

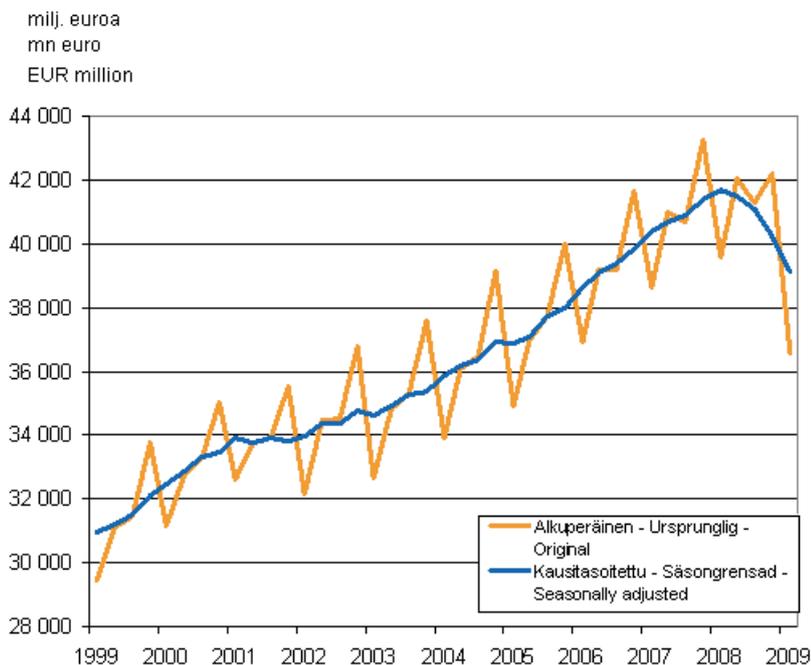
Quarterly national accounts 2009

Gross domestic product down by 7.6 per cent in the first quarter, economy contracting at the pace seen in the early 1990s

According to preliminary data of Statistics Finland, the volume of Finland's GDP fell by 2.7 per cent in the first quarter of 2009 from the previous quarter. Compared to the first quarter of 2008, working-day adjusted GDP contracted by 7.6 per cent. The first quarter of 2009 had the same number of working days as twelve months before.

Revisions put growth in GDP in the fourth quarter of 2008 at -2.4 per cent from twelve months back and at -2.1 per cent from the previous quarter.

Gross domestic product by quarter at reference year 2000 prices



The volume of exports contracted by 25.5 per cent and that of imports by 19.4 per cent year-on-year. In the first quarter, the volume of private consumption contracted by 3.7 per cent and investments decreased by 8.9 per cent from one year previously.

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 respective quarter of the year before

$(N/(N-4))$ are calculated from working-day adjusted time series and change percentages from the previous quarter $(N/(N-1))$ from seasonally adjusted time series.

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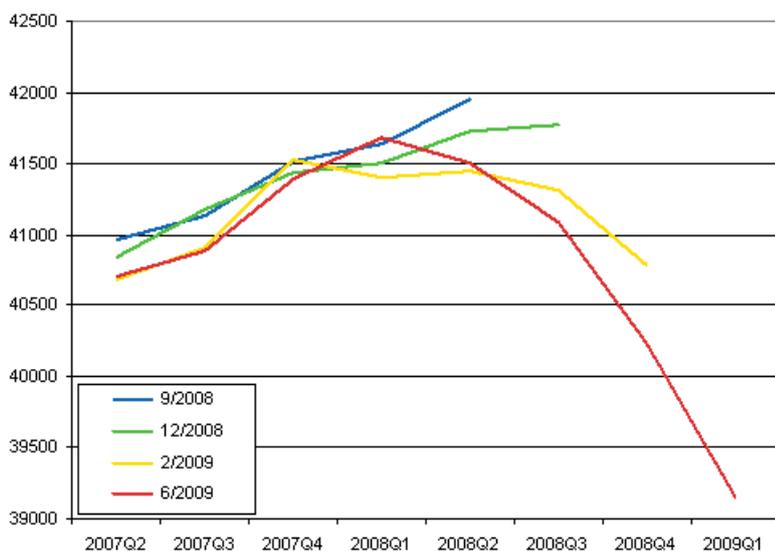
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Gross domestic product falls at an accelerating pace, all national accounts demand components are contracting

In the first quarter of 2009 the volume of Finland's gross domestic product fell by 2.7 per cent from the previous quarter. Compared to the first quarter of 2008, working-day adjusted GDP was down by 7.6 per cent. Calculated at current prices, GDP contracted by 6.1 per cent year-on-year.

Revisions put the change in the volume of GDP in the fourth quarter of 2008 at -2.4 per cent from the year before and at -2.1 per cent from the previous quarter, while the respective growth rates published in February were -2.4 per cent and -1.3 per cent. The original GDP time series has not become revised from the February publication. Seasonally adjusted time series always become revised irrespective of revisions made to the original series, as each new observation changes the estimates of the seasonal components also for the preceding quarters.

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



GDP grew by 0.9 per cent in 2008. Seasonally adjusted GDP was at its highest level in the first quarter of 2008, after which it has fallen at an accelerating pace. Finland's economy is currently diving as quickly as it did in the early 1990s when the biggest single drop in GDP, which occurred in the first quarter of 1991, was also -2.7 per cent (compared with the quarter before). The biggest year-on-year drop in the 1990s was -8.0 during the last quarter of 1991.

