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Recent Economic and Financial Market
Developments

Finland's Trade Policy and Trade Policy
Agreements

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RECENT ECONOMIC AND FINANCIAL MARKET DEVELOPMENTS

by **Esko Aurikko**, Dr. Pol. Sc.
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BACKGROUND

During the last months of 1987, the growth of GDP in Finland seems to have been somewhat faster than anticipated in the autumn. The main contributions to the growth of total output came from private consumer demand and industrial investment. Growth was also supported by increased exports to western markets, where demand grew relatively fast in spite of the sharp fall in share prices in international stock markets in October. However, the adjustment of bilateral exports to the lower level of the value of oil imports kept the overall growth of exports at a modest level. Total output grew by 2 to 3 per cent in the fourth quarter of 1987, which means that the negative impact on output of the unusually adverse weather conditions last summer was largely temporary. According to latest estimates, growth is likely to continue at a rapid — albeit slightly decelerating — pace in the first half of the current year.

As a result of the rapid growth of demand, the external balance weakened towards the end of the year. The balance of trade moved into deficit in the last quarter of the year as the growth of imports accelerated. In addition, the services account weakened and the deficit on the investment income account widened. According to preliminary data, the current account deficit amounted to FIM 2.4 billion in the fourth quarter of 1987 and to FIM 9.2 billion for the year as a whole, equivalent to 2.4 per cent of total output. The growth of de-

mand was also reflected in the housing market, and the rate of increase in house prices accelerated in the Greater Helsinki area, in particular. Inflation remained at about 3.5 per cent throughout the year. Because of the acceleration of inflation in many of the major economies, the 12-month increase in consumer prices in Finland fell below the average for the OECD countries in the last quarter.

In January 1988, the Government decided on a number of measures designed to prevent overheating in the economy and to curb possible inflation expectations. These included the introduction of regional counter-cyclical deposits, the imposition of an investment tax on less essential construction in the Greater Helsinki area, a rise in fuel tax, the extension of the period for using investment reserves and the decision to try to maintain central government expenditure at the level of the 1988 budget.

CENTRAL BANK POLICY

The primary objective of central bank policy in the latter part of 1987 remained to stabilize the rate of inflation. In line with this, emphasis was put on curbing the growth of domestic demand, which also served to reduce the pressures on the current account deficit. Hence, the central bank sought to retard the fall in market interest rates. As the differential between domestic and foreign interest rates remained fairly large, the inflow of capital continued in the last months of the

year, though at a slower rate. At the same time, the external value of the markka was allowed to strengthen slightly in accordance with market pressures.

In early January, the Bank of Finland decided to raise the cash reserve requirement by 0.4 percentage point in February and by a further 0.4 percentage point in March to 5.7 per cent. This measure was aimed at checking the continued acceleration in bank lending and supporting the Government's counter-cyclical measures. At the same time, it indicated a readiness for longer-term restrictiveness.

In spite of a marked slowdown in the growth of the Bank of Finland's convertible currency reserves, the reserves nevertheless rose by FIM 2.5 billion during the last quarter of the year, and this was the main source of the increase in liquidity. Contributing to the increase were net imports of long-term capital amounting to FIM 3.2 billion, which in the summer had been freed from regulation in respect of almost the entire business sector. On the other hand, currency deals by foreigners reduced the growth of the foreign exchange reserves; for instance, Finnish shares and bonds held abroad were resold to Finland during the international stock market crisis to the value of almost one billion markkaa.

Liquidity was largely absorbed at the Bank of Finland by sales of certificates of deposit issued by the Bank of Finland. During the last quarter, the value of outstanding certificates of deposit issued by the Bank of Finland was at its lowest, some

FIM 4 billion, at the beginning of October and at its highest, just over FIM 6 billion, at the end of October. At the end of the year, the value of the Bank of Finland's outstanding certificates of deposit totalled FIM 5 billion. The majority of the deposits had a maturity of 1 or 3 months.

The Bank of Finland also intervened in the forward exchange market, slowing down the growth of foreign exchange reserves and liquidity and thus the need for intervention in the market for certificates of deposit. Forward intervention was particularly frequent in October, amounting to nearly USD 500 million, though the maturities involved were relatively short as the aim was specifically to even out fluctuations in short-term liquidity. However, the Bank of Finland's outstanding forward purchase contracts decreased during the last quarter of the year. As a result of the developments in liquidity and the monetary policy pursued, the banks had net deposits in the Bank of Finland's call money market at the end of the year. The deposits were at their highest at the end of November, FIM 1.5 billion, and at the end of December, FIM 2 billion.

With the rise in foreign exchange reserves, the external value of the markka remained

strong throughout the fourth quarter, and in October the currency index was below its level in the spring of 1986. The index experienced slightly larger fluctuations than normal in connection with the international financial and currency disturbances in October and November. At the end of December, the markka weakened slightly only to strengthen again in early January (Chart 11). Reflecting the stability in the foreign exchange market, the Bank of Finland intervened in the spot market on only a minor scale during the fourth quarter.

INTEREST RATES

Short-term market rates (HELIBOR rates) and long-term market rates as well as rates on new credits fell slightly in the last quarter of 1987 (Charts 6 and 9). As the 3-month Eurorate for a basket of 12 currencies weighted according to their relative shares in the Bank of Finland's currency index remained unchanged, the interest rate differential between domestic and foreign interest rates narrowed somewhat. Despite relatively high interest rates, there was vigorous demand for credit, which was reflected in the faster growth of banks' markka lending towards the end of the year. With effect from the beginning of 1988, the

Bank of Finland started to publish monthly averages for 3- and 5-year long-term market rates, which are designed primarily to be used as reference rates for long-term housing loans.

The structure of money market rates in late 1987 and early 1988 implied that expectations concerning short-term interest rates were fairly stable. In this respect the situation has changed since the spring, when interest rates were still expected to fall.

On the Helsinki Stock Exchange, share prices turned down along with the steep decline in international stock markets in October. Prior to this, turnover and new issue activity had been very lively in the primary market, with a particularly large number of bonds with equity warrants being issued. Between October and the beginning of January, share prices fell by about 20 per cent on the Helsinki Stock Exchange, and turnover and new issue activity levelled off. However, there were no major changes in interest rates in the capital market.

January 18, 1988

FINLAND'S TRADE POLICY AND TRADE POLICY AGREEMENTS

by **Veli Sundbäck**, Deputy Director-General
External Economic Relations
Ministry for Foreign Affairs

It is quite natural that under normal conditions a small market economy should opt for an open trade policy which aims at the liberalization of trade. Securing well-balanced social development and sustained economic growth and improving the nation's standard of living require imports of raw materials, intermediate goods and consumer goods on a large scale. Similarly, a small country must be able to ensure that its goods benefit from equitable competitive conditions in export markets in order to maintain and expand profitable production at home.

LIBERAL TRADE POLICY

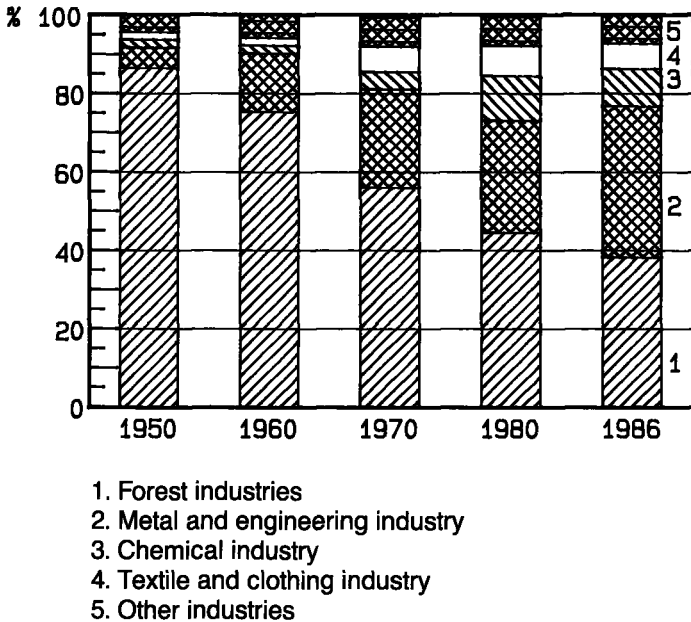
Accordingly, since the second world war Finland has consistently pursued a trade policy which seeks to establish and expand trade relations and remove obstacles to economic interaction on as wide a basis as possible. At the same time, Finland has participated in improving and simplifying the rules governing world trade. Although the specific content of the measures taken has varied and their timing been dependent on the changing economic environment, the basic orientation of trade policy has remained unchanged in Finland.

The experiences gained have been positive. Open trade policy has enabled Finland to consolidate its position abroad and to develop its relations with other countries in a way which has also supported Finland's policy of neutrality. Moreover, the competitiveness of Finnish companies in international

markets has been safeguarded. Foreign trade has developed favourably, the economy become stronger, the production structure diversified and the standard of living risen. In a few decades, Finland has come to rank amongst the world's richest nations measured in terms of national income. In 1986, Finland's per capita GDP was USD 14 350, placing Finland ninth amongst the OECD countries after Switzerland, the USA, the Federal Republic of Germany, Japan and the other Nordic countries but before e.g. France, Italy, the UK, Austria and Belgium.

The gradual liberalization of foreign trade has led to a deep-going and relatively rapid restructuring of the Finnish economy. At the end of the second world war, the Finnish economy still displayed many features characteristic of a developing country. Almost half of the population earned its livelihood from agriculture and forestry. In the other Nordic countries the corresponding figure was only 20 to 25 per cent. Today, the farming population accounts for no more than 8 to 9 per cent of Finland's total population of five million. In 1950, the forest industry dominated Finnish ex-

CHART 1.
COMPOSITION OF FINNISH MERCHANDISE EXPORTS BY INDUSTRY, PERCENTAGES, SELECTED YEARS 1950 — 1986



ports with a share of almost 80 per cent, while the share of metal and engineering industry products was only some 5 per cent. In 1987, their respective shares were roughly equal, both accounting for almost 40 per cent (Chart 1).

From the point of view of the economy, diversification of the industrial base has been necessary to secure and improve Finland's competitive position in international markets. Clearly, however, such rapid and drastic structural change cannot take place without problems. Companies, even entire industries, which have lost their competitive edge have encountered difficulties. This is the price an open economy has to pay for participating in the international division of labour. The sacrifices for the employees and owners of companies which have to close down may be very heavy indeed, particularly at times of high unemployment.

In such circumstances, protectionism may seem like an attractive option. Protectionist measures may even be justified in providing temporary relief for areas and branches in trouble until the necessary adjustment has taken place. In Finland, customs duties are high only in a very few sensitive branches, mainly in the textile and clothing industry. Import protection of key agricultural products has been kept high in order to secure a high level of self-sufficiency. Curtailing imports has necessitated special measures, such as import deposits in the early 1970s when balance of payments problems were most severe. But, apart from a few exceptions, Finland has not resorted to protecting its industry with trade barriers. Compared internationally, Finland has a good record as far as protectionism is concerned. Liberal trade policy has been possible in Finland because of the wide support it has enjoyed in all circles, including the trade unions.

Besides undergoing a radical restructuring, Finland's economy has become increasingly dependent on foreign trade. Export earnings account for some 30 per cent of GDP. More than half of the output of Finnish industry goes to exports, while two-thirds of Finland's energy requirements are imported. Raw materials, intermediate goods and investment goods make up some 80 per cent of Finland's total imports. Finland accounts for 0.7 per cent of world trade while Finns make up only 0.1 per cent of the total world population.

THE DEVELOPMENT OF THE TRADE AGREEMENT NETWORK

The main features of the development of Finland's network of trade agreements from the 1940s onwards closely follow the general trends in post-war trade policy. This is only natural — Finland cannot exert a particularly strong influence internationally, and thus has had instead to adjust to developments in trade policy in the world at large.

In the stringent conditions of the post-war period, trade policy was characterized both in Finland and abroad by strict regulation of foreign trade. The volume of exports and imports was determined by bilateral trade agreements and annual protocols on the exchange of goods. They were designed to maintain trade in full balance or at least to achieve as good a balance as possible. Payments were effected through clearing accounts held with central banks.

Membership of the IMF and GATT

However, the system applied in the years of reconstruction was rigid and inappropriate from the economic point of view. Fairly soon after the war international trade was put on a more flexible footing by the introduction of new rules and the

gradual liberalization of trade. The International Monetary Fund (IMF) was set up in 1945 to maintain the stability of the major international trading currencies and to promote their convertibility. Finland joined the IMF in 1948.

Finland signed the General Agreement on Tariffs and Trade (GATT) in 1950 and has since taken an active part in the GATT negotiation rounds. These decisions meant that Finland became a part of the system of open multilateral world trade by the beginning of the 1950s.

Trade agreements with the Soviet Union

A strong impetus to the development of Finnish foreign trade came from the war reparations to the Soviet Union. They also provided a basis for its diversification. Two-thirds of the reparations had to be paid in metal and engineering industry products, ships and machinery, which had not previously been manufactured in Finland in sufficient quantities to satisfy even domestic demand. Finland was forced to double its production capacity of these products in a fairly short time so as to be able to complete the payment of reparations by 1952.

An important development as regards trade policy was the conclusion of a trade agreement between Finland and the Soviet Union in 1947, which included the most-favoured-nation clause. In 1950, before the completion of the payment of reparations, Finland and the Soviet Union introduced the arrangement of five-year framework agreements, the first of which was for the years 1951—1955.

Since that time the Soviet Union has been an important trading partner for Finland, its share in Finland's total trade (15 to 25 per cent) being larger than its respective share in the trade of any other western industrial country. The trading system based on clearing ac-

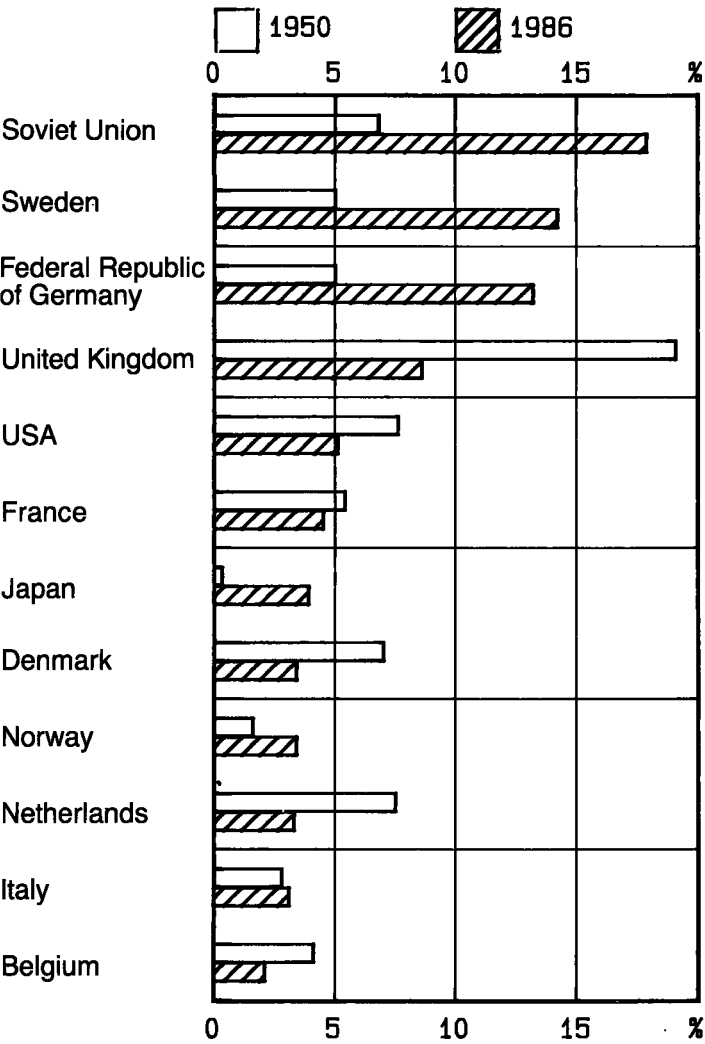
counts, framework agreements and annual protocols on the exchange of goods has been improved and expanded over the years. The arrangement guarantees a stable basis for Finnish-Soviet trade and has proved useful in evening out cyclical fluctuations in western trade.

Liberalization, the Helsinki Club protocol

Finland rejected Marshall aid for political reasons and consequently remained outside the Organization for European Economic Cooperation (OEEC) set up by the recipient countries and the European Payments Union connected with it. It was within these organizations that in the mid-1950s Finland's Western European trading partners agreed on the liberalization of their trade by means of the free list treatment and on the convertibility of their currencies. The OEEC countries included Finland's most important trading partners (Chart 2). Finland had to safeguard the markets for its exports of industrial products, primarily those of the wood-processing industry but also those of the metal and engineering industry. This required a gradual shift in Finnish trade policy from trade conducted on rigid bilateral lines towards multilateral trade, particularly as new regional market arrangements were being planned in Europe.

As Finland did not belong to the OEEC nor to the European Payments Union, a separate arrangement was decided on in the form of the Helsinki Club protocol. It was signed between Finland and 11 OEEC countries in 1957. It was agreed, initially only for 6 months, that Finland would open global quotas, within which importers would be allowed to use their quota share for purchases from any country that was a signatory to the agreement. In return, the OEEC countries which signed

CHART 2.
FINLAND'S MAJOR TRADING PARTNERS IN 1950 AND 1987
(Jan. — Nov.), PERCENTAGE SHARES



the Helsinki protocol agreed to treat Finnish exports in accordance with their current free lists. The agreement also included stipulations on the transfer of currency claims between countries. After a major devaluation in the autumn of 1957, Finland took the initiative of totally freeing from licencing the major part (some 3/4) of its imports from Western Europe.

These decisions marked a major step away from the regulation of foreign trade to-

wards an open economy and free trade.

Finnesta agreement

At around this time, regional integration had gained new momentum in European trade policy. The Six — the Federal Republic of Germany, Italy, France, Belgium, the Netherlands and Luxembourg — founded the European Economic Community (EEC) and Euratom in 1957 alongside the European Coal and Steel

Community established in 1951, while the more widely-based Western European free trade project (the Maudling round) planned within the OEEC was dropped. The OEEC countries which remained outside the EEC responded by founding their own free trade association EFTA. Negotiations were held on a customs union within the Nordic countries but did not lead to any agreement. Finland took part in these Nordic negotiations.

Finland did not participate in the negotiations on the foundation of EFTA and did not join the founder members of the organization.

However, as the founder members of EFTA included Finland's Nordic neighbours and the UK, which at the time was Finland's main trading partner accounting for some 24 per cent of Finland's total exports in 1960, it was vitally important for Finland to participate in the free trade between the EFTA countries so as to secure its competitive position. This led to the signing of the Finnefta agreement in 1961, a separate agreement between Finland and the EFTA countries. The agreement provided Finland with essentially the same rights and obligations as the other EFTA countries with the exception that Finland retained the right to maintain licencing of fuels and fertilizers; this exception was retained after Finland became a full member. Participation in EFTA has had a decisive impact on the opening up and development of Finnish foreign trade. It is also important that through EFTA, which does not have supranational decision-making powers, Finland has been able to take part in European economic cooperation in a way that is in accordance with its policy of neutrality.

Under a tariff agreement concluded in 1961, Finland
8 granted the Soviet Union the

same tariff treatment as the EFTA countries.

The EFTA arrangements also meant free trade between the Nordic countries. In fact, the Nordic countries' own plans for a customs union had not been implemented because of the more extensive Western European agreements. Very close Nordic cooperation had evolved within the Nordic Council, which Finland joined in 1955. Its major achievements besides economic cooperation include a common labour market and the Nordic passport union. The Nordic countries account for about one-fifth of Finland's total trade, and the goal of making the Nordic area into a genuine domestic market is important to Finland.

Free trade agreement with the EEC

The first enlargement of the EEC in the early 1970s altered the existing trade policy set-up to such an extent that Finland had to react to it in order to protect its own interests. Finland now had to face the challenge of an even wider free trade area. However, developments in the 1960s had provided it with some readiness to take up the challenge: free trade with the other EFTA countries had been achieved in 1968; Finland had also taken active part in the GATT tariff reduction rounds and joined the OECD in 1969; Finland's foreign trade had become increasingly liberal, and the Finnish economy had diversified and strengthened.

