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Outlook for the Finnish Economy 2006 – 2008

Forecast tables

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The forecast is based on data available at 8 September 2006.

1. THE INTERNATIONAL ENVIRONMENT

Bank of Finland forecast

	2004	2005	f 2006	f 2007	f 2008
% change on previous year					
GDP					
Whole world	5.2	4.4	4.6	4.1	4.1
USA	3.7	3.2	3.4	2.6	2.9
EU15	2.0	1.6	2.6	2.4	2.2
Japan	2.3	2.6	2.5	2.1	2.0
Imports					
Whole world	10.0	7.3	8.1	6.9	6.9
USA	10.2	6.1	5.8	3.7	4.3
EU15	6.3	5.5	7.8	5.8	5.8
Japan	8.5	6.3	7.1	7.4	6.3
Indices 2000 = 100 and % change on previous year					
Import volume in Finnish export markets	121.7	131.5	143.5	155.0	167.2
	9.7	8.0	9.1	8.0	7.9
Export prices (excl. oil) of Finland's trading partners, national currencies	100.2	102.7	106.2	108.3	109.8
	0.4	2.5	3.4	2.0	1.4
Export prices (excl. oil) of Finland's trading partners, in euro	90.4	92.4	95.2	96.8	97.8
	-0.8	2.2	3.0	1.6	1.1
Industrial raw materials, HWWA index	128.2	146.8	193.3	194.6	184.6
	24.8	14.5	31.6	0.7	-5.2
Oil price, USD per barrel	38.3	54.4	68.1	72.2	64.9
	32.7	42.1	25.0	6.0	-10.0
Finland's nominal competitiveness indicator ¹	1.0	1.0	1.0	1.0	1.0
	1.6	-0.1	0.4	0.3	0.3
US dollar value of one euro	1.24	1.24	1.25	1.29	1.31
	10.0	0.0	0.8	3.1	1.1

¹ Narrow plus euro area, 1999Q1 = 100

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

% change on previous year

	2004	2005	f 2006	f 2007	f 2008
GDP at market prices	3.5	2.9	5.4	3.2	2.7
Imports of goods and services	7.4	12.3	9.2	7.7	6.4
Exports of goods and services	7.5	7.3	12.0	7.3	6.3
Private consumption	3.2	3.8	3.9	3.4	3.0
Public consumption	1.7	1.6	0.6	0.8	1.8
Private fixed investment	4.9	5.9	6.1	3.9	2.7
Public fixed investment	4.5	-10.4	2.9	2.8	1.8

3. BALANCE OF SUPPLY AND DEMAND, PRICE DEFLATORS

Indices 2000 = 100 and % change on previous year

	2004	2005	f 2006	f 2007	f 2008
GDP at market prices	104.5	105.2	106.1	107.4	108.8
	0.6	0.6	0.9	1.2	1.3
Imports of goods and services	95.8	100.2	104.3	106.6	107.8
	2.2	4.5	4.1	2.2	1.2
Exports of goods and services	95.3	96.1	98.0	97.8	97.7
	0.5	0.9	1.9	-0.2	-0.1
Private consumption	105.2	105.6	106.9	109.2	111.3
	0.7	0.4	1.3	2.1	1.9
Public consumption	115.2	118.8	122.3	126.2	129.1
	3.2	3.2	2.9	3.2	2.3
Private fixed investment	97.8	100.3	103.5	105.4	107.2
	0.2	2.6	3.2	1.8	1.7
Public fixed investment	102.8	106.5	109.5	110.5	112.3
	1.5	3.6	2.8	0.9	1.7

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES

EUR million and % change on previous year

	2004	2005	f 2006	f 2007	f 2008
GDP at market prices	151 935	157 377	166 673	173 704	180 794
	4.1	3.6	5.9	4.2	4.1
Imports of goods and services	48 470	56 876	64 683	71 153	76 586
	9.7	17.3	13.7	10.0	7.6
Total supply	200 405	214 253	231 356	244 857	257 380
	5.4	6.9	8.0	5.8	5.1
Exports of goods and services	60 819	65 830	75 155	80 540	85 496
	8.0	8.2	14.2	7.2	6.2
Consumption	111 369	116 321	121 789	127 953	134 054
	4.3	4.7	4.7	5.1	4.8
Private	78 122	81 477	85 711	90 436	94 985
	3.9	4.3	5.2	5.5	5.0
Public	33 247	34 844	36 078	37 517	39 069
	5.0	4.8	3.5	4.0	4.1
Fixed investment	27 831	29 533	32 165	33 952	35 422
	5.3	6.1	8.9	5.6	4.3
Private	23 367	25 388	27 778	29 402	30 710
	5.1	8.6	9.4	5.8	4.4
Public	4 464	4 145	4 387	4 550	4 713
	6.1	-7.1	5.8	3.7	3.6
Inventory change + stat discrepancy, % of previous year's total demand	386	2 569	2 247	2 412	2 408
	-0.1	1.1	-0.2	0.1	0.0
Total demand	200 405	214 253	231 356	244 857	257 380
	5.4	6.9	8.0	5.8	5.1
Total domestic demand	139 586	148 423	156 201	164 316	171 884
	4.3	6.3	5.2	5.2	4.6

