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Consumers' views on development of unemployment less pessimistic

Consumers' confidence in the economy was unchanged in April compared with March but stronger than one year ago. The consumer confidence indicator stood at exactly 13 in April. Of the four components of the confidence indicator, estimates about own economy and saving possibilities weakened from one month ago and correspondingly, views on Finland's economy improved slightly and pessimism about the development of unemployment decreased. The data are based on Statistics Finland's Consumer Survey, for which 1,579 persons resident in Finland were interviewed between 1 and 19 April.

Consumer views on the economic and financial conditions in Finland in April 2004

	April 2004 balance	March 2004 balance	April 2003 balance	Average 10/95-4/04
Consumer confidence indicator	13.0	12.8	9.6	13.6
Own economic situation in 12 months' time	11.2	13.1	11.0	8.8
Household's saving possibilities in the next 12 months	40.7	45.5	38.8	29.5
General economic situation in Finland in 12 months' time	8.1	7.2	-2.5	7.7
Unemployment in 12 months' time	-8.1	-14.5	-8.7	8.3
Inflation in 12 months' time, %	1.6	1.6	1.6	1.9
Personal threat of unemployment at present	2.3	1.9
Financial situation of household at present	29.7	29.6	27.8	23.6
Favourable time to make major purchases at present	32.8	27.7	31.6	19.7
Favourable time to save at present	13.3	12.5	11.3	4.0
Favourable time to raise a loan at present	35.7	30.2	34.7	21.6

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, unemployment and household's saving possibilities. 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.

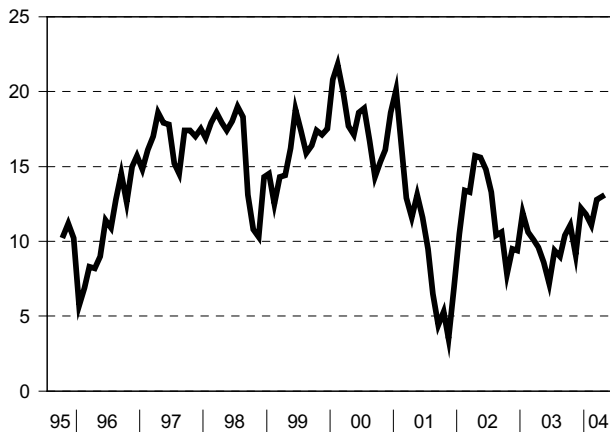
In April, 33 per cent of consumers believed that Finland's economic situation would improve in the next 12 months, while 17 per cent of them thought the country's economy would deteriorate. In April 2003 the corresponding proportions were 25 and 28 per cent. In all, 29 per cent of consumers believed in April that their own economy would improve and only 9 per cent feared it would worsen over the year.

Altogether 38 per cent of consumers thought in April that unemployment would increase in the next 12 months while 25 per cent believed it would decrease. The corresponding proportions were 46 and 20 per cent in March. Fifteen per cent of employed persons reckoned they were personally more threatened by unemployment, but only 3 per cent feared they were certain to become unemployed within the next 12 months. Consumers predicted that consumer prices would rise by 1.6 per cent in the next twelve months.

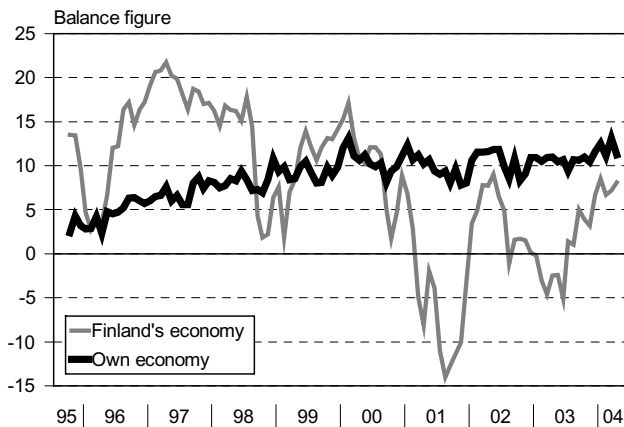
In April, 55 per cent of consumers thought the time was favourable for buying consumer durables. One month earlier, 50 per cent of consumers held this view. Households had intentions especially towards buying of entertainment electronics and home decoration. Eighteen per cent of households were either fairly or very certain to buy a car and 8 per cent a dwelling within the next 12 months.

In April, 77 per cent of consumers thought the time was favourable for raising a loan, and 14 per cent of households were planning to do so in the next 12 months. In April, 61 per cent of consumers considered saving worthwhile, and 62 per cent of households had been able to lay aside some money while 74 per cent of them believed they would be able to do so in the next 12 months.

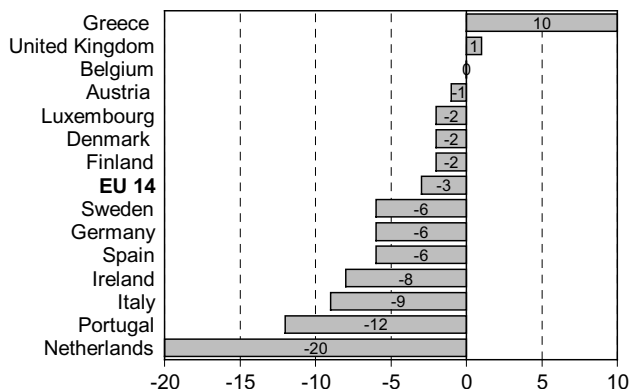
Consumer confidence indicator 10/1995-4/2004



Consumers' expectations concerning their own and Finland's economy in 12 months' time 10/1995-4/2004



Consumer confidence indicator in EU Member States, March 2004 Deviation of indicator from country average 10/1995-3/2004*



*Calculated from seasonally adjusted series. Average for Luxembourg from 1/2002-3/2004; Data for France are missing due to break in series.

Source: European Commission, DG ECFIN, Business and Consumer Survey Results, March 2004

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

Source: Consumer Survey 2004, April. Statistics Finland