Forecast

Forecast tables for 2023–2025 (June 2023)

Finnish economy | 20 June 2023

The Finnish economy will contract by 0.4% in 2023. Inflation is on its way down this year. Economic growth will pick up in 2024, albeit to a modest 0.9%. In 2025, growth in the economy will gather pace, reaching 1.5%.

SUOMEN PANKKI EUROJÄRJESTELMÄ FINLANDS BANK EUROSYSTEMET

Forecast for the Finnish economy
June 2023

	2022	2023	2024	2025
GDP %	2.1	–0.4	0.9	1.5
Inflation %	7.2	4.5	1.3	1.6

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

% change on previous year					
	2021	2022	2023[f]	2024[f]	2025[f]
GDP at market prices	3.0	2.1	-0.4	0.9	1.5
Imports of goods and services	6.0	7.5	-3.0	1.9	3.3
Exports of goods and services	6.0	1.7	0.1	2.4	2.8
Private consumption	3.6	2.1	-0.4	0.8	1.1
Public consumption	3.9	2.9	2.6	1.1	0.4
Private fixed investment	4.1	6.1	-5.8	-1.3	2.6
Public fixed investment	-11.8	-0.0	-3.9	6.9	13.9

[F]=forecast.

Sources: Bank of Finland and Statistics Finland.

2. CONTRIBUTIONS TO GROWTH[1]

	2021	2022	2023[f]	2024[f]	2025[f]
GDP, % change	3.0	2.1	-0.4	0.9	1.5
Net exports	-0.0	-2.3	1.5	0.2	-0.2
Domestic demand excl. inventory change	3.0	2.9	-0.9	0.7	1.7
of which Consumption	2.8	1.7	0.4	0.7	0.7
Investment	0.2	1.2	-1.4	0.0	1.0
Inventory change + statistical discrepancy	0.0	1.5	-1.0	0.1	0.0

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

[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	2023[f]	2024[f]	2025[f]
GDP at market prices	108.5	113.1	119.3	121.6	123.8
	2.1	4.3	5.5	1.9	1.8
Imports of goods and services	109.3	130.8	126.0	126.7	129.3
	9.6	19.7	-3.7	0.5	2.1
Exports of goods and services	110.5	131.4	127.3	129.2	132.3
	9.6	18.9	-3.1	1.5	2.4
Private consumption	105.7	111.6	118.5	120.1	121.4
	1.8	5.5	6.2	1.4	1.1
Public consumption	108.3	110.7	116.1	118.8	122.2
	2.8	2.1	4.9	2.4	2.8
Private fixed investment	113.6	120.6	124.3	123.8	126.2
	2.1	6.2	3.1	-0.4	2.0
Public fixed investment	110.9	116.4	119.8	118.4	120.2
	3.1	5.0	2.9	-1.1	1.5
Terms of trade (goods and services)	101.1	100.4	101.0	102.0	102.3
	0.0	-0.7	0.6	1.0	0.3

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	2023[f]	2024[f]	2025[f]
GDP at market prices	250,590	266,824	280,419	288,340	298,043
	5.3	6.5	5.1	2.8	3.4
Imports of goods and services	98,889	127,056	118,631	121,490	128,044
	16.3	28.5	-6.6	2.4	5.4
Total supply	349,479	393,880	399,050	409,830	426,087
	8.2	12.7	1.3	2.7	4.0
Exports of goods and services	99,114	119,716	116,090	120,662	127,043
	16.3	20.8	-3.0	3.9	5.3
Consumption	190,062	203,009	215,854	221,414	227,092
	5.9	6.8	6.3	2.6	2.6
Private	128,380	138,165	146,078	149,211	152,521
	5.4	7.6	5.7	2.1	2.2
Public	61,682	64,844	69,776	72,203	74,571
	6.9	5.1	7.6	3.5	3.3
Fixed investment	59,109	65,746	64,060	63,753	67,951
	3.3	11.2	-2.6	-0.5	6.6
Private	48,640	54,765	53,207	52,270	54,670
	6.4	12.6	-2.8	-1.8	4.6
Public	10,469	10,981	10,853	11,483	13,281
	-9.1	4.9	-1.2	5.8	15.7

EUR million and % change on previous year					
	2021	2022	2023[f]	2024[f]	2025[f]
Inventory change + statistical discrepancy	1,194	5,409	3,046	4,000	4,000
% of previous year's total demand	0.0	1.2	-0.6	0.2	0.0
Total demand	349,479	393,880	399,050	409,830	426,087
	8.2	12.7	1.3	2.7	4.0
Total domestic demand	250,365	274,164	282,959	289,167	299,043
	5.3	9.5	3.2	2.2	3.4

F=forecast.

Sources: Bank of Finland and Statistics Finland.

