Forecast

Forecast tables for 2022–2025 (December 2022)

Finnish economy | 16 December 2022

The energy crisis will push the Finnish economy into a mild recession in 2023, but this will be short-lived. Energy prices will gradually fall, and in 2024 the economy will return to growth. In the country's public finances, spending will continue to exceed revenues.

SUOMEN PANKKI EUROJÄRJESTELMÄ FINLANDS BANK EUROSYSTEMET

Forecast for the Finnish economy
December 2022

	2022	2023	2024	2025
GDP %	1.9	–0.5	1.1	1.5
Inflation %	7.2	5.0	1.6	1.7

1.BALANCE OF SUPPLY AND DEMAND AT REFERENCE YEAR 2015 PRICES

% change on previous year					
	2021	2022[f]	2023[f]	2024[f]	2025[f]
GDP at market prices	3.0	1.9	-0.5	1.1	1.5
Imports of goods and services	6.0	8.6	-1.0	1.3	3.8
Exports of goods and services	5.4	1.7	1.8	2.8	3.1
Private consumption	3.7	2.4	-1.3	0.4	1.1
Public consumption	2.9	2.7	0.7	0.6	0.5
Private fixed investment	4.7	4.7	-2.0	-0.1	1.7
Public fixed investment	-11.5	7.2	2.4	2.5	14.7

[F]=forecast.

Sources: Bank of Finland and Statistics Finland.

2. CONTRIBUTIONS TO GROWTH[1]

	2021	2022[f]	2023[f]	2024[f]	2025[f]
GDP, % change	3.0	1.9	-0.5	1.1	1.5
Net exports	-0.2	-2.7	1.3	0.7	-0.3
Domestic demand excl. inventory change	2.9	3.1	-0.8	0.4	1.6
of which Consumption	2.6	1.9	-0.5	0.4	0.7
Investment	0.4	1.2	-0.3	0.1	1.0
Inventory change + statistical discrepancy	0.3	1.5	-1.0	0.0	0.1

[1] *Bank of Finland calculations. Annual growth rates using the previous year's GDP shares at current prices as weights.*

[F] *=forecast.*

Sources: Bank of Finland and Statistics Finland.

3. BALANCE OF SUPPLY AND DEMAND, PRICE DEFLATORS

Index 2015 = 100, and % change on previous year					
	2021	2022[f]	2023[f]	2024[f]	2025[f]
GDP at market prices	108.7	115.0	120.5	123.3	125.6
	2.5	5.8	4.8	2.4	1.8
Imports of goods and services	108.9	130.7	133.4	130.9	133.0
	9.4	20.0	2.0	-1.8	1.6
Exports of goods and services	110.0	134.4	138.1	137.2	138.7
	9.9	22.2	2.8	-0.7	1.1
Private consumption	105.8	111.6	117.3	119.4	121.7
	1.7	5.5	5.1	1.8	1.9
Public consumption	109.7	112.2	116.9	120.2	123.1
	3.3	2.3	4.2	2.8	2.5
Private fixed investment	113.5	119.2	123.2	124.8	127.5
	2.2	5.0	3.4	1.3	2.1
Public fixed investment	110.9	116.5	119.1	120.7	122.8
	3.1	5.1	2.2	1.4	1.8
Terms of trade (goods and services)	101.0	102.8	103.6	104.8	104.3
	0.5	1.8	0.8	1.1	-0.5

F=forecast.

Sources: Bank of Finland and Statistics Finland.

