



# BULLETIN

BANK OF FINLAND

March 1988 Vol. 62 No. 3

Capital Flows and External Debt in 1987

Trends in the Finnish Current Account  
in the 1980s

<b>Capital Flows and External Debt in 1987</b> by Helvi Kinnunen and Jorma Hietalahti	3
<b>Trends in the Finnish Current Account in the 1980s</b> by Tapio Peura	7
Items: Revision of the consumer price index	12
Monetary and foreign exchange policy measures from April 1987 to March 1988	14
Finland in brief	16
Statistics	S1
Charts	S27

## PUBLISHER

**Suomen Pankki Finlands Bank**  
P.O. Box 160, SF-00101 HELSINKI, FINLAND  
Telephone: National (90) 1831  
International +358 0 1831

**Editor-in-Chief** Antero Arimo  
**Editor** Marja Hirvensalo-Niini  
**Subscriptions** Heli Virtanen

Telex: 121224 SPFB SF  
Telefax: 174872  
Cables: SUOMENPANKKI

The contents of the Bulletin may be freely quoted,  
but due acknowledgement is requested.

ISSN 0784-6509

## CAPITAL FLOWS AND EXTERNAL DEBT IN 1987

by **Helvi Kinnunen**, Exchange Control Department  
and **Jorma Hietalahti**, Central Bank Policy Department  
Bank of Finland

**F**inland experienced a deterioration in the current account in 1987. The growth of exports slowed down towards the end of the year, while imports soared as a result of buoyant domestic demand. An increase in interest and dividend payments abroad also had a negative impact on the external balance, and the deficit in convertible currencies amounted to FIM 11.8 billion. The current account in tied currencies registered a surplus of FIM 2.6 billion; bilateral exports did not contract to the extent implied by the fall in oil prices. There was an improvement in the internal balance of the economy, the unemployment rate falling by 5 per cent and the rate of inflation decelerating to the level of competitor countries.

The Bank of Finland continued the liberalization of exchange controls. The authorization procedure for direct investment was relaxed so that investment totalling less than FIM 30 million no longer required the prior approval of the Bank of Finland. The right to raise foreign loans with a maturity of at least five years, which had earlier been granted to manufacturing and shipping companies, was extended to apply to almost the entire business sector.

Confidence in the markka — which strengthened as a result of Finland's favourable economic performance — together with the liberalization of capital flows, the interest rate differential vis-à-vis abroad and the improved opportunities for investment at home increased the use of both short-term capital imports in connection

with trade financing and long-term foreign currency financing. On the other hand, capital exports increased because of direct investment abroad and net resales of Finnish securities to Finland.

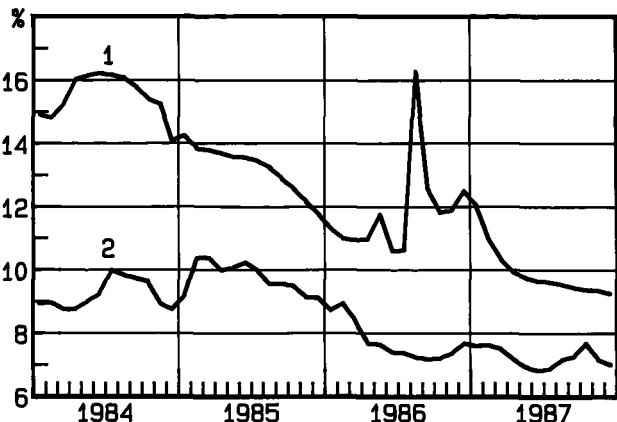
### THE FORWARD MARKET AND TRADE-RELATED CAPITAL FLOWS

Activity in the forward market picked up considerably last year as confidence in the markka strengthened and domestic interest rates remained higher than international interest rates (Chart). Vigorous export growth also increased forward sales of foreign exchange. The corporate sector's forward position grew from FIM 10.1 billion at the end of 1986 to

FIM 20.5 billion at the end of 1987. (See Table 2.2 on page S5.)

In the first half of 1987 Finnish companies restored their foreign currency portfolios to the level prevailing prior to the speculative attacks on the markka in 1986 by increasing the hedging of their foreign currency receivables. Their forward sales grew particularly rapidly in the first quarter of 1987, by FIM 4.5 billion, after having declined by FIM 2.3 billion in the last quarter of 1986. Similarly, foreign banks' perception of the markka in the forward market changed in the first half of 1987, even if their forward transactions did not react to the strengthening of the markka as rapidly as did those of Finnish companies. In the second half of the year, the increase in forward transactions

SHORT-TERM INTEREST RATES, PER CENT



1. Rate on new 3-month bank certificates of deposit
2. 8-currency basket rate<sup>1</sup>

<sup>1</sup>Three-month Eurorates weighted according to relative shares of currencies in the Bank of Finland currency index.

was influenced by the interest rate differential as well as by the weakening of the dollar against the markka and expectations that it would continue.

The forward market in Finland has traditionally concentrated on selling forward exchange to exporters, and accordingly the importance of the forward position of importers has been of minor significance. Last year was no exception in this respect, with only limited purchases of forward exchange by importers. (See Table 2.2 on page S5.)

Banks imported FIM 11.4 billion in foreign capital to cover forward exchange bought from Finnish companies and foreign banks. Forward purchase contracts concluded by the Bank of Finland with authorized banks grew by only FIM 1.1 billion in the course of the year. Instead, the Bank of Finland intervened in the domestic financial market to absorb liquidity that had accumulated in the financial system as a result of the inflow of capital.

Export financing raised by exporters through banks or on their own account grew for the same reasons as forward transactions in 1987. Financing of export receivables increased by some FIM 3.0 billion (Table 1). Hedging, which is related to exports from the point of view of exchange rate risks, increased by some FIM 13.2 billion. In 1986, companies had reduced their hedging of exports by FIM 7.4 billion, mainly because of disturbances in the foreign exchange market.

The calm conditions in the domestic foreign exchange market and the favourable interest rate differential also increased short-term inflows in connection with import financing last year (Table 1). Towards the end of the year, recourse to import financing increased because of the weakening of the dollar in relation to the markka.

Developments in short-term capital flows related to trade credits were similar, giving rise

to a net capital inflow of FIM 3.3 billion (Table 1).

TABLE 1. TRADE-RELATED CAPITAL FLOWS, FIM BILLION

	1985	1986	1987
Financing of trade	3.9	-0.7	9.2
Import financing	-0.6	1.7	2.9
Trade credits related to imports	1.8	0.0	3.1
Export financing	4.9	-1.9	-3.0
Trade credits related to exports	-2.2	-0.5	0.2
Banks' forward cover	3.4	0.6	11.4
Net trade-related capital inflow	7.3	-0.1	20.6

### BORROWING ON THE INTERNATIONAL FINANCIAL MARKETS

Drawings of ordinary bank loans abroad by Finnish borrowers doubled compared with the previous year while the volume of bond issues abroad remained at roughly the same level as in 1986. The share of dollar-denominated loans fell slightly. There was a further improvement in the terms on new long-term foreign loans raised by Finnish borrowers in 1987. The average rate of interest fell while the average maturity lengthened for fixed-rate loans. The breakdown of long-term loans by type and currency reflected the general trends in the international financial markets.

#### Borrowing by the corporate sector

The opportunities of companies in the closed sector to finance their investments with foreign capital were enhanced from the beginning of August 1987 when the right of companies to raise foreign loans with a maturity of five years or more was extended to apply to virtually the entire corporate sector. This increased the opportunities of particularly small and medium-sized companies to use foreign currency financing.

With the deregulation of long-term foreign borrowing, there was a marked increase in

the number of borrowers. Banks played an active role in intermediating finance, which was partly due to the Bank of Finland's decision to abolish the cash reserve requirement with respect to capital imports used for financing loans with a maturity of five years or more. Banks arranged currency basket loans for companies, the exchange risk of which is notably smaller than that attached to customary foreign financing. Most of the loans granted with a maturity of five years or more were floating-rate and refinanced by banks with short-term loans.

The demand for financing in the corporate sector increased as a result of the pick-up in investment activity. Industrial investment grew by some 15 per cent last year and total business fixed investment by some 4 per cent. Companies covered a substantial part of their borrowing requirements by recourse to foreign currency financing because, at least in the form of currency basket loans, it was more attractive than long-term domestic financing.

Companies raised FIM 1.0 billion in long-term foreign financing on their own account and FIM 1.5 billion in net terms through special credit institutions. Banks' imports of long-term capital totalled FIM 5.7 billion, but long-term foreign currency loans intermediated by the banks to the corporate sector clearly exceeded this figure. There is no exact data available on them but five-year loans intermediated by banks amounted to FIM 9.9 billion in net terms. The use of foreign currency financing thus amounted to at least FIM 12.4 billion in the corporate sector in 1987, i.e. a more than threefold increase compared with the previous year (Table 2).

A sectoral analysis shows that industry still accounts for most of the foreign currency financing. However, with deregulation, the structure of borrowing by the closed sector is undergoing rapid change.

TABLE 2. LONG-TERM FOREIGN CURRENCY LOANS OF THE CORPORATE SECTOR, NET DRAWINGS, FIM BILLION

	1985	1986	1987
Financing loans raised by companies	-0.3	-1.1	1.0
Loans intermediated by special credit institutions	0.8	0.7	1.5
Loans of five years or more intermediated by banks	—	3.8	9.9
TOTAL	0.5	3.4	12.4

Sectors which used to rely almost solely on domestic sources of finance, such as wholesale and retail trade, construction and transport, storage and communication, have been granted capital import licences to the value of some FIM 6 billion since the end of August 1987, representing almost 10 per cent of their total outstanding debt at the end of the previous year.

#### **Borrowing by the public sector**

The central government's net borrowing requirement grew to FIM 6.4 billion last year. As in previous years, borrowing focussed on the domestic market, with foreign financing accounting for FIM 2.3 billion in net terms. In the last few years, the share of foreign debt in the central government's total debt has fallen slightly as the availability of domestic financing has improved with the development of the domestic financial markets. (See Chart 19 on page S34).

Borrowing abroad by the local government sector has been minimal in relation to its total borrowing requirement. Local authorities' access to direct foreign credit has been restricted by the Bank of Finland's rather reserved attitude towards local authorities' borrowing abroad.

### **THE INTERNATIONALIZATION OF BUSINESS AND PORTFOLIO INVESTMENT**

The internationalization of Finnish companies continued apace in 1987. In net terms, direct investment abroad totalled FIM 3.8 billion, a slight increase on 1986. (See Table 6.2 on page S15). More than a half of outward direct investment went to the European Community countries and more than one-third went to companies in the chemical industry.

Direct foreign investment in Finland totalled FIM 0.4 billion in net terms. (See Table 6.2 on page S15). There were no major acquisitions in 1987. Payments of dividends abroad by foreign companies amounted to approximately twice as much as new direct investment in Finland.

As in 1986, foreign investors acquired fairly large quantities of shares in Finnish companies, amounting to some FIM 3.9 billion in all. Repurchases of shares from foreign investors almost doubled from the previous year amounting to FIM 4.8 billion. The amount of shares resold to Finland increased in the fourth quarter in the aftermath of the international stock market crash.

