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Consumers' estimates of saving possibilities grew more cautious

Consumers' confidence in the economy weakened in October for the second successive month. The consumer confidence indicator stood at 9.6, having still been 14.8 in August. Of the four components of the confidence indicator, estimates about Finland's economy and especially about saving possibilities weakened in October compared to September. Consumers' views about their own economy and development of unemployment remained more or less unchanged. On the other hand, consumers no longer regarded the time as favourable as before for making major purchases. The data are based on Statistics Finland's Consumer Survey for which 1,487 persons resident in Finland were interviewed between 1 and 18 October.

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

	October 2004 balance figure	September 2004 balance figure	October 2003 balance figure	Average 10/95-10/04
Consumer confidence indicator	9.6	12.2	11.1	13.5
Own economic situation in 12 months' time	12.7	12.5	11.0	8.9
Household's saving possibilities in the next 12 months	37.6	47.9	45.2	30.4
General economic situation in Finland in 12 months' time	2.8	4.4	3.9	7.5
Unemployment in 12 months' time	-14.7	-15.8	-15.8	7.2
Inflation in 12 months' time. %	2.0	1.8	1.9	1.9
Personal threat of unemployment at present	2.5	4.3
Financial situation of household at present	27.0	30.9	30.3	23.9
Favourable time to make major purchases at present	21.8	25.7	32.5	20.2
Favourable time to save at present	14.5	14.3	12.8	4.5
Favourable time to raise a loan at present	25.6	28.3	34.1	21.9

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.

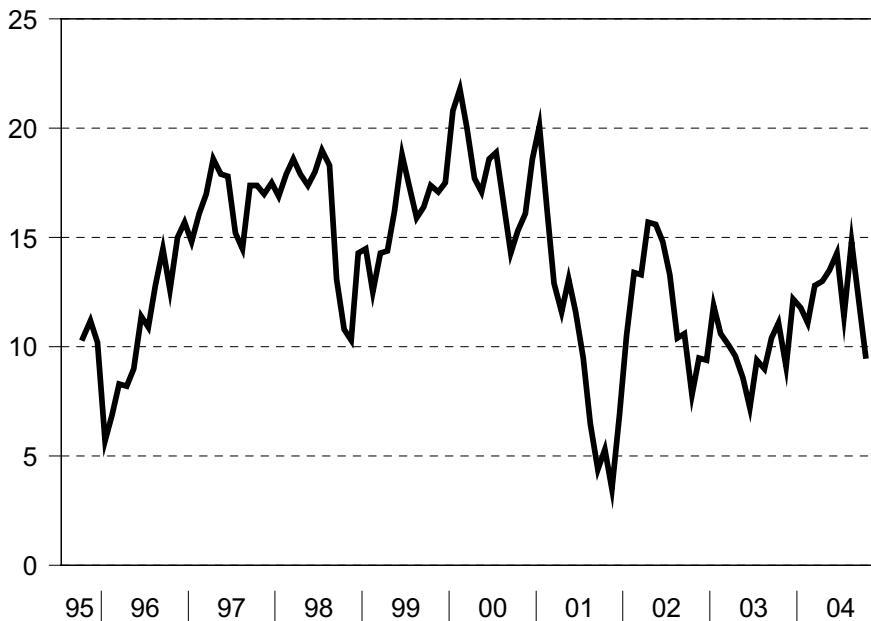
In October, 28 per cent of consumers believed that Finland's economic situation would improve in the next 12 months, while 21 per cent of them thought the country's economy would deteriorate. In all, 30 per cent of consumers believed in October that their own economy would improve and only 9 per cent feared it would worsen over the year.

Altogether 46 per cent of consumers thought in October that unemployment would increase in the next 12 months while 19 per cent believed it would decrease. Twelve per cent of employed persons reckoned that their personal threat of unemployment had grown over the past few months, but still slightly more, or 13 per cent, of them thought it had lessened. Consumers predicted that consumer prices would rise by 2 per cent in the next twelve months.

