



BANK OF FINLAND BULLETIN

BANK OF FINLAND ARTICLES ON THE ECONOMY

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Forecast for 2018–2021

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See forecast tables for the Finnish economy in 2018–2021 (December 2018).

December 2018

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

% change on previous year

	2017	2018 ^f	2019 ^f	2020 ^f	2021 ^f
GDP at market prices	2.8	2.7	1.9	1.7	1.4
Imports of goods and services	3.5	2.7	2.7	2.6	2.5
Exports of goods and services	7.5	3.3	3.5	3.1	2.8
Private consumption	1.3	1.9	2.3	1.6	1.2
Public consumption	-0.5	2.6	-0.1	0.9	0.7
Private fixed investment	4.6	3.7	2.3	2.3	2.1
Public fixed investment	1.8	1.6	-2.6	0.3	1.2

Source: Bank of Finland.

2. CONTRIBUTIONS TO GROWTH¹

	2017	2018 ^f	2019 ^f	2020 ^f	2021 ^f
GDP, % change	2.8	2.7	1.9	1.7	1.4
Net exports	1.4	0.2	0.3	0.2	0.1
Domestic demand excl. inventory change	1.5	2.4	1.5	1.5	1.3
of which Consumption	0.6	1.6	1.2	1.1	0.8
Investment	0.9	0.7	0.3	0.4	0.4
Inventory change + statistical discrepancy	-0.1	0.1	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

	2017	2018 ^f	2019 ^f	2020 ^f	2021 ^f
GDP at market prices	113.7	115.2	116.7	118.8	120.9
	0.8	1.3	1.3	1.8	1.7
Imports of goods and services	101.3	104.8	107.2	109.3	111.3
	3.5	3.5	2.3	2.0	1.8
Exports of goods and services	104.1	107.5	110.0	112.0	113.7
	3.1	3.3	2.3	1.8	1.5
Private consumption	112.5	113.8	115.3	117.1	119.2
	1.1	1.1	1.3	1.6	1.7
Public consumption	111.9	112.2	114.2	116.6	119.1
	-0.1	0.3	1.8	2.1	2.2
Private fixed investment	112.8	115.1	117.9	120.6	123.0
	1.8	2.0	2.5	2.3	1.9
Public fixed investment	112.4	115.2	118.3	120.8	123.0
	1.4	2.5	2.6	2.2	1.8
Terms of trade (goods and services)	102.8	102.6	102.6	102.5	102.1
	-0.3	-0.1	0.0	-0.2	-0.3

Source: Bank of Finland.

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES

EUR million and % change on previous year

	2017	2018 ^f	2019 ^f	2020 ^f	2021 ^f
GDP at market prices	223 843	232 871	240 403	248 952	256 776
	3.6	4.0	3.2	3.6	3.1
Imports of goods and services	85 446	90 781	95 322	99 764	104 150
	7.1	6.2	5.0	4.7	4.4
Total supply	309 289	323 652	335 725	348 716	360 926
	4.5	4.6	3.7	3.9	3.5
Exports of goods and services	86 250	92 055	97 422	102 219	106 642
	10.8	6.7	5.8	4.9	4.3
Consumption	173 107	178 346	183 868	189 745	195 335
	1.5	3.0	3.1	3.2	2.9
Private	121 874	125 641	130 288	134 517	138 526
	2.4	3.1	3.7	3.2	3.0
Public	51 233	52 704	53 580	55 228	56 810
	-0.6	2.9	1.7	3.1	2.9
Fixed investment	49 578	52 286	54 335	56 672	58 868
	5.8	5.5	3.9	4.3	3.9
Private	40 437	42 769	44 824	46 925	48 819
	6.4	5.8	4.8	4.7	4.0
Public	9 141	9 517	9 510	9 747	10 049
	3.3	4.1	-0.1	2.5	3.1
Inventory change + statistical discrepancy	354	965	100	80	80
% of previous year's total demand	-0.1	0.2	-0.3	0.0	0.0

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES

Total demand	309 289	323 652	335 725	348 716	360 926
	4.5	4.6	3.7	3.9	3.5
Total domestic demand	223 039	231 597	238 303	246 497	254 283
	2.3	3.8	2.9	3.4	3.2

Source: Bank of Finland.

