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The Forward Exchange Market in Finland

Recent Trends in the Use of Cash in Transactions

Developments in Deposit Accounts

The Forward Exchange Market in Finland by Nina Lindroos	3
Recent Trends in the Use of Cash in Transactions by Matti Virén	7
Developments in Deposit Accounts by Helka Jokinen	11
Monetary and foreign exchange policy measures from October 1988 to September 1989	15
Finland in brief	18
Statistics	S1
Charts	S27

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THE FORWARD EXCHANGE MARKET IN FINLAND

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The Finnish forward exchange market has developed rapidly in the 1980s. Interest in forward cover has been especially strong among export companies, though in the past few years interest among foreign investors in purchasing forward markkaa has also grown notably. Recently, the liberalization of the financial markets and the development of various derivative instruments seem to have had an impact on the level of forward market activity, particularly on domestic companies' forward currency sales to banks.

This article examines the foreign exchange regulations governing forward exchange transactions and discusses the development of the Finnish forward market. It then goes on to describe recent changes and the present situation in the forward market and concludes by briefly considering other ways open for companies to hedge against risk.

EXCHANGE CONTROLS AND THE FORWARD MARKET

Finnish residents may enter into forward contracts with an authorized bank involving the Finnish markka and a foreign currency, if the purpose of the contract is to reduce the exchange rate risk arising from an acceptable commercial background. The commercial background can either be the enterprise's foreign exchange exposure or an individual claim or liability. At the moment there are 63 companies which are permitted by the Bank of Finland to undertake forward operations to hedge their foreign exchange exposures. Be-

fore a company can be granted this right, its method of calculating its currency exposure must have been approved by the Bank of Finland.

It should, however, be noted that residents are free to enter into forward contracts with an authorized bank or a non-resident if such contracts involve two foreign currencies. Furthermore, there are no restrictions on the taking out of markka- or foreign currency-denominated forward contracts by non-residents. Thus, their forward operations need not be trade-related.

The suspension of forward contracts before the date of maturity is normally prohibited. If a party to a forward contract contravenes the forward exchange regulations, the Bank of Finland may cancel its permit to enter into such agreements.

A resident can enter into forward rate agreements (FRAs) with an authorized bank or a non-resident. A resident cannot, however, enter into such an agreement with a non-resident, if it involves the markka.

The same terms and conditions are applied in other foreign exchange agreements, e.g. swaps and futures, as are laid down for forward exchange contracts and FRAs. The regulations concerning option contracts differ, however. Residents are allowed to enter into currency option contracts with an authorized bank or a non-resident. Option contracts involving the markka and a foreign currency can normally only be entered into with an authorized bank; the permission of the Bank of Finland is required for contracts made directly with a non-resident.

The authorized exchange banks serve as intermediaries between domestic and foreign parties in the forward market. The Bank of Finland sets a limit on each bank's open currency position against the markka. A bank's total foreign exchange risk against the markka cannot exceed this given position.

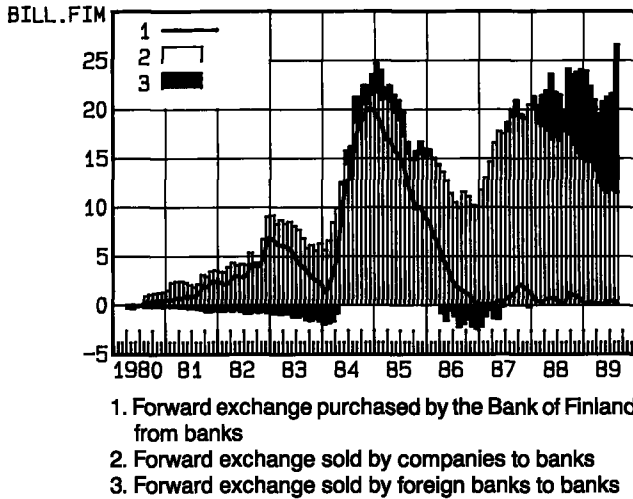
In June 1989 the Bank of Finland decided to relax, as from September 1, 1989, many of the remaining controls on foreign investment by companies. These liberalization measures did not extend to operations in derivative instruments, however, which are still only permitted for hedging risks.

THE DEVELOPMENT OF THE FORWARD MARKET IN FINLAND

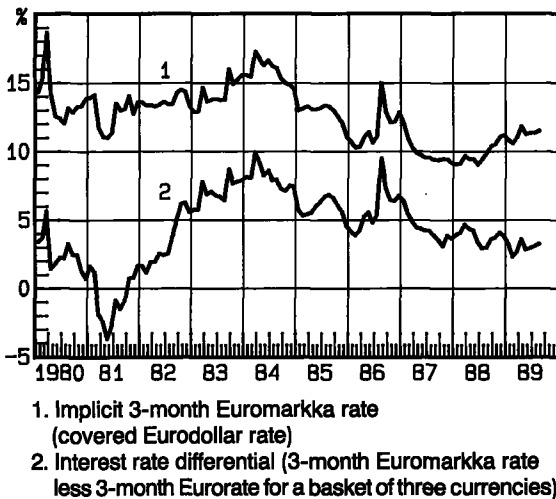
A forward exchange market existed in Finland in the 1970s, but it was not until the Bank of Finland turned over the operations of the forward market in convertible currencies to the commercial banks and freed forward interest rates in the spring of 1980 that forwards gradually developed into an efficient risk hedging instrument. At the time, this was a significant liberalization measure as it gave rise to the development of market interest rates, interest rate arbitrage and capital movements. Initially, the market was used mostly by large domestic companies with the necessary trade-related backgrounds. Lack of information and money market knowledge delayed the entry of small and medium-sized companies in the forward market.

There was an abrupt increase in the willingness of domestic companies to cover

**CHART 1.
THE FORWARD MARKET**



**CHART 2.
THE INTEREST RATE DIFFERENTIAL**



their export receivables in the forward market in early 1984 (see Chart 1). This can largely be ascribed to the interest rate differential, which favoured exporters and encouraged interest rate arbitrage. The authorized banks' forward position in relation to domestic companies, which had stood at FIM 6 billion in January, amounted to nearly FIM 22 billion at the end of the year. Foreign investors also started to operate in the forward market during that time, attracted by the large differential between long-term domestic and foreign interest rates and

stronger confidence in the markka (see Charts 1 and 2).

In early 1985 the volume of business in the forward market started to decline as a consequence of narrowing interest

rate differentials and stricter application of forward market regulations. In 1986, the markka came under pressure, first in May and then again in August. Devaluation expectations led to a further fall in forward transactions and the official exchange reserves fell drastically when the Bank of Finland intervened to defend the exchange rate.

Finland's economic performance in 1987 was very good and confidence in the markka was gradually restored. Expanding exports, higher domestic interest rates and the weakening of the dollar against the markka were all factors boosting activity in the forward market. The total forward position of the authorized banks increased by FIM 11.4 billion during the course of the year. The sharp increase was due almost entirely to forward sales of FIM 10.2 billion by domestic companies. Business in the forward market was dominated by a few active companies; for example in December 1987 the five most active companies accounted for approximately half of the total net position of FIM 20.5 billion.

Foreign borrowing increased rapidly during 1987 as result of an easing of controls on the use of long-term financing and the favourable interest rate differential. The growth in forward sales, short-term trade credits and long-term loans led to heavy capital inflows. The official foreign exchange reserves, which had decreased by FIM 7.9 billion in the previous year, now increased by FIM 15.7 billion, totalling FIM 28.6 billion by the end of the year.

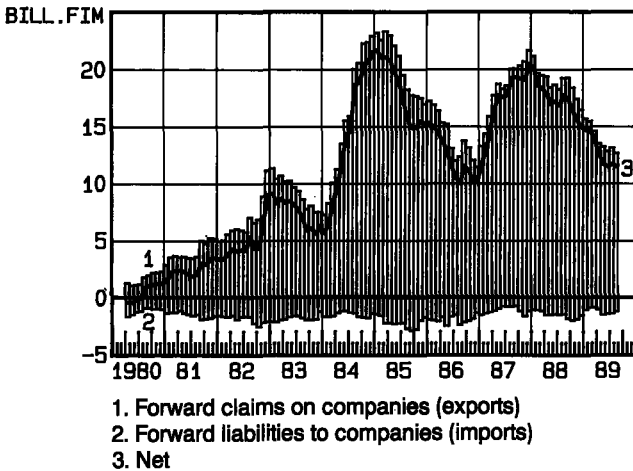
Table 1.
TRADE-RELATED CAPITAL FLOWS, FIM BILLION

	1984	1985	1986	1987	1988 ¹	1989 ²
Trade financing	4.1	3.4	-3.1	6.4	-5.2	-1.0
Loans for financing imports	0.1	0.0	2.4	3.3	0.1	1.3
Suppliers' credits related to imports	0.8	1.8	-2.9	-0.2	-1.0	-0.3
Loans for financing exports	0.2	4.8	-1.8	3.6	-3.7	-2.0
Suppliers' credits related to exports	3.0	-3.2	-0.8	-0.3	-0.6	0.0
Banks' forward cover loans	1.4	3.1	0.7	11.4	4.5	-2.5
Trade-related capital inflow, total	5.5	6.5	-2.4	17.8	-0.7	-3.5

¹ Preliminary data.

² Preliminary data for the period January-June.

CHART 3.
AUTHORIZED BANKS' FORWARD CONTRACTS
WITH DOMESTIC COMPANIES



RECENT CHANGES IN THE FORWARD MARKET

The sharp upward trend in the demand for forward currency was reversed in 1988 when there was a pronounced fall in hedging operations by exporters. A new feature in the market was the exceptionally large purchase of forward markkaa by foreign investors (see Chart 1).

Domestic non-bank sector

Forward market operations by Finnish companies reflect developments in exports and imports, in the interest rate differential vis-à-vis the rest of the world and in exchange-rate expectations.

Domestic companies' interest in covering their export receivables in the forward market slackened in 1988 and the downward trend has continued since. Net sales of forward currency to the authorized banks dropped from a peak of FIM 20.5 billion in December 1987 to FIM 11.5 billion in June 1989 (see Chart 3). The five largest transactors in the forward market reduced their net positions by FIM 6.1 billion, or 64 per cent, between January 1988 and June 1989 alone. Exporters entered into

fewer forward contracts in the first six months of 1989 than they did during the corresponding period of 1986, despite the continuing strength of the markka.

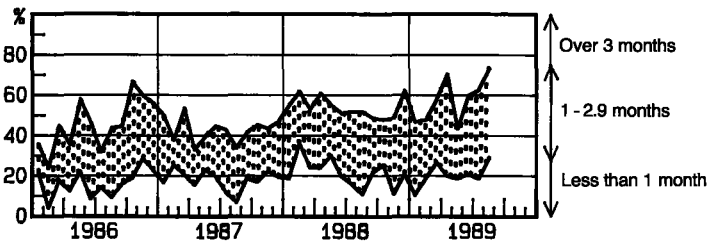
The declining interest of export companies in covering their foreign currency receivables in the forward market might partly reflect recent liberalization moves in both the

domestic and international financial markets. Finnish companies are now able to make more extensive use of foreign financing for hedging against trade-related risks than was the case before. Also, the rapid internationalization process of some Finnish companies has encouraged them to shift most of their financial operations abroad thus reducing their demand for cover in the Finnish forward market.

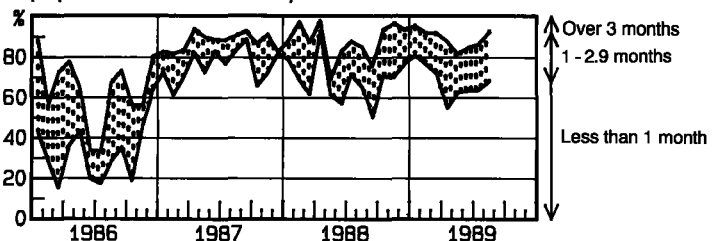
Though the maturity of forward contracts is normally related to trade contracts, interest rate expectations also have some impact and this could partly explain the maturity structure of domestic companies' forward contracts (see Charts 2 and 4). The share of forward contracts with a maturity of less than three months has increased since 1985 and today it accounts for approximately 60 per cent. Importers mainly enter into forward contracts with a maturity of less than one month and their forward transactions only amount to about FIM 1 — 2 billion a month.

CHART 4.
MATURITY OF AUTHORIZED BANKS' FORWARD CONTRACTS, DISTRIBUTION IN PER CENT

Forward purchases from domestic companies (exporters' markka receivables)



Forward sales to domestic companies (importers' markka liabilities)



Foreign banks

The share of foreign banks in forward market transactions has grown rapidly since the beginning of 1988 and in June 1989 accounted for around half of the total amount of foreign currency purchased by authorized banks. Foreign banks' net sales of forward currency to the authorized banks reached FIM 9.8 billion in June 1989.

The recent interest in forward markka purchases among foreign investors may be due to stronger confidence in the fixed exchange rate policy pursued by Finland, the continuing interest rate differentials between domestic and international interest rates and exchange controls restricting foreigners from undertaking other markka investments. The arousal of foreign interest in the Nordic currencies may to a large extent be ascribed to interest arbitrage, since non-residents' transactions need not be trade-related. Lately, Danish banks, in particular, have shown a strong interest in forward markka purchases.

Bank of Finland

By intervening in the forward market the Bank of Finland can affect the size of its foreign exchange reserves and thereby market liquidity and money market interest rates.

In the mid-1980s, when the money market was still very thin, the Bank of Finland intervened in the forward market on a fairly large scale. The Bank's transactions in the forward market peaked in 1984 when its forward position reached FIM 20 billion (see Chart 1). The unrest in the foreign exchange markets in 1986, however, revealed the shortcomings of the central bank financing system and it was modified at the beginning of 1987. Certificates of deposit were exempted from the cash reserve requirement and this paved the way for the development of an efficient money market. The

central bank was now able to influence domestic liquidity and market interest rates through transactions in both the forward and money markets. Following this change in the intervention mechanism, the Bank of Finland has intervened in the forward market fairly seldom and only on a small scale (see Chart 2 on p. S29 of the Chart section).

Forward intervention is effected mainly in the form of currency swaps, which means that a simultaneous offsetting transaction is undertaken in the spot market in connection with the forward operation. They enable the central bank to temporarily conceal changes in its foreign currency reserves from the public and thus to influence expectations.

ALTERNATIVES TO FORWARD MARKET OPERATIONS

Finnish firms can eliminate trade-related exchange risks not only by entering into forward contracts, but also by arranging foreign trade credits

and loans and more recently by means of option contracts. Particularly large domestic companies with extensive operations abroad are fairly free to choose the most appropriate hedging method.

The contraction in forward market activity is partly due to operations by some companies in the options market and partly to increased long-term foreign borrowing, which has enlarged firms' currency positions and thus lessened the need for forward cover.

However, most short-term transactions against the markka undertaken by residents must be trade-related and risk-reducing. This requirement aims at reducing speculative short-term capital flows. With the liberalization of the financial markets and the development of various derivative instruments, its effectiveness has diminished, however.

September 29, 1989

RECENT TRENDS IN THE USE OF CASH IN TRANSACTIONS

by **Matti Virén**, Dr. (Econ.)
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The past few years have witnessed major changes in payment systems all over the world. Traditional means of payment — notes and coin, postal giro and cheques — now face serious competition from various kinds of cards and other forms of electronic transfers. This raises the obvious question as to what is going to happen to the oldest medium of exchange, notes and coin. Will their role in transactions diminish to some quite insignificant level and, if so, what will be the implications of this for money-market transmission mechanisms and monetary policy? Attempting to give detailed answers to these questions is really beyond the scope of this article, although these are issues which certainly deserve serious attention. Rather, the aim here is simply to present some stylized facts on recent developments in Finland and on Finland's position vis-à-vis certain other OECD countries. Before doing so, however, a short review of the historical background is provided.

BACKGROUND

Historical and international trends in the use of currency can be analyzed in terms of currency ratios (currency in relation to GDP; in other words the inverse of currency velocity). These ratios are computed for 14 countries over the period 1870—1987, although in some cases the sample period is somewhat shorter. All countries for which sufficient historical data for notes and coin and GDP can be derived are included. The data include only notes and coin issued by

the central bank. Particularly before the First World War, private banks also issued notes and these should be taken into account when evaluating the effective magnitude of means of payment. However, for data reasons, only central bank money is considered here.¹

In the case of Finland, the share of private banks' notes varied between 0 and 4 per cent of all notes during the period 1866—1892 when private issues were permitted.

The graphs for each country are displayed in Chart 1. They clearly indicate that the use of currency has been relatively stable over long periods of time. Present currency ratio levels are not very much different from what they were a hundred years ago. Only in the case of Brazil has the change over time been of truly significant magnitude. Otherwise, the only general source of instability in currency ratios is the Second World War. During the war and the period immediately after it currency ratios increased dramatically in almost all these countries and, somewhat surprisingly, in some countries the currency shock proved so persistent that pre-war currency ratio levels were not regained until the 1970s.

Nevertheless, currency ratios are not significantly higher or lower than they were 50, or perhaps even 100, years ago. It cannot therefore be con-

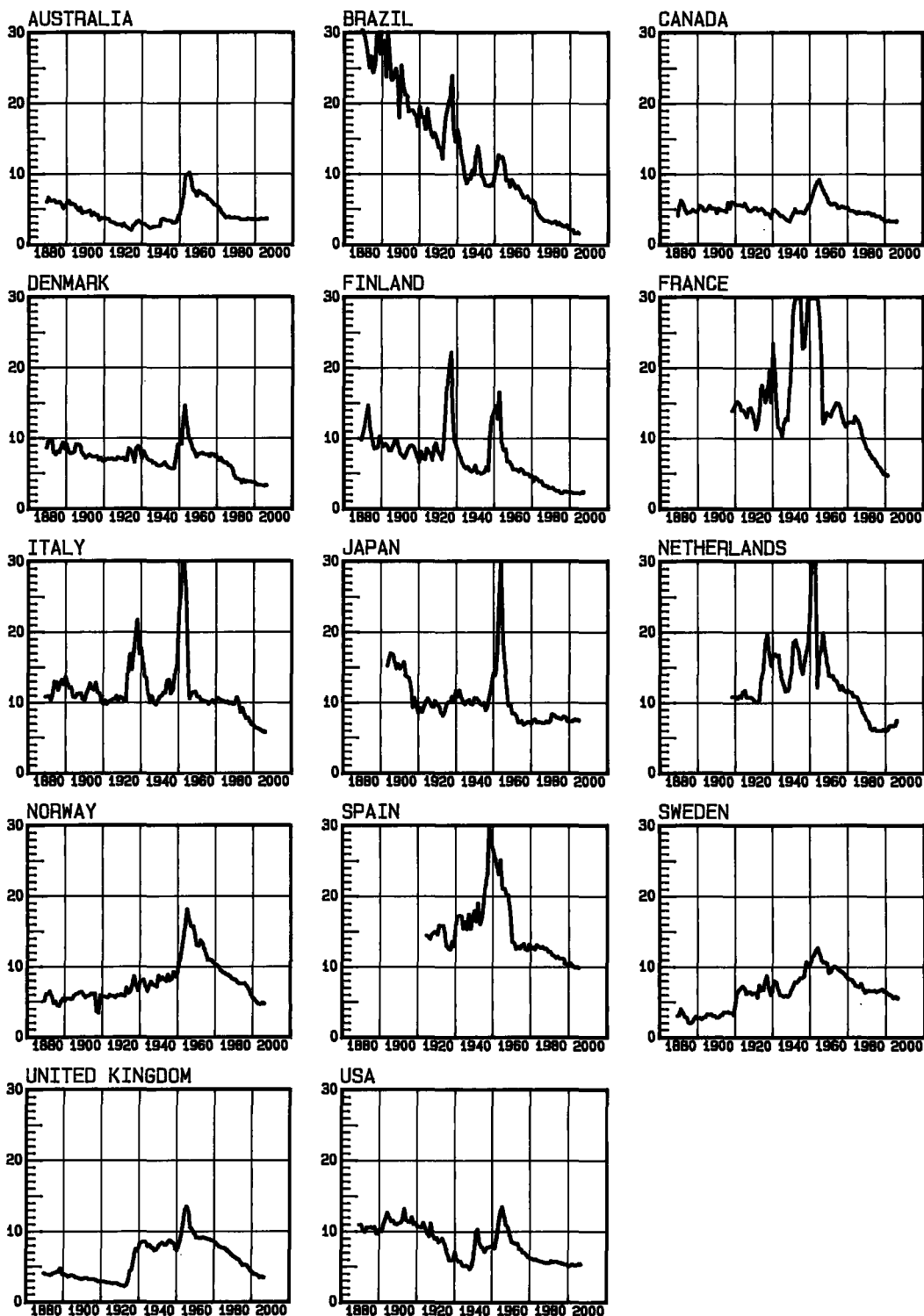
cluded that current levels in the use of currency are somehow exceptional. The importance of this finding is accentuated by the fact that there have been important changes in payment systems throughout the 20th century. Thus, the recent innovations, which are discussed in the sections below, are by no means unique. At least the following past innovations deserve to be mentioned.

The postal giro system was introduced in the 1880s (in Austria), postal and telegraphic money orders were developed in the 1890s, credit cards were introduced in 1950 (in fact, so-called shoppers plates were in use as early as the 1910s in the USA) and the use of cheques has grown steadily (despite the fact that they were invented as long ago as the 17th century). Even so, the use of notes and coin has not changed greatly or abruptly in response to these innovations. The currency ratio has stayed somewhere between 5 and 10 per cent, which can be considered a relatively low level. In the case of France, Italy, the Netherlands and Spain the relevant range is, however, about 10—20 per cent. For the sake of comparison, it can be noted that the ratio of bank deposits to GDP is typically about 50—100 per cent (see Table 1).

Though currency ratios have been relatively stable over longer periods of time, the last ten to twenty years are at variance with this general pattern. Currency ratios have been decreasing, suggesting that payment technology has indeed changed so that less notes and coin are required

¹The main data sources are R. Mitchell, *European Historical Statistics*, Macmillan, London 1987; *International Historical Statistics: Africa and Asia*, Macmillan, London 1982; and *International Historical Statistics: the Americas and Australia*, Macmillan, London 1983; *International Financial Statistics*, IMF, Washington D.C.; and, finally, annual reports and year-books of numerous central banks.

CHART 1.
CURRENCY RATIOS IN FOURTEEN COUNTRIES IN 1870-1987, PER CENT



than before. As far as present levels of currency use are concerned, Finland and Brazil have the lowest currency ratios of the countries considered here, Finland about 2.6 per cent and Brazil about 1.7 per cent. Iceland, however, appears to have the lowest currency ratio in the world, only about 1.2 per cent. What are the reasons for such exceptionally low currency ratios? In the case of Finland the standard explanations are a relatively concentrated banking system, a dense branch network and well-developed bank and postal giro systems. Obviously, many other factors may have affected this outcome. Evidence from some countries (not so much from Finland but, for instance, from Brazil and Iceland) suggest inflation has an inverse effect on the currency ratio.

INTERNATIONAL COMPARISON OF PAYMENT SYSTEMS

After reviewing the historical trends it might be worthwhile to consider the current situation and compare some of the main features of payment systems across countries. In particular, one may compare the functioning of the banking system and the use of cashless payment instruments. This kind of comparison (Table 1) reveals important differences between countries. Relative amounts of bank deposits and bank branches differ markedly. As might be expected, the difference is much greater in terms of the use of "new payment systems", which is here proxied by the relative amounts of cash dispensers and ATMs (Automated Teller Machines) and the value of card-based transactions. The use of EFTPOS systems (Electronic Funds Transfer at the Point of Sale) is still relatively limited in all countries although it is anticipated that the situation will change in the future and that EFTPOS will become an important payment instrument

Table 1.
COMPARISON OF PAYMENT SYSTEMS IN A SAMPLE OF COUNTRIES
IN 1987¹

	M3/ GDP,%	P/B1	P/B2	P/B3	Cheques/ GDP,%	CT/ GDP,%
Belgium	79.0	808	1 088	12 315	250.6	1.5
Canada	59.8	..	1 991	4 777	286.3	7.2
Finland	49.5	738	1 396	3 172	116.7	5.3
France	68.5	1 285	2 146	4 760	288.6	3.1
Germany	55.0	990	1 382	8 147	165.8	0.4
Italy	85.1	1 932	3 668	12 975	174.5	0.2
Japan	177.3	1 857	2 864	1 967	119.7	1.4
Netherlands	77.4	1 733	2 542	32 444	7.8	..
Sweden	49.6	1 477	2 396	5 091	59.5	2.4
Switzerland	121.1	836	1 640	5 303	48.0	1.0
United Kingdom	45.9	1 315	2 586	4 544	306.7	4.7
United States	81.6	1 693	2 322	3 222	1 245.8	8.4

¹M3/GDP denotes broad money M3 in relation to GDP, P/B1 denotes the number of inhabitants per bank branch (including post offices), P/B2 denotes the same number but excluding post offices, P/B3 denotes the number of inhabitants per cash dispenser or ATM. Cheques/GDP denotes the value of cheques drawn in relation to GDP and, finally, CT/GDP denotes the value of transactions made by credit and debit cards (including debit card payments by EFTPOS) in relation to GDP. Data sources: Bank of International Settlements, Payment Systems in Eleven Developed Countries, Basle 1989 and the Finnish Banker's Association. See also U. Lempinen & R. Lijja, "The Finnish Payment system: An International Comparison", Bank of Finland Bulletin Vol. 61, No 4, pp 26 — 29, for an earlier comparison of payment systems.

