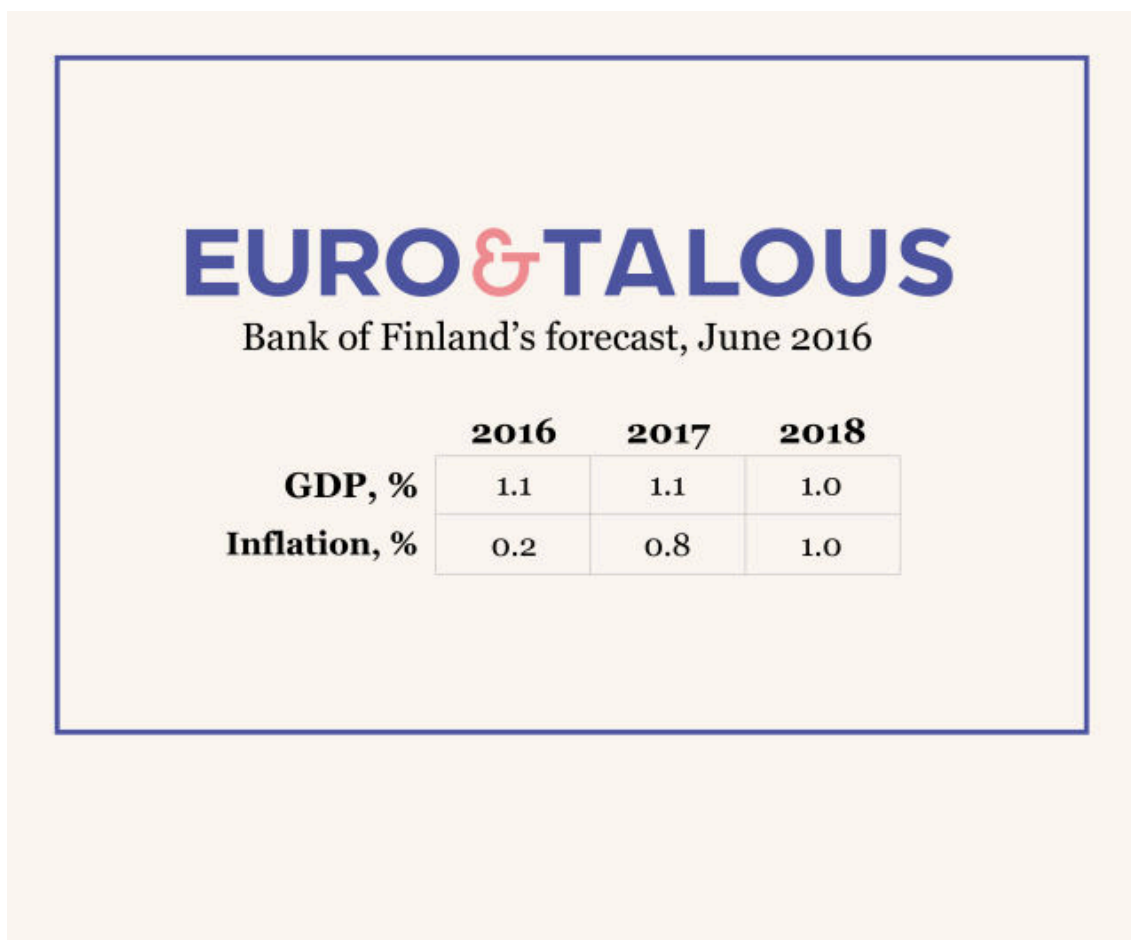


## FORECAST

# Forecast tables for 2016–2018

Finnish economy | 09.06.2016

See forecast tables for the Finnish economy in 2016–2018.



June 2016

|  |             |             |                         |                         |                         |
|--|-------------|-------------|-------------------------|-------------------------|-------------------------|
| 1. Balance of supply and demand, at reference year 2010 prices |             |             |                         |                         |                         |
| % change on previous year                                      |             |             |                         |                         |                         |
|  | <i>2014</i> | <i>2015</i> | <i>2016<sup>f</sup></i> | <i>2017<sup>f</sup></i> | <i>2018<sup>f</sup></i> |

Source: Bank of Finland forecast June 2016.

