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Outlook for the Finnish Economy
2005 – 2007

Forecast tables

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The forecast is based on data available at 8 September 2005.

1. THE INTERNATIONAL ENVIRONMENT

Bank of Finland forecast

	2003	2004	f 2005	f 2006	f 2007
% change on previous year					
GDP					
Whole world	4.0	4.7	4.3	4.1	4.0
USA	2.7	4.2	3.5	3.1	3.0
EU15	1.0	2.0	1.5	2.1	2.2
Japan	1.4	2.6	1.8	1.8	1.8
Imports					
Whole world	5.2	9.5	6.8	7.3	7.1
USA	4.6	10.7	5.7	4.0	4.1
EU15	2.5	6.1	3.6	6.4	6.3
Japan	3.8	8.9	6.6	6.4	5.9
Indices 2000 = 100 and % change on previous year					
Import volume in Finnish export markets	110.8	121.4	129.9	140.3	150.8
	5.8	9.5	7.0	8.0	7.5
Export prices (excl. oil) of Finland's trading partners, national currencies	99.9	100.2	102.2	103.9	105.4
	-0.1	0.4	1.9	1.7	1.5
Export prices (excl. oil) of Finland's trading partners, in euro	91.1	90.4	91.3	92.7	93.9
	-5.6	-0.8	1.0	1.4	1.4
Industrial raw materials, HWWA index	102.7	128.2	143.0	142.4	142.6
	17.3	24.8	11.5	-0.4	0.2
Oil price, USD per barrel	28.9	38.3	57.0	63.5	53.8
	15.7	32.7	48.9	11.4	-15.3
Finland's nominal competitiveness indicator ¹	100.1	101.6	101.7	101.8	101.9
	4.8	1.5	0.1	0.1	0.1
US dollar value of one euro	1.13	1.24	1.26	1.25	1.27
	19.9	10.0	1.2	-0.6	1.9

¹ Narrow plus euro area, 1999Q1 = 100

2. BALANCE OF SUPPLY AND DEMAND, VOLUMES AT 2000 PRICES

EUR million and % change on previous year

	2003	2004	f 2005	f 2006	f 2007
GDP at market prices	138 408	143 418	145 715	151 167	155 411
	2.4	3.6	1.6	3.7	2.8
Imports of goods and services	46 487	49 260	52 363	55 707	59 434
	2.9	6.0	6.3	6.4	6.7
Total supply	184 895	192 678	198 078	206 874	214 844
	2.6	4.2	2.8	4.4	3.9
Exports of goods and services	59 015	62 332	65 901	70 396	74 392
	1.4	5.6	5.7	6.8	5.7
Consumption	99 776	102 541	105 327	108 068	110 683
	3.5	2.8	2.7	2.6	2.4
Private	70 547	72 833	75 158	77 401	79 624
	4.4	3.2	3.2	3.0	2.9
Public	29 229	29 708	30 169	30 668	31 059
	1.5	1.6	1.6	1.7	1.3
Fixed investment	25 546	26 835	26 839	28 410	29 769
	-1.5	5.0	0.0	5.9	4.8
Private	21 392	22 592	22 604	24 140	25 474
	-3.0	5.6	0.1	6.8	5.5
Public	4 154	4 243	4 235	4 269	4 295
	6.7	2.1	-0.2	0.8	0.6
Inventory change + stat discrepancy, % of previous year's total demand	558	970	10	0	0
	0.4	0.2	-0.5	0.0	0.0
Total demand	184 895	192 678	198 078	206 874	214 844
	2.6	4.2	2.8	4.4	3.9
Total domestic demand	125 880	130 346	132 177	136 478	140 452
	3.1	3.5	1.4	3.3	2.9