The positive experiences of free trade in EFTA facilitated Finland's decision to sign a free trade agreement in 1973 with the EEC, which had expanded from six members to nine (now including the UK, Denmark and Ireland). Finland's agreement with the EEC has proved a success and Finnish trade with the Community has developed in a balanced way. When the other countries which had remained within EFTA concluded

similar free trade agreements with the EEC, the resulting network of agreements meant the emergence of a wide Western European free trade area. With the entry of Greece and Spain, it expanded to comprise a total of 18 countries and a market of some 350 million people. Thus the network of agreements of the EFTA countries and the European Community (EC) created essentially the same kind of free trade area as had been discussed in the Maudling round. The difference lay in the structure of the agreements.

Trade liberalization agreements with European socialist countries

Coinciding with Finland's agreement with the EEC in the early 1970s, Finland concluded a cooperation agreement with the Council for Mutual Economic Assistance (CMEA) and trade liberalization agreements with most of the European socialist countries.

The agreements with Hungary, the German Democratic Republic, Czechoslovakia, Bulgaria and Poland grant these countries similar free trade treatment to that in the trade with the EEC. They differ from Finland's EEC agreement in that those CMEA countries which do not have effective customs tariffs are committed to take internal measures to provide Finland with reciprocal trade concessions in their own markets. The experiences gained from the implementation of reciprocity vary from country to country. The system of agreements between Finland and the Soviet Union was extended in 1955 by an agreement on scientific and technical cooperation and in 1967 by the setting up of an economic commission and the introduction of a long-term programme for economic cooperation.

At the multilateral level Finland seeks to develop east-west economic cooperation

both within the Economic Commission for Europe (ECE) of the United Nations and the Conference on Security and Cooperation in Europe (CSCE). Since 1955, Finland has taken an active part in the extensive activities of the ECE, which focus on the development of trade and transport, energy and environmental issues. As host to the Helsinki conference in 1975, cooperation within the CSCE is of particular importance to Finland in respect of economic issues as well.

GSP treatment for developing countries

As regards trade with developing countries Finland has been involved in approving the generalized system of preferences (GSP) through its participation in GATT and UNCTAD and in supporting efforts to integrate developing countries more closely into the world trading system. As early as 1972 Finland granted GSP treatment to over one hundred developing countries, which meant duty free import of developing country products to Finland without any quantitative limits. Only some sensitive products have been excluded from GSP treatment. During the past few decades, Finland has also sought to expand trade and economic cooperation with developing countries by entering into bilateral agreements on economic, industrial and technical cooperation with 24 developing countries.

Membership of EFTA

Finland became a full member of EFTA in early 1986 and thus formally established the situation which had prevailed in effect for a long time. Finland's accession coincided with Portugal's departure from EFTA to join the EC. As a full member of EFTA Finland has full powers to influence the decisions of the free trade association. Together with other Nordic countries and neutral EFTA members (Iceland, Norway,

Sweden, Austria and Switzerland) Finland seeks to strengthen EFTA's position and enhance its activities in response to new challenges, one of the most important of which is cooperation with the EC for the development of a free trade system in Western Europe. EFTA also plays a balancing role in wider European cooperation and EFTA countries contribute actively to the GATT negotiations.

Imports largely duty free

The trade agreement network created in the post-war period means that industrial products are imported duty free from EFTA and EC countries, the Soviet Union, the German Democratic Republic, Czechoslovakia, Bulgaria, Poland, Hungary and the developing countries receiving GSP treatment. Duty free imports account for about 87 per cent of Finland's total imports. It should also be noted that the general level of duty is very low as a result of several GATT rounds, the average incidence of duty amounting to only 7.6 per cent for that part subject to duty.

TECHNOLOGICAL COOPERATION

Finland takes part in international technological cooperation in many ways. Technological cooperation with the USSR has been going on for over 30 years and a framework agreement on space cooperation has been concluded.

Finland has increased its participation in Western Europe's increasingly intensive cooperation in science and technology. Finland has participated in Eureka from the very beginning, and Finnish companies and research institutions are now involved in some twenty Eureka projects. An agreement of association with ESA and a framework agreement on research and development with the EC have been concluded. Finland is

seeking participation in some of the central research programmes of the EC, and also has a framework agreement with the USA in this field.

CURRENT CHALLENGES TO TRADE POLICY

Finland's existing trade agreement network is so comprehensive that no radical changes are expected in it in the near future. However, adjustment to the increasingly rapid development of international trade and economic cooperation requires continuous adjustment in the trade policy mechanism. Although the basic policy stance adopted by Finland several decades ago will remain unchanged, the constantly changing environment may require new kinds of practical measures in its application. Current issues which require special attention in Finnish trade policy include the development of the international trading system, integration in Western Europe and the economic reform in the Soviet Union.

GATT, Uruguay Round

A new round of negotiations on the development of the international trading system, the Uruguay Round, started within GATT just over a year ago. In the present uncertain times, their importance as an antiprotectionist force is particularly underlined. Finland seeks — through active participation within the joint Nordic negotiating group — to secure a successful continuation of the negotiations. The strengthening of the GATT system and complementing and developing the rules governing world trade are important aims in Finnish trade policy. A clear set of rules on multilateral trade is of particular importance to small countries with limited negotiating powers.

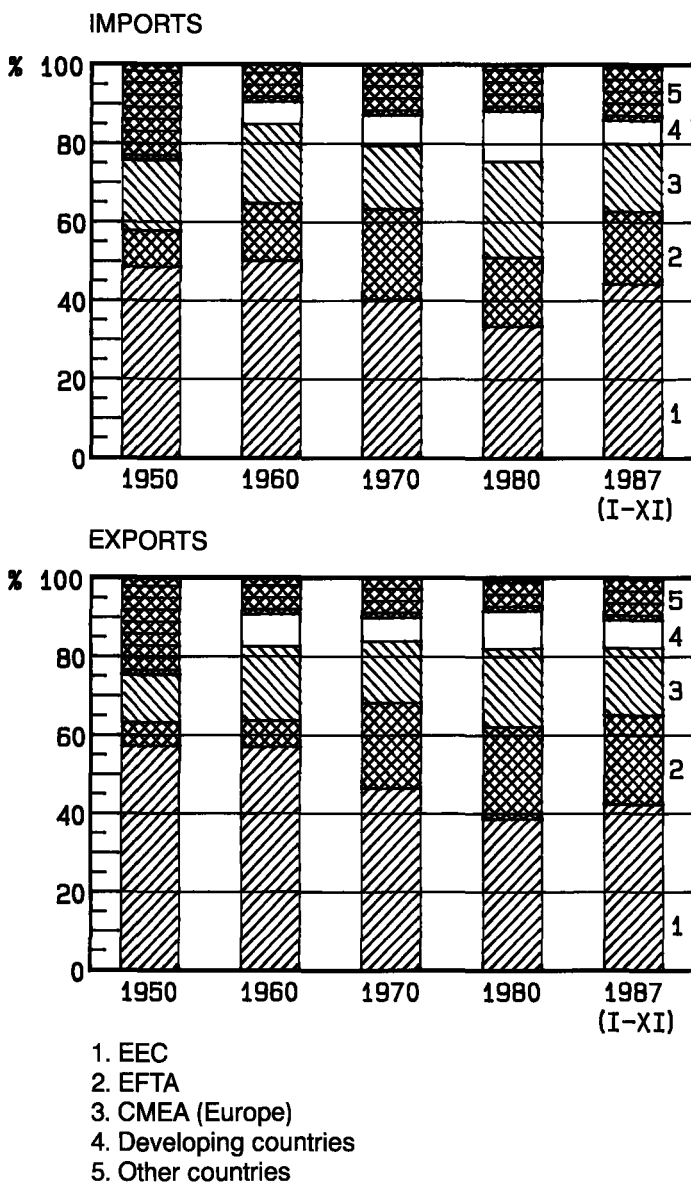
The GATT negotiations also mean new challenges to Finland, the most important

probably being the pressures for liberalization of trade in agricultural produce. Maintaining a high level of self-sufficiency in agriculture is important to Finland for a number of reasons. Hence efficient import protection will be necessary in the future too, at least in the case of basic agricultural produce. Finland has, nevertheless, to be prepared to significantly reduce the scale of its subsidized exports of agricultural produce.

Western European integration

About two-thirds of Finland's total exports go to Western European markets, and the share seems to be growing. Consequently developments in trade policy in this area are of crucial importance to Finland. The EC's aim of creating a genuine internal market within the Community by 1992 is positive from the point of view of Finnish exports. Finland must nevertheless ensure that the relative competitive position attained through the free trade arrangements will be maintained. This requires that the remaining trade barriers be removed at the same pace in Finland's trade with the EC as they are removed inside the Community. Finland is seeking to achieve this jointly with the other EFTA countries. A wide-ranging negotiation process has been initiated between the EFTA countries and the EC with the aim of creating the European Economic Space (EES). It involves developing the world's most extensive free trade area — with some 350 million consumers — towards an increasingly integrated market. This area accounts for about one-quarter of the world's total trade. As an EFTA member Finland strives to actively contribute to the success of these negotiations and to the removal of such trade obstacles as technical trade barriers, trade distorting government subsidies to industry, administrative trade hin-

CHART 3.
REGIONAL COMPOSITION OF FINLAND'S FOREIGN TRADE,
PERCENTAGES, SELECTED YEARS 1950 — 1986¹



¹The country composition of regions used throughout is that of 1986

drances and many other factors impeding economic interaction.

Economic reform in the Soviet Union

The Soviet Union, which accounts for about one fifth of

Finnish foreign trade, is currently carrying out a far-reaching programme of economic reform and development. The changes in the Soviet Union's foreign trade system will inevitably be reflected in Finland, bringing both new oppor-

tunities and new challenges. It is essential for Finland to monitor this process and to make full use of the potential it offers for the development of trade and economic cooperation.

Global liberalization

The key region for Finland's foreign trade has been and continues to be Europe, which accounts for some 80 per cent of Finland's total foreign trade. Finland's free trade agreements are also with this region. Finland's Nordic neighbours and the Soviet Union each account for some 15—20 per cent of Finland's trade. It is a basic premiss of Finland's trade policy that regionally limited cooperation does not exclude development of cooperation on a wider basis. The liberalization of regional trade contributes to the liberalization of world trade and has a trade-creating effect. Indeed, the aim of Finland's policy is the development of trade and economic relations in all directions.

The vital importance of foreign trade to the Finnish economy and the predominantly positive experiences gained from the liberalization of trade give strong support for continuing to pursue trade policy along the lines followed hitherto.

February 15, 1988

PRESIDENTIAL ELECTIONS

Elections for the president of the republic and the electoral college were held on January 31 and February 1, 1988. A new electoral system was in use for the first time. Previously, Finnish presidents have been elected by an electoral college chosen by popular vote. Now, voters were able to vote directly for the President as well as for members of the electoral college, which selects the President if no candidate receives an absolute majority in the direct vote.

The turnout at the polls in the direct vote was 82.6 per cent (excl. registered voters living abroad), and the results of the vote were as follows:

	per cent
Mauno Koivisto	47.9
Paavo Väyrynen	20.2
Harri Holkeri	18.0
Kalevi Kivistö	10.4
Jouko Kajanoja	1.4
Rejected votes	2.1
	<hr/> 100.0

The turnout was smaller and the number of rejected votes higher in the vote for members of the electoral college. The number of electors elected for each candidate was as follows:

	Number of electors
Mauno Koivisto	144
Paavo Väyrynen	68
Harri Holkeri	63
Kalevi Kivistö	26
Jouko Kajanoja	—
	<hr/> 301

The electoral college convened on February 15, 1988, and the electors voted for their own candidates in the first round. In the second round, Dr. Koivisto received 189 votes and was duly elected president for the term from March 1, 1988 to March 1, 1994.

Dr. Koivisto was Governor of the Bank of Finland from 1968 to 1982. He was on leave of absence as prime minister from 1968 to 1970 and again from May 26, 1979 until his appointment as President from January 27, 1982.

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

1987

APRIL

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

MAY

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

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

JUNE

Revisions to the Foreign Exchange Regulations.

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

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

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

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

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

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

JULY

Call money market. With the effect from July 1, 1987, the Bank of Finland supplements the conditions governing borrowing by commercial banks in the Bank of Finland's call money market (see March

1987) by stipulating that the upper limit on the right of an individual bank to resort to call money credits is, in all cases, not less than FIM 10 million.

AUGUST

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

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

OCTOBER

Amendments to Foreign Exchange regulations. The Bank of Finland decides to allow authorized banks to write and purchase markka options as from October 1, 1987. At the same time, the Bank of Finland grants companies and other residents the right to purchase such options. Banks had previously been allowed to write foreign

currency options but not markka options. Markka options entitle but do not oblige the holder to purchase or sell foreign currency at an agreed markka rate within an agreed period.

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

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

Housing loans.

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

NOVEMBER

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

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

Under the new powers, for rates of interest longer than one day, the Board of Management may, at its discretion, intervene in the market to regulate movements within a range the lower limit of which is the base rate and the upper limit the base rate plus

5 percentage points. If, because of market forces, interest rates move beyond these limits, the Board of Management may only undertake such operations that reduce the gap between market rates and these limits.

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

1988

JANUARY

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

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

Cash reserve requirement.

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

Special financing arrangements. The Bank of Finland decides to amend the terms applied to the financing of domestic suppliers' deliveries (KTR credits) as from the beginning of 1988.

According to the new terms, the rate of interest on KTR credits is 2 1/2 percentage points over the Bank of Finland's base rate while the Bank of Finland's share in the financing of the purchase price of a delivery is 30 per cent.

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

FEBRUARY

Cash reserve requirement.

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

MARCH

Refinancing of crop failure loans.

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

LAND, CLIMATE AND POPULATION

Finland covers an area of more than 338 000 square kilometres (1986). The total area is slowly increasing because of the steady uplift of the land since the last glacial era. The country shares frontiers with Sweden in the west, Norway in the north and the Soviet Union in the east and has a coastline bordered by the Baltic Sea in the south and west. Agricultural land accounts for 8 % of the total area, forest and other wooded land for 69 % and inland waters for 10 %. Located between latitudes 60° and 70° north, Finland has warm summers and cold winters. Helsinki on the south coast has an average maximum temperature of 22°C (72°F) in July and -4°C (25°F) in February.

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

There are two official languages: 93.6 % of the population speaks Finnish as its mother tongue and 6.1 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-Ugric group of languages, which also includes Estonian and Hungarian.

FORM OF GOVERNMENT

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

The legislative power of the country is exercised by Parliament and the President of the Republic. The supreme executive power is vested in the President, who is elected for a period of six years. The President for the current term, January 27, 1982 to March 1, 1988, is Dr. Mauno Koivisto.

Parliament, comprising 200 members, is elected by universal suffrage for a period of four years. Following the parliamentary elections of

1987, the seats of the various parties in Parliament are distributed as follows: Social Democratic Party 56; National Coalition Party 53; Centre Party 40; People's Democratic League 16; Swedish People's Party 13; Rural Party 9; Christian League 5; the Greens 4; and the Democratic Alternative 4.

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

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

INTERNATIONAL RELATIONS

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

Finland became a member of the BIS in 1930, the IMF in 1948, the IBRD in 1948, GATT in 1950, the UN in 1955, the Nordic Council in 1955, the IFC in 1956, IDA in 1960, EFTA in 1961, the ADB in 1966, the OECD in 1969, the IDB in 1977 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 roughly 85 % of manufacturing output and 90 % of banking services produced by private companies. Of the gross domestic product of FIM 316 billion in basic values in 1986, 4 % was generated in agriculture and fishing, 3 % in forestry, 27 % in industry, 8 % in construction, 12 % in trade, restaurants and hotels, 8 % in finance and insurance, 16 % in other private services and 17 % by producers of government services. Of total employment, 11 % was engaged in primary production, 32 % in industry and construction and 57 % in services.

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

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

Foreign trade. Over 80 % of Finland's trade is carried on with market economies, the most important among which are Sweden, the Federal Republic of Germany, the United Kingdom, the United States, France and Japan. Bilateral trade with the Soviet Union, 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 1986, the share of metal and engineering products in total merchandise exports was 39 %, the share of forest industry products 38 % and the share of other goods 23 %. Raw materials and intermediate goods (incl. crude oil) accounted for 59 % of

merchandise imports, fuels for 5%, investment goods for 17% and consumption goods for 19%.

Forest resources. Finland has fairly abundant forest resources, but only limited amounts of other raw materials. The growing stock comprises 1660 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 roundwood consumption was 52 million cubic metres in 1985.

Energy. In 1986, gross consumption of primary energy amounted to 28 Mtoe, of which industry accounted for 47%, heating for 22%, transportation for 13% and other purposes for 18%. The sources of primary energy in 1986 were as follows: oil 33%, coal 13%, nuclear power 16%, hydro-electric power, peat and other indigenous sources 29%, others 9%. Compared internationally (1985), Finland's consumption of 5.5 toe per capita was 1.8 times higher than the average in European OECD countries. The self-sufficiency rate (OECD definition) in Finland was 42%, as compared with 62% in western Europe on average.

FINANCE AND BANKING

Currency. Since 1865 Finland has had its own monetary system. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). Since Nov. 1, 1977 the external value of the markka has been officially expressed in terms of a trade-weighted currency index. As from Jan. 1, 1984 only convertible currencies have been included in the index, which may fluctuate within a range of 4.5 percentage points. The range is defined by fluctuation limits which are set by the Government at the proposal of the Bank of Finland. The present fluctuation limits are 101.3 and 106.0 (1982 = 100), where the lower limit means the highest permissible value for the markka and the upper limit the lowest permissible value.

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

Permission for outward and inward direct investment is granted liberally and foreign investors may

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

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

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

Other banks (Dec. 31, 1986). 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 29 foreign branches, subsidiaries and associate banks and 30 representative offices abroad. There are 241 savings banks and 370 cooperative banks with their own extensive branch networks. The government-owned Postipankki has 50 branches and also offers basic services in post offices.

Financial markets. Of the total stock of FIM 431 billion in outstanding domestic credit at the end of 1986, 56% was provided by deposit banks, 4% by mortgage banks, 18% by insurance companies, 10% by other credit institutions and 12% by the

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

In the money market, approximately 60% of the instruments, which totalled approximately FIM 56 billion at end-September 1987, 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 56 billion (at end-1986). Three foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1986 totalled FIM 71 billion; government bonds made up 34% of the total. Turnover on the Stock Exchange in 1986 amounted to FIM 16 billion; the share of shares and subscription rights in the total was approximately 60%.

