



BANK OF FINLAND

Monthly Bulletin

Household saving in Finland

Recent financial developments

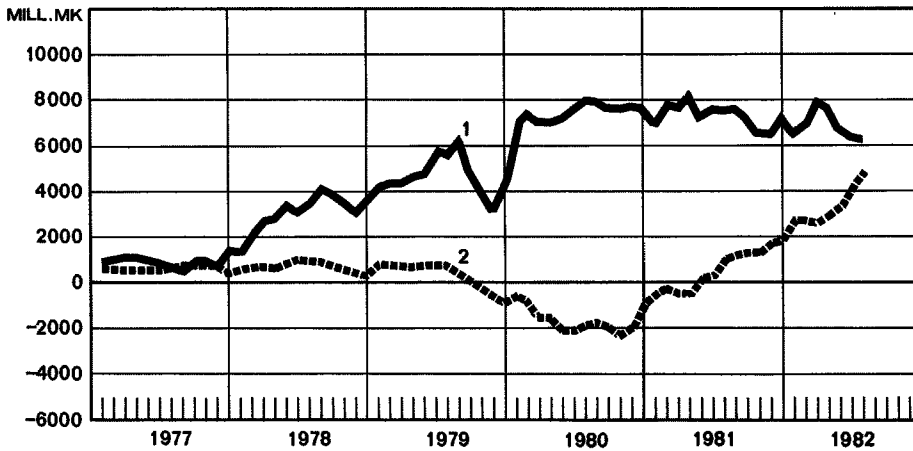
Finland's balance of payments January-
June 1982

Statistics on forward exchange markets

SEPTEMBER 1982

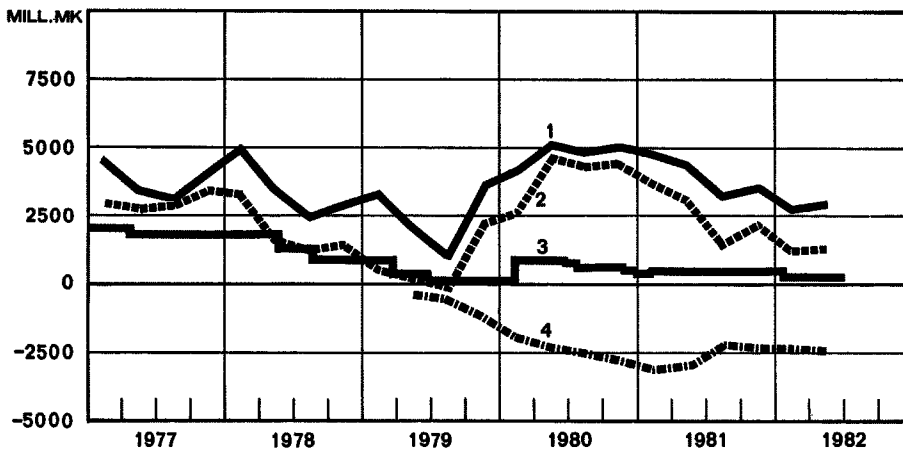
Vol. 56 No. 9

BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1977 - 1982



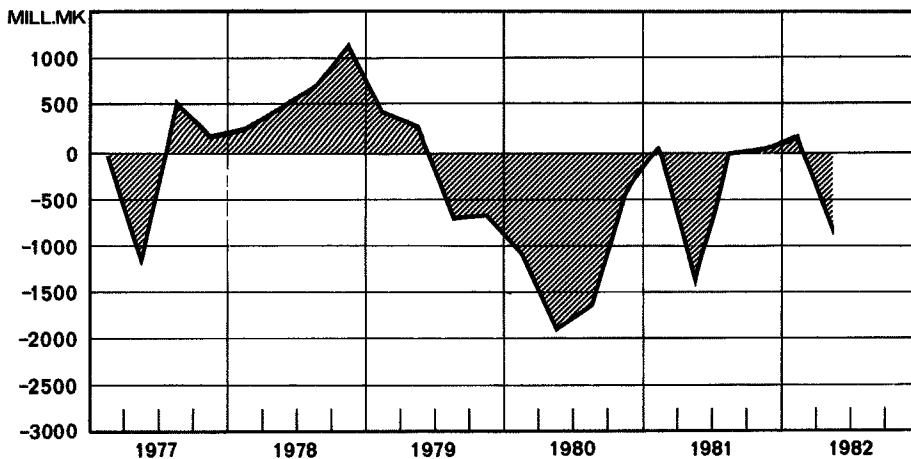
- 1. Gold and convertible currencies
- 2. Tied currencies

COMMERCIAL BANKS' CENTRAL BANK POSITION, 1977-1982



- 1. Total central bank debt
 - 2. Actual central bank debt
 - 3. The quotas
 - 4. Cash reserve deposits
- Quarterly average of daily amounts (1, 2 and 4)

BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS/DEFICIT, 1977-82



Seasonally adjusted quarterly figures

HOUSEHOLD SAVING IN FINLAND

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This article reports the principal findings of a cross-section study of saving by Finnish households in 1979. The study was based on a sample of almost 1 500 households, the data on which was obtained partly through interviews and partly from the tax authorities. In collecting the data efforts were made to achieve comparability with a similar survey for 1969 conducted by the Bank of Finland. The present data base differs from that in the Bank of Finland survey in that it also covers self-employed households.¹

The average savings ratio for all households in 1979 was 5.8 per cent excluding and 13.8 per cent including acquisitions of consumer durables. These figures correspond fairly well to the savings ratios reported in the National Accounts statistics (Table 1). For wage and salary earning households taken alone, the rates of saving were 5.5 per cent excluding and 13.4 per cent including consumer durables. These findings are very similar to those obtained in the Bank of Finland survey for 1969. Hence, no change in total saving can be observed on the basis of these studies.

However, the increase in gross wealth in 1979 was clearly greater than ten years earlier, with especially bank deposits and other financial claims growing markedly more. But since

TABLE 1. AVERAGE SAVINGS RATIO, PER CENT

	The saving survey for 1979					According to the National Accounts for 1979
	The Bank of Finland survey for 1969	Wage and salary earners	Farmers	Other self-employed households	Total	
Excl.						
consumer durables	5.4	5.5	9.1	6.5	5.8	6.1
Incl.						
consumer durables	12.9	13.4	15.1	19.0	13.8	15.9

borrowing by households also increased, the savings ratios remained virtually unchanged. The study shows that households' borrowing in 1979 was considerable (6.8 per cent of income) and, unlike in 1969, exceeded housing investment (6.2 per cent of income).

Bank savings traditionally play an important role in Finland. In 1979 bank savings amounted to 3 per cent of income, thus accounting for half of the increase in financial claims. By contrast, the share of savings in the form of securities was only 1.5 per cent.

The savings ratios (including and excluding consumer durables) of self-employed households both in and outside agriculture exceeded those of wage and salary earning households (Table 1). Moreover, the dispersion of savings ratios was greater among farmers and other self-employed groups than among wage and salary earners. As one might expect, self-employed households devote a larger proportion of their savings to physical assets than do wage and salary earners. However, given the difficulties of measuring the income and savings of the self-employed and the small size of the sample, the data on these households should be treated with some caution.¹

¹ The interviews were carried out by the Interview Bureau of the Central Statistical Office, and 74 per cent of the original sample participated. The survey was financed by the Research Foundation of the Savings Banks.

The definition of saving used here is the net change in the wealth of a household. It was obtained by adding together the differences between the values of financial assets and physical assets at the end and beginning of the year, and subtracting from this sum the increase in liabilities. In addition, sales and purchases of consumer durables were investigated. Convertible wealth items were estimated at end-year prices so as to eliminate changes in value caused by price rises. For self-employed households, changes in entrepreneurial wealth were also recorded as savings. Income was defined as disposable income. It was obtained by adding to taxable income all tax-free property income and current transfers received and deducting taxes paid and current transfers disbursed.

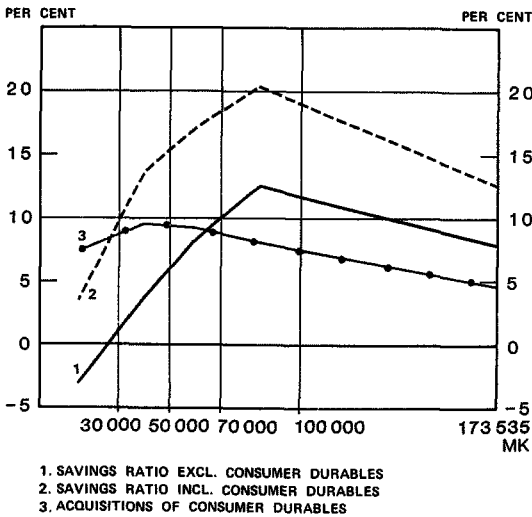
As the higher income brackets were over-represented in the sample selected, the results were weighted so as to correspond to the total population.

¹ The sample consisted of 196 self-employed households, of which 116 were engaged in agriculture and 80 in other activities.

INCOME AND SAVING

The relationship between the savings ratio and the level of income in 1979 is shown in Chart 1. The rate of saving rises with income up to an annual income of 100 000 marks, but, in contrast to other cross-section studies, including the Bank of Finland survey, it falls distinctly beyond that level.¹ The same pattern is revealed when wage and salary earners and self-employed households are examined separately. Compared with wage and salary earners, however, the saving of self-employed households is more strongly negative in the lower income brackets and more strongly positive in the higher income brackets. For working households, the downturn in the savings ratio is less steep than that it is for all households taken together; this is due to the negative savings rate of retired households in the highest income bracket.

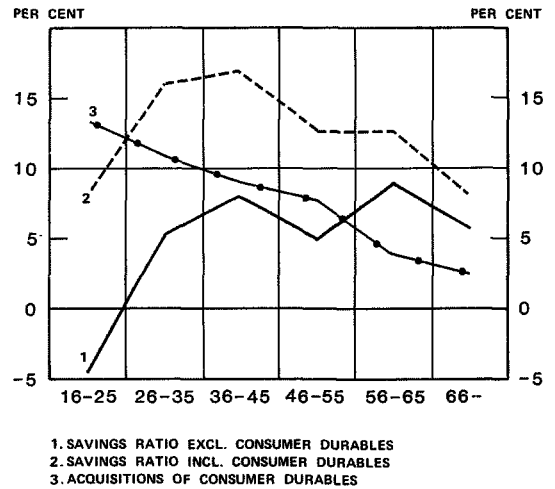
CHART 1. SAVINGS RATIO BY INCOME CATEGORY IN 1979



As regards the effect of the size of income on the distribution of savings, this cross-section study, like those before it, indicates that bank savings decrease and investment in physical assets and securities increase as income grows.

¹ An annual income of more than 100 000 marks is high by Finnish standards. Only 4.2 per cent of all households belong to the highest income bracket.

CHART 2. SAVINGS RATIO BY AGE GROUP IN 1979



AGE AND SAVING

The relationship between the age of the head of the household and the savings ratio in 1979 is illustrated in Chart 2. It confirms the findings of earlier studies that the savings ratios of the youngest and retired households are lower than those of households in other age groups. The youngest age group is, on average, a net borrower, mainly, it would seem, because of the study loan system in use in this country. The savings ratios of working households do not differ markedly from each other. Households approaching retirement age have a slightly higher savings ratio (excl. consumer durables) than other groups of households.

Age has perhaps a greater effect on the distribution of savings than on the rate of saving. Purchases of consumer durables are at their peak in the youngest age group (the head of the household 16—25 years of age). Housing investment is clearly concentrated in the 26—35 and 36—45 age groups. Investment in physical assets other than housing is at its highest point among the 56—65 year olds, and savings in the form of securities in the over 65 group. Borrowing in relation to income reaches its peak in the youngest income group, and decreases steadily with increasing age of the head of the household.

(continued on page 35)

BANK OF FINLAND

Mill. mk

	1981		1982			
	Aug. 31	Dec. 31	Aug.6	Aug. 13	Aug. 23	Aug. 31
Assets						
Gold and foreign exchange receivables	9 131	9 463	11 561	11 459	11 459	11 127
Gold	1 073	1 382	1 382	1 382	1 382	1 382
Special drawing rights	689	632	468	569	569	569
IMF reserve tranche	380	394	397	397	397	397
Foreign bonds	1 420	1 405	872	906	874	851
Convertible currencies	4 169	3 686	3 230	3 038	3 164	2 691
Tied currencies	1 400	1 964	5 212	5 167	5 073	5 237
Other foreign receivables	1 632	1 606	1 615	1 615	1 615	1 615
Mark subscription to Finland's IMF quota	1 632	1 606	1 615	1 615	1 615	1 615
Receivables from financial institutions	4 004	3 690	3 805	4 933	3 631	3 060
Banks' cheque accounts	611	495	438	484	372	435
Call money market advances	1 916	1 796	1 730	2 849	1 508	929
Till-money credits	738	768	770	731	885	830
Bonds	673	594	839	841	840	839
Other financial institution receivables	66	37	28	28	26	27
Receivables from the public sector	1 209	1 236	999	986	978	985
Government promissory notes	354	354	—	—	—	—
Bonds	386	386	446	437	436	443
Total coinage	468	483	538	538	540	541
Other public sector receivables	1	13	15	11	2	1
Receivables from corporations	3 819	4 549	4 735	4 716	4 749	4 813
Financing of exports	1 557	1 754	1 641	1 611	1 631	1 675
Financing of domestic deliveries	1 960	2 111	2 397	2 408	2 422	2 442
Bonds	196	187	169	169	169	169
Other corporate receivables	106	497	528	528	527	527
Other assets	84	89	94	95	96	97
Total	19 879	20 633	22 809	23 804	22 528	21 697
Liabilities						
Foreign exchange liabilities	53	96	60	67	85	64
Convertible accounts	15	41	36	33	34	34
Tied accounts	38	55	24	34	51	30
Other foreign liabilities	2 652	2 597	3 170	3 170	3 162	3 170
IMF mark accounts	1 956	1 871	1 726	1 726	1 726	1 726
Allocations of special drawing rights	696	726	726	726	726	726
Term liabilities	—	—	718	718	710	718
Notes and coins in circulation	5 089	5 595	5 702	5 634	5 612	5 557
Notes	4 669	5 152	5 231	5 162	5 140	5 086
Coins	420	443	471	472	472	471
Deposit certificates in circulation	450	1 600	2 400	2 900	2 900	1 600
Claims of financial institutions	4 329	3 797	4 319	4 910	3 661	4 278
Banks' cheque accounts	1	0	1	1	19	0
Call money market deposits	1 770	1 080	1 407	1 980	730	1 260
Cash reserve deposits	2 429	2 492	2 777	2 777	2 762	2 783
Capital import deposits	106	201	122	124	125	216
Other financial institution claims	23	24	12	28	25	19
Claims of the public sector	747	578	163	163	148	147
Cheque accounts	0	1	1	1	1	0
Counter-cyclical reserves	545	433	64	64	64	64
Counter-cyclical deposits	145	143	—	—	—	—
Capital import deposits	44	—	98	98	83	83
Other public sector claims	13	1	0	0	0	0
Claims of corporations	1 565	1 433	1 836	1 791	1 786	1 679
Deposits for investment and ship purchase	1 351	1 425	1 491	1 483	1 470	1 485
Capital import deposits	—	—	335	298	302	183
Export deposits	205	0	—	—	—	—
Other corporate claims	9	8	10	10	14	11
Other liabilities	13	15	19	14	14	17
Equalization accounts	2 562	609	846	858	861	884
Capital accounts	2 419	4 313	4 294	4 297	4 299	4 301
Primary capital	1 400	3 000	3 000	3 000	3 000	3 000
Reserve fund	750	750	1 032	1 032	1 032	1 032
Undisposed profits	—	—	—	—	—	—
Net earnings	269	563	262	265	267	269
Total	19 879	20 633	22 809	23 804	22 528	21 697

