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Recent Economic and Financial Market
Developments

Structural Change in the Finnish Stock
Market: a Trend towards Efficient
Trading

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Erratum

The figure 8.7 in Table 6 on p. 12 in the April issue of the Bulletin should read
18.7

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RECENT ECONOMIC AND FINANCIAL MARKET DEVELOPMENTS

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VIGOROUS GROWTH EXACERBATES THE IMBALANCES IN THE ECONOMY

The growth of the Finnish economy turned out to be stronger in the fourth quarter of last year than indicated by the first preliminary figures for 1988 compiled in January. Inflation seems to be continuing at a faster pace than previously estimated and the current account is deteriorating. To counter these developments, economic policy has been tightened by means of monetary and foreign exchange policy measures. The external value of the markka was lowered by 4 per cent on March 17, 1989 with the aim of raising domestic market rates and slowing inflation, and an agreement was reached with the banks on expanding the cash reserve requirement so as to curb lending.

In 1988, the Finnish economy grew by 4.8 per cent, i.e. slightly more than originally estimated. The main contribution to vigorous growth has come from domestic demand, which has increased at an annual rate of 6 per cent over the last two years. By contrast, despite good international demand, the growth of exports has been more modest, as it has been necessary to cut back exports to eastern markets as a result of the fall in the oil price. Reflecting the buoyancy of domestic demand, the current account deficit increased to FIM 12.6 billion in 1988, almost 3 per cent of GDP, while the rate of inflation accelerated to 6.5 per cent in the 12 months to December 1988.

Only sparse statistical data are as yet available on econom-

ic performance in the first quarter of the current year, but developments in exports and employment suggest that growth has continued strong. Industrial production increased by about 3 per cent in January-February. Employment has been rising since the beginning of the year and the rate of unemployment has fallen; the seasonally adjusted unemployment rate was 3.5 per cent in both January and February. The number of employed has increased most in the public sector, but in manufacturing, too, the fall in employment has come to a halt.

According to the survey of business confidence published by the Confederation of Finnish Industries in April, business expectations have hardly weakened at all and the stock of orders remains good. Many companies report labour shortages as the major impediment to the growth of output.

Inflation has continued at a rapid rate. In January-February, the consumer price index rose by half a per cent in a month. In March, consumer prices rose by 1.1 per cent and were 6.6 per cent higher than 12 months earlier. The sharp rise in March was due to the practice whereby house prices are included quarterly in the consumer price index with a lag of six months. The rise in house prices has slowed in the opening months of the year, and recently even halted, as a consequence, inter alia, of the measures taken to curb bank lending. House prices are estimated to contribute 0.5 — 1 percentage point to the rise in consumer prices this year.

In keeping with the stabilization agreement reached last autumn, wages were raised by

1 per cent in March. The recommendation laid down in the stabilization agreement was adopted in the majority of pay settlements, and wages will also rise less this year than in 1988 in those sectors which remained outside the stabilization agreement. However, the pay settlements reached so far this year have in general provided for increases in excess of that under the stabilization agreement.

Earnings rose by 10.3 per cent in the last quarter of 1988 compared with the corresponding quarter of the previous year. The rise was boosted by carry-over effects and by wage drift caused by labour shortages, and so the slowdown in the rise in earnings is likely to remain only modest in spite of the stabilization agreement. The index clause included in the stabilization agreement — a rise of 4 per cent in consumer prices from December 1988 to December 1989 — will probably be triggered even though the revaluation of the markka will slow the rise in foreign trade prices.

Though the value of exports rose by about one-fifth in the first quarter of this year from the corresponding period of 1988, the value of imports increased slightly faster. Export prices rose at an annual rate of 9 per cent and import prices at a rate of 6 per cent, so that the terms of trade are likely to improve more in the current year than was previously expected. The balance of trade posted a small deficit in January-March and thus the deficit on current account exceeded FIM 3 billion after having been less than half this amount in the last quarter of 1988.

TAX REFORM HAMPER'S FISCAL RESTRAINT

When the central government budget for 1989 was drawn up, economic conditions were expected to weaken in the latter part of the year and hence the budget was designed to be slightly expansionary. Since, moreover, the implementation of the tax reform does not allow for any tightening of taxation, the responsibility for curbing demand now seems to rest mainly with the monetary and foreign exchange policy pursued by the central bank.

However, it is already clear at this juncture that, thanks to built-in stabilizers, the budget will, as in 1988, be more restrictive than planned. This effect will be further enhanced by the change in the system of withholding tax introduced in connection with the reform of income taxation.

Under the new system, if a person's actual income exceeds his estimated income, tax is deducted at a higher rate immediately rather than in connection with the final assessment in the following year. Tax revenue in the first quarter of this year has, in fact, been substantially greater than budgeted, reflecting both a rise in taxable income and an unintended temporary tightening of taxation.

In January, the Government made decisions on a number of restrictionary measures, the effect of which is nevertheless likely to be rather limited. Among other things, the policy package provides for the postponement of certain government construction projects to a later date and the extension of the investment tax in the Greater Helsinki area on a differentiated basis. In addition, it was decided to forego the supplementary budget normally introduced in the spring.

In connection with the revaluation decision, the Government decided to raise turnover tax by 0.5 percentage point for the period June-

November, which will augment central government revenue by approximately FIM 500 million. In addition, employers' national insurance contributions were raised by 0.25 percentage point. This will reduce the need for payments of state guarantee compensation to the Social Insurance Institution by FIM 300 million this year.

REVALUATION TO CURB INFLATION AND DOMESTIC DEMAND

With continued strong growth in domestic demand apparently leading to overheating and higher inflation and the room for manoeuvre in fiscal policy limited by the ongoing tax reform, it was decided that fairly stringent measures were called for in central bank policy to contain the situation. Thus the fluctuation limits of the markka's exchange rate index were lowered by about 4 per cent and the growth of bank lending was restricted by tightening the cash reserve system.

The revaluation can be justified under the current circumstances for several reasons. One very important reason is to lessen the inflationary pressures generated by foreign trade prices. The effective 3—4 per cent appreciation will slow the rise in foreign trade prices by a corresponding amount. Secondly, the revaluation made it possible to raise domestic market rates of interest and thereby to curb domestic demand. After the markka's band was adjusted downwards, it was easy for the market to effect the desired revaluation while domestic market interest rates could be raised.

Revaluation will also help to restrain price and wage increases. At present, corporate profitability is unprecedentedly good. Given high capacity utilization rates and labour shortages, this has in some cases led to excessive pay settlements and wage drift, as well as to rising stumpage prices.

MARKET RATES OF INTEREST RISE IN THE WAKE OF THE REVALUATION

The increase in the interest rate differential vis-à-vis abroad towards the end of 1988 led to capital inflows and a rise in the official foreign exchange reserves, since there was only minimal scope for downward adjustment (strengthening) of the exchange rate index despite the widening of the fluctuation area of the index. Thus, contrary to economic policy aims, market rates of interest were falling right up to the time of the revaluation even though foreign rates of interest were on an upward trend.

In February, the cash reserve requirement was raised from 7.8 per cent at the beginning of the year to its ceiling of 8 per cent under the existing agreement, but this had only a temporary impact on market rates. With no further possibility of raising the cash reserve requirement, market rates continued to fall in March. In January-March, liquidity mopped up in the form of cash reserve deposits amounted to only just over FIM 3 billion.

The Bank of Finland also sought to sterilize liquidity through open-market operations. Certificates of deposit totalling FIM 4 billion in net terms were sold in the period from the beginning of the year up to the time of the revaluation. In spite of this and higher foreign interest rates, 3-month HELIBOR fell from 11.7 per cent at the beginning of the year to 10.2 per cent. After the revaluation, 3-month HELIBOR rose sharply and remained at well over 12 per cent for about a month, but subsequently fell below 12 per cent again. At the same time, the yield curve for the markka, which prior to the revaluation was upward sloping, became negative, despite the fact that 12-month HELIBOR rose by one percentage point as a result of the revaluation. Following the reversal of the currency inflow, certificates of deposit

were repurchased over a two week period to the tune of just over FIM 2 billion.

The interest rate differential in relation to the weighted rate on a basket of 12 foreign currencies was still 2.6 percentage points in December, but prior to the revaluation it was no more than 0.7 percentage point. Over the same period, there was further heavy borrowing in the form of long-term foreign currency loans, and imports of long-term capital totalled some FIM 6 billion in net terms. Imports of short-term capital were modest, as foreign banks ran down their forward positions. Since, prior to the revaluation, the currency index was close to its lower limit, the only way to stop the currency inflow was to lower the fluctuation range of the index and allow the markka to revalue. The currency inflow cannot be attributed to revaluation expectations, because the inflow consisted of long-term capital while hedging operations decreased.

CREDIT CEILING SLOWS MONETARY EXPANSION

Bank lending and deposit-taking expanded dramatically in the last quarter of 1988. In December, deposit-taking by banks increased by a full 10 per cent and lending by 6 per cent. The corresponding growth figures for 1988 as a whole were 24 and 31 per cent. The main factor contributing to monetary expansion was the tightening of capital gains taxation and the tax exemption of deposits due to be effected at the beginning of 1989.

The tightening of capital gains tax prompted a spate of acquisitions in the final months of the year, which was reflected in the financial markets as an increase in households' deposits and a surge in borrowing by the corporate sector. Rates of interest on new loans fell by nearly one percentage point in December, as lending rates were

frequently linked to the interest rate on 2-year time deposits made at that time. Following the half-point cut in the base rate, the average rate of interest on the stock of outstanding loans fell slightly in January.

It is difficult to quantify the contribution to monetary expansion of the taxation of capital gains, since the Act on the Tax Exemption of Deposits was amended in the same context. The change resulted in a rapid surge in 2-year tax-free deposits, part of which was financed by borrowing. Tax arbitrage took place on a large scale as interest payments on loans may be deducted in income taxation whereas interest income from deposits carrying a maximum rate equivalent to the Bank of Finland's base rate is tax-free for the next two years and need not even be declared in taxation. According to the new tax relief law, which is in force only until the end of 1991, the rate of interest on 2-year tax-free deposits can at most be the base rate less 2 percentage points.

In January-February, the growth of time deposits declined, but lending continued to expand at a vigorous rate. Lending was mostly funded by certificates of deposit and capital imports. As the growth of lending did not seem to be slowing down sufficiently, the Bank of Finland and the banks agreed on an arrangement at the end of February which aims at sharply curbing bank lending.

The cash reserve agreement between the Bank of Finland and the banks was supplemented by a temporary agreement, in force until the end of 1990, which empowers the Bank of Finland to raise the cash reserve requirement to a maximum of 12 per cent if a bank's or a group of banks' personal lending or a consolidated banking group's total lending increases by more than 20 per cent between February 1989 and December 1989. If, on the other hand, personal lending

increases by less than 9 per cent or total lending by less than 11 per cent, the additional requirement will not be applied. Interest will not be paid on additional deposits.

In the same context, the Bank of Finland issued recommendations on lending according to which banks were requested to take a particularly strict attitude towards granting consumer credits and loans intended for financing investments in the housing sector and in securities. Banks were nevertheless asked to ensure that adequate financing was made available for productive investment within the lending limits. The Bank of Finland also noted that it would be desirable to postpone the start of investments in the services sector until a later date.

The temporary arrangement now agreed on is designed to curb the supply of credit. However, measures aimed solely at supply are unlikely to suffice to bring the situation permanently under control. Instead it will be necessary to restrict specifically the demand for credit. Hence, banks may raise interest rates on new loans, but they have been requested not to raise rates on existing loans in relation to the base rate or other reference rates.

The lower limit of the credit ceiling allows for growth of about 15 per cent in the outstanding stock of loans for the year as a whole and the upper limit for growth of about 25 per cent. The growth in the outstanding stock of loans will be reviewed monthly starting with the stock of loans in April. If lending by a bank or a group of banks subsequently falls short of the growth allowed under the additional deposit requirement, any additional deposits will be refunded.

According to the Unitas index, prices on the Helsinki Stock Exchange rose by over 10 per cent in the three and a half months up to mid-April, though there was a temporary

retreat in the immediate aftermath of the revaluation. A slightly more cautious tone seems to have been established in the market, however, as listed companies' income taxation will be tightened from the beginning of next year along with the introduction of the imputation system and business expectations have become slightly more uncertain. Turnover on the Helsinki Stock Exchange has, however, been notably more brisk than in 1988. Bond issues have also picked up to some extent from the previous year.

May 8, 1989

STRUCTURAL CHANGE IN THE FINNISH STOCK MARKET: A TREND TOWARDS EFFICIENT TRADING

by **Markku Malkamäki**, M.Sc. (Econ.)
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The structure of the international financial markets has undergone profound changes in the 1970s and 1980s. The markets have changed in three ways. Regulations governing capital movements and the functioning of markets have been relaxed. The introduction of new financial instruments, securities trading and the transmission of information have increased and become increasingly international. In addition, various improvements have been made to investor protection. On the New York and London Stock Exchanges, for instance, these changes were implemented in a very short time span as May day and Big Bang. In Finland, the changes have been more gradual. The liquidity, diversification and internationalization of Finnish markets have increased rapidly but the reshaping of the essential features of the infrastructure is only now getting under way.

BACKGROUND

Finnish financial markets have traditionally been dominated by banks. Until 1980, bank deposits accounted for over 80 per cent of the total amount of financial assets. The share market was only of minor importance and the development of the money market was still at a rudimentary stage. Bonds accounted for some 8 per cent of financial assets (Chart 1). Both the structure and volume of financial markets have subsequently undergone rapid change. By the end of 1988, the share of bank deposits had fallen to 44 per cent while that of the share market had risen to 26 per cent and

that of the money market¹ to 18 per cent. However, the thinness of the markets still poses problems and will continue to do so, at least for some years to come.

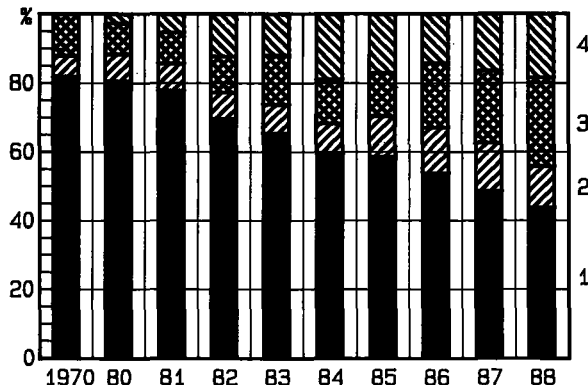
The emergence of the money market in Finland in the early 1980s owes its origins to a number of factors. The investment ratio had been low for many years, inflation was advancing at a rapid pace and rates of interest were high. In these conditions, some companies acquired ample liquidity from the growing surplus in the bilateral trade with the Soviet Union and by raising foreign currency

loans abroad. High yields could be earned on these funds by lending them in the unregulated market to other firms still subject to strict credit rationing. Later on the Bank of Finland contributed to the evolution of the money market by relaxing regulations on bank lending and by introducing open-market operations in central bank financing.

Later, high interest rates and slower inflation increased companies' borrowing costs and risks. The need for equity financing increased. When company profits and share prices rose because of the prevailing economic boom, the share market expanded and diversified rapidly.

¹ Money market assets (certificates of deposit, commercial paper, local authority paper and Treasury bills) held by banks are excluded from this comparison.

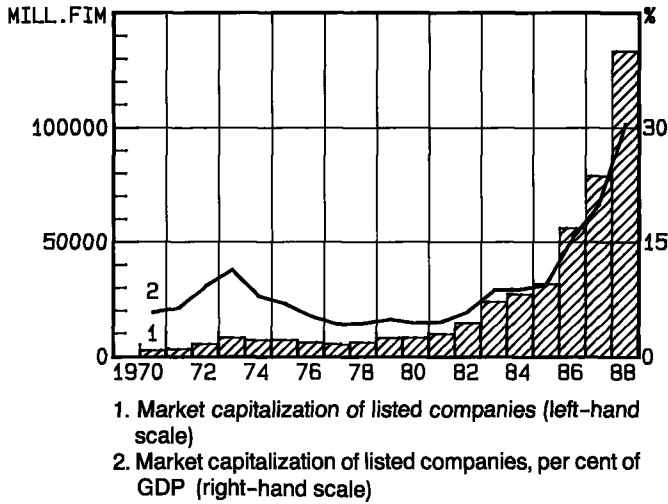
CHART 1.
RELATIVE SHARES OF DIFFERENT FINANCIAL ASSETS, PER CENT



1. Bank deposits
2. Bonds (stock of public issues)
3. Shares (market capitalization of listed companies)
4. Money market instruments *)

*) Money market assets held by the public: certificates of deposit, commercial paper, treasury bills, local authority paper, deposits with banks' trust department, unregulated deposits and corporate sector's forward currency sales to banks, net.

CHART 2.
MARKET CAPITALIZATION OF LISTED COMPANIES



capitalization has increased from 4 per cent to 30 per cent (Chart 2).

With the rise in share prices, the raising of equity by companies has become easier and more widespread (Table). In 1988, the amount of capital raised by share issues exceeded FIM 10 billion for the first time.² Issues of bonds and debentures increased sharply in 1985 as foreign investors showed a keen interest in buying large amounts of markka-denominated instruments. This development hampered the regulation of liquidity to the extent that the Bank of Finland imposed a ban on the right of foreigners to purchase markka-denominated bonds and debentures. The ban is still in force. The figures in Table have been calculated on the basis of

**INSTITUTIONAL
STRUCTURE OF THE
FINNISH STOCK
MARKET**

The Helsinki Stock Exchange is the only operating stock exchange in Finland on which shares are traded. The present stock exchange institution commenced operations in 1912. Up to 1984, the Helsinki Stock Exchange operated as an informal association. In 1984, the Helsinki Stock Exchange was organized into a cooperative, whose members can be securities brokers, listed companies, organizations representing trade and industry and other corporations promoting stock exchange operations and securities participation. Nowadays the administration of the stock exchange is in the hands of the Supervisory Board and the Board of Directors. The number of securities brokers has risen from 11 to 27 in the 1980s and the number of companies whose shares are traded on the stock exchange from 51 to 69.

