

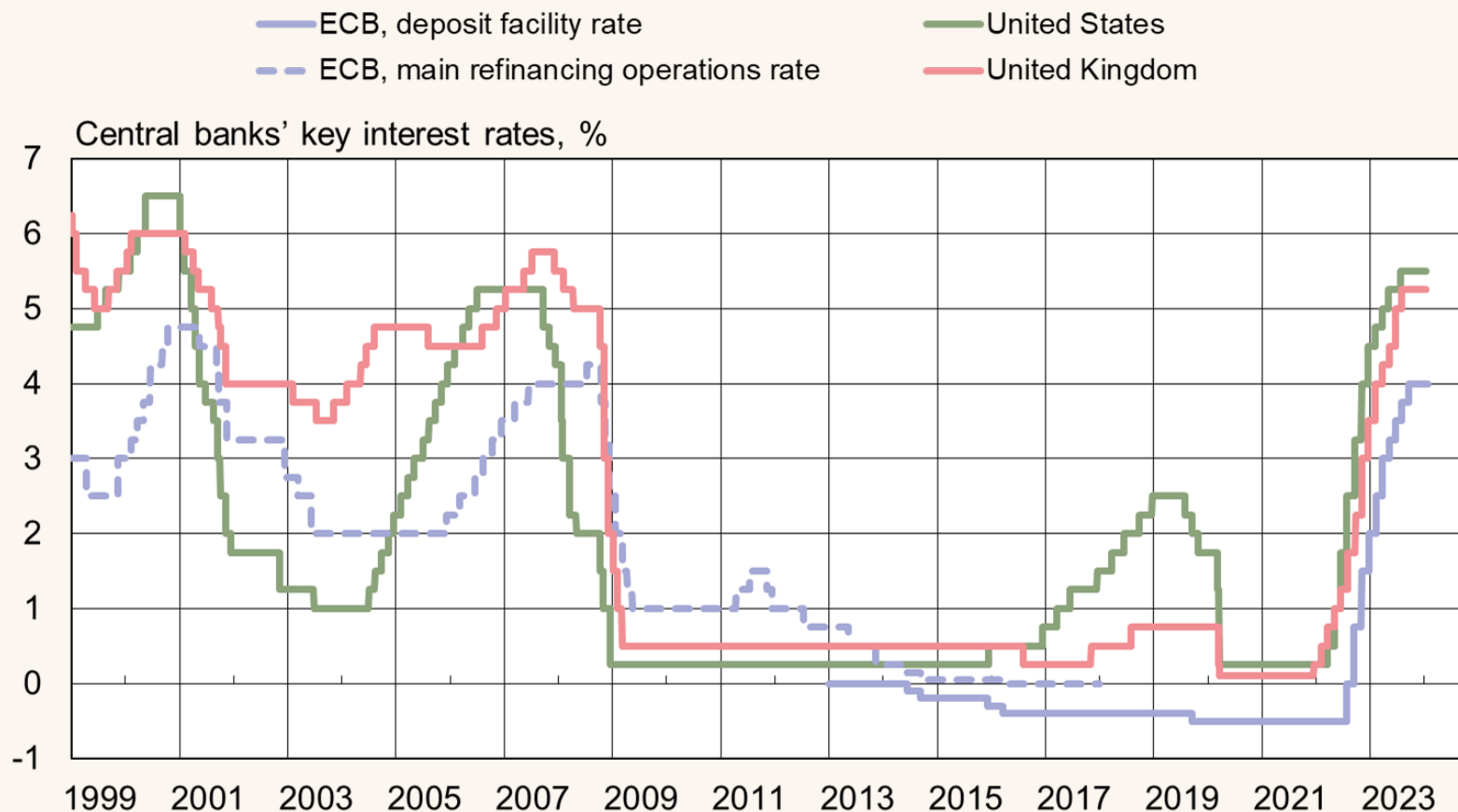


# Views on the Finnish and euro area economies and the ECB monetary policy

The European Economics and Financial Centre: Distinguished Speakers Seminar  
26 January 2024, London

