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The 1988 Incomes Settlements

The Finnish Economy in 1987 and the
Current Outlook

Foreign Trade in the Finnish Economy

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THE 1988 INCOMES SETTLEMENTS

by **Erkki Karonen**, Financial Secretary
Economics Department
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The collective labour agreements concluded on the basis of the spring 1986 centralized pay settlements and covering some 1.5 million wage and salary earners expired at the end of February 1988. The centralized pay settlements provided for a 2.5 per cent increase in wages and salaries at the beginning of March 1986 and a further 2.5 per cent increase at the beginning of March 1987. The agreements included two index and earnings guarantee clauses. Working hours of employees with a working week of more than 40 hours were to be shortened by 8 hours (white-collar workers) and by 16 hours (blue-collar workers) each year from 1987 to 1989 and by 20 hours in 1990, without any reduction in earnings.

Actual pay increases during the agreement period clearly exceeded those stipulated in the centralized settlements. From the final quarter of 1985 to the final quarter of 1987, the index of wage and salary earnings is estimated to have risen by a total of 14.3 per cent. Of the total rise, 9.8 percentage points were due to negotiated pay increases and the rest to wage drift. The estimate includes some increases based on previous agreements. However, not all the increases made at the end of the agreement period or after its expiry are included. On the basis of the first phase of the earnings guarantee, salaries in the public sector were raised by 1 to 1.5 per cent at the beginning of March 1987; in the private sector, the earnings guarantee did not lead to any significant increases. The

index clause was not triggered in 1987 but in December 1987 the index threshold was exceeded by 0.3 per cent, necessitating adjustments of corresponding size to earnings at the beginning of the new agreement period.

In spite of the rapid increase in labour costs, industry's price competitiveness improved in European markets, thanks to improved productivity and favourable exchange rate changes. Measured by unit labour costs, the improvement totalled 5 per cent in 1986 — 1987. In addition, inflation slowed down further. At the end of 1987, the 12-month increase in the consumer price index was 3.7 per cent, which approximately corresponded to the average rate in the OECD area.

The negotiations between the central labour market organizations on the 1988 incomes settlements proved to be long drawn out, chiefly because of uncertainty about the main features of the Government's planned comprehensive tax reform, due to be introduced in 1989. Furthermore, some organizations considered it important that at least some of the pending issues on the reform of working life should be settled in the incomes negotiations or in connection with them. In February 1988, the Government put forward a proposal to the labour market organizations for a 2-year comprehensive incomes policy agreement. According to the proposal, the tax reform and pay increases would be linked to each other in such a way as to guarantee a moderate increase in purchasing power over the agreement period. However,

the plan had to be abandoned, largely because of the resistance of employers. After this, the incomes negotiations were transferred from central level to union level.

The first agreement was reached in the paper industry in mid-March. The agreement was for two years though pay increases were agreed on only for the first year. The cost effect of the pay increases is 3.1 per cent in spring 1988 and 0.5 per cent in the autumn. In addition, a 0.3 per cent index increase in salaries and wages was implemented at the beginning of the agreement period on the basis of the previous agreement. The increases for the second agreement year will be negotiated in early 1989.

The paper industry settlement set the general pattern for negotiated pay increases in other sectors. The new agreements will be in force for two years though pay increases have almost invariably been agreed on only for the first year. The size of pay increases in other industrial sectors follows those of the paper industry fairly closely; as far as blue-collar workers are concerned, they were exceeded mainly in the chemical industry. For blue-collar workers, the pay increases under the new agreements amount on average to 4.0 per cent. Average earnings will rise by a further 1.4 per cent because of the index adjustment and increases provided for by the old agreements. Because of the prolonged negotiations and strike threats, white-collar workers in industry obtained pay increases exceeding the general level in industry. The in-

creases, including the index adjustment, amount to 5.7 per cent in all. However, wage drift will exercise a significant impact on earnings in industry; in recent years, wage drift has averaged 3 per cent annually.

Two-year agreements were also reached in the public sector. The cost effect of the pay increases under the new agreements is 3.2 per cent in the central government sector and 2.8 per cent in the local government sector at the beginning of the agreement period. The agreements also provide for a pay increase in autumn 1988. The size of the increase will depend on general developments in wages and salaries and will be negotiated on separately. In addition to the index increase, certain other increases based on the previous agreement (such as the earnings guarantee and the increases agreed on in connection with the ending of the 1986 civil servants' strike) are scheduled to take effect at the beginning of the agreement period and will lead to a marked increase in the pay level in the public sector. All in all, the cost effects of the negotiated pay increases (excluding pay increases in the autumn) are estimated to amount to 8.8 per cent in the central government sector and to 7.6 per cent in the local government sector during the first year of the agreements. The pay increases to be implemented in the second year of the agreement period will be negotiated separately in early

the insurance and hotel and restaurant sectors, which will be in force until spring 1991. During the current decade, these sectors have gradually gone over to a new type of bargaining system. The system is characterized by long-term agreements, agreements and pay increases which are not concurrent with those of other wage and salary earners and an ongoing bargaining procedure, i.e. pay and other terms of employment are negotiated once or twice a year during the agreement period. The increases agreed on for the first half of 1988 are just over 5 per cent on average; however, the negotiations on pay increases for 1988 as a whole are still in progress. In recent years, the rise in earnings in the service sector has exceeded that in industry to some extent, and the same trend is likely to continue during the current year.

Settlements at union level do not usually include significant social reforms. In this sense, the 1988 incomes agreements were also pure pay settlements. In mid-March, the Government presented proposals to Parliament concerning the reform of working life. According to the proposals, security against dismissal is to be improved by such measures as extended periods of notice and new training and negotiation obligations.

The agricultural income settlement for the pricing year 1988/1989 was reached at the end of March after negotiations

by over 4 per cent and by increasing state subsidies to agricultural producers. Under the current Agricultural Income Act, agricultural producers will be compensated in the autumn for cost increases occurring after the spring settlement if the required increase in target prices and state subsidies due to cost increases exceeds 2 per cent. It is estimated that the rise in costs will be so slow that it will not be necessary to adjust prices and subsidies in the autumn.

Forest owner and forest industry organizations reached an agreement on roundwood trade for the pricing year 1988 — 1989 at the end of April. Under the agreement, stumpage prices will rise by an average of 8.5 per cent. The felling target was also raised. The agreement is effective until the end of April 1989.

On the basis of the incomes settlements, the index of wage and salary earnings is estimated to rise by a total of 9 per cent in 1988, i.e. 2 percentage points more than in the previous year. In addition to the new incomes settlements and estimated wage drift, this figure includes increases based on previous agreements. For sectors where increases are still unsettled (mainly the public sector increases in autumn 1988 and those in certain service industries), the estimate is based on assumptions.

With respect to the Government's economic policy

comes settlements has been almost totally eliminated.

Economic growth in 1988 is likely to prove better than anticipated, and unemployment is also expected to decrease. The imbalances in the economy are, nevertheless, expected to worsen because of the new incomes settlements. Measured by unit labour costs, industry's price competitiveness is estimated to fall by 5 per cent this year. The consumer price index is forecast to rise by 5 per cent on average from the previous year and the

rate of increase during the current year could be even higher. The current account deficit is also expected to widen slightly.

The main aim of economic policy continues to be to curb the increase in costs. This requires that the pay settlements for next year be noticeably more moderate than those for this year. Both the Government and the labour market organizations have considered the possibility of smoothing the way for moderate incomes settlements by linking them to the tax reform to be introduced in

1989. Negotiations between the Government and the labour market organizations on the feasibility of such a solution are due to start shortly.

May 31, 1988

THE FINNISH ECONOMY IN 1987 AND THE CURRENT OUTLOOK

by **Timo Tyrväinen**, M.Pol.Sc.
 Economics Department
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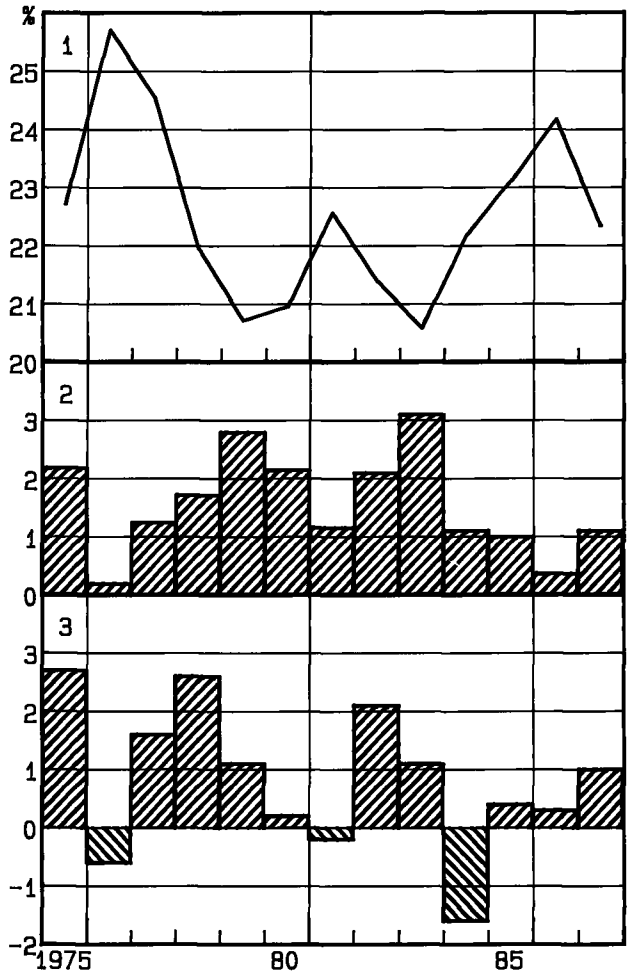
INTRODUCTION

The Finnish economy has grown at an average annual rate of more than 3 per cent in the 1980s so far. In 1987, growth was even faster. The main contribution to the strength of output in 1987 came from domestic demand, with private demand — both consumption and investment — growing by over 5 per cent. Underlying this development were significant terms-of-trade gains and the good export performance of Finnish companies in western markets, which largely compensated for the negative growth impulses stemming from the contraction in the trade with the Soviet Union. The bilateral trade imbalance, which has arisen as a result of the fall in the oil price, has drastically weakened the prospects for Finnish exports to the Soviet Union.

Consumer prices rose by 3.7 per cent on average in 1987,¹ that is, at approximately the same rate as in the previous year. Inflation was due primarily to domestic factors, with unit labour costs increasing by 4.2 per cent in all. The unemployment rate fell slightly as labour supply declined more than employment. The growth of central government expenditure clearly outstripped that of revenue. The main cause for concern regarding equilibrium in the economy is the current

¹ The change in consumer prices is shown here according to the former consumer price index (1980 = 100). A revised index was introduced at the beginning of 1988, with 1985 as the base year. According to the new index, the year-on-year change in consumer prices in 1987 was 4.1 per cent.

CHART 1.
PUBLIC FINANCES



1. Net taxes/GDP, per cent
2. Central government net borrowing requirement, per cent of GDP
3. Impact of fiscal policy on GDP volume, per cent

TABLE. PERFORMANCE OF THE FINNISH ECONOMY IN 1980—87, 1986—87 SEMIANNUAL FIGURES

	1980—86 average	1986		1987	
		I	II	I	II
GDP volume, percentage change from previous year	3.2	1.2	3.6	5.0	3.2
Percentage change at annual rate from previous half year	.	0.8	6.4	3.7	2.6
Unemployment rate, per cent	5.1	5.4	5.3	5.7	5.0
Consumer prices, percentage change from previous year	8.3	3.8	3.3	3.7	3.6
Current account balance, per cent of GDP	-1.4	-2.1	-0.5	-2.8	-2.0

account. Although in relation to GDP, both the deficit and net foreign debt are still rather modest by international standards and in comparison with past experience, they nevertheless deteriorated markedly in 1987.

Steady growth is expected to continue in the industrialized countries in 1988. Similarly, the growth prospects for Finland still appear favourable. Business expectations concerning exports are optimistic. Although the growth of western markets is likely to slow down somewhat and trade with the Soviet Union will continue to decrease, total exports will contribute positively to the growth of GDP. Buoyant domestic demand is nevertheless expected to provide the major impetus to growth in 1988 as well, and its impact on the external balance is currently the central issue in economic policy.

MAIN FEATURES OF ECONOMIC POLICY

For several years now, the official prime objective of economic policy has been to bring down the rate of inflation to the level prevailing in competitor countries. Fiscal policy for 1987 was, however, formulated at a time when growth was forecast to be slackening, and so it was judged that a policy moderately supporting

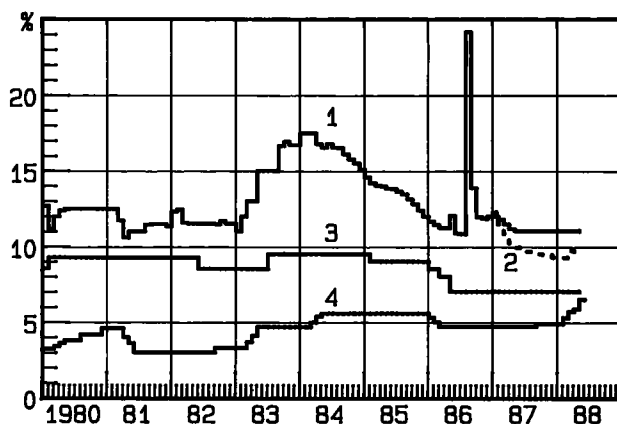
employment would not endanger other macroeconomic objectives. Hence, the central government budget for 1987 was designed to be slightly expansionary. Given this background, the aim was to keep monetary policy fairly tight.

Fiscal policy and public finance

Fiscal policy had an expansionary impact on economic

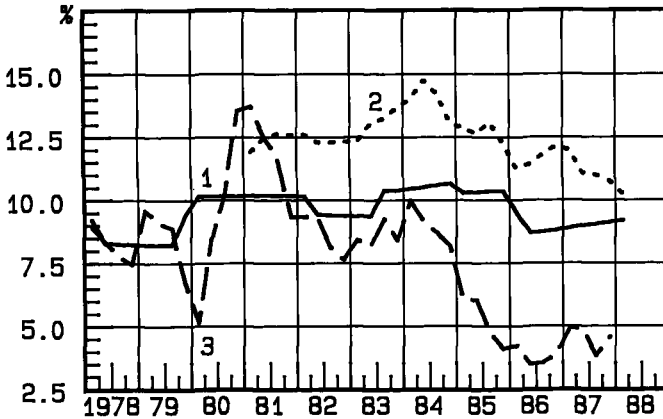
activity in 1987. This was partly due to discretionary measures implemented earlier. The full impact of the easing of business taxation and changes in energy taxation introduced in 1986 was not felt until 1987. These measures improved the profitability and international price competitiveness of the corporate sector. In keeping with previous decisions, personal income taxation was further alleviated in 1987. In addi-

CHART 2.
MONETARY POLICY INDICATORS



1. Call money rate
2. 3-month HELIBOR
3. Base rate
4. Cash reserve ratio

**CHART 3.
INTEREST RATES**



Quarterly averages

1. Average lending rate applied by banks
2. Effective interest rate on fixed-rate debentures
3. Implicit GDP-price index, percentage change over previous year

tion, tax refunds due in 1986 were deferred until January 1987 because of the civil servants' strike in the spring of 1986, which led to a delay in the processing of final taxation. The direct impact of the central government budget on growth is estimated to have been equivalent to one percentage point of GDP in 1987 (Chart 1). The local government sector also had a slightly expansionary impact on activity.

Central bank policy and financial markets

In light of the expansive stance of fiscal policy, monetary policy had to be kept relatively tight in 1987. Though market rates fell in the course of the year (Chart 2), they remained fairly high in real terms (Chart 3). This was reflected in increased capital inflows. As liquidity accumulated in the economy, there was a strong expansion in bank lending, with consumer credit, in particular, growing rapidly.

The interest rate differential in relation to abroad and

general confidence in the performance of the Finnish economy have been the key factors contributing to the strength of the Finnish markka. Indeed, measured by the Bank of Finland's currency index, the markka has continued its gradual appreciation over the last 18 months.

THE INTERNATIONAL ENVIRONMENT AND FINNISH EXPORTS

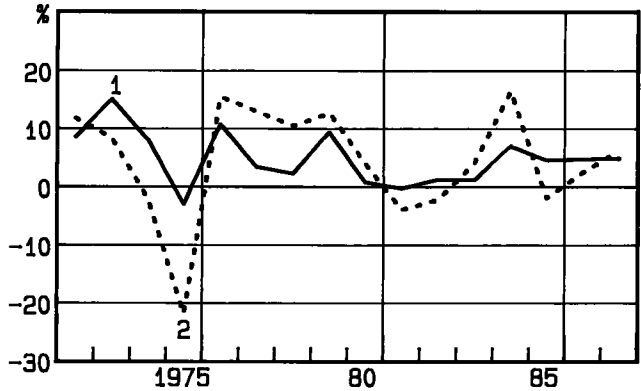
The stable growth of the international economy and the strengthening of domestic demand in Finland's main market areas in western Europe provided a favourable basis for western exports in 1987. Reflecting divergent exchange rate movements in 1987, there was some loss of price competitiveness as measured by unit labour costs weighted by world trade market-shares, whereas in European markets price competitiveness improved somewhat (Chart 8). All in all,

competitiveness seems to have remained relatively good in real terms. While, as in the previous year, Finland's western export markets expanded by almost 5 per cent, the volume of western exports grew by over 7 per cent (Chart 4). However, this good performance was also partly due to cyclical properties of Finnish exports.

Because of the need to adjust bilateral trade caused by the fall in the oil price, exports to the Soviet Union fell by over a fifth in 1987 (Chart 4). As a result, the share of the Soviet Union in total Finnish exports fell to 18 per cent; in the early 1980s, when the oil price was at its peak, the share of exports to the Soviet Union had exceeded 25 per cent. Because of the cut-back in eastern trade, the volume of total exports of goods and services grew by only 2 per cent in 1987.

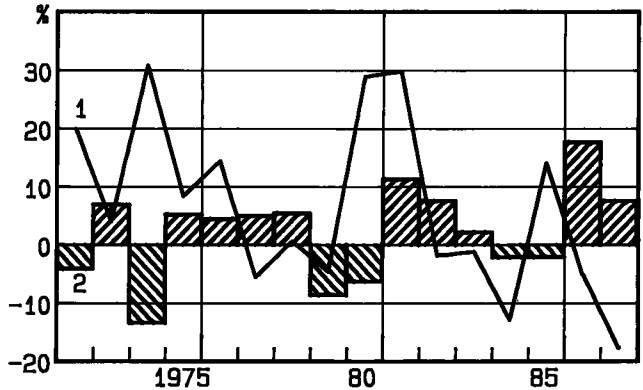
Reflecting lower world commodity prices, import prices continued to fall last year. Developments in relative commodity prices were favourable from Finland's point of view,

CHART 4.
GROWTH OF MARKETS AND EXPORTS



Percentage volume changes

- 1. Western export markets
- 2. Western exports



Percentage volume changes

- 1. Exports to CMEA countries
- 2. Net position on bilateral clearing accounts, per cent of bilateral exports

and the prices of those raw materials which figure importantly in Finnish exports rose. Consequently, export prices as a whole increased from the previous year, and the terms of trade improved by more than 4 per cent (Chart 10). This boosted the growth of real disposable income in the domestic economy by about one percentage point.

DEVELOPMENTS IN THE CORPORATE AND HOUSEHOLD SECTORS

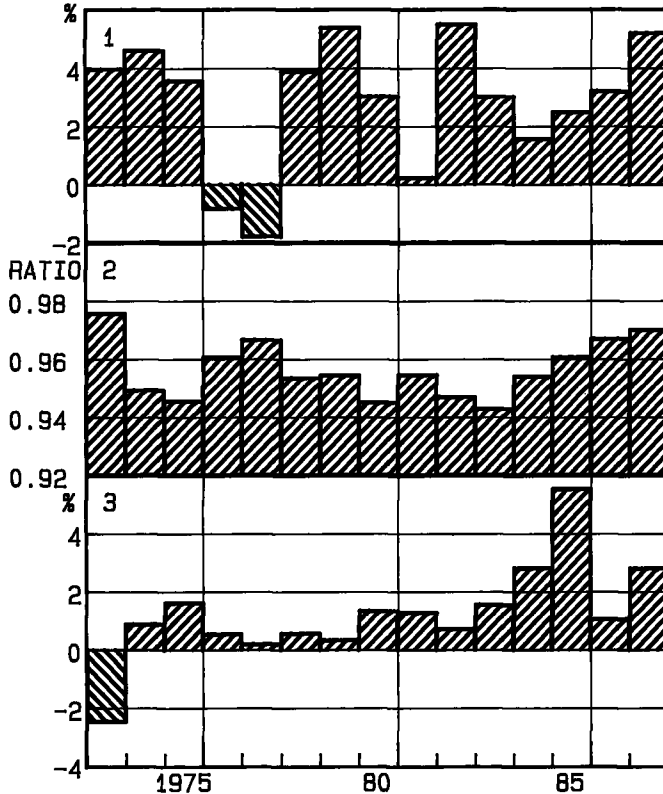
Economic performance in 1987 was dominated by the strong growth of domestic demand. With terms-of-trade gains supporting income growth for the second year in succession, households' real disposable income grew rapidly (Chart 5). Hence, private consumption increased by over 5 per cent. Developments among the various components of consumption were

fairly even although durables experienced the biggest increase.

Private investment also grew by more than 5 per cent, the underlying factors being companies' improved profitability and high capacity utilization rates. In these circumstances, not even the high level of interest rates constituted an obstacle to investment activity (Chart 6). There was a particularly sharp increase in manufacturing investment,

which expanded by about 15 per cent from the previous year. Examined sectorally, the most striking exception was the metal and engineering industries, where fixed investment declined. Investment activity was brisk in the service industries, too, and housing production also started to grow moderately in the course of 1987. Viewed as a whole, investment growth focussed on machinery and equipment.

CHART 5.
HOUSEHOLD SECTOR INDICATORS ^{1, 2}



1. Net real disposable income, percentage change over previous year
2. Propensity to consume
3. Net financial saving, per cent of net disposable income ³

¹ The figures for 1986 and 1987 have been corrected for the postponement of tax refund payments from December 1986 to January 1987

² The figures for 1987 have been corrected for the effect of the poor harvest

³ On the basis of flow-of-funds statistics

The strong growth of domestic demand boosted imports (Chart 12). The volume of imports of consumer goods was 15 per cent higher than in the previous year and that of investment goods almost 10 per cent higher. As imports of raw materials also grew clearly, the volume of total imports rose by almost one-tenth.

Gross domestic product grew by 3.6 per cent in 1987. After stagnating in the first half of 1986, GDP recovered sharply in the second half of 1986 and activity was expected to remain buoyant throughout 1987. As it turned out, the growth of total output slowed down in the second half of the year as a result of the failure of the harvest, but ac-

celerated to almost 4.5 per cent at an annual rate in the fourth quarter. Normal crops would have increased GDP growth by about one percentage point in 1987.

