Forecast

Forecast tables for 2020-2023 (December 2020)

Finnish economy | 15 December 2020

COVID-19 will gradually be left behind in the course of 2021 due to the vaccines, and private consumption will generate growth of 2.2% in the Finnish economy. This will strengthen to 2.5% in 2022.



December 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

	2019	*2020^{f}*	*2021^{f}*	*2022^{f}*	*2023^{f}*
GDP at market prices	1.1	−3.8	2.2	2.5	1.5
Imports of goods and services	3.3	−7.1	4.5	4.0	3.3
Exports of goods and services	7.7	−9.1	5.7	3.9	3.3
Private consumption	0.8	−5.3	3.6	4.0	1.8
Public consumption	1.1	3.2	2.1	−0.7	0.2
Private fixed investment	−1.6	−5.6	−3.2	3.8	2.3
Public fixed investment	2.1	8.3	1.7	0.3	1.8

Sources: Bank of Finland and Statistics Finland.

2. CONTRIBUTIONS TO GROWTH[1]

	2019	*2020^{f}*	*2021^{f}*	*2022^{f}*	*2023^{f}*
GDP, % change	1.1	−3.8	2.2	2.5	1.5
Net exports	1.7	−0.8	0.4	0.0	0.0
Domestic demand excl. inventory change	0.5	−2.8	1.8	2.6	2.6
of which Consumption	0.7	−2.0	2.3	1.9	1.9
Investment	−0.2	−0.8	−0.5	0.7	0.7
Inventory change + statistical discrepancy	−1.0	−0.2	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.

Sources: Bank of Finland and Statistics Finland.

3. BALANCE OF SUPPLY AND DEMAND. PRICE DEFLATORS					
Index 2010 = 100. and % change on previous year					
	2019	*2020[f]*	*2021[f]*	*2022[f]*	*2023[f]*
GDP at market prices	116.8	119.3	120.7	122.2	124.0
	1.8	2.1	1.2	1.3	1.5
Imports of goods and services	105.6	100.0	101.5	103.9	106.4
	0.4	–5.4	1.5	2.4	2.4
Exports of goods and services	107.0	101.7	103.6	105.8	107.9
	–0.3	–4.9	1.9	2.1	2.0
Private consumption	114.1	114.4	115.5	117.1	118.9
	1.0	0.3	1.0	1.3	1.6
Public consumption	116.5	119.1	120.5	122.4	124.5
	2.5	2.2	1.2	1.6	1.7
Private fixed investment	120.0	121.9	123.2	124.9	127.1
	3.1	1.5	1.1	1.5	1.8
Public fixed investment	117.8	117.5	118.5	119.7	121.3
	2.5	–0.3	0.9	1.0	1.3
Terms of trade (goods and services)	101.3	101.8	102.1	101.7	101.4
	–0.6	0.5	0.3	–0.3	–0.4
Sources: Bank of Finland and Statistics Finland.					

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES					
EUR million and % change on previous year					
	2019	*2020[f]*	*2021[f]*	*2022[f]*	*2023[f]*

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES					
GDP at market prices	240,556	236,470	244,407	253,734	261,354
	2.9	–1.7	3.4	3.8	3.0
Imports of goods and services	95,892	84,247	89,393	95,230	100,654
	3.7	–12.1	6.1	6.5	5.7
Total supply	336,448	320,717	333,800	348,964	362,008
	3.2	–4.7	4.1	4.5	3.7
Exports of goods and services	96,652	83,593	89,965	95,396	100,521
	7.4	–13.5	7.6	6.0	5.4
Consumption	181,348	178,035	185,425	192,628	198,273
	2.4	–1.8	4.2	3.9	2.9
Private	126,029	119,657	125,145	131,837	136,284
	1.8	–5.1	4.6	5.3	3.4
Public	55,319	58,378	60,280	60,791	61,989
	3.6	5.5	3.3	0.8	2.0
Fixed investment	57,482	56,314	55,640	58,140	60,413
	2.0	–2.0	–1.2	4.5	3.9
Private	47,168	45,177	44,208	46,558	48,468
	1.4	–4.2	–2.1	5.3	4.1
Public	10,314	11,137	11,432	11,582	11,945
	4.6	8.0	2.6	1.3	3.1
Inventory change + statistical discrepancy	966	2,775	2,770	2,800	2,800
% of previous year's total demand	–0.5	0.5	0.0	0.0	0.0
Total demand	336,448	320,717	333,800	348,964	362,008

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES					
	3.2	–4.7	4.1	4.5	3.7
Total domestic demand	239,796	237,123	243,835	253,568	261,487
	1.5	–1.1	2.8	4.0	3.1
Sources: Bank of Finland and Statistics Finland.					