(for data reasons separate figures on this instrument cannot be reported here).

If Finland is compared with the other countries in the sample, several important differences can be discerned. First of all, the number of bank branches relative to population is very high (irrespective of the way in which post offices are treated). Secondly, cheques are used far less than in the majority of countries (as one might expect, the difference between Finland and the United States is even more striking). Finally, the use of credit and debit cards is relatively widespread in Finland. Indeed, Finland is one of the world's leading countries in this respect. Moreover, not only is Finland at a relatively advanced level, but also the rate of change is exceptionally rapid. Some data on this change are reported in the next section.

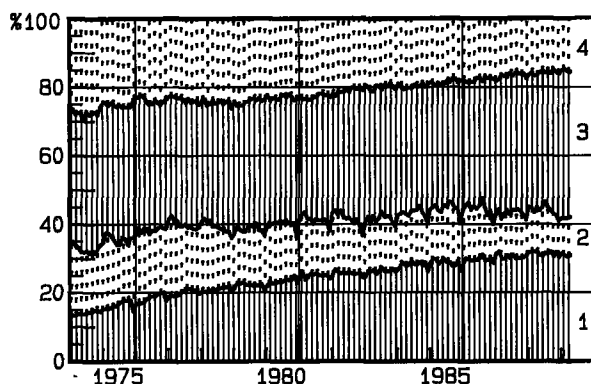
RECENT TRENDS IN FINLAND

During the 1970s and 1980s, the demand for currency has declined both in terms of GDP (or private consumption) and all close substitutes for money. The rate of change has, however, been

gradual and thus, for instance, during the past two or three years the demand for currency has grown slightly faster than GDP. As far as the relative shares of different payment instruments, excluding savings and ordinary deposit accounts, are concerned, Chart 2 indicates that particularly the importance of deposit accounts with a chequing facility has increased. At the same time the relative shares of postal giro accounts and currency (excluding banks' cash holdings) have decreased. No marked decline in the (value) share of cheque accounts can be discerned.

This does not imply that cheques are crowding out currency. In fact, the use of cheques (more specifically, the number of cheques drawn) has also started to decline just recently. An obvious explanation for this is the introduction of "plastic money", i.e. cards of various kinds. This technology is rapidly replacing both cheques, postal giro and currency. As regards currency, it should be emphasized here that there is a clear difference between the currency holdings of the public and total currency in circulation. This is

CHART 2.
RELATIVE SHARES OF SELECTED MEANS OF
PAYMENT, PER CENT



1. Deposit accounts with chequing facility
2. Postal giro accounts
3. Cheque accounts
4. Currency

because bank's holdings of cash have increased considerably. This, in turn, is partly explained by the till-money credit system introduced in November 1980 under which the Bank of Finland grants banks interest-free loans in respect of their cash holdings (since August 1988, however, banks have had to fund part of these holdings themselves). In addition, there are various other factors which have contributed to the increase in cash holdings. Mention can be made of the rapid increase in banks' cash dispensers and ATMs as well as the expansion of banks' operations, such as new borrowing and lending instruments, share and bond issues and secondary market operations.

There are currently more than two thousand cash dispensers and ATMs in Finland (most of which can be characterized as cash dispensers). In 1979 the corresponding number was only 30 (see Table 1). Given a population of some 4.95 million, this means that there are more than 4 machines per 10 000 inhabitants. This is a very high figure; on the basis of Table 1 the European average can be estimated to be less than 2. Alternatively,

the number of bank offices in Finland can be used as a point of reference. Currently, they number about 3500. Of course, cash dispensers and ATMs not only increase banks' cash requirements, they probably also reduce the cash requirements of the general public because as withdrawals become more frequent so the sums involved become smaller. Moreover, the precautionary demand for cash may be decreasing (for further details, see Table 2).²

ASSESSMENT

The data presented above indicate that after a relative long period of stable development the use of currency and other payment instruments is undergoing major change. Thus, various electronic payment systems are replacing currency and probably also cheques. There is no doubt that this trend will continue in the years ahead. Although this change seems to be deep-going and unique from a historical perspective and to be affecting all transaction practices and costs, it may not prove to be so revolutionary in Finland as perhaps in many other countries. This is mainly because the use of currency, as well as of cheques, has for some time been at a relatively low level in Finland and no dramatic quantitative changes are thus likely in this respect. If viewed from the monetary policy perspective, however, it should be noted that monetary aggregates, which are the opposite to indicators of credit

²The growth of cash dispensers and ATMs has also affected the relative shares of different denominations of money. Thus, the demand for the 100 markkaa note, which is the standard denomination in these machines, has been fairly stable so that its relative share of all notes in circulation has remained (slightly) above 40 per cent.

Table 2.
SELECTED INDICATORS OF RECENT CHANGES
IN THE FINNISH PAYMENT SYSTEM¹

	1984	1988
Number of cash dispensers and ATMs	538	2 082
Number of withdrawals from cash dispensers and ATMs, mill.	14.3	77.8
Total number of bank and postal giro transactions, mill.	356	519
Total number of debit and credit cards, mill.	2.4	5.3
Purchases made by debit and credit cards, bill. FIM, (per cent of GDP)	7.9 (2.6)	31.4 (7.1)
Value of cheques drawn, bill. FIM, (per cent of GDP)	350.2 (113.9)	657.4 (149.4)
Number of cheques drawn, mill.	70.0	47.5
Total number of banks' cash dispensers and ATMs, customer terminals and other telecommunications systems, thousands	5.8	37.7
Currency in circulation, bill. FIM (per cent of GDP)	7.4 (2.4)	11.5 (2.6)
Currency in circulation excl. banks' cash holdings, bill. FIM	5.9	8.4

¹Numbers for stock variables correspond to the situation as at December 31, 1984 or 1988. Data sources: Finnish Bankers' Association and the Bank of Finland's data bank.

expansion, have never really been used in Finland as concrete intermediate targets in monetary policy. Thus, the fact that new payment instruments make it difficult to construct reliable indicators of money and liquidity does not necessitate a completely new assessment of monetary policy.³

Still, the importance of the changes in payment systems should not be completely disregarded. Finland's remaining exchange controls have been, or will shortly be, abolished, European financial integration is progressing, perhaps at faster rate than earlier, and domestic capital markets are expanding and becoming more sophisticated. In this environment the evaluation of existing money-market transmission mechanisms and the development of accurate measures of monetary phenomena undoubtedly deserve increased attention.

September 29, 1989.

³ See K. P. Söderlund, "Monetary Aggregates and Indices in Finland", Bank of Finland Bulletin, Vol. 62, No. 4, 1988, pp. 7—13, for further analysis of the measurement of monetary aggregates in Finland.

DEVELOPMENTS IN DEPOSIT ACCOUNTS

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HISTORY OF DEPOSIT ACCOUNTS

In Finland, banks have traditionally set the terms and conditions applied to deposit accounts by mutual agreement. As early as the 1920s, most of the commercial banks concluded an agreement on deposit rates designed to alleviate intense interbank competition. During the Great Depression of the early 1930s, the first interest rate agreement binding on all financial institutions was reached at the instigation of the Bank of Finland. The purpose of the agreement was to create a uniform and stable deposit market in the unsettled economic conditions prevailing at that time. As a result, the public started to channel a growing portion of its saving to the banking sector.

Another arrangement which has greatly influenced deposits is the system of tax concessions for deposits, which also traces its origins back several decades. The first legislation was enacted in 1943. At first, however, tax relief was only partial. Deposits became fully tax-exempt with the entry into force of a law at the beginning of 1951. Since then laws have been enacted at regular intervals and standard deposits maintained their tax-free status up till the end of 1988.

During the first half of the 1950s, indexation became very widespread in all segments of the Finnish economy. Accordingly, in 1955, when inflation seemed to be picking up once again, the authorities sought to safeguard the posi-

tion of depositors and the making of deposits by extending indexation to include deposits. At first deposits carried 100 per cent indexation, but from 1957 banks also accepted deposits with 50 per cent indexation. The deposits were made for a term of 12 months and they bore an interest rate which was slightly lower than that on ordinary savings accounts. Initially, accounts with 100 per cent indexation were taxable while accounts with 50 per cent indexation were tax-exempt. Later, the fully indexed accounts were also made tax-exempt in respect of both interest and principal. As a result, the yield on index-linked deposits became so attractive that depositors transferred their funds to them from other accounts. The indexed accounts finally ceased to be accepted in 1968, when the entire indexation system was abolished in connection with a stabilization agreement. At that time 38 per cent of all deposits were index-linked.

During the time indexed accounts were in use several interbank agreements on deposit rates were concluded. These agreements also regulated the terms applied to other types of accounts. Apart from interest rates, banks agreed, for instance, not to advertise interbank differences in deposit terms and not to grant depositors benefits other than those stipulated in the agreement. They also provided for uniform periods of notice.

The popularity of time deposits, defined as standard deposit accounts and fixed-term deposit accounts, also increased rapidly in the 1950s

and 1960s. They were used increasingly as liquid assets, which was rendered possible by the dense branch network. Besides households, firms and the public sector placed their funds in time deposit accounts. The most common accounts were various types of savings accounts from which funds could be withdrawn without notice up to a prescribed limit; these accounts have retained their popularity right up to the present day. Cheque accounts, which are the basis of money transmission, were introduced as early as 1942 and postal giro accounts in 1939.

In addition to these basic classes of accounts, banks started to market 12-month term accounts in 1959. They remained in existence until early 1969, when they were replaced by 6- and 24-month term accounts. Tax concession accounts were initially introduced in 1959 for a period of eighteen months, but they were reintroduced in 1975. During the former period, deposits made in 36-month tax-concession accounts could be deducted in taxation up to a prescribed limit while in the latter period the deduction was made directly from income tax as a certain percentage of the deposit in question. Furthermore, tax concession accounts were completely tax-exempt in respect of both principal and interest.

In 1964, a deposit account with a cheque facility was introduced. Interest was payable at the same rate as on savings accounts but was calculated on the lowest monthly balance. In 1975, banks introduced interest premium and savings

premium deposit accounts. The use of these accounts was discontinued in early 1984.

In the 1970s, banks launched various kinds of special accounts alongside standard accounts. Essentially, special accounts were standard deposit accounts with the added feature of some special bank service. They included, for example, wage and salary accounts, home savings premium deposit accounts, rental payment accounts and youth deposit accounts. Special accounts sprung up largely as the result of interbank competition in services. The competition for home savers was particularly tough. As all banks had agreed to apply uniform deposit rates, they had to compete mainly in terms of the services they supplied.

One of the key features of the traditional financial system in Finland was that rates of interest were determined administratively and not according to demand and supply. Even as late as the 1970s, this system of administratively controlled interest rates functioned surprisingly well, even though it was subjected to "market pressures". Both deposit rates and lending rates were clearly far too low in relation to implicit market prices. Nevertheless, the saving ratio remained high by international standards. This was no doubt chiefly due to the fact that the obtaining of housing finance was conditional on prior savings, the amount of which dictated the size of the loan in accordance with credit directives issued by the central bank.

Towards the end of the decade, tensions began to emerge in the system of administered interest rates, implying that it could no longer continue in its existing form. One such symptom was the development of a "grey market" for inter-firm transactions, in which companies lent directly to each other outside

organized financial intermediation. The cost of such finance was, of course, higher and so corporate lenders could earn a higher yield on their funds than on bank deposits.

DEPOSIT ENVIRONMENT IN THE 1980s

Under the Tax Relief Act in force until the end of 1988, standard household deposit accounts were tax-exempt provided that at least two categories of banks offered the same rate of interest and other terms and conditions on the account concerned. Four categories of banks were distinguished: commercial banks, cooperative banks, savings banks and Postipankki. Tax relief on deposits, together with regulation of banks' average lending rates, created the regulatory framework for banks' operations. At the end of the 1970s and especially in the early 1980s, banks started to develop ways of circumventing the lending rate controls. Particularly noteworthy was the growth of off-balance-sheet intermediation through banks' trust departments. Together with the expansion of banks' unregulated deposit-taking, this marked the beginnings of a money market in Finland.

The authorities also actively promoted the development of the money market. A change of fundamental importance for banks' funding was the decision in 1982 to allow banks to issue certificates of deposit. However, it was not until CDs were freed from the cash reserve requirement in 1987 that it became possible to use them on a major scale. CDs also offered firms, in particular, a new channel for investing funds at market rates of interest as an alternative to deposits or securities. It was at this point that the money market could be said to have started operating efficiently in Finland.

The mid-1980s also saw the introduction of the first taxable accounts for personal customers — so-called investment

accounts — on which interest was payable at a rate comparable to market rates of interest.

DEPOSIT ACCOUNTS TODAY

With deregulation of the financial markets, the banks' position as receivers of deposits has changed. The new Tax Relief Act for 1989—1991, which came into force at the beginning of this year, changed the deposit account menu out of recognition. The new law stipulates which deposits are tax-exempt, so that all other deposits are taxable. Thus, 24-month term deposits bearing a rate of interest which is at most the Bank of Finland's base rate less 2 percentage points are tax-exempt, as are other accounts bearing a rate of interest which is at most the base rate less 4 percentage points. Interest on a 24-month term deposit becomes taxable if the deposit is transferred to another person in ways other than those referred to in the Act.

In addition to the deposits referred to in the new law, deposits made during the period of validity of "the old law" which have not yet fallen due are tax-exempt. Most of these deposits are in 24-month term accounts opened prior to January 1, 1989, and carry a rate of interest equal to the base rate. In December 1988, the last month prior to the coming into force of the new law, funds totalling a massive FIM 32 billion were deposited in these accounts. At the turn of the year, the total balance outstanding on these accounts amounted to nearly FIM 100 billion, or more than 40 per cent of total markka deposits.

Banks now have an opportunity to offer different types of deposit account to the public within the framework of free competition. Compared with the preceding four decades when bank competition was not allowed, a situation now exists where competition is ac-

tively encouraged. Deposit rate competition is still such a new phenomenon for Finnish depositors that they have not yet learned how to make the best use of it. Even different branches of the same bank may pay different deposit rates. A novel feature of the deposit account menu is that nowadays deposits are also "tailor-made" to customers' specifications.

The following table shows the classification of different categories of deposit account into tax-exempt and taxable deposits. Henceforth, data will be collected from the banks in this form. With the change in the law, an extremely diverse array of deposits has come into being and, moreover, one which varies continuously. This complicates to some extent the task of compiling statistics.

the period of regulation they constituted the backbone of funding. Merely in the internal breakdown of deposits, the share of standard savings accounts is currently smaller than that of fixed-term deposits. The number of savings accounts is, however, very high, as the wages and salaries of virtually all Finns are paid directly to banks and specifically into these accounts. These accounts are increasingly used in conjunction with bank cards. Cheques, which were previously widely used, are gradually disappearing because banks have deliberately priced them highly.

Home savings premium deposit accounts are also tax-exempt accounts. The rate of interest on these is 4.25 percentage points below the base rate, on top of which the finan-

varied of terms have been set. Their yield is often determined according to the maturity and/or the size of the deposit. There also exist accounts on which the rate of interest is differentiated so that a higher rate is paid, for example, on that part of the principal exceeding FIM 25 000 than on that part below. In practice, these deposits are frequently tax-exempt too; for example, in personal income taxation for 1989, the first FIM 2 000 of interest income and half of the amount between FIM 2 000 and FIM 18 000 are deductible as a capital income deduction. Thus the maximum permissible tax deduction is FIM 10 000.

However, despite the innovations, the deposit account menu is still not ideal as taxable accounts are not fully competitive alternatives to tax-exempt ones. Depositors are not accustomed to comparing the final yields on tax-exempt and taxable accounts. But the greatest cause of misgiving among the public seems to be the requirement to declare deposits to the tax authorities. This has made depositors wary about placing funds in taxable accounts. The introduction of a tax at source for interest income has been put forward as a possible solution to this problem. This would be levied on interest on all deposits and would do away with the need to declare deposits in tax returns.

October 4, 1989

Table.

MARKKA DEPOSITS BY THE PUBLIC

Tax-exempt accounts

Cheque and giro accounts

Standard savings accounts

Fixed-term accounts

24 month

of which opened prior to January 1, 1989

Home savings premium deposit accounts

Other tax-exempt accounts

Taxable accounts

Cheque and giro accounts

Standard savings accounts

Fixed-term accounts

less than 12 months

12 months

over 12 months, but less than 24 months

24 months

over 24 months

High-yield deposit and investment accounts

Other taxable accounts

Hitherto, the most widely used accounts have been standard savings accounts, which also include deposit accounts with a cheque facility. In the future, funds are likely to be deposited in these accounts primarily for transactions purposes rather than for saving. The share of these accounts in banks' total funding (deposits and other funding) is clearly decreasing whereas during

cial institution pays supplementary interest at a rate of 1.25 per cent for five years. The actual premiums are paid to home savers by the central government.

Investment deposits can be made either in tax-exempt or taxable term accounts or in taxable high-yield deposit and investment accounts. The last-mentioned group consists of accounts on which the most

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM OCTOBER 1988 TO SEPTEMBER 1989

1988

OCTOBER

Call money market. The differential between the call money deposit rate and the call money credit rate is widened with effect from October 6, 1988. The rate on call money credits is raised from 11 per cent to 13 per cent while the rate on call money deposits is lowered from 7.5 per cent to 4 per cent.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 7.0 per cent to 7.3 per cent of the cash reserve base in October.

NOVEMBER

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 7.3 per cent to 7.6 per cent of the cash reserve base in November.

Currency index. On the proposal of the Parliamentary Supervisory Board, the Government decides to widen the fluctuation range of the Bank of Finland's currency index from approximately 4.5 per cent to about 6 per cent while keeping the middle point unchanged. Effective as from 30 November, the new fluctuation limits are 100.5 and 106.8.

DECEMBER

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement

from 7.6 per cent to 7.8 per cent of the cash reserve base in December.

1989

JANUARY

Base rate. The Bank of Finland's base rate is lowered from 8 to 7.5 per cent as from January 1.

Special financing arrangements. As from the beginning of 1989, the Bank of Finland abolishes the financing arrangements for new-export credits and short-term export credits. The Bank of Finland abandons the financing of KTR credits with effect from the beginning of 1989. (KTR = financing arrangement for domestic suppliers' credits.)

FEBRUARY

Export deposits. The Government decides to levy export deposits of 3 per cent on wood-free printing paper exported during the period February 1, 1989 and January 31, 1990.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 7.8 per cent to 8 per cent of the cash reserve base in February.

MARCH

Supplementary cash reserve agreement. An agreement supplementing the cash reserve agreement between the Bank of Finland

and the banks is signed on March 13, 1989. The supplementary agreement, which is effective until the end of 1990, enables the Bank of Finland to raise the cash reserve requirement to a maximum of 12 per cent. The application of the additional requirement is linked to developments in bank lending (see the item in the April 1989 Bulletin).

Fluctuation limits of the currency index. On March 17, 1989, the Government, on the basis of a proposal by the Parliamentary Supervisory Board, decides to lower the fluctuation limits (range) of the currency index by about 4 per cent, thus making possible a revaluation of the markka of corresponding magnitude. The new upper limit of the fluctuation range of the currency index is 102.5 and the new lower limit 96.5.

APRIL

Till-money credits. The Bank of Finland raises the base amount — the share of banks' till-money holdings which is not financed by the Bank of Finland — by over FIM 60 million as from the beginning of April. The new base amount is effective until the end of March 1990.

Amendments to the cash reserve agreement and the terms of central bank financing. The Bank of Finland grants Interbank Ltd. the right to central bank financing with effect from

the beginning of April. The bank joins the cash reserve agreement between the Bank of Finland and the banks on February 16, 1989.

MAY

Export deposits. The Government decides to terminate the temporary export deposits levied on wood-free printing paper since the beginning of February 1, 1989 with effect from the beginning of May.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement for certain banks. Together with the 8 per cent ratio in force hitherto, the banks' average deposit requirement now amounts to just under 8.2 per cent of the cash reserve base in April.

JUNE

Foreign Exchange Regulations. The Bank of Finland relaxes the foreign exchange regulations concerning direct investments by enterprises in the financial and insurance sector as from June 1, 1989. After this date, only direct investments by private individuals and direct investments in countries with which Finland maintains payments agreements require the Bank of Finland's authorization.

Call money market. With effect from June 16, 1989, the Board of Management of the Bank of Finland decides to abolish the bank-specific quotas for call money credit of the banks entitled to central bank financing. At the same time, the penalty interest charged on borrowing in excess of quota, which last stood at 19 per cent, is abolished. In addition, the call money credit rate is raised from 13 per cent to 15 per cent; the call money deposit rate remains at 4 per cent.

Cash reserve requirement.

The Bank of Finland raises the cash reserve requirement for certain banks and groups of bank. Together with the 8 per cent ratio in force hitherto, the banks' average deposit requirement now amounts to about 8.4 per cent of the cash reserve base in May.

JULY

Cash reserve requirement.

The Bank of Finland adjusts the cash reserve requirement for certain banks and groups of bank. Together with the 8 per cent ratio in force hitherto, the banks' average deposit requirement now amounts to about 8.5 per cent of the cash reserve base in June.

AUGUST

Cash reserve requirement.

The Bank of Finland adjusts the cash reserve requirement for certain banks and groups of bank. Together with the 8 per cent ratio in force hitherto, the banks' average deposit requirement now amounts to about 8.7 per cent of the cash reserve base in July.

SEPTEMBER

Foreign Exchange Regulations.

The Bank of Finland relaxes the foreign exchange regulations concerning foreign investments and capital imports. The amendments enter into force on September 1, 1989, except for those applying to private individuals. For tax control reasons, the decisions regarding capital exports by private individuals will enter into force on a later date, however not later than July 1, 1990.

Capital exports. Acquisitions of dwellings and real estate abroad no longer require authorization; previously, permission was necessary

if the purchase price exceeded FIM 1 million. Investments in the form of foreign securities, deposits held in accounts with foreign monetary institutions and merchandise held abroad are permitted without the permission of the Bank of Finland or quantitative restrictions. In addition, credit of more than one year's maturity may be granted to non-residents without the Bank of Finland's permission.

Capital imports. Non-financial companies, except housing and real estate companies, are permitted to raise foreign credit of more than one year's maturity; previously, only loans of more than five years' maturity were permitted. The authorization of the Bank of Finland is still required if a company borrows directly from a foreign lender.

Suppliers' credits and prepayments in respect of imports are entirely freed from authorization. In addition, most direct investments in Finland no longer require authorization.

Cash reserve requirement.

The Bank of Finland raises the cash reserve requirement for certain banks. Together with the current 8 per cent ratio, the banks' average deposit requirement now amounts to 8.8 per cent of the cash reserve base in August.



FINLAND IN BRIEF

LAND, CLIMATE AND POPULATION

Finland covers an area of more than 338 000 square kilometres. The total area is slowly increasing because of the steady uplift of the land since the last glacial era. The country shares frontiers with Sweden in the west, Norway in the north and the Soviet Union in the east and has a coastline bordered by the Baltic Sea in the south and west. Agricultural land accounts for 8% of the total area, forest and other wooded land for 69% and inland waters for 10%. Located between latitudes 60° and 70° north, Finland has warm summers and cold winters. Helsinki on the south coast has an average maximum temperature of 22° C (72° F) in July and -4° C (25° F) in February.

Finland has a population of 4 954 400 (Dec. 31, 1988) and an average population density of 16.3 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 491 800 inhabitants, Tampere (Tammerfors) 171 000, Espoo (Esbo) 168 100, Turku (Åbo) 159 400 and Vantaa (Vanda) 151 400.

