Forecast

Forecast tables for 2019–2022 (December 2019)

Finnish economy | 17 December 2019

See forecast tables for the Finnish economy in 2019–2022 (Dec 2019).

EURO&TALOUS

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

	2019	2020	2021	2022
GDP, %	1.3	0.9	1.1	1.3
Inflation, %	1.2	1.2	1.4	1.6

December 2019

1. BALANCE OF SUPPLY AND DEMAND, AT REFERENCE YEAR 2010 PRICES					
% change on previous year					
	2018	*2019f*	*2020f*	*2021f*	*2022f*
GDP at market prices	1.7	1.3	0.9	1.1	1.3

1. BALANCE OF SUPPLY AND DEMAND, AT REFERENCE YEAR 2010 PRICES					
Imports of goods and services	5.0	0.7	1.3	1.8	2.5
Exports of goods and services	2.2	4.0	0.9	2.2	2.6
Private consumption	1.8	0.7	1.3	1.2	1.2
Public consumption	1.5	1.6	1.3	0.5	0.8
Private fixed investment	2.8	1.1	−0.3	0.8	2.1
Public fixed investment	5.3	1.5	5.1	−0.2	1.9
Sources: Bank of Finland and Statistics Finland.					

2. CONTRIBUTIONS TO GROWTH[1]					
	2018	*2019[f]*	*2020[f]*	*2021[f]*	*2022[f]*
GDP, % change	1.7	1.3	0.9	1.1	1.3
Net exports	−1.0	1.3	−0.2	0.2	0.0
Domestic demand excl. inventory change	2.1	1.0	1.1	0.9	1.3
of which Consumption	1.4	0.7	1.0	0.7	0.8
Investment	0.8	0.3	0.2	0.1	0.5
Inventory change + statistical discrepancy	0.6	−1.0	0.0	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 2010 = 100. and % change on previous year			

3. BALANCE OF SUPPLY AND DEMAND. PRICE DEFLATORS					
	2018	*2019f*	*2020f*	*2021f*	*2022f*
GDP at market prices	115.4	117.6	119.9	121.8	124.2
	2.1	1.9	1.9	1.6	1.9
Imports of goods and services	105.4	108.1	108.3	109.6	111.4
	3.4	2.6	0.2	1.2	1.6
Exports of goods and services	106.9	106.9	107.0	108.5	110.5
	4.0	0.0	0.1	1.4	1.9
Private consumption	112.7	114.1	115.4	116.9	118.8
	1.1	1.2	1.2	1.3	1.6
Public consumption	112.8	115.5	118.6	121.2	124.6
	1.6	2.4	2.7	2.2	2.9
Private fixed investment	116.4	119.2	120.8	122.6	124.5
	2.4	2.4	1.3	1.4	1.6
Public fixed investment	114.8	117.1	121.4	123.8	125.3
	1.7	2.0	3.6	1.9	1.3
Terms of trade (goods and services)	101.4	98.9	98.8	99.0	99.2
	0.5	−2.5	−0.1	0.2	0.2
Sources: Bank of Finland and Statistics Finland.					

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES					
EUR million and % change on previous year					
	2018f	*2019f*	*2020f*	*2021f*	*2022f*
GDP at market prices	234 453	242 161	249 078	255 742	264 195

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES					
	3.8	3.3	2.9	2.7	3.3
Imports of goods and services	92 124	95 117	96 582	99 453	103 604
	8.6	3.2	1.5	3.0	4.2
Total supply	326 577	337 279	345 660	355 195	367 799
	5.1	3.3	2.5	2.8	3.5
Exports of goods and services	90 408	94 058	94 930	98 385	102 859
	6.3	4.0	0.9	3.6	4.5
Consumption	176 835	181 353	186 704	191 514	197 436
	3.0	2.6	3.0	2.6	3.1
Private	123 702	126 077	129 226	132 484	136 227
	3.0	1.9	2.5	2.5	2.8
Public	53 133	55 276	57 478	59 030	61 209
	3.2	4.0	4.0	2.7	3.7
Fixed investment	55 456	57 402	58 829	60 062	62 225
	5.7	3.5	2.5	2.1	3.6
Private	45 584	47 178	47 688	48 732	50 539
	5.3	3.5	1.1	2.2	3.7
Public	9 872	10 224	11 141	11 329	11 686
	7.1	3.6	9.0	1.7	3.1
Inventory change + statistical discrepancy	3 878	4 466	5 197	5 235	5 278
% of previous year's total demand	0.8	0.2	0.2	0.0	0.0
Total demand	326 577	337 279	345 660	355 195	367 799
	5.1	3.3	2.5	2.8	3.5

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES					
Total domestic demand	236 169	243 221	250 730	256 810	264 940
	4.7	3.0	3.1	2.4	3.2
Sources: Bank of Finland and Statistics Finland.					