Board Member Tuomas Välimäki  
Bank of Finland

# Policy rate increases have been rapid and strong



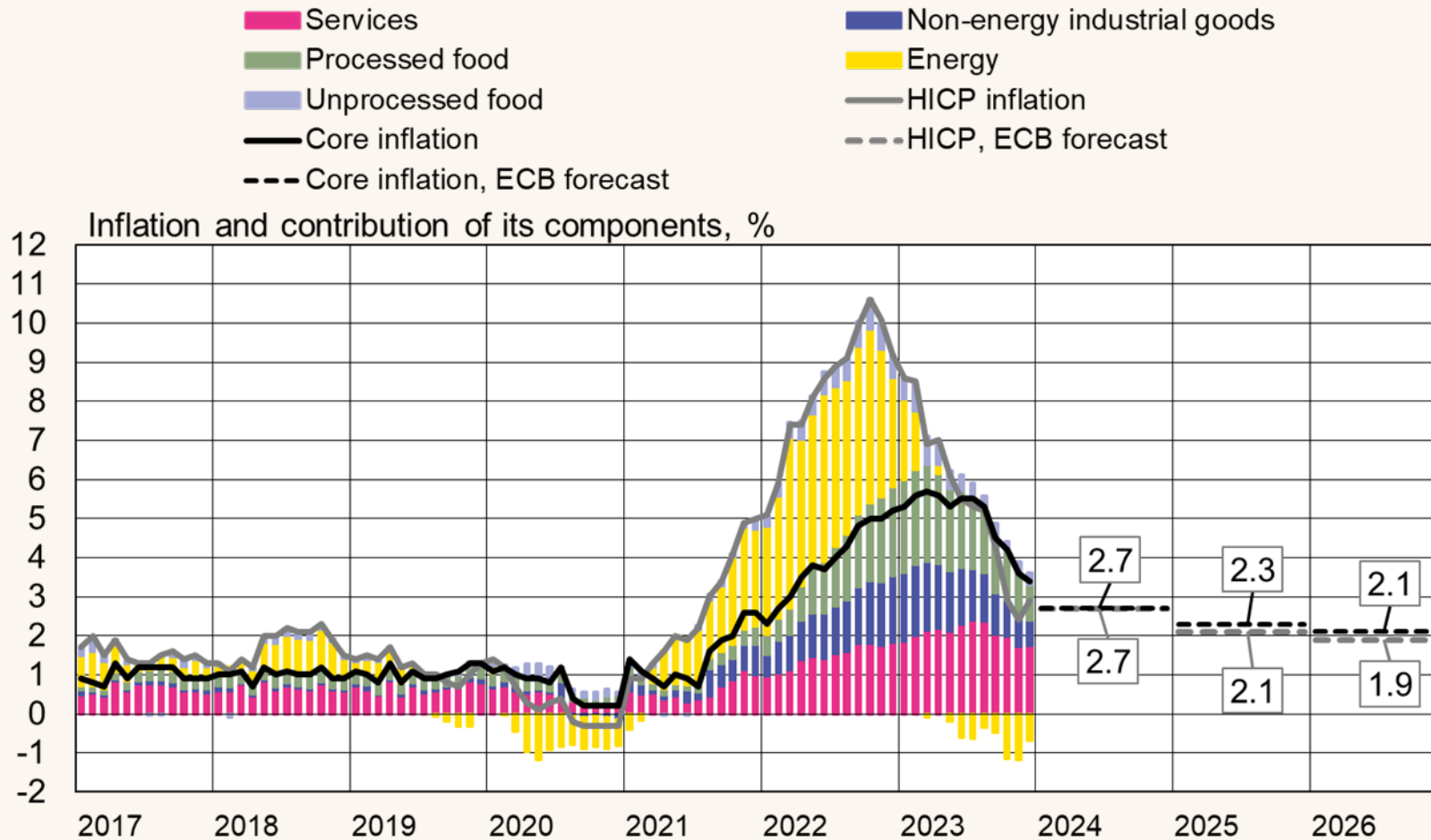
The euro area's principal key interest rate until 2013 was its main refinancing operations rate.

In recent years the principal key interest rate has been the ECB's deposit facility rate.

Sources: Bank of England, European Central Bank and Fed.