There are two official languages: 93.6% of the population speaks Finnish as its mother tongue and 6.0% Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-Ugric group of languages, which also includes Estonian and Hungarian.

FORM OF GOVERNMENT

Finland is a parliamentary democracy with a republican constitution. From the twelfth century to 1809 Finland was part of the Kingdom of Sweden. In 1809, Finland was annexed to Russia as an autonomous Grand Duchy with the Tsar as Grand Duke. On December 6, 1917 Finland declared her independence. The republican constitution adopted in 1919 remains essentially unchanged today.

The legislative power of the country is exercised by Parliament and the President of the Republic. The supreme executive power is vested in the President, who is elected for a period of six years. The President for the current term, March 1, 1988 to March 1, 1994, is Dr. Mauno Koivisto.

Parliament, comprising 200 members, is elected by universal suffrage for a period of four years. Following the parliamentary elections of 1987, the seats of the various parties in Parliament are distributed as follows:

Social Democratic Party 56; National Coalition Party 53; Centre Party 40; People's Democratic League 16; Swedish People's Party 13; Rural Party 9; Christian League 5; the Greens 4; and the Democratic Alternative 4.

Of the 18 ministerial posts in the present government appointed in May 1987, 8 are held by Social Democrats, 7 by the National Coalition Party, 2 by the Swedish People's Party and 1 by the Rural Party. The Prime Minister is Mr. Harri Holkeri of the National Coalition Party.

Finland is divided into 461 self-governing municipalities. Members of the municipal council are elected by universal suffrage for a period of four years.

INTERNATIONAL RELATIONS

Finland pursues a policy of neutrality in foreign affairs, and enjoys friendly relations with all European countries and countries elsewhere. Finland's development cooperation programmes channel assistance via international organizations and, bilaterally, to a number of African, Asian and Latin American countries.

Finland became a member of the BIS in 1930, the IMF in 1948, the IBRD in 1948, GATT in 1950, the UN in 1955, the Nordic Council in 1955, the IFC in 1956, IDA in 1960, EFTA in 1961, the ADB in 1966, the OECD in 1969, the IDB in 1977, the AfDB in 1982 and the MIGA 1988.

Having abolished most quantitative restrictions on foreign trade in 1957, Finland first took part in European free trade arrangements under the auspices of EFTA in 1961. Imports from the USSR were also progressively freed from customs duties. Finland's free trade agreement with the EEC entered into force in 1974 and agreements for the removal of trade barriers were concluded with several eastern European countries as well. Citizens of the five Nordic countries, Denmark, Finland, Iceland, Norway and Sweden, have enjoyed a common labour market, a passport union and reciprocal social security benefits since the mid-1950s.

THE ECONOMY

Output and employment. The Finnish economy is essentially based on private enterprise, with over 80% of manufacturing output and some 90%

of banking services produced by private companies. Of the gross domestic product of FIM 383 billion in basic values in 1988, 3% was generated in agriculture and fishing, 3% in forestry, 27% in industry, 9% in construction, 12% in trade, restaurants and hotels, 8% in transport and communications, 5% in finance and insurance, 16% in other private services and 17% by producers of government services. Of total employment of 2.3 million persons, 10% were engaged in primary production, 31% in industry and construction and 59% in services.

In 1988, expenditure on the gross domestic product in purchasers' values amounted to FIM 440 billion and was distributed as follows: net exports -0.3% (exports 24.8%, imports -25.1%), gross fixed capital formation 25%, private consumption 53% and government consumption 20%. Finland's gross tax ratio (gross taxes in relation to GDP) was 38% and the net tax ratio (net taxes in relation to GDP) 25%, which is about the average for OECD countries.

Average annual (compounded) growth of real GDP was 4.9% in the period 1950-60, 4.8% in 1960-70, 3.5% in 1970-80, 3.2% in 1980-88 and 4.2% in 1950-88. Finland's GDP per capita in 1988 was USD 21 200; this put Finland in fifth place among the 24 member countries of the OECD, preceded by Switzerland, Iceland, Japan and Norway.

Foreign trade. Over 80% of Finland's trade is carried on with market economies, the most important among which are Sweden, the Federal Republic of Germany, the United Kingdom, the United States, France and Japan. Bilateral trade with the Soviet Union, which is conducted at world market prices, dominates Finland's trade with socialist countries. Finland imports mainly oil and other energy products from the Soviet Union, while her exports consist primarily of manufactured goods.

In 1988, the share of forest industry products in total merchandise exports was 42%, the share of metal and engineering products 39% and the share of other goods 19%. Raw materials and intermediate goods (incl. crude oil) accounted for 55% of merchandise imports, fuels for 3%, investment goods for 19% and consumption goods for 23%.

Forest resources. Finland has fairly abundant forest resources, but

only limited amounts of other raw materials. The growing stock comprises 1 660 million cubic metres, of which 45 % is pine, 37 % spruce and 18 % broad-leaved species, chiefly birch. The annual growth increment totals 68 million cubic metres and the total drain calculated on the basis of commercial fellings was 58 million cubic metres in 1988.

Energy. In 1988, gross consumption of primary energy amounted to 30 Mtoe, of which industry accounted for 45 %, heating for 23 %, transportation for 14 % and other purposes for 18 %. The sources of primary energy in 1988 were as follows: oil 32 %, coal 12 %, nuclear power 16 %, hydro-electric power, peat and other indigenous sources 30 %, others 10 %. Compared internationally (1987), Finland's consumption of 6.3 toe per capita was 2.0 times higher than the average in European OECD countries. The self-sufficiency rate (OECD definition) in Finland was 38 %, as compared with 62 % in western Europe on average.

FINANCE AND BANKING

Currency. Since 1865 Finland has had its own monetary system. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). Since Nov. 1, 1977 the external value of the markka has been officially expressed in terms of a trade-weighted currency index. As from Jan. 1, 1984 only convertible currencies have been included in the index. Since November 30, 1988, the index has been permitted to fluctuate within a range of 6 percentage points (previously 4.5). The range is defined by fluctuation limits which are set by the Government at the proposal of the Bank of Finland. Since March 17, 1989, the fluctuation limits have been 96.5 and 102.5 (1982 = 100), where the lower limit means the highest permissible value for the markka and the upper limit the lowest permissible value.

International payments. The use of the markka in foreign trade and as a eurocurrency has increased, but most international payments are effected in other currencies. Finland adopted Article VIII status at the International Monetary Fund in 1979. There are no restrictions concerning payments for merchandise or invisibles, and short-term trade finance may be acquired whenever exporters and importers see fit. The remaining exchange controls apply mainly to financial transactions.

Outward direct investment is permitted without the Bank of Finland's authorization except for direct investments in countries with which Finland maintains payments agreements. Similarly, inward direct investment is permitted without the Bank of Finland's authorization except for direct investments in enterprises in the financial sector and direct investments by countries with which Finland maintains pay-

ments agreements. Foreign investors may also buy shares of listed Finnish companies; however, foreign investment in markka-denominated bonds is normally prohibited for the present. Finnish companies may freely raise foreign credits and extend loans abroad of over one year's maturity. Finnish residents, except enterprises in the financial sector, may invest freely in foreign securities and real estate. The unlimited right to make foreign investments also applies to private individuals, but the date of its entry into force is to be determined separately. The date will not, however, be later than July 1, 1990.

Transactions with the Soviet Union, the German Democratic Republic and Bulgaria are carried out on a bilateral basis and payments are effected through clearing accounts. The necessary licencing of trade for maintaining balance in bilateral trade is carried out by the Export and Import Permits Office; the scope for suppliers' credits is also limited.

The Central Bank. The Bank of Finland (Suomen Pankki - Finland's Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Board, the nine members of which are entrusted with overall supervision of the Bank and certain specific decisions such as fixing the Bank's base rate and the limits for other rates. The Governor and a maximum of five other Members of the Board of Management are appointed by the President of the Republic. The Board manages all affairs not expressly entrusted to the Parliamentary Supervisory Board, including the terms of banks' central bank finance, open market operations, intervention in the foreign exchange market, determination of the external value of the currency within the fluctuation limits, direct lending and permits for international capital transactions. The powers vested in the Bank and its independence of the Government make the Bank of Finland one of the world's stronger central banks. In practice, the Bank liaises closely with the Government, so as to coordinate economic policy. The Bank of Finland has a head office in Helsinki and 12 branch offices in other towns.

Other banks (Dec. 31, 1988). Finland has four major groups of deposit banks with a total of more than 3 550 offices. There are two big commercial banks with national branch networks and eight smaller ones, four of which are foreign-owned. The commercial banks have a total of 29 foreign branches, subsidiaries and associate banks and 29 representative offices abroad. There are 211 savings banks and 267 cooperative banks with their own extensive branch networks. The government-owned Postipankki has 56 branches and also offers basic services in post offices.

Financial markets. Of the total stock of FIM 487 billion in outstanding domestic credit at the end of 1987,

60 % was provided by deposit banks, 4 % by mortgage banks, 17 % by insurance companies, 8 % by other credit institutions and 11 % by the state, local authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 69 % of the instruments, which totalled approximately FIM 108 billion at end 1988, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds intermediated through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 69 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 127 billion (at end-1988). Three foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1988 totalled FIM 93.6 billion; government bonds made up 33 % of the total. Turnover on the Stock Exchange in 1988 amounted to FIM 37 billion; the share of shares and subscription rights in the total was approximately 85 %.



1. THE BALANCE SHEET OF THE BANK OF FINLAND	S2
1.1 The balance sheet of the Bank of Finland	S2
1.2 Time series for the balance sheet items of the Bank of Finland	S3
2. THE BANK OF FINLAND'S MONEY MARKET OPERATIONS AND THE FORWARD MARKET	S4
2.1 The Bank of Finland's money market operations and the call money market	S4
2.2 Forward exchange market	S5
2.3 Banks' central bank position	S5
3. RATES OF INTEREST	S6
3.1 Money market rates and rates applied by the Bank of Finland	S6
3.2 Weighted Eurorate (3 and 12 currencies)	S6
3.3 Covered Eurodollar rate	S6
3.4 Rates of interest applied by banks	S7
3.5 Rates of interest on bonds and debentures	S7
4. RATES OF EXCHANGE	S8
4.1 Average spot selling rates	S8
4.2 Currency indices	S9
5. OTHER DOMESTIC FINANCING	S10
5.1 Bank deposits by the public	S10
5.2 Bank lending to the public	S10
5.3 Money supply and monetary aggregates	S11
5.4 Liabilities and assets of the central government	S11
5.5 Domestic bond market	S12
a) Issues	S12
b) Stock	S12
5.6 Helsinki Stock Exchange	S13
6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS	S14
6.1 Current account	S14
6.2 Capital account	S15
6.3 Finland's foreign liabilities and assets	S16
6.4 Finland's long-term foreign liabilities and assets by sector	S17
7. FOREIGN TRADE	S18
7.1 Exports, imports and the trade balance	S18
7.2 Foreign trade: indices of volume, unit value and terms of trade	S18
7.3 Foreign trade by main groups	S18
7.4 Foreign trade by regions and countries	S19
8. DOMESTIC ECONOMIC DEVELOPMENTS	S20
8.1 Supply and use of resources	S20
8.2 Volume of industrial production	S20
8.3 Indicators of domestic supply and demand	S21
8.4 Wages and prices	S22
8.5 Labour, employment and unemployment	S23
8.6 Central government finances: revenue, expenditure and financial balance	S24
NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION	S25

1. THE BALANCE SHEET OF THE BANK OF FINLAND

1.1 THE BALANCE SHEET OF THE BANK OF FINLAND,

MILL. FIM

	1988		1989			
	Sept. 30	Dec. 31	Sept. 8	Sept. 15	Sept. 22	Sept. 29
ASSETS						
Gold and foreign currency claims	30 246	29 753	29 212	28 939	28 676	27 663
Gold	2 128	2 128	2 129	2 129	2 129	2 129
Special drawing rights	1 022	1 120	886	882	880	878
IMF reserve tranche	945	940	950	945	954	952
Convertible currencies	24 357	24 492	24 612	24 645	24 561	23 628
Tied currencies	1 794	1 073	635	338	152	76
Other foreign claims	4 229	4 199	4 089	4 085	4 067	4 061
Markka subscription to Finland's IMF quota	2 262	2 283	2 183	2 183	2 172	2 172
Term credit	1 967	1 916	1 906	1 901	1 895	1 888
Claims on financial institutions	11 357	14 384	25 153	25 326	25 725	27 905
Call money credits	42	463	20	153	54	75
Certificates of deposit	5 506	7 187	19 445	19 599	20 063	22 152
Term credits	—	—	—	—	—	—
Till-money credits	2 170	2 920	2 525	2 420	2 498	2 569
Financing of crop failure loans	1 222	1 222	611	611	594	594
Bonds	2 153	2 325	2 315	2 305	2 278	2 278
Other claims on financial institutions	265	267	238	238	238	238
Claims on the public sector	1 011	1 128	1 114	1 116	1 118	1 135
Treasury notes and bills	—	88	—	—	—	—
Bonds	4	20	31	33	35	42
Total coinage	1 008	1 020	1 083	1 083	1 083	1 094
Other claims on the public sector	—	—	—	—	—	—
Claims on corporations	3 181	3 041	2 418	2 396	2 378	2 392
Financing of exports	524	400	26	25	24	23
Financing of domestic deliveries (KTR)	2 319	2 205	1 900	1 880	1 865	1 851
Bonds: KTR credits	122	218	280	280	280	310
Bonds: Other	34	35	24	24	22	22
Other claims on corporations	182	183	187	187	187	186
Other assets	115	787	90	92	93	97
Accrued items	—	668	—	—	—	—
Other assets	115	118	90	92	93	97
Total	50 139	53 291	62 076	61 953	62 058	63 254
LIABILITIES						
Foreign currency liabilities	206	247	150	154	158	962
Convertible currencies	87	119	25	27	24	60
Tied currencies	119	128	125	126	134	902
Other foreign liabilities	3 080	3 082	2 972	2 968	2 955	2 954
IMF markka accounts	2 262	2 283	2 184	2 184	2 173	2 173
Allocations of special drawing rights	818	800	788	784	783	781
Notes and coin in circulation	10 617	11 550	11 657	11 660	11 670	11 739
Notes	9 708	10 601	10 658	10 661	10 668	10 729
Coin	909	949	999	999	1 002	1 010
Certificates of deposit	1 790	1 130	60	60	20	20
Liabilities to financial institutions	17 602	19 248	25 158	25 082	25 245	25 625
Call money deposits	90	128	190	114	278	208
Term deposits	—	—	—	—	—	—
Cash reserve deposits	17 464	19 039	24 639	24 639	24 639	25 089
Capital import deposits	—	—	290	290	290	290
Other liabilities to financial institutions	49	81	39	39	38	39
Liabilities to the public sector	1 566	1 903	1 488	1 488	1 503	1 504
Cheque accounts	1	1	0	0	1	1
Counter-cyclical fund deposit	900	900	—	—	—	—
Counter-cyclical deposits	665	981	1 319	1 318	1 318	1 318
Export deposits	—	20	168	168	183	184
Capital import deposits	—	—	—	—	—	—
Other liabilities to the public sector	0	1	1	1	1	1
Liabilities to corporations	6 601	6 797	10 787	10 786	10 786	10 826
Deposits for investment and ship purchase	6 254	6 447	10 222	10 221	10 221	10 258
Capital import deposits	338	349	565	565	565	567
Other liabilities to corporations	9	1	0	0	0	0
Other liabilities	40	1 107	59	58	52	56
Accrued items	—	1 064	—	—	—	—
Other liabilities	40	43	59	58	52	56
Valuation account and reserves	3 150	2 391	3 910	3 862	3 831	3 734
SITRA's capital	400	400	400	400	400	400
Capital accounts	5 088	5 436	5 436	5 436	5 436	5 436
Primary capital	5 000	5 000	5 000	5 000	5 000	5 000
Reserve fund	88	88	436	436	436	436
Profit/loss for the accounting year	—	348	—	—	—	—
Total	50 139	53 291	62 076	61 953	62 058	63 254

1.2 TIME SERIES FOR THE BALANCE SHEET ITEMS OF THE BANK OF FINLAND,

MILL. FIM

End of period	Foreign sector									Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible currencies, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net liabilities (11-10)
	1	2	3	4	5	6	7	8	9	10	11	12
1984	1 732	936	859	15 303	18 830	-337	18 493	-917	17 576	1 951	4 277	2 326
1985	2 081	931	775	18 572	22 359	-285	22 074	-849	21 225	1 023	4 300	3 277
1986	2 081	983	793	6 778	10 635	3 421	14 056	-838	13 218	1 002	2 001	999
1987	2 128	899	793	23 571	27 391	1 212	28 603	1 131	29 734	977	901	-76
1988	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	775
1988												
Sept.	2 128	1 022	945	24 270	28 365	1 675	30 040	1 149	31 189	1 011	1 566	555
Oct.	2 128	1 008	922	23 638	27 696	1 818	29 514	1 134	30 648	1 044	1 575	531
Nov.	2 128	1 011	939	23 754	27 832	1 340	29 172	1 111	30 283	1 064	1 581	517
Dec.	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	775
1989												
Jan.	2 128	1 066	945	26 514	30 653	2 296	32 949	1 129	34 078	1 114	2 016	902
Feb.	2 128	878	959	28 919	32 884	2 332	35 216	1 131	36 347	1 119	2 017	898
March	2 128	853	901	25 659	29 541	1 352	30 893	1 097	31 990	1 079	1 368	289
April	2 128	832	890	24 628	28 478	1 725	30 203	1 085	31 288	1 103	1 404	301
May	2 128	861	1 004	25 028	29 021	1 580	30 601	1 103	31 704	1 113	1 433	320
June	2 128	858	961	25 501	29 448	353	29 801	1 113	30 914	1 136	1 458	322
July	2 128	854	919	25 318	29 219	717	29 936	1 094	31 030	1 113	1 472	359
Aug.	2 128	882	934	25 545	29 489	706	30 195	1 117	31 312	1 113	1 486	373
Sept.	2 129	878	952	23 568	27 527	-826	26 701	1 107	27 808	1 135	1 504	369

End of period	Domestic financial sector						Corporate sector			Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	Term claims on deposit banks	Call money claims on deposit banks, net	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other liabilities to financial institutions, net	Net claims (13+14-15+16-17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19-20)		
	13	14	15	16	17	18	19	20	21	22	23
1984	.	2 802	8 696	1 563	-1 618	-2 713	4 646	2 614	2 032	7 442	.
1985	.	4 014	10 222	1 925	-1 386	-2 897	4 525	4 113	412	8 072	.
1986	2 381	6 687	9 270	2 305	-2 240	4 343	4 581	4 757	-176	8 668	.
1987	—	-757	10 941	2 730	-2 350	-6 618	3 449	4 782	-1 333	9 990	4 970
1988	7 187	335	19 039	2 920	-3 733	-4 864	2 823	6 579	-3 756	11 550	1 130
1988											
Sept.	5 506	-48	17 464	2 170	-3 591	-6 245	2 965	6 385	-3 420	10 617	1 790
Oct.	5 605	-394	17 328	2 559	-3 569	-5 989	2 908	6 471	-3 563	10 513	1 930
Nov.	5 907	165	18 112	2 516	-3 554	-5 970	2 844	6 474	-3 630	10 563	1 690
Dec.	7 187	335	19 039	2 920	-3 733	-4 864	2 823	6 579	-3 756	11 550	1 130
1989											
Jan.	5 291	632	20 389	2 733	-3 447	-8 286	2 681	6 622	-3 941	10 755	1 440
Feb.	5 195	-101	21 328	2 657	-3 481	-10 096	2 555	6 706	-4 151	10 769	1 460
March	7 917	1 735	22 120	2 481	-3 017	-6 970	2 455	6 700	-4 245	10 996	980
April	10 166	256	22 195	2 342	-2 952	-6 479	2 386	6 935	-4 549	11 190	580
May	7 597	3 803	22 820	2 843	-2 716	-5 861	2 335	7 168	-4 833	11 385	180
June	16 601	-568	23 500	2 518	-2 816	-2 133	2 239	9 557	-7 318	11 737	160
July	17 582	-727	24 116	2 936	-2 817	-1 508	2 252	10 439	-8 187	11 774	160
Aug.	18 641	-839	24 639	2 899	-2 833	-1 105	2 214	10 587	-8 373	11 651	60
Sept.	22 152	-133	25 089	2 569	-2 781	2 280	2 184	10 617	-8 433	11 739	20

2. THE BANK OF FINLAND'S MONEY MARKET OPERATIONS AND THE FORWARD MARKET

2.1 THE BANK OF FINLAND'S MONEY MARKET OPERATIONS AND THE CALL MONEY MARKET, MILL. FIM

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Impact on liquidity (1-2-3)	Call money credits	Call money deposits	Total net change (4+5-6)
	1	2	3	4	5	6	7
1984	.	.	.	.	-767	1 606	-2 373
1985	.	.	.	.	201	-1 011	1 212
1986	.	.	.	.	1 599	-1 074	2 673
1987	1 263	23 658	-17 520	-4 875	-6 818	626	-12 319
1988	13 840	19 190	-16 850	11 500	463	-629	12 592
1988							
Sept.	1 160	210	-1 810	2 760	-415	54	2 291
Oct.	1 470	470	1 000	—	-32	314	-346
Nov.	2 970	—	2 380	590	212	-347	1 149
Dec.	3 000	—	1 100	1 900	241	71	2 070
1989							
Jan.	260	1 190	1 370	-2 300	252	-45	-2 003
Feb.	3 260	1 125	2 125	10	-656	77	-723
March	8 695	170	5 095	3 430	1 785	-51	5 266
April	4 710	—	2 370	2 340	-1 548	-69	861
May	6 490	—	7 880	-1 390	3 507	-40	2 157
June	16 295	250	7 875	8 170	-3 798	573	3 799
July	16 790	240	15 170	1 380	7	166	1 221
Aug.	14 560	—	13 160	1 400	-10	102	1 288
Sept.	14 260	—	9 950	4 310	73	-633	5 016

2.2 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					
	Domestic companies		Net (1-2)	Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks				
	1	2	3	4	5	6
1984	22 921	1 394	21 527	2 002	-19 962	3 566
1985	16 982	1 733	15 249	708	-9 005	6 951
1986	11 446	1 319	10 127	-2 461	-92	7 574
1987	21 671	1 158	20 513	-233	-1 287	18 994
1988	16 488	1 543	14 946	9 086	-377	23 654
1988						
Aug.	19 248	1 479	17 769	2 147	—	19 916
Sept.	19 282	1 847	17 435	6 712	-1 216	22 930
Oct.	18 420	1 998	16 422	7 072	-958	22 536
Nov.	17 447	1 894	15 553	8 224	-863	22 914
Dec.	16 488	1 543	14 946	9 086	-377	23 654
1989						
Jan.	15 710	1 058	14 652	9 284	-62	23 874
Feb.	15 495	857	14 638	7 706	-273	22 071
March	14 614	871	13 742	7 221	-168	20 795
April	13 536	1 044	12 492	7 003	-63	19 432
May	13 248	1 535	11 714	9 024	—	20 737
June	12 859	1 408	11 451	9 781	-306	20 926
July	13 125	1 393	11 731	9 870	-395	21 207
Aug.	12 652	1 187	11 465	15 126	-220	26 371

2.3 BANKS' CENTRAL BANK POSITION, MILL. FIM

Average of daily observations	Call money credits	Bank CDs held by the Bank of Finland	Gross debt to the Bank of Finland (1+2)	Call money deposits	Holdings of CDs issued by the Bank of Finland	Cash reserve deposits	Gross claim on the Bank of Finland (4+5+6)	Net position (3-7)
	1	2	3	4	5	6	7	8
1984	3 176	.	3 176	3 215	.	6 324	9 539	-6 364
1985	5 812	.	5 812	4 527	.	9 578	14 105	-8 293
1986	7 117	120	7 237	1 256	.	9 189	10 445	-3 208
1987	481	1 581	2 062	703	4 705	10 092	15 501	-13 439
1988	128	2 190	2 319	621	5 044	15 159	20 824	-18 505
1988								
Sept.	101	5 006	5 107	483	2 389	17 607	20 479	-15 372
Oct.	52	5 543	5 594	371	1 851	17 459	19 681	-14 087
Nov.	120	5 677	5 796	346	1 846	17 354	19 545	-13 749
Dec.	221	6 633	6 854	306	1 287	18 172	19 765	-12 911
1989								
Jan.	111	6 203	6 314	611	1 252	19 083	20 946	-14 632
Feb.	129	4 612	4 741	501	1 568	20 423	22 491	-17 750
March	711	5 175	5 886	177	1 202	21 352	22 731	-16 845
April	689	8 697	9 386	129	774	22 128	23 031	-13 644
May	1 176	8 908	10 083	127	330	22 214	22 671	-12 588
June	779	11 264	12 042	321	118	22 842	23 282	-11 240
July	46	17 049	17 095	714	160	23 520	24 394	-7 299
Aug.	46	17 384	17 431	507	116	24 132	24 755	-7 325
Sept.	41	19 738	19 779	446	47	24 669	25 161	-5 382

