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Statement by Mr. Rolf Kullberg, Governor
of the Bank of Finland, on the Occasion
of the Closing of the Accounts for 1987

New Developments in Finnish Housing Finance

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STATEMENT BY MR ROLF KULLBERG, GOVERNOR OF THE BANK OF FINLAND, ON THE OCCASION OF THE CLOSING OF THE ACCOUNTS FOR 1987

Compared internationally, economic developments in Finland have been favourable during the 1980s. Performance was also satisfactory in 1987, with total output continuing to grow at a steady pace. Exports to western markets have expanded and industrial investment revived. Overall, adjustment to the contraction in trade with the Soviet Union has progressed more smoothly than expected. At the same time, however, economic policy has had to face the concern that rapid growth of domestic demand could lead to an acceleration of inflation and an increase in the current account deficit. Expansionary fiscal policy, improved terms of trade and a further significant rise in earnings have contributed to the continued vigorous growth of private consumption. In 1987, the current account deficit was just over two per cent of GDP.

The Bank of Finland sought to keep conditions in the financial markets relatively tight in order to secure overall balance in the economy. By neutralizing liquidity in the interbank market the central bank has retarded the lowering of interest rates which otherwise would have occurred as a result of currency inflows and an improvement in the banks' liquidity. The adopted monetary policy stance was reflected in a substantial increase in the Bank of Finland's foreign exchange reserves and in the strengthening in the external value of the markka within the fluctuation limits of the currency index.

Given the prevailing situation, economic policy will inevitably have to give greater priority to the requirements of competitiveness and external balance. The fall in stock market prices and uncertainty about their

future development, as well as the instability in the international foreign exchange markets, have weakened the growth prospects for world trade and hence also for Finnish exports. In these circumstances, lower interest rates and an acceleration of credit expansion must not be allowed to lead to faster growth of domestic demand, higher inflation or a significant widening in the current account deficit. Even with weaker demand prospects, interest rate policy has no room for manoeuvre unless equilibrium in the economy is supported by fiscal policy and, in particular, by pay agreements, which will again become a current issue this spring.

Last year witnessed a change in the implementation of monetary policy, with market forces assuming a dominant role. The money market based on negotiable instruments expanded very strongly, and there was a manifold increase in the banks' outstanding stock of certificates of deposit and commercial paper. The rapid development is in keeping with the targets set by the Bank of Finland and reflects such changes as the exemption of certificates of deposit from the cash reserve requirement from the beginning of 1987. In addition, the Bank of Finland restricted the banks' use of call money credit in March with the aim of encouraging more active liquidity management by the banks. At the same time, there was a changeover to a system under which the central bank influences the banks' liquidity mainly through market intervention, i.e. by buying and selling certificates of deposit issued by itself or by other banks. In the foreign exchange market, the Bank of Finland has likewise adopted a more flexible policy by allowing the currency index

to fluctuate within its fluctuation limits according to the market situation. As such, the change does not imply any departure from the adopted policy of maintaining a stable markka.

In the past few years, Finnish financial markets have also undergone rapid change with respect to other markets than those for short-term funds. Among other things, this reflects the Bank of Finland's policy of deregulating banks' lending rates and partially liberalizing the public's long-term capital flows to and from abroad. Gradual liberalization, which has continued for several years now, aims at a more efficient financial system, which would reconcile the supply of and demand for financing at minimum margins. It is natural that adjustment to a changing environment and fiercer competition takes place gradually and over a lengthy period of time. However, the changes will require active efforts by all market participants to minimize costs and to improve solvency and thereby the ability to bear risks.

Credit expansion continued faster last year than was desirable. With such vigorous demand for credit, interest rates on new loans hardly fell at all. It seems that households in particular are willing to take on credit even at high rates of interest. Apart from the growth of consumption, this has been particularly evident in the rise in house prices in the Greater Helsinki area. Equilibrium in the credit market thus requires a relatively high level of real interest rates.

January 13, 1988

NEW DEVELOPMENTS IN FINNISH HOUSING FINANCE

by **Sinikka Salo**, Lic. Pol. Sc. (Econ.)
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Housing finance constitutes an important part of the financial system. An efficiently operating financial system enables a household to defer a portion of its housing costs to a later stage in its life-cycle when income is generally higher. In Finland, this has only been possible to a limited extent. Owing to the underdeveloped state of Finland's financial markets, first-time home buyers in particular have been in a difficult position because of short loan periods and the prior savings required for obtaining a loan. Deregulation of the financial markets is also bringing welcome reforms to housing finance for households.

ESSENTIAL FEATURES OF HOUSING FINANCE IN FINLAND

Finnish housing is predominantly based on owner-occupation, and in conditions of credit rationing, the acquisition of a home has demanded considerable saving efforts (Table 1). In fact, the purchase of a home is often referred to in Finland as the "purpose in life".

Owner-occupation has been promoted by fiscal policy: in addition to interest payments being largely tax-deductible expenses, imputed income from housing is hardly taxed at all, nor are dwellings taxed as objects of wealth. Indeed, tax treatment together with periods of rapid inflation during recent decades have contributed towards making dwellings good investments. Moreover, rent controls have given rise to a shortage in the supply of rented accommodation. Primarily as a reflection of these factors, about two-thirds of all housing in Fin-

land is owner-occupied. Compared internationally, the ratio is high, and it is the highest of all the Nordic countries (Sweden 44 per cent, Norway 50 per cent and Denmark 56 per cent; 1980 figures).

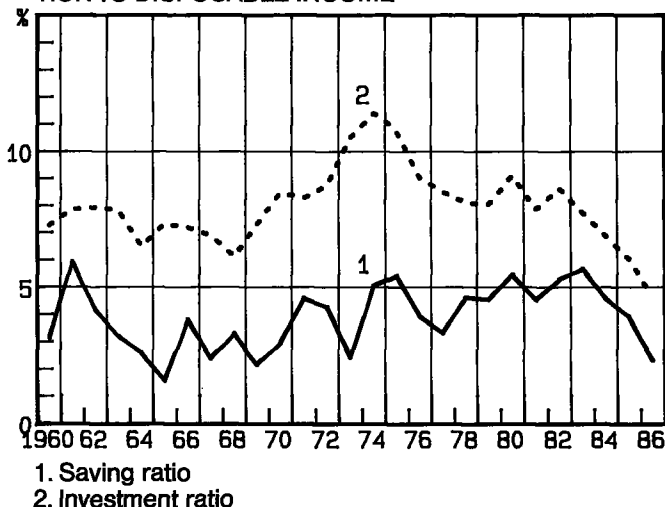
In spite of subsidies, the acquisition of a home has put households under a financial strain during the initial stage of their life-cycle. A Finnish saver saving for a first home has been compelled to save for several years in advance to obtain a housing loan, which has often had to be repaid within only a few years, and almost without exception within a period of 10 years. During the period of saving, inflation has made the saver's ultimate objective even more remote. Credit rationing (and the tax-exempt status of deposits) has, on the other hand, meant low interest rates on housing loans for those who

have obtained credit. During the 1970s in particular, the cost of borrowing was reduced by tax relief on interest payments as well as by rampant inflation (Chart 2).

Nevertheless, it can be said that, from the point of view of the household, the system of housing finance has largely functioned contrary to the ideal case, in so far as it has involved the concentration of payments in the initial stage of the household life-cycle. This is the time when income is at its lowest and other expenditures – among other things, student loan repayments and child care expenses – are high.

However, because of short loan periods, home saving – both in advance for obtaining a loan and subsequently for the repayment of the loan – has kept the savings rate of Finnish households at a relatively high

CHART 1.
HOUSEHOLD SECTOR'S (INCL. NON-PROFIT INSTITUTIONS) NET SAVING AND INVESTMENT IN RELATION TO DISPOSABLE INCOME



level, which may have been a fairly important objective during the development of the system (Chart 1). At that time, i.e. in the 1950s and 1960s, the Finnish economy faced several major investment efforts.

TABLE 1. KEY STATISTICS ON HOUSING AND HOUSING FINANCE IN FINLAND¹

- Owner-occupied dwellings/stock of dwellings 65 %
- 1-2 dwelling houses and terraced houses/stock of dwellings 52 %
- Wooden houses/stone or similar dwellings 52 %/48 %
- Average surface area of dwellings 69 m²
- Living space 26.3 m²/person
- Housing density² 0.78 person/room
- Average size of household dwelling units 2.67 persons/dwelling
- Sources of housing finance (stock at the end of 1986)
 - banks 69 %
 - other financial institutions 6 %
 - the public sector 25 %
- New housing loans granted by banks
 - average rate of interest 9 1/2 % (III quarter of 1987, estimate)
 - average loan period 10 years (III quarter of 1987, estimate)

¹National Board of Housing and Bank of Finland; 1980 figures unless otherwise stated.

²Kitchen counted as a room.

Finland's system of housing finance thus largely dates back to the times when capital was scarce. The increasing affluence of the economy and the development of Finland's financial markets have now created conditions that are more conducive than before to the development of housing finance. The stock of dwellings in Finland has roughly quadrupled since the beginning of the 1950s, and although the standard of housing conditions is still low in comparison with the other Nordic countries, the severity of the housing shortage has, nevertheless, eased. Apart from the fact that housing investment is no longer expected to grow, other basic investment

needs have also decreased in the economy. Hence, lack of capital no longer constitutes a barrier to reducing the strain caused by saving for a home.

BANK-DOMINATED SYSTEM OF HOUSING FINANCE

Financial markets in Finland are bank-dominated. Banks provide about two-thirds of all housing finance (Table 2). The public sector, mainly the state, provides partial finance for the acquisition of owner-occupied flats and for rental housing companies. State loans bear low rates of interest and have longer repayment periods than bank loans. They are intended for low-income and middle-income households. The public sector's share of housing finance has decreased in recent years and now accounts for about a quarter.

The decline in the role played by direct government lending has partly been offset by increasing interest subsidies. The state grants interest subsidies in respect of the additional finance that is primarily provided by the banks for state-financed rental dwellings, as well as to young first-time buyers of flats provided their prior savings and prospective purchase meet certain requirements. Under the terms of this so-called ASP system (home saving premium system) - which involves about 40 000 savers - the state also pays premiums to those home-buyers who have reached their savings objectives.

The insurance companies' share of housing finance has also decreased. In contrast with many other countries, funds collected into employee pension funds have primarily been used in Finland for financing business activities rather than housing. The insurance companies' share of housing finance is only about five per cent, with the emphasis on housing companies. During recent decades, the insurance companies have also sold off their holdings of rental

flats because of their poor yield. It is hoped that the recently introduced relaxation of rent controls will encourage insurance companies to start acquiring rental flats again, especially in the Greater Helsinki area, where the housing market situation continues to be overheated.

With a few exceptions, mortgage banks in Finland have not been involved in housing finance.

TABLE 2. STRUCTURE OF HOUSING FINANCE IN 1975-1986, END-YEAR FIGURES

Lender	1975 %	1980 %	1986 %
Deposit banks, total	60.4	58.3	68.7
- Commercial banks	21.6	20.0	23.9
- Other banks	38.8	38.3	44.8
Insurance companies	7.4	7.8	5.4
Other financial institutions	1.6	1.2	1.3
Public sector	30.6	32.7	24.6
Total	100.0	100.0	100.0

PROBLEMS RELATED TO FINLAND'S SYSTEM OF DEPOSIT-BASED HOUSING FINANCE

Finnish financial markets have undergone major changes in the 1980s. The role of the interest rate as a factor balancing supply and demand has been accentuated, and credit rationing has lost much of its significance. Finally, interest rate regulation was also abolished with respect to home loans granted by banks. Since August of 1986, banks have been able to set their mortgage rates to better correspond to their increased funding costs. Moreover, since last autumn, the central bank has ceased to issue directives to the banks on, among other things, advance savings for home loans.

The enhanced role of the interest rate mechanism has resulted in somewhat higher nominal rates of interest than previously and in clearly positive real interest rates. Market rates

of interest are also becoming widespread in home loans, although mortgage rates have been increasing more slowly than those on corporate credits. This reflects the fact that it is from households – especially from home savers – that banks obtain low-interest rate deposits. The interest rate on banks' new housing loans was about 9 1/2 per cent in the third quarter of 1987, or about one and a half percentage points lower than the interest rate on banks' other lending (consumer credits and corporate loans).

In principle, the system of market rates of interest allows more flexibility as regards the loan period. Increased competition between banks, which will be further promoted by the likelihood of a substantial reduction in the tax-exempt status of deposits¹ from the beginning of

¹See Sixten Korkman's article "Taxation of financial assets in Finland" in the April 1986 issue of the Bulletin.

1989, will tend to act as a counterweight to market interest rates by leading to the extension of loan periods. In fact, loan periods have already lengthened, albeit not significantly. The average maturity of new housing loans was still only about 10 years at the end of 1987 (Table 1). This is partly due to the fact that it has only been possible to use the Bank of Finland's base rate as a reference rate for mortgages, and this rate hardly reflects developments in market rates of interest at all.

As banks' funding is short-term and increasingly based on market rates of interest, their interest rate risk, when lending rates are tied solely to the base rate, increases quite considerably when a loan has a maturity of, for example, 20 to 30 years (Chart 3). Thus, a system of housing finance based on deposits cannot provide long-term housing loans, unless market rates of interest tied to an appropriate reference rate are also permitted in bank lending.