5. BALANCE OF SUPPLY AND DEMAND

% in proportion to GDP at current prices					
	2021	2022	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	39.5	47.6	42.3	42.1	43.0
Exports of goods and services	39.6	44.9	41.4	41.8	42.6
Consumption	75.8	76.1	77.0	76.8	76.2
Private	51.2	51.8	52.1	51.7	51.2
Public	24.6	24.3	24.9	25.0	25.0
Fixed investment	23.6	24.6	22.8	22.1	22.8
Private	19.4	20.5	19.0	18.1	18.3
Public	4.2	4.1	3.9	4.0	4.5

% in proportion to GDP at current prices					
	2021	2022	2023[f]	2024[f]	2025[f]
Inventory change + statistical discrepancy	0.5	2.0	1.1	1.4	1.3
Total demand	139.5	147.6	142.3	142.1	143.0
Total domestic demand	99.9	102.8	100.9	100.3	100.3

F=forecast.

Sources: Bank of Finland and Statistics Finland.

6. PRICES

Index 2015 = 100, and % change on previous year					
	2021	2022	2023[f]	2024[f]	2025[f]
Harmonised index of consumer prices, 2005=100	106.1	113.7	118.8	120.4	122.3
	2.1	7.2	4.5	1.3	1.6
Consumer price index, 2005=100	105.8	113.4	120.1	121.7	123.0
	2.2	7.1	5.9	1.4	1.1
Private consumption deflator	105.7	111.6	118.5	120.1	121.4
	1.8	5.5	6.2	1.4	1.1
Private investment deflator	113.6	120.6	124.3	123.8	126.2
	2.1	6.2	3.1	-0.4	2.0
Exports of goods and services deflator	110.5	131.4	127.3	129.2	132.3
	9.6	18.9	-3.1	1.5	2.4
Imports of goods and services deflator	109.3	130.8	126.0	126.7	129.3
	9.6	19.7	-3.7	0.5	2.1

Index 2015 = 100, and % change on previous year					
	2021	2022	2023[f]	2024[f]	2025[f]
Value-added deflators					
Value-added, gross at basic prices	108.4	112.9	119.2	121.4	123.6
	2.0	4.2	5.5	1.9	1.8

F=forecast.

Sources: Bank of Finland and Statistics Finland.

7. WAGES AND PRODUCTIVITY

% change on previous year					
	2021	2022	2023[f]	2024[f]	2025[f]
Whole economy					
Index of wage and salary earnings	2.4	2.4	4.5	3.6	2.6
Compensation per employee	3.5	3.0	4.9	3.2	2.8
Unit labour costs	3.1	3.7	5.4	2.5	1.6
Labour productivity per employed person	0.5	-0.6	-0.5	0.8	1.2

F=forecast.

Sources: Bank of Finland and Statistics Finland.

8. LABOUR MARKET

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

1,000 persons and % change on previous year					
	2021	2022	2023[f]	2024[f]	2025[f]
Employed persons	2,548	2,618	2,619	2,624	2,633
	2.6	2.8	0.0	0.2	0.4
Unemployed persons	210	191	202	200	197
	0.7	-9.2	6.0	-1.1	-1.5
Labour force	2,758	2,809	2,821	2,824	2,830
	2.4	1.8	0.4	0.1	0.2
Working-age population (15–64-year-olds)	3,417	3,421	3,432	3,430	3,429
	-0.1	0.1	0.3	-0.0	-0.0
Labour force participation rate, %	67	68	68	69	69
Unemployment rate, %	7.6	6.8	7.2	7.1	7.0
Employment rate (20–64-year-olds), %	76.5	78.1	78.0	78.2	78.5

F=forecast.

Sources: Bank of Finland and Statistics Finland.

9. GENERAL GOVERNMENT REVENUE, EXPENDITURE, BALANCE AND DEBT

	2021	2022	2023[f]	2024[f]	2025[f]
% relative to GDP					
General government revenue	53.0	52.5	52.3	52.2	51.8
General government expenditure	55.7	53.3	54.5	55.1	55.5
General government primary expenditure	55.2	52.8	53.7	54.1	54.2

	2021	2022	2023[f]	2024[f]	2025[f]
General government interest expenditure	0.5	0.5	0.8	1.0	1.3
General government net lending	-2.7	-0.8	-2.2	-2.9	-3.6
Central government	-3.2	-1.6	-2.6	-3.2	-4.0
Local government	-0.3	-0.3	-0.7	-0.8	-0.8
Social security funds	0.8	1.1	1.1	1.1	1.2
General government primary balance	-2.2	-0.3	-1.4	-1.9	-2.4
General government structural balance[1]	-2.0	-0.8	-1.6	-2.2	-3.2
General government debt (EDP)	72.6	73.0	73.2	75.9	78.3
Central government debt	51.4	53.1	53.8	56.4	58.8
Tax ratio	43.1	43.1	42.6	42.4	42.1
Current prices, EUR billion					
General government net lending	-6.8	-2.2	-6.1	-8.5	-10.9
Central government	-8.1	-4.3	-7.2	-9.2	-12.1
Local government	-0.9	-0.8	-2.0	-2.3	-2.5
Social security funds	2.1	2.9	3.1	3.1	3.7
General government debt (EDP)	181.9	194.8	205.2	218.9	233.3

