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Consumers confident about their saving possibilities

Finnish consumers' confidence in the economy strengthened further in May. The consumer confidence indicator stood at 13.5 in May, or at the level of its long-term average and clearly higher than 12 months earlier. Of the four components of the confidence indicator, assessments of saving possibilities improved clearly from April, but views about their own economy, unemployment and especially about Finland's economy deteriorated. The data are based on Statistics Finland's Consumer Survey, for which 1,584 persons resident in Finland were interviewed between 3 and 18 May.

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

	May 2004 balance	April 2004 balance	May 2003 balance	Average 10/95-5/04
Consumer confidence indicator	13.5	13.0	8.6	13.6
Own economic situation in 12 months' time	10.7	11.2	10.4	8.8
Household's saving possibilities in the next 12 months	47.0	40.7	41.5	29.7
General economic situation in Finland in 12 months' time	5.7	8.1	-2.4	7.7
Unemployment in 12 months' time	-9.5	-8.1	-15.2	8.1
Inflation in 12 months' time, %	2.0	1.6	1.7	1.9
Personal threat of unemployment at present	3.4	2.3
Financial situation of household at present	30.7	29.7	29.9	23.7
Favourable time to make major purchases at present	27.2	32.8	33.1	19.8
Favourable time to save at present	15.0	13.3	12.8	4.1
Favourable time to raise a loan at present	29.6	35.7	32.7	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.

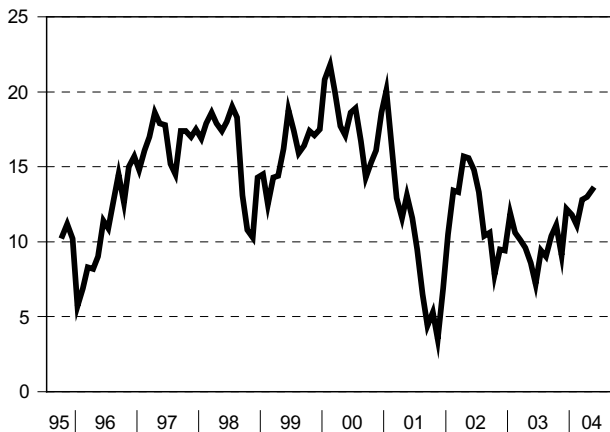
In May, 30 per cent of consumers believed that Finland's economic situation would improve in the next 12 months, while 19 per cent of them thought the country's economy would deteriorate. In May 2003 the corresponding proportions were 24 and 29 per cent. In all, 27 per cent of consumers believed in May that their own economy would improve and only 10 per cent feared it would worsen over the year.

Altogether 39 per cent of consumers thought in May that unemployment would increase in the next 12 months while 22 per cent believed it would decrease. Twelve months earlier the corresponding proportions were 48 and 21 per cent. Thirteen per cent of employed persons reckoned that their personal threat of unemployment had grown over the past few months but slightly more, or 16 per cent, of them thought it had lessened. Consumers predicted that the increase in consumer prices would accelerate to 2 per cent over the next twelve months.

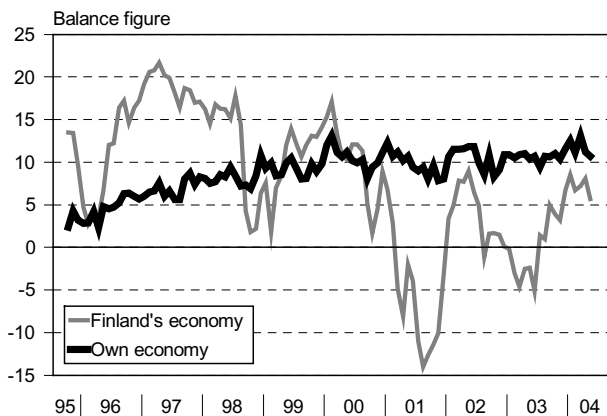
Seventy-two per cent of consumers thought the time was favourable for raising a loan in May, and 14 per cent of households were planning to do so in the next 12 months. Saving was considered worthwhile by 62 per cent of consumers, and 63 per cent of households had been able to lay aside some money while a record 79 per cent of them believed they would be able to do so in the next 12 months.

In May, 51 per cent of consumers thought the time was favourable for buying consumer durables. Households were planning to spend money especially on entertainment electronics and foreign travel. Eighteen per cent of households were either fairly or very certain to buy a car and 9 per cent a dwelling within the next 12 months.

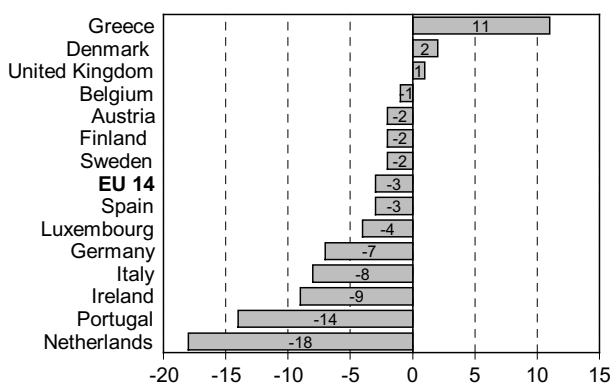
Consumer confidence indicator 10/1995-5/2004



Consumers' expectations concerning their own and Finland's economy in 12 months' time 10/1995-5/2004



Consumer confidence indicator in EU Member States, April 2004 Deviation of indicator from country average 10/1995-4/2004*



* Calculated from seasonally adjusted series. Average for Luxembourg from 1/2002-4/2004; Data for France are missing due to break in series.

Source: European Commission, DG ECFIN, Business and Consumer Survey Results, April 2004
http://europa.eu.int/comm/economy_finance/indicators/businessandconsumersurveys_en.htm

Source: Consumer Survey 2004, May. Statistics Finland