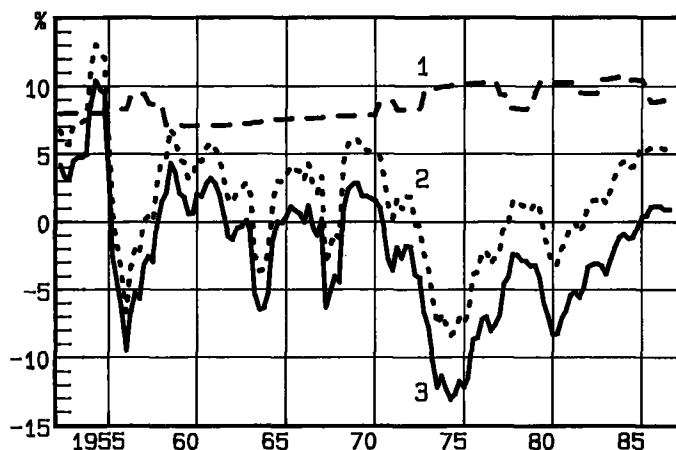
HOUSING FINANCE BASED ON SECURITIES

In order to promote the lengthening of housing loans, the Bank of Finland has revised its directives to financial institutions concerning housing loan terms, and these became effective from the beginning of 1988. As a consequence, banks are now permitted to link their mortgage rates to not only the base rate but also to 3- or 5-year market rates, on the basis of which rates of interest on housing loans will henceforth be adjusted at corresponding intervals. The Bank of Finland calculates these interest rates on the basis of banks' bond market quotations. By issuing certificates of deposit or bonds with corresponding maturities (3-year or 5-year), the banks can eliminate the interest rate risk attached to housing loans and offer their customers long-term housing loans that are cheaper than loans tied to the base rate. The new system should promote the securitisation of housing finance, which for its part may tempt institutional investors, including the employment pension institutions, to enter the housing finance market. Their role in financing the business sector has decreased as a result of bank deregulation.

This kind of housing finance system based on fixed rates of interest which are adjusted at regular intervals seems appropriate considering that the bond market, though expanding all the time, is still relatively underdeveloped. It makes it possible to offer households long-term finance while at the same time satisfying their preference (as indicated by studies) for fixed rates of interest (reset at certain intervals). In addition, it provides investors with the opportunity of selling their housing bonds in the secondary market, which at such short maturities functions reasonably well.

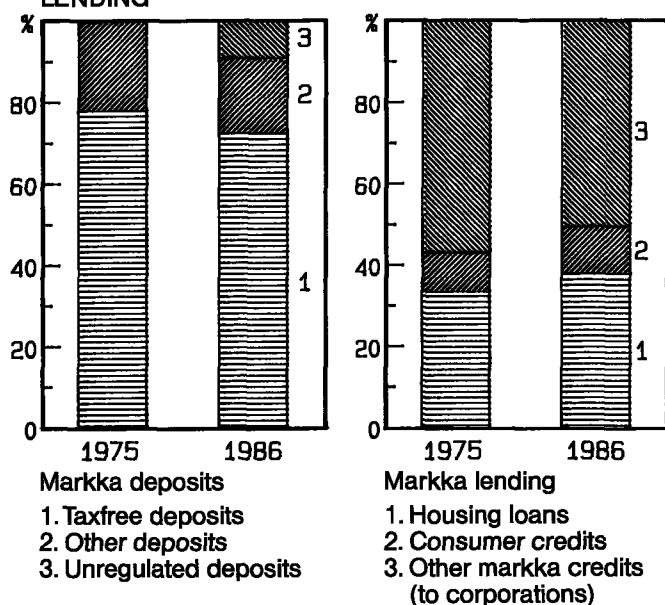
Finland does not yet have a secondary market for long-term bonds with maturities of over 10 years. Consequently, the introduction of fixed-rate housing

CHART 2.
DEPOSIT BANKS' AVERAGE LENDING RATE



1. Average nominal rate of interest
2. Average rate of interest
3. Real rate of interest after tax

**CHART 3.
COMPOSITION OF DEPOSIT BANKS' FUNDING AND
LENDING**



loans of 20 to 30 years financed by bonds of corresponding durations, which are common in Denmark, for example, would not be feasible in Finland for the time being.

Since the system of periodically adjusted fixed-rate loans was only introduced at the beginning of the current year, there is not yet any evidence of its real effect. Judging from banks' advertisements, the system appears to have been received quite favourably. The margin applied by banks to such long-term housing loans probably averages 1-1.5 percentage points, which means that the interest rate on new long-term (typically 25-30 years) housing loans would average 11.3-11.9 percent (as of December 1987).

HOUSING FINANCE AND EQUILIBRIUM IN THE HOUSING MARKET

Although the number of the households is expected to increase (mainly because of their diminishing average size; the population is hardly expected to grow at all) and the level of

housing conditions, which remains lower than in the other Nordic countries, may still create additional demand, there will be a substantial decrease in the need for new dwellings in the decades to come. The dwelling stock is relatively new and migration to the main population centres no longer requires housing investments to the same extent as in the 1960s and 1970s. Difficult housing problems, however, continue to exist, especially in the Greater Helsinki area, where nearly a fifth of the country's population is housed. There are also signs that migration to the capital and its environs is accelerating; it is in this area that the majority of new jobs are being created. This exacerbates the demand for housing in a region where, for example, the supply of flats is fairly inelastic owing to the poor availability of rental flats and the lack of planned building sites. Under these circumstances, it is clear that the easing of financial conditions will, in the short run, lead to an acceleration of the rise in dwelling prices (Chart 4). This has also given cause for concern in recent public discussion.

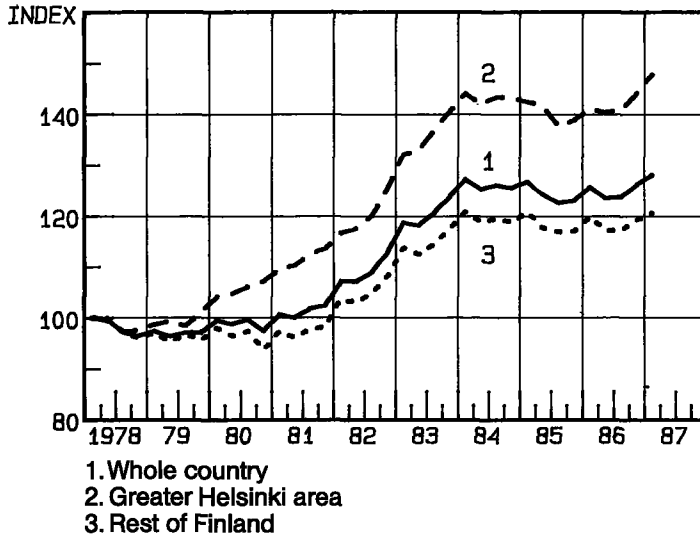
The demand for housing loans and dwellings cannot, however, be limited by the regulation of financial markets. Rather, efforts should be made to institute measures aimed at the fundamental supply and demand factors mentioned above. In any event, regulation would not be effective under the present circumstances; there had already been signs that the central bank's current directives were being circumvented.

Housing loans at market rates of interest make housing finance more rational, among other things, through the lengthening of loan periods and the easing of the advance saving condition. This makes it possible to even out households' debt servicing burden in the longer run. It would then be possible to reduce the general subsidy to owner-occupied housing arising from tax relief on interest payments, which has swelled the demand for owner-occupied housing and raised the price level.

Finnish economists are fairly unanimous about the need to change the tax-deductible status of interest payments. Politically, a curtailment of this tax privilege would, however, be difficult to realize. If the current indirect subsidy could be replaced by a directly allocated subsidy, there would be better opportunities to concentrate on problem areas. The considerable resources of society that are tied up in the subsidy could be used, for instance, for rental flat production (which would also benefit from long loan periods) and its support. This could be achieved in the form of interest rate and housing subsidies provided on the basis of social policy considerations.

Reducing the tax relief entitlement with regard to interest payments would also increase the efficiency of monetary policy.

CHART 4.
DEVELOPMENTS IN THE REAL PRICE OF DWELLINGS IN THE WHOLE COUNTRY AND IN THE GREATER HELSINKI AREA (First quarter of 1978 = 100)



At present, the relatively high real interest rate of 5–7 per cent for housing loans is in fact only 1–3 per cent when tax relief is taken into consideration (Chart 2).

The current housing policy debate in Finland is notably more animated than it has been for many years. The above-described features of housing finance resulting from the introduction of market rates of interest are predominantly improvements. They will help to create conditions necessary for the solution of the most pressing housing problems. These include making it easier for young people to buy homes and increasing the supply of rental flats.

December 31, 1987

BANK OF FINLAND BULLETIN

The Bulletin has undergone a major revision. The cover and the layout have been changed for the first time since 1970, the statistical section has been thoroughly revised and extended, and a new graphical section has been introduced. However, despite the changes in appearance, there have been no significant changes in terms of publishing goals or editorial policy. It is hoped that the Bulletin's new format will serve its readers better than the old one.

Though the word "Monthly" has been dropped from the title, the Bulletin will continue to be issued monthly eleven times a year (the June-July number appearing as a double issue). Apart from the statistical and graphical sections, the contents of the Bulletin will remain the same as before: as a rule two articles, a chronological listing of policy measures over the previous twelve months, items and various facts on Finland.

The number of statistical tables has been increased from 23 to 32. The increase is mainly due to the greatly expanded coverage of money, forward and capital markets. More detailed data are now given in the balance of payments tables. The tables on foreign trade provide essentially the same information as before, while those on domestic economic developments have been altered substantially, simplifying the presentation and concentrating on the most relevant data. In the "Notes and explanations to the statistical section" the source for each

table is given, when it is not the Bank of Finland.

The number of regularly appearing charts has been increased from 25 to 34. The charts have been transferred in their entirety to a new graphical section. They have been completely redesigned, the sequence of the charts loosely following that of the tables.

As regards articles, a new feature is a regular quarterly article on main developments in financial markets and the economy during the preceding quarter, as viewed from the central bank's perspective. The new article, the first of which is to be published in the February 1988 issue, will describe short-term developments and policies rather than try to analyze causal relationships and explain the thinking behind policy measures. Articles of the latter type will continue to be published, as before, both on a regular basis and whenever it is felt necessary.

The first issue of the Bulletin appeared nearly 67 years ago. In those days the main function of the new publication was perceived to be to provide economic information about Finland to foreign audiences. Nowadays, the Bulletin is but one source of information on Finland available abroad. Nevertheless, it seems that the demand for information is increasing more rapidly than ever, and the Bulletin, in its new format, seeks to better meet this challenge.

CHANGES IN THE BANK OF FINLAND'S ORGANIZATION

Following a decision of the Board of Management of the

Bank of Finland, certain changes were made in the Bank's departmental division and areas of responsibility with effect from the beginning of this year.

The organizational changes are designed to adapt the Bank's activities to the changed circumstances, particularly deregulation, in the financial markets.

As a result of the changes, the Bank's foreign currency and markka operations have been combined while the preparation of the central bank policy has been separated from operative functions. A third aspect has been to separate the Bank's policy preparation and operations from functions concerning the development and supervision of the financial markets.

Under the new organization, the Bank's functions are divided into six sections. Each of the three directors is responsible for two sections: Mr **Pentti Koivikko** for currency supply and internal services, Ms **Sirkka Hämäläinen** for macroeconomic analysis and principles related to central bank policy and supervision, and Mr **Matti Vanhala** for market and supervision operations.

Although the number of departments remains unchanged at 16, six new departments have been formed by regrouping and redefining the responsibilities of previous departments.

The policy preparation work formerly carried out by the Monetary Policy Department and the Foreign Exchange Policy Department has been transferred to a new department, the Central Bank Policy Department. Similarly, the foreign exchange market operations

previously performed by the Foreign Exchange Department and the domestic market operations carried out by the Domestic Financing Department have been combined into a new department called the Market Operations Department. Another new department, the Payments and Settlement Department, is responsible for recording and settling both foreign currency and markka transactions.

Under the new, more liberal conditions in the financial markets, the central bank's role in monitoring and regulating the efficiency and stability of the financial system is accentuated. Accordingly, matters relating to general developments in the financial markets, the responsibility for which was previously distributed among several departments, are now handled by two new departments, the Financial Markets Department and the Risk Monitoring Department. The primary functions of the Financial Markets Department are to monitor overall developments in the financial markets, to participate with other authorities in related preparatory work and to prepare policy changes in the exercise of foreign exchange control. In addition, the department is responsible for the general principles applied in monitoring the financial institutions and in the authorization procedure concerning the financial institutions. The Risk Monitoring Department carries out the actual monitoring of financial institutions and the handling of authorizations.

The capital control functions previously carried out by the now defunct Foreign Financing Department have been transferred to the Exchange Control Department.

The main features of the Bank's organization are displayed on the inside back cover of the Bulletin.

A LOSS FOR THE BANK OF FINLAND IN 1987

The Bank of Finland experienced a loss of FIM 440 million

in 1987. This was due to three main factors. The liquidity inflow due to the marked interest rate differential between Finnish and international interest rates was sterilized at the Bank of Finland at an interest rate which clearly exceeded the average return on the foreign currency reserves. Dollar-denominated claims, which accounted for a relatively large proportion of the foreign currency reserves, also caused losses because of the slight strengthening in the external value of the markka.

THE BANK OF FINLAND'S INVESTMENT INQUIRY OF NOVEMBER 1987

According to the Bank of Finland's survey of industry's investment intentions carried out in November, the growth of fixed investment accelerated markedly last year after a period of relatively slow growth in the preceding few years. Growth is likely to continue this year, albeit at a decelerating pace (Table 1).

In both 1987 and 1988, the growth of fixed capital formation in industry is based on investments in machinery and equipment (Table 2). Construction activity seems to have stabilized at around the level reached in 1986. In both years, the growth of investment is fastest in the forest industries. By contrast, the volume of investment in the metal and engineering industries is estimated to decline in both 1987 and 1988 after a period of fairly rapid growth in 1984-1986. Investment also grew fairly rapidly in other manufacturing branches last year.

