Forecast

Finnish economy | 16 March 2017

EURO&TALOUS

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	2017	2018	2019
BKT, %	1,6	1,5	1,3
Inflaatio, %	1,0	1,0	1,3

December 2016

1. BALANCE OF SUPPLY AND DEMAND, AT REFERENCE YEAR 2010 PRICES			
% change on previous year			
	2015	*2016*	*2017f*
GDP at market prices	0.2	1.0	1.3
Imports of goods and services	1.9	1.2	2.0
Exports of goods and services	-0.2	0.7	2.1

Source: Bank of Finland forecast December 2016.

1. BALANCE OF SUPPLY AND DEMAND, AT REFERENCE YEAR 2010 PRICES				
Private consumption	1.5	1.9	1.4	
Public consumption	0.4	0.3	0.3	
Private fixed investment	2.2	5.8	3.4	
Public fixed investment	-5.1	3.1	0.6	

Source: Bank of Finland forecast December 2016.

2. CONTRIBUTIONS TO GROWTH[1]				
	2015	*2016*	*2017[f]*	
GDP, % change	0.2	1.0	1.3	
Net exports	-0.8	-0.2	0.0	
Domestic demand excl. inventory change	1.0	2.2	1.5	
of which Consumption	0.9	1.2	0.8	
Investment	0.1	1.1	0.6	
Inventory change + statistical discrepancy	0.0	-1.1	-0.2	

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

Source: Bank of Finland forecast December 2016.

3. BALANCE OF SUPPLY AND DEMAND, PRICE DEFLATORS				
Index 2010 = 100, and % change on previous year				
	2015	*2016*	*2017[f]*	
GDP at market prices	112.0	113.3	113.2	
	1.6	1.2	-0.1	
Imports of goods and services	100.6	98.5	101.6	

Source: Bank of Finland forecast December 2016.

3. BALANCE OF SUPPLY AND DEMAND, PRICE DEFLATORS				
	-4.0	-2.0	3.1	
Exports of goods and services	103.3	100.7	103.2	
	-0.9	-2.5	2.5	
Private consumption	110.8	111.4	112.0	
	0.4	0.5	0.6	
Public consumption	112.6	114.3	113.7	
	0.2	1.5	-0.5	
Private fixed investment	109.4	111.2	112.4	
	0.5	1.6	1.0	
Public fixed investment	110.3	112.2	114.3	
	0.1	1.7	1.9	
Terms of trade (goods and services)	102.7	102.2	101.6	
	3.3	-0.5	-0.6	

Source: Bank of Finland forecast December 2016.

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES				
EUR million and % change on previous year				
	2015	***2016***	***2017f***	***2***
GDP at market prices	209,149	213,663	216,225	219
	1.8	2.2	1.2	
Imports of goods and services	77,548	76,869	80,780	84
	-2.2	-0.9	5.1	
Total supply	286,697	290,532	297,005	304

Source: Bank of Finland forecast December 2016.

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES				
	0.7	1.3	2.2	
Exports of goods and services	76,579	75,193	78,715	82
	-1.0	-1.8	4.7	
Consumption	166,733	170,560	172,795	175
	1.5	2.3	1.3	
Private	115,711	118,595	120,929	122
	1.8	2.5	2.0	
Public	51,022	51,965	51,865	52
	0.6	1.8	-0.2	
Fixed investment	42,718	45,695	47,582	48
	1.1	7.0	4.1	
Private	34,562	37,146	38,821	40
	2.7	7.5	4.5	
Public	8,156	8,549	8,761	8
	-5.1	4.8	2.5	
Inventory change + statistical discrepancy	667	-916	-2,086	-2
% of previous year's total demand	0.0	-0.6	-0.4	
Total demand	286,697	290,532	297,005	304
	0.7	1.3	2.2	
Total domestic demand	210,118	215,339	218,291	221
	1.4	2.5	1.4	

Source: Bank of Finland forecast December 2016.

5. BALANCE OF SUPPLY AND DEMAND

% of GDP at current prices

	2015	*2016*	*2017f*
GDP at market prices	100.0	100.0	100.0
Imports of goods and services	37.1	36.0	37.4
Exports of goods and services	36.6	35.2	36.4
Consumption	79.7	79.8	79.9
Private	55.3	55.5	55.9
Public	24.4	24.3	24.0
Fixed investment	20.4	21.4	22.0
Private	16.5	17.4	18.0
Public	3.9	4.0	4.1
Inventory change + statistical discrepancy,	0.3	-0.4	-1.0
Total demand	137.1	136.0	137.4
Total domestic demand	100.5	100.8	101.0

Source: Bank of Finland forecast December 2016.

6. PRICES

Index 2010 = 100, and % change on previous year

	2015	*2016*	*2017f*
Harmonised index of consumer prices, 2005=100	100.0	100.4	101.1
	-0.2	0.4	0.8
Consumer price index, 2005=100	100.0	100.4	101.1
	-0.2	0.4	0.7

Source: Bank of Finland forecast December 2016.

