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Inquiries: Mr Pertti Kangassalo +358 9 1734 3598, pertti.kangassalo@stat.fi
Director in charge: Mr Ari Tyrkkö

Consumers' views on unemployment grew gloomier

The gradual fading of Finnish consumers' confidence in the economy persisted through May. The consumer confidence indicator stood at 8.6 in May, having been 9.6 in April and 11.9 still in January. In May, consumers' views on the economy remained otherwise almost unchanged from the previous month, but their estimations about the development of unemployment grew distinctly gloomier. Consumers continued to regard the financial situation and the saving possibilities of their own household as excellent. The data are based on Statistics Finland's Consumer Survey, for which 1,582 persons resident in Finland were interviewed between 2 and 20 May.

Consumer views on the economic and financial conditions in Finland in May 2003

	May 2003 balance	April 2003 balance	May 2002 balance	Average 10/95-5/03
Consumer confidence indicator	8.6	9.6	15.6	13.9
Own economic situation in 12 months' time	10.4	11.0	11.8	8.5
Household's saving possibilities in the next 12 months	41.5	38.8	39.9	27.8
General economic situation in Finland in 12 months' time	-2.4	-2.5	9.0	8.1
Unemployment in 12 months' time	-15.2	-8.7	2.0	11.3
Price trend over the next 12 months, %	1.7	1.6	1.8	1.9
Financial situation of household at present	29.9	27.8	27.0	22.8
Favourable time to make major purchases at present	33.1	31.6	0.9	18.3
Favourable time to save at present	12.8	11.3	17.3	3.0
Favourable time to raise a loan at present	32.7	34.7	24.1	20.3

The balance figures are obtained by deducting the weighted proportion of negative answers from that of positive answers. The consumer confidence indicator is the average of the balance figures for four questions concerning the next 12 months: own and Finland's economy, household's saving possibilities and unemployment. The balance figures and the confidence indicator can range between -100 and 100. A positive balance figure denotes an optimistic and a negative balance figure a pessimistic view on the economy.

In May, 24 per cent of consumers believed that Finland's economic situation would improve in the next 12 months, while more, or 29 per cent of them, thought the country's economy would deteriorate. In May last year, the corresponding proportions were 35 and 17 per cent. In all, 28 per cent of consumers continued to believe in May that their own economy would improve and only 9 per cent feared it would worsen over the year.

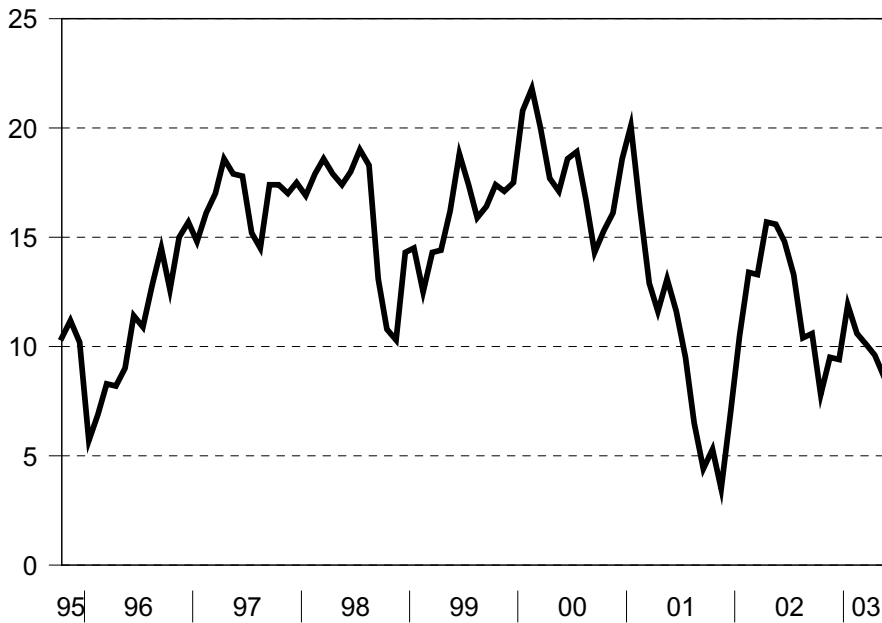
Altogether 48 per cent of consumers thought in May that unemployment would increase in the next 12 months and only 21 per cent believed it would decrease. In April, the corresponding proportions were 39 and 24 per cent and twelve months previously 26 and 31 per cent. One employed person in ten reckoned that they were personally either fairly or very likely to become unemployed within the next 12 months. Consumers predicted that the rate of inflation in May 2004 would be 1.7 per cent.

