

AUTUMN 2010 ECONOMIC OUTLOOK FOR FINLAND: ANSWERS FROM EK
MAIN FORECAST

Annual % change	2010	2011
Real GDP growth	3.5	4.0
Consumer price inflation	1.2	2.4
Unemployment rate	8.4	7.7
Employment growth	-0.2	1.1
government net lending (% of GDP)	-2.7	-1.8
gross public debt (% of GDP)	47.5	48.5
current account balance (% of GDP)	1.2	1.5

Components of aggregate demand - in real terms

<i>Annual % change</i>		
Private consumption	2.5	2.0
Public consumption	0.5	1.0
Investment (Gross Fixed Capital Formation)	2.5	8.0
Private non-residential investment	-9.0	9.0
Exports	6.0	9.0
Imports	4.5	9.0

ECONOMIC SENTIMENT

	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>			
Trend in business climate over the next 6 months	Industry					
	Services					
Trend in profitability over the next 6 months	Industry					
	Services					
Investment intentions over the next 6 months	<i>Increase (faster pace)</i>	<i>Increase (slower pace)</i>	<i>Unchanged</i>	<i>Decrease (slower pace)</i>	<i>Decrease (faster pace)</i>	
	Industry					
Services						
Influence on companies' investment decisions	<i>Global demand</i>	<i>Domestic demand</i>	<i>Cost of finance</i>	<i>Availability of finance</i>	<i>Company Profitability</i>	<i>Capacity Utilisation</i>
	positive	neutral	positive	neutral	neutral	negative
Driving force behind investment decisions in the next 6 months	<i>Replacement</i>	<i>Extension</i>	<i>Rationalisation</i>	<i>Innovation</i>		
	neutral	negative	positive	neutral		
Overall trend in employment	<i>Industry: past 6 months</i>	<i>Industry: next 6 months</i>	<i>Services: past 6 months</i>	<i>Services: next 6 months</i>		
	Same	Same	Same	Up		

ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH

Compared to 6 months ago, cost/access to finance has been...				
<i>for SMEs</i>	sharply up / restrained	up / more difficult	same Cost	down / easier Access
<i>for larger companies (>250 employees)</i>			Cost	Access
Over the next 6 months, cost /access to finance will be...				
<i>for SMEs</i>	sharply up / restrained	up / more difficult	same Cost	down / easier Access
<i>for larger companies (>250 employees)</i>			Cost	Access
	Measures to improve bank lending capacity	Facilitating access to capital markets (corporate bonds and stock markets)	Improving conditions for equity financing	
Measures to alleviate current financial difficulties for SMEs	Important effect	Moderate effect	Important effect	



POLICY MIX

	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i>	<i>Loose</i>	<i>Loose, appropriate for the euro area</i> yes
<i>Monetary policy is...</i>					
	<i>adequate</i>	<i>inadequate</i>			
<i>Consistency between fiscal and monetary policies</i>		yes			
	<i>excellent commitment</i>	<i>satisfactory commitment</i>	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Regarding the sustainability of public finances, government shows ...</i>		yes			
	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor insufficient focus</i>	<i>insufficient focus</i>	<i>so far ignored</i>
<i>Exit Strategies</i>					
<i>Tight fiscal rules and more effective institutions</i>		yes			
<i>Greater efficiency of public administrations</i>				yes	
<i>Credible cost-cutting measures</i>				yes	
<i>Increased scope of public-private partnerships</i>			yes		
<i>Reform of pension systems</i>			yes		
<i>Improved efficiency of healthcare sector</i>				yes	
	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor insufficient focus</i>	<i>insufficient focus</i>	<i>so far ignored</i>
<i>Entry Strategies</i>					
<i>More and better-targeted education and training</i>		yes			
<i>More and better targeted R&D and innovation efforts</i>			yes		
<i>Prioritisation of infrastructure investments</i>			yes		
<i>Growth enhancing tax reforms</i>			yes		
	<i>respect the 3% limit</i>	<i>be in balance</i>			
<i>In 2015, the government deficit will...</i>	yes	yes			