| 1. Balance of supply and demand, at reference year 2010 prices |      |      |     |     |      |
|--|------|------|-----|-----|------|
| GDP at market prices   | -0.7 | 0.5  | 1.1 | 1.1 | 1.0  |
| Imports of goods and services                                  | 0.0  | -0.4 | 2.7 | 2.5 | 2.0  |
| Exports of goods and services                                  | -0.9 | 0.6  | 0.7 | 2.4 | 2.5  |
| Private consumption  | 0.6  | 1.4  | 1.6 | 0.6 | 0.7  |
| Public consumption   | -0.3 | -0.9 | 0.6 | 0.3 | 0.2  |
| Private fixed investment                                       | -3.1 | -1.0 | 4.7 | 3.6 | 2.6  |
| Public fixed investment  | -0.6 | -1.2 | 2.3 | 1.6 | -0.5 |

Source: Bank of Finland forecast June 2016.

| 2. Contributions to growth <sup>1</sup>   |      |      |                   |                   |                   |
|---|------|------|-------------------|-------------------|-------------------|
|   | 2014 | 2015 | 2016 <sup>f</sup> | 2017 <sup>f</sup> | 2018 <sup>f</sup> |
| GDP, % change   | -0.7 | 0.5  | 1.1               | 1.1               | 1.0               |
| Net exports   | -0.4 | 0.4  | -0.7              | -0.1              | 0.2               |
| Domestic demand excl. inventory change  | -0.3 | 0.4  | 1.9               | 1.1               | 0.9               |
| of which Consumption  | 0.2  | 0.6  | 1.0               | 0.4               | 0.4               |
| Investment  | -0.6 | -0.2 | 0.9               | 0.7               | 0.4               |
| Inventory change + statistical discrepancy  | 0.0  | -0.2 | 0.0               | 0.0               | 0.0               |
| <sup>1</sup> Bank of Finland calculations. Annual growth rates using the previous year's GDP shares at current prices as weights. |      |      |                   |                   |                   |

Source: Bank of Finland forecast June 2016.

### 3. Balance of supply and demand, price deflators

| Index, 2010 = 100 and % change on previous year |       |       |                   |                   |                   |
|---|-------|-------|-------------------|-------------------|-------------------|
|   | 2014  | 2015  | 2016 <sup>f</sup> | 2017 <sup>f</sup> | 2018 <sup>f</sup> |
| GDP at market prices                            | 110.1 | 110.5 | 110.6             | 111.4             | 112.5             |
|   | 1.7   | 0.4   | 0.1               | 0.7               | 1.0               |
| Imports of goods and services                   | 104.8 | 101.5 | 100.3             | 103.1             | 105.4             |
|   | -1.6  | -3.2  | -1.2              | 2.7               | 2.3               |
| Exports of goods and services                   | 103.6 | 102.6 | 101.5             | 103.8             | 105.9             |
|   | -0.8  | -1.0  | -1.1              | 2.3               | 2.0               |
| Private consumption                             | 110.5 | 110.7 | 111.2             | 111.8             | 112.8             |
|   | 1.6   | 0.2   | 0.4               | 0.6               | 0.8               |
| Public consumption                              | 112.3 | 113.5 | 114.7             | 115.8             | 117.3             |
|   | 1.2   | 1.1   | 1.0               | 1.0               | 1.3               |
| Private fixed investment                        | 108.9 | 110.2 | 111.8             | 113.3             | 115.3             |
|   | 0.5   | 1.2   | 1.4               | 1.4               | 1.8               |
| Public fixed investment                         | 110.2 | 109.6 | 111.2             | 112.7             | 114.0             |
|   | 0.9   | -0.5  | 1.4               | 1.3               | 1.2               |
| Terms of trade (goods and services)             | 98.8  | 101.1 | 101.1             | 100.7             | 100.4             |
|   | 0.8   | 2.3   | 0.0               | -0.4              | -0.3              |

Source: Bank of Finland forecast June 2016.

### 4. Balance of supply and demand, at current prices

| EUR million and % change on previous year |      |      |                   |                   |                   |
|---|------|------|-------------------|-------------------|-------------------|
|   | 2014 | 2015 | 2016 <sup>f</sup> | 2017 <sup>f</sup> | 2018 <sup>f</sup> |

Source: Bank of Finland forecast June 2016.

