FORECAST MARCH 18, 2004

Additional information:

Chief of forecasting
Eero Lehto
Tel. 358-9-2535 7350
e-mail:
Eero.Lehto@labour.fi

Information officer
Heikki Taimio
Tel. 358-9-2535 7349
e-mail:
Heikki.Taimio@labour.fi

Forecast 2004 - 2005: GROWTH AND EMPLOYMENT SUSTAINED BY CONSUMPTION

Last year Finland's economy expanded rather favourably. GDP grew by about 2 per cent, while growth in the eurozone as a whole was only 0.3 per cent. Consumer confidence was exceptionally strong compared to other EU countries. This also fuelled private consumption, which grew here by 3.6 per cent year-on-year, becoming Finland's engine of growth. Appreciable difficulties in exports nevertheless kept export growth relatively slow and this reflected upon employment. Even though employment rose in public services and in production geared toward private consumption, it weakened in the export industry and export-related services.

Finland's economic growth will continue to be driven by private consumption this year as well. Export growth will also pick up, but relatively modestly. Part of the reason for this is the appreciation of the euro, which has, on the one hand, slowed the recovery in the EU countries and, on the other hand, weakened the price competitiveness of our exports. Despite this GDP will grow this year by 3 per cent. Next year growth will accelerate even though growth in private consumption will already start to level off. Economic growth will be spurred in 2005 by investment related to large construction projects and exports spawned by the economic upturn in Europe. Employment will pick up moderately in the wake of the recovery.

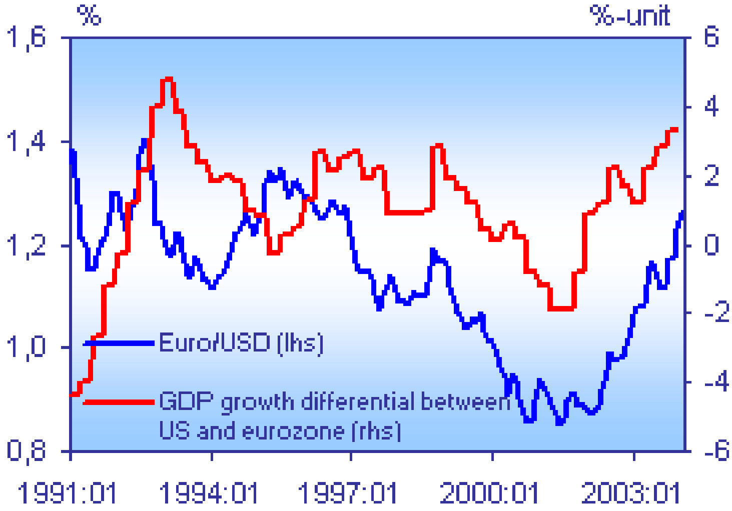
European recovery just getting under way

The economic growth in the eurozone slowed down last year compared to that of the previous year. GDP grew by only 0.3 per cent. Growth for the EU region as a whole was 0.6 per cent. Private consumption grew by about one per cent and private investment fell somewhat. Public consumption supported growth and the impact of foreign trade was only slightly negative.

Taking into account the relatively strong financial position of households in the region, relatively strong incomes formation and low real interest rates will foster conditions for an acceleration of growth. According to leading indicators economic growth is indeed picking up in the eurozone. The indexes for confidence with respect to industry, construction, retail trade and consumers as well as private services were higher on average in December-February than in the previous three-month period. Nevertheless, only the indicator for private services has risen clearly. The other indicators have risen only slightly, which indicates that the economic growth in the region is picking up only modestly. All in all, we can say that the recovery in the eurozone has been slower than we anticipated last autumn.

Of special concern is the sustained weakness of consumer confidence and modest level of construction activity despite low real interest rates. Consumer confidence has been undermined by relatively high unemployment and the consequent uncertainty. The rate of unemployment in the region has remained at about 8.8 per cent throughout last year. It is evident that private investment will also remain pent up until economic activity has recovered substantially.