INTERNAL AND EXTERNAL BALANCE OF THE ECONOMY

Employment

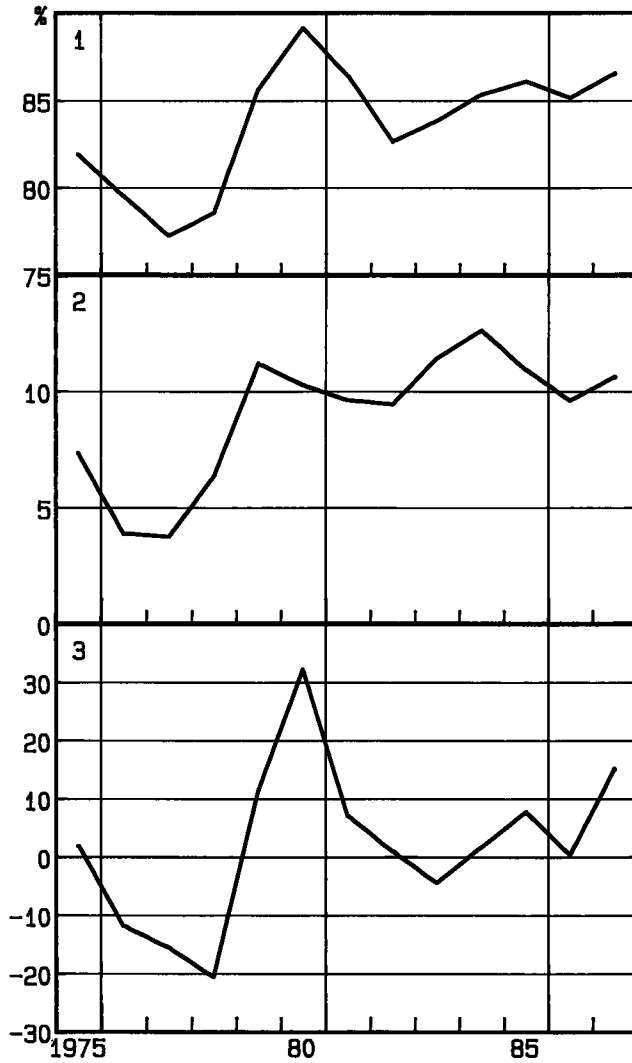
The long upward trend in employment came to an end in 1985, and the level of employment fell in 1987 for the second year in succession (Chart 7). Labour shedding was particularly rapid in the manufacturing industries, where higher labour productivity has been a key factor helping to meet increasing labour costs. Productivity in manufacturing has improved steadily at an average annual rate of 5 per cent over the past decade, and in 1987 the increase was even higher, 6 per cent.

Although employment rose in the service sector in 1987, the increase was not enough to offset the impact of falling employment in the primary and secondary sectors. A new feature in 1987 was a decline in the labour force. Owing to new regulations concerning early retirement under unemployment pension schemes, the labour force participation rate has been falling since the end of 1985 (Chart 7). As a result, the labour force decreased by more than employment in 1987, and hence the average unemployment rate was slightly lower than in the previous year.

Inflation

After slowing down for several years, the rise in consumer prices began to accelerate in mid-1986 (Chart 8). The timing of the upturn resembles that in other industrialized countries. With the reversal of the downward trend in world commodity prices, the dampening effect on OECD inflation came to an end. In

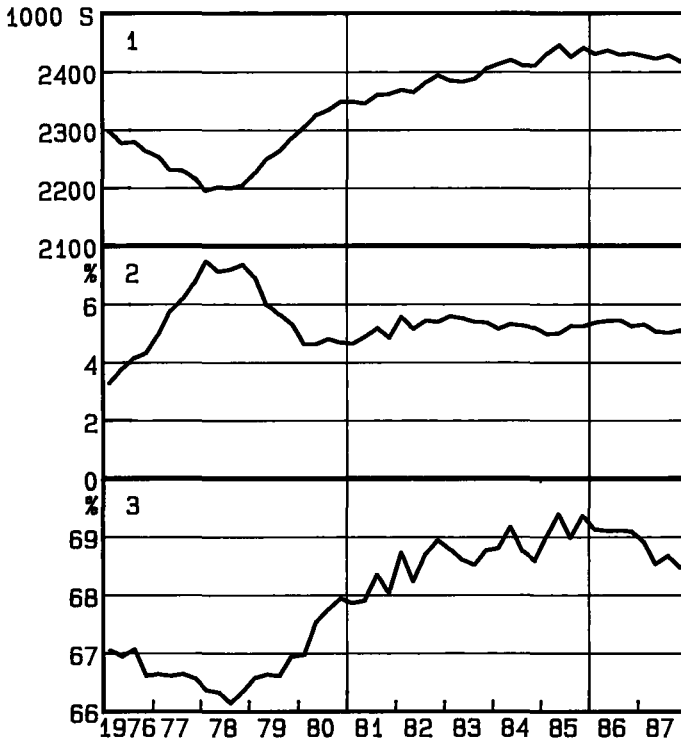
CHART 6.
MANUFACTURING INDUSTRY INDICATORS



1. Capacity utilization
2. Gross rate of return on fixed capital, per cent ¹
3. Volume of fixed investment, percentage change over previous year

¹ Gross operating surplus as per cent of gross capital stock

CHART 7.
LABOUR MARKET



Quarterly figures
 1. Employment
 2. Unemployment rate
 3. Labour force/population of working age

Finland, the 12-month rise in consumer prices accelerated until the first months of 1987 but has subsequently remained stable at around 4 per cent. Inflation has thus been running at a faster rate than in competitor countries.

Finnish inflation has been maintained by domestic factors. The negotiated wage increases provided for under the two-year centralized agreements concluded in the spring of 1986 raised total earnings by some 4 per cent in 1987. When the carry-over effects of previous awards and wage drift are taken into account, wages and salaries rose by 7 per cent in 1987, the same amount as in the preceding year. As working hours were shortened in most

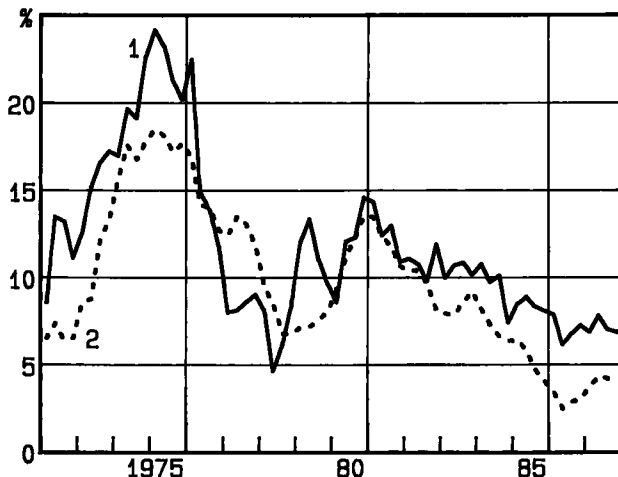
branches, hourly labour costs rose by over 8 per cent. Higher wage costs have led to price increases in the sheltered sector, in particular. In fact, prices of services have been rising at a clearly faster pace than average inflation in recent years. As mentioned above, manufacturing has, in contrast, managed to meet increasing wage costs through productivity gains. As a result, unit labour costs in the manufacturing sector rose by only 1 per cent in 1987, which was less than in competitor countries.

The trade-off between unemployment and inflation in Finland seems to have improved in relation to the international environment. This can be seen in Chart 9 where the horizontal

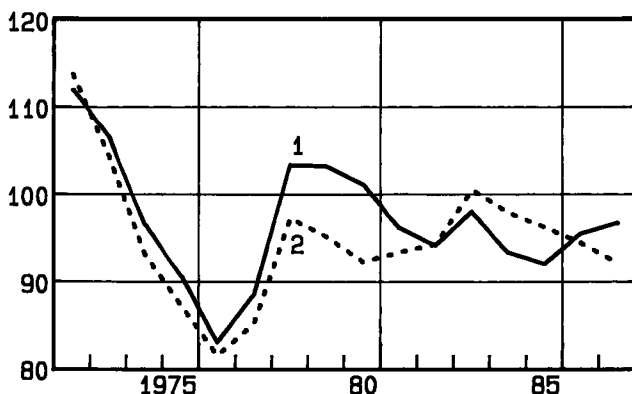
axis shows the difference in unemployment rates between Finland and the OECD area. Throughout the 1980s, the unemployment rate has been lower in Finland than in the industrialized countries on average. The vertical axis depicts the inflation differential between Finland and the OECD area. It shows that the rate of inflation has been faster in Finland than in competitor countries for practically the entire period examined, the only exception being the years 1978–80 following the adoption of an anti-inflationary strategy in economic policy.

Lower domestic unemployment is usually associated with an inflation rate which is higher than in competitor countries.

CHART 8.
INFLATION AND PRICE COMPETITIVENESS



Percentage change over previous year, quarterly
1. Wages and salaries
2. Consumer prices



Relative unit labour costs, 1964 - 1982 = 100
(14 competitor countries/Finland, in common currency)
1. Weighted by market shares in European markets
2. Weighted by market shares in world markets

However, the chart reveals how Finland's relative Phillips curve has shifted downwards towards the left in the 1980s. A given unemployment gain seems to be connected with a smaller inflation loss than before.

External balance

In spite of a sharp improvement in the terms of trade, the external balance deteriorated in 1987. Buoyant domestic demand led to a rapid acceleration in the growth of imports and the current account deficit widened markedly. Some aspects of this development suggest that a structural deficit may be emerging.

Equilibrium in foreign trade has been maintained by a continuing surplus on the services

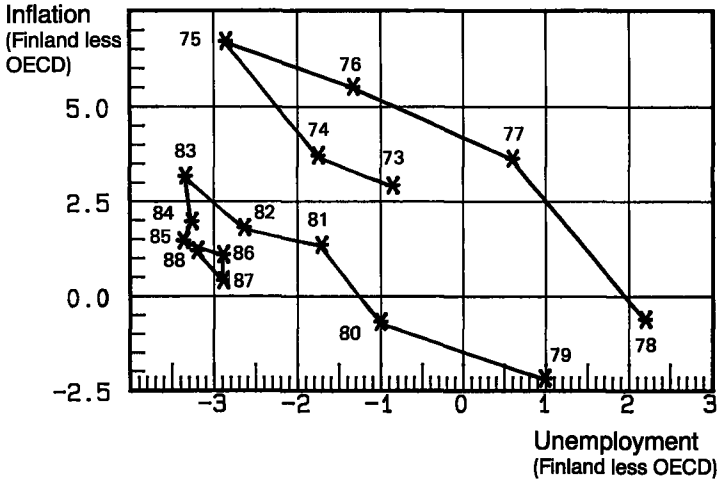
account and, in recent years, a positive merchandise trade balance (Chart 11). The surplus on the services account has, however, been diminishing in a trend-wise manner in the 1980s, partly because of sales of Finnish merchant vessels abroad. With the increase in foreign debt, the share of debt service payments has also been growing. Similarly, rising expenditure on development

aid has contributed to the worsening of the external deficit.

THE CURRENT OUTLOOK

Total output in the OECD area is expected to grow by approximately 3 per cent in 1988. The effects of the international stock market crash on economic activity now seem likely to be less severe than was first

CHART 9.
FINLAND'S RELATIVE PHILLIPS CURVE



As employer organizations announced that they did not wish to go on with centralized negotiations, this spring's agreements were concluded at union level. They provide for a general pay increase of some 4 per cent this year. Most of the agreements are for two years but the pay increases for the second year will be negotiated later.

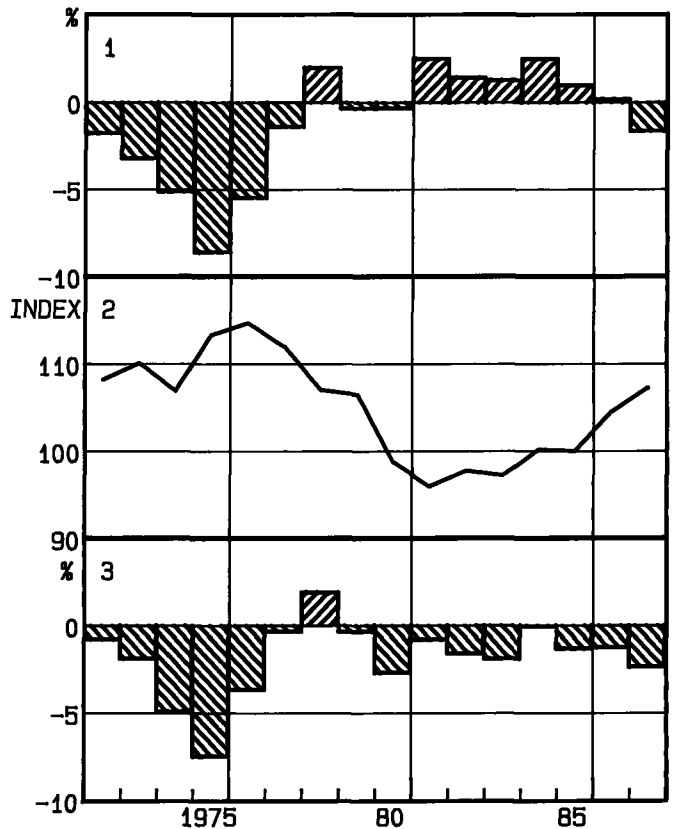
When carry-over effects, increases effected on the basis of old agreements, an index clause-based increase of 0.3 per cent and wage drift are taken into account, earnings are likely to grow by 8 1/2 — 9 per cent in 1988, that is, clearly faster than last year. A significant contribu-

feared. Nevertheless, uncertainty surrounds developments in securities markets and this may influence economic expectations and the outlook for growth.

As western export markets are anticipated to continue growing as rapidly as in 1987, the prospects for the immediate future are good. In Europe, the main contribution to growth is expected to come from domestic demand, and so western exports are forecast to increase by almost 6 per cent, or again slightly faster than the growth of markets. There will be a further cutback in the volume of bilateral exports. Since, however, the adjustment is unlikely to be as drastic as last year, total exports could grow by over 3 per cent. The terms of trade are expected to show further gains, although, at 1—2 per cent, the improvement will be less than in the previous year.

Discussion on pay policy in Finland has lately focussed on questions relating to relative wage developments among different branches and wage-earning groups. In particular, the expediency of continuing the traditional centralized arrangements for wage-setting has been called into question.

CHART 10.
EXTERNAL BALANCE



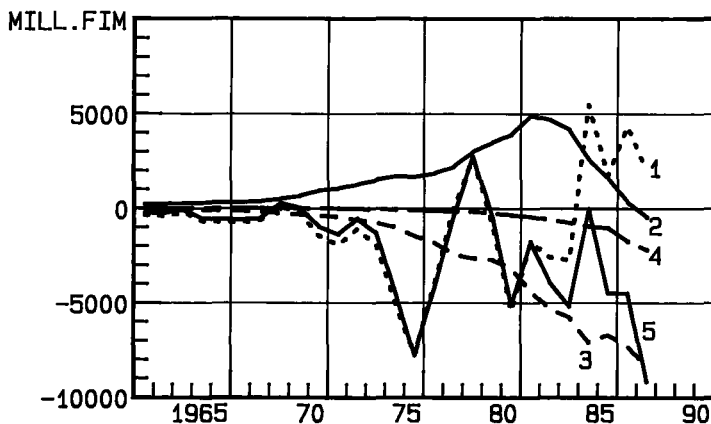
1. Net exports in constant prices, per cent of GDP
2. Terms of trade, goods and services, 1985 = 100
3. Current account, per cent of GDP

tion to the rise in total earnings will come from retroactive increases for employees in the central government sector provided for under the previous two-year agreements. Part of the rise in earnings index is also due to technical factors. In some industries compensation for holidays is now to be included in regular wages. Though this will have no additional effect on labour costs, it will entail a rise in the average earnings index measuring pay for regular working time. In manufacturing, the size of this effect is over one percentage point. Despite further improvement in productivity, unit labour costs in manufacturing are expected to grow notably faster than last year.

The pay settlements were judged to raise household purchasing power to such an extent that economic policies curbing consumption would be needed to maintain equilibrium in foreign trade. Accordingly, efforts have been made to make the stance of fiscal policy more restrictive than foreseen in the ordinary budget for 1988. With this aim in mind, several public tariffs and indirect taxes have been raised in the course of the current year. As the growth of government expenditure slows down and taxation becomes noticeably tighter, the central government net borrowing requirement is estimated to diminish to about half a per cent of GDP.

Monetary policy is also expected to continue fairly tight. The interest rate differential between domestic and international rates widened in the first months of this year. More recently the Bank of Finland raised its base rate by one percentage point with effect from May 16. No changes are assumed in the effective exchange rate, with only minor fluctuations of the currency index within its prescribed band. Stable exchange rates will act as an anchor for inflation expectations.

CHART 11.
MAIN CURRENT ACCOUNT COMPONENTS



1. Merchandise trade
2. Services
3. Investment income
4. Unrequited transfers
5. Current account

The growth of private demand is forecast to slow down after the very strong growth in 1987. Disposable incomes will rise appreciably this year, too, despite the fiscal policy measures taken to curb the growth of purchasing power. Hence private consumption is expected to continue brisk. Capacity utilization rates in industry are likely to remain high and this, together with good profitability in the corporate sector, should support investment activity. Normal crops this year will boost the growth figure for total output.

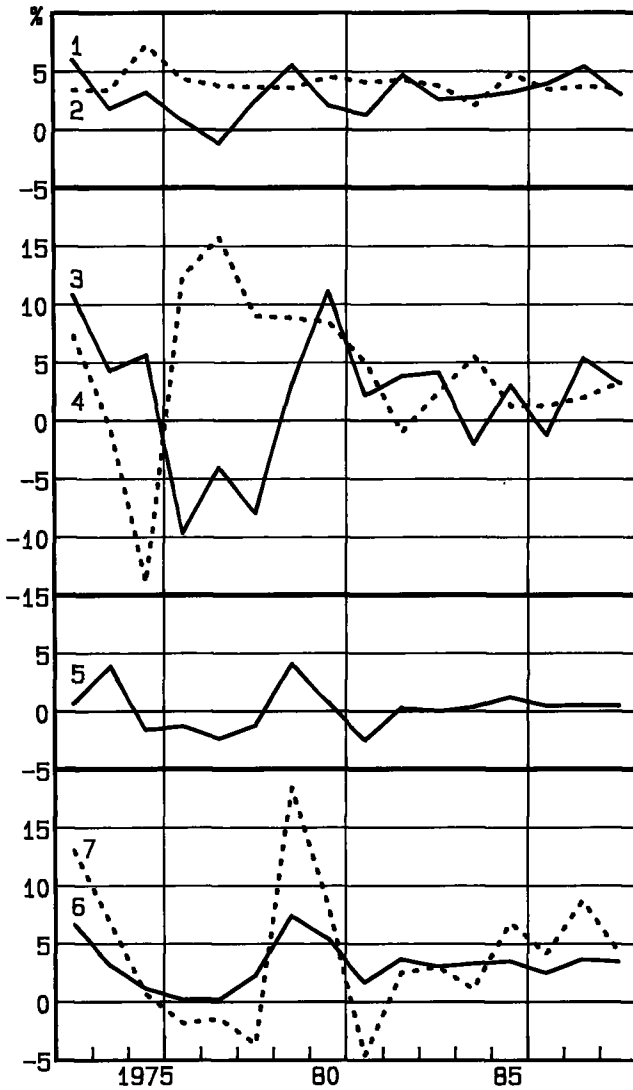
Total output is expected to continue expanding clearly above the 3 per cent growth path which has characterized economic developments in the 1980s so far. As regards the prospects for growth in the longer term, an encouraging factor has been the ability of companies to switch exports smoothly from one market to another and to compensate for higher costs by improving productivity. Companies' pro-

pensity to invest still appears to be strong.

The analysis of consumer price inflation has been complicated by the revision of the consumer price index. In the new index (1985=100),² prices of houses and flats play an important role. In the autumn of 1987, they rose sharply. The bulk of this increase will not be reflected in the consumer price index until the summer of 1988. The effect could amount to as much as 1–1.5 percentage points during the year as a whole. The costs of housing loans are also included in the new index, and hence the increase in the Bank of Finland's base rate will contribute to the rise in consumer price inflation. As public sector charges have also been raised, the rate of increase in the consumer price index will clearly accelerate over the next few months. The rise in prices in the course of 1988 may exceed 6 per

² See the item in the March 1988 issue of the Bulletin.

CHART 12.
COMPONENTS OF TOTAL DEMAND AND SUPPLY



Percentage volume changes over previous year

1. Private consumption
2. Public demand
3. Private fixed investment
4. Exports
5. Change in stocks ¹
(Including statistical discrepancy)
6. GDP
7. Imports

¹ Contribution to the growth of total demand, per cent

cent, with half of the increase being due to public sector measures and housing market developments. The year-on-year rise in the consumer price index is likely to exceed 5 per cent.

Unemployment is forecast to fall further, though the decrease in the labour force is likely to be smaller than in 1987. As the level of employment is expected to remain unchanged, there will be a marked fall in the unemployment rate.

The current account deficit is not expected to deepen in 1988, due in part to an improvement in the terms of trade. Nevertheless, the external balance remains the main problem of economic policy. Some of the structural factors contributing to the deficit were mentioned above. If their adverse effects are to be offset it will be necessary to strengthen the trade balance. Here questions of trends in price competitiveness and of the scope for growth in domestic demand are of crucial importance. They will be particularly challenging if it is attempted to attain external balance without restricting the growth potential of the economy.

In 1988, Finland's economic growth rate is again expected to exceed that in most other industrialized countries. The external balance will become more acute only later when the adjustment of bilateral trade proceeds further. Since, moreover, a cyclical downturn in the growth of western export markets is anticipated in 1989-90, the maintenance of real price competitiveness will become vital as regards Finland's economic prospects. Here, the response of the unions to calls for moderate wage claims next year will be of key importance. In the short run, however, there are unlikely to be any major changes in the overall balance of the economy.

June 2, 1988

FOREIGN TRADE IN THE FINNISH ECONOMY

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THE ROLE OF FOREIGN TRADE IN THE ECONOMY

As is usual in small open economies, foreign trade has played an important role in Finland's economic development. The share of trade in goods and services in total demand and output in Finland is at the average level prevailing in Europe, which was nearly 30 per cent of GDP in the first half of the 1980s. The corresponding share is considerably higher in other Nordic countries, not to mention some smaller countries in continental Europe. The fact that the share of foreign trade is lower than in other small countries can partly be attributed to the minor importance of services in Finland's foreign trade and partly to Finland's natural resource base and peripheral location. For example, the forest industries, traditionally the largest export branch, uses predominantly domestic inputs. In the economically integrated and geographically centralized markets of continental Europe, a product may

TABLE 2. RATIO OF EXPORTS TO GROSS VALUE OF PRODUCTION, PER CENT

Industry	1964—66	1974—76	1984—86
Total manufacturing ¹	22.6	24.9	31.7
Forest industries	60.7	53.0	59.2
Metal and engineering industries	17.6	30.2	45.7
Textile and clothing industries	10.4	33.4	45.9

¹ Among other things, oil refining for domestic use lowers the figures for total manufacturing.

dependent on foreign trade. More than half the output of the forest industries is sold abroad, and in other branches, too, notably the metal and engineering industries and the textile and clothing industries, the growth of production has increasingly come to rely on foreign demand.

Participation in international trade has required specialization. For example, the share of the Finnish forest industries in total world trade in forest products is about 9 per cent and in some paper products Finland is the world's largest exporter. Although the relative shares of other major industries in total world trade in the products concerned are small, Finland does have significant world market

has been faster in Finland than in other European countries, and this has also contributed to faster growth of GDP.