3. RATES OF INTEREST

3.1 MONEY MARKET RATES AND RATES APPLIED BY THE BANK OF FINLAND, PER CENT

Average of daily observations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates			Cash reserve requirement	
		1 month	3 months	6 months	12 months	Call money credit rate	Call money deposit rate	Base rate	Ordinary	Additional (average)
	1	2	3	4	5	6	7	8	9	10
1984	..	..	..	..	..	16.53	16.53	9.50	5.4	.
1985	..	..	..	..	..	13.37	13.37	9.04	5.6	.
1986	11.87	..	..	..	..	13.43	11.34	7.46	4.8	.
1987	9.16	9.90	10.02	10.14	10.40	11.71	7.78	7.00	4.8	.
1988	8.47	9.77	9.97	10.16	10.50	11.50	7.04	7.63	6.5	.
1988										
Sept.	8.51	10.34	10.48	10.58	10.68	11.00	7.50	8.00	7.0	.
Oct.	7.88	10.34	10.68	10.96	11.31	12.83	4.34	8.00	7.0	.
Nov.	8.24	10.85	11.26	11.56	11.93	13.00	4.00	8.00	7.3	.
Dec.	8.41	11.21	11.55	11.85	12.14	13.00	4.00	8.00	7.6	.
1989										
Jan.	7.46	10.60	11.19	11.42	11.80	13.00	4.00	7.50	7.8	.
Feb.	7.91	10.12	10.78	11.10	11.53	13.00	4.00	7.50	7.8	.
March	9.09	10.85	11.09	11.34	11.66	13.00	4.00	7.50	8.0	.
April	11.37	12.08	12.11	12.11	12.15	13.00	4.00	7.50	8.0	.
May	11.43	11.70	11.75	11.79	11.90	13.00	4.00	7.50	8.0	0.2
June	9.79	11.62	11.78	11.93	12.13	13.00	4.00	7.50	8.0	0.4
July	10.56	11.64	11.79	11.94	12.11	15.00	4.00	7.50	8.0	0.5
Aug.	8.86	11.87	12.06	12.22	12.35	15.00	4.00	7.50	8.0	0.7
Sept.	8.56	12.69	13.09	13.30	13.40	15.00	4.00	7.50	8.0	0.8

3.2 WEIGHTED EURORATE (3 AND 12 CURRENCIES), PER CENT

Average of daily observations	3 currencies ¹				12 currencies ²			
	1 month	3 months	6 months	12 months	1 month	3 months	6 months	12 months
	1	2	3	4	5	6	7	8
1984	7.5	7.7	8.0	8.2	..	..	..	..
1985	6.8	6.9	7.0	7.2	..	..	..	..
1986	5.9	5.9	5.9	5.8	..	..	..	..
1987	5.4	5.6	5.7	5.8	7.9	8.0	8.1	8.2
1988	5.9	6.0	6.2	6.4	7.8	8.0	8.1	8.3
1988								
Sept.	6.6	6.8	7.0	7.1	8.4	8.5	8.7	8.8
Oct.	6.6	6.8	6.9	6.9	8.3	8.5	8.6	8.6
Nov.	6.7	6.9	7.0	7.0	8.5	8.6	8.7	8.7
Dec.	7.4	7.4	7.4	7.5	8.8	8.8	8.9	8.9
1989								
Jan.	7.4	7.6	7.7	7.8	8.8	8.9	8.9	9.0
Feb.	8.0	8.2	8.4	8.4	9.2	9.3	9.3	9.4
March	8.0	8.3	8.6	8.8	9.3	9.5	9.7	9.8
April	8.0	8.2	8.4	8.6	9.2	9.5	9.6	9.7
May	8.3	8.4	8.6	8.7	9.5	9.7	9.7	9.8
June	8.3	8.4	8.5	8.5	9.7	9.8	9.8	9.9
July	8.3	8.2	8.2	8.1	9.7	9.8	9.7	9.7
Aug.	8.3	8.3	8.2	8.2	9.7	9.8	9.7	9.7
Sept.	8.5	8.6	8.6	8.6	9.9	10.0	10.0	9.9

3.3 COVERED EURO-DOLLAR RATE, PER CENT

Average of daily observations	1 month	3 months	6 months	12 months
	1	2	3	4
1984	..	..	..	..
1985	12.9	12.8	12.8	12.6
1986	12.1	11.7	11.5	11.1
1987	9.8	9.9	9.9	10.1
1988	9.6	9.8	10.0	10.3
1988				
Sept.	10.2	10.4	10.4	10.6
Oct.	10.2	10.5	10.8	11.0
Nov.	10.6	11.0	11.3	11.6
Dec.	10.8	11.2	11.4	11.7
1989				
Jan.	10.2	10.8	11.0	11.3
Feb.	10.0	10.5	10.7	11.1
March	10.6	10.9	11.1	11.3
April	11.9	11.8	11.8	11.7
May	11.1	11.2	11.2	11.3
June	11.2	11.3	11.4	11.5
July	11.1	11.3	11.5	11.5
Aug.	11.1	11.5	11.7	11.8
Sept.	11.9	12.5	12.8	12.9

¹ DEM 60 per cent, USD 30 per cent, GBP 10 per cent.

² Weighted according to their relative shares in the Bank of Finland currency index. Since March 1989, the index has consisted of 14 currencies.

3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

End of period	Lending						Deposits					
	New credits ¹				Average lending rate	Of which Commercial banks	Savings accounts and ordinary deposit accounts	12-month time deposits	24-month time deposits	Average rate of interest on regulated deposits	Average rate of interest on unregulated deposits	Average rate of interest on total deposits
	Cheque account and post-office giro credits	Bills of exchange	Loans	New lending, total								
1	2	3	4	5	6	7	8	9	10	11	12	
1984	..	..	..	..	10.67	10.68	5.25	8.00	9.25	6.22	15.43	7.30
1985	12.04	12.94	10.62	11.55	10.37	10.37	4.75	7.50	8.75	5.91	13.24	6.81
1986	10.89	12.30	9.76	10.64	8.82	8.81	2.75	5.75	7.00	4.43	11.84	5.35
1987	10.50	12.31	10.01	10.62	9.12	8.99	2.75	5.75	7.00	4.56	10.13	5.29
1988	10.22	12.27	10.50	10.72	10.37	10.25	3.75	6.75	8.00	5.87	9.80	6.20
1988												
Aug.	11.04	12.55	10.75	11.07	10.12	9.95	3.75	6.75	8.00	5.48	9.63	6.42
Sept.	12.24	12.53	10.81	11.14	10.19	10.06	3.75	6.75	8.00	5.56	9.83	6.56
Oct.	11.97	12.53	10.82	11.16	10.29	10.15	3.75	6.75	8.00	5.59	10.09	6.63
Nov.	12.08	12.62	11.02	11.33	10.33	10.21	3.75	6.75	8.00	5.66	10.39	6.77
Dec.	10.02	11.68	10.33	10.48	10.37	10.25	3.75	6.75	8.00	5.87	10.62	6.92
1989*												
Jan.	11.63	12.37	10.58	10.95	10.09	9.90	3.50	.	5.50	5.45	10.86	6.99
Feb.	11.63	12.23	10.85	11.18	10.09	9.92	3.50	.	5.50	5.41	10.85	7.06
March	12.04	12.69	11.04	11.45	10.11	9.94	3.50	.	5.50	5.51	10.89	6.87
April	12.73	13.10	11.35	11.80	10.23	10.06	3.50	.	5.50	5.54	11.32	7.09
May	12.75	13.11	11.48	11.91	10.31	10.13	3.50	.	5.50	5.52	11.41	7.07
June	12.46	13.12	11.43	11.83	10.35	10.18	3.50	.	5.50	5.48	11.55	7.06
July	12.60	13.25	11.59	12.03	10.34	10.18	3.50	.	5.50	5.46	11.53	7.04
Aug.	12.67	13.36	11.33	11.79	10.37	10.20	3.50	.	5.50	5.48	11.60	7.07

¹ Average rate of interest for period.

3.5 RATES OF INTEREST ON BONDS AND DEBENTURES, PER CENT

Period	Secondary market rates						Rates of issue		
	Long-term unregulated market rate		Taxable government bonds	Taxable public issues	Of which:		Taxfree public issues	Taxable public issues	Taxfree public issues
	3 years	5 years			Financial institutions	Corporations			
1	2	3	4	5	6	7	8	9	
1984	..	..	..	14.0	..	..	10.6	13.6	11.1
1985	..	..	..	12.7	..	..	10.1	12.7	10.6
1986	..	..	..	11.7	..	..	8.3	11.3	8.8
1987	..	..	..	11.2	11.1	11.2	8.1	10.7	7.9
1988	10.7	10.8	10.6	10.6	10.6	10.6	7.8	10.4	7.3
1988									
Aug.	10.5	10.7	10.7	10.6	10.5	10.7	8.0	10.5	7.2
Sept.	10.7	10.8	10.6	10.7	10.8	10.5	8.0	10.7	7.2
Oct.	11.2	11.3	10.6	10.6	10.6	10.6	7.8	10.3	7.2
Nov.	11.6	11.6	11.6	11.0	11.0	11.3	7.8	10.7	7.2
Dec.	11.8	11.7	11.6	11.3	11.3	11.1	7.5	11.3	7.2
1989									
Jan.	11.8	11.7	11.6	11.8	11.7	12.0	7.4	11.1	6.5
Feb.	11.5	11.4	11.7	11.5	11.8	11.3	7.5	11.5	6.5
March	11.6	11.6	11.8	11.8	11.5	11.8	7.7	11.5	6.5
April	11.9	11.8	11.8	11.8	11.9	11.7	7.6	11.6	6.5
May	11.8	11.7	11.8	11.8	11.9	11.8	7.9	11.6	6.5
June	11.9	11.7	12.3	11.8	11.8	11.7	8.1	11.5	6.5
July	11.8	11.7	12.1	11.8	12.0	11.6	8.2	11.6	6.5
Aug.	11.9	11.7	11.9	11.9	11.8	12.0	8.5	11.5	6.5

4. RATES OF EXCHANGE

4.1 AVERAGE SPOT SELLING RATES, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oslo	Copenhagen	Frankfurt a.M.	Amsterdam	Brussels	
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEC	1 BEL
	1	2	3	4	5	6	7	8	9	10	11
1984	6.010	4.645	8.023	6.533	0.7277	0.7384	0.5816	2.1165	1.8772	0.10428	0.10274
1985	6.206	4.554	8.000	6.590	0.7222	0.7231	0.5871	2.1142	1.8745	0.10483	0.10421
1986	5.077	3.659	7.459	6.816	0.7138	0.6882	0.6290	2.3454	2.0789	0.11399	0.11299
1987	4.404	3.325	7.213	6.556	0.6952	0.6547	0.6444	2.4514	2.1755	0.11806	0.11735
1988	4.191	3.412	7.466	6.397	0.6848	0.6444	0.6235	2.3895	2.1233	0.11421	0.11345
1988											
Sept.	4.427	3.611	7.462	6.371	0.6885	0.6419	0.6183	2.3732	2.1034	0.11325	0.11181
Oct.	4.315	3.582	7.492	6.349	0.6883	0.6401	0.6153	2.3699	2.1019	0.11311	0.11197
Nov.	4.151	3.416	7.512	6.350	0.6827	0.6328	0.6154	2.3737	2.1049	0.11333	0.11250
Dec.	4.140	3.466	7.565	6.319	0.6816	0.6365	0.6112	2.3590	2.0902	0.11262	0.11212
1989											
Jan.	4.247	3.568	7.561	6.223	0.6804	0.6385	0.6003	2.3234	2.0583	0.11098	0.11048
Feb.	4.299	3.623	7.550	6.206	0.6814	0.6411	0.5974	2.3231	2.0578	0.11091	0.11045
March	4.302	3.604	7.393	6.170	0.6756	0.6347	0.5925	2.3084	2.0459	0.11026	0.10982
April	4.197	3.534	7.149	6.001	0.6605	0.6190	0.5776	2.2465	1.9913	0.10737	0.10691
May	4.347	3.650	7.090	5.975	0.6618	0.6187	0.5737	2.2325	1.9805	0.10672	0.10639
June	4.437	3.706	6.899	5.985	0.6643	0.6183	0.5757	2.2397	1.9884	0.10708	0.10681
July	4.278	3.602	6.947	6.043	0.6622	0.6164	0.5818	2.2601	2.0043	0.10803	0.10786
Aug.	4.348	3.703	6.950	6.036	0.6657	0.6186	0.5814	2.2582	2.0029	0.10802	0.10782
Sept.	4.419	3.744	6.952	6.050	0.6698	0.6215	0.5830	2.2650	2.0088	0.10827	0.10803

Average of daily quotations	Zurich	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Tokyo	Moscow	Melbourne	ECU	SDR
	1 CHF	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 JPY	1 SUR	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22	23
1984	2.5642	0.6907	0.00344	0.3013	0.0414	0.1939	0.0375	0.02534	7.357	..	..	6.14739
1985	2.5360	0.6940	0.00327	0.3012	0.0367	0.1520	0.0366	0.02610	7.419	..	..	6.27879
1986	2.8349	0.7355	0.00343	0.3339	0.0343	0.1259	0.0364	0.03028	7.228	..	..	5.94432
1987	2.9563	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	0.03050	6.965	3.106	5.075	5.68010
1988	2.8700	0.7060	0.00324	0.3401	0.0294	0.1006	0.0361	0.03273	6.891	3.309	4.954	5.61826
1988												
Sept.	2.8112	0.6992	0.00320	0.3377	0.0291	0.0971	0.0358	0.03295	7.038	3.527	4.917	5.71616
Oct.	2.7995	0.6963	0.00319	0.3374	0.0290	0.0940	0.0360	0.03347	6.998	3.509	4.911	5.68200
Nov.	2.8293	0.6965	0.00321	0.3378	0.0288	0.0931	0.0362	0.03372	6.890	3.548	4.918	5.62011
Dec.	2.8009	0.6921	0.00321	0.3357	0.0288	0.0929	0.0366	0.03349	6.862	3.573	4.899	5.59952
1989												
Jan.	2.7332	0.6831	0.00318	0.3308	0.0286	0.0887	0.0372	0.03346	6.896	3.712	4.840	5.61726
Feb.	2.7314	0.6838	0.00319	0.3305	0.0286	0.0870	0.0373	0.03369	6.943	3.704	4.838	5.64865
March	2.6830	0.6824	0.00316	0.3284	0.0283	0.0842	0.0372	0.03305	6.896	3.530	4.801	5.60538
April	2.5518	0.6659	0.00308	0.3195	0.0275	0.0819	0.0363	0.03181	6.702	3.395	4.672	5.44433
May	2.5138	0.6615	0.00308	0.3176	0.0273	0.0814	0.0359	0.03151	6.770	3.374	4.644	5.48599
June	2.5942	0.6616	0.00310	0.3185	0.0271	0.0789	0.0351	0.03079	6.831	3.367	4.639	5.49166
July	2.6243	0.6679	0.00314	0.3214	0.0273	0.0762	0.0361	0.03047	6.759	3.260	4.678	5.42928
Aug.	2.6201	0.6700	0.00316	0.3211	0.0273	0.0751	0.0362	0.03079	6.821	3.336	4.678	5.47435
Sept.	2.6202	0.6723	0.00316	0.3220	0.0273	0.0740	0.0363	0.03047	6.870	3.435	4.694	5.49998

4.2 CURRENCY INDICES, 1982=100

Average of daily observations	Bank of Finland currency index	Other currency indices		Currency	Weights of the Bank of Finland currency index As from September 7, 1989
		Payments currency index	MERM index		
	1	2	3		4
1984	102.8	108.5	111.6	USD	8.1
1985	102.5	109.4	112.5	GBP	13.4
1986	103.9	106.3	110.4	SEK	19.1
1987	103.3	103.2	106.1	NOK	4.3
1988	102.0	101.0	104.7	DKK	4.5
				DEM	19.3
1988				NLG	4.8
Sept.	102.2	102.1	106.4	BEC	3.1
Oct.	102.0	101.5	105.8	CHF	2.5
Nov.	101.6	100.5	104.5	FRF	6.5
Dec.	101.4	100.2	104.2	ITL	4.9
				ATS	1.6
1989				ESP	1.8
Jan.	100.9	100.2	104.6	JPY	6.1
Feb.	101.0	100.5	105.2		
March	100.1	99.8	104.4		
April	97.4	97.1	101.6		
May	97.3	97.6	102.4		
June	97.2	97.9	102.8		
July	97.4	97.5	101.7		
Aug.	97.7	98.0	102.6		
Sept.	98.0	98.6	103.1		

5. OTHER DOMESTIC FINANCING

5.1 BANK DEPOSITS BY THE PUBLIC, MILL. FIM

End of period	Demand deposits	Time deposits	Investment accounts	Markka deposits, total (1+2+3)	Foreign currency deposits	Unregulated deposits	Total deposits (4+5+6)
	1	2	3	4	5	6	7
1984	16 975	108 118	.	125 093	4 960	11 287	141 340
1985	19 268	125 366	1 781	146 415	6 192	13 998	166 605
1986	18 393	137 521	3 423	159 337	4 306	17 271	180 914
1987	20 377	155 115	5 243	180 735	3 923	17 892	202 550
1988*	24 831	194 181	5 089	224 101	4 643	41 028	269 772
1988*							
June	26 163	164 253	5 900	196 317	4 169	27 307	227 793
July	24 369	166 174	5 910	196 454	4 362	37 097	237 913
Aug.	24 438	167 010	5 904	197 352	4 406	39 645	241 402
Sept.	23 358	168 233	6 211	197 801	4 310	39 761	241 872
Oct.	25 168	170 139	6 530	201 837	4 783	42 652	249 271
Nov.	23 389	171 714	6 602	201 706	5 028	44 564	251 298
Dec.	24 831	194 181	5 089	224 101	4 643	41 028	269 772
1989*							
Jan.	24 190	194 308	5 842	224 340	4 647	48 256	277 243
Feb.	26 225	194 930	6 433	227 588	5 022	48 346	280 956
March	25 618	193 825	6 932	226 375	4 754	51 153	282 281
April	25 872	195 207	7 408	228 487	5 430	55 898	289 814
May	26 969	194 708	7 672	229 349	5 286	51 275	285 909
June	28 559	196 403	8 080	233 042	6 626	57 898	297 566

5.2 BANK LENDING TO THE PUBLIC, MILL. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markka lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
1984	5 233	7 644	111 280	124 157	20 363	144 520
1985	6 313	7 471	132 668	146 451	24 704	171 155
1986	7 542	6 354	152 335	166 231	25 016	191 246
1987	8 507	5 177	178 698	192 382	36 954	229 336
1988*	11 358	5 920	234 268	251 545	50 267	301 812
1988*						
June	9 643	4 809	200 832	215 283	47 807	263 090
July	9 436	4 722	203 911	218 068	47 301	265 370
Aug.	9 907	4 767	207 885	222 560	47 085	269 644
Sept.	10 634	4 755	212 246	227 635	47 583	275 218
Oct.	10 647	4 796	216 684	232 127	47 913	280 040
Nov.	10 898	4 902	221 029	236 830	48 558	285 388
Dec.	11 358	5 920	234 268	251 545	50 267	301 812
1989*						
Jan.	11 765	5 334	237 089	254 188	53 142	307 329
Feb.	11 783	5 044	239 517	256 345	56 542	312 886
March	12 595	5 122	241 517	259 234	56 288	315 522
April	12 836	5 129	240 945	258 910	57 559	316 470
May	12 926	5 195	246 520	264 641	59 916	324 557
June	13 422	5 347	248 921	267 691	61 276	328 966

5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL. FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M ₁	M ₂ (1+4+5)
		Claims on the central government	Claims on the public	Total (2+3)			
	1	2	3	4	5	6	7
1984	-2 575	-5 483	176 694	171 211	-26 978	24 945	141 658
1985	-6 641	-8 694	209 231	200 537	-27 244	27 694	166 652
1986	-16 784	-13 884	237 514	223 630	-27 522	27 838	179 324
1987	-25 484	-14 977	277 068	262 090	-36 145	30 342	200 461
1988*	-40 670	-15 691	351 266	335 574	-48 866	35 232	246 039
1988*							
June	-31 339	-14 240	308 714	294 474	-44 552	36 824	218 583
July	-31 862	-13 831	312 650	298 819	-47 602	35 182	219 356
Aug.	-33 160	-14 690	317 063	302 373	-49 570	34 831	219 644
Sept.	-37 256	-15 307	322 509	307 202	-49 841	34 097	220 105
Oct.	-38 414	-15 174	327 518	312 344	-50 503	35 538	223 428
Nov.	-38 919	-16 343	333 845	317 502	-54 941	33 856	223 642
Dec.	-40 670	-15 691	351 266	335 574	-48 866	35 232	246 039
1989*							
Jan.	-40 982	-13 442	358 025	344 583	-57 465	34 954	246 137
Feb.	-41 631	-13 958	364 209	350 252	-58 621	37 294	250 000
March	-43 785	-16 112	368 268	352 156	-59 424	36 810	248 947
April	-45 413	-13 377	372 511	359 134	-61 684	37 559	252 037
May	-47 950	-10 575	377 748	367 173	-65 679	38 966	253 544
June	-50 499	-11 982	384 021	372 039	-59 320	42 526	262 220

5.4 LIABILITIES AND ASSETS OF THE CENTRAL GOVERNMENT, MILL. FIM

End of period	Foreign debt				Domestic debt				Total central government debt (4+8)	Out-standing lending	Cash funds
	Bonds	Other bonds and debentures	Long-term promissory notes	Total (1+2+3)	Public bonds	Other long-term liabilities	Treasury notes and bills	Total (5+6+7)			
	1	2	3	4	5	6	7	8	9	10	11
1984	16 513	2 666	5 767	24 946	12 037	4 520	2 766	19 323	44 269	33 816	6 300
1985	17 316	2 703	5 658	25 677	14 994	4 107	2 203	21 304	46 981	36 032	6 383
1986	17 905	3 038	6 038	26 981	18 059	4 481	2 474	25 013	51 994	38 028	11 686
1987	20 407	2 697	5 576	28 680	22 121	4 692	3 018	29 831	58 511	40 035	11 553
1988	20 202	1 804	4 273	26 279	24 243	5 272	2 290	31 805	58 084	42 990	15 858
1988											
July	20 860	2 236	5 156	28 252	23 838	4 969	3 910	32 717	60 969	41 781	11 993
Aug.	20 652	1 865	5 129	27 646	23 834	4 983	3 850	32 667	60 313	41 693	12 504
Sept.	20 200	1 847	5 098	27 145	23 767	4 979	3 580	32 326	59 471	43 141	13 073
Oct.	20 015	1 833	5 100	26 948	24 056	4 980	3 310	32 346	59 294	43 357	13 886
Nov.	19 643	1 814	4 324	25 781	24 079	4 984	2 980	32 043	57 824	43 349	15 683
Dec.	20 202	1 804	4 273	26 279	24 243	5 272	2 290	31 805	58 084	42 990	15 858
1989											
Jan.	20 208	1 790	4 216	26 214	23 563	5 261	2 130	30 954	57 168	43 531	13 022
Feb.	19 999	1 486	4 158	25 643	23 877	5 225	1 930	31 032	56 675	43 990	13 926
March	19 285	1 234	3 893	24 412	24 399	5 219	1 630	31 248	55 660	44 071	17 893
April	18 236	1 219	3 678	23 133	24 508	4 975	1 280	30 763	53 896	44 371	15 128
May	19 333	1 239	3 564	24 136	24 351	4 806	980	30 137	54 273	44 739	14 374
June	18 759	1 249	3 400	23 408	24 539	4 810	780	30 129	53 537	44 916	14 598
July	18 587	1 229	3 370	23 186	24 526	4 812	660	29 998	53 184	..	16 701

5.5 DOMESTIC BOND MARKET

A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corpo- rations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1984	2 528	6 167	5 073	112	32	1 947	5 336	6 629	13 912
1985	4 799	9 112	5 994	435	33	8 070	6 394	5 909	20 373
1986	4 976	10 638	6 532	422	105	5 987	7 487	9 199	22 674
1987	4 477	9 510	8 119	206	69	9 409	8 830	4 142	22 380
1988	3 027	8 418	6 889	268	61	7 861	6 522	4 280	18 663
1988									
Aug.	314	474	576	100	—	772	576	116	1 463
Sept.	13	903	127	—	—	378	482	183	1 042
Oct.	324	706	656	15	—	930	656	115	1 701
Nov.	14	1 240	183	—	—	873	183	381	1 437
Dec.	838	808	174	3	50	638	174	1 062	1 874
1989									
Jan.	738	1 451	1 075	47	—	1 284	1 293	734	3 311
Feb.	153	1 403	1 800	7	—	2 683	400	280	3 362
March	391	1 785	—	6	—	1 234	381	566	2 181
April	274	345	982	13	—	375	—	1 239	1 614
May	353	458	450	56	—	495	450	371	1 316
June	502	2 602	—	15	—	1 111	—	2 008	3 119
July	58	100	—	8	3	100	—	69	169
Aug.	247	103	450	35	—	507	200	128	835

B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corpo- rations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1984	6 766	19 960	14 904	247	43	3 531	15 148	23 242	41 921
1985	10 482	26 173	18 575	661	56	10 967	19 002	25 977	55 947
1986	14 075	31 902	22 091	1 042	177	16 432	23 314	29 541	69 287
1987	17 509	36 773	26 518	1 200	232	24 831	28 229	29 172	82 232
1988*	19 222	42 927	28 953	1 412	292	31 970	30 064	30 771	92 805
1988*									
II	17 901	39 712	28 428	1 250	246	28 457	29 627	29 453	87 537
III	18 407	40 650	28 478	1 416	246	29 804	29 588	29 805	89 197
IV	19 222	42 927	28 953	1 412	292	31 970	30 064	30 771	92 805
1989*									
I	20 237	46 069	28 907	1 417	392	35 733	29 416	31 874	97 023
II	20 675	49 118	28 907	1 473	384	37 747	29 384	33 426	100 557

5.6 HELSINKI STOCK EXCHANGE

During period	Turnover, mill.FIM			Share prices Unitas Index ¹ , 1975 = 100		
	Shares and subscription rights	Bonds and debentures	Total (1+2)	Banks	Industry	Overall index
	1	2	3	4	5	6
1984	2 508	5 007	7 515	193	273	259
1985	3 114	9 046	12 160	184	234	229
1986	9 488	6 479	15 968	254	357	350
1987	26 641	4 604	31 245	319	603	546
1988	31 734	5 718	37 452	404	734	677
1988						
Aug.	3 614	298	3 911	458	809	752
Sept.	2 149	270	2 419	432	763	704
Oct.	1 979	191	2 170	421	751	696
Nov.	2 271	205	2 475	445	787	731
Dec.	3 475	966	4 441	443	786	732
1989						
Jan.	2 622	314	2 936	439	792	736
Feb.	5 491	883	6 373	447	829	771
March	4 530	463	4 993	467	838	784
April	3 520	171	3 691	489	854	807
May	2 861	367	3 228	482	851	801
June	2 016	268	2 283	486	844	796
July	1 344	303	1 647	473	823	776
Aug.	3 198	1 171	4 370	466	829	776

¹ Average of daily observations.

