Forecast

Interim forecast, September 2026

Positive track in Finland's economy will continue

Finnish economy | 23 September 2026

Growth in the Finnish economy has gathered pace and is projected to continue at a significantly brisker rate in the forecast period compared with earlier years. As the economy strengthens, the unemployment rate – which has remained high – will gradually start to fall. Inflation will be pushed up temporarily by energy prices, but the extent of this impact will primarily depend on the duration of the energy supply shock.

Bullet point summary produced with the assistance of AI

- Growth in the Finnish economy will be driven by exports and investment; the GDP growth forecast for 2026 and 2027 has been revised upwards.
- Energy prices will increase inflation temporarily, but geopolitical risks will generate uncertainty.
- The labour market will see a gradual recovery; the unemployment rate is expected to fall.



The Bank of Finland's interim forecast is based on data available on 10 September 2026, and on assumptions updated on 20 August 2026 regarding changes in Finland's external operating environment and key financial market variables in the immediate years ahead.[1, 2]

Forecast in brief

The Bank of Finland's September 2026 interim forecast for the Finnish economy is more positive than the forecast it produced in June. Growth in the Finnish economy has picked up and become broader during the course of this year. Among the components of aggregate demand, it is exports in particular that have been driving this growth. Private non-residential investment has also increased, and private consumption has recovered slightly from the lows of 2025.

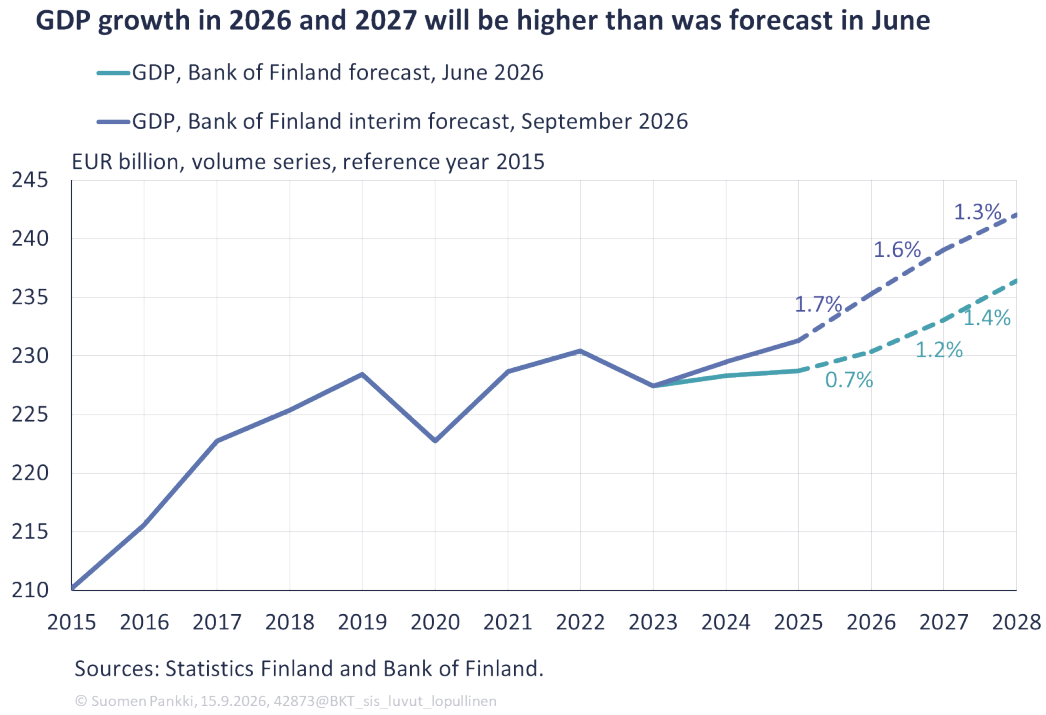
Finland's gross domestic product (GDP) is projected to grow this year and in 2027 by more than was forecast in June. The interim forecast shows that GDP will increase by 1.7% in 2026 and 1.6% in 2027. In 2028, GDP growth will slow to 1.3%.