Markka-denominated bonds and debentures, the sale of which is still, as a rule, prohibited to foreign investors, were repatriated to the value of some FIM 0.9 billion. Securities were resold in relatively large quantities to other Nordic countries as well, in spite of their high yields.

Last year the Bank of Finland allowed some special credit institutions to invest in foreign bonds and debentures. These investments, which were closely related to foreign operations and short-term in maturity, amounted to FIM 2.1 billion.

### **THE BALANCE OF PAYMENTS AND EXTERNAL DEBT**

According to the balance-of-payments classification, there

was a net inflow of long-term capital of FIM 0.1 billion in 1987. The inflow of short-term capital totalled FIM 24.8 billion (Table 3).

TABLE 3. BALANCE OF PAYMENTS, FIM BILLION, NET

	1985	1986	1987
Current account	-4.5	-4.5	-9.2
Long-term capital imports	6.5	3.3	0.1
Short-term capital imports	1.8	-6.7	24.8
Increase in the Bank of Finland's foreign exchange reserves	3.7	-7.9	15.7

The traditional balance-of-payments classification into long-term and short-term capital inflows no longer gives a reliable picture of the sensitivity of capital flows. For instance, a significant part of banks' short-term capital imports was long-term in nature because it was used to finance companies' five-year loans. On the other hand, some of the portfolio investments classified as long-term capital have been highly volatile in the last few years. By contrast, the majority of direct investments are permanent in nature.

Of the increase in the foreign exchange reserves in 1987, the most volatile items were the banks' forward cover, which totalled FIM 11.4 billion, and trade-related capital flows, which amounted to FIM 9.2 billion (Table 1). The inflow of long-term loan capital, which responds more slowly to exchange rate expectations and interest rate fluctuations, consisted of the long-term loans of the private sector (Table 2) and the central government and totalled FIM 14.7 billion in all.

At the end of 1987, the Bank of Finland's convertible foreign exchange reserves amounted to FIM 27.4 billion, i.e. nearly triple the amount at the end of the previous year. The growth of the foreign exchange reserves was particularly rapid in the early

part of the year because of the banks' imports of forward cover. Towards the end of the year, the growth of the foreign exchange reserves was sustained by the inflow of long-term loan capital. The tied currency reserves fell from FIM 3.4 billion to FIM 1.2 billion (Chart 2 on page S29), mainly because of the introduction of the special account in the bilateral trade with the Soviet Union.

The current account deficit increased Finland's net foreign debt by FIM 9.2 billion. At the end of 1987, net foreign debt totalled FIM 55.1 billion (Table 6.3 on page S16). Changes

in foreign exchange rates decreased the debt by FIM 0.4 billion. Long-term debt consisted predominantly of loans raised on the international financial markets and stood at FIM 78.1 billion at the end of the year. The stock of foreign direct investment in Finland and the stock of portfolio investment in Finland each amounted to FIM 5.3 billion. The largest item amongst the long-term assets was the stock of Finnish direct investment abroad, which amounted to FIM 16.7 billion. Investment in foreign securities did not reach significant proportions until last year, and its

outstanding value stood at only FIM 2.7 billion at the end of 1987.

Net foreign debt was equivalent to 14.2 per cent of GDP, i.e. a slight increase on the previous year (Chart 21). The corresponding share of central government debt was 6.6 per cent. The debt service ratio — repayments and interest payments as a proportion of current account earnings — fell slightly compared with the previous year.

February 19, 1988

# TRENDS IN THE FINNISH CURRENT ACCOUNT IN THE 1980s

by **Tapio Peura**, Acting Head of Office  
Economics Department  
Bank of Finland

## INTRODUCTION

**F**inland's economic performance has been fairly good in the current decade. Economic growth has been steady and, at an annual average rate of 3.3 per cent, one percentage point faster than in the OECD countries as a whole. Despite faster growth, both the internal and external balance of the economy have improved as compared to approximately the 1970s. Since the beginning of the 1980s, Finland's unemployment rate has remained at around 5 per cent, which is notably lower than in the OECD area on average. Reflecting the faster growth rate, inflation has been somewhat higher than in competitor countries. However, the inflation differential has narrowed in the past few years, and in the latter half of 1987 the 12-month rise in consumer prices in Finland was running at approximately the average rate for the OECD area.

Significant improvement has also taken place in the external balance. Although the current account has remained in deficit in the 1980s, the annual deficits have been modest — about 1.5 per cent of GDP on average — compared with those recorded in the 1960s and 1970s. The maintenance of external balance has not been a cause for concern in economic policy in the 1980s to the extent that it was in the previous two decades.

Developments in the current account during the past two years or so nevertheless indicate that the external constraint will have to be taken into account in economic policy in

the near future. In 1987, the current account deficit doubled from the previous year to FIM 9.2 billion, equivalent to 2.4 per cent of GDP. For current account figures, see Table 6 in the statistics-section).

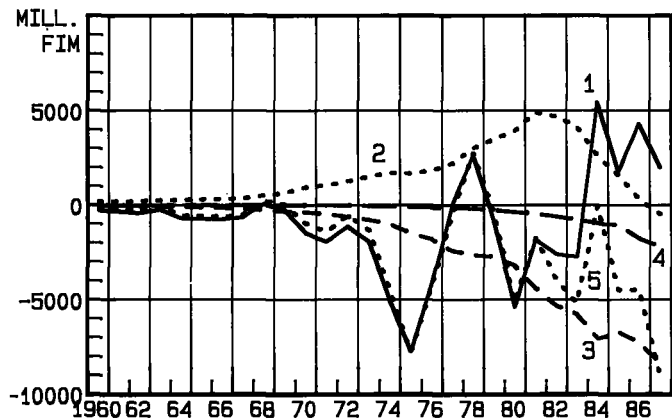
## General trends in the current account

Merchandise trade accounts for approximately 75 per cent of Finland's transactions on current account, trade in services for about 15 per cent and factor income and unrequited transfers abroad for the remainder. The 1980s have witnessed major changes in the balances of these components of the current account, which clearly deviate from the trends observed in the 1960s and 1970s (Chart 1).

In the two decades up to the beginning of the 1980s, the current account balance was roughly the same as the balance on merchandise trade. A growing surplus on the services account offset a widening deficit on the net investment income account. The transfers account was of little significance for the overall external balance.

In the 1980s, developments in the current account and the trade account have deviated from each other. The merchandise trade account has moved into surplus while the current account has shown a slight deficit, and in recent years the deficit has been increasing. This has partly been due to the fact that the traditional surplus on services has shrunk —

CHART 1.  
MAIN CURRENT ACCOUNT COMPONENTS  
IN 1960 - 1987



1. Trade account
2. Services account
3. Factor income
4. Unrequited transfers
5. Current account

actually turning into a slight deficit in 1987 — and partly to the fact that the deficits on the investment income and transfers accounts have deepened. The present weakening of the current account is thus not so much connected with merchandise trade as with the invisible items.

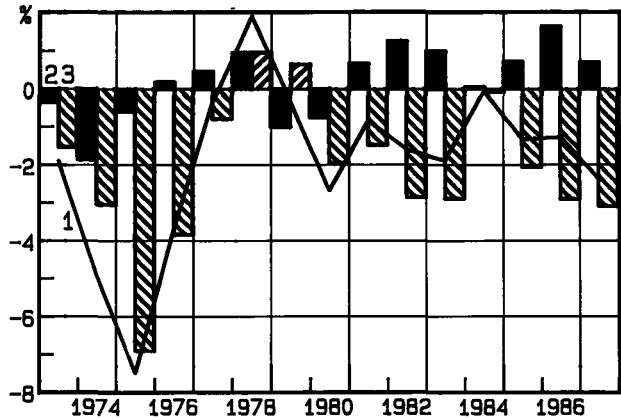
The explanation for the change in general trends in the current account is to be found in the economic policies pursued. Since the latter part of the 1970s, the central aim of economic policy has been to improve and secure the price and real competitiveness of the open sector of the economy. The growth of industrial production has in fact been faster in Finland than in most other countries, and the balance on merchandise trade has improved markedly.

On the other hand, the rapid growth of real incomes in Finland has meant that Finns have purchased foreign services to an increasing extent. Moreover, the relatively rapid rise in earnings in industry has spread to the service sector, where productivity developments have not been as favourable. Accordingly, costs in the service sector have increased faster and the competitiveness of the service sector has deteriorated. Along with the rapid rise in real incomes, this has been a major factor behind the deterioration of the services account.

### The role of bilateral trade

In recent years, roughly one-fifth of Finland's foreign trade has been conducted within the framework of bilateral trade in tied currencies. This trade is almost entirely made up of Finland's trade with the Soviet Union. Mainly because of fluctuations in the world market price of crude oil imbalances have arisen in current account transactions in tied currencies. Normally, such surpluses and deficits are balanced within the duration of 5-year framework

CHART 2.  
CURRENT ACCOUNT IN 1973 -1987, PER CENT OF GDP



1. Total current account
2. In tied currencies
3. In convertible currencies

agreements between Finland and the Soviet Union. Thus, the effect on the external balance can be assumed to be neutral in the medium term (Chart 2).

However, the surplus in Finland's favour that has been generated in bilateral trade with the Soviet Union in recent years has been reduced, inter alia, by purchases of oil for resale to third countries. These transactions are recorded in the capital account, not in the current account: purchases from the Soviet Union result in a reduction in Finland's rouble receivables while sales to third countries augment the convertible reserves by a similar amount. This means that the recent surpluses in the current account in tied currencies will not be matched by deficits of comparable size in the future.

### MERCHANDISE TRADE

The balance on Finland's western trade has been improving ever since the mid-1970s, and has been in surplus since 1984. Among the factors con-

tributing to the surplus have been favourable developments in the volume of western exports, a decline in oil imports from western countries as well as improved terms of trade. Thanks to good export performance, the surplus amounted to FIM 8.7 billion in 1984. Subsequently, the surplus has shrunk but still amounted to FIM 1.7 billion in 1987. The volume of imports from western countries has been growing at a faster rate than exports in recent years.

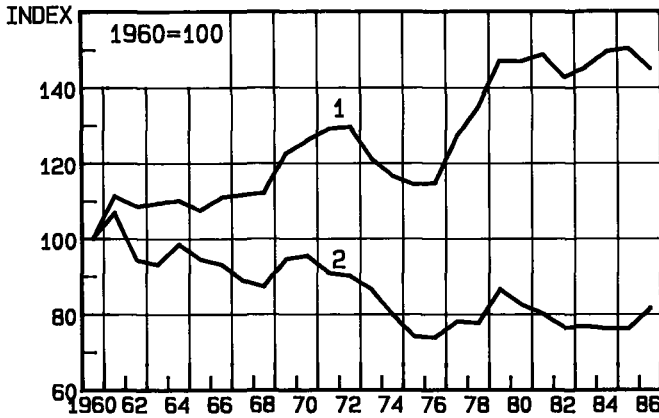
### Exports

In the 1980s, developments in Finland's western exports have mirrored the growth of Finland's western export markets. From 1980 to 1987, both the volume of western exports and export markets grew by an average of 3.3 per cent per year. In broad terms, market shares were thus maintained unchanged.