3. BALANCE OF SUPPLY AND DEMAND, PRICE DEFLATORS

Indices 2000 = 100 and % change on previous year

	2003	2004	f 2005	f 2006	f 2007
GDP at market prices	103.9	104.4	105.1	105.1	106.4
	-0.3	0.5	0.7	0.0	1.2
Imports of goods and services	95.0	98.4	101.4	103.0	103.9
	0.4	3.6	3.1	1.6	0.8
Total supply	101.7	102.9	104.1	104.5	105.7
	-0.2	1.2	1.2	0.4	1.1
Exports of goods and services	90.0	90.9	90.1	90.6	90.0
	-3.0	1.0	-0.8	0.5	-0.6
Consumption	107.3	108.6	110.5	112.4	114.6
	1.0	1.2	1.8	1.7	2.0
Private	106.5	106.7	108.1	109.6	111.3
	0.0	0.1	1.3	1.4	1.6
Public	109.3	113.3	116.7	119.6	123.1
	3.4	3.7	3.0	2.5	2.9
Fixed investment	103.0	105.1	107.8	109.2	111.6
	0.6	2.0	2.6	1.3	2.1
Private	102.9	104.9	107.8	109.2	111.5
	0.6	1.9	2.7	1.3	2.1
Public	103.6	106.2	108.1	109.6	112.0
	0.2	2.5	1.8	1.4	2.1
Total demand	101.7	102.9	104.1	104.5	105.7
	-0.2	1.2	1.2	0.4	1.1
Total domestic demand	107.1	108.6	111.1	111.8	114.0
	0.9	1.4	2.3	0.6	2.0

4. BALANCE OF SUPPLY AND DEMAND, CURRENT PRICES

EUR million and % change on previous year

	2003	2004	f 2005	f 2006	f 2007
GDP at market prices	143 807	149 725	153 136	158 874	165 288
	2.1	4.1	2.3	3.7	4.0
Imports of goods and services	44 168	48 499	53 122	57 405	61 764
	3.3	9.8	9.5	8.1	7.6
Total supply	187 975	198 224	206 258	216 280	227 052
	2.4	5.5	4.1	4.9	5.0
Exports of goods and services	53 104	56 631	59 389	63 743	66 949
	-1.7	6.6	4.9	7.3	5.0
Consumption	107 091	111 352	116 439	121 497	126 879
	4.5	4.0	4.6	4.3	4.4
Private	75 145	77 694	81 226	84 804	88 643
	4.3	3.4	4.5	4.4	4.5
Public	31 946	33 658	35 214	36 693	38 236
	4.9	5.4	4.6	4.2	4.2
Fixed investment	26 316	28 204	28 938	31 039	33 223
	-1.0	7.2	2.6	7.3	7.0
Private	22 012	23 698	24 357	26 358	28 413
	-2.4	7.7	2.8	8.2	7.8
Public	4 304	4 506	4 580	4 681	4 810
	7.0	4.7	1.6	2.2	2.8
Inventory change + stat discrepancy, % of previous year's total demand	1 464	2 037	1 492	0	0
	0.5	0.3	-0.3	-0.7	0.0
Total demand	187 975	198 224	206 258	216 280	227 052
	2.4	5.5	4.1	4.9	5.0
Total domestic demand	134 871	141 593	146 869	152 536	160 102
	4.1	5.0	3.7	3.9	5.0

5. BALANCE OF SUPPLY AND DEMAND

% of GDP at current prices

	2003	2004	f 2005	f 2006	f 2007
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Imports of goods and services	30.7	32.4	34.7	36.1	37.4
Exports of goods and services	36.9	37.8	38.8	40.1	40.5
Consumption	74.5	74.4	76.0	76.5	76.8
Private	52.3	51.9	53.0	53.4	53.6
Public	22.2	22.5	23.0	23.1	23.1
Fixed investment	18.3	18.8	18.9	19.5	20.1
Private	15.3	15.8	15.9	16.6	17.2
Public	3.0	3.0	3.0	2.9	2.9
Inventory change + stat discrepancy,	1.0	1.4	1.0	0.0	0.0
Total demand	130.7	132.4	134.7	136.1	137.4
Total domestic demand	93.8	94.6	95.9	96.0	96.9

6. FOREIGN TRADE PRICES

Indices 2000 = 100 and % change on previous year

	2003	2004	f 2005	f 2006	f 2007
Exports of goods and services	90.0	90.9	90.1	90.6	90.0
	-3.0	1.0	-0.8	0.5	-0.6
Imports of goods and services	95.0	98.4	101.4	103.0	103.9
	0.4	3.6	3.1	1.6	0.8
Terms of trade, goods and services	94.7	92.3	88.8	87.9	86.6
	-3.4	-2.5	-3.8	-1.1	-1.4
Export prices (excl. oil) of Finland's trading partners, in euro	91.1	90.4	91.3	92.7	93.9
	-5.6	-0.8	1.0	1.4	1.4
Industrial raw materials, HWWA index	102.7	128.2	143.0	142.4	142.6
	17.3	24.8	11.5	-0.4	0.2
Oil price, USD per barrel	28.9	38.3	57.0	63.5	53.8
	15.7	32.7	48.9	11.4	-15.3