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1. THE BALANCE SHEET OF THE BANK OF FINLAND

1.1 THE BALANCE SHEET OF THE BANK OF FINLAND, MILL. FIM

	1987		1988			
	Jan. 30	Dec. 31	Jan. 8	Jan. 15	Jan. 22	Jan. 29
ASSETS						
Gold and foreign currency claims	17358	28739	29 131	29 288	29 715	30 185
Gold	2081	2 128	2 128	2 128	2 128	2 128
Special drawing rights	961	899	891	881	882	879
IMF reserve tranche	776	793	768	766	766	768
Convertible currencies	9386	23 634	23 734	23 776	23 940	24 143
Tied currencies	4 154	1 284	1 610	1 737	1 998	2 266
Other foreign claims	2585	4 357	4 371	4 359	4 369	4 362
Markka subscription to Finland's IMF quota	2585	2 427	2 444	2 444	2 444	2 444
Term credit	-	1 930	1 927	1 915	1 925	1 918
Claims on financial institutions	9 493	5 147	5 018	4 791	4 844	4 839
Call money credits	428	0	8	37	0	2
Certificates of deposit	4 266	-	10	-	-	-
Till-money credits	2 231	2 730	2 593	2 368	2 448	2 424
Bonds	2 119	2 140	2 132	2 125	2 125	2 142
Other claims on financial institutions	449	277	274	260	271	271
Claims on the public sector	1 001	977	978	979	979	979
Bonds	58	4	4	4	4	4
Total coinage	939	967	968	969	969	970
Other claims on the public sector	4	6	6	6	6	5
Claims on corporations	4 618	3 678	3 666	3 666	3 676	3 687
Financing of exports	1 575	868	862	865	866	867
Financing of domestic deliveries	2 785	2 568	2 565	2 561	2 572	2 582
Bonds: KTR credits	-	13	13	13	13	13
Bonds: Other	63	46	44	44	44	44
Other claims on corporations	195	182	182	182	181	181
Other assets	151	592	103	106	103	106
Accrued items	-	487	-	-	-	-
Other assets	151	105	103	106	103	106
Total	35 206	43 489	43 268	43 188	43 687	44 158
LIABILITIES						
Foreign currency liabilities	69	135	186	138	139	138
Convertible currencies	42	63	117	69	70	67
Tied currencies	27	72	70	69	69	71
Other foreign liabilities	3 405	3 226	3 236	3 234	3 234	3 237
IMF markka accounts	2 585	2 427	2 444	2 444	2 444	2 444
Allocations of special drawing rights	820	799	792	789	790	792
Notes and coin in circulation	8 851	9 990	9 682	9 514	9 426	9 406
Notes	8 053	9 117	8 816	8 654	8 570	8 551
Coin	798	873	865	860	857	855
Certificates of deposit	-	4 970	5 165	5 745	5 875	6 085
Liabilities to financial institutions	10 451	11 766	12 183	11 936	12 172	12 431
Call money deposits	798	757	1 194	952	1 183	1 297
Cash reserve deposits	9 353	10 941	10 941	10 941	10 941	11 085
Capital import deposits	240	-	-	-	-	-
Other liabilities to financial institutions	60	67	48	43	48	49
Liabilities to the public sector	1	901	901	901	901	901
Cheque accounts	1	1	1	0	1	1
Counter-cyclical deposits	-	900	900	900	900	-
Capital import deposits	-	-	-	-	-	-
Other liabilities to the public sector	0	0	0	0	0	0
Liabilities to corporations	4 943	5 009	5 029	5 024	5 019	5 024
Deposits for investment and ship purchase	4 606	4 799	4 809	4 805	4 799	4 795
Capital import deposits	333	209	209	209	209	209
Other liabilities to corporations	4	2	11	11	11	20
Other liabilities	17	757	30	25	25	25
Accrued items	-	733	-	-	-	-
Other liabilities	17	24	30	25	25	25
Valuation account and reserves	1 540	1 247	1 368	1 182	1 407	1 422
SITRA's capital	400	400	400	400	400	400
Capital accounts	5 529	5 088	5 088	5 088	5 088	5 088
Primary capital	5 000	5 000	5 000	5 000	5 000	5 000
Reserve fund	529	529	88	88	88	88
Profit/loss for the accounting year	-	-440	-	-	-	-
Total	35 206	43 489	43 268	43 188	43 687	44 158

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
1983	1 383	226	751	5 150	7 510	550	8 060	-794	7 266	2 178	3 000	822
1984	1 732	936	859	15 303	18 830	-337	18 493	-917	17 576	1 951	4 277	2 326
1985	2 081	931	775	18 572	22 359	-285	22 074	-849	21 225	1 023	4 300	3 277
1986	2 081	983	793	6 778	10 635	3 421	14 056	-838	13 218	1 002	2 001	999
1987	2 128	899	793	23 571	27 391	1 212	28 603	1 131	29 734	977	901	-76
1987												
Jan.	2 081	961	776	9 344	13 162	4 127	17 289	-820	16 469	1 001	1	-1 000
Feb.	2 081	967	773	11 215	15 036	2 196	17 232	1 182	18 414	957	1	-956
March	2 081	962	770	13 468	17 281	2 537	19 818	1 168	20 986	959	1	-958
April	2 081	961	769	16 440	20 251	2 908	23 159	1 160	24 319	960	1	-959
May	2 081	967	767	19 442	23 257	3 036	26 293	1 165	27 458	959	1	-958
June	2 081	969	787	19 006	22 843	3 207	26 050	1 167	27 217	959	1	-958
July	2 081	969	787	19 991	23 828	2 899	26 727	1 173	27 900	954	1	-953
Aug.	2 081	973	789	19 744	23 587	2 041	25 628	1 164	26 792	963	1	-962
Sept.	2 081	970	757	21 291	25 099	1 428	26 527	1 157	27 684	965	0	-965
Oct.	2 081	964	753	22 712	26 510	1 375	27 885	1 163	29 048	968	0	-968
Nov.	2 081	961	793	23 575	27 410	1 067	28 477	1 131	29 608	971	1	-970
Dec.	2 128	899	793	23 571	27 391	1 212	28 603	1 131	29 734	977	901	-76
1988												
Jan.	2 128	879	768	24 076	27 851	2 195	30 046	1 125	31 171	979	901	-78

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, net	Net claims (19-20)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	13	14	15	16	17	18	19	20	21	22	23
1983	.	5 175	5 039	942	-1 998	3 076	4 529	1 282	3 247	6 574	.
1984	.	2 802	8 696	1 563	-1 618	-2 713	4 646	2 614	2 032	7 442	.
1985	.	4 014	10 222	1 925	-1 386	-2 897	4 525	4 113	412	8 072	.
1986	2 381	6 687	9 270	2 305	-2 240	4 343	4 581	4 757	-176	8 668	.
1987	-	-757	10 941	2 730	-2 350	-6 618	3 449	4 782	-1 333	9 990	4 970
1987											
Jan.	4 266	-370	9 353	2 231	-2 268	-958	4 360	4 685	-325	8 851	.
Feb.	4 736	-1 313	9 356	2 012	-2 227	-1 694	4 259	4 609	-350	8 453	1 600
March	3 572	-369	9 597	2 177	-2 243	-1 974	4 073	4 516	-443	8 325	4 000
April	2 111	878	9 734	2 114	-2 287	-2 344	3 927	4 427	-500	8 705	6 703
May	1 690	-872	9 975	2 139	-2 290	-4 728	3 807	4 222	-415	8 865	7 402
June	1 217	90	10 118	2 370	-2 488	-3 953	3 735	4 704	-969	9 010	7 072
July	89	157	10 435	2 234	-2 486	-5 469	3 706	4 806	-1 100	9 029	5 709
Aug.	258	-717	10 335	2 439	-2 486	-5 869	3 608	4 784	-1 176	9 012	4 199
Sept.	-	-223	10 853	2 385	-2 446	-6 245	3 567	4 838	-1 271	8 952	4 883
Oct.	-	-110	10 984	2 284	-2 541	-6 269	3 601	4 790	-1 189	9 069	6 178
Nov.	-	-1 570	11 024	2 538	-2 584	-7 472	3 561	4 772	-1 211	9 219	5 817
Dec.	-	-757	10 941	2 730	-2 350	-6 618	3 449	4 782	-1 333	9 990	4 970
1988											
Jan.	-	-1 295	11 085	2 424	-2 364	7 592	3 462	4 799	-1 337	9 406	6 085

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

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

During period	Purchases of certificates of deposit	Sales of certificates of deposit	Matured certificates of deposit, net	Impact on liquidity (1-2-3)	Call money credits	Call money deposits	Total net change (4+5-6)
	1	2	3	4	5	6	7
1983	.	.	.	.	2 659	-860	3 519
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
1987							
Jan.	.	.	.	.	-6 390	667	-7 057
Feb.	.	.	.	.	-404	539	-943
March	73	10	.	63	155	-789	1 007
April	20	1 103	-	-1 084	897	-350	163
May	50	2 335	-	-2 285	-1 076	674	-4 035
June	800	2 970	-755	-1 415	185	-777	-453
July	60	2 585	-1 595	-930	120	53	-863
Aug.	260	1 380	-2 835	1 715	-224	650	841
Sept.	-	2 735	-1 845	-890	-61	-555	-396
Oct.	-	4 240	-2 900	-1 340	29	-84	-1 227
Nov.	-	3 390	-3 785	395	6	1 466	-1 065
Dec.	-	2 910	-3 805	895	-55	-868	1 708
1988							
Jan.	160	3 915	-2 640	-1 115	2	540	-1 653

2.2 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					
	Domestic companies		Net (1-2)	Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks				
	1	2	3	4	5	6
1983	7 541	1 227	6 314	- 1 688	- 2 290	2 335
1984	22 921	1 394	21 527	2 002	- 19 962	3 566
1985	16 982	1 733	15 249	708	- 9 005	6 951
1986	11 446	1 319	10 127	- 2 461	- 92	7 574
1987	21 671	1 158	20 513	- 233	- 1 287	18 994
1986						
Dec.	11 446	1 319	10 127	- 2 461	- 92	7 574
1987						
Jan.	13 285	1 515	11 770	- 2 248	- 5	9 516
Feb.	14 389	1 385	13 003	- 1 204	26	11 825
March	15 908	1 263	14 645	- 490	18	14 172
April	17 739	1 145	16 594	- 1 384	18	15 228
May	18 742	981	17 762	- 1 465	- 423	15 873
June	18 322	771	17 551	- 163	- 287	17 102
July	18 596	805	17 792	867	- 712	17 946
Aug.	20 075	793	19 282	630	- 987	18 926
Sept.	20 088	718	19 369	1 535	- 1 664	19 241
Oct.	20 358	1 178	19 181	284	- 2 116	17 349
Nov.	20 714	1 632	19 081	85	- 1 633	17 533
Dec.	21 671	1 158	20 513	- 233	- 1 287	18 994

2.3 BANKS' CENTRAL BANK POSITION, MILL. FIM

Average of daily observations	Call money credits	Bank CDs held by the Bank of Finland	Gross debt to the Bank of Finland (1+2)	Call money deposits	Holdings of CDs issued by the Bank of Finland	Cash reserve deposits	Gross claim on the Bank of Finland (4+5+6)	Net position (3-7)
	1	2	3	4	5	6	7	8
1983	4 131	.	4 131	1 407	.	4 337	5 744	-1 613
1984	3 176	.	3 176	3 215	.	6 324	9 539	-6 364
1985	5 812	.	5 812	4 527	.	9 578	14 105	-8 293
1986	7 117	120	7 237	1 256	.	9 189	10 445	-3 208
1987	481	1 605	2 086	703	4 832	10 092	15 627	-13 541
1987								
Jan.	3 673	3 433	7 106	80	.	9 275	9 355	-2 248
Feb.	499	4 537	5 035	2 094	259	9 353	11 706	-6 671
March	158	3 573	3 732	440	3 648	9 362	13 449	-9 717
April	165	2 972	3 137	938	5 756	9 602	16 296	-13 160
May	407	1 862	2 269	365	6 720	9 758	16 843	-14 575
June	189	1 518	1 707	474	7 709	9 980	18 164	-16 457
July	145	750	895	1 057	5 457	10 128	16 643	-15 748
Aug.	435	181	616	181	5 589	10 431	16 202	-15 586
Sept.	39	142	181	667	5 080	10 352	16 099	-15 918
Oct.	19	-	19	557	5 244	10 861	16 662	-16 643
Nov.	36	-	36	679	5 897	10 985	17 561	-17 524
Dec.	10	-	10	909	5 101	11 021	17 031	-17 021
1988								
Jan.	9	6	15	1 081	5 653	10 955	17 690	-17 675

3. RATES OF INTEREST

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

Average of daily ob- servations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates			Cash reserve require- ment
		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
1983	..	.	.	.	.	15.37	14.87	9.00	4.30
1984	..	..	..	..	..	16.53	16.53	9.50	5.40
1985	..	..	..	..	..	13.37	13.37	9.04	5.60
1986	11.87	..	..	..	..	13.43	11.34	7.42	4.80
1987	9.16	9.90	10.02	10.14	10.40	11.71	7.78	7.00	4.80
1987									
Jan.	11.87	12.13	12.25	12.25	12.18	11.99	9.00	7.00	4.70
Feb.	10.64	11.10	11.14	11.22	11.47	11.76	8.55	7.00	4.70
March	8.93	10.34	10.54	10.59	10.75	11.44	7.64	7.00	4.70
April	8.99	9.86	10.04	10.11	10.28	11.14	7.50	7.00	4.70
May	9.67	9.80	9.89	10.02	10.27	11.00	7.50	7.00	4.70
June	9.20	9.51	9.69	9.86	10.24	11.00	7.50	7.00	4.70
July	8.81	9.54	9.63	9.77	10.11	11.00	7.50	7.00	4.70
Aug.	9.62	9.48	9.55	9.66	9.88	11.00	7.50	7.00	4.70
Sept.	8.12	9.37	9.48	9.62	9.92	11.00	7.50	7.00	4.90
Oct.	8.09	9.29	9.45	9.63	10.04	11.00	7.50	7.00	4.90
Nov.	8.35	9.30	9.48	9.64	10.01	11.00	7.50	7.00	4.90
Dec.	8.01	9.15	9.25	9.44	9.79	11.00	7.50	7.00	4.90
1988									
Jan.	8.09	9.07	9.21	9.35	9.71	11.00	7.50	7.00	4.90

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
1983	7.0	7.1	7.3	7.6	..	..	..	..
1984	7.5	7.7	8.0	8.2	..	..	..	..
1985	6.8	6.9	7.0	7.2	..	..	..	..
1986	5.9	5.9	5.9	5.8	..	..	..	..
1987	5.4	5.6	5.7	5.8	7.9	8.0	8.1	8.2
1987								
Jan.	5.7	5.7	5.7	5.7	8.5	8.4	8.4	8.3
Feb.	5.5	5.5	5.5	5.5	8.5	8.4	8.3	8.2
March	5.4	5.4	5.4	5.5	8.3	8.1	8.1	8.1
April	5.4	5.4	5.5	5.6	7.8	7.9	7.9	8.0
May	5.3	5.4	5.5	5.7	7.6	7.7	7.8	8.0
June	5.3	5.3	5.4	5.6	7.5	7.6	7.7	8.0
July	5.3	5.4	5.5	5.7	7.4	7.6	7.8	8.1
Aug.	5.4	5.5	5.8	6.0	7.7	8.0	8.2	8.5
Sept.	5.7	5.8	6.2	6.4	7.9	8.0	8.4	8.6
Oct.	5.7	6.4	6.5	6.7	7.8	8.3	8.5	8.7
Nov.	5.3	5.6	5.6	5.8	7.7	7.9	8.0	8.1
Dec.	5.5	5.5	5.5	5.7	7.7	7.8	7.9	8.1
1988								
Jan.	5.0	5.1	5.2	5.5	7.2	7.5	7.7	7.9

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

² Weighted according to their relative shares in the Bank of Finland currency index.

3.3 COVERED EURO-DOLLAR RATE, PER CENT

Average of daily observations	1 month	3 months	6 months	12 months
	1	2	3	4
1983	..	..	..	..
1984	..	..	..	..
1985	12.9	12.8	12.8	12.6
1986	12.1	11.7	11.5	11.1
1987	9.8	9.9	9.9	10.1
1987				
Jan.	11.9	12.1	12.1	11.8
Feb.	11.0	11.0	11.0	11.2
March	10.2	10.3	10.2	10.3
April	9.8	9.9	9.8	10.0
May	9.7	9.7	9.8	10.0
June	9.4	9.5	9.7	9.9
July	9.4	9.5	9.6	9.9
Aug.	9.4	9.4	9.5	9.8
Sept.	9.2	9.3	9.5	9.7
Oct.	9.2	9.4	9.5	9.9
Nov.	9.2	9.4	9.5	9.9
Dec.	9.1	9.1	9.3	9.5
1988				
Jan.	8.8	9.0	9.1	9.5

3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

End of period	Lending					Deposits					
	New credits ¹			Average lending rate	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 change	Bills of exchange	Loans								
1983	..	..	..	..	10.39	5.25	8.00	9.25	6.08	13.55	..
1984	..	..	..	..	10.67	5.25	8.00	9.25	6.22	15.43	7.30
1985	11.49	12.61	10.34	11.08	10.37	4.75	7.50	8.75	5.91	13.24	6.81
1986	10.89	12.45	9.86	10.72	8.82	2.75	5.75	7.00	4.43	11.84	5.35
1987	10.68	11.95	9.81	10.23	9.12	2.75	5.75	7.00	4.56	10.13	5.29
1986											
Dec.	10.89	12.45	9.86	10.72	8.82	2.75	5.75	7.00	4.43	11.64	5.14
1987											
Jan.	9.76	12.46	9.73	10.47	8.83	2.75	5.75	7.00	4.43	11.77	5.22
Feb.	11.11	12.29	10.07	10.83	8.85	2.75	5.75	7.00	4.43	11.36	5.27
March	11.20	12.58	10.17	10.98	8.89	2.75	5.75	7.00	4.42	10.62	5.24
April	10.75	12.51	10.10	10.81	8.92	2.75	5.75	7.00	4.45	10.34	5.29
May	10.89	12.40	10.11	10.72	8.95	2.75	5.75	7.00	4.47	10.17	5.29
June	9.74	12.26	10.11	10.59	8.99	2.75	5.75	7.00	4.44	10.01	5.24
July	10.66	12.46	10.09	10.77	9.02	2.75	5.75	7.00	4.49	9.93	5.28
Aug.	9.45	12.27	9.97	10.49	9.04	2.75	5.75	7.00	4.47	9.85	5.26
Sept.	10.57	12.14	9.93	10.47	9.06	2.75	5.75	7.00	4.48	9.77	5.29
Oct.	10.65	12.22	10.03	10.49	9.08	2.75	5.75	7.00	4.50	9.69	5.34
Nov.	10.58	12.15	10.01	10.54	9.12	2.75	5.75	7.00	4.50	9.64	5.36
Dec.	10.68	11.95	9.81	10.23	9.12	2.75	5.75	7.00	4.56	9.61	5.40

¹ Average rate of interest for period

3.5 RATES OF INTEREST ON BONDS AND DEBENTURES, PER CENT

Period	Rates at issue		Secondary market rates	
	Taxable public issues	Taxfree public issues	Taxable public issues	Taxfree public issues
1983	13.1	10.9	13.1	10.3
1984	13.6	11.1	14.0	10.6
1985	12.7	10.6	12.7	10.1
1986	11.4	8.8	11.7	8.3
1987	10.7	7.9	11.2	8.1
1986				
Dec.	12.0	7.9	12.0	7.8
1987				
Jan.	11.6	7.8	12.1	7.9
Feb.	11.1	8.0	12.1	7.8
March	10.8	7.9	11.6	7.9
April	11.0	7.8	11.3	7.8
May	10.7	7.9	11.1	7.8
June	10.8	7.9	11.1	8.0
July	10.8	7.9	11.0	8.4
Aug.	10.7	7.9	10.8	8.7
Sept.	10.4	7.9	10.8	8.4
Oct.	10.4	7.8	10.9	8.2
Nov.	10.1	7.6	10.8	8.1
Dec.	10.2	7.7	10.5	8.0

4. RATES OF EXCHANGE

4.1 AVERAGE SPOT SELLING RATES, FIM

Average of daily quotations	New York 1 USD	Montreal 1 CAD	London 1 GBP	Dublin 1 IEP	Stockholm 1 SEK	Oslo 1 NOK	Copen- hagen 1 DKK	Frankfurt a.M. 1 DEM	Amster- dam 1 NLG	Brussels 1 BEC 1 BEL	
	1	2	3	4	5	6	7	8	9	10	11
1983	5.570	4.524	8.456	6.957	0.7275	0.7644	0.6107	2.1861	1.9566	0.10934	0.10742
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
1987											
Jan.	4.641	3.413	6.998	6.689	0.7031	0.6485	0.6590	2.4988	2.2148	0.12042	0.11854
Feb.	4.560	3.422	6.971	6.659	0.7021	0.6520	0.6619	2.4991	2.2140	0.12073	0.11934
March	4.509	3.421	7.185	6.579	0.7040	0.6521	0.6537	2.4603	2.1785	0.11884	0.11821
April	4.422	3.360	7.216	6.535	0.7014	0.6542	0.6480	2.4429	2.1652	0.11797	0.11747
May	4.358	3.253	7.280	6.534	0.6979	0.6561	0.6486	2.4398	2.1648	0.11770	0.11708
June	4.427	3.311	7.221	6.530	0.6990	0.6606	0.6469	2.4353	2.1620	0.11754	0.11726
July	4.487	3.389	7.236	6.522	0.6981	0.6652	0.6409	2.4309	2.1589	0.11730	0.11688
Aug.	4.505	3.404	7.207	6.503	0.6956	0.6645	0.6334	2.4275	2.1547	0.11695	0.11627
Sept.	4.394	3.344	7.240	6.493	0.6902	0.6624	0.6299	2.4258	2.1552	0.11686	0.11630
Oct.	4.361	3.337	7.249	6.489	0.6872	0.6591	0.6301	2.4196	2.1504	0.11629	0.11576
Nov.	4.138	3.151	7.354	6.551	0.6827	0.6462	0.6382	2.4617	2.1875	0.11772	0.11722
Dec.	4.043	3.096	7.399	6.584	0.6813	0.6352	0.6422	2.4753	2.1998	0.11837	0.11785
1988											
Jan.	4.036	3.143	7.288	6.505	0.6775	0.6373	0.6369	2.4456	2.1764	0.11702	0.11669