6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, f.o.b.	Trans- port receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Invest- ment income	Trans- fers and other income	Current account of receipts (6+7+8)	Imports of goods, c.i.f.	Trans- port ex- pend- iture	Travel ex- pend- iture	Other services ex- pend- iture
	1	2	3	4	5	6	7	8	9	10	11	12	13
1984	78 961	6 580	3 039	5 610	15 229	94 190	4 537	3 624	102 351	73 496	2 572	4 250	5 819
1985	82 475	6 216	3 258	6 224	15 698	98 173	5 847	3 791	107 811	80 764	2 545	5 031	6 554
1986	81 066	5 757	3 195	5 616	14 568	95 634	4 510	3 609	103 752	76 736	2 160	5 587	5 415
1987	83 826	6 370	3 736	6 099	16 204	100 030	5 075	3 231	108 336	81 867	2 610	6 811	6 488
1988*	91 299	7 146	4 257	6 333	17 736	109 035	7 752	3 396	120 183	91 234	3 576	7 913	7 500
1987													
I	20 038	1 474	660	1 253	3 387	23 425	1 127	876	25 427	19 528	572	1 467	1 473
II	21 302	1 644	929	1 382	3 955	25 257	1 175	797	27 229	20 508	673	1 688	1 529
III	20 849	1 698	1 339	1 573	4 610	25 459	1 115	781	27 355	20 258	670	1 915	1 467
IV	21 638	1 554	808	1 890	4 252	25 890	1 659	777	28 325	21 573	694	1 741	2 019
1988*													
I	20 513	1 663	777	1 511	3 951	24 464	1 804	818	27 086	19 684	715	1 830	2 041
II	22 565	1 828	1 041	1 456	4 325	26 890	1 781	864	29 535	23 185	831	1 917	1 760
III	21 617	1 913	1 486	1 518	4 916	26 533	1 944	883	29 361	23 769	1 013	2 210	1 813
IV	26 603	1 743	954	1 848	4 544	31 148	2 223	831	34 201	24 597	1 017	1 956	1 886
1989*													
I	24 904	1 884	865	1 678	4 427	29 331	2 248	866	32 444	24 320	753	2 081	2 147
II	23 340	2 009	1 100	1 606	4 716	28 056	2 582	942	31 580	24 804	905	2 230	1 912

During period	Services ex- pend- iture, total (11+12 +13)	Imports of goods and services (10+14)	Invest- ment ex- pend- iture	Trans- fers and other ex- pend- iture	Current account ex- pend- iture (15+16 +17)	Trade account (1-10)	Trans- port (2-11)	Travel (3-12)	Other services (4-13)	Services account and (20+21 +22)	Goods services account net (19+23)	Invest- ment income, net (7-16)	Trans- fers and others, net (8-17)	Current account (24+25 +26) =
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1984	12 641	86 137	11 298	5 010	102 445	5 465	4 008	-1 211	-209	2 588	8 053	-6 761	-1 385	-93
1985	14 130	94 893	12 134	5 300	112 327	1 711	3 671	-1 773	-330	1 568	3 279	-6 287	-1 509	-4 517
1986	13 162	89 898	11 719	5 964	107 580	4 329	3 597	-2 392	201	1 406	5 735	-7 209	-2 355	-3 828
1987	15 909	97 775	12 617	5 860	116 251	1 960	3 760	-3 075	-390	296	2 255	-7 542	-2 629	-7 915
1988*	18 989	110 223	15 769	6 771	132 763	64	3 570	-3 656	-1 167	-1 252	-1 188	-8 017	-3 375	-12 580
1987														
I	3 512	23 040	2 901	1 745	27 686	509	901	-806	-220	-125	385	-1 774	-869	-2 259
II	3 890	24 398	3 624	1 288	29 309	794	971	-759	-147	65	859	-2 450	-490	-2 081
III	4 052	24 310	2 660	1 303	28 274	591	1 028	-576	106	558	1 149	-1 545	-522	-919
IV	4 455	26 027	3 431	1 523	30 982	65	860	-933	-129	-203	-138	-1 773	-747	-2 657
1988*														
I	4 585	24 269	3 882	1 919	30 070	828	948	-1 053	-529	-634	194	-2 077	-1 100	-2 983
II	4 508	27 692	3 863	1 501	33 056	-619	997	-876	-304	-183	-802	-2 082	-637	-3 521
III	5 037	28 805	3 511	1 503	33 819	-2 151	900	-725	-296	-120	-2 272	-1 567	-620	-4 459
IV	4 859	29 456	4 514	1 848	35 818	2 007	725	-1 003	-38	-315	1 692	-2 291	-1 017	-1 617
1989*														
I	4 982	29 302	4 303	2 182	35 786	584	1 130	-1 216	-469	-555	29	-2 055	-1 316	-3 342
II	5 047	29 851	5 086	1 801	36 738	-1 464	1 104	-1 130	-306	-332	-1 795	-2 504	-859	-5 158

6.2 CAPITAL ACCOUNT, MILL. FIM

During period	Direct investment in Finland	Port-folio investment in Finland	Long-term credits				Imports of other long-term capital	Imports of long-term capital (1+2+6+7)	Direct investment abroad	Port-folio investment abroad	Long-term export credits	Exports of other long-term capital	Exports of long-term capital (9+10+11+12)	Long-term capital account (8-13)
			Central government	Author-ized banks	Others	Total (3+4+5)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1984	324	1 492	2 598	2 861	1 090	6 549	68	8 433	2 479	408	1 682	-1 960	2 609	5 824
1985	392	4 264	1 556	1 489	442	3 487	140	8 283	2 073	1 329	-1 313	1 026	3 115	5 168
1986	1 627	646	-63	5 935	-482	5 390	87	7 750	3 641	2 347	-381	702	6 309	1 441
1987	424	179	2 284	5 700	2 526	10 510	91	11 204	3 741	3 294	158	3 103	10 296	908
1988*	835	-182	-1 690	9 796	9 076	17 182	85	17 920	7 845	1 307	675	1 899	11 726	6 194
1987														
I	134	69	1 638	1 755	874	4 267	79	4 549	779	1 076	261	2 486	4 602	-53
II	215	58	-443	1 529	1 260	2 346	-55	2 564	934	1 339	-144	55	2 184	381
III	24	82	-1 019	945	549	475	12	593	682	519	106	82	1 389	-796
IV	51	-30	2 108	1 471	-157	3 422	55	3 498	1 346	360	-65	482	2 123	1 376
1988*														
I	64	6	-857	361	3 230	2 734	89	2 893	997	245	6	572	1 820	1 073
II	301	-212	1 171	2 356	1 599	5 126	-42	5 173	2 996	344	180	431	3 951	1 222
III	88	-43	-1 571	3 011	885	2 325	-19	2 351	1 661	375	89	380	2 505	-154
IV	382	67	-433	4 068	3 362	6 997	57	7 503	2 191	343	400	515	3 449	4 054
1989*														
I	-168	694	-141	5 951	2 199	8 009	42	8 577	3 182	-360	1 395	1 057	5 274	3 303
II	176	-287	-1 197	1 491	3 020	3 314	-22	3 181	648	346	545	161	1 700	1 481

During period	Basic balance	Short-term capital imports of authorized banks	Import liabilities and prepayments related to exports	Imports of short-term capital (16+17)	Short-term capital exports of authorized banks	Export receivables and prepayments related to imports	Exports of short-term capital (19+20)	Other short-term capital incl. errors and omissions	Short-term capital account (18-21+22)	Overall balance exd. reserve movements (15+23)	Change in central bank's foreign ex-change reserves (26+27)	Of which:	
												Convertible reserves	Tied reserves
	15	16	17	18	19	20	21	22	23	24	25	26	27
1984	5 730	16 080	944	17 024	13 614	-2 811	10 803	-2 676	3 545	9 275	-9 275	-10 142	867
1985	651	6 890	350	7 240	323	1 732	2 055	-2 092	3 093	3 744	-3 744	-3 729	-15
1986	-2 387	6 019	-3 796	2 222	9 933	-92	9 841	2 075	-5 544	-7 930	7 930	11 678	-3 748
1987	-7 007	19 324	-665	18 659	-7 343	-183	-7 526	-3 442	22 743	15 736	-15 736	-17 817	2 081
1988*	-6 386	10 695	-1 161	9 535	5 970	453	6 423	3 457	6 569	183	-183	-517	334
1987													
I	-2 311	3 682	1 076	4 757	-5 911	-118	-6 029	-2 239	8 547	6 236	-6 236	-7 020	785
II	-1 700	7 667	82	7 748	1 510	-118	1 392	1 580	7 937	6 237	-6 237	-5 569	-667
III	-1 714	8 738	-355	8 383	3 494	27	3 521	-2 512	2 351	637	-637	-2 407	1 771
IV	-1 281	-763	-1 468	-2 230	-6 436	27	-6 410	-271	3 908	2 627	-2 627	-2 820	193
1988*													
I	-1 911	6 501	-1 602	4 899	2 966	-802	2 164	1 516	4 251	2 341	-2 341	-1 295	-1 046
II	-2 300	11 731	539	12 270	4 363	-802	3 561	-1 692	7 018	4 718	-4 718	-4 662	-57
III	-4 613	-547	803	256	3 405	1 029	4 434	1 703	-2 475	-7 088	7 088	6 337	751
IV	2 438	-6 990	-901	-7 890	-4 764	1 029	-3 735	1 929	-2 226	212	-212	-897	685
1989*													
I	-39	6 707	-241	6 466	4 685	-140	4 545	-62	1 859	1 820	-1 820	-1 372	-449
II	-3 677	9 788	-394	9 394	4 847	-140	4 707	-2 185	2 502	-1 174	1 174	152	1 022

6.3 FINLAND'S FOREIGN LIABILITIES AND ASSETS, MILL. FIM

End of period	Long-term liabilities							Long-term assets					Long-term debt, net (8-13)	
	Direct investment in Finland	Portfolio investment in Finland	Long-term credits			Other long-term capital	Total (1+2+6+7)	Direct investment abroad	Portfolio investment abroad	Long-term export credits	Other long-term capital	Total (9+10+11+12)		
			Central government	Authorized banks	Others									Total (3+4+5)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1984	2 905	2 013	24 928	5 960	37 227	68 116	512	73 546	8 689	1 021	8 920	2 097	20 727	52 819
1985	3 274	6 313	25 678	6 410	34 276	66 364	652	76 603	10 524	2 350	6 539	3 053	22 466	54 137
1986	4 892	7 992	26 292	11 992	32 044	70 330	739	83 953	13 727	4 697	5 649	3 685	27 758	56 195
1987	5 285	7 055	27 861	17 365	33 088	78 314	830	91 483	16 651	7 991	5 240	6 618	36 500	54 983
1988*	6 424	7 251	26 011	27 427	41 787	95 227	915	109 817	24 511	9 298	6 686	8 555	49 050	60 767
1987														
I	5 018	8 909	27 391	13 472	32 074	72 939	818	87 684	14 191	5 773	5 648	6 105	31 717	55 967
II	5 229	9 033	26 862	14 991	33 280	75 132	763	90 157	15 098	7 112	5 513	6 164	33 887	56 270
III	5 243	10 141	25 627	15 825	33 511	74 963	775	91 122	15 633	7 631	5 571	6 229	35 064	56 058
IV	5 285	7 055	27 861	17 365	33 088	78 314	830	91 483	16 651	7 991	5 240	6 618	36 500	54 983
1988*														
I	5 308	7 105	26 637	17 594	35 884	80 114	919	93 446	17 538	8 236	5 250	7 183	38 207	55 239
II	5 410	6 893	28 390	20 464	38 230	87 083	877	100 263	20 928	8 580	5 629	7 712	42 849	57 414
III	5 521	6 850	27 007	23 707	39 278	89 993	858	103 222	22 521	8 955	5 752	8 122	45 350	57 872
IV	6 424	7 251	26 011	27 427	41 787	95 227	915	109 817	24 511	9 298	6 686	8 555	49 050	60 767
1989*														
I	6 233	7 945	25 357	32 799	43 289	101 448	957	116 583	25 355	8 938	8 025	9 590	51 908	64 675
II	6 421	7 658	24 178	34 097	46 669	104 943	935	119 957	28 044	9 284	8 674	9 793	55 795	64 162

End of period	Short-term liabilities				Short-term assets				Short-term liabilities, net (18-22)	Debt, net (14+23)	Debt service payments	Of which: repayments	Debt service ratio
	Bank of Finland's short-term liabilities	Short-term liabilities of authorized banks	Trade credits and other liabilities	Total (15+16+17)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits and other assets	Total (19+20+21)					
	15	16	17	18	19	20	21	22	23	24	25	26	27
1984	4 562	55 695	17 988	78 245	22 912	42 068	13 083	78 063	182	53 001	11 586	4 613	11.3
1985	4 070	51 374	17 474	72 918	25 183	36 208	18 450	79 841	-6 922	47 215	11 287	4 808	10.5
1986	3 455	56 881	14 483	74 819	16 613	46 141	19 279	82 034	-7 215	48 980	13 462	6 018	13.0
1987	3 362	73 132	16 898	93 392	31 134	38 798	18 060	87 993	5 400	60 383	14 203	6 516	13.1
1988*	3 341	83 828	15 157	102 327	32 037	44 768	20 342	97 147	5 180	65 947	14 573	6 479	12.1
1987													
I	3 521	59 536	17 323	80 380	22 482	40 231	17 996	80 709	-329	55 638	3 203	1 411	12.6
II	3 490	67 208	17 719	88 417	28 680	41 741	18 110	88 531	-114	56 156	3 994	1 496	14.7
III	3 607	75 547	18 654	97 808	29 291	45 235	18 009	92 535	5 273	61 331	2 771	1 217	10.1
IV	3 362	73 132	16 898	93 392	31 134	38 798	18 060	87 993	5 400	60 383	4 236	2 392	15.0
1988*													
I	3 467	79 633	14 083	97 183	33 515	41 764	18 164	93 443	3 740	58 979	3 870	1 773	14.3
II	3 177	91 364	14 662	109 203	39 025	46 127	16 986	102 138	7 065	64 479	3 390	1 289	11.5
III	3 539	90 817	16 773	111 129	32 750	49 532	19 678	101 960	9 169	67 041	3 816	2 230	13.0
IV	3 341	83 828	15 157	102 327	32 037	44 768	20 342	97 147	5 180	65 947	3 497	1 187	10.2
1989*													
I	3 278	90 535	16 016	109 829	33 376	49 453	20 434	103 263	6 566	71 241	3 328	1 249	10.3
II	3 136	100 323	15 848	119 306	32 142	54 300	20 437	106 879	12 427	76 589	4 323	1 795	13.7

6.4 FINLAND'S LONG-TERM FOREIGN LIABILITIES AND ASSETS, BY SECTOR, MILL. FIM

End of period	Long-term liabilities					Long-term assets					Long-term liabilities, net (5-10)
	Corporate sector	Financial institutions	Central government	Local government	Total (1+2+3+4)	Corporate sector	Financial institutions	Central government	Other	Total (6+7+8+9)	
	1	2	3	4	5	6	7	8	9	10	11
1984	34 012	13 366	25 440	728	73 546	17 624	1 243	1 678	182	20 727	52 819
1985	35 709	13 980	26 330	585	76 603	17 102	3 131	1 955	279	22 466	54 137
1986	36 243	20 169	27 031	509	83 953	19 209	5 721	2 309	520	27 758	56 195
1987	35 549	26 734	28 691	511	91 483	23 377	9 740	2 653	730	36 500	54 983
1988*	41 263	41 128	26 926	499	109 817	31 117	12 977	3 101	1 855	49 050	60 767
1987											
I	37 133	21 860	28 209	481	87 684	19 729	8 958	2 458	572	31 717	55 967
II	38 100	23 960	27 625	474	90 157	21 371	9 431	2 465	621	33 887	56 270
III	38 943	25 240	26 402	538	91 122	22 571	9 297	2 519	677	35 064	56 058
IV	35 549	26 734	28 691	511	91 483	23 377	9 740	2 653	730	36 500	54 983
1988*											
I	37 289	28 097	27 556	506	93 446	23 616	10 717	2 851	1 023	38 207	55 239
II	39 035	31 460	29 267	503	100 263	27 172	11 469	2 887	1 322	42 849	57 414
III	39 381	35 469	27 865	506	103 222	28 974	11 845	2 938	1 594	45 350	57 872
IV	41 263	41 128	26 926	499	109 817	31 117	12 977	3 101	1 855	49 050	60 767
1989*											
I	41 774	47 978	26 314	515	116 583	32 212	14 288	3 299	2 109	51 908	64 675
II	42 898	51 447	25 113	501	119 957	35 337	14 889	3 331	2 238	55 795	64 162

7. FOREIGN TRADE¹

7.1 EXPORTS, IMPORTS AND THE TRADE BALANCE, MILL. FIM

During period	Exports, f.o.b.	Imports, c.i.f.	Balance (1-2)
	1	2	3
1984	80 904	74 682	6 222
1985	84 028	81 520	2 508
1986	82 579	77 601	4 978
1987	85 516	82 807	2 709
1988	92 902	92 118	784
1988			
Aug.	7 198	8 332	-1 134
Sept.	8 406	8 645	-239
Oct.	8 587	8 351	236
Nov.	9 904	8 113	1 791
Dec.	8 514	8 354	160
1989*			
Jan.	8 261	8 248	13
Feb.	8 251	7 598	653
March	8 803	8 699	104
April	8 931	8 344	587
May	7 678	8 647	-969
June	7 147	8 037	-890
July	7 495	7 390	105
Aug.²	7 896	9 774	-1 878

²Owing to longer-than-normal lags in compiling the foreign trade statistics the monthly figures for imports during the summer months may not be correct. However, the cumulative figure for imports in the period January-August probably reflects developments fairly accurately.

7.2 FOREIGN TRADE: INDICES OF VOLUME, UNIT VALUE AND TERMS OF TRADE, 1980=100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1984	114	98	134	131	102
1985	115	104	138	135	102
1986	116	110	135	121	111
1987	118	119	138	119	116
1988	121	130	145	122	119
1988					
I	114	113	136	120	113
II	120	120	137	119	115
III	116	116	140	121	115
IV	121	128	140	119	117
1988					
I	114	116	140	120	117
II	123	133	141	121	117
III	113	134	147	123	119
IV	136	137	150	124	121
1989*					
I	123	132	156	128	122
II	116	136	155	126	123

7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, f.o.b.					Imports by use of goods, c.i.f.				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
	1	2	3	4	5	6	7	8	9	10
1984	7 145	23 573	10 176	22 998	17 012	35 162	16 900	10 993	11 454	173
1985	6 728	25 030	9 803	24 412	18 055	38 676	17 770	11 675	12 967	432
1986	6 947	24 600	7 858	26 115	17 059	39 292	10 070	12 898	15 069	272
1987	7 470	27 058	7 770	26 230	16 988	41 191	9 389	14 138	17 478	611
1988	7 567	30 474	8 450	29 225	17 186	45 791	7 533	17 274	20 828	692
1988										
Aug.	545	2 649	647	1 920	1 437	4 120	732	1 457	1 954	69
Sept.	611	2 865	781	2 503	1 646	3 990	852	1 939	1 853	11
Oct.	690	2 751	800	2 749	1 597	4 168	632	1 577	1 922	52
Nov.	686	2 851	730	3 972	1 665	4 227	492	1 369	1 858	167
Dec.	751	2 788	799	2 673	1 503	4 154	586	1 704	1 701	209
1989*										
Jan.	600	2 578	810	2 645	1 628	4 348	408	1 519	1 893	80
Feb.	604	2 621	832	2 704	1 490	3 830	515	1 315	1 912	26
March	624	2 953	760	2 775	1 691	4 363	569	1 496	2 248	23
April	661	2 728	673	3 309	1 560	4 095	532	1 624	1 962	131
May	669	2 714	634	2 198	1 463	4 162	689	1 829	1 840	127
June	598	2 519	587	1 992	1 451	3 931	602	1 784	1 706	14
July	552	2 511	740	2 475	1 217	3 512	921	1 437	1 512	8
Aug.²	477	2 987	669	2 380	1 383	4 906	858	1 769	2 192	49

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1988		1989* January—July		1988		1989* January—July	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
	1	2	3	4	5	6	7	8
All OECD countries	69 368	74.7	42 556	12.8	71 210	77.3	44 646	13.8
OECD Europe	60 049	64.6	36 573	11.2	57 523	62.4	36 100	13.5
Of which:								
Austria	936	1.0	632	26.8	1 140	1.2	652	10.1
Belgium and Luxembourg	1 818	2.0	1 137	8.1	2 318	2.5	1 589	24.8
Denmark	3 272	3.5	1 862	2.1	2 674	2.9	1 725	15.6
France	4 902	5.3	3 075	10.2	3 724	4.0	2 223	5.6
Federal Republic of Germany	10 027	10.8	6 052	9.7	15 483	16.8	9 934	15.4
Italy	2 511	2.7	1 755	22.7	4 077	4.4	2 675	16.5
Netherlands	3 348	3.6	2 255	21.0	2 976	3.2	1 796	8.9
Norway	3 211	3.5	1 579	-12.1	2 180	2.4	1 342	6.9
Spain	1 433	1.5	1 010	31.1	1 034	1.1	628	8.6
Sweden	13 135	14.1	7 912	14.2	12 215	13.3	7 817	19.2
Switzerland	1 600	1.7	943	1.9	1 716	1.9	989	9.7
United Kingdom	11 995	12.9	7 198	11.9	6 371	6.9	3 703	3.3
Other OECD	9 320	10.0	5 983	24.1	13 687	14.9	8 546	14.9
Of which:								
Canada	1 136	1.2	760	31.6	656	0.7	464	48.0
Japan	1 689	1.8	1 156	25.8	6 784	7.4	4 259	12.4
United States	5 355	5.8	3 305	18.7	5 821	6.3	3 594	14.7
CMEA countries	15 527	16.7	9 664	13.6	13 523	14.7	7 821	6.8
Of which:								
Soviet Union	13 958	15.0	8 643	12.4	11 116	12.1	6 290	3.5
Developing countries	7 081	7.6	3 864	7.7	6 182	6.7	3 738	13.8
OPEC countries	1 494	1.6	834	8.5	710	0.8	384	-11.5
Other	5 588	6.0	3 031	7.5	5 471	5.9	3 354	17.6
Other countries	926	1.0	482	0.0	1 204	1.3	758	61.3
TOTAL	92 902	100.0	56 566	12.5	92 118	100.0	56 963	13.2
Of which:								
EEC countries	40 765	43.9	25 282	12.4	40 095	43.5	25 145	12.3
EFTA countries	19 022	20.5	11 131	8.7	17 340	18.8	10 888	16.1

*Starting with the March 1988 issue of the Bulletin, the Bank of Finland has adjusted some of the foreign trade figures to facilitate comparability with earlier figures following the introduction of the new international harmonized commodity description and coding system on January 1, 1988. The National Board of Customs has now revised the official statistics on foreign trade between December 1987 and January 1988 in order to improve comparability with the previous compilation system. As from the September 1989 issue of the Bulletin, all the figures refer to official statistics.