Figure 1. Value of euro in dollars and economic growth rate 1991 - 2004



Source: Bank of Finland, OECD

One of the reasons for the realized development can be the unexpected appreciation of the dollar against the euro, which does not suit the cyclical situation very well. The value of the euro is currently (March 16) USD 1.23. Despite the fact that the euro has weakened in recent days, it is still about 13 per cent stronger than a year ago and even 40 per cent stronger than two years ago. The euro (or the value of the corresponding ecu basket) is not extraordinarily strong relative to the dollar (figure 1). It is nevertheless unusual that the euro has appreciated relative to the dollar despite the fact that the US's rate of economic growth has for a long time clearly exceeded that of the eurozone. Usually a corrective and growth equalizing movement in exchange rates occurs already relatively soon after the growth rates have diverged. Recent developments, which have dampened economic growth in the eurozone, are attributable to the differences in the monetary policy followed by the three blocs – Asia, the eurozone and the US. The Asian countries and the US give more weight to bolstering the real economy and growth (in the short term) than the European central bank.

The economic outlook is nevertheless favourable also for Europe. The relatively strong growth in both the US and Asia will reflect also on Europe despite the strength of the euro. This in addition to low real interest rates and the strengthening of purchasing power stemming from the appreciation of the euro is bolstering private consumption, which will grow this year by about 2 per cent. The recovery in private investment will have to wait. The impact of the public sector on economic growth is slightly negative. Owing to the strengthening of the euro exports will grow somewhat more slowly than imports.

In our forecast for the eurozone we take into consideration the sluggish growth toward the end of last year. This year GDP growth is expected to accelerate to about 2 per cent on an annual basis. The average growth rate for the year as a whole will nevertheless be 1.6 per cent. Next year growth will pick up substantially. The strengthening of consumer confidence will spur 2.4 per cent growth in private consumption. Low interest rates and an improvement in business confidence will fuel 3 per cent growth in private investment compared to the previous year.

The eurozone's consumer price inflation has leveled off at around 2 per cent and the ECB does not see that inflation poses a threat in the short run to its inflation target: near but still below 2 per cent. In light of the improvement in the cyclical outlook and the inflation dampening effect of the strong euro, the ECB does not see any need to lower interest rates. Abundant liquidity reflected by trends in the monetary aggregate M3 is regarded as a risk that could lead to the acceleration of inflation. No increase in interest rates is expected this year. On the other hand, it is clear that as the overall cyclical situation improves interest rates will be raised next year.

US economic growth strong –
economic disequilibria still a threat

US economic growth was fuelled last year by almost all categories of demand. The impact of foreign trade was clearly negative in the second quarter, but in the second half of the year it supported economic growth. The sustained rapid growth of private consumption has bolstered growth all the time. The impact of public consumption boosted by military expenditures was especially pronounced in the second quarter of last year. Robust dwelling construction has continued to boost growth and in the latter half of last year other private investment started to pick up.

This year the public sector will no longer boost economic growth. The impact of private investment on growth will nevertheless strengthen even though the pace of housing investment is tapering off. Employment will improve somewhat and the rate of unemployment will fall to 5 per cent by the end of the year. The improvement in the employment situation will foster consumer confidence. The growth in private consumption will nevertheless remain at about 3 per cent. Its growth will be held in check by the fairly heavy indebtedness of households and the slight rise in short-term and long-term interest rates. The impact of foreign trade on growth will remain modest. Even though the price competitiveness of the United States compared to Europe has improved, the trade deficit with Asia is still increasing and the US foreign trade deficit shows no signs of shrinking appreciably. We forecast US economic growth will be 4.1 per cent this year. Of this figure, the carry-over of growth from the previous year accounts for almost one per cent, while acceleration of growth during the year accounts for some 3 per cent.

Next year US growth will subside to 3.5 per cent. Growth will still be sustained by private investment and private consumption. The driving forces behind private consumption will weaken as household indebtedness and the rise in long-term interest rates curbs growth. The indebted public sector will no longer boost growth nor will foreign trade since the price competitiveness of US exports compared to Asia is still weak.

Measured in terms of real interest rates the monetary policy of the US has been clearly more expansionary than that of the ECB. Even though the economic growth of the US has been relatively swift since the third quarter last year – exceeding three per cent – the Federal Reserve will not be raising interest rates before summer. The Fed expects that employment will improve substantially, which will offer it an golden opportunity to raise interest rates and curb the overheated housing market and excessive borrowing by households without bringing a halt to real economic growth. The Fed's lax monetary policy contains its own risks. It is not inconceivable that by postponing the raising of interest rates the Fed will foster conditions for a market correction wherein long-term interest rates will rise, asset prices collapse and the real economy will slide into a new recession.