32422@KP-korkoja(tv)

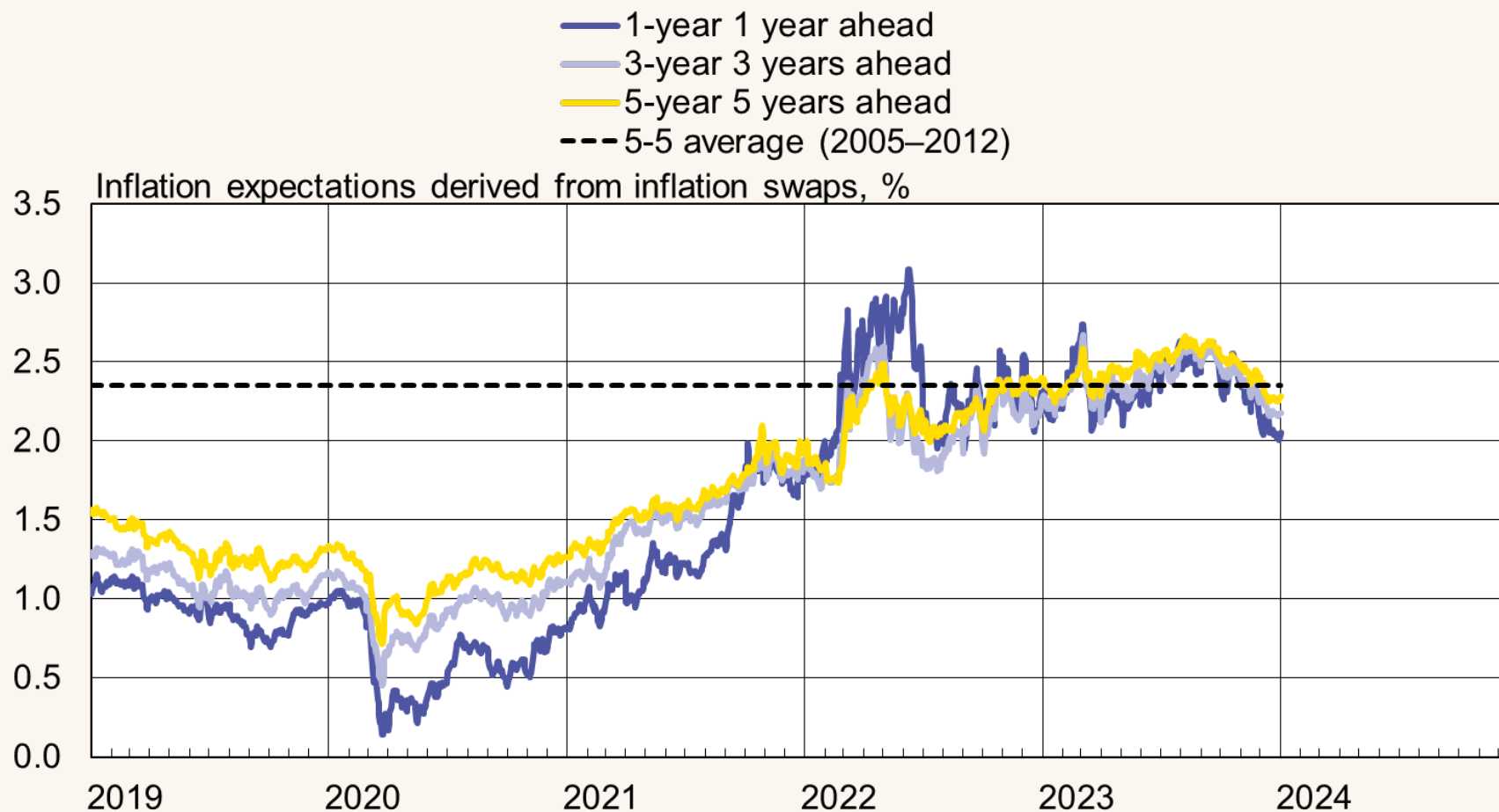
# Core inflation slowing down gradually



Sources: Eurostat and ECB.