8. DOMESTIC ECONOMIC DEVELOPMENTS

8.1 SUPPLY AND USE OF RESOURCES, MILL. FIM, 1985 PRICES

(seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
1984	176 038	64 872	67 584	10 202	-2 647	316 049	96 993	88 857	324 185
1985	181 664	68 218	69 599	10 453	1 772	331 706	98 173	94 893	334 986
1986	189 113	70 325	69 328	10 738	810	340 314	99 498	97 795	342 017
1987*	199 981	73 458	72 761	11 654	2 246	360 100	102 127	106 568	355 659
1988*	210 071	75 453	79 850	12 049	9 301	386 724	106 124	118 772	374 076
1987*									
I	48 862	18 091	17 898	2 879	946	88 676	24 839	26 346	87 169
II	49 650	18 272	18 222	2 744	648	89 537	25 898	26 035	89 399
III	50 075	18 474	17 927	3 071	-589	88 959	26 441	26 717	88 682
IV	51 393	18 621	18 714	2 960	1 241	92 929	24 949	27 469	90 409
1988*									
I	51 858	18 643	19 282	2 958	1 490	94 231	25 343	27 748	91 826
II	51 729	18 761	19 373	2 876	2 923	95 662	26 639	29 523	92 778
III	53 043	18 946	20 477	3 144	2 668	98 278	26 142	31 101	93 320
IV	53 440	19 103	20 718	3 070	2 221	98 553	28 000	30 401	96 152
1989*									
I	53 436	19 205	20 944	2 909	3 672	100 167	27 853	31 713	96 307
II	54 412	19 298	22 115	2 891	2 910	101 627	26 155	30 383	97 399

8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1985 = 100

(seasonally adjusted figures)

Period	Total industry	Mining and quarrying	Manu- facturing	Wood and paper industries	Metal and engineering industries	Other manu- facturing	Energy and water supply
	(100.0)	(1.6)	(87.9)	(16.5)	(30.0)	(41.4)	(10.5)
	1	2	3	4	5	6	7
1984	96.1	118.7	96.6	101.7	92.5	97.5	111.2
1985	100.4	99.8	100.4	100.1	100.6	100.3	100.2
1986	101.9	102.8	102.0	102.3	103.0	101.2	100.4
1987	107.2	99.9	107.2	106.5	110.2	105.4	107.8
1988*	111.1	110.6	111.2	114.5	114.8	107.3	110.3
1988*							
July	109.0	108.7	110.7	111.4	119.3	105.2	98.3
Aug.	110.1	99.4	109.9	113.3	113.5	106.1	114.0
Sept.	112.9	108.5	113.1	117.0	118.3	107.9	111.1
Oct.	113.4	106.2	113.5	118.1	118.5	108.0	113.0
Nov.	114.6	117.0	114.1	120.6	119.7	107.1	116.9
Dec.	113.1	123.1	112.2	119.5	116.7	105.5	116.6
1989*							
Jan.	113.1	117.1	114.0	120.5	121.0	106.0	107.5
Feb.	113.8	118.0	115.3	119.0	121.0	109.4	104.7
March	115.2	121.4	116.4	120.4	122.7	108.3	108.2
April	113.1	117.2	113.5	120.7	120.5	105.8	111.4
May	115.7	122.9	116.0	122.6	122.3	108.9	113.7
June	116.0	124.4	115.0	118.0	123.0	107.9	118.2
July	111.8	118.1	113.3	113.9	119.7	108.8	100.8

8.3 INDICATORS OF DOMESTIC SUPPLY AND DEMAND, 1985=100 (seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
1984	97.2	96.8	101.8	104.1	112.8	96.2	98.6	96.9
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	104.7	102.5	94.0	88.4	99.9	99.5	105.2	101.8
1987	111.3	107.7	95.6	89.0	101.0	102.6	114.3	106.7
1988*	116.7	113.0	108.6	106.0	113.4	110.6	135.0	110.4
1988*								
June	118.9	113.0	..	..	..	..	..	110.5
July	110.1	110.5	..	..	..	..	..	109.8
Aug.	123.1	117.3	..	..	..	..	..	111.1
Sept.	121.6	115.3	..	..	..	..	..	111.9
Oct.	113.8	112.4	..	..	..	..	..	111.5
Nov.	121.9	115.2	..	..	..	..	..	113.0
Dec.	119.2	115.8	..	..	..	..	..	112.4
II	115.5	111.0	104.0	99.7	104.6	109.7	140.4	109.6
III	118.3	114.4	108.2	109.8	106.9	106.1	142.2	110.9
IV	118.3	114.5	116.7	120.2	127.1	113.0	146.0	112.3
1989*								
Jan.	123.5	119.5	..	..	..	..	..	113.5
Feb.	120.7	115.9	..	..	..	..	..	113.2
March	119.5	115.0	..	..	..	..	..	113.7
April	121.5	117.5	..	..	..	..	..	114.6
May	127.5	119.8	..	..	..	..	..	114.9
June	120.9	118.6	..	..	..	..	..	115.2
I	121.2	116.8	117.3	121.1	127.6	105.6	133.9	113.5
II	123.3	118.6	126.3	127.9	148.7	108.5	167.4	114.9

8.4 WAGES AND PRICES, 1985=100

Period	Index of wage and salary earnings	By sectors					Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private Total	Of which: Manufacturing (SIC 3)	Central government	Local government	Non-profit institutions			Domes- tic goods	Import- ed goods		Export- ed goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1984	92.4	92.0	92.9	92.7	93.0	92.0	95.1	95.3	94.8	97.1	96.0	98.1	95.1	94.6
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	106.9	106.6	106.2	106.6	107.8	107.2	102.9	97.0	98.6	91.0	96.5	96.7	96.4	104.3
1987	114.4	114.5	113.4	115.7	113.3	115.2	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
1988¹	124.7	124.5	122.7	128.8	122.5	127.8	112.6	101.5	104.9	89.1	101.7	103.8	100.7	116.3
1988¹														
Aug.	..	..	..	..	..	..	113.1	102.4	105.8	90.3	102.7	105.5	101.4	117.5
Sept.	..	..	..	..	..	..	114.2	102.4	105.7	90.0	102.9	105.7	101.5	118.7
Oct.	..	..	..	..	..	..	114.3	103.2	106.9	89.7	103.8	107.0	102.3	119.2
Nov.	..	..	..	..	..	..	114.5	103.5	107.2	89.8	103.9	106.9	102.5	119.8
Dec.	..	..	..	..	..	..	115.4	104.0	107.7	90.5	104.3	107.4	102.8	119.9
I	118.8	118.4	116.9	122.7	117.1	121.8	110.1	99.5	102.7	87.7	99.5	100.4	99.1	112.0
II	125.3	125.1	123.4	130.1	122.7	129.1	112.2	100.7	104.0	88.9	100.7	102.4	99.9	115.9
III	126.2	126.1	124.0	130.2	124.0	129.2	113.4	102.3	105.6	90.0	102.6	105.2	101.3	117.7
IV	128.4	128.4	126.5	132.0	126.0	131.1	114.7	103.6	107.3	90.0	104.0	107.1	102.5	119.6
1989¹														
Jan.	..	..	..	..	..	..	116.0	104.8	108.4	91.7	105.2	108.4	103.6	121.6
Feb.	..	..	..	..	..	..	116.6	105.5	109.0	92.4	105.8	109.6	103.9	121.9
March	..	..	..	..	..	..	117.9	105.9	109.3	93.4	106.3	110.2	104.4	123.4
April	..	..	..	..	..	..	119.1	107.0	110.6	93.6	107.1	109.9	105.8	124.3
May	..	..	..	..	..	..	119.5	107.4	111.3	93.2	107.8	110.1	106.6	124.9
June	..	..	..	..	..	..	120.6	107.4	111.4	92.6	107.9	110.4	106.8	124.6
July	..	..	..	..	..	..	120.4	107.4	111.4	92.6	108.2	110.5	107.1	124.8
Aug.	..	..	..	..	..	..	120.6	107.6	111.8	92.3	108.3	110.6	107.3	125.8
I	131.3	131.0	130.1	134.8	130.0	133.9	116.8	105.4	108.9	92.5	105.8	109.4	104.0	122.3

¹ Preliminary figures for columns 1—6.

8.5 LABOUR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry				Unem-ployed	Unem-employment rate
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Con-struction	Service industries		
%											%
	1	2	3	4	5	6	7	8	9	10	11
1984	68.8	2 546	2 414	378	2 035	294	600	183	1 337	132	5.2
1985	69.2	2 566	2 437	361	2 076	280	597	178	1 380	129	5.0
1986	69.1	2 569	2 431	359	2 071	266	589	185	1 391	138	5.4
1987	68.6	2 554	2 423	372	2 051	251	569	184	1 419	130	5.1
1988	68.4	2 546	2 431	368	2 062	238	553	188	1 452	116	4.5
1988											
July	68.5	2 546	2 430	366	2 064	229	552	199	1 450	116	4.6
Aug.	68.1	2 532	2 417	360	2 057	245	562	179	1 431	115	4.5
Sept.	68.5	2 546	2 439	366	2 073	231	539	199	1 470	108	4.2
Oct.	68.7	2 555	2 448	373	2 076	226	543	200	1 479	107	4.2
Nov.	68.7	2 555	2 438	356	2 082	232	560	164	1 483	117	4.6
Dec.	68.3	2 540	2 436	366	2 070	233	551	197	1 455	104	4.1
1989											
Jan.	68.8	2 561	2 470	368	2 101	226	550	201	1 492	91	3.6
Feb.	69.0	2 567	2 476	367	2 109	231	552	191	1 502	91	3.5
March	68.3	2 544	2 456	365	2 091	232	554	209	1 461	88	3.4
April	69.2	2 576	2 486	372	2 114	232	550	202	1 502	91	3.5
May	69.4	2 585	2 499	360	2 139	223	577	194	1 506	86	3.3
June	68.9	2 566	2 478	359	2 119	219	566	197	1 495	88	3.4
July	68.7	2 558	2 463	371	2 093	197	558	198	1 510	95	3.7

8.6 CENTRAL GOVERNMENT FINANCES: REVENUE, EXPENDITURE AND FINANCIAL BALANCE, MILL. FIM, CASH FLOW BASIS

During period	Revenue							Expenditure			
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
										Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11
1984	22 526	42 737	598	9 711	75 572	1 894	77 466	22 155	44 333	18 444	24 836
1985	25 750	47 578	546	10 415	84 290	2 071	86 361	24 835	49 269	21 183	26 866
1986	28 079	51 733	323	11 640	91 774	2 209	93 983	26 354	52 845	23 215	28 131
1987	29 454	57 312	491	12 391	99 648	2 482	102 129	29 419	59 498	26 456	30 964
1988	35 339	66 348	473	13 629	115 789	2 557	118 346	32 266	65 502	29 757	33 108
1988											
June	2 994	5 733	46	1 012	9 785	132	9 917	2 842	5 368	2 755	2 376
July	3 488	5 896	35	871	10 290	70	10 360	3 191	4 617	2 370	2 090
Aug.	3 333	6 295	62	1 022	10 712	488	11 200	2 607	5 279	2 361	2 801
Sept.	2 811	5 242	23	896	8 972	145	9 117	2 665	4 689	2 359	2 211
Oct.	3 052	5 247	41	1 294	9 634	234	9 868	2 759	5 088	2 487	2 451
Nov.	2 900	6 315	45	1 277	10 536	394	10 931	2 753	6 717	2 711	3 846
Dec.	3 116	7 486	57	1 555	12 214	537	12 751	3 012	5 193	2 542	2 142
1989											
Jan.	3 090	5 482	1	1 180	9 754	6	9 760	2 764	5 635	2 433	3 066
Feb.	2 792	6 185	86	824	9 887	67	9 953	2 708	6 177	2 464	3 446
March	3 375	5 613	37	1 014	10 040	1 713	11 754	2 736	5 297	2 589	2 413
April	3 881	6 221	36	1 266	11 405	63	11 468	2 911	6 055	3 337	2 532
May	2 928	6 044	38	2 349	11 359	300	11 658	3 135	6 870	2 881	3 544
June	3 186	6 346	13	1 156	10 701	264	10 965	3 034	5 632	3 033	2 447

During period	Expenditure					Financial balance			
	Fixed investment	Other expenditure	Expenditure before financial transactions (8+9+12+13)	Lending and other financial investment	Expenditure before redemptions of state debt (14+15)	Revenue surplus (5-14)	Net borrowing requirement (7-16)	Net borrowing	Cash surplus (18+19)
1984	5 455	4 220	76 162	4 717	80 878	-590	-3 412	5 200	1 788
1985	5 700	4 936	84 739	4 982	89 722	-449	-3 361	3 506	145
1986	6 111	5 058	90 368	4 913	95 281	1 406	-1 298	4 203	2 905
1987	7 089	4 732	100 738	5 672	106 410	-1 090	-4 280	7 604	3 324
1988	7 565	5 614	110 946	6 529	117 476	4 842	870	1 853	2 723
1988									
June	660	317	9 186	603	9 789	598	128	672	800
July	568	112	8 487	467	8 954	1 803	1 406	-678	728
Aug.	609	478	8 972	450	9 422	1 740	1 778	-588	1 190
Sept.	772	445	8 570	1 623	10 193	402	-1 076	801	-275
Oct.	642	558	9 047	483	9 531	587	337	-15	322
Nov.	645	199	10 313	428	10 741	223	190	-1 239	-1 049
Dec.	811	208	9 224	316	9 540	2 990	3 211	323	3 533
1989									
Jan.	580	743	9 722	681	10 403	32	-643	-881	-1 524
Feb.	501	288	9 675	557	10 232	212	-278	-634	-912
March	620	645	9 299	1 845	11 143	742	610	137	748
April	544	941	10 451	379	10 830	954	638	-1 512	-875
May	670	643	11 318	902	12 219	41	-561	189	-372
June	839	316	9 821	515	10 336	880	629	-708	-79

NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

GENERAL

Source

Unless otherwise stated, the source or compiler of figures is the Bank of Finland.

Symbols used

- * Preliminary
- r Revised
- 0 Less than half the final digit shown
- . Logically impossible
- .. Data not available
- Nil
- S Affected by strike
- Break in series

Owing to rounding of figures, the sum of the individual items in the tables may differ from the total shown.

NOTES AND EXPLANATIONS TO TABLES

1 THE BALANCE SHEET OF THE BANK OF FINLAND

Table 1.2 *Domestic financial sector.* Term claim on deposit banks (Column 13) = term credits (from December 1986 to July 1987) + bank certificates of deposit held by the Bank of Finland (since March 1987). Other liabilities to financial institutions, net (Column 17) = capital import deposits + other liabilities to financial institutions - bonds and debentures - other claims on financial institutions. *Corporate sector.* Claims in the form of special financing (Column 19) = export bills + new-export credits + financing of domestic deliveries. Special deposits, net (Column 20) = deposits for investment and ship purchase + capital import deposits + export deposits + other liabilities to corporations - bonds - other claims on corporations.

2 THE BANK OF FINLAND'S MONEY MARKET OPERATIONS AND THE FORWARD EXCHANGE MARKET

Table 2.1 Money market instruments (Columns 1-3) denote bank certificates of deposit, Treasury bills and banks' fixed-term deposits with the Bank of Finland. Matured money market instruments, net, comprise both purchased and sold instruments.

Table 2.3 Bank CDs held by the Bank of Finland (Column 2) include term credits. Holdings of CDs issued by the Bank of Finland (Column 5) include term liabilities.

3 RATES OF INTEREST

Table 3.1 HELIBOR (Helsinki Interbank Offered Rate) (Columns 2-5): The HELIBOR rate for each maturity is calculated by the Bank of Finland as the average of the offered rates for certificates of deposit quoted daily at 1 p.m. by the five largest banks.

Table 3.2 The rates shown are based on the lending rates quoted for the respective currencies in the Euromarket.

Table 3.3 The covered Eurodollar rate is a computed rate of interest for the markka obtained by adding the difference between the forward selling rate and the spot selling rate for the U.S. dollar expressed as an annual rate of interest to the Eurodeposit rate for the dollar. The rates shown are based on daily quotations at noon by two banks.

Table 3.4 *Lending.* New credits (Columns 1-4): the rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts, whereas annual rates are arithmetic averages of monthly observations. As from January 1989, Postipankki Oy has been included in the calculation of the average rate on the commercial banks' outstanding stock of loans. *Deposits.* The rates of interest applied to deposit accounts (Columns 7-9) are the rates of interest applied to standard tax-exempt deposit accounts as agreed upon between banks. The average rate of interest on the stock of regulated deposits (Column 10) is the average rate of interest weighted by the deposit amounts at the end of period, where the stock of deposits comprises cheque accounts, postal giro accounts, deposit accounts with a cheque facility, savings and ordinary deposit accounts, other time deposit accounts and taxable investment accounts. The average rate of interest on unregulated deposits (Column 11) is the average rate of interest weighted by the amounts in the period. Unregulated deposits include, inter alia, sales of certificates of deposit, promissory notes and bonds as well as corporate deposits at market rates.

Table 3.5 *Secondary market rates.* The long-term unregulated market rate (Columns 1 and 2) is calculated by the Bank of Finland as the monthly average of the offered rates for taxable, fixed-rate bonds quoted by the five largest banks. The rate of interest for taxable government bonds (Column 3) is the effective annual yield, calculated as the arithmetic mean, on fixed-rate government bonds with a remain-

ing maturity of between 4 and 5 years. The rate of interest for taxable public issues (Column 4) is the effective annual yield, calculated as the arithmetic mean, on fixed-rate ordinary bonds, debentures or other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued by all issuers except the central government with a remaining maturity of between 3 and 6 years. Financial institutions (Column 5): as in Column 4 for issues by financial institutions incl. banks. Corporations (Column 6): as in Column 4 for issues by non-financial corporations. The rate of interest for taxfree public issues (Column 7) is the yield on fixed-rate public bonds with a remaining maturity of between 4 and 5 years. The Bank of Finland calculates the yields for columns 3-7 once a week on the basis of the trading quotations of the Helsinki Stock Exchange. Monthly observations are the averages of weekly observations and annual observations the averages of monthly observations. *Rates at issue* on bonds and debentures (Columns 8 and 9) are the average rates of interest weighted by issue amounts - in the case of government bonds by sales amounts - on ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued during the period.

4 RATES OF EXCHANGE

Table 4.2 The weights of the Bank of Finland currency index (Column 1) are moving averages of the shares of countries in Finland's merchandise export and import trade. The index comprises 14 convertible currencies. The index values are based on the Bank of Finland's daily quotations at noon. The weights of the payments currency index (Column 2) are moving averages of the shares of payments currencies in Finland's trade. The index comprises 14 convertible currencies. The weights of the MERM index (Column 3) are fixed 1977 weights computed on the basis of the IMF's world trade model. Fourteen currencies are included in this index.

5 OTHER DOMESTIC FINANCING

Table 5.1 Source: The Central Statistical Office of Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and local government. Domestic foreign-currency deposits are included in the figures. Time deposits

(Column 2) consist of tax-exempt time deposits held by the public. Investment accounts (Column 3) are taxable time deposits held by the public. For the definition of unregulated deposits (Column 6), see the explanation under Table 3.4. Since the beginning of 1987, the figures for banks' holdings of certificates of deposit issued by other banks have been netted out. Netting out is done by the Bank of Finland.

Table 5.2 Source: The Central Statistical Office of Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and local government. Foreign currency credits (Column 5) are mainly granted by commercial banks and Postipankki.

Table 5.3 Foreign assets, net (Column 1) = the Bank of Finland's foreign claims + banks' foreign claims (incl. claims on banks' foreign branches) - the Bank of Finland's foreign liabilities - banks' foreign liabilities (incl. liabilities to banks' foreign branches). *Domestic credit*. Claims on the central government, net (Column 2) = the Bank of Finland's claims on the central government + banks' claims on the central government - the central government's deposits with the Bank of Finland and Postipankki - loans intermediated by banks from state funds. Claims on the public (incl. local government), (Column 3) = the Bank of Finland's claims on the private sector + banks' claims on the private sector (loans to the public, bonds and debentures (excl. government bonds and bank debentures), claims on other financial institutions, shares held by banks). Other items, net (Column 5) = capital accounts and other items of the Bank of Finland + capital accounts of deposit banks + unclassified assets and liabilities of deposit banks, net (bank debentures, bank CD's held by the public and other unregulated wholesale deposits). M_1 (Column 6) = notes and coin in circulation - till money held by banks + cheque and postal giro account deposits held by the public. M_2 (Column 7) = M_1 + quasi-money (time deposits held by the public, incl. deposits with the Bank of Finland).

Table 5.4 Source: State Treasury Office. *Foreign debt*. Other bonds and debentures (Column 2) are so-called private placings. Long-term promissory notes (Column 3) are bank loans. Outstanding lending (Column 10) comprises the stock of central loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main part of the latter is reserved for covering transferable allocations budgeted in previous years (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and

Pekka Saarinen in the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 8.1 billion at the end of 1988.

Table 5.6 *Turnover*. Source: The Helsinki Stock Exchange. *Share prices*. Source: Union Bank of Finland Ltd.

6 BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

Table 6.1 The figures for the trade and goods and services accounts are compiled in accordance with the System of National Accounts.

Table 6.2 Columns 1-8: Net change in long-term liabilities. Columns 9-13: Net change in long-term assets. Portfolio investment in Finland (Column 2) and abroad (Column 10): Secondary market transactions in securities and share issues. As from the June-July 1989 issue of the Bulletin, portfolio investment abroad (Column 10) also includes investments in long-term bonds and shares by Finnish authorized banks. These were previously included in short-term capital exports of authorized banks. Long-term credits (Columns 3-6): Financial loans, import credits and leasing credits. Others (Column 5): Long-term credits of enterprises, financial institutions other than authorized banks and local government. Imports of other long-term capital (Column 7): Finland's subscriptions to international financial institutions paid in the form of promissory notes. Exports of other long-term capital (Column 12) = financial loans abroad + development credits + purchases of real estate and other acquisitions by private persons + Finland's subscriptions to international financial institutions.

Table 6.3 Net foreign debt (Columns 1-24) at the end of a period is classified in the same way as the corresponding data on changes in the capital account (Table 6.2). The items included in net foreign debt have been translated into markkaa using the spot rates for each date. Thus the figures include the impact of changes in exchange rates. Debt service payments (Column 25): the total of net payments of interest, dividends and remunerations relating to long- and short-term foreign liabilities and assets plus net repayments relating to long-term foreign liabilities and assets. Repayments do not include early repayments of loans, repatriations of equity capital included under direct investment, repurchases of shares included under portfolio investment (since 1986), repayments of the Bank of Finland's reserve tranche and oil facility credits, or repayments of rouble-denominated assets included under loan assets. The debt-service ratio (Column 27) = service charges on net foreign debt as a percentage of current account earnings.

