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# Outlook for the Finnish Economy 2007 – 2009

## Forecast tables

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## Tables

Table 1.	The international environment
Table 2.	Balance of demand and supply, volumes
Table 3.	Balance of demand and supply, prices
Table 4.	Balance of demand and supply at current prices
Table 5.	Balance of demand and supply, % of GDP
Table 6.	Foreign trade prices
Table 7.	Foreign trade volumes
Table 8.	Labour market
Table 9.	Wages and productivity
Table 10.	Prices
Table 11.	General government
Table 12.	Balance of payments
Table 13.	Interest rates
Table 14.	Contributions to growth
Table 15.	Key economic indicators

The forecast is based on data available at 1 March 2007.

## 1. THE INTERNATIONAL ENVIRONMENT

### Bank of Finland forecast

	2005	2006	f 2007	f 2008	f 2009
<b>% change on previous year</b>					
<b>GDP</b>					
Whole world	4.5	4.8	4.4	4.2	4.1
USA	3.2	3.3	2.3	2.7	3.1
EU15	1.6	2.8	2.8	2.3	2.2
Japan	1.9	2.2	2.0	1.8	1.9
<b>Imports</b>					
Whole world	7.6	8.6	7.4	7.5	7.3
USA	6.1	5.8	2.9	4.5	5.1
EU15	5.8	9.8	6.9	6.1	6.0
Japan	5.8	4.6	3.6	6.1	5.5
<b>Indices 2000 = 100 and % change on previous year</b>					
Import volume in Finnish export markets	132.4	146.1	159.1	172.5	186.6
	8.5	10.4	8.9	8.5	8.1
Export prices (excl. oil) of Finland's trading partners, national currencies	103.4	106.8	108.9	110.5	111.8
	2.9	3.3	2.0	1.5	1.2
Export prices (excl. oil) of Finland's trading partners, in euro	93.0	95.8	97.2	98.4	99.3
	2.7	2.9	1.5	1.3	0.9
Industrial raw materials, HWWA index	146.8	194.7	208.7	193.4	177.6
	14.5	32.6	7.2	-7.3	-8.1
Oil price, USD per barrel	54.4	65.4	62.7	67.1	65.4
	42.1	20.1	-4.1	7.0	-2.5
Finland's nominal competitiveness indicator <sup>1</sup>	101.6	101.9	100.5	100.2	100.3
	-0.1	0.3	-1.4	-0.2	0.0
US dollar value of one euro	1.24	1.26	1.31	1.33	1.34
	0.0	0.9	4.7	0.8	0.7

<sup>1</sup> Narrow plus euro area, 1999Q1 = 100

## 2. BALANCE OF SUPPLY AND DEMAND, AT REFERENCE YEAR 2000 PRICES

% change on previous year

	2005	2006	f 2007	f 2008	f 2009
GDP at market prices	2.9	5.5	3.0	2.7	2.7
Imports of goods and services	12.2	5.4	5.7	6.3	5.7
Exports of goods and services	7.1	10.7	5.3	5.7	5.6
Consumption					
Private	3.8	3.0	2.9	2.8	2.7
Public	1.7	0.9	1.4	1.6	2.0
Fixed investment					
Private	6.4	5.6	4.6	3.2	2.7
Public	-10.7	1.8	1.3	10.2	0.4

## 3. BALANCE OF SUPPLY AND DEMAND, PRICE DEFLATORS

Indices 2000 = 100 and % change on previous year

	2005	2006	f 2007	f 2008	f 2009
GDP at market prices	104.8	106.2	108.6	109.3	110.5
Imports of goods and services	100.1	106.0	106.9	109.0	109.8
Exports of goods and services	95.2	97.5	98.7	98.4	97.9
Consumption					
Private	105.6	107.6	109.3	111.3	113.3
Public	118.5	121.2	124.2	127.8	131.1
Fixed investment					
Private	102.2	105.2	107.8	108.8	109.9
Public	107.3	111.6	114.7	115.4	116.6

#### 4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES

EUR million and % change on previous year

	2005	2006	f 2007	f 2008	f 2009
GDP at market prices	157 162	167 911	176 749	182 789	189 617
	3.2	6.8	5.3	3.4	3.7
Imports of goods and services	56 953	63 598	67 809	73 529	78 279
	17.2	11.7	6.6	8.4	6.5
Total supply	214 115	231 509	244 559	256 318	267 896
	6.6	8.1	5.6	4.8	4.5
Exports of goods and services	65 730	74 523	79 469	83 667	87 892
	8.0	13.4	6.6	5.3	5.0
Consumption	116 021	121 162	126 402	132 250	138 357
	4.4	4.3	4.3	4.6	4.6
Private	81 212	85 229	89 065	93 226	97 495
	3.9	4.9	4.5	4.7	4.6
Public	34 809	35 933	37 337	39 023	40 862
	4.5	3.2	3.9	4.5	4.7
Fixed investment	29 780	32 283	34 455	36 162	37 406
	7.2	8.4	6.7	5.0	3.4
Private	25 655	27 912	29 906	31 116	32 287
	10.1	8.8	7.1	4.0	3.8
Public	4 125	4 371	4 549	5 046	5 118
	-7.6	6.0	4.1	10.9	1.4
Inventory change + stat discrepancy, % of previous year's total demand	2 584	3 541	4 233	4 239	4 241
	0.9	0.4	0.3	0.0	0.0
Total demand	214 115	231 509	244 559	256 318	267 896
	6.6	8.1	5.6	4.8	4.5
Total domestic demand	148 385	156 986	165 090	172 651	180 004
	5.9	5.8	5.2	4.6	4.3

