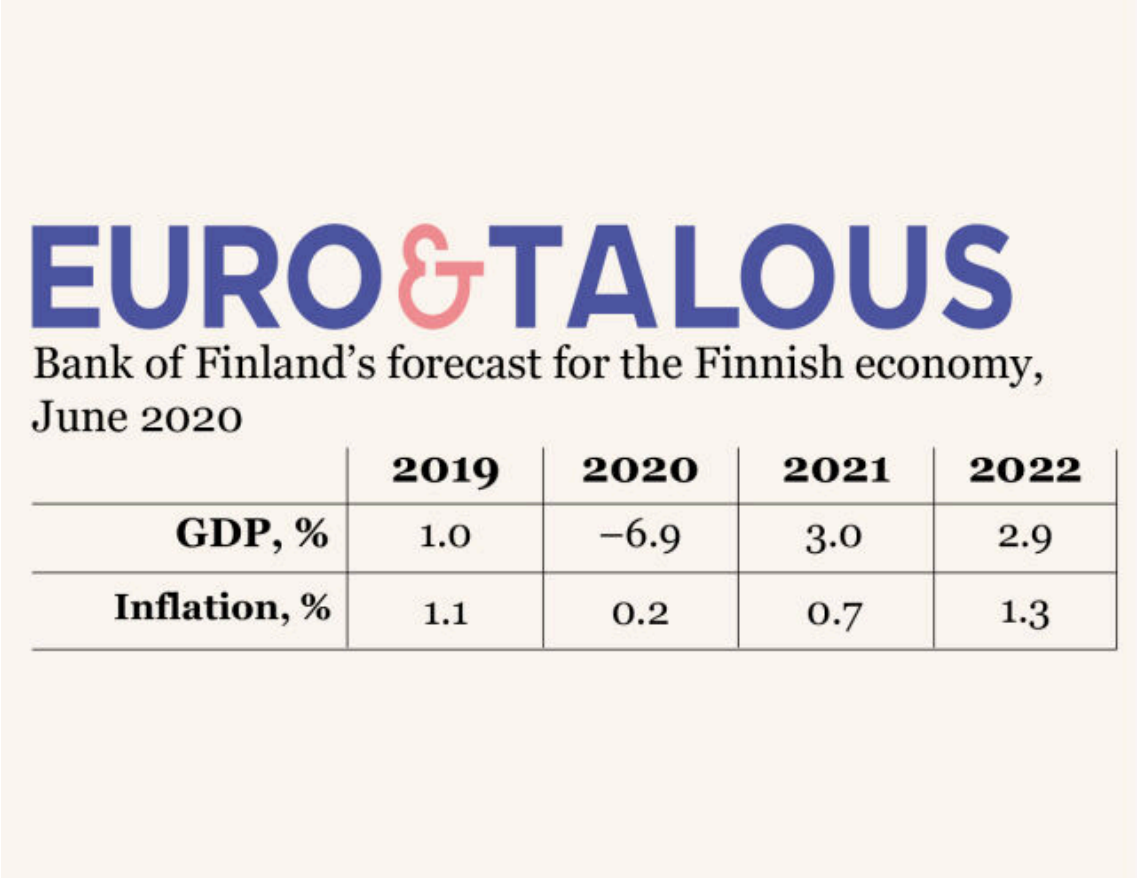
Forecast

Forecast tables for 2020–2022 (June 2020)

Finnish economy | 09 June 2020

The Finnish economy will contract by around 7% this year and grow around 3% per annum over the next 2 years. The forecast contains a large degree of uncertainty – the contraction could be only 5% or as much as 11%, depending on how the pandemic develops. See forecast tables for the Finnish economy in 2020–2022 (June 2020).



June 2020

1. BALANCE OF SUPPLY AND DEMAND, VOLUMES, AT REFERENCE YEAR 2010 PRICES
Volume, % change on previous year

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

	2018	*2019*	*2020[f]*	*2021[f]*	*2022[f]*
GDP at market prices	1.6	1.0	−6.9	3.0	2.9
Imports of goods and services	5.5	2.2	−9.4	2.4	6.8
Exports of goods and services	1.7	7.2	−15.8	4.4	7.0
Private consumption	1.7	1.0	−6.4	4.6	3.4
Public consumption	2.1	0.9	5.5	0.1	0.1
Private fixed investment	3.5	−1.0	−12.4	−1.1	6.0
Public fixed investment	5.0	0.3	6.0	−0.3	0.4

Sources: Bank of Finland and Statistics Finland.