Average of daily quotations	Zurich 1 CHF	Paris 1 FRF	Rome 1 ITL	Vienna 1 ATS	Lisbon 1 PTE	Reykjavik 1 ISK	Madrid 1 ESB	Tokyo 1 JPY	Moscow 1 SUR	Mel- bourne 1 AUD	ECU 1 XEU	SDR 1 XDR
	12	13	14	15	16	17	18	19	20	21	22	23
1983	2.6570	0.7353	0.00369	0.3111	0.0514	0.2325	0.0391	0.02351	7.491	..	..	5.94325
1984	2.5642	0.6907	0.00344	0.3013	0.0414	0.1939	0.0375	0.02534	7.357	..	..	6.14722
1985	2.5360	0.6940	0.00327	0.3012	0.0367	0.1520	0.0366	0.02610	7.419	..	..	6.27879
1986	2.8349	0.7355	0.00343	0.3339	0.0343	0.1259	0.0364	0.03028	7.228	..	..	5.94432
1987	2.9563	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	0.03050	6.965	3.106	5.075	5.68010
1987												
Jan.	2.9774	0.7512	0.00354	0.3553	0.0329	0.1190	0.0360	0.03004	7.107	3.084	5.156	5.79556
Feb.	2.9603	0.7517	0.00353	0.3555	0.0325	0.1184	0.0356	0.02975	7.050	3.063	5.153	5.74575
March	2.9353	0.7407	0.00347	0.3503	0.0322	0.1176	0.0352	0.02980	7.003	3.119	5.103	5.71328
April	2.9599	0.7350	0.00343	0.3478	0.0319	0.1162	0.0350	0.03097	6.971	3.165	5.072	5.70115
May	2.9689	0.7316	0.00339	0.3474	0.0316	0.1155	0.0350	0.03105	6.935	3.136	5.063	5.67351
June	2.9367	0.7306	0.00337	0.3468	0.0315	0.1163	0.0352	0.03066	6.969	3.196	5.050	5.68539
July	2.9246	0.7316	0.00337	0.3460	0.0314	0.1170	0.0355	0.02989	6.985	3.199	5.045	5.68463
Aug.	2.9321	0.7288	0.00337	0.3455	0.0313	0.1171	0.0360	0.03057	7.020	3.206	5.031	5.70792
Sept.	2.9284	0.7280	0.00337	0.3450	0.0311	0.1155	0.0364	0.03071	6.953	3.215	5.031	5.66425
Oct.	2.9163	0.7262	0.00336	0.3441	0.0308	0.1152	0.0369	0.03044	6.928	3.135	5.020	5.63821
Nov.	2.9957	0.7266	0.00336	0.3501	0.0306	0.1140	0.0367	0.03061	6.838	2.863	5.076	5.57249
Dec.	3.0403	0.7316	0.00338	0.3519	0.0305	0.1135	0.0366	0.03151	6.820	2.891	5.105	5.57906
1988												
Jan.	3.0050	0.7259	0.00333	0.3479	0.0301	0.1128	0.0361	0.03170	6.786	2.894	5.048	5.54743

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 January 4, 1988
		Payments currency index ¹	MERM index		
	1	2	3		4
1983	104.1	108.3	109.9	USD	7.6
1984	102.8	108.5	111.6	GBP	13.0
1985	102.5	109.4	112.5	SEK	20.9
1986	103.9	106.3	110.4	NOK	5.1
1987	103.3	100.7	106.1	DKK	5.1
				DEM	19.9
1987				NLG	4.9
Jan.	104.3	102.6	108.4	BEC	3.1
Feb.	104.1	102.0	107.7	CHF	2.8
March	103.8	101.5	107.0	FRF	6.9
April	103.6	100.7	106.7	ITL	4.8
May	103.4	100.3	106.0	JPY	5.9
June	103.3	100.6	106.2		
July	103.3	100.8	106.3		
Aug.	103.2	100.8	106.7		
Sept.	102.8	100.0	105.8		
Oct.	102.5	99.6	105.3		
Nov.	102.7	98.6	103.9		
Dec.	102.9	100.4	103.7		
1988					
Jan.	102.2	99.7	103.4		

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

5. OTHER DOMESTIC FINANCING

5.1 BANK DEPOSITS BY THE PUBLIC, MILL. FIM

End of period	Demand deposits	Time deposits	Investment accounts	Markka deposits, total (1+2+3)	Foreign currency deposits	Unregulated deposits	Total deposits (4+5+6)
	1	2	3	4	5	6	7
1982	13 268	82 606	.	95 874	3 258	4 200	103 332
1983	14 337	93 551	.	107 888	5 101	7 700	120 688
1984	16 975	108 118	.	125 093	4 960	11 287	141 340
1985	19 268	125 366	1 781	146 415	6 192	13 998	166 605
1986	18 393	137 521	3 423	159 337	4 306	17 271	180 914
1986							
Nov.	18 419	135 022	3 193	156 635	5 209	18 344	180 187
Dec.	18 393	137 521	3 423	159 337	4 306	17 271	180 914
1987*							
Jan.	17 574	139 858	3 633	161 065	4 704	21 550	187 320
Feb.	17 561	141 266	3 775	162 602	4 509	20 770	187 881
March	19 535	141 446	3 886	164 866	4 222	21 675	190 764
April	19 805	143 672	3 995	167 472	4 022	19 652	191 145
May	19 369	145 829	4 121	169 318	4 209	20 465	193 992
June	21 564	146 857	4 289	172 710	4 430	19 175	196 315
July	20 046	147 725	4 447	172 219	4 501	20 063	196 783
Aug.	21 610	149 397	4 574	175 581	4 189	20 162	199 933
Sept.	21 090	148 720	4 777	174 586	4 259	22 539	201 384
Oct.	21 583	149 455	5 000	176 038	3 794	25 321	205 153
Nov.	21 631	149 098	5 194	175 923	5 174	22 478	203 575

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
1982	3 468	7 686	85 328	96 482	14 105	110 587
1983	4 350	7 264	97 362	108 977	17 253	126 231
1984	5 233	7 644	111 280	124 157	20 363	144 520
1985	6 313	7 471	132 668	146 451	24 704	171 155
1986	7 542	6 354	152 335	166 231	25 016	191 246
1986						
Nov.	7 644	6 065	151 157	164 867	25 820	190 686
Dec.	7 542	6 354	152 335	166 231	25 016	191 246
1987*						
Jan.	7 455	6 086	153 938	167 479	25 118	192 597
Feb.	7 557	6 115	155 426	169 098	25 981	195 079
March	7 943	5 800	156 849	170 592	27 183	197 775
April	8 019	5 729	158 580	172 328	28 108	200 437
May	7 998	5 667	160 769	174 435	29 732	204 167
June	8 224	5 589	163 290	177 103	30 079	207 182
July	8 262	5 465	165 436	179 164	30 867	210 031
Aug.	8 392	5 499	167 896	181 787	31 538	213 324
Sept.	8 697	5 453	170 322	184 472	33 160	217 632
Oct.	8 739	5 286	172 968	186 994	35 895	222 889
Nov.	8 974	5 174	175 284	189 431	36 635	226 066

5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL. FIM

End of period	Foreign claims, net	Domestic claims			Other items, net	M ₁	M ₂ (1+4+5)
		Claims on the central government	Claims on the private sector	Total (2+3)			
	1	2	3	4	5	6	7
1982	-2037	-4896	129489	124594	-15008	19917	107549
1983	-6081	-3297	152199	148902	-20915	21427	121906
1984	-2575	-5483	176694	171211	-26978	24945	141658
1985	-6641	-8694	209231	200537	-27244	27694	166652
1986	-16784	-13884	237514	223630	-27522	27838	179324
1986							
Nov.	-16453	-7564	235891	228327	-35192	27915	176682
Dec.	-16784	-13884	237514	223630	-27522	27838	179324
1987*							
Jan.	-13870	-8180	239460	231280	-36216	27075	181194
Feb.	-14633	-10046	241314	231269	-34200	26782	182436
March	-17184	-11234	244148	232914	-31738	28901	183992
April	-17467	-9074	245994	236920	-32671	29029	186783
May	-17917	-8835	250072	241237	-34772	28547	188548
June	-18863	-8281	253840	245560	-34604	30754	192092
July	-17724	-9289	256106	246817	-37031	29126	192062
Aug.	-21425	-7994	259449	251455	-34815	30991	195215
Sept.	-23440	-9152	263941	254790	-37029	30360	194321
Oct.	-23445	-10000	269150	259150	-40483	30729	195222
Nov.	-23021	-14405	272384	257979	-38695	30757	196264

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
1982	11689	3038	3675	18402	7635	3743	63	11441	29843	2604	4531
1983	14127	3391	4205	21723	9506	6877	18	16401	38124	2382	5042
1984	16513	2666	5767	24946	12037	7020	266	19323	44269	2121	6300
1985	17316	2703	5658	25677	14994	5878	432	21304	46981	2017	6383
1986	17905	3038	6038	26981	18059	6543	411	25013	51994	1812	11686
1986											
Dec.	17905	3038	6038	26981	18059	6543	411	25013	51994	1812	11686
1987											
Jan.	18634	3059	6587	28280	18320	6265	302	24887	53167	173	6528
Feb.	18435	2954	6548	27937	18393	5877	397	24667	52604	391	7559
March	19168	2443	6267	27878	19119	5798	529	25446	53324	755	8820
April	19185	2447	6263	27895	19154	5228	451	24833	52728	1053	6449
May	20027	2413	6370	28810	19705	5297	584	25586	54396	1000	7421
June	19210	2417	6028	27655	19868	5444	678	25990	53645	1168	6234
July	19204	2415	5942	27561	19971	5855	678	26504	54065	1537	6795
Aug.	18279	2416	5940	26635	20426	6040	576	27042	53677	1595	6219
Sept.	18139	2387	5858	26384	20576	6175	484	27235	53619	1868	6750
Oct.	19136	2418	5758	27312	21328	6532	443	28303	55615	2171	8084
Nov.	19820	2591	5711	28122	22034	6978	243	29255	57377	2271	13109
Dec.	20407	2697	5576	28680	22121	7710	..	29831	58511	..	..

5.5 DOMESTIC BOND MARKET

A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporate sector	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1982	1 430	2 449	4 161	74	—	474	3 068	4 572	8 114
1983	2 035	5 602	5 190	77	10	1 151	3 882	7 881	12 914
1984	2 528	6 167	6 073	112	32	1 947	5 336	7 629	14 912
1985	4 804	9 112	7 669	435	28	8 070	6 394	7 584	22 048
1986	4 976	10 639	7 870	422	105	5 987	7 487	10 538	24 012
1987	4 527	9 457	11 137	206	69	9 406	8 830	7 160	25 395
1986									
Dec.	299	440	124	127	—	185	54	751	990
1987									
Jan.	149	680	1 187	52	—	790	987	291	2 067
Feb.	433	1 085	260	10	20	545	1 060	203	1 808
March	551	1 796	1 368	—	—	851	1 704	1 160	3 714
April	153	475	1 206	—	—	280	127	1 427	1 834
May	230	254	1 292	52	20	526	1 092	230	1 848
June	205	63	336	30	—	185	209	241	634
July	147	153	311	—	—	228	116	267	611
Aug.	440	205	1 091	59	—	674	941	180	1 794
Sept.	685	1 769	581	—	—	1 260	1 070	705	3 036
Oct.	851	1 216	1 433	4	—	2 065	974	464	3 503
Nov.	336	1 005	1 371	—	11	1 289	450	984	2 723
Dec.	347	757	701	—	18	714	101	1 008	1 822

B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporate sector	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1982	3 329	10 607	10 530	60	1	973	9 798	13 755	24 526
1983	5 027	14 986	14 369	152	11	1 901	12 057	20 587	34 545
1984	6 766	19 850	17 404	247	43	3 474	15 148	25 689	44 310
1985	10 482	26 117	20 346	661	56	10 911	19 002	27 748	57 662
1986	14 076	31 293	24 153	1 042	177	16 178	23 314	31 249	70 740
1986									
III	13 718	29 049	22 555	870	95	14 465	21 963	29 858	66 285
IV	14 076	31 293	24 153	1 042	177	16 178	23 314	31 249	70 740
1987									
I	15 286	31 159	24 507	1 091	198	17 878	24 365	29 998	72 241
II	15 511	31 962	24 985	1 159	213	18 897	25 906	29 026	73 830
III	16 260	32 528	26 439	1 228	203	20 501	26 781	29 375	76 657

5.6 HELSINKI STOCK EXCHANGE

During period	Turnover, mill. FIM			Share prices Unitas Index ¹ , 1975 = 100		
	Shares and subscription rights	Bonds and debentures	Total (1+2)	Banks	Industry	Overall index
	1	2	3	4	5	6
1983	1 390	2 356	3 746	190	144	194
1984	2 508	5 007	7 515	259	193	273
1985	3 114	9 046	12 160	229	184	234
1986	9 488	6 479	15 968	350	254	357
1987	26 641	4 604	31 245	546	319	603
1986						
Dec.	1 391	951	2 342	426	285	458
1987						
Jan.	1 179	541	1 720	446	296	481
Feb.	1 173	549	1 722	450	296	485
March	2 669	594	3 262	478	295	523
April	1 472	203	1 675	505	292	561
May	1 858	212	2 070	514	287	575
June	1 798	358	2 156	538	296	604
July	2 647	152	2 799	593	317	666
Aug.	2 809	193	3 002	615	335	689
Sept.	2 962	172	3 133	635	351	707
Oct.	4 099	140	4 239	643	379	708
Nov.	2 275	251	2 525	578	360	631
Dec.	1 701	1 241	2 942	558	328	611

¹ Average of daily observations

6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, f.o.b	Transport receipts	Travel receipts	Other services, receipts	Services, receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account 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
1982	61 914	5 287	2 869	5 731	13 887	75 801	2 984	2 733	81 518	64 542	2 431	3 147	3 643
1983	67 960	5 765	2 851	6 159	14 775	82 735	3 067	3 310	89 112	70 731	2 565	3 599	4 467
1984	78 961	6 580	3 039	5 610	15 229	94 190	4 537	3 624	102 351	73 496	2 572	4 250	5 819
1985	82 475	6 216	3 258	6 224	15 698	98 173	5 847	3 791	107 811	80 764	2 545	5 031	6 554
1986*	81 086	5 293	3 148	5 158	13 599	94 685	4 580	3 640	102 905	76 745	2 223	5 567	5 527
1985													
I	19 734	1 515	561	1 580	3 656	23 390	1 560	929	25 879	18 667	580	1 089	1 562
II	22 109	1 694	823	1 450	3 967	26 077	1 383	949	28 408	21 120	678	1 295	1 687
III	20 284	1 465	1 181	1 424	4 070	24 354	1 514	954	26 822	19 366	559	1 475	1 343
IV	20 347	1 542	693	1 770	4 004	24 351	1 391	959	26 702	21 610	727	1 172	1 962
1986*													
I	19 717	1 269	564	999	2 832	22 549	1 209	903	24 661	20 601	438	1 163	1 361
II	17 780	1 287	780	1 171	3 238	21 018	1 297	904	23 219	15 506	566	1 424	1 346
III	20 933	1 435	1 134	1 257	3 826	24 759	966	897	26 622	20 640	595	1 648	1 336
IV	22 657	1 302	671	1 730	3 703	26 360	1 108	935	28 403	19 998	624	1 332	1 485
1987*													
I	20 141	1 210	579	1 144	2 933	23 074	843	1 035	24 952	19 645	520	1 392	1 486
II	21 399	1 360	916	1 288	3 564	24 963	1 078	941	26 982	20 563	620	1 671	1 516
III	20 936	1 221	1 311	1 357	3 888	24 825	808	913	26 546	20 356	509	1 896	1 417

During period	Services expenditure, total (11+12 +13)	Import of goods and services (10+14)	Investment expenditure	Transfers and other expenditure	Current account expenditure (15+16 +17)	Trade account (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+ 21+22)	Goods and services account (19+23)	Investment income, net (7-16)	Transfers and other, net (8-17)	Current account and (24+25 net = (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1982	9 220	73 762	8 404	3 295	85 461	-2 628	2 856	-277	2 088	4 667	2 039	-5 420	-562	-3 943
1983	10 631	81 361	8 875	4 094	94 331	-2 771	3 200	-748	1 692	4 144	1 373	-5 808	-784	-5 219
1984	12 641	86 137	11 298	5 010	102 445	5 465	4 008	-1 211	-209	2 588	8 053	-6 761	-1 385	-93
1985	14 130	94 893	12 134	5 300	112 327	1 711	3 671	-1 773	-330	1 568	3 279	-6 287	-1 509	-4 517
1986*	13 317	90 062	11 533	5 809	107 405	4 341	3 070	-2 419	-370	282	4 623	-6 954	-2 169	-4 500
1985														
I	3 231	21 898	3 432	1 426	26 756	1 067	935	-528	18	425	1 492	-1 872	-497	-877
II	3 661	24 781	3 032	1 301	29 114	989	1 016	-472	-237	307	1 296	-1 649	-352	-706
III	3 377	22 742	2 770	1 259	26 772	919	906	-294	81	693	1 612	-1 257	-305	50
IV	3 862	25 472	2 899	1 314	29 685	-1 263	814	-479	-192	143	-1 121	-1 508	-355	-2 984
1986*														
I	2 962	23 563	2 890	1 445	27 898	-884	831	-600	-361	-130	-1 014	-1 681	-542	-3 237
II	3 336	18 843	3 360	1 270	23 472	2 273	721	-645	-175	-98	2 175	-2 064	-365	-254
III	3 578	24 218	2 411	1 378	28 007	293	840	-513	-79	248	541	-1 445	-480	-1 385
IV	3 441	23 439	2 871	1 717	28 027	2 659	678	-661	245	262	2 921	-1 763	-782	376
1987*														
I	3 398	23 043	2 874	1 742	27 659	496	690	-813	-342	-465	31	-2 032	-707	-2 708
II	3 807	24 370	3 740	1 471	29 582	836	739	-755	-228	-243	593	-2 662	-530	-2 600
III	3 822	24 178	2 381	1 488	28 047	580	711	-585	-60	67	647	-1 572	-575	-1 500

6.2 CAPITAL ACCOUNT, MILL. FIM

During period	Direct investment in Finland	Portfolio investment in Finland	Long-term credits				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	Total (3+4+5)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1982	-67	..	3059	514	1919	5492	155	5580	1125	..	1239	2605	4969	611
1983	88	..	2554	323	-38	2839	652	3579	1452	..	-423	676	1705	1874
1984	324	1492	2598	2861	1090	6549	68	8433	2479	..	1682	-1960	2201	6232
1985	392	4264	1556	1489	442	3487	140	8283	2073	78	-1313	948	1786	6497
1986*	1518	646	-63	5935	-483	5389	87	7640	3475	489	-382	714	4296	3344
1985														
I	-1	887	411	328	577	1316	-22	2180	765	..	-330	187	622	1558
II	160	3417	407	363	-360	410	99	4086	473	..	-373	144	244	3842
III	54	-107	516	721	-654	583	20	550	486	..	-263	29	252	298
IV	179	67	222	77	879	1178	43	1467	349	78	-347	588	668	799
1986*														
I	85	94	-722	1246	54	578	-65	692	357	-15	-241	8	109	583
II	56	710	596	1040	-193	1443	17	2226	884	89	111	126	1210	1016
III	266	-206	16	1412	-108	1320	83	1463	1134	279	-110	409	1712	-249
IV	1111	48	47	2237	-236	2048	52	3259	1100	136	-142	170	1264	1995
1987*														
I	133	-387	1640	1756	873	4269	79	4094	767	124	265	2495	3651	443
II	210	6	-442	1530	1259	2347	-55	2508	842	925	-81	83	1769	739
III	15	-271	-1018	974	551	507	12	263	528	367	112	120	1127	-864