5. BALANCE OF SUPPLY AND DEMAND					
% in proportion to GDP at current prices					
	2019	*2020^{f}*	*2021^{f}*	*2022^{f}*	*2023^{f}*
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Imports of goods and services	39.9	35.6	36.6	37.5	38.5
Exports of goods and services	40.2	35.4	36.8	37.6	38.5
Consumption	75.4	75.3	75.9	75.9	75.9
Private	52.4	50.6	51.2	52.0	52.1
Public	23.0	24.7	24.7	24.0	23.7
Fixed investment	23.9	23.8	22.8	22.9	23.1
Private	19.6	19.1	18.1	18.3	18.5
Public	4.3	4.7	4.7	4.6	4.6
Inventory change + statistical discrepancy	0.4	1.2	1.1	1.1	1.1
Total demand	139.9	135.6	136.6	137.5	138.5
Total domestic demand	99.7	100.3	99.8	99.9	100.1
Sources: Bank of Finland and Statistics Finland.					

6. PRICES					
Index 2010 = 100, and % change on previous year					
	2019	*2020[f]*	*2021[f]*	*2022[f]*	*2023[f]*
Harmonised index of consumer prices, 2015 = 100	103.6	104.0	104.9	106.1	107.7
	1.1	0.4	0.9	1.2	1.5
Consumer price index, 2015 = 100	103.3	103.6	104.4	105.6	107.2
	1.0	0.3	0.8	1.2	1.5
Private consumption deflator	114.1	114.4	115.5	117.1	118.9
	1.0	0.3	1.0	1.3	1.6
Private investment deflator	120.0	121.9	123.2	124.9	127.1
	3.1	1.5	1.1	1.5	1.8
Exports of goods and services deflator	107.0	101.7	103.6	105.8	107.9
	–0.3	–4.9	1.9	2.1	2.0
Imports of goods and services deflator	105.6	100.0	101.5	103.9	106.4
	0.4	–5.4	1.5	2.4	2.4
Value-added deflators					
Value-added, gross at basic prices	116.7	118.9	120.7	122.8	125.4
	1.8	1.9	1.5	1.7	2.1
Private sector	116.3	118.3	120.6	122.7	125.4
	1.5	1.7	1.9	1.8	2.2
Public sector	118.3	121.4	121.3	123.2	125.4
	3.2	2.6	–0.1	1.6	1.7
Sources: Bank of Finland and Statistics Finland.					

7. WAGES AND PRODUCTIVITY					
% change on previous year					
	2019	*2020[f]*	*2021[f]*	*2022[f]*	*2023[f]*
Whole economy					
Index of wage and salary earnings	2.1	1.7	2.2	1.7	2.2
Compensation per employee	1.3	0.6	3.6	1.9	2.3
Unit labour costs	1.3	2.8	1.5	0.5	1.4
Labour productivity per employed person	0.0	−2.2	2.0	1.4	0.8
Sources: Bank of Finland and Statistics Finland.					

8. LABOUR MARKET					
1.000 persons and % change on previous year					
	2019	*2020[f]*	*2021[f]*	*2022[f]*	*2023[f]*
Labour force survey (15–74-year-olds)					
Employed persons	2,566	2,525	2,529	2,556	2,573
	1.1	−1.6	0.1	1.1	0.7
Unemployed persons	184	215	228	212	205
	−8.7	16.8	6.3	−7.1	−3.4
Labour force	2,750	2,740	2,757	2,768	2,778
	0.4	−0.4	0.6	0.4	0.4
Working-age population (15–64-year-olds)	3,428	3,421	3,414	3,410	3,409
	−0.3	−0.2	−0.2	−0.1	0.0
Labour force participation rate, %	66.6	66.3	66.8	67.3	67.7
Unemployment rate, %	6.7	7.8	8.3	7.7	7.4

8. LABOUR MARKET					
Employment rate (15–64-year-olds), %	72.5	71.6	71.8	72.7	73.2
Sources: Bank of Finland and Statistics Finland.					

9. GENERAL GOVERNMENT REVENUE. EXPENDITURE. BALANCE AND DEBT					
	2019	*2020[f]*	*2021[f]*	*2022[f]*	*2023[f]*
% of GDP					
General government revenue	52.3	51.2	52.3	52.3	52.3
General government expenditure	53.3	58.3	57.0	55.5	54.7
General government primary expenditure	52.5	57.6	56.3	54.8	54.1
General government interest expenditure	0.8	0.8	0.7	0.7	0.6
General government net lending	−1.0	−7.1	−4.7	−3.2	−2.4
Central government net lending	−1.2	−6.4	−4.1	−2.7	−1.9
Local government net lending	−1.1	−0.5	−0.9	−1.0	−1.2
Social security funds	1.4	−0.1	0.3	0.5	0.6
General government primary balance	−0.2	−6.3	−4.0	−2.6	−1.8
General government debt (consolidated. EDP)	59.3	68.4	71.3	72.6	74.0
Central government debt	44.2	52.7	55.3	56.4	57.4
Tax ratio	42.2	41.4	42.3	42.2	42.2

9. GENERAL GOVERNMENT REVENUE. EXPENDITURE. BALANCE AND DEBT					
Current prices, EUR billion					
General government net lending	−2,310	−16,751	−11,495	−8,132	−6,242
Central government net lending	−2,896	−15,217	−10,019	−6,884	−4,863
Local government net lending	−2,725	−1,288	−2,247	−2,610	−3,043
Social security funds	3,311	−245	771	1,361	1,664
General government debt (consolidated. EDP)	142,539	161,857	174,160	184,203	193,478
Sources: Bank of Finland and Statistics Finland.					

