



BANK OF FINLAND **BULLETIN**

BANK OF FINLAND ARTICLES ON THE ECONOMY

Table of Contents

Forecast tables for 2017–2020 (December 2017)

3

FORECAST TABLES

Forecast for 2017–2020

18 DEC 2017 11:00 AM • BANK OF FINLAND BULLETIN 5/2017 • ECONOMIC OUTLOOK

See forecast tables for the Finnish economy in 2017–2020 (December 2017).

The figures presented here may differ slightly from those published by the European Central Bank on 28 December 2017, as the Bank of Finland's figures include economic data updated after 30 November 2018.

December 2017

1. BALANCE OF SUPPLY AND DEMAND, AT REFERENCE YEAR 2010 PRICES

% change on previous year

| | 2016 | 2017 ^f | 2018 ^f | 2019 ^f | 2020 ^f |
|-------------------------------|------|-------------------|-------------------|-------------------|-------------------|
| GDP at market prices | 1.9 | 3.1 | 2.5 | 1.6 | 1.4 |
| Imports of goods and services | 4.4 | 2.2 | 3.4 | 2.9 | 2.7 |
| Exports of goods and services | 1.3 | 8.4 | 3.8 | 3.5 | 3.0 |
| Private consumption | 1.8 | 1.9 | 1.8 | 1.3 | 1.2 |
| Public consumption | 1.2 | 0.5 | 0.7 | 0.1 | 0.4 |
| Private fixed investment | 7.9 | 11.2 | 5.8 | 3.2 | 2.5 |
| Public fixed investment | 3.9 | -1.1 | 3.3 | -0.5 | 1.2 |

Source: Bank of Finland.

2. CONTRIBUTIONS TO GROWTH¹

| | 2016 | 2017 ^f | 2018 ^f | 2019 ^f | 2020 ^f |
|--|------|-------------------|-------------------|-------------------|-------------------|
| GDP, % change | 1.9 | 3.1 | 2.5 | 1.6 | 1.4 |
| Net exports | -1.2 | 2.2 | 0.2 | 0.2 | 0.1 |
| Domestic demand excl. inventory change | 2.8 | 3.1 | 2.4 | 1.3 | 1.3 |
| of which Consumption | 1.3 | 1.2 | 1.1 | 0.7 | 0.7 |
| Investment | 1.5 | 1.9 | 1.2 | 0.6 | 0.6 |
| Inventory change + statistical discrepancy | 0.4 | -2.2 | 0.0 | 0.0 | 0.0 |

¹ Bank of Finland calculations. Annual growth rates using the previous year's GDP shares at current prices as weights.

Source: Bank of Finland.

3. BALANCE OF SUPPLY AND DEMAND, PRICE DEFLATORS

Index 2010 = 100, and % change on previous year

| | 2016 | 2017 ^f | 2018 ^f | 2019 ^f | 2020 ^f |
|-------------------------------------|-------|-------------------|-------------------|-------------------|-------------------|
| GDP at market prices | 113.4 | 114.9 | 116.9 | 118.5 | 120.8 |
| | 0.9 | 1.3 | 1.8 | 1.4 | 1.9 |
| Imports of goods and services | 97.6 | 101.3 | 103.6 | 105.9 | 107.8 |
| | -2.8 | 3.8 | 2.2 | 2.2 | 1.8 |
| Exports of goods and services | 101.2 | 104.2 | 107.1 | 109.0 | 111.1 |
| | -1.9 | 3.0 | 2.8 | 1.8 | 1.9 |
| Private consumption | 111.5 | 112.4 | 113.8 | 115.5 | 117.3 |
| | 0.9 | 0.8 | 1.2 | 1.5 | 1.5 |
| Public consumption | 113.3 | 111.5 | 113.1 | 114.7 | 117.7 |
| | 0.0 | -1.6 | 1.5 | 1.4 | 2.6 |
| Private fixed investment | 111.1 | 113.4 | 115.8 | 117.9 | 120.4 |
| | 1.5 | 2.0 | 2.1 | 1.8 | 2.2 |
| Public fixed investment | 111.5 | 113.5 | 116.0 | 118.5 | 121.1 |
| | 1.1 | 1.8 | 2.2 | 2.2 | 2.1 |
| Terms of trade (goods and services) | 103.7 | 102.9 | 103.4 | 103.0 | 103.0 |
| | 1.0 | -0.8 | 0.5 | -0.5 | 0.1 |

Source: Bank of Finland.