Integration in Europe has resulted in a strong increase in intra-industry trade so that growth of exports has not been fully reflected in production. Consequently, the expansion of Finnish exports has been slower than the average in Europe. In contrast to many other countries, however, output growth has focussed on industrial activity in the exposed sectors of the economy. Between 1955 and 1985, Finnish exports of goods and services expanded at an average annual rate of 6.0 per cent. Over the same period, GDP growth averaged 3.9 per cent. Con-

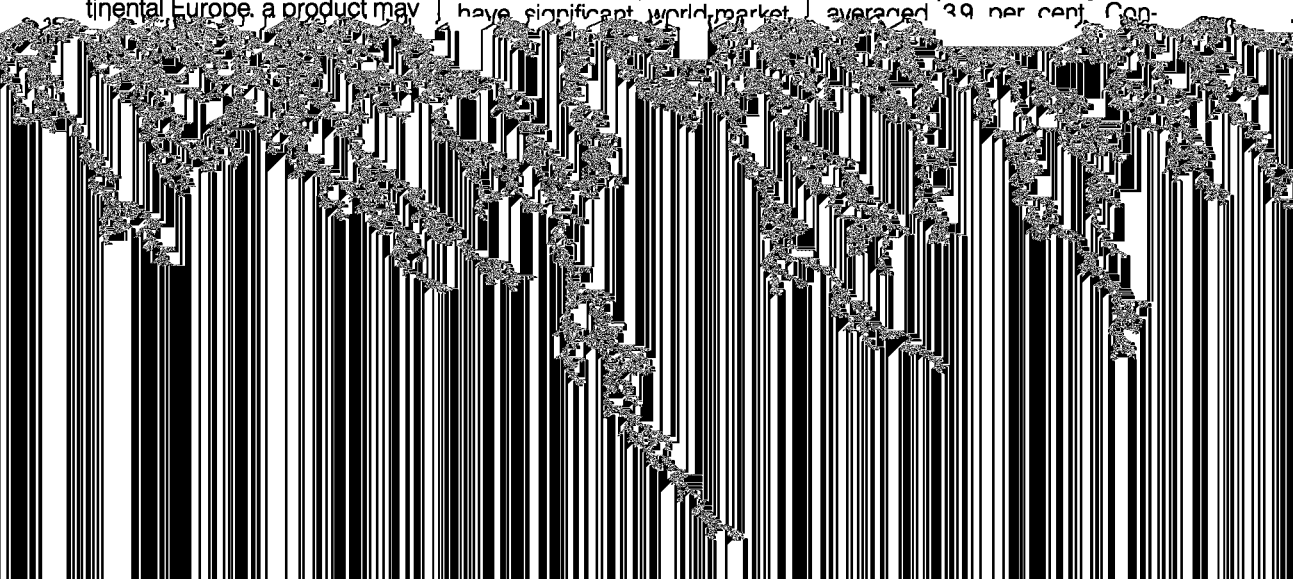


TABLE 3. OUTPUT AND EXPORTS IN FINLAND AND IN WESTERN EUROPE IN 1960—73 AND IN 1973—86, AVERAGE ANNUAL GROWTH IN PER CENT

	GDP	Industrial production	Volume of exports
1960—73			
Finland	3.9	4.9	5.4
OECD Europe	3.3	3.7	6.7
1973—86			
Finland	2.8	3.1	3.6
OECD Europe	2.1	1.2	4.1

resorted to direct subsidies or trade barriers in the face of abrupt changes in the international economy. Companies have been forced to adjust quickly to changes, thereby preventing the emergence of crisis industries. Foreign competition has also helped to keep pricing in the domestic market in check. These factors have contributed to efficient resource allocation, which partly explains Finland's higher growth rate in comparison to other European countries since the late 1970s.

Orientation towards international markets has demanded great adaptability on the part of

Finnish firms. In recent years, this has been evident in the rapid internationalization of business and industry as companies have sought to secure market shares. Direct investment abroad in relation to manufacturing investment at home increased from 3 per cent at the beginning of 1980s to 15 per cent in 1987.

In many industries a larger firm size has become essential for success in international competition. The forest industries, in particular, have undergone a major restructuring during the past few years. For the economy as a whole, direct investment abroad, togeth-

er with 'strategic' imports, make possible the introduction of new technologies and know-how. As a result of policies aimed at promoting growth by emphasizing foreign trade and a sufficient rate of investment, Finland now has an industrial base which for the most part is modern and efficient, although there is continuing need for the reallocation of resources.

DEPENDENCE ON INTERNATIONAL DEVELOPMENTS

Growth policies based largely on expanding foreign trade have also entailed increasing dependence on international developments. Thus income developments in the economy are strongly dependent on the demand for Finnish exports in world markets, on the one hand, and on the prices and availability of imports, on the other. Furthermore, the structure of Finnish exports has traditionally been such that international developments have been felt strongly in the Finnish economy.

Cyclical variations and other shocks emanating from abroad are reflected in the Finnish economy mainly via foreign trade. A boom in the cyclically sensitive forest industries, as manifested in expanding export volumes and rising export prices, generates higher incomes in the economy. Typically, the cycle is rapidly transmitted to other sectors, resulting in excess demand and inflationary pressures. When export markets subsequently weaken, it proves difficult to curb domestic inflation and demand, leaving the economy with a higher rate of inflation than elsewhere. This has often led to external disequilibria. In the past, the cost differential that arose between the domestic economy and competitor countries was corrected by a change in the exchange rate. But, though devaluations had a beneficial impact on output, employment and the trade

CHART 1. DEVELOPMENTS IN EXPORTS, DOMESTIC DEMAND AND GDP, VOLUME, 1961 = 100

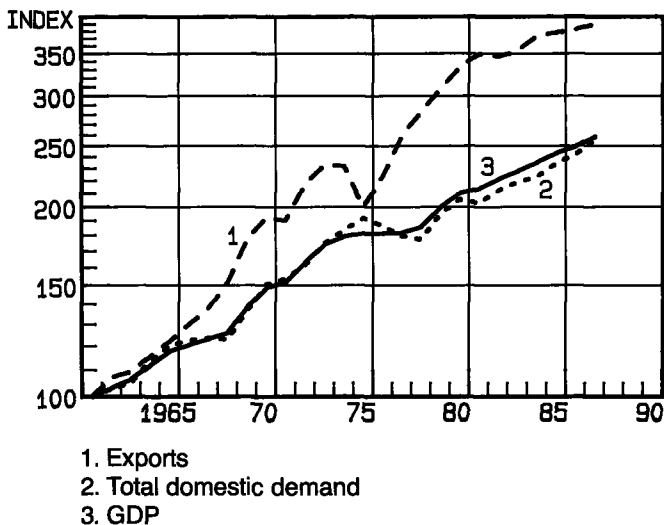
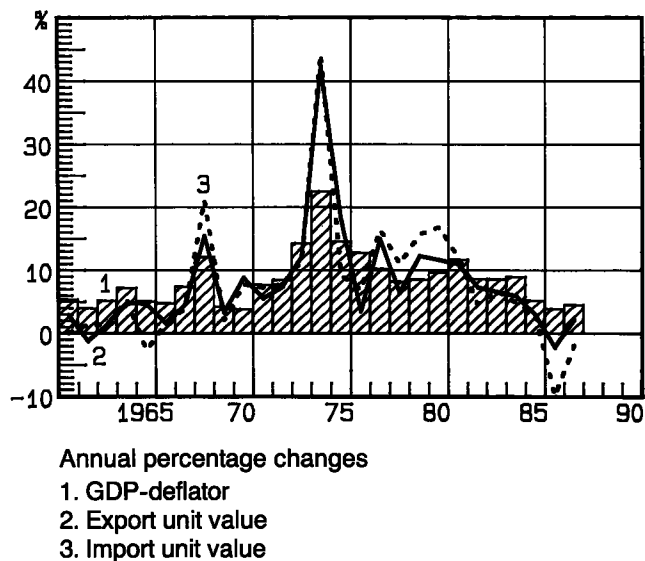


CHART 2.
FOREIGN TRADE PRICES AND DOMESTIC INFLATION



change rates internationally, Finland has consistently pursued a stable exchange rate policy.

Contributing to the comparatively rapid and balanced growth performance of the Finnish economy in the 1980s has been bilateral trade. The bilateral trade arrangements with the Soviet Union have helped to smoothen the cyclical fluctuations in western exports caused by the oil price rises. Approximately 80 per cent of Finland's imports from the Soviet Union consists of energy products, and Finland was able to pay for its increased import bill by increasing exports to the Soviet market. Consequently, the terms-of-trade losses have not had such an adverse influence on output and employment in Finland as in other European countries.

Hence, Finland's increased dependence on international markets has not been accompanied by an increase in vulnerability to external disturbances; rather, the opposite has been the case. Fluctuations in national income have diminish-

balance, they also contained the seeds of a new acceleration of inflation. The term "devaluation cycle" was used to describe an observed period of approximately 10 years between major devaluations, typically spanning two "normal" business cycles.

This vicious circle reached a head in the mid-1970s. A sharp rise in export prices connected with the world commodity boom set in motion a rapid surge in wages and other domestic costs. This resulted in a substantial deficit on current account as exports faltered, partly because of a loss in competitiveness. Devaluations in 1977-78, coupled with a reorientation of economic policies, restored the external balance and, with the ensuing recovery of economic growth, gradually also the internal balance of the economy.

Thanks to the greater diversity of exports — particularly the declining share of less highly processed forest industry products — cyclical variations have diminished. Since, moreover, a large proportion of industrial

inputs are imported, devaluation is today only of limited effectiveness in correcting cost differentials. Indeed, in the 1980s, a period of volatile ex-

CHART 3.
WESTERN EXPORTS AND BILATERAL EXPORTS, PERCENTAGE VOLUME CHANGE

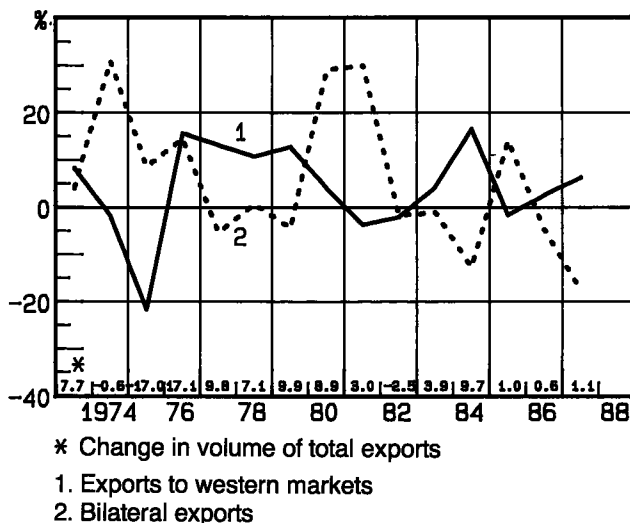
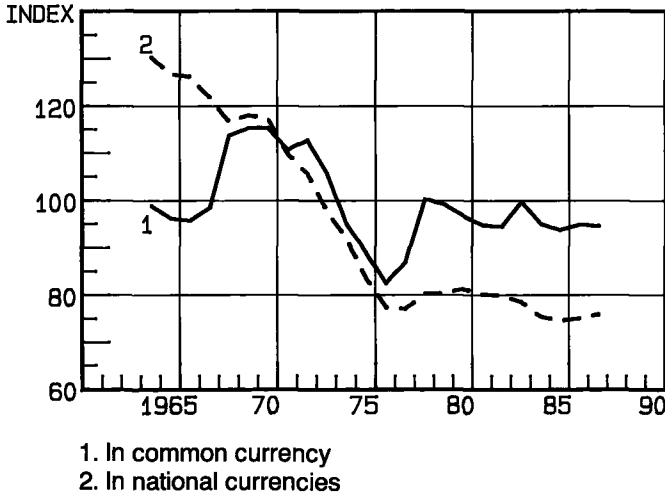


CHART 4.
RELATIVE UNIT LABOUR COSTS IN MANUFACTURING, 14 COMPETITOR COUNTRIES/FINLAND, 1964 - 82 = 100



ed owing to a more diversified production structure. The relatively rapid adjustment of output to changes in international business conditions and demand patterns has also had a favourable impact on income formation. Rising incomes and the constraints imposed by international price developments have also reduced disputes over income distribution; such dissension has been detrimental for balanced growth in many other countries. Of course, the slower rate of growth in the industrial countries has also been reflected in Finland, but the benefits obtained from increasing openness have nevertheless compensated for the adverse effects.

COMPETITIVENESS AND FOREIGN TRADE PERFORMANCE

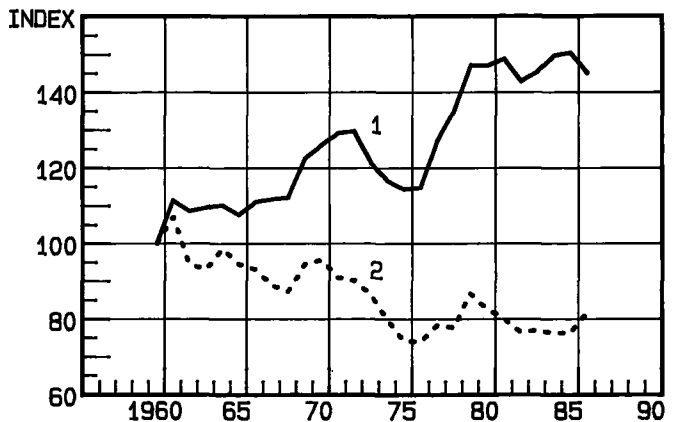
The opening up of the economy to foreign competition has at times put Finland's external and internal balance under strain. Macroeconomic imbalances were common in the 1960s and 1970s, in par-

ticular. However, the economy's ability to adjust to price and cost developments so as to maintain international competitiveness has improved over time. It has been recognized that resorting

to exchange rate changes to restore cost competitiveness is counter-productive in the long run. During the past ten years, the aim of economic policy has been to secure the competitiveness of the open sector, mainly by keeping domestic cost increases in check and improving the real competitiveness of the economy. A variety of policies has been employed, consisting mainly of supply-side or positive adjustment measures and increased expenditure on research and development. Furthermore, these policies seem to have produced the desired results, for at the same time as the openness of the economy has increased, equilibrium in foreign trade has also improved. In the 1980s, the external balance has not been such a key concern in economic policy to the extent that it was in the past.

Although labour costs in Finland have continually risen faster than in competitor countries, this has been largely offset by a better productivity performance as a result of a higher rate of investment. Thus, since

CHART 5.
EXPORT PERFORMANCE IN WESTERN MARKETS IN 1960 - 86, 1960 = 100



- 1. Growth of Finnish exports less growth of structurally adjusted demand
- 2. Growth of Finnish exports less growth of overall demand

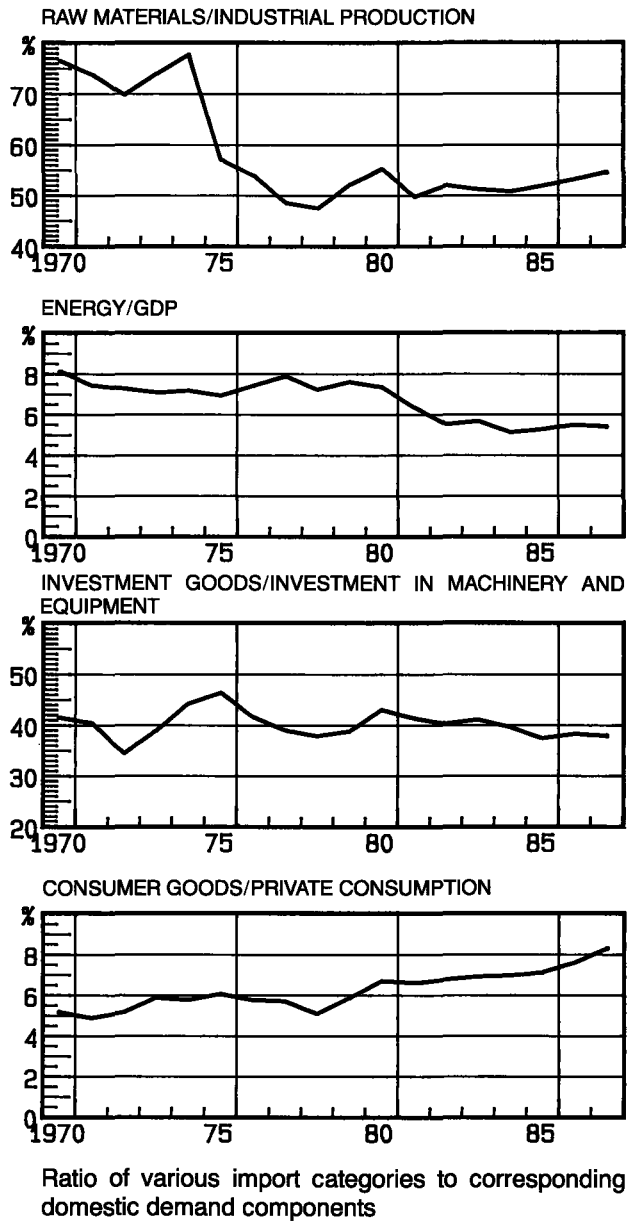
the mid-1970s, the rise in unit labour costs has broadly followed cost developments in competitor countries. Changes in price competitiveness have been small in comparison with past experience, and similarly their effects on the external balance have been modest in the 1980s in relation to, for instance, changes in demand generated by oil price changes. The favourable developments in several components of real competitiveness, such as direct investment abroad, mergers and rationalization, and the energy and corporate tax reforms, have had an even greater significance for the external balance. However, these factors are not included in unit labour costs, the indicator commonly used for measuring international competitiveness.

The slight downward trend in price competitiveness can to a certain extent be explained by improved real competitiveness. Manufacturing investment, which has been higher than in other countries, has sustained rapid productivity growth and has also improved the production structure. This has provided more leeway for pay increases, as a result of which unit labour costs have risen slightly faster than in competitor countries.

Overall developments in market shares of exports since the mid-1970s have been satisfactory. Market shares have been maintained in both nominal and real terms. The improvement of real competitiveness can be seen in the growth of the market shares of Finnish exports adjusted for regional and commodity structure. Finnish exports have grown faster than traditional markets, thanks to the diversification of the domestic product pattern.

On the imports side, the most significant influence on the external balance has derived from investments over the past decade in domestic production substituting for imported raw materials and in-

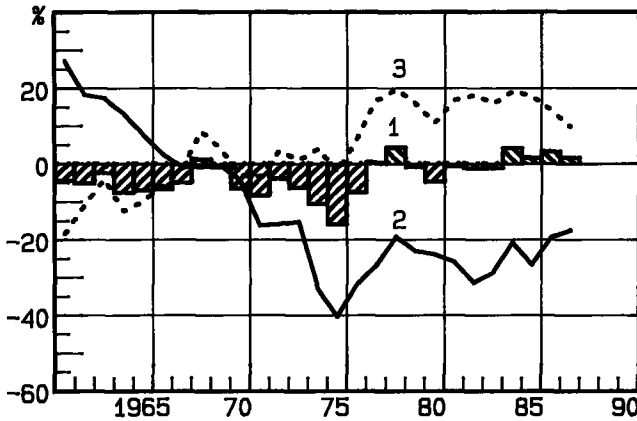
CHART 6.
IMPORT PENETRATION



creasing supplies for exports. In fact, the ratio of imports of raw materials to industrial output has clearly diminished. As regards investment goods, domestic suppliers have retained their market shares. By contrast, imported goods have won market shares in the domestic

market in many categories of consumer goods, for example clothing and footwear. In this respect, developments in Finland lag behind those in the rest of Europe, where the division of labour and internal trade within branches has proceeded even further.

CHART 7.
TRADE BALANCES IN RELATION TO THE VALUE OF TRADE



1. Total trade (SITC 0 - 9)
2. Raw materials and energy (SITC 2, 3, 4, 5)
3. Manufactures (SITC 6, 7, 8)

The utilization of foreign trade to make the production structure more diversified and efficient has also been reflected in the structure and balance of the trade account. While, in the 1950s, Finland was a net exporter of raw materials and a net importer of manufactured goods, today the opposite is true. The greater diversification of the industrial structure of the Finnish economy has also meant a reduction in cyclical fluctuations and other disturbances in the external balance. The merchandise trade account, which previously posted large deficits, has moved into surplus in the 1980s, despite the fact that income growth has been faster than in other countries.

SUMMARY

For a country with a small population and domestic market, foreign trade has provided a way of increasing income and wealth more rapidly than would have been possible by relying solely on indigenous

resources. From being a predominantly agricultural country in the immediate postwar period, whose exports were based on forest products with a low level of processing, Finland has developed into a highly industrialized country utilizing the newest technologies and most modern product development. Apart from generating income, the emphasis on exports has allowed a substantial expansion of consumption, thereby making it possible to exploit the benefits of the international division of labour. Increased openness has not, however, entailed any major difficulties as a result of international disturbances. By enhancing real competitiveness, Finland has been able to cope with external shocks reasonably well, without the need to resort to trade barriers and other measures leading to a misallocation of resources.

Over the past ten years, in particular, the Finnish economy has performed notably better than industrial countries on average. Finland has been better able to adjust its products to correspond to changing inter-

national patterns of demand. In addition, the bilateral trade arrangements with the Soviet Union have helped Finland to tide over the difficult periods following the oil crises.

At present, Finland's industrial capacity is relatively modern, thanks to a consistently high rate of investment. Research activity and the increasing participation of companies in foreign markets by way of direct investment have also enhanced real competitiveness. At home, corporate restructuring is still proceeding at a rapid pace, as evidenced by numerous mergers and takeovers. This is designed to ensure that exports continue to make a positive contribution to the economy. Because of the relatively high cost of labour in the domestic market, some production is expected to shift to countries with lower labour costs. However, this will also serve to release resources for technologically more advanced production. In this respect, the overall outlook is favourable, and Finland's growth strategy, the maximum utilization of foreign trade, can continue to bring benefits in the future.

May 31, 1988

**BANK OF FINLAND
DISCUSSION PAPERS**

Some of the Bank of Finland's departments have for many years been publishing reports on their research projects in their own departmental series. These series have now been combined into a new series called Bank of Finland Discussion Papers, which contains research reports in Finnish, Swedish and English.

**FINLAND'S BALANCE
OF PAYMENTS
JANUARY-MARCH
1988**

According to the Bank of Finland's preliminary figures, the current account showed a deficit of FIM 2 550 million in January-March this year. The net inflow of long-term capital amounted to FIM 1 249 million and the net inflow of short-term capital to FIM 3 642 million. Thus the Bank of Finland's foreign exchange reserves increased by FIM 2 341 million. In the corresponding period of 1987, the current account had shown a deficit of FIM 2 310 million.

Current account. Compiled on a balance-of-payments basis, the trade account registered a surplus of FIM 1 001 million in January-March, compared with a surplus of FIM 485 million in the corresponding period of 1987. Commodity exports grew by 3 per cent in value on the previous year. The fastest increase in exports was recorded by paper industry products. Commodity imports grew by 1 per cent in value. The share of consumer goods in total imports showed a clear increase.¹

The services account registered a deficit of FIM 507 million in January-March, an increase of more than FIM 300 million on the corresponding period last year. The surplus on the

transport account decreased from FIM 824 million to FIM 680 million. Travel expenditure continued to grow more rapidly than travel receipts, and the deficit on the travel account widened to FIM 933 million. In the first quarter of last year, the travel account had shown a deficit of FIM 812 million. The "other services account" posted a deficit of FIM 253 million in January-March.

Interest payments on foreign loans amounted to FIM 3 545 million. With interest income on foreign assets totalling FIM 1 410 million, the investment account showed a deficit of FIM 2 135 million in January-March. This was FIM 364 million more than in the corresponding period last year. The unrequited transfers account registered a deficit of FIM 756 million.

Capital account. Drawings of long-term loans amounted to FIM 6 013 million in January-March, which was slightly less than in the corresponding period last year. Capital was imported by financial institutions and the corporate sector. Repayments of long-term loans amounted to FIM 3 279 million. Drawings of long-term export credits granted to foreign customers amounted to FIM 240 million and repayments of outstanding export credits to FIM 234 million. Finnish net direct investment abroad totalled FIM 699 million and net foreign direct investment in Finland FIM 32 million. The total net inflow of long-term capital amounted to FIM 1 249 million.

The inflow of short-term capital (incl. errors and omissions) totalled FIM 3 642 million in January-March. Short-term liabilities related to imports decreased by an estimated FIM 240 million, while net

¹ The transitional effects caused by the introduction of the new commodity description and coding system in the compilation of the official foreign trade statistics at the beginning of 1988 have been excluded from commodity trade values and the figures shown here follow the practice employed in the compilation of the balance-of-payments statistics.

prepayments of receivables related to exports fell by FIM 732 million. The net short-term liability of the authorized banks increased by FIM 857 million.

The foreign exchange reserves of the Bank of Finland grew by FIM 2 341 million in January-March. The convertible foreign exchange reserves increased by FIM 1 295 million and tied currency claims by FIM 1 046 million. At the end of March, the convertible foreign

exchange reserves of the Bank of Finland stood at FIM 28 606 million and tied currency claims at FIM 2 244 million.

At the end of March, Finland's net foreign debt totalled FIM 57 089 million; the net long-term debt amounted to FIM 58 031 million and the net short-term claims to FIM 942 million. The central government accounted for FIM 24 363 million of the net foreign debt.

