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EUROJÄRJESTELMÄ



FINLANDS BANK
EUROSYSTEMET

Finland's economy gradually moving out of recession

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Finland's economy moving out of recession



Upward pressures
on prices are
moderate



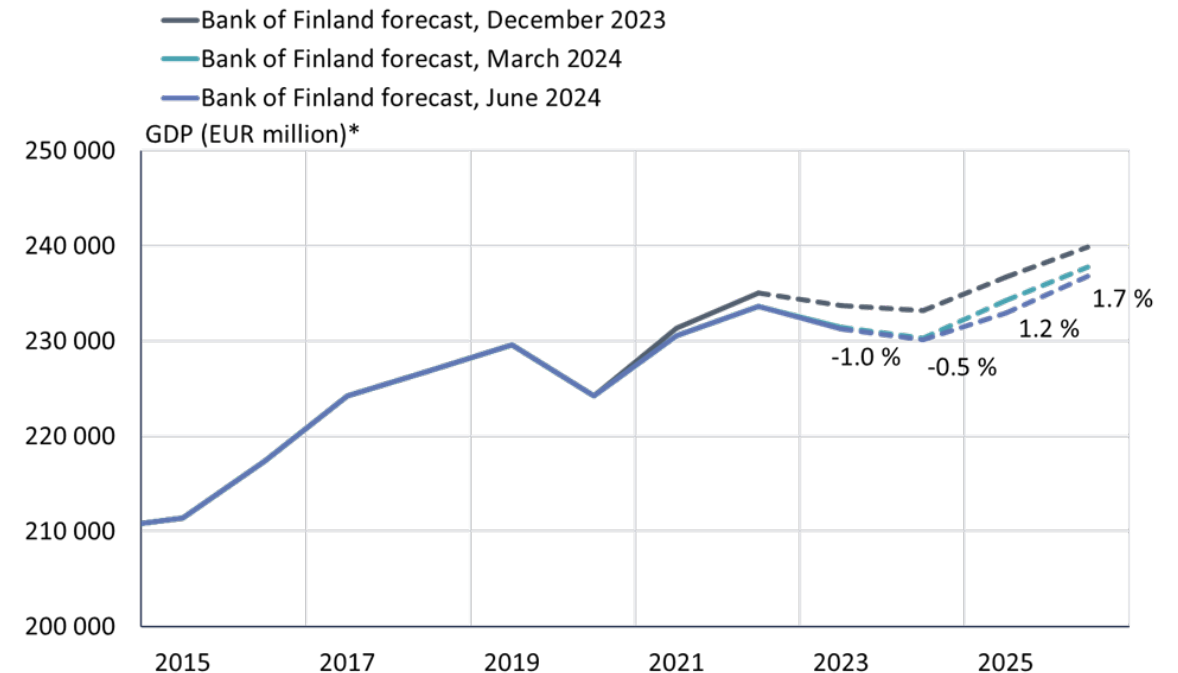
Consumer spending is
supported by improved
purchasing power



Economy is starting
to move out of
recession

Finland's economy gradually moving out of recession

- The economy grew only slightly in the first quarter of 2024
- Many indicators point to slow growth in the first half of 2024
- Gradual recovery in growth towards the end of 2024

