Forecast

Forecast tables for 2023–2026 (December 2023)

Finnish economy | 19 December 2023

Finland's economy is in recession and will not start to pick up until the end of 2024. The prices of goods and services have remained high since the earlier peak in inflation, and elevated interest rates on loans are further weakening the purchasing power of households.

SUOMEN PANKKI EUROJÄRJESTELMÄ FINLANDS BANK EUROSYSTEMET

Forecast for the Finnish economy December 2023

	2023	2024	2025	2026
GDP %	–0.5	–0.2	1.5	1.3
Inflation %	4.4	1.0	1.4	1.7

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

% change on previous year					
	2022	2023[f]	2024[f]	2025[f]	2026[f]
GDP at market prices	1.6	-0.5	-0.2	1.5	1.3
Imports of goods and services	8.5	-7.2	-1.3	3.0	3.1
Exports of goods and services	3.7	-1.2	-1.4	2.5	3.0
Private consumption	1.7	-0.8	0.5	1.3	1.2
Public consumption	0.8	3.7	0.3	0.0	0.9
Private fixed investment	4.0	-3.8	-4.3	2.5	3.5
Public fixed investment	-0.2	-13.6	18.2	12.9	-1.8

[F]=forecast.

Sources: Bank of Finland and Statistics Finland.

2. CONTRIBUTIONS TO GROWTH[1]

	2022	2023[f]	2024[f]	2025[f]	2026[f]
GDP, % change	1.6	-0.5	-0.2	1.5	1.3
Net exports	-1.9	2.9	-0.0	-0.2	-0.0
Domestic demand excl. inventory change	1.8	-0.8	0.2	1.7	1.4
of which Consumption	1.1	0.5	0.3	0.7	0.8
Investment	0.8	-1.3	-0.2	1.0	0.5
Inventory change + statistical discrepancy	1.7	-2.6	-0.3	0.0	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					
	2022	2023[f]	2024[f]	2025[f]	2026[f]
GDP at market prices	114.3	120.4	122.6	124.9	127.5
	5.4	5.3	1.8	1.8	2.1
Imports of goods and services	130.7	126.1	124.4	126.0	128.0
	19.7	-3.6	-1.3	1.2	1.6
Exports of goods and services	131.2	124.7	123.0	124.6	126.7
	18.8	-4.9	-1.4	1.3	1.7
Private consumption	112.2	117.6	119.3	121.2	123.5
	6.1	4.8	1.5	1.6	1.9
Public consumption	112.6	117.2	120.5	123.5	126.6
	4.0	4.1	2.7	2.5	2.5
Private fixed investment	121.1	126.9	125.6	127.5	129.8
	6.6	4.8	-1.0	1.5	1.8
Public fixed investment	117.9	123.3	123.4	125.1	127.4
	6.3	4.6	0.1	1.3	1.8
Terms of trade (goods and services)	100.3	98.9	98.8	98.9	99.0
	-0.8	-1.4	-0.1	0.1	0.1

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					
	2022	2023[f]	2024[f]	2025[f]	2026[f]
GDP at market prices	268,641	281,407	285,937	295,561	305,731
	7.1	4.8	1.6	3.4	3.4
Imports of goods and services	128,118	114,668	111,717	116,538	122,042
	29.6	-10.5	-2.6	4.3	4.7
Total supply	396,759	396,075	397,654	412,099	427,773
	13.4	-0.2	0.4	3.6	3.8
Exports of goods and services	121,694	114,245	111,097	115,411	120,851
	23.0	-6.1	-2.8	3.9	4.7
Consumption	202,917	213,522	218,521	224,713	231,932
	6.9	5.2	2.3	2.8	3.2
Private	138,279	143,764	146,619	150,948	155,669
	7.9	4.0	2.0	3.0	3.1
Public	64,638	69,758	71,903	73,765	76,263
	4.8	7.9	3.1	2.6	3.4
Fixed investment	65,083	64,438	63,410	67,208	70,078
	10.0	-1.0	-1.6	6.0	4.3
Private	53,993	54,395	51,538	53,624	56,498
	10.8	0.7	-5.3	4.0	5.4
Public	11,090	10,043	11,872	13,584	13,580
	5.9	-9.4	18.2	14.4	-0.0

EUR million and % change on previous year					
	2022	2023[f]	2024[f]	2025[f]	2026[f]
Inventory change + statistical discrepancy	7,065	3,869	4,626	4,767	4,913
% of previous year's total demand	1.5	-0.8	0.2	0.0	0.0
Total demand	396,759	396,075	397,654	412,099	427,773
	13.4	-0.2	0.4	3.6	3.8
Total domestic demand	275,065	281,829	286,558	296,687	306,922
	9.7	2.5	1.7	3.5	3.4

F=forecast.

Sources: Bank of Finland and Statistics Finland.

