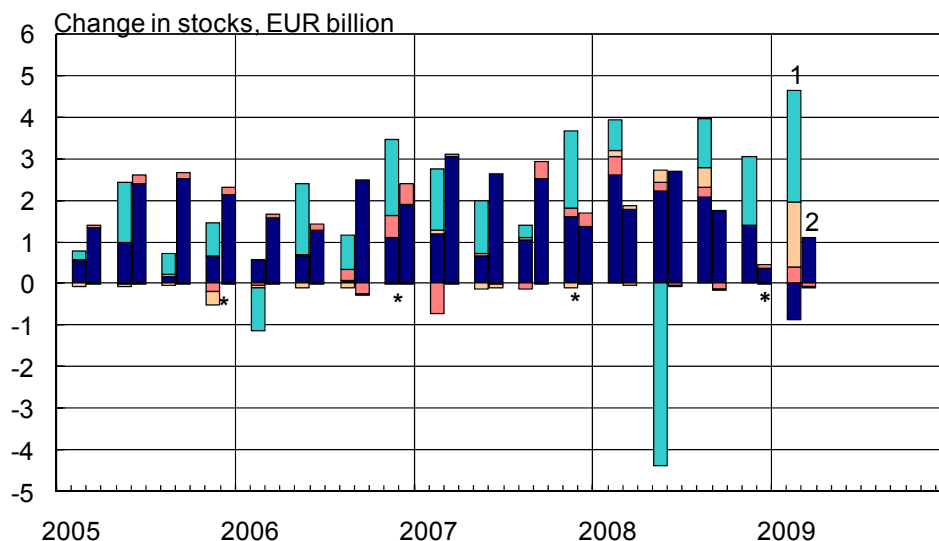
## Borrowing by sector in Finland

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.

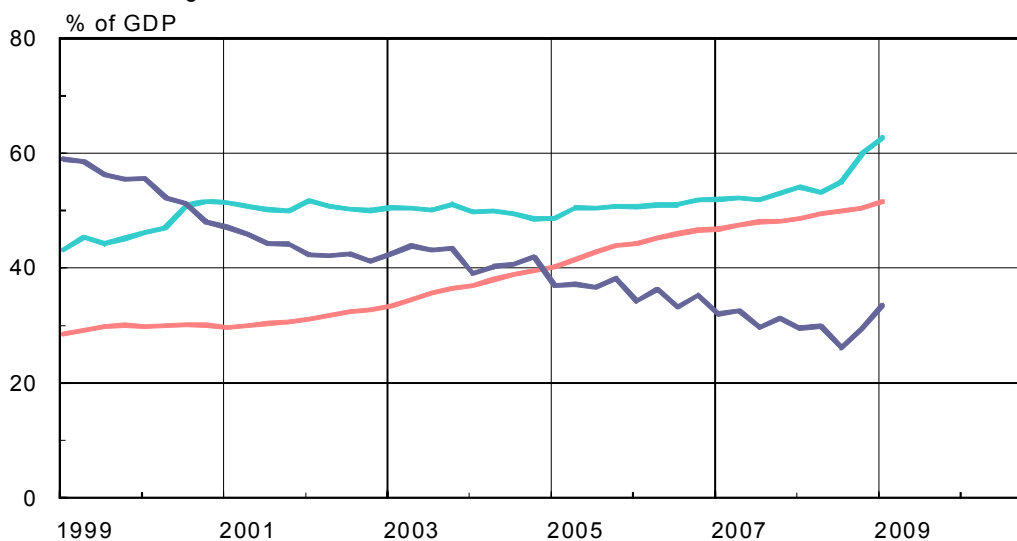
Chart 22.

### 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

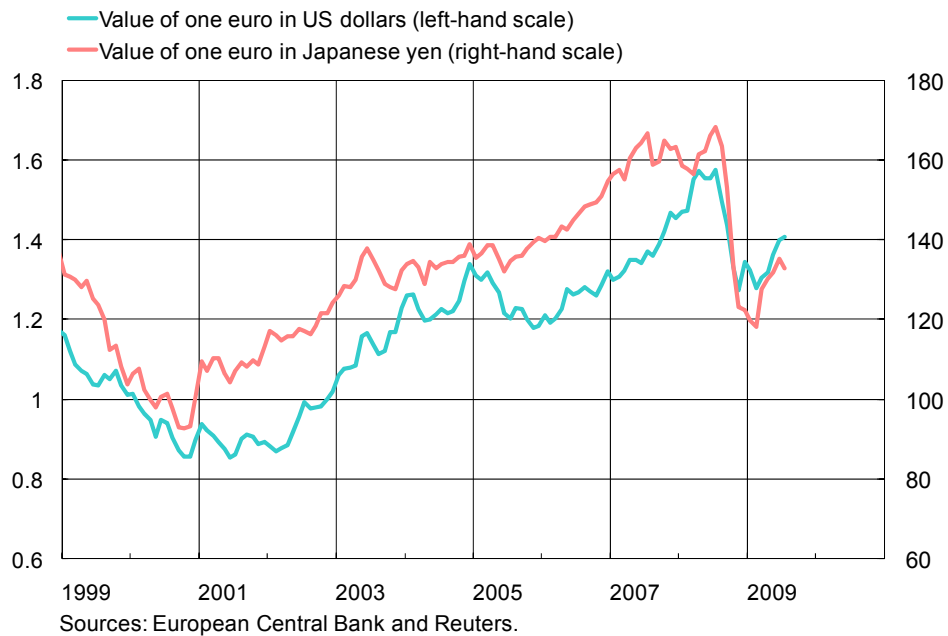


Chart 24.

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

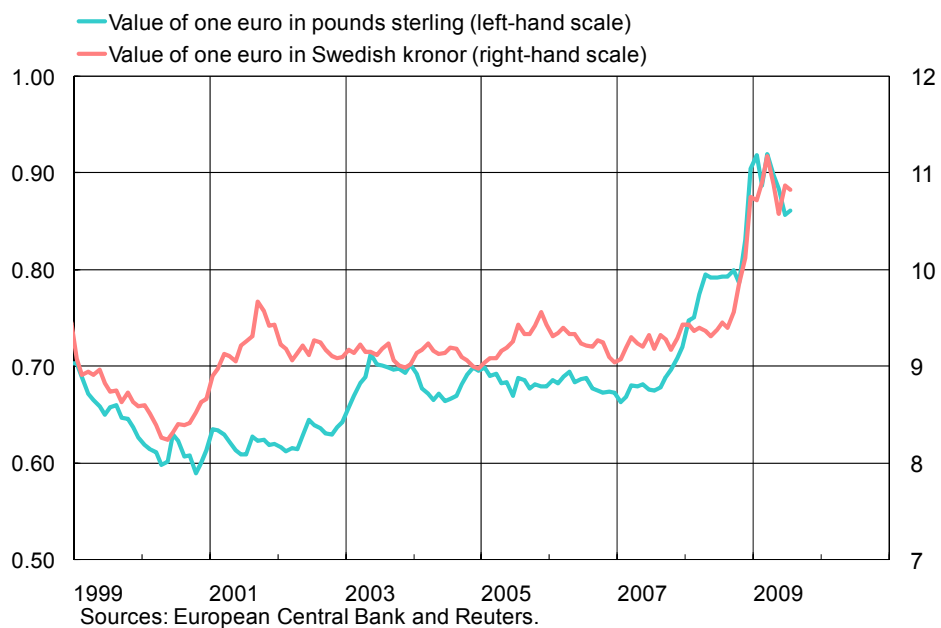
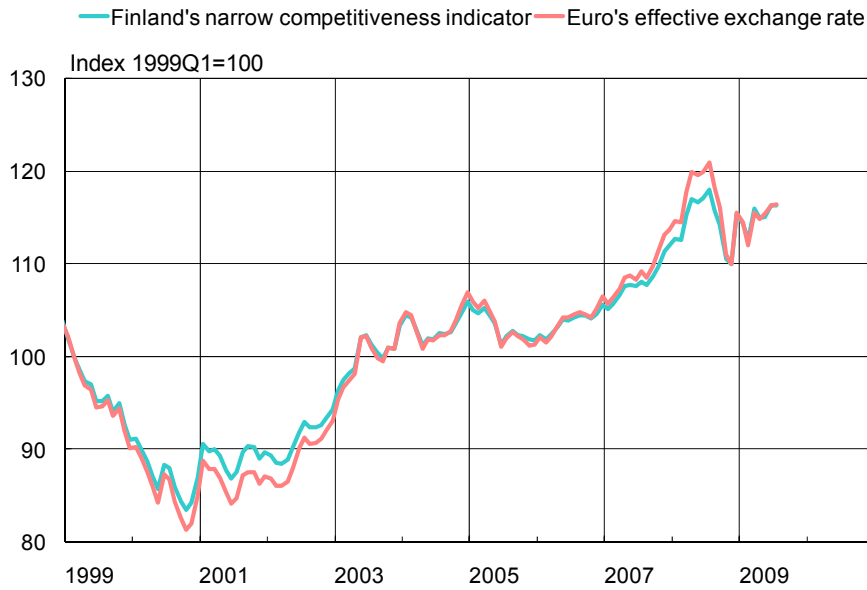