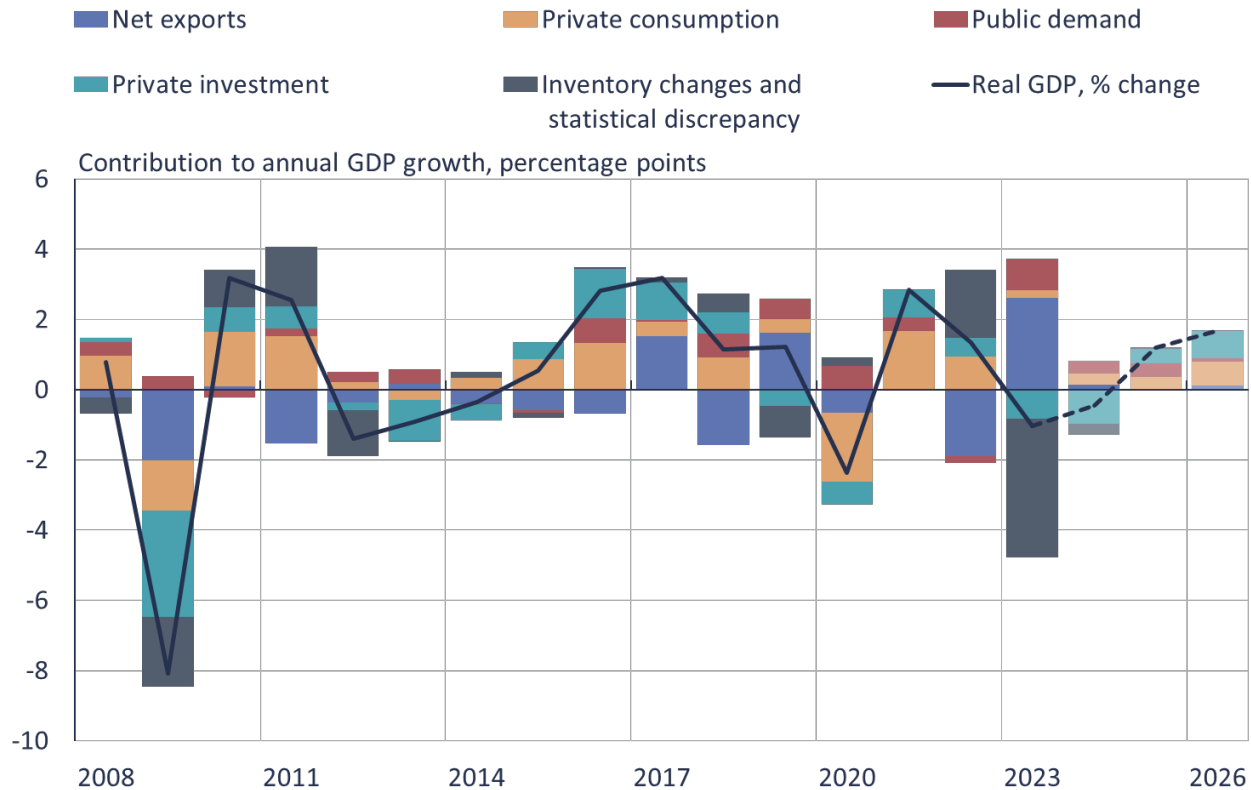


Sources: Statistics Finland and Bank of Finland.

*In 2015 prices. The annual growth forecasts for the June 2024 forecast are displayed in the graph.

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Finland will return to slow growth



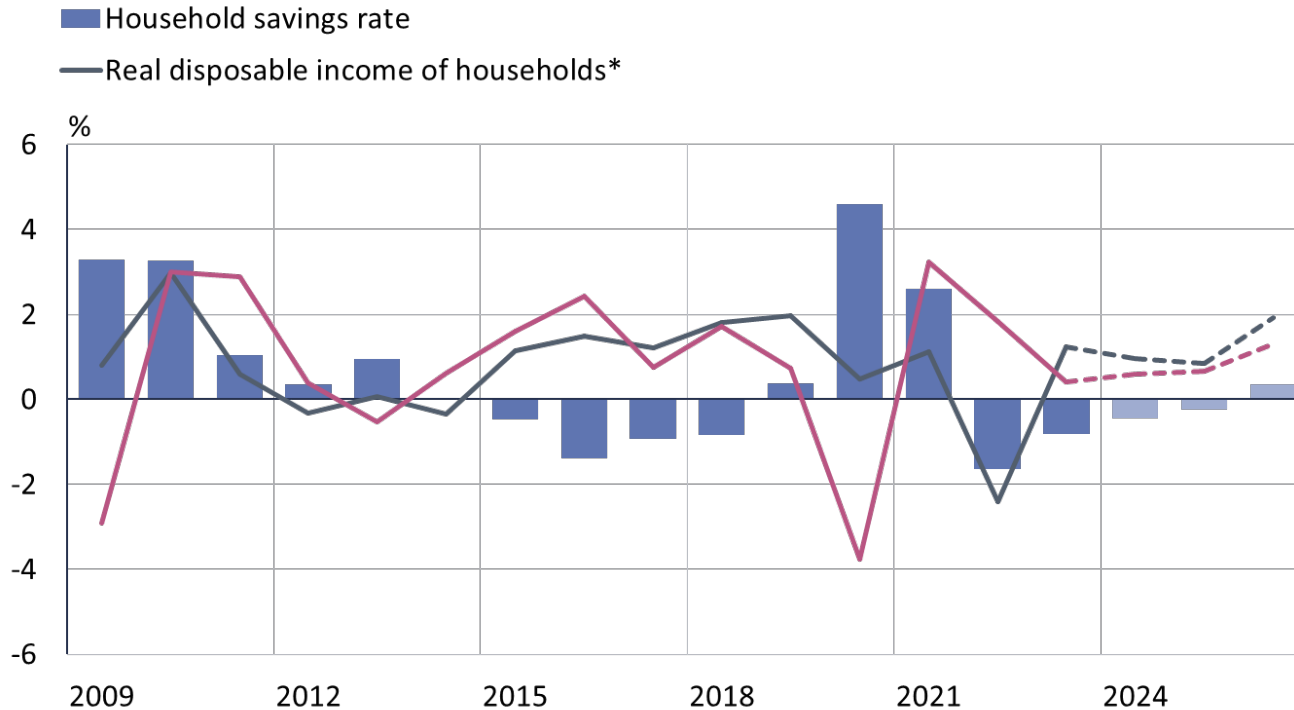
The contribution of each demand component to GDP growth is calculated on the basis of its volume growth and its value share in the previous year. The figures for 2023–2026 are forecasts.