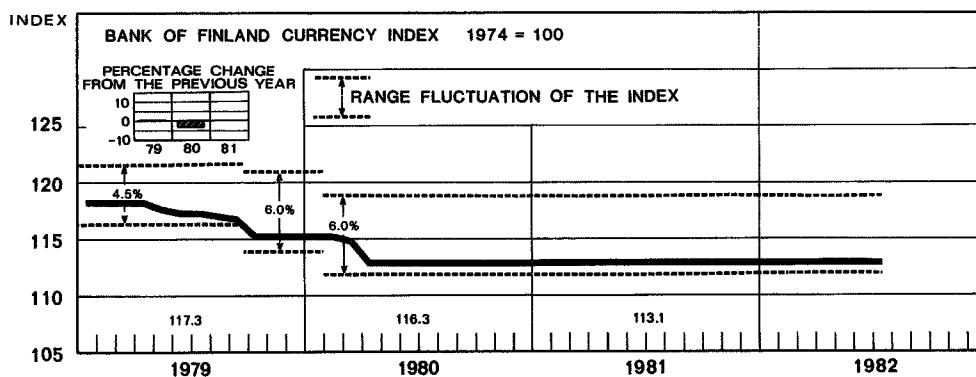
End of year or month	Foreign sector							Public sector			
	Gold SDRs, IMF reserve tranche	Foreign bonds	Convertible currencies, net	Total convertible reserves (1+2+3)	Tied currencies, net	Other receivables, net	Net receivables (4+5+6)	Receivables	Liabilities	Net liabilities (9-8)	Deposit certificates in circulation
	1	2	3	4	5	6	7	8	9	10	11
1976	357	397	954	1 708	389	-660	1 437	447	1 133	686	—
1977	337	543	1 212	2 092	496	-2 031	557	391	328	-63	200
1978	728	872	3 080	4 680	471	-1 099	4 052	633	114	-519	1 090
1979	1 728	1 749	2 964	6 441	-678	-764	4 999	884	387	-497	1 700
1980	1 850	2 125	3 823	7 798	-757	-890	6 151	1 225	591	-634	1 900
1981	2 408	1 405	3 645	7 458	1 909	-991	8 376	1 236	578	-658	1 600
1981											
Aug.	2 142	1 420	4 154	7 716	1 362	-1 020	8 058	1 209	747	-462	450
Sept.	2 129	1 582	3 687	7 398	1 435	-1 007	7 826	1 198	727	-471	450
Oct.	2 131	1 597	2 908	6 636	1 472	-1 007	7 101	1 213	698	-515	750
Nov.	2 090	1 498	3 065	6 653	1 878	-970	7 561	1 196	699	-497	1 550
Dec.	2 408	1 405	3 645	7 458	1 909	-991	8 376	1 236	578	-658	1 600
1982											
Jan.	2 408	1 381	2 828	6 617	2 832	-991	8 458	1 262	434	-828	1 000
Feb.	2 371	1 096	3 617	7 084	2 860	-1 638	8 306	970	435	-535	400
March	2 343	1 125	4 597	8 065	2 718	-1 627	9 156	971	211	-760	2 300
April	2 343	1 117	4 267	7 727	3 084	-1 612	9 199	965	195	-770	2 150
May	2 305	1 064	3 498	6 867	3 456	-1 581	8 742	964	171	-793	2 000
June	2 286	910	3 335	6 531	4 314	-1 583	9 262	977	143	-834	2 200
July	2 286	899	3 280	6 465	4 909	-1 583	9 791	987	163	-824	2 000
Aug.	2 348	851	2 657	5 856	5 207	-1 555	9 508	985	147	-838	1 600

FOREIGN EXCHANGE POSITION

Mill. mk

	Net holdings, Dec. 31, 1981			Net holdings, July 31, 1982			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	July	Jan.-July
Gold	1 382	—	1 382	1 382	—	1 382	—	—
Special drawing rights	632	—	632	507	—	507	—	-125
IMF reserve tranche	394	—	394	396	—	396	—	+2
Foreign bonds	1 405	—	1 405	899	—	899	-11	-506
Convertible currencies	3 646	-7 748	-4 102	3 281	-6 479	-3 198	-347	+904
Total	7 459	-7 748	-289	6 465	-6 479	-14	-358	+275
Tied currencies	1 909	-122	1 787	4 909	-196	4 713	+582	+2 926
Grand total	9 368	-7 870	1 498	11 374	-6 675	4 699	+224	+3 201

End of year or month	Domestic financial sector						Corporate sector				Notes and coins in circulation
	Discounted and rediscounted bills	Cheque account receivables, net	Demand for call money by deposit banks	Supply of call money by deposit banks	Cash reserve deposits	Other liabilities, net	Net receivables (1+2+3-4-5-6)	Permanent special financing schemes	Liabilities, net	Net receivables (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1976	2 920	172	1 204	1 137	—	-372	3 531	1 400	308	1 092	2 885
1977	3 091	107	1 804	850	—	-74	4 226	1 416	242	1 174	3 167
1978	970	136	2 213	2 075	—	69	1 175	1 948	356	1 592	3 822
1979	—	229	3 870	1 131	1 764	-291	1 495	2 182	65	2 117	4 375
1980	—	480	3 674	290	3 317	-1 064	1 611	3 063	642	2 421	4 954
1981	—	495	1 796	1 080	2 492	-1 174	-107	3 865	749	3 116	5 595
1981											
Aug.	—	610	1 916	1 770	2 429	-1 348	-325	3 517	1 263	2 254	5 089
Sept.	—	535	1 994	1 380	2 464	-1 155	-160	3 649	1 308	2 341	5 023
Oct.	—	561	2 443	780	2 469	-1 164	919	3 786	1 327	2 459	5 131
Nov.	—	607	3 218	1 430	2 476	-1 226	1 145	3 829	1 124	2 705	5 201
Dec.	—	495	1 796	1 080	2 492	-1 174	-107	3 865	749	3 116	5 595
1982											
Jan.	—	521	979	1 380	2 605	-1 119	-1 366	3 927	703	3 224	5 257
Feb.	—	388	1 972	2 020	2 638	-1 071	-1 227	3 928	868	3 060	5 272
March	—	379	2 032	1 590	2 644	-1 161	-662	3 989	719	3 270	5 175
April	—	305	2 069	1 600	2 644	-1 360	-510	3 955	752	3 203	5 383
May	—	511	1 888	1 420	2 707	-1 510	-218	4 058	684	3 374	5 534
June	—	429	2 006	1 640	2 732	-1 568	-369	4 118	929	3 189	5 752
July	—	290	1 223	1 042	2 777	-1 467	-839	4 084	1 136	2 948	5 706
Aug.	—	435	929	1 260	2 783	-1 461	-1 218	4 117	983	3 134	5 557



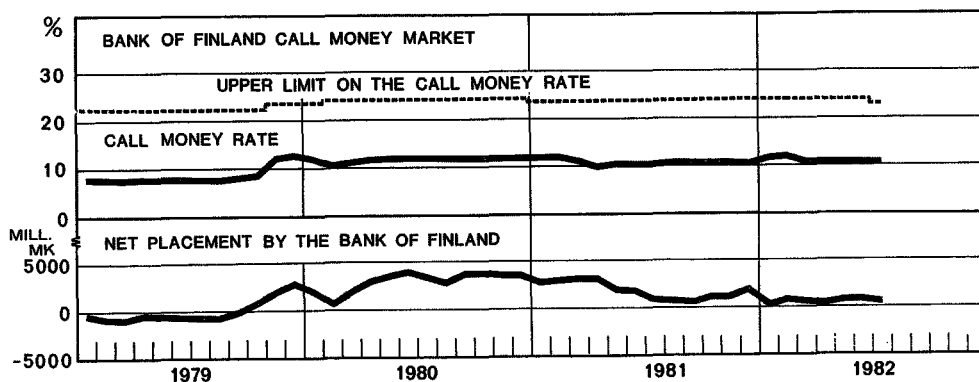
MONETARY POLICY INDICATORS

Average for period	Total central bank debt of the commercial banks, mill. mk	Actual central bank debt of the commercial banks, mill. mk	Credit quotas of the commercial banks at the Bank of Finland, mill. mk	Cash reserve deposits of the deposit banks mill. mk	Cash reserve deposits of the commercial banks mill. mk	Bank of Finland placements in the call money market, mill. mk	Base rate %	Call money interest rate %	Average cost of total central bank debt %	Average lending rate of the commercial banks ¹ %
	1	2	3	4	5	6	7	8	9	10
1975	4 000	3 611	2 725	—	—	239 ²	9.25	26.80 ²	12.10	9.65
1976	4 001	3 345	2 400	—	—	79	9.25	18.40	12.38	9.69
1977	3 914	3 094	1 967	—	—	149	9.00	17.20	11.82	9.54
1978	3 573	2 070	1 475	—	—	90	7.58	11.99	8.88	8.22
1979	2 629	820	475	447	389	321	7.46	9.74	8.99	8.03
1980	4 963	4 097	783	2 542	2 220	3 313	9.20	12.38	12.37	9.77
1981	4 087	2 754	595	2 795	2 442	2 161	9.25	11.48	11.61	9.84
1981										
Aug.	3 115	1 678	600	2 393	2 099	1 080	9.25	11.45	10.58	9.85
Sept.	3 265	1 558	600	2 428	2 126	959	9.25	11.50	11.05	9.81
Oct.	3 544	2 032	600	2 459	2 151	1 434	9.25	11.50	11.37	9.81
Nov.	3 533	2 092	600	2 465	2 157	1 494	9.25	11.50	11.26	9.82
Dec.	3 941	2 850	600	2 473	2 164	2 253	9.25	11.30	11.74	9.84
1982										
Jan.	2 526	1 163	600	2 502	2 194	567	9.25	12.30	10.90	9.84
Feb.	2 760	1 518	400	2 603	2 286	1 121	9.25	12.45	11.95	9.84
March	3 059	1 305	400	2 630	2 290	906	9.25	11.56	11.72	9.79
April	3 049	1 062	400	2 637	2 299	664	9.25	11.50	11.51	9.78
May	2 908	1 429	400	2 645	2 313	1 034	9.25	11.50	11.64	9.77
June	3 090	1 528	400	2 706	2 356	1 134	8.50	11.50	11.42	9.06
July	2 684	1 213	400	2 731	2 386	814	8.50	11.50	11.09	9.04
Aug.	2 312	1 010	400	2 771	2 418	611	8.50	11.50

See explanations on page 22.

¹ End of period.

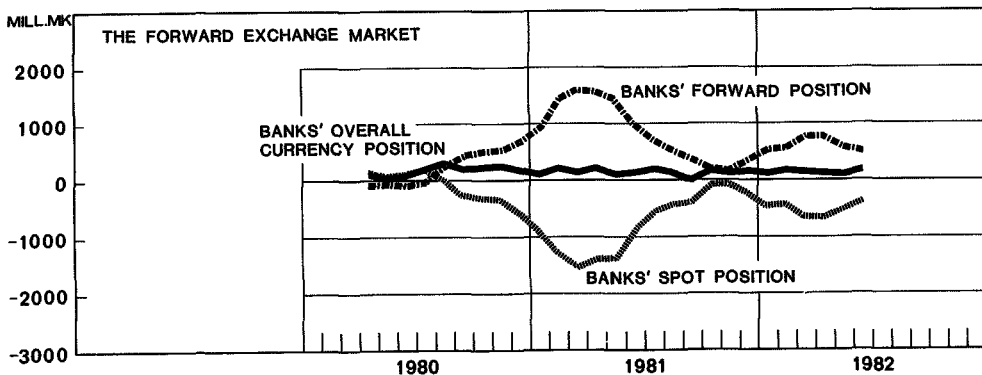
² 1. 9.—31. 12. 1975.



FORWARD EXCHANGE MARKETS IN FINLAND¹

Period	Banks' Forward Positions in mill. mk with						Banks' Forward Selling Rates for USD		
	Domestic Firms			Foreign Banks Net	Bank of Finland Net	Overall Net	Deviation from spot rate, per cent per annum		
	Assets	Liabilities	Net				1 month	3 months	6 months
	1	2	3	4	5	6	7	8	9
1981	5 183.0	1 619.8	3 563.2	-581.0	-2 346.3	583.5	-4.4	-4.1	-3.6
1981									
Jan.	2 922.7	1 375.1	1 547.6	-125.6	-536.8	1 067.6	-5.9	-4.2	-2.7
Feb.	3 549.4	1 267.2	2 282.2	-246.6	-518.7	1 619.6	-3.2	-3.0	-2.6
March	3 708.9	1 292.4	2 416.5	-221.3	-728.3	1 312.1	-4.6	-3.8	-3.7
April	3 583.1	1 120.5	2 462.6	-272.7	-589.3	1 507.5	-4.9	-4.9	-4.4
May	3 639.6	1 345.6	2 294.0	-288.0	-895.1	1 212.6	-8.2	-8.2	-6.9
June	3 536.1	1 464.8	2 071.3	-400.1	-872.8	760.8	-7.6	-6.5	-5.5
July	3 481.8	1 609.9	1 871.9	-352.4	-883.7	686.1	-5.6	-5.0	-3.9
Aug.	3 637.9	1 493.6	2 144.4	-473.2	-1 171.7	424.6	-6.3	-5.7	-5.2
Sept.	5 012.2	1 905.0	3 107.2	-546.0	-2 030.9	380.9	-4.1	-4.6	-4.4
Oct.	4 776.6	1 847.5	2 929.1	-723.4	-1 812.7	301.7	-2.2	-2.2	-2.5
Nov.	5 267.6	1 788.5	3 479.2	-698.6	-2 424.4	291.7	-0.8	-0.7	-0.7
Dec.	5 183.0	1 619.8	3 563.2	-581.0	-2 346.3	583.5	0.1	0.3	-0.1
1982									
Jan.	4 984.2	1 581.2	3 402.9	-666.0	-2 242.9	607.4	-1.3	-0.7	-1.0
Feb.	5 054.0	1 666.4	3 387.6	-660.0	-2 081.1	666.8	-2.6	-2.3	-2.4
March	5 596.8	1 693.5	3 903.3	-522.1	-2 262.1	1 292.4	-1.3	-1.5	-1.7
April	5 936.4	1 596.8	4 339.6	-671.8	-2 879.4	666.5	-1.9	-1.9	-2.0
May	6 035.1	1 950.0	4 085.1	-486.4	-2 953.6	559.9	-1.3	-1.1	-1.1
June	5 942.0	1 703.4	4 238.6	-704.5	-2 797.7	637.3	-1.7	-1.7	-1.6
July	5 781.5	1 653.2	4 128.3	-871.0	-3 004.6	322.1	-0.6	-0.9	-1.3

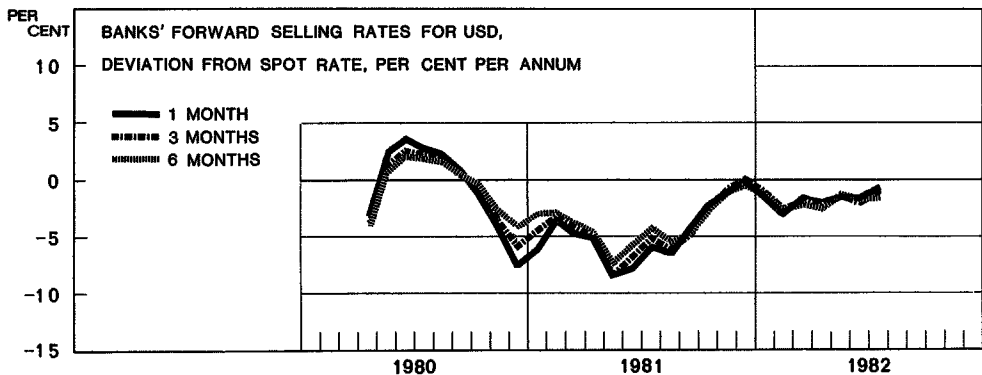
¹ See item on page 33 and explanations relating to the statistical section on page 24.