2. CONTRIBUTIONS TO GROWTH[1]

	2018	*2019*	*2020[f]*	*2021[f]*	*2022[f]*
GDP, % change	1.6	1.0	−6.9	3.0	2.9
Net exports	−1.4	1.9	−2.6	0.7	0.0
Domestic demand excl. inventory change	2.3	0.5	−4.2	2.3	2.9
of which Consumption	1.5	0.7	−2.1	2.5	1.8
Investment	0.9	−0.2	−2.2	−0.2	1.0
Inventory change + statistical discrepancy	0.7	−1.4	0.0	0.1	0.0

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

Sources: Bank of Finland and Statistics Finland.

3. BALANCE OF SUPPLY AND DEMAND. PRICE DEFLATORS					
Index 2010 = 100. and % change on previous year					
	2018	*2019*	*2020[f]*	*2021[f]*	*2022[f]*
GDP at market prices	114.9	117.0	117.3	118.4	120.5
	1.8	1.8	0.3	0.9	1.8
Imports of goods and services	105.1	105.4	101.6	102.6	103.9
	3.4	0.3	−3.6	1.0	1.2
Exports of goods and services	107.3	106.6	103.9	104.4	105.9
	4.2	−0.7	−2.5	0.4	1.5
Private consumption	113.1	114.3	114.6	115.4	117.1
	1.2	1.1	0.2	0.8	1.4
Public consumption	113.7	117.0	117.6	119.1	121.5
	1.4	2.9	0.5	1.3	2.0
Private fixed investment	116.6	119.8	117.1	118.6	121.1
	2.6	2.8	−2.3	1.3	2.0
Public fixed investment	115.2	117.1	117.7	119.2	121.0
	2.0	1.6	0.5	1.3	1.5
Terms of trade (goods and services)	102.1	101.1	102.3	101.7	102.0
	0.8	−1.0	1.1	−0.6	0.3
Sources: Bank of Finland and Statistics Finland.					

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES					
EUR million and % change on previous year					
	2018	*2019*	*2020[f]*	*2021[f]*	*2022[f]*

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES					
GDP at market prices	233,619	240,078	224,189	232,995	244,144
	3.4	2.8	−6.6	3.9	4.8
Imports of goods and services	92,499	94,807	82,818	85,614	92,521
	9.0	2.5	−12.6	3.4	8.1
Total supply	326,118	334,885	307,007	318,609	336,666
	5.0	2.7	−8.3	3.8	5.7
Exports of goods and services	90,174	95,975	78,743	82,582	89,674
	6.0	6.4	−18.0	4.9	8.6
Consumption	177,129	181,711	177,232	184,521	191,849
	3.1	2.6	−2.5	4.1	4.0
Private	123,740	126,256	118,433	124,890	130,948
	3.0	2.0	−6.2	5.5	4.9
Public	53,389	55,455	58,799	59,631	60,901
	3.5	3.9	6.0	1.4	2.1
Fixed investment	55,819	56,816	50,720	50,894	54,370
	6.3	1.8	−10.7	0.3	6.8
Private	45,956	46,760	40,006	40,075	43,351
	6.2	1.7	−14.4	0.2	8.2
Public	9,863	10,056	10,715	10,819	11,020
	7.0	2.0	6.6	1.0	1.9
Inventory change + statistical discrepancy	2 997	383	311	612	772
% of previous year's total demand	0.5	−0.8	0.0	0.1	0.1
Total demand	326,118	334,885	307,007	318,609	336,666

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES					
	5.0	2.7	–8.3	3.8	5.7
Total domestic demand	235,944	238,910	228,264	236,026	246,992
	4.6	1.3	–4.5	3.4	4.6
Sources: Bank of Finland and Statistics Finland.					

5. BALANCE OF SUPPLY AND DEMAND					
% in proportion to GDP at current prices					
	2018	***2019***	***2020^{f}***	***2021^{f}***	***2022^{f}***
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Imports of goods and services	39.6	39.5	36.9	36.7	37.9
Exports of goods and services	38.6	40.0	35.1	35.4	36.7
Consumption	75.8	75.7	79.1	79.2	78.6
Private	53.0	52.6	52.8	53.6	53.6
Public	22.9	23.1	26.2	25.6	24.9
Fixed investment	23.9	23.7	22.6	21.8	22.3
Private	19.7	19.5	17.8	17.2	17.8
Public	4.2	4.2	4.8	4.6	4.5
Inventory change + statistical discrepancy	1.3	0.2	0.1	0.3	0.3
Total demand	139.6	139.5	136.9	136.7	137.9
Total domestic demand	101.0	99.5	101.8	101.3	101.2
Sources: Bank of Finland and Statistics Finland.					