The importance of the share market as a source of finance and an investment outlet has increased rapidly. At the end of 1988, the market capitalization of companies listed on the Hel-

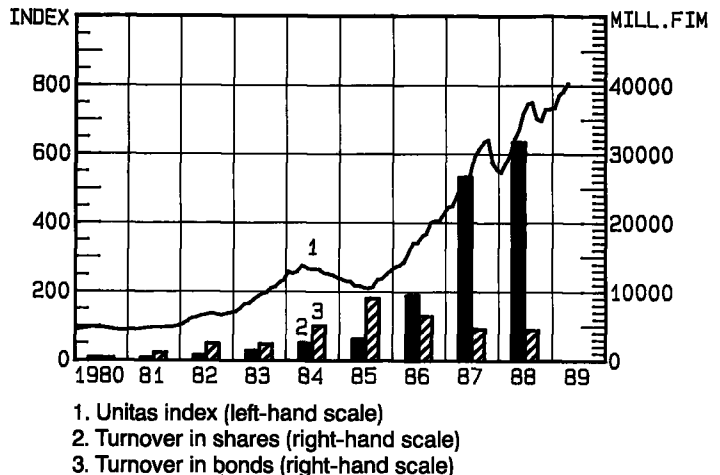
sinki Stock Exchange, over FIM 130 billion, was 16 times higher than at the beginning of 1980s. In relation to GDP, market

²Also including issues by companies which gained a listing after the issue.

TABLE. CAPITAL RAISED IN THE PRIMARY MARKET, FIM MILLION

	1984	1985	1986	1987	1988
Share issues	2 919	1 389	3 487	5 421	10 766
Public bond and debenture issues	7 283	14 464	13 475	18 238	14 353
of which:					
— private	2 897	9 420	7 787	10 998	8 353
— government	4 386	5 044	5 688	7 240	6 000
Total	10 202	15 853	16 962	23 659	25 119

CHART 3.
HELSINKI STOCK EXCHANGE



issues tradeable on the secondary market.

Prices of shares listed on the Helsinki Stock Exchange have risen rapidly in the 1980s. By the end of April 1989, the Unitas share price index had risen almost ninefold during this decade. The upward trend has been maintained in 1989.

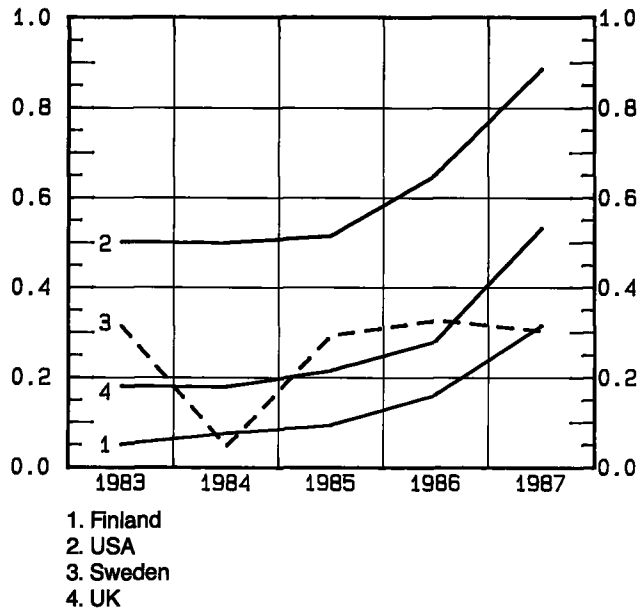
The surge in share prices can be attributed to many factors. In the early 1980s, share prices were often considerably lower than the value of companies' assets, corporate profits have risen rapidly and the business sector is undergoing a restructuring process involving the ownership structure of companies. In addition, economic growth has been stronger in Finland than in OECD countries on average. Real personal income and wealth have also increased and the taxation of minor capital income was alleviated in the early 1980s.

The structure and volume of trading on the Helsinki Stock Exchange have also changed. In the early 1980s, turnover was modest and mostly consisted of bonds and debentures. Later, trading in bonds and debentures moved outside the Stock Exchange, and nowadays they are quoted on Reuters Monitor with trading taking place over the phone. At the same time, liquidity in the share market has increased substantially (Chart 3). In 1988, share turnover topped FIM 31 billion. Share turnover in relation to market capitalization has risen in recent years and reached the level of the Stockholm Stock Exchange in 1987 (Chart 4). However, the Finnish share market is still notably smaller than, for instance, that of Sweden.

The October 1987 stock market crash was a test of the durability of the Helsinki Stock Exchange market. Trading continued uninterrupted and willing buyers were found for even large amounts of shares. In addition, prices fell less than in most other markets.

Finnish shares are divided into restricted and non-

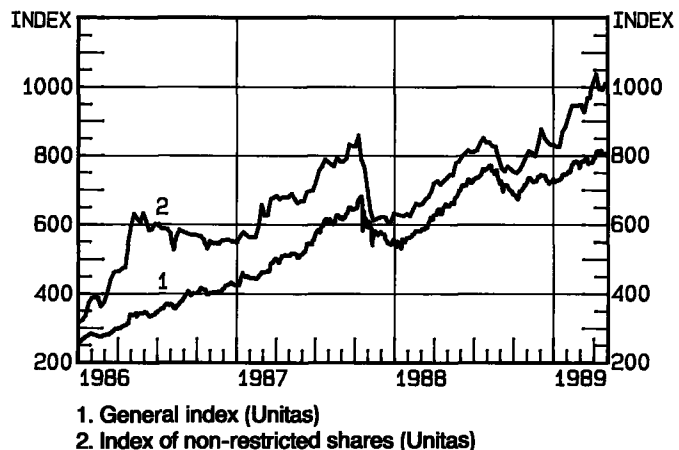
CHART 4.
RATIO OF SHARE TURNOVER TO MARKET CAPITALIZATION IN SELECTED COUNTRIES



restricted or free shares. Restricted shares can be sold only to Finnish investors, while non-restricted shares are also available to foreign investors. In connection with the crash, foreign investors sold large amounts of shares back to Finland. Chart 5 shows that prices of non-restricted shares fell much more than those of restricted shares.

The upward trend in share prices has been maintained since the crash. The Unitas index surpassed its October 1987 peak as early as April 1988. In the post-crash period up to the end of 1988, the index depicting the prices of non-restricted shares displayed roughly the same pattern as the general index. This was at least partly attributable to the fact that foreign

CHART 5.
SHARE INDEXES



investors avoided Finnish shares during this time. At the end of 1988, foreigners started to purchase non-restricted shares again, whereupon their prices rose faster than those of restricted shares. The growth in the size of the market for non-restricted shares should help to subdue price fluctuations.

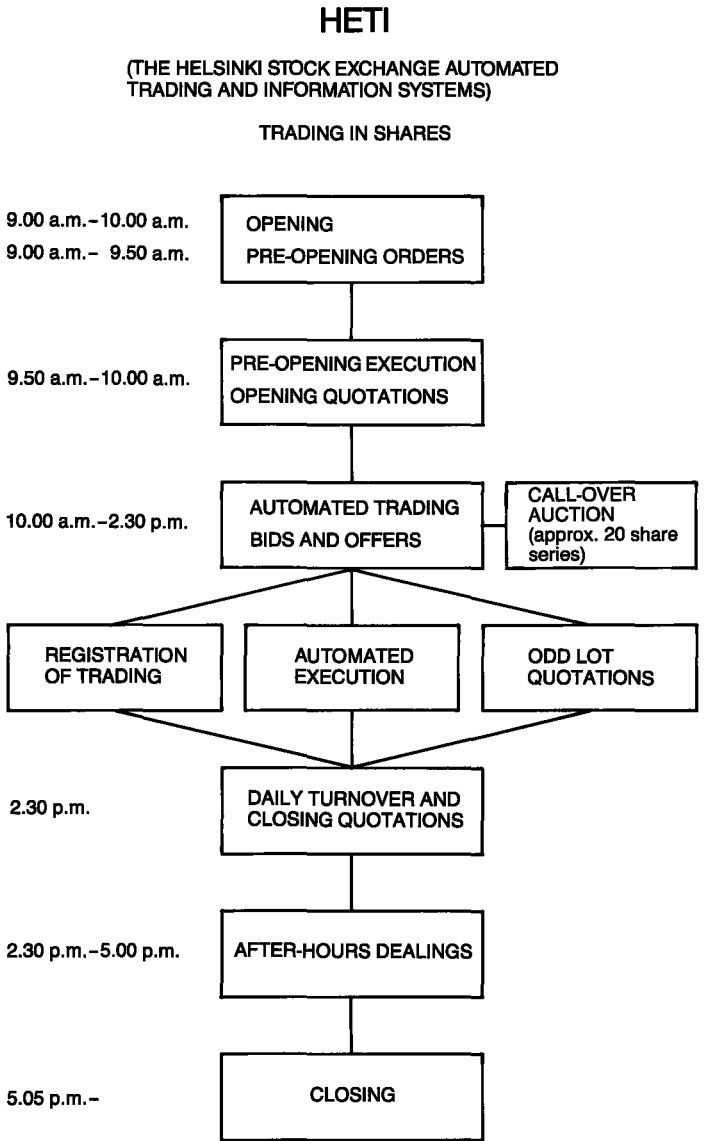
OTHER STOCK MARKETS

Public markets outside the stock exchange in Finland comprise the OTC market and shares on the brokers' list. The OTC market was launched in Finland at the end of 1984. The Market Making system safeguards the liquidity of the market. The popularity of the OTC list grew considerably in 1987-88. For instance in August 1988, the list included the shares of 34 companies and the number is still rising rapidly (it was 55 at the time of writing). Shares of companies on the brokers' list are traded only once a week. Trading takes place on a fairly modest scale and there is very little information available on it. Many companies on the brokers' list have either gone over to the OTC list or gained a listing on the stock exchange.

OPTIONS AND FUTURES

Trading in options and futures was initiated in Finland in May last year by Suomen Optiomeklarit Oy (Finnish Options Brokers Ltd). So far trading has been mainly in standardized index options and futures. There is only one stock option in the market; the FOX share basket (Finnish Options Index) consists of the 25 most traded shares on the Helsinki Stock Exchange. In autumn 1988, over 3000 options and futures contracts were concluded daily. Next it is planned to increase the number of stock options and to launch interest rate options.

CHART 6.



MAJOR CHANGES IN THE INFRASTRUCTURE

The Helsinki Stock Exchange is currently in the process of changing over to continuous trading in shares and bonds. Thanks to the introduction of the HETI system (the Helsinki Stock Exchange Automated Trading and Information Systems) investors in various parts of Finland will be on a more equal footing than before as it will be possible to carry on trad-

ing directly from brokers' offices and data transmission will become faster and more versatile. However, market making operations will not be added to the system since shares listed on the Helsinki Stock Exchange have no market makers safeguarding the liquidity of the market. Chart 6 illustrates an ordinary day on the stock exchange after the introduction of the HETI system. The call-over auction procedure will not be

totally abolished. In future, call-over auction will involve the 20 most traded share series.

Capital market legislation and supervision are also being amended. Up to now, there has been little legislation but the inadequacy of traditional self-regulation has also become obvious in Finland. The Securities Market Act has already been passed by Parliament and is expected to take effect in the autumn. A bill on securities brokers (banking companies) is also being discussed in Parliament. When these Acts take effect, the regulation of Finnish securities markets will be similar to that in many EC countries. The Securities Market Act contains provisions governing such matters as the stock exchange, the obligation of listed companies to disclose information, good securities trading practice, brokers' responsibilities, the redemption obligation and insider trading. The Act also contains provisions concerning the supervision of the stock market. The Bank Inspectorate will supervise the enforcement of the act.

Other securities market legislation includes the Act on trading in standardized options and futures, which has already taken effect. An Act on a book entry system is currently being prepared. The Act aims at replacing physical securities and the rights related to them by entries in an electronic register. The system will be introduced in the early 1990s. When completed, the register will contain up-to-date data on companies' shareholders. Foreign investors would be allowed to register under a nominee name.

FUTURE PROSPECTS

The most important changes in the near future from the point of the functioning of markets concern trading in shares and information services, legislation regulating markets and the supervision of markets. Both the speed and

the quality of the share trading system and information services will be improved. Legislation governing markets and market supervision will be brought up to today's requirements and international practices in the course of this year.

Capital mobility has been facilitated and this development is likely to continue. Thus the internationalization of the Finnish stock market can be expected to proceed, i.e. foreign investments in Finland and Finnish investments abroad will increase. The development of the market will be further supported by favourable economic factors, at least in the current year. Investment analysts forecast an almost 20 per cent increase in the profits of listed companies this year from the already impressive levels attained in 1988.

The widening of the current account deficit and fears of a resurgence of inflation are perhaps the major sources of uncertainty concerning continued favourable developments in share prices. The revaluation of the markka in March and the temporary increase in turnover tax will curb inflation and domestic demand to some extent. The prime aim of economic policy is to prevent overheating in the economy and to safeguard balanced development in the long term. These measures will also support the continuation of favourable and stable developments in share prices.

April 30, 1989

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM MAY 1988 TO MAY 1989

1988

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.

AUGUST

Foreign Exchange Regulations. The Bank of Finland relaxes the foreign exchange regulations concerning foreign investments as from August 1, 1988. Private individuals and companies may acquire publicly quoted foreign securities up to the total value of FIM 300 000 as against FIM 50 000 previously. The upper limit for investment in dwellings and real estate will be raised from FIM 600 000 to FIM 1 million. Direct investments by non-financial companies no longer require prior authorization.

Till-money credits. The Bank of Finland introduces new regulations concerning till-money credits according to which the banks are henceforth required to fund part of their till-money holdings, the base amount, themselves. Interest-free till-money credits are equivalent to the banks' markka till-money holdings less the base amount. The base amount is defined on the basis of the currency held by the public. This

amount is divided among the banks entitled to till-money credit in proportion to their deposit and savings accounts. As a result of the measure, the bank's liquidity position vis-à-vis the central bank is tightened by about FIM 1 billion.

SEPTEMBER

Export deposits. The Government decides to levy export deposits of 4.5 per cent on semi-bleached and bleached sulphate pulp exported during the period September 23, 1988 to September 22, 1989. The deposits are to be made with the Bank of Finland, which will pay interest at the rate of 7.25 per cent on them.

OCTOBER

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

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

NOVEMBER

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

per cent of the cash reserve base in November.

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

DECEMBER

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 7.6 per cent to 7.8 per cent of the cash reserve base in December.

1989

JANUARY

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

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

FEBRUARY

Export deposits. The Government decides to levy export deposits of 3 per

cent on wood-free printing paper exported during the period February 1, 1989 and January 31, 1990.

Cash reserve requirement.

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

MARCH

Supplementary cash reserve agreement.

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

Fluctuation limits of the currency index.

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

APRIL

Till-money credits.

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

Amendments to the cash reserve agreement and the terms of central bank financing.

The Bank of Finland grants Interbank Ltd. the right to central bank financing with effect from the beginning of April. The bank joins the cash reserve agreement between the Bank of Finland and the banks on February 16, 1989.

MAY

Export deposits.

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

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 4 939 000 (Dec. 31, 1987) and an average population density of 16.2 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 490 000 inhabitants, Tampere (Tammerfors) 170 000 and Turku (Åbo) 160 000.

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

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

Parliament, comprising 200 members, is elected by universal suffrage for a period of four years. Following the parliamentary elections of 1987, the seats of the various parties in Parlia-

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

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

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

INTERNATIONAL RELATIONS

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

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

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

THE ECONOMY

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

manufacturing output and some 90% of banking services produced by private companies. Of the gross domestic product of FIM 347 billion in basic values in 1987, 3% was generated in agriculture and fishing, 3% in forestry, 27% in industry, 8% in construction, 12% in trade, restaurants and hotels, 8% in transport and communications, 5% in finance and insurance, 17% in other private services and 17% by producers of government services. Of total employment, 10% was engaged in primary production, 31% in industry and construction and 59% in services.

In 1987, expenditure on the gross domestic product in purchasers' values amounted to FIM 394 billion and was distributed as follows: net exports 0.4% (exports 25.2%, imports -24.8%), gross fixed capital formation 23%, private consumption 54% and government consumption 21%. Finland's gross tax ratio (gross taxes in relation to GDP) was 36% 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 4.9% in the period 1950-60, 4.8% in 1960-70, 3.5% in 1970-80, 3.0% in 1980-87 and 4.2% in 1950-87. Finland's GDP per capita in 1987 was USD 18 100; this put Finland in ninth place among the 24 member countries of the OECD, preceded by Switzerland, Japan, the Federal Republic of Germany, the United States 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, which is conducted at world market prices, dominates Finland's trade with socialist countries. Finland imports mainly oil and other energy products from the Soviet Union, while her exports consist primarily of manufactured goods.

In 1987, the share of metal and engineering products in total merchandise exports was 38%, the share of forest industry products 40% and the share of other goods 22%. Raw materials and intermediate goods (incl. crude oil) accounted for 57% of merchandise imports, fuels for 5%, invest-

ment goods for 17% and consumption goods for 21%.

Forest resources. Finland has fairly abundant forest resources, but only limited amounts of other raw materials. The growing stock comprises 1 660 million cubic metres, of which 45% is pine, 37% spruce and 18% broad-leaved species, chiefly birch. The annual growth increment totals 68 million cubic metres and the total drain calculated on the basis of commercial fellings was 54 million cubic metres in 1987.

Energy. In 1987, gross consumption of primary energy amounted to 29 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 33%, coal 12%, 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. Since November 30, 1988, the index has been permitted to fluctuate within a range of 6 percentage points (previously 4.5). The range is defined by fluctuation limits which are set by the Government at the proposal of the Bank of Finland. Since March 17, 1989, the fluctuation limits have been 96.5 and 102.5 (1982 = 100), where the lower limit means the highest permissible value for the markka and the upper limit the lowest permissible value.

