



BANK OF FINLAND
Economics Department

Outlook for the Finnish Economy
2004 – 2006

Forecast tables

23 September 2004

Appendix to Euro & talous journal
3/2004

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The forecast is based on data available at 8 September 2004.

1. THE INTERNATIONAL ENVIRONMENT

Bank of Finland forecast

	2002	2003	f 2004	f 2005	f 2006
% change on previous year					
GDP					
Whole world	2.9	3.8	4.6	4	4
USA	2.2	3	4.3	2.9	2.7
EU15	1	0.8	2.2	2.4	2.3
Japan	-0.3	2.5	4.4	2.4	2.2
Imports					
Whole world	2.7	5.3	7.8	7.5	7.3
USA	3.3	4.4	9.0	5.0	4.5
EU15	0.9	1.9	4.4	6.3	6.3
Japan	1.9	5.0	9.7	8.7	7.1
Indices 2000=100 and % change on previous year					
Import volume in Finnish export markets	104.6	110.3	118.6	127.6	136.5
	2.8	5.4	7.6	7.6	7.2
Export prices (excl. oil) of Finland's trading partners, national currencies	99.8	99.6	101.1	103.7	105.9
	-0.8	-0.2	1.5	2.5	2.1
Export prices (excl. oil) of Finland's trading partners, in euro	96.3	90.9	91.1	93.0	94.5
	-2.4	-5.7	0.3	2.1	1.6
Industrial raw materials, HWWA index	87.6	102.7	127.0	132.3	135.0
	-1.4	17.3	23.7	4.1	2.0
Oil price, USD per barrel	25.0	28.9	37.0	36.8	30.9
	2.3	15.5	28.4	-0.7	-16.1
Finland's nominal competitiveness indicator ¹	95.5	100.1	101.4	101.9	102.4
	-1.7	-5.5	-1.2	-0.5	-0.5
US dollar value of one euro	0.94	1.13	1.23	1.22	1.23
	-5.0	-16.6	-7.7	0.2	-0.4

¹ Narrow plus euro area, 1999Q1 = 100

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

EUR million, % change on previous year

	2002	2003	f 2004	f 2005	f 2006
GDP at market prices	134 522	137 243	141 411	145 993	149 951
	2.3	2.0	3.0	3.2	2.7
Imports of goods and services	44 846	46 019	45 954	48 245	50 540
	1.9	2.6	-0.1	5.0	4.8
Total supply	179 368	183 262	187 365	194 237	200 491
	2.2	2.2	2.2	3.7	3.2
Exports of goods and services	58 321	58 975	60 761	64 751	68 157
	5.1	1.1	3.0	6.6	5.3
Consumption	95 214	98 523	100 596	102 960	104 992
	2.2	3.5	2.1	2.4	2.0
Private	66 655	69 501	71 303	73 395	75 148
	1.5	4.3	2.6	2.9	2.4
Public	28 559	29 022	29 293	29 565	29 844
	3.8	1.6	0.9	0.9	0.9
Fixed investment	25 936	25 387	26 017	26 526	27 342
	-3.1	-2.1	2.5	2.0	3.1
Private	22 044	21 390	22 061	22 577	23 406
	-4.6	-3.0	3.1	2.3	3.7
Public	3 892	3 997	3 956	3 950	3 937
	6.6	2.7	-1.0	-0.2	-0.3
Inventory change + stat discrepancy, % of previous year's total demand	-103	377	-8	0	0
	-0.1	0.3	-0.2	0.0	0.0
Total demand	179 368	183 262	187 365	194 237	200 491
	2.2	2.2	2.2	3.7	3.2
Total domestic demand	121 047	124 287	126 604	129 486	132 334
	0.8	2.7	1.9	2.3	2.2

