

## Very strong growth in Finland in Q3

GDP grew by an impressive 1.1% QoQ and 3.6% YoY, making Finland one of the fastest growing economies in Europe at the moment.



### Now in recovery mode

Like many of the countries to experience a severe or prolonged recession over recent years, Finland is now in full recovery mode. Even though Statistics Finland has not released any specifics so far, the monthly Trend Indicator of Output shows that solid growth in most sectors has continued over the third quarter. Growth in the private and public service sector came in at 4% YoY in September, while manufacturing and construction grew by 3%.

### Constrained employment growth

Employment is estimated to have grown by just 0.5% YoY, notable in a country growing output so quickly, but indicative of the labour market issues that Finland is troubled by. Still, this results in strong productivity gains and as wage growth is constrained by the recent Competitiveness Pact, there seems some scope for competitiveness improvements. These improvements come on the back of already positive developments in net exports as growth for major trade partners such as Sweden, Russia and the rest of the Eurozone have surprised on the upside. With net exports improving and domestic demand being in full recovery mode, Finland will likely end 2017 with a growth rate of above 3%.

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