The level of investment in Finnish industry is still quite high by international standards. Fixed investment is estimated to reach the equivalent of about 20 per cent of industrial value added this year. This figure is nearly 24 per cent if outlays on R & D are included.

The results are broadly in line with those reported in June 1987. However, the investment outlook for this year seems to have become slightly more optimistic

since then. This is probably due to Finland's fairly favourable economic performance last year. Although uncertainty concerning the economic prospects for the current year has increased appreciably in recent months, it does not as yet seem to have influenced the investment plans of Finnish industrial companies. But, if the world economic situation should clearly deteriorate, it will lead, with a lag, to more sluggish investment activity in Finland as well.

Industrial investment in 1987.

The value of fixed investment in Finnish industry amounted to about FIM 22.5 billion last year. This is about 25 per cent of the estimated value of total fixed capital formation and close to 6 per cent in relation to Finland's estimated GDP last year.

Experience from earlier years in the 1980s indicates that the investment plans in the November inquiry tend to slightly overestimate the final figures for the same year. So, it is possible that actual investment has grown by somewhat less in 1987 than suggested by the plans. If this bias is taken into account, the volume growth of total manufacturing fixed investment in Table 1 is about 15 per cent in 1987.

Planned investment for 1988.

According to companies' plans, investment in total manufacturing is likely to grow at a slower pace this year than in 1987. The slowdown will be particularly pronounced in other manufacturing, which recorded fairly rapid growth in 1987.

Despite the slowdown in this sector as a whole, investment in the chemical industries will continue to accelerate at a fast rate this year. The plans point to an acceleration of investment in energy production this year.

The growth of industrial investment in 1988 will be due solely to the increased activity of private companies. Investment by state-owned firms is forecast to diminish this year after a period of rapid growth during recent years.

Analyzed by size category,

investment by the biggest and smallest firms is expected to show further growth this year. By contrast, investment by medium-sized industrial enterprises seems likely to decrease.

Expenditure on research and development is projected to increase faster this year than in 1987. The acceleration is due to the growing activity of the metal and engineering industries in this field. This branch is responsible for more than half of total manufacturing outlays on R&D.

Capacity utilization. Industrial companies expect their capacity utilization rates to still rise somewhat from the relatively high level reached in 1987. Utilization rates are estimated to average just over 87 percent this

year, being higher in the second half of the year than in the first half. The all-time high for the 1980s was recorded in the second half of 1980, when capacity utilization reached almost 90 per cent. Capacity utilization is expected to be highest in the forest industries.

PROTOCOL ON THE EXCHANGE OF GOODS BETWEEN FINLAND AND THE U.S.S.R. FOR 1988

The protocol on the exchange of goods between Finland and the U.S.S.R. for 1988 was signed in Moscow in December 1987. In 1987 prices, trade between Finland and the Soviet Union is set to reach

some SUR 4.1 billion (FIM 27.9 billion) at the lower limits of the trade protocol and some SUR 4.5 billion (FIM 30.6 billion) at its upper limits. If actual trade in 1988 takes place at the lower limits of the trade protocol it will be at roughly the same level as in 1987. The value of both exports and imports amounts to SUR 2050 million (FIM 13.9 billion) at the lower limits. As in 1987, the main uncertainty as regards the implementation of the trade protocol concerns the large volumes of third-party oil and the price of oil.

In 1988, the increase in the value of exports will be some 3 per cent on average at the lower limits of the trade protocol, though sectoral changes in exports will vary considerably. Ship exports will increase by 70 per cent and construction project exports by over 20 per cent, while exports by other sectors will decrease by over 10 per cent on average. A new item in the protocol is a SUR 50 million (FIM 340 million) quota reserved for projects based on Soviet companies' own foreign currency receipts.

The composition of imports will remain unchanged from the previous year and oil intended for third-party trading will continue to play a key role in 1988.

Crude oil imports to Finland are set to reach 8.5 million tonnes and imports of fuel oils 3.1 million tonnes. Imports of machinery and equipment will remain at the level of the previous year.

The trade negotiations were based on the aim that Finland's outstanding claim on the clearing account should not exceed SUR 150 million (FIM 1.0 billion) at the end of 1988. Attaining this target on the basis of the agreed protocol required new kinds of payment arrangements whereby some of the ship payments agreed for 1988 were transferred to 1989. As a result of the arrangement, it was possible to make a corresponding increase in export quotas. On the other hand, the Bank of Finland's average clearing account claim

TABLE 1. ANNUAL CHANGES IN THE VOLUME OF INDUSTRIAL FIXED INVESTMENT IN 1986-1988, BY INDUSTRIAL SECTOR, PER CENT

	1986	1987	Planned 1988
Forest industries	- 7	33	11
Metal and engineering industries	15	- 8	- 2
Other manufacturing	3	25	2
TOTAL MANUFACTURING	3	17	4
Electricity, gas and water	0	1	7
TOTAL INDUSTRY	2	13	5

TABLE 2. ANNUAL CHANGES IN THE VOLUME OF INDUSTRIAL FIXED INVESTMENT IN 1986-1988, BY TYPE OF INVESTMENT, PER CENT

	1986	1987	Planned 1988
Construction	6	- 3	2
Machinery and equipment	0	21	6

TABLE 3. EXPENDITURE ON RESEARCH AND DEVELOPMENT IN MANUFACTURING IN 1986-1987, MILLION FIM

	1986 Mill. FIM	Change %	1987 Mill. FIM	Planned Change %
Forest industries	248	- 3	260	5
Metal and engineering industries	1 641	8	1 670	2
Other manufacturing	1 081	21	1 297	20
TOTAL MANUFACTURING	2 970	11	3 227	9

in 1988 will be higher than under the original payment schedule.

POSTIPANKKI BECOMES A LIMITED COMPANY

The Act on Postipankki Ltd entered into force on January 1, 1988. Under the act, Postipankki's corporate form was changed into a limited company, with the state as the majority shareholder.

Postipankki was set up as a state-owned savings institution in 1886. At present, it has more than 50 branch offices, in addition to which certain banking transactions can be carried out in more than 3 000 offices of the

Post and Telecommunications Department. Postipankki is the country's third largest banking institution in terms of both balance sheet total and volume of deposits. In 1986, its balance sheet total amounted to nearly FIM 50 billion. Postipankki has evolved into a banking institution functioning like a commercial bank. In the 1980s, its foreign operations have been internationalized to a great extent. Postipankki has a subsidiary in London.

As result of Postipankki's special status as a banking institution operating on the responsibility of the state, solvency provisions, for example, were not included in the former act, the

Postipankki Act of 1969. Moreover, the provisions concerning Postipankki's business activities differed in certain respects from the regulation of other commercial banks. The aim of the change in corporate form was to place the various categories of banks on an equal footing and to clarify Postipankki's legal status. As a limited company, Postipankki Ltd has the same financial and tax status as other banks. The change to a limited company does not involve any changes in its activities, and its role in managing the state's payments and liquidity remains unchanged.

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.

[REDACTED]

LAND, CLIMATE AND POPULATION

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

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

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

FORM OF GOVERNMENT

Finland is a parliamentary democracy with a republican constitution. From the twelfth century to 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

	1986		1987			
	Dec. 31	Dec. 8	Dec. 15	Dec. 23	Dec. 31	
ASSETS						
Gold and foreign currency claims	14 088	28 375	28 214	28 237	28 739	
Gold	2 081	2 081	2 081	2 081	2 128	
Special drawing rights	983	968	964	970	899	
IMF reserve tranche	793	799	796	791	793	
Convertible currencies	6 795	23 407	23 438	23 532	23 634	
Tied currencies	3 435	1 120	935	863	1 284	
Other foreign claims	2 585	4 388	4 384	4 400	4 357	
Markka subscription to Finland's IMF quota	2 585	2 455	2 455	2 464	2 427	
Term credit	-	1 933	1 928	1 936	1 930	
Claims on financial institutions	14 074	5 327	5 442	5 242	5 147	
Call money credits	6 818	8	84	27	0	
Certificates of deposit ¹	2 381	-	-	-	-	
Till-money credits	2 305	2 712	2 802	2 649	2 730	
Bonds	2 111	2 180	2 145	2 145	2 140	
Other claims on financial institutions	458	428	411	421	277	
Claims on the public sector	1 002	972	972	977	977	
Bonds	59	4	4	4	4	
Total coinage	935	968	968	967	967	
Other claims on the public sector	8	-	-	6	6	
Claims on corporations	4 844	3 791	3 774	3 750	3 678	
Financing of exports	1 748	918	915	909	868	
Financing of domestic deliveries	2 833	2 624	2 612	2 598	2 568	
Bonds: KTR credits	-	13	13	13	13	
Bonds: Other	65	46	46	46	46	
Other claims on corporations	197	190	188	184	182	
Other assets	421	105	105	105	592	
Accrued items	272	-	-	-	487	
Other assets	150	-	-	-	105	
Total	37 014	42 958	42 891	42 712	43 489	
LIABILITIES						
Foreign currency liabilities	31	145	147	149	135	
Convertible currencies	17	62	60	65	63	
Tied currencies	14	84	87	84	72	
Other foreign liabilities	3 423	3 252	3 248	3 262	3 226	
IMF markka accounts	2 585	2 455	2 455	2 464	2 427	
Allocations of special drawing rights	839	796	793	797	799	
Notes and coin in circulation	8 667	10 148	10 547	10 488	9 990	
Notes	7 856	9 292	9 685	9 614	9 117	
Coin	812	855	862	874	873	
Certificates of deposit²	-	5 573	4 695	4 672	4 970	
Liabilities to financial institutions	9 729	11 745	12 244	11 979	11 766	
Call money deposits	131	669	1 130	904	757	
Cash reserve deposits	9 270	11 024	11 024	11 024	10 941	
Capital import deposits	255	-	-	-	-	
Other liabilities to financial institutions	74	52	90	51	67	
Liabilities to the public sector	2 001	1	1	3	901	
Cheque accounts	0	1	0	1	1	
Government deposit account	2 000	-	-	-	-	
Counter-cyclical deposits	-	-	-	-	900	
Capital import deposits	-	-	-	-	-	
Other liabilities to the public sector	0	0	0	2	0	
Liabilities to corporations	5 019	4 998	4 990	4 993	5 009	
Deposits for investment and ship purchase	4 671	4 788	4 776	4 781	4 799	
Capital import deposits	336	206	206	206	209	
Other liabilities to corporations	12	4	7	6	2	
Other liabilities	633	33	26	24	757	
Accrued items	610	-	-	-	733	
Other liabilities	23	-	-	-	24	
Valuation account and reserves	1 581	1 136	1 064	1 213	1 247	
SITRA's capital	400	400	400	400	400	
Capital accounts	5 529	5 529	5 529	5 529	5 088	
Primary capital	5 000	5 000	5 000	5 000	5 000	
Reserve fund	485	529	529	529	529	
Profit/loss for the accounting year	44	-	-	-	-440	
Total	37 014	42 958	42 891	42 712	43 489	

¹Including term assets from December 1986 to July 1987

²Including term liabilities from February to July 1987

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	1383	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
1986												
Dec.	2 081	983	793	6 778	10 635	3 421	14 056	-838	13 218	1 002	2 001	999
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

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
1986											
Dec.	2 381	6 687	9 270	2 305	-2 240	4 343	4 581	4 757	-176	8 668	.
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

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
1986							
Dec.	.	.	.	.	-2 363	-800	-1 563
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

2.2 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					
	Domestic companies			Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks	Net (1-2)			
	1	2	3	4	5	6
1983	7 541	1 227	6 314	-1 688	-2 290	2 335
1984	22 921	1 394	21 527	2 002	-19 962	3 566
1985	16 982	1 733	15 249	708	-9 005	6 951
1986	11 446	1 319	10 127	-2 461	-92	7 574
1987	21 671	1 158	20 513	-233	-1 287	18 994
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
1986								
Dec.	8 343	1 442	9 785	22	.	9 183	9 205	580
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

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
1986 Dec.	11.87	..	..	..	..	11.97	9.00	7.00	4.70
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

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
1986								
Dec.	6.5	6.1	6.0	5.9	8.6	8.5	8.5	8.4
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	7.8	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	7.8	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

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
1986				
Dec.	12.7	12.8	12.9	12.3
1987				
Jan.	11.9	12.1	12.1	11.8
Feb.	11.0	11.0	11.0	11.2
March	10.2	10.0	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

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 and postal giro credits	Bills of exchange	Loans								
	1	2	3	4	5	6	7	8	9	10	11
1982	..	..	..	..	9.36	4.25	7.00	8.25	5.04	..	..
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
1986											
Nov.	10.80	12.61	9.77	10.72	8.76	2.75	5.75	7.00	4.39	11.51	5.11
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

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
	1	2	3	4
1982	12.6	11.0	12.4	10.3
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
1986				
Nov.	11.7	7.7	11.9	8.0
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

4. RATES OF EXCHANGE

4.1 AVERAGE SPOT SELLING RATES, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oslo	Copen- hagen	Frankfurt a.M.	Amster- dam	Brussels	
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEC	1 BEL
	1	2	3	4	5	6	7	8	9	10	11
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
1986											
Dec.	4.907	3.562	7.055	6.712	0.7111	0.6529	0.6523	2.4649	2.1809	0.11853	0.11760
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

Average of daily quotations	Zurich	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Tokyo	Moscow	Melbourne	ECU	SDR
	1 CHF	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESB	1 JPY	1 SUR	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22	23
1983	2.6570	0.7353	0.00369	0.3111	0.0514	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	..	..	6.14739
1985	2.5360	0.6940	0.00327	0.3012	0.0367	0.1520	0.0366	0.02610	7.419	..	..	6.27879
1986	2.8349	0.7355	0.00343	0.3339	0.0343	0.1259	0.0364	0.03028	7.228	..	..	5.94432
1987	2.9563	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	0.03050	6.965	3.106	5.075	5.68000
1986												
Dec.	2.9443	0.7524	0.00357	0.3505	0.0333	0.1231	0.0366	0.03025	7.242	..	..	5.91076
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	5.67352
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

4.2 CURRENCY INDICES, 1982 = 100

Average of daily observations	Bank of Finland currency index ^{1,2}	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	104.5	110.4	NOK	5.1
1987	103.3 ¹	102.6	106.1	DKK	5.1
				DEM	19.9
1986				NLG	4.9
Dec.	104.6	104.0	110.4	BEC	3.1
				CHF	2.8
1987				FRF	6.9
Jan.	104.3	104.7	108.4	ITL	4.8
Feb.	104.1	104.1	107.7	JPY	5.9
March	103.8	103.6	107.0		
April	103.6 ¹	102.9	106.7		
May	103.4 ¹	102.4	106.0		
June	103.3 ¹	102.7	106.2		
July	103.3 ¹	103.0	106.3		
Aug.	103.2 ¹	102.9	106.7		
Sept.	102.8 ¹	102.1	105.8		
Oct.	102.5 ¹	101.7	105.3		
Nov.	102.7 ¹	100.8	103.9		
Dec.	102.9 ¹	100.4	103.7		

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.

