

FORECAST

Forecast tables for 2021–2024 (December 2021)

Finnish economy | 17.12.2021

The Finnish economy will grow 3.5% in 2021 and 2.6% in 2022.

EURO & TALOUS

Bank of Finland's forecast for the Finnish economy,
December 2021

| | 2021 | 2022 | 2023 | 2024 |
|---------------------|-------------|-------------|-------------|-------------|
| GDP, % | 3.5 | 2.6 | 1.5 | 1.3 |
| Inflation, % | 2.1 | 2.0 | 1.6 | 1.8 |

1. BALANCE OF SUPPLY AND DEMAND, AT REFERENCE YEAR 2015 PRICES

% change on previous year

| | 2020 | 2021 ^f | 2022 ^f | 2023 ^f | 2024 ^f |
|-------------------------------|------|-------------------|-------------------|-------------------|-------------------|
| GDP at market prices | -2.9 | 3.5 | 2.6 | 1.5 | 1.3 |
| Imports of goods and services | -6.5 | 3.5 | 5.3 | 4.2 | 3.5 |

Sources: Bank of Finland and Statistics Finland.

| 1. BALANCE OF SUPPLY AND DEMAND, AT REFERENCE YEAR 2015 PRICES | | | | | |
|--|------|------|------|------|-----|
| Exports of goods and services | -6.8 | 4.0 | 5.5 | 4.5 | 3.6 |
| Private consumption | -4.7 | 2.9 | 3.3 | 1.7 | 1.2 |
| Public consumption | 0.5 | 2.8 | -0.3 | -0.1 | 1.0 |
| Private fixed investment | -3.4 | 2.8 | 4.6 | 2.6 | 1.7 |
| Public fixed investment | 11.0 | -5.0 | 5.0 | 0.3 | 1.9 |

Sources: Bank of Finland and Statistics Finland.

| 2. CONTRIBUTIONS TO GROWTH ¹ | | | | | |
|--|------|-------------------|-------------------|-------------------|-------------------|
| | 2020 | 2021 ^f | 2022 ^f | 2023 ^f | 2024 ^f |
| GDP, % change | -2.9 | 3.5 | 2.6 | 1.5 | 1.3 |
| Net exports | -0.1 | 0.2 | 0.1 | 0.2 | 0.0 |
| Domestic demand excl. inventory change | -2.5 | 2.5 | 2.7 | 1.4 | 1.3 |
| of which Consumption | -2.3 | 2.2 | 1.6 | 0.9 | 0.8 |
| Investment | -0.2 | 0.3 | 1.1 | 0.5 | 0.4 |
| Inventory change + statistical discrepancy | -0.2 | 0.9 | -0.1 | 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 2015 = 100, and % change on previous year | | | | | |
| | 2020 | 2021 ^f | 2022 ^f | 2023 ^f | 2024 ^f |

Sources: Bank of Finland and Statistics Finland.

| 3. BALANCE OF SUPPLY AND DEMAND, PRICE DEFLATORS | | | | | |
|--|-------|-------|-------|-------|-------|
| GDP at market prices | 105.8 | 108.3 | 111.2 | 113.1 | 115.2 |
| | 1.3 | 2.4 | 2.7 | 1.7 | 1.9 |
| Imports of goods and services | 99.8 | 108.6 | 114.0 | 114.9 | 116.0 |
| | -5.0 | 8.8 | 4.9 | 0.8 | 1.0 |
| Exports of goods and services | 102.1 | 110.3 | 116.1 | 117.0 | 118.2 |
| | -4.4 | 8.0 | 5.3 | 0.8 | 1.0 |
| Private consumption | 104.1 | 106.2 | 108.4 | 110.1 | 112.2 |
| | 0.5 | 2.0 | 2.2 | 1.6 | 1.9 |
| Public consumption | 105.9 | 107.6 | 110.2 | 112.6 | 114.9 |
| | 3.1 | 1.6 | 2.4 | 2.2 | 2.1 |
| Private fixed investment | 110.8 | 112.1 | 115.4 | 117.5 | 119.5 |
| | 1.2 | 1.2 | 2.9 | 1.8 | 1.7 |
| Public fixed investment | 107.4 | 110.0 | 114.1 | 115.4 | 117.4 |
| | 0.1 | 2.4 | 3.7 | 1.2 | 1.7 |
| Terms of trade (goods and services) | 102.3 | 101.6 | 101.9 | 101.8 | 101.9 |
| | 0.6 | -0.7 | 0.3 | 0.0 | 0.0 |