According to constant-market-share analysis, which distinguishes between the effects of regional and commodity patterns on export performance, both the regional and commodity structure of exports



**CHART 3.**  
**EXPORT PERFORMANCE IN WESTERN MARKETS**  
**IN 1960 -1986**



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

**Imports**

In the first half of the 1980s, the growth of total domestic demand was relatively slow, so that the increase in imports was also rather modest. The growth of imports was curbed in particular by a reduction in raw material stocks and the modest growth of investment in machinery and equipment. The ratio of imports to GDP declined for several years (Chart 5).

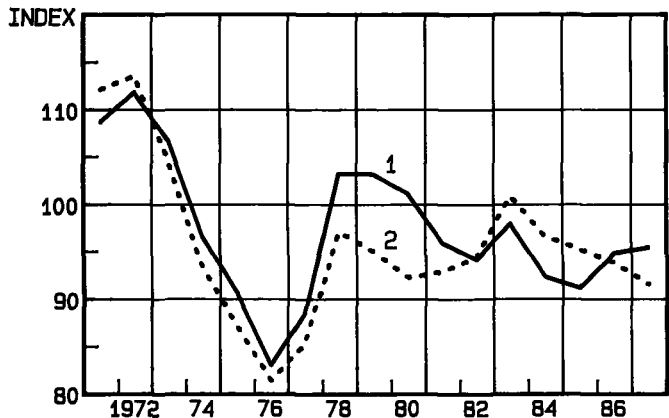
Import growth started to recover along with the growth of industrial investment in 1985. Household incomes increased rapidly as a result of expansionary fiscal policies and improved terms of trade, and the growth rate of private consumption accelerated to 4 per cent in 1986 and to 5 per cent in 1987. The increase in imports was also boosted by the growth of stocks and investment in machinery and equipment in the corporate sector. In fact, the rate of growth of merchandise

have supported the rapid growth of exports in recent years. These factors had a negative impact on Finnish export performance in western markets in the 1970s. Viewed regionally, the growth of exports has focussed on countries of the European Community, while paper and metal industry products have been the fastest growing commodity groups. Constant-market-share calculations indicate that the effect of competitiveness has been more or less neutral in the 1980s (Chart 3).

Major changes in exchange rates have altered competitive positions in different market areas. Measured in terms of relative unit labour costs, Finland's price competitiveness has weakened since 1983, when calculated with world market share weights. In 1986-87, the deterioration was entirely due to changes in exchange rates. However, price competitiveness has improved in European markets as a result of the weakening of the Finnish markka in relation to EMS currencies (Chart 4). Moreover, the competitiveness of Finnish exports has been enhanced by

tax measures that have reduced costs other than labour costs in manufacturing.

**CHART 4.**  
**PRICE COMPETITIVENESS IN 1971 - 1987**

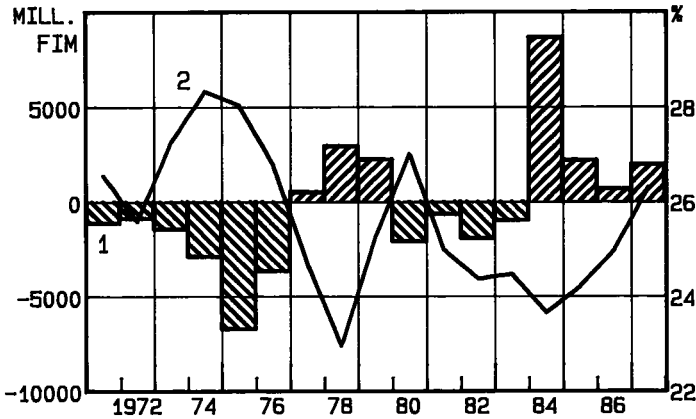


Relative unit labour costs in manufacturing,  
 14 competitor countries/Finland, in common currency,  
 index 1964 - 1982 = 100

1. European market-share weights
2. World trade market-share weights

Curve rises: Finland's competitiveness improves  
 Curve falls: Finland's competitiveness deteriorates

**CHART 5.**  
**WESTERN TRADE BALANCE AND PROPENSITY TO IMPORT IN 1971 - 1987**



1. The balance of western trade, mill. FIM (left scale)
2. Imports of goods as a percentage of GDP (right scale)

**TRADE IN SERVICES**

Trade in services has traditionally shown a surplus in Finland's favour. The annual surplus increased up till the early 1980s, whereafter it started to shrink. In 1987, the services account turned into a small deficit.

Finland's trade in services is fairly evenly distributed between travel, transportation and other services. The weakening of the services account reflects a turnaround that has taken place in each of the main items, though the reasons for the deterioration differ to some extent in each case (Chart 6).

**The travel account**

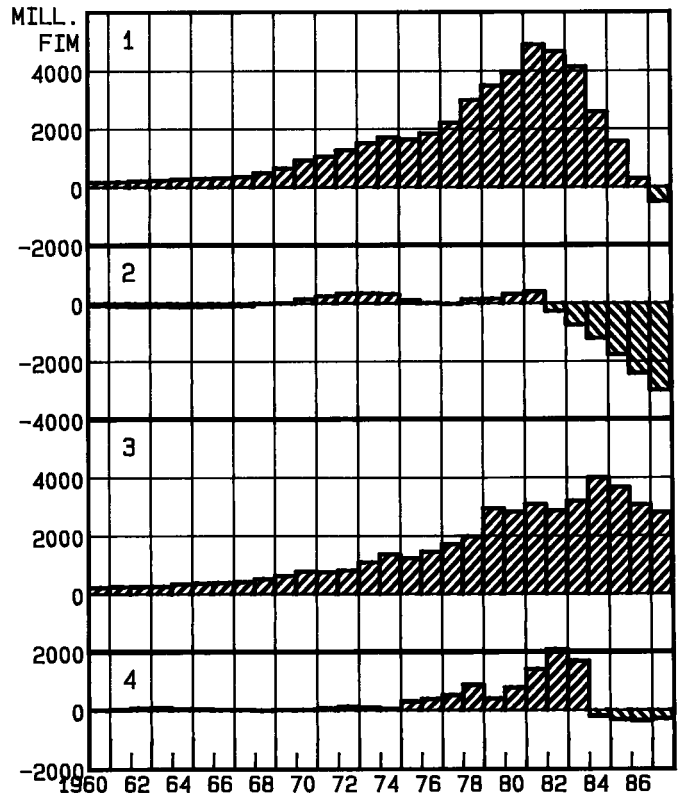
Finland's travel account was in surplus for most of the 1970s.

imports was double that of GDP in 1985—1987, and the ratio of imports to GDP climbed back to the levels of the 1970s. There were marked increases in import propensity as regards both raw material imports and imports of consumer goods.

A clear upward trend has become evident in imports of consumer goods, which have been increasing faster than private consumption. The growth of imports has been strong in all main categories, including food, clothing and cars. Households have apparently concluded that their real incomes have grown permanently and have changed their consumption habits accordingly. This development has also been supported by the improved availability of credit resulting from deregulation of financial markets.

Another reason for the rapid growth of imports would seem to be the weakening of the price competitiveness of industries competing with imported commodities. High labour costs in Finland have also led to the transfer of labour-intensive production to countries where costs are lower.

**CHART 6.**  
**SERVICES ACCOUNT IN 1960 - 1987**



1. Total balance
2. Travel balance
3. Transportation balance
4. Other services balance

In the current decade, travel expenditure has increased faster than earlier, whereas the growth of travel receipts has slowed down considerably. The travel account moved into deficit in 1982, and the deficit has deepened continuously since then. In 1987, the deficit amounted to FIM 3 billion (Chart 6).

The key factors influencing the travel account in the 1980s have been unfavourable from Finland's point of view. Reflecting a rapidly rising standard of living, private consumption in Finland has increased on average by more than one percentage point a year faster than in the countries which are important sources of travel receipts for Finland, while an increasing share of consumption expenditure has gone on foreign travel. At the same time, inflation in Finland has been faster, and the price competitiveness of services related to travel has weakened.

Normally, nearly one-half of receipts from tourism are in Swedish kronor, and hence the weakening on the revenue side of the account is partly due to the depreciation of the Swedish krona vis-à-vis the Finnish markka in the 1980s.

### **The transportation account**

As Finland's merchandise imports are recorded on a c.i.f. basis, part of transport expenditure is included in the trade account. The transportation account showed a growing surplus up till the mid-1980s, but in recent years the surplus has been diminishing mainly because of declining transport receipts. The major part of transport revenue is derived from shipping.

The number and tonnage of merchant ships sailing under the Finnish flag has contracted sharply in the 1980s. Vessels have been sold abroad and transferred to flags of convenience. The main factors behind the reduction in the merchant fleet are high labour

costs and excess world capacity, which have depressed freight rates and weakened the profitability of shipping. The difficulties in shipping are clearly reflected in the transport account (Chart 6).

### **Other services**

Developments in the price of oil have had a major impact on trade in other services. Following the oil price rises in the 1970s, Finnish construction companies received many orders for construction projects in the oil-producing countries of the Middle East as well as in the Soviet Union. Planning and engineering work connected with these projects gave rise to a rapid increase in receipts from other services, and the surplus on the other services account grew up till the early 1980s (Chart 6).

Subsequently, the Iran-Iraq war and a fall in Finnish oil imports from this region have decreased project exports to the Persian Gulf countries. Similarly, the surplus in Finland's trade with the USSR has reduced project exports to the Soviet Union. Thus, the balance on trade in other services turned into a deficit in 1984. In 1987, Finland received orders for several new construction projects in the Soviet Union, but the low oil price has curtailed the implementation of these projects as efforts have at the same time been made to balance trade partly by limiting exports.

### **INVESTMENT INCOME AND TRANSFER PAYMENTS**

Financing the current account deficit by recourse to capital imports has led to increased interest payments abroad. In addition, higher interest rates in Finland than abroad have at times attracted inflows of short-term capital in excess of current account financing requirements. The reinvestment of these funds in the form of foreign exchange

reserves does not — given the special considerations attaching to reserves — normally yield as high returns as those paid out. In recent years, payments of interest and dividends to foreign investors on their portfolio and direct investments in Finland have also increased, while the corresponding receipts of Finnish investors have remained notably smaller. Last year, the deficit on the investment income account rose to FIM 8 billion.

The deterioration in the transfers account mainly reflects increased development assistance. Finland's official development aid has grown rapidly in recent years. In 1987, it rose to 0.55 per cent of GDP, and the aim is to increase it further. Insurance indemnities paid abroad by Finnish insurance companies also increased rapidly in the early 1980s, thus weakening the transfers account. In 1987, the deficit on the transfers account totalled FIM 2.1 billion.

### **FOREIGN INDEBTEDNESS**

As Finland's current account has nearly always shown a slight deficit, net foreign debt has increased in nominal terms. During the past ten years, the annual rate of increase in net debt has, however, been lower than that of the growth of GDP, so that relative indebtedness has fallen.

The level of indebtedness peaked at the end of 1977, amounting to over 20 per cent of GDP. The rapid growth of foreign debt was the chief factor behind the changes implemented in the overall orientation of economic policy at that time. In the subsequent ten years, net foreign debt has declined in relative terms, and stood at 14.2 per cent of GDP at the end of 1987. The government sector accounts for half of the outstanding debt. Finland's foreign indebtedness is lower than that of the other Nordic countries.