During period	Basic balance	Short-term capital imports of authorized banks	Import liabilities and prepayments related to exports	Imports of short-term capital (16+17)	Short-term capital exports of authorized banks	Export receivables and prepayments related to imports	Exports of short-term capital (19+20)	Other short-term capital incl. errors and omissions	Short-term capital account (18-21+22)	Overall balance exd. reserve movements (15+23)	Change in central bank's foreign exchange reserves (26+27)	Of which:	
												Convertible reserves	Tied reserves
	15	16	17	18	19	20	21	22	23	24	25	26	27
1982	-3332	10588	-969	9619	9095	-826	8269	1856	3206	-126	126	-1055	1181
1983	-3344	7594	2121	9714	6328	2228	8556	24	1182	-2162	2162	1187	975
1984	6138	16080	944	17024	13994	-2811	11183	-2704	3137	9275	-9275	-10142	867
1985	1980	6890	350	7240	1623	1732	3355	-2121	1764	3744	-3744	-3729	-15
1986*	-1156	5023	-917	4105	15777	-592	15185	4305	-6775	-7930	7930	11678	-3748
1985													
I	681	3873	1306	5179	1665	930	2594	-1113	1472	2153	-2153	-2328	176
II	3136	3588	599	4187	1677	930	2607	-2489	-908	2228	-2228	-1473	-755
III	347	-3134	-355	-3489	-1734	-63	-1797	-222	-1914	-1566	1566	1042	525
IV	-2185	2563	-1200	1363	15	-63	-49	1703	3115	930	-930	-969	39
1986*													
I	-2654	-1436	1243	-193	1649	-15	1634	1319	-508	-3162	3162	3945	-782
II	762	2225	-1844	382	4814	-15	4799	420	-3998	-3236	3236	4161	-925
III	-1634	2955	1237	4192	6304	-281	6023	1252	-579	-2213	2213	3455	-1242
IV	2371	1279	-1554	-275	3010	-281	2729	1314	-1689	681	-681	117	-798
1987*													
I	-2264	2656	1240	3896	-3809	-1653	-5462	-858	8500	6236	-6236	-7020	785
II	-1860	7672	276	7947	3902	596	4498	4648	8097	6237	-6237	-5569	-667
III	-2364	8309	920	9230	5681	323	6004	-225	3000	637	-637	-2407	1771

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

End of period	Long-term liabilities								Long-term assets					Long-term debt, net (8-13)
	Direct investment in Finland	Portfolio investment in Finland	Long-term credits				Other long-term capital	Total (1+2+6+7)	Direct investment abroad	Portfolio investment abroad	Long-term export credits	Other long-term capital	Total (9+10+11+12)	
			Central government	Authorized banks	Others	Total (3+4+5)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1982	2223	..	..	..	..	52 501	406	55 130	4 626	..	6 628	3 869	15 123	40 007
1983	2317	848	21 740	2 419	33 749	57 909	444	61 518	6 166	..	6 612	4 051	16 829	44 689
1984	2905	2 013	24 928	5 960	37 227	68 116	512	73 546	8 689	..	8 920	2 097	19 706	53 840
1985	3 274	6 313	25 678	6 410	34 276	66 364	652	76 603	10 524	78	6 539	3 053	20 194	56 409
1986*	4 898	6 959	26 292	11 992	32 043	70 330	739	82 926	13 735	567	5 647	3 685	23 634	59 292
1985														
I	2 899	2 900	25 180	5 906	37 336	68 423	490	74 712	9 942	..	8 473	2 263	20 678	54 034
II	3 058	6 317	25 488	6 216	36 698	68 403	589	78 367	10 379	..	8 027	2 406	20 812	57 555
III	3 104	6 210	25 749	6 556	34 401	66 707	609	76 630	10 484	..	7 194	2 417	20 095	56 535
IV	3 274	6 313	25 678	6 410	34 276	66 364	652	76 603	10 524	78	6 539	3 053	20 194	56 409
1986*														
I	3 356	6 407	25 126	7 546	33 933	66 606	587	76 956	10 702	63	6 103	3 033	19 901	57 055
II	3 419	7 117	26 548	8 708	34 116	69 374	604	80 514	11 685	152	6 158	3 148	21 143	59 371
III	3 685	6 911	26 710	10 063	33 602	70 376	687	81 659	12 609	431	5 865	3 528	22 433	59 226
IV	4 898	6 959	26 292	11 992	32 043	70 330	739	82 926	13 735	567	5 647	3 685	23 634	59 292
1987*														
I	5 017	6 572	27 361	13 447	31 977	72 787	818	85 194	14 160	691	5 660	6 114	26 625	58 569
II	5 225	6 578	26 967	15 024	33 268	75 261	763	87 827	15 011	1 616	5 588	6 203	28 418	59 409
III	5 226	6 307	25 679	15 830	33 472	74 984	775	87 292	15 316	1 983	5 649	6 304	29 252	58 040

End of period	Short-term liabilities				Short-term assets				Short-term liabilities, net (18-22)	Debt, net (14+23)	Debt service payments	Of which: repayments	Debt-service ratio
	Bank of Finland's short-term liabilities	Short-term liabilities of authorized banks	Trade credits and other liabilities	Total (15+16+17)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits and other assets	Total (19+20+21)					
	15	16	17	18	19	20	21	22	23	24	25	26	27
1982	5 348	31 331	13 782	50 461	12 737	22 899	13 858	49 494	967	40 974	8 236	2 658	10.1
1983	5 705	39 443	16 181	61 328	11 842	29 263	15 915	57 020	4 308	48 997	10 875	4 914	12.2
1984	4 562	55 695	17 988	78 245	22 912	43 319	12 804	79 035	-790	53 050	11 586	4 613	11.3
1985	4 070	51 374	17 354	72 798	25 183	38 775	18 155	82 113	-9 314	47 095	11 287	4 808	10.5
1986*	3 455	56 881	16 119	76 454	16 613	54 598	18 381	89 593	-13 138	46 154	13 356	6 185	13.0
1985													
I	4 535	59 386	19 328	83 249	24 785	44 984	15 869	85 638	-2 390	51 644	3 461	1 561	13.4
II	3 729	62 896	19 987	86 612	26 208	46 661	18 635	91 504	-4 891	52 664	2 761	1 039	9.7
III	4 240	59 370	19 120	82 730	24 770	44 927	18 183	87 880	-5 150	51 385	2 296	1 011	8.6
IV	4 070	51 374	17 354	72 798	25 183	38 775	18 155	82 113	-9 314	47 095	2 769	1 197	10.4
1986*													
I	3 659	50 424	18 682	72 765	21 647	40 424	18 037	80 109	-7 343	49 712	3 858	2 126	15.6
II	3 499	52 647	16 965	73 111	18 470	45 237	18 213	81 921	-8 809	50 562	3 288	1 176	14.2
III	3 565	55 602	18 234	77 401	16 168	51 541	17 881	85 591	-8 190	51 036	2 312	837	8.7
IV	3 455	56 881	16 119	76 454	16 613	54 598	18 381	89 593	-13 138	46 154	3 897	2 046	13.7
1987*													
I	3 521	59 536	18 727	81 783	22 482	50 790	16 266	89 538	-7 754	50 815	3 490	1 441	14.0
II	3 490	67 208	19 077	89 775	28 680	54 691	17 215	100 587	-10 812	48 597	4 209	1 499	15.6
III	3 607	75 517	20 920	100 044	29 304	60 373	17 474	107 151	-7 107	50 933	2 805	1 224	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
1982	..	..	..	..	55 130	..	..	..	..	15 123	40 007
1983	30 082	8 541	22 184	710	61 518	12 791	2 472	1 447	119	16 829	44 689
1984	34 012	13 366	25 440	728	73 546	17 624	222	1 678	182	19 706	53 840
1985	35 709	13 980	26 330	585	76 603	17 102	859	1 955	279	20 194	56 409
1986	35 216	20 168	27 031	509	82 926	19 218	1 590	2 309	520	23 634	59 292
1985											
I	35 017	13 315	25 670	710	74 712	18 420	363	1 693	202	20 678	54 034
II	38 073	13 517	26 077	700	78 367	18 412	354	1 817	229	20 812	57 555
III	36 248	13 391	26 358	633	76 630	17 691	277	1 877	250	20 095	56 535
IV	35 709	13 980	26 330	585	76 603	17 102	859	1 955	279	20 194	56 409
1986											
I	35 593	15 095	25 713	555	76 956	16 844	765	1 970	321	19 901	57 055
II	35 958	16 852	27 152	551	80 514	17 872	849	2 056	366	21 143	59 371
III	35 162	18 559	27 397	541	81 659	18 472	1 360	2 191	412	22 433	59 226
IV	35 216	20 168	27 031	509	82 926	19 218	1 590	2 309	520	23 634	59 292
1987											
I	34 719	21 814	28 179	481	85 194	19 711	3 876	2 458	581	26 625	58 569
II	35 618	24 004	27 730	474	87 827	21 358	3 936	2 465	659	28 418	59 409
III	35 058	25 239	26 454	539	87 292	21 983	4 005	2 519	744	29 252	58 040

7. FOREIGN TRADE

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
1982	63 026	64 751	- 1 725
1983	69 692	71 528	- 1 836
1984	80 904	74 682	6 222
1985	84 028	81 520	2 508
1986	82 579	77 601	4 978
1986			
Nov.	7 602	6 754	848
Dec.	7 474	6 835	639
1987*			
Jan.	6 712	6 706	6
Feb.	6 375	5 731	644
March	7 360	7 328	32
April	7 285	6 500	785
May	7 007	7 154	- 147
June	7 444	7 090	354
July	6 620	6 458	162
Aug.	6 601	6 943	- 342
Sept.	8 042	7 080	962
Oct.	7 894	7 317	577
Nov.	6 966	7 502	- 536

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
1982	100	95	119	117	102
1983	104	98	127	125	101
1984	114	98	134	131	102
1985	115	104	138	135	102
1986	116	110	135	121	111
1986					
I	108	93	141	139	102
II	122	106	139	138	101
III	113	100	138	135	102
IV	117	113	135	133	101
1986					
I	113	110	134	129	103
II	104	90	133	122	109
III	116	119	138	120	116
IV	128	115	136	121	112
1987*					
I	114	113	136	120	113
II	120	120	137	119	115
III	116	116	139	121	115

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 Investment goods	Consumer goods	Other goods
	1	2	3	4	5	6	7	8	9	10
1982	6 278	17 502	6 628	18 908	13 710	29 839	16 174	9 195	9 130	413
1983	6 944	19 327	8 524	20 211	14 686	32 209	17 554	10 860	10 572	333
1984	7 145	23 573	10 176	22 998	17 012	35 162	16 900	10 993	11 454	173
1985	6 728	25 030	9 803	24 412	18 055	38 676	17 770	11 675	12 967	432
1986	6 947	24 600	7 858	26 115	17 059	39 292	10 070	12 898	15 069	272
1986										
Nov.	755	2 190	631	2 443	1 583	3 517	663	1 197	1 368	9
Dec.	626	1 992	582	2 964	1 310	3 453	733	1 426	1 181	42
1987*										
Jan.	584	2 040	691	2 073	1 324	3 270	955	1 080	1 255	146
Feb.	512	2 077	653	1 825	1 308	3 052	301	928	1 427	23
March	619	2 276	599	2 228	1 638	3 571	649	1 448	1 619	41
April	616	2 352	574	2 236	1 507	3 407	461	1 218	1 407	7
May	746	2 164	749	2 089	1 259	3 554	886	1 209	1 467	38
June	732	2 097	599	2 526	1 490	3 538	915	1 151	1 327	159
July	526	2 271	660	1 983	1 180	3 125	796	1 197	1 317	23
Aug.	545	2 191	669	1 849	1 347	3 292	1 137	1 012	1 471	31
Sept.	666	2 496	688	2 629	1 563	3 503	964	1 047	1 547	19
Oct.	670	2 500	624	2 493	1 607	3 634	845	1 151	1 579	108
Nov.	664	2 168	563	2 077	1 494	3 713	720	1 436	1 622	11

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1986		1987*		1986		1987*	
	January-November		January-November		January-November		January-November	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
	1	2	3	4	5	6	7	8
All OECD countries	57 753	69.9	58 123	9.7	57 905	74.6	57 525	9.3
OECD Europe	50 181	60.8	51 296	11.3	48 446	62.4	47 574	8.3
Of which:								
Austria	781	0.9	888	25.2	1 015	1.3	975	5.1
Belgium and Luxembourg	1 410	1.7	1 372	7.8	1 899	2.4	1 977	14.2
Denmark	3 321	4.0	3 058	0.1	2 181	2.8	2 163	8.6
France	3 691	4.5	4 167	23.9	3 459	4.5	3 298	11.1
Federal Republic of Germany	8 016	9.7	8 595	16.9	13 159	17.0	13 232	10.0
Italy	1 741	2.1	1 976	26.3	3 256	4.2	3 326	11.1
Netherlands	2 855	3.5	2 826	6.4	2 369	3.1	2 361	9.6
Norway	3 715	4.5	3 771	8.1	1 714	2.2	1 657	5.6
Spain	877	1.1	1 014	27.5	873	1.1	819	3.7
Sweden	12 228	14.8	11 662	4.4	10 559	13.6	9 753	2.5
Switzerland	1 331	1.6	1 429	14.6	1 579	2.0	1 520	6.9
United Kingdom	8 667	10.5	9 023	12.4	5 056	6.5	5 130	10.5
Other OECD	7 571	9.2	6 887	-1.2	9 459	12.2	9 950	14.0
Of which:								
Canada	910	1.1	894	6.8	410	0.5	387	2.5
Japan	1 266	1.5	1 097	-2.0	5 022	6.5	5 384	15.4
United States	4 480	5.4	4 075	-2.1	3 722	4.8	3 956	16.1
CMEA countries	18 176	22.0	13 395	-16.5	14 210	18.3	13 170	1.3
Of which:								
Soviet Union	16 774	20.3	12 136	-17.7	11 933	15.4	11 175	2.6
Developing countries	5 736	6.9	5 584	7.4	4 945	6.4	4 468	-3.0
OPEC countries	1 437	1.7	1 373	2.6	1 022	1.3	669	-32.4
Other	4 299	5.2	4 211	9.0	3 923	5.1	3 799	5.0
Other countries	914	1.1	1 144	42.4	541	0.7	646	29.5
TOTAL	82 579	100.0	78 306	4.3	77 601	100.0	75 809	7.1
Of which:								
EEC countries	31 657	38.3	33 157	14.2	33 396	43.0	33 520	10.5
EFTA countries	18 193	22.0	17 873	6.7	14 979	19.3	13 994	3.5

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
1982	167 053	60 849	66 269	10 093	-2 543	301 721	89 792	85 415	306 098
1983	171 330	63 113	69 001	10 467	-2 704	311 207	92 001	87 959	315 249
1984	176 038	64 872	67 584	10 202	-1 327	317 369	96 993	88 857	325 505
1985	181 664	68 218	69 599	10 453	3 610	333 544	98 173	94 893	336 824
1986*	188 823	70 398	68 720	10 962	5 467	344 370	99 365	98 760	344 975
1985									
I	44 710	16 795	17 612	2 657	151	81 926	23 369	22 043	83 252
II	45 037	16 920	17 633	2 429	1 402	83 421	26 952	25 789	84 585
III	45 777	17 100	16 694	2 782	-237	82 116	24 615	22 900	83 830
IV	46 161	17 397	17 676	2 612	2 706	86 552	23 244	24 530	85 266
1986*									
I	46 416	17 401	17 221	2 697	2 080	85 815	24 849	25 645	85 019
II	47 088	17 276	16 609	2 323	37	83 333	22 273	20 890	84 717
III	47 503	17 709	17 610	2 948	2 803	88 573	26 083	27 166	87 491
IV	47 815	18 011	17 280	2 788	488	86 382	26 055	24 818	87 619
1987*									
I	48 798	17 979	17 685	2 748	1 661	88 871	24 818	25 702	87 987
II	49 411	18 082	18 259	2 463	4 267	92 481	26 925	28 758	90 649
III	49 387	18 265	17 768	3 101	1 654	90 176	25 744	26 963	88 957

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

(seasonally adjusted figures)

Period	2-4		2		3		Industry (SIC): 331,341 37,38		4	
	Total industry		Mining and quarrying		Manufacturing		Wood and paper industries		Other manufacturing	Electricity gas and water
	(100.0)		(1.5)		(89.5)		(20.5)		(40.7)	(9.0)
	1		2		3		4		6	7
1982	89.0		92.8		89.6		86.3		93.0	82.2
1983	91.9		92.8		92.5		94.2		95.5	86.0
1984	96.1		96.3		96.6		101.7		97.6	91.8
1985	100.0		100.0		100.0		100.0		100.0	100.0
1986*	100.8		101.7		100.8		101.8		99.9	100.1
1986*										
Nov.	99.4		106.4		102.4		104.8		101.5	101.5
Dec.	100.7		105.0		102.8		107.7		99.6	106.0
1987*										
Jan.	101.5		82.7		101.4		106.7		99.2	109.8
Feb.	104.6		90.3		105.0		109.9		101.3	102.2
March	109.7		94.9		107.4		107.8		102.1	113.2
April	105.7		86.0		104.3		108.9		103.8	103.9
May	106.9		65.2		105.0		108.9		107.3	107.7
June	106.2		47.2		105.7		105.3		106.4	107.2
July	109.1		88.9		107.6		107.3		107.2	105.0
Aug.	105.2		91.0		105.2		107.8		105.0	111.3
Sept.	103.2		84.4		104.1		111.3		102.4	110.0
Oct.	102.5		71.4		105.6		111.1		102.4	107.1
Nov.	100.0		81.9		102.6		108.1		99.0	109.8

8.3 INDICATORS OF DOMESTIC SUPPLY AND DEMAND, 1985 = 100

(seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
1982	96.7	93.6	98.8	105.1	114.9	87.3	95.0	91.7
1983	97.6	94.4	108.1	107.7	123.0	105.1	100.9	94.3
1984	97.2	96.8	101.7	104.1	112.8	96.3	98.6	96.9
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986*	104.7	102.5	94.1	88.4	100.1	99.5	105.2	101.8
1986*								
Nov.	105.4	101.2	..	..	..	..	..	102.9
Dec.	101.6	103.1	..	..	..	..	..	103.3
III	106.0	102.5	99.2	89.6	109.5	106.0	107.4	103.2
IV	104.9	103.1	100.8	90.1	107.4	109.8	120.4	103.3
1987*								
Jan.	109.3	104.6	..	..	..	..	..	102.7
Feb.	108.8	106.4	..	..	..	..	..	104.5
March	108.5	105.5	..	..	..	..	..	106.0
April	115.9	111.3	..	..	..	..	..	106.0
May	111.0	106.9	..	..	..	..	..	106.5
June	114.6	112.2	..	..	..	..	..	105.8
July	110.8	107.9	..	..	..	..	..	105.8
Aug.	110.5	106.4	..	..	..	..	..	106.4
Sept.	110.6	109.0	..	..	..	..	..	106.4
Oct.	117.1	107.0	..	..	..	..	..	106.2
Nov.	..	..	..	..	..	..	..	106.1
I	108.9	105.5	93.3	89.1	91.7	94.3	112.4	104.4
II	113.8	110.1	93.1	96.5	106.9	100.0	122.0	106.1
III	110.7	107.7	89.9	78.3	101.1	100.6	100.5	106.2