[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	2023[f]	2024[f]	2025[f]
Exports of goods and services (SNA)	99.1	119.7	116.1	120.7	127.0
Imports of goods and services (SNA)	98.9	127.1	118.6	121.5	128.0
Goods and services account (SNA)	0.2	-7.3	-2.5	-0.8	-1.0
% to GDP	0.1	-2.8	-0.9	-0.3	-0.3
Investment income and other items, net (+ statistical discrepancy)	3.9	-0.3	0.6	0.6	0.6
Current transfers, net	-2.9	-2.6	-2.4	-2.4	-2.7
Current account, net	1.2	-10.3	-4.4	-2.6	-3.0
Net lending, % to GDP					
Private sector	3.2	-3.1	0.6	2.0	2.6
Public sector	-2.7	-0.8	-2.2	-2.9	-3.6
Current account, % to GDP	0.5	-3.9	-1.6	-0.9	-1.0

F=forecast.

Sources: Bank of Finland and Statistics Finland.

11. INTEREST RATES

%					
	2021	2022	2023[f]	2024[f]	2025[f]
3-month Euribor[1]	-0.5	0.3	3.4	3.4	2.9
Yield on Finnish 10-year government bonds[1]	-0.1	1.6	2.6	2.6	2.7

[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.*

F=forecast.

Sources: ECB and Bank of Finland.

12. INTERNATIONAL ENVIRONMENT

The Eurosystem staff projections					
	2021	2022	2023[f]	2024[f]	2025[f]
GDP, % change on previous year					
World (excl. euro area)	6.7	3.3	3.1	3.1	3.3
USA	5.9	2.1	1.0	0.6	1.6
Euro area	5.3	3.5	0.9	1.5	1.6
Japan	2.2	1.0	1.1	1.1	1.0
Imports, % change on previous year					
World (excl. euro area)	12.9	5.3	1.3	3.4	3.4
USA	14.1	8.1	-0.7	2.7	3.2
Euro area	11.2	6.3	0.5	3.1	3.1
Japan	5.1	8.0	1.5	2.2	2.3
Index, 2015 = 100, and % change on previous year					
Import volume in Finnish export markets	117.8	124.8	126.1	130.0	134.0
	10.9	6.0	1.0	3.1	3.1
Export prices of Finland's trading partners, national currencies	116.6	135.3	136.5	140.0	143.3
	10.6	16.0	0.9	2.6	2.3
Export prices of Finland's trading	106.6	126.9	124.5	127.5	130.5

The Eurosystem staff projections					
	2021	2022	2023[f]	2024[f]	2025[f]
partners, in euro					
	9.9	19.0	-1.9	2.4	2.3
Industrial raw materials (excl. energy), HWWA index, in US dollars	152.9	162.9	144.1	141.3	143.1
	42.1	6.6	-11.5	-2.0	1.3
Oil price, USD per barrel[1]	71.1	103.7	78.0	72.6	70.4
	71.3	45.8	-24.7	-7.0	-3.1
Finland's nominal effective exchange rate [2]	109.4	106.6	109.6	109.8	109.8
	-0.7	2.6	-2.7	-0.2	0.0
US dollar value of one euro[3]	1.2	1.1	1.1	1.1	1.1
	3.7	-11.0	2.9	0.2	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: ECB and Bank of Finland.

13. Current and December 2022 forecast

	2021	2022	2023[f]	2024[f]	2025[f]
GDP, % change	3.0	2.1	-0.4	0.9	1.5
December 2022	3.0	1.9	-0.5	1.1	1.5
Inflation (HICP), %	2.1	7.2	4.5	1.3	1.6

	2021	2022	2023[f]	2024[f]	2025[f]
December 2022	2.1	7.2	5.0	1.6	1.7
Employment rate, %	72.1	73.8	73.7	73.9	74.1
December 2022	72.1	73.7	73.6	73.8	74.1
Unemployment rate, %	7.6	6.8	7.2	7.1	7.0
December 2022	7.6	6.9	7.4	7.2	7.1
Current account, % to GDP	0.5	-3.9	-1.6	-0.9	-1.0
December 2022	0.6	-3.9	-1.6	-0.9	-1.0
General government net lending, % to GDP	-2.7	-0.8	-2.2	-2.9	-3.6
December 2022	-2.7	-0.9	-1.8	-2.0	-2.6
General government debt (EDP), % to GDP	72.6	73.0	73.2	75.9	78.3
December 2022	72.6	73.3	72.4	74.2	75.9

F=forecast.

Sources: Bank of Finland and Statistics Finland.

Keywords

economic forecast, forecast, GDP, indicators, indicators, inflation