²Because of an error discovered in the system for calculating the currency index, the index weights and index values have been revised with effect from April 1, 1987. The figures have been adjusted upwards by 0.3 index point on average. The correction does not affect the markka rates of individual currencies.

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							
Sept.	19 275	132 709	2 972	154 957	4 779	16 806	176 543
Oct.	18 334	133 675	3 111	155 120	5 384	17 699	178 204
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

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						
Sept.	7 771	6 258	148 312	162 341	23 819	186 160
Oct.	7 573	6 130	149 953	163 655	25 294	188 949
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

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											
Oct.	17871	2684	5985	26540	17989	5847	384	24220	50760	1718	7064
Nov.	17032	3045	5842	25919	18012	5943	386	24341	50260	1802	..
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

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
1986									
Nov.	207	427	175	60	65	497	95	341	934
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

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									
II	12 486	28 008	21 935	847	79	13 510	21 734	28 111	63 354
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	15 288	31 159	24 507	1 092	198	17 878	24 365	30 000	72 242
II	15 509	31 962	24 985	1 160	213	18 897	25 906	29 025	73 828

5.6 HELSINKI STOCK EXCHANGE

During period	Turnover, mill. FIM			Share prices Unitas Index, 1975 = 100		
	Shares and subscription rights	Bonds and debentures	Total (1+2)	Banks	Industry	Overall Index
	1	2	3	4	5	6
1982	664	2 421	3 085	130	116	127
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	253	357
1986						
Nov.	667	270	937	406	268	434
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

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 +26)
	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	Port-folio investment in Finland	Long-term credits				Imports of other long-term capital	Imports of long-term capital (1+2+6+7)	Direct investment abroad	Port-folio investment abroad	Long-term export credits	Exports of other long-term capital	Exports of long-term capital (9+10+11+12)	Long-term capital account (8-13)
			Central government	Author-ized banks	Others	Total (3+4+5)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1982	-67	..	3 059	514	1 919	5 492	155	5 580	1 125	..	1 239	2 605	4 969	611
1983	88	..	2 554	323	-38	2 839	652	3 579	1 452	..	-423	676	1 705	1 874
1984	324	1 492	2 598	2 861	1 090	6 549	68	8 433	2 479	..	1 682	-1 960	2 201	6 232
1985	392	4 264	1 556	1 489	442	3 487	140	8 283	2 073	78	-1 313	948	1 786	6 497
1986*	1 518	646	-63	5 935	-483	5 389	87	7 640	3 475	489	-382	714	4 296	3 344
1985														
I	-1	887	411	328	577	1 316	-22	2 180	765	..	-330	187	622	1 558
II	160	3 417	407	363	-360	410	99	4 086	473	..	-373	144	244	3 842
III	54	-107	516	721	-654	583	20	550	486	..	-263	29	252	298
IV	179	67	222	77	879	1 178	43	1 467	349	78	-347	588	668	799
1986*														
I	85	94	-722	1 246	54	578	-65	692	357	-15	-241	8	109	583
II	56	710	596	1 040	-193	1 443	17	2 226	884	89	111	126	1 210	1 016
III	266	-206	16	1 412	-108	1 320	83	1 463	1 134	279	-110	409	1 712	-249
IV	1 111	48	47	2 237	-236	2 048	52	3 259	1 100	136	-142	170	1 264	1 995
1987*														
I	133	-387	1 640	1 756	873	4 269	79	4 094	767	124	265	2 495	3 651	443
II	210	6	-442	1 530	1 259	2 347	-55	2 508	842	925	-81	83	1 769	739
III	15	-271	-1 018	974	551	507	12	263	528	367	112	120	1 127	-864

During period	Basic balance	Short-term capital imports of au-thorized banks	Import liabil-ities and prepay-ments related to exports	Imports of short-term capital (16+17)	Short-term capital exports of au-thorized banks	Export receiv-ables and prepay-ments related to imports	Exports of short-term capital (19+20)	Other short-term capital incl. er-rors and omissions	Short-term capital account (18-21+22)	Overall balance excl. reserve move-ments (15+23)	Change in central bank's foreign ex-change reserves (26+27)	Of which:	
												Convert-ible reserves	Tied reserves
	15	16	17	18	19	20	21	22	23	24	25	26	27
1982	-3 332	10 588	-969	9 619	9 095	-826	8 269	1 856	3 206	-126	126	-1 055	1 181
1983	-3 344	7 594	2 121	9 714	6 328	2 228	8 556	24	1 182	-2 162	2 162	1 187	975
1984	6 138	16 080	944	17 024	13 994	-2 811	11 183	-2 704	3 137	9 275	-9 275	-10 142	867
1985	1 980	6 890	350	7 240	1 623	1 732	3 355	-2 121	1 764	3 744	-3 744	-3 729	-15
1986*	-1 156	5 023	-917	4 105	15 777	-592	15 185	4 305	-6 775	-7 930	7 930	11 678	-3 748
1985													
I	681	3 873	1 306	5 179	1 665	930	2 594	-1 113	1 472	2 153	-2 153	-2 328	176
II	3 136	3 588	599	4 187	1 677	930	2 607	-2 489	-908	2 228	-2 228	-1 473	-755
III	347	-3 134	-355	-3 489	-1 734	-63	-1 797	-222	-1 914	-1 566	1 566	1 042	525
IV	-2 185	2 563	-1 200	1 363	15	-63	-49	1 703	3 115	930	-930	-969	39
1986*													
I	-2 654	-1 436	1 243	-193	1 649	-15	1 634	1 319	-508	-3 162	3 162	3 945	-782
II	762	2 225	-1 844	382	4 814	-15	4 799	420	-3 998	-3 236	3 236	4 161	-925
III	-1 634	2 955	1 237	4 192	6 304	-281	6 023	1 252	-579	-2 213	2 213	3 455	-1 242
IV	2 371	1 279	-1 554	-275	3 010	-281	2 729	1 314	-1 689	681	-681	117	-798
1987*													
I	-2 264	2 656	1 240	3 896	-3 809	-1 653	-5 462	-858	8 500	6 236	-6 236	-7 020	785
II	-1 860	7 672	276	7 947	3 902	596	4 498	4 648	8 097	6 237	-6 237	-5 569	-667
III	-2 364	8 309	920	9 230	5 681	323	6 004	-225	3 000	637	-637	-2 407	1 771

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

End of period	Long-term liabilities							Long-term assets					Long-term debt, net (8-13)	
	Direct investment in Finland	Port-folio investment in Finland	Long-term credits				Other long-term capital	Total (1+2+6+7)	Direct investment abroad	Port-folio investment abroad	Long-term export credits	Other long-term capital		Total (9+10+11+12)
			Central government	Author-ized banks	Others	Total (3+4+5)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1982	2 223	..	..	..	..	52 501	406	55 130	4 626	..	6 628	3 869	15 123	40 007
1983	2 317	848	21 740	2 419	33 749	57 909	444	61 518	6 166	..	6 612	4 051	16 829	44 689
1984	2 905	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	5348	31331	13782	50461	12737	22899	13858	49494	967	40974	8236	2658	10.1
1983	5705	39443	16181	61328	11842	29263	15915	57020	4308	48997	10875	4914	12.2
1984	4562	55695	17988	78245	22912	43319	12804	79035	-790	53050	11586	4613	11.3
1985	4070	51374	17354	72798	25183	38775	18155	82113	-9314	47095	11287	4808	10.5
1986*	3455	56881	16119	76454	16613	54598	18381	89593	-13138	46154	13356	6185	13.0
1985													
I	4535	59386	19328	83249	24785	44984	15869	85638	-2390	51644	3461	1561	13.4
II	3729	62896	19987	86612	26208	46661	18635	91504	-4891	52664	2761	1039	9.7
III	4240	59370	19120	82730	24770	44927	18183	87880	-5150	51385	2296	1011	8.6
IV	4070	51374	17354	72798	25183	38775	18155	82113	-9314	47095	2769	1197	10.4
1986*													
I	3659	50424	18682	72765	21647	40424	18037	80109	-7343	49712	3858	2126	15.6
II	3499	52647	16965	73111	18470	45237	18213	81921	-8809	50562	3288	1176	14.2
III	3565	55602	18234	77401	16168	51541	17881	85591	-8190	51036	2312	837	8.7
IV	3455	56881	16119	76454	16613	54598	18381	89593	-13138	46154	3897	2046	13.7
1987*													
I	3521	59536	18727	81783	22482	50790	16266	89538	-7754	50815	3490	1441	14.0
II	3490	67208	19077	89775	28680	54691	17215	100587	-10812	48597	4209	1499	15.6
III	3607	75517	20920	100044	29304	60373	17474	107151	-7107	50933	2805	1224	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	7 327	33
April	7 286	6 499	787
May	7 007	7 154	- 147
June	7 444	7 083	361
July	6 623	6 457	166
Aug.	6 602	6 939	- 337
Sept.	8 040	7 084	956
Oct.	7 892	7 310	582
Nov.	6 969	7 502	- 533

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	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	648	1 447	1 620	41
April	616	2 352	574	2 236	1 508	3 406	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	3 535	911	1 151	1 327	159
July	526	2 271	660	1 986	1 180	3 124	796	1 197	1 317	23
Aug.	545	2 191	669	1 848	1 349	3 290	1 136	1 012	1 471	30
Sept.	666	2 498	688	2 629	1 559	3 502	970	1 045	1 547	20
Oct.	670	2 500	624	2 490	1 608	3 634	839	1 151	1 579	107
Nov.	664	2 171	564	2 077	1 493	3 713	720	1 435	1 623	11

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1986		1987* January-October		1986		1987* January-October	
	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	52 917	10.6	57 905	74.6	51 708	8.9
OECD Europe	50 181	60.8	46 559	12.2	48 446	62.4	42 816	8.2
Of which:								
Austria	781	0.9	819	28.5	1 015	1.3	880	4.7
Belgium and Luxembourg	1 410	1.7	1 208	5.1	1 899	2.4	1 782	14.8
Denmark	3 321	4.0	2 819	3.3	2 181	2.8	1 954	7.4
France	3 691	4.5	3 768	25.4	3 459	4.5	3 015	13.5
Federal Republic of Germany	8 016	9.7	7 817	18.2	13 159	17.0	11 855	9.4
Italy	1 741	2.1	1 791	28.1	3 256	4.2	2 999	10.5
Netherlands	2 855	3.5	2 610	7.9	2 369	3.1	2 116	9.7
Norway	3 715	4.5	3 453	9.8	1 714	2.2	1 490	3.7
Spain	877	1.1	908	26.7	873	1.1	699	1.5
Sweden	12 228	14.8	10 469	4.7	10 559	13.6	8 760	2.9
Switzerland	1 331	1.6	1 328	18.3	1 579	2.0	1 375	7.0
United Kingdom	8 667	10.5	8 178	11.8	5 056	6.5	4 646	9.9
Other OECD	7 571	9.2	6 358	0.0	9 459	12.2	8 893	12.5
Of which:								
Canada	910	1.1	841	11.4	410	0.5	354	0.4
Japan	1 266	1.5	1 007	-3.1	5 022	6.5	4 864	14.7
United States	4 480	5.4	3 749	-1.7	3 722	4.8	3 465	13.1
CMEA countries	18 176	22.0	12 202	-14.4	14 210	18.3	11 921	0.5
Of which:								
Soviet Union	16 774	20.3	11 055	-15.6	11 933	15.4	10 245	3.1
Developing countries	5 736	6.9	5 147	9.7	4 945	6.4	4 102	-3.0
OPEC countries	1 437	1.7	1 231	0.9	1 022	1.3	647	-33.9
Other	4 299	5.2	3 916	12.8	3 923	5.1	3 455	6.4
Other countries	914	1.1	1 078	53.2	539	0.7	562	25.3
TOTAL	82 579	100.0	71 344	5.7	77 599	100.0	68 292	6.7
Of which:								
EEC countries	31 657	38.3	30 136	15.0	33 396	43.0	30 173	10.3
EFTA countries	18 193	22.0	16 185	7.8	14 979	19.3	12 589	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): 33,38		4	
	Total industry		Mining and quarrying		Manufacturing		Wood and paper industries		Other manufacturing	
	(100.0)	(100.0)	(1.5)	(1.5)	(89.5)	(89.5)	(20.5)	(20.5)	(40.7)	(40.7)
	1	2	3	4	5	6	7	8	9	10
1982	89.0	92.8	89.6	86.3	87.5	93.0	82.2			
1983	91.9	92.8	92.5	94.2	87.8	95.5	86.0			
1984	96.1	96.3	96.6	101.7	92.5	97.6	91.8			
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0			
1986*	100.8	101.7	100.8	101.8	101.3	99.9	100.1			
1986*										
Oct.	100.5	94.4	103.1	106.0	104.7	100.6	104.2			
Nov.	99.4	106.4	102.4	104.8	103.0	101.5	101.5			
Dec.	100.7	105.0	102.8	107.7	100.1	99.6	106.0			
1987*										
Jan.	101.5	82.7	101.4	106.7	100.8	99.2	109.8			
Feb.	104.6	90.3	105.0	109.9	105.4	101.3	102.2			
March	109.7	94.9	107.4	107.8	108.9	102.1	113.2			
April	105.7	86.0	104.3	108.9	104.2	103.8	103.9			
May	106.9	65.2	105.0	108.9	104.9	107.3	107.7			
June	106.2	47.2	105.7	105.3	105.5	106.3	107.2			
July	109.1	88.9	107.6	107.3	106.6	107.2	105.0			
Aug.	105.1	91.0	105.1	107.8	108.6	105.0	111.3			
Sept.	103.2	84.4	104.1	111.3	108.2	102.5	110.0			
Oct.	102.5	71.4	105.6	111.0	107.0	102.1	107.1			