Russia is already Finland's third largest export market

Almost all of Asia and now also the Russian economy is growing rapidly. China's GDP will grow this year by 9 per cent and the rate of growth is not expected to slow down in the next few years. The Japanese economy is also staging a recovery. Boosted by the swift growth in its neighbouring markets, its own growth will reach about three per cent this year and next. Despite the swift growth in the Asian markets, Finnish exports have not been able to gain a firm foothold there. On the other hand, Finnish exports are taking advantage of Russia's swift growth, which is projected to be about 7 per cent this year and next.

Exports will not contribute to growth until next year

The growth in exports of Finnish goods and services was only 1.3 per cent last year. What was surprising was that in the last quarter of last year exports fell, even though our markets were experiencing clear growth. This applies especially to the exports to the EU countries, the nominal value of which fell by 4 per cent for the year as a whole. It is noteworthy that Finland's exports to the EU countries fell substantially towards the end of last year, even though economic growth was beginning to pick up in these countries. Our export performance has been dampened by the appreciation of the euro and the fact that strengthening demand on international markets is focused on products like cars, the production of which is comparatively low in Finland. In the case of Nokia, the demand of the fastest growing markets is being met by plants located outside Finland.

This year exports of goods and services will pick up and rise by 2.8 per cent. The growth in exports will continue to be dampened by the stronger euro. The total exports of the metal industry and the forest industry are anticipated to grow by over 3 per cent. Next year the stronger euro's dampening effect on exports will not be so pronounced. Exports will grow by 4.5 per cent compared to this year while the acceleration of economic growth in Europe will offer a good foundation for expansion of exports.

Imports of raw materials, electricity and motor vehicles were high last year. The growth in imports of goods and services nevertheless remained at slightly below one per cent as service imports fell and machinery and equipment investment dropped sharply. The rise in the investment ratio, upswing in exports and brisk consumption and the stronger euro will increase imports this year and next. This year the total volume of imports will grow by about 3 per cent and next year by 4 per cent.

The strengthening of the international economy is boosting the world market prices of our forest industry. In North America prices have already been raised and the same trend is spreading to Europe. In the technology industry the export price development of the basic metal industry as well as the machinery and equipment industries is steady. The price erosion of the electronics industry will wane as, for example, in mobile phones the export shares of more expensive models is on the rise. During this year export prices will climb. But because they were marked by a declining trend last year, the average export price level this year will be at approximately the same level this year as last year. Next year export prices are expected to rise by an average of 1.5 per cent.

The world market prices of raw materials determining import prices have been on an upswing as international economic growth has strengthened. On the other hand, the appreciation of the euro relative to the dollar has put pressure on import prices. Because a considerable portion (almost a third) of Finland's imports comes from the eurozone and over half comes from the EU region, the rise in the dollar prices vis-à-vis the euro will not affect import prices across the board. All in all, import prices are expected to rise only 0.5 per cent. The rise in prices is based largely on trends within this year. Next year import prices will rise by 1.5 per cent.

The terms of trade will weaken next year by 0.5 per cent and next year it will remain unchanged. The trade and current account surpluses will remain this year at approximately last year's levels. Next year the surpluses in both accounts will climb again. The trade balance will run a surplus of EUR 13 billion (8 per cent relative to GDP) while the current account runs a surplus of EUR 8.8 billion (5.6 per cent relative to GDP).

Large projects boost investment ratio and foster employment in construction sector

Investments continued on their downward path last year. All in all investments fell by 2.5 per cent and the investment ratio fell by a percentage point to 18 per cent. The steepest decline was seen in other building construction investment and machinery and equipment investment. In machinery and equipment investment trends were marked by a slackening of investment by the manufacturing industry. On the other hand, low interest rates and high consumer confidence were reflected in the continuation of strong demand for housing. Residential housing investment rose by almost 8 per cent last year.

This year investment will start to rise. Housing construction will continue to be brisk and machinery and equipment investment will begin to recover, even though the industrial investment ratio will remain at a record low level. This year and next civil engineering and other building construction will be boosted by several large construction projects such as a harbour project in Vuosaari, Fortum's new oil refinery in Porvoo, and a new nuclear power plant in Olkiluoto. All in all investment will grow this year by 3.5 per cent. Next year investment growth will climb to over 5 per cent.

Prices will stop rising and purchasing power will increase

Last year private consumption grew by 3.6 per cent, which was somewhat more than we anticipated last August. Rapid growth in household consumption was a consequence of the favourable development of purchasing power, as households' disposable real income grew by 4.1 per cent.