Debt servicing costs have remained more or less unchanged during the past decade, amounting to about 3 1/2 per cent of GDP. The share of interest payments is about 2 percentage points, the remainder being attributable to repayments.

### **CONCLUDING REMARKS**

Finland's external balance was relatively good in the first half of the current decade, but has deteriorated somewhat since then despite a favourable export performance in western markets.

The surplus on merchandise trade has declined from the peak reached a few years ago owing to the fact that import propensity has, after falling in the early 1980s, climbed back to the average level prevailing in the 1970s. The pressure on the external balance stemming from the rise in import propensity should be waning by now, and hence the merchandise trade account should continue to show moderate surpluses in the future.

Trade in services was the main factor contributing to the weakening of the external balance in the first half of the 1980s. During the last two years, the deterioration of the services account has shown signs of levelling off. In the travel account, however, the deficit seems likely to deepen further; the share of travel in consumption expenditure is still relatively low in Finland.

The reduction in the size of the merchant marine has already brought about changes in rigid working time

and crew regulations, and the transfer of ships to flags of convenience has slowed down. Thus, the worsening of the transport account can be expected to come to a halt. In other services, the key source of income, construction projects abroad, is recovering.

As Finland's foreign debt in relation to GDP has remained stable at a moderate level, a modest current account deficit has not so far constituted a major concern for economic policy. A continuation of the present weaker trends might, however, make it difficult for Finland to maintain a higher level of economic activity than in other OECD countries.

February 26, 1988

## **ITEMS**

### **REVISION OF THE CONSUMER PRICE INDEX**

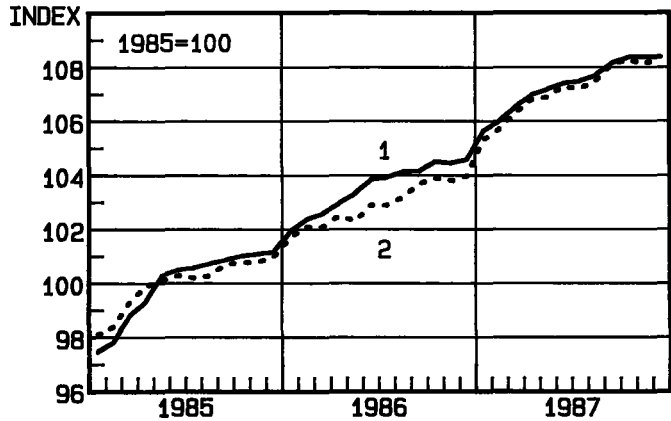
The Central Statistical Office published its revised consumer price index (1985 = 100) for the first time on February 15, 1988. The new index shows a rise of 4.2 per cent in consumer prices in 1987, compared with a rise of 3.7 per cent according to the old index (1981 = 100). The new index does not, however, point to any acceleration of inflation in the past few months; the 12-month change in prices stabilized at the current rate of 4.2 per cent level in March last year.

The chart depicts developments in consumer prices from the beginning of 1985 to the end of 1987 as measured by the old and the new index. The total change in prices over the three-year period is the same in both indices but there are differences in the timing of changes. The rise in prices in the new index accelerated in the first half of 1987; prior to that the new index had risen more slowly than the old one. The acceleration coincides with the rise in real house prices and shows that the new index is more sensitive to business conditions.

Standard adjustments have been made to the commodities and weights of the new index to take account of changes in the pattern of consumption (Table). The only significant revision concerning the method of calculation relates to the measurement of housing costs. The old index used rents as the measure of housing costs, but this was considered unsatisfactory because rents are subject

to various degrees of control. Moreover, the representativeness of rents as an indicator of housing costs is also questionable because owner-occupation is much more common than rented housing in Finland. In the new index, rents have been reweighted to correspond to the actual importance of rented housing and owner-occupation is given more detailed coverage so that both maintenance and capital charges have an effect on the index. Housing costs now account for 15.6 per cent of total expenditure, while they previously accounted for 18.5 per cent. This difference does not have any significant effect on the properties of the index. More significant, however, is the fact that the total weight of rents is now 3.8 per cent, i.e. only one-fifth of what it was before. To offset the effects of this change, half of housing expenses is now considered to arise from capital costs, of which depreciation accounts for two-thirds, or 4.8 percentage points, and interest payments for one-third, or 3 percentage points.

CHANGES IN THE CONSUMER PRICE INDEX  
IN 1985 - 1987



1. Old index 1981 = 100
2. New index 1985 = 100

The use of interest payments and depreciation as indicators of housing costs reflects the view that if a market price was calculated for the services generated by owner-occupation it would be affected by these cost factors. The weights for depreciation and interest payments on loans are derived

from the 1985 household survey. The "cost" of depreciation is calculated by multiplying the replacement value of the dwelling by a constant depreciation coefficient. The replacement value follows movements in house prices. Loan expenses are calculated on the basis of outstanding housing loans and nominal interest rates. The Central Statistical Office will shortly complete a routine for computing interest on housing loans, which will be used in the calculation of the consumer price index.

TABLE. THE WEIGHTING PATTERN IN THE CONSUMER PRICE INDEX

Commodity group	CPI 1985 = 100	
	1981 = 100 ‰	1981 = 100 ‰
0 Food	187.5	211.7
1 Beverages and tobacco	69.9	66.1
2 Clothing and footwear	63.9	63.5
3 Housing, heating and lighting	183.6	208.1
4 Household appliances and services	69.3	55.6
5 Health care and medical services	28.6	19.4
6 Transport	171.5	161.0
7 Leisure, recreation and education	97.4	91.9
8 Other goods and services	128.2	122.7

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

1987

## APRIL

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

## MAY

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

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

## JUNE

### **Revisions to the Foreign Exchange Regulations.**

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

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

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

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

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

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

## JULY

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

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

## AUGUST

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

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

## OCTOBER

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

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

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

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

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

## NOVEMBER

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

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

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

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

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

## 1988

### JANUARY

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

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

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

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

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

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

### FEBRUARY

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

### MARCH

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

## LAND, CLIMATE AND POPULATION

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

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

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

## FORM OF GOVERNMENT

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

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

Parliament, comprising 200 members, is elected by universal suffrage for a period of four years. Following the parliamentary elections of 1987, the seats of the various parties in Parliament are distributed as follows: Social Democratic Party 56; National Coalition

Party 53; Centre Party 40; People's Democratic League 16; Swedish People's Party 13; Rural Party 9; Christian League 5; the Greens 4; and the Democratic Alternative 4.

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

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

## INTERNATIONAL RELATIONS

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

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

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

## THE ECONOMY

**Output and employment.** The Finnish economy is essentially based on private enterprise, with roughly 85 % of manufacturing output and 90 % of banking services produced by private companies. Of the gross domestic product of FIM 316 billion in basic

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

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

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

**Foreign trade.** Over 80 % of Finland's trade is carried on with market economies, the most important among which are Sweden, the Federal Republic of Germany, the United Kingdom, the United States, France and Japan. Bilateral trade with the Soviet Union, which is conducted at world market prices, dominates Finland's trade with socialist countries. Finland imports mainly oil and other energy products from the Soviet Union, while her exports consist primarily of manufactured goods.

In 1986, the share of metal and engineering products in total merchandise exports was 39 %, the share of forest industry products 38 % and the share of other goods 23 %. Raw materials and intermediate goods (incl. crude oil) accounted for 59 % of merchandise imports, fuels for 5 %, investment goods for 17 % and consumption goods for 19 %.

**Forest resources.** Finland has fairly abundant forest resources, but only limited amounts of other raw materials. The growing stock comprises 1 660 million cubic metres, of which 45 % is pine, 37 % spruce and 18 %



broad-leaved species, chiefly birch. The annual growth increment totals 68 million cubic metres and the total drain calculated on the basis of roundwood consumption was 52 million cubic metres in 1985.

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

## FINANCE AND BANKING

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

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

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

Transactions with the Soviet Union, the German Democratic Republic and Bulgaria are carried out on a bilateral basis and payments are effected through clearing accounts. The necessary licencing of trade for maintaining balance in bilateral trade is carried out

by the Export and Import Permits Office; the scope for suppliers' credits is also limited.

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

**Other banks** (Dec. 31, 1986). Finland has four major groups of deposit banks with a total of more than 3 500 offices. There are two big commercial banks with national branch networks and eight smaller ones, four of which are foreign-owned. The commercial banks have a total of 29 foreign branches, subsidiaries and associate banks and 30 representative offices abroad. There are 241 savings banks and 370 cooperative banks with their own extensive branch networks. The government-owned Postipankki has 50 branches and also offers basic services in post offices.

**Financial markets.** Of the total stock of FIM 431 billion in outstanding domestic credit at the end of 1986, 56 % was provided by deposit banks, 4 % by mortgage banks, 18 % by insurance companies, 10 % by other credit institutions and 12 % by the state, local authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, approximately 60 % of the instruments, which totalled approximately FIM 56 billion at end-September 1987, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds intermediated through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 52 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 56 billion (at end-1986). Three foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1986 totalled FIM 71 billion; government bonds made up 34% of the total. Turnover on the Stock Exchange in 1986 amounted to FIM 16 billion; the share of shares and subscription rights in the total was approximately 60 %.



<b>1. THE BALANCE SHEET OF THE BANK OF FINLAND</b>	S2
1.1 The balance sheet of the Bank of Finland	S2
1.2 Time series for the balance sheet items of the Bank of Finland	S3
<b>2. THE BANK OF FINLAND'S MONEY MARKET OPERATIONS AND THE FORWARD MARKET</b>	S4
2.1 The Bank of Finland's money market operations and the call money market	S4
2.2 Forward exchange market	S5
2.3 Banks' central bank position	S5
<b>3. RATES OF INTEREST</b>	S6
3.1 Money market rates and rates applied by the Bank of Finland	S6
3.2 Weighted Eurorate (3 and 12 currencies)	S7
3.3 Covered Eurodollar rate	S7
3.4 Rates of interest applied by banks	S7
3.5 Rates of interest on bonds and debentures	S7
<b>4. RATES OF EXCHANGE</b>	S8
4.1 Average spot selling rates	S8
4.2 Currency indices	S9
<b>5. OTHER DOMESTIC FINANCING</b>	S10
5.1 Bank deposits by the public	S10
5.2 Bank lending to the public	S10
5.3 Money supply and monetary aggregates	S11
5.4 Liabilities and assets of the central government	S11
5.5 Domestic bond market	S12
a) Issues	S12
b) Stock	S12
5.6 Helsinki Stock Exchange	S13
<b>6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS</b>	S14
6.1 Current account	S14
6.2 Capital account	S15
6.3 Finland's foreign liabilities and assets	S16
6.4 Finland's long-term foreign liabilities and assets by sector	S17
<b>7. FOREIGN TRADE</b>	S18
7.1 Exports, imports and the trade balance	S18
7.2 Foreign trade: indices of volume, unit value and terms of trade	S18
7.3 Foreign trade by main groups	S18
7.4 Foreign trade by regions and countries	S19
<b>8. DOMESTIC ECONOMIC DEVELOPMENTS</b>	S20
8.1 Supply and use of resources	S20
8.2 Volume of industrial production	S20
8.3 Indicators of domestic supply and demand	S21
8.4 Wages and prices	S22
8.5 Labour, employment and unemployment	S23
8.6 Central government finances: revenue, expenditure and financial balance	S24
<b>NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION</b>	S25