FOREIGN EXCHANGE RATES

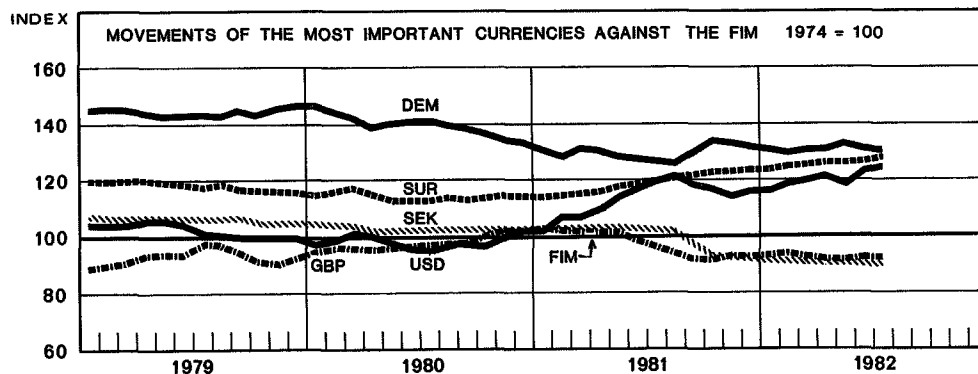
Average selling rates for foreign exchange, mk

Period	New York 1 US \$ USD	Montreal 1 C \$ CAD	London 1 £ GBP	Dublin 1 Ir£ IEP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Amsterdam 100 Hfl NLG	Brussels 100 FB BEC	BEL
	1	2	3	4	5	6	7	8	9	10	11
1975	3.679	3.618	8.155		88.80	70.59	64.21	149.80	145.73	10.033	9.764
1976	3.864	3.922	6.983		88.86	70.95	64.04	153.78	146.42	10.030	9.812
1977	4.029	3.791	7.042		90.21	75.83	67.23	174.15	164.59	11.277	11.267
1978	4.117	3.617	7.917		91.43	78.93	75.06	205.53	190.77	13.152	12.959
1979	3.896	3.330	8.275		91.12	77.22	74.38	212.75	194.43	13.338	12.979
1980	3.730	3.194	8.691	7.689	88.43	75.81	66.53	205.58	188.02	12.818	12.635
1981	4.315	3.602	8.731	6.976	85.74	75.54	60.96	191.31	173.43	11.688	11.095
1981											
June	4.448	3.698	8.805	6.857	88.34	75.62	59.90	187.41	168.62	11.508	11.300
July	4.543	3.758	8.546	6.825	87.97	74.82	59.78	186.54	167.73	11.427	10.902
Aug.	4.629	3.787	8.445	6.792	87.59	75.24	59.23	185.36	167.01	11.381	10.553
Sept.	4.504	3.756	8.197	6.988	83.48	75.79	61.25	191.31	172.51	11.729	10.762
Oct.	4.424	3.682	8.173	7.009	80.19	75.19	61.61	196.84	178.23	11.830	10.803
Nov.	4.354	3.667	8.301	6.959	79.70	75.18	61.11	195.91	178.69	11.714	10.548
Dec.	4.375	3.697	8.368	6.909	79.24	75.96	60.07	194.01	177.21	11.498	10.258
1982											
Jan.	4.409	3.701	8.339	6.824	78.84	75.55	59.24	192.69	175.83	11.361	10.214
Feb.	4.515	3.726	8.352	6.739	78.49	75.76	58.02	191.07	174.23	11.024	10.014
March	4.574	3.751	8.275	6.751	78.51	76.01	57.01	192.48	174.93	10.334	9.346
April	4.613	3.772	8.179	6.675	78.12	75.94	56.66	192.74	173.74	10.214	9.228
May	4.512	3.664	8.180	6.767	78.12	75.72	57.60	195.56	176.05	10.361	9.477
June	4.678	3.681	8.237	6.669	77.88	75.76	56.23	193.17	174.76	10.164	9.271
July	4.735	3.729	8.224	6.624	77.56	74.65	55.57	192.36	174.14	10.086	9.376
Aug.	4.757	3.824	8.225	6.618	77.60	71.36	55.20	192.25	174.70	10.050	9.507



Average selling rates for foreign exchange, mk

Zurich 100 Sfr CHF	Paris 100 FF FRF	Rome 100 Lit ITL	Vienna 100 ÖS ATS	Lisbon 100 Esc PTE	Reykjavik 100 lkr ISK	Madrid 100 Ptas ESP	Tokyo 100 Y JPY	Moscow 1 Cl Rbl SUR	1 special drawing right SDR	Currency index 1974 = 100
12	13	14	15	16	17	18	19	20	21	22
142.64	86.00	0.565	21.18	14.52	2.43	6.43	1.244	5.093	4.452 30	101.1
154.86	81.09	0.468	21.59	12.89	2.14	5.80	1.307	5.125	4.450 99	99.9
168.70	82.16	0.459	24.47	10.65	2.04	5.37	1.512	5.475	4.695 56	106.1
231.83	91.77	0.489	28.45	9.55	1.57	5.42	1.983	6.037	5.136 33	117.2
234.36	91.88	0.473	29.19	8.13	1.14	5.84	1.797	5.941	5.016 78	117.3
222.87	88.65	0.440	28.90	7.60	0.81	5.25	1.662	5.741	4.842 55	113.6
220.34	79.92	0.385	27.17	7.17	60.35	4.72	1.967	5.986	5.071 40	113.1
214.73	78.97	0.380	26.55	7.22	61.52	4.75	1.994	5.951	5.133 64	113.1
217.10	78.75	0.379	26.52	7.17	61.19	4.70	1.967	6.028	5.149 46	113.1
213.77	77.77	0.377	26.42	7.11	61.06	4.67	1.992	6.078	5.185 00	113.1
222.42	80.18	0.384	27.26	7.04	58.14	4.73	1.972	6.127	5.139 41	113.1
234.86	79.05	0.376	28.11	7.02	57.81	4.66	1.922	6.165	5.094 12	113.1
244.06	77.98	0.371	27.94	6.93	55.05	4.61	1.959	6.188	5.065 32	113.1
241.26	76.96	0.367	27.67	6.87	53.60	4.56	2.010	6.207	5.083 06	113.1
239.40	76.09	0.364	27.52	6.79	50.06	4.53	1.974	6.215	5.074 63	113.1
239.02	75.25	0.358	27.27	6.58	47.75	4.50	1.922	6.265	5.106 00	113.1
242.70	74.70	0.355	27.43	6.53	45.94	4.40	1.904	6.307	5.129 23	113.1
235.81	74.09	0.351	27.45	6.42	44.99	4.37	1.896	6.378	5.138 80	113.1
231.86	75.17	0.353	27.79	6.44	42.99	4.39	1.910	6.353	5.107 78	113.1
225.93	71.66	0.347	27.44	6.07	42.20	4.31	1.870	6.397	5.147 87	113.1
226.29	69.30	0.344	27.36	5.66	40.60	4.26	1.862	6.458	5.159 48	113.1
226.15	68.97	0.344	27.38	5.59	36.89	4.26	1.844	6.498	5.160 27	113.1



DEPOSITS BY THE PUBLIC

Mill. mk

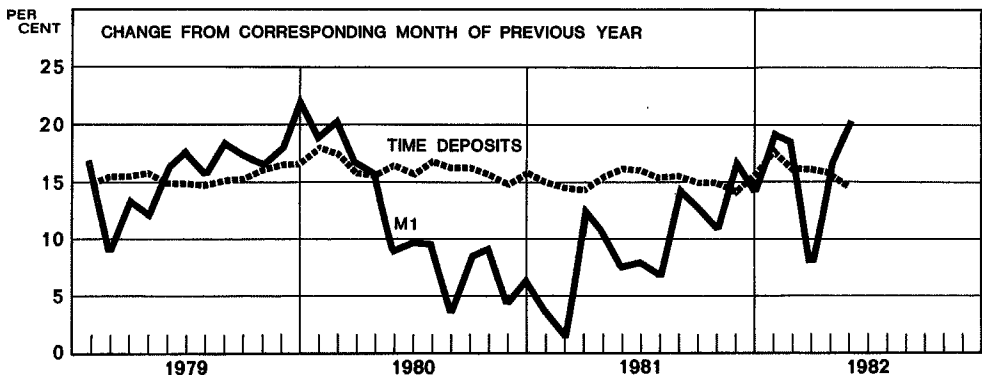
End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commercial banks	Savings banks & Co-op. banks	Posti-pankki	All deposit banks	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	All deposit banks	
	1	2	3	4	5	6	7	8	9	10
1978	3 887	1 676	2 052	7 615	17 035	14 641	11 286	4 900	47 862	55 477
1979	4 697	2 255	2 714	9 666	19 794	17 177	13 348	5 599	55 918	65 584
1980	5 459	2 285	2 531	10 275	22 591	20 009	15 950	6 355	64 905	75 180
1981	5 791	2 879	2 952	11 622	26 094	22 937	18 598	7 448	75 077	86 699

1981

Feb.	3 999	2 123	2 848	8 970	22 492	20 683	16 485	6 578	66 238	75 208
March	4 522	2 036	3 913	10 471	22 405	20 581	16 420	6 652	66 058	76 529
April	4 552	2 189	3 366	10 107	23 119	20 851	16 673	6 732	67 375	77 482
May	4 334	2 391	3 035	9 760	23 800	21 177	16 919	6 769	68 665	78 425
June	5 424	2 434	2 956	10 814	23 803	21 451	17 094	6 863	69 211	80 025
July	4 728	2 577	3 102	10 407	24 316	21 818	17 485	6 957	70 576	80 983
Aug.	5 076	2 716	3 194	10 986	24 554	22 012	17 596	7 053	71 215	82 201
Sept.	5 070	2 804	3 226	11 100	24 239	22 056	17 723	7 058	71 076	82 176
Oct.	4 964	2 689	3 245	10 898	24 706	22 221	17 749	7 060	71 736	82 634
Nov.	5 386	2 689	3 115	11 190	24 732	22 280	17 892	7 080	71 984	83 174
Dec.	5 791	2 879	2 952	11 622	26 094	22 937	18 598	7 448	75 077	86 699

1982*

Jan.	5 103	2 641	3 734	11 478	26 143	24 721	18 870	7 651	77 385	88 863
Feb.	4 614	2 544	3 527	10 685	26 472	23 673	19 275	7 779	77 199	87 884
March	5 156	2 617	3 443	11 216	26 601	23 537	19 176	7 604	76 918	88 134
April	5 098	2 768	4 023	11 889	27 175	23 891	19 511	7 678	78 255	90 144
May	5 528	2 933	3 593	12 054	27 129	24 095	19 700	7 961	78 885	90 939



ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

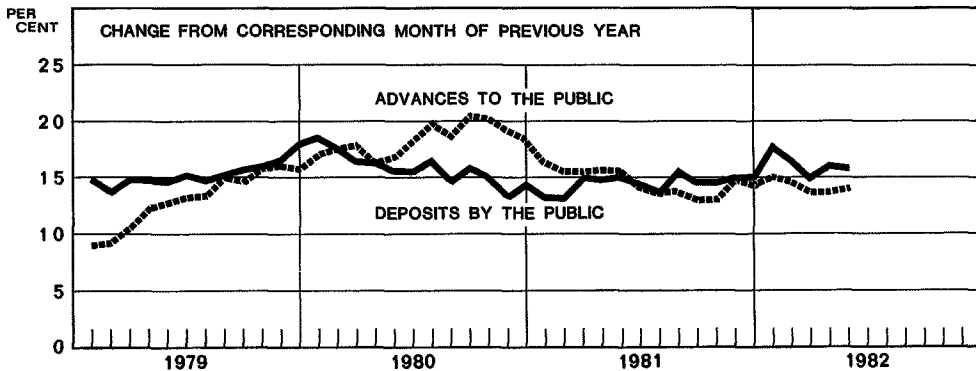
End of year and month	Advances granted by				Types of advances			Total (1 to 4) (5 to 7)	Money Supply	
	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency		M ₁	M ₁ +Quasi-Money
	1	2	3	4	5	6	7		8	9
1978	26 324	14 092	12 181	6 847	52 517	1 723	5 204	59 444	11 496	60 682
1979	29 844	16 535	14 258	8 299	60 971	1 955	6 010	68 936	14 087	71 157
1980	35 994	19 097	16 760	9 973	70 466	2 347	9 011	81 824	14 979	81 601
1981	40 462	22 009	20 059	11 135	80 817	2 877	9 971	93 665	17 186	94 577

1981

Feb.	36 102	19 462	17 015	9 978	71 487	2 865	8 205	82 557	13 649	81 707
March	36 904	19 617	17 211	9 977	72 291	2 884	8 534	83 709	15 093	82 994
April	37 444	19 751	17 421	10 120	73 015	2 884	8 837	84 736	14 852	84 105
May	38 034	20 004	17 704	10 149	73 769	2 912	9 210	85 891	14 634	85 186
June	38 541	20 278	18 039	10 502	74 629	3 044	9 687	87 360	15 763	87 304
July	38 494	20 570	18 358	10 876	75 599	2 940	9 759	88 298	15 465	88 405
Aug.	39 011	20 845	18 886	10 474	76 295	2 948	9 773	89 016	15 856	89 507
Sept.	39 325	21 199	19 079	10 773	77 556	3 128	9 692	90 376	16 045	89 787
Oct.	40 172	21 466	19 363	10 797	78 871	3 168	9 759	91 798	15 876	90 234
Nov.	41 040	21 732	19 730	11 129	80 208	3 495	9 928	93 631	16 128	90 514
Dec.	40 462	22 009	20 059	11 135	80 817	2 877	9 971	93 665	17 186	94 577