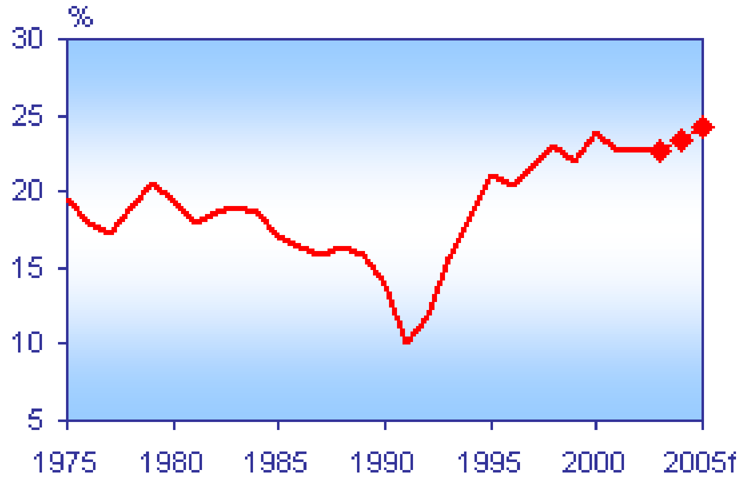
The growth rate of households' purchasing power will accelerate this year. The trend is partly due to temporary factors taking place this year. The most important of these is the slowdown in inflation, which can be seen even as a decline in prices. Merely the cuts in excise taxes on alcoholic beverages served to reduce consumer prices by almost one per cent at the beginning of March. Low interest rates are also dampening inflation. Because upward pressure on prices stemming from imports is modest owing to the strength of the euro, this year's average inflation rate will be exceptionally low, only 0.3 per cent.

Next year the one-off reduction of alcohol taxes will no longer affect trends on an average annual basis and inflation will bounce back up, nevertheless remaining under 2 per cent.

This year reductions in the central government's income tax schedule and increases in income tax deductions will reduce the taxes paid by households by about EUR 800 million. These tax cuts alone will increase the disposable income of households by about a percentage point.

The wage bill will increase relatively evenly. The comprehensive incomes policy settlement stipulates the main lines for wage increases this year. We project that the average earnings of employees will rise this year by 3.3 per cent, of which wage drift accounts for about one percentage point. As the number of hours worked increases, the wage bill will increase this year somewhat more swiftly than last year, 3.7 per cent.

Figure 2. Share of capital income within national income 1975 - 2005



Source: Statistics Finland, Labour Institute for Economic Research

Capital income is forecast to rise this year faster than is ordinarily the case at this stage of the business cycle. The changes in dividend taxation that will go into effect in 2005 will increase the desire to pay dividends especially in family-owned companies. The sharp rise in capital income, almost EUR 1 billion, will not trigger a corresponding rise in household consumption. In contrast, it will temporarily boost saving, as the proceeds are shifted to other forms of assets.

Consumption continues to grow swiftly

Households' total disposable income will grow this year in nominal terms by about 6 per cent. Even though savings will increase by a large margin, the favourable income trends will give room for growth in consumption. When the slow rate of inflation is taken into account, private consumption will expand in real terms by as much as 3.7 per cent.

The growth in consumption will be boosted by continuation of strong demand for durable goods. We also expect the demand for services and semi-durable goods will grow. Favourable income developments, consumer confidence and low interest rates will sustain not only consumption but also housing sales. Housing prices in the greater Helsinki region may continue to rise. The indebtedness of households will increase, but low interest rates will keep debt servicing costs on a tolerable level. The indebtedness of households will not dampen consumption during the forecast period.

