

# Finland's economy heading out of recession

Forecast for the Finnish economy, 19 December 2025

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# Finland's economy heading out of recession



Economic growth and employment will gradually strengthen as domestic demand picks up

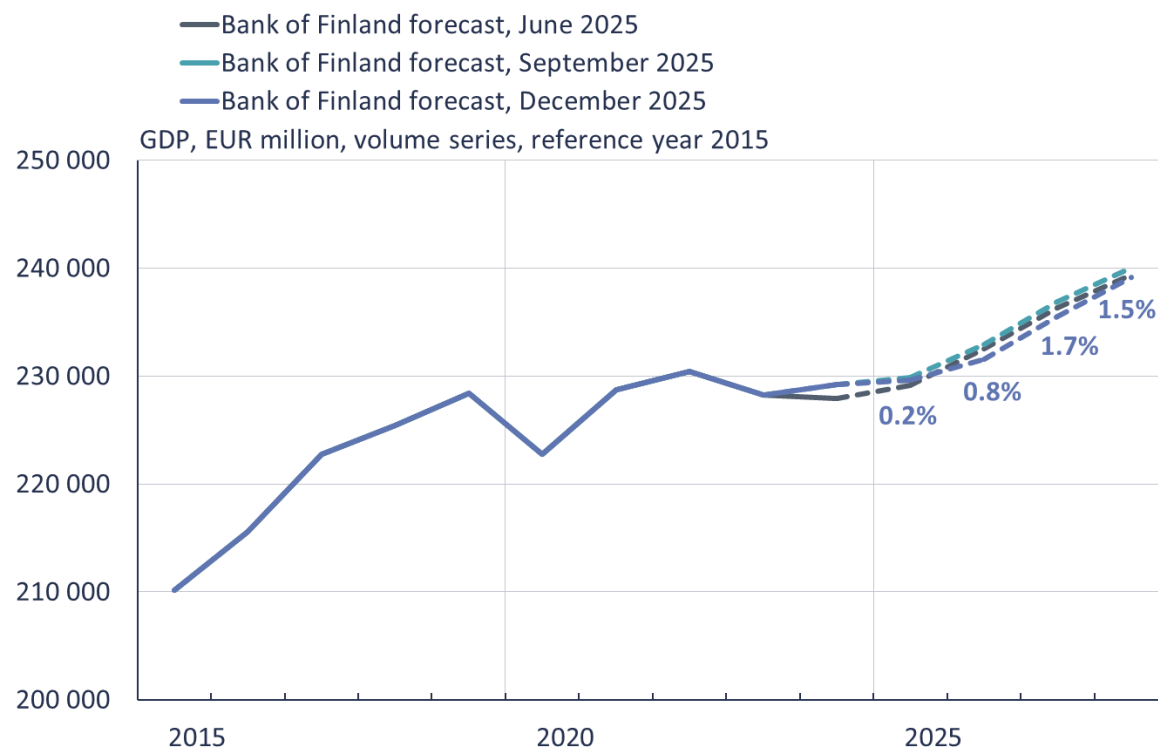


Inflation will remain moderate in the immediate years ahead



Public finances will stay deeply in deficit

# Economy will slowly start to grow



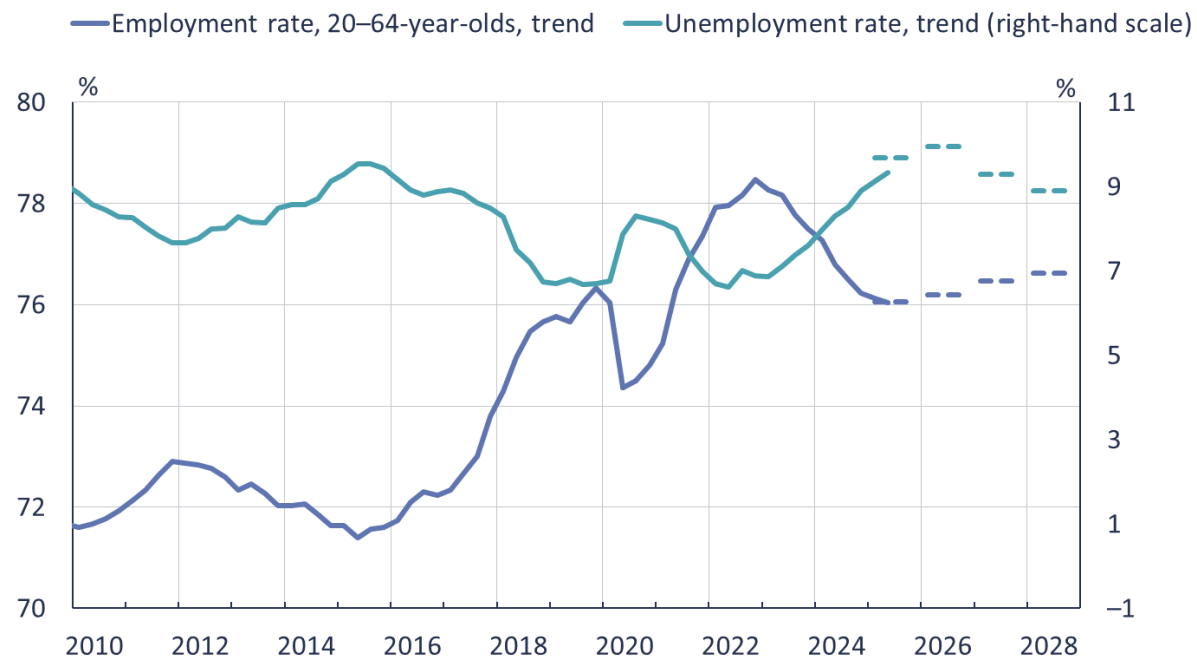
Sources: Statistics Finland and Bank of Finland.

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- Forecast adjusted downwards, current year's growth subdued