Growth in the economy will gradually improve employment. The trend unemployment rate (15–74-year-olds) for this year is projected to remain almost unchanged from its present level, at 10.4% (Table 1). The labour market will see a clearer turn for the better in 2027, when the unemployment rate will fall to 9.8%. In 2028, the rate of unemployment will be 9.0%.

The rise in energy prices due to the Middle East conflict will be temporary, and this will be transmitted to the prices of other goods and services after a time lag. Inflation is forecast to rise to 2.4% for the full year 2026. In 2027, energy prices will decline and inflation will fall to 1.4%. In the

final year of the forecast, 2028, inflation will be 1.8%.

Chart 1.



The upside and downside risks surrounding the forecast are in balance overall. Growth in the Finnish economy could be higher than projected if the rise in corporate fixed investment domestically outperforms the projection and if consumption rises more briskly. The key uncertainty in the forecast is centred on the energy shock caused by the Iran conflict. If this shock is prolonged, it could lead to a broad weakening of the growth outlook for the economy.

Table 1. INTERIM FORECAST SUMMARY

	2025	2026[f]	2027[f]	2028[f]
Annual GDP growth (%)				
Interim forecast, September 2026	0.8	1.7	1.6	1.3

[f] = forecast.

** Harmonised Index of Consumer Prices (HICP).*

*** Harmonised Index of Consumer Prices (HICP) excl. food and energy.*

Sources: Bank of Finland and Statistics Finland.

	2025	2026[f]	2027[f]	2028[f]
Forecast, June 2026	0.2	0.7	1.2	1.4
Unemployment rate (%)				
Interim forecast, September 2026	9.7	10.4	9.8	9.0
Forecast, June 2026	9.7	10.4	9.9	9.0
Inflation* (%)				
Interim forecast, September 2026	1.8	2.4	1.4	1.8
Forecast, June 2026	1.8	2.4	1.6	1.8
Core inflation** (%)				
Interim forecast, September 2026	2.4	1.5	1.7	1.8
Forecast, June 2026	2.4	1.5	2.1	1.7

[f] = forecast.

** Harmonised Index of Consumer Prices (HICP).*

*** Harmonised Index of Consumer Prices (HICP) excl. food and energy.*

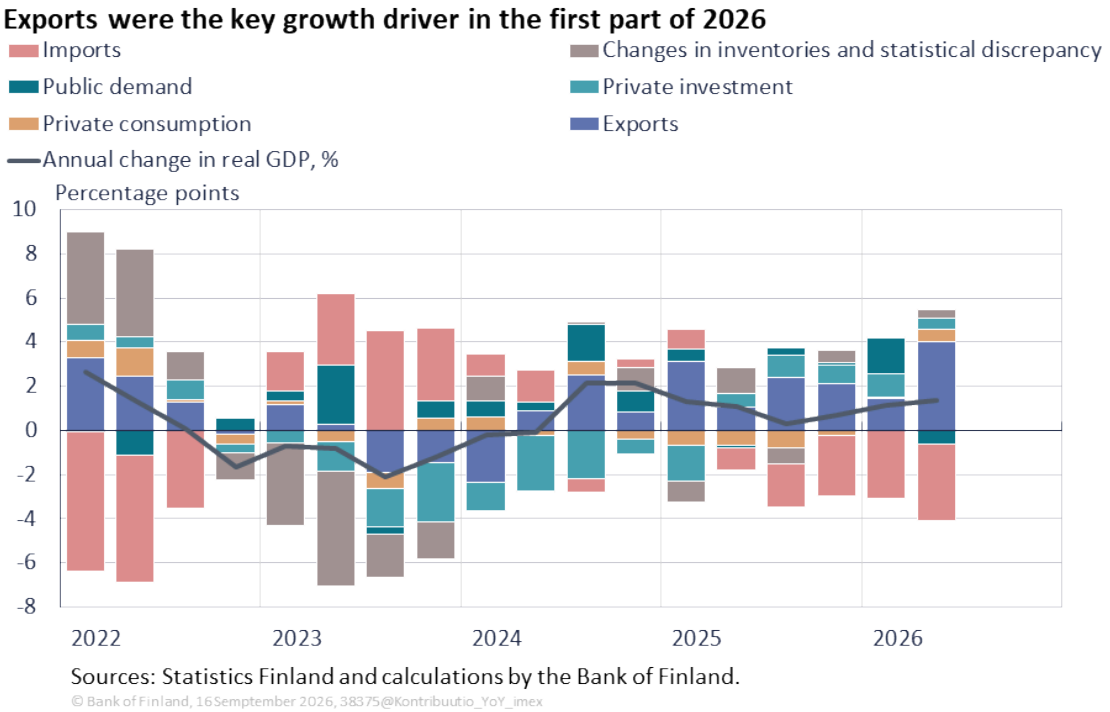
Sources: Bank of Finland and Statistics Finland.