# 1. THE BALANCE SHEET OF THE BANK OF FINLAND

## 1.1 THE BALANCE SHEET OF THE BANK OF FINLAND,

MILL. FIM

	1987		1988			
	Feb. 27	Dec. 31	Feb. 8	Feb. 15	Feb. 23	Feb. 29
<b>ASSETS</b>						
<b>Gold and foreign currency claims</b>	17 291	28 739	31 019	31 033	30 899	30 443
Gold	2 081	2 128	2 128	2 128	2 128	2 128
Special drawing rights	967	899	878	1 109	1 111	1 107
IMF reserve tranche	773	793	771	772	772	792
Convertible currencies	11 257	23 634	24 653	24 478	24 420	24 086
Tied currencies	2 213	1 284	2 589	2 547	2 468	2 329
<b>Other foreign claims</b>	4 584	4 357	4 376	4 377	4 369	4 338
Markka subscription to Finland's IMF quota	2 585	2 427	2 444	2 444	2 444	2 422
Term credit	1 999	1 930	1 932	1 933	1 924	1 916
<b>Claims on financial institutions</b>	9 305	5 147	5 066	5 028	4 972	5 300
Call money credits	24	0	0	53	0	297
Certificates of deposit	4 736	—	—	—	—	—
Till-money credits	2 012	2 730	2 645	2 583	2 571	2 596
Bonds	2 118	2 140	2 152	2 137	2 137	2 142
Other claims on financial institutions	415	277	270	255	264	264
<b>Claims on the public sector</b>	957	977	980	982	984	982
Bonds	10	4	4	4	4	0
Total coinage	942	967	971	971	973	974
Other claims on the public sector	5	6	5	7	8	8
<b>Claims on corporations</b>	4 518	3 678	3 668	3 660	3 650	3 654
Financing of exports	1 467	868	849	846	835	829
Financing of domestic deliveries	2 792	2 568	2 581	2 576	2 576	2 587
Bonds: KTR credits	—	13	13	13	13	13
Bonds: Other	63	46	44	44	44	44
Other claims on corporations	196	182	181	181	181	181
<b>Other assets</b>	151	592	103	102	102	106
Accrued items	—	487	—	—	—	—
Other assets	151	105	103	102	102	106
<b>Total</b>	<b>36 806</b>	<b>43 489</b>	<b>45 213</b>	<b>45 182</b>	<b>44 977</b>	<b>44 822</b>
<b>LIABILITIES</b>						
<b>Foreign currency liabilities</b>	59	135	138	137	151	99
Convertible currencies	42	63	63	62	74	27
Tied currencies	17	72	75	75	77	72
<b>Other foreign liabilities</b>	3 402	3 226	3 239	3 240	3 240	3 215
IMF markka accounts	2 585	2 427	2 444	2 444	2 444	2 422
Allocations of special drawing rights	817	799	794	796	796	793
<b>Notes and coin in circulation</b>	8 453	9 990	9 353	9 359	9 310	9 388
Notes	7 653	9 117	8 501	8 506	8 456	8 531
Coin	800	873	853	853	854	857
<b>Certificates of deposit</b>	1 600	4 970	7 640	7 975	7 770	7 120
<b>Liabilities to financial institutions</b>	10 999	11 766	11 890	11 497	11 626	12 144
Call money deposits	1 337	757	718	342	506	—
Cash reserve deposits	9 356	10 941	11 085	11 085	11 070	12 084
Capital import deposits	241	—	—	—	—	—
Other liabilities to financial institutions	65	67	87	70	50	60
<b>Liabilities to the public sector</b>	1	901	901	901	901	901
Cheque accounts	1	1	0	0	0	1
Counter-cyclical deposits	—	900	900	900	900	900
Capital import deposits	—	—	—	—	—	—
Other liabilities to the public sector	0	0	0	0	0	0
<b>Liabilities to corporations</b>	4 868	5 009	5 011	5 004	4 978	5 023
Deposits for investment and ship purchase	4 538	4 799	4 786	4 784	4 759	4 779
Capital import deposits	328	209	211	211	211	238
Other liabilities to corporations	2	2	15	9	9	7
<b>Other liabilities</b>	19	757	32	27	28	28
Accrued items	—	733	—	—	—	—
Other liabilities	19	24	32	27	28	28
<b>Valuation account and reserves</b>	1 476	1 247	1 520	1 555	1 485	1 416
<b>SITRA's capital</b>	400	400	400	400	400	400
<b>Capital accounts</b>	2 529	5 088	5 088	5 088	5 088	5 088
Primary capital	5 000	5 000	5 000	5 000	5 000	5 000
Reserve fund	529	529	88	88	88	88
Profit/loss for the accounting year	—	-440	—	—	—	—
<b>Total</b>	<b>36 806</b>	<b>43 489</b>	<b>45 213</b>	<b>45 182</b>	<b>44 977</b>	<b>44 822</b>

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

MILL. FIM

End of period	Foreign sector									Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible currencies, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net liabilities (11-10)
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1983</b>	1383	226	751	5150	7510	550	8060	-794	7266	2178	3000	822
<b>1984</b>	1732	936	859	15303	18830	-337	18493	-917	17576	1951	4277	2326
<b>1985</b>	2081	931	775	18572	22359	-285	22074	-849	21225	1023	4300	3277
<b>1986</b>	2081	983	793	6778	10635	3421	14056	-838	13218	1002	2001	999
<b>1987</b>	2128	899	793	23571	27391	1212	28603	1131	29734	977	901	-76
<b>1987</b>												
<b>Feb.</b>	2081	967	773	11215	15036	2196	17232	1182	18414	957	1	-956
<b>March</b>	2081	962	770	13468	17281	2537	19818	1168	20986	959	1	-958
<b>April</b>	2081	961	769	16440	20251	2908	23159	1160	24319	960	1	-959
<b>May</b>	2081	967	767	19442	23257	3036	26293	1165	27458	959	1	-958
<b>June</b>	2081	969	787	19006	22843	3207	26050	1167	27217	959	1	-958
<b>July</b>	2081	969	787	19991	23828	2899	26727	1173	27900	954	1	-953
<b>Aug.</b>	2081	973	789	19744	23587	2041	25628	1164	26792	963	1	-962
<b>Sept.</b>	2081	970	757	21291	25099	1428	26527	1157	27684	965	0	-965
<b>Oct.</b>	2081	964	753	22712	26510	1375	27885	1163	29048	968	0	-968
<b>Nov.</b>	2081	961	793	23575	27410	1067	28477	1131	29608	971	1	-970
<b>Dec.</b>	2128	899	793	23571	27391	1212	28603	1131	29734	977	901	-76
<b>1988</b>												
<b>Jan.</b>	2128	879	768	24076	27851	2195	30046	1125	31171	979	901	-78
<b>Feb.</b>	2128	1107	792	24059	28086	2257	30343	1123	31466	982	901	-81

End of period	Domestic financial sector					Corporate sector					
	Term claims on deposit banks	Call money claims on deposit banks, net	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other liabilities to financial institutions, net	Net claims (13+14-15+16-17)	Claims in the form of special financing	Special deposits, net	Net claims (19-20)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	13	14	15	16	17	18	19	20	21	22	23
<b>1983</b>	.	5175	5039	942	-1998	3076	4529	1282	3247	6574	.
<b>1984</b>	.	2802	8696	1563	-1618	-2713	4646	2614	2032	7442	.
<b>1985</b>	.	4014	10222	1925	-1386	-2897	4525	4113	412	8072	.
<b>1986</b>	2381	6687	9270	2305	-2240	4343	4581	4757	-176	8668	.
<b>1987</b>	-	-757	10941	2730	-2350	-6618	3449	4782	-1333	9990	4970
<b>1987</b>											
<b>Feb.</b>	4736	-1313	9356	2012	-2227	-1694	4259	4609	-350	8453	1600
<b>March</b>	3572	-369	9597	2177	-2243	-1974	4073	4516	-443	8325	4000
<b>April</b>	2111	878	9734	2114	-2287	-2344	3927	4427	-500	8705	6703
<b>May</b>	1690	-872	9975	2139	-2290	-4728	3807	4222	-415	8865	7402
<b>June</b>	1217	90	10118	2370	-2488	-3953	3735	4704	-969	9010	7072
<b>July</b>	89	157	10435	2234	-2486	-5469	3706	4806	-1100	9029	5709
<b>Aug.</b>	258	-717	10335	2439	-2486	-5869	3608	4784	-1176	9012	4199
<b>Sept.</b>	-	-223	10853	2385	-2446	-6245	3567	4838	-1271	8952	4883
<b>Oct.</b>	-	-110	10984	2284	-2541	-6269	3601	4790	-1189	9069	6178
<b>Nov.</b>	-	-1570	11024	2538	-2584	-7472	3561	4772	-1211	9219	5817
<b>Dec.</b>	-	-757	10941	2730	-2350	-6618	3449	4782	-1333	9990	4970
<b>1988</b>											
<b>Jan.</b>	-	-1295	11085	2424	-2364	-7592	3462	4799	-1337	9406	6085
<b>Feb.</b>	-	297	12084	2596	-2346	-6845	3429	4799	-1370	9388	7120

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

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

During period	Purchases of certificates of deposit	Sales of certificates of deposit	Matured certificates of deposit, net	Impact on liquidity (1-2-3)	Call money credits	Call money deposits	Total net change (4+5-6)
	1	2	3	4	5	6	7
<b>1983</b>	.	.	.	.	2 659	-860	3 519
<b>1984</b>	.	.	.	.	-767	1 606	-2 373
<b>1985</b>	.	.	.	.	201	-1 011	1 212
<b>1986</b>	.	.	.	.	1 599	-1 074	2 673
<b>1987</b>	1 263	23 658	-17 520	-4 875	-6 818	626	-12 319
<b>1987</b>							
<b>Feb.</b>	.	.	.	.	-404	539	-943
<b>March</b>	73	10	.	63	155	-789	1 007
<b>April</b>	20	1 103	-	-1 084	897	-350	163
<b>May</b>	50	2 335	-	-2 285	-1 076	674	-4 035
<b>June</b>	800	2 970	-755	-1 415	185	-777	-453
<b>July</b>	60	2 585	-1 595	-930	120	53	-863
<b>Aug.</b>	260	1 380	-2 835	1 715	-224	650	841
<b>Sept.</b>	-	2 735	-1 845	-890	-61	-555	-396
<b>Oct.</b>	-	4 240	-2 900	-1 340	29	-84	-1 227
<b>Nov.</b>	-	3 390	-3 785	395	6	1 466	-1 065
<b>Dec.</b>	-	2 910	-3 805	895	-55	-868	1 708
<b>1988</b>							
<b>Jan.</b>	160	3 915	-2 640	1 115	2	540	-1 653
<b>Feb.</b>	-	3 955	-2 920	-1 035	295	-1 297	557