- Domestic demand will strengthen in 2026
- Exports will grow despite uncertainty

Alternative scenario:  
Finland's economic woes continue  
Mikko Sariola and Hannu Viertola

# Unemployment will gradually start to fall after having climbed high



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

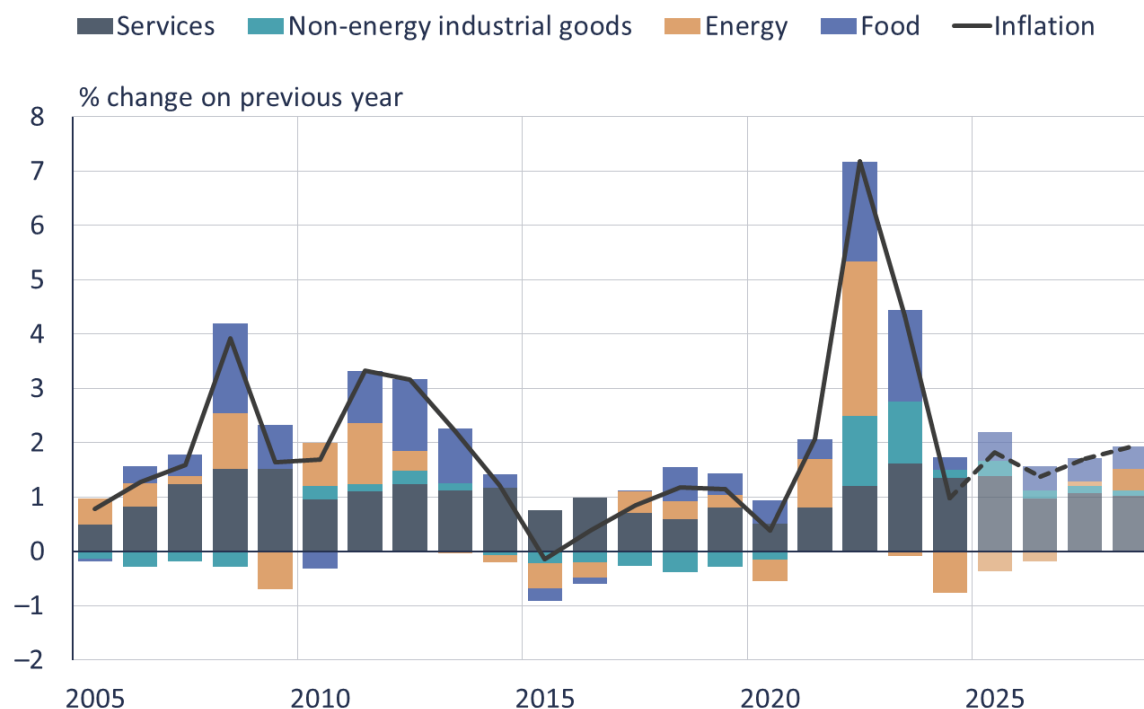
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- Unemployment is high, employment figures are less gloomy
- Labour demand will first be weak, but employment is growing
- Unemployment will start to decline after economic growth picks up