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*								
Oct.	106.6	105.1	..	..	..	..	..	103.7
Nov.	101.2	101.2	..	..	..	..	..	102.9
Dec.	108.0	103.1	..	..	..	..	..	103.3
III	106.3	102.5	99.2	89.6	109.5	106.0	107.4	..
IV	105.3	103.1	100.8	90.1	107.4	109.8	120.4	..
1987*								
Jan.	109.3	104.6	..	..	..	..	..	102.6
Feb.	108.8	106.4	..	..	..	..	..	104.6
March	108.5	105.5	..	..	..	..	..	105.6
April	115.9	111.3	..	..	..	..	..	105.4
May	111.0	106.9	..	..	..	..	..	105.8
June	114.6	112.2	..	..	..	..	..	105.5
July	110.8	107.9	..	..	..	..	..	105.7
Aug.	..	..	..	..	..	..	..	106.3
Sept.	..	..	..	..	..	..	..	106.1
Oct.	..	..	..	..	..	..	..	106.0
I	108.9	105.5	93.3	89.1	91.7	93.9	112.4	..
II	113.8	110.1	93.1	96.5	106.9	100.0	122.0	..
III	..	..	89.9	78.3	101.1	100.6	100.5	..

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
1982	76.3	76.3	77.4	78.0	75.3	77.3	81.4	85.9	85.4	87.8	86.5	86.6	86.5	81.6
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
1986														
Nov.	..	..	..	..	..	..	104.5	93.7	97.0	83.0	94.8	96.9	93.9	105.5
Dec.	..	..	..	..	..	..	104.6	93.9	97.0	83.5	94.6	96.4	93.9	105.5
III	107.5	107.2	106.7	107.7	108.8	107.7	104.1	93.4	96.7	82.6	94.8	96.5	94.2	105.0
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
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

8.5 LABOUR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry				Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction	Service industries		
%	1000 persons										%
1	2	3	4	5	6	7	8	9	10	11	
1982	68.7	2512	2377	387	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	362	2070	256	584	190	1402	..	..
Dec.	..	..	2435	375	2060	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

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	29 079	51 733	323	11 640	91 774	2 209	93 983	14 744	108 727	26 354	52 845	23 215	28 131
1986													
Sept.	2 210	3 811	24	1 220	7 265	372	7 636	1 915	9 551	2 045	3 842	1 882	1 932
Oct.	2 194	4 542	23	1 268	8 028	189	8 217	1 639	9 856	2 366	4 220	1 914	2 165
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

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	4 964	2 478	61 049	4 457	65 506	2 751	68 257	-1 867	-5 156	-7 907	258	
1983	5 454	4 095	69 944	4 999	74 943	3 939	78 881	-5 381	-8 527	-12 465	-1 088	
1984	5 455	4 220	76 162	4 717	80 878	5 552	86 430	-590	-3 412	-8 964	1 788	
1985	5 700	4 936	84 739	4 982	89 722	7 682	97 404	-449	-3 361	-11 043	145	
1986	6 111	5 058	90 368	4 913	95 281	10 541	105 822	1 406	-1 298	-11 839	2 905	
1986												
Sept.	608	387	6 882	546	7 428	663	8 091	383	208	-455	1 460	
Oct.	647	503	7 736	472	8 208	1 665	9 872	292	9	-1 655	-16	
Nov.	534	196	7 921	392	8 313	1 163	9 476	-210	-314	-1 477	-730	
Dec.	747	400	8 831	557	9 388	121	9 509	728	539	418	2 091	
1987												
Jan.	434	771	8 213	268	8 482	1 323	9 805	-2 688	-2 910	-4 233	-1 381	
Feb.	452	418	8 144	359	8 503	764	9 267	-120	-390	-1 154	-894	
March	597	697	8 118	492	8 610	1 886	10 497	-125	-539	-2 425	104	
April	526	684	8 695	404	9 098	871	9 969	199	-146	-1 017	-682	
May	534	678	9 416	469	9 885	820	10 705	-2 478	-2 575	-3 395	-913	
June	640	255	7 999	561	8 560	1 314	9 874	925	555	-759	-304	
July	643	284	8 625	752	9 377	190	9 566	304	-353	-543	76	
Aug.	542	294	8 170	479	8 649	1 410	10 059	890	754	-657	487	
Sept.	648	137	7 551	552	8 102	320	8 423	156	-252	-572	47	

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 tax-free 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.

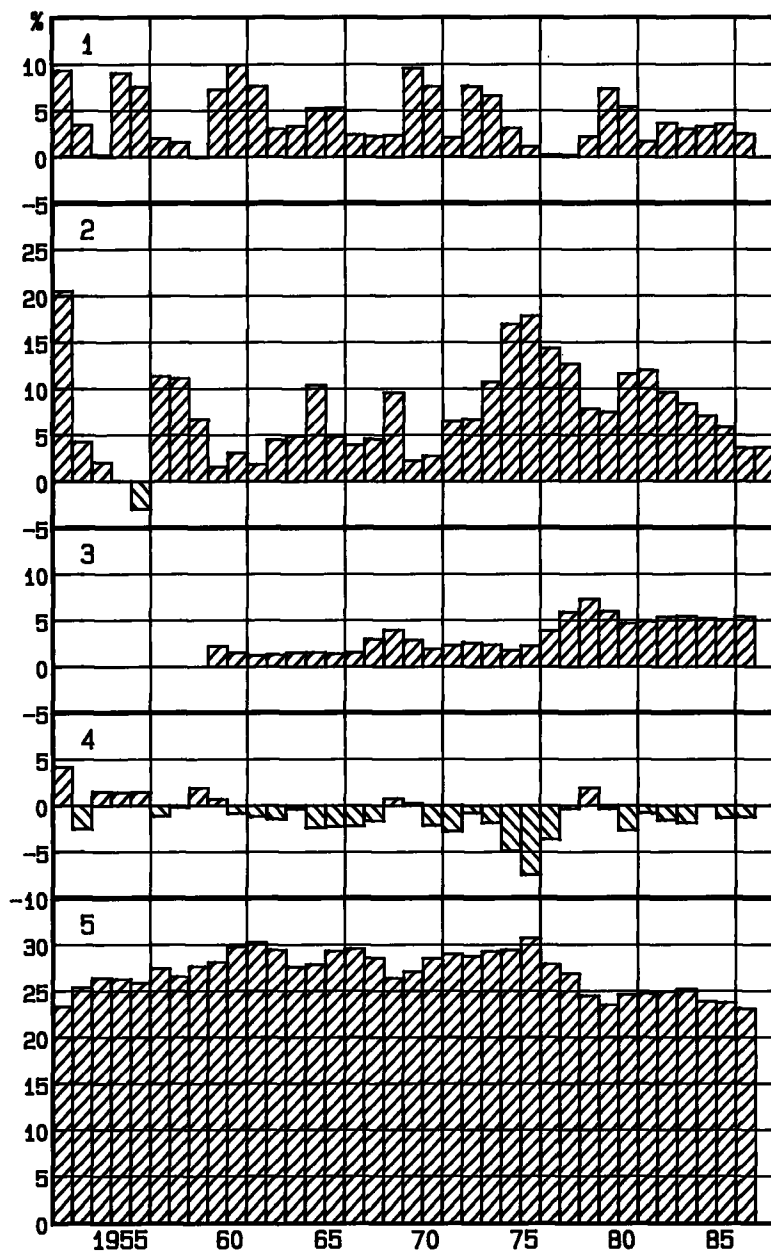
Table 8.6 Source: Ministry of Finance.

CHARTS

page

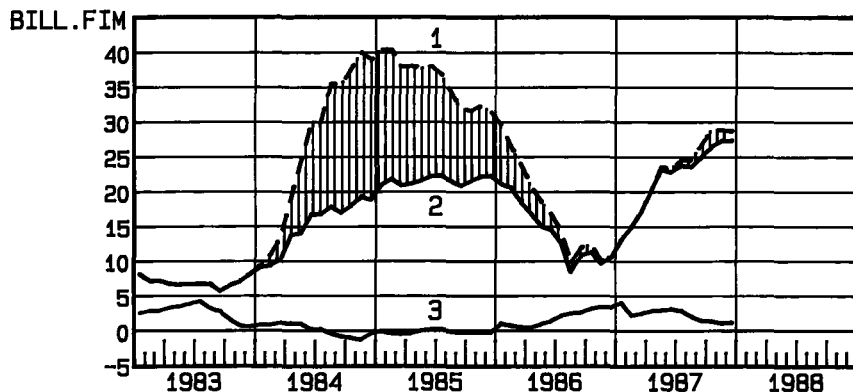
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Banks' central bank position	S29
5. Overnight rates	S30
6. HELIBOR rates of interest	S30
7. Rates of interest applied by the Bank of Finland	S30
8. 3-month covered Eurodollar rate and 3-month currency basket rates	S31
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10. Secondary market rates on bonds and debentures	S31
11. Bank of Finland currency index (monthly)	S32
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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
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21. Foreign debt	S35
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23. Debt service ratio	S36
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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