3. BALANCE OF SUPPLY AND DEMAND, PRICE DEFLATORS

Indices 2000=100 and % change on previous year

	2002	2003	f 2004	f 2005	f 2006
GDP at market prices	103.9	103.8	104.1	105.5	107.5
	0.9	-0.1	0.3	1.3	1.8
Imports of goods and services	94.3	95.0	98.3	99.2	99.7
	-3.0	0.8	3.4	1.0	0.6
Total supply	101.5	101.6	102.7	103.9	105.5
	0.0	0.1	1.4	0.9	1.5
Exports of goods and services	92.8	90.0	91.3	91.3	91.0
	-4.8	-3.0	1.5	0.0	-0.3
Consumption	106.5	108.0	109.6	111.7	114.2
	3.0	1.3	1.5	1.9	2.3
Private	106.7	107.3	108.2	109.8	111.9
	3.1	0.5	0.9	1.5	1.9
Public	106.1	109.6	113.0	116.3	120.1
	2.8	3.3	3.1	3.0	3.2
Fixed investment	102.4	102.0	101.6	104.2	107.6
	-1.1	-0.4	-0.4	2.5	3.3
Private	102.3	101.9	101.3	104.2	107.6
	-1.3	-0.4	-0.6	2.8	3.3
Public	103.4	102.6	104.9	107.6	111.1
	0.3	-0.8	2.2	2.5	3.3
Total demand	101.5	101.6	103.0	103.9	105.5
	0.0	0.1	1.4	0.9	1.5
Total domestic demand	105.7	107.2	108.6	110.3	113.0
	2.2	1.4	1.3	1.5	2.5

4. BALANCE OF SUPPLY AND DEMAND, CURRENT PRICES

EUR million, % change on previous year

	2002	2003	f 2004	f 2005	f 2006
GDP at market prices	139 801	142 520	147 237	154 034	161 140
	3.2	1.9	3.3	4.6	4.6
Imports of goods and services	42 279	43 735	45 151	47 856	50 412
	-1.2	3.4	3.2	6.0	5.3
Total supply	182 080	186 255	192 388	201 890	211 551
	2.1	2.3	3.3	4.9	4.8
Exports of goods and services	54 118	53 056	55 498	59 118	62 047
	0.1	-2.0	4.6	6.5	5.0
Consumption	101 442	106 362	110 273	115 006	119 933
	5.3	4.9	3.7	4.3	4.3
Private	71 140	74 552	77 171	80 611	84 098
	4.7	4.8	3.5	4.5	4.3
Public	30 302	31 810	33 102	34 396	35 836
	6.7	5.0	4.1	3.9	4.2
Fixed investment	26 572	25 898	26 494	27 766	29 571
	-4.2	-2.5	2.3	4.8	6.5
Private	22 548	21 797	22 344	23 518	25 195
	-5.9	-3.3	2.5	5.3	7.1
Public	4 024	4 101	4 150	4 248	4 376
	6.8	1.9	1.2	2.4	3.0
Inventory change + stat discrepancy, % of previous year's total demand	-52	939	123	0	0
	-0.1	0.5	-0.4	-0.1	0.0
Total demand	182 080	186 255	192 388	201 890	211 551
	2.1	2.3	3.3	4.9	4.8
Total domestic demand	127 962	133 199	136 890	142 773	149 504
	3.0	4.1	2.8	4.3	4.7

5. BALANCE OF SUPPLY AND DEMAND

% of GDP at current prices

	2002	2003	f 2004	f 2005	f 2006
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Imports of goods and services	30.2	30.7	30.7	31.1	31.3
Exports of goods and services	38.7	37.2	37.7	38.4	38.5
Consumption	72.6	74.6	74.9	74.7	74.4
Private	50.9	52.3	52.4	52.3	52.2
Public	21.7	22.3	22.5	22.3	22.2
Fixed investment	19.0	18.2	18.0	18.0	18.4
Private	16.1	15.3	15.2	15.3	15.6
Public	2.9	2.9	2.8	2.8	2.7
Inventory change + stat discrepancy,	0.0	0.7	0.1	0.0	0.0
Total demand	130.2	130.7	130.7	131.1	131.3
Total domestic demand	91.5	93.5	93.0	92.7	92.8

6. FOREIGN TRADE PRICES

Indices 2000=100 and % change on previous year

	2002	2003	f 2004	f 2005	f 2006
Exports of goods and services	92.8	90.0	91.3	91.3	91.0
	-4.8	-3.0	1.5	0.0	-0.3
Imports of goods and services	94.3	95.0	98.3	99.2	99.7
	-3.0	0.8	3.4	1.0	0.6
Terms of trade, goods and services	98.4	94.7	93.0	92.0	91.3
	-1.9	-3.8	-1.8	-1.0	-0.8
Export prices (excl. oil) of Finland's trading partners, in euro	96.3	90.9	91.1	93.0	94.5
	-2.4	-5.7	0.3	2.1	1.6
Industrial raw materials, HWWA index	87.6	102.7	127.0	132.3	135.0
	-1.4	17.3	23.7	4.1	2.0
Oil price, USD per barrel	25.0	28.9	37.0	36.8	30.9
	2.3	15.5	28.4	-0.7	-16.1