Sources: Bank of Finland and Statistics Finland.

| 4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES | | | | | |
|--|---------|-------------------|-------------------|-------------------|-------------------|
| EUR million and % change on previous year | | | | | |
| | 2020 | 2021 ^f | 2022 ^f | 2023 ^f | 2024 ^f |
| GDP at market prices | 236,169 | 250,319 | 263,850 | 272,424 | 281,119 |
| | -1.6 | 6.0 | 5.4 | 3.2 | 3.2 |

Sources: Bank of Finland and Statistics Finland.

| 4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES | | | | | |
|--|---------|---------|---------|---------|---------|
| Imports of goods and services | 84,663 | 95,294 | 105,347 | 110,606 | 115,644 |
| | -11.1 | 12.6 | 10.5 | 5.0 | 4.6 |
| Total supply | 320,832 | 345,613 | 369,198 | 383,029 | 396,763 |
| | -4.3 | 7.7 | 6.8 | 3.7 | 3.6 |
| Exports of goods and services | 85,458 | 95,999 | 106,602 | 112,263 | 117,466 |
| | -10.7 | 12.3 | 11.0 | 5.3 | 4.6 |
| Consumption | 178,368 | 186,867 | 195,114 | 200,863 | 207,124 |
| | -1.8 | 4.8 | 4.4 | 2.9 | 3.1 |
| Private | 120,708 | 126,658 | 133,674 | 138,105 | 142,440 |
| | -4.2 | 4.9 | 5.5 | 3.3 | 3.1 |
| Public | 57,660 | 60,209 | 61,440 | 62,758 | 64,683 |
| | 3.6 | 4.4 | 2.0 | 2.1 | 3.1 |
| Fixed investment | 57,128 | 58,656 | 63,311 | 65,734 | 68,004 |
| | 0.2 | 2.7 | 7.9 | 3.8 | 3.5 |
| Private | 45,478 | 47,320 | 50,964 | 53,208 | 55,021 |
| | -2.2 | 4.1 | 7.7 | 4.4 | 3.4 |
| Public | 11,650 | 11,335 | 12,347 | 12,526 | 12,982 |
| | 11.1 | -2.7 | 8.9 | 1.5 | 3.6 |
| Inventory change + statistical discrepancy | -122 | 4,091 | 4,170 | 4,170 | 4,170 |
| % of previous year's total demand | -0.4 | 1.3 | 0.0 | 0.0 | 0.0 |
| Total demand | 320,832 | 345,613 | 369,198 | 383,029 | 396,763 |
| | -4.3 | 7.7 | 6.8 | 3.7 | 3.6 |

Sources: Bank of Finland and Statistics Finland.

| 4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES | | | | | |
|--|---------|---------|---------|---------|---------|
| Total domestic demand | 235,374 | 249,613 | 262,595 | 270,767 | 279,297 |
| | -1.8 | 6.0 | 5.2 | 3.1 | 3.2 |

Sources: Bank of Finland and Statistics Finland.

| 5. BALANCE OF SUPPLY AND DEMAND | | | | | |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| % in proportion to GDP at current prices | | | | | |
| | 2020 | 2021 ^f | 2022 ^f | 2023 ^f | 2024 ^f |
| GDP at market prices | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Imports of goods and services | 35.8 | 38.1 | 39.9 | 40.6 | 41.1 |
| Exports of goods and services | 36.2 | 38.4 | 40.4 | 41.2 | 41.8 |
| Consumption | 75.5 | 74.7 | 73.9 | 73.7 | 73.7 |
| Private | 51.1 | 50.6 | 50.7 | 50.7 | 50.7 |
| Public | 24.4 | 24.1 | 23.3 | 23.0 | 23.0 |
| Fixed investment | 24.2 | 23.4 | 24.0 | 24.1 | 24.2 |
| Private | 19.3 | 18.9 | 19.3 | 19.5 | 19.6 |
| Public | 4.9 | 4.5 | 4.7 | 4.6 | 4.6 |
| Inventory change + statistical discrepancy, | -0.1 | 1.6 | 1.6 | 1.5 | 1.5 |
| Total demand | 135.8 | 138.1 | 139.9 | 140.6 | 141.1 |
| Total domestic demand | 99.7 | 99.7 | 99.5 | 99.4 | 99.4 |

Sources: Bank of Finland and Statistics Finland.