8.4 WAGES AND PRICES, 1985 = 100

Period	Index of wage and salary earnings	By sectors					Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private Total	Of which: Manufacturing (SIC 3)	Central government	Local government	Non-profit institutions			Domes- tic goods	Import- ed goods		Export- ed goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1983	84.3	84.0	85.2	86.4	84.0	85.8	88.2	90.8	90.0	93.5	90.9	91.3	90.7	89.2
1984	92.2	92.0	92.9	92.6	92.8	92.1	94.5	95.7	95.0	97.8	96.1	98.0	95.3	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	107.0	106.7	106.2	107.0	108.1	107.0	103.6	94.8	97.7	85.1	95.7	96.3	95.5	104.3
1987	..	..	..	..	..	..	107.4	95.6	99.3	83.7	96.6	97.8	96.0	109.1
1986														
Dec.	..	..	..	..	..	..	104.6	93.9	97.0	83.5	94.6	96.4	93.9	105.5
IV	109.1	109.3	107.9	107.8	109.8	108.1	104.5	93.7	96.9	83.2	94.7	96.6	93.9	105.5
1987														
Jan.	..	..	..	..	..	..	105.7	94.6	97.8	84.1	95.5	97.0	94.9	106.7
Feb.	..	..	..	..	..	..	106.0	94.8	98.1	84.2	95.7	97.0	95.1	106.9
March	..	..	..	..	..	..	106.6	94.8	98.3	83.6	95.8	96.8	95.3	108.0
April	..	..	..	..	..	..	107.0	95.1	98.7	83.5	96.1	97.3	95.5	108.7
May	..	..	..	..	..	..	107.2	95.3	98.9	83.4	96.2	97.8	95.6	108.9
June	..	..	..	..	..	..	107.4	95.4	99.0	83.8	96.3	97.8	95.6	109.1
July	..	..	..	..	..	..	107.5	96.0	99.4	84.7	96.7	98.0	96.2	109.4
Aug.	..	..	..	..	..	..	107.7	96.1	99.5	84.9	96.8	98.3	96.2	109.6
Sept.	..	..	..	..	..	..	108.2	96.1	99.8	83.9	97.1	98.3	96.6	109.9
Oct.	..	..	..	..	..	..	108.4	96.5	100.3	83.9	97.4	98.3	96.9	110.0
Nov.	..	..	..	..	..	..	108.4	96.4	100.6	82.8	97.5	98.6	97.1	110.8
Dec.	..	..	..	..	..	..	108.4	96.5	101.0	82.0	97.7	98.3	97.5	110.9
I	111.4	111.2	110.5	112.0	112.0	112.3	106.1	94.7	98.0	83.9	95.7	97.0	95.1	107.2
II	115.5	115.2	114.4	117.2	115.3	117.4	107.2	95.3	98.9	83.6	96.2	97.7	95.6	108.9
III	115.5	115.1	114.1	117.2	115.5	117.5	107.8	96.0	99.6	84.5	96.9	98.2	96.3	109.7
IV	..	..	..	..	..	..	108.4	96.5	100.6	82.9	97.5	98.4	97.2	110.6

8.5 LABOUR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

U.S. LABOR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry				Unem- ployed	Unem- ployment rate
				Self- employed	Wage and salary earners	Agri- culture and forestry	Industry	Con- struction	Service industries		
	%			1000 persons							%
	1	2	3	4	5	6	7	8	9	10	11
1982	68.7	2512	2377	386	1990	312	618	183	1264	135	5.4
1983	68.7	2527	2390	386	2004	303	606	183	1298	138	5.5
1984	68.8	2546	2414	378	2035	294	600	183	1337	133	5.2
1985	69.2	2567	2437	361	2076	280	597	178	1380	130	5.0
1986	69.1	2568	2431	359	2071	266	589	185	1391	138	5.4
1986											
Nov.	..	..	2432	363	2068	256	584	190	1402	..	..
Dec.	..	..	2435	376	2059	257	578	180	1419	..	..
1987											
Jan.	69.0	2566	2407	366	2041	266	561	188	1392	158	6.2
Feb.	68.6	2550	2425	374	2051	246	582	184	1413	129	5.1
March	69.4	2581	2447	388	2059	271	569	185	1421	134	5.2
April	68.5	2550	2422	360	2062	256	571	186	1410	129	5.1
May	68.0	2530	2397	351	2047	234	555	178	1431	135	5.3
June	68.4	2543	2418	371	2048	253	564	194	1408	123	4.8
July	68.4	2546	2419	370	2049	246	590	184	1400	126	5.0
Aug.	69.4	2583	2459	366	2093	251	565	182	1461	123	4.7
Sept.	68.6	2554	2429	368	2061	241	581	172	1434	122	4.8
Oct.	68.6	2555	2426	394	2032	258	582	187	1399	130	5.1
Nov.	68.1	2537	2418	383	2035	252	552	180	1434	118	4.7

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

During period	Revenue								Expenditure				
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Borrowing	Total revenue (7+8)	Consumption	Transfers and subsidies	Of which: Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11	12	13
1982	17 160	34 665	360	6 997	59 182	1 168	60 350	8 165	68 515	18 163	35 444	13 601	21 129
1983	19 565	36 183	531	8 284	64 563	1 854	66 416	11 378	77 794	20 984	39 411	15 717	22 817
1984	22 526	42 737	598	9 711	75 572	1 894	77 466	10 752	88 218	22 155	44 333	18 444	24 836
1985	25 750	47 578	546	10 415	84 290	2 071	86 361	11 189	97 550	24 835	49 269	21 183	26 866
1986	28 079	51 733	323	11 640	91 774	2 209	93 983	14 744	108 727	26 354	52 845	23 215	28 131
1986													
Nov.	2 349	4 370	17	976	7 711	288	7 999	747	8 746	2 233	4 958	2 186	2 629
Dec.	2 947	5 777	30	806	9 560	368	9 927	1 673	11 600	2 426	5 259	2 006	3 012
1987													
Jan.	1 434	3 163	23	906	5 526	46	5 571	2 853	8 424	2 424	4 584	1 876	2 600
Feb.	2 023	5 181	29	791	8 024	88	8 112	260	8 373	2 226	5 049	1 941	2 920
March	2 671	4 132	17	1 172	7 993	79	8 072	2 530	10 601	2 268	4 555	2 196	2 141
April	2 957	4 632	15	1 289	8 893	59	8 952	335	9 288	2 313	5 172	2 464	2 476
May	2 450	3 390	84	1 014	6 938	372	7 310	2 482	9 792	2 440	5 763	2 131	3 441
June	2 561	5 243	28	1 092	8 925	191	9 115	455	9 570	2 468	4 636	2 630	1 910
July	2 941	5 335	49	603	8 929	95	9 023	619	9 642	2 923	4 775	2 148	2 434
Aug.	2 935	4 880	37	1 209	9 060	343	9 402	1 143	10 546	2 331	5 003	2 138	2 729
Sept.	2 461	4 237	40	968	7 706	144	7 850	619	8 470	2 424	4 341	2 131	2 102
Oct.	2 480	4 360	38	1 025	7 904	119	8 023	2 295	10 318	2 505	4 713	2 227	2 296
Nov.	2 545	5 465	29	1 024	9 062	266	9 329	2 397	11 726	2 366	5 746	2 336	3 306

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
1982	4964	2478	61049	4457	65506	2751	68257	-1867	-5156	-7907	258
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
1986											
Nov.	534	196	7921	392	8313	1163	9476	-210	-314	-1477	-730
Dec.	747	400	8831	557	9388	121	9509	728	539	418	2091
1987											
Jan.	434	771	8213	268	8482	1323	9805	-2688	-2910	-4233	-1381
Feb.	452	418	8144	359	8503	764	9267	-120	-390	-1154	-894
March	597	697	8118	492	8610	1886	10497	-125	-539	-2425	104
April	526	684	8695	404	9098	871	9969	199	-146	-1017	-682
May	534	678	9416	469	9885	820	10705	-2478	-2575	-3395	-913
June	640	255	7999	561	8560	1314	9874	925	555	-759	-304
July	643	284	8625	752	9377	190	9566	304	-353	-543	76
Aug.	542	294	8170	479	8649	1410	10059	890	754	-657	487
Sept.	648	137	7551	552	8102	320	8423	156	-252	-572	47
Oct.	644	321	8184	446	8629	620	9249	-280	-606	-1226	1069
Nov.	550	199	8861	407	9267	252	9519	202	62	-190	2207

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

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

Table 2.1 Matured certificates of deposit, net (Column 3) = matured bank certificates of deposit held by the Bank of Finland – matured certificates of deposit issued by the Bank of Finland.

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

3 RATES OF INTEREST

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

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

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

Table 3.4 *Lending.* New credits (Columns 1–4): the rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts, whereas annual rates are averages of monthly observations. *Deposits.* The rates of interest applied to deposit accounts (Columns 6–8) are the rates of interest applied to standard tax-exempt deposit accounts as agreed upon between banks. The average rate of interest on the stock of regulated deposits (Column 9) is the average rate of interest weighted by the deposit amounts at the end of period, where the stock of deposits comprises cheque accounts, postal giro accounts, deposit accounts with a cheque facility, savings and ordinary deposit accounts, other time deposit accounts and taxable investment accounts. The average rate of interest on unregulated deposits (Column 10) is the average rate of interest weighted by the average amounts in the period. Unregulated deposits include, inter alia, sales of certificates of deposit, promissory notes and bonds as well as corporate deposits at market rates.

Table 3.5 *Rates at issue* on bonds and debentures (Columns 1 and 2) are the average rates of interest weighted by issue amounts – in the case of government bonds by sales amounts – on ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued during the period. *Secondary market rates.* The rate of interest for taxable public issues (Column 3) is the effective annual yield, calculated as the

arithmetic mean, on fixed-rate ordinary bonds, debentures or other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures). The Bank of Finland calculates the yields once a week on the basis of the trading quotations of the Helsinki Stock Exchange for loans with a remaining maturity of between 3 and 6 years. The rate of interest for taxfree public issues (Column 4) is the yield on fixed-rate public bonds with a remaining maturity of between 4 and 5 years. Monthly observations are the averages of weekly observations and annual observations the averages of monthly observations.

4 RATES OF EXCHANGE

Table 4.2 The weights of the Bank of Finland currency index (Column 1) are moving averages of the shares of countries in Finland's merchandise export and import trade. The index comprises 12 convertible currencies. The index values are based on the Bank of Finland's daily quotations at noon. The weights of the payments currency index (Column 2) are moving averages of the shares of payments currencies in Finland's trade. The index comprises 12 convertible currencies. The weights of the MERM index (Column 3) are fixed 1977 weights computed on the basis of the IMF's world trade model. Fourteen currencies are included in this index.

5 OTHER DOMESTIC FINANCING

Table 5.1 Source: The Central Statistical Office of Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and local government. Domestic foreign-currency deposits are included in the figures. Time deposits (Column 2) consist of tax-exempt time deposits held by the public. Investment accounts (Column 3) are taxable time deposits held by the public. For the definition of unregulated deposits (Column 6), see the explanation under Table 3.4. Since the beginning of 1987, the figures for banks' holdings of certificates of deposit issued by other banks have been netted out. Netting out is done by the Bank of Finland.

Table 5.2 Source: The Central Statistical Office of Finland. The public comprises households and non-profit

institutions, enterprises (excl. financial institutions) and local government. Foreign currency credits (Column 5) are mainly granted by commercial banks and Postipankki.

Table 5.3 Foreign claims, 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 claims.* 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 private sector (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), forward exchange transactions, claims on other financial institutions, shares). Other items, net (Column 5) = till money held by banks + the Bank of Finland's liabilities to deposit banks (call money deposits, banks' holdings of certificates of deposit issued by the Bank of Finland, other liabilities to deposit banks) - the Bank of Finland's claims on deposit banks (till-money credits, call money credits, term credits (from December 1986 to July 1987), certificates of deposit, other claims). 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.

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

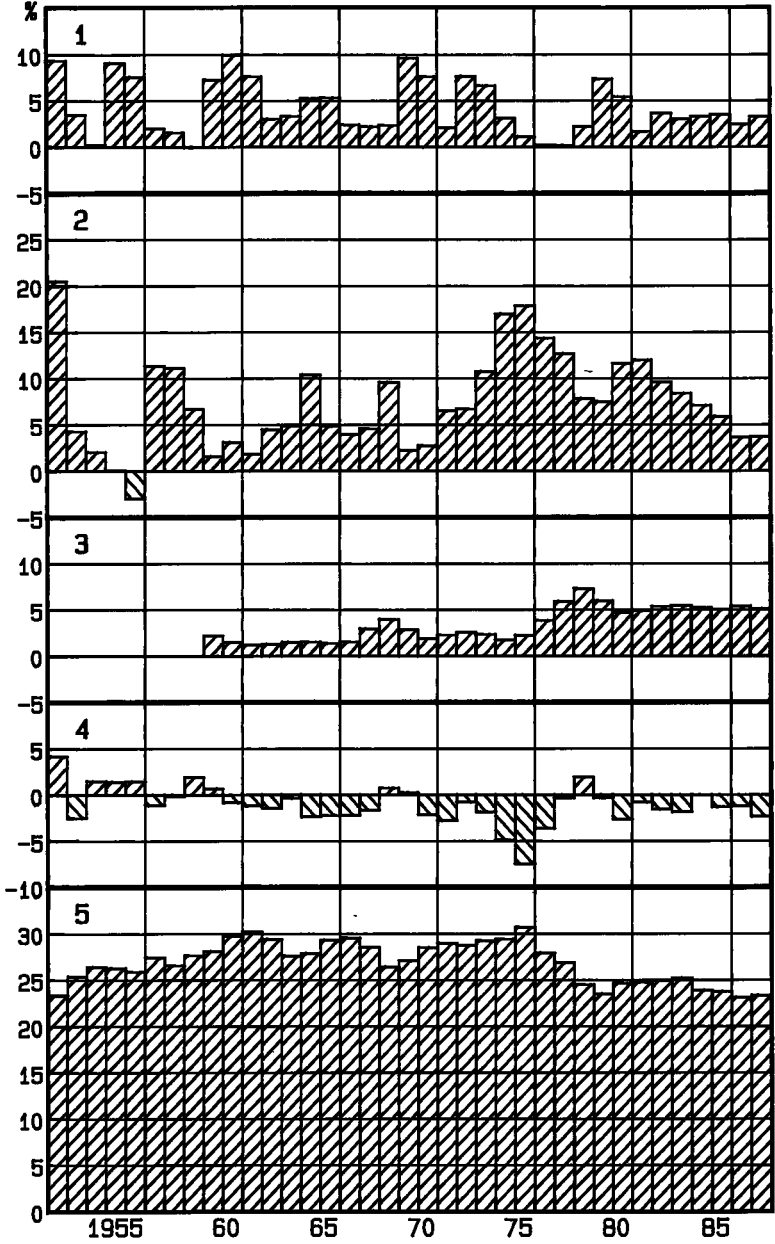
Tables 8.1-8.5 Source: Central Statistical Office of Finland. Seasonal adjustment is carried out by the Bank of Finland.

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 8.6 Source: Ministry of Finance.

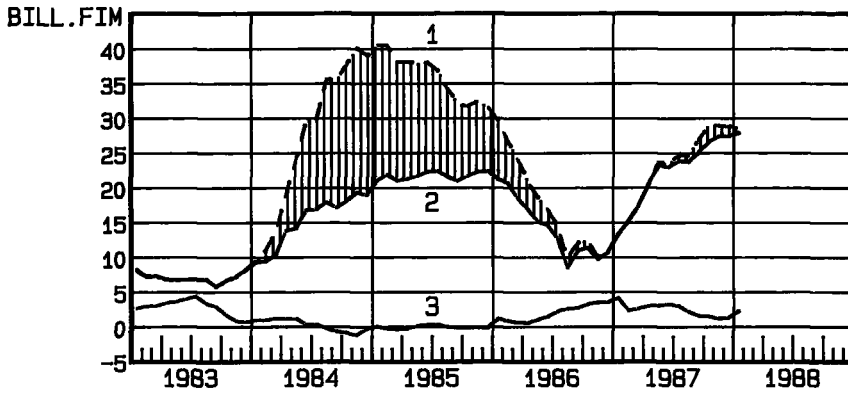
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Banks' central bank position	S29
5. Overnight rates	S30
6. HELIBOR rates of interest	S30
7. Rates of interest applied by the Bank of Finland	S30
8. 3-month covered Eurodollar 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

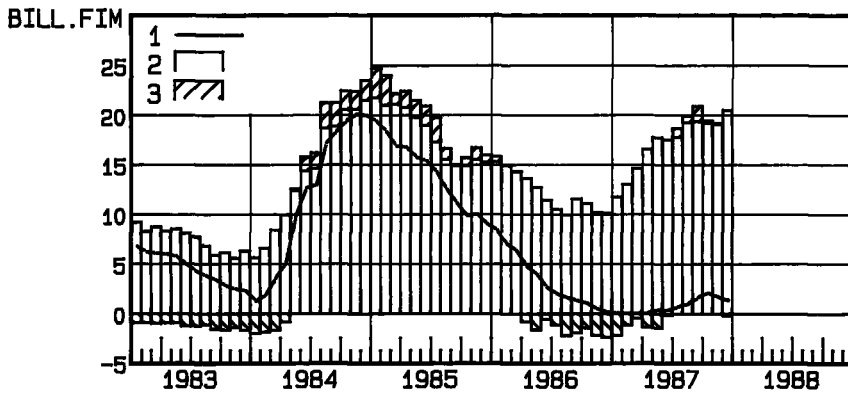


1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

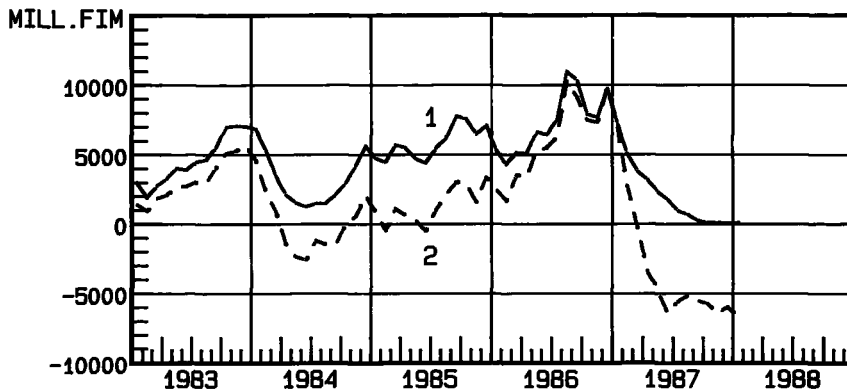
2. THE BANK OF FINLAND'S FOREIGN EXCHANGE RESERVES AND FORWARD POSITION



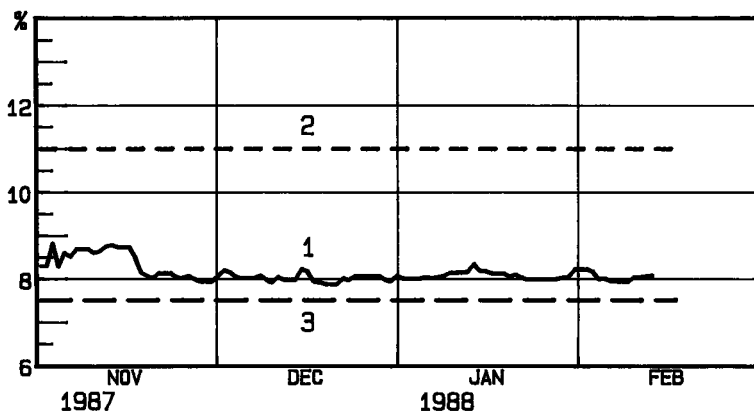
3. FORWARD MARKET



4. BANKS' CENTRAL BANK POSITION

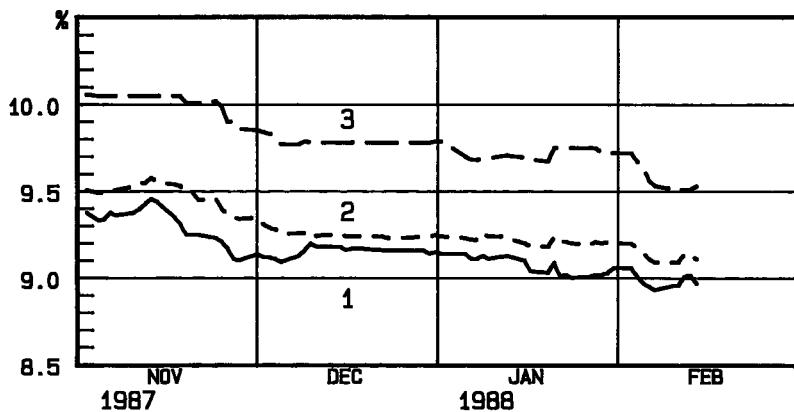


5. OVERNIGHT RATES



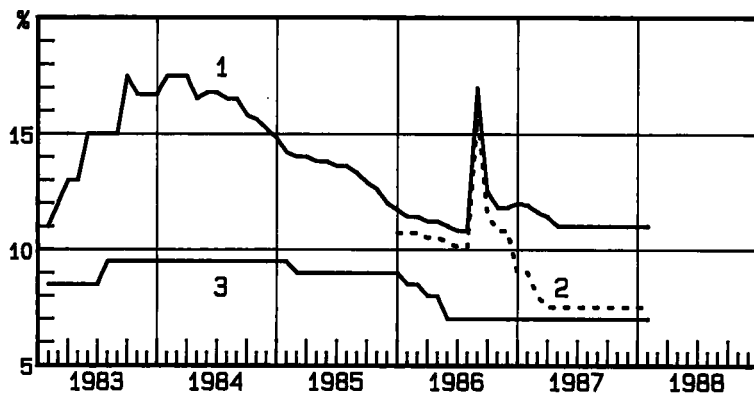
- 1. Inter-bank overnight rate
 - 2. Call money credit rate
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