Output growth boosted by exports and investment

In June 2026, the GDP growth figures for 2024 and 2025 were adjusted upwards, revealing that the Finnish economy had started 2026 in better shape than had been previously estimated. Growth picked up further during the first half of this year. According to the most recent data from Statistics Finland, quarter-on-quarter GDP growth in the first three months was 0.8% and in April–June 0.4%.

This year, growth has been spurred especially by exports (Chart 2). Private investment has also increased. By contrast, private consumption rose in the first quarter but then in the second quarter it edged up by only 0.1%.

Chart 2.



The business outlook is more favourable than before. Turnover and output volume have shown year-on-year growth during spring and summer 2026 in all key industries. The volume of new orders in manufacturing has increased markedly, especially in the metal industry. At the same time, business confidence, particularly in manufacturing, has strengthened significantly.

This year's export growth has been attributable above all to goods exports. Growth has been particularly high in the export value of chemical products, such as pharmaceuticals, and fuels. Exports in the second quarter also included delivery of a major cruise ship.

Private consumption is still making a cautious recovery, but the conditions for consumption growth have improved. Consumer confidence rose during the summer to its highest level in more than four years and is now close to the long-term average. Consumers' expectations regarding both personal finances and the Finnish economy have strengthened, but their assessments are still cautious concerning the current state of their own finances and intentions of making major purchases.

An abundance of household savings and an increase in purchasing power will underpin the recovery in private consumption. However, the weak labour market and the rise in inflation and interest rates will dampen the increase in consumption.

Investment will be boosted by private non-residential investment in particular. This type of

investment will increase as a result of, for example, machinery and equipment investment in manufacturing and also data centre projects. Public investment will be boosted by defence procurement, but the impact of this on domestic production will be limited due to the focus on imports. The outlook for residential investment, by contrast, remains subdued.

The short-term outlook for the economy has been systematically assessed using the Bank of Finland's short-term forecasting, or nowcasting, models (Table 2). These models show that growth in the economy should continue to be brisk in the latter part of 2026. It should be noted, however, that these forecasts do not take into account that, for example, deliveries of major individual items can have a significant impact on growth in a single quarter. In such cases, the short-term model forecasts can give too favourable a picture of the pace of growth.

Table 2. NOWCASTING MODEL RESULTS

GDP, quarterly growth	2026Q1	2026Q2	2026Q3	2026Q4
BVAR model	0.7%	0.3%	0.8%	0.7%
Factor model	0.2%	0.5%	1.1%	0.8%
Bridge model	0.3%	0.3%	0.6%	
Model average	0.4%	0.3%	0.8%	0.8%
Actual growth*	0.8%	0.4%		

Nowcasting models updated 10 September 2026.

** Updated after release of National Accounts 28 August 2026.*

Sources: Statistics Finland and calculations by the Bank of Finland.

Relatively little change in forecast's underlying assumptions

The external assumptions of the interim forecast regarding market interest rates, export markets, exchange rates and raw material prices are based on the assumptions of the European Central Bank's (ECB) September 2026 forecast (Table 3). The assumptions have changed relatively little compared with those in the June forecast.

The most significant changes in the assumptions since June concern market interest rates. The assumptions concerning interest rates are based on market expectations, which are now a shade higher than in June. The 3-month Euribor rate is expected to rise slightly during the forecast period.