Feature article:

Finland's labour market weaker than that of the euro area  
Jaakko Nelimarkka, Juho Peltonen

# Inflation will rise slightly in the immediate years ahead

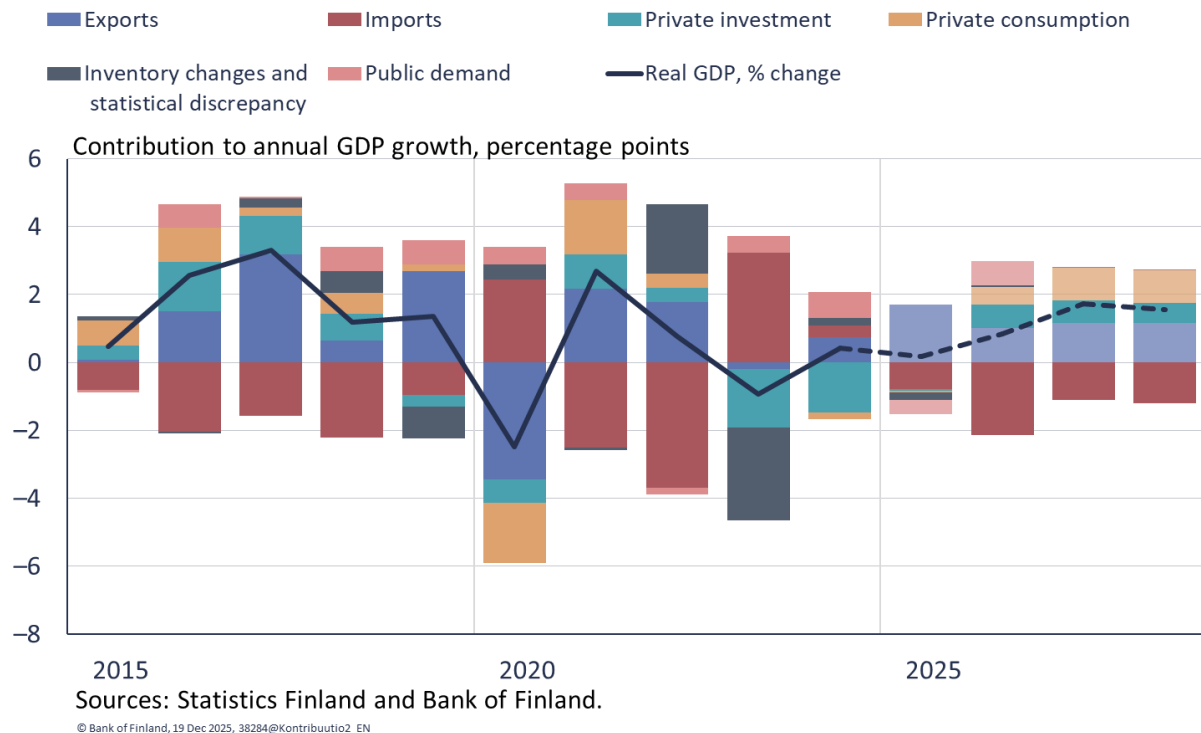


Sources: Eurostat and forecast by the Bank of Finland.