4. BALANCE OF SUPPLY AND DEMAND, AT CURRENT PRICES

EUR million and % change on previous year					
	2021	2022[f]	2023[f]	2024[f]	2025[f]
GDP at market prices	251,367	270,933	282,437	292,448	302,209
	5.6	7.8	4.2	3.5	3.3
Imports of goods and services	98,505	128,348	129,686	128,945	135,927
	15.9	30.3	1.0	-0.6	5.4
Total supply	349,872	399,281	412,123	421,393	438,136
	8.3	14.1	3.2	2.2	4.0
Exports of goods and services	99,081	123,132	128,934	131,653	137,239
	15.9	24.3	4.7	2.1	4.2
Consumption	189,543	202,904	211,333	216,784	223,345
	5.7	7.0	4.2	2.6	3.0
Private	128,190	138,438	143,690	146,811	151,257
	5.4	8.0	3.8	2.2	3.0
Public	61,353	64,466	67,643	69,973	72,088
	6.3	5.1	4.9	3.4	3.0
Fixed investment	59,450	65,624	66,889	68,004	72,310
	3.8	10.4	1.9	1.7	6.3
Private	48,924	53,769	54,479	55,116	57,261
	7.0	9.9	1.3	1.2	3.9
Public	10,526	11,855	12,409	12,888	15,049
	-8.7	12.6	4.7	3.9	16.8

EUR million and % change on previous year					
	2021	2022[f]	2023[f]	2024[f]	2025[f]
Inventory change + statistical discrepancy	1,798	7,621	4,967	4,953	5,242
% of previous year's total demand	0.2	1.7	-0.7	-0.0	0.1
Total demand	349,872	399,281	412,123	421,393	438,136
	8.3	14.1	3.2	2.2	4.0
Total domestic demand	250,791	276,149	283,189	289,740	300,897
	5.6	10.1	2.5	2.3	3.9

F=forecast.

Sources: Bank of Finland and Statistics Finland.

5. BALANCE OF SUPPLY AND DEMAND

% in proportion to GDP at current prices					
	2021	2022[f]	2023[f]	2024[f]	2025[f]
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Imports of goods and services	39.2	47.4	45.9	44.1	45.0
Exports of goods and services	39.4	45.4	45.7	45.0	45.4
Consumption	75.4	74.9	74.8	74.1	73.9
Private	51.0	51.1	50.9	50.2	50.1
Public	24.4	23.8	23.9	23.9	23.9
Fixed investment	23.7	24.2	23.7	23.3	23.9
Private	19.5	19.8	19.3	18.8	18.9
Public	4.2	4.4	4.4	4.4	5.0

% in proportion to GDP at current prices					
	2021	2022[f]	2023[f]	2024[f]	2025[f]
Inventory change + statistical discrepancy,	0.7	2.8	1.8	1.7	1.7
Total demand	139.2	147.4	145.9	144.1	145.0
Total domestic demand	99.8	101.9	100.3	99.1	99.6

F=forecast.

Sources: Bank of Finland and Statistics Finland.

6. PRICES

Index 2015 = 100, and % change on previous year					
	2021	2022[f]	2023[f]	2024[f]	2025[f]
Harmonised index of consumer prices, 2005=100	106.1	113.8	119.5	121.3	123.3
	2.1	7.2	5.0	1.6	1.7
Consumer price index, 2005=100	105.8	113.4	119.6	121.6	123.5
	2.2	7.1	5.5	1.7	1.6
Private consumption deflator	105.8	111.6	117.3	119.4	121.7
	1.7	5.5	5.1	1.8	1.9
Private investment deflator	113.5	119.2	123.2	124.8	127.5
	2.2	5.0	3.4	1.3	2.1
Exports of goods and services deflator	110.0	134.4	138.1	137.2	138.7
	9.9	22.2	2.8	-0.7	1.1
Imports of goods and services deflator	108.9	130.7	133.4	130.9	133.0
	9.4	20.0	2.0	-1.8	1.6

Index 2015 = 100, and % change on previous year					
	2021	2022[f]	2023[f]	2024[f]	2025[f]
Value-added deflators					
Value-added, gross at basic prices	108.9	115.5	121.2	124.0	126.3
	2.4	6.1	4.9	2.4	1.8

F=forecast.

Sources: Bank of Finland and Statistics Finland.

7. WAGES AND PRODUCTIVITY

% change on previous year					
	2021	2022[f]	2023[f]	2024[f]	2025[f]
Whole economy					
Index of wage and salary earnings	2.4	2.6	4.3	3.5	3.0
Compensation per employee	2.9	3.7	5.5	3.8	3.2
Unit labour costs	2.5	4.4	5.8	2.9	2.0
Labour productivity per employed person	0.4	-0.7	-0.3	0.9	1.1

F=forecast.