Assumptions regarding prices of oil and raw materials are also based on market expectations. Oil prices are expected to rise by slightly less than was assumed in the June forecast. By contrast, raw material prices are projected to rise by more than was estimated in June. Considerable uncertainty surrounds oil, gas and raw material prices, due to the Iran conflict and, more broadly, geopolitical risks.

Finland's export markets are expected to grow slightly faster throughout the forecast period than was projected in June. Demand in the euro area in particular is expected to grow more favourably than in the June forecast.

Table 3. INTERIM FORECAST'S EXTERNAL ASSUMPTIONS

Volume percentage change on previous year	2025	2026[f]	2027[f]	2028[f]
Euro area GDP	1.3	0.9	1.4	1.5
World GDP (excl. euro area)	3.7	3.1	3.3	3.4
World trade (excl. euro area)[1]	5.4	4.7	4.5	3.5
	2025	2026[f]	2027[f]	2028[f]
Finland's export markets, % change[2]	3.9	3.3	3.4	3.0
Oil price, USD/barrel[3]	69.1	89.5	78.0	73.6
Raw material prices (excl. energy), USD, % change[4]	5.8	3.5	3.0	-0.1
Export prices of Finland's competitors, EUR, % change	-1.3	4.9	2.8	1.6

[1] Calculated as a weighted average of imports.

[2] The growth in Finland's export markets is the import growth in the countries Finland exports to, weighted by their average share of Finland's exports.

[3] Technical assumption derived from market expectations.

[4] Technical assumption derived from market expectations. In the longer term, raw material prices are assumed in part to follow movements in global economic activity.

[5] Broad nominal effective exchange rate, 2020 = 100. The index rises as the exchange rate appreciates.

[6] Assuming no changes in the exchange rate.

[f] = forecast.

Sources: European Central Bank and Bank of Finland.

Volume percentage change on previous year	2025	2026[f]	2027[f]	2028[f]
3-month Euribor, %[3]	2.2	2.4	3.0	3.0
Finland's nominal effective exchange rate[5,6]	105.6	106.2	106.1	106.1
USD value of one euro[6]	1.13	1.16	1.16	1.16

[1]Calculated as a weighted average of imports.

[2]The growth in Finland's export markets is the import growth in the countries Finland exports to, weighted by their average share of Finland's exports.

[3]Technical assumption derived from market expectations.

[4]Technical assumption derived from market expectations. In the longer term, raw material prices are assumed in part to follow movements in global economic activity.

[5]Broad nominal effective exchange rate, 2020 = 100. The index rises as the exchange rate appreciates.

[6]Assuming no changes in the exchange rate.

[f] = forecast.

Sources: European Central Bank and Bank of Finland.

The updates made to the GDP growth figures, to the nowcasting models and to the external assumptions currently have a positive overall impact on the economic outlook. The Bank of Finland's growth forecast for the immediate years ahead has been revised upwards from the June forecast in the case of 2026 and 2027. The outlook for 2028 remains in line with the June forecast. GDP is expected to grow by 1.7% for 2026 and 1.6% in 2027. In 2028, GDP growth will slow to 1.3%.

