

Finland

To accommodate a higher frequency of rating reviews during the coronavirus pandemic, Fitch is publishing scaled-down Sovereign Rating Reports that focus on data and forecasts encompassed in reviews. For the rating rationale, refer to the relevant published Rating Action Commentary (see Related Research).

Comparative Analysis - Key Indicator Charts



Note: Medians based on data for sovereigns in the respective rating category at the end of each year. Latest ratings are used for the current year and forecast period.

Source: Fitch Ratings

Ratings

Foreign Currency	
Long-Term IDR	AA+
Short-Term IDR	F1+
Local Currency	
Long-Term IDR	AA+
Short-Term IDR	F1+
Country Ceiling	
	AAA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable

Rating Derivation

Component	Outcome
Sovereign Rating Model (SRM) ^a	AA+
Qualitative Overlay (QO)	0
Structural Features	0
Macroeconomic	0
Public Finances	0
External Finances	0
Long-Term Foreign-Currency IDR	AA+

Applicable Criteria

[Sovereign Rating Criteria \(Apr 2020\)](#)
[Country Ceilings Criteria \(Jul 2019\)](#)

Related Research

[Finland Rating Action Commentary \(June 2020\)](#)
[Global Economic Outlook \(June 2020\)](#)

Financial Data

(USDbn)	2019
GDP	268.8
GDP per head (USD 000)	48.6
Population (m)	5.5
International reserves	11.4
Net external debt (% GDP)	65.7
Central government total debt (% GDP)	49.2
CG foreign-currency debt	0.0
CG domestically issued debt (EURbn)	117.2

Source: Fitch Ratings

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Comparative Analysis - Strengths & Weaknesses Table