| 4. Balance of supply and demand, at current prices |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| GDP at market prices                               | 205,268 | 207,220 | 209,694 | 213,359 | 217,806 |
|  | 0.9     | 1.0     | 1.2     | 1.7     | 2.1     |
| Imports of goods and services                      | 79,462  | 76,627  | 77,796  | 81,958  | 85,546  |
|  | -1.6    | -3.6    | 1.5     | 5.3     | 4.4     |
| Total supply                                       | 284,730 | 283,847 | 287,491 | 295,317 | 303,352 |
|  | 0.2     | -0.3    | 1.3     | 2.7     | 2.7     |
| Exports of goods and services                      | 77,600  | 77,284  | 76,939  | 80,624  | 84,285  |
|  | -1.7    | -0.4    | -0.4    | 4.8     | 4.5     |
| Consumption  | 164,471 | 166,507 | 169,606 | 171,696 | 174,350 |
|  | 1.8     | 1.2     | 1.9     | 1.2     | 1.5     |
| Private  | 113,690 | 115,592 | 117,898 | 119,318 | 121,187 |
|  | 2.2     | 1.7     | 2.0     | 1.2     | 1.6     |
| Public   | 50,781  | 50,915  | 51,708  | 52,378  | 53,163  |
|  | 0.9     | 0.3     | 1.6     | 1.3     | 1.5     |
| Fixed investment                                   | 42,197  | 42,115  | 44,516  | 46,558  | 48,276  |
|  | -2.1    | -0.2    | 5.7     | 4.6     | 3.7     |
| Private  | 33,729  | 33,790  | 35,874  | 37,656  | 39,310  |
|  | -2.6    | 0.2     | 6.2     | 5.0     | 4.4     |
| Public   | 8,468   | 8,325   | 8,642   | 8,902   | 8,966   |
|  | 0.3     | -1.7    | 3.8     | 3.0     | 0.7     |
| Inventory change + statistical discrepancy         | 462     | -2,059  | -3,570  | -3,560  | -3,560  |
| % of previous year's total demand                  | 0.0     | -0.9    | -0.5    | 0.0     | 0.0     |

Source: Bank of Finland forecast June 2016.

| 4. Balance of supply and demand, at current prices |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| Total demand                                       | 284,730 | 283,847 | 287,491 | 295,317 | 303,352 |
|  | 0.2     | -0.3    | 1.3     | 2.7     | 2.7     |
| Total domestic demand                              | 207,130 | 206,563 | 210,552 | 214,694 | 219,066 |
|  | 1.0     | -0.3    | 1.9     | 2.0     | 2.0     |

Source: Bank of Finland forecast June 2016.

| 5. Balance of supply and demand             |       |       |                   |                   |                   |
|---|-------|-------|-------------------|-------------------|-------------------|
| % of GDP at current prices                  |       |       |                   |                   |                   |
|   | 2014  | 2015  | 2016 <sup>f</sup> | 2017 <sup>f</sup> | 2018 <sup>f</sup> |
| GDP at market prices                        | 100.0 | 100.0 | 100.0             | 100.0             | 100.0             |
| Imports of goods and services               | 38.7  | 37.0  | 37.1              | 38.4              | 39.3              |
| Exports of goods and services               | 37.8  | 37.3  | 36.7              | 37.8              | 38.7              |
| Consumption                                 | 80.1  | 80.4  | 80.9              | 80.5              | 80.0              |
| Private                                     | 55.4  | 55.8  | 56.2              | 55.9              | 55.6              |
| Public                                      | 24.7  | 24.6  | 24.7              | 24.5              | 24.4              |
| Fixed investment                            | 20.6  | 20.3  | 21.2              | 21.8              | 22.2              |
| Private                                     | 16.4  | 16.3  | 17.1              | 17.6              | 18.0              |
| Public                                      | 4.1   | 4.0   | 4.1               | 4.2               | 4.1               |
| Inventory change + statistical discrepancy, | 0.2   | -1.0  | -1.7              | -1.7              | -1.6              |
| Total demand                                | 138.7 | 137.0 | 137.1             | 138.4             | 139.3             |
| Total domestic demand                       | 100.9 | 99.7  | 100.4             | 100.6             | 100.6             |

Source: Bank of Finland forecast June 2016.