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES

EUR million and % change on previous year

| | 2016 | 2017 ^f | 2018 ^f | 2019 ^f | 2020 ^f |
|--|---------|-------------------|-------------------|-------------------|-------------------|
| GDP at market prices | 215,615 | 225,200 | 235,104 | 242,162 | 250,380 |
| | 2.9 | 4.4 | 4.4 | 3.0 | 3.4 |
| Imports of goods and services | 78,616 | 83,412 | 88,165 | 92,788 | 97,059 |
| | 1.5 | 6.1 | 5.7 | 5.2 | 4.6 |
| Total supply | 294,231 | 308,612 | 323,269 | 334,950 | 347,439 |
| | 2.5 | 4.9 | 4.7 | 3.6 | 3.7 |
| Exports of goods and services | 75,967 | 84,847 | 90,473 | 95,293 | 99,995 |
| | -0.6 | 11.7 | 6.6 | 5.3 | 4.9 |
| Consumption | 170,771 | 173,468 | 178,307 | 182,671 | 187,819 |
| | 2.3 | 1.6 | 2.8 | 2.4 | 2.8 |
| Private | 119,056 | 122,327 | 126,050 | 129,625 | 133,192 |
| | 2.8 | 2.7 | 3.0 | 2.8 | 2.8 |
| Public | 51,715 | 51,141 | 52,257 | 53,046 | 54,626 |
| | 1.2 | -1.1 | 2.2 | 1.5 | 3.0 |
| Fixed investment | 46,423 | 51,577 | 55,519 | 58,007 | 60,633 |
| | 8.7 | 11.1 | 7.6 | 4.5 | 4.5 |
| Private | 37,860 | 42,955 | 46,423 | 48,753 | 51,070 |
| | 9.5 | 13.5 | 8.1 | 5.0 | 4.8 |
| Public | 8,563 | 8,623 | 9,096 | 9,254 | 9,563 |
| | 5.1 | 0.7 | 5.5 | 1.7 | 3.3 |
| Inventory change + statistical discrepancy | 1,070 | -1,280 | -1,031 | -1,021 | -1,008 |
| % of previous year's total demand | 0.0 | -0.8 | 0.1 | 0.0 | 0.0 |

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES

| | | | | | |
|-----------------------|---------|---------|---------|---------|---------|
| Total demand | 294,231 | 308,612 | 323,269 | 334,950 | 347,439 |
| | 2.5 | 4.9 | 4.7 | 3.6 | 3.7 |
| Total domestic demand | 218,264 | 223,765 | 232,796 | 239,657 | 247,443 |
| | 3.6 | 2.5 | 4.0 | 2.9 | 3.2 |

Source: Bank of Finland.

5. BALANCE OF SUPPLY AND DEMAND

% of GDP at current prices

| | 2016 | 2017 ^f | 2018 ^f | 2019 ^f | 2020 ^f |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| GDP at market prices | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Imports of goods and services | 36.5 | 37.0 | 37.5 | 38.3 | 38.8 |
| Exports of goods and services | 35.2 | 37.7 | 38.5 | 39.4 | 39.9 |
| Consumption | 79.2 | 77.0 | 75.8 | 75.4 | 75.0 |
| Private | 55.2 | 54.3 | 53.6 | 53.5 | 53.2 |
| Public | 24.0 | 22.7 | 22.2 | 21.9 | 21.8 |
| Fixed investment | 21.5 | 22.9 | 23.6 | 24.0 | 24.2 |
| Private | 17.6 | 19.1 | 19.7 | 20.1 | 20.4 |
| Public | 4.0 | 3.8 | 3.9 | 3.8 | 3.8 |
| Inventory change + statistical discrepancy, | 0.5 | -0.6 | -0.4 | -0.4 | -0.4 |
| Total demand | 136.5 | 137.0 | 137.5 | 138.3 | 138.8 |
| Total domestic demand | 101.2 | 99.4 | 99.0 | 99.0 | 98.8 |

Source: Bank of Finland.

