

Quarterly national accounts

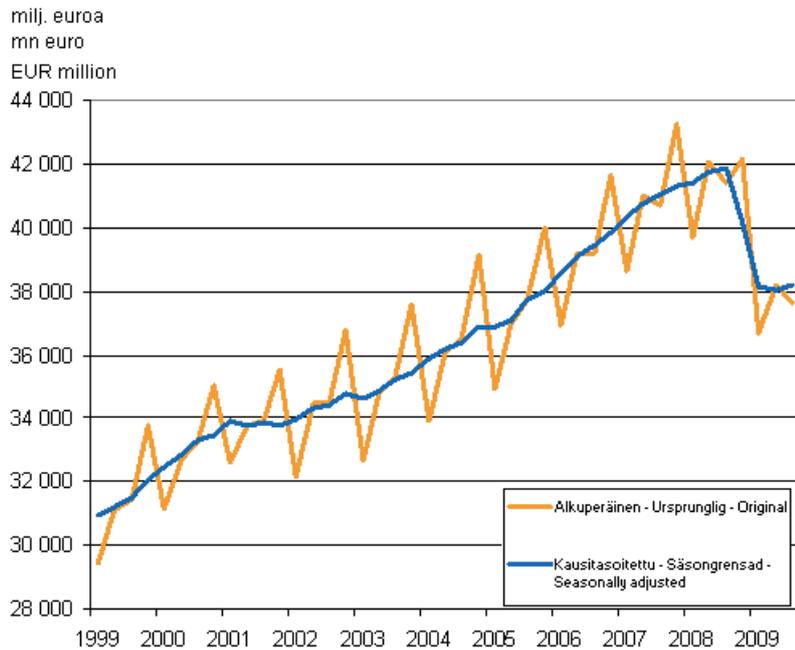
2009, 3rd quarter

Gross domestic product grew by 0.3 per cent from the previous quarter but contracted by 9.1 per cent year-on-year

According to preliminary data of Statistics Finland, in the third quarter of 2009 the volume of Finland's GDP increased by 0.3 per cent from the previous quarter. Compared to the third quarter of 2008, working-day adjusted GDP contracted by 9.1 per cent. The third quarter of 2009 had the same number of working days as twelve months before. The seasonally adjusted and trend series of GDP have become significantly revised for 2008 and 2009 because of changes in seasonal adjustment. The reasons for this are elaborated on in the review text and in a separate methodological release. http://tilastokeskus.fi/ajk/tiedotteet/2009/tiedote_019_2009-12-08_en.html.

Revisions put the change in the volume of GDP in the second quarter of 2009 at -0.3 per cent from the previous quarter (from previously calculated -2.6%) and at -9.1 per cent from twelve months back (from previously calculated -9.4%). Especially in exceptional economic situations like the present one seasonally adjusted and trend data contain more uncertainties than usual. The change in seasonal adjustment treatment does not influence the original or working-day adjusted time series, so the calculated percentage changes from the respective quarter twelve months back have only become revised due to minor revisions in the source data.

Gross domestic product by quarter at reference year 2000 prices



The volume of exports grew by 0.6 per cent from the previous quarter but contracted by 26.6 per cent year-on-year. Imports increased by 3.3 per cent from the previous quarter but decreased by 24.5 per cent year-on-year. In the third quarter, the volume of private consumption grew by 0.3 per cent from the previous quarter but was 1.1 per cent lower than twelve months back. Investments diminished by 7.9 per cent from the previous quarter and by 20 per cent year-on-year.

Volume refers to data adjusted for price changes. Volumes at reference year 2000 prices are expressed relative to the 2000 level at current prices (in EUR). Change percentages from the quarter of the previous year have been calculated from time series adjusted for working days, and change percentages from the previous quarter from seasonally adjusted time series.

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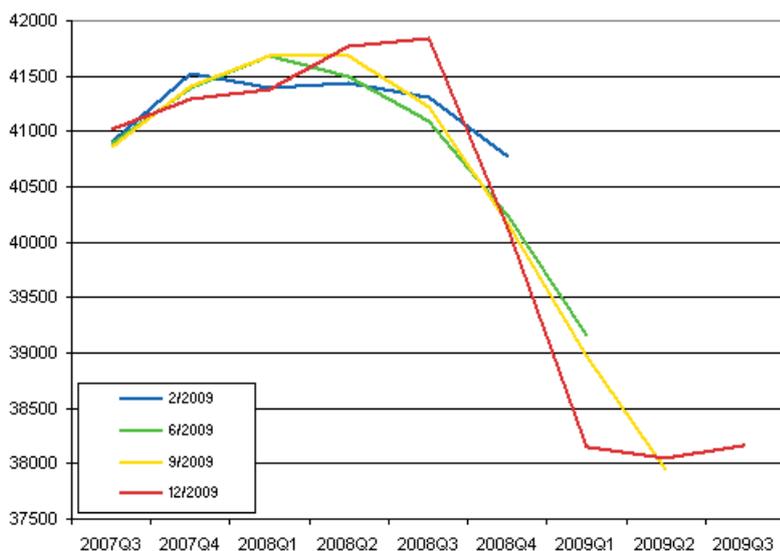
Plunge of GDP has halted, economy is stabilising