Chart 25.

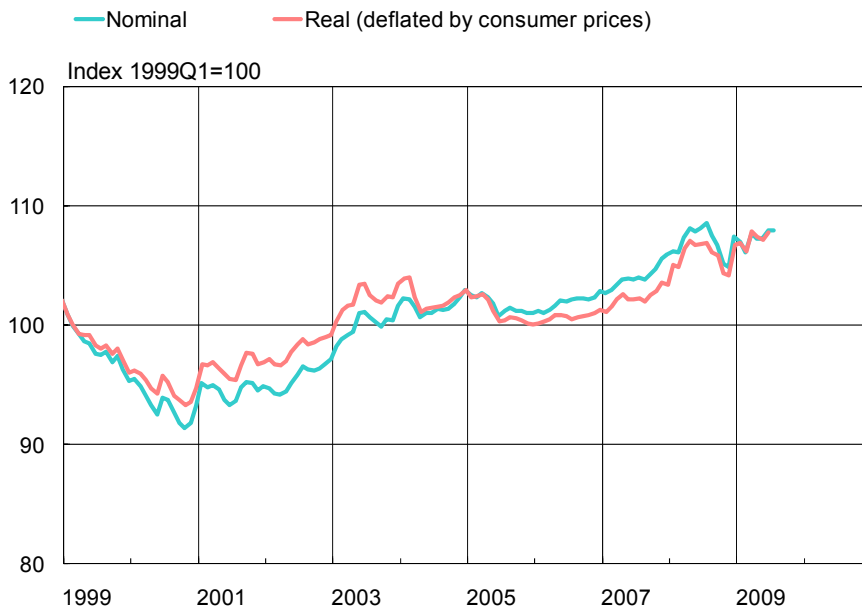
### Euro's external value and Finland's competitiveness indicator



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

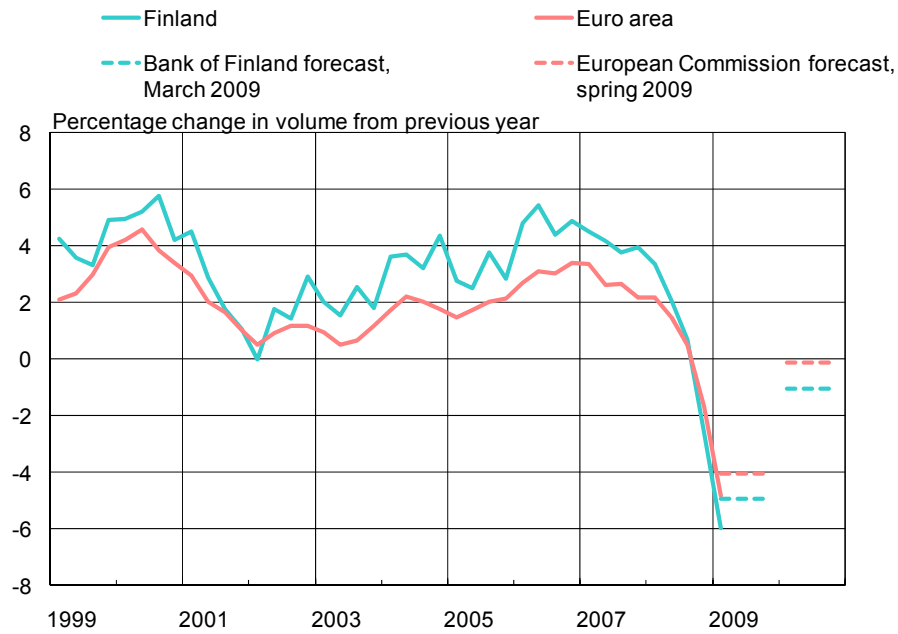


Source: Bank of Finland.  
 Note: Narrow plus euro area competitiveness indicator. See also note in Chart 25.

## Real economy

Chart 27.

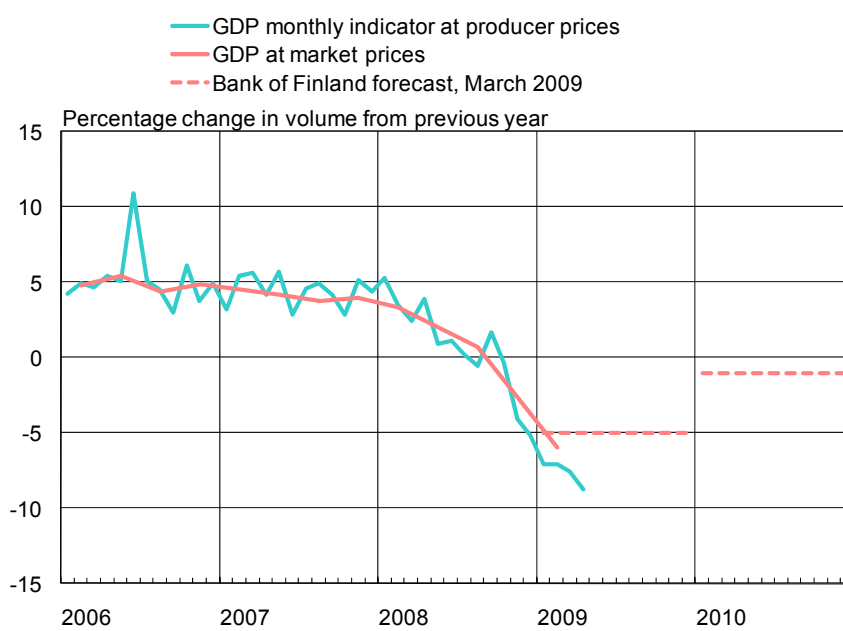
### Gross domestic product



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

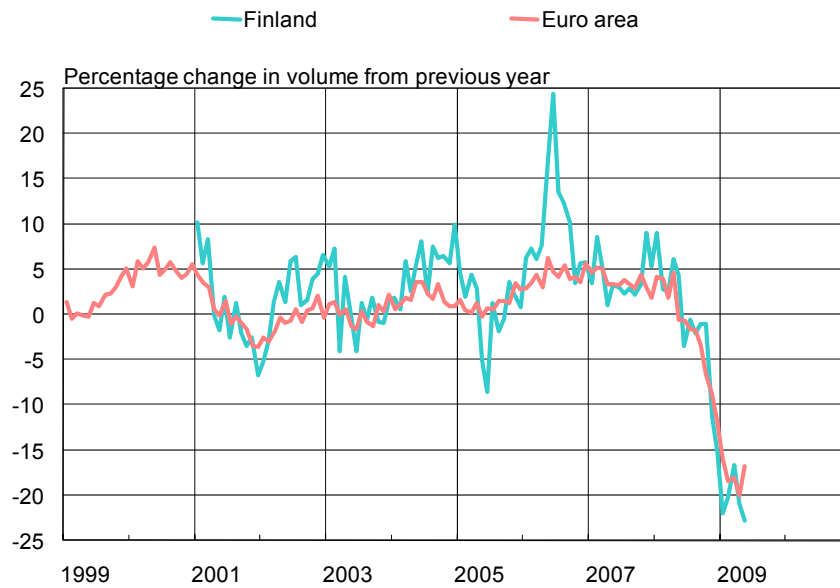


Chart 30.