32426@YKHIkontrib(2)en

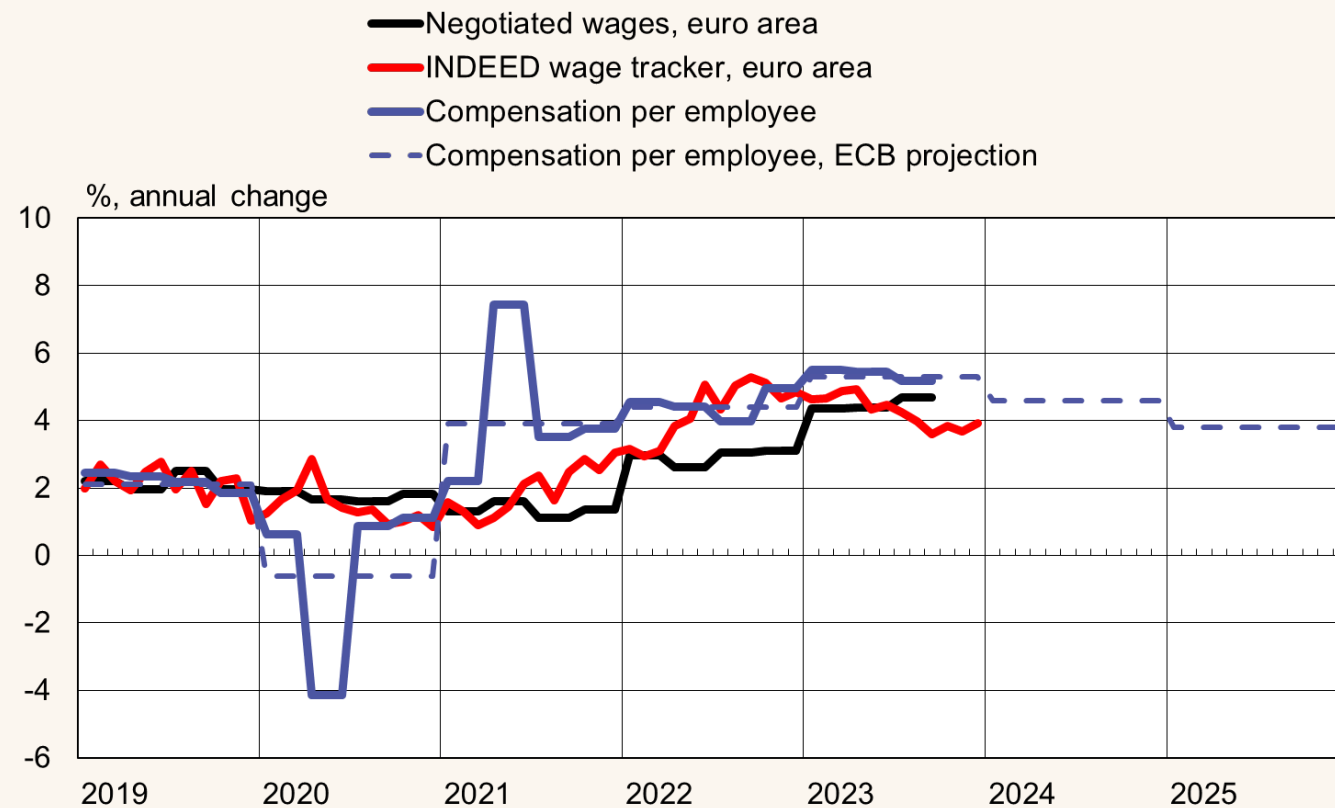
# Inflation expectations well anchored



Market-based inflation expectations for the euro area.