Next year's wage and tax settlement still open

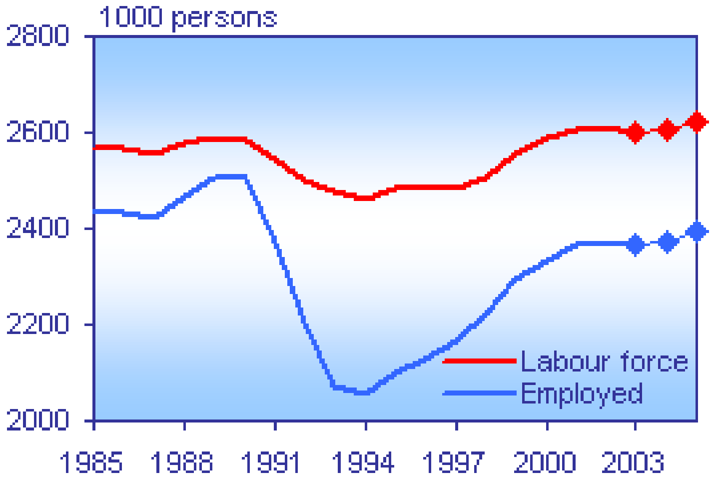
The favourable development of wage earners' purchasing power next year can be fostered by many different combinations of wage and tax settlements. Owing to the acceleration of economic growth the development of purchasing power can be safeguarded even without large-scale tax cuts. Because the content of income tax-related decisions is still unknown for the time being, we do not take any tax cuts into account other than normal adjustments of the tax schedule for inflation. We assume that wage earners' average earnings level will rise by 3.8 per cent so that the purchasing power of households will grow without tax cuts by 1.5 per cent. The realised developments will naturally depend on the outcome of wage negotiations and tax decisions.

Private consumption is forecast to grow next year by 2.5 per cent. The growth in consumption will remain relatively swift since the impact of this year's exceptionally favourable development of purchasing power will not be seen entirely during the same year, but rather some of it will be postponed until next year. The exceptionally rapid growth in durable goods and especially car sales will level off, as the greatest consumption pressures have already been released.

Upswing in employment

The prolonged period of sluggish growth in production, especially in the export-driven industries, prompted a decline in employment last year. Employment weakened the most in industry, where there was an average of 22,000 less workers last year than in 2002. In contrast, employment continued to grow in service sectors thanks to domestic demand. The number of municipal workers grew by about 9,000. The jobs created in the service sector have not been sufficient to compensate for the loss of jobs in industry, and the total number of employed persons fell by 7,000 last year. The 67.3% employment rate was 0.4 percentage points lower than in 2002. The weakening of employment was steeper for women than for men, but the decline had begun for men already in 2002.

Figure 3. Labour Supply and Employment 1985 - 2005



Source: Statistics Finland, Labour Institute for Economic Research

Along with the acceleration of economic growth the demand for labour will begin to pick up once again this year. The number of manufacturing workers is forecast to still decline, but toward the end of the year a turn for the better will occur also in that sector. The most significant increase in employed persons will be in real estate and business services as well as public and other services. The number of construction workers will also be higher this year, which will be reflected in employment among men. The number of employed persons will rise this year by a total of 9,000 and next year 19,000.

The supply of labour experienced a rather strong shift last year from the standpoint of the cyclical situation. The number of persons in the work force decline by 10,000 and the labour force participation rate fell from 66.6 per cent to 66.2 per cent. The most pronounced decline in the labour force participation rate was witnessed among young persons, but persons of prime working age also exited the labour force. The labour force participation rate of women fell more than that for men in both the 15-24 age group as well as the 25-54 age group, which reflected the steep decline in women's employment. This year the upswing in economic growth will be seen in the rise in the supply of labour by 0.2 per cent. Next year the growth rate is forecast to rise to 0.5 per cent.

Surprisingly, the decline in employment did not trigger a rise in open unemployment at all. At the same time as employment weakened, the number of unemployed fell by 2,000 to an average of 235,000 persons. The unemployment rate fell from 9.1 per cent to 9.0 per cent. The reason for this was that the weak demand for labour encouraged some people to stop looking for work. In terms of age groups, only the employment rate of under 25 year olds rose.

The number of long-term unemployed persons, i.e. those with spells of unemployment over one year, fell last year by over 5,000 to about 72,000. The rate of decline has been greater than that for unemployed job seekers as a whole. The average duration of uninterrupted spells of unemployment that have come to an end fell last year from 17 weeks to 16 weeks. The average duration of current spells of unemployment decreased last year by three weeks.

An increase in labour market policy measures dampened the rise in unemployment last year. An average of 87,000 persons participated in these programs last year, i.e. 7500 more than in the previous year. Most of the growth occurred in labour force training and subsidised job placement programs.

This year the number of unemployed persons will continue to fall slightly and the unemployment rate will fall to 8.9 per cent. Next year the unemployment rate is forecast to decline to 8.7 per cent.