2019	Finland AA+	AA Median ^a	AAA Median ^a	Sweden AAA	Austria AA+	France AA
Structural Features						
GDP per capita (USD, mkt exchange rates)	48,581	41,877	60,236	52,951	49,926	41,590
GNI per capita (PPP, USD, latest)	47,970	49,455	56,890	53,560	55,230	46,360
GDP (USDbn)	269	248	516	531	446	2,709
Human Development Index (percentile, latest)	94.1	89.1	95.4	96.2	89.8	86.1
Governance Indicator (percentile, latest) ^b	96.1	84.6	94.0	94.7	90.9	82.1
Broad money (% GDP)	83.1	97.4	93.3	73.5	120.9	111.2
Default record (year cured) ^c	-	-	-	-	-	-
Ease of Doing Business (percentile, latest)	90.0	88.5	93.7	95.3	86.3	83.6
Trade openness (avg. of CXR + CXP % GDP)	48.6	46.6	51.3	56.7	62.4	42.0
Gross domestic savings (% GDP)	24.3	26.4	27.8	29.7	29.0	23.2
Gross domestic investment (% GDP)	24.0	23.3	22.7	25.8	25.4	23.8
Private credit (% GDP)	94.9	101.0	119.5	132.5	85.4	105.5
Bank Systemic Risk Indicators ^d	n.a. / 1	-	-	aa / 1	bbb / 1	a / 1
Bank system capital ratio (% assets)	21.0	15.3	14.4	22.8	18.3	19.2
Foreign bank ownership (% assets)	51.7	24.3	14.8	10.2	19.4	-
Public bank ownership (% assets)	-	13.9	8.3	2.0	11.0	-
Macroeconomic Performance and Policies						
Real GDP (5yr average % change)	1.8	2.9	2.3	2.4	1.9	1.5
Volatility of GDP (10yr rolling SD)	1.7	2.1	1.9	1.9	0.9	0.7
Consumer prices (5yr average)	0.7	2.3	1.8	1.6	1.5	1.0
Volatility of CPI (10yr rolling SD)	1.1	1.3	0.8	0.6	0.8	0.8
Unemployment rate (%)	6.7	5.0	5.3	6.8	4.5	8.5
Type of exchange rate regime	Free Floating	-	-	Free floating	Free Floating	Free Floating
Dollarisation ratio (% of bank deposits)	1.0	10.4	17.3	-	5.5	-
REER volatility (10yr rolling SD)	5.9	4.4	3.6	3.7	2.6	2.2
Public Finances^e						
Budget balance (% GDP)	-1.1	-0.4	-0.2	0.5	0.7	-3.0
Primary balance (% GDP)	-0.3	1.5	1.3	0.9	2.2	-1.6
Gross debt (% revenue)	113.9	107.0	116.0	70.5	143.7	186.6
Gross debt (% GDP)	59.4	38.8	44.5	35.1	70.4	98.4
Net debt (% GDP)	58.5	27.6	38.1	29.3	67.5	95.3
Foreign-currency debt (% total debt)	0.0	0.7	0.0	16.2	0.0	0.0
Interest payments (% revenue)	1.6	4.0	4.0	0.8	2.9	2.7
Revenues and grants (% GDP)	52.2	40.1	43.3	49.8	49.0	52.7
Volatility of revenue/GDP ratio	1.9	4.5	2.3	1.1	1.3	2.2
Central government debt maturities (% GDP)	11.7	7.0	8.0	10.2	5.7	13.9
External Finances						
Current account balance + net FDI (% GDP)	0.6	0.6	2.1	3.5	1.2	-0.2
Current account balance (% GDP)	-0.8	1.6	5.0	3.9	2.6	-0.7
Net external debt (% GDP)	65.7	-8.3	16.2	58.0	14.2	42.5
Gross external debt (% CXR)	487.5	247.5	326.8	284.6	242.1	636.0
Gross sovereign external debt (% GXD)	20.2	15.4	12.1	7.0	45.2	26.4
Sovereign net foreign assets (% GDP)	52.3	4.3	-6.6	21.1	-49.7	-45.3
Ext. interest service ratio (% CXR)	4.1	5.1	8.0	2.3	3.8	7.6
Ext. debt service ratio (% CXR)	59.3	27.8	44.2	38.9	36.1	61.0
Foreign-exchange reserves (months of CXP)	1.0	2.9	1.3	2.3	1.0	2.0
Liquidity ratio (latest) ^f	43.8	55.0	49.8	80.4	46.9	47.6
Share of currency in global reserves (%)	20.5	-	-	-	20.5	20.5
Commodity export dependence (% CXR, latest)	18.5	16.8	14.0	15.0	11.2	10.6
Sovereign net foreign-currency debt (% GDP)	-4.3	-7.8	-4.0	-4.8	-5.3	-7.0

^a Medians based on three-year centred averages.

^b Composite of six World Bank Governance Indicators used in the Sovereign Rating Model: Government Effectiveness; Rule of Law; Control of Corruption; Voice and Accountability; Regulatory Quality; and Political Stability and Absence of Violence.

^c For further details on this indicator, please refer to the Sovereign Rating Criteria (see paragraphs for the SRM variable for Years since default or restructuring).

^d Bank systemic indicator, which equates to a weighted-average Viability Rating; and macro-prudential indicator, with 1 'low' systemic risk through to 3 'high'.

^e General government unless stated.

^f Ratio of liquid external assets, defined as the stock of official FX reserves including gold at the end of the previous calendar year plus banks' liquid external assets, to liquid external liabilities, defined as scheduled external debt service in the current year, plus the stock of short-term external debt and all non-resident holdings of marketable medium- and long-term local-currency debt at the end of the previous calendar year.