2.2 FORWARD  
EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					
	Domestic companies		Net (1-2)	Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks				
	1	2	3	4	5	6
<b>1983</b>	7541	1227	6314	-1 688	-2 290	2335
<b>1984</b>	22921	1394	21 527	2 002	-19 962	3566
<b>1985</b>	16982	1 733	15 249	708	-9 005	6 951
<b>1986</b>	11 446	1 319	10 127	-2 461	-92	7 574
<b>1987</b>	21 671	1 158	20 513	-233	-1 287	18 994
<b>1987</b>						
<b>Jan.</b>	13 285	1 515	11 770	-2 248	-5	9 516
<b>Feb.</b>	14 389	1 385	13 003	-1 204	26	11 825
<b>March</b>	15 908	1 263	14 645	-490	18	14 172
<b>April</b>	17 739	1 145	16 594	-1 384	18	15 228
<b>May</b>	18 742	981	17 762	-1 465	-423	15 873
<b>June</b>	18 322	771	17 551	-163	-287	17 102
<b>July</b>	18 596	805	17 792	867	-712	17 946
<b>Aug.</b>	20 075	793	19 282	630	-987	18 926
<b>Sept.</b>	20 088	718	19 369	1 535	-1 664	19 241
<b>Oct.</b>	20 358	1 178	19 181	284	-2 116	17 349
<b>Nov.</b>	20 714	1 632	19 081	85	-1 633	17 533
<b>Dec.</b>	21 671	1 158	20 513	-233	-1 287	18 994
<b>1988</b>						
<b>Jan.</b>	21 189	1 051	20 138	1 145	-612	20 671

2.3 BANKS' CENTRAL BANK POSITION, MILL. FIM

Average of daily observations	Call money credits	Bank CDs held by the Bank of Finland	Gross debt to the Bank of Finland (1+2)	Call money deposits	Holdings of CDs issued by the Bank of Finland	Cash reserve deposits	Gross claim on the Bank of Finland (4+5+6)	Net position (3-7)
	1	2	3	4	5	6	7	8
<b>1983</b>	4131	.	4131	1 407	.	4 337	5 744	-1 613
<b>1984</b>	3176	.	3176	3 215	.	6 324	9 539	-6 364
<b>1985</b>	5812	.	5812	4 527	.	9 578	14 105	-8 293
<b>1986</b>	7 117	120	7 237	1 256	.	9 189	10 445	-3 208
<b>1987</b>	481	1 605	2 086	703	4 832	10 092	15 627	-13 541
<b>1987</b>								
<b>Feb.</b>	499	4 537	5 035	2 094	259	9 353	11 706	-6 671
<b>March</b>	158	3 573	3 732	440	3 648	9 362	13 449	-9 717
<b>April</b>	165	2 972	3 137	938	5 756	9 602	16 296	-13 160
<b>May</b>	407	1 862	2 269	365	6 720	9 758	16 843	-14 575
<b>June</b>	189	1 518	1 707	474	7 709	9 980	18 164	-16 457
<b>July</b>	145	750	895	1 057	5 457	10 128	16 643	-15 748
<b>Aug.</b>	435	181	616	181	5 589	10 431	16 202	-15 586
<b>Sept.</b>	39	142	181	667	5 080	10 352	16 099	-15 918
<b>Oct.</b>	19	-	19	557	5 244	10 861	16 662	-16 643
<b>Nov.</b>	36	-	36	679	5 897	10 985	17 561	-17 524
<b>Dec.</b>	10	-	10	909	5 101	11 021	17 031	-17 021
<b>1988</b>								
<b>Jan.</b>	9	6	15	1 081	5 653	10 955	17 690	-17 675
<b>Feb.</b>	15	-	15	546	7 583	11 114	19 242	-19 227

### 3. RATES OF INTEREST

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

Average of daily ob- servations	Inter-bank overnight rate	HELIBOR				Long-term unregulated market rate, %		Bank of Finland rates			Cash reserve require- ment
		1 month	3 months	6 months	12 months	3 years	5 years	Call money credit rate	Call money deposit rate	Base rate	
	1	2	3	4	5	6	7	8	9	10	11
<b>1983</b>	..	..	..	..	..	..	..	15.37	14.87	9.00	4.30
<b>1984</b>	..	..	..	..	..	..	..	16.53	16.53	9.50	5.40
<b>1985</b>	..	..	..	..	..	..	..	13.37	13.37	9.04	5.60
<b>1986</b>	11.87	..	..	..	..	..	..	13.43	11.34	7.42	4.80
<b>1987</b>	9.16	9.90	10.02	10.14	10.40	..	..	11.71	7.78	7.00	4.80
<b>1987</b>											
<b>Feb.</b>	10.64	11.10	11.14	11.22	11.47	..	..	11.76	8.55	7.00	4.70
<b>March</b>	8.93	10.34	10.54	10.59	10.75	..	..	11.44	7.64	7.00	4.70
<b>April</b>	8.99	9.86	10.04	10.11	10.28	..	..	11.14	7.50	7.00	4.70
<b>May</b>	9.67	9.80	9.89	10.02	10.27	..	..	11.00	7.50	7.00	4.70
<b>June</b>	9.20	9.51	9.69	9.86	10.24	..	..	11.00	7.50	7.00	4.70
<b>July</b>	8.81	9.54	9.63	9.77	10.11	..	..	11.00	7.50	7.00	4.70
<b>Aug.</b>	9.62	9.48	9.55	9.66	9.88	..	..	11.00	7.50	7.00	4.70
<b>Sept.</b>	8.12	9.37	9.48	9.62	9.92	..	..	11.00	7.50	7.00	4.90
<b>Oct.</b>	8.09	9.29	9.45	9.63	10.04	..	..	11.00	7.50	7.00	4.90
<b>Nov.</b>	8.35	9.30	9.48	9.64	10.01	..	..	11.00	7.50	7.00	4.90
<b>Dec.</b>	8.01	9.15	9.25	9.44	9.79	10.30	10.40	11.00	7.50	7.00	4.90
<b>1988</b>											
<b>Jan.</b>	8.09	9.07	9.21	9.35	9.71	10.20	10.30	11.00	7.50	7.00	4.90
<b>Feb.</b>	8.20	9.09	9.22	9.35	9.67	10.20	10.30	11.00	7.50	7.00	5.30



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

Average of daily observations	3 currencies <sup>1</sup>				12 currencies <sup>2</sup>			
	1	3	6	12	1	3	6	12
	month	months	months	months	month	months	months	months
<b>1983</b>	7.0	7.1	7.3	7.6	..	..	..	..
<b>1984</b>	7.5	7.7	8.0	8.2	..	..	..	..
<b>1985</b>	6.8	6.9	7.0	7.2	..	..	..	..
<b>1986</b>	5.9	5.9	5.9	5.8	..	..	..	..
<b>1987</b>	5.4	5.6	5.7	5.8	7.9	8.0	8.1	8.2
<b>1987</b>								
<b>Feb.</b>	5.5	5.5	5.5	5.5	8.5	8.4	8.3	8.2
<b>March</b>	5.4	5.4	5.4	5.5	8.3	8.1	8.1	8.1
<b>April</b>	5.4	5.4	5.5	5.6	7.8	7.9	7.9	8.0
<b>May</b>	5.3	5.4	5.5	5.7	7.6	7.7	7.8	8.0
<b>June</b>	5.3	5.3	5.4	5.6	7.5	7.6	7.7	8.0
<b>July</b>	5.3	5.4	5.5	5.7	7.4	7.6	7.8	8.1
<b>Aug.</b>	5.4	5.5	5.8	6.0	7.7	8.0	8.2	8.5
<b>Sept.</b>	5.7	5.8	6.2	6.4	7.9	8.0	8.4	8.6
<b>Oct.</b>	5.7	6.4	6.5	6.7	7.8	8.3	8.5	8.7
<b>Nov.</b>	5.3	5.6	5.6	5.8	7.7	7.9	8.0	8.1
<b>Dec.</b>	5.5	5.5	5.5	5.7	7.7	7.8	7.9	8.1
<b>1988</b>								
<b>Jan.</b>	5.0	5.1	5.2	5.5	7.2	7.5	7.7	7.9
<b>Feb.</b>	5.0	5.0	5.1	5.3	7.2	7.3	7.5	7.7

<sup>1</sup> DEM 60 per cent, USD 30 per cent, GBP 10 per cent.

<sup>2</sup> Weighted according to their relative shares in the Bank of Finland currency index.

### 3.3 COVERED EURO-DOLLAR RATE, PER CENT

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

### 3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

End of period	Lending				Deposits						
	New credits <sup>1</sup>				Average lending rate	Savings accounts and ordinary deposit accounts	12-month time deposits	24-month time deposits	Average rate of interest on regulated deposits	Average rate of interest on unregulated deposits	Average rate of interest on total deposits
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total							
<b>1983</b>	..	..	..	..	10.39	5.25	8.00	9.25	6.08	13.55	..
<b>1984</b>	..	..	..	..	10.67	5.25	8.00	9.25	6.22	15.43	7.30
<b>1985</b>	11.49	12.61	10.34	11.08	10.37	4.75	7.50	8.75	5.91	13.24	6.81
<b>1986</b>	10.89	12.45	9.86	10.72	8.82	2.75	5.75	7.00	4.43	11.84	5.35
<b>1987</b>	10.68	11.95	9.81	10.23	9.12	2.75	5.75	7.00	4.56	10.13	5.29
<b>1987</b>											
<b>Jan.</b>	9.76	12.46	9.73	10.47	8.83	2.75	5.75	7.00	4.43	11.77	5.22
<b>Feb.</b>	11.11	12.29	10.07	10.83	8.85	2.75	5.75	7.00	4.43	11.36	5.27
<b>March</b>	11.20	12.58	10.17	10.98	8.89	2.75	5.75	7.00	4.42	10.62	5.24
<b>April</b>	10.75	12.51	10.10	10.81	8.92	2.75	5.75	7.00	4.45	10.34	5.29
<b>May</b>	10.89	12.40	10.11	10.72	8.95	2.75	5.75	7.00	4.47	10.17	5.29
<b>June</b>	9.74	12.26	10.11	10.59	8.99	2.75	5.75	7.00	4.44	10.01	5.24
<b>July</b>	10.66	12.46	10.09	10.77	9.02	2.75	5.75	7.00	4.49	9.93	5.28
<b>Aug.</b>	9.45	12.27	9.97	10.49	9.04	2.75	5.75	7.00	4.47	9.85	5.26
<b>Sept.</b>	10.57	12.14	9.93	10.47	9.06	2.75	5.75	7.00	4.48	9.77	5.29
<b>Oct.</b>	10.65	12.22	10.03	10.49	9.08	2.75	5.75	7.00	4.50	9.69	5.34
<b>Nov.</b>	10.58	12.15	10.01	10.54	9.12	2.75	5.75	7.00	4.50	9.64	5.36
<b>Dec.</b>	10.68	11.95	9.81	10.23	9.12	2.75	5.75	7.00	4.56	9.61	5.40
<b>1988</b>											
<b>Jan.</b>	10.27	12.21	9.82	10.25	9.15	2.75	5.75	7.00	4.57	9.51	5.38

<sup>1</sup> Average rate of interest for period

### 3.5 RATES OF INTEREST ON BONDS AND DEBENTURES, PER CENT

Period	Rates at issue				Secondary market rates			
	Taxable public issues		Tax-free public issues		Taxable public issues		Tax-free public issues	
	1	2	3	4	1	2	3	4
<b>1983</b>	13.1	10.9	13.1	10.3	..	..	..	..
<b>1984</b>	13.6	11.1	14.0	10.6	..	..	..	..
<b>1985</b>	12.7	10.6	12.7	10.1	..	..	..	..
<b>1986</b>	11.4	8.8	11.7	8.3	..	..	..	..
<b>1987</b>	10.7	7.9	11.2	8.1	..	..	..	..
<b>1987</b>								
<b>Jan.</b>	11.6	7.8	12.1	7.9	..	..	..	..
<b>Feb.</b>	11.2	8.0	12.1	7.8	..	..	..	..
<b>March</b>	10.8	7.9	11.6	7.9	..	..	..	..
<b>April</b>	11.0	7.8	11.3	7.8	..	..	..	..
<b>May</b>	10.7	7.9	11.1	7.8	..	..	..	..
<b>June</b>	10.8	7.9	11.1	8.0	..	..	..	..
<b>July</b>	10.8	7.9	11.0	8.0	..	..	..	..
<b>Aug.</b>	10.7	7.9	10.8	8.7	..	..	..	..
<b>Sept.</b>	10.4	7.9	10.8	8.4	..	..	..	..
<b>Oct.</b>	10.4	7.8	10.9	8.2	..	..	..	..
<b>Nov.</b>	10.1	7.6	10.8	8.1	..	..	..	..
<b>Dec.</b>	10.2	7.7	10.5	8.0	..	..	..	..
<b>1988</b>								
<b>Jan.</b>	10.5	7.4	10.2	7.7	..	..	..	..

