

Contents

ECONOMIC FORECAST FOR 2010-2012

SUMMARY	4
EXTERNAL ENVIRONMENT.....	6
BASELINE FORECAST SCENARIO	8
Economic activity	8
<i>Box 1. Estonia's potential GDP and its growth</i>	11
Domestic demand.....	14
Private consumption	14
Investment.....	15
Stocks.....	16
External balance and competitiveness	16
Labour market	18
Employment and productivity	18
Unemployment	19
Wages and labour costs	20
Prices	20
Administered prices	21
Food	21
Energy	22
Manufactured goods	22
Services.....	22
General government.....	22
General government income	23
Fiscal balance and debt	23
<i>Box 2. The effect of the debt burden on medium-term economic growth</i>	24
Banking sector and financing of the economy.....	26
Credit supply	26
Credit demand.....	27
RISKS TO THE BASELINE SCENARIO.....	28