MAJOR BALANCE OF PAYMENTS ITEMS JANUARY—MARCH 1988, MILLION FIM¹

	Receipts	Expenditure	Net
Trade (exports f.o.b., imports c.i.f.)	21 141	19 941	1 200
Adjustment items	-421	-222	-199
Trade account	20 720	19 719	1 001
Transport (c.i.f.)	1 385	705	680
Travel	703	1 636	-933
Other services	1 329	1 583	-253
Services account	3 417	3 924	-507
GOODS AND SERVICES ACCOUNT	24 137	23 643	494
Investment income, net	1 410	3 545	-2 135
Unrequited transfers	158	915	-756
Other	660	813	-153
A. CURRENT ACCOUNT	26 365	28 915	-2 550
	Change in assets	Change in liabilities	Net
Long-term financial loans and suppliers' credits: ²			
drawings	-240	6 013	5 773
redemptions	234	-3 279	-3 045
Direct investment	-699	32	-667
Other long-term capital	-972	160	-812
B. LONG-TERM CAPITAL ACCOUNT	-1 677	2 926	1 249
BASIC BALANCE (A+B)			-1 301
Prepayments and liabilities related to imports			-240
Prepayments and receivables related to exports			732
Short-term capital of authorized banks			857
Other short-term capital			200
Errors and omissions			2 093
C. SHORT-TERM CAPITAL ACCOUNT			3 642
D. ALLOCATIONS OF SDRs			—
OVERALL BALANCE (A+B+C+D)			2 341
Change in the foreign exchange reserves of the Bank of Finland			-2 341

Assets: increase —, decrease +
Liabilities: increase +, decrease —

¹ Preliminary figures.

² Assets include export credits only.

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM APRIL 1987 TO MAY 1988

1987

APRIL

Call money market. The Bank of Finland lowers the call money credit rate from 11.4 to 11.2 per cent as from April 2 and further to 11.0 per cent as from April 29.

MAY

Interest rate policy. As from the beginning of May, the Bank of Finland reduces the restrictions on the use of money market rates as reference rates for bank loans. Besides the base rate, the banks may, without special approval, use some other Bank of Finland rate, the official money market rate used in market transactions or some derivative of these rates as reference rates for all lending except housing loans.

As from May 1, the Bank of Finland begins to publish daily 1, 2, 3, 6, and 12-month HELIBOR (Helsinki Interbank Offered Rate) rates, which the banks may henceforth use as reference rates in their lending. HELIBOR rates are the average bid rates for each category of certificate of deposit as quoted by the five largest banks each day at 1 p.m.

JUNE

Revisions to the Foreign Exchange Regulations.

The Bank of Finland decides on certain revisions to the Foreign Exchange Regulations that enter into force on June 15, 1987.

With certain exceptions, it is allowed to make direct investments abroad without obtaining the advance permission of the Bank of Finland up to the value of FIM 30 million. It is, however, necessary to provide the authorized bank with the information required by the Bank of Finland.

In payments of suppliers' credits for imports, credit periods exceeding six months are allowed without the special permission of the Bank of Finland up to the maximum amount of FIM 100 000.

The handling of applications for permission in respect of recreational dwellings abroad is transferred to the authorized banks. The upper limit of FIM 600 000 permitted for a purchase is not amended in this context, and for purchases exceeding this amount, the Bank of Finland grants permission on a case-by-case basis.

Investments abroad in publicly quoted securities are allowed up to the maximum amount of FIM 50 000.

Details of other minor changes and revisions can be read in the Foreign Exchange Regulations.

JULY

Call money market. With the effect from July 1, 1987, the Bank of Finland supplements the conditions governing borrowing by commercial banks in the Bank of Finland's call money market by stipulating that the upper limit on the right

of an individual bank to resort to call money credits is, in all cases, not less than FIM 10 million.

AUGUST

Revision of Foreign Exchange Regulations.

The Bank of Finland decides to extend the right of enterprises, previously granted only to manufacturing and shipping companies, to raise foreign loans with a maturity of at least five years for the financing of their operations. As from August 1, 1987, this right also applies to other companies and cooperative societies carrying on business activity, with the exception of financial and insurance institutions and housing and real estate companies.

Cash reserve requirement.

The Bank of Finland raises the cash reserve requirement from 4.7 per cent to 4.9 per cent of the total stock of deposits in August.

OCTOBER

Amendments to Foreign Exchange Regulations.

The Bank of Finland decides to allow authorized banks to write and purchase markka options as from October 1, 1987. At the same time, the Bank of Finland grants companies and other residents the right to purchase such options. Banks had previously been allowed to write foreign currency options but not markka options. Markka options entitle but do not

oblige the holder to purchase or sell foreign currency at an agreed markka rate within an agreed period.

Banks' central bank financing. With effect from October 1, 1987, savings and cooperative banks are allowed to deal in certificates of deposit with the Bank of Finland provided that they meet with the requirements set on trading.

As from October 1, 1987, the Bank of Finland enlarges to some extent the right of banks to use call money credit which is not subject to penalty interest.

Housing loans. From October 16, 1987, the Bank of Finland ceases to issue precise guidelines to the banks concerning prior savings required for housing loans and other personal credits.

NOVEMBER

Interest rate policy. On November 13, 1987, the Parliamentary Supervisory Board decides on new interest rate powers for the Board of Management of the Bank of Finland in respect of both call money rates and money and capital market operations.

The call money rate powers remain unchanged so that the upper limit on call money rates is still the base rate plus 15.0 percentage points and the lower limit the base rate.

Under the new powers, for rates of interest longer than one day, the Board of Management may, at its discretion, intervene in the market to regulate movements within a range the lower limit of which is the base rate and the upper limit the base rate plus 5 percentage points. If, because of market forces, interest rates move beyond these limits, the Board of Management may only undertake such operations

that reduce the gap between market rates and these limits.

At the same time, the new powers are extended to include rates of interest longer than 6 months whereas previously they only concerned rates of interest up to 6 months.

1988

JANUARY

Interest rate policy. With effect from January 1, 1988, the Bank of Finland commences to calculate and publish 3- and 5-year long-term market rates on a monthly basis. Banks may use these rates as reference rates in their lending (incl. housing loans). The long-term reference rates are based on market rates for taxable, fixed-rate bonds. Like HELIBOR rates, they are calculated on the basis of the offered rates quoted by the five largest banks.

Housing loans. With effect from the beginning of 1988, banks may, in addition to the base rate, use the 3- and 5-year market rates calculated and published by the Bank of Finland as reference rates for their new long-term housing loans.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 4.9 per cent to 5.3 per cent of the cash reserve base in January.

Special financing arrangements. The Bank of Finland decides to amend the terms applied to the financing of domestic suppliers' deliveries (KTR credits) as from the beginning of 1988. According to the new terms, the rate of interest on KTR credits is 2½ percentage points over the Bank of Finland's base rate while the Bank of Finland's share in the financing of the purchase price of a delivery is 30 per cent.

The Bank of Finland

decides to abolish the financing arrangements for new-export credits and for short-term export credits with effect from the beginning of 1989. The present terms are to be applied to these financing arrangements in 1988.

FEBRUARY

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 5.3 per cent to 5.7 per cent of the cash reserve base in February.

MARCH

Refinancing of crop failure loans. With effect from March 1, 1988, the Bank of Finland starts granting deposit banks one-year loans for refinancing their crop failure loans. The rate of interest on the refinancing loans, which is tied to the base rate, is 8 per cent. These loans can be granted up to 80 per cent of the total amount of the crop failure loans granted by each bank.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 5.7 per cent to 5.9 per cent of the cash reserve base in March.

APRIL

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 5.9 per cent to 6.5 per cent of the cash reserve base in April.

MAY

Interest rate policy. The Bank of Finland raises its base rate from 7.0 per cent to 8.0 per cent as from May 16, 1988.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 6.5 per cent to 7.0 per cent of the cash reserve base in May.



FINLAND IN BRIEF

LAND, CLIMATE AND POPULATION

Finland covers an area of more than 338 000 square kilometres (1986). 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 4 926 000 (Dec. 31, 1986) and an average population density of 16 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 488 000 inhabitants, Tampere (Tammerfors) 170 000 and Turku (Åbo) 161 000.

There are two official languages: 93.6 % of the population speaks Finnish as its mother tongue and 6.1 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-Ugrian 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 1900, Fin-

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 and the AfDB in 1982.

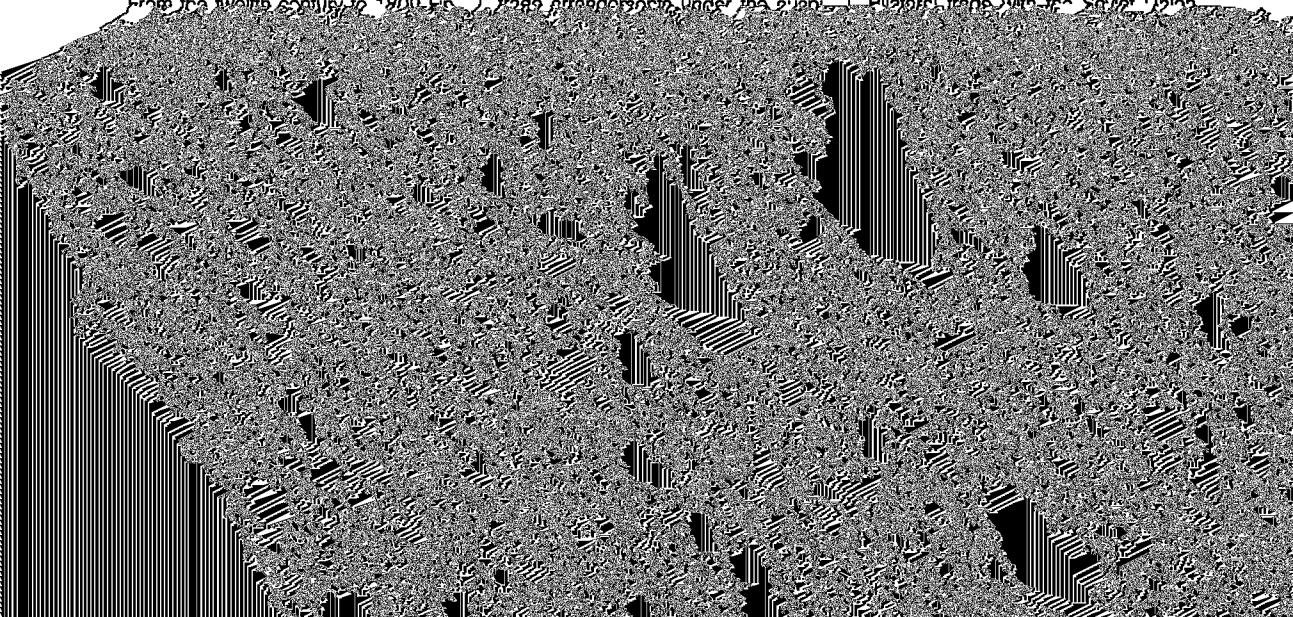
Having abolished most quantitative restrictions on foreign trade in 1957, Finland first took part in European free trade agreements under the auspices

values in 1986, 4 % was generated in agriculture and fishing, 3 % in forestry, 27 % in industry, 8 % in construction, 12 % in trade, restaurants and hotels, 8 % in finance and insurance, 16 % in other private services and 17 % by producers of government services. Of total employment, 11 % was engaged in primary production, 32 % in industry and construction and 57 % in services.

In 1986, expenditure on the gross domestic product in purchasers' values amounted to FIM 357 billion and was distributed as follows: net exports 1 % (exports 27 %, imports -26 %), gross fixed capital formation 23 %, private consumption 54 % and government consumption 21 %. Finland's gross tax ratio (gross taxes in relation to GDP) was 37 % and the net tax ratio (net taxes in relation to GDP) 23 %, which is about the average for OECD countries.

Average annual (compounded) growth of real GDP was 4.1 % in the period 1950-60, 5.0 % in 1960-70, 3.4 % in 1970-80, 2.9 % in 1980-86 and 3.9 % in 1950-86. Finland's GDP per capita in 1986 was USD 14 350; this put Finland in ninth place among the 24 member countries of the OECD, preceded by Switzerland, the United States, Japan, the Federal Republic of Germany and the other Nordic countries.

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



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 54 million cubic metres in 1987.

Energy. In 1987, gross consumption of primary energy amounted to 28 Mtoe, of which industry accounted for 45 %, heating for 24 %, transportation for 13 % and other purposes for 18 %. The sources of primary energy in 1987 were as follows: oil 32 %, coal 13 %, nuclear power 16 %, hydro-electric power, peat and other indigenous sources 30 %, others 9 %. Compared internationally (1985), Finland's consumption of 5.5 toe per capita was 1.8 times higher than the average in European OECD countries. The self-sufficiency rate (OECD definition) in Finland was 42 %, 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, which may fluctuate within a range of 4.5 percentage points. The range is defined by fluctuation limits which are set by the Government at the proposal of the Bank of Finland. The present fluctuations limits are 101.3 and 106.0 (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. Exchange controls apply mainly to financial transactions.

Permission for outward and inward direct investment is granted liberally and foreign investors may also buy shares of listed Finnish companies; however, foreign investment in markka-denominated bonds is normally prohibited at present. Finnish companies may freely raise foreign credits of at least five years' duration for their own use. Finnish residents may invest in foreign securities and real estate up to specified amounts.

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 - Finlands 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, 1987). Finland has four major groups of deposit banks with a total of more than 3 500 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 30 foreign branches, subsidiaries and associate banks and 30 representative offices abroad. There are 230 savings banks and 369 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 431 billion in outstanding domestic credit at the end of 1986, 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, approximately 70 % of the instruments, which totalled approximately FIM 73 billion at end-February 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 52 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 79 billion (at end-1987). Three foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1987 totalled FIM 85 billion; government bonds made up 35 % of the total. Turnover on the Stock Exchange in 1987 amounted to FIM 31 billion; the share of shares and subscription rights in the total was approximately 85 %.



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1. THE BALANCE SHEET OF THE BANK OF FINLAND

1.1 THE BALANCE SHEET OF THE BANK OF FINLAND,

MILL. FIM

	1987		1988			
	May 31	Dec. 31	May 6	May 13	May 23	May 31
ASSETS						
Gold and foreign currency claims	26 377	28 739	34 064	34 001	34 681	35 219
Gold	2 081	2 128	2 128	2 128	2 128	2 128
Special drawing rights	967	899	1 067	1 070	1 076	1 078
IMF reserve tranche	767	793	843	812	812	814
Convertible currencies	19 516	23 634	26 896	26 667	27 200	27 825
Tied currencies	3 045	1 284	3 129	3 323	3 464	3 374
Other foreign claims	4 560	4 357	4 269	4 300	4 266	4 273
Markka subscription to Finland's IMF quota	2 585	2 427	2 367	2 397	2 363	2 363
Term credit	1 975	1 930	1 903	1 903	1 903	1 910
Claims on financial institutions	6 416	5 147	5 874	5 813	6 124	6 603
Call money credits	—	0	6	9	1	32
Certificates of deposit	1 690	—	—	—	—	—
Till-money credits	2 139	2 730	2 658	2 594	2 924	2 976
Financing of crop failure loans	—	—	825	825	825	1 222
Bonds	2 171	2 140	2 113	2 113	2 102	2 102
Other claims on financial institutions	415	277	272	271	271	271
Claims on the public sector	959	977	990	992	994	995
Bonds	9	4	0	0	0	0
Total coinage	947	967	985	987	990	991
Other claims on the public sector	2	6	5	5	4	3
Claims on corporations	4 068	3 678	3 530	3 509	3 486	3 460
Financing of exports	1 079	868	728	700	685	671
Financing of domestic deliveries (KTR)	2 728	2 568	2 530	2 539	2 525	2 513
Bonds: KTR credits	—	13	44	43	49	49
Bonds: Other	59	46	41	41	41	40
Other claims on corporations	201	182	187	187	187	187
Other assets	140	592	109	110	109	112
Accrued items	—	487	—	—	—	—
Other assets	140	105	109	110	109	112
Total	42 519	43 489	48 836	48 725	49 659	50 660
LIABILITIES						
Foreign currency liabilities	83	135	125	132	134	124
Convertible currencies	74	63	29	28	28	19
Tied currencies	9	72	96	104	106	105
Other foreign liabilities	3 395	3 226	3 156	3 186	3 152	3 154
IMF markka accounts	2 585	2 427	2 367	2 397	2 363	2 363
Allocations of special drawing rights	810	799	789	789	789	791
Notes and coin in circulation	8 865	9 990	9 905	9 965	10 020	10 142
Notes	8 051	9 117	9 052	9 110	9 161	9 262
Coin	814	873	853	856	859	880
Certificates of deposit	7 402	4 970	7 735	7 625	7 625	7 625
Liabilities to financial institutions	11 144	11 766	14 873	14 726	15 575	16 206
Call money deposits	872	757	960	801	1 648	752
Cash reserve deposits	9 975	10 941	13 848	13 848	13 848	15 363
Capital import deposits	235	—	—	—	—	—
Other liabilities to financial institutions	61	67	65	78	79	91
Liabilities to the public sector	1	901	901	901	901	901
Cheque accounts	1	1	1	1	1	0
Counter-cyclical deposits	—	900	900	900	900	900
Capital import deposits	—	—	—	—	—	—
Other liabilities to the public sector	0	0	0	0	0	1
Liabilities to corporations	4 482	5 009	5 491	5 483	5 465	5 560
Deposits for investment and ship purchase	4 263	4 799	5 195	5 194	5 175	5 246
Capital import deposits	212	209	278	278	278	302
Other liabilities to corporations	7	2	19	12	12	12
Other liabilities	26	757	43	37	36	36
Accrued items	—	733	—	—	—	—
Other liabilities	26	24	43	37	36	36
Valuation account and reserves	1 192	1 247	1 119	1 181	1 263	1 423
SITRA's capital	400	400	400	400	400	400
Capital accounts	5 529	5 088	5 088	5 088	5 088	5 088
Primary capital	5 000	5 000	5 000	5 000	5 000	5 000
Reserve fund	529	529	88	88	88	88
Profit/loss for the accounting year	—	-440	—	—	—	—
Total	42 519	43 489	48 836	48 725	49 659	50 660

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 franchise	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
1983	1383	226	751	5150	7510	550	8060	-794	7266	2178	3000	822
1984	1732	936	859	15303	18830	-337	18493	-917	17576	1951	4277	2326
1985	2081	931	775	18572	22359	-285	22074	-849	21225	1023	4300	3277
1986	2081	983	793	6778	10635	3421	14056	-838	13218	1002	2001	999
1987	2128	899	793	23571	27391	1212	28603	1131	29734	977	901	-76
1987												
May	2081	967	767	19442	23257	3036	26293	1165	27458	959	1	-958
June	2081	969	787	19006	22843	3207	26050	1167	27217	959	1	-958
July	2081	969	787	19991	23828	2899	26727	1173	27900	954	1	-953
Aug.	2081	973	789	19744	23587	2041	25628	1164	26792	963	1	-962
Sept.	2081	970	757	21291	25099	1428	26527	1157	27684	965	0	-965
Oct.	2081	964	753	22712	26510	1375	27885	1163	29048	968	0	-968
Nov.	2081	961	793	23575	27410	1067	28477	1131	29608	971	1	-970
Dec.	2128	899	793	23571	27391	1212	28603	1131	29734	977	901	-76
1988												
Jan.	2128	879	768	24076	27851	2195	30046	1125	31171	979	901	-78
Feb.	2128	1107	792	24059	28086	2257	30343	1123	31466	982	901	-81
March	2128	1015	779	24683	28605	2243	30848	1115	31963	986	901	-85
April	2128	1065	842	26112	30147	3023	33170	1109	34279	989	901	-88
May	2128	1078	814	27806	31826	3269	35095	1119	36214	995	901	-94

End of period	Domestic financial sector						Corporate sector				
	Term claims on deposit banks	Call money claims on deposit banks, net	Cash reserve deposits of deposit banks	TIN-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, net	Net claims (19-20)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	13	14	15	16	17	18	19	20	21	22	23
1983	.	5175	5039	942	-1998	3076	4529	1282	3247	6574	.
1984	.	2802	8696	1563	-1618	-2713	4646	2614	2032	7442	.
1985	.	4014	10222	1925	-1386	-2897	4525	4113	412	8072	.
1986	2381	6687	9270	2305	-2240	4343	4581	4757	-176	8668	.
1987	-	-757	10941	2730	-2350	-6618	3449	4782	-1333	9990	4970
1987											
May	1690	-872	9975	2139	-2290	-4728	3807	4222	-415	8865	7402
June	1217	90	10118	2370	-2488	-3953	3735	4704	-969	9010	7072
July	89	157	10435	2234	-2486	-5469	3706	4806	-1100	9029	5709
Aug.	258	-717	10335	2439	-2486	-5869	3608	4784	-1176	9012	4199
Sept.	-	-223	10853	2385	-2446	-6245	3567	4838	-1271	8952	4883
Oct.	-	-110	10984	2284	-2541	-6269	3601	4790	-1189	9069	6178
Nov.	-	-1570	11024	2538	-2584	-7472	3561	4772	-1211	9219	5817
Dec.	-	-757	10941	2730	-2350	-6618	3449	4782	-1333	9990	4970
1988											
Jan.	-	-1295	11085	2424	-2364	-7592	3462	4799	-1337	9406	6085
Feb.	-	297	12084	2596	-2346	-6845	3429	4799	-1370	9388	7120
March	-	598	13211	2521	-3149	-6942	3350	4774	-1424	9720	7285
April	-	142	13778	2608	-3121	-7907	3327	5161	-1834	9794	8345
May	-	-720	15363	2976	-3504	-9603	3233	5333	-2100	10142	7625

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 certificates of deposit	Sales of certificates of deposit	Matured certificates of deposit, 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
1983	.	.	.	.	2659	-860	3519
1984	.	.	.	.	-767	1606	-2373
1985	.	.	.	.	201	-1011	1212
1986	.	.	.	.	1599	-1074	2673
1987	1263	23658	-17520	-4875	-6818	626	-12319
1987							
May	50	2335	-	-2285	-1076	674	-4035
June	800	2970	-755	-1415	185	-777	-453
July	60	2585	-1595	-930	120	53	-863
Aug.	260	1380	-2835	1715	-224	650	841
Sept.	-	2735	-1845	-890	-61	-555	-396
Oct.	-	4240	-2900	-1340	29	-84	-1227
Nov.	-	3390	-3785	395	6	1466	-1065
Dec.	-	2910	-3805	895	-55	-868	1708
1988							
Jan.	160	3915	-2640	-1115	2	540	-1653
Feb.	-	3955	-2920	-1035	295	-1297	557
March	-	2550	-2385	-165	337	36	136
April	-	3600	-2540	-1060	-217	239	-1516
May	-	2280	-2820	540	-385	477	-322

2.2 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					
	Domestic companies			Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks	Net (1-2)			
1	2	3	4	5	6	
1983	7 541	1 227	6 314	-1 688	-2 290	2 335
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
1987						
April	17 739	1 145	16 594	-1 384	18	15 228
May	18 742	981	17 762	-1 465	-423	15 873
June	18 322	771	17 551	-163	-287	17 102
July	18 596	805	17 792	867	-712	17 946
Aug.	20 075	793	19 282	630	-987	18 926
Sept.	20 088	718	19 369	1 535	-1 664	19 241
Oct.	20 358	1 178	19 181	284	-2 116	17 349
Nov.	20 714	1 632	19 081	85	-1 633	17 533
Dec.	21 671	1 158	20 513	-233	-1 287	18 994
1988						
Jan.	21 189	1 051	20 138	1 145	-612	20 671
Feb.	19 699	1 093	18 606	1 816	-264	20 158
March	19 494	1 171	18 323	3 112	-264	21 171
April	19 397	1 542	17 855	4 052	-648	21 259

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	
1983	4 131	.	4 131	1 407	.	4 337	5 744	-1 613
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
1987								
May	407	1 862	2 269	365	6 720	9 758	16 843	-14 575
June	189	1 518	1 707	474	7 709	9 980	18 164	-16 457
July	145	750	895	1 057	5 457	10 128	16 643	-15 748
Aug.	435	181	616	181	5 589	10 431	16 202	-15 586
Sept.	39	142	181	667	5 080	10 352	16 099	-15 918
Oct.	19	-	19	557	5 244	10 861	16 662	-16 643
Nov.	36	-	36	679	5 897	10 985	17 561	-17 524
Dec.	10	-	10	909	5 101	11 021	17 031	-17 021
1988								
Jan.	9	6	15	1 081	5 653	10 955	17 690	-17 675
Feb.	15	-	15	546	7 583	11 114	19 242	-19 227
March	68	-	68	496	7 116	12 123	19 735	-19 668
April	122	-	122	659	7 752	13 248	21 659	-21 537
May	35	-	35	1 247	7 594	13 887	22 728	-22 693