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- Inflation in 2026 will be curbed by weak economy and falling energy prices
- Rise in wages will nevertheless sustain inflation
- Inflation will rise gradually as the economy strengthens

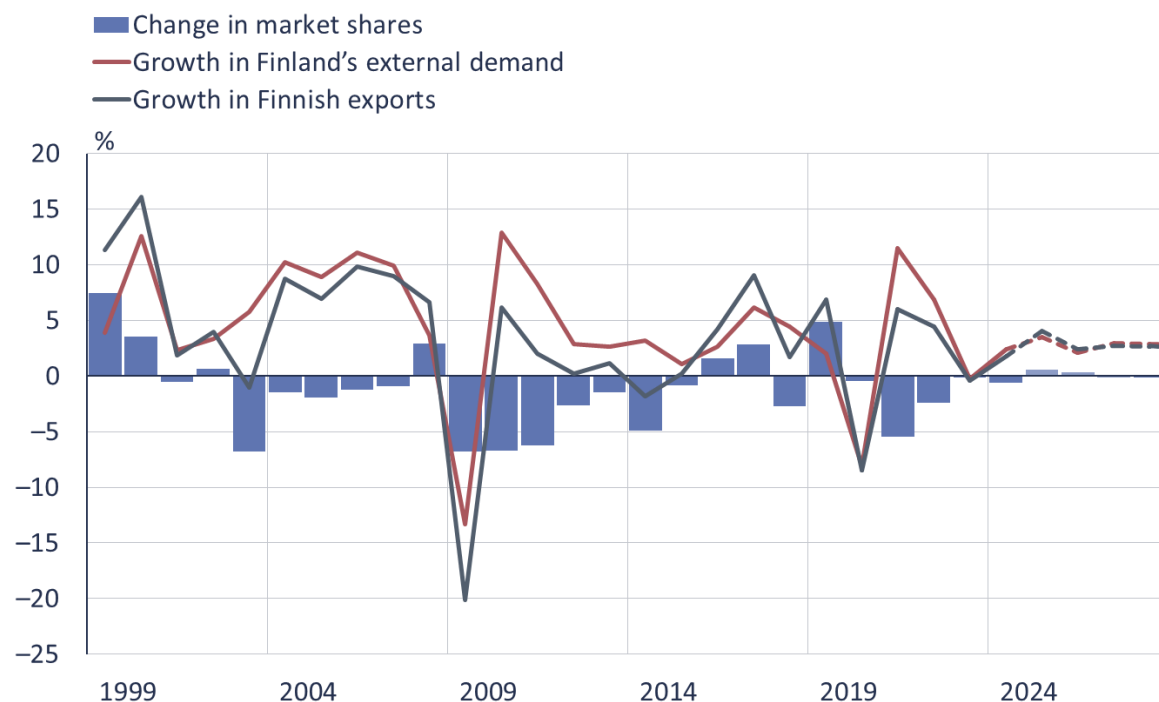
# Economy will grow, driven by both domestic demand and exports



- Exports will grow at the same pace as export markets – net exports will have a negative effect on growth in 2026
- Private domestic demand will recover
- Public demand will support growth particularly in 2026



