Analysis

National Accounts for the third quarter of 2016

Finnish economy | 27 January 2017

On 2 December 2016, Statistics Finland published preliminary quarterly national accounts containing the latest statistical data on Finnish economic developments in the third quarter of 2016.



The Bank of Finland's macroeconomic forecast presented in this publication was prepared before the release of Statistics Finland's data for the third quarter. The forecast is based on the quarterly national accounts published by Statistics Finland in September, a flash estimate for the third quarter released in November and extensive indicator data on economic developments.

According to the flash estimate published in November, GDP in the third quarter of 2016 was 1.6% higher year on year and 0.4% higher quarter on quarter.

The most recent quarterly national accounts data signal a more favourable development in GDP for 2016 than the data previously published. Economic growth has picked up notably during the year. However, growth relies increasingly on domestic demand. Exports have continued to perform sluggishly, without showing any notable change for the better.

According to the most recent quarterly national accounts, GDP in the third quarter of 2016 grew 1.6% year on year and 0.4% quarter on quarter. At the same time, GDP growth for the second quarter was revised slightly downwards (–0.1%). For the first quarter, in turn, GDP growth was revised 0.5% up compared with the previous data release. This has a significant upward impact on annual GDP growth.

Of demand components, lower exports and a contraction in investment eroded GDP growth in the third quarter. Exports were 3.4% down on the previous quarter, but 1.4% up on a year earlier. Goods exports increased, but services exports declined. Imports, in turn, contracted 3.3% quarter on quarter.

The volume of private consumption grew in the third quarter of 2016 by 0.5% quarter on quarter, up 0.1 compared with the previous data release. Year on year, private consumption grew 2.1%. Consumption of consumer durables increased in particular. Consumption of services increased as well.

Private investment contracted 1.2% quarter on quarter, but grew 1.3% year on year. Gross fixed capital formation, i.e. investments, fell in the third quarter of 2016 by 0.3 on the previous quarter, but increased by 3.1% on the previous year. Investment in housing construction was 4.0% higher year on year, other building construction investment was 9.4% up and investment in civil engineering projects was 4.3% up. By contrast, the volume of investment in machinery, equipment and transport equipment contracted 3.7%.

The manufacturing situation has become brighter. Manufacturing value added in the third quarter of 2016 increased 1.0% quarter on quarter and 3.7% year on year. The volume of output in the forest industries was 5.5% up and the volume of the chemical industry was 7.6% up on the previous year.

The volume of the metal industry (excl. electrical engineering and electronics) was 4.2% up and the volume of electrical engineering and electronics was 4.6% up, year on year. Services sectors grew, too.

Work input, i.e. the number of people in employment, rose in the third quarter of 2016 by 0.3% quarter on quarter and 0.9% year on year. The number of hours worked increased 0.6 % quarter on quarter and 0.8% year on year. The improvement in the labour market is consistent with the

improved GDP estimates.

According to the Labour Force Survey, the unemployment rate was 7.6% in the third quarter of 2016, falling by 0.8 of a percentage point from a year earlier. The wage bill was 1.1% up on the previous quarter and 3.1% up on the previous year. Employers' social security contributions were 4.2% higher year on year.

Keywords

exports, gross national product, private consumption , quarterly national accounts