3. RATES OF INTEREST

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

	Average of daily ob- servations	HELIBOR				Long-term unregulated market rate		Bank of Finland rates			Cash reserve require- ment
		Inter-bank overnight rate	1 month	3 months	6 months	12 months	3 years	5 years	Call money credit rate	Call money deposit rate	
	1	2	3	4	5	6	7	8	9	10	11
1983	..	.	.	.	.	..	..	15.37	14.87	9.00	4.3
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	7.42	4.8
1987	9.16	9.90	10.02	10.14	10.40	..	..	11.71	7.78	7.00	4.8
1987											
May	9.67	9.80	9.89	10.02	10.27	..	..	11.00	7.50	7.00	4.7
June	9.20	9.51	9.69	9.86	10.24	..	..	11.00	7.50	7.00	4.7
July	8.81	9.54	9.63	9.77	10.11	..	..	11.00	7.50	7.00	4.7
Aug.	9.62	9.48	9.55	9.66	9.88	..	..	11.00	7.50	7.00	4.7
Sept.	8.12	9.37	9.48	9.62	9.92	..	..	11.00	7.50	7.00	4.9
Oct.	8.09	9.29	9.45	9.63	10.04	..	..	11.00	7.50	7.00	4.9
Nov.	8.35	9.30	9.48	9.64	10.01	..	..	11.00	7.50	7.00	4.9
Dec.	8.01	9.15	9.25	9.44	9.79	10.3	10.4	11.00	7.50	7.00	4.9
1988											
Jan.	8.09	9.07	9.21	9.35	9.71	10.2	10.3	11.00	7.50	7.00	4.9
Feb.	8.20	9.09	9.22	9.35	9.67	10.2	10.3	11.00	7.50	7.00	5.3
March	8.62	9.61	9.72	9.84	10.11	10.4	10.5	11.00	7.50	7.00	5.7
April	8.26	9.35	9.47	9.64	10.03	10.4	10.6	11.00	7.50	7.00	5.9
May	8.13	9.26	9.47	9.68	10.10	10.5	10.6	11.00	7.50	8.00	6.5

**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
1983	7.0	7.1	7.3	7.6	..	..	..	..
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
1987								
May	5.3	5.4	5.5	5.7	7.6	7.7	7.8	8.0
June	5.3	5.3	5.4	5.6	7.5	7.6	7.7	8.0
July	5.3	5.4	5.5	5.7	7.4	7.6	7.8	8.1
Aug.	5.4	5.5	5.8	6.0	7.7	8.0	8.2	8.5

3.3 COVERED EURO-DOLLAR RATE, PER CENT

Average of daily observations	1 3 6 12			
	month	months	months	months
1983	..	..	..	..
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
1987				
May	9.7	9.7	9.8	10.0
June	9.4	9.5	9.7	9.9
July	9.4	9.5	9.6	9.9
Aug.	9.4	9.4	9.5	9.8

4. RATES OF EXCHANGE

4.1 AVERAGE SPOT SELLING RATES, FIM

Average New York of daily quotations	Montreal	London	Dublin	Stockholm	Oslø	Copen- hagen	Frankfurt a.M.	Amster- dam	Brussels		
	1 USD	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
1983	5.570	8.456	6.957	0.7275	0.7644	0.6107	2.1861	1.9566	0.10934	0.10742	
1984	6.010	8.023	6.533	0.7277	0.7384	0.5816	2.1165	1.8772	0.10428	0.10274	
1985	6.206	8.000	6.590	0.7222	0.7231	0.5871	2.1142	1.8745	0.10483	0.10421	
1986	5.077	7.459	6.816	0.7138	0.6882	0.6290	2.3454	2.0789	0.11399	0.11299	
1987	4.404	7.213	6.556	0.6952	0.6547	0.6444	2.4514	2.1755	0.11806	0.11735	
1987											
May	4.358	7.280	6.534	0.6979	0.6561	0.6486	2.4398	2.1648	0.11770	0.11708	
June	4.427	7.221	6.530	0.6990	0.6606	0.6469	2.4353	2.1620	0.11754	0.11726	
July	4.487	7.236	6.522	0.6981	0.6652	0.6409	2.4309	2.1589	0.11730	0.11688	
Aug.	4.505	7.207	6.503	0.6956	0.6645	0.6334	2.4275	2.1547	0.11695	0.11627	
Sept.	4.394	7.240	6.493	0.6902	0.6624	0.6299	2.4258	2.1552	0.11686	0.11630	
Oct.	4.361	7.249	6.489	0.6872	0.6591	0.6301	2.4196	2.1504	0.11629	0.11576	
Nov.	4.138	7.354	6.551	0.6827	0.6462	0.6382	2.4617	2.1875	0.11772	0.11722	
Dec.	4.043	7.399	6.584	0.6813	0.6352	0.6422	2.4753	2.1998	0.11837	0.11785	
1988											
Jan.	4.036	7.288	6.505	0.6775	0.6373	0.6369	2.4456	2.1764	0.11702	0.11669	
Feb.	4.120	7.249	6.473	0.6819	0.6435	0.6355	2.4290	2.1632	0.11622	0.11597	
March	4.053	7.426	6.463	0.6822	0.6410	0.6313	2.4160	2.1513	0.11557	0.11527	
April	4.010	7.530	6.414	0.6821	0.6470	0.6250	2.3984	2.1379	0.11469	0.11409	
May	4.030	7.541	6.370	0.6837	0.6530	0.6220	2.3811	2.1249	0.11406	0.11338	

Average of daily quotations	Zurich	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Tokyo	Moscow	Mel- bourne	ECU	SDR
	1 CHF	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESB	1 JPY	1 SUR	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22	23
1983	2.6570	0.7353	0.00369	0.3111	0.0514	2.2325	0.0391	0.02351	7.491	..	..	5.94325
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
1987												
May	2.9689	0.7316	0.00339	0.3474	0.0316	0.1155	0.0350	0.03105	6.935	3.136	5.063	5.67351
June	2.9367	0.7306	0.00337	0.3468	0.0315	0.1163	0.0352	0.03066	6.969	3.196	5.050	5.68539
July	2.9246	0.7316	0.00337	0.3460	0.0314	0.1170	0.0355	0.02989	6.985	3.199	5.045	5.68463
Aug.	2.9321	0.7288	0.00337	0.3455	0.0313	0.1171	0.0360	0.03057	7.020	3.206	5.031	5.70792
Sept.	2.9284	0.7280	0.00337	0.3450	0.0311	0.1155	0.0364	0.03071	6.953	3.215	5.031	5.66425
Oct.	2.9163	0.7262	0.00336	0.3441	0.0308	0.1152	0.0369	0.03044	6.928	3.135	5.020	5.63821
Nov.	2.9957	0.7266	0.00336	0.3501	0.0306	0.1140	0.0367	0.03061	6.838	2.863	5.076	5.57249
Dec.	3.0403	0.7316	0.00338	0.3519	0.0305	0.1135	0.0366	0.03151	6.820	2.891	5.105	5.57906
1988												
Jan.	3.0050	0.7259	0.00333	0.3479	0.0301	0.1128	0.0361	0.03170	6.786	2.894	5.048	5.54743
Feb.	2.9625	0.7204	0.00330	0.3461	0.0300	0.1130	0.0361	0.03190	6.832	2.962	5.014	5.57446
March	2.9243	0.7135	0.00328	0.3441	0.0298	0.1060	0.0362	0.03189	6.786	2.989	5.001	5.54669
April	2.9001	0.7081	0.00324	0.3416	0.0296	0.1057	0.0363	0.03209	6.767	3.021	4.976	5.52717
May	2.8592	0.7045	0.00322	0.3390	0.0294	0.1006	0.0361	0.03232	6.760	3.158	4.949	5.53394

4.2. CURRENCY INDICES, 1982=100

Average of daily observations	Bank of Finland currency index ¹	Other currency indices		Currency	Weights of the Bank of Finland currency index As from March 24, 1988
		Payments currency index ¹	MERM index		
	1	2	3		4
1983	104.1	108.3	109.9	USD	7.6
1984	102.8	108.5	111.6	GBP	13.2
1985	102.5	109.4	112.5	SEK	20.8
1986	103.9	106.3	110.4	NOK	5.1
1987	103.3	100.7	106.1	DKK	5.0
				DEM	20.1
1987				NLG	4.9
May	103.4	100.3	106.0	BEC	3.1
June	103.3	100.6	106.2	CHF	2.7
July	103.3	100.8	106.3	FRF	6.8
Aug.	103.2	100.8	106.7	ITL	4.8
Sept.	102.8	100.0	105.8	JPY	5.9
Oct.	102.5	99.6	105.3		
Nov.	102.7	98.6	103.9		
Dec.	102.9	100.4	103.7		
1988					
Jan.	102.2	100.3	103.4		
Feb.	102.2	100.6	104.1		
March	102.0	100.2	103.4		
April	101.8	99.8	103.0		
May	101.7	99.7	103.1		

¹The base 1982=100 has been applied since January 1, 1984. The figures before that date are based on the earlier index of 1974=100, but they have been rebased to the current base.

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
1983	14 337	93 551	.	107 888	5 101	7 700	120 688
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
1987*							
Feb.	17 561	141 266	3 775	162 602	4 509	20 770	187 881
March	19 535	141 446	3 886	164 866	4 222	21 675	190 764
April	19 805	143 672	3 995	167 472	4 022	19 652	191 145
May	19 369	145 829	4 121	169 318	4 209	20 465	193 992
June	21 564	146 857	4 289	172 710	4 430	19 175	196 315
July	20 046	147 725	4 447	172 219	4 501	20 063	196 783
Aug.	21 610	149 397	4 574	175 581	4 189	20 162	199 933
Sept.	21 090	148 720	4 777	174 586	4 259	22 539	201 384
Oct.	21 583	149 465	5 000	176 048	3 794	25 321	205 163
Nov.	21 631	149 098	5 194	175 923	5 174	22 478	203 575
Dec.	20 377	155 115	5 243	180 735	3 923	17 892	202 550
1988*							
Jan.	21 169	156 355	5 419	182 943	3 646	25 188	211 777
Feb.	21 901	157 511	5 531	184 943	4 121	24 783	213 847

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
1983	4 350	7 264	97 362	108 977	17 253	126 231
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
1987*						
Feb.	7 557	6 115	155 426	169 098	25 981	195 079
March	7 943	5 800	156 849	170 592	27 183	197 775
April	8 019	5 729	158 580	172 328	28 108	200 437
May	7 998	5 667	160 769	174 435	29 732	204 167
June	8 224	5 589	163 290	177 103	30 079	207 182
July	8 262	5 465	165 436	179 164	30 867	210 031
Aug.	8 392	5 499	167 896	181 787	31 538	213 324
Sept.	8 697	5 453	170 322	184 472	33 160	217 632
Oct.	8 739	5 286	172 968	186 994	35 895	222 889
Nov.	8 974	5 174	175 284	189 431	36 635	226 066
Dec.	8 507	5 177	178 698	192 382	36 954	229 336
1988*						
Jan.	8 703	4 966	182 310	195 979	38 182	234 161
Feb.	8 908	5 070	186 023	200 000	40 372	240 372

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
1983	-6081	-3297	152 199	148 902	-20 915	21 427	121 906
1984	-2575	-5483	176 694	171 211	-26 978	24 945	141 658
1985	-6641	-8694	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	-14 993	276 302	261 309	-35 363	30 342	200 461
1987*							
Feb.	-14 633	-10 046	241 314	231 269	-34 200	26 782	182 436
March	-17 184	-11 234	243 932	232 698	-31 522	28 901	183 992
April	-17 467	-9 074	245 599	236 525	-32 276	29 029	186 783
May	-17 917	-8 835	249 597	240 762	-34 297	28 547	188 548
June	-18 863	-8 281	253 240	244 960	-34 004	30 754	192 092
July	-17 724	-9 289	255 448	246 159	-36 373	29 126	192 062
Aug.	-21 425	-7 994	258 743	250 749	-34 109	30 991	195 215
Sept.	-23 440	-9 092	263 257	254 165	-36 404	30 360	194 321
Oct.	-23 445	-9 941	268 569	258 628	-39 961	30 729	195 222
Nov.	-23 021	-14 346	271 682	257 337	-38 052	30 757	196 264
Dec.	-25 484	-14 993	276 302	261 309	-35 363	30 342	200 461
1988*							
Jan.	-25 529	-11 982	280 747	268 765	-40 870	31 049	202 367
Feb.	-25 237	-14 640	285 050	270 410	-40 354	31 932	204 819

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
1983	14 127	3 391	4 205	21 723	9 506	4 377	2 518	16 401	38 124	31 187	5 042
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	36 033	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	40 328	11 553
1987											
March	19 168	2 443	6 267	27 878	19 119	4 378	1 949	25 446	53 324	38 783	8 820
April	19 185	2 447	6 263	27 895	19 154	4 009	1 670	24 833	52 728	39 081	6 449
May	20 027	2 413	6 370	28 810	19 705	3 978	1 903	25 586	54 396	39 028	7 421
June	19 210	2 417	6 028	27 655	19 868	4 082	2 040	25 990	53 645	39 196	6 234
July	19 204	2 415	5 942	27 561	19 971	4 387	2 146	26 504	54 065	39 565	6 795
Aug.	18 279	2 416	5 940	26 635	20 426	4 422	2 194	27 042	53 677	39 623	6 219
Sept.	18 139	2 387	5 858	26 384	20 576	4 443	2 216	27 235	53 619	39 896	6 750
Oct.	19 136	2 418	5 758	27 312	21 328	4 494	2 481	28 303	55 615	40 199	8 084
Nov.	19 820	2 591	5 711	28 122	22 034	4 490	2 731	29 255	57 377	40 299	13 109
Dec.	20 407	2 697	5 576	28 680	22 121	4 692	3 018	29 831	58 511	40 328	11 553
1988											
Jan.	19 750	2 645	5 465	27 860	22 663	4 678	3 328	30 669	58 529	..	8 842
Feb.	19 665	2 463	5 404	27 532	23 053	4 643	3 713	31 409	58 941	..	10 300
March	19 638	2 244	5 390	27 272	23 286	4 627	4 163	32 076	59 348	..	..

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)
	Corporate sector	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1983	2035	5602	3890	77	10	1151	3882	6581	11614
1984	2528	6167	5073	112	32	1947	5336	6629	13912
1985	4804	9112	5994	435	28	8070	6394	5909	20373
1986	4976	10639	6532	422	105	5987	7487	9200	22674
1987	4527	9415	8119	206	69	9364	8830	4142	22335
1987									
April	153	475	1006	—	—	280	127	1227	1634
May	230	254	1092	27	20	501	1092	30	1623
June	205	63	209	55	—	210	209	113	531
July	147	153	116	—	—	228	116	72	416
Aug.	440	205	941	59	—	674	941	30	1644
Sept.	685	1769	331	—	—	1260	1070	455	2786
Oct.	851	1174	1083	4	—	2024	974	114	3112
Nov.	336	1005	841	—	11	1289	450	454	2193
Dec.	347	757	101	—	18	714	101	408	1222
1988									
Jan.	251	5	1370	—	—	108	1370	148	1626
Feb.	260	968	631	63	—	874	806	241	1922
March	203	1254	841	—	11	719	1376	215	2310
April	112	85	1487	—	—	540	55	1089	1684

B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporate sector	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1983	5027	15039	11869	152	11	1954	12057	18087	32098
1984	6766	19960	14904	247	43	3531	15148	23242	41920
1985	10482	26173	18575	661	56	10967	19002	25977	55947
1986	14076	31902	22090	1042	177	16432	23314	29541	69287
1987	17525	36700	26518	1200	232	24778	28223	29175	82175
1986									
IV	14076	31902	22090	1042	177	16432	23314	29541	69287
1987									
I	15287	32243	23087	1100	198	18109	24365	29441	71915
II	15558	33079	23623	1168	213	19178	25906	28556	73641
III	16353	33703	24707	1218	213	20674	26782	28739	76194
IV	17525	36700	26518	1200	232	24778	28223	29175	82175

5.6 HELSINKI STOCK EXCHANGE

During period	Turnover, mill. FIM			Share prices Unitus Index ¹ , 1975 = 100		
	Shares and subscription rights	Bonds and debentures	Total (1+2)	Banks	Industry	Overall Index
	1	2	3	4	5	6
1983	1 390	2 356	3 746	190	144	194
1984	2 508	5 007	7 515	259	193	273
1985	3 114	9 046	12 160	229	184	234
1986	9 488	6 479	15 968	350	254	357
1987	26 641	4 604	31 245	546	319	603
1987						
April	1 472	203	1 675	505	292	561
May	1 858	212	2 070	514	287	575
June	1 798	358	2 156	538	296	604
July	2 647	152	2 799	593	317	666
Aug.	2 809	193	3 002	615	335	689
Sept.	2 962	172	3 133	635	351	707
Oct.	4 099	140	4 239	643	379	708
Nov.	2 275	251	2 525	578	360	631
Dec.	1 701	1 241	2 942	558	328	611
1988						
Jan.	994	75	1 069	547	318	600
Feb.	1 485	248	1 733	572	340	625
March	2 726	418	3 144	600	347	658
April	2 527	357	2 884	645	373	707

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.	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account of receipts (6+7+8)	Imports of goods, c.i.f.	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
1983	67960	5765	2851	6159	14775	82735	3067	3310	89112	70731	2565	3599	4467
1984	78961	6580	3039	5610	15229	94190	4537	3624	102351	73496	2572	4250	5819
1985	82475	6216	3258	6224	15698	98173	5847	3791	107811	80764	2545	5031	6554
1986	81066	5757	3195	5616	14568	95634	4510	3609	103752	76736	2160	5587	5415
1987*	83606	5819	3729	6054	15601	99208	5075	2899	107182	81941	2345	6821	6578
1985													
IV	20347	1542	693	1770	4004	24351	1391	959	26702	21610	727	1172	1962
1986													
I	19711	1390	564	960	2914	22625	1152	887	24665	20598	439	1163	1256
II	17774	1440	780	1146	3366	21140	1209	902	23251	15507	561	1425	1306
III	20928	1533	1126	1191	3850	24778	907	894	26579	20637	572	1631	1298
IV	22652	1394	724	2319	4439	27091	1241	926	29258	19995	588	1367	1555
1987*													
I	20035	1322	666	1288	3275	23311	1130	794	25234	19550	498	1477	1479
II	21300	1491	934	1435	3859	25159	1175	715	27049	20528	601	1684	1536
III	20847	1573	1333	1541	4446	25293	1115	696	27104	20278	604	1921	1469
IV	21424	1433	797	1791	4021	25445	1655	694	27795	21585	642	1739	2094
1988*													
I	20720	1385	703	1329	3417	24137	1410	819	26365	19719	705	1636	1583

During period	Services expenditure, total and (11+12 services +13)	Imports of goods and services (10+14)	Investment expenditure	Transfers and other expenditure	Current account expenditure (15+16 +17)	Trade account (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21+22)	Goods and services account (19+23)	Investment income, net (7-16)	Transfers and others, net (8-17)	Current account (24+25 +26) = (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1983	10631	81361	8875	4094	94331	-2771	3200	-748	1692	4144	1373	-5808	-784	-5219
1984	12641	86137	11298	5010	102445	5465	4008	-1211	-209	2588	8053	-6761	-1385	-93
1985	14130	94893	12134	5300	112327	1711	3671	-1773	-330	1568	3279	-6287	-1509	-4517
1986	13162	89898	11719	5964	107580	4329	3597	-2392	201	1406	5735	-7209	-2355	-3828
1987*	15744	97685	12563	5434	115682	1666	3473	-3092	-524	-143	1523	-7488	-2535	-8500
1985														
IV	3862	25472	2899	1314	29685	-1263	814	-479	-192	143	-1121	-1508	-355	-2984
1986														
I	2858	23456	2950	1466	27871	-886	951	-600	-296	55	-831	-1798	-578	-3206
II	3293	18800	3291	1439	23530	2268	879	-645	-161	72	2340	-2082	-538	-280
III	3501	24138	2495	1347	27981	291	962	-506	-107	349	640	-1588	-454	-1402
IV	3510	23504	2982	1711	28198	2657	806	-641	764	929	3586	-1741	-785	1060
1987*														
I	3454	23004	2901	1639	27544	485	824	-812	-191	-178	307	-1771	-846	-2310
II	3822	24349	3624	1182	29156	772	890	-751	-102	38	810	-2450	-468	-2107
III	3994	24272	2660	1196	28128	569	968	-588	72	452	1020	-1545	-500	-1024
IV	4475	26059	3378	1416	30853	-160	791	-942	-303	-454	-614	-1723	-722	-3059
1988*														
I	3924	23643	3545	1728	28915	1001	680	-933	-253	-507	494	-2135	-910	-2550

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
1983	88	..	2554	323	-38	2839	652	3579	1452	..	-423	676	1705	1874
1984	324	1492	2598	2861	1090	6549	68	8433	2479	..	1682	-1960	2201	6232
1985	392	4264	1556	1489	442	3487	140	8283	2073	78	-1313	948	1786	6497
1986	1627	646	-63	5935	-482	5390	87	7750	3641	489	-381	702	4451	3299
1987*	430	-1626	2287	5383	2843	10513	91	9408	3785	1691	181	3104	8761	647
1985														
IV	179	67	222	77	879	1178	43	1467	349	78	-347	588	668	799
1986														
I	86	94	-722	1246	62	586	-65	701	357	-15	-241	9	110	591
II	56	710	596	1040	-194	1442	17	2225	925	89	111	118	1243	982
III	273	-206	16	1412	-105	1323	83	1473	1152	279	-110	405	1726	-253
IV	1212	48	47	2237	-245	2039	52	3351	1207	136	-141	170	1372	1979
1987*														
I	131	-387	1640	1756	873	4269	79	4092	778	124	265	2486	3653	440
II	199	6	-442	1530	1257	2345	-55	2495	1173	925	-145	55	2008	488
III	17	-271	-1018	974	522	478	12	236	653	637	112	83	1485	-1248
IV	83	-974	2107	1123	191	3421	55	2585	1181	5	-51	482	1617	969
1988*														
I	32	71	-857	361	3230	2734	89	2926	699	421	6	551	1677	1249

During period	Basic balance	Short-term capital imports of authorized banks	Import facilities and payments related to exports	Imports of short-term capital (16+17)	Short-term capital exports of authorized banks	Export receipts and payments related to imports	Exports of short-term capital (19+20)	Other short-term capital incl. or omissions	Short-term capital account (18-21+22)	Overall balance incl. reserve movements (15+23)	Change in central bank's foreign exchange reserves (26+27)	Of which:	
												Convertible reserves	Tied reserves
	15	16	17	18	19	20	21	22	23	24	25	26	27
1983	-3344	7594	2121	9714	6328	2228	8556	24	1182	-2162	2162	1187	975
1984	6138	16080	944	17024	13994	-2811	11183	-2704	3137	9275	-9275	-10142	867
1985	1980	6890	350	7240	1623	1732	3355	-2121	1764	3744	-3744	-3729	-15
1986	-529	6019	-3796	2222	11791	-92	11699	2075	-7402	-7930	7930	11678	-3748
1987*	-7853	16252	476	16728	-5739	-183	-5922	939	23589	-15736	-15736	-17817	2081
1985													
IV	-2185	2563	-1200	1363	15	-63	-49	1703	3115	930	-930	-969	39
1986													
I	-2616	-736	1232	496	1649	-15	1634	592	-547	-3162	3162	3945	-782
II	703	1999	-4636	-2636	4813	-15	4798	3496	-3938	-3236	3236	4161	-925
III	-1655	3185	1216	4401	5317	-31	5286	326	-559	-2213	2213	3455	-1242
IV	3039	1571	-1609	-38	12	-31	-19	-2339	-2358	681	-681	117	-798
1987*													
I	-1870	2656	1065	3720	-4959	-118	-5077	-692	8106	6236	-6236	-7020	785
II	-1620	7672	70	7741	1924	-118	1806	1921	7856	6237	-6237	-5569	-667
III	-2272	8339	-404	7935	3376	27	3403	-1623	2909	637	-637	-2407	1771
IV	-2090	-2415	-255	-2669	-6081	27	-6054	1333	4717	2627	-2627	-2820	193
1988*													
I	-1301	6495	-240	6255	5638	-732	4906	2293	3642	2341	-2341	-1295	-1046