| 6. Prices  |       |       |                   |                   |                   |
|--|-------|-------|-------------------|-------------------|-------------------|
| Index, 2010 = 100, and % change on previous year |       |       |                   |                   |                   |
|  | 2014  | 2015  | 2016 <sup>f</sup> | 2017 <sup>f</sup> | 2018 <sup>f</sup> |
| Harmonised index of consumer prices, 2005=100    | 121.8 | 121.6 | 121.9             | 122.9             | 124.1             |
|  | 1.2   | -0.2  | 0.2               | 0.8               | 1.0               |
| Consumer price index, 2005=100                   | 119.6 | 119.3 | 119.4             | 120.2             | 121.5             |
|  | 1.0   | -0.2  | 0.0               | 0.7               | 1.0               |
| Private consumption deflator                     | 110.5 | 110.7 | 111.2             | 111.8             | 112.8             |
|  | 1.6   | 0.2   | 0.4               | 0.6               | 0.8               |
| Private investment deflator                      | 108.9 | 110.2 | 111.8             | 113.3             | 115.3             |
|  | 0.5   | 1.2   | 1.4               | 1.4               | 1.8               |
| Exports of goods and services deflator           | 103.6 | 102.6 | 101.5             | 103.8             | 105.9             |
|  | -0.8  | -1.0  | -1.1              | 2.3               | 2.0               |
| Imports of goods and services deflator           | 104.8 | 101.5 | 100.3             | 103.1             | 105.4             |
|  | -1.6  | -3.2  | -1.2              | 2.7               | 2.3               |
| Value-added deflators                            |       |       |                   |                   |                   |
| Value-added, gross at basic prices               | 109.9 | 110.2 | 111.0             | 111.7             | 112.8             |
|  | 1.8   | 0.3   | 0.7               | 0.7               | 0.9               |
| Private sector                                   | 108.8 | 109.0 | 109.6             | 110.2             | 111.1             |
|  | 1.8   | 0.2   | 0.6               | 0.5               | 0.8               |
| Public sector                                    | 114.2 | 115.4 | 116.5             | 117.8             | 119.5             |
|  | 1.6   | 1.1   | 1.0               | 1.1               | 1.5               |

Source: Bank of Finland forecast June 2016.

| 7. Wages and productivity               |      |      |                   |                   |                   |
|---|------|------|-------------------|-------------------|-------------------|
| % change on previous year               |      |      |                   |                   |                   |
|   | 2014 | 2015 | 2016 <sup>f</sup> | 2017 <sup>f</sup> | 2018 <sup>f</sup> |
| Whole economy                           |      |      |                   |                   |                   |
| Index of wage and salary earnings       | 1.4  | 1.2  | 1.3               | 0.8               | 1.2               |
| Compensation per employee               | 1.3  | 1.6  | 1.2               | 0.9               | 1.3               |
| Unit labour costs                       | 1.7  | 0.7  | 0.5               | 0.6               | 0.8               |
| Labour productivity per employed person | -0.3 | 1.0  | 0.7               | 0.4               | 0.5               |

Source: Bank of Finland forecast June 2016.

| 8. Labour market                            |       |       |                   |                   |                   |
|---|-------|-------|-------------------|-------------------|-------------------|
| 1,000 persons and % change on previous year |       |       |                   |                   |                   |
|   | 2014  | 2015  | 2016 <sup>f</sup> | 2017 <sup>f</sup> | 2018 <sup>f</sup> |
| Labour force survey (15–74-year-olds)       |       |       |                   |                   |                   |
| Employed persons                            | 2,447 | 2,437 | 2,447             | 2,463             | 2,477             |
|   | -0.4  | -0.4  | 0.4               | 0.7               | 0.6               |
| Unemployed persons                          | 232   | 252   | 247               | 244               | 241               |
|   | 5.8   | 8.7   | -2.0              | -1.1              | -1.6              |
| Labour force                                | 2,679 | 2,690 | 2,694             | 2,708             | 2,718             |
|   | 0.1   | 0.4   | 0.2               | 0.5               | 0.4               |
| Working-age population (15–64-year-olds)    | 3,491 | 3,476 | 3,465             | 3,453             | 3,445             |
|   | -0.5  | -0.4  | -0.3              | -0.3              | -0.2              |
| Labour force participation rate, %          | 65.4  | 65.6  | 65.6              | 65.7              | 65.8              |

Source: Bank of Finland forecast June 2016.

| 8. Labour market                     |      |      |      |      |      |
|--------------------------------------|------|------|------|------|------|
| Unemployment rate, %                 | 8.7  | 9.4  | 9.2  | 9.0  | 8.9  |
| Employment rate (15–64-year-olds), % | 68.3 | 68.1 | 68.4 | 68.8 | 69.1 |

Source: Bank of Finland forecast June 2016.