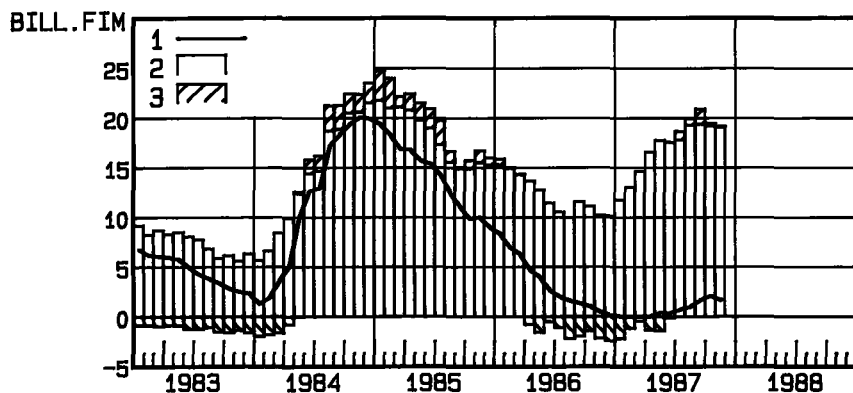


1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

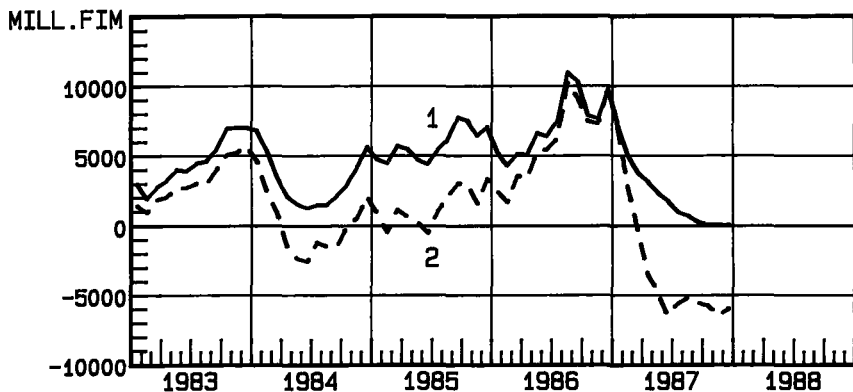
2. THE BANK OF FINLAND'S FOREIGN EXCHANGE RESERVES AND FORWARD POSITION



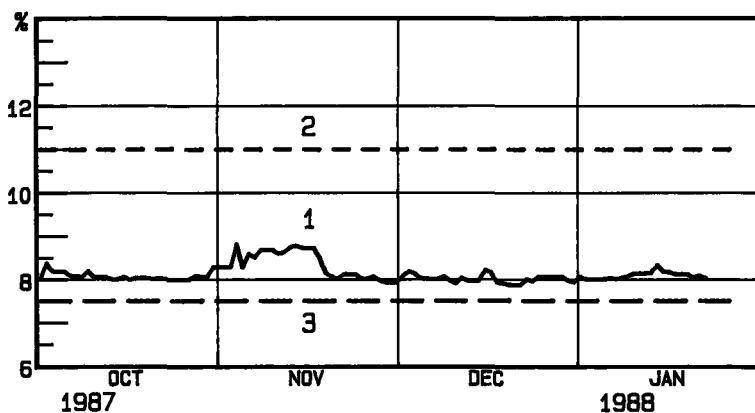
3. FORWARD MARKET



4. BANKS' CENTRAL BANK POSITION

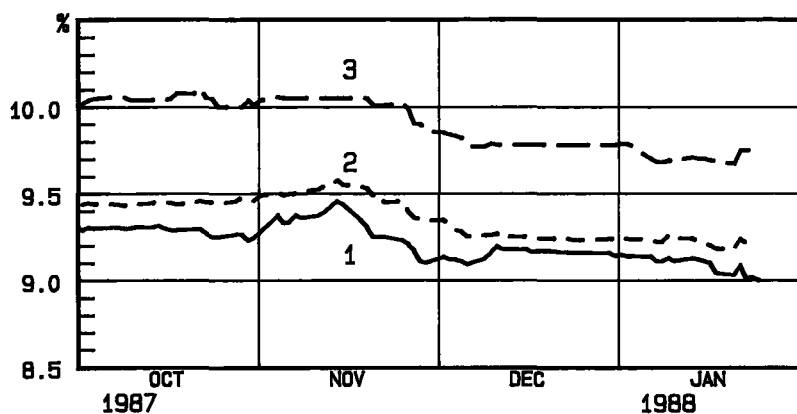


5. OVERNIGHT RATES



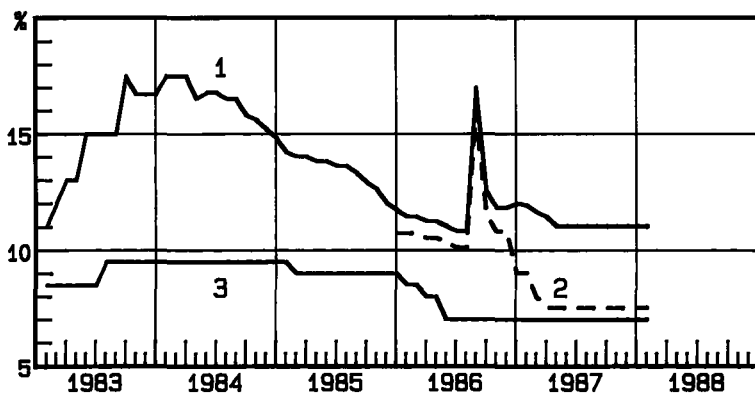
- 1. Inter-bank overnight rate
 - 2. Call money credit rate
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



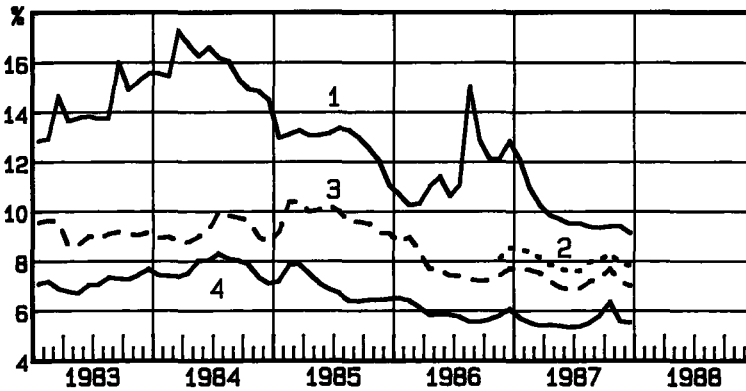
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

7. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



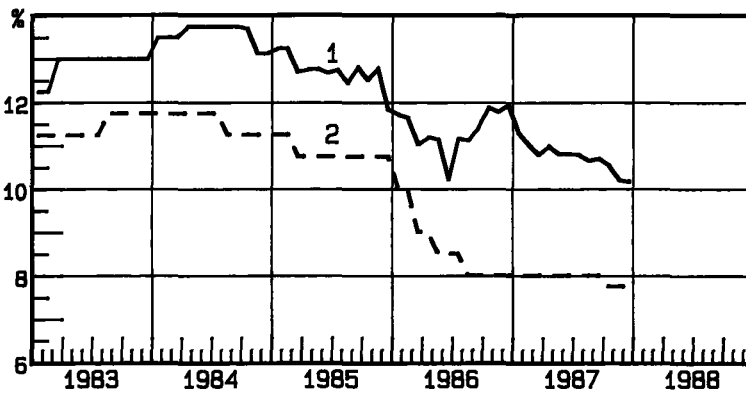
- 1. Call money credit rate
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

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



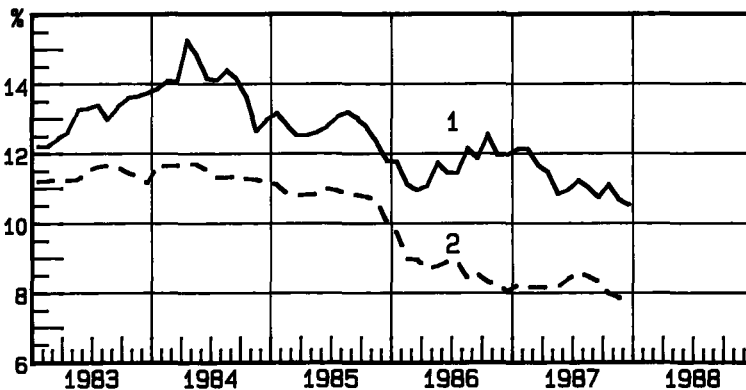
1. Covered Eurodollar rate
2. 12-currency basket rate
3. 8-currency basket rate
4. 3-currency basket rate

9. RATES ON NEW ISSUES OF BONDS AND DEBENTURES



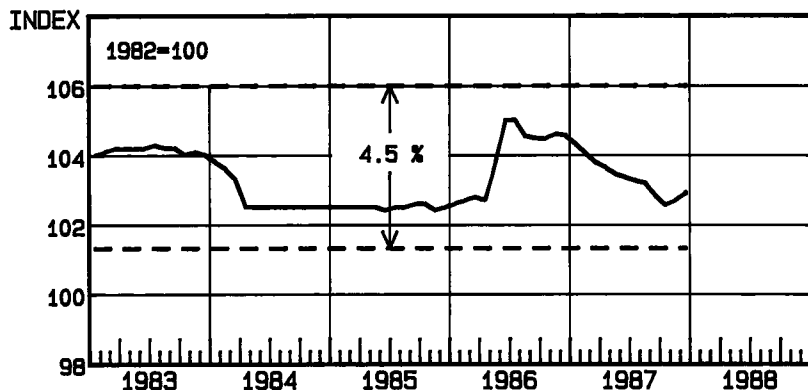
1. Rates on new fixed-rate debentures
2. Rates on new 10-year tax-free government bonds

10. SECONDARY MARKET RATES ON BONDS AND DEBENTURES



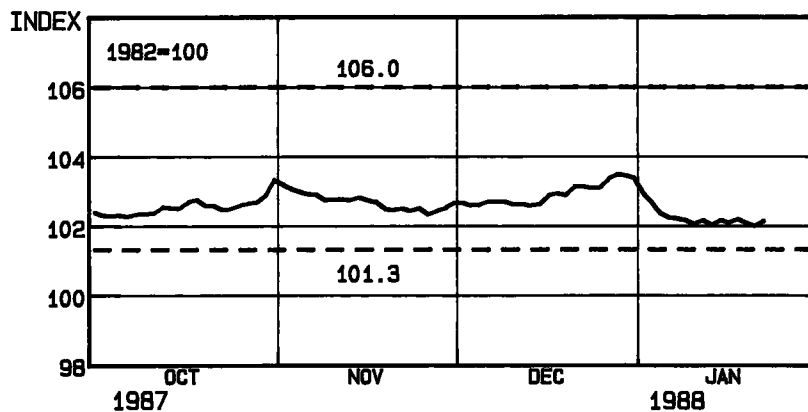
1. Secondary market rate on (3-6 year) fixed-rate debentures
2. Secondary market rate on (9-10 year) taxfree government bonds

11. BANK OF FINLAND CURRENCY INDEX



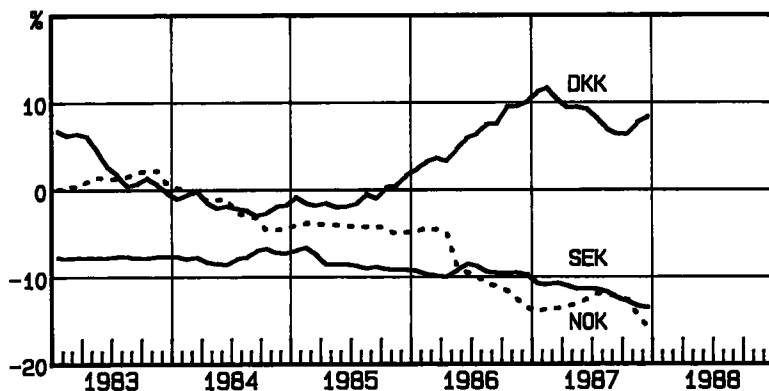
4.5 % = fluctuation range of the index
Monthly averages

12. BANK OF FINLAND CURRENCY INDEX



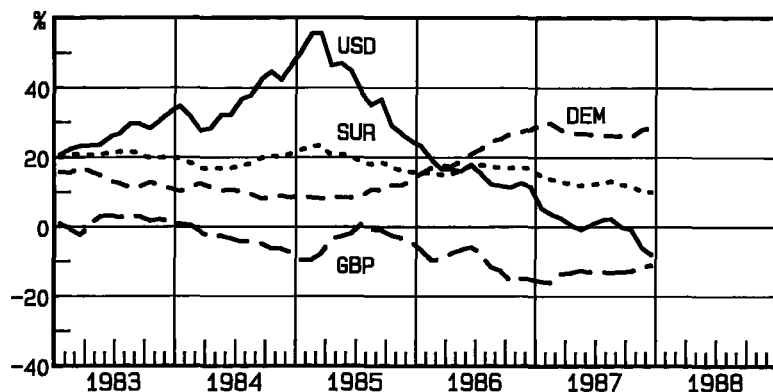
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



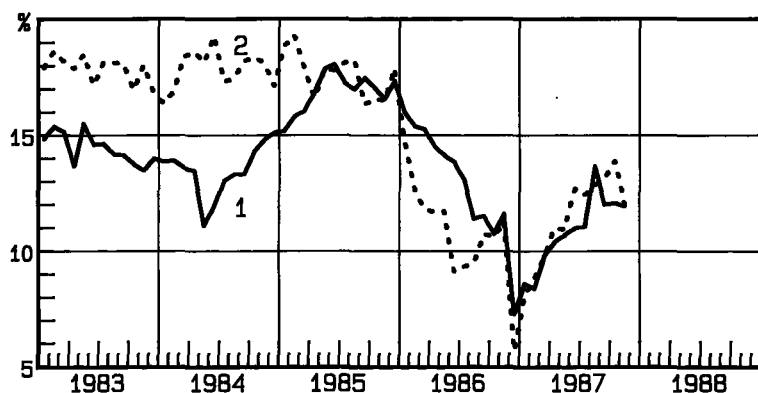
Monthly change in markka selling rates calculated from the average rates for January 1982