# Exports will grow despite uncertainty

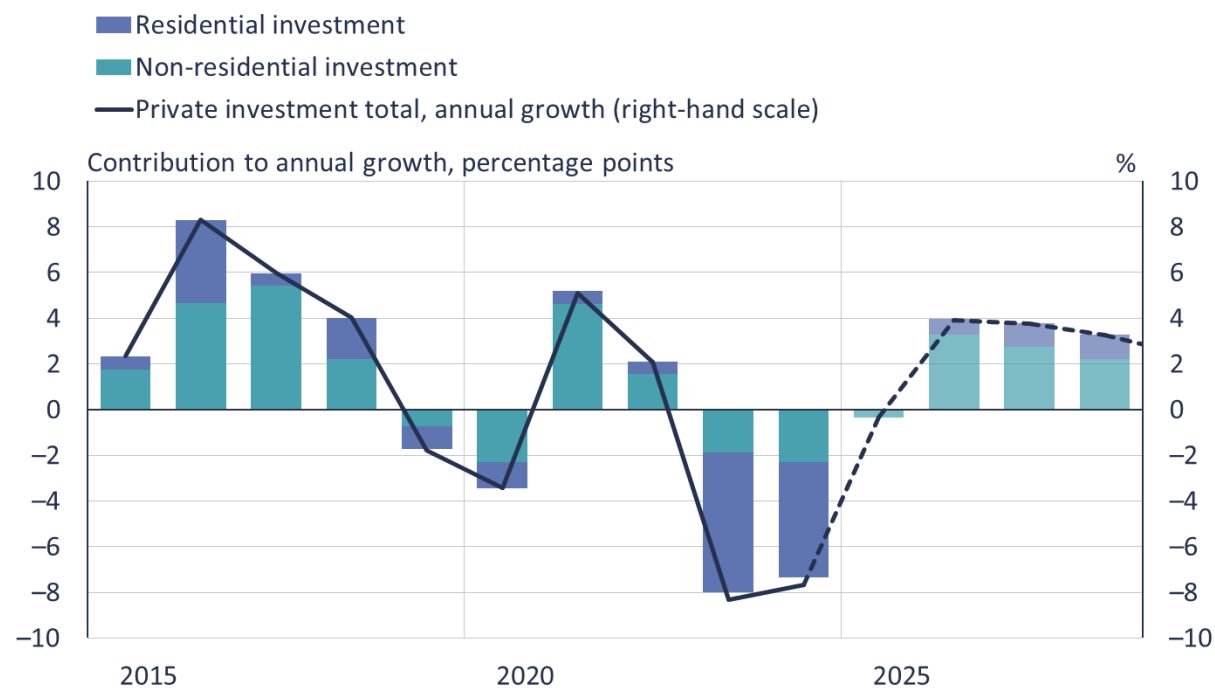


Sources: Statistics Finland and Bank of Finland.

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- Export growth will slow from 2025, but exports will grow at the same pace as export markets
- Finnish exports will be supported by stronger investment demand in Europe
- Changes in trade policy will reduce the demand for exports for some time to come

# Investment slowdown will ease



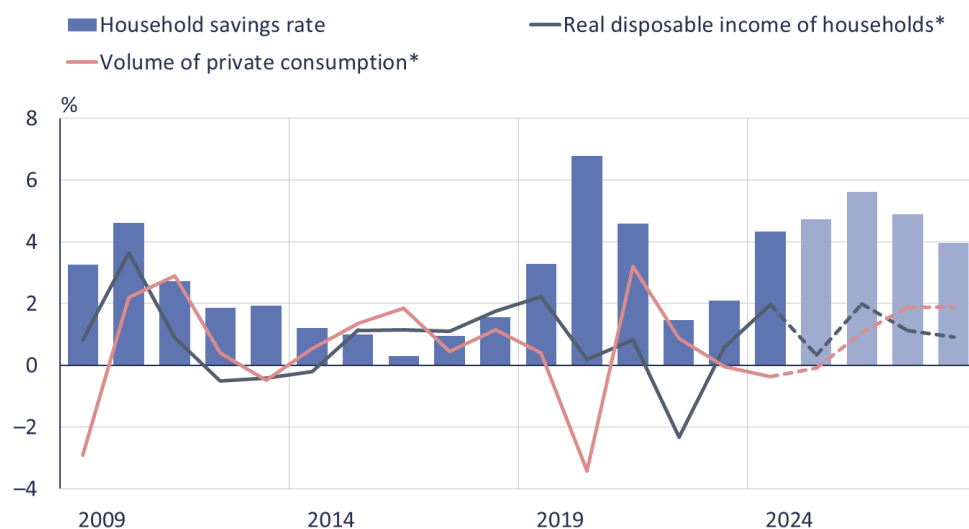
Sources: Statistics Finland and Bank of Finland.

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- Non-residential investment will grow in the forecast period
- Residential investment will recover slowly



# Private consumption will start to grow



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

\*Percentage change from previous year.