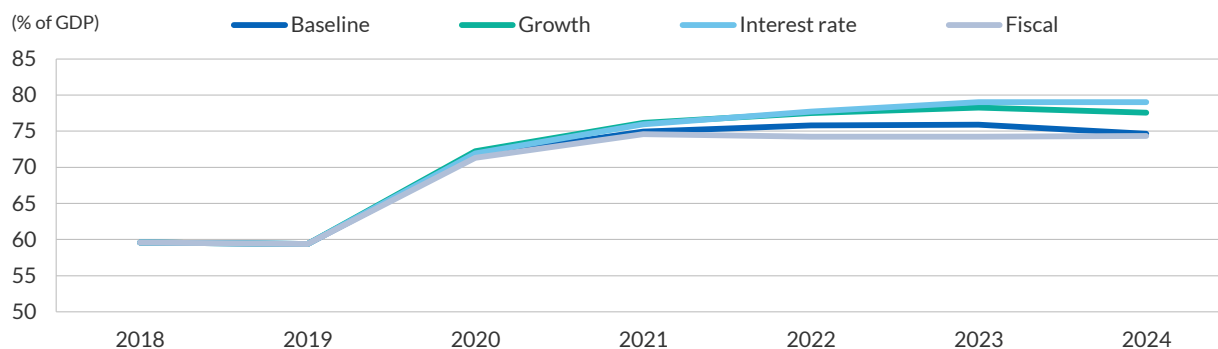
Note: Acronyms used: consumer price inflation (CPI), gross domestic product (GDP), current external receipts (CXR), current external payments (CXP), gross national income (GNI), purchasing power parity (PPP), standard deviation (SD), foreign direct investment (FDI).

Source: Fitch Ratings

Public Debt Dynamics

Sensitivity Analysis

Gross general government debt



Source: Fitch Ratings' Debt Dynamics Model

Fitch uses stylised projections for a sovereign's gross general government debt/GDP ratio to illustrate the sustainability of its debt burden and its sensitivity to economic growth, the cost of borrowing, fiscal policy and the exchange rate.

Debt Dynamics - Fitch's Baseline Assumptions

	2019	2020	2021	2022	2023	2024
Gross general government debt (% of GDP)	59.4	71.6	75.0	75.8	75.9	74.6
Primary balance (% of GDP)	-0.3	-6.3	-4.4	-3.5	-2.5	-1.0
Real GDP growth (%)	1.0	-6.1	3.2	2.5	1.7	1.5
Avg. nominal effective interest rate (%)	1.5	1.2	0.9	0.6	0.5	0.4
EUR/USD (annual avg)	0.9	0.9	0.9	0.9	0.9	0.9
GDP deflator	1.8	0.3	1.2	1.8	2.0	2.0

Source: Fitch Ratings

Debt Sensitivity Analysis - Fitch's Scenario Assumptions

Growth	GDP growth 1% lower (half standard deviation lower)
Interest rate	Marginal interest rate 250bp higher
Fiscal	Slower fiscal consolidation. Long-term average headline fiscal deficit at 3.0% of GDP.

Source: Fitch Ratings

Detailed Data Tables

Forecast Summary

	2015	2016	2017	2018	2019	2020F	2021F
Macroeconomic Indicators and Policy							
Real GDP growth (%)	0.5	2.7	3.1	1.6	1.0	-6.1	3.2
Unemployment (%)	9.4	8.8	8.6	7.4	6.7	8.0	7.8
Consumer prices (annual average % change)	-0.2	0.4	0.8	1.2	1.1	0.3	1.2
Short-term interest rate (bank policy annual avg) (%)	0.1	0.0	0.0	0.0	0.0	0.0	0.0
General government balance (% of GDP)	-2.4	-1.7	-0.7	-0.9	-1.1	-7.1	-5.1
General government debt (% of GDP)	63.6	63.2	61.3	59.6	59.4	71.6	75.0
EUR per USD (annual average)	0.9	0.9	0.9	0.8	0.9	0.9	0.9
Real effective exchange rate (2000=100)	104.0	99.9	92.3	97.0	93.4	93.4	93.6
Real private sector credit growth (%)	2.2	2.3	2.4	2.2	2.2	2.7	2.0
External Finance							
Current account balance (% of GDP)	-0.9	-2.0	-0.8	-1.6	-0.8	-2.3	-1.7
Current account balance plus net FDI (% of GDP)	6.8	-7.6	0.5	-6.6	0.6	-4.0	-1.7
Net external debt (% of GDP)	64.9	64.3	74.9	65.0	65.7	75.6	74.1
Net external debt (% of CXR)	149.6	150.0	163.8	139.3	136.4	162.1	158.8
Official international reserves including gold	10,020	10,486	10,507	10,309	11,427	13,696	11,610
Official international reserves (months of CXP cover)	1.2	1.2	1.1	0.9	1.0	1.4	1.1
External interest service (% of CXR)	6.8	5.6	4.5	4.1	4.1	4.7	4.5
Gross external financing requirement (% int. reserves)	607.2	674.1	691.4	584.1	713.5	694.8	586.1
Real GDP growth (%)							
US	2.9	1.6	2.4	2.9	2.3	-5.4	4.0
China	6.9	6.7	6.9	6.7	6.1	0.7	7.9
Eurozone	2.1	2.0	2.4	1.9	1.2	-8.2	4.4
World	2.9	2.6	3.4	3.2	2.7	-4.6	5.1
Oil (USD/barrel)	52.4	45.1	54.9	71.5	64.1	35.0	45.0