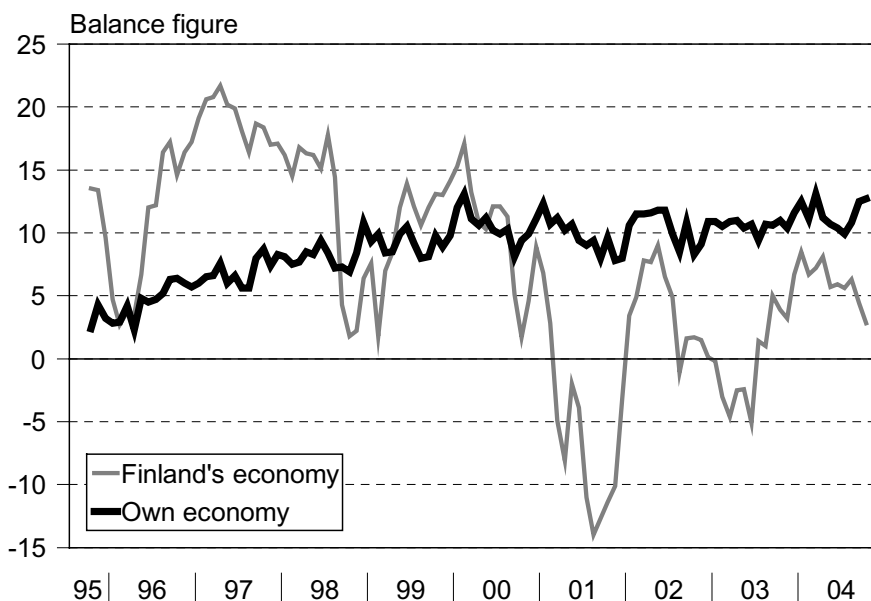
In October, slightly fewer than before, or 70 per cent, of consumers thought the time was favourable for raising a loan, and 13 per cent of households were planning to do so in the next 12 months. In October, 62 per cent of consumers considered saving worthwhile. Fifty-nine per cent of households had been able to lay aside some money and 72 per cent believed they would be able to do so in the next 12 months, whereas one month earlier the respective proportions were 65 and 80 per cent.

In October, 47 per cent of consumers thought the time was favourable for buying consumer durables. Twelve months earlier, the corresponding percentage was 55 per cent. Households still had plenty of intentions to do home repairs and purchase entertainment electronics. Intentions to purchase a dwelling were by and large unchanged, but slightly fewer consumers than before were planning to buy a car. Seventeen 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.

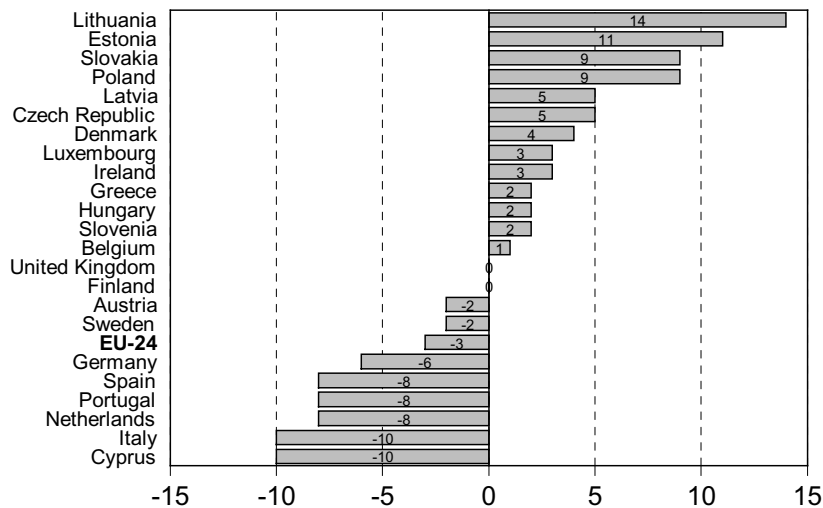
Consumer confidence indicator 10/1995-10/2004



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



Consumer confidence indicator in EU Member States, September 2004 Deviation of indicator from country average 10/1995-9/2004*



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

Averages for 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, September 2004.

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

Source: Consumer Survey 2004, October. Statistics Finland