

FORECAST

Forecast tables for 2019–2021 (June 2019)

Finnish economy | 11.06.2019

See forecast tables for the Finnish economy in 2019–2021.

EURO & TALOUS

Bank of Finland's forecast for the Finnish economy,
June 2019

	2018	2019	2020	2021
GDP, %	2.3	1.6	1.5	1.3
Inflation, %	1.2	1.3	1.4	1.6

June 2019

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

% change on previous year

	<i>2017</i>	<i>2018</i>	<i>2019^f</i>	<i>2020^f</i>	<i>2021^f</i>
GDP at market prices	2.7	2.3	1.6	1.5	1.3
Imports of goods and services	3.8	4.2	1.9	1.8	2.6

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

Exports of goods and services	7.7	1.5	2.8	2.1	2.8
Private consumption	1.5	1.4	1.3	1.4	1.4
Public consumption	-0.4	1.4	0.4	0.6	0.1
Private fixed investment	4.8	3.3	2.2	2.0	2.0
Public fixed investment	2.4	3.0	0.3	0.1	1.5

Source: Bank of Finland.

2. CONTRIBUTIONS TO GROWTH¹

	<i>2017</i>	<i>2018</i>	<i>2019^f</i>	<i>2020^f</i>	<i>2021^f</i>
GDP, % change	2.7	2.3	1.6	1.5	1.3
Net exports	1.4	-1.0	0.3	0.1	0.1
Domestic demand excl. inventory change	1.7	1.8	1.2	1.2	1.2
of which Consumption	0.7	1.1	0.8	0.9	0.8
Investment	0.9	0.7	0.4	0.4	0.4
Inventory change + statistical discrepancy	-0.4	1.6	0.0	0.1	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					
	<i>2017</i>	<i>2018</i>	<i>2019^f</i>	<i>2020^f</i>	<i>2021^f</i>

3. BALANCE OF SUPPLY AND DEMAND, PRICE DEFLATORS					
GDP at market prices	113.2	115.4	117.5	119.6	122.1
	0.9	1.9	1.8	1.8	2.1
Imports of goods and services	101.8	105.4	105.6	108.0	110.1
	3.4	3.5	0,2	2.2	2.0
Exports of goods and services	104.4	108.6	109.2	111.5	113.7
	3.3	4.0	0.6	2.1	2.0
Private consumption	111.8	113.3	114.7	116.1	118.0
	0.6	1.3	1.2	1.3	1.6
Public consumption	112.3	114.1	116.8	120.4	124.6
	0.3	1.6	2.4	3.1	3.4
Private fixed investment	112.4	115.4	118.1	120.6	122.9
	1.6	2.7	2.3	2.1	1.9
Public fixed investment	112.1	115.6	117.4	120.3	122.5
	1.0	3.1	1.6	2.5	1.8
Terms of trade (goods and services)	102.5	103.0	103.4	103.3	103.3
	-0.1	0.4	0.4	-0.1	0.0
Source: Bank of Finland.					

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES					
EUR million and % change on previous year					
	<i>2017</i>	<i>2018</i>	<i>2019^f</i>	<i>2020^f</i>	<i>2021^f</i>
GDP at market prices	223,892	233,555	241,574	249,589	258,088
	3.6	4.3	3.4	3.3	3.4
Imports of goods and	85,577	92,329	94,303	98,091	102,606

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES					
services					
	7.3	7.9	2.1	4.0	4.6
Total supply	309,469	325,884	335,877	347,680	360,694
	4.6	5.3	3.1	3.5	3.7
Exports of goods and services	86,228	91,005	94,095	98,041	102,735
	11.3	5.5	3.4	4.2	4.8
Consumption	172,992	177,888	182,562	188,001	194,047
	1.4	2.8	2.6	3.0	3.2
Private	121,513	124,844	128,037	131,461	135,491
	2.1	2.7	2.6	2.7	3.1
Public	51,479	53,044	54,525	56,540	58,556
	-0.1	3.0	2.8	3.7	3.6
Fixed investment	49,591	52,603	54,740	56,838	59,011
	5.9	6.1	4.1	3.8	3.8
Private	40,434	42,880	44,834	46,682	48,514
	6.4	6.0	4.6	4.1	3.9
Public	9,157	9,723	9,906	10,156	10,498
	3.5	6.2	1.9	2.5	3.4
Inventory change + statistical discrepancy	658	4,388	4,480	4,800	4,900
% of previous year's total demand	-0.1	1.2	0.0	0.1	0.0
Total demand	309,469	325,884	335,877	347,680	360,694
	4.6	5.3	3.1	3.5	3.7

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES

Total domestic demand	223,241	234,879	241,782	249,639	257,959
	2.3	5.2	2.9	3.2	3.3

Source: Bank of Finland.