## 4. RATES OF EXCHANGE

### 4.1 AVERAGE SPOT SELLING RATES, FIM

Average New York of daily quotations	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEC	1 BEL
	1	2	3	4	5	6	7	8	9	10	11
<b>1983</b>	5.570	4.524	8.456	6.957	0.7275	0.7644	0.6107	2.1861	1.9566	0.10934	0.10742
<b>1984</b>	6.010	4.645	8.023	6.533	0.7277	0.7384	0.5816	2.1165	1.8772	0.10428	0.10274
<b>1985</b>	6.206	4.554	8.000	6.590	0.7222	0.7231	0.5871	2.1142	1.8745	0.10483	0.10421
<b>1986</b>	5.077	3.659	7.459	6.816	0.7138	0.6882	0.6290	2.3454	2.0789	0.11399	0.11299
<b>1987</b>	4.404	3.325	7.213	6.556	0.6952	0.6547	0.6444	2.4514	2.1755	0.11806	0.11735
<b>1987</b>											
<b>Feb.</b>	4.560	3.422	6.971	6.659	0.7021	0.6520	0.6619	2.4991	2.2140	0.12073	0.11934
<b>March</b>	4.509	3.421	7.185	6.579	0.7040	0.6521	0.6537	2.4603	2.1785	0.11884	0.11821
<b>April</b>	4.422	3.360	7.216	6.535	0.7014	0.6542	0.6480	2.4429	2.1652	0.11797	0.11747
<b>May</b>	4.358	3.253	7.280	6.534	0.6979	0.6561	0.6486	2.4398	2.1648	0.11770	0.11708
<b>June</b>	4.427	3.311	7.221	6.530	0.6990	0.6606	0.6469	2.4353	2.1620	0.11754	0.11726
<b>July</b>	4.487	3.389	7.236	6.522	0.6981	0.6652	0.6409	2.4309	2.1589	0.11730	0.11688
<b>Aug.</b>	4.505	3.404	7.207	6.503	0.6956	0.6645	0.6334	2.4275	2.1547	0.11695	0.11627
<b>Sept.</b>	4.394	3.344	7.240	6.493	0.6902	0.6624	0.6299	2.4258	2.1552	0.11686	0.11630
<b>Oct.</b>	4.361	3.337	7.249	6.489	0.6872	0.6591	0.6301	2.4196	2.1504	0.11629	0.11576
<b>Nov.</b>	4.138	3.151	7.354	6.551	0.6827	0.6462	0.6382	2.4617	2.1875	0.11772	0.11722
<b>Dec.</b>	4.043	3.096	7.399	6.584	0.6813	0.6352	0.6422	2.4753	2.1998	0.11837	0.11785
<b>1988</b>											
<b>Jan.</b>	4.036	3.143	7.288	6.505	0.6775	0.6373	0.6369	2.4456	2.1764	0.11702	0.11669
<b>Feb.</b>	4.120	3.251	7.249	6.473	0.6819	0.6435	0.6355	2.4290	2.1632	0.11622	0.11597

Average of daily quotations	Zurich	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Tokyo	Moscow	Mel- bourne	ECU	SDR
	1 CHF	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESB	1 JPY	1 SUR	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22	23
<b>1983</b>	2.6570	0.7353	0.00369	0.3111	0.0514	2.2325	0.0391	0.02351	7.491	..	..	5.94325
<b>1984</b>	2.5642	0.6907	0.00344	0.3013	0.0414	0.1939	0.0375	0.02534	7.357	..	..	6.14739
<b>1985</b>	2.5360	0.6940	0.00327	0.3012	0.0367	0.1520	0.0366	0.02610	7.419	..	..	6.27879
<b>1986</b>	2.8349	0.7355	0.00343	0.3339	0.0343	0.1259	0.0364	0.03028	7.228	..	..	5.94432
<b>1987</b>	2.9563	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	0.03050	6.965	3.106	5.075	5.68000
<b>1987</b>												
<b>Feb.</b>	2.9603	0.7517	0.00353	0.3555	0.0325	0.1184	0.0356	0.02975	7.050	3.063	5.153	5.74575
<b>March</b>	2.9353	0.7407	0.00347	0.3503	0.0322	0.1176	0.0352	0.02980	7.003	3.119	5.103	5.71328
<b>April</b>	2.9599	0.7350	0.00343	0.3478	0.0319	0.1162	0.0350	0.03097	6.971	3.165	5.072	5.70115
<b>May</b>	2.9689	0.7316	0.00339	0.3474	0.0316	0.1155	0.0350	0.03105	6.935	3.136	5.063	5.67352
<b>June</b>	2.9367	0.7306	0.00337	0.3468	0.0315	0.1163	0.0352	0.03066	6.969	3.196	5.050	5.68539
<b>July</b>	2.9246	0.7316	0.00337	0.3460	0.0314	0.1170	0.0355	0.02989	6.985	3.199	5.045	5.68463
<b>Aug.</b>	2.9321	0.7288	0.00337	0.3455	0.0313	0.1171	0.0360	0.03057	7.020	3.206	5.031	5.70792
<b>Sept.</b>	2.9284	0.7280	0.00337	0.3450	0.0311	0.1155	0.0364	0.03071	6.953	3.215	5.031	5.66425
<b>Oct.</b>	2.9163	0.7262	0.00336	0.3441	0.0308	0.1152	0.0369	0.03044	6.928	3.135	5.020	5.63821
<b>Nov.</b>	2.9957	0.7266	0.00336	0.3501	0.0306	0.1140	0.0367	0.03061	6.838	2.863	5.076	5.57249
<b>Dec.</b>	3.0403	0.7316	0.00338	0.3519	0.0305	0.1135	0.0366	0.03151	6.820	2.891	5.105	5.57906
<b>1988</b>												
<b>Jan.</b>	3.0050	0.7259	0.00333	0.3479	0.0301	0.1128	0.0361	0.03170	6.786	2.894	5.048	5.54743
<b>Feb.</b>	2.9625	0.7204	0.00330	0.3461	0.0300	0.1130	0.0361	0.03190	6.832	2.962	5.014	5.57446

## 4.2. CURRENCY INDICES, 1982=100

Average of daily observations	Bank of Finland currency index <sup>1</sup>	Other currency indices		Currency	Weights of the Bank of Finland currency index As from January 4, 1988
		Payments currency index <sup>1</sup>	MERM index		
	1	2	3		4
<b>1983</b>	104.1	108.3	109.9	<b>USD</b>	7.6
<b>1984</b>	102.8	108.5	111.6	<b>GBP</b>	13.0
<b>1985</b>	102.5	109.4	112.5	<b>SEK</b>	20.9
<b>1986</b>	103.9	106.3	110.4	<b>NOK</b>	5.1
<b>1987</b>	103.3	100.7	106.1	<b>DKK</b>	5.1
				<b>DEM</b>	19.9
<b>1987</b>				<b>NLG</b>	4.9
<b>Feb.</b>	104.1	102.0	107.7	<b>BEC</b>	3.1
<b>March</b>	103.8	101.5	107.0	<b>CHF</b>	2.8
<b>April</b>	103.6	100.7	106.7	<b>FRF</b>	6.9
<b>May</b>	103.4	100.3	106.0	<b>ITL</b>	4.8
<b>June</b>	103.3	100.6	106.2	<b>JPY</b>	5.9
<b>July</b>	103.3	100.8	106.3		
<b>Aug.</b>	103.2	100.8	106.7		
<b>Sept.</b>	102.8	100.0	105.8		
<b>Oct.</b>	102.5	99.6	105.3		
<b>Nov.</b>	102.7	98.6	103.9		
<b>Dec.</b>	102.9	100.4	103.7		
<b>1988</b>					
<b>Jan.</b>	102.2	99.7	103.4		
<b>Feb.</b>	102.2	100.1	104.1		

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

## 5. OTHER DOMESTIC FINANCING

### 5.1 BANK DEPOSITS BY THE PUBLIC, MILL. FIM

End of period	Demand deposits	Time deposits	Investment accounts	Markka deposits, total (1+2+3)	Foreign currency deposits	Unregulated deposits	Total deposits (4+5+6)
	1	2	3	4	5	6	7
<b>1982</b>	13268	82606	.	95874	3258	4200	103332
<b>1983</b>	14337	93551	.	107888	5101	7700	120688
<b>1984</b>	16975	108118	.	125093	4960	11287	141340
<b>1985</b>	19268	125366	1781	146415	6192	13998	166605
<b>1986</b>	18393	137521	3423	159337	4306	17271	180914
<b>1986</b>							
<b>Nov.</b>	18419	135022	3193	156635	5209	18344	180187
<b>Dec.</b>	18393	137521	3423	159337	4306	17271	180914
<b>1987*</b>							
<b>Jan.</b>	17574	139858	3633	161065	4704	21550	187320
<b>Feb.</b>	17561	141266	3775	162602	4509	20770	187881
<b>March</b>	19535	141446	3886	164866	4222	21675	190764
<b>April</b>	19805	143672	3995	167472	4022	19652	191145
<b>May</b>	19369	145829	4121	169318	4209	20465	193992
<b>June</b>	21564	146857	4289	172710	4430	19175	196315
<b>July</b>	20046	147725	4447	172219	4501	20063	196783
<b>Aug.</b>	21610	149397	4574	175581	4189	20162	199933
<b>Sept.</b>	21090	148720	4777	174586	4259	22539	201384
<b>Oct.</b>	21583	149455	5000	176038	3794	25321	205153
<b>Nov.</b>	21631	149098	5194	175923	5174	22478	203575