Sources: Statistics Finland and Bank of Finland.

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- Growth will be weak in the first half of 2024
 - Residential construction continues to weigh on investment
 - Consumption is held back by the low level of confidence, fiscal adjustment measures and persisting high prices and interest rates
 - Near-term outlook for exports is weak: orders, expectations and capacity utilisation rates are low
- Domestic demand will support growth in 2025–2026
 - Consumption will gradually increase as purchasing power strengthens
 - Investment will pick up as demand recovers
 - Exports will improve, but net exports will remain modest

Stronger purchasing power will support private consumption



Households = households and non-profit institutions serving households (NPISH).

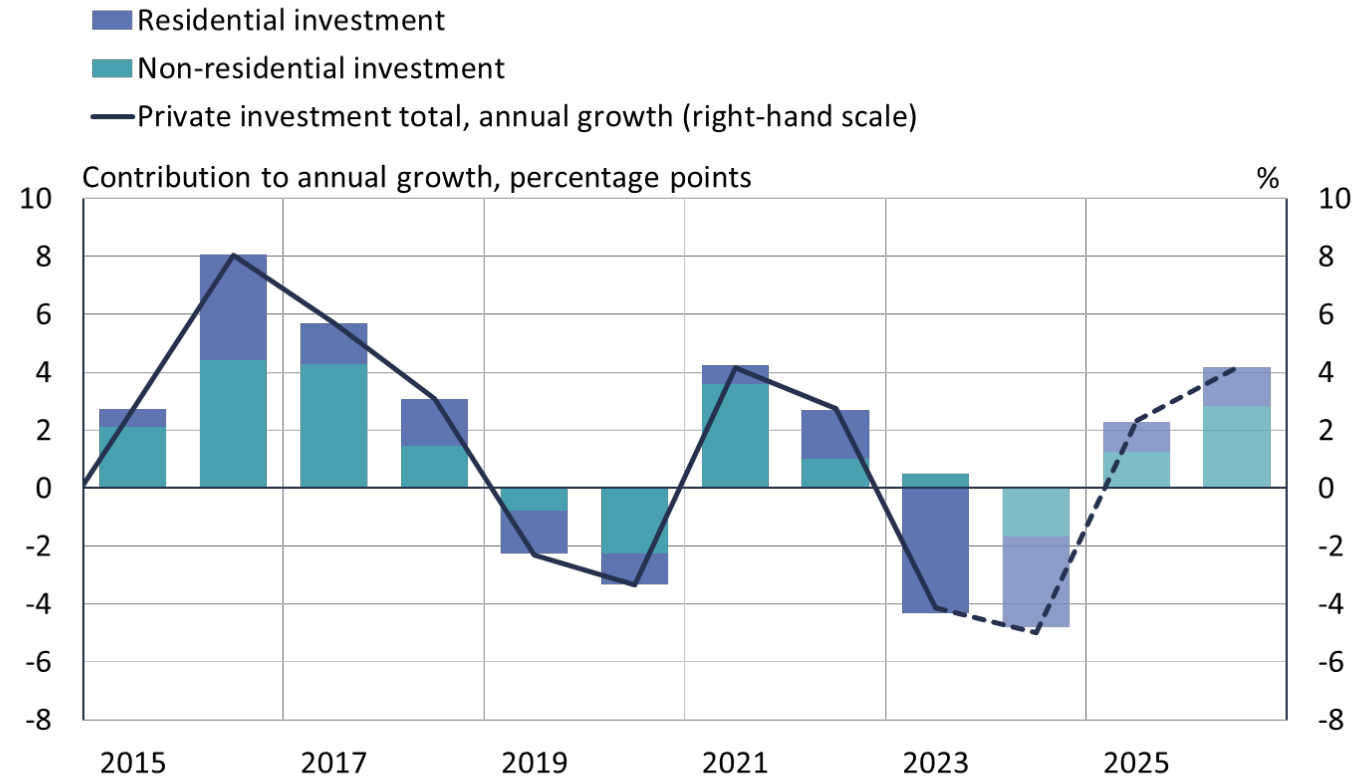
* % change on previous year.