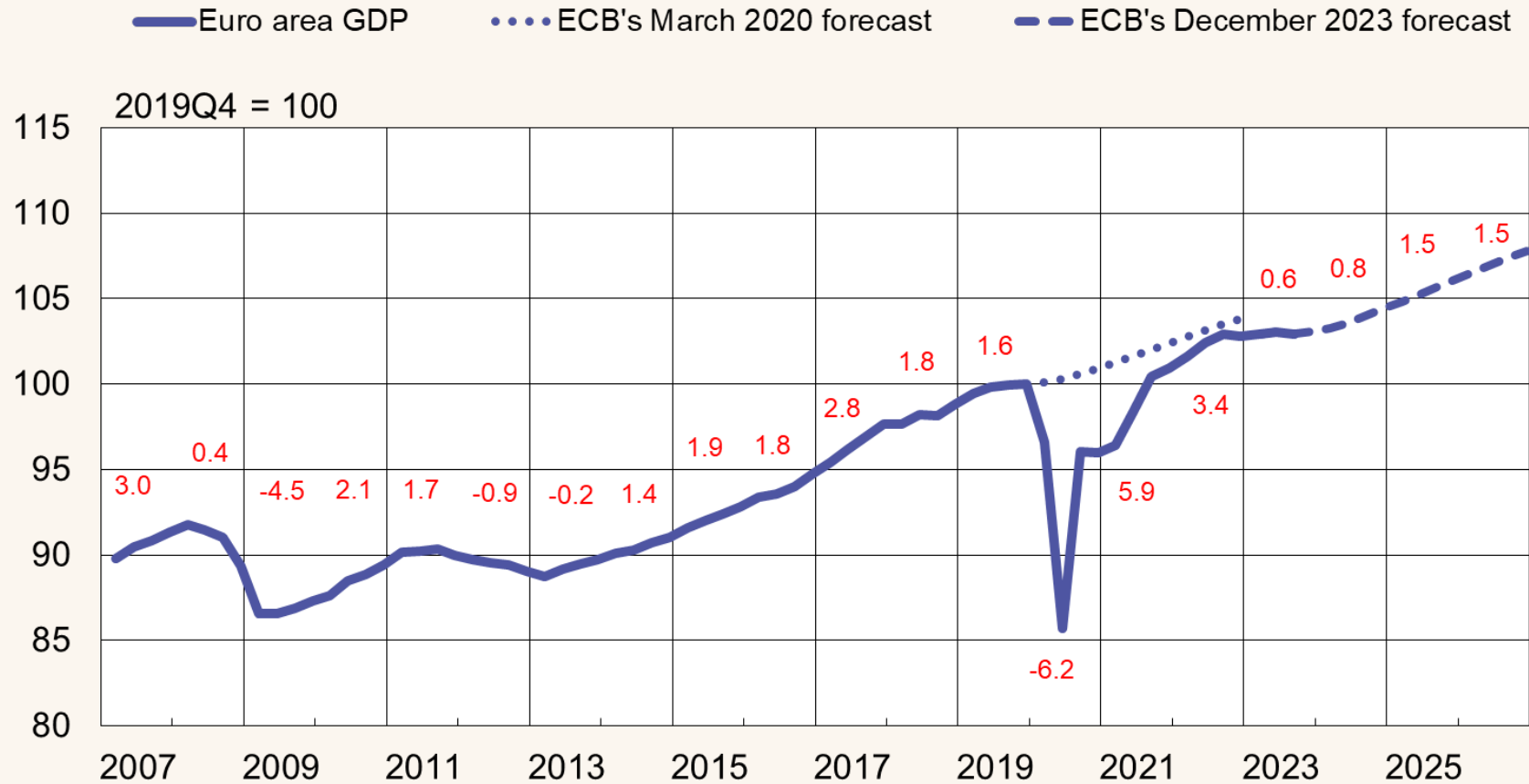
Sources: Bloomberg and calculations by the Bank of Finland. 32426@odotus1-5+5ka(ET)en

# Wage inflation still brisk



Sources: ECB, INDEED.  
32426@Negowage kk (4)\_julk\_en

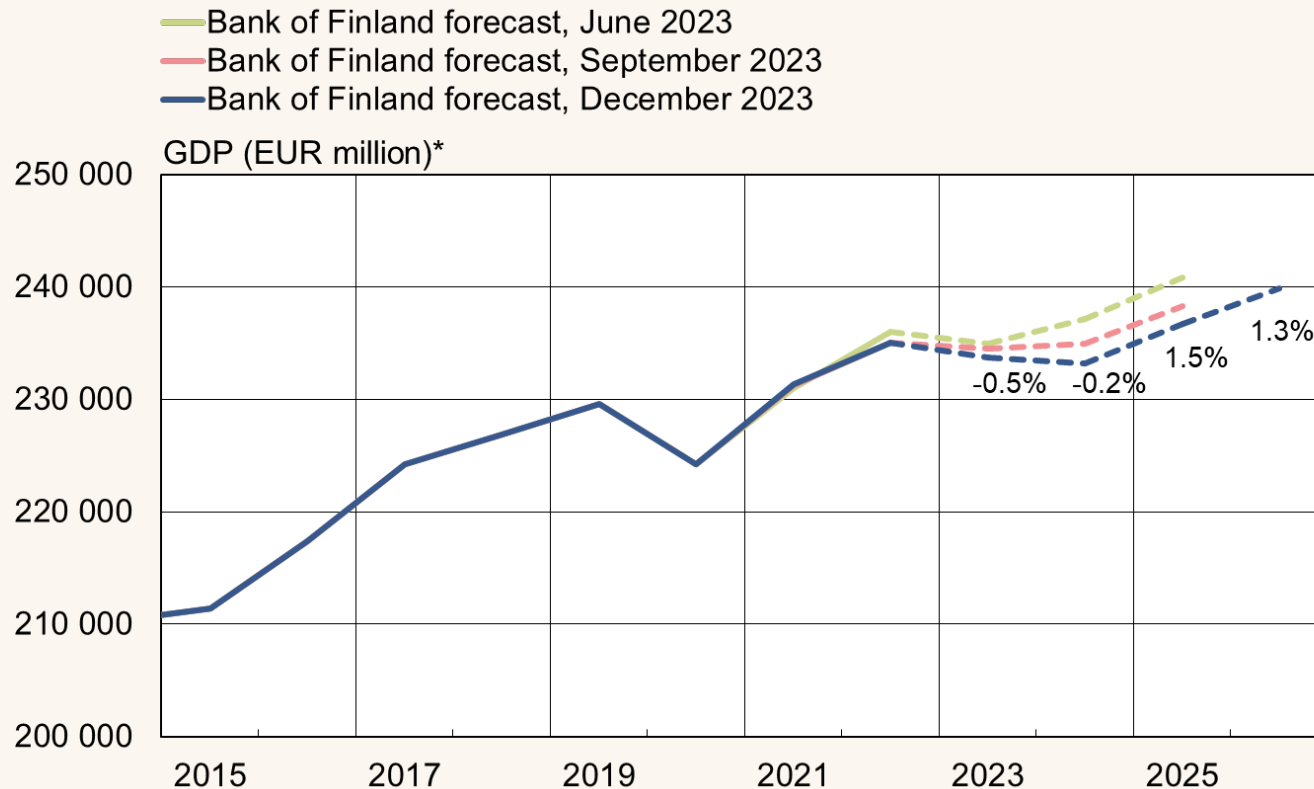
# Euro area's economic growth expected to remain subdued in near term