5. BALANCE OF SUPPLY AND DEMAND

% of GDP at current prices

	2017	2018 ^f	2019 ^f	2020 ^f	2021
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Imports of goods and services	38.2	39.0	39.7	40.1	40.6
Exports of goods and services	38.5	39.5	40.5	41.1	41.5
Consumption	77.3	76.6	76.5	76.2	76.1
Private	54.4	54.0	54.2	54.0	53.9
Public	22.9	22.6	22.3	22.2	22.1
Fixed investment	22.1	22.5	22.6	22.8	22.9
Private	18.1	18.4	18.6	18.8	19.0
Public	4.1	4.1	4.0	3.9	3.9
Inventory change + statistical discrepancy.	0.2	0.4	0.0	0.0	0.0
Total demand	138.2	139.0	139.7	140.1	140.6
Total domestic demand	99.6	99.5	99.1	99.0	99.0

Source: Bank of Finland.

6. PRICES

Index 2005 = 100, and % change on previous year

	2017	2018 ^f	2019 ^f	2020 ^f	2021 ^f
Harmonised index of consumer prices, 2005=100	101.2	102.4	103.8	105.4	107.2
	0.8	1.2	1.3	1.6	1.7
Consumer price index, 2005=100	120.6	122.0	123.7	125.5	127.7
	0.8	1.1	1.3	1.5	1.7
Private consumption deflator	112.5	113.8	115.3	117.1	119.2
	1.1	1.1	1.3	1.6	1.7
Private investment deflator	112.8	115.1	117.9	120.6	123.0
	1.8	2.0	2.5	2.3	1.9
Exports of goods and services deflator	104.1	107.5	110.0	112.0	113.7
	3.1	3.3	2.3	1.8	1.5
Imports of goods and services deflator	101.3	104.8	107.2	109.3	111.3
	3.5	3.5	2.3	2.0	1.8
Value-added deflators					
Value-added, gross at basic prices	113.8	115.6	117.4	119.3	121.7
	0.9	1.6	1.6	1.6	2.0
Private sector	113.9	116.0	117.8	119.6	121.9
	1.3	1.9	1.5	1.5	1.9
Public sector	112.9	113.5	115.5	118.0	120.5
	-1.0	0.5	1.8	2.1	2.2

Source: Bank of Finland.

7. WAGES AND PRODUCTIVITY

% change on previous year					
	2017	2018 ^f	2019 ^f	2020 ^f	2021 ^f
Whole economy					
Index of wage and salary earnings	0.2	1.8	2.4	2.7	2.4
Compensation per employee	-1.2	1.3	1.8	3.0	2.5
Unit labour costs	-2.8	1.0	0.6	1.6	1.4
Labour productivity per employed person	1.7	0.3	1.2	1.3	1.1

Source: Bank of Finland.

8. LABOUR MARKET

1,000 persons and % change on previous year

	2017	2018 ^f	2019 ^f	2020 ^f	2021 ^f
Labour force survey (15–74-year-olds)					
Employed persons	2 474	2 534	2 552	2 561	2 569
	1.1	2.4	0.7	0.4	0.3
Unemployed persons	234	207	199	194	194
	–0.9	–11.3	–4.1	–2.3	–0.4
Labour force	2 708	2 741	2 751	2 756	2 763
	0.9	1.2	0.3	0.2	0.3
Working-age population (15–64-year-olds)	3 451	3 438	3 426	3 419	3 413
	–0.3	–0.4	–0.3	–0.2	–0.2
Labour force participation rate, %	65.8	66.5	66.7	66.9	67.2
Unemployment rate, %	8.6	7.6	7.2	7.1	7.0
Employment rate (15–64-year-olds), %	69.6	71.6	72.3	72.6	72.9

Source: Bank of Finland.

9. GENERAL GOVERNMENT REVENUE, EXPENDITURE, BALANCE AND DEBT

% OF GDP

	2017	2018 ^f	2019 ^f	2020 ^f	2021 ^f
General government revenue	53.3	52.2	51.7	51.7	51.5
General government expenditure	54.0	53.1	52.3	52.0	51.9
General government primary expenditure	53.0	52.2	51.5	51.2	51.1
General government interest expenditure	1.0	0.9	0.8	0.8	0.8
General government net lending	-0.7	-0.9	-0.7	-0.3	-0.3
Central government	-1.8	-1.9	-0.9	-0.5	-0.5
Local government	-0.1	-0.4	-0.5	-0.5	-0.4
Social security funds	1.2	1.4	0.8	0.7	0.6
General government primary balance	0.3	0.0	0.2	0.5	0.4
General government structural balance	-0.3	-1.0	-1.0	-0.6	-0.5
General government debt (EDP)	61.3	59.4	59.0	57.9	57.1
Central government debt	47.3	45.9	45.4	44.3	43.5
Tax ratio	43.3	42.4	42.0	42.1	42.0

Current prices. EUR billion

General government net lending	-1.5	-2.1	-1.6	-0.8	-0.9
Central government	-4.0	-4.3	-2.2	-1.2	-1.4
Local government	-0.3	-0.9	-1.2	-1.3	-1.0
Social security funds	2.8	3.2	1.9	1.7	1.5
General government debt (EDP)	137.3	138.4	141.7	144.2	146.5

Source: Bank of Finland.