| 9. General government revenue, expenditure, balance and debt |      |      |                   |                   |                   |
|--|------|------|-------------------|-------------------|-------------------|
| % of GDP   |      |      |                   |                   |                   |
|  | 2014 | 2015 | 2016 <sup>f</sup> | 2017 <sup>f</sup> | 2018 <sup>f</sup> |
| General government revenue                                   | 54.9 | 55.5 | 55.9              | 56.0              | 55.9              |
| General government expenditure                               | 58.1 | 58.3 | 58.5              | 58.4              | 58.2              |
| General government primary expenditure                       | 56.9 | 57.0 | 57.4              | 57.2              | 57.0              |
| General government interest expenditure                      | 1.2  | 1.2  | 1.1               | 1.1               | 1.1               |
| General government net lending                               | -3.2 | -2.7 | -2.6              | -2.4              | -2.3              |
| Central government   | -3.8 | -3.1 | -3.0              | -2.9              | -2.5              |
| Local government   | -0.8 | -0.7 | -0.7              | -0.7              | -0.8              |
| Social security funds  | 1.3  | 1.0  | 1.2               | 1.2               | 1.0               |
| General government primary balance                           | -1.9 | -1.5 | -1.4              | -1.3              | -1.2              |
| General government debt (EDP)                                | 59.3 | 63.1 | 66.0              | 68.4              | 70.2              |
| Central government debt                                      | 46.3 | 48.2 | 50.6              | 52.6              | 54.1              |
| Tax ratio  | 43.9 | 44.5 | 45.0              | 45.0              | 45.0              |

Source: Bank of Finland forecast June 2016.

| 10. Balance of payments |  |
|-------------------------|--|
| EUR million             |  |

Source: Bank of Finland forecast June 2016.

| 10. Balance of payments  |        |        |                   |                   |                   |
|--|--------|--------|-------------------|-------------------|-------------------|
|  | 2014   | 2015   | 2016 <sup>f</sup> | 2017 <sup>f</sup> | 2018 <sup>f</sup> |
| Exports of goods and services (SNA)                                | 77,600 | 77,284 | 76,939            | 80,624            | 84,285            |
| Imports of goods and services (SNA)                                | 79,462 | 76,627 | 77,796            | 81,958            | 85,546            |
| Goods and services account (SNA)                                   | -1,862 | 657    | -858              | -1,334            | -1,261            |
| % of GDP   | -0.9   | 0.3    | -0.4              | -0.6              | -0.6              |
| Investment income and other items, net (+ statistical discrepancy) | 2,335  | 1,777  | 2,268             | 2,638             | 2,660             |
| Current transfers, net   | -2406  | -2147  | -1882             | -1921             | -1965             |
| Current account, net   | -1,932 | 287    | -1,262            | -1,649            | -1,513            |
| Net lending, % of GDP  |        |        |                   |                   |                   |
| Private sector   | 2.2    | 2.9    | 2.0               | 1.6               | 1.6               |
| Public sector  | -3.2   | -2.7   | -2.6              | -2.4              | -2.3              |
| Current account, % of GDP  | -0.9   | 0.1    | -0.6              | -0.8              | -0.7              |

Source: Bank of Finland forecast June 2016.

| 11. Interest rates                                       |      |      |                   |                   |                   |
|--|------|------|-------------------|-------------------|-------------------|
| %  |      |      |                   |                   |                   |
|  | 2014 | 2015 | 2016 <sup>f</sup> | 2017 <sup>f</sup> | 2018 <sup>f</sup> |
| 3-month Euribor <sup>1</sup>                             | 0.2  | 0.0  | -0.3              | -0.3              | -0.3              |
| Average interest rate on new loan drawdowns <sup>2</sup> | 2.4  | 2.4  | 1.8               | 1.8               | 1.8               |
| Average interest rate on the stock of                    | 1.8  | 1.6  | 1.5               | 1.4               | 1.4               |

Source: Bank of Finland forecast June 2016.

| 11. Interest rates  |     |     |     |     |     |
|---|-----|-----|-----|-----|-----|
| loans <sup>2</sup>  |     |     |     |     |     |
| Average interest rate on the stock of deposits <sup>3</sup>   | 0.4 | 0.3 | 0.2 | 0.1 | 0.1 |
| Yield on Finnish 10-year government bonds <sup>1</sup>  | 1.4 | 0.7 | 0.5 | 0.6 | 0.9 |
| <sup>1</sup> Technical assumption derived from market expectations.   |     |     |     |     |     |
| <sup>2</sup> Finnish credit institutions' loans to households and non-financial corporations (excl. overdrafts, credit card credits and repurchase agreements). |     |     |     |     |     |
| <sup>3</sup> Finnish credit institutions' deposits from households and non-financial corporations.  |     |     |     |     |     |

Source: Bank of Finland forecast June 2016.