5. BALANCE OF SUPPLY AND DEMAND					
% in proportion to GDP at current prices					
	2018	***2019^{f}***	***2020^{f}***	***2021^{f}***	***2022^{f}***
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Imports of goods and services	39.3	39.3	38.8	38.9	39.2
Exports of goods and services	38.6	38.8	38.1	38.5	38.9
Consumption	75.4	74.9	75.0	74.9	74.7
Private	52.8	52.1	51.9	51.8	51.6
Public	22.7	22.8	23.1	23.1	23.2
Fixed investment	23.7	23.7	23.6	23.5	23.6
Private	19.4	19.5	19.1	19.1	19.1
Public	4.2	4.2	4.5	4.4	4.4
Inventory change + statistical discrepancy	1.7	1.8	2.1	2.0	2.0
Total demand	139.3	139.3	138.8	138.9	139.2
Total domestic demand	100.7	100.4	100.7	100.4	200.3
Sources: Bank of Finland and Statistics Finland.					

6. PRICES
Index 2010 = 100, and % change on previous year

6. PRICES					
	2018	*2019f*	*2020f*	*2021f*	*2022f*
Harmonised index of consumer prices, 2015 = 100	102.4	103.6	104.8	106.3	108.0
	1.2	1.2	1.2	1.4	1.6
Consumer price index, 2015 = 100	102.2	103.3	104.6	106.0	107.6
	1.1	1.1	1.2	1.3	1.6
Private consumption deflator	112.7	114.1	115.4	116.9	118.8
	1.1	1.2	1.2	1.3	1.6
Private investment deflator	116.4	119.2	120.8	122.6	124.5
	2.4	2.4	1.3	1.4	1.6
Exports of goods and services deflator	106.9	106.9	107.0	108.5	110.5
	4.0	0.0	0.1	1.4	1.9
Imports of goods and services deflator	105.4	108.1	108.3	109.6	111.4
	3.4	2.6	0.2	1.2	1.6
Value-added deflators					
Value-added, gross at basic prices	115.2	117.5	119.9	121.8	124.1
	2.1	2.0	2.0	1.7	1.9
Private sector	115.6	117.7	119.9	121.8	123.8
	2.1	1.9	1.8	1.5	1.7
Public sector	114.7	117.9	121.0	123.7	127.2
	2.1	2.8	2.7	2.2	2.9
Sources: Bank of Finland and Statistics Finland.					

7. WAGES AND PRODUCTIVITY
% change on previous year

7. WAGES AND PRODUCTIVITY					
	2018	*2019[f]*	*2020[f]*	*2021[f]*	*2022[f]*
Whole economy					
Index of wage and salary earnings	1.7	2.5	2.5	2.2	2.5
Compensation per employee	0.8	1.8	2.5	2.2	2.4
Unit labour costs	1.8	1.4	1.5	1.4	1.5
Labour productivity per employed person	–1.0	0.3	1.0	0.8	0.9
Sources: Bank of Finland and Statistics Finland.					

8. LABOUR MARKET					
1.000 persons and % change on previous year					
	2018	*2019[f]*	*2020[f]*	*2021[f]*	*2022[f]*
Labour force survey (15–74-year-olds)					
Employed persons	2 539	2 564	2 563	2 570	2 581
	2.7	1.0	0.0	0.3	0.4
Unemployed persons	202	183	185	182	177
	–13.7	–9.2	1.0	–1.8	–2.5
Labour force	2 740	2 747	2 748	2 752	2 758
	1.2	0.3	0.0	0.1	0.2
Working-age population (15–64-year-olds)	3 439	3 427	3 420	3 413	3 409
	–0.4	–0.3	–0.2	–0.2	–0.1
Labour force participation rate, %	66.4	66.6	66.7	66.9	67.3
Unemployment rate, %	7.4	6.7	6.7	6.6	6.4
Employment rate (15–64-year-olds), %	71.7	72.5	72.7	73.0	73.4

8. LABOUR MARKET
Sources: Bank of Finland and Statistics Finland.

9. GENERAL GOVERNMENT REVENUE. EXPENDITURE. BALANCE AND DEBT					
	2018	*2019f*	*2020f*	*2021f*	*2022f*
% of GDP					
General government revenue	52.3	51.7	51.7	51.6	51.4
General government expenditure	53.1	52.6	53.1	53.1	52.9
General government primary expenditure	52.2	51.9	52.5	52.5	52.4
General government interest expenditure	0.9	0.7	0.6	0.6	0.5
General government net lending	−0.8	−1.0	−1.5	−1.5	−1.5
Central government net lending	−1.2	−0.8	−1.3	−1.2	−1.0
Local government net lending	−0.9	−1.2	−1.1	−1.1	−1.2
Social security funds	1.3	1.1	0.9	0.8	0.8
General government primary balance	0.1	−0.2	−0.9	−0.9	−1.0
General government structural balance[1]	−0.8	−1.2	−1.5	−1.4	−1.4
General government debt (consolidated. EDP)	59.0	58.8	59.1	60.1	60.8
Central government debt	44.8	43.8	43.4	43.8	43.7
Tax ratio	42.3	42.0	42.1	42.0	41.9
Current prices, EUR billion					
General government net lending	−1.9	−2.3	−3.7	−3.8	−3.9
Central government net lending	−2.8	−1.9	−3.3	−3.1	−2.8

9. GENERAL GOVERNMENT REVENUE. EXPENDITURE. BALANCE AND DEBT					
Local government net lending	−2.1	−3.0	−2.7	−2.9	−3.2
Social security funds	2.9	2.6	2.3	2.2	2.0
General government debt (consolidated. EDP)	138.4	142.5	147.3	153.8	160.5
[1]Calculated by the Bank of Finland under the ESCB methodology for estimating the output gap.					
Sources: Bank of Finland and Statistics Finland.					