1982*

Jan.	40 501	22 278	20 279	11 064	81 630	3 140	9 352	94 122	17 114	95 468
Feb.	40 908	22 451	20 436	10 966	82 174	3 483	9 104	94 761	16 205	95 993
March	41 214	22 698	20 636	10 761	82 807	3 762	8 740	95 309	16 353	95 919
April	41 818	22 974	20 916	10 835	83 816	3 821	8 906	96 543	17 340	98 004
May	42 625	23 297	21 293	10 905	85 079	3 851	9 190	98 120	17 615	98 886



FOREIGN TRADE

Mill. mk

Value, mill. mk

Period	Value, mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1976	24 505	28 555	-4 050
1977	30 931	30 708	+223
1978	35 206	32 338	+2 868
1979	43 430	44 222	-792
1980	52 795	58 250	-5 455
1981	60 308	61 269	-961

1981

Aug.	4 777	5 941	-1 164
Sept.	5 097	5 282	-185
Oct.	5 626	5 217	+409
Nov.	5 645	5 504	+141
Dec.	4 944	5 712	-768

1982*

Jan.	5 243	5 003	+240
Feb.	5 472	4 785	+687
March	5 297	4 982	+315
April	5 077	5 379	-302
May	5 120	4 904	+216
June	5 426	4 967	+459

Jan.-June

1981	29 974	29 200	+774
1982*	31 635	30 020	+1 615

Indices of exports and imports
1980 = 100¹

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1976	71	86	65	57	114
1977	78	79	75	67	113
1978	84	75	80	74	108
1979	92	89	90	86	105
1980	100	100	100	100	100
1981	103	94	111	112	99

1980

Apr.-June	95	96	99	100	99
July-Sept.	97	107	100	100	100
Oct.-Dec.	107	101	104	102	102

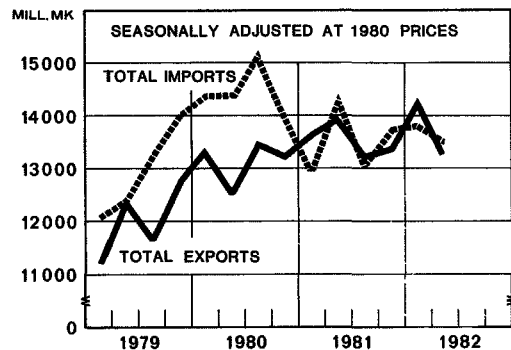
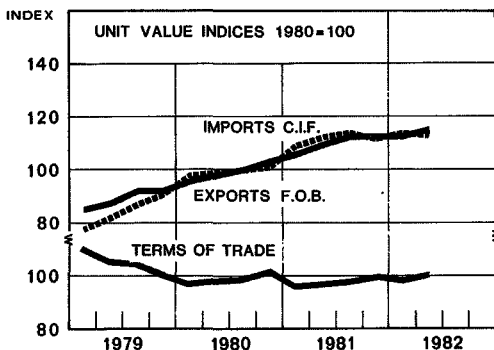
1981

Jan.-March	102	84	107	110	97
Apr.-June	106	95	110	113	98
July-Sept.	95	94	113	115	99
Oct.-Dec.	108	100	114	113	100

1982*

Jan.-March	106	88	114	115	99
Apr.-June	103	92	115	114	101

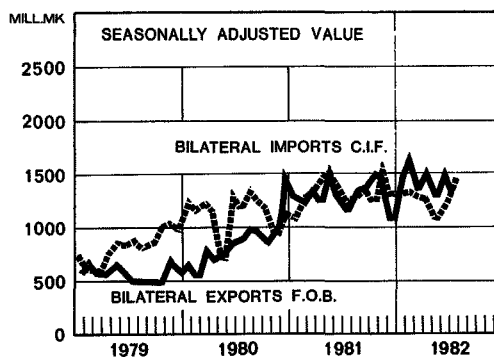
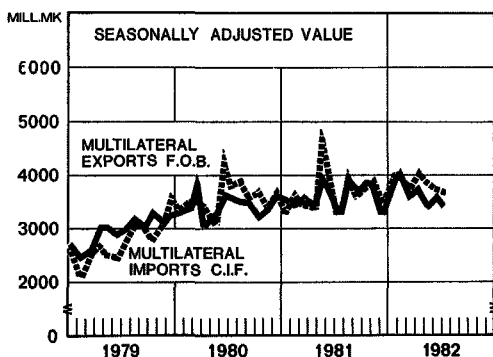
¹ New series.



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.					Imports, c.i.f.				
	Agri-cultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1976	804	2 892	7 860	6 891	6 058	17 828	1 581	4 966	4 103	77
1977	1 087	3 854	8 798	9 184	8 008	19 128	2 066	4 828	4 603	83
1978	966	4 641	10 402	9 593	9 604	20 431	2 224	4 801	4 830	52
1979	1 366	6 073	12 992	10 342	12 657	28 878	3 401	5 719	6 133	91
1980	1 403	7 742	15 751	11 546	16 353	38 622	4 088	7 989	7 440	111
1981	2 036	6 852	17 127	14 858	19 435	39 156	5 115	8 877	8 015	106
1981										
Aug.	95	515	1 316	918	1 933	3 584	644	1 035	671	7
Sept.	103	536	1 560	1 028	1 870	3 455	561	588	674	4
Oct.	82	574	1 589	1 511	1 870	3 223	454	777	759	4
Nov.	70	579	1 514	1 513	1 969	3 614	474	705	707	4
Dec.	325	538	1 400	1 217	1 464	3 818	426	825	632	11
1982*										
Jan.	59	460	1 461	1 427	1 836	3 152	224	991	631	5
Feb.	352	457	1 438	1 398	1 827	3 089	267	648	778	3
March	356	461	1 622	1 240	1 618	3 190	230	736	823	3
April	57	569	1 453	1 264	1 734	3 491	265	778	843	2
May	220	537	1 469	1 281	1 613	3 237	272	696	680	19
June	80	583	1 446	1 798	1 519	3 204	469	650	638	6
Jan.-June										
1981	1 274	3 606	8 295	7 507	9 292	18 821	1 968	4 333	4 035	43
1982*	1 124	3 067	8 889	8 408	10 147	19 363	1 727	4 499	4 393	38



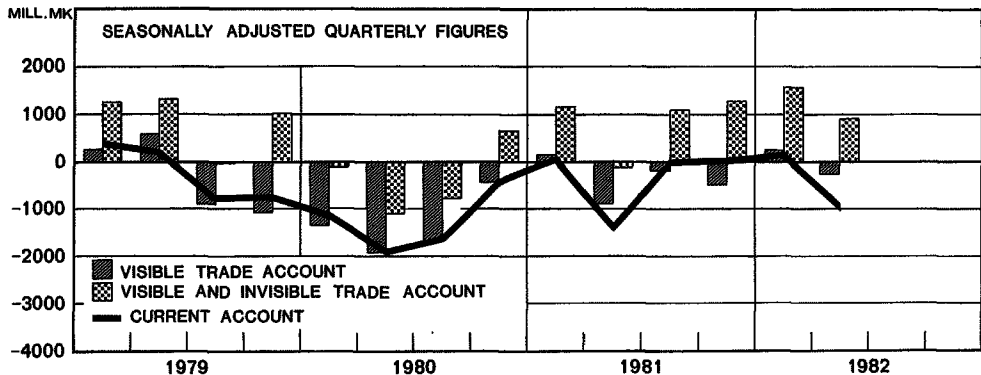
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January — June				January — June			
	1981*		1982*		1981*		1982*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	56.6	16 963	56.7	17 937	52.3	15 261	55.1	16 528
Austria	0.5	152	0.7	207	1.2	354	1.4	406
Belgium and Luxembourg	1.4	407	1.4	440	1.8	538	1.8	543
Denmark	3.2	954	4.1	1 309	2.3	657	2.3	702
France	4.2	1 265	4.5	1 434	3.5	1 014	3.4	1 026
Federal Republic of Germany	9.3	2 797	9.8	3 100	12.4	3 624	13.7	4 126
Italy	2.1	623	2.1	672	2.4	691	2.7	796
Netherlands	3.5	1 039	3.2	1 001	2.6	754	2.7	807
Norway	4.7	1 418	4.2	1 313	2.7	800	2.2	667
Portugal	0.3	77	0.2	68	0.5	142	0.6	176
Spain	0.8	228	0.8	265	0.6	183	0.7	202
Sweden	12.9	3 861	12.3	3 876	11.5	3 351	13.8	4 145
Switzerland	1.5	461	1.4	454	1.7	500	1.8	527
United Kingdom	10.5	3 147	10.2	3 236	8.4	2 450	7.4	2 220
Other	1.7	534	1.8	562	0.7	203	0.6	185
OECD countries outside Europe	5.8	1 730	5.7	1 810	12.3	3 591	11.9	3 570
Canada	0.7	210	0.9	288	0.7	189	0.9	281
Japan	0.9	264	1.2	383	3.9	1 148	4.3	1 297
United States	3.4	1 008	2.7	840	7.5	2 196	6.5	1 936
Other	0.8	248	0.9	299	0.2	58	0.2	56
CMEA countries	26.4	7 923	27.9	8 829	26.5	7 752	24.2	7 274
Czechoslovakia	0.2	61	0.3	88	0.6	180	0.6	181
German Democratic Republic	0.6	177	0.5	147	0.6	185	0.6	194
Poland	0.1	34	0.1	34	1.3	378	1.5	448
Soviet Union	24.8	7 422	26.1	8 259	23.0	6 704	20.5	6 153
Other	0.7	229	0.9	301	1.0	305	1.0	298
Latin America	2.1	643	1.0	312	2.1	614	2.6	794
Argentina	0.4	131	0.1	48	0.2	49	0.2	61
Brazil	0.3	95	0.3	81	0.5	155	0.9	271
Colombia	0.1	37	0.1	29	0.5	132	0.5	138
Other	1.3	380	0.5	154	0.9	278	1.0	324
Other	9.1	2 715	8.7	2 747	6.8	1 982	6.2	1 854
GRAND TOTAL	100.0	29 974	100.0	31 635	100.0	29 200	100.0	30 020
of which								
EFTA countries	20.0	6 001	18.9	5 966	17.8	5 208	19.9	5 975
EEC countries	35.4	10 612	36.8	11 640	33.7	9 849	34.4	10 338
OECD countries	62.4	18 693	62.4	19 747	64.6	18 852	67.0	20 098

BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income net	Unrequited transfers net	Other, net	Current account
1978	35 068	32 600	+2 468	+2 024	+141	+803	+5 436	-2 713	-211	+94	+2 606
1979	43 302	44 430	-1 128	+3 010	+157	+359	+2 398	-2 840	-430	+111	-761
1980	52 860	58 315	-5 455	+3 064	+320	+587	-1 484	-3 308	-454	+91	-5 155
1981*	60 254	61 690	-1 436	+3 356	+406	+1 055	+3 381	-4 400	-447	+149	-1 317
1979											
Jan.-March	9 683	9 168	+515	+652	-112	+318	+1 373	-656	-204	+24	+537
Apr.-June	10 847	10 193	+654	+745	+13	-71	+1 341	-963	-91	+25	+312
July-Sept.	10 210	11 573	-1 363	+792	+251	+76	-244	-671	-51	+33	-933
Oct.-Dec.	12 562	13 496	-934	+821	+5	+36	-72	-550	-84	+29	-677
1980											
Jan.-March	12 788	13 608	-820	+878	-103	+338	+293	-787	-169	-5	-668
Apr.-June	12 470	14 029	-1 559	+567	+80	+83	-829	-723	-100	+55	-1 597
July-Sept.	12 864	15 643	-2 779	+855	+298	+100	-1 526	-765	-102	+34	-2 359
Oct.-Dec.	14 738	15 035	-297	+764	+45	+66	+578	-1 033	-83	+7	-531
1981*											
Jan.-March	14 468	13 622	+846	+879	-87	+92	+1 730	-993	-117	+10	+630
Apr.-June	15 487	15 804	-317	+822	+78	-163	+420	-1 260	-114	+57	-897
July-Sept.	14 099	15 738	-1 639	+864	+443	+405	+73	-1 031	-96	+61	-993
Oct.-Dec.	16 200	16 526	-326	+791	-28	+721	+1 158	-1 116	-120	+21	-57
1982*											
Jan.-March	16 000	14 892	+1 108	+935	-158	+374	+2 259	-1 104	-213	-2	+940
Apr.-June	15 597	15 393	+204	+988	-98	+211	+1 305	-1 633	-191	+61	-458



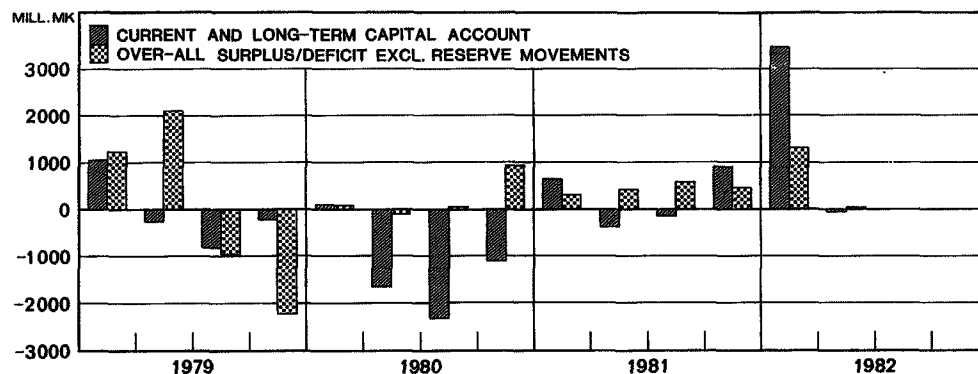
Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Short-term capital of authorized banks, net ²	Miscellaneous, short-term capital terms, incl. errors and omissions ²	Over-all surplus deficit excl. reserve movements ²	Bank of Finland foreign exchange reserves
+9 007	-5 743	-774	-225	+2 265	+4 871	+130	-2 188	-703	+479	+2 589	-2 589
+6 230	-4 843	-541	-337	+509	-252	+831	-834	+1 211	-834	+122	-122
+5 183	-4 140	-433	-428	+182	-4 973	+3 255	-967	+3 930	-250	+995	-995
+8 312	-4 643	-518	-826	+2 325	+1 008	-1 040	+437	-406	+1 804	+1 803	-1 803
+2 202	-1 626	-8	-46	+522	+1 059	-19	-63	+819	-564 ³	+1 232	-1 232
+1 267	-1 453	-218	-174	-578	-266	+39	-62	+1 966	+423	+2 100	-2 100
+1 258	-892	-336	+70	+100	-833	+422	-354	-1 100	+880	-985	+985
+1 503	-872	+21	-187	+465	-212	+389	-355	-474	-1 573	-2 225	+2 225
+2 108	-1 113	-171	-65	+759	+91	+302	-31	+518	-797 ³	+83	-83
+1 076	-997	-39	-86	-46	-1 643	+1 498	-32	+1 666	-1 584	-95	+95
+1 126	-913	-36	-146	+31	-2 328	+711	-452	+1 189	+934	+54	-54
+873	-1 117	-187	-131	-562	-1 093	+744	-452	+557	+1 197	+953	-953
+1 404	-955	-227	-235	-13	+617	-473	+789	-163	-461 ³	+309	-309
+1 948	-1 213	+11	-233	+513	-384	+867	+790	-21	-822	+430	-430
+1 932	-797	-91	-200	+844	-149	+95	-571	-822	+2 034	+587	-587
+3 028	-1 678	-211	-158	+981	+924	-1 529	-571	+600	+1 053	+477	-477
+3 637	-806	-114	-166	+2 551	+3 491	-974	+278	-1 509	+26	+1 312	-1 312
+2 332	-1 555	-60	-320	+397	-61	-60	+169	+56	-59	+45	-45

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

¹ Including direct investment, net.

