



BANK OF FINLAND BULLETIN

BANK OF FINLAND ARTICLES ON THE ECONOMY

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Forecast for 2018–2020

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See forecast tables for the Finnish economy in 2018–2020 (June 2018)

June 2018

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

% change on previous year

	2016	2017	2018 ^f	2019 ^f	2020 ^f
GDP at market prices	2.1	2.6	2.9	2.2	1.7
Imports of goods and services	5.7	3.5	3.1	2.8	2.6
Exports of goods and services	3.5	7.8	5.1	3.9	3.1
Private consumption	1.8	1.6	2.3	1.9	1.6
Public consumption	1.8	1.3	0.6	0.1	0.7
Private fixed investment	7.8	8.4	4.2	3.3	2.5
Public fixed investment	5.8	-2.9	2.2	0.5	0.4

Source: Bank of Finland.

2. CONTRIBUTIONS TO GROWTH¹

	2016	2017	2018 ^f	2019 ^f	2020 ^f
GDP, % change	2.1	2.6	2.9	2.2	1.7
Net exports	-0.8	1.5	0.8	0.5	0.2
Domestic demand excl. inventory change	2.9	2.6	2.2	1.7	1.5
of which Consumption	1.4	1.2	1.4	1.1	1.0
Investment	1.5	1.4	0.9	0.7	0.5
Inventory change + statistical discrepancy	0.0	-1.4	-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.

Source: Bank of Finland.

3. BALANCE OF SUPPLY AND DEMAND, PRICE DEFLATORS

Index 2010 = 100, and % change on previous year

	2016	2017	2018 ^f	2019 ^f	2020 ^f
GDP at market prices	113.1	114.1	115.4	117.3	119.7
	0.8	0.9	1.1	1.6	2.0
Imports of goods and services	97.2	100.8	103.3	105.4	107.3
	-3.2	3.8	2.5	2.0	1.9
Exports of goods and services	101.2	104.2	107.1	108.9	110.8
	-1.8	2.9	2.8	1.7	1.7
Private consumption	111.5	112.5	113.5	115.0	117.0
	0.9	0.9	1.0	1.3	1.7
Public consumption	112.3	110.5	112.5	114.6	117.5
	-0.6	-1.6	1.8	1.9	2.6
Private fixed investment	111.1	113.3	115.8	118.7	121.7
	1.5	2.0	2.2	2.5	2.5
Public fixed investment	111.4	114.0	116.2	118.6	121.2
	1.1	2.3	1.9	2.0	2.2
Terms of trade (goods and services)	104.2	103.3	103.6	103.4	103.2
	1.4	-0.8	0.3	-0.2	-0.1

Source: Bank of Finland.

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES

EUR million and % change on previous year

	2016	2017	2018 ^f	2019 ^f	2020 ^f
GDP at market prices	215,773	223,522	232,593	241,575	250,720
	2.9	3.6	4.1	3.9	3.8
Imports of goods and services	79,350	85,226	90,032	94,380	98,680
	2.4	7.4	5.6	4.8	4.6
Total supply	295,123	308,748	322,625	335,955	349,400
	2.8	4.6	4.5	4.1	4.0
Exports of goods and services	77,749	86,252	93,143	98,439	103,262
	1.6	10.9	8.0	5.7	4.9
Consumption	170,772	173,539	178,689	183,858	189,858
	2.2	1.6	3.0	2.9	3.3
Private	119,067	122,017	125,959	130,062	134,300
	2.7	2.5	3.2	3.3	3.3
Public	51,705	51,522	52,730	53,796	55,559
	1.1	-0.4	2.3	2.0	3.3
Fixed investment	46,549	50,503	53,592	56,458	59,080
	9.0	8.5	6.1	5.3	4.6
Private	37,828	41,833	44,563	47,196	49,580
	9.4	10.6	6.5	5.9	5.1
Public	8,721	8,670	9,029	9,263	9,500
	7.0	-0.6	4.1	2.6	2.6
Inventory change + statistical discrepancy	53	-1,546	-2,800	-2,800	-2,800
% of previous year's total demand	-0.3	-0.5	-0.4	0.0	0.0
Total demand	295,123	308,748	322,625	335,955	349,400

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES

	2.8	4.6	4.5	4.1	4.0
Total domestic demand	217,374	222,496	229,481	237,517	246,138
	3.2	2.4	3.1	3.5	3.6

Source: Bank of Finland.