Middle East conflict is creating uncertainty regarding energy prices

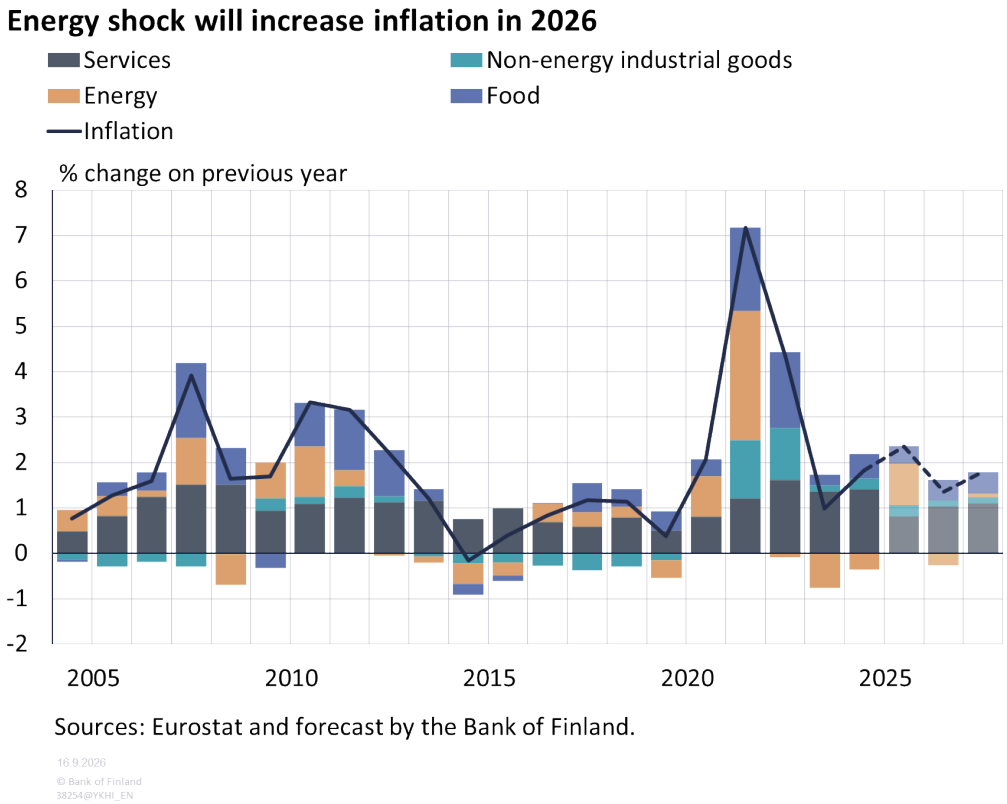
The rate of inflation slowed a little during the summer. Preliminary data shows that in August the rate of inflation as measured by the Harmonised Index of Consumer Prices (HICP) fell to 2.4%. In May, HICP inflation was 3.0%. Core inflation, which excludes energy and food prices, also declined in August, to 1.4%.

The increase in energy prices is expected to be temporary, and its transmission to other prices will be moderate. The geopolitical situation nevertheless adds to the uncertainty surrounding the trajectory of energy prices. If energy prices stay high for long, for instance as a result of a prolonging of the Middle East conflict, the indirect price effects will also be amplified.

In the interim forecast, inflation will rise to 2.4% for the full year 2026. In 2027, energy prices will start to fall and inflation will slow to 1.4%. GDP growth in 2028 will add to the upward pressures on prices, and inflation will edge up to 1.8%.

Core inflation is projected to fall to 1.5% for the full year 2026. The energy shock's indirect effects and the improvement in the economy will push up core inflation to 1.7% in 2027 and to 1.8% in 2028.

Chart 3.



