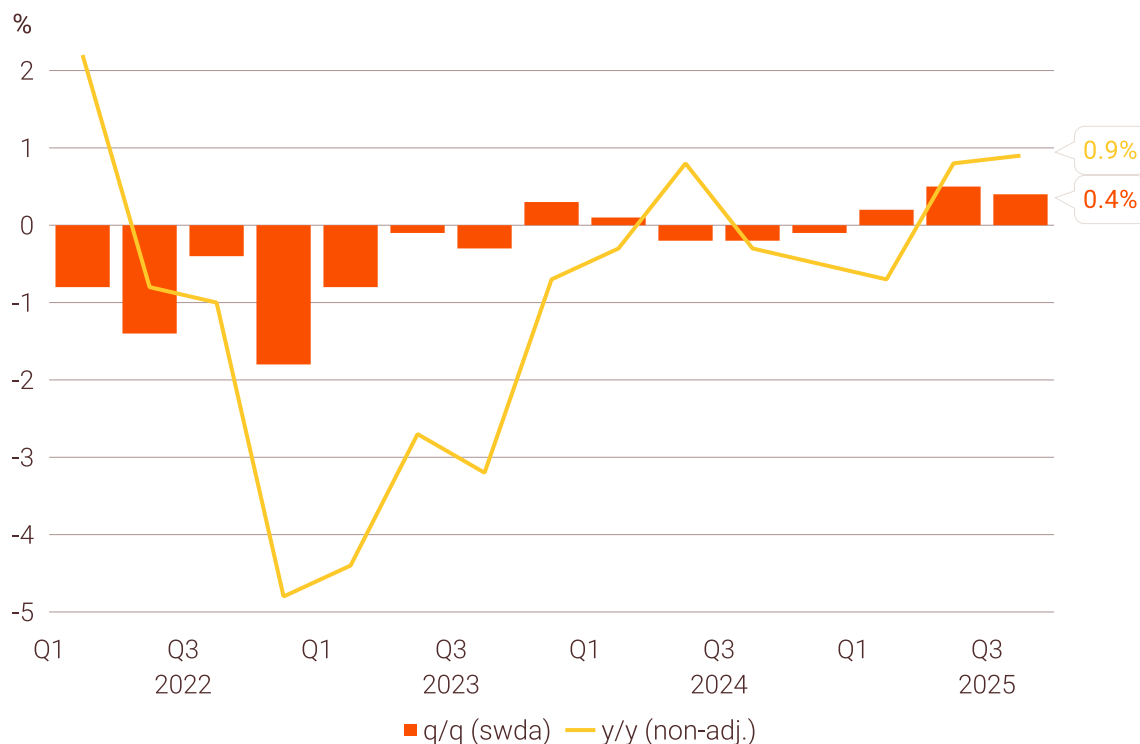


Estonia's economic momentum strengthens

Stronger private consumption and government investments will boost the growth in 2026

Estonia: real GDP



Sources: Swedbank Research & Macrobond

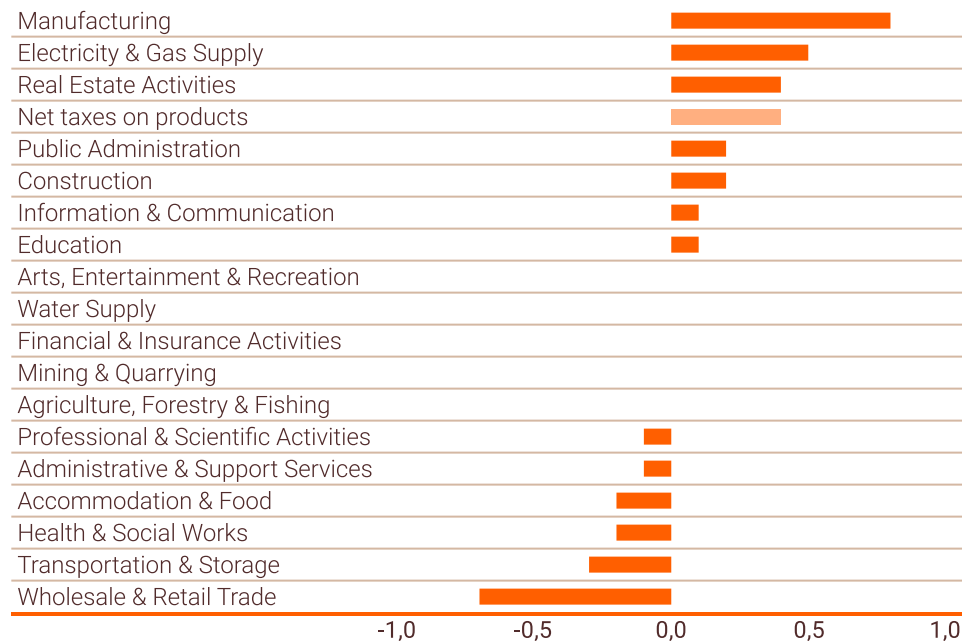
- In Q3 2025, Estonian GDP increased by 0.9% y/y and by 0.4% q/q (seasonally and working day adjusted - swda) in real terms, according to Statistics Estonia. In the first three quarters, real GDP grew by 0.3% over the year.
- Growth in domestic demand was mainly driven by strong government consumption and investment.
- Private consumption was lower than a year ago. However, a long-awaited increase in consumer confidence during autumn was likely supported by positive outlook for household finances next year – easing of inflation and personal income tax changes. Real net wages are expected to grow strongly next year, supporting household confidence, housing market activity, and private consumption.
- Investments decreased somewhat in the third quarter. While household and government investments increased, non-financial corporations' investments fell over the year. Still, strong credit growth by both nonfinancial corporations and households should support higher investment ahead. The massive fiscal stimulus will help speed up economic growth in 2026.
- Export growth was strong in the third quarter and slightly outpaced import growth. Both goods and services exports increased over the year. Despite global trade tensions, we expect foreign demand to continue improving, allowing Estonia's export sector to sell more goods and services next year.
- We expect Estonian economy to grow by 0.6% this and by 2.3% next year.

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Export opportunities are improving despite global trade tensions

Contributions to GDP growth, 2025Q3, pp



Sources: Swedbank Research & Macrobond

Exports, consumption and investments

real, y/y %



Sources: Swedbank Research & Macrobond

- Value added of the nonfinancial corporations remained unchanged over the year. Largest contribution to GDP growth came from manufacturing, supported by an improving economy and better export opportunities. Meanwhile, wholesale and retail trade slowed GDP growth the most, as private consumption is still sluggish.
- Growth in domestic demand was mainly driven by government consumption (+3.4% y/y) and investment. Private consumption was 0.6% lower than a year ago. However, consumer confidence improved notably in autumn, supported by a more positive outlook for household finances next year due to easing inflation and changes to personal income tax (PIT). The planned increase and equalisation of the PIT exemption threshold will reduce the tax burden and boost household income. Real net wages are expected to grow strongly next year, supporting confidence, housing market activity, and private consumption.
- Investments fell by 0.7% y/y in the third quarter, supported by household and government investment but constrained by weaker investment from nonfinancial corporations. Household investments were boosted by strong housing demand, while transportation investment by both households and nonfinancial corporations declined due to vehicle tax. Still, strong credit growth by both nonfinancial corporations and households should support higher investment ahead. The massive fiscal stimulus will help speed up economic growth in 2026.
- Export growth was strong in the third quarter (+5.7% y/y) and slightly outpaced import growth (+5.6%). Both goods and services exports increased over the year. Despite global trade tensions, we expect foreign demand to continue improving, allowing Estonia's export sector to sell more goods and services next year.

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