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

End of period	Long-term liabilities							Long-term assets					Long-term debt, not (8-13)	
	Direct investment in Finland	Port-folio investment in Finland	Long-term credits			Other long-term capital	Total (1+2+6+7)	Direct investment abroad	Port-folio investment abroad	Long-term export credits	Other long-term capital	Total (9+10+11+12)		
			Central government	Author-ized banks	Others									Total (3+4+5)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1983	2317	848	21740	2419	33749	57909	444	61518	6166	..	6612	4051	16829	44689
1984	2905	2013	24928	5960	37227	68116	512	73546	8689	..	8920	2097	19706	53840
1985	3274	6313	25678	6410	34276	66364	652	76603	10524	78	6539	3053	20194	56409
1986	4892	6959	26292	11992	32044	70330	739	82920	13727	567	5649	3685	23628	59292
1987*	5283	3964	27861	17365	33088	78314	830	88391	16647	2258	5242	6618	30765	57626
1985														
IV	3274	6313	25678	6410	34276	66364	652	76603	10524	78	6539	3053	20194	56409
1986														
I	3351	6407	25126	7546	32986	65659	587	76004	10697	63	6103	3033	19896	56108
II	3414	7117	26548	8708	33159	68417	604	79552	11719	152	6158	3148	21177	58375
III	3687	6911	26710	10063	32664	69438	687	80723	12601	431	5865	3527	22424	58299
IV	4892	6959	26292	11992	32044	70330	739	82920	13727	567	5649	3685	23628	59292
1987*														
I	5013	6572	27361	13447	31978	72787	818	85190	14166	691	5660	6105	26622	58568
II	5209	6578	26967	15024	33267	75259	763	87809	15347	1616	5527	6165	28655	59154
III	5213	6307	25679	15800	33472	74952	775	87247	15812	2253	5478	6229	29772	57475
IV	5283	3964	27861	17365	33088	78314	830	88391	16647	2258	5242	6618	30765	57626
1988*														
I	5308	4035	26637	17594	35883	80114	919	90376	17255	2679	5250	7161	32345	58031

End of period	Short-term liabilities				Short-term assets				Short-term liabilities, not (18-22)	Debt, not (14+23)	Debt service payments	Of which: repayments	Debt service ratio
	Bank of Finland's short-term liabilities	Short-term liabilities of other 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)					
1983	5705	39443	16181	61328	11842	29263	15915	57020	4308	48997	10875	4914	12.2
1984	4562	55695	17988	78245	22912	43319	12804	79035	-790	53050	11586	4613	11.3
1985	4070	51374	17354	72798	25183	38775	18155	82113	-9314	47095	11287	4808	10.5
1986	3455	56881	13240	73575	16613	50613	18381	85608	-12032	47260	13462	6018	13.0
1987*	3362	73132	15601	92095	31134	44874	16324	92333	-238	57388	14150	6516	13.2
1985													
IV	4070	51374	17354	72798	25183	38775	18155	82113	-9314	47095	2769	1197	10.4
1986													
I	3659	50424	18671	72754	21647	40424	18037	80109	-7354	48754	3967	2118	16.1
II	3499	52647	14162	70308	18470	45237	18213	81921	-11612	46763	3307	1176	14.2
III	3565	55602	15410	74577	16168	50554	18131	84854	-10277	48022	2452	834	9.2
IV	3455	56881	13240	73575	16613	50613	18381	-12032	85608	47260	3737	1890	12.8
1987*													
I	3521	59536	15714	78771	22482	45655	17829	85966	-7195	51373	3200	1411	12.7
II	3490	67208	15863	86561	28680	47579	18073	94332	-7771	51383	3994	1496	14.8
III	3607	75547	16500	95654	29291	50955	17836	98081	-2427	55048	2770	1217	10.2
IV	3362	73132	15601	92095	31134	44874	16324	92333	-238	57388	4186	2392	15.1
1988*													
I	3467	79627	15552	98646	33493	50512	15583	99588	-942	57089	3932	1773	14.9

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
1983	30082	8541	22184	710	61518	12791	2472	1447	119	16829	44689
1984	34012	13366	25440	728	73546	17624	222	1678	182	19706	53840
1985	35709	13980	26330	585	76603	17102	859	1955	279	20194	56409
1986	35210	20169	27031	509	82920	19209	1591	2309	520	23628	59292
1987*	32456	26734	28691	511	88391	23375	4007	2653	730	30765	57626
1985											
IV	35709	13980	26330	585	76603	17102	859	1955	279	20194	56409
1986											
I	34646	15090	25713	555	76004	16839	765	1970	321	19896	56108
II	35001	16847	27152	551	79552	17906	849	2056	366	21177	58375
III	34231	18554	27397	541	80723	18462	1360	2191	412	22424	58299
IV	35210	20169	27031	509	82920	19209	1591	2309	520	23628	59292
1987*											
I	34716	21814	28179	481	85190	19717	3876	2458	572	26622	58568
II	35601	24004	27730	474	87809	21633	3936	2465	621	28655	59154
III	35045	25209	26454	539	87247	22656	3919	2519	677	29772	57475
IV	32456	26734	28691	511	88391	23375	4007	2653	730	30765	57626
1988*											
I	34218	28096	27557	506	90376	24316	4371	2851	807	32345	58031

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
1983	69 692	71 528	-1 836
1984	80 904	74 682	6 222
1985	84 028	81 520	2 508
1986	82 579	77 601	4 978
1987	85 315	82 797	2 518
1987			
March	7 360	7 328	32
April	7 285	6 500	785
May	7 007	7 154	-147
June	7 444	7 090	354
July	6 620	6 458	162
Aug.	6 601	6 943	-342
Sept.	8 042	7 080	962
Oct.	7 894	7 317	577
Nov.	6 966	7 502	-536
Dec.	7 009	6 988	21
1988*			
Jan.	6 885	6 883	2
Feb.	6 777	6 108	669
March	7 542	7 004	538

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
1983	104	98	127	125	101
1984	114	98	134	131	102
1985	115	104	138	135	102
1986	116	110	135	121	111
1987	118	119	138	119	116
1985					
III	113	100	138	135	102
IV	117	113	135	133	101
1986					
I	113	110	134	129	103
II	104	90	133	122	109
III	116	119	138	120	116
IV	128	115	136	121	112
1987					
I	114	113	136	120	113
II	120	120	137	119	115
III	116	116	140	121	115
IV	119	126	140	119	117

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
1983	6 944	19 327	8 524	20 211	14 686	32 209	17 554	10 860	10 572	333
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	7 449	26 691	7 823	26 347	17 005	41 066	9 623	14 074	17 412	622
1987										
March	619	2 276	599	2 228	1 638	3 571	649	1 448	1 619	41
April	616	2 352	574	2 236	1 507	3 407	461	1 218	1 407	7
May	746	2 164	749	2 089	1 259	3 554	886	1 209	1 467	38
June	732	2 097	599	2 526	1 490	3 538	915	1 151	1 327	159
July	526	2 271	660	1 983	1 180	3 125	796	1 197	1 317	23
Aug.	545	2 191	669	1 849	1 347	3 292	1 137	1 012	1 471	31
Sept.	666	2 496	688	2 629	1 563	3 503	964	1 047	1 547	19
Oct.	670	2 500	624	2 493	1 607	3 634	845	1 151	1 579	108
Nov.	664	2 168	563	2 077	1 494	3 713	720	1 436	1 622	11
Dec.	569	2 059	754	2 339	1 288	3 407	994	1 197	1 374	16
1988*										
Jan.	569	2 472	623	2 021	1 200	3 486	780	1 270	1 340	7
Feb.	544	2 309	709	1 631	1 584	3 214	405	960	1 490	39
March	630	2 749	692	2 108	1 363	3 472	408	1 285	1 828	11

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1987		1988 ^a January-March		1987		1988 ^a January-March	
	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	63 184	74.1	16 491	6.4	63 079	76.2	15 841	4.6
OECD Europe	55 667	65.2	14 675	7.6	52 212	63.1	12 694	0.9
Of which:								
Austria	951	1.1	221	3.4	1 066	1.3	251	-1.3
Belgium and Luxembourg	1 526	1.8	485	37.3	2 134	2.6	517	-0.9
Denmark	3 320	3.9	831	-4.2	2 343	2.8	572	4.9
France	4 497	5.3	1 332	16.2	3 552	4.3	868	-13.9
Federal Republic of Germany	9 335	10.9	2 498	12.9	14 450	17.5	3 478	-3.2
Italy	2 182	2.6	622	18.8	3 619	4.4	910	6.0
Netherlands	3 060	3.6	858	2.0	2 555	3.1	632	12.1
Norway	4 026	4.7	820	-30.0	1 819	2.2	483	7.4
Spain	1 090	1.3	335	39.2	920	1.1	244	6.2
Sweden	12 754	14.9	2 962	-3.2	10 702	12.9	2 665	6.0
Switzerland	1 525	1.8	423	1.3	1 665	2.0	384	-3.7
United Kingdom	9 734	11.4	2 802	27.4	5 914	7.1	1 333	6.5
Other OECD	7 517	8.8	1 816	-2.2	10 867	13.1	3 147	23.1
Of which:								
Canada	971	1.1	177	-30.3	429	0.5	141	82.9
Japan	1 206	1.4	350	32.0	5 861	7.1	1 664	15.1
United States	4 407	5.2	1 076	-5.2	4 335	5.2	1 292	30.2
CMEA countries	14 620	17.1	3 219	0.3	14 088	17.0	2 669	-16.6
Of which:								
Soviet Union	13 175	15.4	2 916	2.6	11 901	14.4	2 187	-20.1
Developing countries	6 199	7.3	1 224	-15.6	4 938	6.0	1 217	-2.2
OPEC countries	1 527	1.8	315	10.0	805	1.0	151	-38.7
Other	4 672	5.5	908	-21.9	4 133	5.0	1 066	6.8
Other countries	1 312	1.5	270	-8.6	692	0.8	269	48.0
TOTAL	85 315	100.0	21 204	3.7	82 797	100.0	19 995	1.1
Of which:								
EEC countries	35 966	42.2	10 142	17.0	36 788	44.4	8 867	-0.7
EFTA countries	19 396	22.7	4 467	-8.8	15 356	18.5	3 815	4.6

¹The trade values and volumes for December 1987 and January 1988 differ from those in the official statistics. For details, see Notes and Explanations on page S26.

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
1983	171 330	63 113	69 001	10 467	-2 704	311 207	92 001	87 959	315 249
1984	176 038	64 872	67 584	10 202	-1 327	317 369	96 993	88 857	325 505
1985	181 664	68 218	69 599	10 453	3 610	333 544	98 173	94 893	336 824
1986*	188 823	70 398	68 720	10 962	5 467	344 370	99 365	98 760	344 975
1987*	199 032	72 973	72 371	11 381	7 609	363 366	101 357	107 260	357 463
1985									
III	45 833	17 146	16 697	2 790	-471	81 995	24 606	22 842	83 759
IV	46 045	17 322	17 675	2 643	2 972	86 657	23 336	24 692	85 301
1986*									
I	46 391	17 383	17 239	2 664	2 166	85 843	24 933	25 701	85 075
II	47 215	17 325	16 610	2 322	-193	83 280	22 126	20 727	84 678
III	47 597	17 772	17 613	2 965	2 467	88 414	26 061	27 131	87 344
IV	47 620	17 914	17 258	2 804	998	86 594	26 154	25 004	87 744
1987*									
I	48 719	17 959	17 662	2 764	338	87 443	24 664	24 280	87 827
II	49 524	18 158	18 304	2 524	3 811	92 320	26 504	28 375	90 449
III	49 908	18 359	17 896	3 190	1 572	90 924	25 767	27 463	89 228
IV	50 882	18 497	18 508	2 903	3 303	94 093	24 440	27 144	91 389

8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1985=100 (1980 WEIGHTS) (seasonally adjusted figures)

Period	2-4		2		3		Industry (SIC): 331,341		37,38		4	
	Total industry (100.0)	Mining and quarrying (1.5)	Manufacturing (89.5)	Wood and paper industries (20.5)	Metal and engineering industries (28.3)	Other manufacturing (40.7)	Electricity, gas and water (9.0)					
	1	2	3	4	5	6	7					
1983	91.9	92.8	92.5	94.2	87.8	95.5	86.0					
1984	96.1	96.3	96.6	101.7	92.5	97.6	91.8					
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0					
1986*	100.8	101.7	100.8	101.8	101.3	99.9	100.1					
1987*	105.0	79.0	105.2	107.9	106.2	103.0	108.0					
1987*												
March	108.9	96.6	106.6	107.0	107.2	101.9	111.7					
April	105.2	93.7	103.8	108.9	103.5	103.3	104.5					
May	107.8	74.7	106.0	108.7	107.3	105.9	108.1					
June	107.0	52.4	106.4	106.0	105.9	106.0	109.2					
July	109.1	74.6	107.7	107.7	106.5	105.7	107.7					
Aug.	105.6	81.8	105.7	108.4	108.4	104.9	108.9					
Sept.	103.7	77.8	104.6	110.1	108.2	103.7	109.0					
Oct.	102.8	69.4	106.0	109.8	107.2	102.8	107.5					
Nov.	100.8	72.5	103.6	108.4	107.4	100.5	109.5					
Dec.	102.7	67.3	105.5	105.4	108.4	100.1	108.4					
1988*												
Jan.	107.6	64.7	110.8	114.8	111.0	106.7	94.5					
Feb.	107.7	70.4	109.4	112.6	110.8	104.2	102.6					
March	105.6	74.0	106.5	109.9	104.3	103.4	105.7					

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
1983	97.6	94.4	108.1	107.7	123.0	105.1	100.9	94.2
1984	97.2	96.8	101.7	104.1	112.8	96.3	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	94.1	88.4	100.1	99.5	105.2	101.8
1987*	111.3	107.7	94.5	87.8	97.5	102.2	113.8	106.0
1986*								
IV	104.9	103.5	100.6	91.6	109.2	106.2	120.4	103.4
1987*								
Feb.	108.4	105.7	..	..	..	..	..	104.4
March	107.9	104.7	..	..	..	..	..	105.7
April	115.1	110.3	..	..	..	..	..	105.8
May	110.2	105.6	..	..	..	..	..	106.6
June	113.0	110.5	..	..	..	..	..	106.0
July	110.7	107.6	..	..	..	..	..	106.6
Aug.	111.0	107.2	..	..	..	..	..	106.4
Sept.	111.1	109.3	..	..	..	..	..	106.6
Oct.	114.5	107.7	..	..	..	..	..	106.5
Nov.	113.8	109.7	..	..	..	..	..	106.9
Dec.	111.0	110.6	..	..	..	..	..	107.3
I	108.4	104.8	97.0	91.5	95.0	95.4	112.4	104.2
II	112.7	108.8	96.4	92.4	108.3	111.6	121.6	106.1
III	110.9	108.0	93.1	85.4	97.8	101.3	100.2	106.5
IV	113.1	109.3	91.6	81.8	89.0	100.3	121.3	106.9
1988*								
Jan.	115.8	113.4	..	..	..	..	..	107.7
Feb.	113.7	110.7	..	..	..	..	..	107.9

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
1983	84.3	84.0	85.2	86.4	84.0	85.8	88.8	90.4	89.8	92.7	90.8	91.5	90.5	89.2
1984	92.2	92.0	92.9	92.6	92.8	92.1	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
1986¹	107.0	106.7	106.2	106.7	108.1	107.0	102.9	97.0	98.6	91.0	96.5	96.7	96.4	104.3
1987¹	114.6	114.5	113.4	115.9	114.0	116.2	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
1987¹														
April	..	..	..	..	..	..	106.8	97.4	99.6	89.3	96.7	97.6	96.2	108.7
May	..	..	..	..	..	..	106.9	97.5	99.9	89.0	96.8	97.8	96.3	108.9
June	..	..	..	..	..	..	107.3	97.7	100.0	89.2	96.9	97.8	96.4	109.1
July	..	..	..	..	..	..	107.2	98.2	100.4	90.3	97.4	98.2	97.0	109.4
Aug.	..	..	..	..	..	..	107.5	98.2	100.5	89.9	97.4	98.2	97.0	109.6
Sept.	..	..	..	..	..	..	108.1	98.4	100.8	89.4	97.9	98.7	97.5	109.9
Oct.	..	..	..	..	..	..	108.3	98.7	101.3	89.2	98.2	99.0	97.8	110.0
Nov.	..	..	..	..	..	..	108.1	98.7	101.6	88.3	98.4	99.4	97.9	110.8
Dec.	..	..	..	..	..	..	108.4	98.9	102.0	87.7	98.6	99.2	98.3	110.9
I	111.4	111.2	110.5	111.9	111.8	112.3	105.8	96.9	99.0	89.6	96.3	97.3	95.9	107.2
II	115.3	115.1	114.5	117.1	114.6	117.4	107.0	97.5	99.8	89.2	96.8	97.7	96.3	108.9
III	115.0	114.7	113.7	117.1	114.7	117.5	107.6	98.3	100.6	89.9	97.6	98.4	97.2	109.7
IV	116.6	116.8	115.2	117.3	115.0	117.8	108.3	98.8	101.6	88.4	98.4	99.2	98.0	110.6
1988¹														
Jan.	..	..	..	..	..	..	109.7	99.3	102.4	87.8	99.1	99.9	98.8	111.8
Feb.	..	..	..	..	..	..	110.0	99.6	102.7	87.9	99.5	100.1	99.2	111.9
March	..	..	..	..	..	..	110.6	99.7	103.0	87.5	100.0	101.1	99.4	112.3
April	..	..	..	..	..	..	111.4	99.9	103.1	88.3	100.1	101.5	99.4	115.0
I	..	..	..	..	..	..	110.1	99.5	102.7	87.7	99.5	100.4	99.1	112.0

¹Preliminary 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			Unemployed	Unemployment rate		
				Self-employed	Wage and salary earners	Agri-culture and forestry	Industry	Con-struction			Service industries	
		%	1000 persons							%		
		1	2	3	4	5	6	7	8	9	10	11
1983	68.7	2527	2390	386	2004	303	606	183	1298	138	5.5	
1984	68.8	2546	2414	378	2035	294	600	183	1337	133	5.2	
1985	69.2	2567	2437	361	2076	280	597	178	1380	130	5.0	
1986	69.1	2568	2431	359	2071	266	589	185	1391	138	5.4	
1987	68.6	2554	2423	372	2051	251	569	184	1419	130	5.1	
1987												
March	69.1	2570	2437	373	2064	264	570	184	1420	133	5.2	
April	68.9	2564	2437	370	2066	259	573	187	1417	128	5.0	
May	68.4	2543	2410	360	2050	243	561	181	1424	133	5.2	
June	68.4	2544	2418	370	2048	250	567	189	1412	126	5.0	
July	68.5	2548	2422	370	2052	245	585	182	1410	126	4.9	
Aug.	69.1	2569	2441	366	2075	247	571	183	1440	128	5.0	
Sept.	68.5	2548	2420	365	2055	240	573	176	1430	129	5.1	
Oct.	68.5	2551	2422	378	2045	254	575	184	1408	128	5.0	
Nov.	68.4	2548	2418	382	2035	251	557	180	1430	130	5.1	
Dec.	68.3	2545	2414	382	2032	249	557	182	1425	131	5.1	
1988												
Jan.	68.7	2559	2439	388	2051	252	578	195	1414	120	4.7	
Feb.	68.3	2544	2431	374	2057	255	546	172	1458	113	4.5	
March	68.6	2550	2429	370	2059	239	558	180	1453	121	4.7	

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)	Borrowing	Total revenue (7+8)	Consumption	Transfers and subsidies	Of which:	
												Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11	12	13
1983	19565	36183	531	8284	64563	1854	66416	11378	77794	20984	39411	15717	22817
1984	22526	42737	598	9711	75572	1894	77466	10752	88218	22155	44333	18444	24836
1985	25750	47578	546	10415	84290	2071	86361	11189	97550	24835	49269	21183	26866
1986	28079	51733	323	11640	91774	2209	93983	14744	108727	26354	52845	23215	28131
1987	29454	57312	455	12427	99648	2482	102129	17484	119613	29419	59498	26456	30964
1986													
Dec.	2947	5777	30	806	9560	368	9927	1673	11600	2426	5259	2006	3012
1987													
Jan.	1434	3163	23	906	5526	46	5571	2853	8424	2424	4584	1876	2600
Feb.	2023	5181	29	791	8024	88	8112	260	8373	2226	5049	1941	2920
March	2671	4132	17	1172	7993	79	8072	2530	10601	2268	4555	2196	2141
April	2957	4632	15	1289	8893	59	8952	335	9288	2313	5172	2464	2476
May	2450	3390	84	1014	6938	372	7310	2482	9792	2440	5763	2131	3441
June	2561	5243	28	1092	8925	191	9115	455	9570	2468	4636	2630	1910
July	2941	5335	49	603	8929	95	9023	619	9642	2923	4775	2148	2434
Aug.	2935	4880	37	1098	8949	343	9292	1143	10435	2331	4892	2138	2618
Sept.	2461	4237	40	968	7706	144	7850	619	8470	2424	4341	2131	2102
Oct.	2480	4360	38	1025	7904	119	8023	2295	10318	2505	4713	2227	2296
Nov.	2545	5465	29	1024	9062	266	9329	2397	11726	2366	5746	2336	3306
Dec.	1995	7294	65	1444	10799	680	11478	1496	12974	2731	5271	2239	2720

During period	Expenditure							Financial balance			
	Fixed investment	Other expenditure	Expenditure before financial transactions (10+11+14+15)	Lending and other financial investment	Expenditure before redemptions of state debt (16+17)	Redemptions of state debt	Total expenditure, (18+19)	Revenue surplus (5-16)	Net borrowing requirement (7-18)	Gross borrowing requirement (7-20)	Cash surplus (9-20)
	14	15	16	17	18	19	20	21	22	23	24
1983	5454	4095	69944	4999	74943	3939	78881	-5381	-8527	-12465	-1088
1984	5455	4220	76162	4717	80878	5552	86430	-590	-3412	-8964	1788
1985	5700	4936	84739	4982	89722	7682	97404	-449	-3361	-11043	145
1986	6111	5058	90368	4913	95281	10541	105822	1406	-1298	-11839	2905
1987	7089	4732	100738	5672	106410	9880	116289	-1090	-4280	-14160	3334
1986											
Dec.	747	400	8831	557	9388	121	9509	728	539	418	2091
1987											
Jan.	434	771	8213	268	8482	1323	9805	-2688	-2910	-4233	-1381
Feb.	452	418	8144	359	8503	764	9267	-120	-390	-1154	-894
March	597	697	8118	492	8610	1886	10497	-125	-539	-2425	104
April	526	684	8695	404	9098	871	9969	199	-146	-1017	-682
May	534	678	9416	469	9885	820	10705	-2478	-2575	-3395	-913
June	640	255	7999	561	8560	1314	9874	925	555	-759	-304
July	643	284	8625	752	9377	190	9566	304	-353	-543	76
Aug.	542	294	8059	479	8539	1410	9949	890	753	-657	487
Sept.	648	137	7551	552	8102	320	8423	156	-252	-572	47
Oct.	644	321	8184	446	8629	620	9249	-280	-606	-1226	1069
Nov.	550	199	8861	407	9267	252	9519	202	62	-190	2207
Dec.	878	-6	8874	483	9357	109	9466	1925	2121	2012	3518

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 Matured certificates of deposit, net (Column 3) = matured bank certificates of deposit held by the Bank of Finland - matured certificates of deposit issued by the Bank of Finland.