6. PRICES					
Index 2010 = 100, and % change on previous year					
	2018	*2019*	*2020[f]*	*2021[f]*	*2022[f]*
Harmonised index of consumer prices, 2015 = 100	102.4	103.6	103.7	104.5	105.8
	1.2	1.1	0.2	0.7	1.3
Consumer price index, 2015 = 100	102.2	103.3	103.3	104.0	105.4
	1.1	1.0	0.1	0.7	1.3
Private consumption deflator	113.1	114.3	114.6	115.4	117.1
	1.2	1.1	0.2	0.8	1.4
Private investment deflator	116.6	119.8	117.1	118.6	121.1
	2.6	2.8	–2.3	1.3	2.0
Exports of goods and services deflator	107.3	106.6	103.9	104.4	105.9
	4.2	–0.7	–2.5	0.4	1.5
Imports of goods and services deflator	105.1	105.4	101.6	102.6	103.9
	3.4	0.3	–3.6	1.0	1.2
Value-added deflators					
Value-added, gross at basic prices	114.8	117.1	117.6	118.9	121.0
	1.8	1.9	0.4	1.1	1.8
Private sector	115.0	116.8	117.2	118.5	120.5
	1.8	1.6	0.3	1.1	1.7
Public sector	113.9	118.0	118.9	120.4	122.8
	1.6	3.6	0.7	1.3	2.0
Sources: Bank of Finland and Statistics Finland.					

7. WAGES AND PRODUCTIVITY

% change on previous year

	2018	*2019*	*2020f*	*2021f*	*2022f*
Whole economy					
Index of wage and salary earnings	1.7	2.4	1.8	2.5	2.0
Compensation per employee	1.2	1.6	–0.5	5.4	2.2
Unit labour costs	2.1	1.7	3.9	1.8	0.1
Labour productivity per employed person	–0.9	–0.1	–4.2	3.5	2.1

Sources: Bank of Finland and Statistics Finland.

8. LABOUR MARKET

1.000 persons and % change on previous year

	2018	*2019*	*2020f*	*2021f*	*2022f*
Labour force survey (15–74-year-olds)					
Employed persons	2 538	2 567	2 495	2 483	2 503
	2.6	1.1	–2.8	–0.5	0.8
Unemployed persons	202	184	247	255	240
	–13.8	–8.7	34.0	3.4	–5.8
Labour force	2 740	2 751	2 742	2 739	2 744
	1.2	0.4	–0.3	–0.1	0.2
Working-age population (15–64-year-olds)	3 439	3 428	3 422	3 415	3 411
	–0.4	–0.3	–0.2	–0.2	–0.1
Labour force participation rate, %	66.4	66.6	66.5	66.6	66.9
Unemployment rate, %	7.4	6.7	9.0	9.3	8.8

8. LABOUR MARKET					
Employment rate (15–64-year-olds), %	71.7	72.5	70.8	70.6	71.2
Sources: Bank of Finland and Statistics Finland.					

9. GENERAL GOVERNMENT REVENUE. EXPENDITURE. BALANCE AND DEBT					
	2018	*2019*	*2020[f]*	*2021[f]*	*2022[f]*
% of GDP					
General government revenue	52.5	52.2	52.3	53.1	52.7
General government expenditure	53.4	53.3	60.3	58.0	56.5
General government primary expenditure	52.5	52.4	59.5	57.2	55.7
General government interest expenditure	0.9	0.9	0.8	0.8	0.7
General government net lending	−0.9	−1.1	−8.0	−4.9	−3.8
Central government net lending	−1.2	−1.2	−5.7	−3.1	−2.3
Local government net lending	−0.9	−1.2	−2.1	−2.0	−2.0
Social security funds	1.3	1.2	−0.2	0.3	0.4
General government primary balance	0.1	−0.3	−7.1	−4.1	−3.1
General government debt (consolidated. EDP)	59.2	59.4	71.3	73.3	74.5
Central government debt	44.9	44.3	53.3	54.1	54.3
Tax ratio	42.4	42.1	42.1	43.1	42.8

9. GENERAL GOVERNMENT REVENUE. EXPENDITURE. BALANCE AND DEBT					
Current prices, EUR billion					
General government net lending	−2.0	−2.7	−17.9	−11.4	−9.3
Central government net lending	−2.8	−2.8	−12.7	−7.3	−5.5
Local government net lending	−2.1	−2.9	−4.7	−4.7	−4.8
Social security funds	2.9	2.9	−0.5	0.6	1.0
General government debt (consolidated. EDP)	138.412	142.507	159,.003	170.8651	181.9764
Sources: Bank of Finland and Statistics Finland.					