7. FOREIGN TRADE VOLUMES AT 2000 PRICES

EUR million and % change on previous year

	2002	2003	f 2004	f 2005	f 2006
Exports of goods and services	58 321	58 975	60 761	64 751	68 157
	5.1	1.1	3.0	6.6	5.3
Imports of goods and services	44 846	46 019	45 954	48 245	50 540
	1.9	2.6	-0.1	5.0	4.8
Import volume in Finnish export markets, index 2000 = 100	104.6	110.3	118.6	127.6	136.5
	2.8	5.4	7.6	7.6	7.2

8. LABOUR MARKET

1000 persons and % change on previous year

	2002	2003	f 2004	f 2005	f 2006
Labour force survey (15–74-year-olds)					
Employed persons	2 373	2 365	2 351	2 361	2 382
	0.2	-0.3	-0.6	0.4	0.9
Unemployed persons	237	234	236	229	220
	-0.4	-1.1	0.9	-3.1	-4.0
Labour force	2 610	2 599	2 586	2 593	2 606
	0.2	-0.4	-0.5	0.3	0.5
Working-age population (15–64-year-olds)	3 479	3 484	3 489	3 501	3 498
	0.2	0.1	0.1	0.3	-0.1
Labour force participation rate, %	66.6	66.2	65.8	65.7	65.8
Unemployment rate, %	9.1	9.0	9.1	8.8	8.4
Employment rate (15–64-year-olds), %	67.7	67.3	66.8	66.9	67.5

9. WAGES AND PRODUCTIVITY

% change on previous year

	2002	2003	f 2004	f 2005	f 2006
Whole economy					
Index of wage and salary earnings	3.5	4.0	3.9	3.8	3.8
Compensation of employees	2.7	3.5	4.1	3.4	3.8
Unit labour costs	0.7	1.7	0.8	1.6	2.1
Labour productivity	1.9	1.8	3.2	1.8	1.7
Private sector					
Index of wage and salary earnings	3.6	4.1	4.0	3.8	4.0
Compensation of employees	2.5	3.3	4.1	3.5	4.0
Unit labour costs	-0.1	1.0	0.3	1.2	2.0
Labour productivity	2.6	2.3	3.8	2.3	2.0
Public sector					
Index of wage and salary earnings	3.4	3.7	4.0	3.7	3.2
Compensation of employees	3.2	3.9	3.8	3.2	3.4
Unit labour costs	3.0	3.9	3.1	3.2	3.4
Labour productivity	0.2	0.0	0.9	-0.1	0.1

10. PRICES**Indices 2000=100 and % change on previous year**

	2002	2003	f 2004	f 2005	f 2006
Consumer price index	104.2	105.1	105.2	106.8	108.7
	1.6	0.9	0.1	1.4	1.9
Harmonised index of consumer prices (1996=100)	112.0	113.5	113.7	115.3	117.4
	2.0	1.3	0.2	1.4	1.8
Private consumption deflator	106.7	107.3	108.2	109.8	111.9
	3.1	0.5	0.9	1.5	1.9
Private investment deflator	102.3	101.9	101.3	104.2	107.6
	-1.3	-0.4	-0.6	2.8	3.3
Exports of goods and services deflator	92.8	90.0	91.3	91.3	91.0
	-4.8	-3.0	1.5	0.0	-0.3
Imports of goods and services deflator	94.3	95.0	98.3	99.2	99.7
	-3.0	0.8	3.4	1.0	0.6
Value-added deflators					
Value-added, gross at basic prices	103.9	103.9	105.2	106.9	109.0
	0.7	-0.1	1.3	1.6	1.9
Private sector	103.3	102.5	103.8	105.2	106.8
	0.2	-0.8	1.3	1.3	1.6
Public sector	106.7	110.2	114.1	117.8	121.6
	3.0	3.2	3.6	3.2	3.2