### Industrial confidence indicator

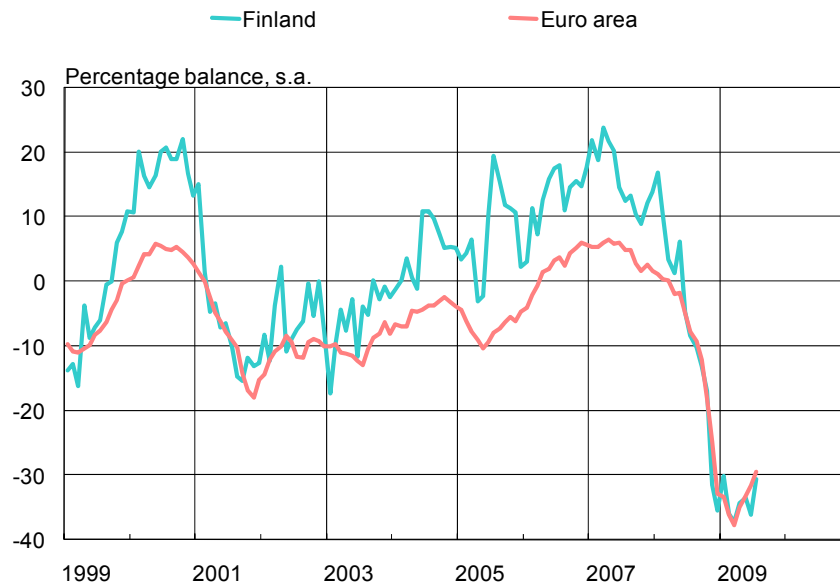


Chart 31.

### Manufacturing production by sector

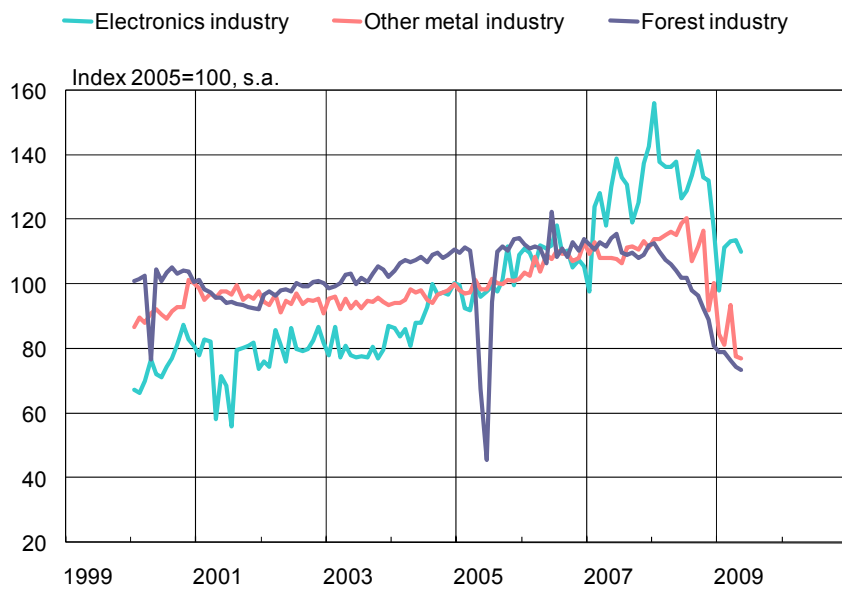


Chart 32.

### Finland's imports of goods

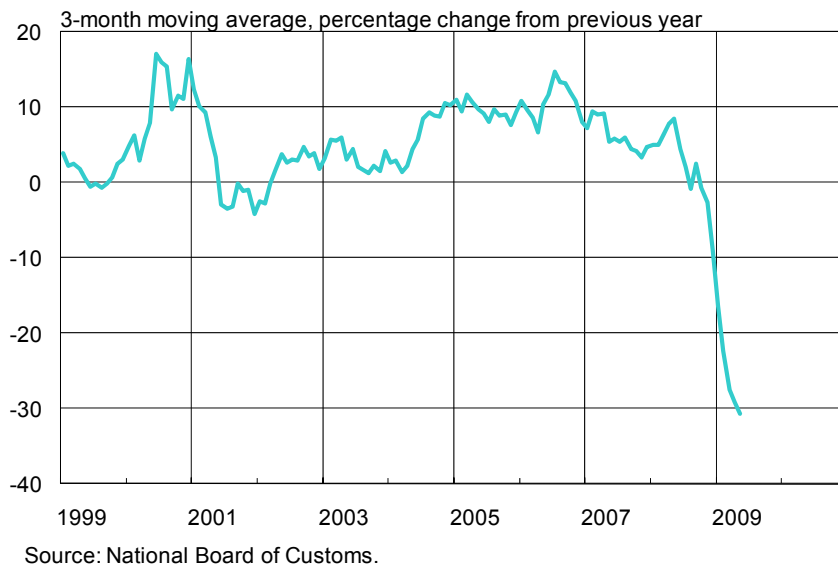
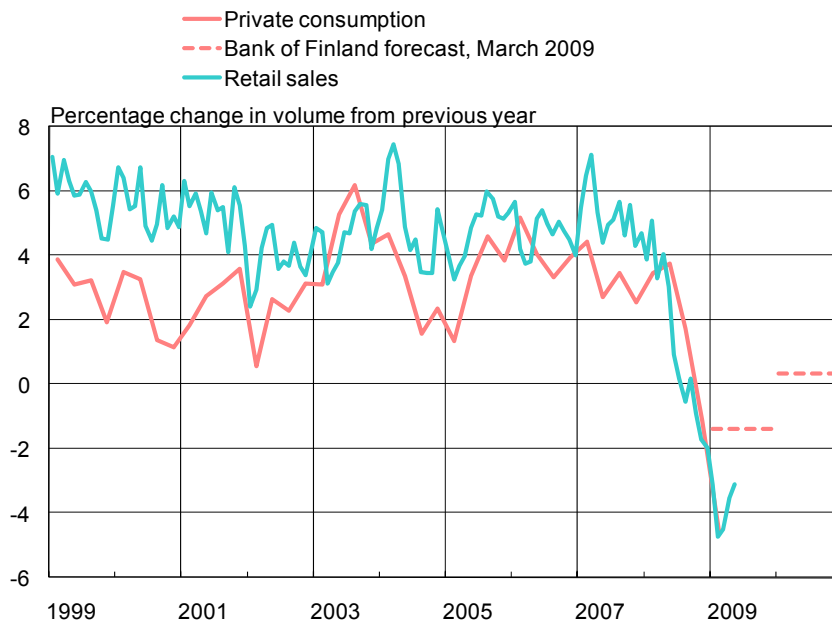


Chart 33.