Table 6.4 All direct investments have been placed under the corporate

sector (Columns 1 and 6). Other (Column 9) consists mainly of long-term assets of private persons.

The sectoral figures for short-term foreign liabilities and assets correspond to the figures shown in Columns 15-23 of Table 6.3.

7 FOREIGN TRADE

Source: The National Board of Customs. All tables refer to foreign trade in goods.

Table 7.2 The volume indices (Columns 1 and 2) are calculated according to the Paasche formula and the unit value indices (Columns 3 and 4) according to the Laspeyres formula. The terms of trade (Column 5) is the ratio of the export unit value index to the import unit value index multiplied by one hundred.

Table 7.4 The regional and country grouping is based on the classification according to Finnish Official Statistics I A.

8 DOMESTIC ECONOMIC DEVELOPMENTS

Tables 8.1-8.5 Source: Central Statistical Office of Finland. Seasonal adjustment is carried out by the Bank of Finland.

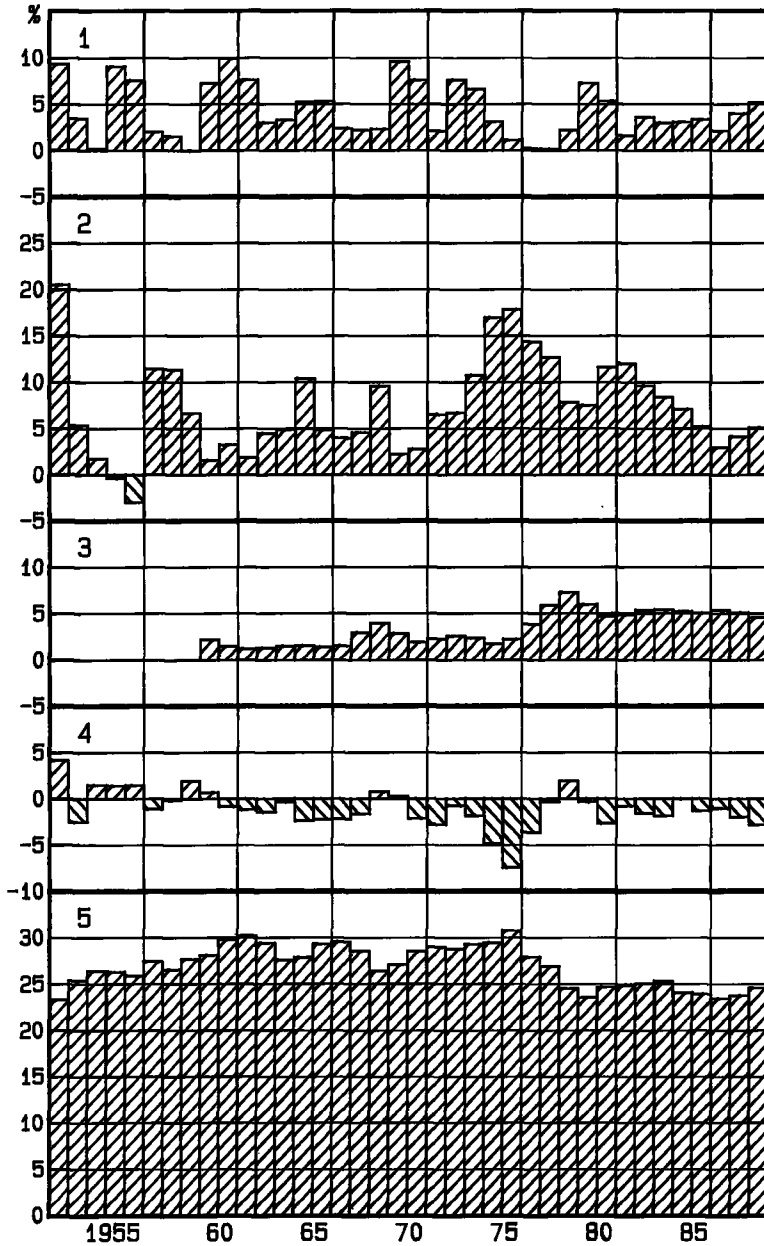
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

Table 8.4 The consumer price index (Column 7) was revised as from January 1988. Both the weights and the methods of calculation were changed (see the item in the March 1988 issue of the Bulletin). The base year of the new CPI is 1985, while the base year of the index shown until end-1984 is 1981.

Table 8.6 Source: Ministry of Finance.

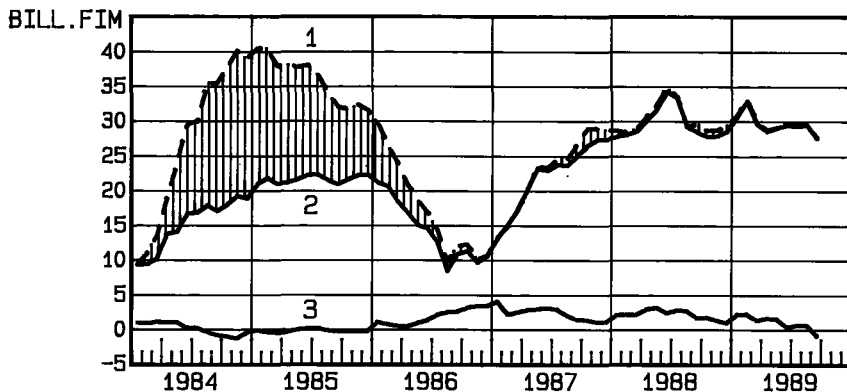
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Banks' central bank position	S29
5. Overnight rates	S30
6. HELIBOR rates of interest	S30
7. Rates of interest applied by the Bank of Finland	S30
8. 3-month covered Eurodollar rate and 3-month currency basket rates	S31
9. Rates on new issues of bonds and debentures	S31
10. Secondary market rates on bonds and debentures	S31
11. Bank of Finland currency index (monthly)	S32
12. Bank of Finland currency index (daily)	S32
13. Changes in the exchange rates of selected Nordic currencies	S32
14. Changes in the exchange rates of selected major currencies	S33
15. Bank deposits from the public	S33
16. Bank lending to the public	S33
17. Money supply	S34
18. Direct investment	S34
19. Central government debt	S34
20. Current account	S35
21. Foreign debt	S35
22. Balance of payments	S36
23. Debt service ratio	S36
24. Foreign trade	S37
25. Western trade	S37
26. Bilateral trade	S37
27. Foreign trade: prices and terms of trade	S38
28. Western trade: prices and terms of trade	S38
29. Bilateral trade: prices and terms of trade	S38
30. Production	S39
31. Fixed investment	S39
32. Employment and unemployment rate	S40
33. Prices and wages	S40
34. Central government finances	S41

1. LONG-TERM INDICATORS



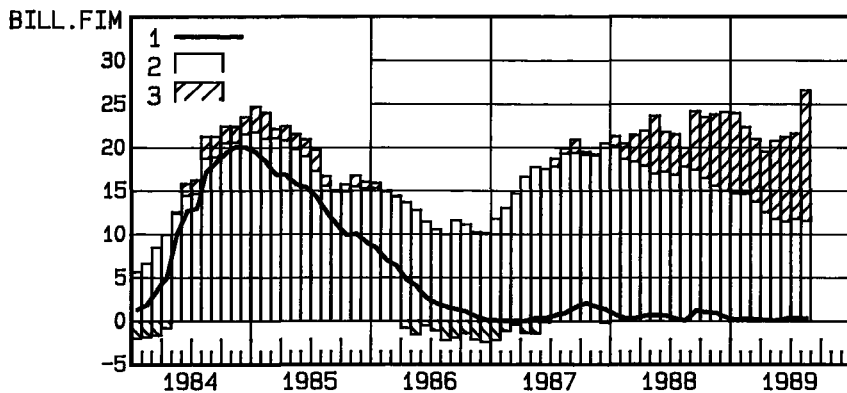
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

2. THE BANK OF FINLAND'S FOREIGN EXCHANGE RESERVES AND FORWARD POSITION



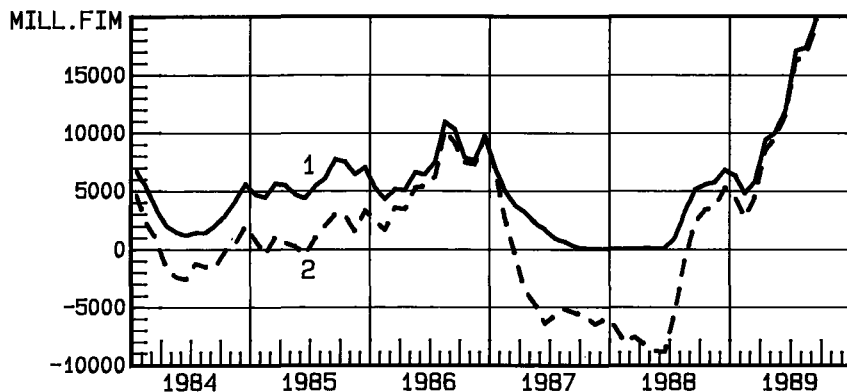
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves
3. Tied currencies

3. FORWARD MARKET



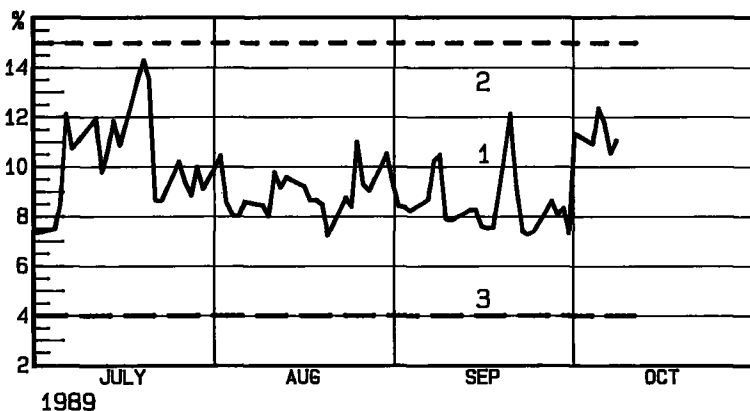
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

4. BANKS' CENTRAL BANK POSITION



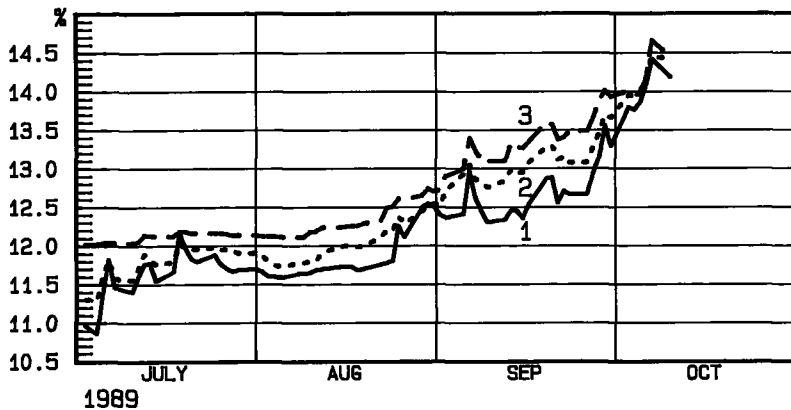
1. Gross debt to the Bank of Finland
2. Net debt to the Bank of Finland (excl. cash reserve deposits)

5. OVERNIGHT RATES



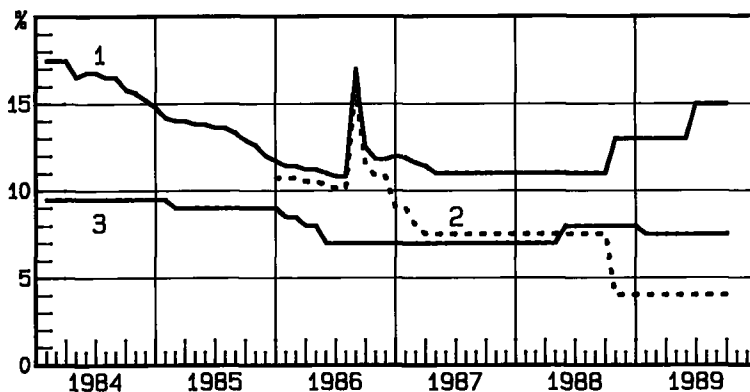
- 1. Inter-bank overnight rate
 - 2. Call money credit rate
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



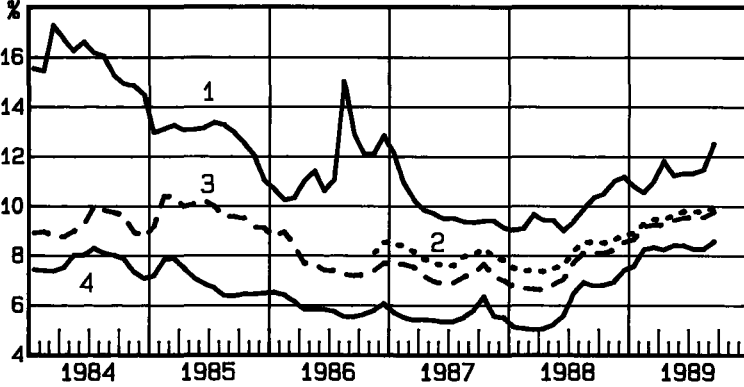
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Daily observations

7. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



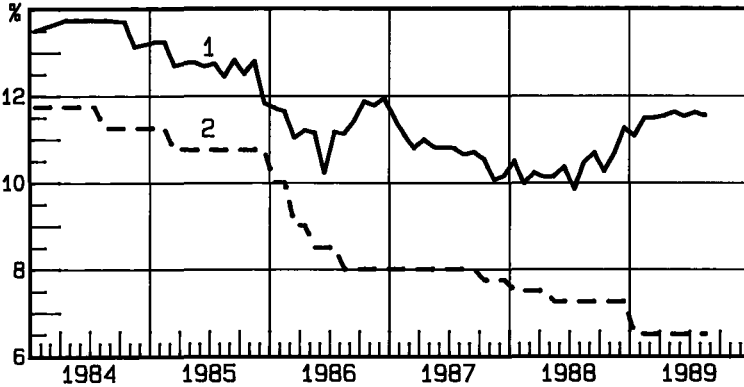
- 1. Call money credit rate
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

8. 3-MONTH COVERED EURODOLLAR RATE AND 3-MONTH CURRENCY BASKET RATES



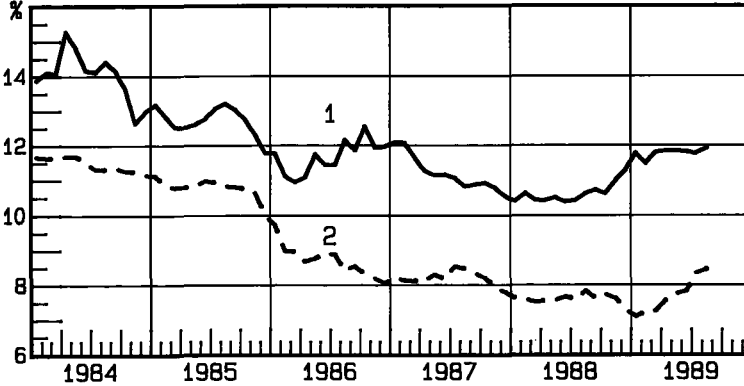
- 1. Covered Eurodollar rate
- 2. 12-currency basket rate
- 3. 8-currency basket rate
- 4. 3-currency basket rate

9. RATES ON NEW ISSUES OF BONDS AND DEBENTURES



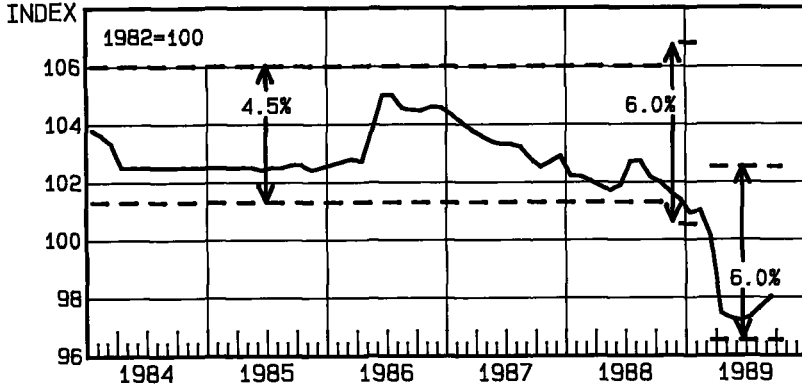
- 1. Rates on new fixed-rate debentures
- 2. Rates on new 10-year tax-free government bonds

10. SECONDARY MARKET RATES ON BONDS AND DEBENTURES



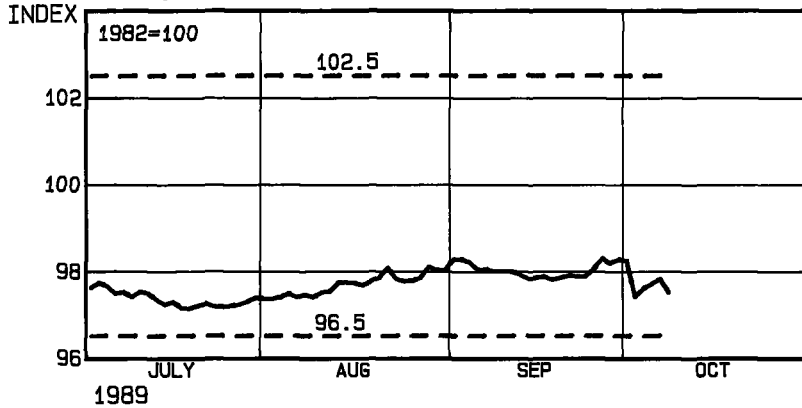
- 1. Secondary market rate on (3-6 year) fixed-rate debentures
- 2. Secondary market rate on (9-10 year) taxfree government bonds

11. BANK OF FINLAND CURRENCY INDEX



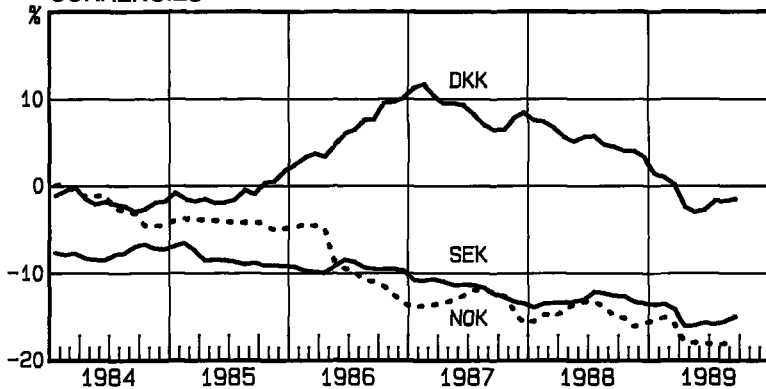
4.5 % and 6.0 % = fluctuation range of the index
Monthly averages

12. BANK OF FINLAND CURRENCY INDEX



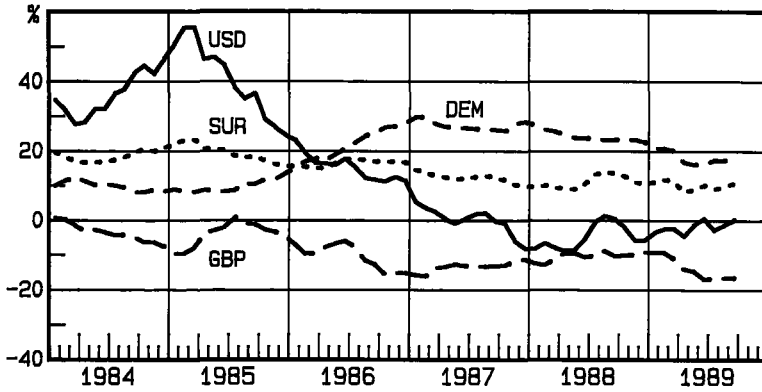
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



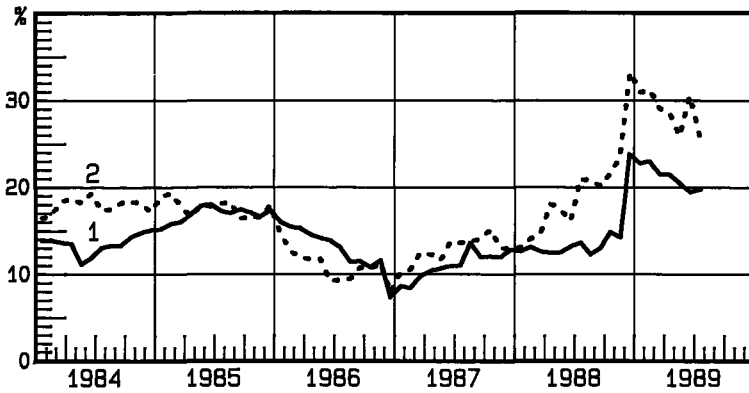
Monthly changes in markka selling rates calculated from the average rates for January 1982

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



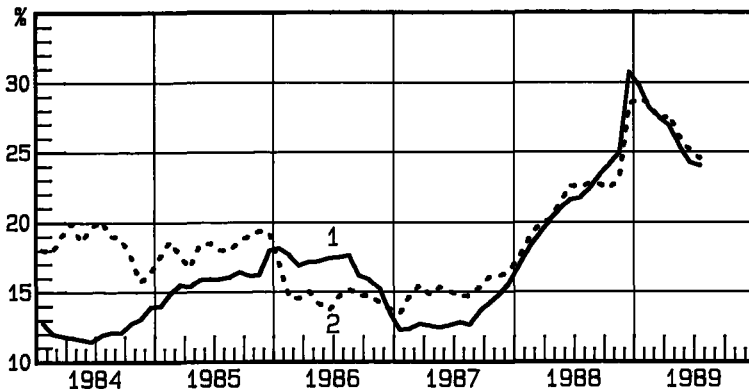
Monthly changes in markka selling rates calculated from the average rates for January 1982

15. BANK DEPOSITS FROM THE PUBLIC



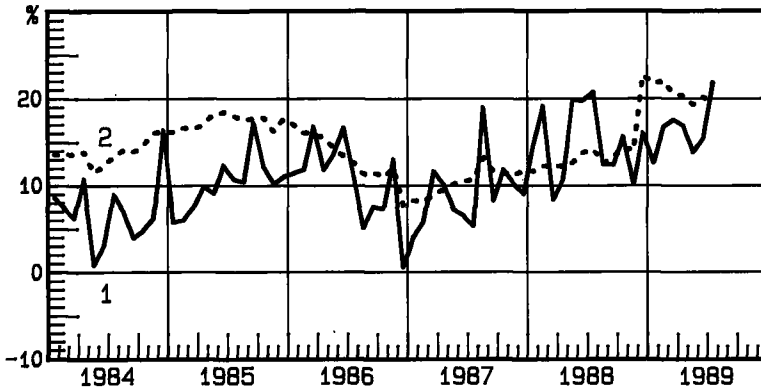
1. Regulated deposits
2. Total deposits
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



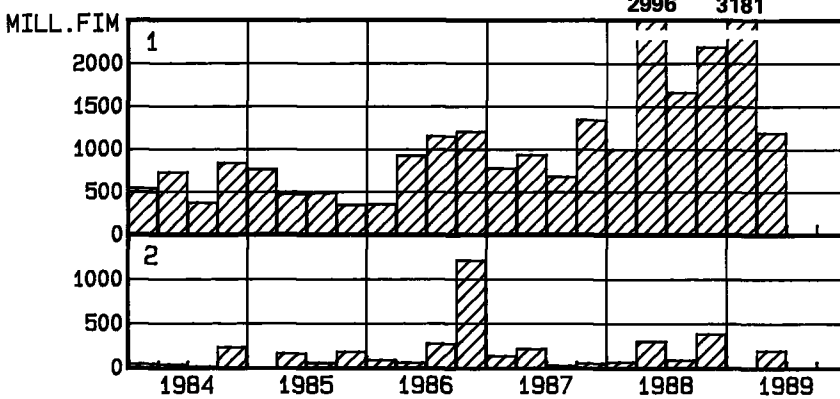
1. Markka lending
2. Total lending
Change from the corresponding month of the previous year, per cent