5. BALANCE OF SUPPLY AND DEMAND

% of GDP at current prices

	2004	2005	f 2006	f 2007	f 2008
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Imports of goods and services	31.9	36.1	38.8	41.0	42.4
Exports of goods and services	40.0	41.8	45.1	46.4	47.3
Consumption	73.3	73.9	73.1	73.7	74.1
Private	51.4	51.8	51.4	52.1	52.5
Public	21.9	22.1	21.6	21.6	21.6
Fixed investment	18.3	18.8	19.3	19.5	19.6
Private	15.4	16.1	16.7	16.9	17.0
Public	2.9	2.6	2.6	2.6	2.6
Inventory change + stat discrepancy,	0.3	1.6	1.3	1.4	1.3
Total demand	131.9	136.1	138.8	141.0	142.4
Total domestic demand	91.9	94.3	93.7	94.6	95.1

6. FOREIGN TRADE PRICES

Indices 2000 = 100 and % change on previous year

	2004	2005	f 2006	f 2007	f 2008
Exports of goods and services	95.3	96.1	98.0	97.8	97.7
	0.5	0.9	1.9	-0.2	-0.1
Imports of goods and services	95.8	100.2	104.3	106.6	107.8
	2.2	4.5	4.1	2.2	1.2
Terms of trade, goods and services	99.4	95.9	93.9	91.8	90.6
	-1.6	-3.5	-2.1	-2.3	-1.3
Export prices (excl. oil) of Finland's trading partners, in euro	90.4	92.4	95.2	96.8	97.8
	-0.8	2.2	3.0	1.6	1.1
Industrial raw materials, HWWA index	128.2	146.9	192.4	194.9	184.8
	24.8	14.5	31.0	1.3	-5.2
Oil price, USD per barrel	38.3	54.4	68.1	72.2	64.9
	32.7	42.1	25.0	6.0	-10.0

7. FOREIGN TRADE, AT REFERENCE YEAR 2000 PRICES

EUR million and % change on previous year

	2004	2005	f 2006	f 2007	f 2008
Exports of goods and services	63 821	68 497	76 696	82 331	87 489
	7.5	7.3	12.0	7.3	6.3
Imports of goods and services	50 574	56 773	61 997	66 780	71 041
	7.4	12.3	9.2	7.7	6.4
Import volume in Finnish export markets, index 2000 = 100	121.7	131.5	143.5	155.0	167.2
	9.7	8.0	9.1	8.0	7.9

8. LABOUR MARKET

1000 persons and % change on previous year

	2004	2005	f 2006	f 2007	f 2008
Labour force survey (15–74-year-olds)					
Employed persons	2 365	2 401	2 436	2 452	2 451
	0.0	1.5	1.5	0.6	0.0
Unemployed persons	229	220	206	199	198
	-2.1	-4.2	-6.0	-3.7	-0.4
Labour force	2 594	2 621	2 642	2 651	2 649
	-0.2	1.0	0.8	0.3	0.0
Working-age population (15–64-year-olds)	3 489	3 496	3 509	3 526	3 532
	0.1	0.2	0.4	0.5	0.1
Labour force participation rate, %	65.9	66.4	66.7	66.6	66.4
Unemployment rate, %	8.8	8.4	7.8	7.5	7.5
Employment rate (15–64-year-olds), %	67.2	68.0	68.7	68.9	68.8

9. WAGES AND PRODUCTIVITY

% change on previous year

	2004	2005	f 2006	f 2007	f 2008
Whole economy					
Index of wage and salary earnings	3.8	3.9	3.0	3.1	3.7
Compensation of employees	4.0	3.6	3.2	3.1	3.5
Unit labour costs ¹	0.5	2.2	-0.6	0.6	0.1
Labour productivity ¹	3.5	1.3	4.1	2.2	3.4
Private sector					
Index of wage and salary earnings	3.7	3.9	3.0	3.2	3.7
Compensation of employees	4.2	3.3	2.9	3.0	3.4
Unit labour costs ¹	-0.2	1.9	-1.8	0.2	-0.1
Labour productivity ¹	4.5	1.4	4.8	2.8	3.5
Public sector					
Index of wage and salary earnings	4.0	4.1	2.9	2.9	3.7
Compensation of employees	3.6	4.5	4.0	2.9	3.5
Unit labour costs ¹	4.4	4.5	4.1	4.0	4.1
Labour productivity ¹	-0.8	0.0	0.0	-0.5	-0.3

¹ Labour input is measured as number of employees.

