



JUNE 2010 ECONOMIC OUTLOOK FOR ESTONIA: ANSWERS FROM ETTK

MAIN FORECAST						
<i>Annual % change</i>		2010	2011			
Real GDP growth		1,0	3,5			
Consumer price inflation		0,9	2,0			
Unemployment rate		16,0	15,5			
Employment growth		-2,3	1,4			
government net lending (% of GDP)		6,5	9,0			
gross public debt (% of GDP)		8,0	11,0			
current account balance (% of GDP)		0,5	-4,0			
Components of aggregate demand - in real terms						
<i>Annual % change</i>		2010	2011			
Private consumption		-4,0	4,5			
Public consumption		-1,2	-1,0			
Private non-residential investment		-4,0	13,0			
Exports		6,5	9,0			
Imports		4,0	8,0			
ECONOMIC SENTIMENT						
	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>			
Trend in business climate over the next 6 months	Industry					
	Services					
	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>			
Trend in profitability over the next 6 months	Industry					
			Services			
	<i>Global demand</i>	<i>Domestic demand</i>	<i>Cost of finance</i>	<i>Availability of finance</i>	<i>Company Profitability</i>	<i>Capacity Utilisation</i>
Influence on companies' investment decisions	positive	negative	neutral	negative	negative	negative
	<i>Replacement</i>	<i>Extension</i>	<i>Rationalisation</i>	<i>Innovation</i>		
Driving force behind investment decisions in the next 6 months	neutral	neutral	neutral	positive		
	<i>Industry: past 6 months</i>	<i>Industry: next 6 months</i>	<i>Services: past 6 months</i>	<i>Services: next 6 months</i>		
Overall trend in employment	Down	Up	Down	Up		



POLICY MIX					
	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i> yes	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>	<i>adequate</i>	<i>inadequate</i>			
<i>Consistency between fiscal and monetary policies</i>	yes				
	<i>excellent commitment</i>	<i>satisfactory commitment</i>	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Regarding the sustainability of public finances, government shows ...</i>		yes			
<i>Exit Strategies</i>	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor insufficient focus</i>	<i>insufficient focus</i>	<i>so far ignored</i>
<i>Tight fiscal rules and more effective institutions</i>		yes			
<i>Greater efficiency of public administrations</i>			yes		
<i>Credible cost-cutting measures</i>		yes			
<i>Increased scope of public-private partnerships</i>			yes		
<i>Reform of pension systems</i>			yes		
<i>Improved efficiency of healthcare sector</i>				yes	
<i>Entry Strategies</i>	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor insufficient focus</i>	<i>insufficient focus</i>	<i>so far ignored</i>
<i>More and better-targeted education and training</i>				yes	
<i>More and better targeted R&D and innovation efforts</i>				yes	
<i>Prioritisation of infrastructure investments</i>			yes		
<i>Growth enhancing tax reforms</i>				yes	
	<i>respect the 3% limit</i>	<i>be in balance</i>			
<i>In 2015, the government deficit will...</i>	yes	yes			

ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH				
<i>Compared to 6 months ago, cost/access to finance has been...</i>	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>			Cost	Access
<i>for larger companies (>250 employees)</i>			Access	Cost
<i>Over the next 6 months, cost /access to finance will be...</i>	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>				Cost
				Access
<i>for larger companies (>250 employees)</i>				Cost
				Access