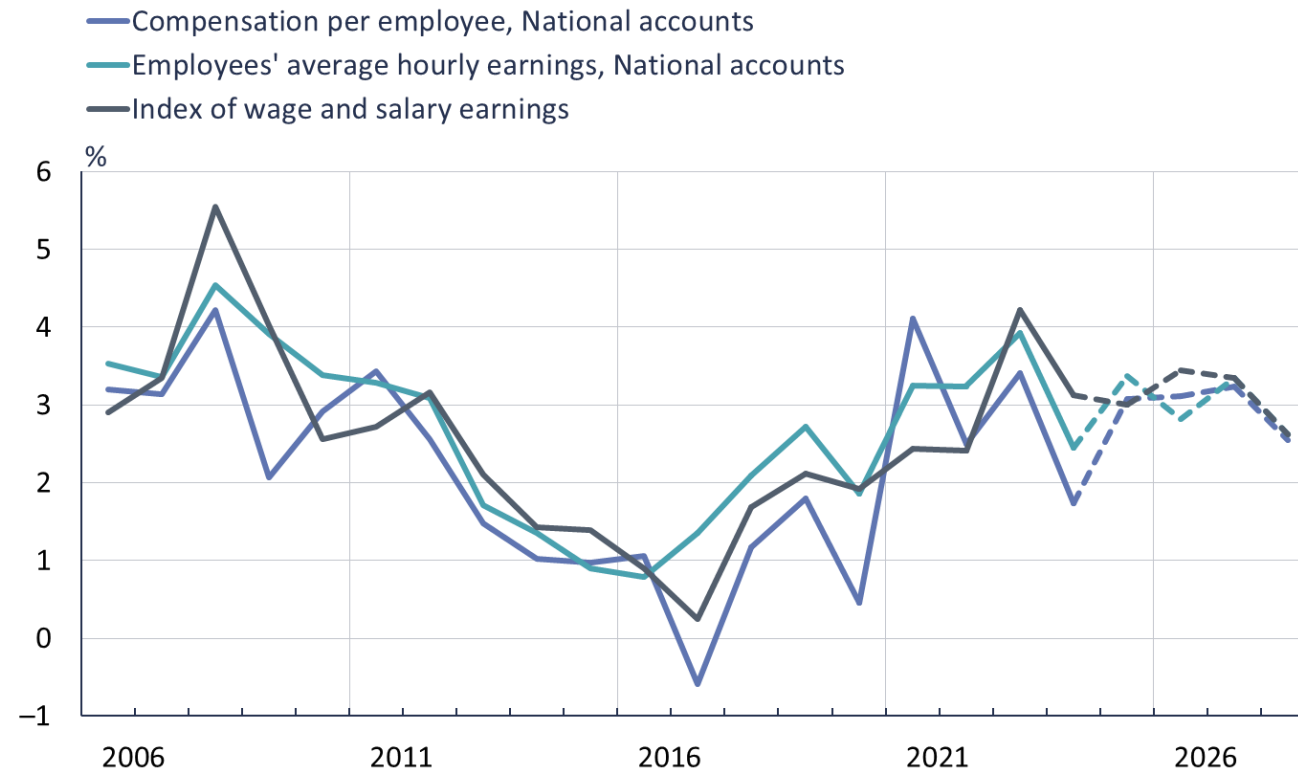
Sources: Statistics Finland and Bank of Finland.

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- Private consumption will start to grow in 2026
- Purchasing power will be boosted by solid wage growth, moderate inflation and lower interest payments
- As economic growth picks up, the labour market will strengthen, which will bolster consumer confidence and support consumption growth