5. BALANCE OF SUPPLY AND DEMAND

% of GDP at current prices

	2016	2017	2018 ^f	2019 ^f	2020 ^f
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Imports of goods and services	36.8	38.1	38.7	39.1	39.4
Exports of goods and services	36.0	38.6	40.0	40.7	41.2
Consumption	79.1	77.6	76.8	76.1	75.7
Private	55.2	54.6	54.2	53.8	53.6
Public	24.0	23.1	22.7	22.3	22.2
Fixed investment	21.6	22.6	23.0	23.4	23.6
Private	17.5	18.7	19.2	19.5	19.8
Public	4.0	3.9	3.9	3.8	3.8
Inventory change + statistical discrepancy	0.0	-0.7	-1.2	-1.2	-1.1
Total demand	136.8	138.1	138.7	139.1	139.4
Total domestic demand	100.7	99.5	98.7	98.3	98.2

Source: Bank of Finland.

6. PRICES

Index 2010 = 100, and % change on previous year

	2016	2017	2018 ^f	2019 ^f	2020 ^f
Harmonised index of consumer prices, 2005 = 100	100.4	101.2	102.2	103.2	104.8
	0.4	0.8	0.9	1.0	1.5
Consumer price index, 2005 = 100	119.7	120.6	121.7	123.0	125.0
	0.4	0.8	0.8	1.1	1.7
Private consumption deflator	111.5	112.5	113.5	115.0	117.0
	0.9	0.9	1.0	1.3	1.7
Private investment deflator	111.1	113.3	115.8	118.7	121.7
	1.5	2.0	2.2	2.5	2.5
Exports of goods and services deflator	101.2	104.2	107.1	108.9	110.8
	-1.8	2.9	2.8	1.7	1.7
Imports of goods and services deflator	97.2	100.8	103.3	105.4	107.3
	-3.2	3.8	2.5	2.0	1.9
Value-added deflators	113.0	113.9	115.7	117.7	119.9
Value-added, gross at basic prices	0.8	0.8	1.6	1.7	1.8
	112.6	114.2	115.9	117.9	119.9
Private sector	1.3	1.4	1.5	1.7	1.7
	114.2	112.5	114.8	116.9	119.9
Public sector	-1.1	-1.5	2.0	1.9	2.6

Source: Bank of Finland.

7. WAGES AND PRODUCTIVITY

% change on previous year

	2016	2017	2018 ^f	2019 ^f	2020 ^f
Whole economy					
Index of wage and salary earnings	0.9	0.2	2.2	2.2	2.6
Compensation per employee	1.2	-1.2	1.0	2.0	3.2
Unit labour costs	-0.6	-2.7	-0.6	0.6	1.9
Labour productivity per employed person	1.7	1.5	1.6	1.4	1.3

Source: Bank of Finland.

8. LABOUR MARKET

1,000 persons and % change on previous year

	2016	2017	2018 ^f	2019 ^f	2020 ^f
Labour force survey (15–74-year-olds)					
Employed persons	2,447	2,474	2,508	2,527	2,537
	0.4	1.1	1.4	0.8	0.4
Unemployed persons	236	234	218	212	207
	-6.4	-0.9	-6.9	-2.6	-2.2
Labour force	2,683	2,708	2,725	2,739	2,744
	-0.2	0.9	0.6	0.5	0.2
Working-age population (15–64-year-olds)	3,463	3,451	3,440	3,433	3,426
	-0.4	-0.3	-0.3	-0.2	-0.2
Labour force participation rate, %	65.3	65.8	66.2	66.4	66.6
Unemployment rate, %	8.8	8.6	8.0	7.7	7.5
Employment rate (15–64-year-olds), %	68.7	69.6	70.9	71.5	71.9

Source: Bank of Finland.

9. GENERAL GOVERNMENT REVENUE, EXPENDITURE, BALANCE AND DEBT

	2016	2017	2018 ^f	2019 ^f	2020 ^f
% of GDP					
General government revenue	54.2	53.2	52.1	51.3	51.3
General government expenditure	56.0	53.7	52.9	52.0	51.6
General government primary expenditure	54.9	52.7	52.0	51.2	50.9
General government interest expenditure	1.1	1.0	0.9	0.8	0.8
General government net lending	-1.8	-0.6	-0.8	-0.6	-0.3
Central government	-2.7	-1.7	-1.7	-1.1	-0.6
Local government	-0.4	-0.1	-0.3	-0.4	-0.4
Social security funds	1.3	1.2	1.1	0.9	0.7
General government primary balance	-0.7	0.4	0.1	0.2	0.5
General government debt (EDP)	63.0	61.4	60.2	59.4	58.2
Central government debt	47.4	47.3	46.7	46.1	45.0
Tax ratio	44.1	43.4	42.5	41.9	42.0
Current prices, EUR billion					
General government net lending	-3.9	-1.3	-1.9	-1.5	-0.8
Central government	-5.8	-3.8	-3.9	-2.7	-1.4
Local government	-1.0	-0.2	-0.6	-0.9	-1.1
Social security funds	2.9	2.8	2.6	2.1	1.7
General government debt (EDP)	136.0	137.3	139.9	143.4	145.8

Source: Bank of Finland.