Sources: Statistics Finland and Bank of Finland.

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Alternative scenario:
'Finland's economy will improve more than expected'
by Mikko Sariola, Hannu Viertola, Harri Pönkä

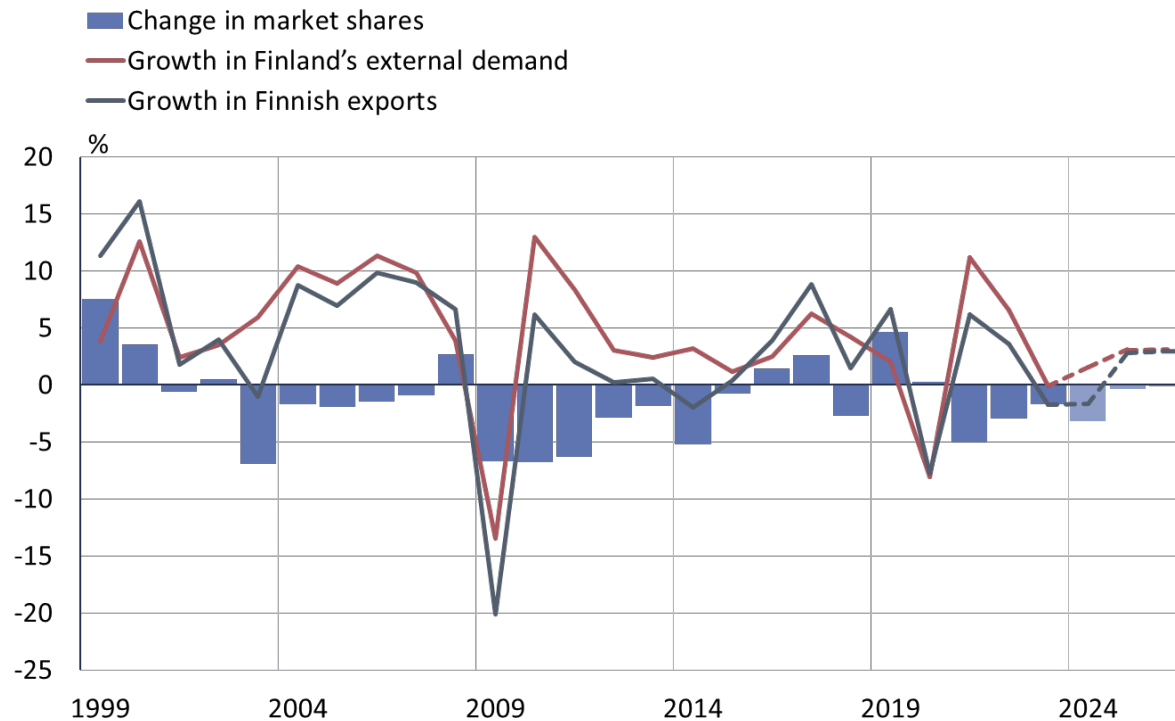
Investment will recover in 2025



Sources: Statistics Finland and Bank of Finland.