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



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

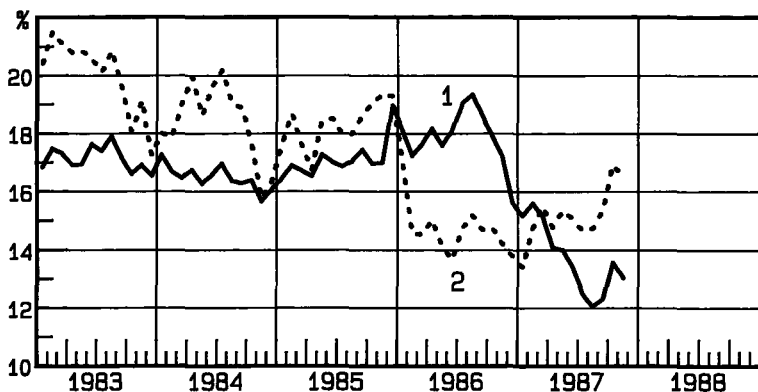
15. BANK DEPOSITS FROM THE PUBLIC



1. Regulated deposits
2. Total deposits

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

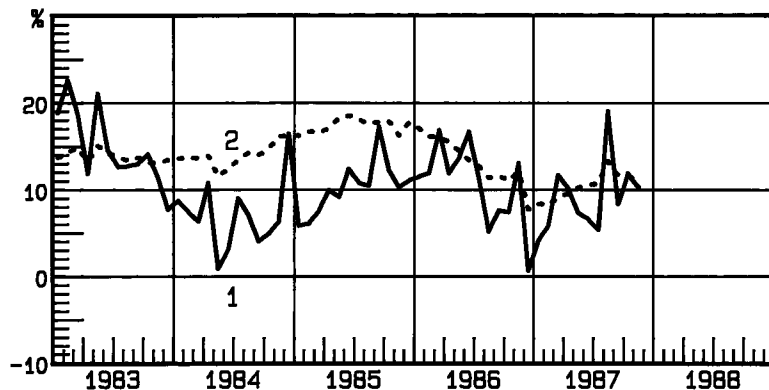
16. BANK LENDING TO THE PUBLIC



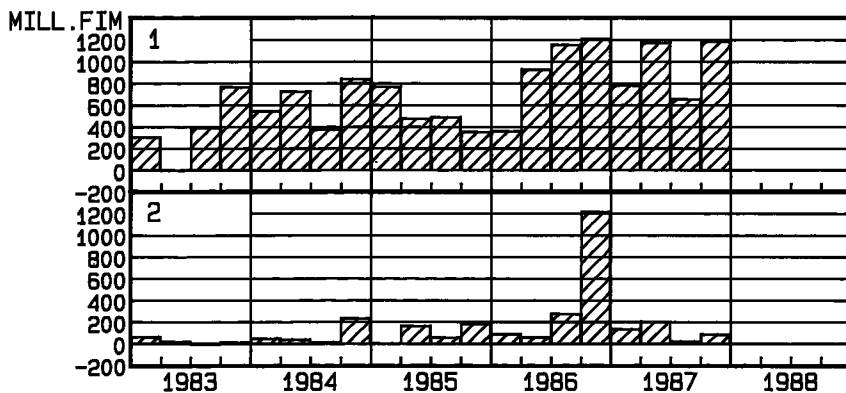
1. Markka lending
2. Total lending

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

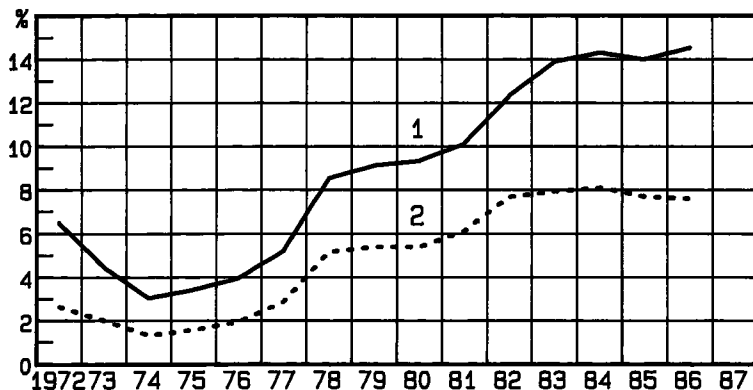
17. MONEY SUPPLY



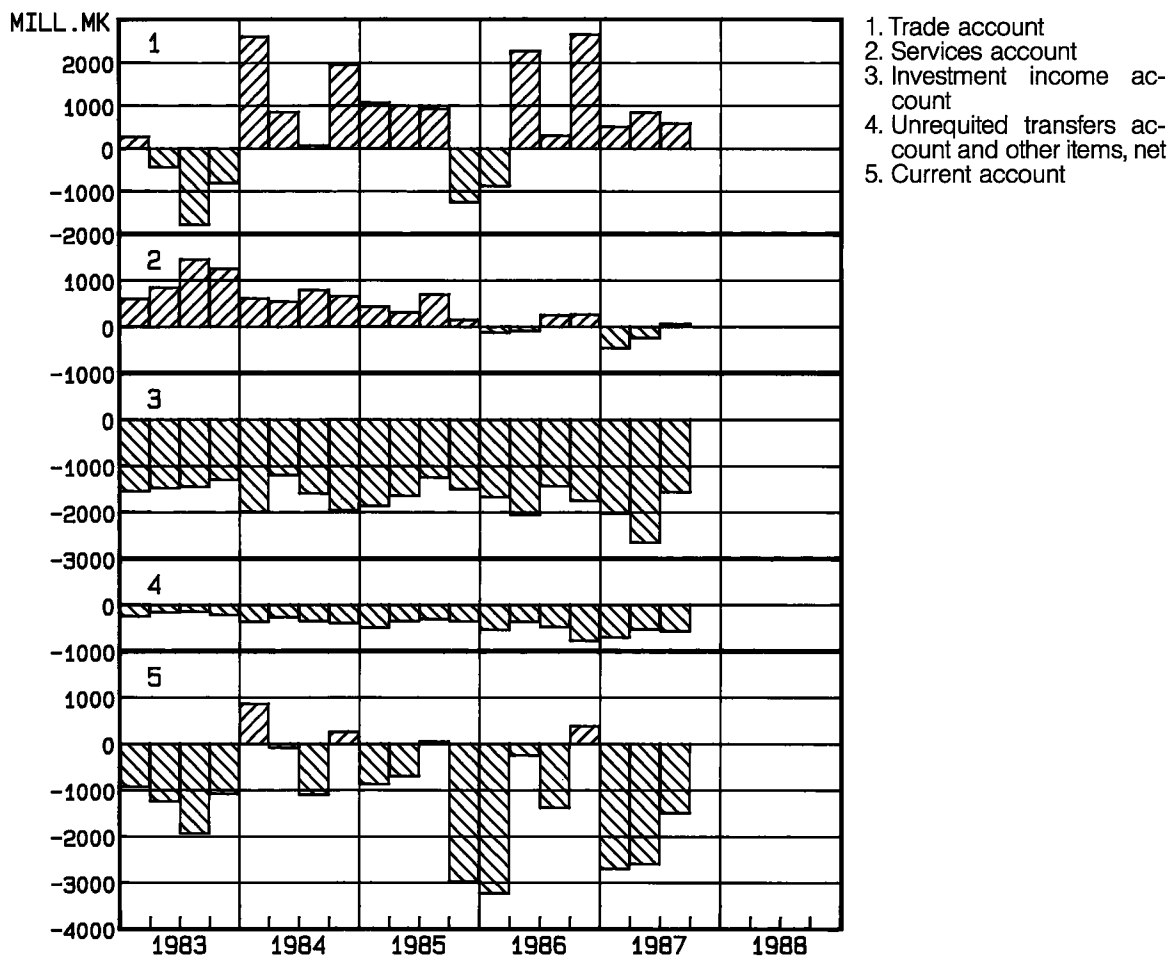
18. DIRECT INVESTMENT



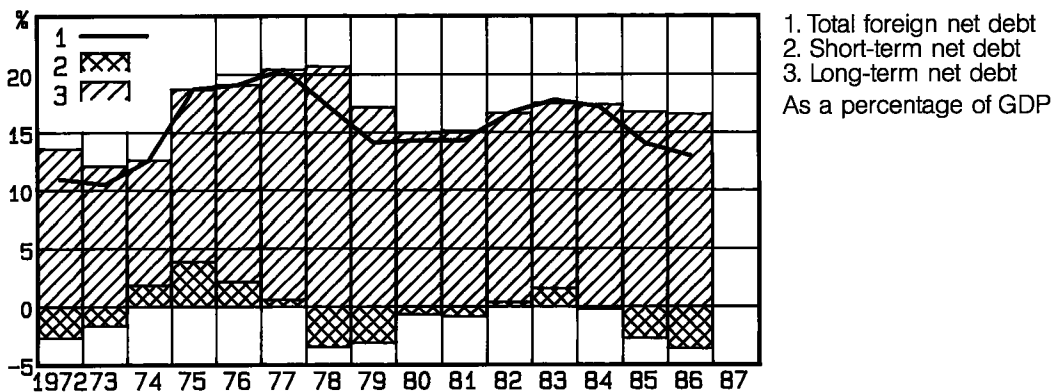
19. CENTRAL GOVERNMENT DEBT



20. CURRENT ACCOUNT

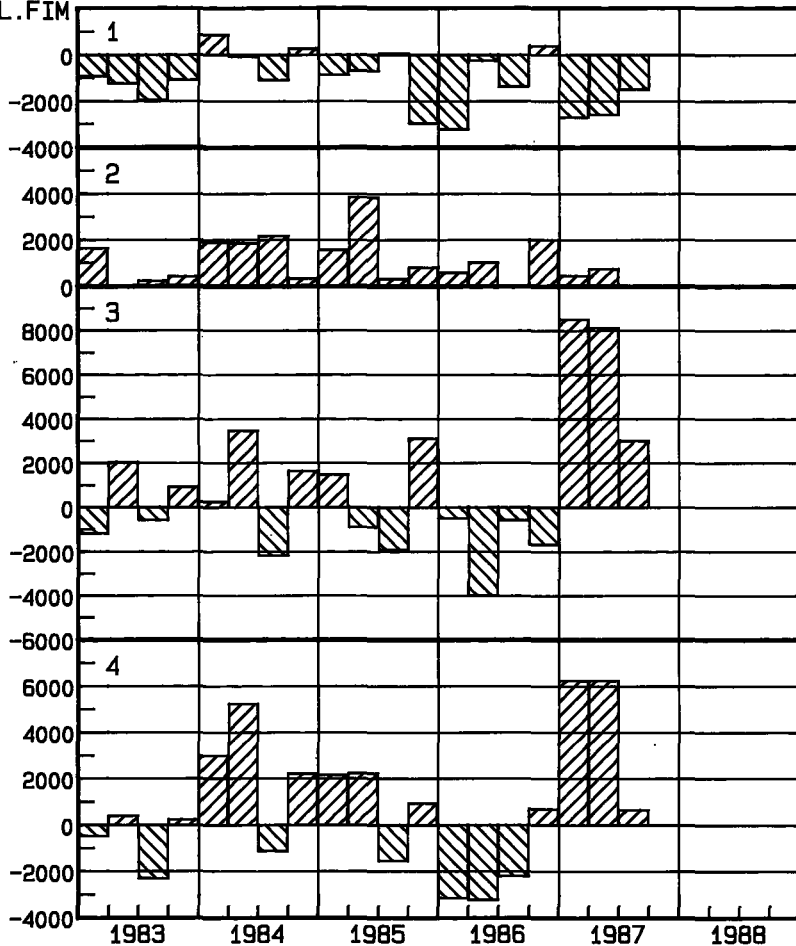


21. FOREIGN DEBT

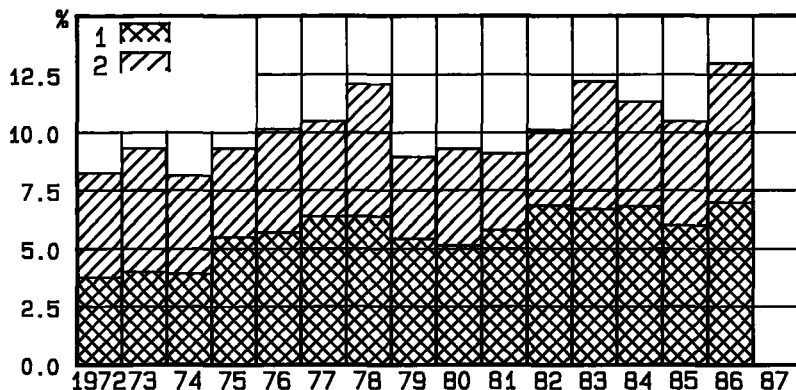


22. BALANCE OF PAYMENTS

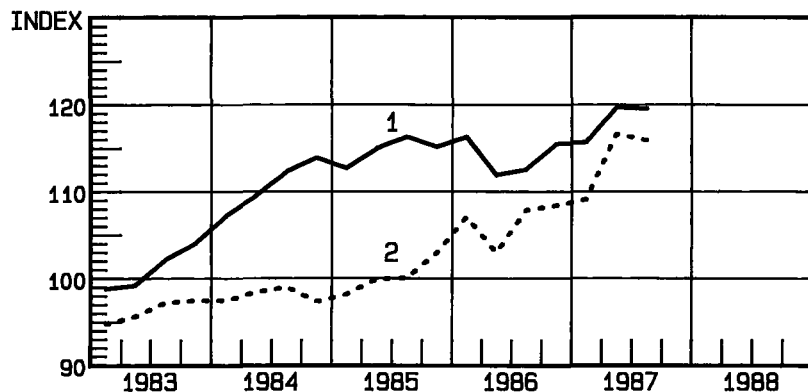
MILL. FIM



23. DEBT SERVICE RATIO

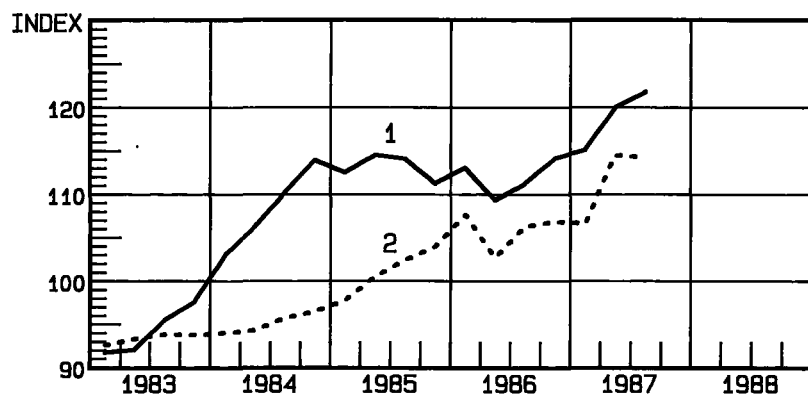


24. FOREIGN TRADE



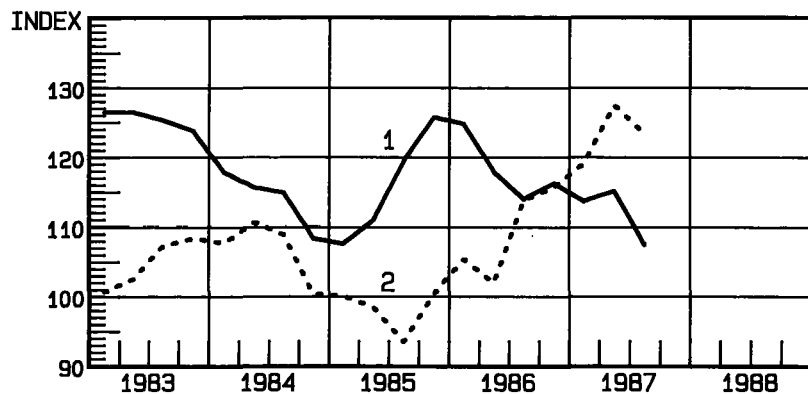
1. Total exports
2. Total imports
Volume index, 1980 = 100,
four-quarter moving average
as at the last quarter