In the July to September period of 2009, the volume of Finland's GDP increased by 0.3 per cent from the previous quarter. Compared to the third quarter of 2008, working-day adjusted GDP was down by 9.1 per cent. Calculated at current prices, working-day adjusted GDP contracted by 8.7 per cent year-on-year.

Revisions put the change in the volume of GDP in the second quarter of 2009 at -0.3 per cent from the previous quarter and at -9.1 per cent from the year before, while the respective change percentages published in the previous release were -2.6% and -9.4%.

The large revisions of GDP in the calculated change percentages from the previous quarter are caused by an altered treatment of seasonally adjusted and trend series which allows for level shifts for quarters 2008Q4 and 2009Q1. This has a significant impact on the development of the seasonally adjusted and trends series of GDP in 2008 and 2009. In the new seasonally adjusted time series the contraction of GDP coincides even more clearly than before with quarters 2008Q4 and 2009Q1. If the level shifts had not been allowed for, the drop in GDP would not show as so steep at the turn of the year but the contraction would still be going on even during the third quarter of the current year. Level shifts have also been allowed for in quarters 2008Q4 and/or 2009Q1 in the seasonally adjusted and trend time series of gross value added at basic prices, secondary production, total industry, manufacturing, wood and paper industry, metal industry, other manufacturing industry, trade, imports, imports of goods, imports of services, total supply, exports, exports of goods, exports of services, total demand. This change in seasonal adjustment treatment does not influence the original or working-day adjusted time series, so the calculated percentage changes from the respective quarter twelve months back have only become revised due to minor revisions in the source data. For more detailed information about the revised seasonal adjustment treatment, see: http://tilastokeskus.fi/ajk/tiedotteet/2009/tiedote_019_2009-12-08_en.html. Seasonally adjusted time series always also become revised against new observations irrespective of whether the original time series becomes revised or not. Especially in exceptional economic situations like the present one seasonally adjusted data contain more uncertainties than usual.

Revision of seasonally adjusted volume of GDP in quarterly national accounts publications



According to the revised time series, the volume of seasonally adjusted GDP peaked in the third quarter of 2008 whereafter it fell very rapidly right up to the second quarter of 2009. At least for the moment, the most dramatic plunge seems to have halted, because GDP no longer fell in the third quarter. Nevertheless, in the past year Finland's economy has contracted even more strongly than it did early on during the recession of the 1990s when the biggest single drop in GDP which occurred in the first quarter of 1991 was -2.7 per cent (from the

previous quarter). The biggest year-on-year drop in the 1990s was -8.0 per cent during the last quarter of the same year.

Over the period between 2008Q4 and 2009Q2, Finland's economy shrank by considerably more than economy in the whole of the EU area, but is now returning to the same, more stable path. According to the preliminary data compiled by Eurostat, in the third quarter of 2009 GDP grew in the EU area by 0.3 per cent from the previous quarter but contracted by 4.3 per cent from twelve months back.

Output

In primary production, the volume of value added was 4.9 per cent smaller in the third quarter than in the previous quarter and 9.5 per cent smaller than one year earlier. Value added declined by 4.8 per cent in agriculture and by 11.5 per cent in forestry from twelve months back.

Manufacturing output began to show growth in the third quarter. Its value added was 1.7 per cent up on the previous quarter but 22.3 per cent down on the respective quarter twelve months back. The wood and paper industry generated an equal amount of value added as in the second quarter but 22.8 per cent less than one year ago. In the metal industry (incl. electrical and electronics industry) value added increased by 1.7 per cent from the previous quarter but contracted by 27.5 per cent from twelve months back. In other manufacturing value added grew by 2 per cent from the quarter before and shrunk by 13.5 per cent year-on-year.

In construction the volume of value added has fallen in every quarter since 2008Q1 and no turn of this trend could be detected as yet. In July to September its output declined by 4.1 per cent from the previous quarter and by 14.4 per cent from one year back.

Output in services contracted by 1.3 per cent from the previous quarter and by 5.2 per cent year-on-year. Contraction halted in trade and, driven by wholesale trade, its value added grew by 2.4 per cent from the quarter before. Nevertheless, trade volume is still 11.9 per cent lower than twelve months back. Transport, storage and communications contracted by 1.1 per cent from the previous quarter and by 9 per cent from one year back. The falls in real estate and business activities amounted to 1.2 per cent from the quarter before and to 4.6 per cent from one year back.