Table 2.3 Bank CDs held by the Bank of Finland (Column 2) include term credits from December 1986 to July 1987. Holdings of CDs issued by the Bank of Finland (Column 5) include term liabilities from February to July 1987.

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. Long-term unregulated market rate (Columns 6 and 7): The long-term unregulated market rate is calculated by the Bank of Finland as the monthly average of the offered rates for taxable and fixed-rate bonds quoted by the five largest banks.

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

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 averages of monthly observations. *Deposits.* The rates of interest applied to deposit accounts (Columns 6-8) 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 9) 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 10) 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 *Rates at issue* on bonds and debentures (Columns 1 and 2) 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. *Secondary market rates.* The rate of interest for taxable public issues (Column 3) 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). The Bank of Finland calculates the yields once a week on the basis of the trading quotations of the Helsinki Stock Exchange for loans with a remaining maturity of between 3 and 6 years. The rate of interest for taxfree public issues (Column 4) is the yield on fixed-rate public bonds with a remaining maturity of between 4 and 5 years. Monthly observations are the averages of weekly observations and annual observations are the averages of monthly observations.

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 12 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 12 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 7.7 billion at the end of 1986.

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 Sys-

tem 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. 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.

On January 1, 1988, the new international harmonized commodity description and coding system was introduced in the compilation of the official foreign trade statistics. Because of the changeover, the trade value figures in the customs statistics are exceptionally high for December 1987 and excep-

tionally low for January 1988 as compared with the old system. For the sake of comparability, the customs statistics figures for December 1987 and January 1988 have been adjusted in the Bulletin to comply with the old system. For this reason the total trade values for 1987 as a whole also differ from the customs statistics. The Bulletin follows the same practice as in the balance of payments statistics. Adjustments have been made to all value and volume figures for exports and imports. Unit values correspond to those of the customs statistics. The adjustments have been made by the Economics Department of the Bank of Finland.

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.

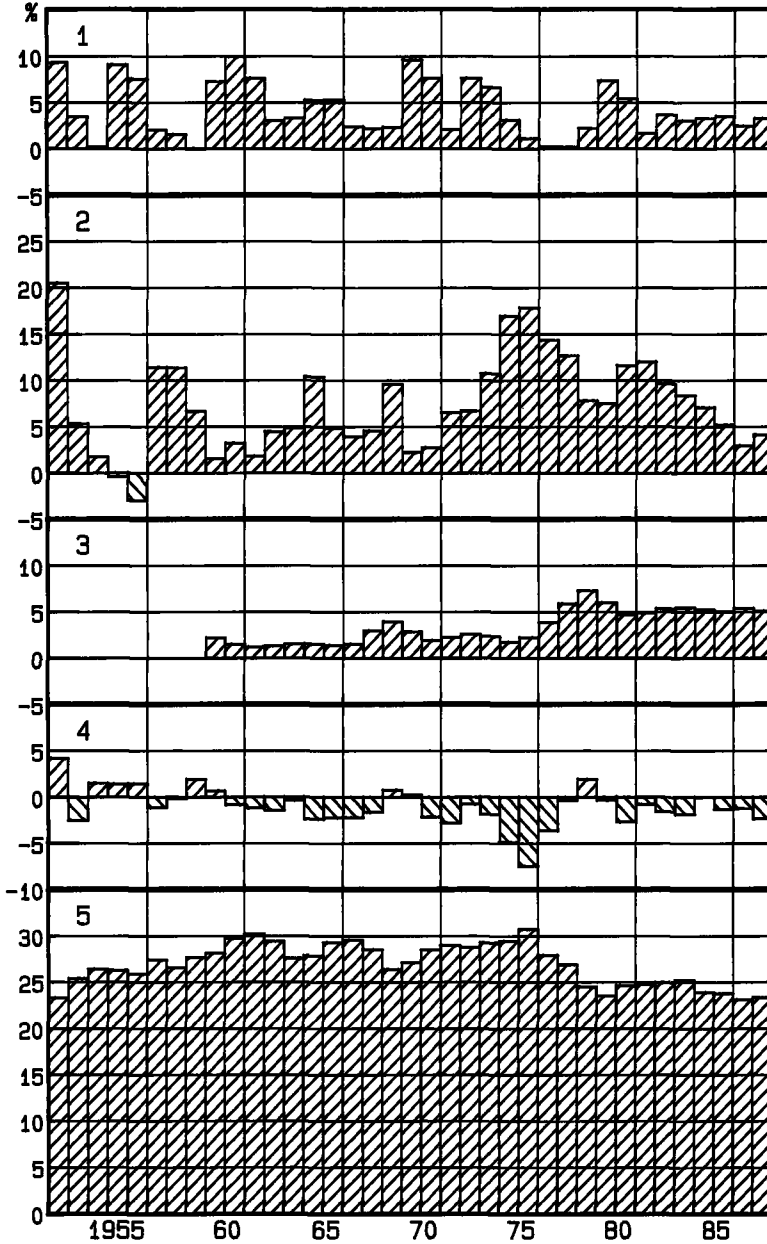
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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.

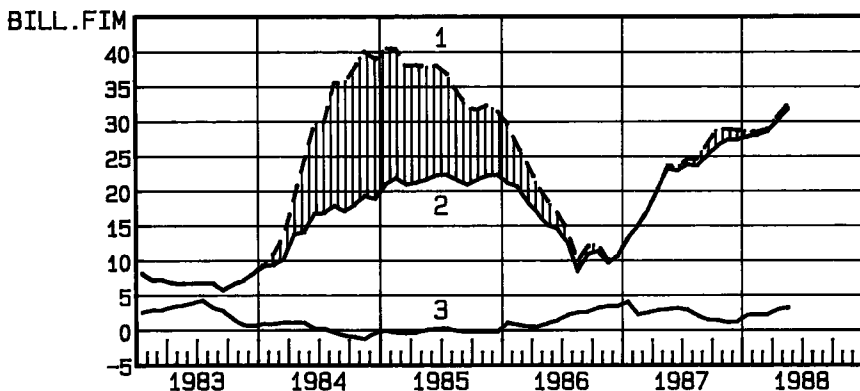
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7. Rates of interest applied by the Bank of Finland	S30
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10. Secondary market rates on bonds and debentures	S31
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14. Changes in the exchange rates of selected major currencies	S33
15. Bank deposits from the public	S33
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30. Production	S39
31. Fixed investment	S39
32. Employment and unemployment rate	S40
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34. Central government finances	S41

1. LONG-TERM INDICATORS



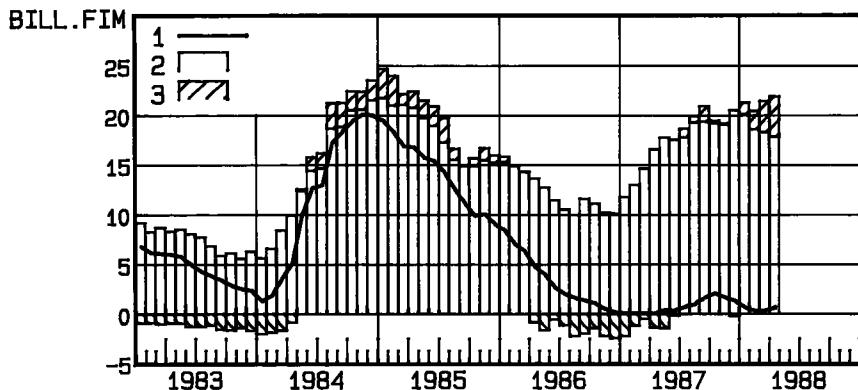
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



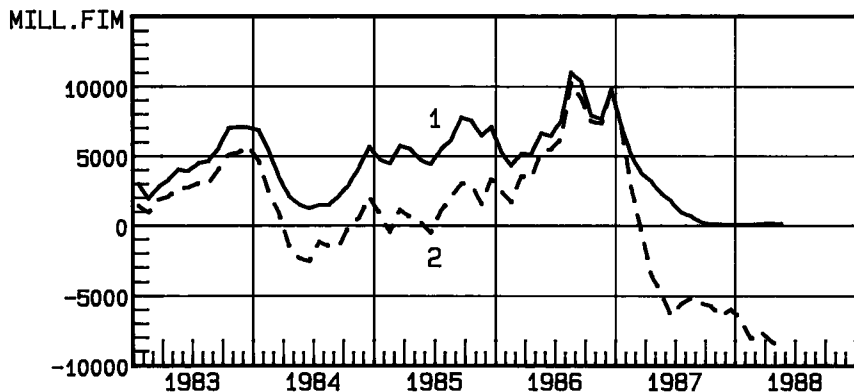
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves
3. Tied currencies

3. FORWARD MARKET



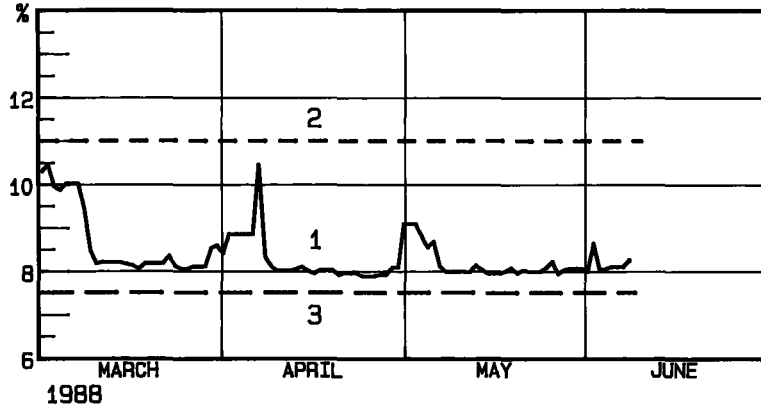
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

4. BANKS' CENTRAL BANK POSITION



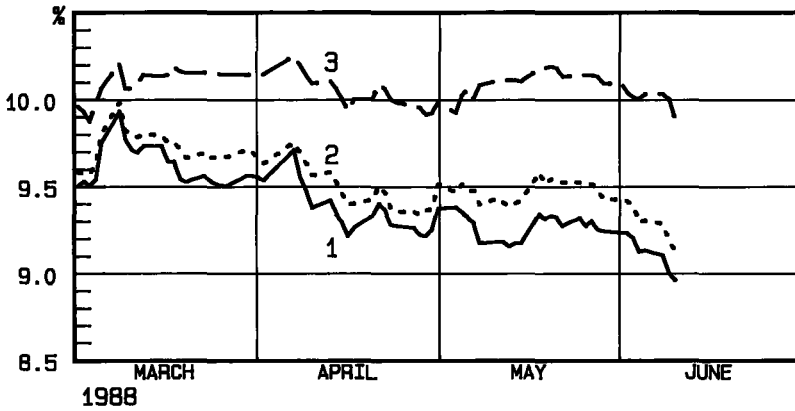
1. Gross debt to the Bank of Finland
2. Net debt to the Bank of Finland (excl. cash reserve deposits)

5. OVERNIGHT RATES



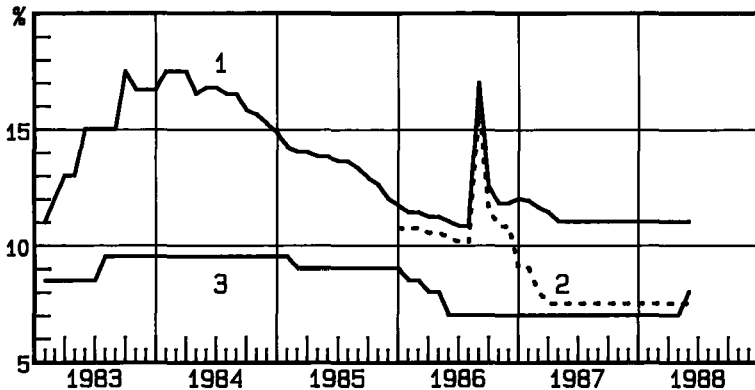
- 1. Inter-bank overnight rate
 - 2. Call money credit rate
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



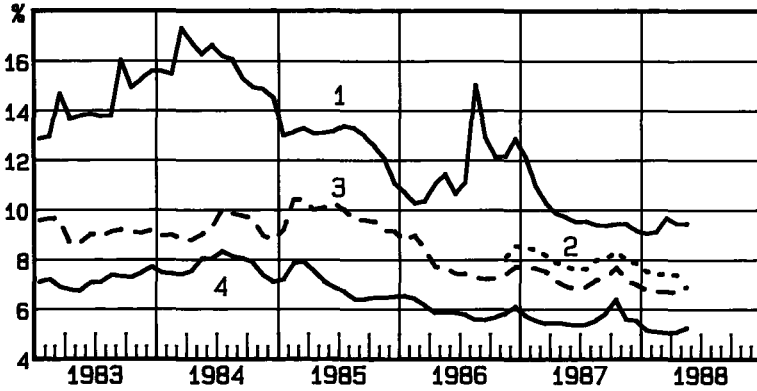
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

7. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



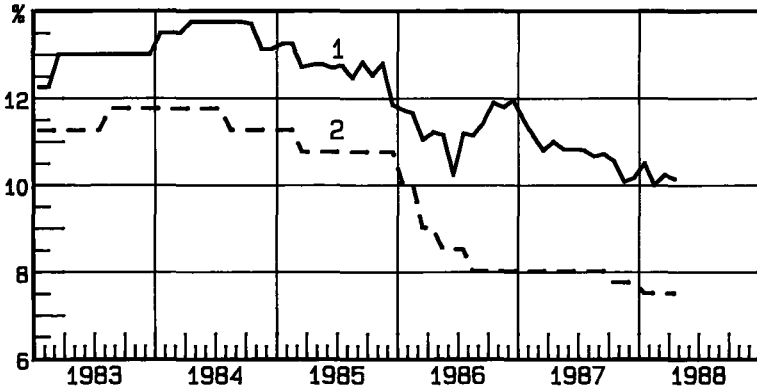
- 1. Call money credit rate
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

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



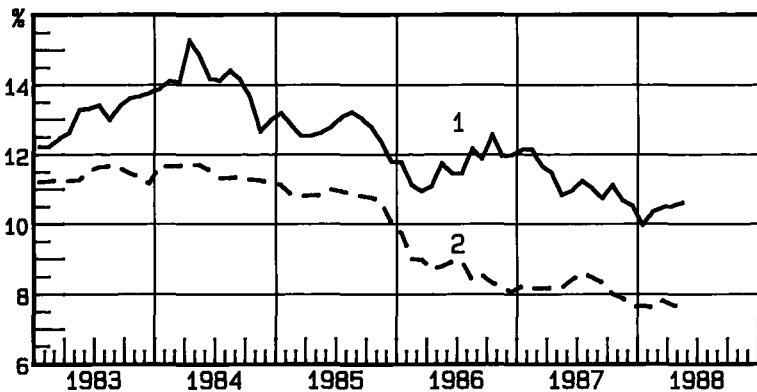
- 1. Covered Eurodollar rate
- 2. 12-currency basket rate
- 3. 8-currency basket rate
- 4. 3-currency basket rate

9. RATES ON NEW ISSUES OF BONDS AND DEBENTURES



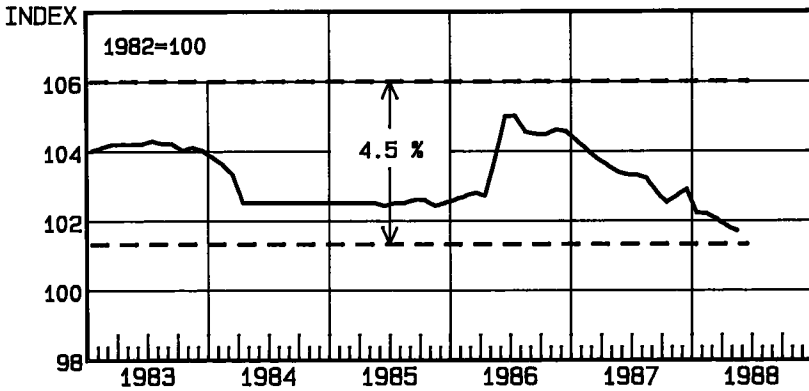
- 1. Rates on new fixed-rate debentures
- 2. Rates on new 10-year tax-free government bonds

10. SECONDARY MARKET RATES ON BONDS AND DEBENTURES



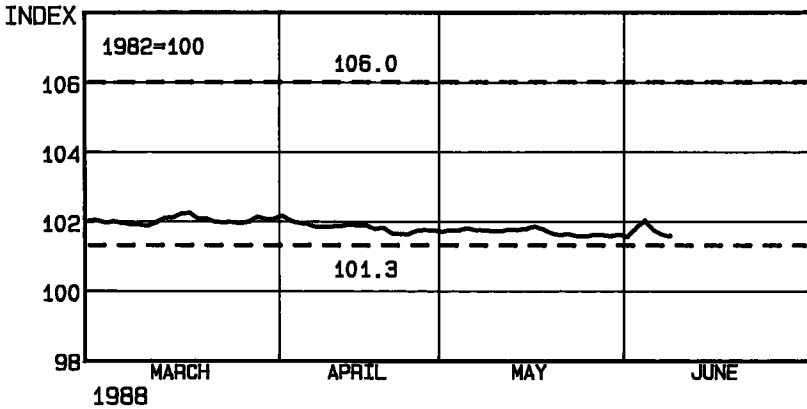
- 1. Secondary market rate on (3-6 year) fixed-rate debentures
- 2. Secondary market rate on (9-10 year) taxfree government bonds

11. BANK OF FINLAND CURRENCY INDEX



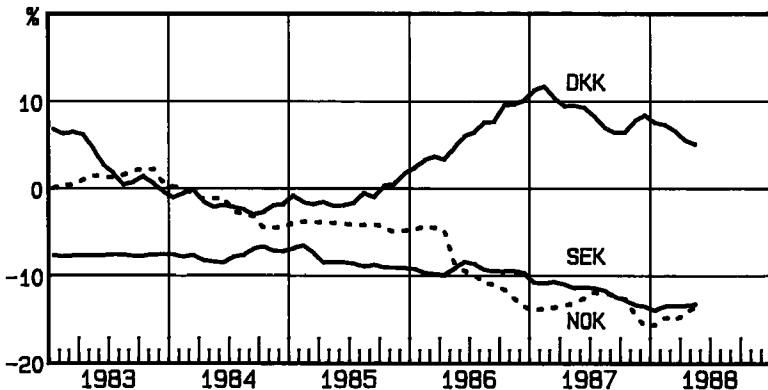
4.5 % = fluctuation range of the index
Monthly averages

12. BANK OF FINLAND CURRENCY INDEX



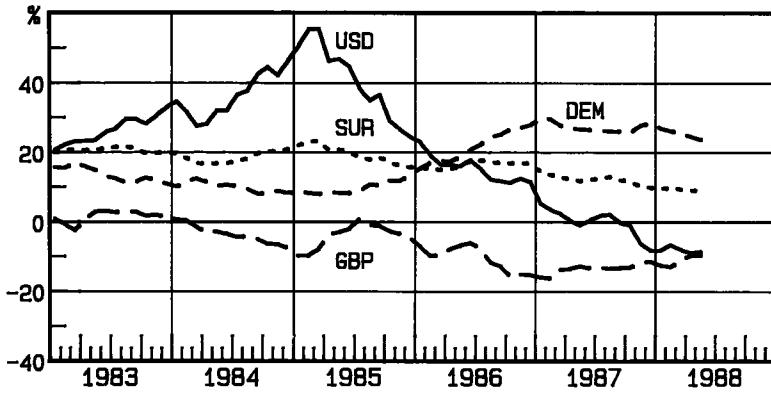
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



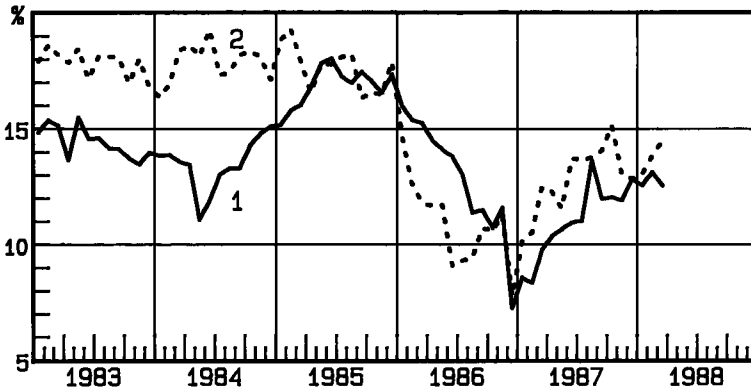
Monthly changes in markka selling rates calculated from the average rates for January 1982

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



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

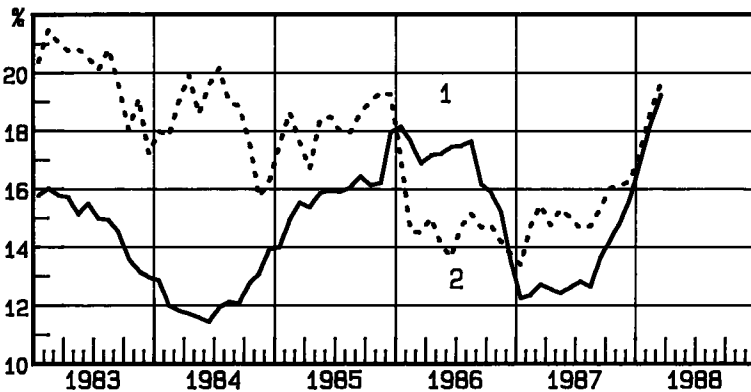
15. BANK DEPOSITS FROM THE PUBLIC



- 1. Regulated deposits
- 2. Total deposits

Change from the corresponding month of the previous year, per cent

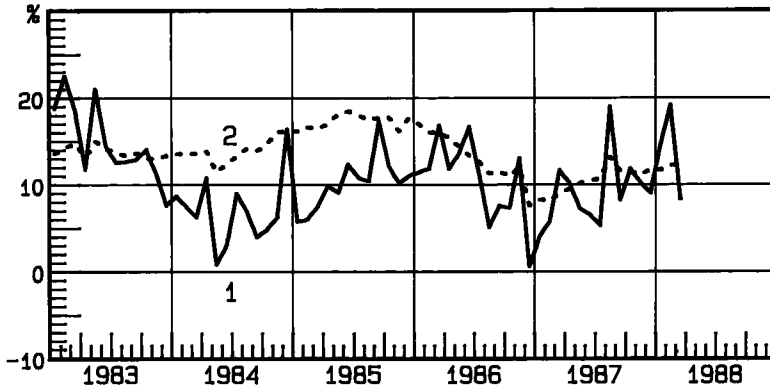
16. BANK LENDING TO THE PUBLIC



- 1. Markka lending
- 2. Total lending

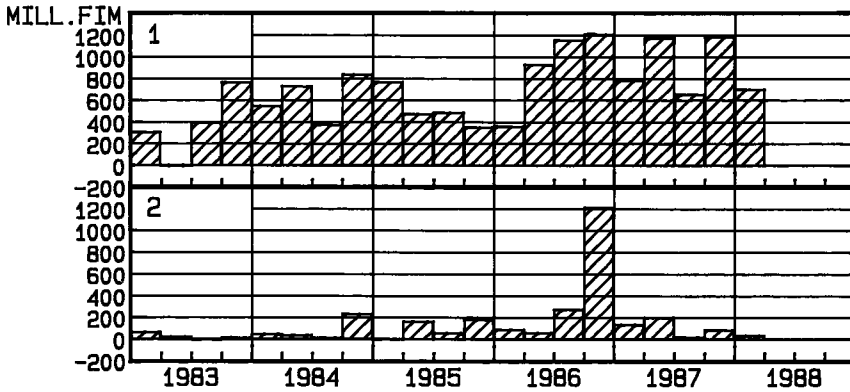
Change from the corresponding month of the previous year, per cent