| 12. International environment      |      |      |                   |                   |                   |
|------------------------------------|------|------|-------------------|-------------------|-------------------|
| Eurosystem staff projections       |      |      |                   |                   |                   |
|                                    | 2014 | 2015 | 2016 <sup>f</sup> | 2017 <sup>f</sup> | 2018 <sup>f</sup> |
| GDP, % change on previous year     |      |      |                   |                   |                   |
| World                              | 3.3  | 2.9  | 2.9               | 3.4               | 3.5               |
| USA                                | 2.4  | 2.4  | 1.9               | 2.5               | 2.3               |
| Euro area                          | 0.9  | 1.6  | 1.6               | 1.6               | 1.7               |
| Japan                              | -0.1 | 0.5  | -0.1              | 0.4               | 0.4               |
| Imports, % change on previous year |      |      |                   |                   |                   |
| World                              | 3.5  | 1.9  | 2.5               | 4.0               | 4.3               |
| USA                                | 3.8  | 4.9  | 2.0               | 5.0               | 5.2               |
| Euro area                          | 4.5  | 6.0  | 4.7               | 4.7               | 4.7               |

Source: Bank of Finland forecast June 2016.

| 12. International environment  |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|
| Japan  | 7.2   | 0.2   | 0.8   | 2.5   | 2.8   |
| Index, 2010 = 100, and % change on previous year                             |       |       |       |       |       |
| Import volume in Finnish export markets                                      | 113.0 | 113.1 | 115.7 | 120.0 | 124.9 |
|  | 2.7   | 0.1   | 2.3   | 3.6   | 4.1   |
| Export prices (excl. oil) of Finland's trading partners, national currencies | 102.8 | 102.3 | 101.7 | 104.9 | 107.5 |
|  | 0.5   | -0.5  | -0.6  | 3.1   | 2.5   |
| Export prices (excl. oil) of Finland's trading partners, in euro             | 104.5 | 108.6 | 107.3 | 110.5 | 113.3 |
|  | -0.3  | 3.9   | -1.2  | 3.0   | 2.5   |
| Industrial raw materials (excl. energy), HWWA index, in US dollars           | 89.0  | 70.0  | 66.4  | 68.6  | 71.9  |
|  | -4.9  | -21.3 | -5.2  | 3.4   | 4.7   |
| Oil price, USD per barrel <sup>1</sup>                                       | 98.9  | 52.4  | 42.5  | 48.0  | 50.3  |
|  | -9.1  | -47.1 | -18.8 | 12.9  | 4.6   |
| Finland's nominal competitiveness indicator <sup>1,2</sup>                   | 102.2 | 97.8  | 98.4  | 98.5  | 98.5  |
|  | 0.9   | -4.3  | 0.6   | 0.1   | 0.0   |
| US dollar value of one euro <sup>1</sup>                                     | 1.33  | 1.11  | 1.13  | 1.14  | 1.14  |
|  | 0.0   | -16.5 | 2.1   | 1.0   | 0.0   |
| <sup>1</sup> Technical assumption derived from market expectations.          |       |       |       |       |       |
| <sup>2</sup> Narrow plus euro area, 1999Q1 = 100                             |       |       |       |       |       |

Source: Bank of Finland forecast June 2016.

| 13. Current and December 2015 forecast   |      |                   |                   |                   |
|--|------|-------------------|-------------------|-------------------|
|  | 2015 | 2016 <sup>f</sup> | 2017 <sup>f</sup> | 2018 <sup>f</sup> |
| GDP, % change                            | 0.5  | 1.1               | 1.1               | 1.0               |
| December 2015                            | -0.1 | 0.7               | 1.0               |                   |
| Inflation (HICP), %                      | -0.2 | 0.2               | 0.8               | 1.0               |
| December 2015                            | -0.1 | 0.3               | 1.0               |                   |
| Current account, % of GDP                | 0.1  | -0.6              | -0.8              | -0.7              |
| December 2015                            | -0.1 | -0.2              | -0.3              |                   |
| General government net lending, % of GDP | -2.7 | -2.6              | -2.4              | -2.3              |
| December 2015                            | -3.2 | -2.9              | -2.7              |                   |
| General government debt (EDP), % of GDP  | 63.1 | 66.0              | 68.4              | 70.2              |
| December 2015                            | 62.8 | 65.7              | 68.1              |                   |
| Unemployment rate, %                     | 9.4  | 9.2               | 9.0               | 8.9               |
| December 2015                            | 9.4  | 9.2               | 9.1               |                   |

Source: Bank of Finland forecast June 2016.

## Key words

economic situation, forecast, indicators