The volume of total value added generated by all industries grew by 0.1 per cent from the previous quarter but diminished by 10.2 per cent from twelve months back.

Imports, exports, consumption and investments

Of the demand components of economy, exports and consumption seem to have bottomed out in the first half of 2009. By contrast, investments still go on falling.

In the third quarter, the volume of exports grew by 0.6 per cent from the previous quarter but was 26.6 per cent down year-on-year. Exports of goods decreased by 1.3 per cent from the previous quarter but those of services grew by 1.5 per cent. The volume of imports grew by 3.3 per cent from the previous quarter but was 24.5 per cent smaller than one year ago. Imports of goods grew by as much as 8.1 per cent from the quarter before due to a steel pipe consignment imported to Finland for secondary processing. Imports of services diminished by 0.7 per cent from the previous quarter. Revisions put the change in imports (goods and services together) in the second quarter at -4.5 per cent from the previous quarter and at -27.5 per cent from twelve months back whereas the previously released respective figures were -6.0% and -27.7%. Revisions put the change in the volume of exports in the second quarter at +0.4 per cent from the previous quarter and at -29.7 per cent from the year before, while the respective change percentages published in the previous release were -0.7% and -30.2%. Data on imports and exports may become substantially revised.

In the third quarter, the volume of private consumption grew by 0.3 per cent from the previous quarter but contracted by 1.1 per cent from twelve months back. The strong decline in the consumption of durable goods, such as home technology or cars, which had lasted for a year came to an end at least for the time being but the consumption of semi-durable goods, such as clothing or footwear, continued to fall. The volume of government consumption expenditure was on level with the quarter and the year before.

In the third quarter, the volume of investments decreased by 7.9 per cent from the quarter before and by 20 per cent from twelve months back. Construction investments diminished by 5.7 per cent from the previous quarter and by 16.9 per cent year-on-year. The volume of investments in machinery, equipment and transport equipment contracted by 15 per cent from the previous quarter and by 32.4 per cent year-on-year. Private investments decreased by 23.7 per cent but public investments grew by 4.9 per cent from one year back.

Employment, wages and salaries and national income

The employment situation worsened in the third quarter as the number of employed persons fell by one per cent from the previous quarter. The number of employed persons was 3.5 per cent lower than one year earlier. The number of hours worked in the national economy fell by 1.4 per cent from the previous quarter and by 6.3 per cent from one year back. The quarter contained the same number of working days as the corresponding quarter of the year before.

According to Statistics Finland's Labour Force Survey, the rate of unemployment for the July to September period was 7.5 per cent. In the corresponding period of 2008 it stood at 5.6 per cent.

In the July to September period the nominal wages and salaries bill (excluding incentive stock options) of the national economy diminished by 0.3 per cent from the previous quarter and by 1.1 per cent year-on-year. The operating surplus (net), which in business bookkeeping corresponds roughly with business profit, decreased by 31.9 per cent from twelve months back at current prices. GDP calculated at current prices was 9.3 per cent lower than one year previously.

The available data

These preliminary data on the third quarter of 2009 are based on the information on economic development available by 27 November 2009. The quality description is available on Statistics Finland's website at <http://www.tilastokeskus.fi/til/ntp/laa.html>. (In Finnish only.)

The annual data in this release correspond to the National Accounts data released on 9 July 2009. Data concerning the last quarter of 2009 will be released on 1 March 2010, when the data for earlier quarters will also be revised. Quarterly data continue to be revised until final annual accounts data are published at the lag of around two years. Seasonally adjusted time series always become revised against new observations irrespective of whether the original time series becomes revised or not.

More detailed information on Quarterly Accounts methodologies is available in the methodological description at: http://www.tilastokeskus.fi/til/ntp/2008/03/ntp_2008_03_2008-12-08_men_001_en.html

Appendix tables

Revision of volume changes in GDP

| | | 2008Q3 | 2008Q4 | 2009Q1 | 2009Q2 | 2009Q3 |
|--|------------------|--------|--------|--------|--------|--------|
| Seasonally adjusted quarter-on-quarter change, % | 8 September 2009 | -1.1 | -2.5 | -3.0 | -2.6 | . |
| | 8 December 2009 | 0.2 | -4.1 | -4.9 | -0.3 | 0.3 |
| Working day adjusted year-on-year change, % | 8 September 2009 | 1.7 | -2.6 | -7.6 | -9.4 | . |
| | 8 December 2009 | 1.7 | -2.6 | -7.6 | -9.1 | -9.1 |

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