5. BALANCE OF SUPPLY AND DEMAND**% of GDP at current prices**

	<i>2017</i>	<i>2018</i>	<i>2019^f</i>	<i>2020^f</i>	<i>2021^f</i>
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Imports of goods and services	38.2	39.5		39.3	39.8
Exports of goods and services	38.5	39.0	39.0	39.3	39.8
Consumption	77.3	76.2	39.0	75.3	75.2
Private	54.3	53.5	75.6	52.7	52.5
Public	23.0	22.7	53.0	22.7	22.7
Fixed investment	22.1	22.5	22.6	22.8	22.9
Private	18.1	18.4	22.7	18.7	18.8
Public	4.1	4.2	18.6	4.1	4.1
Inventory change + statistical discrepancy	0.3	1.9	4.1	1.9	1.9
Total demand	138.2	139.5	1.9	139.3	139.8
Total domestic demand	99.7	100.6	139.0	100.0	99.9

Source: Bank of Finland.

6. PRICES

Index 2010 = 100, and % change on previous year

6. PRICES					
	2017	2018	2019 ^f	2020 ^f	2021 ^f
Harmonised index of consumer prices, 2005 = 100	101.2	102.4	103.8	105.2	106.8
	0.8	1.2	1.3	1.4	1.6
Consumer price index, 2005 = 100	101.1	102.3	103.6	105.1	106.7
	0.8	1.1	1.3	1.4	1.6
Private consumption deflator	111.8	113.3	114.7	116.1	118.0
	0.6	1.3	1.2	1.3	1.6
Private investment deflator	112.4	115.4	118.1	120.6	122.9
	1.6	2.7	2.3	2.1	1.9
Exports of goods and services deflator	104.4	108.6	109.2	111.5	113.7
	3.3	4.0	0.6	2.1	2.0
Imports of goods and services deflator	101.8	105.4	105.6	108.0	110.1
	3.4	3.5	0.2	2.2	2.0
Value-added deflators					
Value-added, gross at basic prices	113.5	116.0	118.0	120.7	123.4
	1.2	2.2	1.7	2.3	2.2
Source: Bank of Finland.					

7. WAGES AND PRODUCTIVITY					
% change on previous year					
	2017	2018	2019 ^f	2020 ^f	2021 ^f
Whole economy					
Index of wage and salary earnings	0.2	1.7	2.4	2.8	2.4

7. WAGES AND PRODUCTIVITY					
Compensation per employee	-1.2	1.3	1.5	2.9	2.3
Unit labour costs	-2.7	1.6	0.7	1.8	1.4
Labour productivity per employed person	1.5	-0.3	0.7	1.1	0.9
Source: Bank of Finland.					

8. LABOUR MARKET					
1,000 persons and % change on previous year					
	2017	2018	2019 ^f	2020 ^f	2021 ^f
Labour force survey (15–74-year-olds)					
Employed persons	2,474	2,538	2,560	2,570	2,582
	1.1	2.6	0.9	0.4	0.4
Unemployed persons	234	202	177	175	173
	-0.9	-13.8	-12.2	-1.3	-1.3
Labour force	2,708	2,740	2,737	2,745	2,754
	0.9	1.2	-0.1	0.3	0.3
Working-age population (15–64-year-olds)	3,451	3,439	3,431	3,423	3,417
	-0.3	-0.4	-0.2	-0.2	-0.2
Labour force participation rate, %	65.8	66.4	66.3	66.6	67.0
Unemployment rate, %	8.6	7.4	6.5	6.4	6.3
Employment rate (15–64-year-olds), %	69.6	71.7	72.5	72.9	73.3
Source: Bank of Finland.					

9. GENERAL GOVERNMENT REVENUE, EXPENDITURE, BALANCE AND DEBT					
	<i>2017</i>	<i>2018</i>	<i>2019^f</i>	<i>2020^f</i>	<i>2021^f</i>
% of GDP					
General government revenue	53.4	52.5	51.9	52.0	51.8
General government expenditure	54.2	53.1	52.4	52.3	52.1
General government primary expenditure	53.2	52.2	51.7	51.6	51.5
General government interest expenditure	1.0	0.9	0.7	0.6	0.6
General government net lending	-0.8	-0.7	-0.5	-0.2	-0.3
Central government	-1.8	-1.2	-0.8	-0.7	-0.6
Local government	-0.2	-0.8	-0.8	-0.7	-0.7
Social security funds	1.2	1.3	1.1	1.1	0.9
General government primary balance	0.2	0.3	0.2	0.4	0.2
General government structural balance ¹	-0.7	-0.8	-0.9	-0.4	-0.5
General government debt (consolidated, EDP)	61.3	58.9	58.5	57.9	57.2
Central government debt	47.2	44.9	44.3	43.5	42.6
Tax ratio	43.3	42.3	42.0	42.2	41.9
Current prices, EUR billion					
General government net lending	-1.8	-1.3	-1.2	-0.5	-0.9
Central government	-4.1	-2.7	-1.9	-1.6	-1.4
Local government	-0.4	-1.8	-2.0	-1.6	-1.7
Social security funds	2.7	3.2	2.7	2.7	2.3
General government debt (consolidated, EDP)	137.3	137.5	141.4	144.6	147.7

9. GENERAL GOVERNMENT REVENUE, EXPENDITURE, BALANCE AND DEBT

¹The structural balance has been calculated using the methodology of the European Commission.