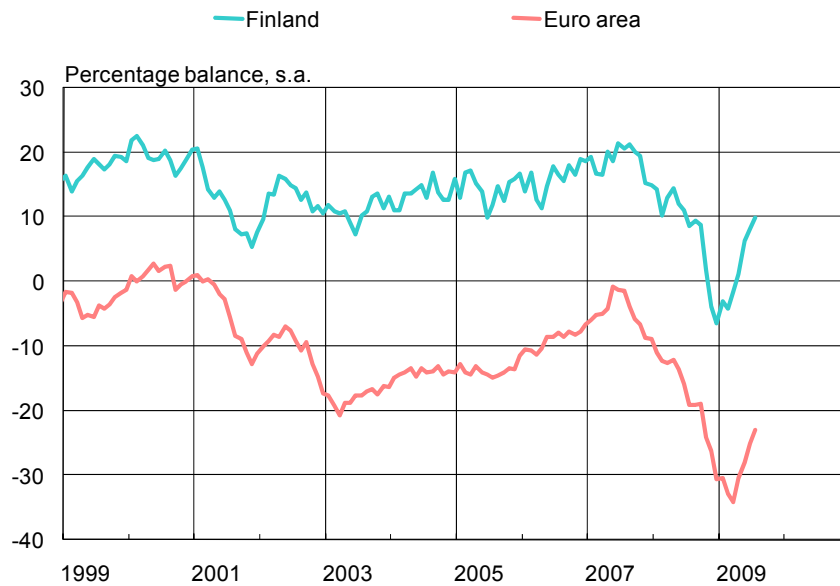
### Consumption in Finland



Sources: Bank of Finland and Statistics Finland.

Chart 34.

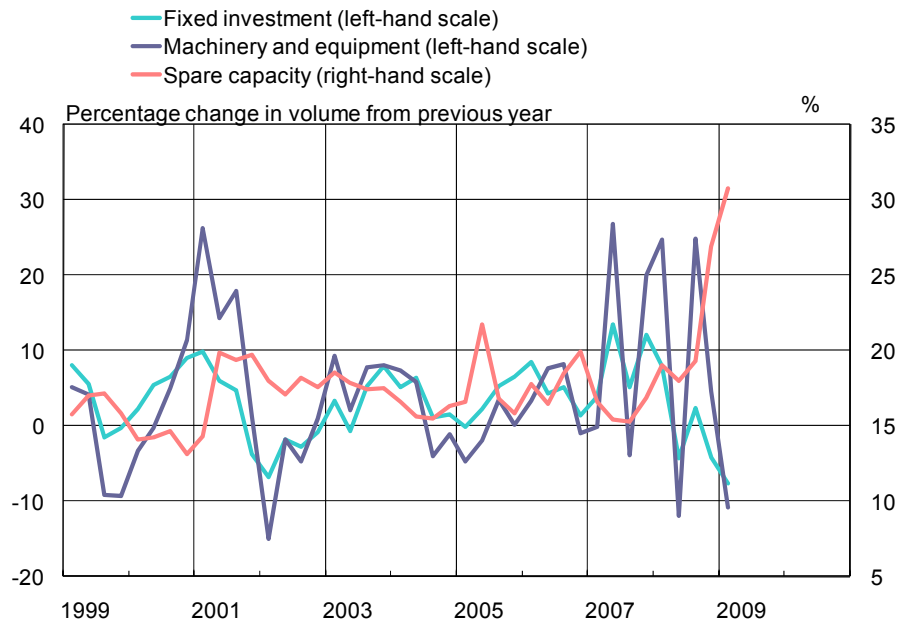
### Consumer confidence



Source: European Commission.

Chart 35.

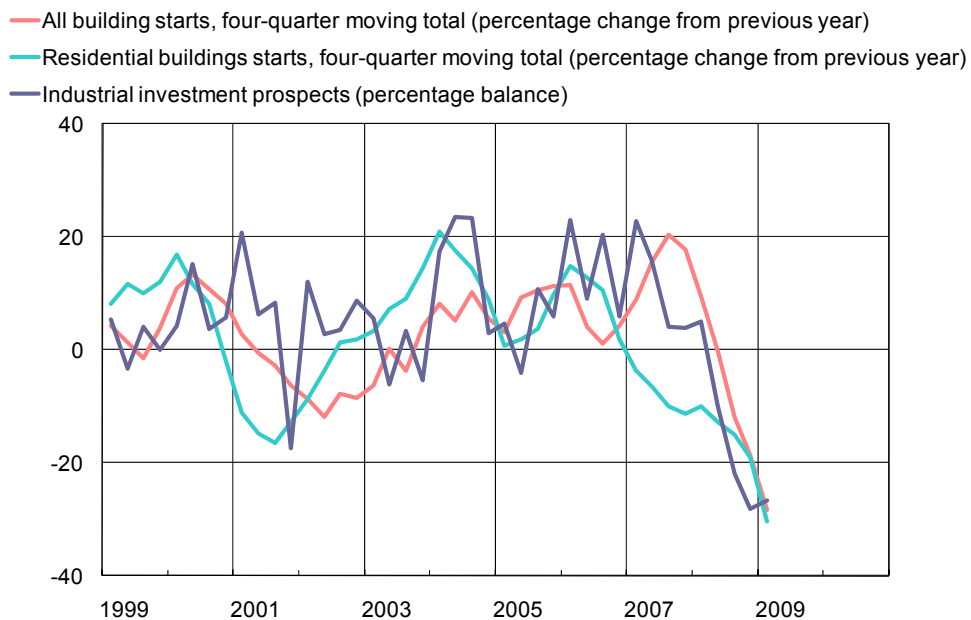
### Fixed investment in Finland



Source: Statistics Finland.

Chart 36.

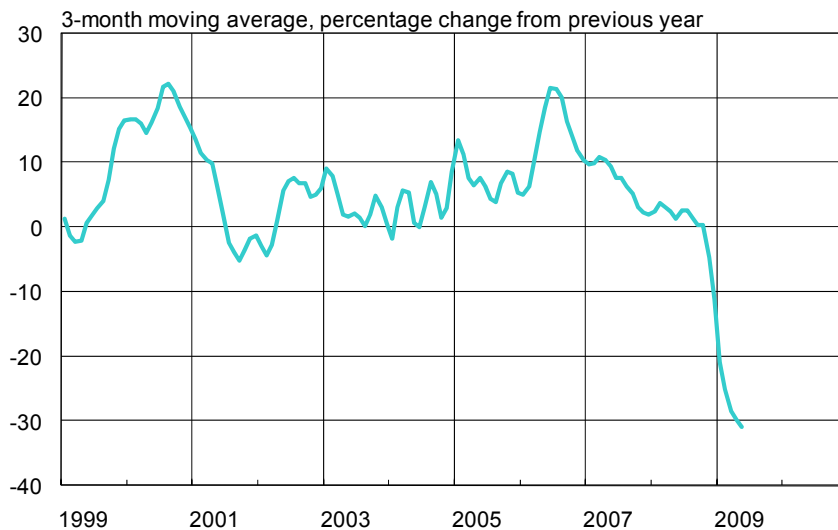
### Construction indicators



Sources: Statistics Finland and Confederation of Finnish Industries.

Chart 37.

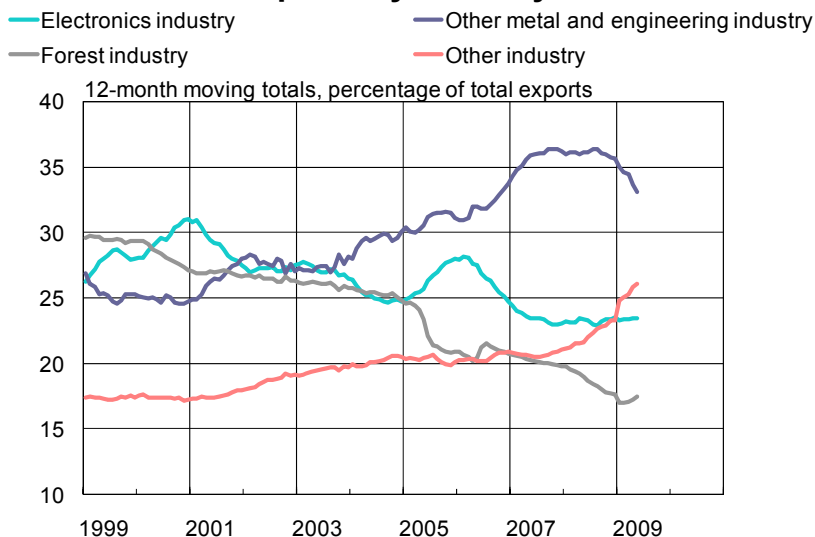
### Finland's exports of goods



Source: National Board of Customs.

