

Decrease of the GDP decelerated in the 3rd quarter

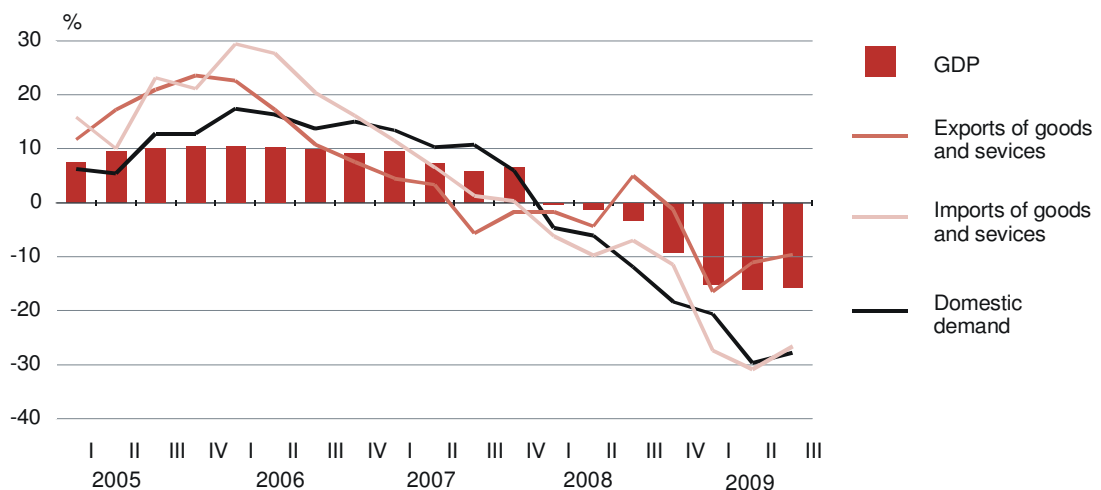
According to the first estimates of Statistics Estonia, the gross domestic product (GDP) of Estonia decreased by 15.6% in the 3rd quarter of 2009 compared to the same quarter in the previous year. The GDP decreased successively for seven quarters, still the decrease decelerated in the 3rd quarter.

In the 1st quarter of the current year the GDP decreased by 15.0% and in the 2nd quarter by 16.1%.

In the 3rd quarter compared to the 2nd quarter, the seasonally and working-day adjusted GDP decreased by 3.0%. The decrease of the GDP compared to the previous quarter decelerated. In the 1st quarter this year the GDP decreased by 6% and in the 2nd quarter by 3.4% compared to the previous quarter.

In the 3rd quarter, the GDP at current prices was 53.22 billion kroons.

Real growth of the GDP and of its components, 1st quarter 2005 – 3rd quarter 2009



Compared to the 3rd quarter of the previous year, the decrease in the GDP was continuously influenced by weak domestic and external demand. The domestic demand decreased by 28%, but the decrease decelerated (domestic demand decreased by 30% in the 2nd quarter). Household final consumption expenditures decreased by 20%. Expenditures decreased in all expenditure divisions, but the decrease in expenditures on transport had the biggest effect as it accounts for more than a quarter in the total sum of the decrease in household final consumption expenditures.

The gross fixed capital formation decreased by 37% (39% in the 2nd quarter), whereas the decrease in investments in non-financial corporations' and general government sectors had the biggest influence on it. By fixed assets, investments decreased the most in transport equipment and other machinery and equipment. Corporations' inventories decreased continuously fast in the 3rd quarter.

External demand on the Estonian goods and services was continuously weak in the 3rd quarter. Exports of goods and services decreased by a tenth in real terms. The decrease in exports of goods decelerated (-10% in the 3rd quarter, -13% in the 2nd quarter). The decrease in exports of basic metals, electrical equipment, radio, TV and communication appliances and motor vehicles had the biggest impact on the decrease in exports of goods. Fast growth of exports of refined petroleum products contributed substantially to the deceleration of the decrease in exports of goods. The decrease in imports of goods and services decelerated (-27% in the 3rd quarter,

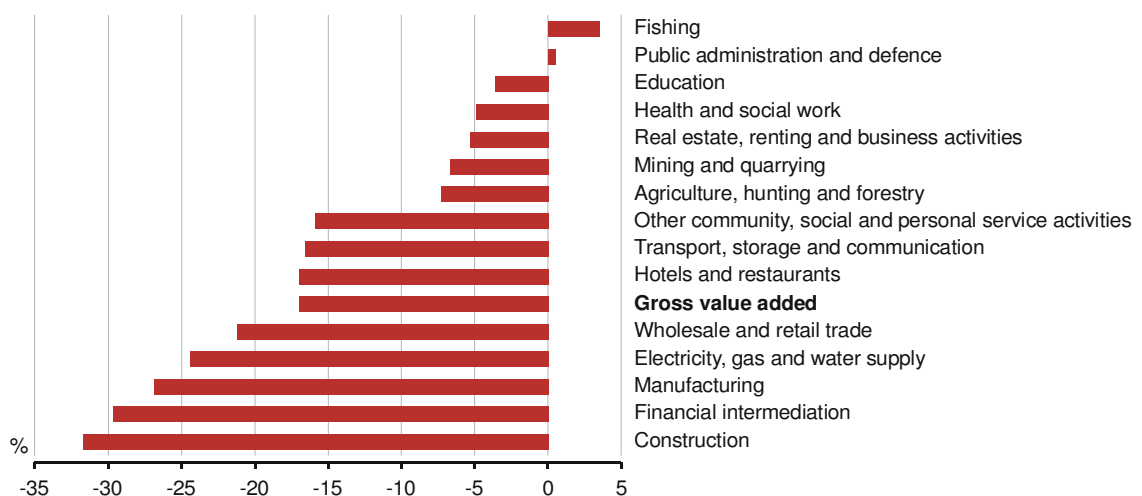
-31% in the 2nd quarter). Imports of goods decreased by 26%, whereas the decrease in imports of motor vehicles, basic metals, electrical equipment, radio, TV and communication appliances and machinery and equipment had the biggest influence. Imports of refined petroleum products increased. The decrease in imports and exports of services accelerated in the 3rd quarter. The share of net exports in the GDP was 6.7% and it has been positive since the 1st quarter this year.

The value added increased only in two economic activities: in public administration and defence and in fishing. The decrease in the value added decelerated in agriculture and forestry, mining, manufacturing, hotels and restaurants, real estate and business activities and in other services. The share of the economic activities where the value added increased or its decrease decelerated was 64% in the 3rd quarter.

Although the decrease in the value added decelerated in manufacturing, it still decreased fast. Only the value added in construction and financial intermediation decreased faster.

In the 3rd quarter, the value added in manufacturing decreased by 27% compared to the same quarter of the previous year (in the 2nd quarter 31%, respectively). The decrease in the value added in the majority of activities of manufacturing decelerated, whereas in the production of transport vehicles, machinery and equipment and refined petroleum products accelerated. The value added in manufacturing decreased due to the weak domestic demand and by virtue of that, the decrease in orders. At the same time, exports of goods of this activity slightly improved. The value added of the financial intermediation decreased due to the decrease in the financial and interest income and fees and commissions' income of the enterprises operating in this economic activity. The decrease of the value added of construction activity was caused mainly by the decreased volumes in dwelling construction on domestic construction market. The construction of civil engineering decreased more compared to the previous periods.

Real growth of the value added of economic activities, 3rd quarter 2009



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More detailed data have been published in
the Statistical Database
(<http://www.stat.ee/database>).