10. BALANCE OF PAYMENTS				
EUR billion				
	2018	*2019[f]*	*2020[f]*	*2021[f]*
Exports of goods and services (SNA)	90.4	94.1	94.9	98.4
Imports of goods and services (SNA)	92.1	95.1	96.6	99.5
Goods and services account (SNA)	−1.7	−1.1	−1.7	−1.1
% to GDP	−0.7	−0.4	−0.7	−0.4
Investment income and other items, net (+ statistical discrepancy)	0.9	0.5	1.0	1.0
Current transfers, net	−2.4	−2.5	−2.6	−2.7
Current account, net	−3.2	−31.3	−3.2	−2.7
Net lending, % to GDP				
Private sector	−0.5	−0.3	0.2	0.4
Public sector	−0.8	−1.0	−1.5	−1.5
Current account, % to GDP	−1.4	−1.3	−1.3	−1.1
Sources: Bank of Finland and Statistics Finland.				

11. INTEREST RATES

%

	2018	*2019f*	*2020f*	*2021f*
3-month Euribor[1]	–0.3	–0.4	–0.4	–0.4
Average interest rate on new loan drawdowns[2]	1.8	1.8	1.8	1.8
Average interest rate on the stock of loans[2]	1.3	1.3	1.3	1.3
Average interest rate on the stock of deposits[3]	0.1	0.1	0.1	0.1
Yield on Finnish 10-year government bonds[1]	0.7	0.1	0.0	0.1

[1] Tehnical 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

	2018	*2019f*	*2020f*	*2021f*
GDP, % change on previous year				
World	3.6	2.7	2.9	3.1
USA	2.9	2.3	2.0	1.8
Euro area	1.9	1.2	1.1	1.4
Japan	0.8	0.9	0.2	0.6
Imports, % change on previous year				

12. INTERNATIONAL ENVIRONMENT				
World	4.2	0.6	1.4	2.6
USA	4.4	1.6	0.8	1.6
Euro area	2.7	3.1	2.5	2.8
Japan	3.3	−0.5	0.9	1.8
Index, 2010 = 100, and % change on previous year				
Import volume in Finnish export markets	112.9	114.6	116.6	119.5
	3.6	1.6	1.7	2.5
Export prices of Finland's competitors (excl. oil), in national currencies	106.3	108.2	110.1	112.6
	5.2	1.7	1.8	2.2
Export prices of Finland's industrial competitors (excl. oil), in euro	99.6	101.7	104.0	106.3
	1.4	2.2	2.2	2.2
Industrial raw materials (excl. energy), HWWA index, in US dollars	124.8	125.0	126.7	129.8
	5.6	0.2	1.4	2.4
Oil price, USD per barrel[1]	108.1	97.1	90.6	87.4
	30.6	−10.2	−6.6	−3.6
Finland's nominal competitiveness indicator[2]	107.5	107.1	106.6	106.6
	3.8	−0.4	−0.4	0.0
US dollar value of one euro[1]	1.18	1.12	1.10	1.10
	4.5	−5.2	−1.3	0.0
[1] Technical assumption derived from market expectations.				
[2] Narrow, supplemented with euro area countries, January–March 1999 = 100.				
Sources: Bank of Finland and European Central Bank.				

13. CURRENT AND JUNE 2019 FORECAST				
	2019^{f}	*2020^{f}*	*2021^{f}*	*2022^{f}*
GDP, % change	1.3	0.9	1.1	1.3
June 2019	1.6	1.5	1.3	
Inflation (HICP), %	1.2	1.2	1.4	1.6
June 2019	1.3	1.4	1.6	
Current account, % to GDP	−1.3	−1.3	−1.1	−0.9
June 2019	−0.7	−0.7	−0.6	
General government net lending, % to GDP	−1.0	−1.5	−1.5	−1.5
June 2019	−0.5	−0.2	−0.3	
General government debt (EDP), % to GDP	58.8	59.1	60.1	60.8
June 2019	58.5	57.9	57.2	
Unemployment rate, %	6.7	6.7	6.6	6.4
June 2019	6.5	6.4	6.3	
Employment rate, 15–64-year-olds, %	72.5	72.7	73.0	73.4
June 2019	72.5	72.9	73.3	
Source: Bank of Finland.				

Keywords

economic situation, forecast, indicators