6. PRICES

Index 2010 = 100, and % change on previous year

| | 2016 | 2017 ^f | 2018 ^f | 2019 ^f | 2020 ^f |
|--|-------|-------------------|-------------------|-------------------|-------------------|
| Harmonised index of consumer prices, 2005=100 | 100.4 | 101.2 | 102.3 | 103.8 | 105.3 |
| | 0.4 | 0.8 | 1.1 | 1.4 | 1.5 |
| Consumer price index, 2005=100 | 100.4 | 101.1 | 102.1 | 103.5 | 105.0 |
| | 0.4 | 0.7 | 1.0 | 1.3 | 1.5 |
| Private consumption deflator | 111.5 | 112.4 | 113.8 | 115.5 | 117.3 |
| | 0.9 | 0.8 | 1.2 | 1.5 | 1.5 |
| Private investment deflator | 111.1 | 113.4 | 115.8 | 117.9 | 120.4 |
| | 1.5 | 2.0 | 2.1 | 1.8 | 2.2 |
| Exports of goods and services deflator | 101.2 | 104.2 | 107.1 | 109.0 | 111.1 |
| | -1.9 | 3.0 | 2.8 | 1.8 | 1.9 |
| Imports of goods and services deflator | 97.6 | 101.3 | 103.6 | 105.9 | 107.8 |
| | -2.8 | 3.8 | 2.2 | 2.2 | 1.8 |
| Value-added deflators | | | | | |
| Value-added, gross at basic prices | 113.3 | 113.8 | 115.5 | 117.1 | 119.0 |
| | 1.0 | 0.4 | 1.5 | 1.4 | 1.6 |
| Private sector | 112.8 | 113.7 | 115.4 | 117.0 | 118.7 |
| | 1.3 | 0.8 | 1.5 | 1.4 | 1.4 |
| Public sector | 115.3 | 113.9 | 115.6 | 117.2 | 120.3 |
| | -0.3 | -1.2 | 1.5 | 1.4 | 2.6 |

Source: Bank of Finland.

7. WAGES AND PRODUCTIVITY

% change on previous year

| | 2016 | 2017 ^f | 2018 ^f | 2019 ^f | 2020 ^f |
|---|------|-------------------|-------------------|-------------------|-------------------|
| Whole economy | | | | | |
| Index of wage and salary earnings | 0.9 | 0.2 | 2.3 | 2.3 | 2.4 |
| Compensation per employee | 1.0 | -0.6 | 1.3 | 2.0 | 2.8 |
| Unit labour costs | -0.5 | -2.8 | -0.4 | 1.0 | 1.7 |
| Labour productivity per employed person | 1.5 | 2.3 | 1.8 | 1.1 | 1.1 |

Source: Bank of Finland.

8. LABOUR MARKET

1,000 persons and % change on previous year

| | 2016 | 2017 ^f | 2018 ^f | 2019 ^f | 2020 ^f |
|--|-------|-------------------|-------------------|-------------------|-------------------|
| Labour force survey (15–74-year-olds) | | | | | |
| Employed persons | 2,447 | 2,466 | 2,485 | 2,498 | 2,507 |
| | 0.4 | 0.8 | 0.8 | 0.5 | 0.4 |
| Unemployed persons | 236 | 232 | 220 | 214 | 206 |
| | -6.4 | -1.8 | -4.8 | -3.0 | -3.5 |
| Labour force | 2,683 | 2,698 | 2,705 | 2,712 | 2,713 |
| | -0.2 | 0.5 | 0.3 | 0.3 | 0.0 |
| Working-age population (15–64-year-olds) | 3,463 | 3,452 | 3,445 | 3,438 | 3,432 |
| | -0.4 | -0.3 | -0.2 | -0.2 | -0.2 |
| Labour force participation rate, % | 65.3 | 65.5 | 65.5 | 65.5 | 65.6 |
| Unemployment rate, % | 8.8 | 8.6 | 8.2 | 7.9 | 7.6 |
| Employment rate (15–64-year-olds), % | 68.7 | 69.3 | 69.9 | 70.4 | 70.7 |

Source: Bank of Finland.