6. PRICES				
Private consumption deflator	110.8	111.4	112.0	
	0.4	0.5	0.6	
Private investment deflator	109.4	111.2	112.4	
	0.5	1.6	1.0	
Exports of goods and services deflator	103.3	100.7	103.2	
	-0.9	-2.5	2.5	
Imports of goods and services deflator	100.6	98.5	101.6	
	-4.0	-2.0	3.1	
Value-added deflators				
Value-added, gross at basic prices	111.9	113.8	113.9	
	1.8	1.6	0.2	
Private sector	111.2	113.3	113.8	
	2.1	1.9	0.4	
Public sector	115.1	115.5	114.7	
	0.7	0.4	-0.8	

Source: Bank of Finland forecast December 2016.

7. WAGES AND PRODUCTIVITY				
% change on previous year				
	2015	***2016***	***2017f***	
Whole economy				
Index of wage and salary earnings	1.4	1.3	0.3	
Compensation per employee	1.6	1.1	-0.5	

Source: Bank of Finland forecast December 2016.

7. WAGES AND PRODUCTIVITY				
Unit labour costs	1.0	0.5	-1.2	
Labour productivity per employed person	0.6	0.6	0.7	

Source: Bank of Finland forecast December 2016.

8. LABOUR MARKET				
1,000 persons and % change on previous year				
	2015	***2016***	***2017f***	
Labour force survey (15–74-year-olds)				
Employed persons	2,437	2,446	2,460	
	-0.4	0.4	0.6	
Unemployed persons	252	237	228	
	8.7	-6.2	-3.7	
Labour force	2,689	2,683	2,688	
	0.4	-0.3	0.2	
Working-age population (15–64-year-olds)	3,474	3,463	3,452	
	-0.4	-0.3	-0.3	
Labour force participation rate, %	65.6	65.3	65.2	
Unemployment rate, %	9.4	8.8	8.5	
Employment rate (15–64-year-olds), %	68.1	68.6	69.1	

Source: Bank of Finland forecast December 2016.

9. GENERAL GOVERNMENT REVENUE, EXPENDITURE, BALANCE AND DEBT				
% OF GDP				
	2015	***2016***	***2017f***	

Source: Bank of Finland forecast December 2016.

9. GENERAL GOVERNMENT REVENUE, EXPENDITURE, BALANCE AND DEBT				
General government revenue	54.9	54.9	54.3	
General government expenditure	57.7	57.4	56.9	
General government primary expenditure	56.5	56.4	55.9	
General government interest expenditure	1.2	1.0	1.0	
General government net lending	-2.8	-2.5	-2.6	
Central government	-3.0	-2.9	-2.8	
Local government	-0.6	-0.7	-0.6	
Social security funds	0.9	1.1	0.8	
General government primary balance	-1.6	-1.4	-1.7	
General government debt (EDP)	63.6	65.6	68.2	
Central government debt	47.7	49.4	51.6	
Tax ratio	44.1	44.2	43.7	

Source: Bank of Finland forecast December 2016.

10. BALANCE OF PAYMENTS				
EUR million				
	2015	***2016***	***2017^{f}***	
Exports of goods and services (SNA)	76,579	75,193	78,715	
Imports of goods and services (SNA)	77,548	76,869	80,780	
Goods and services account (SNA)	-969	-1,676	-2,065	
% of GDP	-0.5	-0.8	-1.0	
Investment income and other items, net (+ statistical discrepancy)	2,420	2,109	2,222	
Current transfers, net	-2321	-2068	-2096	

Source: Bank of Finland forecast December 2016.

10. BALANCE OF PAYMENTS			
Current account, net	-870	-1,636	-1,939
Net lending, % of GDP			
Private sector	2.3	1.7	1.7
Public sector	-2.8	-2.5	-2.6
Current account, % of GDP	-0.4	-0.8	-0.9

Source: Bank of Finland forecast December 2016.

11. INTEREST RATES			
%			
	2015	***2016***	***2017f***
3-month Euribor[1]	0.0	-0.3	-0.3
Average interest rate on new loan drawdowns[2]	2.1	1.8	1.8
Average interest rate on the stock of loans[2]	1.6	1.5	1.4
Average interest rate on the stock of deposits[3]	0.3	0.2	0.1
Yield on Finnish 10-year government bonds[1]	0.7	0.4	0.7
[1] Technical assumption derived from market expectations.			
[2] Finnish credit institutions' loans to households and non-financial corporations (excl. overdrafts, credit card credits agreements).			
[3] Finnish credit institutions' deposits from households and non-financial corporations.			

Source: Bank of Finland forecast December 2016.

Keywords

economic situation, forecast, indicators