Chart 38.

### Finland's exports by industry



Source: National board of customs.

Note: From January 2009 onwards, the data is presented according to a new classification (CPA2008).

Table 1.

**Supply, demand and labour market indicators**

	2007	2008	2009 actual	2009*	2010*	2011*
<b>Supply and demand</b> <i>percentage change in volume from previous year</i>						
Gross domestic product at market prices	4.2	1.0	-6.0 Q1 -6.0 Q1-Q1	-5.0	-1.1	1.5
GDP monthly indicator at producer prices	4.5	0.8	-11.1 M4 -8.7 M1-M4			
Manufacturing production	5.5	0.3	-25.9 M5 -24.3 M1-M5			
Consumption expenditure	2.5	1.9	-2.3 Q1 -2.3 Q1-Q1			
- private	3.3	1.9	-2.9 Q1 -2.9 Q1-Q1	-1.4	0.3	1.7
- general government	0.8	2.0	1.1 Q1 1.1 Q1-Q1	2.5	2.1	2.5
Gross fixed capital formation	8.7	0.3	-7.6 Q1 -7.6 Q1-Q1			
- private	9.0	0.4	-9.2 Q1 -9.2 Q1-Q1	-15.1	-13.8	2.9
- general government	6.8	-0.3	3.5 Q1 3.5 Q1-Q1	3.8	3.8	4.9
Domestic demand	4.5	0.4	-3.6 Q1 -3.6 Q1-Q1			
Exports of goods and services	8.1	7.3	-24.4 Q1 -24.4 Q1-Q1	-19.6	-5.0	0.4
Imports of goods and services	6.5	7.0	-18.3 Q1 -18.3 Q1-Q1	-17.5	-6.1	2.3
<b>Labour market indicators</b>						
Employed persons <i>percentage change from previous year</i>	2.0	1.6	-3.9 M6 -2.0 M1-M6	-3.3	-3.5	-0.5
Unemployment rate, s.a.**	6.9	6.4	8.7 M6 7.9 M1-M6	7.8	9.2	9.5

Source: Statistics Finland.

\* Bank of Finland forecast, March 2009.

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



Prices and costs

Chart 39.

**Consumer prices**

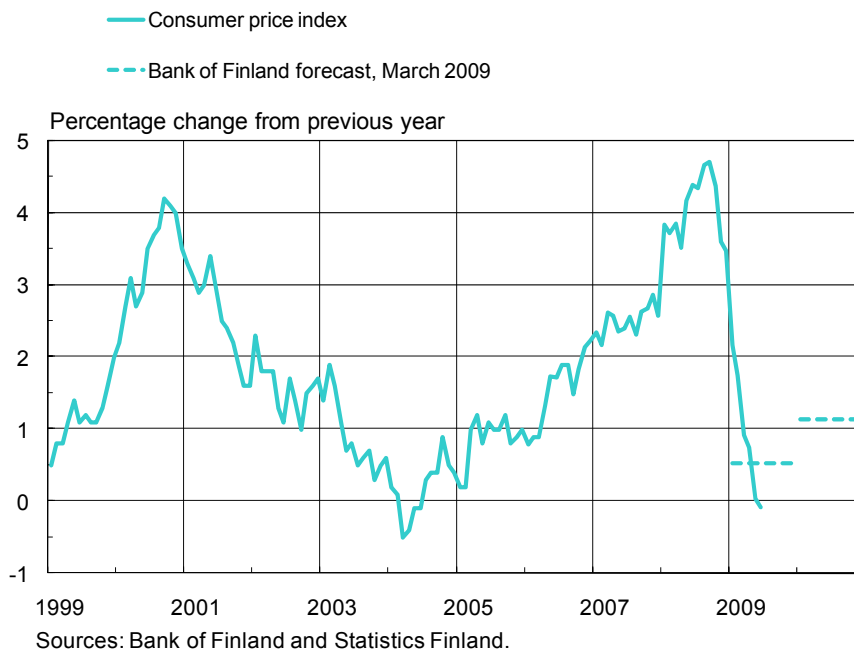


Chart 40.

**Harmonized index of consumer prices (HICP)**

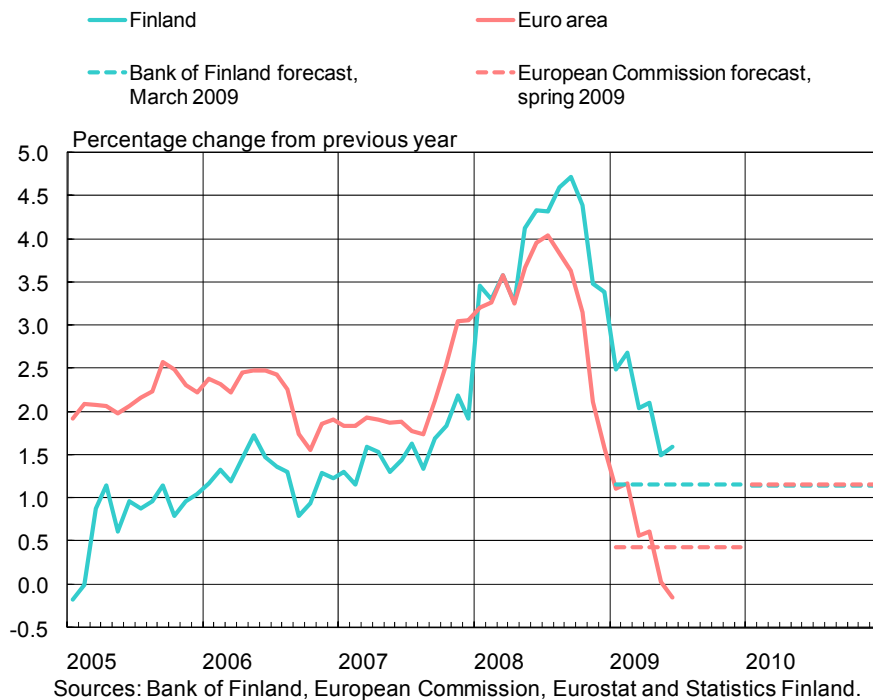


Chart 41.

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

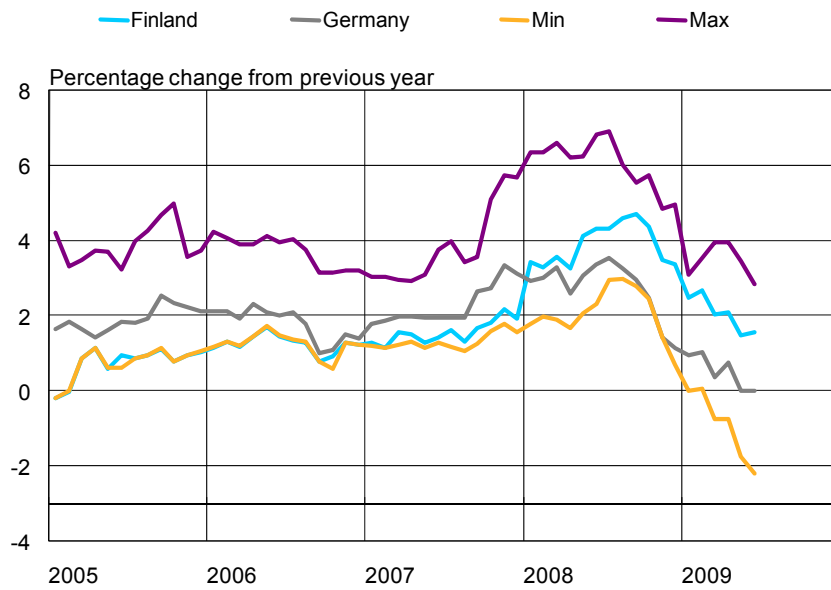


Chart 42.

