

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

Consumers' confidence stronger than average in August

Consumers' confidence in the economy has strengthened after a drop in July. The consumer confidence indicator stood at 14.8 in August, i.e. several units higher than one month or year ago. At the same time, the indicator exceeded its long-time average. All the four components of the confidence indicator improved in August compared with July. This was most visible in consumers' views about saving possibilities and development of unemployment. The data are based on Statistics Finland's Consumer Survey for which 1,532 persons resident in Finland were interviewed between 2 and 19 August.

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

	August 2004 balance	July 2004 balance	August 2003 balance	Average 10/95-8/04
Consumer confidence indicator	14.8	11.4	9.0	13.6
Own economic situation in 12 months' time	10.8	9.9	10.7	8.8
Household's saving possibilities in the next 12 months	46.7	40.8	43.4	30.2
General economic situation in Finland in 12 months' time	6.3	5.6	1.0	7.6
Unemployment in 12 months' time	-4.5	-10.6	-19.1	7.7
Inflation in 12 months' time, %	2.1	2.0	1.6	1.9
Personal threat of unemployment at present	5.9	5.1
Financial situation of household at present	30.6	29.7	30.3	23.9
Favourable time to make major purchases at present	29.4	33.7	37.7	20.1
Favourable time to save at present	12.6	11.1	11.8	4.3
Favourable time to raise a loan at present	29.9	28.8	33.9	21.8

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 August, 32 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 all, 29 per cent of consumers believed in August that their own economy would improve and only 10 per cent feared it would worsen over the year.

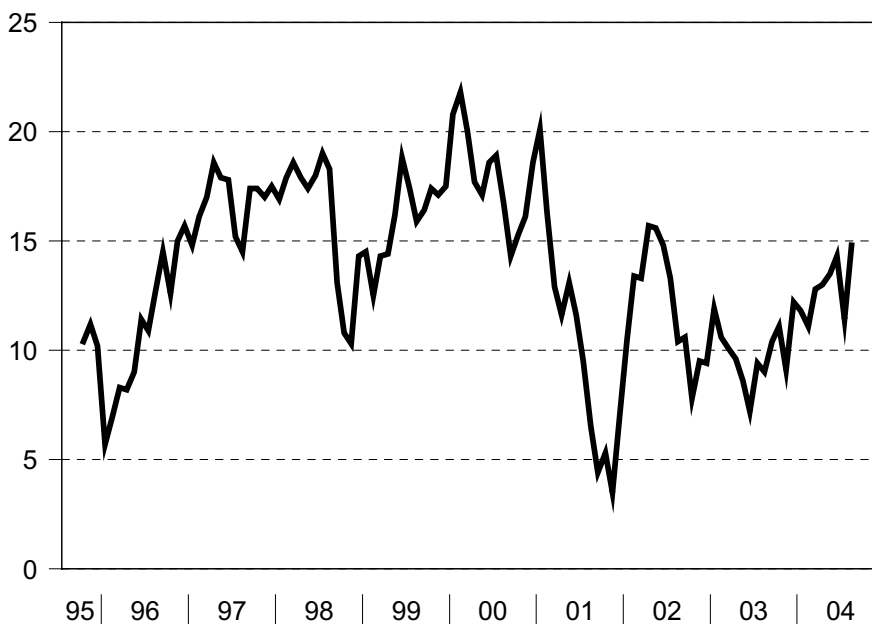
Altogether 32 per cent of consumers thought in August that unemployment would increase in the next 12 months while 25 per cent believed it would decrease. The corresponding proportions were 39 and 20 per cent in July, and 50 and 16 per cent one year ago. Eleven per cent of employed persons reckoned that 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 consumer prices would rise by 2.1 per cent in the next twelve months.

In August, 73 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 August, 60 per cent of consumers considered saving worthwhile. Sixty-three per cent of households had been able to lay aside some money while 79 per cent of them believed they would be able to do so in the next 12 months. One month previously, 74 per cent of households had thought that they would be able to save money in the coming months.