# Wage growth higher than inflation in the immediate years ahead

## Earnings will rise by about 3% annually in the immediate years ahead



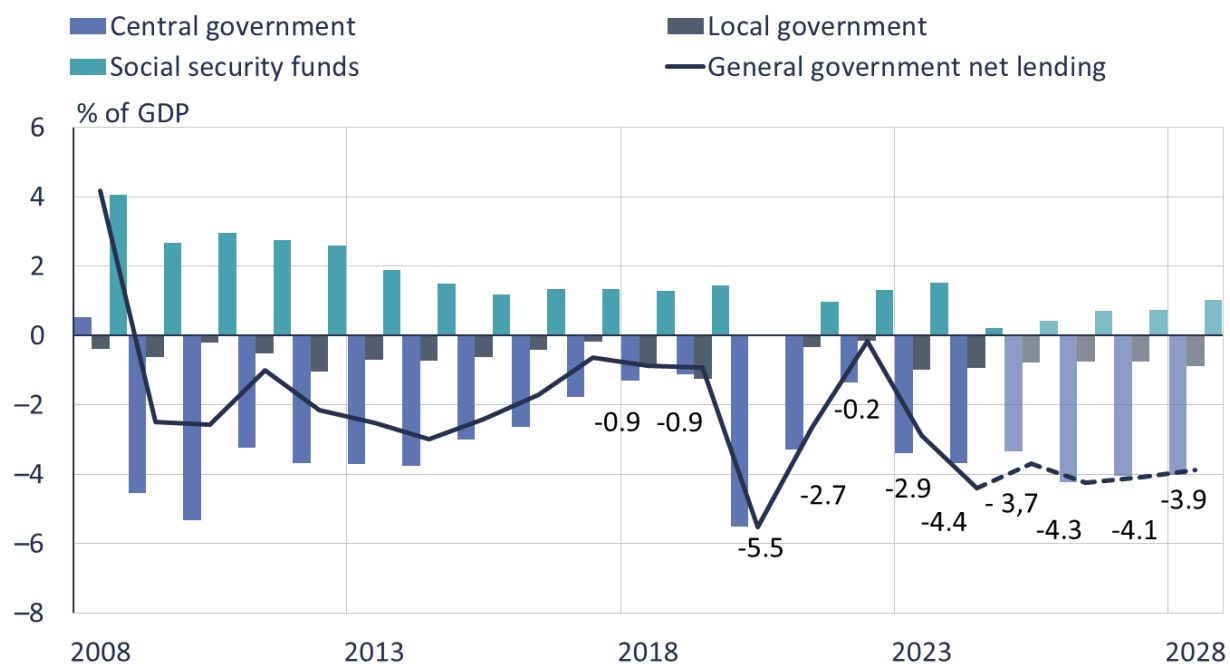
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# Public finances will remain deeply in deficit

## Public finances will remain significantly in deficit

### General government net lending



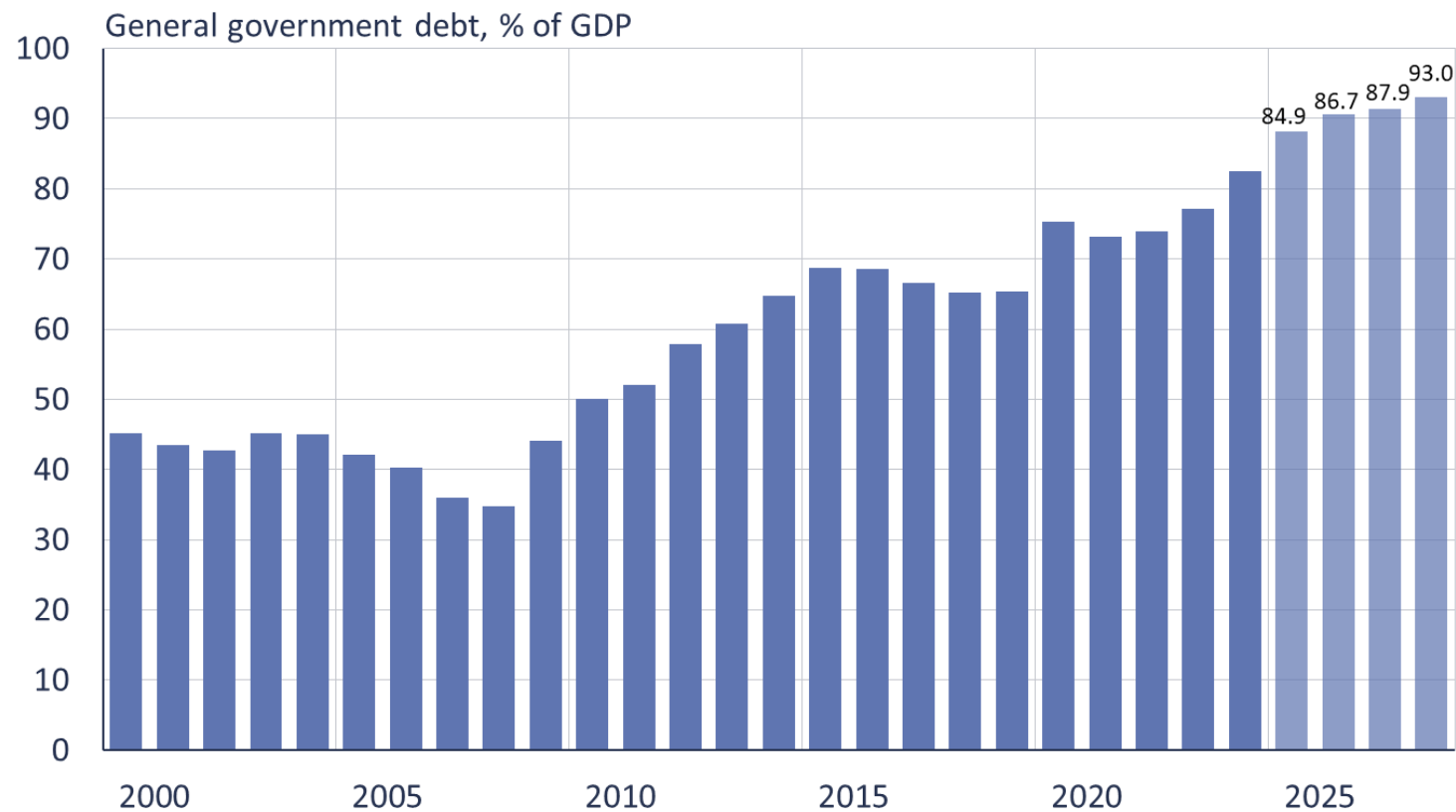
Sources: Statistics Finland and Bank of Finland (forecasts).