#### 5. BALANCE OF SUPPLY AND DEMAND

% of GDP at current prices

	2005	2006	f 2007	f 2008	f 2009
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Imports of goods and services	36.2	37.9	38.4	40.2	41.3
Exports of goods and services	41.8	44.4	45.0	45.8	46.4
Consumption	73.8	72.2	71.5	72.4	73.0
Private	51.7	50.8	50.4	51.0	51.4
Public	22.1	21.4	21.1	21.3	21.5
Fixed investment	18.9	19.2	19.5	19.8	19.7
Private	16.3	16.6	16.9	17.0	17.0
Public	2.6	2.6	2.6	2.8	2.7
Inventory change + stat discrepancy,	1.6	2.1	2.4	2.3	2.2
Total demand	136.2	137.9	138.4	140.2	141.3
Total domestic demand	94.4	93.5	93.4	94.5	94.9

## 6. FOREIGN TRADE PRICES

Indices 2000 = 100 and % change on previous year

	2005	2006	f 2007	f 2008	f 2009
Exports of goods and services	95.2	97.5	98.7	98.4	97.9
	0.9	2.4	1.3	-0.4	-0.5
Imports of goods and services	100.1	106.0	106.9	109.0	109.8
	4.5	5.9	0.8	2.1	0.7
Terms of trade, goods and services	95.2	92.0	92.4	90.2	89.2
	-3.5	-3.3	0.4	-2.4	-1.2
Export prices (excl. oil) of Finland's trading partners, in euro	93.0	95.8	97.2	98.4	99.3
	2.7	2.9	1.5	1.3	0.9
Industrial raw materials, HWWA index	146.9	194.7	208.7	193.4	177.7
	14.5	32.6	7.2	-7.3	-8.1
Oil price, USD per barrel	54.4	65.4	62.7	67.1	65.4
	42.1	20.1	-4.1	7.0	-2.5

## 7. FOREIGN TRADE, AT REFERENCE YEAR 2000 PRICES

EUR million and % change on previous year

	2005	2006	f 2007	f 2008	f 2009
Exports of goods and services	69 018	76 421	80 490	85 064	89 790
	7.1	10.7	5.3	5.7	5.6
Imports of goods and services	56 921	60 010	63 453	67 430	71 299
	12.2	5.4	5.7	6.3	5.7
Import volume in Finnish export markets, index 2000 = 100	132.4	146.1	159.1	172.5	186.6
	8.5	10.4	8.9	8.5	8.1

## 8. LABOUR MARKET

### 1000 persons and % change on previous year

	2005	2006	f 2007	f 2008	f 2009
Labour force survey (15–74-year-olds)					
Employed persons	2 400	2 443	2 486	2 500	2 506
	1.5	1.8	1.8	0.6	0.2
Unemployed persons	219	204	181	178	177
	-4.3	-6.9	-11.3	-1.8	-0.9
Labour force	2 620	2 648	2 668	2 679	2 683
	1.0	1.1	0.8	0.4	0.1
Working-age population (15–64-year-olds)	3 496	3 507	3 524	3 529	3 532
	0.2	0.3	0.5	0.1	0.1
Labour force participation rate, %	66.4	66.8	67.1	67.1	67.0
Unemployment rate, %	8.4	7.7	6.8	6.7	6.6
Employment rate (15–64-year-olds), %	68.0	68.9	69.7	70.0	70.1

## 9. WAGES AND PRODUCTIVITY

### % change on previous year

	2005	2006	f 2007	f 2008	f 2009
Whole economy					
Index of wage and salary earnings	3.9	3.0	2.8	3.8	3.5
Compensation per employee	3.8	3.4	3.0	3.4	3.8
Unit labour costs	2.3	-0.2	1.8	1.2	1.3
Labour productivity per employed person	1.4	3.6	1.2	2.1	2.4



**10. PRICES**

Indices 2000 = 100 and % change on previous year

	2005	2006	f 2007	f 2008	f 2009
Consumer price index	100.0	101.6	103.5	105.4	107.3
	0.6	1.6	1.9	1.8	1.9
Harmonised index of consumer prices (1996 = 100)	100.0	101.3	102.8	104.5	106.5
	0.8	1.3	1.5	1.7	1.9
Private consumption deflator	105.6	107.6	109.3	111.3	113.3
	0.1	1.9	1.6	1.8	1.8
Private investment deflator	102.2	105.2	107.8	108.8	109.9
	3.4	3.0	2.5	0.9	1.0
Exports of goods and services deflator	95.2	97.5	98.7	98.4	97.9
	0.9	2.4	1.3	-0.4	-0.5
Imports of goods and services deflator	100.1	106.0	106.9	109.0	109.8
	4.5	5.9	0.8	2.1	0.7
Value-added deflators					
Value-added, gross at basic prices	105.7	107.1	109.3	110.8	111.9
	0.0	1.3	2.0	1.4	1.0
Private sector	101.9	103.3	105.1	106.2	106.8
	-0.6	1.4	1.8	1.0	0.5
Public sector	125.3	127.6	131.4	135.8	139.9
	3.9	1.9	3.0	3.3	3.1