10. BALANCE OF PAYMENTS				
EUR billion				
	2019	*2020[f]*	*2021[f]*	*2022[f]*
Exports of goods and services (SNA)	96.7	83.6	90.0	95.4
Imports of goods and services (SNA)	95.9	84.2	89.4	95.2
Goods and services account (SNA)	0.8	−0.7	0.6	0.2
% to GDP	0.3	−0.3	0.2	0.1
Investment income and other items, net (+ statistical discrepancy)	1.2	1.4	1.2	1.2
Current transfers, net	−2.4	−2.5	−2.4	−2.3
Current account, net	−0.5	−17.6	−0.6	−0.9
Net lending, % to GDP				
Private sector	0.8	6.3	4.4	2.8

10. BALANCE OF PAYMENTS				
Public sector	−1.0	−7.1	−4.7	−3.2
Current account, % to GDP	−0.2	−0.7	−0.3	−0.4
Sources: Bank of Finland and Statistics Finland.				

11. INTEREST RATES				
%				
	2019	*2020[f]*	*2021[f]*	*2022[f]*
3-month Euribor[1]	−0.4	−0.4	−0.5	−0.5
Average interest rate on new loan drawdowns[2]	1.8	1.7	1.7	1.7
Average interest rate on the stock of loans[2]	1.3	1.3	1.2	1.2
Average interest rate on the stock of deposits[3]	0.1	0.0	0.0	0.0
Yield on Finnish 10-year government bonds[1]	0.1	−0.2	−0.3	−0.3
[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				
	2019	*2020[f]*	*2021[f]*	*2022[f]*
Real GDP, volume, % change on previous year				

12. INTERNATIONAL ENVIRONMENT				
World	2.7	–3.5	5.6	3.9
USA	2.2	–3.6	3.8	2.2
Euro area	1.3	–7.3	3.9	4.2
Japan	0.7	–5.3	2.8	1.3
Real imports, volume, % change on previous year				
World	0.6	–9.5	7.1	4.3
USA	1.1	–10.7	7.6	3.9
Euro area	0.6	–10.7	6.6	4.1
Japan	–0.6	–7.2	2.6	3.0
Index, 2015 = 100, and % change on previous year				
Import volume in Finnish export markets	114.9	103.8	110.8	116.3
	1.4	–9.6	6.7	4.9
Export prices of Finland's competitors (excl. oil), in national currencies	107.4	105.1	107.3	109.5
	1.1	–2.2	2.1	2.1
Export prices of Finland's industrial competitors (excl. oil), in euro	101.3	96.8	97.5	99.6
	1.8	–4.5	0.8	2.1
Industrial raw materials (excl. energy), HWWA index, in US dollars	119.0	119.8	130.8	133.4
	–5.3	0.6	9.2	2.0
Oil price, USD per barrel[1]	64.1	41.6	44.1	45.7
	–9.9	–35.1	5.9	3.7
Finland's nominal competitiveness indicator[2]	93.8	91.6	90.5	90.5
	–0.7	2.4	1.3	0.0
US dollar value of one euro[3]	1.12	1.14	1.18	1.18

12. INTERNATIONAL ENVIRONMENT				
	−5.2	1.6	4.1	0.0
[1] Technical assumption derived from market expectations.				
[2] Narrow, supplemented with euro area countries, January–March 1999 = 100.				
[3] Exchange rates assumed stable during the forecast period.				
Sources: Bank of Finland and European Central Bank.				

13. CURRENT AND JUNE 2020 FORECAST				
	2019	*2020[f]*	*2021[f]*	*2022[f]*
GDP, % change	1.1	−3.8	2.2	2.5
June 2020	1.0	−6.9	3.0	2.9
Inflation (HICP), %	1.1	0.4	0.9	1.2
June 2020	1.1	0.2	0.7	1.3
Current account, % to GDP	−0.2	−0.7	−0.3	−0.4
June 2020	−0.8	−2.3	−1.9	−1.8
General government net lending, % to GDP	−1.0	−7.1	−4.7	−3.2
June 2020	−1.1	−8.0	−4.9	−3.8
General government debt (EDP), % to GDP	59.3	68.4	71.3	72.6
June 2020	59.4	71.3	73.3	74.5
Unemployment rate, %	6.7	7.8	8.3	7.7
June 2020	6.7	9.0	9.3	8.8
Employment rate, 15–64-year-olds, %	72.5	71.6	71.8	72.7
June 2020	72.5	70.8	70.6	71.2
Source: Bank of Finland.				

Keywords

COVID-19, economic forecast, economic situation, forecast, indicators