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

Outward direct investment is permitted without the Bank of Finland's authorization except in the case of direct investments by or in enterprises in the financial sector, direct investments in countries with which Finland maintains payments agreements and

direct investments by private individuals. Permission for inward direct investment is granted liberally. 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 487 billion in outstanding domestic credit at the end of 1987, 60% was provided by deposit banks, 4% by mortgage banks, 17% by insurance companies, 8% by other credit institutions and 11% by the state, local

authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 72% of the instruments, which totalled approximately FIM 102 billion at end-September 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

	1988		1989			
	April 29	Dec. 31	April 7	April 14	April 21	April 28
ASSETS						
Gold and foreign currency claims	33 282	29 753	31 242	31 316	31 240	30 379
Gold	2 128	2 128	2 128	2 128	2 128	2 128
Special drawing rights	1 065	1 120	841	837	832	832
IMF reserve tranche	842	940	898	894	889	890
Convertible currencies	26 133	24 492	25 746	25 707	25 481	24 665
Tied currencies	3 115	1 073	1 629	1 749	1 910	1 864
Other foreign claims	4 264	4 199	4 178	4 169	4 157	4 161
Markka subscription to Finland's IMF quota	2 367	2 283	2 302	2 302	2 302	2 302
Term credit	1 897	1 916	1 876	1 867	1 855	1 858
Claims on financial institutions	6 235	14 384	15 166	14 770	14 600	16 099
Call money credits	417	463	1 322	826	93	296
Certificates of deposit	—	7 187	8 102	8 393	8 910	10 116
Term credits	—	—	—	—	—	50
Till-money credits	2 608	2 920	2 419	2 229	2 293	2 342
Financing of crop failure loans	825	1 222	816	816	816	809
Bonds	2 113	2 325	2 269	2 268	2 250	2 249
Other claims on financial institutions	271	267	238	238	238	238
Claims on the public sector	989	1 128	1 087	1 091	1 093	1 103
Treasury notes and bills	—	88	10	10	10	10
Bonds	0	20	25	25	25	29
Total coinage	984	1 020	1 050	1 054	1 056	1 062
Other claims on the public sector	5	—	2	2	2	2
Claims on corporations	3 555	3 041	2 647	2 635	2 627	2 604
Financing of exports	736	400	115	106	94	87
Financing of domestic deliveries (KTR)	2 548	2 205	2 083	2 080	2 075	2 061
Bonds: KTR-credits	43	218	239	239	238	238
Bonds: Other	41	35	30	30	30	30
Other claims on corporations	188	183	181	181	190	189
Other assets	114	787	117	117	117	123
Accrued items	—	668	—	—	—	—
Other assets	114	118	117	117	117	123
Total	48 439	53 291	54 438	54 099	53 834	54 469
LIABILITIES						
Foreign currency liabilities	113	247	200	170	168	176
Convertible currencies	21	119	68	39	35	37
Tied currencies	92	128	133	131	133	139
Other foreign liabilities	3 155	3 082	3 083	3 080	3 075	3 076
IMF markka accounts	2 367	2 283	2 302	2 302	2 302	2 302
Allocations of special drawing rights	788	800	781	777	773	774
Notes and coin in circulation	9 795	11 550	10 999	10 957	10 965	11 190
Notes	8 925	10 601	10 038	9 997	10 004	10 223
Coin	869	949	961	960	962	967
Certificates of deposit	8 345	1 130	980	800	580	580
Liabilities to financial institutions	14 141	19 248	22 537	22 483	22 618	22 580
Call money deposits	275	128	70	17	152	40
Term deposits	—	—	—	—	—	—
Cash reserve deposits	13 778	19 039	22 120	22 120	22 120	22 195
Capital import deposits	—	—	310	310	310	310
Other liabilities to financial institutions	88	81	37	35	36	34
Liabilities to the public sector	901	1 903	1 369	1 384	1 390	1 404
Cheque accounts	1	1	0	0	0	0
Counter-cyclical fund deposit	900	900	—	—	—	—
Counter-cyclical deposits	—	981	1 302	1 316	1 317	1 317
Export deposits	—	20	66	66	73	86
Capital import deposits	—	—	—	—	—	—
Other liabilities to the public sector	0	1	1	1	1	1
Liabilities to corporations	5 390	6 797	6 885	6 876	6 881	7 154
Deposits for investment and ship purchase	5 095	6 447	6 476	6 468	6 464	6 726
Capital import deposits	276	349	408	408	417	428
Other liabilities to corporations	19	1	0	0	0	0
Other liabilities	37	1 107	50	43	42	48
Accrued items	—	1 064	—	—	—	—
Other liabilities	37	43	50	43	42	48
Valuation account and reserves	1 075	2 391	2 499	2 470	2 279	2 426
SITRA's capital	400	400	400	400	400	400
Capital accounts	5 088	5 436	5 436	5 436	5 436	5 436
Primary capital	5 000	5 000	5 000	5 000	5 000	5 000
Reserve fund	88	88	436	436	436	436
Profit/loss for the accounting year	—	348	—	—	—	—
Total	47 439	53 291	54 438	54 099	53 834	54 469

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

MILL. FIM

End of period	Foreign sector									Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible currencies, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net Liabilities (11-10)
	1	2	3	4	5	6	7	8	9	10	11	12
1984	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
1988	2128	1120	940	24373	28561	945	29506	1117	30623	1128	1903	775
1988												
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
June	2128	1132	956	30054	34270	2399	36669	1146	37815	997	1237	240
July	2128	923	964	29260	33275	2875	36150	1163	37313	997	1246	249
Aug.	2128	1025	947	25057	29157	2733	31890	1158	33048	999	1249	250
Sept.	2128	1022	945	24270	28365	1675	30040	1149	31189	1011	1566	555
Oct.	2128	1008	922	23638	27696	1818	29514	1134	30648	1044	1575	531
Nov.	2128	1011	939	23754	27832	1340	29172	1111	30283	1064	1581	517
Dec.	2128	1120	940	24373	28561	945	29506	1117	30623	1128	1903	775
1989												
Jan.	2128	1066	945	26514	30653	2296	32949	1129	34078	1114	2016	902
Feb.	2128	878	959	28919	32884	2332	35216	1131	36347	1119	2017	898
March	2128	853	901	25659	29541	1352	30893	1097	31990	1079	1368	289
April	2128	832	890	24628	28478	1725	30203	1085	31288	1103	1404	301

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	Till-money credits to deposit banks	Other liabilities to financial institutions, net	Net claims (13+14-15+16-17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19-20)	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
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
1988	7187	335	19039	2920	-3733	-4864	2823	6579	-3756	11550	1130
1988											
April	-	142	13778	2608	-3121	-7907	3327	5161	-1834	9794	8345
May	-	-720	15363	2976	-3504	-9603	3233	5333	-2100	10142	7625
June	-	1094	17040	3006	-3499	-9441	3129	5929	-2800	10461	7015
July	1525	-661	17487	2875	-3484	-10264	3131	6203	-3072	10443	4810
Aug.	4399	421	17612	2042	-3496	-7254	3047	6320	-3273	10253	3450
Sept.	5506	-48	17464	2170	-3591	-6245	2965	6385	-3420	10617	1790
Oct.	5605	-394	17328	2559	-3569	-5989	2908	6471	-3563	10513	1930
Nov.	5907	165	18112	2516	-3554	-5970	2844	6474	-3630	10563	1690
Dec.	7187	335	19039	2920	-3733	-4864	2823	6579	-3756	11550	1130
1989											
Jan.	5291	632	20389	2733	-3447	-8286	2681	6622	-3941	10755	1440
Feb.	5195	-101	21328	2657	-3481	-10096	2555	6706	-4151	10769	1460
March	7917	1735	22120	2481	-3017	-6970	2455	6700	-4245	10996	980
April	10166	256	22195	2342	-2952	-6479	2386	6935	-4549	11190	580

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

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

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Impact on liquidity (1-2-3)	Call money credits	Call money deposits	Total net change (4+5-6)
	1	2	3	4	5	6	7
1984	.	.	.	.	-767	1 606	-2 373
1985	.	.	.	.	201	-1 011	1 212
1986	.	.	.	.	1 599	-1 074	2 673
1987	1 263	23 658	-17 520	-4 875	-6 818	626	-12 319
1988	13 840	19 190	-16 850	11 500	463	-629	12 592
1988							
April	—	3 600	-2 540	-1 060	-217	239	-1 516
May	—	2 280	-2 820	540	-385	477	-322
June	—	2 210	-2 820	610	1 169	-645	2 424
July	1 560	—	-2 205	3 765	-1 201	554	2 010
Aug.	3 520	—	-1 190	4 710	457	-625	5 792
Sept.	1 160	210	-1 810	2 760	-415	54	2 291
Oct.	1 470	470	1 000	—	-32	314	-346
Nov.	2 970	—	2 380	590	212	-347	1 149
Dec.	3 000	—	1 100	1 900	241	71	2 070
1989							
Jan.	260	1 190	1 370	-2 300	252	-45	-2 003
Feb.	3 260	1 125	2 125	10	-656	77	-723
March	8 695	170	5 095	3 430	1 785	-51	5 266
April	4 710	—	2 370	2 340	-1 548	-69	861

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	
1984	22921	1394	21527	2002	-19962	3566
1985	16982	1733	15249	708	-9005	6951
1986	11446	1319	10127	-2461	-92	7574
1987	21671	1158	20513	-233	-1287	18994
1988	16465	1543	14922	9244	-377	23789
1988						
March	19494	1171	18323	3112	-264	21171
April	19397	1542	17855	4052	-648	21259
May	18451	1500	16952	6672	-687	22937
June	18669	1474	17195	4557	-606	21146
July	18309	1505	16805	4678	-201	21282
Aug.	19248	1479	17769	2147	-	19916
Sept.	19282	1847	17435	6712	-1216	22930
Oct.	18420	1998	16422	7072	-958	22536
Nov.	17447	1894	15553	8224	-863	22914
Dec.	16465	1543	14922	9244	-377	23789
1989						
Jan.	15710	1058	14652	9284	-62	23874
Feb.	15495	857	14638	7706	-273	22071
March	14614	871	13742	7221	-168	20795

2.3 BANKS' CENTRAL BANK POSITION, MILL. FIM

Average of daily observations	Call money credits	Bank CDs held by the Bank of Finland	Gross debt to the Bank of Finland (1+2)	Call money deposits	Holdings of CDs issued by the Bank of Finland	Cash reserve deposits	Gross claim on the Bank of Finland (4+5+6)	Net position (3-7)
	1	2	3	4	5	6	7	8
1984	3176	.	3176	3215	.	6324	9539	-6364
1985	5812	.	5812	4527	.	9578	14105	-8293
1986	7117	120	7237	1256	.	9189	10445	-3208
1987	481	1581	2062	703	4705	10092	15501	-13439
1988	128	2190	2319	621	5044	15159	20824	-18505
1988								
April	122	-	122	659	7752	13248	21659	-21537
May	35	-	35	1247	7594	13887	22728	-22693
June	47	-	47	1306	7620	15419	24344	-24297
July	373	617	990	411	5883	17083	23377	-22387
Aug.	377	2804	3181	196	3955	17491	21642	-18462
Sept.	101	5006	5107	483	2389	17607	20479	-15372
Oct.	52	5543	5594	371	1851	17459	19681	-14087
Nov.	120	5677	5796	346	1846	17354	19545	-13749
Dec.	221	6633	6854	306	1287	18172	19765	-12911
1989								
Jan.	111	6203	6314	611	1252	19083	20946	-14632
Feb.	129	4612	4741	501	1568	20423	22491	-17750
March	711	5175	5886	177	1202	21352	22731	-16845
April	689	8697	9386	129	774	22128	23031	-13644

3. RATES OF INTEREST

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

Average of daily observations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates			Cash reserve requirement
		1 month	3 months	6 months	12 months	Call money credit rate	Call money deposit rate	Base rate	
	1	2	3	4	5	6	7	8	9
1984	..	..	..	..	..	16.53	16.53	9.50	5.4
1985	..	..	..	..	..	13.37	13.37	9.04	5.6
1986	11.87	..	..	..	..	13.43	11.34	7.46	4.8
1987	9.16	9.90	10.02	10.14	10.40	11.71	7.78	7.00	4.8
1988	8.47	9.77	9.97	10.16	10.50	11.50	7.04	7.63	6.5
1988									
April	8.26	9.35	9.47	9.64	10.03	11.00	7.50	7.00	5.9
May	8.13	9.26	9.47	9.68	10.10	11.00	7.50	7.52	6.5
June	8.01	8.70	9.06	9.36	9.85	11.00	7.50	8.00	7.0
July	9.05	9.38	9.47	9.64	10.00	11.00	7.50	8.00	7.0
Aug.	9.97	9.96	10.00	10.13	10.42	11.00	7.50	8.00	7.0
Sept.	8.51	10.34	10.48	10.58	10.68	11.00	7.50	8.00	7.0
Oct.	7.88	10.34	10.68	10.96	11.31	12.83	4.34	8.00	7.0
Nov.	8.24	10.85	11.26	11.56	11.93	13.00	4.00	8.00	7.3
Dec.	8.41	11.21	11.55	11.85	12.14	13.00	4.00	8.00	7.6
1989									
Jan.	7.46	10.60	11.19	11.42	11.80	13.00	4.00	7.50	7.8
Feb.	7.91	10.12	10.78	11.10	11.53	13.00	4.00	7.50	7.8
March	9.09	10.85	11.09	11.34	11.66	13.00	4.00	7.50	8.0
April	11.37	12.08	12.11	12.11	12.15	13.00	4.00	7.50	8.0

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

Average of daily observations	3 currencies ¹				12 currencies ²			
	1 month	3 months	6 months	12 months	1 month	3 months	6 months	12 months
	1	2	3	4	5	6	7	8
1984	7.5	7.7	8.0	8.2	..	..	..	..
1985	6.8	6.9	7.0	7.2	..	..	..	..
1986	5.9	5.9	5.9	5.8	..	..	..	..
1987	5.4	5.6	5.7	5.8	7.9	8.0	8.1	8.2
1988	5.9	6.0	6.2	6.4	7.8	8.0	8.1	8.3
1988								
April	5.0	5.1	5.2	5.5	7.2	7.3	7.5	7.8
May	5.0	5.2	5.5	5.8	7.3	7.5	7.6	7.9
June	5.5	5.6	5.8	6.1	7.5	7.6	7.7	8.0
July	6.2	6.5	6.7	6.8	7.9	8.2	8.3	8.5
Aug.	6.7	6.9	7.2	7.3	8.2	8.5	8.8	8.9
Sept.	6.6	6.8	7.0	7.1	8.4	8.5	8.7	8.8
Oct.	6.6	6.8	6.9	6.9	8.3	8.5	8.6	8.6
Nov.	6.7	6.9	7.0	7.0	8.5	8.6	8.7	8.7
Dec.	7.4	7.4	7.4	7.5	8.8	8.8	8.9	8.9
1989								
Jan.	7.4	7.6	7.7	7.8	8.8	8.9	8.9	9.0
Feb.	8.0	8.2	8.4	8.4	9.2	9.3	9.3	9.4
March	8.0	8.3	8.6	8.8	9.3	9.5	9.7	9.8
April	8.0	8.2	8.4	8.6	9.2	9.5	9.6	9.7

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

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

3.3 COVERED EURO-DOLLAR RATE, PER CENT

Average of daily observations	1	3	6	12
	month	months	months	months
	1	2	3	4
1984	..	..	..	..
1985	12.9	12.8	12.8	12.6
1986	12.1	11.7	11.5	11.1
1987	9.8	9.9	9.9	10.1
1988	9.6	9.8	10.0	10.3
1988				
April	9.3	9.4	9.6	9.9
May	9.2	9.4	9.6	10.0
June	8.7	9.0	9.3	9.8
July	9.3	9.4	9.6	9.9
Aug.	9.9	9.9	10.1	10.4
Sept.	10.2	10.4	10.4	10.6
Oct.	10.2	10.5	10.8	11.0
Nov.	10.6	11.0	11.3	11.6
Dec.	10.8	11.2	11.4	11.7
1989				
Jan.	10.2	10.8	11.0	11.3
Feb.	10.0	10.5	10.7	11.1
March	10.6	10.9	11.1	11.3
April	9.8	10.2	10.2	10.4

3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

End of period	Lending						Deposits					
	New credits ¹				Average lending rate	Of which: Commercial banks	Savings accounts and ordinary deposit accounts	12-month time deposits	24-month time deposits	Average rate of interest on regulated deposits	Average rate of interest on unregulated deposits	Average rate of interest on total deposits
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total								
1	2	3	4	5	6	7	8	9	10	11	12	
1984	..	..	..	..	10.67	10.68	5.25	8.00	9.25	6.22	15.43	7.30
1985	12.04	12.94	10.62	11.55	10.37	10.37	4.75	7.50	8.75	5.91	13.24	6.81
1986	10.89	12.30	9.76	10.64	8.82	8.81	2.75	5.75	7.00	4.43	11.84	5.35
1987	10.50	12.31	10.01	10.62	9.12	8.99	2.75	5.75	7.00	4.56	10.13	5.29
1988	10.22	12.27	10.50	10.72	10.37	10.25	3.75	6.75	8.00	5.87	9.80	6.20
1988												
Feb.	9.56	11.82	10.04	10.24	9.17	9.05	2.75	5.75	7.00	4.55	9.43	5.40
March	9.87	12.17	10.23	10.42	9.20	9.07	2.75	5.75	7.00	4.57	9.49	5.52
April	9.17	12.09	10.27	10.16	9.25	9.12	2.75	5.75	7.00	4.59	9.54	5.56
May	12.31	12.33	10.63	11.01	10.03	9.89	3.75	6.75	8.00	5.39	9.51	6.22
June	10.28	12.50	10.55	10.78	10.07	9.89	3.75	6.75	8.00	5.37	9.46	6.20
July	11.29	12.60	10.72	11.08	10.08	9.91	3.75	6.75	8.00	5.45	9.44	6.30
Aug.	11.04	12.55	10.75	11.07	10.12	9.95	3.75	6.75	8.00	5.48	9.63	6.42
Sept.	12.24	12.53	10.81	11.14	10.19	10.06	3.75	6.75	8.00	5.56	9.83	6.56
Oct.	11.97	12.53	10.82	11.16	10.29	10.15	3.75	6.75	8.00	5.59	10.09	6.63
Nov.	12.08	12.62	11.02	11.33	10.33	10.21	3.75	6.75	8.00	5.66	10.39	6.77
Dec.	10.02	11.68	10.33	10.48	10.37	10.25	3.75	6.75	8.00	5.87	10.62	6.92
1989												
Jan.	11.63	12.37	10.58	10.95	10.09	9.90	3.50	.	5.50	..	..	..
Feb.	11.63	12.23	10.85	11.18	10.09	9.92	3.50	.	5.50	..	..	..

