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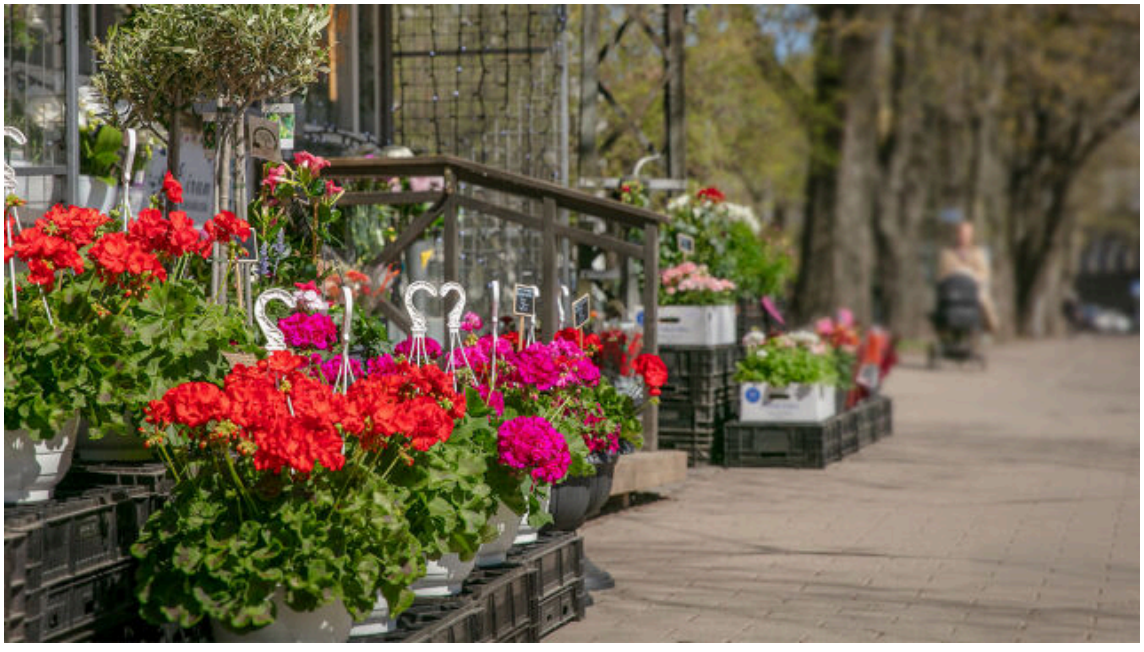
Finland’s economy at a turning point

Finnish economy | 12 June 2026

The Finnish economy is on the verge of stronger growth. Economic growth was already picking up in the early part of 2026. Growth will gradually gather pace and become more broad-based, which means that many sectors of the economy will start to see an improvement. The Iran conflict has led to an increase in the inflation rate. The conflict is also continuing to stoke uncertainty and is slowing the economy’s recovery.

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- Economy on verge of stronger growth despite external challenges
- Inflation will rise temporarily due to energy shock
- Growth in the economy will follow a rising path but will be slowed by Middle East conflict



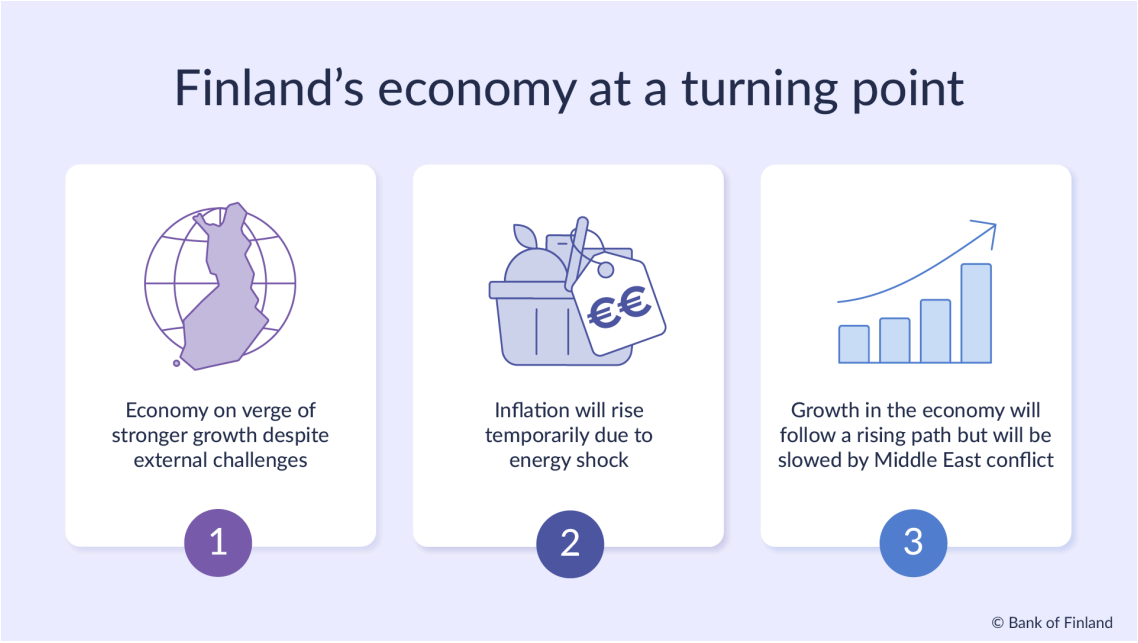
Growth in the Finnish economy picked up in the early months of 2026, and the economic recession is now being left behind. The Middle East conflict is still clouding the economic outlook, and, if prolonged, the conflict will hinder the recovery. However, if the conflict is resolved soon, the

economy could experience a turn for the better more quickly than expected.

The Finnish economy is seeing broad-based growth. Investment has picked up and exports are rising. The consumption of goods and services is also gradually recovering. Although households have been saving in recent years, uncertainty over the economy is nevertheless making them cautious about spending money. Growth in the economy across 2026 as a whole will still be subdued, at 0.7%. Unemployment will not ease very much this year.

The inflation rate, indicating the general rise in prices, will increase to 2.4% this year. As a consequence of the Iran conflict, energy prices have risen, and this will gradually also drive up prices of other goods and services.

Chart 1.



Energy prices are nevertheless expected to fall gradually. Household confidence will rise as news on the economy becomes more favourable, and consumer spending will then pick up. Exports and investment will continue to grow, but housing construction will remain subdued. Growth in the Finnish economy will rise to 1.2% in 2027 and then to 1.4% in 2028.

The pick-up in the economy will also gradually boost the demand for labour. Even so, unemployment will decline slowly.

The inflation rate will decrease when energy prices fall. Inflation is projected to be 1.6% in 2027 and 1.8% in 2028.

Measures to rebalance the public finances will continue. Despite this, expenditure by the

Government, municipalities and wellbeing services counties in the immediate years ahead will exceed revenues.