Sources: Bank of Finland and Statistics Finland.

8. LABOUR MARKET

1,000 persons and % change on previous year					
	2021	2022[f]	2023[f]	2024[f]	2025[f]
Labour force survey (15–74-year-olds)					

1,000 persons and % change on previous year					
	2021	2022[f]	2023[f]	2024[f]	2025[f]
Employed persons	2,548	2,614	2,609	2,616	2,625
	2.6	2.6	-0.2	0.3	0.3
Unemployed persons	210	193	208	204	201
	1.9	-9.0	7.8	-1.7	-1.5
Labour force	2,759	2,807	2,817	2,820	2,826
	2.5	1.7	0.3	0.1	0.2
Working-age population (15–64-year-olds)	3,417	3,420	3,420	3,419	3,418
	-0.1	0.1	0.0	-0.0	-0.0
Labour force participation rate, %	67	68	69	69	69
Unemployment rate, %	7.6	6.9	7.4	7.2	7.1
Employment rate (15–64-year-olds), %	72.1	73.7	73.6	73.8	74.1

F=forecast.

Sources: Bank of Finland and Statistics Finland.

9. GENERAL GOVERNMENT REVENUE, EXPENDITURE, BALANCE AND DEBT

	2021	2022[f]	2023[f]	2024[f]	2025[f]
% relative to GDP					
General government revenue	52.7	52.5	52.4	52.2	51.9
General government expenditure	55.4	53.4	54.2	54.2	54.5
General government primary expenditure	54.9	52.8	53.4	53.3	53.5

	2021	2022[f]	2023[f]	2024[f]	2025[f]
General government interest expenditure	0.5	0.6	0.8	0.9	1.1
General government net lending	-2.7	-0.9	-1.8	-2.0	-2.6
Central government	-3.3	-1.8	-2.2	-2.2	-2.8
Local government	-0.2	-0.4	-0.7	-0.9	-1.1
Social security funds	0.8	1.3	1.0	1.1	1.2
General government primary balance	-2.2	-0.4	-1.1	-1.1	-1.6
General government structural balance[1]	-2.0	-1.0	-1.5	-1.5	-2.3
General government debt (EDP)	72.4	72.2	71.9	73.2	74.9
Central government debt	51.2	52.2	52.3	53.4	54.7
Tax ratio	43.0	42.7	42.4	42.3	42.1
Current prices, EUR billion					
General government net lending	-6.8	-2.5	-5.1	-5.9	-7.9
Central government	-8.2	-5.0	-6.1	-6.4	-8.3
Local government	-0.5	-1.2	-1.9	-2.6	-3.2
Social security funds	2.0	3.6	2.9	3.1	3.7
General government debt (EDP)	181.9	195.7	203.1	214.0	226.2

[1] *Based on the cyclical adjustment method used by the European System of Central Banks.*

F=forecast.

Sources: Bank of Finland and Statistics Finland.

10. BALANCE OF PAYMENTS

EUR billion					
	2021	2022[f]	2023[f]	2024[f]	2025[f]
Exports of goods and services (SNA)	99.1	123.1	128.9	131.7	137.2
Imports of goods and services (SNA)	98.5	128.3	129.7	128.9	135.9
Goods and services account (SNA)	0.6	-5.2	-0.8	2.7	1.3
% to GDP	0.2	-1.9	-0.3	0.9	0.4
Investment income and other items, net (+ statistical discrepancy)	4.0	-2.3	0.9	0.9	0.9
Current transfers, net	-3.0	-2.5	-2.3	-2.4	-2.7
Current account, net	1.6	-10.0	-2.1	1.1	-0.5
Net lending, % to GDP					
Private sector	3.3	-2.8	1.2	2.6	2.5
Public sector	-2.7	-0.9	-2.0	-2.2	-2.7
Current account, % to GDP	0.6	-3.7	-0.8	0.4	-0.2

F=forecast.