7. FOREIGN TRADE VOLUMES AT 2000 PRICES

EUR million and % change on previous year

	2003	2004	f 2005	f 2006	f 2007
Exports of goods and services	59 015	62 332	65 901	70 396	74 392
	1.4	5.6	5.7	6.8	5.7
Imports of goods and services	46 487	49 260	52 363	55 707	59 434
	2.9	6.0	6.3	6.4	6.7
Import volume in Finnish export markets, index 2000 = 100	110.8	121.4	129.9	140.3	150.8
	5.8	9.5	7.0	8.0	7.5

8. LABOUR MARKET

1000 persons and % change on previous year

	2003	2004	f 2005	f 2006	f 2007
Labour force survey (15–74-year-olds)					
Employed persons	2 365	2 365	2 398	2 413	2 419
	-0.3	0.0	1.4	0.6	0.3
Unemployed persons	234	229	219	209	203
	-1.1	-2.3	-4.1	-4.6	-2.9
Labour force	2 599	2 594	2 618	2 622	2 622
	-0.4	-0.2	0.9	0.2	0.0
Working-age population (15–64-year-olds)	3 484	3 489	3 492	3 488	3 505
	0.1	0.1	0.1	-0.1	0.5
Labour force participation rate, %	66.2	65.9	66.3	66.2	66.0
Unemployment rate, %	9.0	8.8	8.4	8.0	7.8
Employment rate (15–64-year-olds), %	67.3	67.2	67.9	68.3	68.2

9. WAGES AND PRODUCTIVITY

% change on previous year

	2003	2004	f 2005	f 2006	f 2007
Whole economy					
Index of wage and salary earnings	4.0	3.8	3.8	3.3	3.4
Compensation of employees	3.0	4.5	2.4	2.9	2.8
Unit labour costs ¹	0.7	0.9	2.9	0.3	0.3
Labour productivity ¹	2.3	3.6	-0.2	3.5	2.4
Private sector					
Index of wage and salary earnings	4.1	3.7	3.8	3.2	3.4
Compensation of employees	2.8	4.7	2.2	2.7	2.5
Unit labour costs ¹	-0.2	0.3	3.0	-0.1	-0.4
Labour productivity ¹	2.9	4.5	-0.2	4.3	2.8
Public sector					
Index of wage and salary earnings	3.9	4.0	3.8	3.5	3.4
Compensation of employees	3.6	3.8	3.2	3.0	2.9
Unit labour costs ¹	3.6	4.0	3.2	3.4	3.5
Labour productivity ¹	0.0	-0.2	0.0	-0.1	0.0

¹ Labour input is measured as number of employees.

10. PRICES

Indices 2000 = 100 and % change on previous year

	2003	2004	f 2005	f 2006	f 2007
Consumer price index	105.1	105.3	106.3	108.0	109.9
	0.9	0.2	0.9	1.6	1.8
Harmonised index of consumer prices (1996 = 100)	113.5	113.7	114.7	116.5	118.5
	1.3	0.1	0.9	1.5	1.7
Private consumption deflator	106.5	106.7	108.1	109.6	111.3
	0.0	0.1	1.3	1.4	1.6
Private investment deflator	102.9	104.9	107.8	109.2	111.5
	0.6	1.9	2.7	1.3	2.1
Exports of goods and services deflator	90.0	90.9	90.1	90.6	90.0
	-3.0	1.0	-0.8	0.5	-0.6
Imports of goods and services deflator	95.0	98.4	101.4	103.0	103.9
	0.4	3.6	3.1	1.6	0.8
Value-added deflators					
Value-added, gross at basic prices	103.8	104.7	107.1	108.6	109.9
	-0.4	0.8	2.3	1.4	1.2
Private sector	102.5	102.7	104.9	105.9	106.7
	-1.3	0.2	2.1	1.0	0.8
Public sector	110.3	114.5	118.1	121.9	126.2
	3.4	3.8	3.2	3.2	3.5