| 6. PRICES |
|---|
| Index 2015 = 100, and % change on previous year |

Sources: Bank of Finland and Statistics Finland.

| 6. PRICES | | | | | |
|--|-------|-------------------|-------------------|-------------------|-------------------|
| | 2020 | 2021 ^f | 2022 ^f | 2023 ^f | 2024 ^f |
| Harmonised index of consumer prices | 104.0 | 106.1 | 108.2 | 109.9 | 111.8 |
| | 0.4 | 2.1 | 2.0 | 1.6 | 1.8 |
| Consumer price index | 103.5 | 105.8 | 108.4 | 110.0 | 112.0 |
| | 0.3 | 2.2 | 2.4 | 1.5 | 1.8 |
| Private consumption deflator | 104.1 | 106.2 | 108.4 | 110.1 | 112.2 |
| | 0.5 | 2.0 | 2.2 | 1.6 | 1.9 |
| Private investment deflator | 110.8 | 112.1 | 115.4 | 117.5 | 119.5 |
| | 1.2 | 1.2 | 2.9 | 1.8 | 1.7 |
| Exports of goods and services deflator | 102.1 | 110.3 | 116.1 | 117.0 | 118.2 |
| | -4.4 | 8.0 | 5.3 | 0.8 | 1.0 |
| Imports of goods and services deflator | 99.8 | 108.6 | 114.0 | 114.9 | 116.0 |
| | -5.0 | 8.8 | 4.9 | 0.8 | 1.0 |
| Value-added deflators | | | | | |
| Value-added, gross at basic prices | 105.9 | 108.8 | 112.2 | 114.0 | 116.2 |
| | 1.4 | 2.7 | 3.1 | 1.7 | 1.9 |
| Private sector | 105.7 | 109.0 | 112.5 | 114.3 | 116.4 |
| | 0.6 | 3.1 | 3.2 | 1.5 | 1.8 |
| Public sector | 106.8 | 107.9 | 110.6 | 113.1 | 115.4 |
| | 4.7 | 1.0 | 2.5 | 2.2 | 2.1 |

Sources: Bank of Finland and Statistics Finland.

| 7. WAGES AND PRODUCTIVITY | | | | | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| % change on previous year | | | | | |
| | 2020 | 2021 ^f | 2022 ^f | 2023 ^f | 2024 ^f |
| Whole economy | | | | | |
| Index of wage and salary earnings | 1.9 | 2.4 | 2.4 | 2.4 | 2.4 |
| Compensation per employee | 0.8 | 4.6 | 3.2 | 2.4 | 2.3 |
| Unit labour costs | 1.6 | 3.3 | 1.8 | 1.5 | 1.4 |
| Labour productivity per employed person | -0.9 | 1.2 | 1.4 | 0.9 | 0.9 |

Sources: Bank of Finland and Statistics Finland.

| 8. LABOUR MARKET | | | | | |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| 1,000 persons and % change on previous year | | | | | |
| | 2020 | 2021 ^f | 2022 ^f | 2023 ^f | 2024 ^f |
| Labour force survey (15–74-year-olds) | | | | | |
| Employed persons | 2,483 | 2,540 | 2,572 | 2,589 | 2,600 |
| | -2.0 | 2.3 | 1.3 | 0.7 | 0.4 |
| Unemployed persons | 208 | 212 | 197 | 184 | 184 |
| | 13.5 | 1.9 | -7.2 | -6.3 | -0.3 |
| Labour force | 2,691 | 2,751 | 2,768 | 2,773 | 2,783 |
| | -1.0 | 2.3 | 0.6 | 0.2 | 0.4 |
| Working-age population (15–64-year-olds) | 3,421 | 3,417 | 3,413 | 3,412 | 3,411 |
| | -0.2 | -0.1 | -0.1 | 0.0 | 0.0 |
| Labour force participation rate, % | 65.1 | 66.8 | 67.4 | 67.7 | 68.1 |

Sources: Bank of Finland and Statistics Finland.

| 8. LABOUR MARKET | | | | | |
|--------------------------------------|------|------|------|------|------|
| Unemployment rate, % | 7.8 | 7.7 | 7.1 | 6.6 | 6.6 |
| Employment rate (15–64-year-olds), % | 70.7 | 72.0 | 72.8 | 73.3 | 73.6 |

Sources: Bank of Finland and Statistics Finland.