Sources: Bank of Finland and Statistics Finland.

11. INTEREST RATES

%					
	2021	2022[f]	2023[f]	2024[f]	2025[f]
3-month Euribor[1]	-0.5	0.4	2.9	2.7	2.5
Yield on Finnish 10-year government bonds[1]	-0.1	1.2	1.7	1.8	1.9

[1] *Technical assumption derived from market expectations.*

F=forecast.

Sources: Bank of Finland and Statistics Finland.

12. INTERNATIONAL ENVIRONMENT

The Eurosystem staff projections					
	2021	2022[f]	2023[f]	2024[f]	2025[f]
GDP, % change on previous year					
World (excl. euro area)	6.4	3.3	2.6	3.1	3.3
USA	5.9	1.9	0.6	0.9	1.8
Euro area	5.2	3.4	0.5	1.9	1.8
Japan	1.7	1.5	1.4	1.3	1.3
Imports, % change on previous year					
World (excl. euro area)	12.6	5.6	1.9	3.3	3.3
USA	14.1	8.2	-1.1	2.4	2.9
Euro area	8.2	7.9	3.1	3.3	3.4
Japan	5.1	7.6	3.3	2.4	2.4
Index, 2015 = 100, and % change on previous year					
Import volume in Finnish export markets	117.2	123.7	125.8	129.7	133.9
	10.4	5.6	1.7	3.1	3.3
Export prices of Finland's trading partners, national currencies	116.6	136.3	141.3	144.3	147.2
	10.6	16.9	3.7	2.1	2.0
Export prices of Finland's trading partners, in euro	106.6	128.0	132.4	135.1	137.8
	9.9	20.0	3.4	2.1	2.0

The Eurosystem staff projections					
	2021	2022[f]	2023[f]	2024[f]	2025[f]
Industrial raw materials (excl. energy), HWWA index, in US dollars	152.9	162.7	145.2	146.1	148.2
	42.1	6.4	-10.8	0.7	1.4
Oil price, USD per barrel[1]	71.1	104.6	86.4	79.7	76.0
	71.3	47.1	-17.4	-7.7	-4.7
Finland's nominal exchange rate [2]	91.4	93.9	93.6	93.6	93.6
	-0.7	2.7	-0.3	-0.0	-0.0
US dollar value of one euro[3]	0.8	1.0	1.0	1.0	1.0
	-3.5	12.6	2.1	0.0	0.0

[1] Technical assumption derived from market expectations.

[2] Broad nominal effective exchange rate, January – March 2015 = 100. The index rises as the currency depreciates. Assuming no changes in the exchange rate.

[3] Assuming no changes in the exchange rate.

[F] =forecast.
Sources: Bank of Finland and Statistics Finland.

13. Current and June 2022 forecast

	2021	2022[f]	2023[f]	2024[f]	2025[f]
GDP, % change	3.0	1.9	-0.5	1.1	1.5
June 2022	3.5	1.7	0.5	1.5	
Inflation (HICP), %	2.1	7.2	5.0	1.6	1.7
June 2022	2.1	5.6	2.4	1.8	

	2021	2022[f]	2023[f]	2024[f]	2025[f]
Employment rate, %	72.1	73.7	73.6	73.8	74.1
June 2022	72.2	73.7	73.8	74.3	
Unemployment rate, %	7.7	6.9	7.4	7.2	7.1
June 2022	7.6	6.5	6.5	6.4	
Current account, % to GDP	0.6	-3.7	-0.8	0.4	-0.2
June 2022	0.7	-1.0	-0.6	0.1	
General government net lending, % to GDP	-2.7	-0.9	-1.8	-2.0	-2.6
June 2022	-2.6	-1.9	-1.8	-1.6	
General government debt (EDP), % to GDP	72.4	72.2	71.9	73.2	74.9
June 2022	65.8	64.4	65.4	66.1	

F=forecast.

Sources: Bank of Finland and Statistics Finland.

Keywords

economic development, economic forecast, economic outlook, forecast, indicators, statistics