10. BALANCE OF PAYMENTS

EUR billion

	2016	2017	2018 ^f	2019 ^f	2020 ^f
Exports of goods and services (SNA)	77.7	86.3	93.1	98.4	103.3
Imports of goods and services (SNA)	79.4	85.2	90.0	94.4	98.7
Goods and services account (SNA)	-1.6	1.0	3.1	4.1	4.6
% of GDP	-0.7	0.5	1.3	1.7	1.8
Investment income and other items, net (+ statistical discrepancy)	3.4	2.7	1.6	0.5	0.5
Current transfers, net	-2.5	-2.1	-2.6	-2.7	-2.9
Current account, net	-0.7	16.0	2.1	1.8	2.2
Net lending, % of GDP					
Private sector	1.4	1.1	1.7	1.5	1.3
Public sector	-1.8	-0.4	-0.8	-0.7	-0.4
Current account, % of GDP	-0.3	0.7	0.9	0.7	0.9

Source: Bank of Finland.

11. INTEREST RATES

%

	2016	2017	2018 ^f	2019 ^f	2020 ^f
3-month Euribor ¹	-0.3	-0.3	-0.3	-0.2	0.2
Average interest rate on new loan drawdowns ²	1.9	2.0	1.9	2.0	2.2
Average interest rate on the stock of loans ²	1.5	1.5	1.4	1.5	1.8
Average interest rate on the stock of deposits ³	0.2	0.2	0.1	0.2	0.4
Yield on Finnish 10-year government bonds ¹	0.4	0.5	0.8	1.0	1.2

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.

Source: Bank of Finland.

12. INTERNATIONAL ENVIRONMENT

The Eurosystem staff projections

	2016	2017	2018 ^f	2019 ^f	2020 ^f
GDP, % change on previous year					
World	3.1	3.6	3.8	3.6	3.5
USA	1.5	2.3	2.8	2.5	2.1
Euro area	1.8	2.5	2.1	1.9	1.7
Japan	1.0	1.7	1.0	0.8	0.1
Imports, % change on previous year					
World	2.2	5.1	5.1	4.6	4.0
USA	1.3	4.0	5.7	6.3	5.1
Euro area	4.7	4.6	4.1	4.7	4.0
Japan	-1.6	3.4	4.0	3.8	2.0
Index, 2010 = 100, and % change on previous year					
Import volume in Finnish export markets	121.2	128.5	134.8	140.6	145.9
	2.6	6.0	4.9	4.3	3.7
Export prices (excl. oil) of Finland's trading partners, national currencies	106.0	109.5	113.4	116.3	118.8
	-2.1	3.3	3.6	2.5	2.2
Export prices (excl. oil) of Finland's trading partners, in euro	101.7	104.7	105.0	107.7	110.0
	-4.6	3.0	0.3	2.5	2.2
Industrial raw materials (excl. energy), HWWA index, in US dollars	97.3	118.2	132.7	133.1	138.4
	-2.8	21.5	12.2	0.3	4.0
Oil price, USD per barrel ¹	44.0	54.4	74.5	73.5	68.7
	-15.9	23.5	36.9	-1.3	-6.6
Finland's nominal competitiveness indicator ^{1, 2}	103.3	103.6	107.0	107.0	107.0

12. INTERNATIONAL ENVIRONMENT

	2.6	0.3	3.3	0.0	0.0
US dollar value of one euro ¹	1.11	1.13	1.20	1.18	1.18
	-0.2	2.1	6.2	-1.2	0.0

¹ Technical assumption derived from market expectations.

² Broad nominal effective exchange rate.

Source: Bank of Finland.

13. CURRENT AND DECEMBER 2017 FORECAST

	2017	2018 ^f	2019 ^f	2020 ^f
GDP, % change	2.6	2.9	2.2	1.7
December 2017	3.1	2.5	1.6	1.2
Inflation (HICP), %	0.8	0.9	1.0	1.5
December 2017	0.8	1.1	1.4	1.5
Current account, % of GDP	0.7	0.9	0.7	0.9
December 2017	0.0	0.0	0.0	0.2
General government net lending, % of GDP	-0.6	-0.8	-0.7	-0.4
December 2017	-1.1	-1.4	-1.0	-0.7
General government debt (EDP), % of GDP	61.4	60.2	59.5	58.3
December 2017	61.8	61.3	61.4	60.8
Unemployment rate, %	8.6	8.0	7.7	7.5
December 2017	8.6	8.2	7.9	7.6

Source: Bank of Finland.

Tags

[economic situation](#), [forecast](#), [indicators](#)