Source: Bank of Finland.

10. BALANCE OF PAYMENTS

EUR billion

	2017	2018	2019 ^f	2020 ^f	2021 ^f
Exports of goods and services (SNA)	86.2	91.0	94.1	98.0	102.7
Imports of goods and services (SNA)	85.6	92.3	94.3	98.1	102.6
Goods and services account (SNA)	0.7	-1.3	-0.2	-0.1	0.1
% of GDP	0.3	-0.6	-0.1	0.0	0.1
Investment income and other items, net (+ statistical discrepancy)	0.7	-0.7	1.0	1.0	1.0
Current transfers, net	-2.1	-2.4	-2.5	-2.6	-2.7
Current account, net	-0.7	-43.6	-1.7	-1.6	-1.6
Net lending, % of GDP					
Private sector	0.5	-1.3	-0.2	-0.4	-0.3
Public sector	-0.8	-0.6	-0.5	-0.2	-0.3
Current account, % of GDP	-0.3	-1.9	-0.7	-0.7	-0.6

Source: Bank of Finland.

11. INTEREST RATES

%

	2017	2018	2019 ^f	2020 ^f	2021 ^f
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11. INTEREST RATES					
3-month Euribor ¹	-0.3	-0.3	-0.3	-0.3	-0.2
Average interest rate on new loan drawdowns ²	1.8	1.8	1.8	1.8	1.9
Average interest rate on the stock of loans ²	1.4	1.3	1.3	1.4	1.4
Average interest rate on the stock of deposits ³	0.1	0.1	0.1	0.1	0.2
Yield on Finnish 10-year government bonds ¹	0.5	0.7	0.3	0.5	0.6
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					
	2017	2018	2019^f	2020^f	2021^f
GDP, % change on previous year					
World	3.6	3.6	3.3	3.4	3.3
USA	2.2	2.9	2.5	2.0	1.8
Euro area	2.5	1.9	1.7	1.7	1.5
Japan	1.7	0.9	1.0	0.1	0.7
Imports, % change on previous year					
World	5.2	4.7	3.7	3.7	3.9

12. INTERNATIONAL ENVIRONMENT					
USA	4.6	4.7	4.1	3.2	2.9
Euro area	4.1	2.7	4.2	4.2	3.6
Japan	3.5	2.7	2.3	1.8	2.3
Index, 2010 = 100, and % change on previous year					
Import volume in Finnish export markets	128.6	133.0	135.5	139.3	143.8
	5.9	3.5	1.9	2.8	3.2
Export prices of Finland's competitors (excl. oil), in national currencies	109.7	115.4	119.0	122.2	125.1
	3.3	5.2	3.1	2.7	2.4
Export prices of Finland's industrial competitors (excl. oil), in euro	104.9	106.3	110.0	112.8	115.5
	2.9	1.4	3.4	2.6	2.4
Industrial raw materials (excl. energy), HWWA index, in US dollars	118.2	124.8	117.6	119.5	122.8
	21.5	5.6	-5.8	1.6	2.7
Oil price, USD per barrel ¹	54.4	71.1	68.1	65.7	62.6
	23.5	30.6	-4.2	-3.5	-4.7
Finland's nominal competitiveness indicator ²	103.6	107.5	107.2	107.3	107.3
	0.3	3.8	-0.3	0.1	0.0
US dollar value of one euro	1.13	1.18	1.12	1.12	1.12
	2.1	4.5	-4.8	-0.4	0.0
¹ Technical assumption derived from market expectations.					
² Narrow, supplemented with euro area countries, January–March 1999 =					

12. INTERNATIONAL ENVIRONMENT

100.

Source: Bank of Finland.

13. CURRENT AND DECEMBER 2018 FORECAST

	<i>2018</i>	<i>2019^f</i>	<i>2020^f</i>	<i>2021^f</i>
GDP, % change	2.3	1.6	1.5	1.3
December 2018	2.7	1.9	1.7	1.4
Inflation (HICP), %	1.2	1.3	1.4	1.6
December 2018	1.2	1.3	1.6	1.7
Current account, % of GDP	-1.9	-0.7	-0.7	-0.6
December 2018	-0.9	0.0	0.1	0.1
General government net lending, % of GDP	-0.7	-0.5	-0.2	-0.3
December 2018	-0.9	-0.7	-0.3	-0.3
General government debt (EDP), % of GDP	58.9	58.5	57.9	57.2
December 2018	59.4	59.0	57.9	57.1
Unemployment rate, %	7.4	6.5	6.4	6.3
December 2018	7.6	7.2	7.1	7.0

Source: Bank of Finland.

Key words

economic situation, forecast, indicators