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Consumers' confidence in the economy weakened slightly in July

The strengthening of Finnish consumers' confidence in the economy halted in July. The consumer confidence indicator stood at 11.4, which is still higher than it was at the corresponding time last year. Of the four components of the confidence indicator, assessments of saving possibilities and views on unemployment grew gloomier from June, but expectations concerning own and Finland's economy remained more or less unchanged. The data are based on Statistics Finland's Consumer Survey, for which 1,565 persons resident in Finland were interviewed between 1 and 19 July.

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

	July 2004 balance	June 2004 balance	July 2003 balance	Average 10/95-7/04
Consumer confidence indicator	11.4	14.3	9.4	13.6
Own economic situation in 12 months' time	9.9	10.4	9.4	8.8
Household's saving possibilities in the next 12 months	40.8	49.8	43.4	30.0
General economic situation in Finland in 12 months' time	5.6	5.9	1.4	7.6
Unemployment in 12 months' time	-10.6	-8.9	-16.8	7.8
Inflation in 12 months' time, %	2.0	1.8	1.5	1.9
Personal threat of unemployment at present	5.1	5.2
Financial situation of household at present	29.7	31.1	31.4	23.8
Favourable time to make major purchases at present	33.7	28.8	34.9	20.0
Favourable time to save at present	11.1	13.7	9.6	4.2
Favourable time to raise a loan at present	28.8	26.3	35.6	21.7

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 July, 29 per cent of consumers believed that Finland's economic situation would improve in the next 12 months, while 18 per cent of them thought the country's economy would deteriorate. In July 2003 the corresponding proportions were 29 and 25 per cent. In all, 27 per cent of consumers believed in July that their own economy would improve and only 10 per cent feared it would worsen over the year.

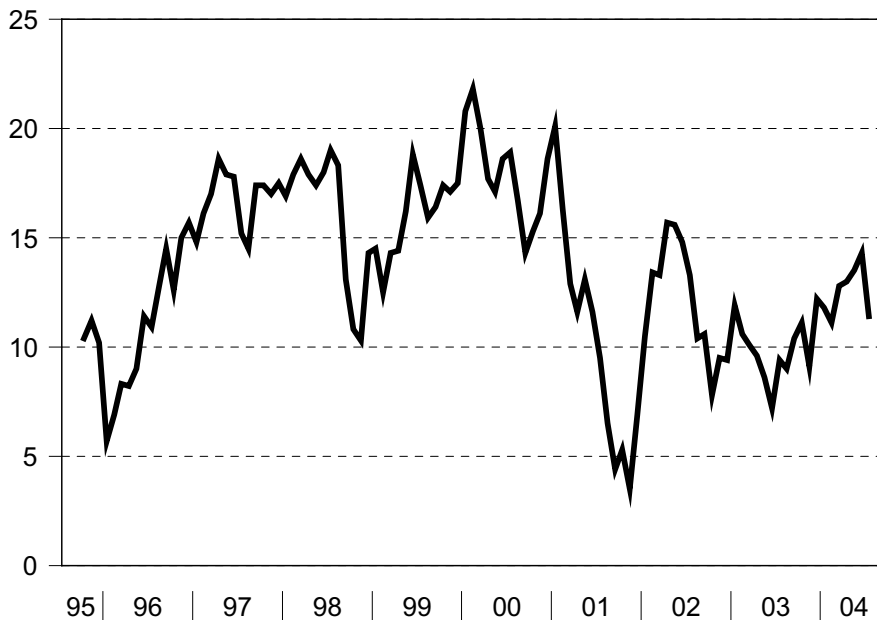
Altogether 39 per cent of consumers thought in July that unemployment would increase in the next 12 months while 20 per cent believed it would decrease. Twelve months earlier the corresponding proportions were 47 and 17 per cent. Thirteen per cent of employed persons reckoned that their personal threat of unemployment had grown while slightly more, or 17 per cent, thought it had lessened over the past few months. Consumers predicted that consumer prices would go up by exactly 2 per cent over the next 12 months.

Seventy-three per cent of consumers thought the time was favourable for raising a loan in July, and 13 per cent of households were planning to do so in the next 12 months. Saving was considered worthwhile by 59 per cent of consumers, and 63 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. One month earlier, 79 per cent of households thought they would be able to save some money.