Finland's economy is currently also contracting slightly faster than the economy of the EU area taken as a whole. According to preliminary data compiled by Eurostat, the GDP of the EU area contracted during the first quarter by 2.4 per cent from the previous quarter.

Output

In primary production, the volume of value added was 2.8 per cent higher in the first quarter than one year earlier. Value added in agriculture grew by 0.4 per cent. The long-term downhill in forestry stopped temporarily as value added increased by 4.9 per cent on account of increased pulpwood fellings. However, April data on fellings indicate that the downhill will continue again in the second quarter.

The volume of value added in secondary production, that is manufacturing and construction, contracted by 17.9 per cent in the first quarter. At present, the development of manufacturing is especially gloomy: value added was 19.8 per cent lower than one year previously and 7.9 per cent lower than in the previous quarter. In the

wood and paper industry value added continued to contract and the fall now amounted to a record 28.6 per cent from twelve months back. Value added in metal industry (incl. electronics industry) fell by 24.2 per cent from twelve months back. Value added in other manufacturing decreased by 11.7 per cent in the first quarter. The volume of value added in construction contracted by 7.2 in the January to March period from the year before.

In service industries, the volume of value added was 3.7 per cent lower than in the first quarter of 2008. The volume of value added in trade shrunk by 10.3 per cent from one year back. The biggest decline was recorded in the sale of motor vehicles, which were affected by the vehicle tax amendment in the comparison point in time. Wholesale trade has also diminished strongly for several quarters already, while the fall has been more moderate in retail trade. Transport, storage and communications contracted by 7.4 per cent. Real estate and business activities fell by 1.1 per cent year-on-year.

The volume of total value added generated by all industries contracted by 7.9 per cent year-on-year and by 3.0 per cent from the previous quarter.

Imports, exports, consumption and investments

In practice all demand components contributed to the fall in total demand during the first quarter. Only public investments and other investments (comprised mostly of software investments) increased.

In the first quarter the volume of exports decreased by 25.5 per cent from twelve months back and by 10.8 per cent from the quarter before. Exports of goods decreased by 30.3 per cent and those of services by 5.9 per cent year-on-year. The volume of imports contracted by 19.4 per cent from twelve months back and by 8.2 per cent from the previous quarter. Imports of goods decreased by 25 per cent, but an increase of 2.4 per cent was recorded in imports of services when compared with one year ago. Data on imports and exports may become substantially revised. The year-on-year change in imports (goods and services together) in the fourth quarter became revised to -12.5 per cent, whereas the February data indicated a -14.5 per cent change. The change in the volume of exports in the fourth quarter became revised to -13.9 per cent from February's -14.2 per cent.

The volume of private consumption diminished by 3.7 per cent year-on-year in the first quarter and by 1.2 per cent from the previous quarter. The volume of consumption of durable consumer goods contracted the most, which is affected not only by the slowdown of motor vehicle trade but also by decreased demand of consumer electronics. Households' consumption of also other goods and services was decreasing. The volume of government consumption expenditure stayed on level with the year before.

In the first quarter the volume of investments decreased by 8.9 per cent from twelve months back and by 4.3 per cent from the quarter before. Construction investments decreased by 11 per cent from the year before. Investments in residential buildings have been decreasing already for the second consecutive year, but now the growth in civil engineering has stalled as well. The volume of investments in machinery, equipment and transport equipment contracted by 12.2 per cent year-on-year. Private investments decreased by 10.7 per cent in the first quarter, while public investments increased by 3.7 per cent from the year before.

Employment, wages and salaries and national income

The employment situation weakened in the first quarter of 2009 as the number of employed persons fell by 1.1 per cent from one year back. Compared with the previous quarter, the number of employed persons decreased by 0.3 per cent. The working-day adjusted number of hours worked in the national economy went down by 3.9 per cent from one year before. 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 in the January to March period was 7.6 per cent. In the corresponding period of 2008 it stood at 6.6 per cent.

In the first quarter of 2009, the nominal wages and salaries bill (excluding incentive stock options) of the national economy grew by 0.9 per cent. The operating surplus (net), which in business bookkeeping corresponds roughly with business profit, decreased by 19 per cent calculated at current prices. GDP calculated at current prices was 7.6 per cent lower than one year previously.

The available data

These preliminary data on the first quarter of 2009 are based on the information on economic development available by 29 May 2009.

The annual data in this release correspond to the National Accounts data released on 27 February 2009.

Data concerning the second quarter of 2009 will be released on 8 September 2009, when the data for previous 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.

The data on 2006, 2007 and 2008 are preliminary. The data on 2008 become revised in connection with the next annual accounts release on 9 July 2009.

More detailed information on National 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

		2008Q2	2008Q3	2008Q4	2009Q1
Seasonally adjusted quarter-on-quarter change, %	27 February 2009	0.1	-0.3	-1.3	.
	9 June 2009	-0.4	-1.0	-2.1	-2.7
Working day adjusted year-on-year change, %	27 February 2009	2.3	1.4	-2.4	.
	9 June 2009	2.3	1.4	-2.4	-7.6

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