10. BALANCE OF PAYMENTS

EUR billion

	2017	2018 ^f	2019 ^f	2020 ^f	2021 ^f
Exports of goods and services (SNA)	86.3	92.1	97.4	102.2	106.6
Imports of goods and services (SNA)	85.4	90.8	95.3	99.8	104.1
Goods and services account (SNA)	0.8	1.3	2.1	2.5	2.5
% of GDP	0.4	0.5	0.9	1.0	1.0
Investment income and other items. net (+ statistical discrepancy)	-0.3	-0.7	0.6	0.6	0.6
Current transfers. net	-2.1	-2.6	-2.6	-2.7	-2.8
Current account. net	-1.5	-20.4	0.1	0.3	0.3
Net lending, % of GDP					
Private sector	0.0	0.0	0.7	0.5	0.5
Public sector	-0.7	-0.9	-0.7	-0.3	-0.3
Current account, % of GDP	-0.7	-0.9	0.0	0.1	0.1

Source: Bank of Finland.

11. INTEREST RATES

%

	2017	2018 ^f	2019 ^f	2020 ^f	2021 ^f
3-month Euribor ¹	-0.3	-0.3	-0.3	0.0	0.3
Average interest rate on new loan drawdowns ²	1.8	1.8	1.9	2.1	2.3
Average interest rate on the stock of loans ²	1.4	1.3	1.4	1.6	1.9
Average interest rate on the stock of deposits ³	0.1	0.1	0.1	0.3	0.5
Yield on Finnish 10-year government bonds ¹	0.5	0.7	0.8	1.0	1.2

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

	2017	2018 ^f	2019 ^f	2020 ^f	2021 ^f
GDP, % change on previous year					
World	3.6	3.6	3.3	3.4	3.3
USA	2.2	2.9	2.5	2.0	1.8
Euro area	2.5	1.9	1.7	1.7	1.5
Japan	1.7	0.9	1.0	0.1	0.7
Imports, % change on previous year					
World	5.2	4.7	3.7	3.7	3.9
USA	4.6	4.7	4.1	3.2	2.9
Euro area	4.1	2.7	4.2	4.2	3.6
Japan	3.5	2.7	2.3	1.8	2.3
Index, 2010 = 100. and % change on previous year					
Import volume in Finnish export markets	128.8	133.6	138.2	143.3	148.2
	5.8	3.8	3.4	3.7	3.5
Export prices (excl. oil) of Finland's trading partners, national currencies	109.2	114.3	118.6	121.4	124.1
	3.3	4.7	3.8	2.3	2.2
Export prices (excl. oil) of Finland's trading partners, in euro	104.4	105.4	109.3	111.8	114.3
	3.0	0.9	3.7	2.3	2.2
Industrial raw materials (excl. energy). HWWA index, in US dollars	118.2	124.4	117.7	122.2	127.4
	21.5	5.2	-5.4	3.8	4.3
Oil price, USD per barrel ¹	54.4	71.8	67.5	66.8	65.9
	23.5	32.0	-6.0	-1.1	-1.3

12. INTERNATIONAL ENVIRONMENT

Broad nominal effective exchange rate for Finland ¹	95.6	92.2	92.1	92.1	92.1
	-0.3	-3.6	0.0	0.0	0.0
US dollar value of one euro	1.13	1.18	1.13	1.13	1.13
	2.1	4.5	-3.8	0.0	0.0

² The exchange rate strengthens when the index decreases; 2010 = 100.

Source: Bank of Finland.

13. CURRENT AND JUNE 2018 FORECAST

	2018 ^f	2019 ^f	2020 ^f	2021 ^f
GDP, % change	2.7	1.9	1.7	1.4
June 2018	2.9	2.2	1.7	
Inflation (HICP), %	1.2	1.3	1.6	1.7
June 2018	0.9	1.0	1.5	
Current account, % of GDP	-0.9	0.0	0.1	0.1
June 2018	0.9	0.7	0.9	
General government net lending, % of GDP	-0.9	-0.7	-0.3	-0.3
June 2018	-0.8	-0.7	-0.4	
General government debt (EDP), % of GDP	59.4	59.0	57.9	57.1
June 2018	60.2	59.5	58.3	
Unemployment rate, %	7.6	7.2	7.1	7.0
June 2018	8.0	7.7	7.5	

Source: Bank of Finland.

Tags

economic situation, forecast, indicators