17. MONEY SUPPLY



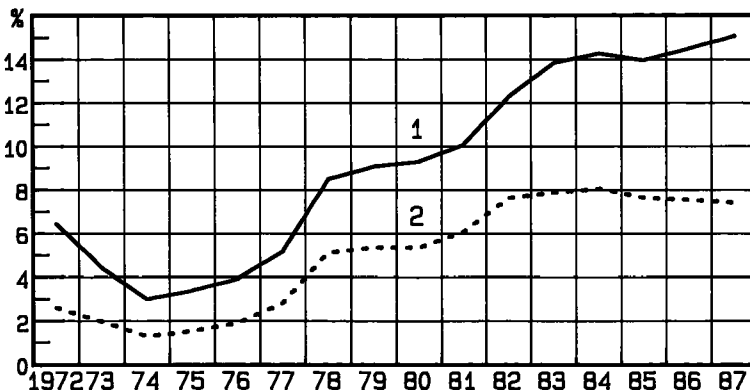
1. Narrow money supply (M1)
 2. Broad money supply (M2)
- Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



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

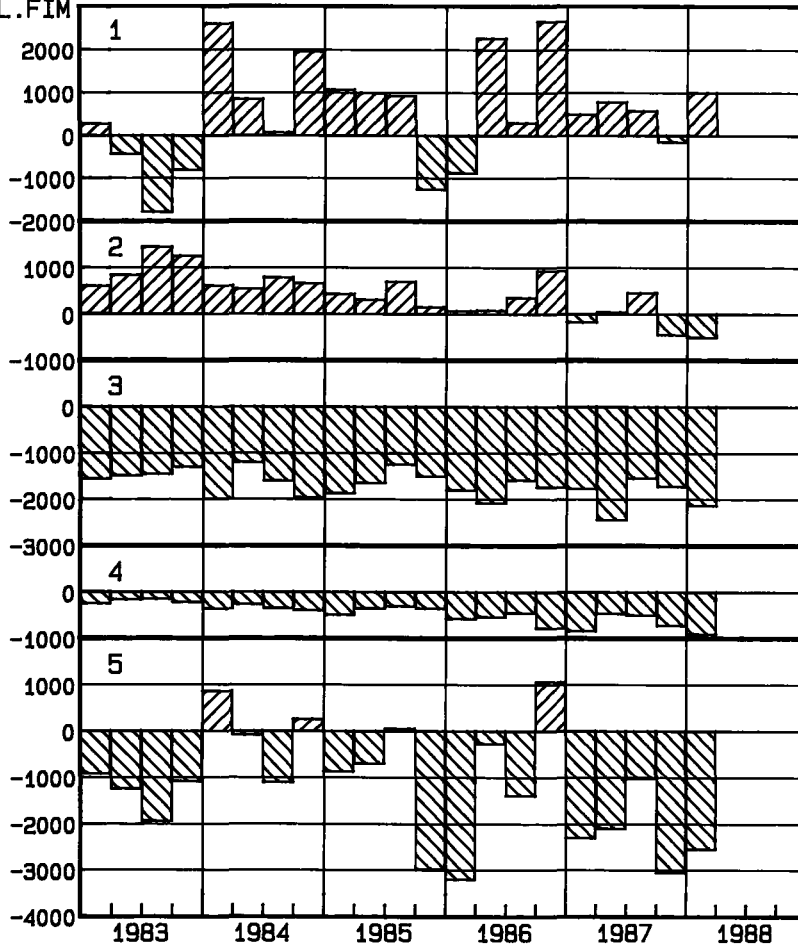
19. CENTRAL GOVERNMENT DEBT



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

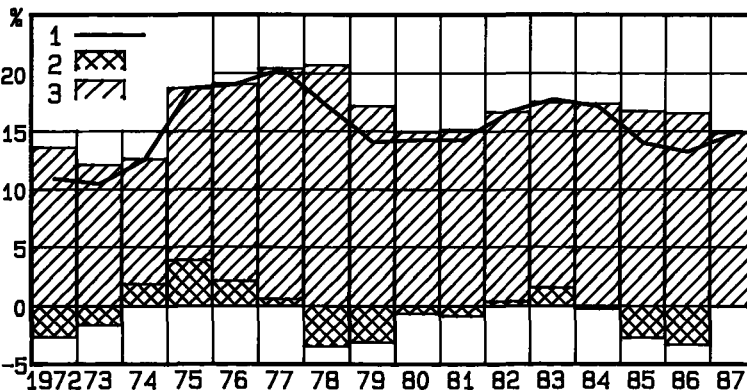
20. CURRENT ACCOUNT

MILL. FIM



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

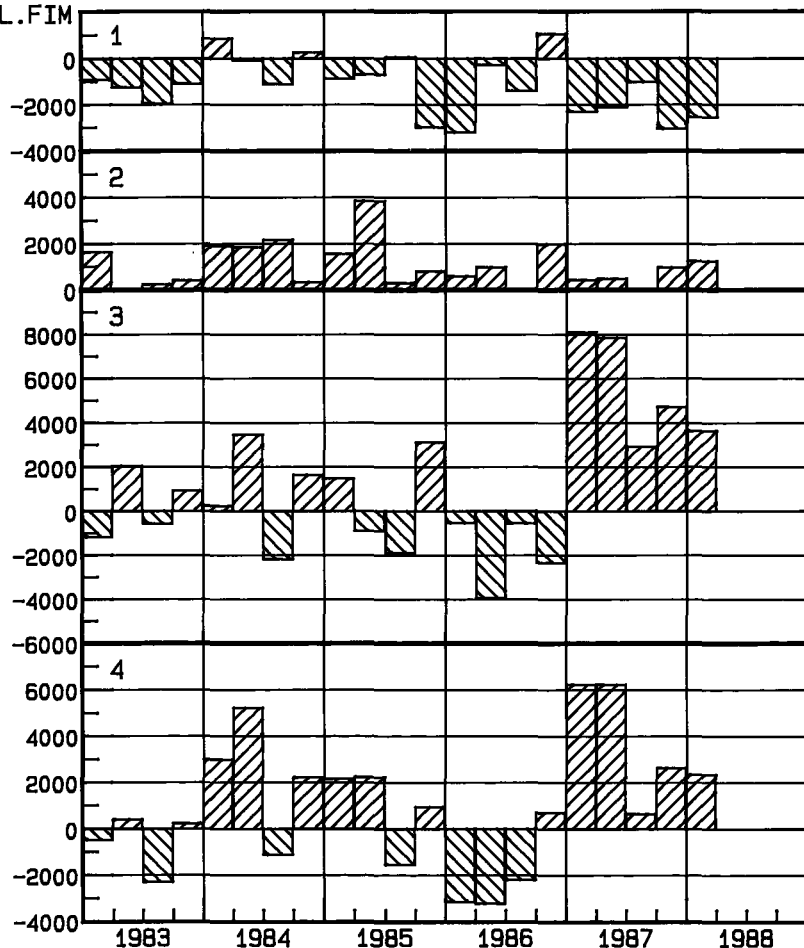
21. FOREIGN DEBT



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

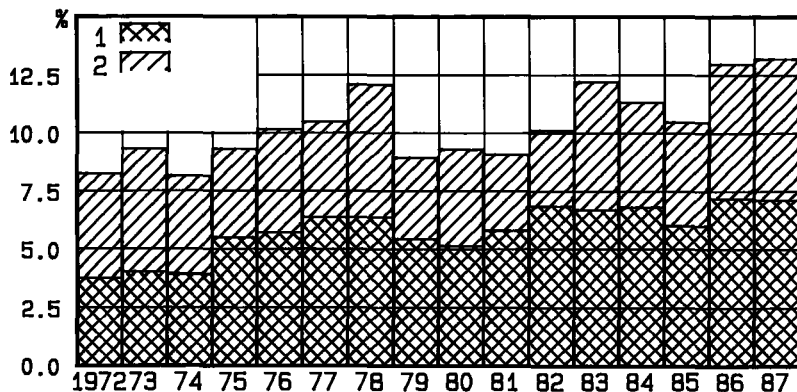
22. BALANCE OF PAYMENTS

MILL. FIM



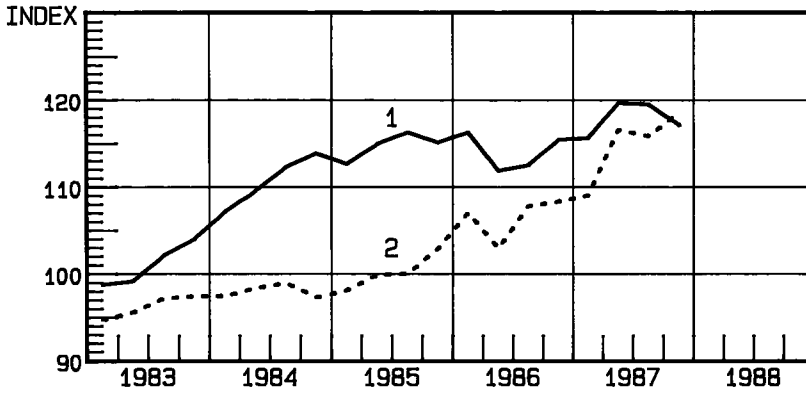
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance = change in the foreign exchange reserves of the Bank of Finland

23. DEBT SERVICE RATIO



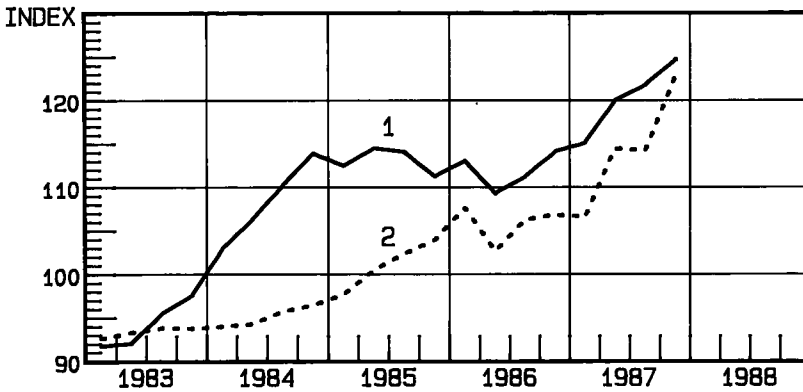
1. Interest payments
 2. Redemptions
- As a percentage of current account earnings

24. FOREIGN TRADE



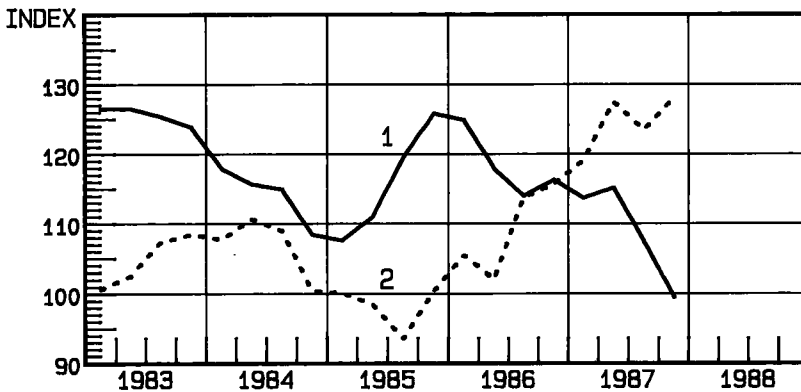
1. Total exports
2. Total imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

25. WESTERN TRADE



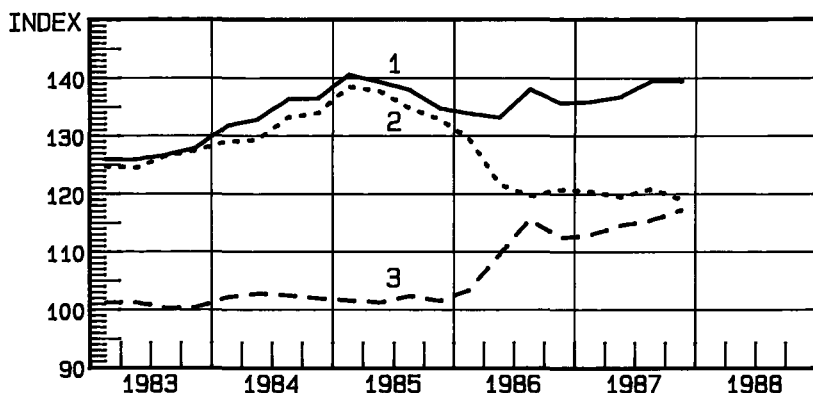
1. Western exports
2. Western imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

26. BILATERAL TRADE



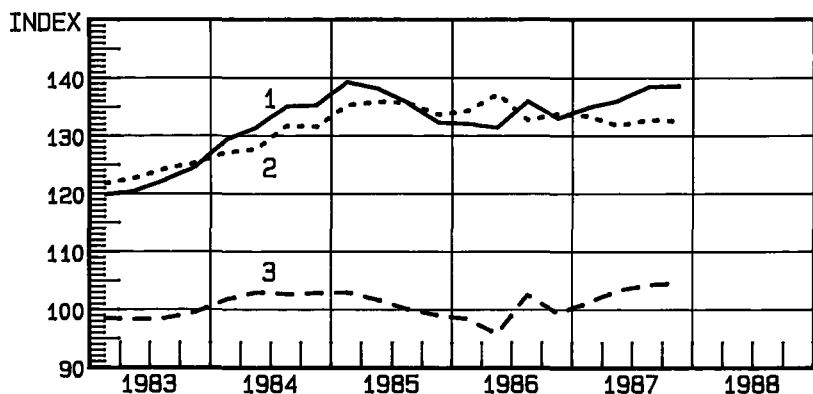
1. Bilateral exports
2. Bilateral imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

27. FOREIGN TRADE: PRICES AND TERMS OF TRADE



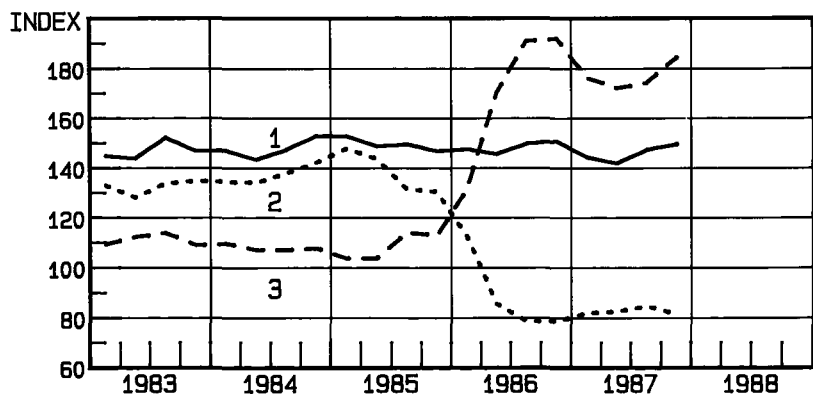
- 1. Unit value index of exports
 - 2. Unit value index of imports
 - 3. Terms of trade
- 1980 = 100

28. WESTERN TRADE: PRICES AND TERMS OF TRADE



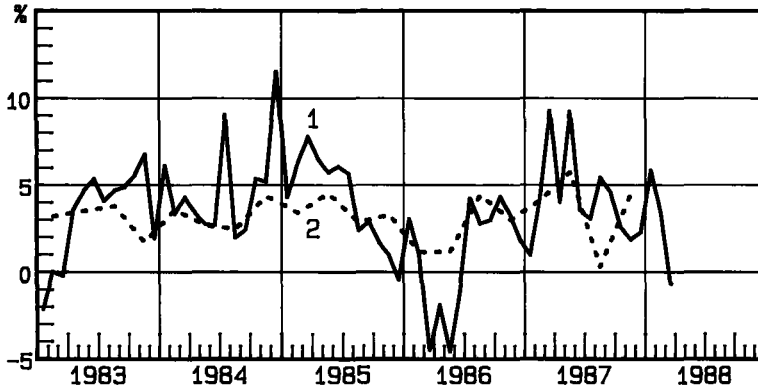
- 1. Unit value index of western exports
 - 2. Unit value index of western imports
 - 3. Terms of trade in western trade
- 1980 = 100

29. BILATERAL TRADE: PRICES AND TERMS OF TRADE



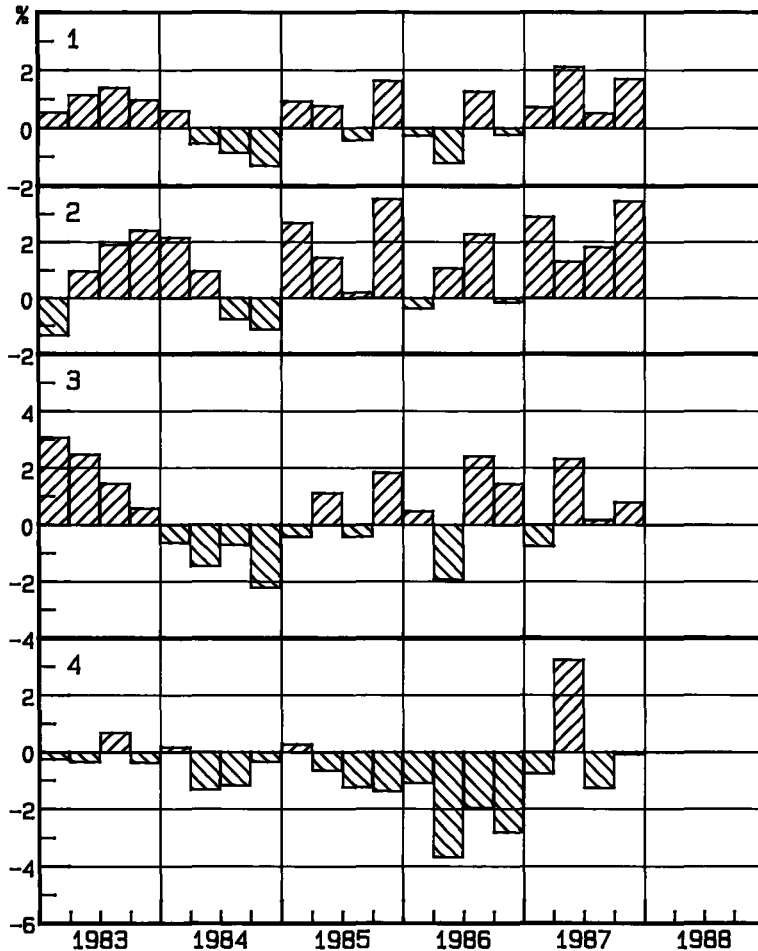
- 1. Unit value index of bilateral exports
 - 2. Unit value index of bilateral imports
 - 3. Terms of trade in bilateral trade
- 1980 = 100

30. PRODUCTION



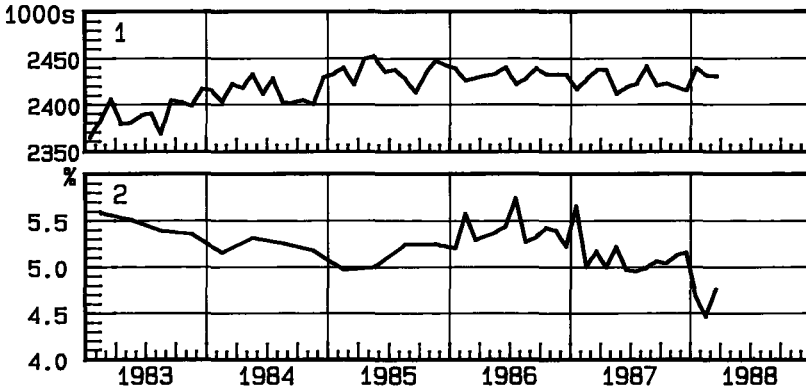
1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

31. FIXED INVESTMENT



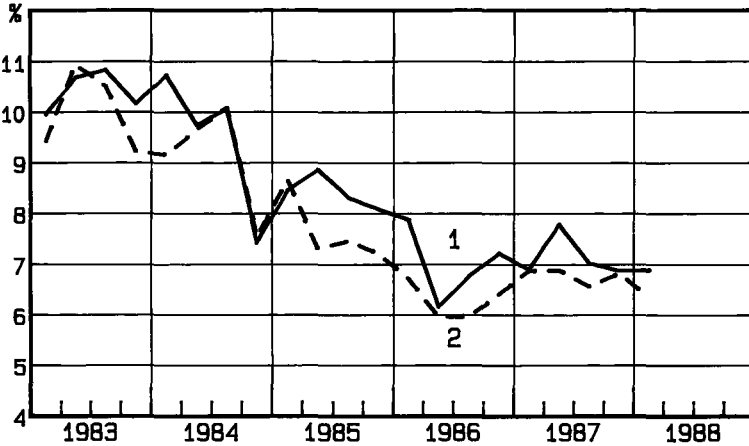
1. Total fixed investment
 2. Investment in machinery and equipment
 3. Building investment, excl. residential buildings
 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

32. EMPLOYMENT AND THE UNEMPLOYMENT RATE

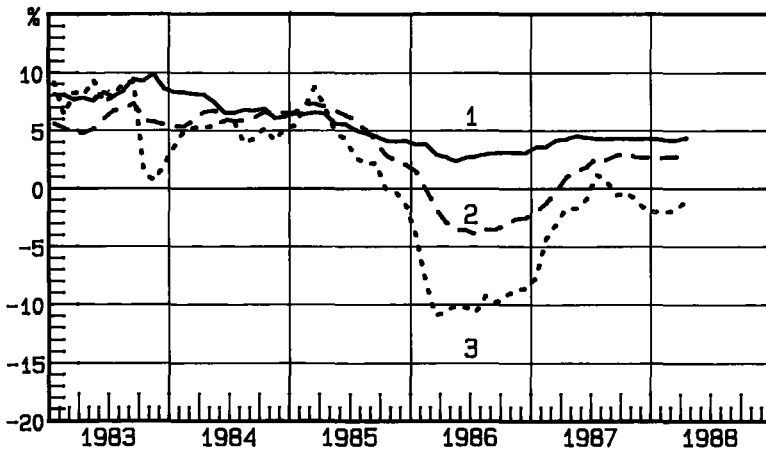


1. Employment, 1000 persons
2. Unemployment rate, per cent

33. PRICES AND WAGES

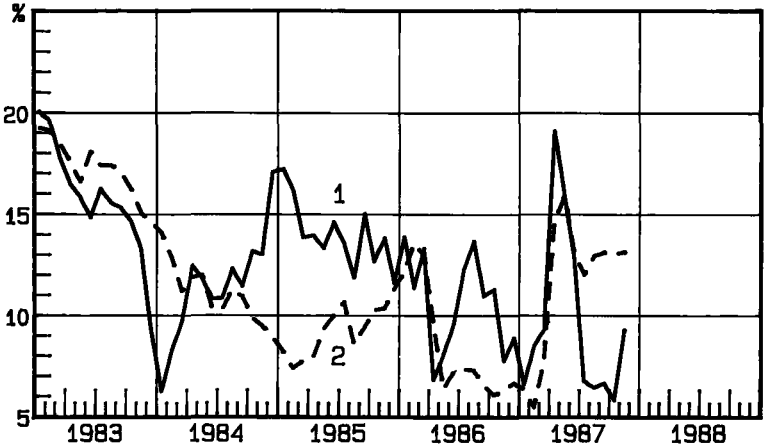


1. Index of wage and salary earnings, all wage and salary earners
 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent

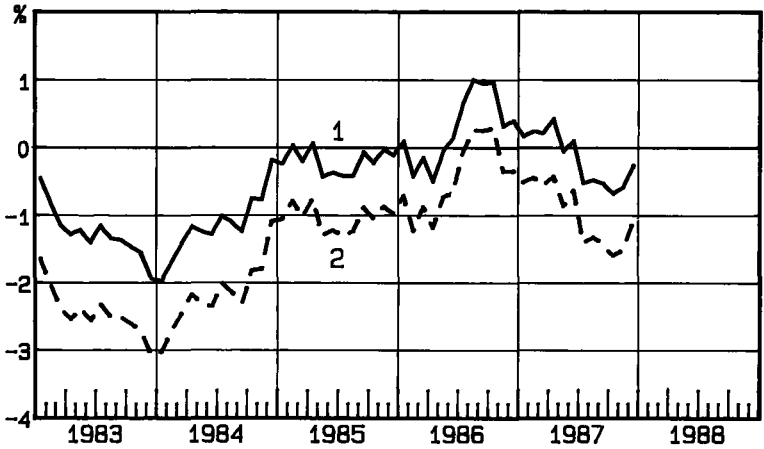


1. Consumer price index
 2. Wholesale price index
 3. Import price index
- Change from the corresponding month of the previous year

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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