10. BALANCE OF PAYMENTS				
EUR billion				
	2018	***2019***	***2020[f]***	***2021[f]***
Exports of goods and services (SNA)	90.2	96.0	78.7	82.6
Imports of goods and services (SNA)	92.5	94.8	82.8	85.6
Goods and services account (SNA)	−2.3	1.2	−4.1	−3.0
% to GDP	−1.0	0.5	−1.8	−1.3
Investment income and other items, net (+ statistical discrepancy)	0.9	−0.5	1.4	1.3
Current transfers, net	−2.3	−2.4	−2.4	−2.6
Current account, net	−3.8	−18.1	−5.0	−4.4
Net lending, % to GDP				
Private sector	−0.8	0.4	5.7	3.0

10. BALANCE OF PAYMENTS				
Public sector	−0.9	−1.1	−8.0	−4.9
Current account, % to GDP	−1.6	−0.8	−2.3	−1.9
Sources: Bank of Finland and Statistics Finland.				

11. INTEREST RATES				
%				
	2018	***2019***	***2020^f***	***2021^f***
3-month Euribor[1]	−0.3	−0.4	−0.4	−0.4
Average interest rate on new loan drawdowns[2]	1.8	1.8	1.8	1.8
Average interest rate on the stock of loans[2]	1.3	1.3	1.3	1.3
Average interest rate on the stock of deposits[3]	0.1	0.1	0.1	0.1
Yield on Finnish 10-year government bonds[1]	0.7	0.1	0.0	0.1
[1] Tehnical 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				
	2018	***2019***	***2020^f***	***2021^f***
Real GDP, volume, % change on previous year				

12. INTERNATIONAL ENVIRONMENT				
World	2.9	0.9	–4.5	6.0
USA	2.9	2.3	–6.4	3.6
Euro area	1.9	1.2	–8.7	5.2
Japan	0.3	0.7	–5.5	2.5
Real imports, volume, % change on previous year				
World	4.6	–0.3	–12.9	8.0
USA	4.4	1.0	–17.7	10.2
Euro area	2.7	3.9	–12.0	7.4
Japan	3.7	–0.6	–11.7	3.9
Index, 2010 = 100, and % change on previous year				
Import volume in Finnish export markets	112.8	114.7	98.5	107.2
	3.7	1.6	–14.1	8.8
Export prices of Finland's competitors (excl. oil), in national currencies	106.4	107.7	105.4	106.7
	5.3	1.2	–2.1	1.2
Export prices of Finland's industrial competitors (excl. oil), in euro	99.7	101.3	97.6	98.4
	1.4	1.6	–3.7	0.9
Industrial raw materials (excl. energy), HWWA index, in US dollars	124.8	124.2	113.7	117.3
	5.6	–0.5	–8.5	3.2
Oil price, USD per barrel[1]	108.1	97.4	54.8	56.6
	30.6	–9.9	–43.7	3.2
Finland's nominal competitiveness indicator[2]	107.5	107.0	108.8	109.1
	3.8	–0.4	1.6	0.3
US dollar value of one euro[1]	1.18	1.12	1.09	1.08

12. INTERNATIONAL ENVIRONMENT

	4.5	−5.2	−2.8	−0.5
[1] Technical assumption derived from market expectations.				
[2] Narrow, supplemented with euro area countries, January–March 1999 = 100.				

Sources: Bank of Finland and European Central Bank.

13. CURRENT AND DECEMBER 2019 FORECAST

	2019	*2020[f]*	*2021[f]*	*2022[f]*
GDP, % change	1.0	−6.9	3.0	2.9
December 2019	1.3	0.9	1.1	1.3
Inflation (HICP), %	1.1	0.2	0.7	1.3
December 2019	1.2	1.2	1.4	1.6
Current account, % to GDP	−0.8	−2.3	−1.9	−1.8
December 2019	−1.3	−1.3	−1.1	−0.9
General government net lending, % to GDP	−1.1	−8.0	−4.9	−3.8
December 2019	−1.0	−1.5	−1.5	−1.5
General government debt (EDP), % to GDP	59.4	71.3	73.3	74.5
December 2019	58.8	59.1	60.1	60.8
Unemployment rate, %	6.7	9.0	9.3	8.8
December 2019	6.7	6.7	6.6	6.4
Employment rate, 15–64-year-olds, %	72.5	70.8	70.6	71.2
December 2019	72.5	72.7	73.0	73.4

Source: Bank of Finland.

Keywords

COVID-19, economic situation, forecast, indicators