| 9. GENERAL GOVERNMENT REVENUE, EXPENDITURE, BALANCE AND DEBT | | | | | |
|--|-------|-------------------|-------------------|-------------------|-------------------|
| % TO GDP | | | | | |
| | 2020 | 2021 ^f | 2022 ^f | 2023 ^f | 2024 ^f |
| General government revenue | 51.9 | 52.3 | 51.7 | 51.7 | 51.6 |
| General government expenditure | 57.3 | 55.2 | 53.6 | 52.9 | 52.8 |
| General government primary expenditure | 56.7 | 54.6 | 53.1 | 52.5 | 52.4 |
| General government interest expenditure | 0.7 | 0.6 | 0.5 | 0.5 | 0.4 |
| General government net lending | -5.5 | -2.9 | -1.9 | -1.3 | -1.2 |
| Central government | -5.5 | -3.4 | -2.4 | -1.7 | -1.5 |
| Local government | 0.0 | -0.3 | -0.5 | -0.6 | -0.6 |
| Social security funds | 0.0 | 0.8 | 1.0 | 1.0 | 1.0 |
| General government primary balance | -4.8 | -2.4 | -1.4 | -0.8 | -0.7 |
| General government structural balance | -4.1 | -2.1 | -2.3 | -2.0 | -2.0 |
| General government debt (EDP) | 69.5 | 66.9 | 66.5 | 67.1 | 67.5 |
| Central government debt | 52.9 | 51.3 | 51.4 | 52.1 | 52.5 |
| Tax ratio | 42.1 | 42.6 | 42.0 | 41.9 | 41.9 |
| Current prices, EUR billion | | | | | |
| General government net lending | -12.9 | -7.3 | -5.0 | -3.5 | -3.3 |

Sources: Bank of Finland and Statistics Finland.

| 9. GENERAL GOVERNMENT REVENUE, EXPENDITURE, BALANCE AND DEBT | | | | | |
|--|-------|-------|-------|-------|-------|
| Central government | -13.1 | -8.6 | -6.4 | -4.6 | -4.2 |
| Local government | 0.0 | -0.7 | -1.4 | -1.6 | -1.7 |
| Social security funds | 0.1 | 2.0 | 2.8 | 2.7 | 2.7 |
| General government debt (EDP) | 164.2 | 167.5 | 175.5 | 182.8 | 189.8 |

Sources: Bank of Finland and Statistics Finland.

| 10. BALANCE OF PAYMENTS | | | | | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| EUR billion | | | | | |
| | 2020 | 2021 ^f | 2022 ^f | 2023 ^f | 2024 ^f |
| Exports of goods and services (SNA) | 85.5 | 96.0 | 106.6 | 112.3 | 117.5 |
| Imports of goods and services (SNA) | 84.7 | 95.3 | 105.3 | 110.6 | 115.6 |
| Goods and services account (SNA) | 0.8 | 0.7 | 1.3 | 1.7 | 1.8 |
| % to GDP | 0.3 | 0.3 | 0.5 | 0.6 | 0.6 |
| Investment income and other items, net (+ statistical discrepancy) | 4.0 | 5.7 | 1.5 | 1.5 | 1.5 |
| Current transfers, net | -2.8 | -2.7 | -2.7 | -2.8 | -3.1 |
| Current account, net | 2.0 | 36.5 | 0.0 | 0.4 | 0.2 |
| Net lending, % to GDP | | | | | |
| Private sector | 6.3 | 4.4 | 1.9 | 1.4 | 1.2 |
| Public sector | -5.5 | -2.9 | -1.9 | -1.3 | -1.2 |
| Current account, % to GDP | 0.8 | 1.5 | 0.0 | 0.1 | 0.1 |

Sources: Bank of Finland and Statistics Finland.

| 11. INTEREST RATES | | | | | |
|--|------|-------------------|-------------------|-------------------|-------------------|
| % | | | | | |
| | 2020 | 2021 ^f | 2022 ^f | 2023 ^f | 2024 ^f |
| 3-month Euribor ¹ | -0.4 | -0.5 | -0.5 | -0.2 | 0.0 |
| Average interest rate on new loan drawdowns ² | 1.5 | 1.6 | 1.6 | 1.7 | 1.9 |
| Average interest rate on the stock of loans ² | 1.3 | 1.2 | 1.2 | 1.3 | 1.5 |
| Average interest rate on the stock of deposits ³ | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Yield on Finnish 10-year government bonds ¹ | -0.2 | -0.2 | -0.3 | -0.2 | -0.1 |
| ¹ Technical 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. | | | | | |

Sources: Bank of Finland and Statistics Finland.