25. WESTERN TRADE



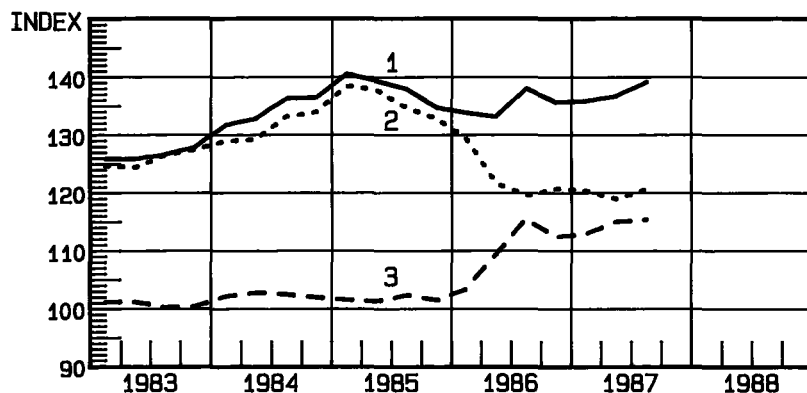
1. Western exports
2. Western imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

26. BILATERAL TRADE



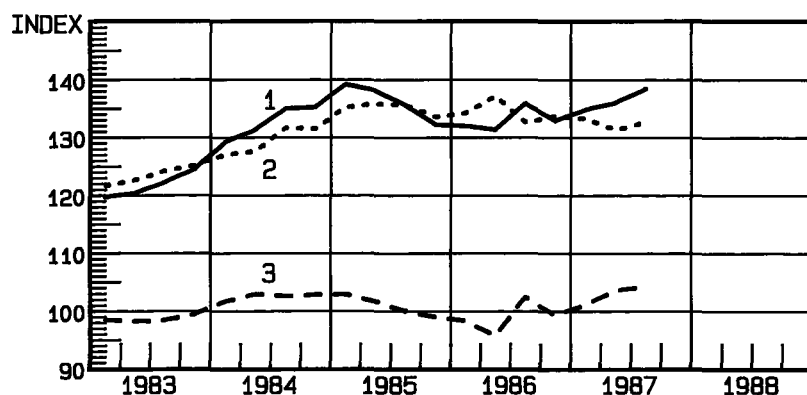
1. Bilateral exports
2. Bilateral imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

27. FOREIGN TRADE: PRICES AND TERMS OF TRADE



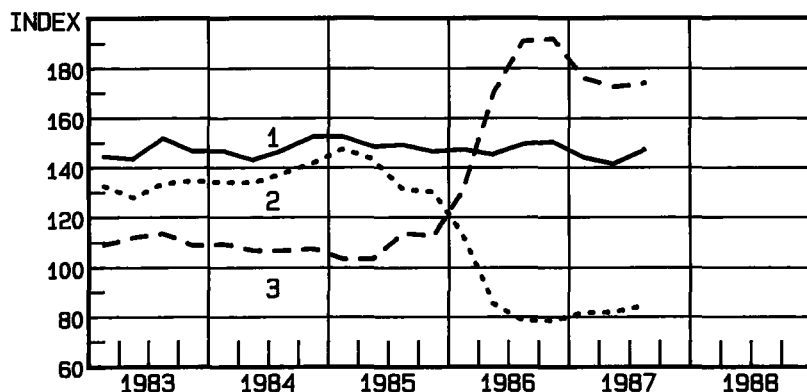
1. Unit value index of exports
 2. Unit value index of imports
 3. Terms of trade
- 1980 = 100

28. WESTERN TRADE: PRICES AND TERMS OF TRADE



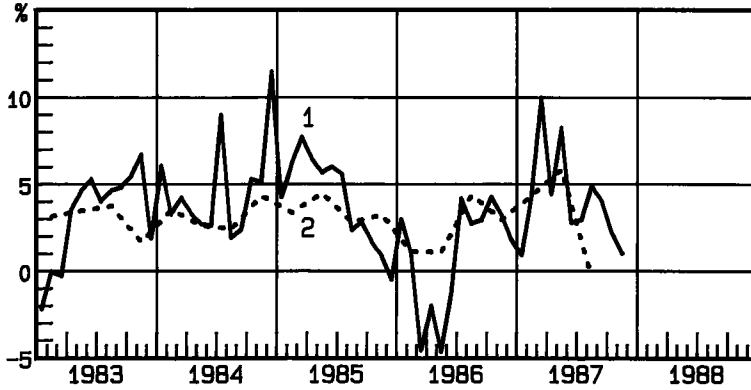
1. Unit value index of western exports
 2. Unit value index of western imports
 3. Terms of trade in western trade
- 1980 = 100

29. BILATERAL TRADE: PRICES AND TERMS OF TRADE



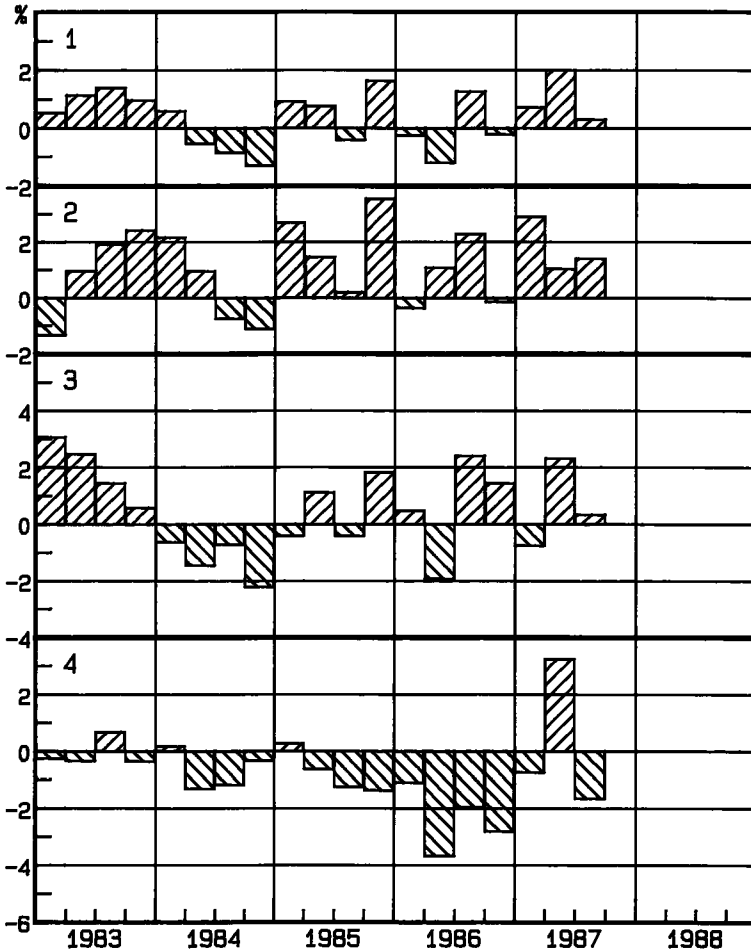
1. Unit value index of bilateral exports
 2. Unit value index of bilateral imports
 3. Terms of trade in bilateral trade
- 1980 = 100

30. PRODUCTION



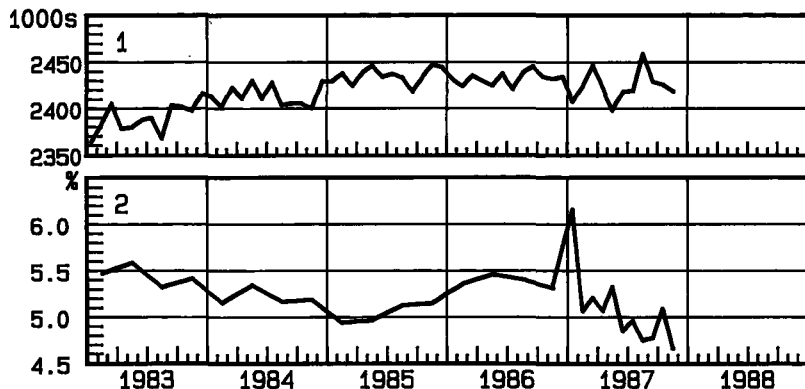
1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

31. FIXED INVESTMENT



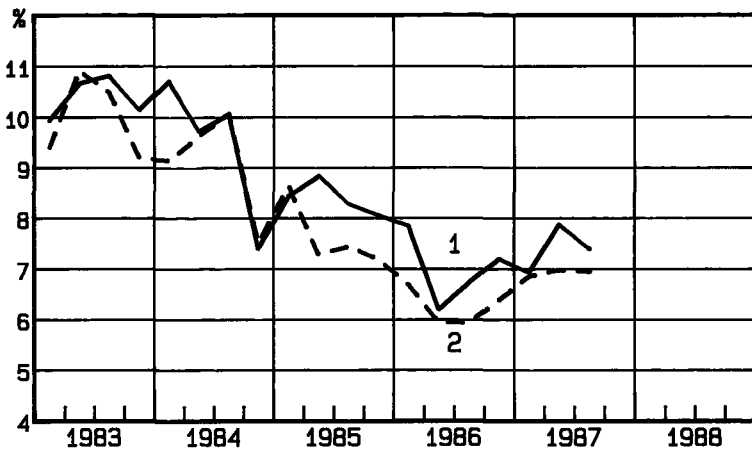
1. Total fixed investment
 2. Investment in machinery and equipment
 3. Building investment, excl. residential buildings
 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

32. EMPLOYMENT AND THE UNEMPLOYMENT RATE

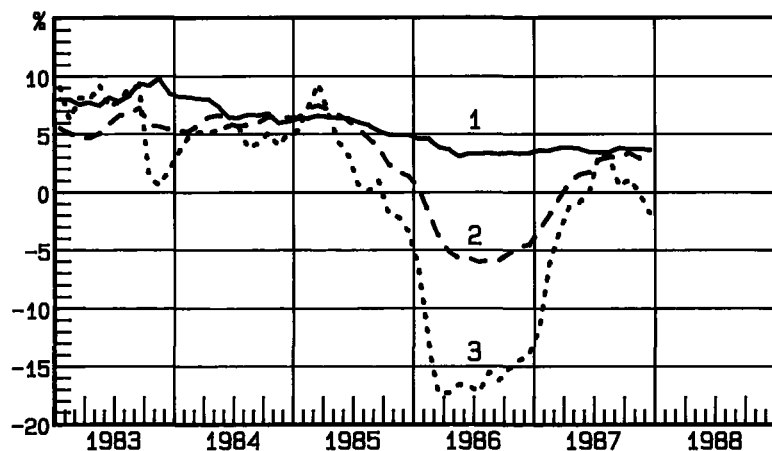


1. Employment, 1000 persons
2. Unemployment rate, per cent

33. PRICES AND WAGES

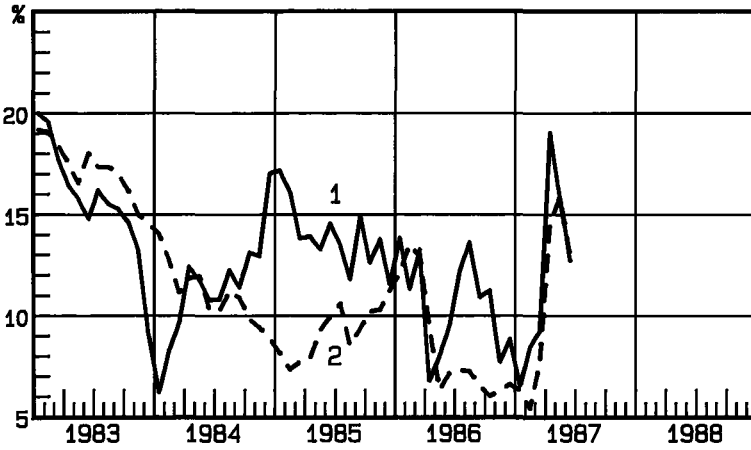


1. Index of wage and salary earnings, all wage and salary earners
 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



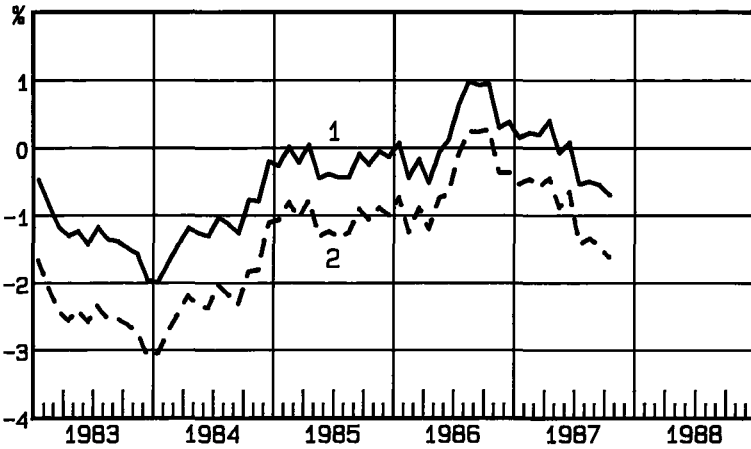
1. Consumer price index
 2. Wholesale price index
 3. Import price index
- Change from the corresponding month of the previous year

34. CENTRAL GOVERNMENT FINANCES



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

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



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

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

BANK OF FINLAND

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