Figures next to the curve are annual growth rates, %  
Sources: ECB calculations and Bank of Finland.

35781@MMS(2007-)\_LV 2(en)

# Finland's economy is in recession and will recover slowly



Sources: Statistics Finland and Bank of Finland.

\*In 2015 prices. The annual growth forecasts for the December 2023 forecast are displayed in the graph.

1 Dec 2023

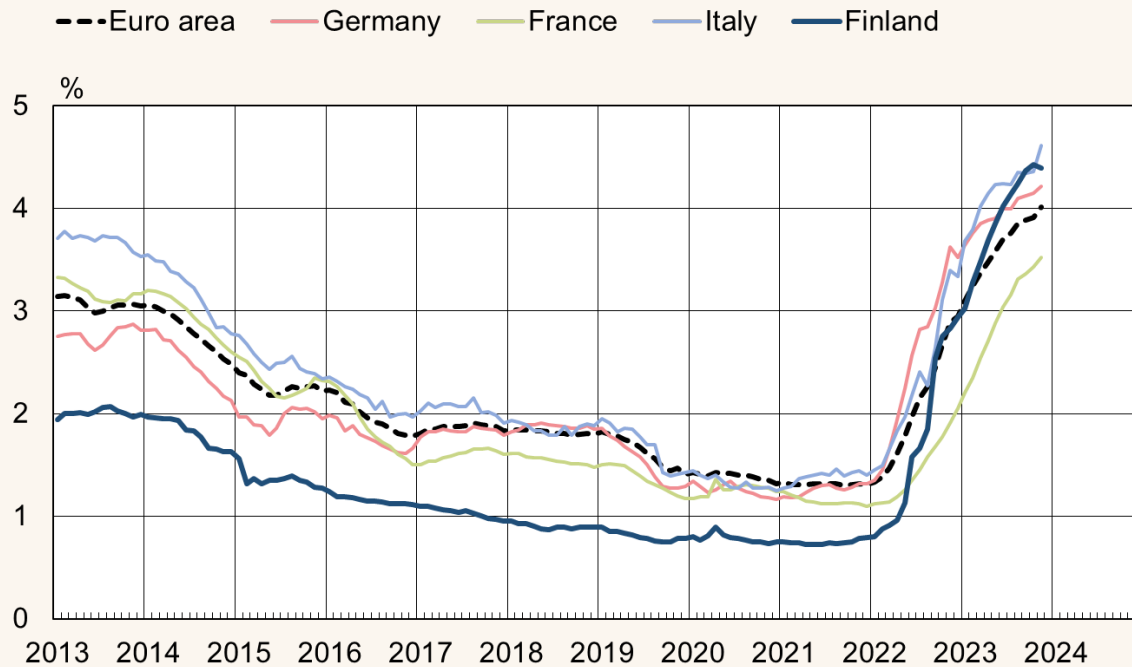
© Bank of Finland

38284@BKTvolenvertA\_EN

- No improvement in leading indicators yet
- Confidence remains weak
- Slow growth to start at the end of 2024