¹Average rate of interest for period

3.5 RATES OF INTEREST ON BONDS AND DEBENTURES, PER CENT

Period	Secondary market rates						Rates of issue		
	Long-term unregulated market rate		Taxable government bonds	Taxable public issues	Of which:		Taxfree public issues	Taxable public issues	Taxfree public issues
	3 years	5 years			Financial institutions	Corporations			
1	2	3	4	5	6	7	8	9	
1984	..	..	.	14.0	..	..	10.6	13.6	11.1
1985	..	..	.	12.7	..	..	10.1	12.7	10.6
1986	..	..	.	11.7	..	..	8.3	11.3	8.8
1987	..	..	.	11.2	11.1	11.2	8.1	10.7	7.9
1988	10.7	10.8	10.6	10.6	10.6	10.6	7.9	10.4	7.3
1988									
March	10.4	10.5	10.0	10.4	10.4	10.4	7.8	10.2	7.4
April	10.4	10.6	10.0	10.4	10.3	10.4	7.6	10.1	7.4
May	10.5	10.6	10.3	10.5	10.5	10.5	7.7	10.1	7.2
June	10.3	10.5	10.3	10.4	10.3	10.5	7.8	10.4	7.2
July	10.3	10.5	10.6	10.4	10.4	10.6	8.1	9.8	7.2
Aug.	10.5	10.7	10.7	10.6	10.5	10.7	8.0	10.5	7.2
Sept.	10.7	10.8	10.6	10.7	10.8	10.5	8.2	10.7	7.2
Oct.	11.2	11.3	10.6	10.6	10.6	10.6	7.8	10.3	7.2
Nov.	11.6	11.6	11.6	11.0	11.0	11.3	8.0	10.7	7.2
Dec.	11.8	11.7	11.6	11.3	11.3	11.1	8.0	11.3	7.2
1989									
Jan.	11.8	11.7	11.6	11.8	11.7	12.0	8.0	11.1	6.5
Feb.	11.5	11.4	11.7	11.5	11.8	11.3	8.1	11.5	6.5
March	11.6	11.6	11.8	11.8	11.5	11.8	8.7	11.5	6.5

4. RATES OF EXCHANGE

4.1 AVERAGE SPOT SELLING RATES, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oslo	Copenhagen	Frankfurt a.M.	Amsterdam	Brussels	
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEC	1 BEL
	1	2	3	4	5	6	7	8	9	10	11
1984	6.010	4.645	8.023	6.533	0.7277	0.7384	0.5816	2.1165	1.8772	0.10428	0.10274
1985	6.206	4.554	8.000	6.590	0.7222	0.7231	0.5871	2.1142	1.8745	0.10483	0.10421
1986	5.077	3.659	7.459	6.816	0.7138	0.6882	0.6290	2.3454	2.0789	0.11399	0.11299
1987	4.404	3.325	7.213	6.556	0.6952	0.6547	0.6444	2.4514	2.1755	0.11806	0.11735
1988	4.191	3.412	7.466	6.397	0.6848	0.6444	0.6235	2.3895	2.1233	0.11421	0.11345
1988											
April	4.010	3.251	7.530	6.414	0.6821	0.6470	0.6250	2.3984	2.1379	0.11469	0.11409
May	4.030	3.263	7.541	6.370	0.6837	0.6530	0.6220	2.3811	2.1249	0.11406	0.11338
June	4.163	3.422	7.437	6.382	0.6853	0.6547	0.6255	2.3781	2.1157	0.11375	0.11320
July	4.383	3.634	7.489	6.403	0.6925	0.6548	0.6263	2.3806	2.1111	0.11378	0.11273
Aug.	4.469	3.660	7.601	6.369	0.6910	0.6498	0.6198	2.3692	2.0986	0.11314	0.11162
Sept.	4.427	3.611	7.462	6.371	0.6885	0.6419	0.6183	2.3732	2.1034	0.11325	0.11181
Oct.	4.315	3.582	7.492	6.349	0.6883	0.6401	0.6153	2.3699	2.1019	0.11311	0.11197
Nov.	4.151	3.416	7.512	6.350	0.6827	0.6328	0.6154	2.3737	2.1049	0.11333	0.11250
Dec.	4.140	3.466	7.565	6.319	0.6816	0.6365	0.6112	2.3590	2.0902	0.11262	0.11212
1989											
Jan.	4.247	3.568	7.561	6.223	0.6804	0.6385	0.6003	2.3234	2.0583	0.11098	0.11048
Feb.	4.299	3.623	7.550	6.206	0.6814	0.6411	0.5974	2.3231	2.0578	0.11091	0.11045
March	4.302	3.604	7.393	6.170	0.6756	0.6347	0.5925	2.3084	2.0459	0.11026	0.10982
April	4.197	3.534	7.149	6.001	0.6605	0.6190	0.5776	2.2465	1.9913	0.10737	0.10691

Average of daily quotations	Zurich	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Tokyo	Moscow	Melbourne	ECU	SDR
	1 CHF	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 JPY	1 SUR	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22	23
1984	2.5642	0.6907	0.00344	0.3013	0.0414	0.1939	0.0375	0.02534	7.357	..	..	6.14739
1985	2.5360	0.6940	0.00327	0.3012	0.0367	0.1520	0.0366	0.02610	7.419	..	..	6.27879
1986	2.8349	0.7355	0.00343	0.3339	0.0343	0.1259	0.0364	0.03028	7.228	..	..	5.94432
1987	2.9563	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	0.03050	6.965	3.106	5.075	5.68010
1988	2.8700	0.7060	0.00324	0.3401	0.0294	0.1006	0.0361	0.03273	6.891	3.309	4.954	5.61826
1988												
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
June	2.8577	0.7063	0.00321	0.3384	0.0294	0.0963	0.0361	0.03277	6.856	3.381	4.938	5.59796
July	2.8657	0.7077	0.00323	0.3388	0.0295	0.0977	0.0360	0.03296	7.026	3.523	4.947	5.70985
Aug.	2.8246	0.7014	0.00321	0.3373	0.0294	0.0981	0.0362	0.03344	7.091	3.620	4.931	5.76379
Sept.	2.8112	0.6992	0.00320	0.3377	0.0291	0.0971	0.0358	0.03295	7.038	3.527	4.917	5.71616
Oct.	2.7995	0.6963	0.00319	0.3374	0.0290	0.0940	0.0360	0.03347	6.998	3.509	4.911	5.68200
Nov.	2.8293	0.6965	0.00321	0.3378	0.0288	0.0931	0.0362	0.03372	6.890	3.548	4.918	5.62011
Dec.	2.8009	0.6921	0.00321	0.3357	0.0288	0.0929	0.0366	0.03349	6.862	3.573	4.899	5.59952
1989												
Jan.	2.7332	0.6831	0.00318	0.3308	0.0286	0.0887	0.0372	0.03346	6.896	3.712	4.840	5.61726
Feb.	2.7314	0.6838	0.00319	0.3305	0.0286	0.0870	0.0373	0.03369	6.943	3.704	4.838	5.64865
March	2.6830	0.6824	0.00316	0.3284	0.0283	0.0842	0.0372	0.03305	6.896	3.530	4.801	5.60538
April	2.5518	0.6659	0.00308	0.3195	0.0275	0.0819	0.0363	0.03181	6.702	3.395	4.672	5.44433

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 16, ¹ 1989
		Payments currency index ¹	MERM index		
	1	2	3		4
1984	102.8	108.5	111.6	USD	7.7
1985	102.5	109.4	112.5	GBP	13.4
1986	103.9	106.3	110.4	SEK	19.3
1987	103.3	103.2	106.1	NOK	4.5
1988	102.0	101.0	104.7	DKK	4.6
				DEM	19.3
1988				NLG	4.7
April	101.8	100.2	103.0	BEC	3.1
May	101.7	100.1	103.1	CHF	2.6
June	101.9	100.8	104.5	FRF	6.6
July	102.7	102.3	106.6	ITL	4.9
Aug.	102.7	102.7	107.2	ATS	1.6
Sept.	102.2	102.1	106.4	ESP	1.8
Oct.	102.0	101.5	105.8	JPY	6.0
Nov.	101.6	100.5	104.5		
Dec.	101.4	100.2	104.2		
1989					
Jan.	100.9	100.2	104.6		
Feb.	101.0	100.5	105.2		
March	100.1	99.8	104.4		
April	97.4	97.1	101.6		

¹ As from March 16, 1989, the number of foreign currencies used in calculating the Bank of Finland's currency index was increased from twelve to fourteen currencies and the weights were revised accordingly. The currencies added were the Spanish peseta and the Austrian schilling.

5. OTHER DOMESTIC FINANCING

5.1 BANK DEPOSITS BY THE PUBLIC, MILL. FIM

End of period	Demand deposits	Time deposits	Investment accounts	Markka deposits, total (1+2+3)	Foreign currency deposits	Unregulated deposits	Total deposits (4+5+6)
	1	2	3	4	5	6	7
1984	16975	108 118	.	125 093	4 960	11 287	141 340
1985	19268	125 366	1 781	146 415	6 192	13 998	166 605
1986	18 393	137 521	3 423	159 337	4 306	17 271	180 914
1987*	20 377	155 115	5 243	180 735	3 923	17 892	202 550
1988*	24 831	194 181	5 089	224 101	4 643	41 028	269 772
1988*							
Jan.	21 169	156 355	5 419	182 943	3 639	25 188	211 770
Feb.	21 901	157 510	5 531	184 942	4 119	25 166	214 227
March	21 079	158 431	5 769	185 279	5 022	28 512	218 813
April	22 028	159 921	5 850	187 799	4 870	32 965	225 634
May	23 753	161 340	5 835	190 928	4 280	32 383	227 592
June	26 163	164 253	5 900	196 317	4 169	27 307	227 793
July	24 369	166 174	5 910	196 454	4 362	37 097	237 913
Aug.	24 438	167 010	5 904	197 352	4 406	39 645	241 402
Sept.	23 358	168 233	6 211	197 801	4 310	39 761	241 872
Oct.	25 168	170 139	6 530	201 837	4 783	42 652	249 271
Nov.	23 389	171 714	6 602	201 706	5 028	44 564	251 298
Dec.	24 831	194 181	5 089	224 101	4 643	41 028	269 772
1989*							
Jan.	24 190	194 308	5 842	224 339	4 647	48 256	277 243

5.2 BANK LENDING TO THE PUBLIC, MILL. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markka lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
1984	5 233	7 644	111 280	124 157	20 363	144 520
1985	6 313	7 471	132 668	146 451	24 704	171 155
1986	7 542	6 354	152 335	166 231	25 016	191 246
1987*	8 507	5 177	178 698	192 382	36 954	229 336
1988*	11 358	5 920	234 268	251 545	50 267	301 812
1988*						
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
March	9 125	4 734	189 554	203 413	41 454	244 867
April	9 298	4 796	192 940	207 033	42 291	249 323
May	9 300	4 756	196 938	210 994	44 727	255 720
June	9 643	4 809	200 832	215 283	47 807	263 090
July	9 436	4 722	203 911	218 068	47 301	265 370
Aug.	9 907	4 767	207 885	222 560	47 085	269 644
Sept.	10 634	4 755	212 246	227 635	47 583	275 218
Oct.	10 647	4 796	216 684	232 127	47 913	280 040
Nov.	10 898	4 902	221 029	236 830	48 558	285 388
Dec.	11 358	5 920	234 268	251 545	50 267	301 812
1989*						
Jan.	11 765	5 334	237 080	254 179	53 142	307 320

5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL. FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M ₁	M ₂ (1+4+5)
		Claims on the central government	Claims on the public	Total (2+3)			
	1	2	3	4	5	6	7
1984	-2575	-5483	176694	171211	-26978	24945	141658
1985	-6641	-8694	209231	200537	-27244	27694	166652
1986	-16784	-13884	237514	223630	-27522	27838	179324
1987	-25484	-14977	277068	262090	-36145	30342	200461
1988*	-40670	-15691	351266	335574	-48177	35921	246727
1988*							
Jan.	-25529	-11911	281442	269532	-41636	31049	202367
Feb.	-25237	-14698	285874	271176	-41121	31932	204819
March	-27061	-14196	291175	276979	-43386	31300	206532
April	-26376	-14601	295527	280926	-44961	32144	209589
May	-29452	-13068	302073	289005	-47122	34237	212432
June	-31339	-14240	308714	294474	-44552	36824	218583
July	-31862	-13831	312650	298819	-47602	35182	219356
Aug.	-33160	-14690	317063	302373	-48881	35520	220332
Sept.	-37256	-15307	322509	307202	-49152	34786	220794
Oct.	-38414	-15174	327518	312344	-49814	36227	224117
Nov.	-38919	-16343	333845	317502	-54253	34544	224330
Dec.	-40670	-15691	351266	335574	-48177	35921	246727
1989*							
Jan.	-40982	-13442	357990	344548	-56760	35623	246806

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

End of period	Foreign debt				Domestic debt				Total central government debt (4+8)	Out-standing lending	Cash funds
	Bonds	Other bonds and debentures	Long-term promissory notes	Total (1+2+3)	Public bonds	Other long-term liabilities	Treasury notes and bills	Total (5+6+7)			
	1	2	3	4	5	6	7	8	9	10	11
1984	16513	2666	5767	24946	12037	4520	2766	19323	44269	33816	6300
1985	17316	2703	5658	25677	14994	4107	2203	21304	46981	36032	6383
1986	17905	3038	6038	26981	18059	4481	2474	25013	51994	38028	11686
1987	20407	2697	5576	28680	22121	4692	3018	29831	58511	40035	11553
1988	20202	1804	4273	26279	24243	5272	2290	31805	58084	..	15858
1988											
March	19638	2244	5390	27272	23286	4627	4163	32076	59348	40850	11116
April	20395	2225	5361	27981	23778	4713	4133	32624	60605	41067	11243
May	20370	2207	5342	27919	23846	4631	4013	32490	60409	41131	10286
June	21356	2244	5135	28735	23833	4871	4035	32739	61474	41461	11713
July	20860	2236	5156	28252	23838	4969	3910	32717	60969	41781	11993
Aug.	20652	1865	5129	27646	23834	4983	3850	32667	60313	41693	12504
Sept.	20200	1847	5098	27145	23767	4979	3580	32326	59471	43141	13073
Oct.	20015	1833	5100	26948	24056	4980	3310	32346	59294	43357	13886
Nov.	19643	1814	4324	25781	24079	4984	2980	32043	57824	43349	15683
Dec.	20202	1804	4273	26279	24243	5272	2290	31805	58084	..	15858
1989											
Jan.	20208	1790	4216	26214	23563	5261	2130	30954	57168	..	..
Feb.	19999	1486	4158	25643	23877	5225	1930	31032	56675	..	..
March	19285	1234	3893	24412	24399	5219	1630	31248	55660	..	..

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)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
1	2	3	4	5	6	7	8	9	
1984	2528	6167	5073	112	32	1947	5336	6629	13912
1985	4799	9112	5994	435	33	8070	6394	5909	20373
1986	4976	10638	6532	422	105	5987	7487	9199	22674
1987	4477	9510	8119	206	69	9409	8830	4142	22380
1988	3027	8418	6889	268	61	7861	6522	4280	18663
1988									
March	203	1254	841	—	11	719	1376	215	2310
April	112	85	1487	—	—	540	55	1089	1684
May	64	783	792	—	—	829	792	18	1639
June	113	832	40	13	—	756	40	202	998
July	523	360	10	74	—	445	10	512	967
Aug.	314	474	576	100	—	772	576	116	1463
Sept.	13	903	127	—	—	378	482	183	1042
Oct.	324	706	656	15	—	930	656	115	1701
Nov.	14	1240	183	—	—	873	183	381	1437
Dec.	838	808	174	3	50	638	174	1062	1874
1989									
Jan.	738	1451	1075	47	—	1284	1293	734	3311
Feb.	153	1403	1800	7	—	2683	400	280	3362
March	391	1785	—	6	—	1234	381	566	2181

B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
1	2	3	4	5	6	7	8	9	
1984	6766	19960	14904	247	43	3531	15148	23242	41921
1985	10482	26173	18575	661	56	10967	19002	25977	55947
1986	14075	31902	22091	1042	177	16432	23314	29541	69287
1987	17509	36773	26518	1200	232	24831	28229	29172	82232
1988*	19222	42927	28953	1412	292	31970	30064	30771	92805
1987									
IV	17509	36773	26518	1200	232	24831	28229	29172	82232
1988*									
I	17992	38676	27626	1251	253	26533	29612	29653	85798
II	17901	39712	28428	1250	246	28457	29627	29453	87537
III	18407	40650	28478	1416	246	29804	29588	29805	89197
IV	19222	42927	28953	1412	292	31970	30064	30771	92805

5.6 HELSINKI STOCK EXCHANGE

During period	Turnover, mill. FIM			Share prices Unites index ¹ , 1975 = 100		
	Shares and subscription rights	Bonds and debentures	Total (1+2)	Banks	Industry	Overall index
	1	2	3	4	5	6
1984	2508	5007	7515	193	273	259
1985	3114	9046	12160	184	234	229
1986	9488	6479	15968	254	357	350
1987	26641	4604	31245	319	603	546
1988	31734	5718	37452	404	734	677
1988						
March	2720	418	3138	347	658	600
April	2527	357	2884	373	707	645
May	2618	649	3266	386	738	672
June	4134	1689	5823	429	784	720
July	3765	353	4117	453	806	747
Aug.	3614	298	3911	458	809	752
Sept.	2149	270	2419	432	763	704
Oct.	1979	191	2170	421	751	696
Nov.	2271	205	2475	445	787	731
Dec.	3475	966	4441	443	786	732
1988						
Jan.	2622	314	2936	439	792	736
Feb.	5491	883	6373	447	829	771
March	4530	463	4993	467	838	784

¹ Average of daily observations

6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, receipts 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
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
1988*	91400	6400	3800	6850	17050	108450	7450	3200	119100	91200	3900	7100	7350
1986													
III	20928	1533	1126	1191	3850	24778	907	894	26579	20637	572	1631	1298
IV	22652	1394	726	2319	4439	27091	1241	926	29258	19995	588	1367	1555
1987*													
I	20035	1322	666	1288	3275	23311	1130	794	25234	19542	498	1477	1479
II	21300	1491	934	1435	3859	25159	1175	715	27049	20522	601	1684	1536
III	20847	1573	1333	1541	4446	25293	1115	696	27104	20272	604	1921	1469
IV	21424	1433	797	1791	4021	25445	1655	694	27795	21605	642	1739	2094
1988*													
I	20701	1414	656	1543	3614	24315	1777	770	26862	19719	823	1625	2080
II	22570	1626	921	1728	4275	26845	1641	815	29301	23306	943	1711	1791
III	21653	1771	1364	1816	4952	26605	1824	844	29273	23983	1184	2005	1767
IV	26476	1588	858	1763	4209	30685	2209	771	33664	24192	950	1759	1711