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

% OF GDP

	2002	2003	f 2004	f 2005	f 2006
General government revenue	54.4	53.2	53.3	52.9	53.1
General government expenditure	50.1	51.1	51.1	50.7	50.3
General government primary expenditure	47.9	49.1	49.3	49.1	48.8
General government interest expenditure	2.2	2.0	1.8	1.6	1.5
General government net lending	4.3	2.1	2.2	2.2	2.8
Central government	1.4	0.2	0.3	-0.1	0.2
Local government	-0.2	-0.5	-0.5	-0.3	-0.1
Social security funds	3.0	2.4	2.5	2.7	2.7
General government primary balance	6.5	4.1	4.0	3.8	4.3
General government debt	42.6	45.6	44.4	43.4	41.8
Central government debt	42.4	44.4	42.6	41.3	39.6
Tax ratio	45.8	44.8	44.7	44.2	44.5

12. BALANCE OF PAYMENTS

EUR million

	2002	2003	f 2004	f 2005	f 2006
Exports of goods and services (SNA)	54 118	53 056	55 498	59 118	62 047
Imports of goods and services (SNA)	42 279	43 735	45 151	47 856	50 412
Goods and services account (SNA)	11 839	9 321	10 347	11 262	11 636
Investment income and other items, net	-545	-268	-256	-243	-145
Current transfers, net	-711	-944	-1255	-1466	-1537
Current account, net	10 583	8 109	8 836	9 553	9 955
Net lending, % of GDP					
Private sector	3.3	3.6	3.8	4.0	3.4
Public sector	4.3	2.1	2.2	2.2	2.8
Current account, % of GDP	7.6	5.7	6.0	6.2	6.2

13. INTEREST RATES

%

	2002	2003	f 2004	f 2005	f 2006
3-month Euribor	3.3	2.3	2.1	2.7	3.4
Avg interest rate on deposit banks' new loans	4.2	3.8	3.6	3.8	4.4
Average rate of interest on deposits	1.5	1.1	1.0	1.1	1.3
Bank lending rate, average	4.8	3.9	3.6	4.1	4.7
Taxable government bond yield, approx. 5 years	4.4	3.3	3.4	3.7	4.1

14. CONTRIBUTIONS TO GROWTH

% of previous year's GDP

	2002	2003	f 2004	f 2005	f 2006
GDP, % change	2.3	2.0	3.0	3.2	2.7
Net exports	1.5	-0.4	1.3	1.2	0.8
Domestic demand	0.9	2.1	2.0	2.0	2.0
of which Consumption	1.6	2.5	1.5	1.7	1.4
Investment	-0.6	-0.4	0.5	0.4	0.6
Inventory change + stat discrepancy	-0.2	0.4	-0.3	0.0	0.0

15. KEY ECONOMIC INDICATORS

	2002	2003	f 2004	f 2005	f 2006
%-change on previous year					
GDP	2.3	2.0	3.0	3.2	2.7
Employed	0.2	-0.3	-0.6	0.4	0.9
Unemployment rate, %	9.1	9.0	9.1	8.8	8.4
Private consumption deflator	3.1	0.5	0.9	1.5	1.9
Harmonised index of consumer prices	2.0	1.3	0.2	1.4	1.8
Consumer price index	1.6	0.9	0.1	1.4	1.9
Index of wage and salary earnings	3.5	4.0	3.9	3.8	3.8
Index of wage and salary earnings, real	1.9	3.1	3.8	2.3	1.9
Labour productivity	1.9	1.8	3.2	1.8	1.7
Exports of goods and services, price deflator	-4.8	-3.0	1.5	0.0	-0.3
Imports of goods and services, price deflator	-3.0	0.8	3.4	1.0	0.6
Terms of trade (goods and services)	-1.9	-3.8	-1.8	-1.0	-0.8
Goods and services account (SNA), EUR billion	11.8	9.3	10.3	11.3	11.6
3 month Euribor	3.3	2.3	2.1	2.7	3.4
% of GDP					
Tax ratio	45.8	44.8	44.7	44.2	44.5
General government net lending	4.3	2.1	2.2	2.2	2.8
Compensation of employees	49.0	49.6	49.6	49.3	49.3
Current account	7.6	5.7	6.0	6.2	6.2