11. GENERAL GOVERNMENT REVENUE, EXPENDITURE, FINANCIAL BALANCE AND DEBT

% OF GDP

	2003	2004	f 2005	f 2006	f 2007
General government revenue	53.2	53.0	53.4	53.2	52.7
General government expenditure	50.9	51.1	51.5	51.3	51.2
General government primary expenditure	49.0	49.3	49.9	49.8	49.6
General government interest expenditure	1.9	1.8	1.7	1.5	1.5
General government net lending	2.3	1.9	1.9	1.8	1.6
Central government	0.4	0.2	-0.3	-0.4	-0.5
Local government	-0.6	-0.7	-0.5	-0.4	-0.4
Social security funds	2.5	2.3	2.6	2.6	2.5
General government primary balance	4.2	3.7	3.5	3.4	3.1
General government debt	45.0	44.9	42.4	42.0	41.7
Central government debt	44.0	42.6	39.7	39.0	38.4
Tax ratio	44.5	44.2	44.7	44.5	44.1

12. BALANCE OF PAYMENTS

EUR million

	2003	2004	f 2005	f 2006	f 2007
Exports of goods and services (SNA)	53 104	56 631	59 389	63 743	66 949
Imports of goods and services (SNA)	44 168	48 499	53 122	57 405	61 764
Goods and services account (SNA)	8 936	8 132	6 267	6 338	5 185
Investment income and other items, net	-2 328	-1 310	-1 169	-1 102	-605
Current transfers, net	-925	-881	-1028	-971	-914
Current account, net	5 683	5 942	4 070	4 264	3 667
Net lending, % of GDP					
Private sector	1.6	2.1	0.8	0.9	0.7
Public sector	2.3	1.9	1.9	1.8	1.6
Current account, % of GDP	4.0	4.0	2.7	2.7	2.2

13. INTEREST RATES

%

	2003	2004	f 2005	f 2006	f 2007
3-month Euribor	2.3	2.1	2.1	2.4	2.7
Avg interest rate on new loans	4.7	4.7	4.6	4.7	4.9
Average rate of interest on deposits	1.1	1.0	1.0	1.1	1.3
Bank lending rate, average	3.9	3.5	3.6	3.7	3.9
Taxable government bond yield, approx. 5 years	3.3	3.3	2.7	2.7	2.9

14. CONTRIBUTIONS TO GROWTH

% of previous year's GDP

	2003	2004	f 2005	f 2006	f 2007
GDP, % change	2.4	3.6	1.6	3.7	2.8
Net exports	-0.4	0.4	0.3	0.8	0.2
Domestic demand	2.2	2.9	1.9	3.0	2.6
of which Consumption	2.5	2.0	1.9	1.9	1.7
Investment	-0.3	0.9	0.0	1.1	0.9
Inventory change + stat discrepancy	0.6	0.3	-0.7	0.0	0.0

15. KEY ECONOMIC INDICATORS

	2003	2004	f 2005	f 2006	f 2007
% change on previous year					
GDP	2.4	3.6	1.6	3.7	2.8
Employed	-0.3	0.0	1.4	0.6	0.3
Unemployment rate, %	9.0	8.8	8.4	8.0	7.8
Private consumption deflator	0.0	0.1	1.3	1.4	1.6
Harmonised index of consumer prices	1.3	0.1	0.9	1.5	1.7
Consumer price index	0.9	0.2	0.9	1.6	1.8
Index of wage and salary earnings	4.0	3.8	3.8	3.3	3.4
Index of wage and salary earnings, real	3.1	3.6	2.8	1.7	1.6
Labour productivity ¹	2.3	3.6	-0.2	3.5	2.4
Exports of goods and services, price deflator	-3.0	1.0	-0.8	0.5	-0.6
Imports of goods and services, price deflator	0.4	3.6	3.1	1.6	0.8
Terms of trade (goods and services)	-3.4	-2.5	-3.8	-1.1	-1.4
Goods and services account (SNA), EUR billion	8.9	8.1	6.3	6.3	5.2
3-month Euribor, %	2.3	2.1	2.1	2.4	2.7
% of GDP					
Tax ratio	44.5	44.2	44.7	44.5	44.1
General government net lending	2.3	1.9	1.9	1.8	1.6
Compensation of employees	48.9	49.0	49.8	49.7	49.2
Current account	4.0	4.0	2.7	2.7	2.2

¹ Labour input is measured as number of employees.