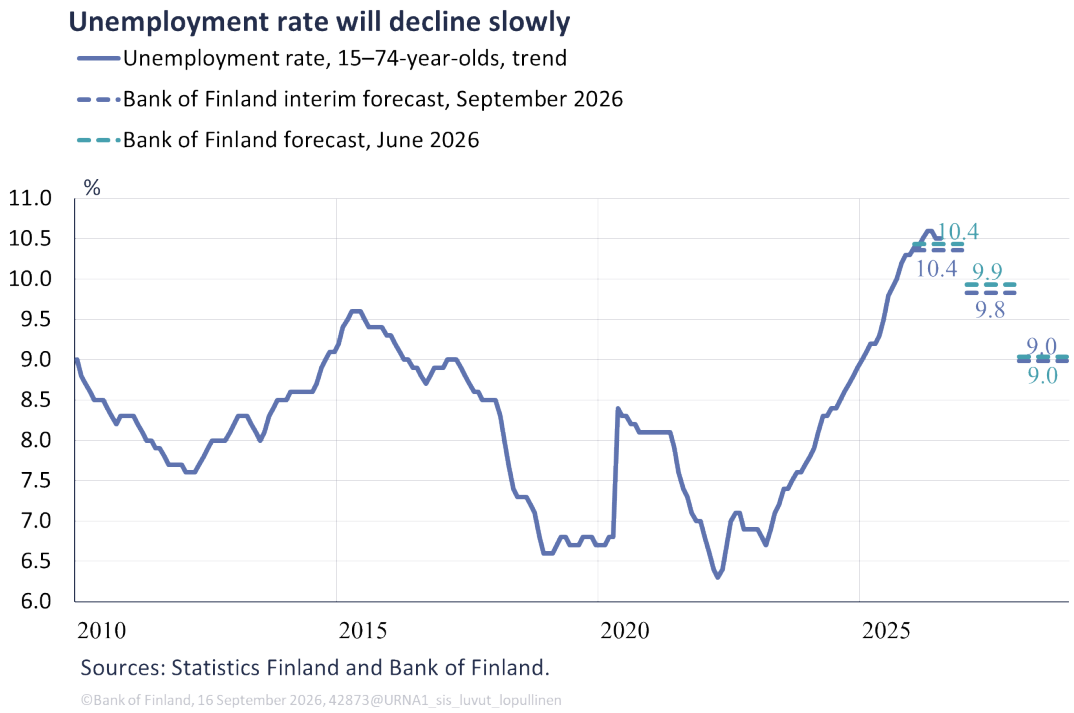
Unemployment will ease gradually

Growth in the economy has not yet brought an easing of the labour market. Nevertheless, both the decline in the employment rate and the increase in the unemployment rate appear to have come to a standstill. The trend employment rate for 20–64-year-olds has not weakened since March, and in July it stood at 75.4%. The trend unemployment rate has remained almost unchanged since the beginning of 2026, and in July it was 10.5%.

The difficult recovery in the labour market is primarily attributable to the weak demand for labour. The number of job vacancies is still low, even though companies' employment expectations have

grown in recent months, especially in manufacturing and construction. In July, vacancies numbered 27,700, which was only 400 more than a year earlier.

Chart 4.



The projection for the unemployment rate in the forecast period is very similar to the forecast made in June. The unemployment rate for 2026 is projected to remain almost unchanged at 10.4%. As the economy picks up, the demand for labour will start to grow, bringing the unemployment rate down to an average of 9.8% in 2027. In 2028, the unemployment rate is projected to be 9.0%.

Risks surrounding the forecast are balanced

Regarding the growth outlook for the Finnish economy, there is a chance that the level of growth may be either higher or lower than forecast. The principal risk on the downside is that the energy shock caused by the Iran conflict will be prolonged. Higher energy prices and greater uncertainty could weaken private consumption, exports and investment. Moreover, the outlook for the economy is overshadowed by uncertainty over the United States' trade policy and by the continuing war in Ukraine, which is now in its fifth year.

Growth in both the Finnish economy and the euro area economy has exceeded expectations in recent months, despite the energy shock caused by the Middle East conflict. If major domestic

investment projects related to defence, technology and the green transition are implemented, GDP growth could be greater than forecast. Finland's exports and GDP growth would also be boosted if growth in the euro area economy continues to outperform the forecast.

Central to growth in the immediate years ahead will be private consumption, as this forms the largest share of aggregate demand in the Finnish economy. If the labour market follows a more favourable trajectory than expected, this could strengthen household confidence and encourage household consumption. However, the recovery in consumption could be slower than projected if household purchasing power and household confidence fall short of expectations. Private consumption may therefore boost or slow GDP growth by more than forecast.

Notes

1. The Bank of Finland publishes interim forecasts for the Finnish economy twice a year, in March and September. These are updates of the main December and June forecasts, in which the outlook for GDP, unemployment and inflation is updated. This interim forecast does not necessarily reflect the views of the Eurosystem. The Bank of Finland's more extensive forecasts for the Finnish economy are published in June and December each year. ↑

2. The forecast's underlying assumptions about changes in Finland's external environment and financial market variables are based on the assumptions made in the European Central Bank's (ECB) September 2026 projections. ↑

Keywords

consumption, economic growth, employment, exports, forecast, GDP, inflation, investment