# Monetary policy pass-through to housing loans works fast in Finland

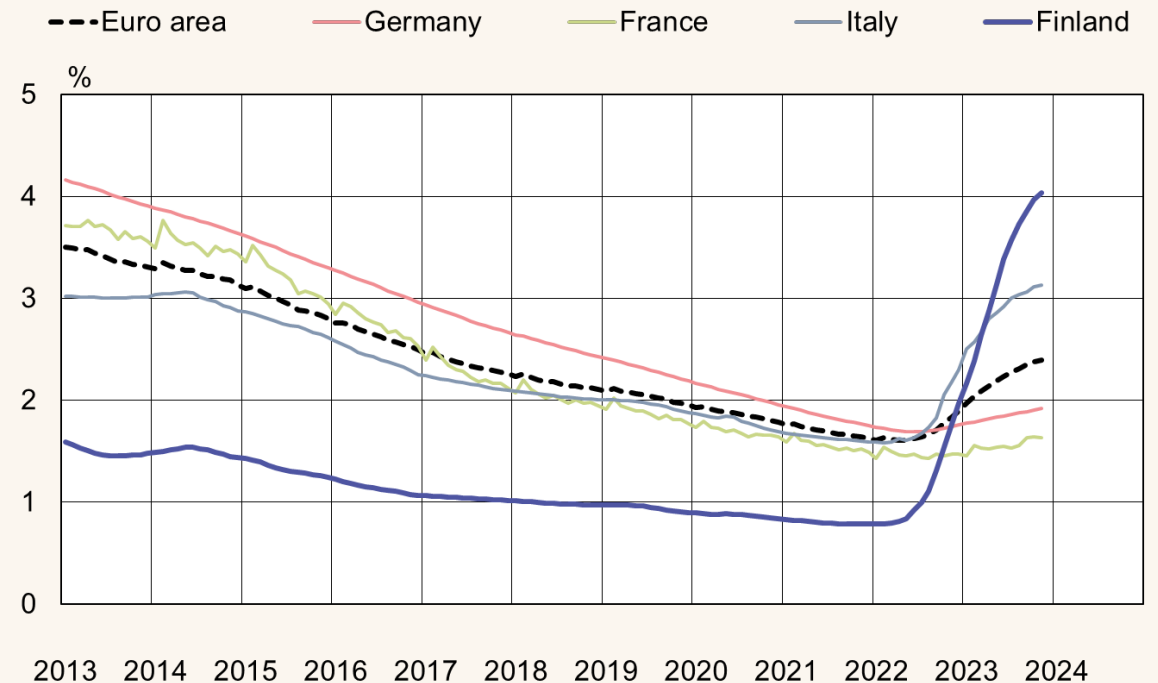
## New housing loans, average interest rate



Sources: ECB and Macrobond.