### Producer prices

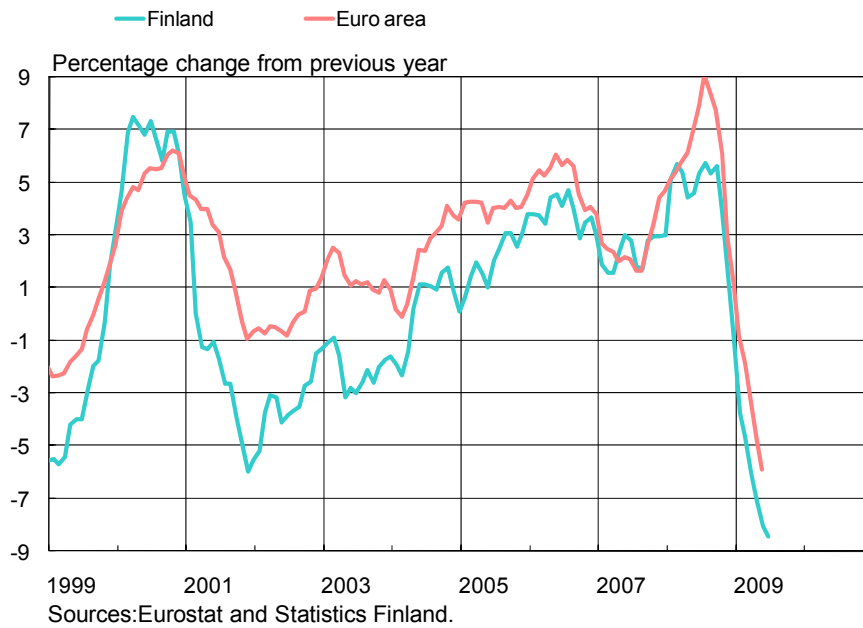
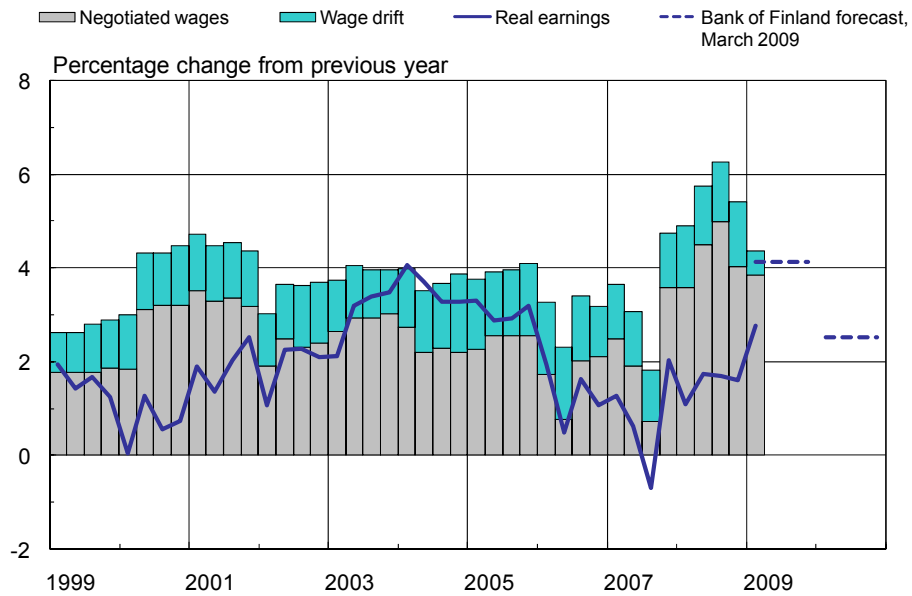


Chart 43.

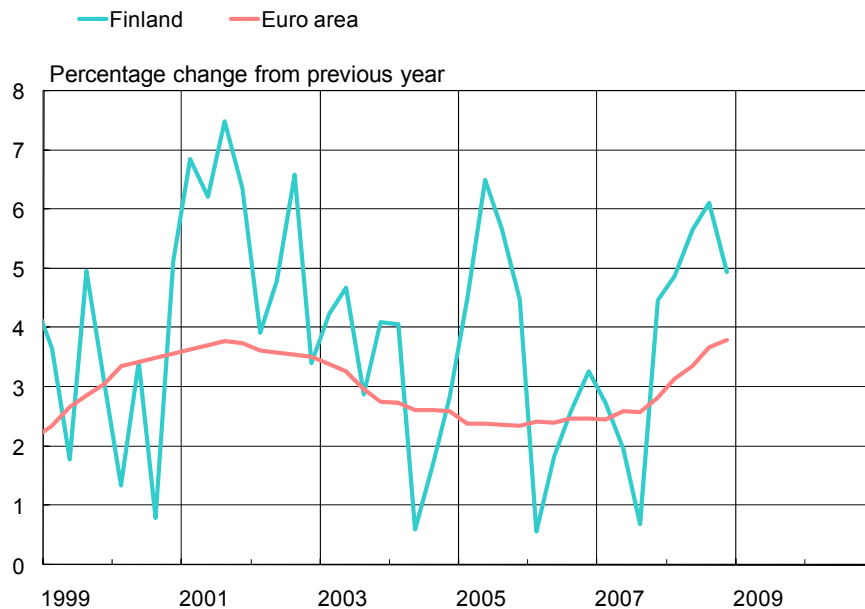
### Earnings in Finland



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

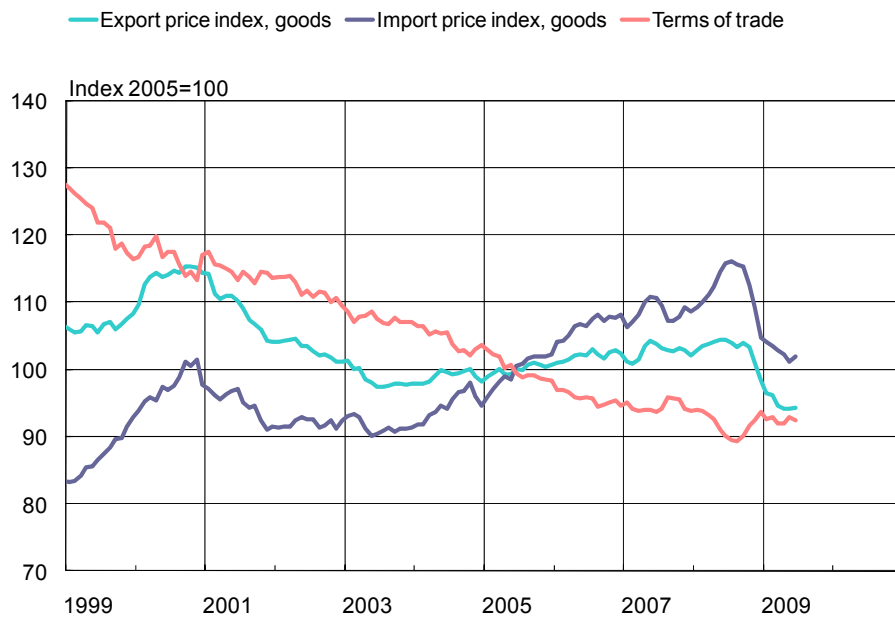


Chart 46.