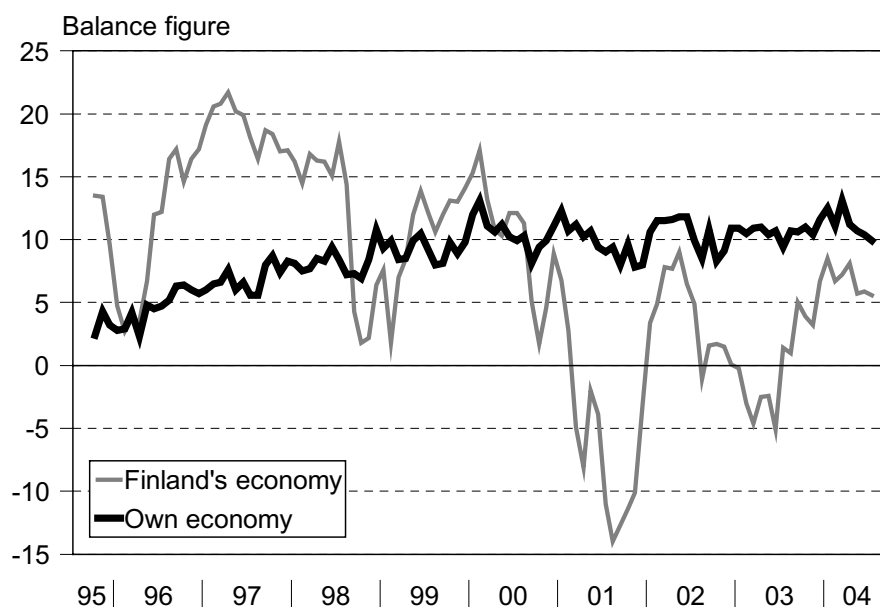
In July, 54 per cent of consumers thought the time was favourable for buying consumer durables. Households had plenty of intentions to travel, do home repairs and purchase home appliances. Nineteen

per cent of households were either fairly or very certain to buy a car and 7 per cent a dwelling within the next 12 months.

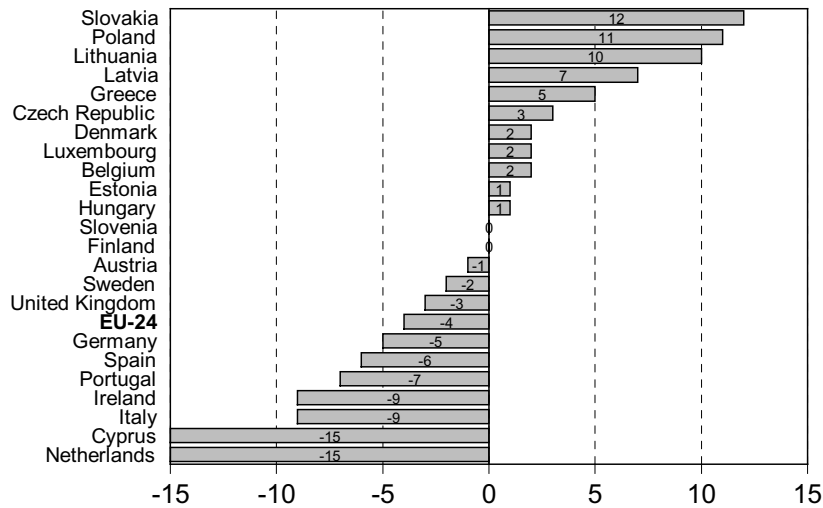
Consumer confidence indicator 10/1995-7/2004



Consumers' expectations concerning their own and Finland's economy in 12 months' time 10/1995-7/2004



Consumer confidence indicator in EU Member States, June 2004 Deviation of indicator from country average 10/1995-6/2004*



*Calculated from seasonally adjusted series. Malta does not conduct a consumer survey; Data for France are missing due to break in series.

Averages from a shorter time period: Luxembourg 1/2002-, Cyprus, Lithuania and Poland 1/2001-, Slovakia 4/1999-

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

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

Source: Consumer Survey 2004, July. Statistics Finland