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Recovery in export markets will boost Finnish exports



Sources: Statistics Finland and Bank of Finland.

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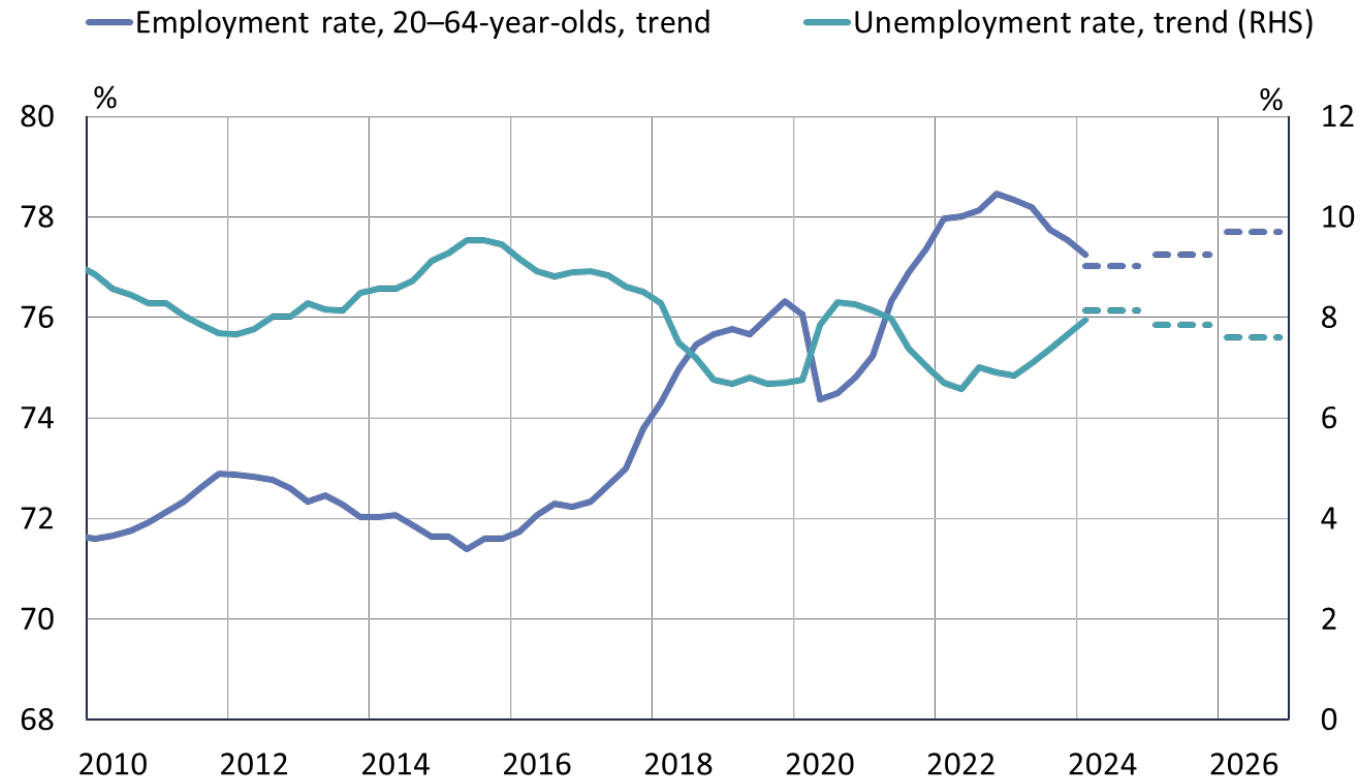
- Finland's export market shares will continue to decline in 2024
- Exports will strengthen in 2025–2026
- Impact of net exports will remain minor

Feature articles:

‘Impact of the collapse in trade with Russia on the Finnish economy’ by Heli Simola