### Dwelling prices in Finland

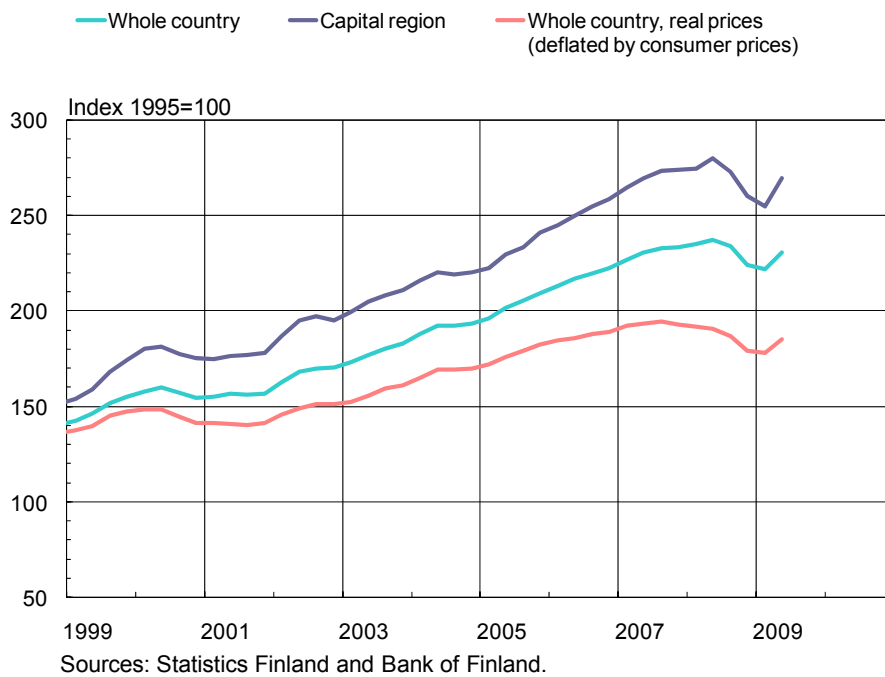


Table 2.

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

	2007	2008	2009 Actual	2009*	2010*	2011*
<b>Labour costs</b>						
Index of wages and salaries	3.3	5.6	4.4 Q1 4.4 Q1-Q1	4.7	3.7	2.8
Unit labour costs						
- whole economy	1.2	5.9	9.3 Q1 9.3 Q1-Q1	6.7	1.0	0.2
<b>Price indices</b>						
Export prices (goods)						
- export price index	2.4	1.1	-9.7 M6 -8.5 M1-M6			
- export price deflator	-0.1	-3.5	-7.6 Q1 -7.6 Q1-Q1			
Import prices (goods)						
- import price index	2.4	3.5	-11.9 M6 -8.5 M1-M6			
- import price deflator	1.7	0.1	-8.6 Q1 -8.6 Q1-Q1			
Producer prices	3.0	3.7	-8.4 M6 -6.4 M1-M6			
Wholesale prices	3.5	4.6	-9.7 M6 -6.5 M1-M6			
Consumer prices						
- consumer price index	2.5	4.1	-0.1 M6 0.9 M1-M6	0.5	1.1	1.4
- harmonized index of consumer prices	1.6	3.9	1.6 M6 2.1 M1-M6	1.2	1.1	1.3
<b>Asset prices</b>						
Stumpage prices	23.4	-12.3	-18.0 M6 -16.7 M1-M6			
Dwelling prices, whole country	5.9	0.7	-5.5 Q1 -5.5 Q1-Q1			
Share prices	24.4	-24.0	-36.6 M6 -47.3 M1-M6			

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

\* Bank of Finland forecast, March 2009

## Labour market

Chart 47.

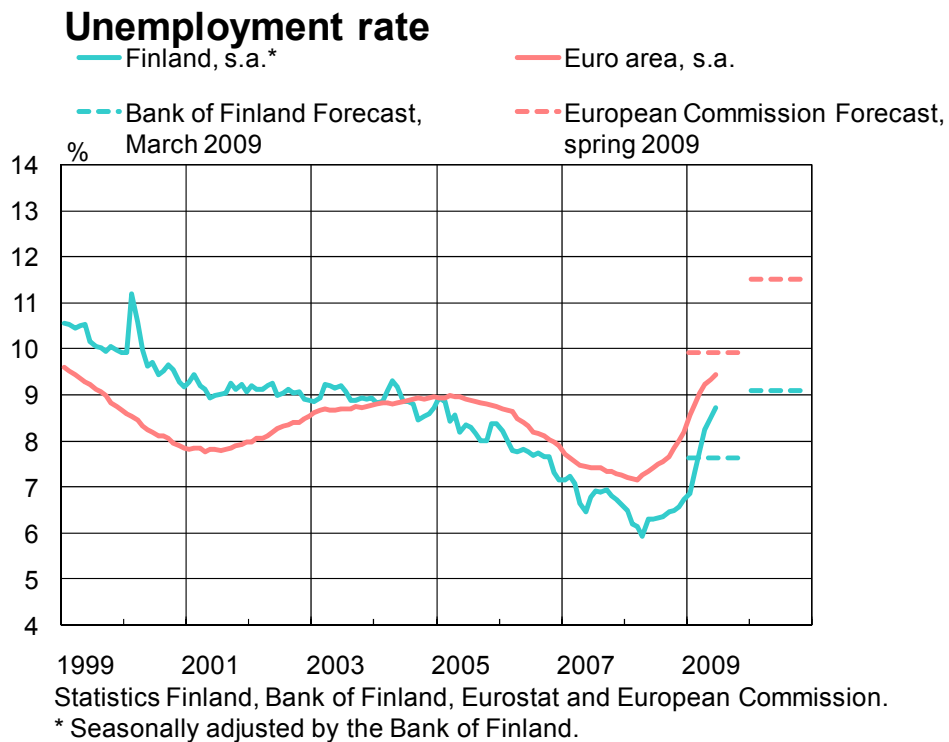


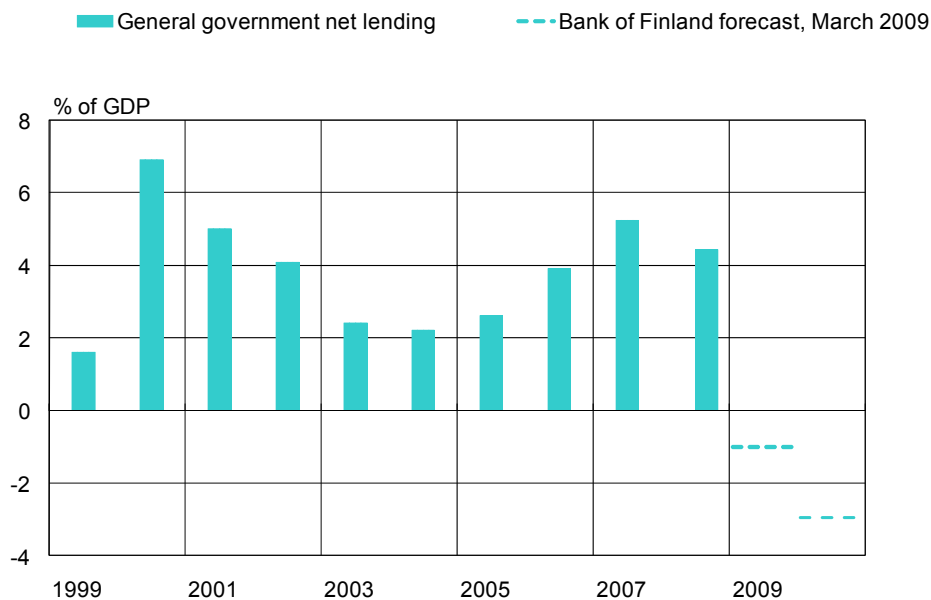
Chart 48.



