Analysis

National Accounts for the third quarter of 2017: Economy growing across a broad front

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During the third quarter of 2017, Finland's GDP increased by 3%, private consumption by 2.1% and public consumption by 1.8% year on year. Investments increased by 9.3% year on year.



The Bank of Finland's macroeconomic forecast is based on Statistics Finland's publications on 1 December 2017 on the quarterly national accounts and indicator material describing economic developments in broad terms. The latest quarterly national accounts include information about the developments in the Finnish economy until the end of the third quarter of 2017.

GDP increased in the third quarter by 0.4% on the previous quarter, and by 3.0% year on year. The volumes of all main balance sheet items in the balance of resources increased on the previous year.

Private consumption continued to rise in the third quarter of 2017, up by 0.5% on the previous quarter and by 2.1% year on year. The growth rate of private consumption has been about the

same since late 2015.

Public consumption increased in the third quarter of 2017 by 1.1% on the previous quarter and by 1.8% year on year. The data on public consumption was somewhat down from the previous statistical release.

Investment was 2.3% up quarter on quarter and 9.3% year on year. Growth in construction investment slowed clearly, being only 3.4% higher than a year ago, as opposed to a 2016 growth rate that averaged 10%.

Investment in machinery and equipment (incl. weapons systems) soared by 39% year on year but has remained practically unchanged since the last quarter of 2016. Investment in machinery and equipment has been high in the chemical and metal industries and energy management. On the whole, the growth rate of investment has been about the same since mid-2016.

Export volumes shrank in the third quarter of 2017 by 2.0% on the previous quarter, but increased by 5.8% year on year. Export volumes rose sharply in the first quarter of 2017 (7%), but have fallen slightly since then.

Import volumes also shrank in the third quarter, by 2.5% on the previous quarter, but were up by 0.5% year on year.

The balance on goods and services in the quarterly national accounts has been positive since the beginning of 2017, with the surplus during the first three quarters amounting to about EUR 1.2 billion. As to foreign trade, the revised figures in the quarterly national accounts often differ considerably from first estimates.

The volume of value added increased in all main sectors apart from the information and communication sector. Value added in the information and communication industries shrank in the third quarter by 3% on the previous quarter and by 0.5% year on year. Early in 2017, the sector had still been growing at an annual rate of about 7%.

The value added of all industrial sectors increased in the third quarter by 2.7% year on year. Of all industries, the highest growth was in the forest industries (6.3%) and the metal industry (5.6%), while the service industries with the most growth were business services (9.9%) and financial and insurance services (8.1%). The entire economy's value added increased by 3.4% year on year.

The number of persons employed increased in the third quarter by 0.2% on the previous quarter and 0.5% year on year. The number of hours worked increased by 0.5% on the previous quarter, but decreased 0.2% year on year.

According to the Labour Force Survey, the unemployment rate in the third quarter of 2017 was 8.7%, i.e. 0.1 of a percentage point higher than at the same time in 2016. The labour market has improved rather moderately compared with the rate at which the economy has grown.

Aggregate wages and salaries increased in the third quarter by 0.2% on the previous quarter and 1.6% year on year. The total of social security contributions paid by employers was reduced by 6.3% year on year owing to the Competitiveness Pact.

Keywords

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