‘Finnish goods exports have difficulties in defending their market shares’ by Petri Mäki-Fränti

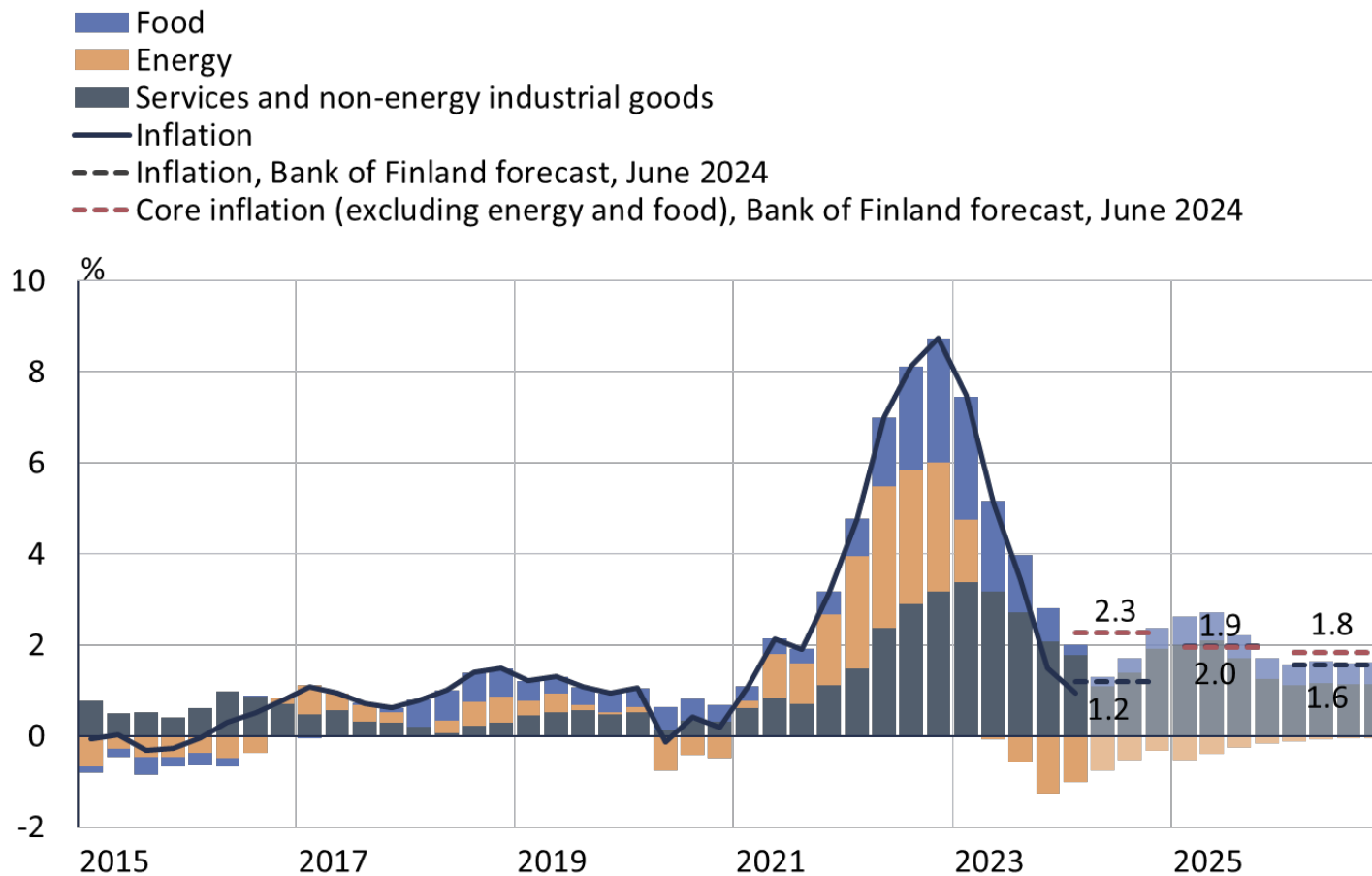
Unemployment will gradually decrease



Sources: Statistics Finland's Labour Force Survey and Bank of Finland.