In May, 73 per cent of consumers thought the time was favourable for raising a loan and 16 per cent of households were planning to do so in the next 12 months. Altogether 59 per cent of consumers considered saving worthwhile in May. Sixty-three per cent of households had been able to lay aside some money and as many as 77 per cent of them believed they would be able to do so in the next 12 months.

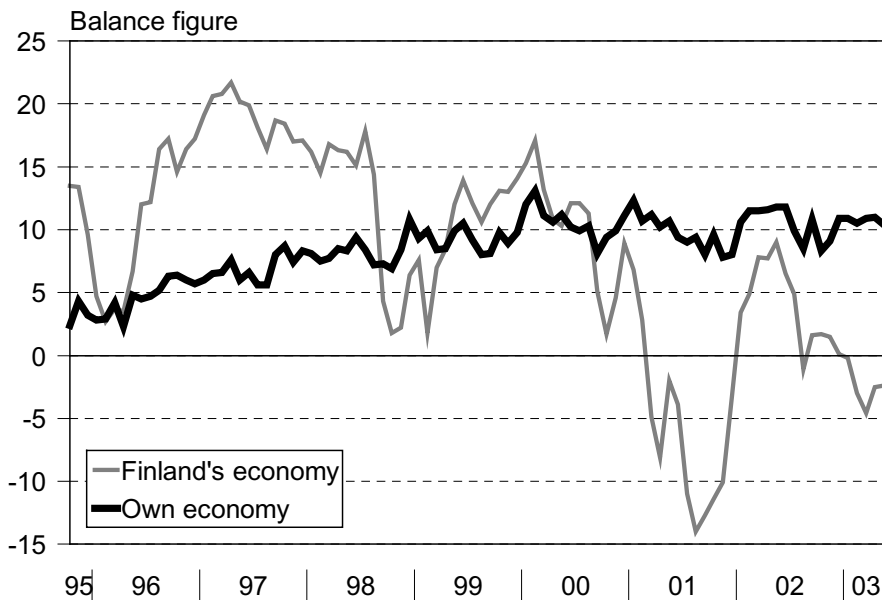
Fifty-two per cent of consumers considered May a favourable time for buying consumer durables. Twelve months before the corresponding proportion was 32 per cent. Households had plenty of

diverse plans for spending money in May on, for example, home furnishings or domestic appliances. Altogether 18 per cent of households were either fairly or very certain to buy a car and 8 per cent planned to buy a dwelling in the next 12 months.

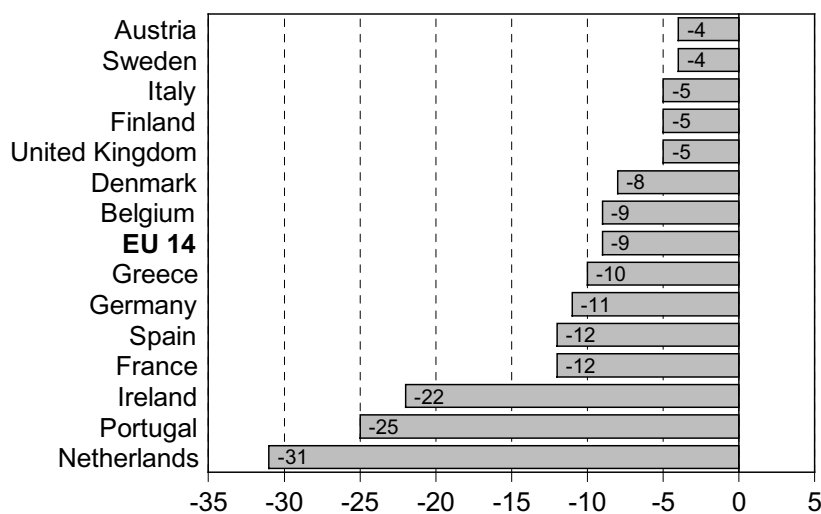
Consumer confidence indicator 10/1995-5/2003



Consumers' expectations concerning their own and Finland's economy in 12 months' time 10/1995-5/2003



Consumer confidence indicator in EU Member States, April 2003 Deviation of indicator from country average 10/1995-4/2003*



*Calculated on the basis of seasonally adjusted series.

Source: European Commission, DG ECFIN, Business and Consumer Survey Results, April 2003

http://europa.eu.int/comm/economy_finance/indicators/businessandconsumersurveys_en.htm

Source: Consumer Survey 2003, May. Statistics Finland