10. PRICES

Indices 2000 = 100 and % change on previous year

	2004	2005	f 2006	f 2007	f 2008
Consumer price index	99.4	100.0	101.6	103.4	105.2
	0.2	0.6	1.6	1.8	1.7
Harmonised index of consumer prices (1996 = 100)	99.2	100.0	101.5	103.3	105.1
	0.1	0.8	1.5	1.8	1.7
Private consumption deflator	105.2	105.6	106.9	109.2	111.3
	0.7	0.4	1.3	2.1	1.9
Private investment deflator	97.8	100.3	103.5	105.4	107.2
	0.2	2.6	3.2	1.8	1.7
Exports of goods and services deflator	95.3	96.1	98.0	97.8	97.7
	0.5	0.9	1.9	-0.2	-0.1
Imports of goods and services deflator	95.8	100.2	104.3	106.6	107.8
	2.2	4.5	4.1	2.2	1.2
Value-added deflators					
Value-added, gross at basic prices	105.6	106.0	106.8	107.4	108.0
	0.9	0.4	0.7	0.6	0.5
Private sector	102.3	102.1	102.0	102.4	103.0
	0.0	-0.2	-0.1	0.5	0.5
Public sector	120.4	126.0	132.2	138.8	144.1
	4.2	4.7	5.0	4.9	3.9

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

% OF GDP

	2004	2005	f 2006	f 2007	f 2008
General government revenue	52.4	52.6	52.8	52.4	52.5
General government expenditure	50.3	50.1	49.3	49.1	49.0
General government primary expenditure	48.6	48.5	47.8	47.6	47.6
General government interest expenditure	1.8	1.7	1.5	1.5	1.4
General government net lending	2.1	2.5	3.5	3.3	3.5
Central government	0.4	0.4	1.0	0.8	1.2
Local government	-0.8	-0.7	-0.2	-0.1	-0.1
Social security funds	2.5	2.7	2.7	2.6	2.4
General government primary balance	3.8	4.1	5.0	4.8	4.9
General government debt	44.3	40.5	38.0	36.5	34.4
Central government debt	42.0	38.2	35.5	34.1	32.0
Tax ratio	43.5	43.8	43.7	43.5	43.6

12. BALANCE OF PAYMENTS

EUR million

	2004	2005	f 2006	f 2007	f 2008
Exports of goods and services (SNA)	60 819	65 830	75 155	80 540	85 496
Imports of goods and services (SNA)	48 470	56 876	64 683	71 153	76 586
Goods and services account (SNA)	12 349	8 954	10 472	9 387	8 910
% of GDP	8.1	5.7	6.3	5.4	4.9
Investment income and other items, net	366	7	-854	-559	-536
Current transfers, net	-908	-1206	-1115	-1097	-1135
Current account, net ¹	11 807	7 755	8 504	7 731	7 239
Net lending, % of GDP					
Private sector	5.7	2.5	1.6	1.1	0.5
Public sector	2.1	2.5	3.5	3.3	3.5
Current account, % of GDP	7.8	4.9	5.1	4.5	4.0

¹ Balance of Payments published on 15 September 2006.

13. INTEREST RATES

%

	2004	2005	f 2006	f 2007	f 2008
3-month Euribor	2.1	2.2	3.1	3.8	3.8
Avg interest rate on new loans	4.7	4.6	5.4	6.0	6.1
Average rate of interest on deposits	1.0	1.0	1.4	1.8	1.8
Bank lending rate, average	3.5	3.4	2 004.0	4.8	4.9
Yield on Finnish 10-year government bonds	4.1	3.4	3.7	3.7	3.7

14. KEY ECONOMIC INDICATORS

	2004	2005	f 2006	f 2007	f 2008
% change on previous year					
GDP	3.5	2.9	5.4	3.2	2.7
Employed	0.0	1.5	1.5	0.6	0.0
Unemployment rate, %	8.8	8.4	7.8	7.5	7.5
Private consumption deflator	0.7	0.4	1.3	2.1	1.9
Harmonised index of consumer prices	0.1	0.8	1.5	1.8	1.7
Consumer price index	0.2	0.6	1.6	1.8	1.7
Index of wage and salary earnings	3.8	3.9	3.0	3.1	3.7
Index of wage and salary earnings, real	3.6	3.3	1.4	1.3	2.0
Labour productivity ¹	3.5	1.3	4.1	2.2	3.4
Exports of goods and services, price deflator	0.5	0.9	1.9	-0.2	-0.1
Imports of goods and services, price deflator	2.2	4.5	4.1	2.2	1.2
Terms of trade (goods and services)	-1.6	-3.5	-2.1	-2.3	-1.3
Goods and services account (SNA), EUR billion	12.3	9.0	10.5	9.4	8.9
3-month Euribor, %	2.1	2.2	3.1	3.8	3.8
% of GDP					
Tax ratio	43.5	43.8	43.7	43.5	43.6
General government net lending	2.1	2.5	3.5	3.3	3.5
Compensation of employees	48.2	49.0	48.4	48.2	47.9
Current account	7.8	4.9	5.1	4.5	4.0

¹ Labour input is measured as number of employees.