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

% OF GDP

	2005	2006	f 2007	f 2008	f 2009
General government revenue	53.0	52.3	51.8	52.1	52.5
General government expenditure	50.5	48.6	47.7	48.3	48.5
General government primary expenditure	48.8	47.0	46.3	46.9	47.2
General government interest expenditure	1.7	1.5	1.5	1.4	1.3
General government net lending	2.5	3.8	4.1	3.8	4.0
Central government	0.4	0.9	1.1	1.0	1.4
Local government	-0.6	-0.3	0.0	-0.1	-0.1
Social security funds	2.8	3.1	3.1	2.9	2.7
General government primary balance	4.2	5.3	5.6	5.2	5.4
General government debt	41.4	39.1	36.8	35.1	32.9
Central government debt	38.2	35.1	33.0	31.3	29.1
Tax ratio	43.9	43.3	42.9	43.3	43.7

## 12. BALANCE OF PAYMENTS

EUR million

	2005	2006	f 2007	f 2008	f 2009
Exports of goods and services (SNA)	65 730	74 523	79 469	83 667	87 892
Imports of goods and services (SNA)	56 953	63 598	67 809	73 529	78 279
Goods and services account (SNA)	8 777	10 925	11 660	10 138	9 613
% of GDP	5.6	6.5	6.6	5.5	5.1
Investment income and other items, net	184	424	498	690	802
Current transfers, net	-1206	-1225	-1079	-1011	-1015
Current account, net	7 755	10 124	11 079	9 817	9 400
Net lending, % of GDP					
Private sector	2.4	2.3	2.1	1.5	0.9
Public sector	2.5	3.8	4.1	3.8	4.0
Current account, % of GDP	4.9	6.0	6.3	5.4	5.0

**13. INTEREST RATES**

%

	<b>2005</b>	<b>2006</b>	<b>f 2007</b>	<b>f 2008</b>	<b>f 2009</b>
3-month Euribor	2.2	3.1	4.0	4.0	4.0
Avg interest rate on new loans	4.0	4.8	5.7	5.7	5.7
Average rate of interest on deposits	1.0	1.4	1.9	2.0	2.0
Bank lending rate, average	3.4	3.9	4.9	5.0	5.0
Yield on Finnish 10-year government bonds	3.4	3.8	3.9	3.9	3.9

**14. CONTRIBUTIONS TO GROWTH \***

	<b>2005</b>	<b>2006</b>	<b>f 2007</b>	<b>f 2008</b>	<b>f 2009</b>
GDP, % change	2.9	5.5	3.0	2.7	2.7
Net exports	-1.1	2.4	0.2	0.2	0.2
Domestic demand	3.1	2.9	2.6	2.5	2.3
of which Consumption	2.4	1.8	1.8	1.8	1.8
Investment	0.7	1.1	0.8	0.8	0.5
Inventory change + stat discrepancy	1.1	0.2	0.2	0.0	0.1

\* Bank of Finland calculations. Annual growth rates using the previous year's GDP shares at current prices as weights.

## 15. KEY ECONOMIC INDICATORS

	2005	2006	f 2007	f 2008	f 2009
<b>% change on previous year</b>					
GDP	2.9	5.5	3.0	2.7	2.7
Employed	1.5	1.8	1.8	0.6	0.2
Unemployment rate, %	8.4	7.7	6.8	6.7	6.6
Private consumption deflator	0.1	1.9	1.6	1.8	1.8
Harmonised index of consumer prices	0.8	1.3	1.5	1.7	1.9
Consumer price index	0.6	1.6	1.9	1.8	1.9
Index of wage and salary earnings	3.9	3.0	2.8	3.8	3.5
Index of wage and salary earnings, real	3.3	1.4	0.8	2.0	1.6
Labour productivity <sup>1</sup>	1.4	3.6	1.2	2.1	2.4
Exports of goods and services, price deflator	0.9	2.4	1.3	-0.4	-0.5
Imports of goods and services, price deflator	4.5	5.9	0.8	2.1	0.7
Terms of trade (goods and services)	-3.5	-3.3	0.4	-2.4	-1.2
Goods and services account (SNA), EUR billion	8.8	10.9	11.7	10.1	9.6
3-month Euribor, %	2.2	3.1	4.0	4.0	4.0
<b>% of GDP</b>					
Tax ratio	43.9	43.3	42.9	43.3	43.7
General government net lending	2.5	3.8	4.1	3.8	4.0
Compensation of employees	49.1	48.0	47.8	48.1	48.2
Current account	4.9	6.0	6.3	5.4	5.0

<sup>1</sup> Labour input is measured as number of persons employed.