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Inflation has slowed, price pressures remain moderate



Sources: Statistics Finland and Bank of Finland.

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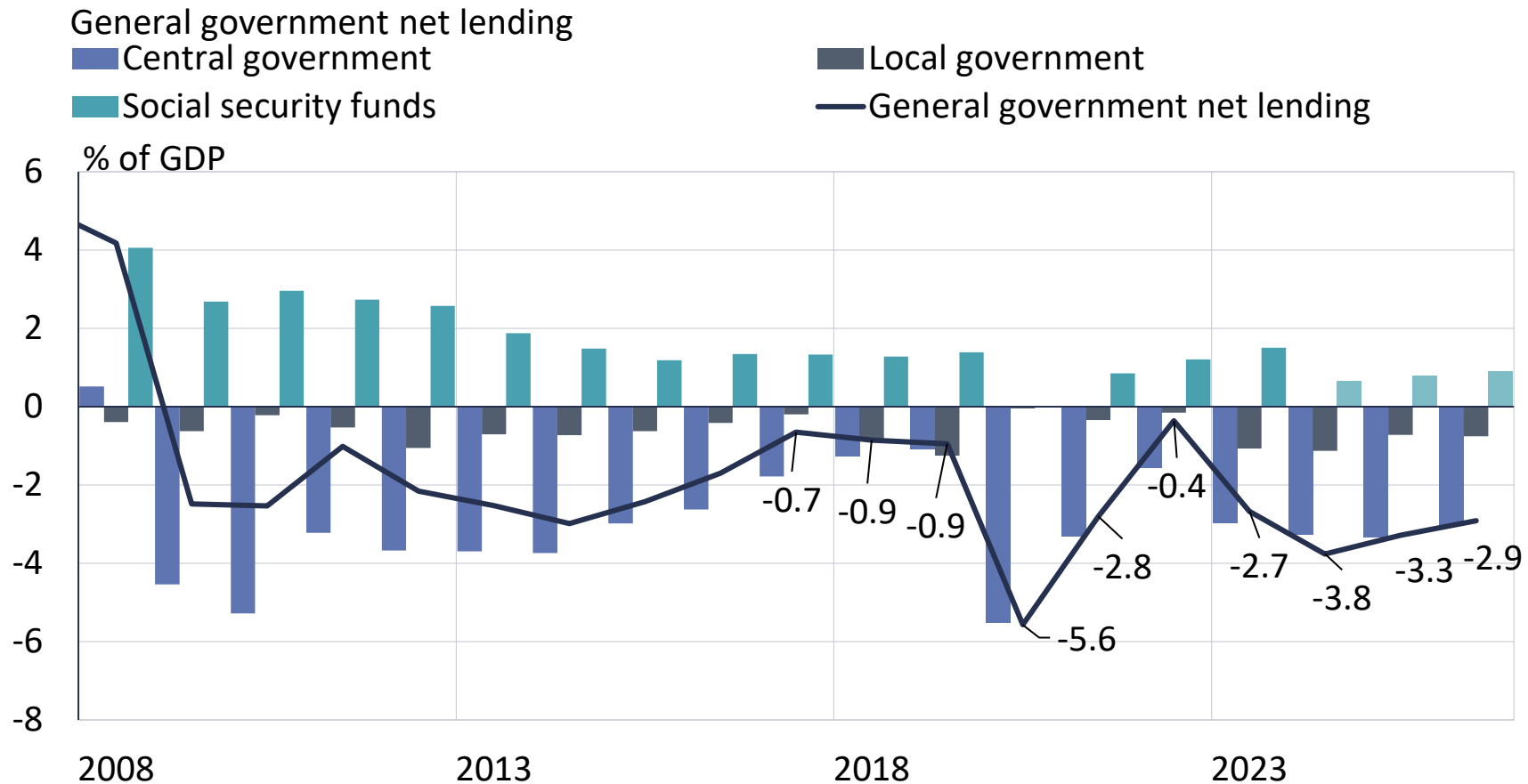
Earnings growth will slow slightly



Sources: Statistics Finland and Bank of Finland.