² Reserve movements of other foreign exchange holders have been transferred to the short-term capital account. The short-term capital of the authorized banks is shown separately.

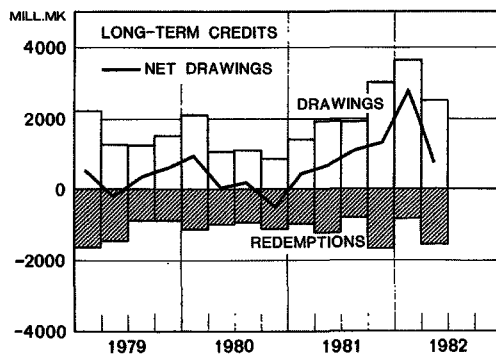
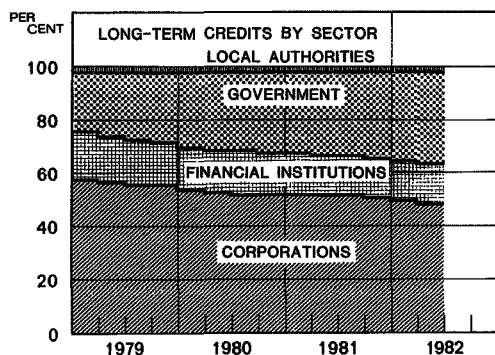
³ Including allocations of special drawing rights: 139 million in 1979, 133 million in 1980 and 131 million in 1981.



FINLAND'S FOREIGN ASSETS AND LIABILITIES

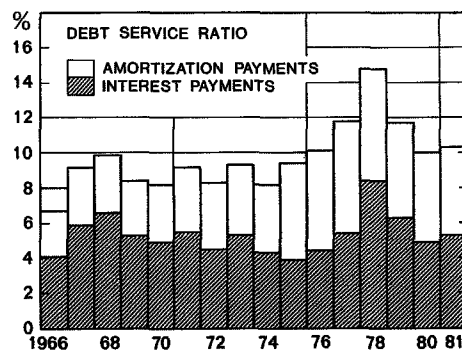
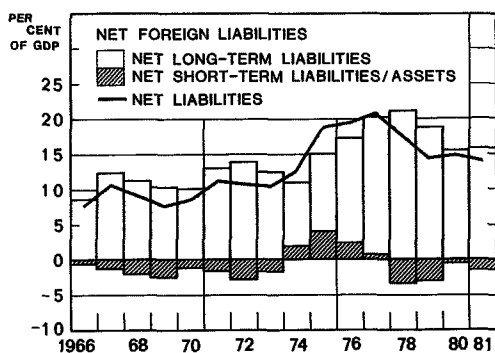
End of year and month	Long-term assets				Long-term liabilities					Net long-term liabilities (9-4)
	Export credits	Direct investment	Other	Total (1 to 3)	Financial loans	Import credits	Direct investment	Other	Total (5 to 8)	
	1	2	3	4	5	6	7	8	9	10
1978	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660
1979	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675
1980*	3 872	2 806	1 051	7 729	29 730	4 377	2 075	340	36 522	28 793
1981*	4 673	3 426	1 317	9 416	35 536	4 444	2 183	391	42 554	33 138
1979										
June	3 179	2 089	1 029	6 297	27 763	5 172	1 923	226	35 084	28 787
Sept.	3 419	2 226	1 066	6 711	27 724	4 956	1 930	232	34 842	28 131
Dec.	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675
1980*										
March	3 625	2 456	932	7 013	29 122	4 692	1 971	288	36 073	29 060
June	3 534	2 539	967	7 040	28 887	4 517	1 990	268	35 662	28 622
Sept.	3 594	2 649	972	7 215	29 251	4 482	2 029	278	36 040	28 825
Dec.	3 872	2 806	1 051	7 729	29 730	4 377	2 075	340	36 522	28 793
1981*										
March	4 254	2 945	1 229	8 428	30 523	4 455	2 138	442	37 558	29 130
June	4 473	3 161	1 278	8 912	32 814	4 467	2 180	406	39 867	30 955
Sept.	4 559	3 329	1 282	9 170	34 414	4 377	2 168	392	41 351	32 181
Dec.	4 673	3 426	1 317	9 416	35 536	4 444	2 183	391	42 554	33 138
1982*										
March	4 960	3 616	1 415	9 991	38 669	4 623	2 263	709	46 264	36 273
June	5 100	3 844	1 471	10 415	39 847	4 456	2 313	696	47 312	36 897

See explanations on page 22.



Short-term assets				Short-term liabilities				Net short-term liabilities (18-14)	Net liabilities (10+19)	Debt service, flow	Of which amortization payments, flow
Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (11 to 13)	Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (15 to 17)				
11	12	13	14	15	16	17	18	19	20	21	22
6 545	4 731	8 698	19 974	1 478	6 379	7 309	15 166	-4 808	24 852	6 623	3 769
7 918	6 579	9 970	24 467	2 340	9 333	7 816	19 489	-4 978	23 697	6 457	3 472
9 895	9 560	12 532	31 987	3 089	16 240	11 849	31 178	-809	27 984	6 716	3 274
11 362	13 732	14 176	39 270	2 427	20 218	13 565	36 210	-3 060	30 078	7 971	3 494
9 871	4 053	9 131	23 055	1 604	8 404	7 476	17 484	-5 571	23 216	2 085	1 082
8 601	4 205	9 508	22 314	1 579	7 620	7 808	17 007	-5 307	22 824	1 315	604
7 918	6 579	9 970	24 467	2 340	9 333	7 816	19 489	-4 978	23 697	1 087	502
8 708	6 936	10 224	25 868	3 113	10 179	7 865	21 157	-4 711	24 349	1 756	937
9 279	7 133	10 509	26 921	3 727	11 970	9 545	25 242	-1 679	26 943	1 518	730
9 250	7 478	11 469	28 197	3 605	13 539	10 567	27 711	-486	28 339	1 554	761
9 895	9 560	12 532	31 987	3 089	16 240	11 849	31 178	-809	27 984	1 888	846
9 701	10 149	12 357	32 207	2 680	16 543	12 409	31 632	-575	28 555	1 744	732
10 125	11 464	12 299	33 888	2 437	18 080	14 102	34 619	731	31 686	2 178	897
10 817	12 627	13 152	36 596	2 403	18 487	14 690	35 580	-1 016	31 165	1 646	595
11 362	13 732	14 176	39 270	2 427	20 218	13 565	36 210	-3 060	30 078	2 403	1 270
12 795	13 597	13 950	40 342	3 074	18 592	12 418	34 084	-6 258	30 015	1 783	600
12 846	14 301	13 850	40 997	3 077	19 341	12 736	35 154	-5 843	31 054	2 658	994

See explanations on page 22



PRICE INDICES

Period	Wholesale price index 1949 = 100	Basic price index for domestic supply 1975 = 100						Building costs 1980 = 100		
		Total	Origin		Purpose			Total	Wages in building trade	Building materials
			Domestic goods	Imported goods	Raw materials	Consumer goods	Investment goods			
1979	791	138.0	135.0	148.7	133.1	150.7	139.2			
1980	919	160.7	156.6	175.0	160.1	167.7	155.9	100.0	100.0	100.0
1981	1 044	182.4	178.6	196.0	185.3	185.3	173.3	110.1	109.6	110.0
1981										
Nov.	1 085	189.6	187.2	197.7	193.0	192.2	179.1	113.1	112.8	112.8
Dec.	1 087	190.0	187.6	198.5	193.6	192.6	179.3	113.3	112.8	113.1
1982										
Jan.	1 095	191.4	189.3	198.7	195.3	194.2	179.8	113.9	113.0	113.8
Feb.	1 103	192.8	190.7	200.2	196.8	195.4	181.1	114.1	113.0	114.0
March	1 103	192.8	192.0	195.7	195.4	198.0	182.2	115.7	116.8	115.0
April	1 106	193.3	192.5	195.9	194.7	200.3	184.0	116.8	117.1	116.4
May	1 110	193.9	193.4	195.7	194.8	201.2	185.9	117.0	116.1	117.0
June	1 120	195.6	194.4	199.9	197.5	201.9	186.1	117.5	116.1	117.5
July	1 120	195.8	194.4	200.7	196.8	203.7	186.8	117.4	116.1	117.7

Period	Consumer prices 1977 = 100										
	Total	Food	Beverages and tobacco	Clothing and footwear	Rent	Heating and lighting	Household goods and services	Health and medical services	Transport and communication	Education and recreation	Other goods and services
1979	115.9	108.8	129.4	116.3	113.1	114.4	114.4	124.1	120.2	115.5	118.4
1980	129.3	122.8	140.9	131.9	122.4	141.1	127.4	137.6	136.4	123.4	132.6
1981	144.8	138.9	157.4	146.6	140.4	168.1	138.0	150.1	148.9	136.3	150.8
1981											
Nov.	149.4	146.0	158.0	151.4	146.7	173.7	141.3	154.3	151.1	140.9	154.7
Dec.	149.9	145.6	158.0	151.9	147.2	177.9	141.7	154.9	152.4	141.1	154.9
1982											
Jan.	152.4	146.2	176.4	148.4	147.2	181.6	142.3	159.4	155.7	141.6	158.8
Feb.	153.1	147.5	176.4	151.1	147.2	182.7	142.9	161.2	156.2	141.8	159.5
March	155.0	152.4	176.5	152.9	148.5	183.3	143.4	163.0	157.8	141.8	160.6
April	156.1	155.3	176.5	154.8	148.5	178.2	145.5	163.1	156.6	144.8	164.0
May	158.6	156.7	176.5	155.3	159.2	178.4	146.0	165.5	157.9	145.4	164.8
June	158.9	157.3	176.4	156.0	159.2	178.4	146.4	167.1	157.6	145.8	164.9
July	160.1	161.1	176.5	154.7	159.2	178.4	148.7	167.1	158.9	146.1	166.1

WAGES

Index of wage and salary earnings 1975 = 100

Period	By industries			By institutional sectors			All salary earners	All wage earners	All employees	
	Wage earners in			Employees in services	State employees	Municipal employees				Employees in private sector
	Agriculture	Industry	Construction							
1980	179.3	170.4	146.3	166.0	161.9	156.8	169.8	166.3	167.5	166.8
1981*	201.3	192.4	165.6	186.1	182.2	174.9	191.8	187.4	188.7	188.0
1981*										
Jan.-March	191.1	183.2	158.1	179.3	176.5	170.2	182.7	180.0	180.1	180.0
Apr.-June	199.5	194.3	163.7	185.1	182.0	174.1	192.0	186.9	189.2	188.0
July-Sept.	201.0	193.7	166.9	187.7	183.6	175.8	193.9	189.3	190.5	189.9
Oct.-Dec.	210.9	198.5	173.6	192.3	186.7	179.3	198.5	193.5	195.8	194.1
1982*										
Jan.-March	215.3	205.9	177.7	196.7	191.3	183.9	204.0	198.1	200.5	199.2

PRODUCTION

Volume indices of production 1975 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1980*										
Jan.-March	112	126	73	144	79	87	110	96	124	112
Apr.-June	114	126	83	139	79	89	112	104	124	117
July-Sept.	115	116	187	89	111	86	123	106	125	113
Oct.-Dec.	124	135	80	152	121	86	131	114	127	119
1981*										
Jan.-March	113	128	71	137	79	85	112	95	128	116
Apr.-June	117	129	87	144	76	88	121	107	128	120
July-Sept.	114	117	151	73	100	84	127	107	130	116
Oct.-Dec.	126	137	75	135	120	88	138	115	132	122
1982*										
Jan.-March	113	127	68	129	74	84	114	96	133	119

PRODUCTION

Index of industrial production 1975 = 100

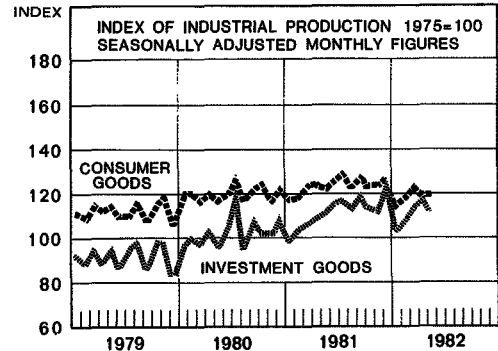
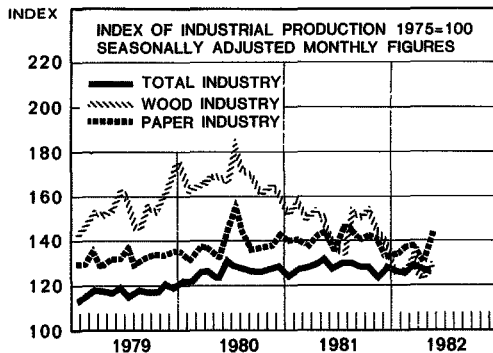
Period	Total	Investment goods	Consumer goods	Other producer goods	Special indices of manufacturing						Total adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industries	Non-metallic mineral industry	Metal industry	
1978	107.0	85.6	108.1	111.9	103.9	130.3	118.2	109.6	93.5	99.6	108.2
1979	118.3	93.7	113.7	127.0	110.8	155.6	134.0	123.7	102.3	110.3	119.0
1980*	127.2	104.8	121.8	135.9	118.0	169.1	141.1	137.2	112.9	122.4	126.7
1981*	129.0	113.6	125.1	135.1	120.5	148.7	142.5	148.2	104.2	128.9	129.3

1981*

May	135.6	120.9	129.3	142.7	121.7	178.4	148.2	157.6	110.6	139.1	133.2
June	123.2	118.1	121.6	125.3	118.9	148.1	111.5	153.3	108.4	135.3	129.4
July	87.9	60.6	80.1	99.0	113.0	67.8	146.6	103.3	71.5	67.7	131.0
Aug.	129.5	112.5	125.9	135.9	118.0	138.2	156.6	156.8	102.2	123.7	131.3
Sept.	138.6	127.5	132.7	144.3	130.8	166.0	144.4	152.0	115.4	144.0	129.3
Oct.	143.6	127.7	140.8	149.3	145.6	160.1	156.8	149.5	112.5	144.2	129.5
Nov.	136.5	123.5	133.6	141.4	135.5	145.8	150.0	157.7	108.2	141.0	125.2
Dec.	131.8	130.0	130.5	133.0	123.0	127.8	129.0	125.9	96.3	143.2	129.2