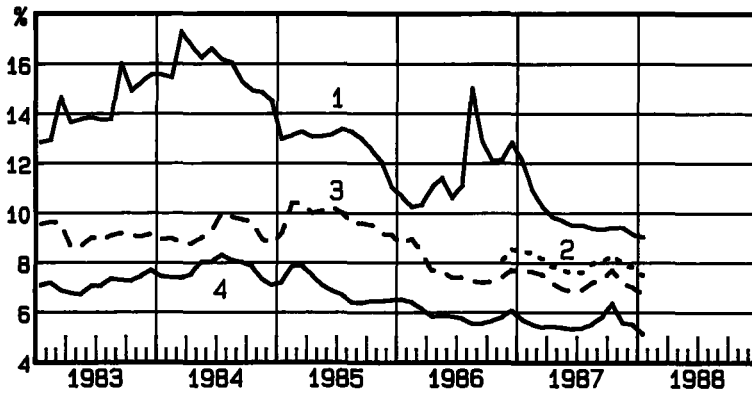
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

7. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



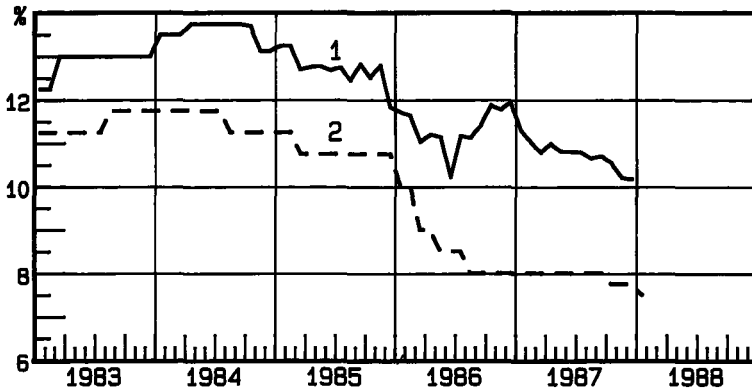
- 1. Call money credit rate
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

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



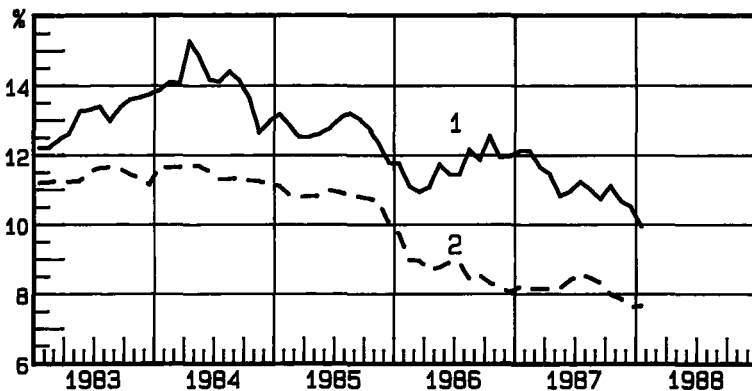
1. Covered Eurodollar rate
2. 12-currency basket rate
3. 8-currency basket rate
4. 3-currency basket rate

9. RATES ON NEW ISSUES OF BONDS AND DEBENTURES



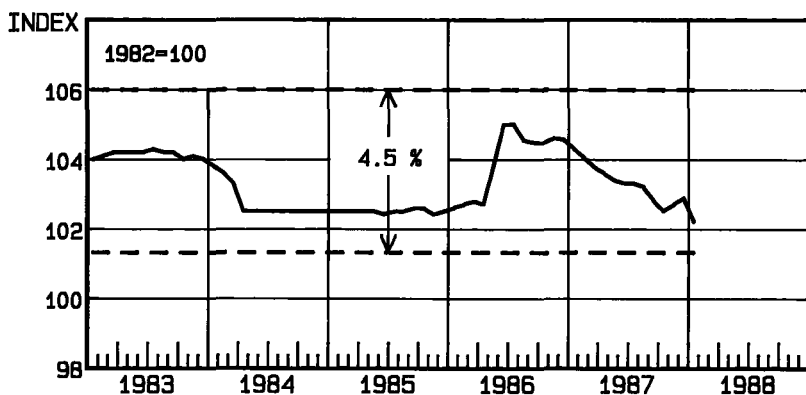
1. Rates on new fixed-rate debentures
2. Rates on new 10-year tax-free government bonds

10. SECONDARY MARKET RATES ON BONDS AND DEBENTURES



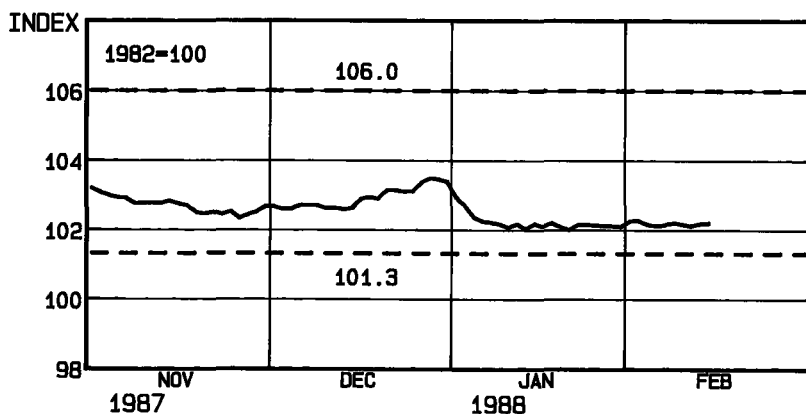
1. Secondary market rate on (3-6 year) fixed-rate debentures
2. Secondary market rate on (9-10 year) tax-free government bonds

11. BANK OF FINLAND CURRENCY INDEX



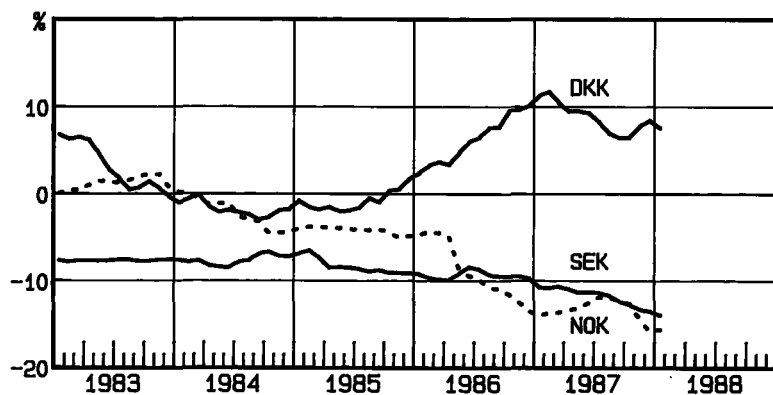
4.5 % = fluctuation range of the index
Monthly averages

12. BANK OF FINLAND CURRENCY INDEX



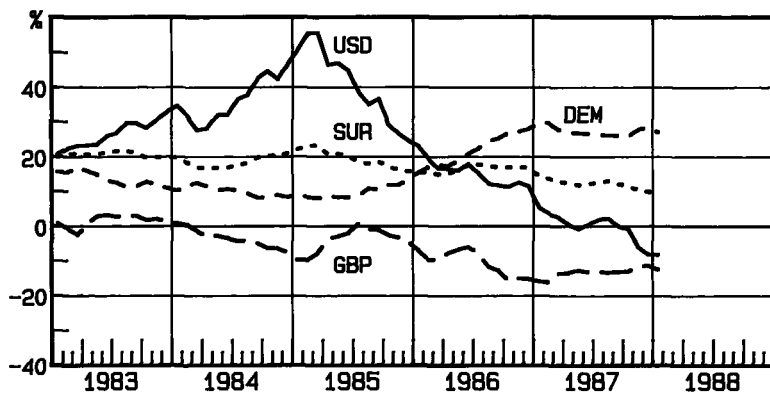
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



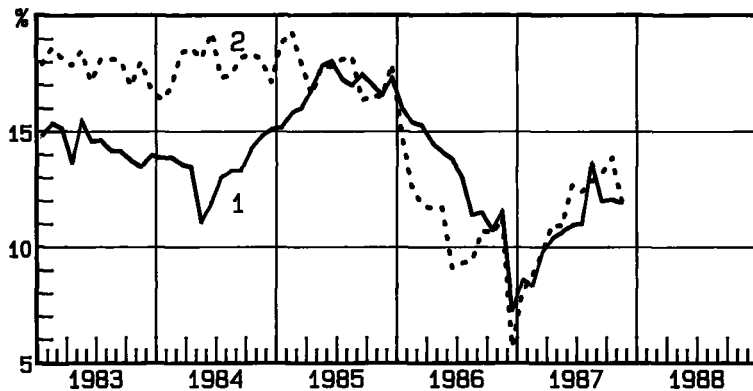
Monthly changes in markka selling rates calculated from the average rates for January 1982

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



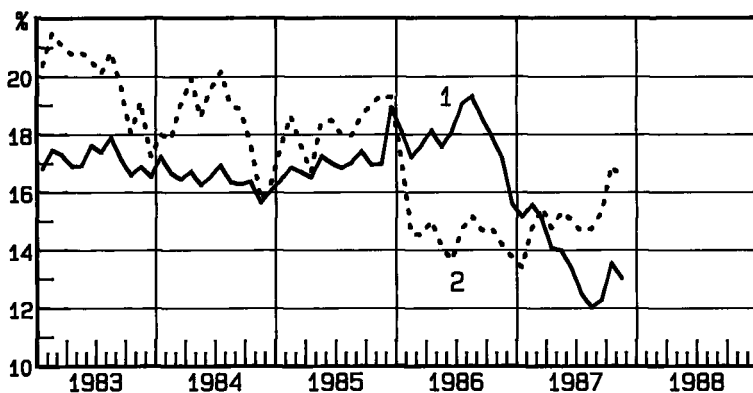
Monthly changes in markka selling rates calculated from the average rates for January 1982

15. BANK DEPOSITS FROM THE PUBLIC



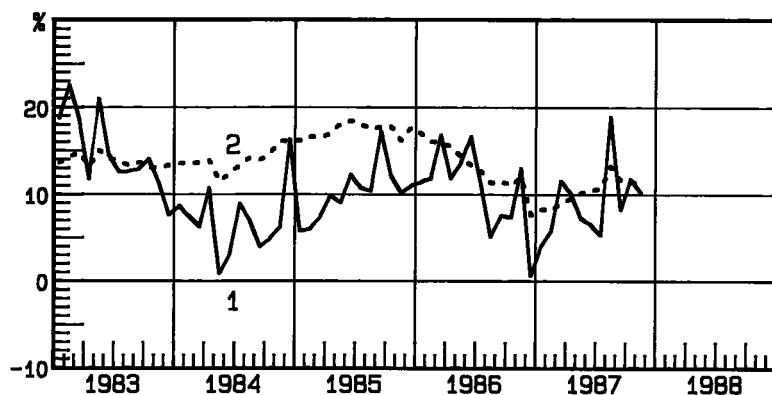
1. Regulated deposits
2. Total deposits
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



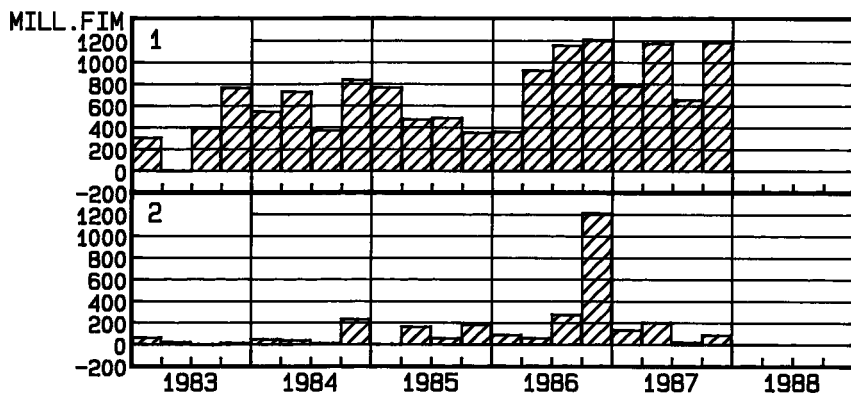
1. Markka lending
2. Total lending
Change from the corresponding month of the previous year, per cent

17. MONEY SUPPLY



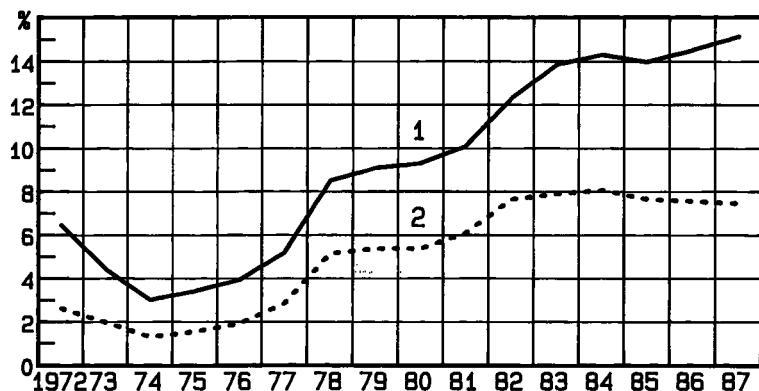
1. Narrow money supply (M1)
 2. Broad money supply (M2)
- Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



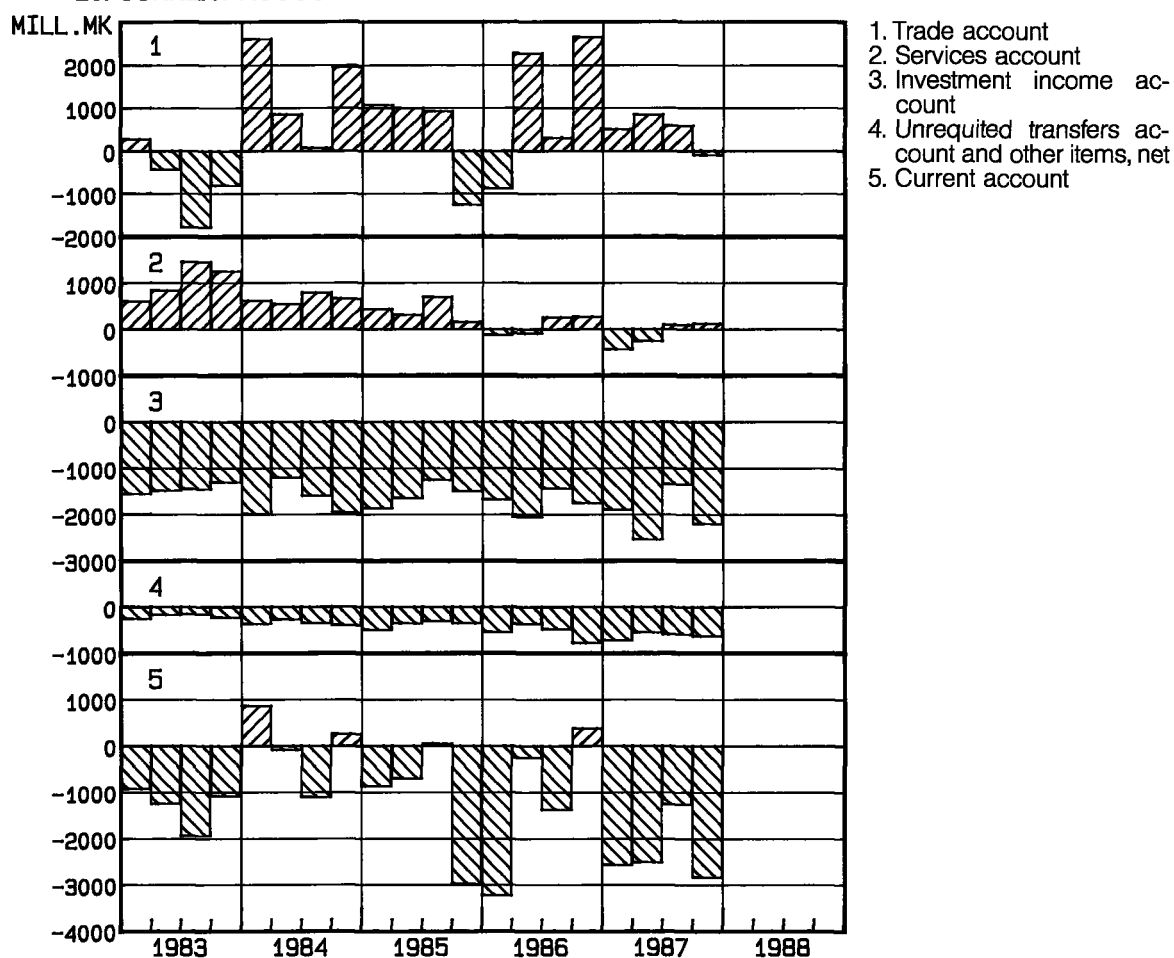
1. Finnish direct investment abroad, net
2. Foreign direct investment in Finland, net