34088@korko\_kotitaloudet

## Average interest rate on housing loan stock

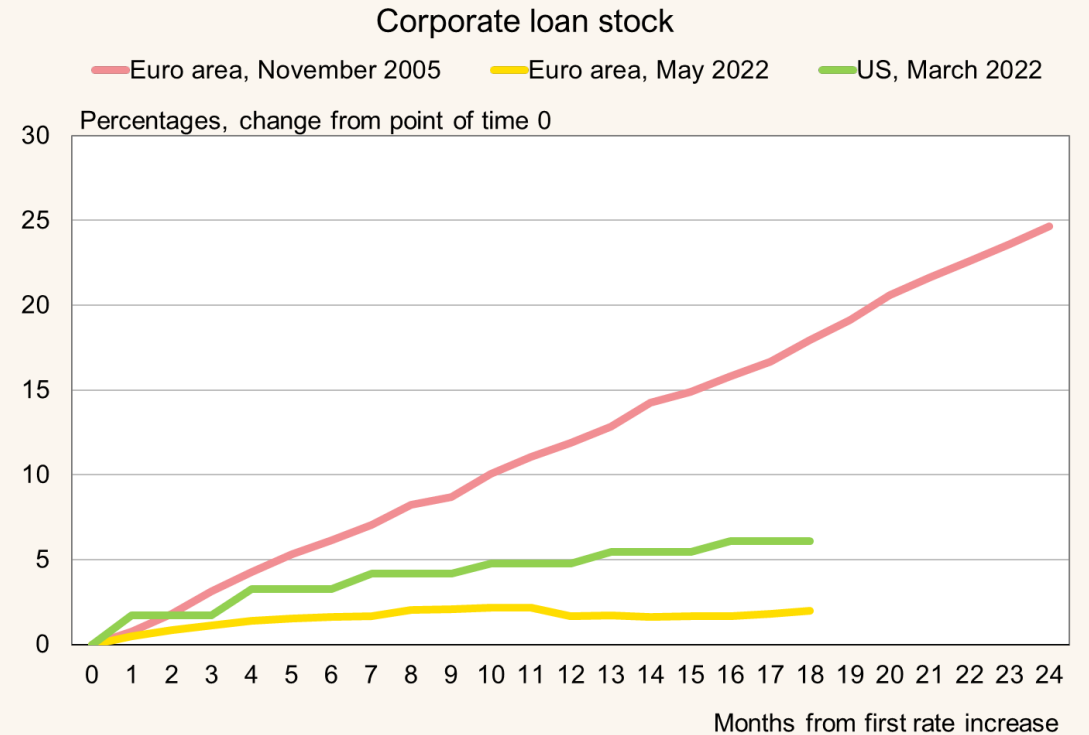
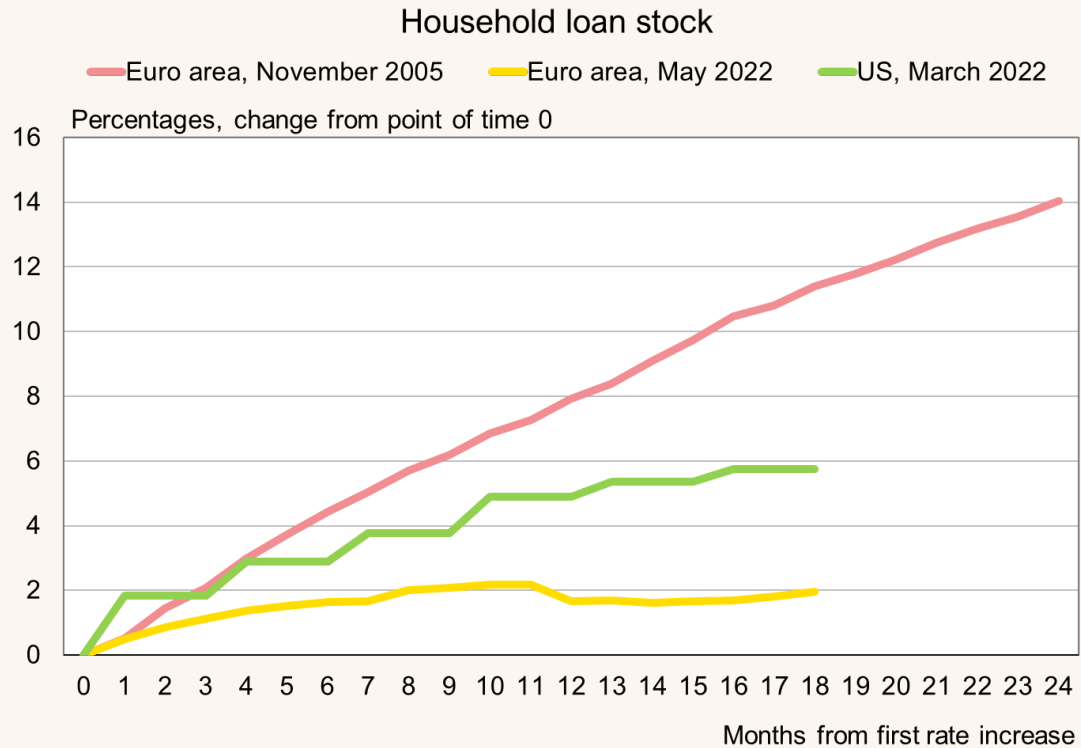


Source: ECB.

34088@korko\_kotitaloudet(3)



# Loan stocks now and in the 2005 hiking cycle





Thank you!

e-mail: [tuomas.valimaki@bof.fi](mailto:tuomas.valimaki@bof.fi)

X: [@TuomasValimaki](#)

[bof.fi](http://bof.fi)