1982*

Jan.	127.5	112.2	121.3	134.6	105.7	115.8	143.9	135.4	86.6	130.8	127.4
Feb.	123.1	113.6	118.5	127.9	98.6	124.1	133.4	131.8	85.4	129.5	126.5
March	140.0	124.7	135.1	146.6	120.0	160.7	148.4	157.7	104.4	143.1	129.1
April	125.4	113.9	121.6	130.4	110.5	141.0	119.0	148.8	97.2	132.5	128.4
May	131.8	119.4	125.5	138.1	116.9	157.9	137.8	151.8	104.2	137.6	127.4



LABOUR—TIMBER FELLINGS—INTERNAL TRADE

Period	Population of working age, 1 000 persons	Total labour force, 1 000 persons	Employed, 1 000 persons	Un-employed, 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings, 1 000 solid cu. m	Retail sales volume index 1972 = 100	Wholesale volume index 1972 = 100
1978	3 578	2 253	2 084	169	7.5	29 021	110	120
1979	3 593	2 223	2 134	139	6.1	37 986	117	135
1980	3 606	2 315	2 203	112	4.8	38 283	119	141
1981	3 629	2 369	2 244	125	5.3	39 488	125	141
1981								
Sept.	3 639	2 363	2 245	118	5.0	2 793	122	153
Oct.	3 641	2 352	2 230	122	5.2	3 440	127	153
Nov.	3 642	2 349	2 223	126	5.4	3 679	122	142
Dec.	3 644	2 337	2 205	132	5.6	4 370	160	159
1982*								
Jan.	3 648	2 376	2 204	172	7.2	3 278	108	115
Feb.	3 649	2 378	2 219	159	6.9	4 260	107	126
March	3 654	2 335	2 175	160	6.9	5 781	120	148
April	3 656	2 363	2 201	162	6.8	5 243	125	142
May	3 655	2 406	2 276	130	5.4	3 564
June	3 659	2 574	2 436	138	5.4	2 582

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Building-works under construction
	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
1979	48.64	18.71	6.34	16.57	3.99	38.29	16.70	4.39	11.88	3.25	47.62
1980	50.53	19.66	5.43	18.41	3.99	42.78	17.24	4.82	14.66	3.84	49.83
1981*	44.73	17.96	5.72	14.56	3.47	40.10	16.11	4.26	13.86	3.76	48.89
1981*											
Jan.-March	7.17	2.85	0.90	2.47	0.49	8.67	3.77	0.58	3.18	0.85	44.47
Apr.-June	16.83	7.54	2.79	4.56	0.80	6.99	3.34	0.52	2.29	0.49	51.97
July-Sept.	10.88	4.42	1.15	3.45	0.98	9.54	3.37	1.39	2.93	1.01	53.75
Oct.-Dec.	9.84	3.16	0.87	4.07	1.19	13.80	5.18	1.70	5.03	1.32	48.89
1982*											
Jan.-March	8.71	3.08	1.25	3.15	0.73	7.33	3.41	0.65	2.72	0.35	44.46

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

Page 4. *Public sector*: Receivables = Government promissory notes + Bonds + Total coinage + Other public sector receivables. Liabilities = Cheque accounts + Counter-cyclical reserves + Counter-cyclical deposits + Capital import deposits + Other public sector claims.

Deposit certificates are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year

Page 5. *Domestic financial sector*: Other liabilities, net = Capital import deposits + Other financial institution claims — Till-money credits — Bonds — Other financial institution receivables.

Corporate sector: Permanent special financing schemes = Foreign bills + New export bills + Financing of suppliers credits. Liabilities, net = Deposits for investment and ship purchase + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + Export deposits + Other corporate claims — Bonds — Other corporate receivables.

MONETARY POLICY INDICATORS

Page 6. All the figures except the Average lending rate of the commercial banks are mean values of daily figures for the month or year in question. The Average lending rate of the commercial banks is the mean value of end of the month lending rates weighted by credit outstanding.

Total central bank debt of the commercial banks = Discounted and rediscounted bills (until 30. 6. 1979, subsequently the banks have not been allowed to discount or rediscount bills) + net cheque account receivables from the commercial banks + call money debt + bond transactions with repurchase obligation — call money deposits by the commercial banks.

Actual central bank debt of the commercial banks = Total central bank debt — Postipankki's call money placements (or + Postipankki's call money overdrafts). Postipankki accounts for the bulk of the supply of call money from the deposit banks (supply of call money, see column 4 on page 5).

Credit quotas of the commercial banks at the Bank of Finland are the sum of individual quotas specifying the amount each bank eligible for central bank credit can borrow at the base rate. Before July 1979, a progressively rising interest rate was charged on credit in excess of the quota up to an absolute ceiling on quota-related debt. From July 1979, no bank may exceed its quota on average over the month. On any given day quota-related borrowing may not exceed 2.5 times the quota. The interest on this borrowing is the base rate.

Bank of Finland placements in the call money market = Demand for call money by the deposit banks — Supply of call money by the deposit banks. Average cost of the total central bank debt of the commercial banks: Net costs paid to the Bank of Finland by the commercial banks, as a percentage of their total central bank debt, per annum.

FORWARD EXCHANGE MARKETS IN FINLAND

Page 7. The figures for columns 1—6 are calculated by the Bank of Finland on the basis of monthly reports from the banks on their outstanding forward exchange positions at the end of each month. The figures for columns 7—9 are based on monthly averages of daily representative quotations, as reported by the banks to the Bank of Finland.

The banks' foreign currency positions shown in the chart at the bottom of page 7 are monthly averages of daily spot and forward positions vis-à-vis the Finnish mark as reported by the commercial banks to the Bank of Finland. The spot position includes all foreign currency-denominated assets and liabilities of the banks, excluding their outstanding forward contracts.

FOREIGN EXCHANGE RATES

Pages 8—9. *Exchange rates* are annual and monthly averages of the Bank of Finland's daily quotations. *Currency index* is annual and monthly average of daily index numbers. The chart at the bottom of page 8 shows the banks' forward selling rates for the US dollar as deviations from the spot rate.

DEPOSITS BY THE PUBLIC — ADVANCES TO THE PUBLIC — MONEY SUPPLY

Figures for deposits and advances are supplied by the Central Statistical Office.

Page 10. *Deposits by the public*. The central government and the financial institutions are mainly excluded from the public. From 1974 deposits include domestic deposits denominated in foreign currency.

Page 11. *Advances to the public*. The central government and the financial institutions are not included in the public. Postipankki's advances do not include loans granted by the State Investment Fund (INRA). Domestic credits in foreign currency are mainly granted by the commercial banks and the rest by Postipankki.

Money Supply. M_1 = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Demand deposits held by the public (incl. Demand deposits at the Bank of Finland), Quasi-Money = Time deposits held by the public (incl. Time deposits at the Bank of Finland).

Note: Domestic deposits in foreign currency included in money supply since 1974. In the money supply the public includes non-monetary financial institutions.

STATE FINANCES

Page 12. Official figures computed by the Economics Department of the Ministry of Finance. Revenue and expenditure: Extra-budgetary funds and the aggregated net current deficit of State enterprises are included. Figures are reported on a cash payment basis. Debt: Foreign debt includes promissory notes given to international organizations.

FOREIGN TRADE

Pages 13—15. Figures supplied by the Board of Customs. *Indices* (p. 13): The volume indices are calculated according to the Paasche formula and the unit value indices according to the Laspeyres formula. *Terms of trade*: the ratio of export indices to import indices. *Foreign trade by countries*: (p. 15): from January 1980 imports by countries of origin exports by countries of consignment.

BALANCE OF PAYMENTS

Pages 16—17. Figures are calculated by the Bank of Finland. In the current account, the figures for visible and invisible trade have been revised from 1970 so that they are in accordance with the revised System of National Accounts. In addition to the Board of Customs figures, exports include fuel for carriers but exclude stevedoring expenses and imports include seamen's duty-free imports, fuel for carriers and adjusted allowance for smuggling. On Jan. 1, 1980, foreign bonds were included in the convertible foreign exchange reserves of the Bank of Finland and not in the short-term capital account as earlier. The figures for other years have also been revised accordingly.

FOREIGN ASSETS AND LIABILITIES

Pages 18—19. Figures calculated by the Bank of Finland.

Long-term assets: Other = financial loans development credits + Finland's subscriptions to international financial institutions. Long-term liabilities: Other = Leasing credits + subscriptions to international financial institutions paid in the form of bonds. Short-term assets: From 1978 the Bank of Finland's foreign bills are included in financing of exports and reclassified under the corporate sector, Column 21 Debt service = Net investment income of short-term and long-term assets and liabilities + net amortisation payments of long-term foreign assets and liabilities, excl. amortisation payments of the Bank of Finland's reserves and oil credits.

Columns 21 and 22 during the year and the quarter.

Chart Debt service ratio: Debt service as a per cent of current account earnings. 1978 and 1979 debt service does not include amortisation of the Bank of Finland's reserve and oil credits.

PRICE INDICES

Page 20. All indices calculated by the Central Statistical Office

WAGES — PRODUCTION

Pages 21—22. Figures supplied by the Central Statistical Office. Page 22. *Index of industrial production* calculated by the Central Statistical Office. The grouping, by branches of industry is in accordance with the Standard Industrial Classification (SIC) which is a version of the 1968 edition of the ISIC. The SIC facilitates international comparisons between Finnish statistics and corresponding data from countries which use the ISIC. The seasonally adjusted series is calculated by the Bank of Finland on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II.

LABOUR — TIMBER FELLINGS — INTERNAL TRADE — CONSTRUCTION OF BUILDINGS

Page 23. *Labour* figures supplied by the Central Statistical Office. *Commercial timber fellings* compiled by the Forest Research Institute, *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *Construction of buildings* figures calculated by the Central Statistical Office.

SYMBOLS USED: * Preliminary, r Revised, 0 Less than half the final digit shown, . Logically impossible, .. Not available, — Nil S affected by strike — Break in series.

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1155 to 1809 Finland formed a part of the kingdom of Sweden. Connected from 1809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current term, January 27, 1982, to March 1, 1988, is Mauno Koivisto.

Parliament, comprising 200 members is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1979 is as follows: Social Democratic Party of Finland 52, National Coalition Party 47, Centre Party 36, Democratic League of the People of Finland 35, Swedish Party 10, Christian League of Finland 10, Finnish Rural Party 6 and Liberal Party 4.

INTERNATIONAL ORGANIZATIONS

Finland became a member of BIS 1930, IMF 1948, IBRD 1948, GATT 1950, UN 1955, IFC 1958, IDA 1960, EFTA 1961, ADB 1966, OECD 1969, and IDB 1977.

LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 244 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4%. Of the land area (1980) 2.5 mill. ha (8.2%) are cultivated and 19.7 mill. ha (64.5%) are covered by forests.

OWNERSHIP OF LAND (1970). The total land area was distributed among different classes of owners approximately as follows: private 60.7%, State 29.4%, joint stock companies etc. 8.0%, municipalities and parishes 1.9%.

POPULATION

NUMBER OF INHABITANTS (1980): 4.8 million. Sweden 8.3, Switzerland 6.4, Denmark 5.1, and Norway 4.1 million.

DENSITY OF POPULATION (1980): In South Finland 46.8, in East and Central Finland 14.0, in North Finland 4.1 and in the whole country an average of 15.7 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1980): 40% of the population inhabit the rural areas, 60% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital, 483 036 inhabitants, Tampere (Tammerfors) 166 228, Turku (Åbo) 163 680.

EMPLOYMENT (1981): Agriculture and forestry 11%, industry and construction 35%, commerce 14%, transport and communication 8%, financing, insurance, real estate and business services 6%, community and personal services 26%.

LANGUAGE (1980): Finnish speaking 93.5% Swedish speaking 6.3%, others 0.2%.

EDUCATION (1981): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 14 colleges of university standard.

CHANGE OF POPULATION (1980): births 13.2‰, deaths 9.3‰, change + 2.8‰, net immigration - 0.3‰. Deaths in France 10.1‰ and Great Britain 11.8‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1981), in million marks: Gross domestic product at factor cost by industrial origin: agriculture 6 758 (4%) forestry and fishing 9 590 (5%), manufacturing 60 991 (33%), construction 13 447 (7%), trade, restaurants and hotels 21 508 (11%), transport and communication 15 358 (8%), banking and insurance 7 816 (4%), ownership of dwellings 13 066 (7%) other services 40 280 (21%), total 188 814. Index of real domestic product 121 (1975 = 100).

FOREST RESOURCES (1980). The growing stock comprised of 1 631 million m³ (solid volume with bark) of which 44% was pine and 38% spruce, the remaining 18% being broad-leaved trees, chiefly birch. Of the growing stock, 690 million m³ was up to the standard required for logs, 56% of these being pine. The annual growth was 65 million m³ and the total drain calculated on the basis of roundwood consumption was 69 million m³.

AGRICULTURE (1980). Cultivated land 2.3 million hectares. Number of holdings 224 721 of which 155 277 are of more than 5 ha. Measure of self-sufficiency in bread cereals 70%.

INDUSTRY (1980). Gross value of industrial production 170 869 mill. marks, number of workers 419 404, salaried employees 140 613, motive power (1979) 7.7 mill. kW. Index of industrial production 127 for 1980 (1975 = 100).

STATE RAILWAYS (Dec. 31, 1981): Length 6 976 km.

MERCHANT FLEET (June 30, 1982): Passenger vessels 151 (261 238 gross reg. tons), tankers 44 (1 075 693 gross reg. tons), dry cargo vessels 190 (888 216 gross reg. tons), other vessels 97 (15 101 gross reg. tons), total 482 (2 240 248 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1981): Passenger cars 1 279 192 lorries and vans 155 001, buses 9 384, others 9 384, total 1 452 631.

FINNISH AIRLINES (April 1, 1982): Finnair and Kar-Air have in use 2 DC-8, 1 DC-6-ST, 3 Super Caravelles, 9 DC-9-14/15, 5 DC-9-41, 12 DC-9-51, 3 DC-10-30, 2 Fokker F-27 and 2 Empraer Bandairante. Companies have scheduled traffic outside of Finland to 38 airports and to 20 domestic airports.

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). The last par value of the mark was set on Oct. 12, 1967 and was 0.21159 grams of fine gold per mark (equivalent, at the time, to 4.20 marks per U.S. dollar). Since Nov. 1, 1977 the external value of the mark has been officially expressed in terms of a currency index. This index is trade-weighted and indicates the average change in the currencies which are important in Finnish foreign trade. The present currency weights are Rbl 23.3, Skr 16.5, £ 13.2, DM 12.9, \$ 10.4, other currencies 23.7. The permissible range of fluctuation is about 3 per cent on either side of the arithmetic mean. The fluctuation limits are 119.0 and 112.0.

THE CENTRAL BANK. The Bank of Finland (estab. 1811) functions under the guarantee and supervision of Parliament. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by Parliament. The Bank has a head office in Helsinki and 12 branches in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1981). There are two big and five small commercial banks with in all 891 offices, 274 savings banks, 371 co-operative banks, five mortgage banks, Posti-pankki and three development credit institutions. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-five private insurance companies also grant credits.

RATES OF INTEREST (June 1, 1982). The base rate applied by the Bank of Finland on credit extended to the banks in the context of the quota facility is 8 ½%. The range of rates for other credits granted by the Bank of Finland is between 6% and 11%. Other credit institutions: time deposits 4 ¼%; 6 month deposits 5 ½%; 12 month deposits 7%; 24 month deposits 8 ¼% and sight deposits 1 ¼%. The highest lending rate 12 ¼%.