## Public finances

Chart 49.

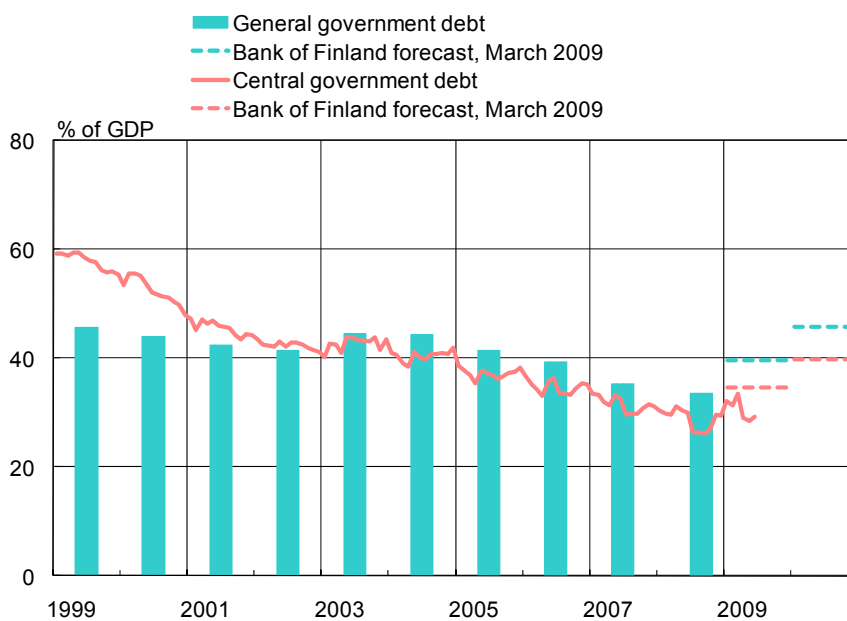
### Public sector balances in Finland



Sources: Statistics Finland and Bank of Finland.

Chart 50.

### Public sector debt in Finland



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

## External balance

Chart 51.

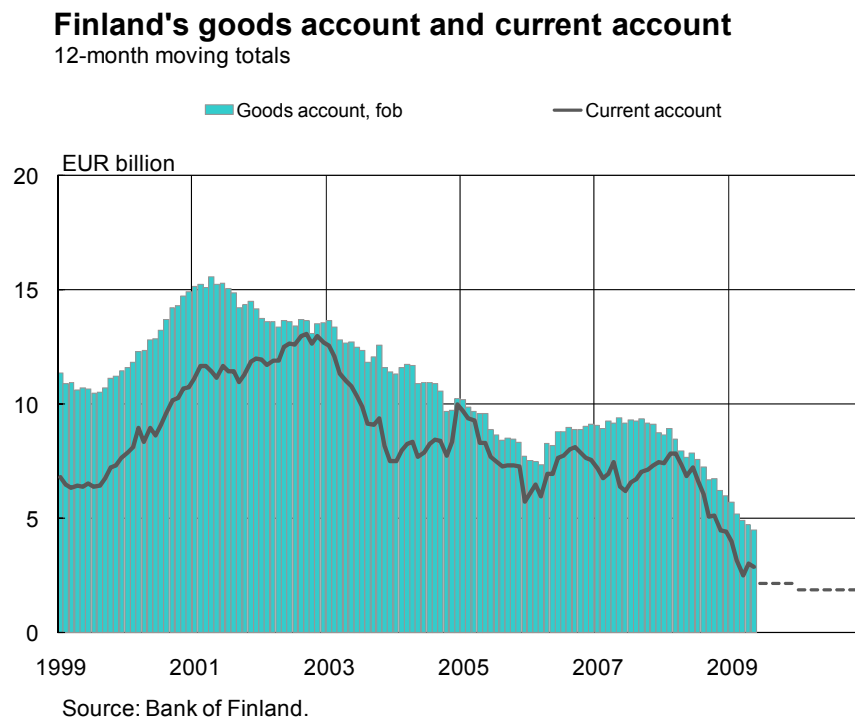


Chart 52.

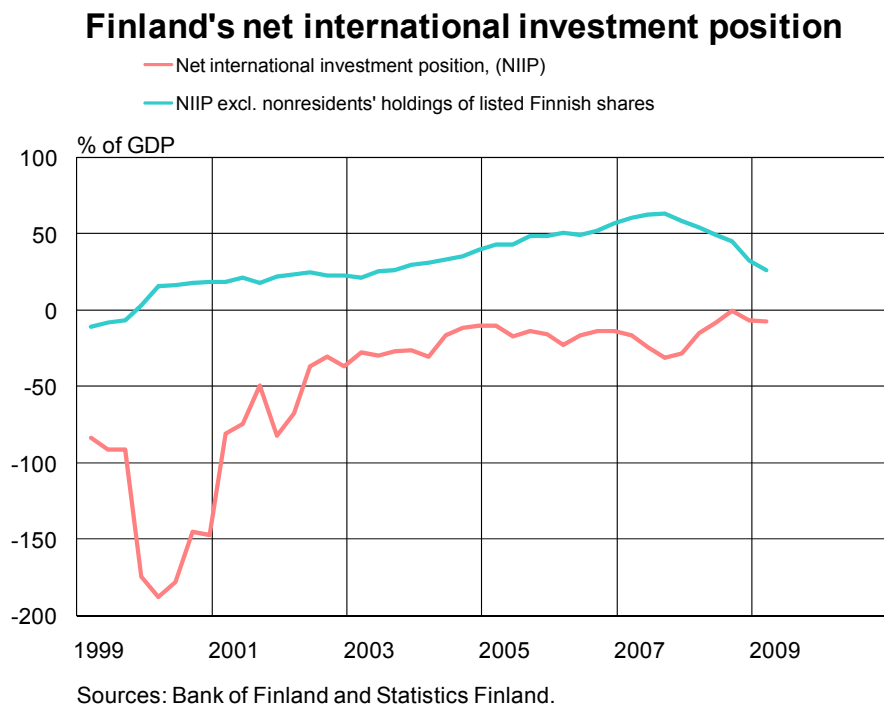




Table 3.

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

	2007	2008	2009 January–May	2009 May	2009*	2010*
<b>Current account</b>	7.5	4.4	-1.5	-1.1	2.2	1.9
Goods account	8.7	6.0	1.4	0.2		
Exports, fob	65.8	65.7	18.2	3.4		
Imports, fob	57.0	59.7	16.8	3.2		
Services	0.7	1.6	-0.1	0.0		
Credit	17.0	19.4	6.7	1.4		
Debit	16.3	17.8	6.7	1.4		
Income and current transfers	-2.0	-3.2	-2.9	-1.3	-1.3	-1.2
<b>Capital account</b>	0.2	0.2	0.0	0.0		
<b>Financial account</b>	-0.1	6.9	10.6	-0.6		
Direct investment	3.4	-4.1	0.5	0.4		
Abroad	5.6	1.1	0.7	-0.4		
In Finland	9.0	-3.0	1.2	0.0		
Portfolio investment	-3.8	4.1	-1.8	-0.2		
Assets	12.0	-1.0	3.4	3.3		
Liabilities	8.2	3.1	1.6	3.1		
Other investment	1.1	5.5	10.0	-0.9		
Assets	7.7	6.1	1.1	4.7		
Liabilities	8.8	11.6	11.1	3.7		
Financial derivatives	-0.6	1.6	1.6	0.2		
<b>Reserve assets (increase -)</b>	-0.2	-0.2	0.3	0.0		
Errors and omissions	-7.5	-11.4	-9.1	1.8		
	31 December 2007	31 December 2008		31 May 2009		
Net international investment position	-50.1	-11.5		-18.7		
excluding equity items	7.8	-13.2		-27.9		

\*Bank of Finland forecast, March 2009