During period	Services expenditure, total (11+12+13)	Imports of goods and services (10+14)	Investment income and other expenditure	Transfers and other expenditure	Current account of expenditure (15+16+17)	Trade account port (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account (21+22)	Goods account (19+23)	Investment income and other (7-16)	Transfers and others, net (8-17)	Current account (24+25) = (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
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
1988*	18350	109550	15800	6350	131700	200	2500	-3300	-500	-1300	-1100	-8350	-3150	-12600
1986														
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	22996	2901	1639	27536	493	824	-812	-191	-178	315	-1771	-846	-2302
II	3822	24343	3624	1182	29150	779	890	-751	-102	38	816	-2450	-468	-2101
III	3994	24266	2660	1196	28122	575	968	-588	72	452	1027	-1545	-500	-1018
IV	4475	26080	3378	1416	30874	-181	791	-942	-303	-454	-635	-1723	-722	-3079
1988*														
I	4528	24246	3817	1798	29861	983	591	-968	-537	-914	69	-2041	-1028	-3000
II	4445	27751	3823	1448	33022	-736	683	-790	-64	-170	-906	-2182	-633	-3721
III	4956	28939	3592	1469	34000	-2330	587	-641	49	-4	-2334	-1768	-625	-4727
IV	4421	28613	4568	1635	34816	2283	638	-901	52	-212	2072	-2359	-864	-1152

6.2 CAPITAL ACCOUNT, MILL. FM

During period	Direct investment in Finland	Portfolio investment in Finland	Long-term credits			Total (3+4+5)	Imports of other long-term capital	Imports of long-term capital (1+2+6+7)	Direct investment abroad	Portfolio 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	Authorized banks	Others									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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
1988*	835	-182	-1690	9796	9076	17182	85	17920	7845	242	675	1858	10620	7300
1986														
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	945	551	478	12	236	653	637	112	83	1485	-1248
IV	83	-974	2107	1472	-158	3421	55	2585	1181	5	-51	482	1617	969
1988*														
I	64	6	-857	361	3230	2734	89	2893	997	90	6	532	1625	1268
II	301	-212	1171	2356	1599	5126	-42	5173	2996	-30	180	431	3577	1596
III	88	-43	-1571	3011	885	2325	-19	2351	1661	119	89	381	2250	101
IV	382	67	-433	4068	3362	6997	57	7503	2191	63	400	514	3168	4335

During period	Basic balance	Short-term capital imports of authorized banks	Import liabilities and prepayments re-exports	Imports of short-term capital (16+17)	Short-term capital exports of authorized banks	Export receipts of prepayments related to imports	Exports of short-term capital (19+20)	Other short-term capital incl. errors and omissions	Short-term capital account (18-21+22)	Overall balance excl. 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
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
1988*	-5300	11301	503	11804	5001	303	5304	-1017	5483	183	-183	-517	334
1986													
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	-1862	2656	1065	3720	-4959	-118	-5077	-700	8098	6236	-6236	-7020	785
II	-1614	7672	70	7741	1924	-118	1806	1915	7850	6237	-6237	-5569	-667
III	-2266	8339	-404	7935	3376	27	3403	-1630	2903	637	-637	-2407	1771
IV	-2111	-2415	-255	-2669	-6081	27	-6054	1353	4738	2627	-2627	-2820	193
1988*													
I	-1732	6501	-1527	4974	3511	-277	3234	2332	4072	2341	-2341	-1295	-1046
II	-2125	11731	716	12447	4623	-277	4345	-1258	6843	4718	-4718	-4662	-57
III	-4626	-547	1299	753	3446	429	3875	660	-2462	-7088	7088	6337	751
IV	3183	-6384	14	-6370	-6579	429	-6150	-2751	-2971	212	-212	-897	685

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

End of period	Long-term liabilities							Long-term assets					Long-term debt, net (8-13)	
	Direct investment in Finland	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
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*	5285	3964	27861	17365	33088	78314	830	88393	16651	2258	5239	6618	30766	57627
1988*	6112	3782	26011	27441	41787	95239	915	106048	24418	2500	5995	8514	41427	64621
1986														
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	5285	3964	27861	17365	33088	78314	830	88393	16651	2258	5239	6618	30766	57627
1988*														
I	5308	3970	26637	17594	35884	80114	919	90311	17538	2348	5250	7142	32278	58033
II	5410	3758	28390	20464	38230	87083	877	97128	20928	2318	5629	7671	36546	60582
III	5521	3715	27007	23707	39278	89993	858	100087	22521	2437	5752	8082	38792	61295
IV	6112	3782	26011	27441	41787	95239	915	106048	24418	2500	5995	8514	41427	64621

End of period	Short-term liabilities				Short-term assets				Short-term liabilities, net (18-22)	Debt, net (14+23)	Debt service payments	Of which: repayments	Debt service ratio
	Bank of Finland's term li-abilities	Short-term li-abilities of author-ized banks	Trade credits and other li-abilities	Total (15+16+17)	Bank of Finland's short-term assets	Short-term assets of author-ized banks	Trade credits and other assets	Total (19+20+21)					
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	18256	94750	31134	44532	18726	94392	358	57985	14150	6516	13.2
1988*	3341	84433	19601	107376	32037	49533	20844	102415	4961	69582	14925	6479	12.5
1986													
III	3565	55602	15410	74577	16168	50554	18131	84854	-10277	48022	2452	834	9.2
IV	3455	56881	13240	73575	16613	50613	18381	85608	-12032	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	18256	94750	31134	44532	18726	94392	358	57985	4186	2392	15.1
1988*													
I	3467	79633	15546	98646	33515	48043	19030	100588	-1942	56091	3838	1773	14.3
II	3177	91364	16166	110707	39025	52666	18503	110193	513	61095	3495	1289	11.9
III	3539	90817	18774	113130	32750	56112	20755	109617	3512	64807	4022	2230	13.7
IV	3341	84433	19601	107376	32037	49533	20844	102415	4961	69582	3570	1187	10.6

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

End of period	Long-term liabilities					Long-term assets					Long-term liabilities, net (5-10)
	Corporate sector	Financial institutions	Central government	Local government	Total (1+2+3+4)	Corporate sector	Financial institutions	Central government	Other	Total (6+7+8+9)	
	1	2	3	4	5	6	7	8	9	10	11
1984	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*	32458	26734	28691	511	88393	23376	4007	2653	730	30766	57627
1988*	37733	40901	26926	489	106048	31038	6243	3101	1045	41427	64621
1986											
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	32458	26734	28691	511	88393	23376	4007	2653	730	30766	57627
1988*											
I	34154	28097	27556	506	90311	24181	4458	2851	788	32278	58033
II	35900	31460	29267	503	97128	27817	4950	2887	893	36546	60582
III	36246	35469	27865	506	100087	29588	5285	2938	982	38792	61295
IV	37733	40901	26926	489	106048	31038	6243	3101	1045	41427	64621

7. FOREIGN TRADE¹

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

During period	Exports, f.o.b.	Imports, c.i.f.	Balance (1-2)
	1	2	3
1984	80 904	74 682	6 222
1985	84 028	81 520	2 508
1986	82 579	77 601	4 978
1987	85 306	82 801	2 505
1988*	93 128	92 126	1 002
1988*			
March	7 532	6 966	566
April	7 580	7 502	78
May	8 675	8 249	426
June	6 709	7 657	-948
July	6 404	7 014	-610
Aug.	7 198	8 332	-1 134
Sept.	8 406	8 645	-239
Oct.	8 587	8 351	236
Nov.	9 904	8 113	1 791
Dec.	8 514	8 354	160
1989*			
Jan.	8 260	8 225	35
Feb.	8 252	7 572	680
March	8 807	8 654	153

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

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1984	114	98	134	131	102
1985	115	104	138	135	102
1986	116	110	135	121	111
1987	117	119	138	119	116
1988*	122	129	145	122	119
1988*					
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
1988*					
I	114	114	140	119	117
II	123	133	141	121	116
III	114	133	147	124	118
IV	136	136	150	125	120

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
	1	2	3	4	5	6	7	8	9	10
1984	7 145	23 573	10 176	22 998	17 012	35 162	16 900	10 993	11 454	173
1985	6 728	25 030	9 803	24 412	18 055	38 676	17 770	11 675	12 967	432
1986	6 947	24 600	7 858	26 115	17 059	39 292	10 070	12 898	15 069	272
1987	7 449	26 691	7 823	26 347	16 996	41 066	9 623	14 074	17 412	626
1988*	7 592	30 849	8 377	29 121	17 189	45 772	7 434	17 004	21 244	672
1988*										
March	627	2 746	690	2 108	1 361	3 498	351	1 285	1 822	10
April	672	2 369	639	2 652	1 248	3 732	543	1 343	1 877	7
May	735	2 459	734	3 241	1 506	4 144	672	1 465	1 957	11
June	626	2 270	599	1 889	1 325	3 734	729	1 588	1 578	28
July	537	2 340	628	1 758	1 141	3 385	643	1 334	1 576	76
Aug.	545	2 649	647	1 920	1 437	4 120	732	1 457	1 954	69
Sept.	611	2 865	781	2 503	1 646	3 990	852	1 939	1 853	11
Oct.	690	2 751	800	2 749	1 597	4 168	632	1 577	1 922	52
Nov.	686	2 851	730	3 972	1 665	4 227	492	1 369	1 858	167
Dec.	751	2 788	799	2 673	1 503	4 154	586	1 704	1 701	209
1989*										
Jan	600	2 578	809	2 645	1 628	4 350	383	1 519	1 893	80
Feb.	604	2 622	832	2 704	1 490	3 829	489	1 315	1 912	27
March	625	2 955	760	2 779	1 688	4 366	521	1 495	2 248	24

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1988		1989 ¹ January-March		1988		1989 ¹ January-March	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period on 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	69766	74.9	18885	14.5	71 296	77.4	19623	23.6
OECD Europe	60456	64.9	16069	10.1	57589	62.5	15989	25.8
Of which:								
Austria	940	1.0	257	16.0	1 140	1.2	297	18.5
Belgium and Luxembourg	1 830	2.0	557	15.0	2 332	2.5	703	35.9
Denmark	3 292	3.5	860	3.6	2 699	2.9	727	27.0
France	4 954	5.3	1 375	3.3	3 757	4.1	960	10.6
Federal Republic of Germany	10 089	10.8	2 707	8.4	15 540	16.9	4 442	27.4
Italy	2 520	2.7	783	25.2	4 095	4.4	1 120	22.9
Netherlands	3 394	3.6	985	14.9	2 988	3.2	794	23.9
Norway	3 243	3.5	741	-9.7	2 182	2.4	587	21.7
Spain	1 447	1.6	423	26.5	1 023	1.1	311	26.9
Sweden	13 172	14.1	3 277	14.8	12 269	13.3	3 487	30.9
Switzerland	1 594	1.7	407	-3.7	1 718	1.9	435	13.9
United Kingdom	12 120	13.0	3 226	14.1	6 220	6.8	1 665	25.2
Other OECD	9 310	10.0	2 816	48.6	13 707	14.9	3 634	14.7
Of which:								
Canada	1 125	1.2	389	120.2	658	0.7	230	62.4
Japan	1 681	1.8	523	49.8	6 799	7.4	1 858	11.6
United States	5 361	5.8	1 512	31.3	5 820	6.3	1 467	13.6
CMEA countries	15 408	16.5	4 486	39.2	13 553	14.7	3 114	-19.8
Of which:								
Soviet Union	13 910	14.9	4 043	38.7	11 153	12.1	2 450	15.6
Developing countries	6 990	7.5	1 696	38.8	6 068	6.6	1 512	24.3
OPEC countries	1 486	1.6	375	19.0	589	0.6	75	-50.2
Other	5 504	5.9	1 321	45.7	5 479	5.9	1 436	34.9
Other countries	946	1.0	252	26.4	1 204	1.3	202	-4.6
TOTAL	93 110	100.0	25 319	19.8	92 121	100.0	24 451	22.8
Of which:								
EEC countries	41 117	44.2	11 294	11.1	40 103	43.5	11 106	25.0
EFTA countries	19 088	20.5	4 712	8.1	17 397	18.9	4 856	27.4

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
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	189 113	70 325	69 329	10 738	3 255	342 760	99 498	97 795	344 463
1987*	198 828	73 444	72 126	11 529	7 023	362 950	101 181	106 569	357 562
1988*	208 698	75 888	80 589	11 864	9 574	386 613	105 462	117 365	374 710
1986									
III	47 642	17 737	17 795	2 847	1 896	87 916	26 247	26 846	87 317
IV	47 741	17 898	17 519	2 783	-9	85 932	26 518	24 842	87 608
1987*									
I	48 595	18 069	17 631	2 825	1 726	88 847	25 296	26 422	87 722
II	49 581	18 277	18 152	2 723	1 434	90 167	25 698	25 830	90 034
III	49 789	18 475	17 856	3 028	257	89 406	26 105	26 470	89 041
IV	50 863	18 623	18 486	2 953	3 606	94 530	24 082	27 847	90 765
1988*									
I	51 465	18 684	19 152	2 861	2 069	94 230	25 884	28 013	92 101
II	51 625	18 896	19 734	2 848	3 136	96 238	26 235	29 459	93 015
III	52 695	19 083	20 809	3 078	3 144	98 809	25 890	31 065	93 634
IV	52 913	19 225	20 895	3 077	1 226	97 336	27 453	28 829	95 961

8.2 VOLUME OF INDUSTRIAL PRODUCTION,¹ 1985=100 (seasonally adjusted figures)

Period	Total industry	Mining and quarrying	Manufacturing	Wood and paper industries	Metal and engineering industries	Other manufacturing	Energy and water supply
	(100.0)	(1.6)	(87.9)	(16.5)	(30.0)	(41.4)	(10.5)
	1	2	3	4	5	6	7
1984*	96.1	96.3	96.6	101.7	92.5	97.5	91.8
1985*	100.4	99.8	100.4	100.1	100.6	100.3	100.2
1986*	101.9	102.8	102.0	102.3	103.0	101.2	100.4
1987*	106.5	100.9	106.5	107.4	108.3	104.9	107.1
1988**	110.2	119.1	110.6	114.3	115.1	105.8	105.6
1988**							
Feb.	109.3	95.6	110.9	112.7	112.5	106.9	105.2
March	106.6	99.5	107.7	111.3	105.9	106.4	101.7
April	109.0	109.5	107.7	112.8	113.8	105.4	106.9
May	109.6	136.0	108.0	109.4	113.7	107.8	101.9
June	113.3	174.4	111.1	113.0	115.9	106.3	105.8
July	117.9	149.2	113.9	110.4	119.0	103.6	92.6
Aug.	110.4	108.1	110.3	112.8	113.8	104.5	107.8
Sept.	111.1	111.1	111.6	116.7	118.4	106.0	106.5
Oct.	110.1	108.9	113.3	118.2	118.6	105.8	109.6
Nov.	108.8	115.9	111.3	120.7	120.0	105.0	115.1
Dec.	109.1	114.8	110.5	120.2	116.6	103.3	117.2
1989*							
Jan.	109.8	122.0	111.4	118.5	118.2	105.8	99.4
Feb.	113.3	121.4	114.7	117.8	118.0	110.4	100.0

¹ The volume index of industrial production has been revised, with 1985 as the base year. As a result, all the figures in the table have changed somewhat.

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

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
1984	97.2	96.8	101.8	104.1	112.8	96.2	98.6	96.9
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	104.7	102.5	94.0	88.4	99.9	99.5	105.2	101.8
1987*	111.3	107.7	95.6	89.0	101.0	102.6	113.8	106.3
1988*	117.0	113.2	108.6	106.4	112.2	108.3	135.5	110.0
1987*								
IV	113.2	109.5	96.2	85.5	96.9	105.1	120.9	107.3
1988*								
Jan.	114.8	112.5	..	..	..	..	..	108.0
Feb.	113.6	110.9	..	..	..	..	..	108.4
March	112.6	114.2	..	..	..	..	..	108.3
April	116.3	108.7	..	..	..	..	..	107.9
May	111.8	114.7	..	..	..	..	..	109.5
June	115.8	111.1	..	..	..	..	..	109.7
July	117.2	110.5	..	..	..	..	..	109.9
Aug.	118.3	116.6	..	..	..	..	..	110.7
Sept.	122.4	111.2	..	..	..	..	..	111.4
Oct.	120.0	115.3	..	..	..	..	..	111.1
Nov.	118.5	117.6	..	..	..	..	..	112.6
Dec.	122.5	114.7	..	..	..	..	..	111.9
I	113.7	112.5	104.4	92.3	112.5	113.7	112.2	108.2
II	114.6	111.5	104.2	101.8	102.4	110.6	138.6	109.0
III	119.3	112.8	108.6	110.4	105.0	102.0	139.4	110.7
IV	120.3	115.9	117.0	121.0	128.9	106.8	141.8	111.9
1989*								
Jan.	116.7	121.6	..	..	..	..	..	112.3

