Forecast

Forecast tables for 2021–2024 (December 2021)

Finnish economy | 17 December 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

Sources: Bank of Finland and Statistics Finland.

1.BALANCE OF SUPPLY AND DEMAND, AT REFERENCE YEAR 2015 PRICES					
Imports of goods and services	-6.5	3.5	5.3	4.2	3.5
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					
	2020	**2021[f]**	**2022[f]**	**2023[f]**	**2024[f]**

Sources: Bank of Finland and Statistics Finland.

6. PRICES					
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

Sources: Bank of Finland and Statistics Finland.

7. WAGES AND PRODUCTIVITY					
	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
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
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

Sources: Bank of Finland and Statistics Finland.

11. INTEREST RATES					
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]**
GDP, % change on previous year			
World	-2.8	5.9	4.4
USA	-3.4	5.5	4.2
Euro area	-6.5	5.1	4.2
Japan	-4.7	1.7	2.6
Imports, % change on previous year			
World	-8.3	10.2	4.5
USA	-8.9	13.3	5.0
Euro area	-9.4	7.0	6.1
Japan	-7.3	6.0	4.3
Index, 2015 = 100, and % change on previous year			
Import volume in Finnish export markets	105.7	115.3	120.6
	-8.4	9.0	4.6
Export prices (excl. oil) of Finland's trading partners, national currencies	105.4	115.3	119.9

Sources: Bank of Finland and Statistics Finland.

12. INTERNATIONAL ENVIRONMENT			
	-1.5	9.4	4.0
Export prices (excl. oil) of Finland's trading partners, in euro	97.0	105.5	111.3
	-3.9	8.8	5.5
Industrial raw materials (excl. energy), HWWA index, in US dollars	121.2	173.2	179.1
	1.8	42.9	3.4
Oil price, USD per barrel[1]	64.3	108.4	117.1
	-33.9	68.5	8.0
Finland's nominal competitiveness indicator[2]	109.2	109.9	108.3
	2.5	0.6	-1.4
US dollar value of one euro[1]	1.14	1.18	1.13
	2.0	3.6	-4.3

[1]Technical assumption derived from market expectations.
[2]Narrow plus euro area, 1999Q1 = 100

Sources: Bank of Finland and Statistics Finland.

13. Current and June 2021 forecast				
	2021[f]	**2022[f]**	**2023[f]**	
GDP, % change	3.5	2.6	1.5	
June 2021	2.9	3.0	1.3	
Inflation (HICP), %	2.1	2.0	1.6	
June 2021	1.7	1.4	1.6	
Current account, % to GDP	1.5	0.0	0.1	
June 2021	-0.1	-0.1	-0.2	

Sources: Bank of Finland and Statistics Finland.

13. Current and June 2021 forecast				
General government net lending, % to GDP	-2.9	-1.9	-1.3	
June 2021	-4.4	-2.5	-2.2	
General government debt (EDP), % to GDP	66.9	66.5	67.1	
June 2021	71.4	71.6	72.8	
Unemployment rate, %	7.7	7.1	6.6	
June 2021	7.7	6.9	6.7	
Employment rate, %	72.0	72.8	73.3	
June 2021	71.4	72.2	72.7	

Sources: Bank of Finland and Statistics Finland.

Keywords

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