9. GENERAL GOVERNMENT REVENUE, EXPENDITURE, BALANCE AND DEBT

% OF GDP

| | 2016 | 2017 ^f | 2018 ^f | 2019 ^f | 2020 ^f |
|---|------|-------------------|-------------------|-------------------|-------------------|
| General government revenue | 54.0 | 52.3 | 50.9 | 50.7 | 50.8 |
| General government expenditure | 55.8 | 53.4 | 52.3 | 51.7 | 51.5 |
| General government primary expenditure | 54.7 | 52.5 | 51.5 | 50.9 | 50.7 |
| General government interest expenditure | 1.1 | 0.9 | 0.9 | 0.8 | 0.8 |
| General government net lending | -1.8 | -1.1 | -1.4 | -1.0 | -0.7 |
| Central government | -2.7 | -2.1 | -2.0 | -1.3 | -0.8 |
| Local government | -0.4 | -0.2 | -0.5 | -0.6 | -0.6 |
| Social security funds | 1.3 | 1.2 | 1.1 | 0.9 | 0.7 |
| General government primary balance | -0.7 | -0.2 | -0.6 | -0.2 | 0.1 |
| General government debt (EDP) | 63.1 | 61.8 | 61.3 | 61.4 | 60.8 |
| Central government debt | 47.5 | 46.9 | 46.9 | 46.8 | 46.1 |
| Tax ratio | 44.1 | 42.9 | 41.7 | 41.6 | 41.7 |

Current prices, EUR billion

| | | | | | |
|--------------------------------|-------|-------|-------|-------|-------|
| General government net lending | -3.8 | -2.6 | -3.4 | -2.5 | -1.8 |
| Central government | -5.8 | -4.8 | -4.8 | -3.2 | -2.1 |
| Local government | -0.9 | -0.5 | -1.1 | -1.4 | -1.5 |
| Social security funds | 2.9 | 2.7 | 2.5 | 2.2 | 1.8 |
| General government debt (EDP) | 136.0 | 139.2 | 144.5 | 148.7 | 152.3 |

Source: Bank of Finland.

10. BALANCE OF PAYMENTS

EUR billion

| | 2016 | 2017 ^f | 2018 ^f | 2019 ^f | 2020 ^f |
|---|------|-------------------|-------------------|-------------------|-------------------|
| Exports of goods and services (SNA) | 76.0 | 84.8 | 90.5 | 95.3 | 100.0 |
| Imports of goods and services (SNA) | 78.6 | 83.4 | 88.2 | 92.8 | 97.1 |
| Goods and services account (SNA) | -2.6 | 1.4 | 2.3 | 2.5 | 2.9 |
| % of GDP | -1.2 | 0.6 | 1.0 | 1.0 | 1.2 |
| Investment income and other items, net (+ statistical discrepancy) | 2.2 | 1.2 | 0.4 | 0.4 | 0.5 |
| Current transfers, net | -2.5 | -2.6 | -2.8 | -2.8 | -3.0 |
| Current account, net | -3.0 | -0.3 | 0.0 | 0.1 | 0.4 |
| Net lending, % of GDP | | | | | |
| Private sector | 0.4 | 1.1 | 1.4 | 1.1 | 0.9 |
| Public sector | -1.8 | -1.1 | -1.4 | -1.0 | -0.7 |
| Current account, % of GDP | -1.4 | 0.0 | 0.0 | 0.0 | 0.2 |

Source: Bank of Finland.

11. INTEREST RATES

%

| | 2016 | 2017 ^f | 2018 ^f | 2019 ^f | 2020 ^f |
|---|------|-------------------|-------------------|-------------------|-------------------|
| 3-month Euribor ¹ | -0.3 | -0.3 | -0.3 | -0.1 | 0.1 |
| Average interest rate on new loan drawdowns ² | 1.9 | 1.8 | 1.9 | 2.0 | 2.2 |
| Average interest rate on the stock of loans ² | 1.5 | 1.4 | 1.4 | 1.5 | 1.7 |
| Average interest rate on the stock of deposits ³ | 0.2 | 0.1 | 0.1 | 0.2 | 0.4 |
| Yield on Finnish 10-year government bonds ¹ | 0.4 | 0.5 | 0.7 | 0.9 | 1.1 |

¹ Technical assumption derived from market expectations.