Central government will run a deficit even without new tax cuts

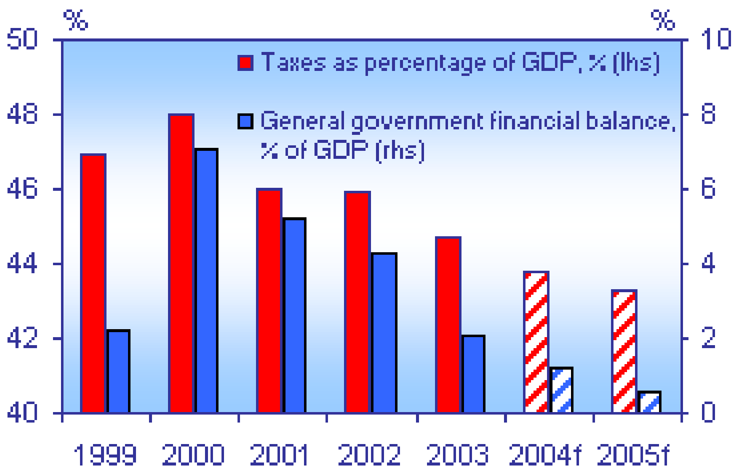
The central government's financial surplus decreased sharply last year, by almost EUR 1.7 billion to 362 million euro. The unexpectedly steep fall in the surplus was caused by the brisk growth in the central government's investment expenditures and the cuts in earned income taxes implemented last summer as well as increases in municipal revenue sharing. The central government's real consumption expenditures remained almost at the previous year's level. The financial deficit of the municipalities also grew substantially, by some EUR 500 million to EUR 770 million. The financial deficit was exacerbated by the higher than expected investments. The volume of municipalities' consumption expenditures grew by only one per cent. Since the surplus of pension institutions and other social security funds fell by EUR

750 million, the total general government surplus (EMU surplus) declined by EUR 2.9 billion. The EMU surplus as a percentage of GDP dropped from 4.3 per cent to 2.1 per cent. The ratio of total general government debt (EMU debt) as a percentage of GDP rose substantially and for the first time since the recession at the beginning of the 1990s. Despite this Finland's surplus and debt ratio were still far from the ceilings stipulated by the stability and growth pact while several euro countries exceed them.

The central government's financial position will continue to weaken substantially this year, with the deficit projected to be about EUR 500 million. In our forecast, revenues from the alcohol tax are expected to fall by EUR 300 million, and tax revenues will decline as the cuts in earned income taxes implemented last summer are in force during the whole year.

On the expenditure side the municipal revenue sharing will grow substantially. The central government's consumption expenditures will grow by about 3.5 per cent. Municipal finances will weaken only modestly this year. Owing to cuts in earned income taxes, municipal tax revenues will increase only slightly but the central government will compensate for the loss in tax revenues by increasing its revenue sharing. The consumption expenditures of the municipalities will grow moderately, by slightly over 1.5 per cent. The EMU surplus will be only 1,2 per cent of GDP and the EMU debt relative to GDP will continue to rise.

Figure 4. Public sector 1999 - 2005



Source: Statistics Finland, Labour Institute for Economic Research

Next year the central government's deficit will continue to climb slightly, even though this forecast is based on the premise that there will be no new cuts in earned income taxation or social security contributions. The adjustment of earned income taxes for inflation, pension reforms implemented in the beginning of 2005, changes in corporate and capital taxation as well as changes in revenue sharing have been taken into account in our forecast at least in cases where the government has announced decisions of this kind in principle. The impact of the lowering of corporate tax rates on corporate tax revenues will be offset by the improvement in corporate profits. The revenues from capital income taxes will be boosted by dividend income while the dividends received by the central government will fall. The growth in municipal revenue sharing will slow down but it will still remain high. The deficit of municipalities will begin to shrink next year, as revenues from municipal taxes rise substantially. Pension reforms are not expected to curb growth in pension expenditures significantly. Public consumption expenditures will grow by about 2 per cent. The financial position of the public sector as a whole will continue to weaken slightly, but it will continue to run a surplus. The public sector's debt as a percentage of GDP will also rise.

No easy solutions for improving employment

The favourable economic developments will boost employment moderately, but at nowhere near the pace necessary to meet the government's goal of 100,000 new jobs by March 2007. Because unemployment will not decline sufficiently, there is still a need for employment promoting measures.