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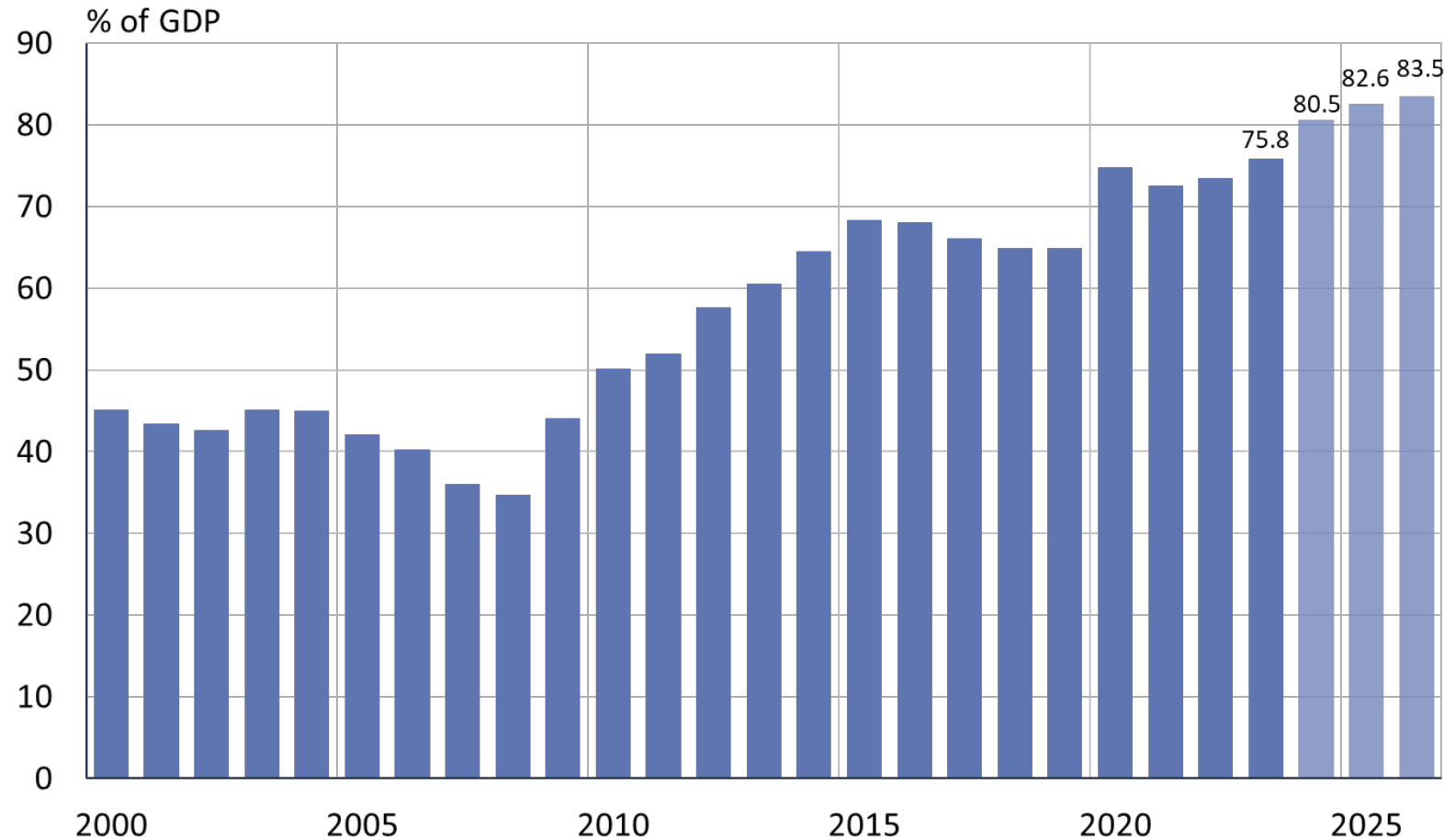
Weak cyclical conditions make it difficult to rebalance public finances



Sources: Statistics Finland and Bank of Finland (forecasts).

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Debt-to-GDP ratio will grow sharply in 2024 but at a slower rate after that



Sources: Statistics Finland and Bank of Finland (forecasts).

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Thank you!

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