² Finnish credit institutions' loans to households and non-financial corporations (excl. overdrafts, credit card credits and repurchase agreements).

³ Finnish credit institutions' deposits from households and non-financial corporations.

Source: Bank of Finland.

12. INTERNATIONAL ENVIRONMENT

The Eurosystem staff projections

| | 2016 | 2017f | 2018f | 2019f | 2020f |
|---|-------|-------|-------|-------|-------|
| GDP, % change on previous year | | | | | |
| World | 3.0 | 3.6 | 3.6 | 3.6 | 3.5 |
| USA | 1.5 | 2.3 | 2.5 | 2.2 | 1.9 |
| Euro area | 1.8 | 2.4 | 2.3 | 1.9 | 1.7 |
| Japan | 1.0 | 1.5 | 1.0 | 0.7 | 0.1 |
| Imports, % change on previous year | | | | | |
| World | 2.0 | 5.5 | 4.5 | 4.2 | 3.8 |
| USA | 1.3 | 3.5 | 4.8 | 5.2 | 4.3 |
| Euro area | 4.7 | 5.1 | 5.2 | 4.4 | 3.9 |
| Japan | -2.3 | 2.6 | 3.0 | 3.7 | 2.0 |
| Index, 2010 = 100, and % change on previous year | | | | | |
| Import volume in Finnish export markets | 120.9 | 127.1 | 132.4 | 137.7 | 142.7 |
| | 2.3 | 5.1 | 4.2 | 4.0 | 3.6 |
| Export prices of Finland's trading competitors (excl. oil), national currencies | 105.9 | 110.5 | 113.5 | 116.0 | 118.6 |
| | -2.1 | 4.3 | 2.8 | 2.2 | 2.2 |
| Export prices of Finland's trading partners (excl. oil), in euro | 100.3 | 106.4 | 109.3 | 111.8 | 114.2 |
| | -4.7 | 6.1 | 2.7 | 2.2 | 2.2 |
| Industrial raw materials (excl. energy), HWWA index, in US dollars | 97.3 | 118.3 | 120.8 | 124.3 | 129.8 |
| | -2.8 | 21.6 | 2.1 | 2.9 | 4.4 |
| Oil price, USD per barrel ¹ | 44.0 | 54.3 | 61.6 | 58.9 | 57.3 |
| | -15.9 | 23.3 | 13.4 | -4.3 | -2.7 |
| Finland's nominal competitiveness indicator ^{1,2} | 104.1 | 102.3 | 102.3 | 102.3 | 102.3 |

12. INTERNATIONAL ENVIRONMENT

| | | | | | |
|--|------|------|------|------|------|
| | 2.7 | -1.7 | 0.0 | 0.0 | 0.0 |
| US dollar value of one euro ¹ | 1.11 | 1.13 | 1.17 | 1.17 | 1.17 |
| | -0.2 | 1.9 | 4.1 | 0.0 | 0.0 |

¹ Technical assumption derived from market expectations.

² Narrow plus euro area, 1999Q1 = 100

Source: Bank of Finland.

13. Current and June 2017 forecast

| | 2017 ^f | 2018 ^f | 2019 ^f | 2020 ^f |
|--|-------------------|-------------------|-------------------|-------------------|
| GDP, % change | 3.1 | 2.5 | 1.6 | 1.4 |
| June 2017 | 2.1 | 1.7 | 1.4 | |
| Inflation (HICP), % | 0.8 | 1.1 | 1.4 | 1.5 |
| June 2017 | 0.8 | 1.0 | 1.3 | |
| Current account, % of GDP | 0.0 | 0.0 | 0.0 | 0.2 |
| June 2017 | -1.2 | -0.9 | -0.8 | |
| General government net lending, % of GDP | -1.1 | -1.4 | -1.0 | -0.7 |
| June 2017 | -2.4 | -2.2 | -2.0 | |
| General government debt (EDP), % of GDP | 61.8 | 61.3 | 61.4 | 60.8 |
| June 2017 | 65.1 | 66.1 | 66.8 | |
| Unemployment rate, % | 8.6 | 8.2 | 7.9 | 7.6 |
| June 2017 | 8.6 | 8.2 | 8.1 | |

Source: Bank of Finland.

Tags

[economic situation](#), [forecast](#), [indicators](#)