8.4 WAGES AND PRICES, 1985=100

Period	Index of wage and salary earnings	By sectors					Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private Total	Of which: Manufacturing (SIC 3)	Central government	Local government	Non-profit institutions			Domes- tic goods	Import- ed goods		Export- ed goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1984	92.2	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
1986	106.9	106.7	106.2	106.6	107.8	107.2	102.9	97.0	98.6	91.0	96.5	96.7	96.4	104.3
1987¹	114.4	114.5	113.4	115.7	113.4	115.2	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
1988¹	124.7	124.5	122.7	128.7	122.4	127.5	112.6	101.5	104.9	89.1	101.7	103.8	100.7	116.3
1987¹														
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														
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
May	..	..	..	..	..	..	112.3	100.9	104.1	89.3	100.8	102.6	100.0	116.2
June	..	..	..	..	..	..	112.9	101.3	104.7	89.1	101.1	103.1	100.2	116.6
July	..	..	..	..	..	..	112.9	102.0	105.4	89.6	102.1	104.3	101.1	117.0
Aug.	..	..	..	..	..	..	113.1	102.4	105.8	90.3	102.7	105.5	101.4	117.5
Sept.	..	..	..	..	..	..	114.2	102.4	105.7	90.0	102.9	105.7	101.5	118.7
Oct.	..	..	..	..	..	..	114.3	103.2	106.9	89.7	103.8	107.0	102.3	119.2
Nov.	..	..	..	..	..	..	114.5	103.5	107.2	89.8	103.9	106.9	102.5	119.8
Dec.	..	..	..	..	..	..	115.4	104.0	107.7	90.5	104.3	107.4	102.8	119.9
I	118.8	118.4	116.9	122.7	117.1	121.8	110.1	99.5	102.7	87.7	99.5	100.4	99.1	112.0
II	125.3	125.0	123.4	130.1	122.7	129.1	112.2	100.7	104.0	88.9	100.7	102.4	99.9	115.9
III	126.2	126.1	124.0	130.1	124.0	129.2	113.4	102.3	105.6	90.0	102.6	105.2	101.3	117.7
IV	128.3	128.4	126.4	132.0	125.6	129.9	114.7	103.6	107.3	90.0	104.0	107.1	102.5	119.6
1989¹														
Jan.	..	..	..	..	..	..	116.0	104.8	108.4	91.7	105.2	108.4	103.6	121.6
Feb.	..	..	..	..	..	..	116.6	105.5	109.0	92.4	105.8	109.6	103.9	121.9
March	..	..	..	..	..	..	117.9	105.9	109.3	93.4	106.3	110.2	104.4	123.4

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 indus-tries			
				1000 persons								
		%									%	
		1	2	3	4	5	6	7	8	9	10	11
1984	68.9	2546	2414	378	2035	294	600	183	1337	132	5.2	
1985	69.2	2566	2437	361	2076	280	597	178	1380	129	5.0	
1986	69.1	2569	2431	359	2071	266	589	185	1391	138	5.4	
1987	68.6	2554	2423	372	2051	251	569	184	1419	130	5.1	
1988	68.4	2546	2431	368	2062	238	553	188	1452	116	4.5	
1988												
Feb.	68.4	2547	2428	372	2056	252	552	176	1448	119	4.7	
March	68.5	2546	2426	370	2056	239	559	182	1445	120	4.7	
April	68.3	2540	2424	369	2056	241	553	194	1437	116	4.6	
May	68.3	2540	2415	369	2046	243	546	178	1449	125	4.9	
June	68.7	2557	2440	368	2072	232	552	195	1462	117	4.6	
July	68.5	2547	2431	366	2065	229	552	200	1450	115	4.5	
Aug.	68.0	2531	2409	354	2055	245	562	174	1428	121	4.8	
Sept.	68.4	2545	2438	368	2070	231	538	201	1468	107	4.2	
Oct.	68.7	2554	2448	375	2072	225	544	201	1478	106	4.1	
Nov.	68.6	2553	2438	360	2077	231	559	166	1481	115	4.5	
Dec.	68.2	2539	2436	370	2065	234	550	196	1456	103	4.1	
1989												
Jan.	69.0	2567	2479	370	2109	224	553	204	1497	88	3.4	
Feb.	69.1	2573	2483	368	2115	236	548	182	1517	90	3.5	

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:	
	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	12437	99658	2482	102139	17484	119623	29419	59498	26456	30964
1987													
Nov.	2545	5465	29	1024	9062	266	9329	2397	11726	2366	5746	2336	3306
Dec.	1995	7294	65	1454	10809	680	11488	1496	12984	2731	5271	2239	2720
1988													
Jan.	2495	3188	12	958	6654	21	6674	1680	8354	2367	5494	2221	3145
Feb.	2203	6490	38	837	9568	53	9622	1017	10639	2449	6390	2304	3948
March	3084	4470	49	998	8601	96	8698	1291	9989	2520	5301	2325	2552
April	3203	4517	44	1122	8886	85	8971	2089	11060	2341	4958	2682	2141
May	2659	5470	21	1787	9936	302	10238	834	11072	2760	6409	2640	3405
June	2994	5733	46	1012	9785	132	9917	1490	11407	2842	5368	2755	2376
July	3488	5896	35	871	10290	70	10360	109	10469	3191	4617	2370	2090
Aug.	3333	6295	62	1022	10712	488	11200	589	11789	2607	5279	2361	2801
Sept.	2811	5242	23	896	8972	145	9117	1667	10784	2665	4689	2359	2211
Oct.	3052	5247	41	1294	9634	234	9868	657	10525	2759	5088	2487	2451
Nov.	2900	6315	45	1277	10536	394	10931	355	11286	2753	6717	2711	3846

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	-1080	-4270	-14150	3334
1987											
Nov.	550	199	8861	407	9267	252	9519	202	62	-190	2207
Dec.	878	-6	8874	483	9357	109	9466	1935	2131	2022	3518
1988											
Jan.	502	764	9127	372	9499	1279	10778	-2473	-2824	-4103	-2423
Feb.	535	324	9699	397	10096	512	10608	-130	-474	-986	31
March	641	833	9296	427	9723	825	10548	-694	-1025	-1850	-559
April	492	617	8407	341	8747	674	9421	479	224	-450	1639
May	690	760	10619	623	11242	1044	12286	-684	-1004	-2048	-1214
June	660	317	9186	603	9789	818	10607	598	128	-690	800
July	568	112	8487	467	8954	787	9741	1803	1406	619	728
Aug.	609	478	8972	450	9422	1177	10599	1740	1778	601	1190
Sept.	772	445	8570	1623	10193	866	11059	402	-1076	-1942	-275
Oct.	642	558	9047	483	9531	672	10203	587	337	-335	322
Nov.	645	199	10313	428	10741	1594	12335	223	190	-1404	-1049

NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

GENERAL

Source

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

Symbols used

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

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

NOTES AND EXPLANATIONS TO TABLES

1 THE BALANCE SHEET OF THE BANK OF FINLAND

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

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

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

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

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

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

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

Table 3.5 *Secondary market rates.* The long-term unregulated market rate (Columns 1 and 2) is calculated by the Bank of Finland as the monthly average of the offered rates for taxable, fixed-rate bonds quoted by the

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

4 RATES OF EXCHANGE

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

5 OTHER DOMESTIC FINANCING

Table 5.1 Source: The Central Statistical Office of Finland. The public

comprises households and non-profit institutions, enterprises (excl. financial institutions) and local government. Domestic foreign-currency deposits are included in the figures. Time deposits (Column 2) consist of tax-exempt time deposits held by the public. Investment accounts (Column 3) are taxable time deposits held by the public. For the definition of unregulated deposits (Column 6), see the explanation under Table 3.4. Since the beginning of 1987, the figures for banks' holdings of certificates of deposit issued by other banks have been netted out. Netting out is done by the Bank of Finland.

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

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

Table 5.4 Source: State Treasury Office. *Foreign debt.* Other bonds and debentures (Column 2) are so-called private placings. Long-term promissory notes (Column 3) are bank loans. Outstanding lending (Column 10) comprises the stock of central loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main part of the latter

is reserved for covering transferable allocations budgeted in previous years (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and Pekka Saarinen in the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 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 System of National Accounts.

Table 6.2 Columns 1-8: Net change in long-term liabilities. Columns 9-13: Net change in long-term assets. Portfolio investment in Finland (Column 2) and abroad (Column 10): Secondary market transactions in securities and share issues. 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 exceptionally 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.

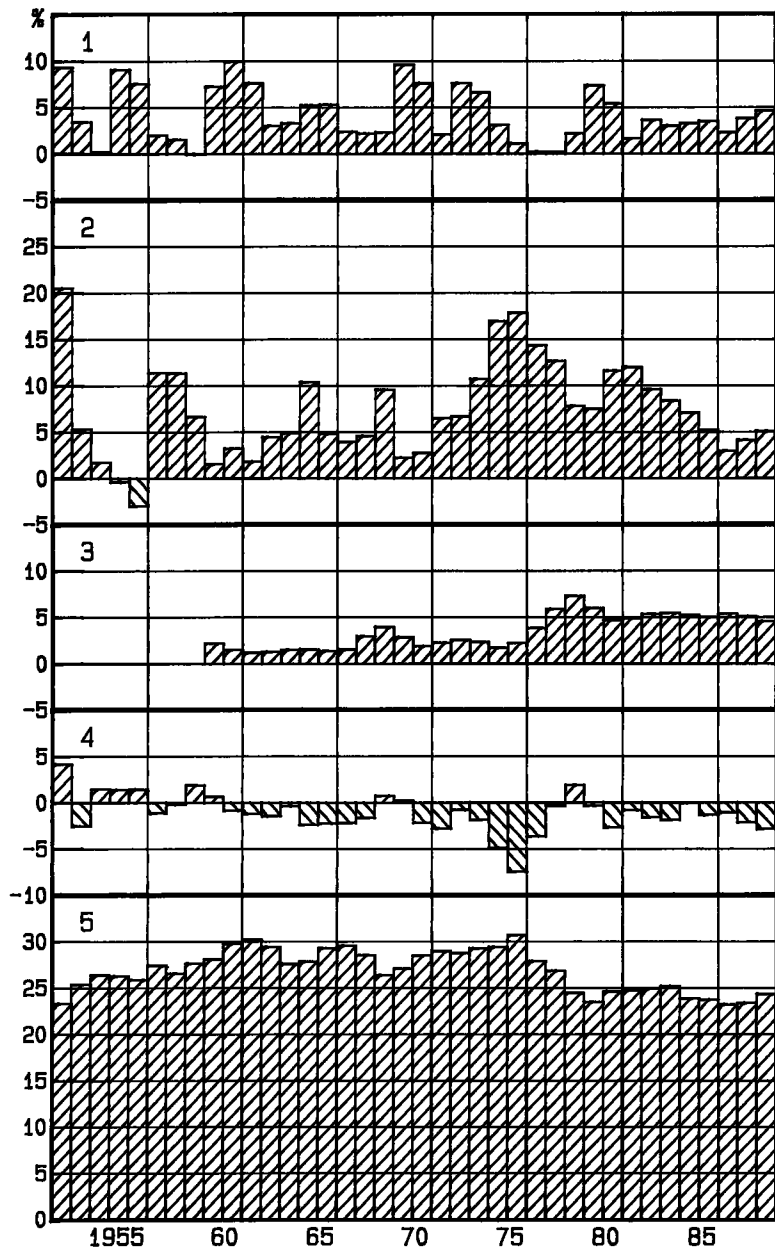
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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.

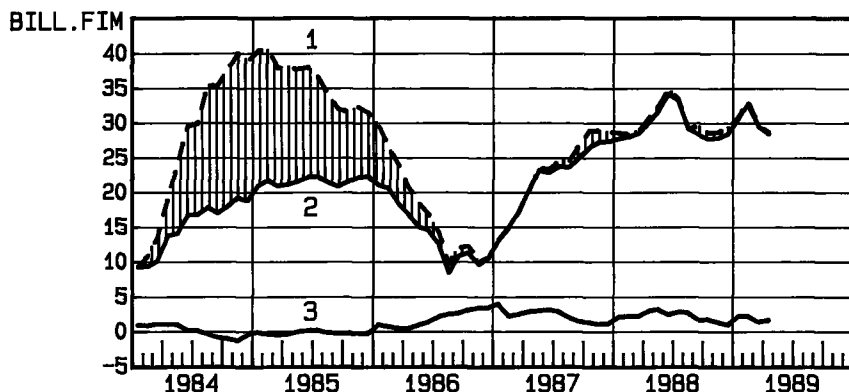
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Banks' central bank position	S29
5. Overnight rates	S30
6. HELIBOR rates of interest	S30
7. Rates of interest applied by the Bank of Finland	S30
8. 3-month covered Eurodollar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

1. LONG-TERM INDICATORS



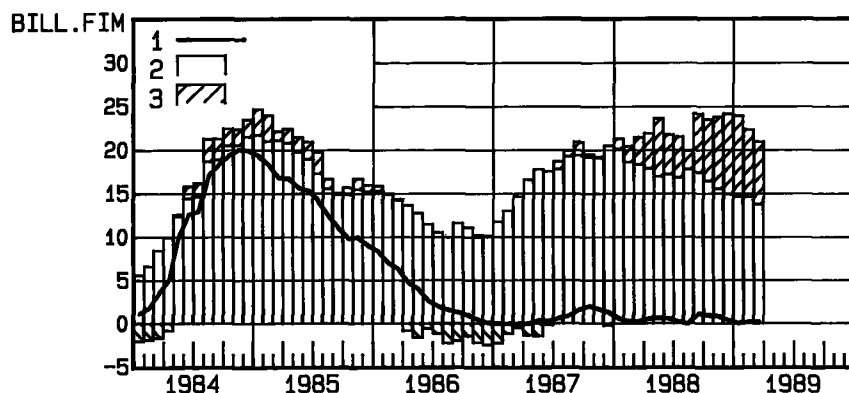
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



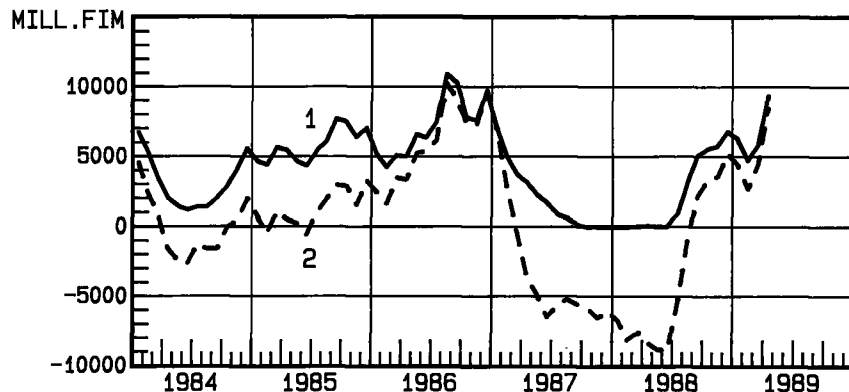
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves
3. Tied currencies

3. FORWARD MARKET



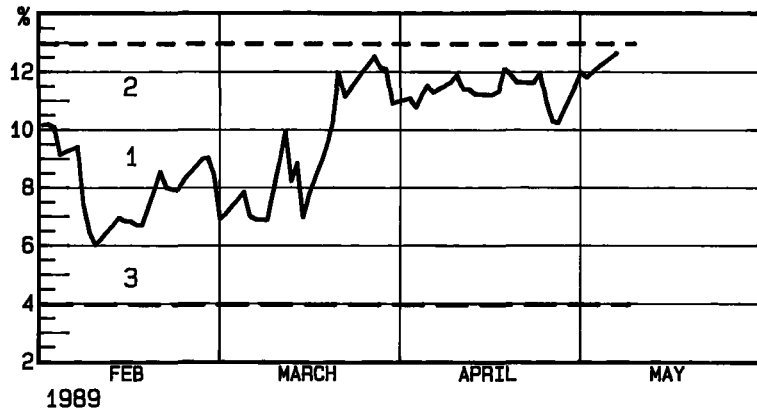
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

4. BANKS' CENTRAL BANK POSITION



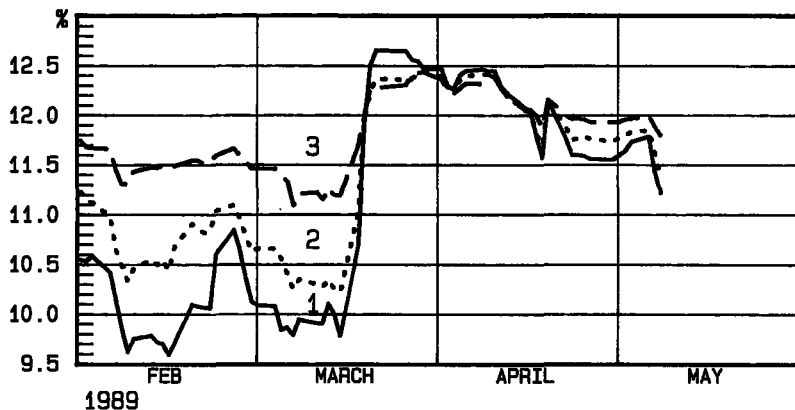
1. Gross debt to the Bank of Finland
2. Net debt to the Bank of Finland (excl. cash reserve deposits)

5. OVERNIGHT RATES



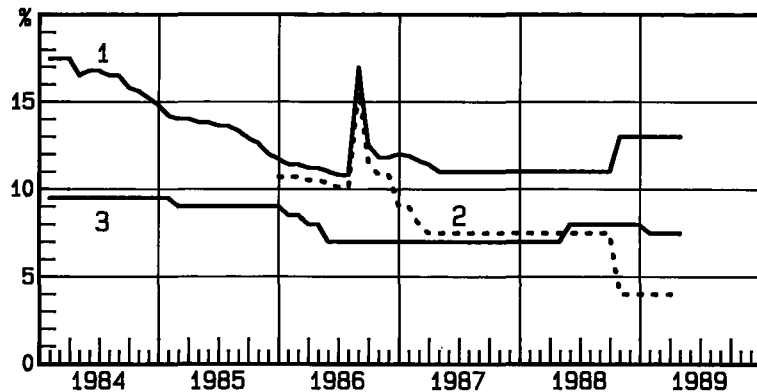
- 1. Inter-bank overnight rate
 - 2. Call money credit rate
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



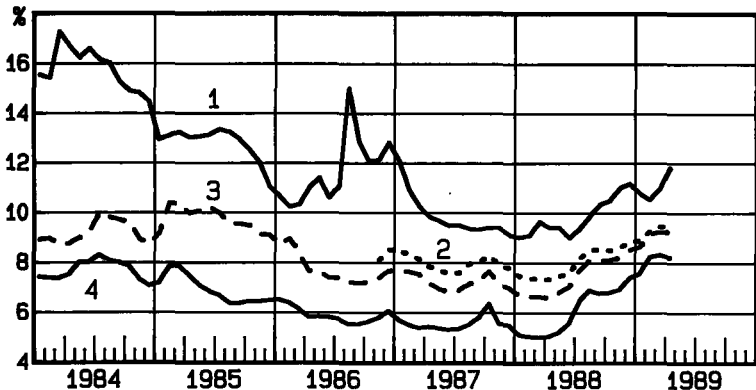
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Daily observations

7. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



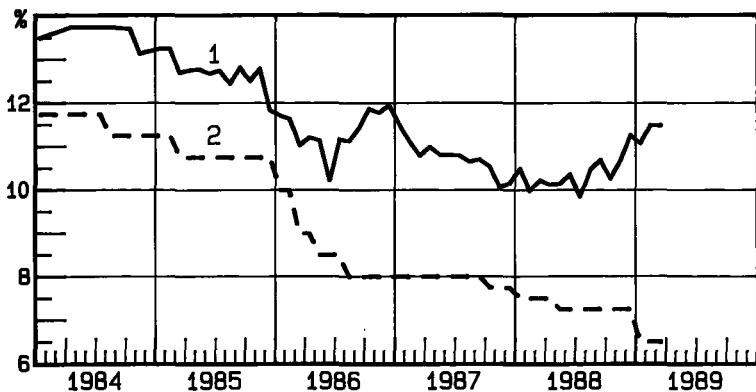
- 1. Call money credit rate
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

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



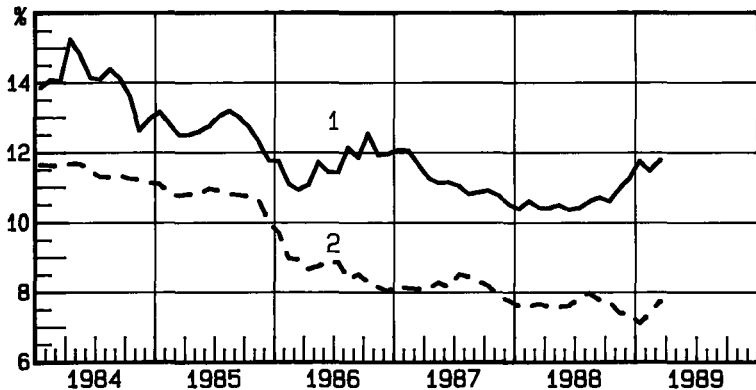
- 1. Covered Eurodollar rate
- 2. 12-currency basket rate
- 3. 8-currency basket rate
- 4. 3-currency basket rate

9. RATES ON NEW ISSUES OF BONDS AND DEBENTURES



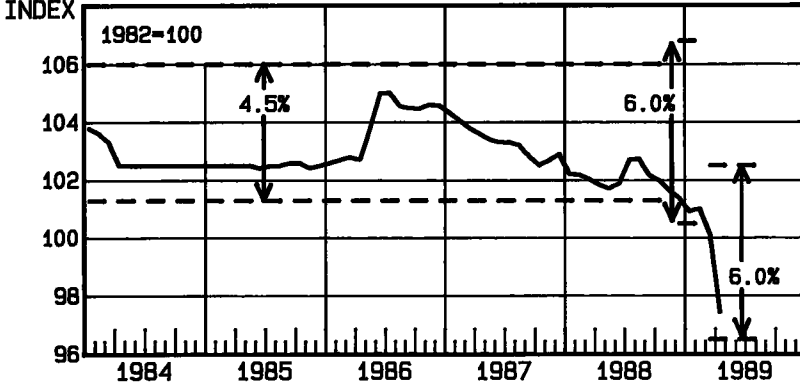
- 1. Rates on new fixed-rate debentures
- 2. Rates on new 10-year tax-free government bonds

10. SECONDARY MARKET RATES ON BONDS AND DEBENTURES



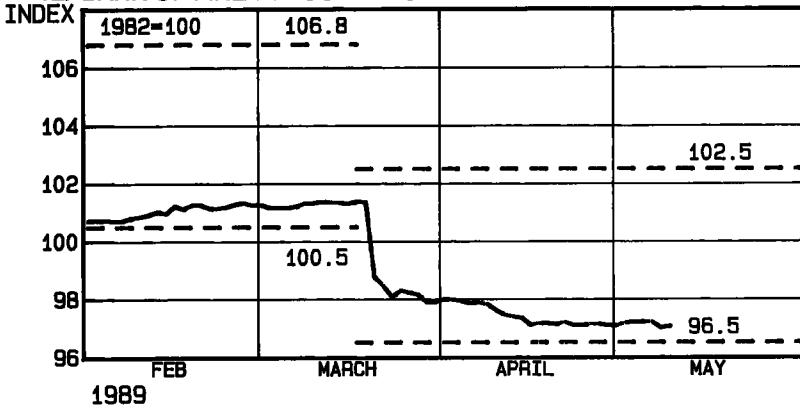
- 1. Secondary market rate on (3-6 year) fixed-rate debentures
- 2. Secondary market rate on (9-10 year) taxfree government bonds

11. BANK OF FINLAND CURRENCY INDEX



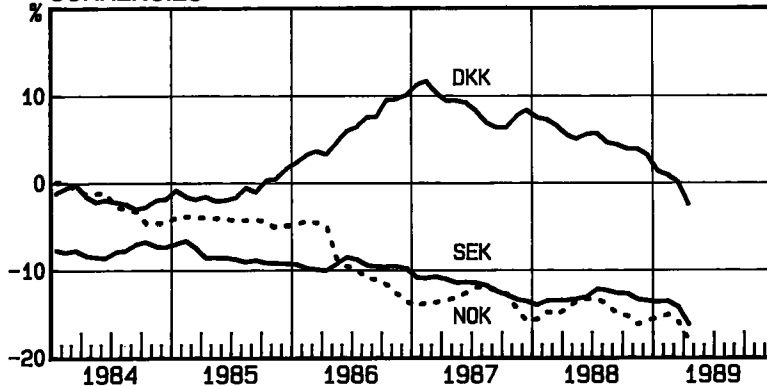
4.5 % and 6.0 % = fluctuation range of the index
Monthly averages

12. BANK OF FINLAND CURRENCY INDEX



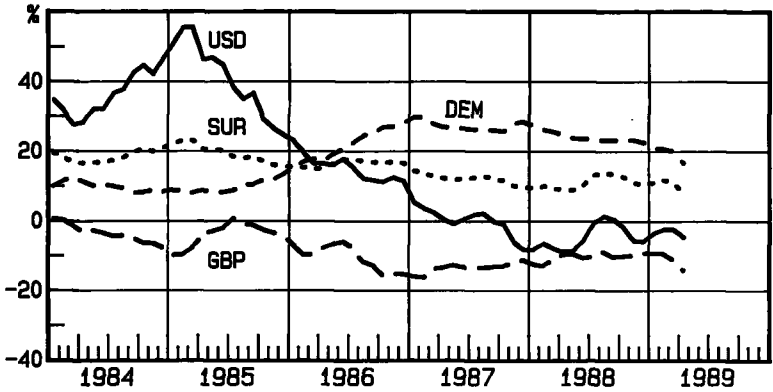
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



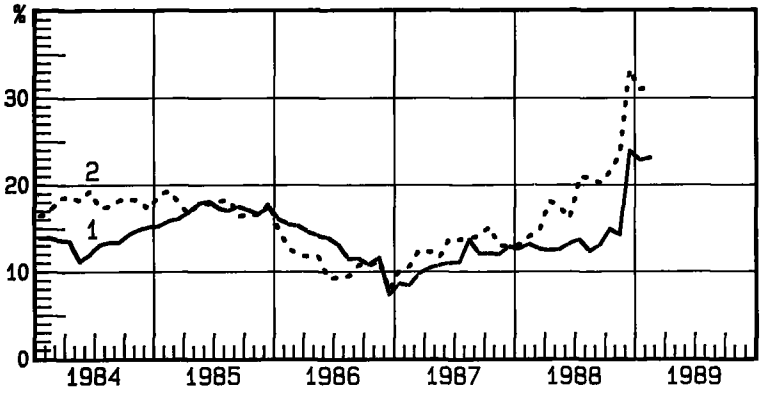
Monthly changes in markka selling rates calculated from the average rates for January 1982

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



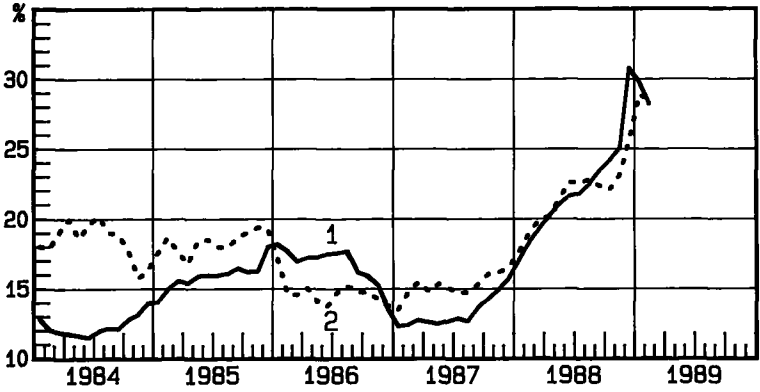
Monthly changes in markka selling rates calculated from the average rates for January 1982

15. BANK DEPOSITS FROM THE PUBLIC



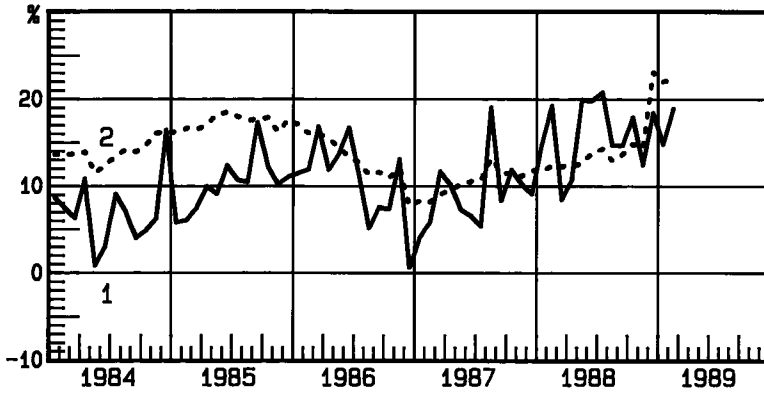
1. Regulated deposits
2. Total deposits
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



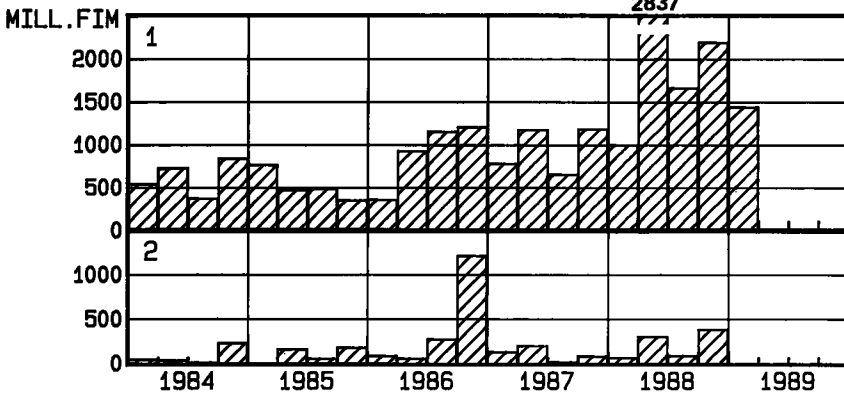
1. Markka lending
2. Total lending
Change from the corresponding month of the previous year, per cent

17. MONEY SUPPLY



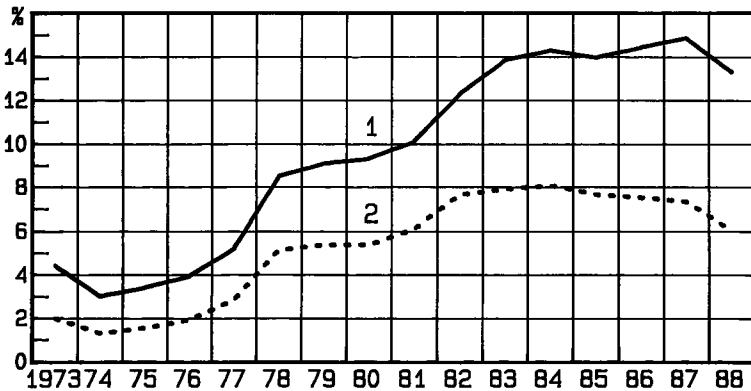
- 1. Narrow money supply (M1)
 - 2. Broad money supply (M2)
- Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



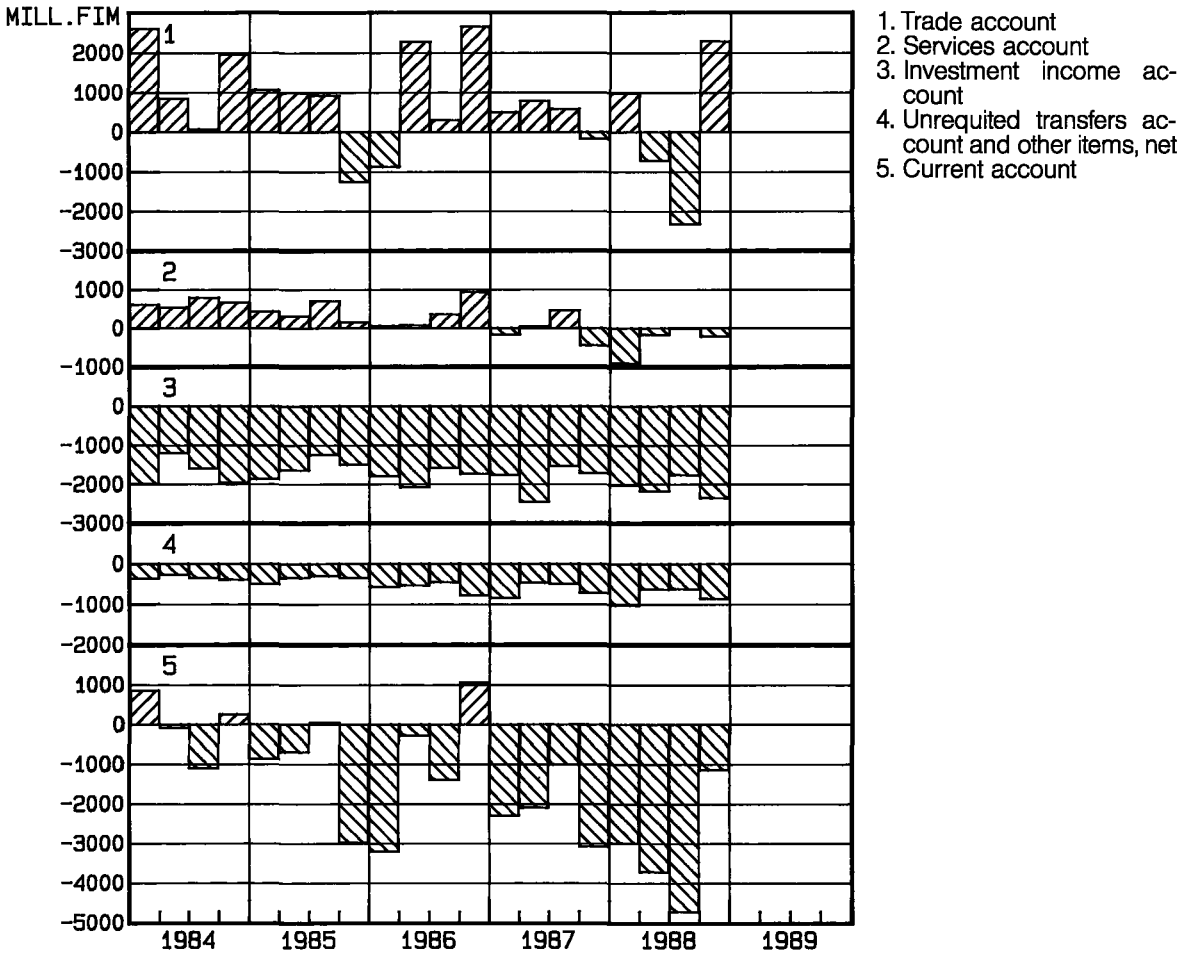
- 1. Finnish direct investment abroad, net
- 2. Foreign direct investment in Finland, net