| 12. INTERNATIONAL ENVIRONMENT | | | | | |
|---------------------------------------|------|-------------------|-------------------|-------------------|-------------------|
| The Eurosystem staff projections | | | | | |
| | 2020 | 2021 ^f | 2022 ^f | 2023 ^f | 2024 ^f |
| GDP, % change on previous year | | | | | |
| World | -2.8 | 5.9 | 4.4 | 3.8 | 3.4 |
| USA | -3.4 | 5.5 | 4.2 | 3.0 | 2.5 |
| Euro area | -6.5 | 5.1 | 4.2 | 2.9 | 1.6 |
| Japan | -4.7 | 1.7 | 2.6 | 1.3 | 1.0 |

Sources: Bank of Finland and Statistics Finland.

| 12. INTERNATIONAL ENVIRONMENT | | | | | |
|--|-------|-------|-------|-------|-------|
| Imports, % change on previous year | | | | | |
| World | -8.3 | 10.2 | 4.5 | 4.9 | 3.7 |
| USA | -8.9 | 13.3 | 5.0 | 5.0 | 5.3 |
| Euro area | -9.4 | 7.0 | 6.1 | 6.4 | 2.9 |
| Japan | -7.3 | 6.0 | 4.3 | 5.2 | 4.4 |
| Index, 2015 = 100, and % change on previous year | | | | | |
| Import volume in Finnish export markets | 105.7 | 115.3 | 120.6 | 127.1 | 131.4 |
| | -8.4 | 9.0 | 4.6 | 5.4 | 3.4 |
| Export prices (excl. oil) of Finland's trading partners, national currencies | 105.4 | 115.3 | 119.9 | 120.8 | 122.0 |
| | -1.5 | 9.4 | 4.0 | 0.7 | 1.0 |
| Export prices (excl. oil) of Finland's trading partners, in euro | 97.0 | 105.5 | 111.3 | 112.1 | 113.2 |
| | -3.9 | 8.8 | 5.5 | 0.7 | 1.0 |
| Industrial raw materials (excl. energy), HWWA index, in US dollars | 121.2 | 173.2 | 179.1 | 175.5 | 172.6 |
| | 1.8 | 42.9 | 3.4 | -2.0 | -1.7 |
| Oil price, USD per barrel ¹ | 64.3 | 108.4 | 117.1 | 109.3 | 104.8 |
| | -33.9 | 68.5 | 8.0 | -6.7 | -4.1 |
| Finland's nominal competitiveness indicator ² | 109.2 | 109.9 | 108.3 | 108.3 | 108.3 |
| | 2.5 | 0.6 | -1.4 | 0.0 | 0.0 |
| US dollar value of one euro ¹ | 1.14 | 1.18 | 1.13 | 1.13 | 1.13 |
| | 2.0 | 3.6 | -4.3 | 0.0 | 0.0 |

Sources: Bank of Finland and Statistics Finland.

12. INTERNATIONAL ENVIRONMENT

¹Technical assumption derived from market expectations.

²Narrow plus euro area, 1999Q1 = 100

Sources: Bank of Finland and Statistics Finland.

13. Current and June 2021 forecast

| | 2021 ^f | 2022 ^f | 2023 ^f | 2024 ^f |
|--|-------------------|-------------------|-------------------|-------------------|
| GDP, % change | 3.5 | 2.6 | 1.5 | 1.3 |
| June 2021 | 2.9 | 3.0 | 1.3 | |
| Inflation (HICP), % | 2.1 | 2.0 | 1.6 | 1.8 |
| June 2021 | 1.7 | 1.4 | 1.6 | |
| Current account, % to GDP | 1.5 | 0.0 | 0.1 | 0.1 |
| June 2021 | -0.1 | -0.1 | -0.2 | |
| General government net lending, % to GDP | -2.9 | -1.9 | -1.3 | -1.2 |
| June 2021 | -4.4 | -2.5 | -2.2 | |
| General government debt (EDP), % to GDP | 66.9 | 66.5 | 67.1 | 67.5 |
| June 2021 | 71.4 | 71.6 | 72.8 | |
| Unemployment rate, % | 7.7 | 7.1 | 6.6 | 6.6 |
| June 2021 | 7.7 | 6.9 | 6.7 | |
| Employment rate, % | 72.0 | 72.8 | 73.3 | 73.6 |
| June 2021 | 71.4 | 72.2 | 72.7 | |

Sources: Bank of Finland and Statistics Finland.

Key words

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