5. BALANCE OF SUPPLY AND DEMAND

% in proportion to GDP at current prices					
	2022	2023[f]	2024[f]	2025[f]	2026[f]
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Imports of goods and services	47.7	40.7	39.1	39.4	39.9
Exports of goods and services	45.3	40.6	38.9	39.0	39.5
Consumption	75.5	75.9	76.4	76.0	75.9
Private	51.5	51.1	51.3	51.1	50.9
Public	24.1	24.8	25.1	25.0	24.9
Fixed investment	24.2	22.9	22.2	22.7	22.9
Private	20.1	19.3	18.0	18.1	18.5
Public	4.1	3.6	4.2	4.6	4.4

% in proportion to GDP at current prices					
	2022	2023[f]	2024[f]	2025[f]	2026[f]
Inventory change + statistical discrepancy	2.6	1.4	1.6	1.6	1.6
Total demand	147.7	140.7	139.1	139.4	139.9
Total domestic demand	102.4	100.2	100.2	100.4	100.4

F=forecast.

Sources: Bank of Finland and Statistics Finland.

6. PRICES

Index 2015 = 100, and % change on previous year					
	2022	2023[f]	2024[f]	2025[f]	2026[f]
Harmonised index of consumer prices, 2005=100	113.7	118.7	119.9	121.6	123.7
	7.2	4.4	1.0	1.4	1.7
Consumer price index, 2005=100	113.4	120.4	122.0	122.8	124.8
	7.1	6.2	1.3	0.7	1.6
Private consumption deflator	112.2	117.6	119.3	121.2	123.5
	6.1	4.8	1.5	1.6	1.9
Private investment deflator	121.1	126.9	125.6	127.5	129.8
	6.6	4.8	-1.0	1.5	1.8
Exports of goods and services deflator	131.2	124.7	123.0	124.6	126.7
	18.8	-4.9	-1.4	1.3	1.7
Imports of goods and services deflator	130.7	126.1	124.4	126.0	128.0
	19.7	-3.6	-1.3	1.2	1.6

Index 2015 = 100, and % change on previous year					
	2022	2023[f]	2024[f]	2025[f]	2026[f]
Value-added deflators					
Value-added, gross at basic prices	114.0	120.3	122.5	124.7	127.3
	5.2	5.5	1.8	1.8	2.1

F=forecast.

Sources: Bank of Finland and Statistics Finland.

7. WAGES AND PRODUCTIVITY

% change on previous year					
	2022	2023[f]	2024[f]	2025[f]	2026[f]
Whole economy					
Index of wage and salary earnings	2.4	4.3	3.5	2.5	2.5
Compensation per employee	2.8	4.2	1.5	2.8	2.9
Unit labour costs	4.1	5.5	1.3	1.6	1.8
Labour productivity per employed person	-1.1	-1.2	0.1	1.2	1.0

F=forecast.

Sources: Bank of Finland and Statistics Finland.

8. LABOUR MARKET

1,000 persons and % change on previous year					
	2022	2023[f]	2024[f]	2025[f]	2026[f]
Labour force survey (15–74-year-olds)					

1,000 persons and % change on previous year					
	2022	2023[f]	2024[f]	2025[f]	2026[f]
Employed persons	2,618	2,635	2,625	2,633	2,641
	2.8	0.6	-0.4	0.3	0.3
Unemployed persons	191	205	221	212	208
	-9.2	7.6	7.9	-4.0	-2.0
Labour force	2,809	2,840	2,847	2,846	2,849
	1.8	1.1	0.2	-0.0	0.1
Working-age population (15–64-year-olds)	3,421	3,440	3,455	3,454	3,452
	0.1	0.5	0.4	-0.0	-0.1
Labour force participation rate, %	68.2	68.8	68.8	68.9	69.0
Unemployment rate, %	6.8	7.2	7.8	7.5	7.3
Employment rate (20–64-year-olds), %	78.1	78.0	77.2	77.4	77.7

F=forecast.

Sources: Bank of Finland and Statistics Finland.

9. GENERAL GOVERNMENT REVENUE, EXPENDITURE, BALANCE AND DEBT

	2022	2023[f]	2024[f]	2025[f]	2026[f]
% relative to GDP					
General government revenue	52.5	52.7	52.3	52.1	51.8
General government expenditure	53.3	54.3	56.0	55.8	55.3
General government primary expenditure	52.7	53.5	54.9	54.5	53.9

	2022	2023[f]	2024[f]	2025[f]	2026[f]
General government interest expenditure	0.5	0.8	1.1	1.3	1.5
General government net lending	-0.8	-1.6	-3.7	-3.6	-3.5
Central government	-1.6	-2.3	-3.5	-3.7	-3.7
Local government	-0.2	-0.6	-0.8	-0.8	-0.9
Social security funds	1.0	1.3	0.6	0.9	1.1
General government primary balance	-0.2	-0.8	-2.6	-2.4	-2.1
General government structural balance[1]	-0.7	-0.9	-2.4	-2.6	-2.9
General government debt (EDP)	73.3	75.0	77.0	79.2	81.2
Central government debt	52.7	55.4	57.0	59.2	61.1
Tax ratio	42.9	42.1	41.5	41.5	41.3
Current prices, EUR billion					
General government net lending	-2.1	-4.5	-10.5	-10.7	-10.8
Central government	-4.2	-6.5	-10.0	-10.8	-11.3
Local government	-0.5	-1.7	-2.3	-2.4	-2.8
Social security funds	2.7	3.8	1.8	2.5	3.2
General government debt (EDP)	196.9	211.0	220.2	234.1	248.4