17. MONEY SUPPLY



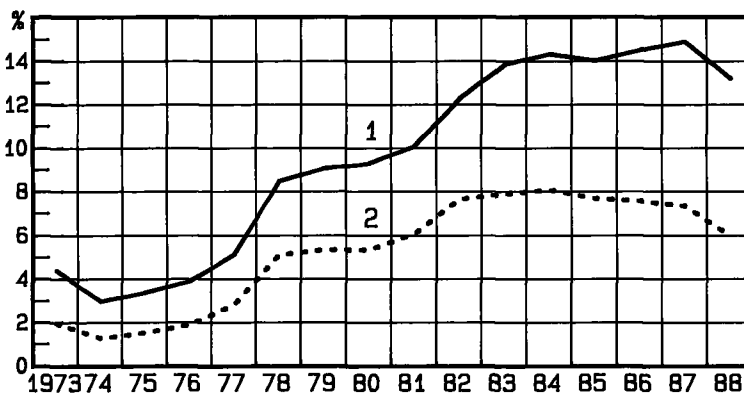
1. Narrow money supply (M1)
 2. Broad money supply (M2)
- Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



1. Finnish direct investment abroad, net
2. Foreign direct investment in Finland, net

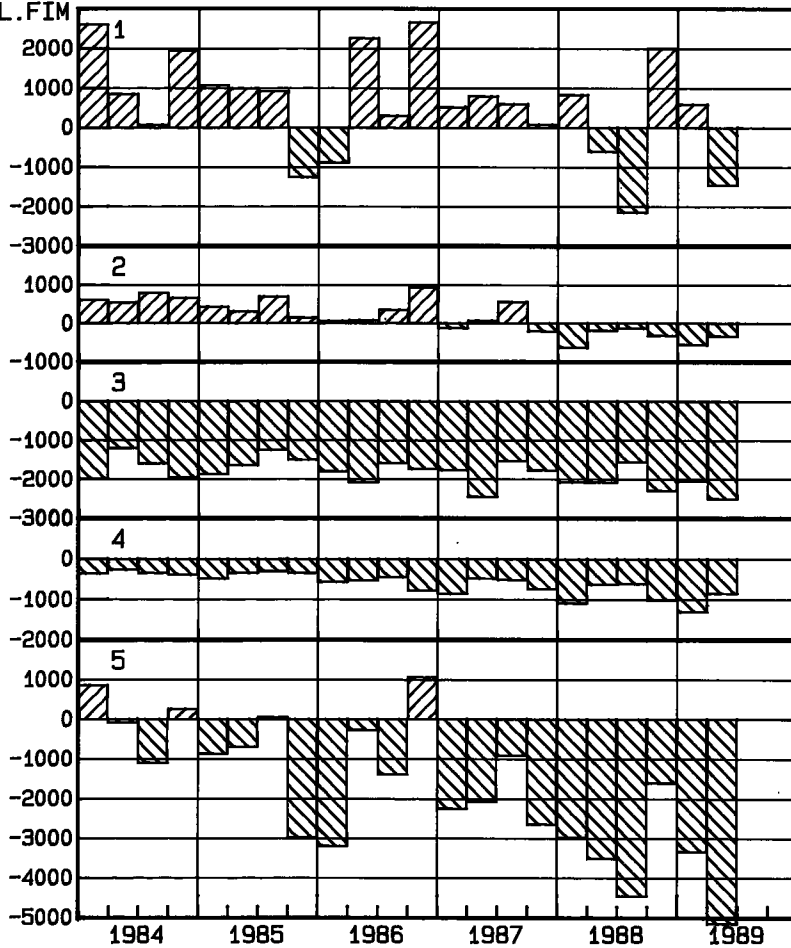
19. CENTRAL GOVERNMENT DEBT



1. Total debt
 2. Of which: foreign debt
- As a percentage of GDP

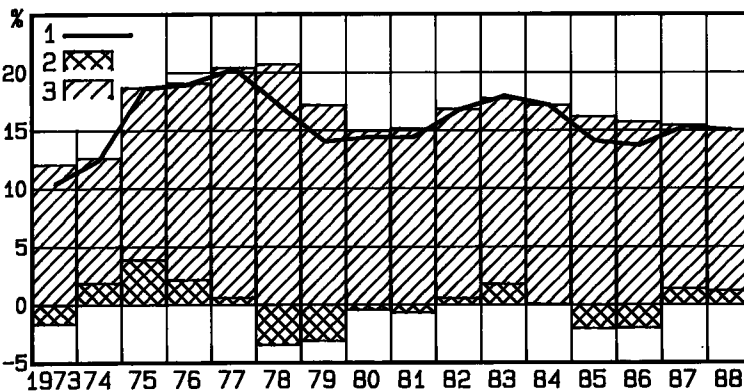
20. CURRENT ACCOUNT

MILL. FIM



1. Trade account
2. Services account
3. Investment income account
4. Unrequited transfers account and other items, net
5. Current account

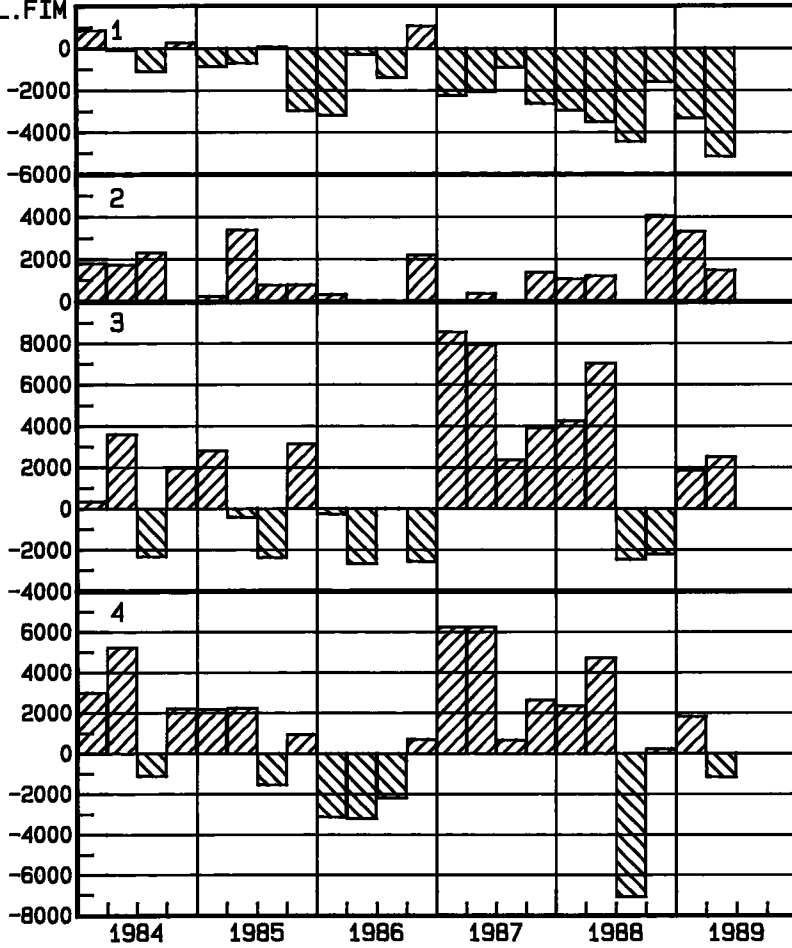
21. FOREIGN DEBT



1. Total foreign net debt
 2. Short-term net debt
 3. Long-term net debt
- As a percentage of GDP

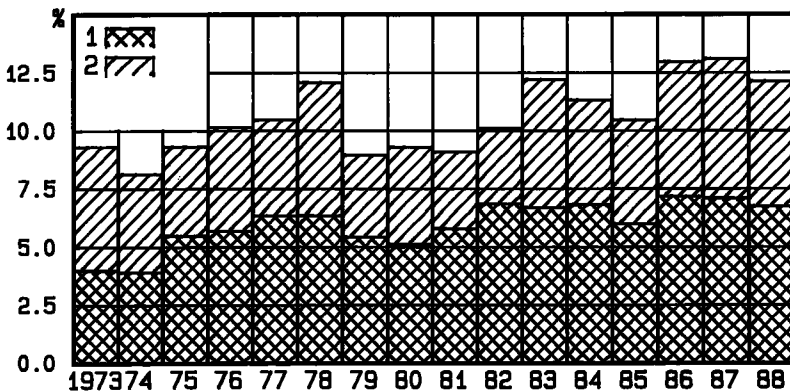
22. BALANCE OF PAYMENTS

MILL. FIM



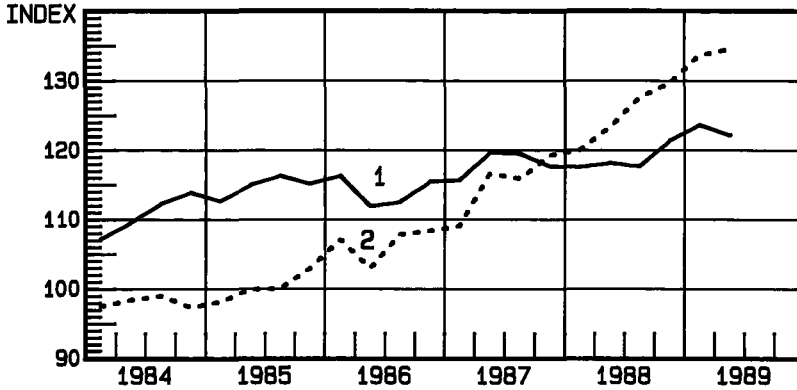
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance = change in the foreign exchange reserves of the Bank of Finland

23. DEBT SERVICE RATIO



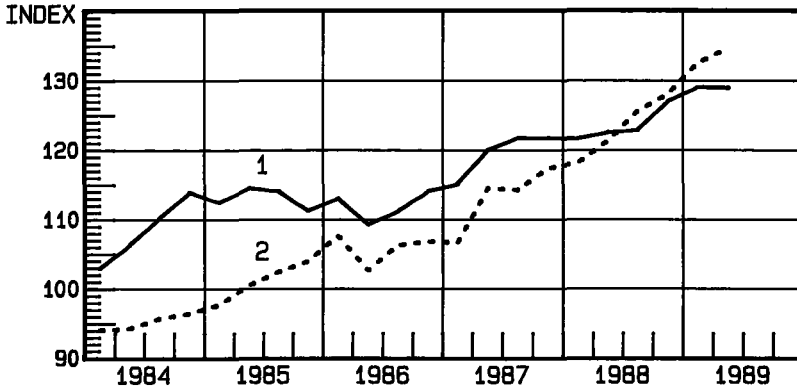
1. Interest payments
 2. Redemptions
- As a percentage of current account earnings

24. FOREIGN TRADE



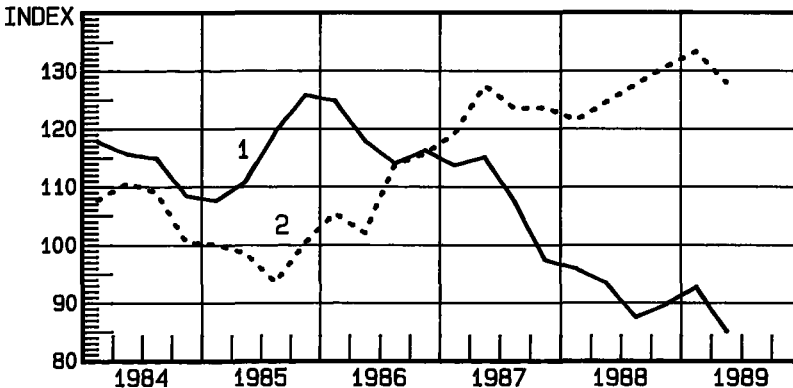
1. Total exports
2. Total imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

25. WESTERN TRADE



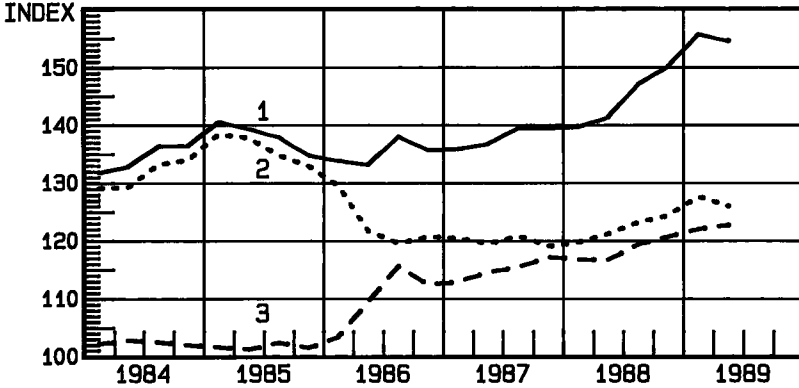
1. Western exports
2. Western imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

26. BILATERAL TRADE



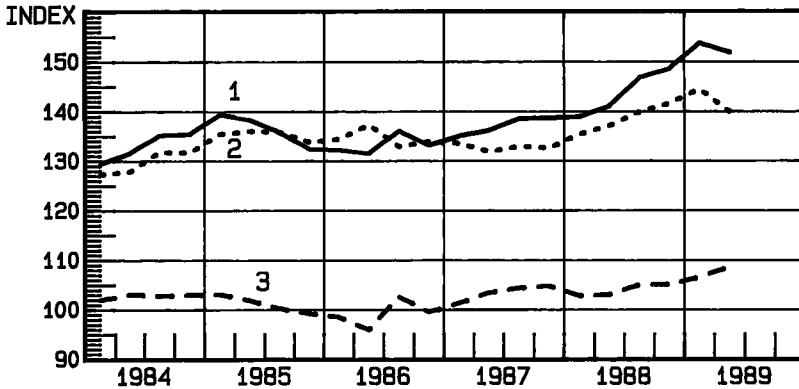
1. Bilateral exports
2. Bilateral imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

27. FOREIGN TRADE: PRICES AND TERMS OF TRADE



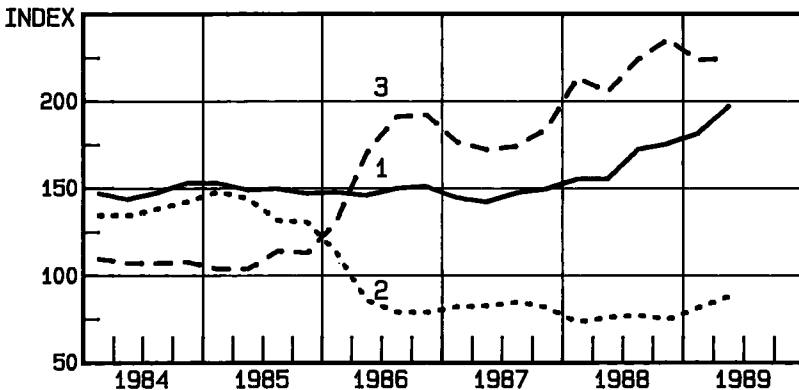
- 1. Unit value index of exports
 - 2. Unit value index of imports
 - 3. Terms of trade
- 1980 = 100

28. WESTERN TRADE: PRICES AND TERMS OF TRADE



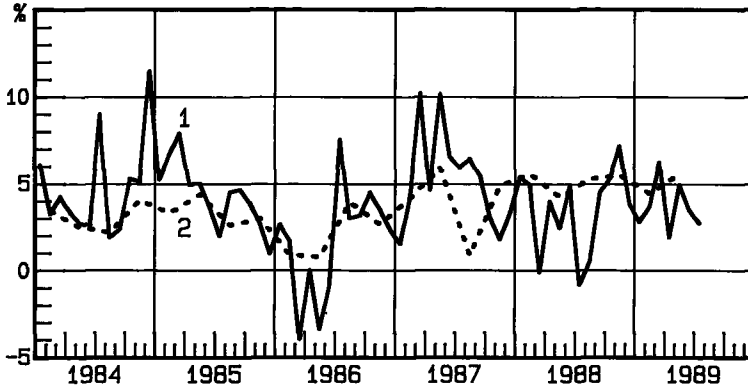
- 1. Unit value index of western exports
 - 2. Unit value index of western imports
 - 3. Terms of trade in western trade
- 1980 = 100

29. BILATERAL TRADE: PRICES AND TERMS OF TRADE



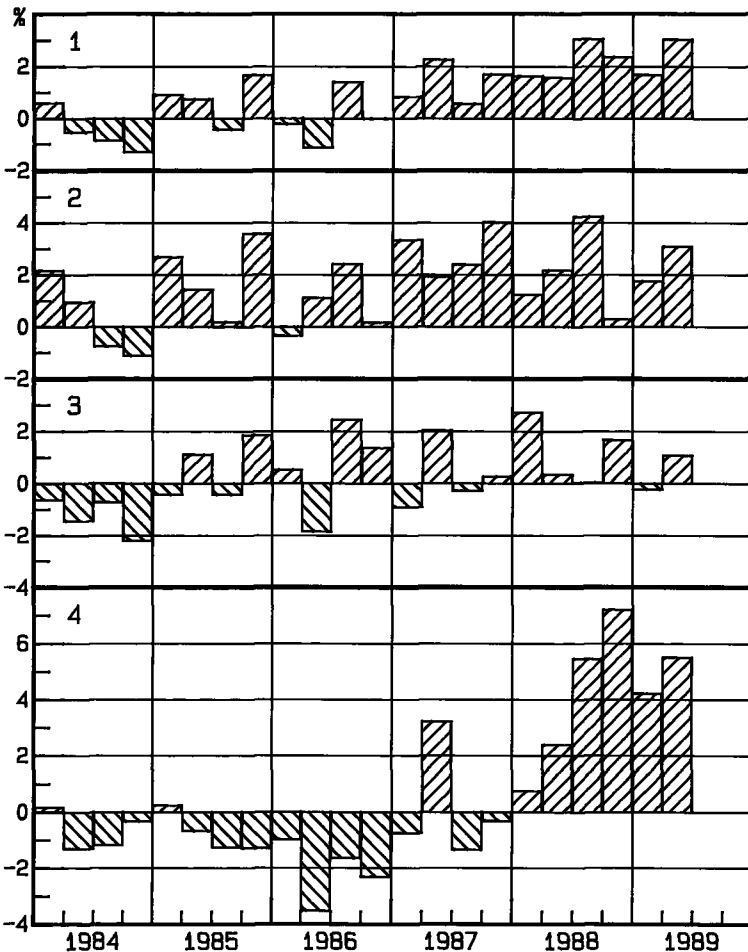
- 1. Unit value index of bilateral exports
 - 2. Unit value index of bilateral imports
 - 3. Terms of trade in bilateral trade
- 1980 = 100

30. PRODUCTION



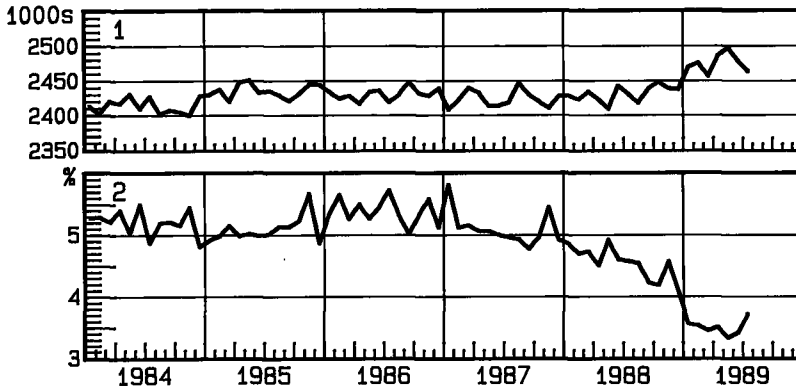
1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

31. FIXED INVESTMENT



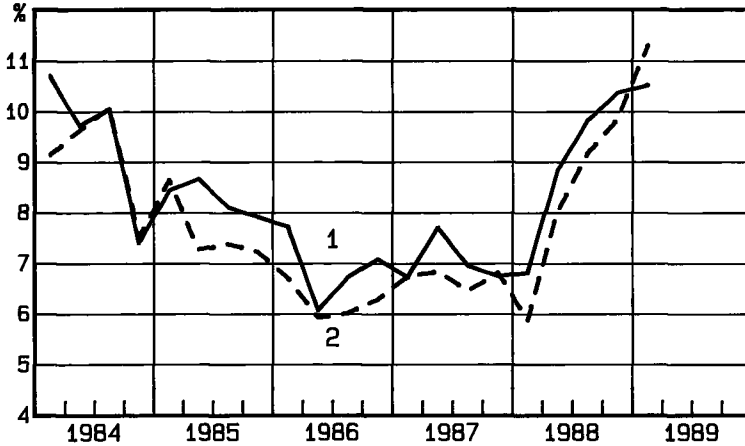
1. Total fixed investment
 2. Investment in machinery and equipment
 3. Building investment, excl. residential buildings
 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

32. EMPLOYMENT AND THE UNEMPLOYMENT RATE

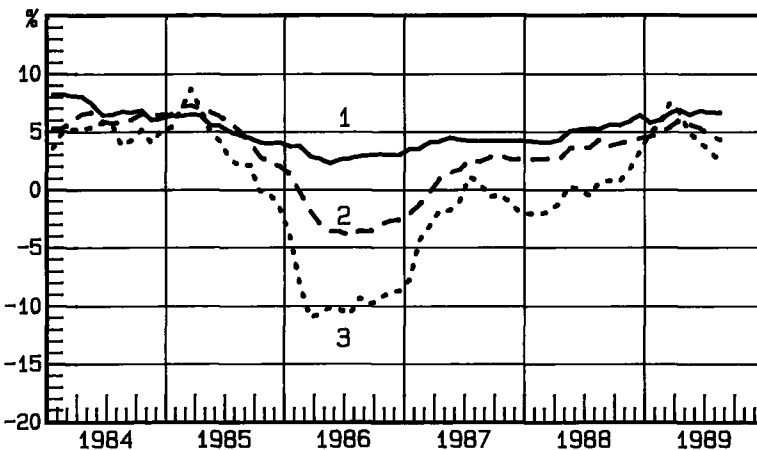


- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

33. PRICES AND WAGES

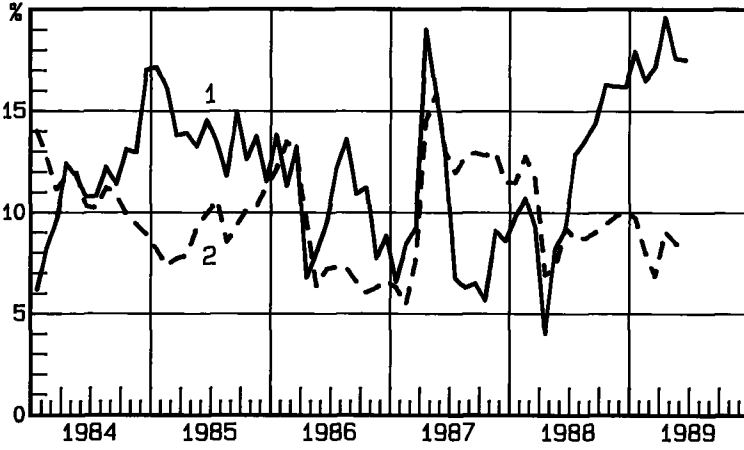


- 1. Index of wage and salary earnings, all wage and salary earners
 - 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



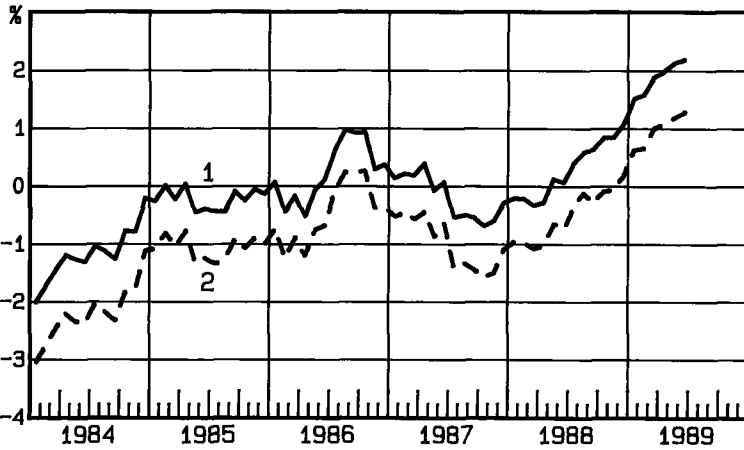
- 1. Consumer price index
 - 2. Wholesale price index
 - 3. Import price index
- Change from the corresponding month of the previous year

34. CENTRAL GOVERNMENT FINANCES



- 1. Revenue excl. borrowing
- 2. Expenditure excl. redemptions of central government debt

Changes calculated from 12-month moving totals and shown as at the last month, per cent



- 1. Revenue surplus (revenue less expenditure excl. financial transactions) (surplus = +)
- 2. Net borrowing requirement (net borrowing = -)

12-month moving total shown as at the last month and as a percentage of GDP

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