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Assessment of public finances 2025: From objectives to action

Jarkko Kivistö and Pirkka Jalasjoki

# Public debt-to-GDP ratio will continue to rise



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

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# Forecast summary

Feature article:

How it's done – The models and analysis behind the Bank of Finland's forecast for the Finnish economy

Mikko Sariola, Hannu Viertola

% change on previous year

	2024	2025 <sup>f</sup>	2026 <sup>f</sup>	2027 <sup>f</sup>	2028 <sup>f</sup>		2024	2025 <sup>f</sup>	2026 <sup>f</sup>	2027 <sup>f</sup>	2028 <sup>f</sup>
<b>GDP</b>	0.4	0.2	0.8	1.7	1.5	<b>Labour market</b>					
Private consumption	-0.4	-0.1	1.1	1.9	1.9	Hours worked	-0.9	-1.4	0.8	0.9	0.7
Public consumption	1.7	-2.0	-0.4	0.2	0.7	Employment rate (20–64-year-olds), %	76.7	76.1	76.2	76.5	76.6
Fixed investment	-5.0	0.2	6.8	2.8	2.0	Unemployment rate, %	8.4	9.7	9.9	9.3	8.9
Private fixed investment	-7.7	-0.3	3.9	3.8	3.3	<b>Unit labour costs</b>	0.2	2.5	3.1	2.4	1.7
Public fixed investment	7.7	2.3	18.3	-0.4	-2.6	Compensation per employee	1.8	3.1	3.1	3.2	2.5
Exports	1.8	4.1	2.4	2.7	2.7	Productivity	1.5	0.6	0.1	0.8	0.8
Imports	-0.8	1.9	5.2	2.6	2.9						
<b>Contributions to growth from components of demand</b>						<b>GDP, price index</b>	0.7	1.7	2.3	2.2	2.2
Domestic demand	-0.9	-0.5	1.9	1.6	1.6	Private consumption, price index	1.0	1.2	1.4	1.7	1.9
Net exports	1.1	0.9	-1.1	0.1	0.0						
Inventory change + statistical discrepancy	0.2	-0.2	0.0	0.0	0.0	<b>Harmonised index of consumer prices</b>	1.0	1.8	1.4	1.7	1.9
<b>Savings rate, households</b>	4.3	4.7	5.6	4.9	4.0	Excl. energy	1.9	2.4	1.7	1.8	1.7
<b>Current account, % of GDP</b>	-0.7	1.1	0.2	0.3	0.4	Energy	-8.0	-3.9	-2.0	0.8	4.0
<b>General government, % of GDP</b>											
General government balance	-4.4	-3.7	-4.3	-4.1	-3.9						
General government gross debt (EDP)	82.5	88.2	90.6	91.5	93.1						

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f = forecast.

Sources: Statistics Finland and Bank of Finland.

# Thank you!

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