19. CENTRAL GOVERNMENT DEBT

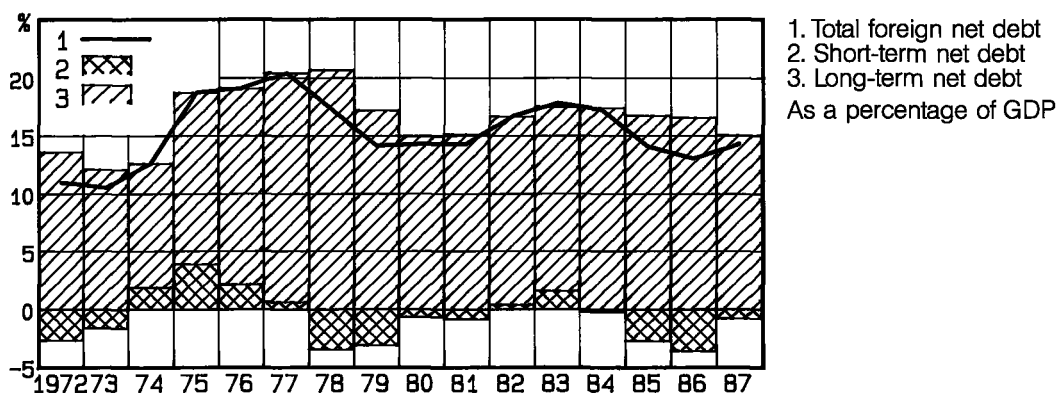


1. Total debt
 2. Of which: foreign debt
- As a percentage of GDP

20. CURRENT ACCOUNT

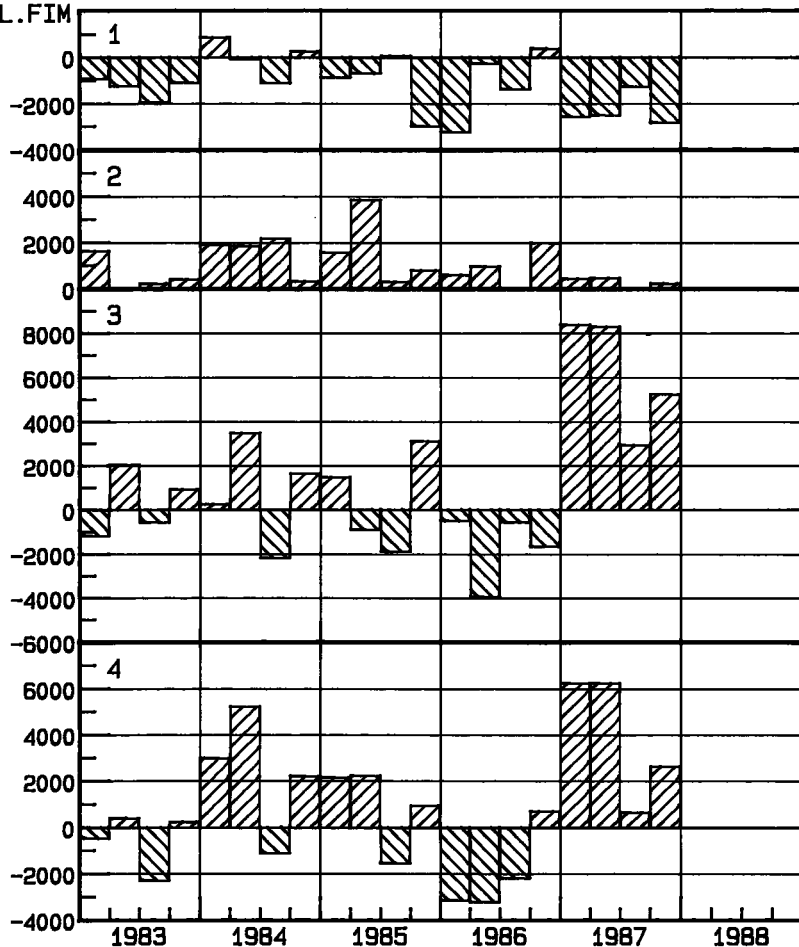


21. FOREIGN DEBT

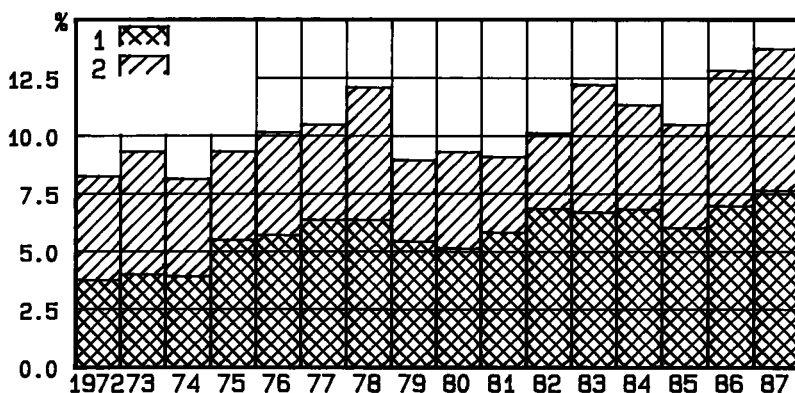


22. BALANCE OF PAYMENTS

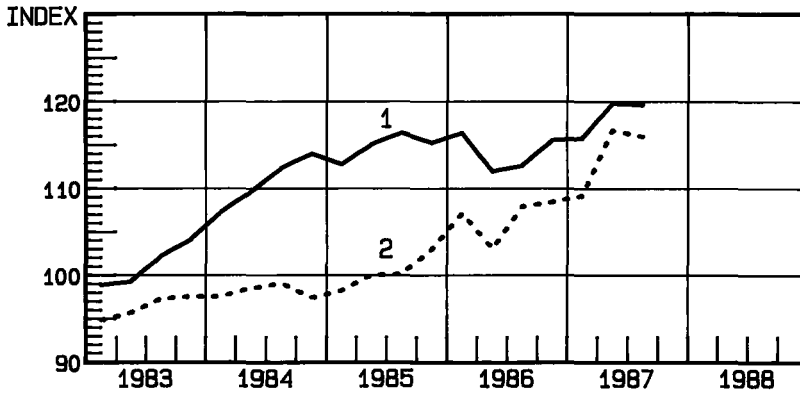
MILL.FIM



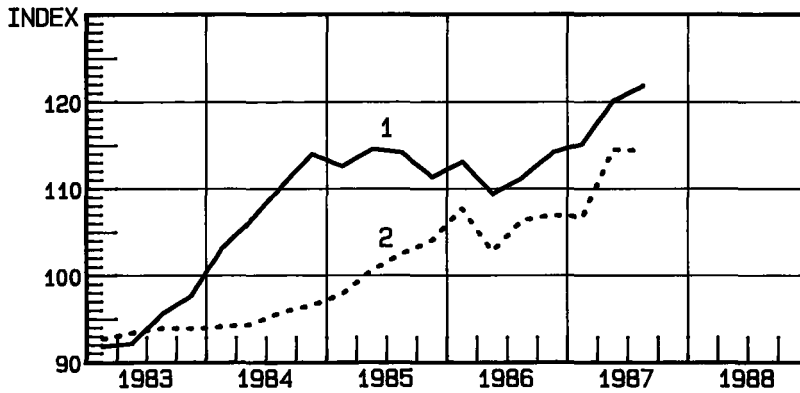
23. DEBT SERVICE RATIO



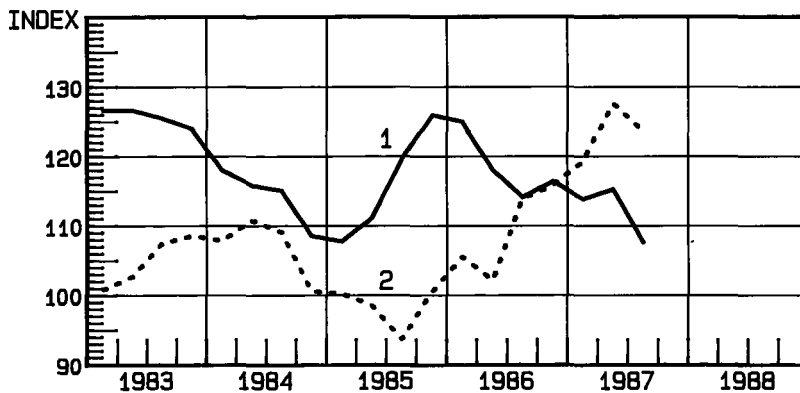
24. FOREIGN TRADE



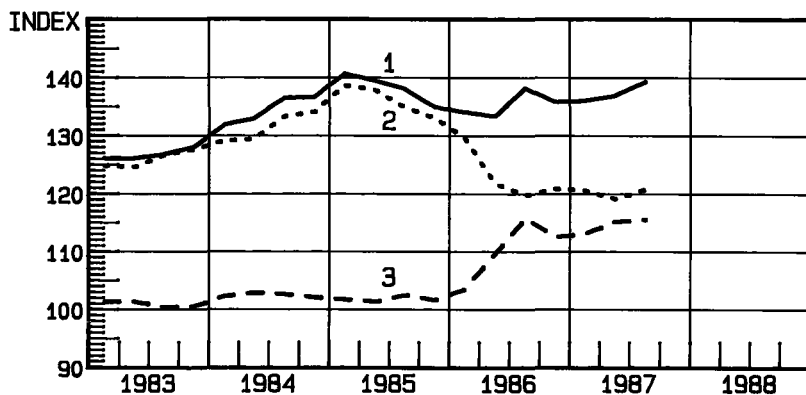
25. WESTERN TRADE



26. BILATERAL TRADE

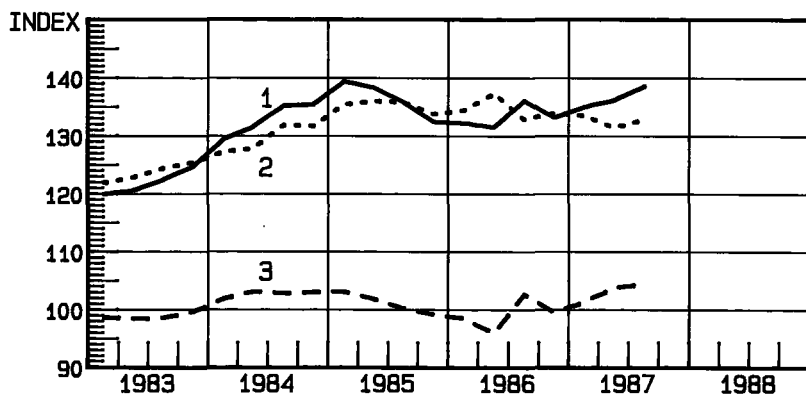


27. FOREIGN TRADE: PRICES AND TERMS OF TRADE



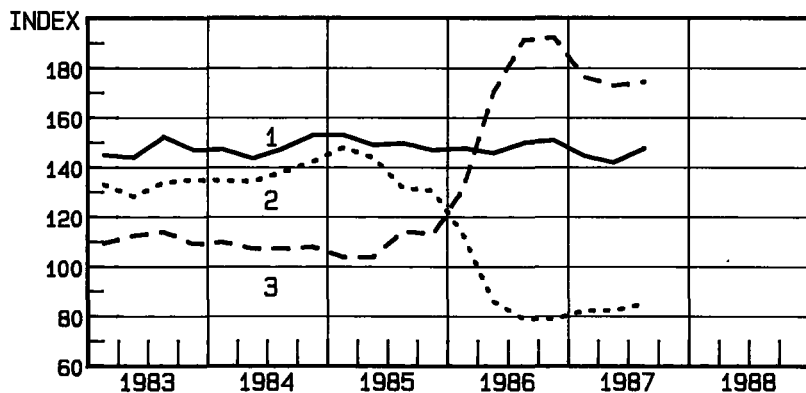
1. Unit value index of exports
 2. Unit value index of imports
 3. Terms of trade
- 1980 = 100

28. WESTERN TRADE: PRICES AND TERMS OF TRADE



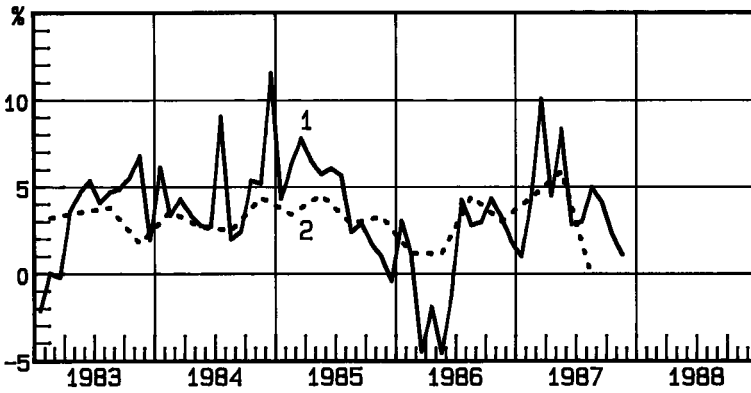
1. Unit value index of western exports
 2. Unit value index of western imports
 3. Terms of trade in western trade
- 1980 = 100

29. BILATERAL TRADE: PRICES AND TERMS OF TRADE



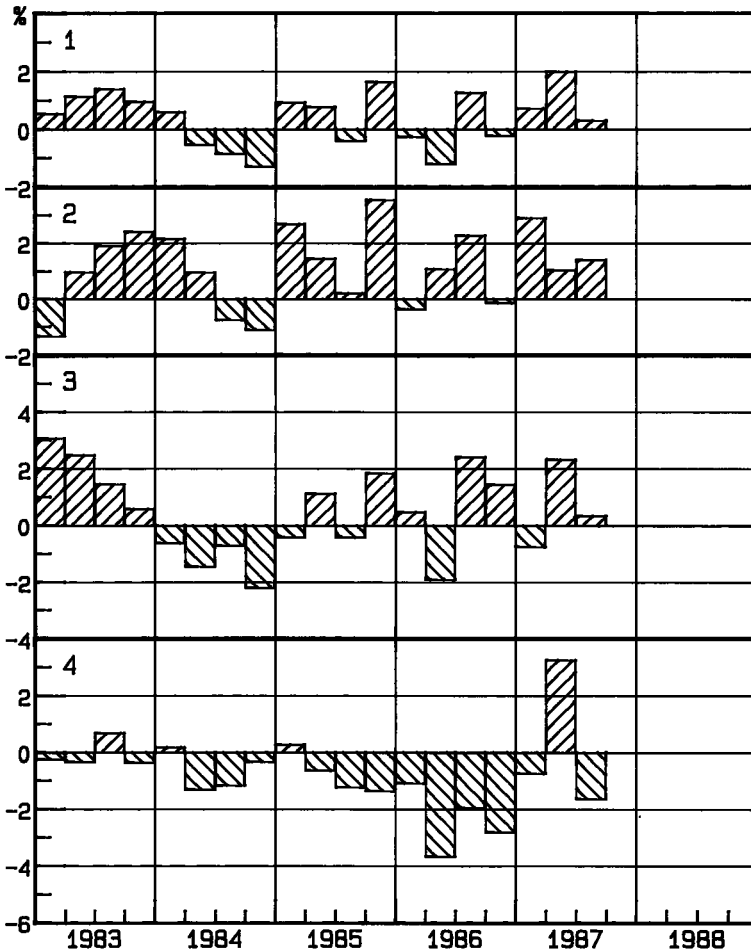
1. Unit value index of bilateral exports
 2. Unit value index of bilateral imports
 3. Terms of trade in bilateral trade
- 1980 = 100

30. PRODUCTION



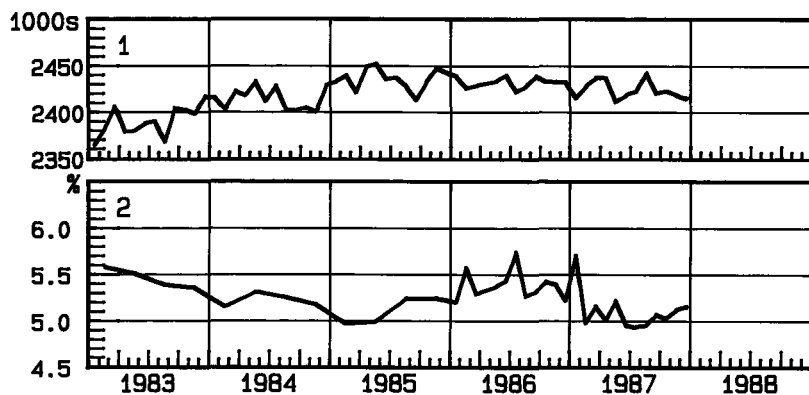
1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

31. FIXED INVESTMENT



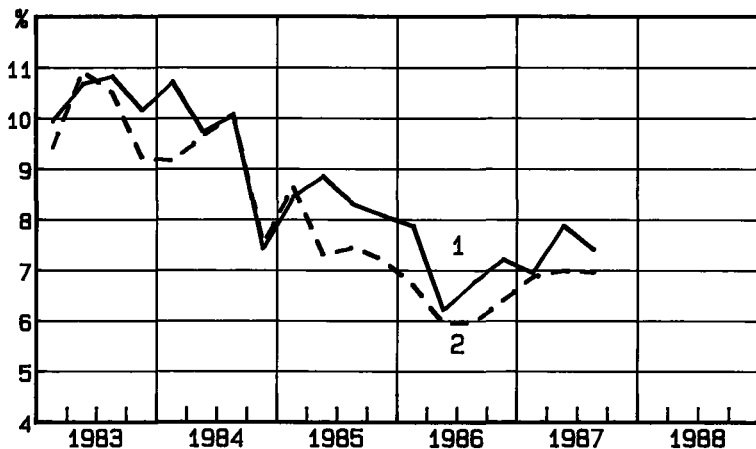
1. Total fixed investment
 2. Investment in machinery and equipment
 3. Building investment, excl. residential buildings
 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

32. EMPLOYMENT AND THE UNEMPLOYMENT RATE

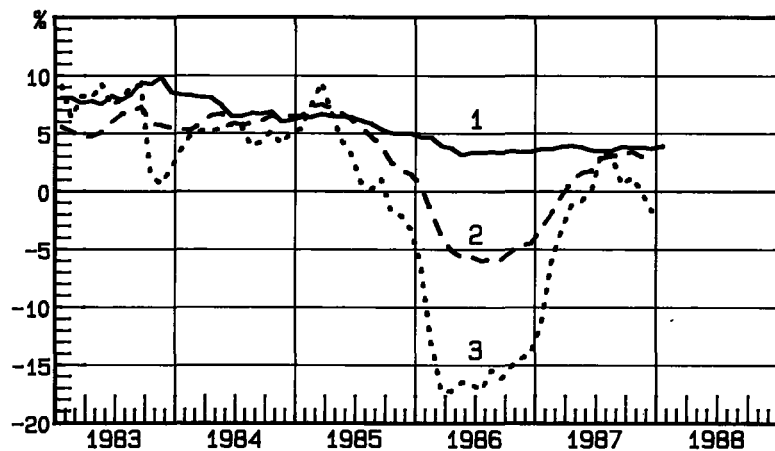


1. Employment, 1000 persons
2. Unemployment rate, per cent

33. PRICES AND WAGES

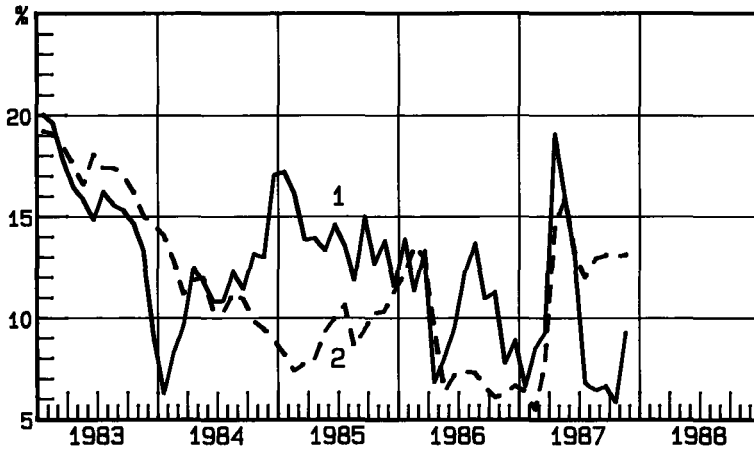


1. Index of wage and salary earnings, all wage and salary earners
 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



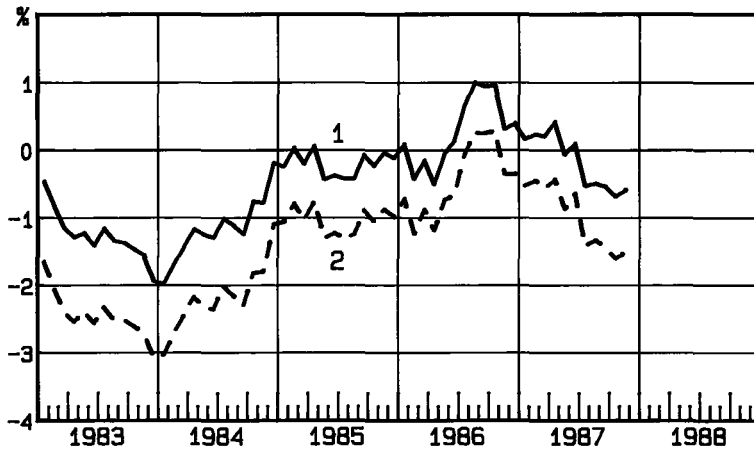
1. Consumer price index
 2. Wholesale price index
 3. Import price index
- Change from the corresponding month of the previous year

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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