19. CENTRAL GOVERNMENT DEBT

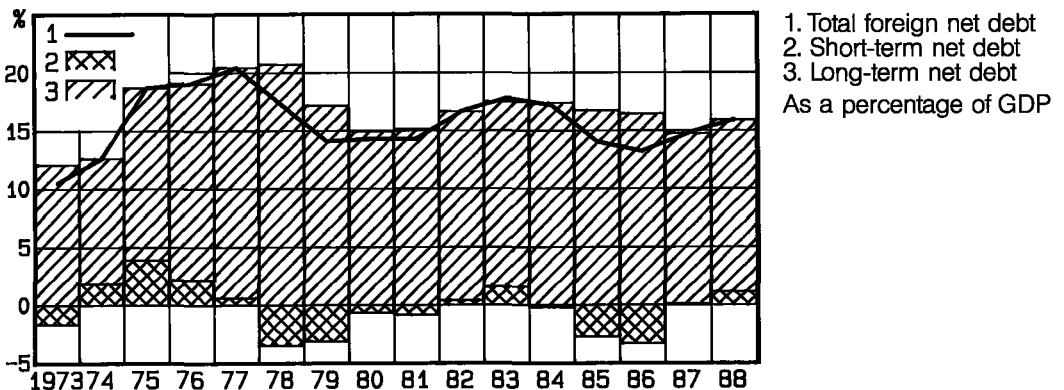


- 1. Total debt
 - 2. Of which: foreign debt
- As a percentage of GDP

20. CURRENT ACCOUNT

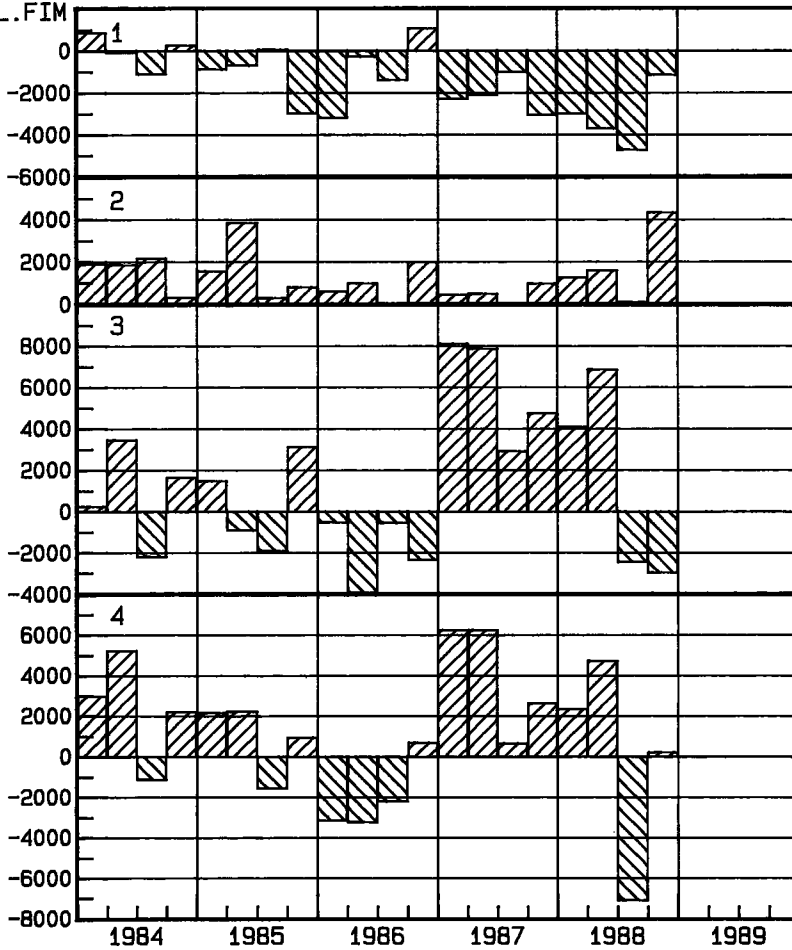


21. FOREIGN DEBT



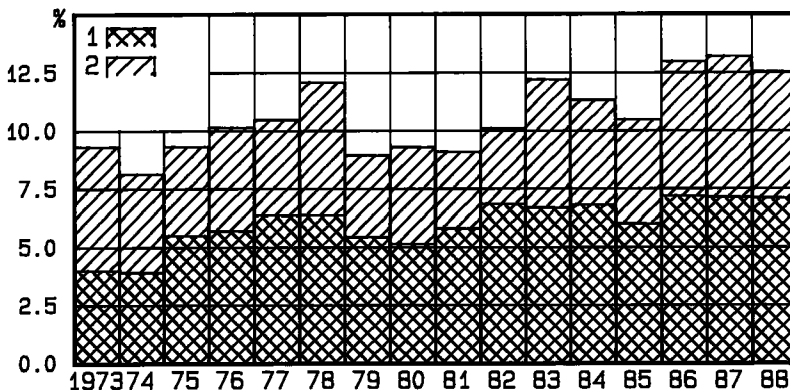
22. BALANCE OF PAYMENTS

MILL. FIM



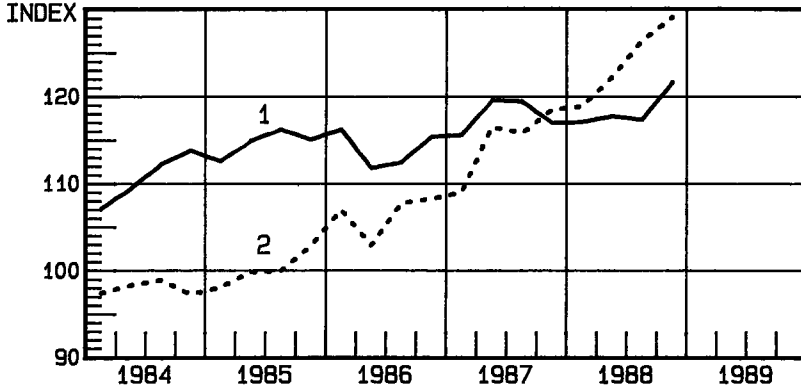
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance = change in the foreign exchange reserves of the Bank of Finland

23. DEBT SERVICE RATIO



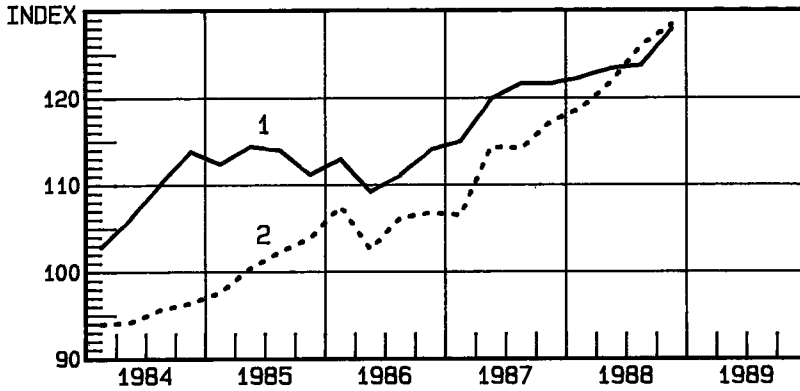
1. Interest payments
 2. Redemptions
- As a percentage of current account earnings

24. FOREIGN TRADE



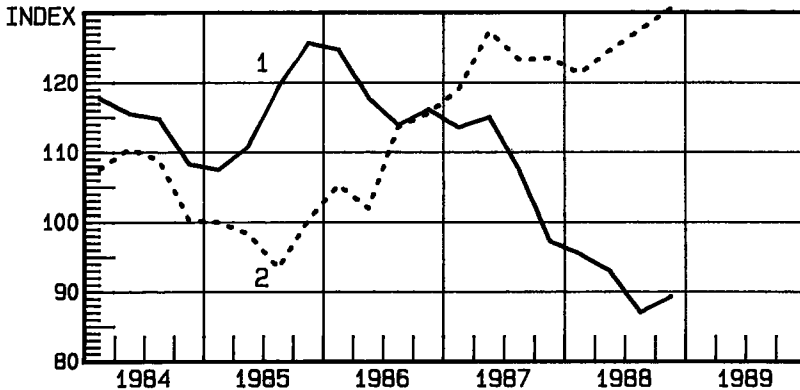
1. Total exports
2. Total imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

25. WESTERN TRADE



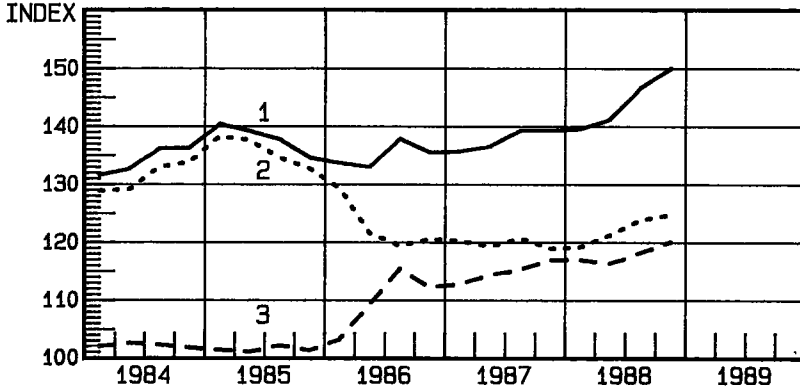
1. Western exports
2. Western imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

26. BILATERAL TRADE



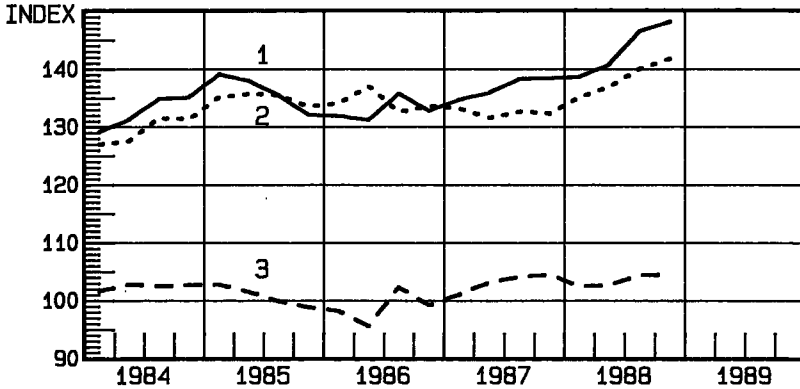
1. Bilateral exports
2. Bilateral imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

27. FOREIGN TRADE: PRICES AND TERMS OF TRADE



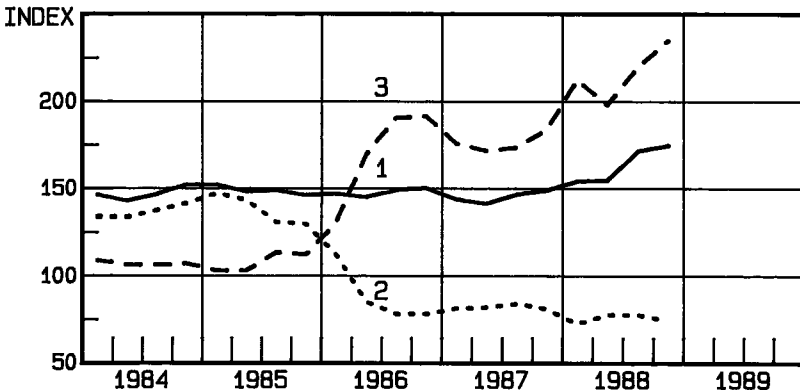
- 1. Unit value index of exports
 - 2. Unit value index of imports
 - 3. Terms of trade
- 1980 = 100

28. WESTERN TRADE: PRICES AND TERMS OF TRADE



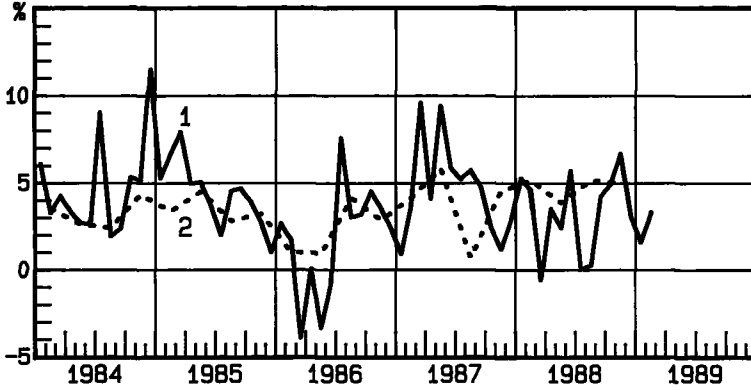
- 1. Unit value index of western exports
 - 2. Unit value index of western imports
 - 3. Terms of trade in western trade
- 1980 = 100

29. BILATERAL TRADE: PRICES AND TERMS OF TRADE



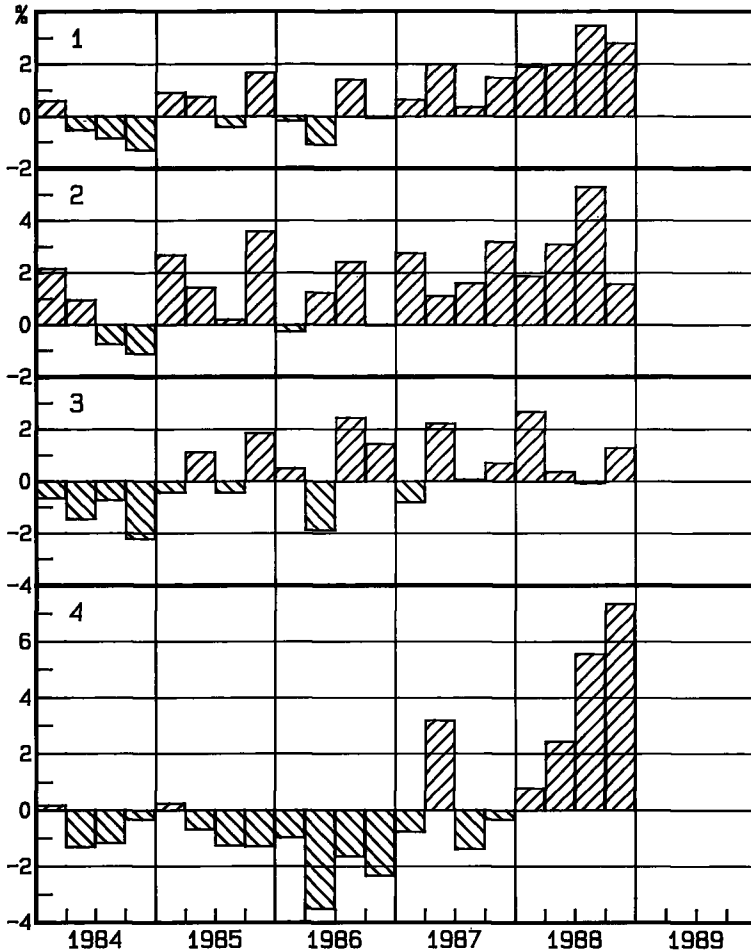
- 1. Unit value index of bilateral exports
 - 2. Unit value index of bilateral imports
 - 3. Terms of trade in bilateral trade
- 1980 = 100

30. PRODUCTION



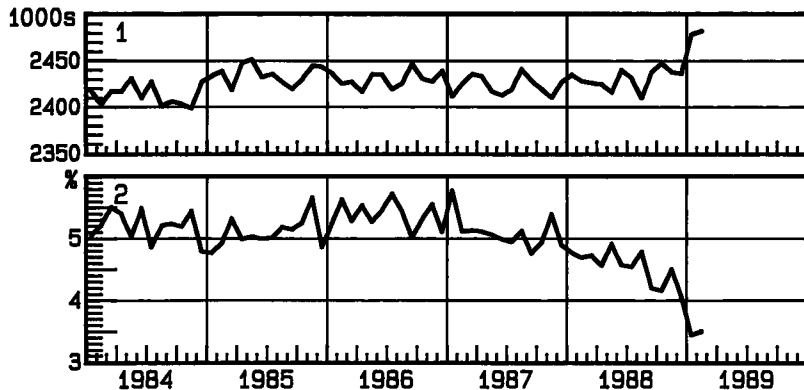
1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

31. FIXED INVESTMENT



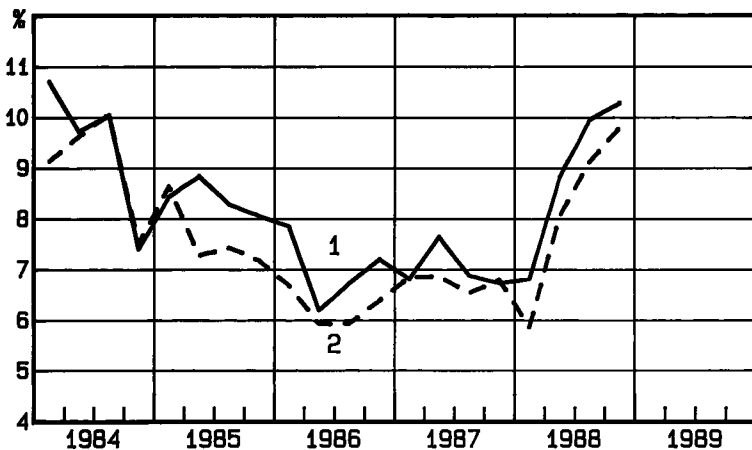
1. Total fixed investment
 2. Investment in machinery and equipment
 3. Building investment, excl. residential buildings
 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

32. EMPLOYMENT AND THE UNEMPLOYMENT RATE

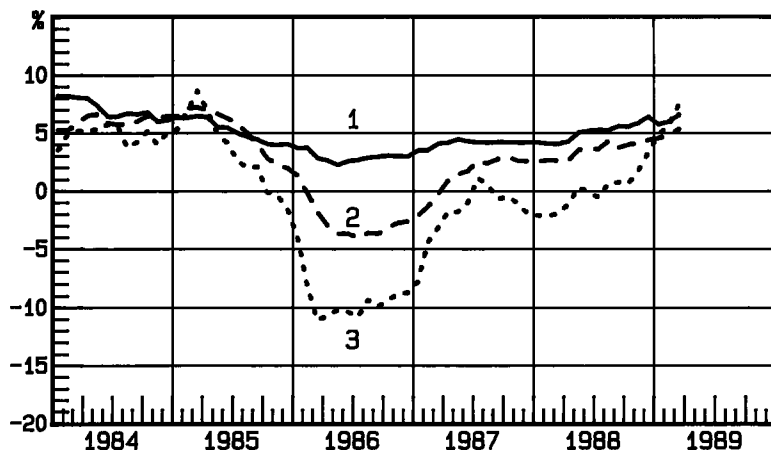


1. Employment, 1000 persons
2. Unemployment rate, per cent

33. PRICES AND WAGES

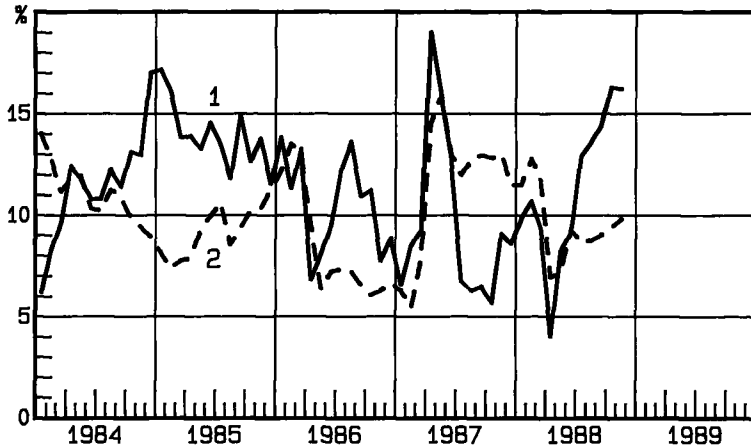


1. Index of wage and salary earnings, all wage and salary earners
 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



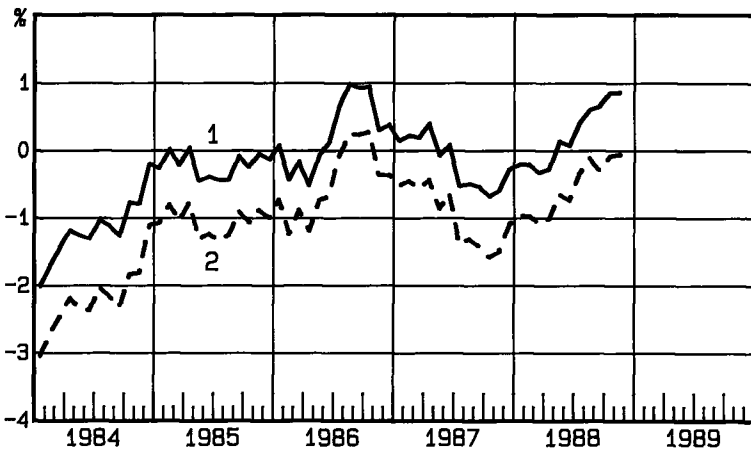
1. Consumer price index
 2. Wholesale price index
 3. Import price index
- Change from the corresponding month of the previous year

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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