Source: Fitch Ratings

Detailed Data Tables

Fiscal Accounts Summary

% of GDP	2016	2017	2018	2019	2020F	2021F
General government						
Revenue	53.9	53.1	52.5	52.2	51.9	52.4
Expenditure	55.7	53.8	53.4	53.3	59.0	57.5
o/w interest payments	1.1	1.0	0.9	0.9	0.8	0.7
Primary balance	-0.6	0.3	0.1	-0.3	-6.3	-4.4
Overall balance	-1.7	-0.7	-0.9	-1.1	-7.1	-5.1
General government debt						
% of general government revenue	117.2	115.5	113.4	113.9	138.1	143.1
Central government deposits	1.3	1.5	1.4	0.9	2.5	2.4
Net general government debt	61.9	59.8	58.2	58.5	69.2	72.6
Central government						
Revenue	24.7	24.8	24.8	24.6		
o/w grants	0.0	0.4	0.9	1.2		
Expenditure and net lending	27.3	26.5	26.0	25.8		
o/w current expenditure and transfers	25.8	25.0	24.5	24.3		
- interest	1.0	1.0	0.9	0.8		
o/w capital expenditure	1.8	1.8	1.8	1.6		
Current balance	-1.1	-0.3	0.2	0.3		
Primary balance	-1.6	-0.8	-0.4	-0.4		
Overall balance	-2.6	-1.8	-1.2	-1.2		
Central government debt						
% of central government revenues	217.8	211.2	201.7	200.0		
Central government debt						
	116,989	118,080	116,763	118,183		
By residency of holder						
Domestic	14,039	14,170	17,893	18,313		
Foreign	102,950	103,910	98,870	99,870		
By currency denomination						
Local-currency	116,989	118,080	116,763	118,183		
Foreign-currency	0	0	0	0		
in USD equivalent (eop exchange rate)	0	0	0	0		
Average maturity (years)	6.0	6.1	6.5	6.3		
Memo:						
Nominal GDP (EURbn)	217	226	234	240	226	236