[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					
	2022	2023[f]	2024[f]	2025[f]	2026[f]
Exports of goods and services (SNA)	121.7	114.2	111.1	115.4	120.9
Imports of goods and services (SNA)	128.1	114.7	111.7	116.5	122.0
Goods and services account (SNA)	-6.4	-0.4	-0.6	-1.1	-1.2
% to GDP	-2.4	-0.2	-0.2	-0.4	-0.4
Investment income and other items, net (+ statistical discrepancy)	2.2	1.4	2.3	2.7	3.1
Current transfers, net	-2.6	-2.5	-2.2	-2.5	-2.9
Current account, net	-6.8	-1.4	-0.5	-0.9	-1.0
Net lending, % to GDP					
Private sector	-1.7	1.1	3.4	3.3	3.2
Public sector	-0.8	-1.6	-3.6	-3.6	-3.5
Current account, % to GDP	-2.5	-0.5	-0.2	-0.3	-0.3

F=forecast.

Sources: Bank of Finland and Statistics Finland.

11. INTEREST RATES

%					
	2022	2023[f]	2024[f]	2025[f]	2026[f]
3-month Euribor[1]	0.3	3.4	3.6	2.8	2.7
Yield on Finnish 10-year government bonds[1]	1.6	2.6	2.6	2.7	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					
	2022	2023[f]	2024[f]	2025[f]	2026[f]
GDP, % change on previous year					
World (excl. euro area)	3.3	3.0	2.8	3.0	3.0
USA	1.9	2.4	1.7	1.5	1.7
Euro area	3.4	0.6	0.8	1.5	1.5
Japan	0.9	1.8	1.0	0.9	0.9
Imports, % change on previous year					
World (excl. euro area)	6.2	0.7	2.7	3.0	3.1
USA	8.6	-1.4	2.3	2.4	2.5
Euro area	8.1	-0.9	1.7	3.1	3.0
Japan	8.0	-1.4	1.8	2.7	2.7
Index, 2015 = 100, and % change on previous year					
Import volume in Finnish export markets	125.6	125.8	128.4	132.1	136.0
	6.2	0.2	2.0	2.9	3.0
Export prices of Finland's trading partners, national currencies	135.3	134.3	137.7	141.2	144.5
	15.9	-0.8	2.6	2.6	2.3
Export prices of Finland's trading	127.0	121.8	123.8	126.9	129.9

The Eurosystem staff projections					
	2022	2023[f]	2024[f]	2025[f]	2026[f]
partners, in euro					
	18.9	-4.1	1.6	2.6	2.3
Industrial raw materials (excl. energy), HWWA index, in US dollars	162.9	141.4	138.2	141.5	143.9
	6.6	-13.2	-2.3	2.4	1.7
Oil price, USD per barrel[1]	103.7	84.0	80.1	76.5	73.6
	45.8	-19.0	-4.7	-4.4	-3.8
Finland's nominal effective exchange rate [2]	106.6	110.3	111.3	111.3	111.3
	2.6	-3.4	-0.9	0.0	0.0
US dollar value of one euro[3]	1.1	1.1	1.1	1.1	1.1
	-11.0	2.6	0.3	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: ECB and Bank of Finland.

13. Current and June 2023 forecast

	2022	2023[f]	2024[f]	2025[f]	2026[f]
GDP, % change	1.6	-0.5	-0.2	1.5	1.3
June 2023	2.1	-0.4	0.9	1.5	
Inflation (HICP), %	7.2	4.4	1.0	1.4	1.7

	2022	2023[f]	2024[f]	2025[f]	2026[f]
June 2023	7.2	4.5	1.3	1.6	
Employment rate, %	78.1	78.0	77.2	77.4	77.7
June 2023	78.1	78.0	78.2	78.5	
Unemployment rate, %	6.8	7.2	7.8	7.5	7.3
June 2023	6.8	7.2	7.1	7.0	
Current account, % to GDP	-2.5	-0.5	-0.2	-0.3	-0.3
June 2023	-3.9	-0.5	-0.2	-0.3	
General government net lending, % to GDP	-0.8	-1.6	-3.7	-3.6	-3.5
June 2023	-0.8	-2.2	-2.9	-3.6	
General government debt (EDP), % to GDP	73.3	75.0	77.0	79.2	81.2
June 2023	72.5	72.9	76.6	78.9	

F=forecast.

Sources: Bank of Finland and Statistics Finland.

Keywords

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