RECENT FINANCIAL DEVELOPMENTS

by

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Economics Department

Bank of Finland

After a period of vigorous growth in 1979—80, the Finnish economy is now experiencing its second successive year of stagnation. The growth of GDP fell to 1.3 per cent in 1981 from 6.0 per cent in 1980 and has slowed still further in the current year. Since the signs of an international recovery are, as yet, very weak, a pick-up in economic activity in Finland seems unlikely before 1983. Sluggish growth has led to increasing unemployment, and in July the unemployment rate reached 6 per cent, which was, however, markedly below the average level in the OECD area. Mainly as a result of slower international inflation, the Finnish inflation rate has also decelerated, but the year-on-year rise in consumer prices — 9.8 per cent in July — still slightly exceeds the OECD average.¹

In 1981, investment activity reacted fairly quickly to the slowdown in Western exports. Economic growth has, however, been sustained since the end of last year by various measures implemented in the public sector. In addition, Finnish exports to the Soviet Union have remained buoyant and deliveries have continued to increase this year.

Following the last boom, the external balance and international competitiveness of the economy have been fairly good compared with corresponding cyclical phases earlier. This would suggest that a structural change has been achieved in the economy in favour of the open sector — a central goal of economic policy since 1977 — and that the balanced development is not only cyclical in nature.

Developments in the financial market have been marked by an easing in conditions stemming partly from the improvement in the current account. In addition, the capital import policy pursued by the central government and the domestic monetary policy measures in effect since the spring of 1981 have contributed to keeping the market relatively easy.

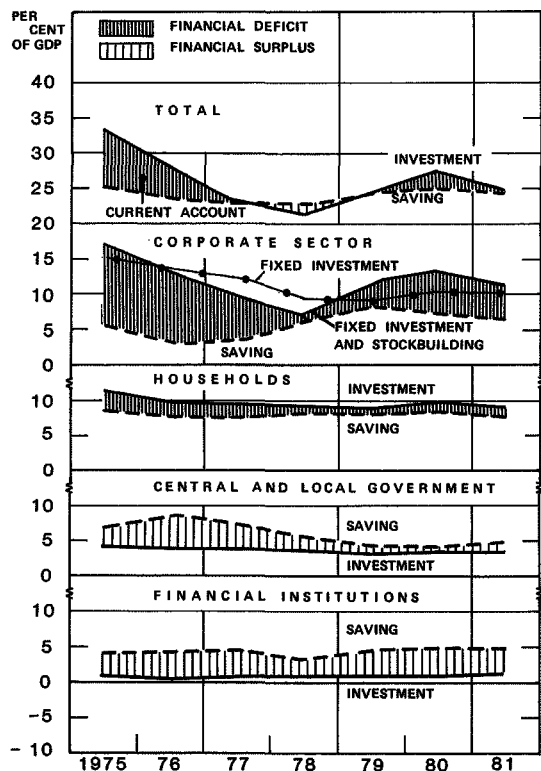
The easing of the financial market has been carried out at a more appropriate juncture in the business cycle than has been the case in the past. Even though the internationally low level of interest rates has resulted in some export of private capital, the easiness has supported consumption and prevented a marked fall in housing investment. Together with fiscal investment incentives, it also seems to some extent to be inhibiting a fall in productive investment.

FINANCIAL BALANCES IN THE PRIVATE SECTOR

As a result of the deceleration in economic activity and the emergence of idle capacity, corporate investment in relation to GDP fell last year, but viewed historically the fall was relatively moderate (Chart 1). This, together with the continued growth in export incomes, slowed the increase in indebtedness and kept the liquidity position of the corporate sector fairly satisfactory. The fixed investment ratio is likely to be of the same magnitude this year, and, as inventory investment is expected to decline, there will be a further reduction in the financial deficit of the corporate sector.

¹ For a detailed description of economic developments in the Finnish economy in 1981 and the outlook for 1982, see the May 1982 issue of this Bulletin.

CHART 1. GROSS SAVING, GROSS INVESTMENT AND FINANCIAL SURPLUSES/DEFICITS BY SECTOR



Reflecting the smaller deficits of the corporate sector, its borrowing has been decreasing. In addition firms have tended to convert their foreign financing into domestic credits. The explanation for such behaviour can be found in the interest-rate differential, exchange-rate risks and domestic financial easiness. The improved financial position of the corporate sector has been evident in the rapid growth of demand deposits. Firms have also taken advantage of the financial ease to improve their financial structure by launching numerous new share issues.

The financial position of households improved last year. Although the rate of growth in household earnings fell as compared with 1980, revised figures show a small increase in households' real disposable income in 1981, which, coupled with a rise in the propensity to consume, resulted in some growth in private consumption. Despite a small reduction in the volume of residential investment, loans granted

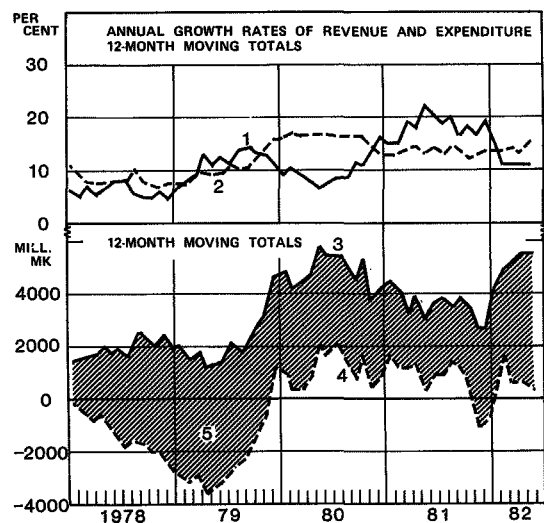
for housing purposes have increased markedly. This has obviously been one factor contributing to the fast growth in prices of old dwellings. The growth of households' real disposable income expected this year will probably maintain the rapid increase in the real demand for financial assets, a development which is also partly attributable to the deceleration in inflation and an increase in uncertainty among households.

FINANCING THE CENTRAL GOVERNMENT BUDGET DEFICIT

In spite of the slackness of economic activity, the government sector's financial surplus increased last year. This was, however, partly due to the timing of state revenues. The improvement was confined mainly to the financial position of the central government, whereas that of the local government barely changed, as is usual in Finland.

The central government financing requirement (net of redemptions) in 1981 amounted to 2 500 million marks, which was less than

CHART 2. STATE FINANCES



- 1. REVENUE EXCLUDING BORROWING
- 2. EXPENDITURE EXCLUDING DEBT REDEMPTION
- 3. NET FINANCING REQUIREMENT (EXPENDITURE LESS REVENUE)
- 4. CASH DEFICIT (+) OR SURPLUS (-)
- 5. INCREASE IN LONG-TERM STATE DEBT

foreseen.¹ As actual borrowing exceeded this amount by a large margin and as, moreover, the central government released some of its counter-cyclical reserves, the central government ended up with a cash surplus of 1 000 million marks (Chart 2). This year the net financing requirement is expected to almost double because of weak economic activity.

Although by international standards the financing requirement is relatively modest — the net financing requirement is equivalent to about 2 per cent of GDP this year — there are certain obstacles to a rapid increase in borrowing from domestic sources because of the underdeveloped capital markets in Finland. In recent years, the State has increasingly borrowed abroad, in part to maintain domestic financial market ease. With the strengthening in the financial position of the private sector, a potential supply of domestic financing has become available to the central government. To tap this source, the central government has created new financial instruments. One example of this has been direct, relatively short-term, borrowing from the deposit banks, for which purpose an agreement for 400 million marks has been negotiated.

Along more traditional lines was the agreement concluded between the government and the deposit banks at the end of last year according to which domestic bond issues to the public in 1982 were to be limited to 2 500 million marks, the banks pledging to absorb those bonds not taken up by the public. The easy financial conditions and the strength of sales so far suggest the government will have no difficulty in disposing of most of the issue directly to the public. Contributing to the brisk demand for bonds has also been the comparatively attractive rate of interest borne by bonds, particularly following the decision to lower the base rate by 0.75 percentage points earlier this year. As the central government lowered the interest rate on its bonds in August by only one third of the decrease in the base rate, government bonds still represent a relatively attractive investment to lenders.

At the end of June central government's short-term reserves were at almost the same level as at the beginning of the year. The state liquidity position is, however, likely to deteriorate somewhat in the course of the second half of the year, which will tend to strengthen the liquidity position of the private sector.

FOREIGN FINANCING

The strengthening in the financial position of all the principal domestic sectors was reflected in a marked improvement in the balance of payments on current account last year, the deficit falling to 1 300 million marks compared with a deficit of 5 200 million marks in the previous year. This improvement has continued and a small surplus was run up during the first six months of the current year. Owing to the long-term capital imports of the central government during the first half of the year, there was a net inflow of long-term capital amounting to about 2 900 million marks. Despite the tendency among firms at the moment to repay their foreign credits, capital imports by the central government will ensure that, for the year as a whole, the net inflow of long-term capital will be fairly large.

By contrast, the short-term capital account showed a net outflow of about 2 100 million marks for the first six months of the year. This development was due to, among other things, the widening in interest-rate differentials between Finland and other countries and the easy domestic liquidity situation.

THE BANK OF FINLAND

Owing to the favourable developments in the balance of payments, the net foreign assets of the Bank of Finland, which grew by 2 200 million marks last year, increased by a further 1 400 million marks during the first seven months of this year. The increase has been confined to the tied foreign exchange reserves, whereas the convertible reserves have decreased somewhat since the end of last year.

¹ For a description of developments in public finance in 1981, see the June—July 1982 issue of this Bulletin.

In spite of the central government's cash deficit the short-term assets of the central government and Postipankki in the Bank of Finland increased during the first seven months of the year. This was mainly attributable to the strong growth in Postipankki's deposits in relation to credits.

The decrease in the commercial banks' net debt to the central bank was unexpectedly modest during the first half of the year owing to their own capital export, the good liquidity position of Postipankki and the fact that the demand for domestic credits has been high. In July, however, the commercial banks moved into a net creditor position vis-à-vis the Bank of Finland to the tune of 200 million marks compared with a net debtor position of 1 000 million marks one year earlier. The costs of central bank financing have been kept at a relatively stable level after being lowered in the spring of 1981. The call money rate was, on average, 11.8 per cent and the marginal rate of central bank financing 13.9 per cent during the first two quarters of the year. This is in keeping with the government's accommodating monetary policy.

As the commercial banks' liquidity position was expected to remain good, the Bank of Finland renegotiated the cash reserve agreement with the banks in May 1982. Under the revised scheme the Bank of Finland can absorb as cash reserve deposits up to 8 per cent of the deposits subject to cash reserves, compared with a maximum of 5 per cent in the original agreement. In addition, the maximum monthly increase in the requirement was raised from 0.4 to 0.6 percentage points.¹

The possibility of utilizing investment reserve deposits placed with the Bank of Finland mainly during the last boom is also expected to add to the liquidity in the economy during the current year, as did the release of export and countercyclical deposits last year. Reflecting, however, the need for allocations to reserves by some firms after last year's good

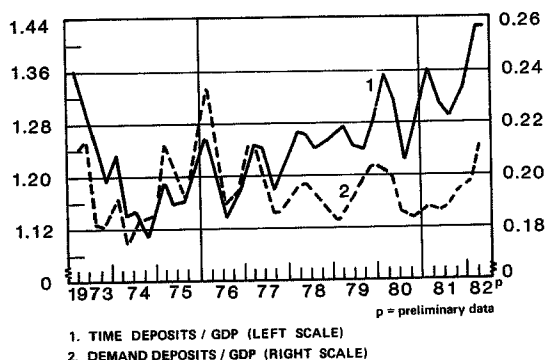
results, the good domestic liquidity position in the economy and the low level of investment activity, the stock of investment deposits increased marginally in January—July.

DEPOSIT BANKS

The liquidity in the private sector has been reflected in a relatively rapid increase in deposits (Chart 3). By the end of June, the twelve-month change in total deposits was as high as 15.7 per cent (Chart 4). The relatively good liquidity position of the corporate sector has been evident in the fast growth in demand deposits — more than 20 per cent — and in domestic deposits denominated in foreign currency, which grew by almost 30 per cent between June 1981 and June 1982. But the increase in time deposits, which are typically held by households, has also been fairly rapid, having grown 14.3 per cent over the same period.

The sluggishness of investment activity has reduced firms' total demand for credit, but there has been a marked tendency to substitute domestic for foreign finance. Despite this substitution, bank credits in the form of bills, which are typically granted to firms, seem to have grown by only a few per cent, whereas the growth of total bank lending in domestic currency was 15.6 per cent from June 1981 to June 1982. This would suggest that the expansion of credit has to a large extent

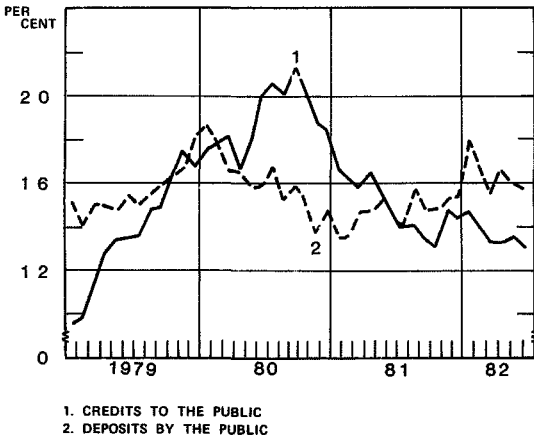
CHART 3. PRIVATE SECTOR LIQUIDITY¹



¹ For a more detailed account of the revised agreement and of other monetary policy measures, see the August 1982 issue of this Bulletin.

¹ Seasonally adjusted figures (except for demand deposits).

CHART 4. BANK CREDITS AND DEPOSITS, CHANGE FROM CORRESPONDING MONTH OF PREVIOUS YEAR



occurred in credits extended to households. The rate of growth in credits has varied widely among different banking groups, ranging from somewhat more than 5 per cent for Postipankki up to 20 per cent for the co-operative banks.

One indicator of the liquidity in the economy is the eased position of the banks vis-à-vis the central bank. In fact, the total liquidity position of the banks has improved more than the decrease in their central bank debt indicates, because the commercial banks reduced their net foreign debt by almost 1 000 million marks during the first half of the year.

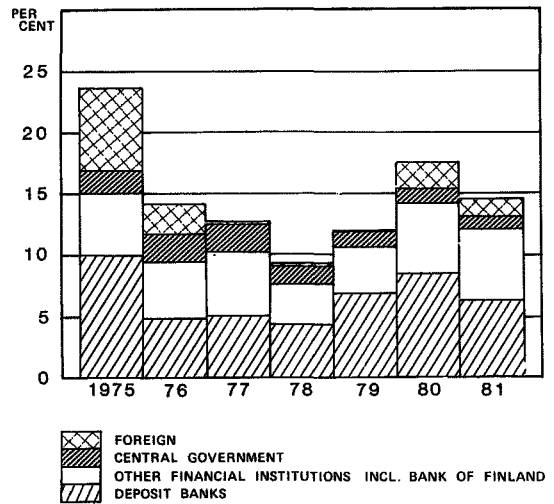
TOTAL CREDIT EXPANSION

Largely on account of the fast growth in bank lending, total credit extended to the public has expanded at an annual rate of 11—12 per cent during recent months. This growth rate is markedly lower than that recorded last year (Chart 5).