Source: Fitch Ratings estimates and forecasts and Ministry of Finance

Detailed Data Tables

External Debt and Assets

(USD Billions)	2014	2015	2016	2017	2018	2019
Gross external debt	682.8	584.3	525.0	483.5	623.3	631.5
% of GDP	248.7	249.1	218.2	190.0	226.0	235.0
% of CXR	546.6	574.7	509.3	415.2	484.6	487.5
By maturity						
Medium- and long-term	313.0	313.3	352.9	284.4	357.6	368.9
Short-term	369.8	271.0	172.2	199.1	265.7	262.6
% of total debt	54.2	46.4	32.8	41.2	42.6	41.6
By debtor						
Sovereign	156.5	137.5	129.4	146.6	129.9	127.6
Monetary authorities	0.0	0.0	0.0	0.0	0.0	0.0
General government	156.5	137.5	129.4	146.6	129.9	127.6
o/w central government	123.1	109.8	108.5	124.6	113.2	112.2
Banks	435.5	350.2	313.3	234.2	396.7	405.3
Other sectors	90.8	96.6	82.3	102.6	96.7	98.6
Gross external assets (non-equity)	513.3	432.2	370.3	292.8	444.1	454.8
International reserves, incl. gold	10.7	10.0	10.5	10.5	10.3	11.4
Other sovereign assets nes	108.4	137.8	94.1	134.2	119.7	134.9
Deposit money banks' foreign assets	348.6	271.2	220.0	94.4	261.5	254.6
Other sector foreign assets	45.6	52.0	45.8	53.6	52.6	53.9
Net external debt	169.5	152.2	154.7	190.7	179.2	176.7
% of GDP	61.8	64.9	64.3	74.9	65.0	65.7
Net sovereign external debt	37.4	28.5	24.9	1.9	-0.2	-18.7
Net bank external debt	86.9	79.0	93.2	139.8	135.2	150.7
Net other external debt	45.2	44.6	36.5	49.0	44.2	44.6
Net international investment position	-7.9	3.5	19.6	3.7	-17.8	4.7
% of GDP	-2.9	1.5	8.1	1.4	-6.4	1.7
Sovereign net foreign assets	100.1	96.7	104.5	130.4	119.6	140.7
% of GDP	36.5	41.2	43.4	51.2	43.4	52.3
Debt service (principal & interest)	70.1	69.6	68.4	75.9	62.1	76.8
Debt service (% of CXR)	56.1	68.4	66.3	65.2	48.3	59.3
Interest (% of CXR)	7.2	6.8	5.6	4.5	4.1	4.1
Liquidity ratio (%)	41.2	36.0	35.6	36.4	25.1	43.8
Net sovereign FX debt (% of GDP)	-3.9	-4.3	-4.4	-4.1	-3.7	-4.3
Memo:						
Nominal GDP	274.5	234.6	240.6	254.5	275.8	268.8
Inter-company loans	56.0	65.7	52.2	68.3	59.0	62.4

Source: Fitch Ratings estimates and forecasts, Central Bank, IMF and World Bank

Detailed Data Tables

Balance of Payments

(USD Billions)	2016	2017	2018	2019	2020F	2021F
Current account balance	-4.9	-1.9	-4.5	-2.0	-5.6	-4.5
% of GDP	-2.0	-0.8	-1.6	-0.8	-2.3	-1.7
% of CXR	-4.7	-1.7	-3.5	-1.6	-4.9	-3.7
Trade balance	0.0	1.7	0.3	2.9	-1.7	-0.6
Exports, fob	58.3	67.0	74.3	72.6	60.2	66.1
Imports, fob	58.3	65.3	74.0	69.7	61.8	66.7
Services, net	-3.1	-1.4	-3.0	-1.6	-1.1	-0.8
Services, credit	25.4	28.9	32.2	34.8	33.2	32.6
Services, debit	28.5	30.3	35.2	36.4	34.2	33.4
Income, net	1.0	0.1	1.0	-0.6	-0.3	-0.5
Income, credit	17.8	18.3	20.3	20.4	19.9	19.6
Income, debit	16.8	18.2	19.3	21.0	20.2	20.2
O/w: interest payments	5.7	5.3	5.3	5.3	5.4	5.4
Current transfers, net	-2.8	-2.3	-2.8	-2.7	-2.5	-2.5
Capital and Financial Accounts:						
Non-debt-creating inflows (net)	-8.5	-0.2	-3.3	-7.0	1.1	0.0
o/w equity FDI	0.0	3.3	-6.8	1.2	2.2	2.2
o/w portfolio equity	-8.5	-3.6	3.6	-8.2	-1.1	-2.2
o/w other flows	0.3	0.2	0.2	0.2	0.2	0.2
Change in reserves	0.7	-0.4	-0.1	0.6	2.3	-2.1
Gross external financing requirement	67.5	72.5	61.4	73.6	79.4	80.3
Stock of international reserves, incl. gold	10.5	10.5	10.3	11.4	13.7	11.6

Source: Fitch Ratings estimates and forecasts and IMF

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