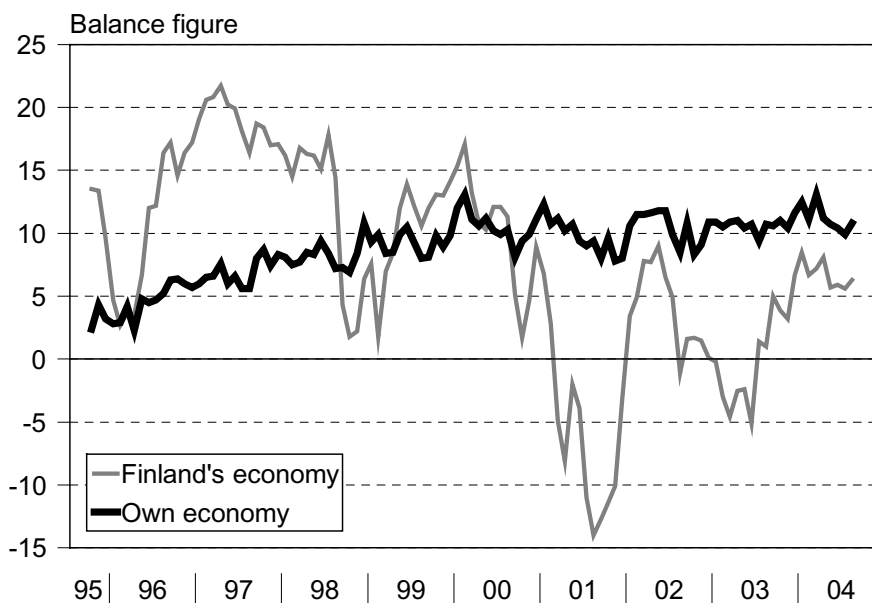
In August, 52 per cent of consumers thought the time was favourable for buying consumer durables. Households also had plenty of intentions to buy home appliances, do home repairs and travel. As many as 20 per cent of households were planning to buy a digital set-top box within the next six months. Twenty-one 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.

Detailed data about the frequency of home appliances in households are also available from Statistics Finland. The most recent data were collected in connection with the August interviews for the Consumer Survey.

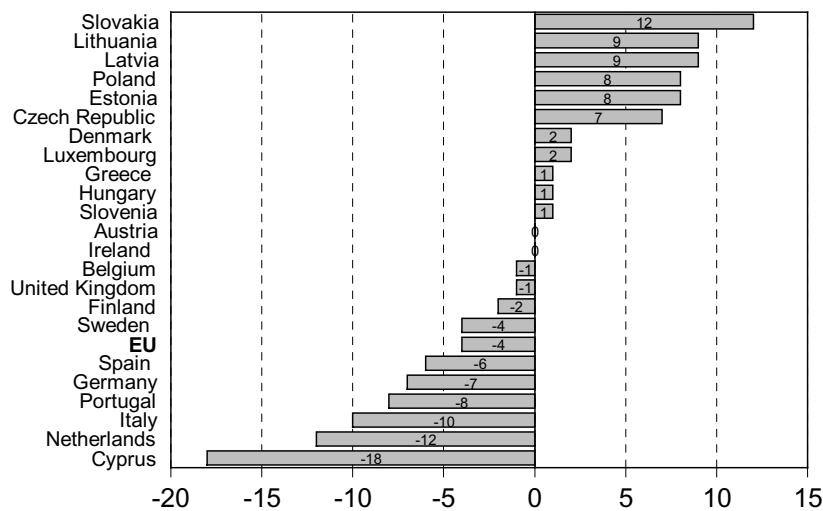
Consumer confidence indicator 10/1995-8/2004



Consumers' expectations concerning their own and Finland's economy in 12 months' time 10/1995-8/2004



Consumer confidence indicator in EU Member States, July 2004 Deviation of indicator from country average 10/1995-7/2004*



*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, July 2004

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

Source: Consumer Survey 2004, August. Statistics Finland