The foreign component of total credit expansion to the private sector is not expected to increase at all this year. Similarly, credits granted by financial institutions other than banks are expected to grow at a markedly lower rate than last year, partly because the temporary reduction in social security contributions — which

was implemented as a discretionary anti-inflationary measure — has dampened the growth of insurance funds. As regards other credit institutions, factoring and leasing companies constitute an exception, for their lending has increased very rapidly. This lending is, however, of only limited overall importance and is linked to the expansion of the unregulated money market. Lending by the central government is the only major component of total credit expansion whose importance does not seem likely to decrease this year.

CHART 5. TOTAL CREDIT EXPANSION TO THE PUBLIC ¹



¹ The growth of the total stock of credits granted to the public (firms, households, local authorities) by the credit-granting sector as a percentage of the total stock of credits at the end of the previous year.

CURRENT PROSPECTS

The state of the Finnish economy at present differs to some extent from previous cyclical experience. The easing of the financial market began at an early stage of the downswing, and, especially among the firms engaged in the trade with the Soviet Union, income developments have been better than normal during this phase of the cycle. Although the financial ease, together with investment incentives, is likely to sustain investment activity this year, the indications are that firms have scaled down their investment intentions for 1983 because

of the uncertain international outlook. Unless economic prospects improve, households can also be expected to be cautious with respect to consumption. Since there is unlikely to be any stronger stimulus to the economy either from abroad or from the public sector in the immediate future, economic activity in Finland will probably continue sluggish next year.

It is intended to maintain the easy monetary policy stance in the near term, the aim being that monetary policy per se should not impede a pick-up in economic activity. On the other

hand, efforts will be made to prevent an excessive build-up in liquidity which might pose a threat to the deceleration of inflation. In fact, the recent fall in international interest rates may serve to dampen the export of capital by the corporate sector and increase domestic liquidity. Furthermore, when a recovery does eventually get under way, the greater flexibility which now exists in the financial markets may also increase the risks of excess liquidity. The use of, among other things, the new, more effective, cash reserve deposit system will prove necessary in such circumstances.

ITEMS

Finland's balance of payments January—June 1982. According to the Bank of Finland's preliminary figures, the current account showed a surplus of 482 million marks for the first half of this year, as against a deficit of 267 million marks in the corresponding period of 1981. The net inflow of long-term capital amounted to 2 948 million marks and the net outflow of short-term capital to 2 073 million marks. The total foreign exchange reserves of the Bank of Finland increased by 1 357 million marks.

Current account. The visible trade account registered a surplus of 1 312 million marks in January—June this year. The surplus in bilateral trade amounted to almost 1 600 million marks, whereas the trade with Western markets showed a deficit of 300 million marks. In the corresponding period last year the visible trade account surplus had totalled 529 million marks. Owing to price rises, value of visible exports grew by 6 per cent compared with January—June last year. Of the various industrial sectors, the export volume increased only in the chemical industries. The largest decline occurred in exports of sawn goods and pulp. Compared with the first half of last year, the volume of imports remained virtually unchanged. The value of imports grew by 3 per cent. The slow growth in imports recorded earlier in the year was primarily due to a fall in imports of crude oil. In the first six months of the year, the volume of crude oil imports was 16 per cent less than in the same period in 1981.

The invisible trade account showed a surplus of 2 252 million marks for the first half this year, or 600 million marks more than in the same period last year. The surplus on the transport account amounted to 1 923 million marks, or 200 million marks more than last year. Travel receipts did not grow at all while

expenditure increased by 18 per cent; hence, the travel account registered a deficit of 256 million marks. In January—June 1981, the travel account had still been almost in balance. The deficit of 71 million marks on the other services account turned into a surplus of 585 million marks.

Interest expenses on borrowing abroad totalled 4 189 million marks. As interest earnings from foreign receivables amounted to 1 452 million marks, the investment income account showed a deficit of 2 737 million marks. The unrequited transfers account recorded a deficit of 404 million marks.

Capital account. Drawings of long-term loans totalled 5 969 million marks, or 2 617 million marks more than in the first half of last year, with the central government accounting for 2 342 million marks of the drawings. Redemptions of long-term loans amounted to 2 361 million marks, or 193 million marks more than in the corresponding period of 1981. Drawings of long-term export credits granted to foreign customers totalled 645 million marks and redemptions of outstanding export credits 471 million marks. Finnish direct investment abroad reached 325 million marks and foreign direct investment in Finland 127 million marks. The net inflow of long-term capital amounted to 2 948 million marks.

The short-term capital account (incl. errors and omissions in the balance of payments) showed a deficit of 2 073 million marks. The short-term import debt declined by 1 034 million marks. Prepayments and receivables related to exports increased, in net terms, by 447 million marks. The net short-term foreign debt of the authorized banks decreased by 1 453 million marks.

**MAJOR BALANCE OF PAYMENTS ITEMS
JANUARY—JUNE 1982, MILL. MK¹**

	Receipts	Expendi- ture	Net
Visible trade (exports f.o.b., imports c.i.f.)	31 635	30 021	1 614
Adjustment items	—38	264	—302
Visible trade account	31 597	30 285	1 312
Transport (c.i.f.)	2 952	1 029	1 923
Travel	1 206	1 462	—256
Other services	2 154	1 569	585
Invisible trade account	6 312	4 060	2 252
VISIBLE AND INVISIBLE			
TRADE ACCOUNT	37 909	34 345	3 564
Investment income, net	1 452	4 189	—2 737
Unrequited transfers	176	580	—404
Other	1 048	989	59
A. CURRENT ACCOUNT	40 585	40 103	482
	Change in receiv- ables	Change in liabilities	Net
Long term financial loan and suppliers'			
credits: drawings	—645	5 969	5 324
redemptions	471	—2 361	—1 890
Direct investment	—325	127	—198
Other long-term capital	—312	24	—288
B. LONG-TERM CAPITAL ACCOUNT	—811	3 759	2 948
BASIC BALANCE (A+B)			3 430
Prepayments and liabilities related to imports			—1 034
Prepayments and receivables related to exports			447
Short-term capital of authorized banks			—1 453
Other short-term capital			650
Errors and omissions			—683
C. SHORT-TERM CAPITAL ACCOUNT			—2 073
D. Allocations of SDRs			—
OVERALL BALANCE (A+B+C+D)			1 357
Change in the foreign ex- change reserves of the Bank of Finland			—1 357
Receivables: increase —, decrease +			
Liabilities: increase +, decrease —			

¹ Preliminary figures

The overall balance registered a surplus of 1 357 million marks for January—June. The convertible foreign exchange reserves of the Bank of Finland fell by 956 million marks, while receivables in tied currencies grew by 2 313 million marks. Allowing for the changes in exchange rates, the convertible foreign exchange reserves of the Bank of Finland amounted to 6 531 million marks and the tied foreign exchange reserves to 4 314 million marks at the end of June.

At the end of June, Finland's net foreign debt amounted to 31 054 million marks, of which the central government accounted for 14 166 million marks. The net long-term debt amounted to 36 897 million marks and short-term assets to 5 843 million marks.

Statistics on forward exchange markets,
The Bank of Finland ceased intervening on a continuous basis in the forward exchange market for convertible currencies on April 1, 1980. As of that date, systematic statistics have been collected by the Bank of Finland on forward positions and forward rates. Henceforth, the main statistical aggregates will be published regularly by the Bank of Finland, for which purpose a new page (page 7) has been added to the Monthly Bulletin. For the record, the data for the nine months of 1980 which do not appear on a monthly basis on page 7 are presented below:

It may be noted that the figures also include forward contracts between firms and banks denominated in Russian roubles. These contracts, which are covered at the Bank of Finland, account for almost all new forward contracts with the Bank of Finland (column 5). The overall net figure (column 6) therefore reflects the true outstanding forward position in convertible currencies of the commercial banks in Finland.

FORWARD EXCHANGE MARKETS IN FINLAND

Period	Banks' Forward Positions in mill. mk with						Banks' Forward Selling Rates for USD		
	Domestic Firms			Foreign Banks	Bank of Finland	Overall	Deviation from spot rate, per cent per annum		
	Assets	Liabilities	Net	Net	Net	Net	1 month	3 months	6 months
1	2	3	4	5	6	7	8	9	
1980									
April	1 307.6	1 665.1	-357.5	33.8	299.6	167.2	-3.0	-3.7	-3.8
May	1 087.1	1 495.0	-407.9	4.5	212.5	150.4	2.7	1.5	1.1
June	1 120.1	1 224.9	-104.8	- 50.8	78.5	18.8	3.9	3.0	2.5
July	1 198.9	1 189.4	9.5	- 79.9	8.4	140.1	3.0	2.6	2.3
August	1 801.5	895.1	906.4	-248.6	-344.8	407.6	2.6	2.4	1.9
September	1 983.2	899.8	1 083.4	-219.2	-352.7	614.8	1.1	0.7	0.7
October	2 201.3	1 001.3	1 200.0	-223.1	-388.2	648.7	-1.0	-0.3	-0.2
November	2 232.6	965.5	1 267.1	-230.1	-421.8	601.2	-3.9	-3.3	-2.4
December	2 335.2	1 036.1	1 299.1	-243.0	-305.7	758.8	-7.3	-5.5	-3.8

(continued from page 2)

**TABLE 2. PERCENTAGE DISTRIBUTION OF
PRIMARY MOTIVES FOR HOUSEHOLD SAVING
WEIGHTED TO REPRESENT ALL FINNISH
HOUSEHOLDS**

MOTIVES FOR SAVING

Purchasing one's own home and repaying a housing mortgage were by far and away the most important motives for saving in 1979, as they had been ten years earlier (Table 2). The share of households' savings intended for dwellings seems, however, to have fallen slightly as the number of households already owing their homes has grown. The importance of precautionary saving has also declined, whereas saving for consumer durables has increased compared with 1969. When making these comparisons, however, it should be borne in mind that self-employed households were not covered by the 1969 survey.

The motives given for saving seem to be clearly related to the savings ratio. In all age groups those households reporting the acquisition of a home or the repayment of a mortgage as their primary motive for saving save appreciably more than others. And this is true whether or not the household already lives in its own home. A large proportion of the savings of Finnish households would appear to be linked to the home financing system, either in the form of saving in advance for a down payment or repayment of mortgage and interest

Motive	Bank of Finland, survey for 1969 (wage and salary earners)	Saving study for 1979
	Per cent	Per cent
Acquisition of consumer durables	2.9	24.1
Housing and housing debts	41.2 ¹	37.9
Other loans	10.1 ²	9.3
Anticipated expenditure (travel, studies, education of children and old age)	27.6	15.8
Unexpected expenses, unforeseen contingencies	15.5	9.2
Other motives (return on investment, inheritance, entrepreneurial activity, second home etc.)	2.4	3.6
Total	100.0	100.0
No savings, no reason	—	31.9

¹ Excluding housing debts.

² Including housing debts.

So as to be comparable with the data used for the Bank of Finland survey, the percentage shares of the various motives have been calculated only for those households which reported saving for a specific purpose. The share of households with no savings motives is given in the last row.

after acquisition. Finland's taxation system and relatively high inflation tend to encourage people to change their homes, with the result that saving for a home loan remains important until quite late in life.

August 20, 1982

BANK OF FINLAND

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Vice Chairman

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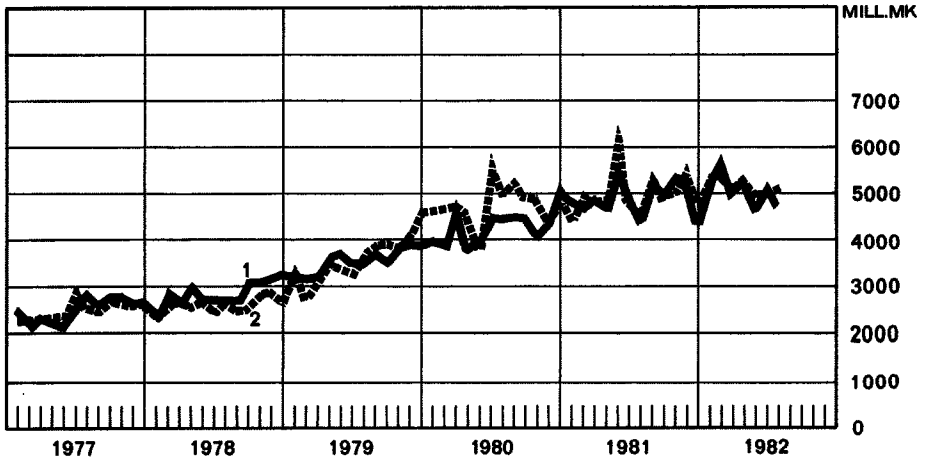
Seppo Kostainen
Deputy, Economics Dept.

Markku Pietinen
Information

Erkki Vehkamäki
Data Processing

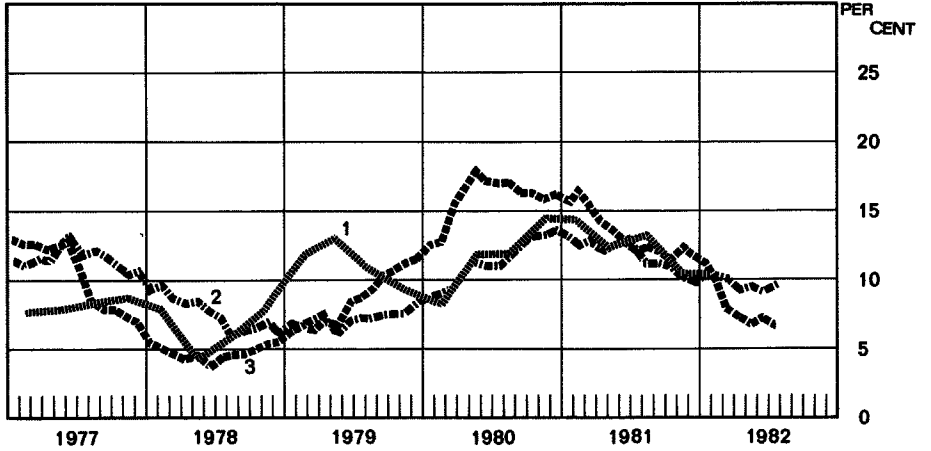
FOREIGN TRADE, 1977-82

- 1. Exports f.o.b.
 - 2. Imports c.i.f.
- Seasonally adjusted monthly figures



PRICES AND WAGES, 1977 - 1982

- 1. Index of wage and salary earnings 1975 = 100, quarterly figures
 - 2. Consumer price index 1977 = 100; monthly figures
 - 3. Basic price index for domestic supply 1975 = 100, monthly figures
- Percentage change on previous year



PRODUCTION, 1977-82

- 1. Total index of industrial production 1975 = 100, seasonally adjusted monthly figures
- 2. Volume index of gross domestic product 1975 = 100, seasonally adjusted quarterly figures