The demand effects of the tax cuts already implemented were visible mostly last year. The measures are deemed to boost employment since the tax cuts have been financed by reducing the central government's surplus without having to cut public social and pension insurance or public consumption expenditures. In fact, the tax cuts of at least EUR 1.12 billion stipulated in the government's program have already been implemented in 2003-2004. But this was a minimum goal and additional cuts can be carried out if they are deemed necessary.

When making decisions on new measures there is reason to take into consideration that cyclical conditions will improve considerably this year and next. In this situation following an expansionary fiscal policy that would increase the public deficit would not be wise. It is worthwhile to strengthen the government's financial position in good times, since the future may hold unpleasant surprises and we also know that in the years to come the financing of pension expenditures will put a burden on public expenditures.

There are no easy ways to cut taxes to alleviate the employment problem that can be imagined to boost economic growth sufficiently to compensate for the financial deficit without having at some stage to cut public spending. If the financial deficit is in turn eliminated by cutting social benefits and public services, the employment effects are uncertain. Even though the cuts in taxes boost purchasing power and also the after-tax income of wage earners by reducing wage demands, these trends will be offset by decreases in public employment. Wage earners can be imagined to demand compensation for lost social benefits and public services. Thus the net impact of the tax cuts with respect to both the demand effects and wage level effects may be modest. The impact of these measures on other aspects of welfare may be extensive, and not necessarily positive.

Employment can, on the other hand, be promoted by changing the structure of taxation. Employers' contributions could be reduced selectively with respect to low-wage jobs. The value added tax on services could, if possible, also be reduced. Different forms of subsidised job programs and labour force training could be expanded and made more efficient. In the case of significant cuts in taxes or contributions, the consequent shortfall in revenue should be covered by raising taxes or contributions that have only a modest impact on labour costs and employment. This could mean hikes in, for example, environmental taxes such as fuel taxes or property taxes or that the deductions for interest on housing loans could be gradually cut back.

INTERNATIONAL ECONOMY

GDP growth , %	2003	2004f	2005f
United States	3.1	4.1	3.5
Euro-12	0.3	1.6	2.4
Germany	-0.1	1.5	2.4
France	0.1	1.7	2.5
Italy	0.5	1.0	1.6

EU 15	0.6	1.7	2.4
Sweden	1.5	2.2	2.5
United Kingdom	1.9	2.0	2.3
Japan	2.7	3.0	3.5
Russia	7.3	7.5	7.0
China	9.1	9.0	7.5
Source: BEA, IMF, OECD, Labour Institute for Economic Research			

DEMAND AND SUPPLY

	2003	2003	2004f	2005f
	Bill. €	Percentage change in volume, %		
Gross Domestic Product	143.4	1.9	3.0	3.4
Imports	43.0	0.9	3.0	3.9
Total supply	186.4	1.6	3.0	3.5
Exports	53.1	1.3	2.8	4.5
Consumption	106.6	2.7	3.3	2.4
- private	74.9	3.6	3.7	2.5
- public	31.7	0.7	2.3	2.0
Investment	25.8	-2.3	3.5	5.5
- private	21.6	-3.8	3.1	5.7

- public	4.3	6.5	5.5	4.6
Change in stocks	0.9	0.1	-0.2	0.0
Total demand	186.4	1.6	3.0	3.5
Source: Statistics Finland, Labour Institute for Economic Research				

KEY FORECASTS

	2003	2004f	2005f
Unemployment rate , %	9.0	8.9	8.7
Unemployed (1 000)	235	232	227
Employment rate , %	67.3	67.4	67.8
Employed (1 000)	2365	2374	2393
Inflation, consumer price index, %	0.9	0.3	1.7
Wages, index of wage and salary earnings, %	3.9	3.3	3.8
Real disposable income of households, %	4.1	5.4	1.5
Current account surplus, Bill. €	7.9	7.9	8.8
Trade surplus, Bill. €	11.9	12.0	13.0
Central government financial surplus, Bill. €	0.4	-0.5	-0.8
% / GDP	0.3	-0.3	-0.5
General government financial surplus, Bill. €	3.0	1.8	1.4
% / GDP	2.1	1.2	0.9

EMU debt, % / GDP	45.3	47.1	48.7
Tax rate, %	44.7	43.8	43.5
Short-term interest rates (3-month Euribor)	2.3	2.2	2.5
Long-term interest rates (10-year gov't bonds)	4.1	4.2	4.7
Source: Bank of Finland, Statistics Finland, Labour Institute for Economic Research			