### 5.2 BANK LENDING TO THE PUBLIC, MILL. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markka lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
<b>1982</b>	3468	7686	85328	96482	14105	110587
<b>1983</b>	4350	7264	97362	108977	17253	126231
<b>1984</b>	5233	7644	111280	124157	20363	144520
<b>1985</b>	6313	7471	132668	146451	24704	171155
<b>1986</b>	7542	6354	152335	166231	25016	191246
<b>1986</b>						
<b>Nov.</b>	7644	6065	151157	164867	25820	190686
<b>Dec.</b>	7542	6354	152335	166231	25016	191246
<b>1987*</b>						
<b>Jan.</b>	7455	6086	153938	167479	25118	192597
<b>Feb.</b>	7557	6115	155426	169098	25981	195079
<b>March</b>	7943	5800	156849	170592	27183	197775
<b>April</b>	8019	5729	158580	172328	28108	200437
<b>May</b>	7998	5667	160769	174435	29732	204167
<b>June</b>	8224	5589	163290	177103	30079	207182
<b>July</b>	8262	5465	165436	179164	30867	210031
<b>Aug.</b>	8392	5499	167896	181787	31538	213324
<b>Sept.</b>	8697	5453	170322	184472	33160	217632
<b>Oct.</b>	8739	5286	172968	186994	35895	222889
<b>Nov.</b>	8974	5174	175284	189431	36635	226066

### 5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL. FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M <sub>1</sub>	M <sub>2</sub> (1+4+5)
		Claims on the central government	Claims on the public	Total (2+3)			
	1	2	3	4	5	6	7
<b>1982</b>	-2037	-4896	129489	124594	-15008	19917	107549
<b>1983</b>	-6081	-3297	152199	148902	-20915	21427	121906
<b>1984</b>	-2575	-5483	176694	171211	-26978	24945	141658
<b>1985</b>	-6641	-8694	209231	200537	-27244	27694	166652
<b>1986</b>	-16784	-13884	237514	223630	-27522	27838	179324
<b>1986</b>							
<b>Nov.</b>	-16453	-7564	235891	228327	-35192	27915	176682
<b>Dec.</b>	-16784	-13884	237514	223630	-27522	27838	179324
<b>1987</b>							
<b>Jan.</b>	-13870	-8180	239460	231280	-36216	27075	181194
<b>Feb.</b>	-14633	-10046	241314	231269	-34200	26782	182436
<b>March</b>	-17184	-11234	244148	232914	-31738	28901	183992
<b>April</b>	-17467	-9074	245994	236920	-32671	29029	186783
<b>May</b>	-17917	-8835	250072	241237	-34772	28547	188548
<b>June</b>	-18863	-8281	253840	245560	-34604	30754	192092
<b>July</b>	-17724	-9289	256106	246817	-37031	29126	192062
<b>Aug.</b>	-21425	-7994	259449	251455	-34815	30991	195215
<b>Sept.</b>	-23440	-9092	264061	254969	-37208	30360	194321
<b>Oct.</b>	-23445	-9941	269270	259329	-40662	30729	195222
<b>Nov.</b>	-23021	-14346	272504	258158	-38874	30757	196264

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

End of period	Foreign debt			Domestic debt				Total central government debt (4+8)	Out-standing lending	Cash funds	
	Bonds	Other bonds and debentures	Long-term promissory notes	Total (1+2+3)	Public bonds	Other long-term liabilities	Treasury notes and bills				Total (5+6+7)
	1	2	3	4	5	6	7	8	9	10	11
<b>1983</b>	14127	3391	4205	21723	9506	6877	18	16401	38124	31187	5042
<b>1984</b>	16513	2666	5767	24946	12037	7020	266	19323	44269	33816	6300
<b>1985</b>	17316	2703	5658	25677	14994	5878	432	21304	46981	36033	6383
<b>1986</b>	17905	3038	6038	26981	18059	6543	411	25013	51994	38028	11686
<b>1987</b>	20407	2697	5576	28680	22121	7710	..	29831	58511	..	..
<b>1987</b>											
<b>Jan.</b>	18634	3059	6587	28280	18320	6265	302	24887	53167	38201	6528
<b>Feb.</b>	18435	2954	6548	27937	18393	5877	397	24667	52604	38419	7559
<b>March</b>	19168	2443	6267	27878	19119	5798	529	25446	53324	38783	8820
<b>April</b>	19185	2447	6263	27895	19154	5228	451	24833	52728	39081	6449
<b>May</b>	20027	2413	6370	28810	19705	5297	584	25586	54396	39028	7421
<b>June</b>	19210	2417	6028	27655	19868	5444	678	25990	53645	39196	6234
<b>July</b>	19204	2415	5942	27561	19971	5855	678	26504	54065	39565	6795
<b>Aug.</b>	18279	2416	5940	26635	20426	6040	576	27042	53677	39623	6219
<b>Sept.</b>	18139	2387	5858	26384	20576	6175	484	27235	53619	39896	6750
<b>Oct.</b>	19136	2418	5758	27312	21328	6532	443	28303	55615	40199	8084
<b>Nov.</b>	19820	2591	5711	28122	22034	6978	243	29255	57377	40299	13109
<b>Dec.</b>	20407	2697	5576	28680	22121	7710	..	29831	58511	..	..
<b>1988</b>											
<b>Jan.</b>	19750	2645	5465	27860	22663	4678	3328	30669	58529	..	..

## 5.5 DOMESTIC BOND MARKET<sup>1</sup>

### A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporate sector	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3 <sup>r</sup>	4	5	6	7	8 <sup>r</sup>	9 <sup>r</sup>
<b>1983</b>	2035	5602	3890	77	10	1151	3882	6581	11614
<b>1984</b>	2528	6167	5073	112	32	1947	5336	6629	13912
<b>1985</b>	4804	9112	5994	435	28	8070	6394	5909	20373
<b>1986</b>	4976	10639	6532	422	105	5987	7487	9200	22674
<b>1987</b>	4527	9457	8119	206	69	9406	8830	4142	22377
<b>1987</b>									
<b>Jan.</b>	149	680	987	52	—	790	987	91	1867
<b>Feb.</b>	433	1085	195	10	20	545	1060	138	1743
<b>March</b>	551	1796	1218	—	—	851	1704	1010	3564
<b>April</b>	153	475	1006	—	—	280	127	1227	1634
<b>May</b>	230	254	1092	52	20	526	1092	30	1648
<b>June</b>	205	63	208	30	—	185	209	113	506
<b>July</b>	147	153	116	—	—	228	116	72	416
<b>Aug.</b>	440	205	941	59	—	674	941	30	1644
<b>Sept.</b>	685	1769	331	—	—	1260	1070	455	2786
<b>Oct.</b>	851	1216	1083	4	—	2065	974	114	3153
<b>Nov.</b>	336	1005	841	—	11	1289	450	454	2193
<b>Dec.</b>	347	757	101	—	18	714	101	408	1222
<b>1988</b>									
<b>Jan.</b>	251	5	1370	—	—	108	1370	148	1626

### B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporate sector	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3 <sup>r</sup>	4	5	6	7	8 <sup>r</sup>	9 <sup>r</sup>
<b>1982</b>	3329	10607	9448	60	1	973	9798	12673	23444
<b>1983</b>	5027	14986	11869	152	11	1901	12057	18087	32045
<b>1984</b>	6766	19850	14904	247	43	3474	15148	23189	41810
<b>1985</b>	10482	26117	18575	661	56	10911	19002	25977	55891
<b>1986</b>	14076	31293	22090	1042	177	16178	23314	29186	68677
<b>1986</b>									
<b>III</b>	13718	29049	20682	870	95	14465	21963	27985	64412
<b>IV</b>	14076	31293	22090	1042	177	16178	23314	29186	68677
<b>1987</b>									
<b>I</b>	15286	31159	23087	1091	198	17878	24365	28578	70821
<b>II</b>	15511	31962	23623	1159	213	18897	25906	27664	72468
<b>III</b>	16260	32528	24707	1228	203	20501	26781	27643	74925

<sup>1</sup>Treasury notes, which according to their maturity belong to short-term securities, have been removed from the table, and therefore the figures in columns 3, 8 and 9 have changed.

## 5.6 HELSINKI STOCK EXCHANGE

During period	Turnover, mill. FIM			Share prices Unitus Index <sup>1</sup> , 1975 = 100		
	Shares and subscription rights	Bonds and debentures	Total (1+2)	Banks	Industry	Overall index
	1	2	3	4	5	6
<b>1983</b>	1 390	2 356	3 746	190	144	194
<b>1984</b>	2 508	5 007	7 515	259	193	273
<b>1985</b>	3 114	9 046	12 160	229	184	234
<b>1986</b>	9 488	6 479	15 968	350	254	357
<b>1987</b>	26 641	4 604	31 245	546	319	603
<b>1987</b>						
<b>Jan.</b>	1 179	541	1 720	446	296	481
<b>Feb.</b>	1 173	549	1 722	450	296	485
<b>March</b>	2 669	594	3 262	478	295	523
<b>April</b>	1 472	203	1 675	505	292	561
<b>May</b>	1 858	212	2 070	514	287	575
<b>June</b>	1 798	358	2 156	538	296	604
<b>July</b>	2 647	152	2 799	593	317	666
<b>Aug.</b>	2 809	193	3 002	615	335	689
<b>Sept.</b>	2 962	172	3 133	635	351	707
<b>Oct.</b>	4 099	140	4 239	643	379	708
<b>Nov.</b>	2 275	251	2 525	578	360	631
<b>Dec.</b>	1 701	1 241	2 942	558	328	611
<b>1988</b>						
<b>Jan.</b>	994	75	1 069	547	318	600

<sup>1</sup> Average of daily observations

## 6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

### 6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, f.o.b.	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account receipts (6+7+8)	Imports of goods, c.i.f.	Transport expenditure	Travel expenditure	Other services expenditure	
	1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>1983</b>	67960	5765	2851	6159	14775	82735	3067	3310	89112	70731	2565	3599	4467	
<b>1984</b>	78961	6580	3039	5610	15229	94190	4537	3624	102351	73496	2572	4250	5819	
<b>1985</b>	82475	6216	3258	6224	15698	98173	5847	3791	107811	80764	2545	5031	6554	
<b>1986*</b>	81086	5293	3148	5158	13599	94685	4580	3640	102905	76745	2223	5567	5527	
<b>1987*</b>	84000	5000	3600	5500	14100	98100	4600	3900	106600	82200	2200	6600	5800	
<b>1985</b>														
<b>III</b>	20284	1465	1181	1424	4070	24354	1514	954	26822	19366	559	1475	1343	
<b>IV</b>	20347	1542	693	1770	4004	24351	1391	959	26702	21610	727	1172	1962	
<b>1986*</b>														
<b>I</b>	19717	1269	564	999	2832	22549	1209	903	24661	20601	438	1163	1361	
<b>II</b>	17780	1287	780	1171	3238	21018	1297	904	23219	15506	566	1424	1346	
<b>III</b>	20933	1435	1134	1257	3826	24759	966	897	26622	20640	595	1648	1336	
<b>IV</b>	22657	1302	671	1730	3703	26360	1108	935	28403	19998	624	1332	1485	
<b>1987*</b>														
<b>I</b>	20141	1210	579	1157	2946	23087	1035	1044	25166	19645	514	1392	1486	
<b>II</b>	21399	1360	916	1263	3540	24939	1284	950	27172	20563	615	1671	1516	
<b>III</b>	20936	1221	1311	1378	3910	24846	1081	922	26849	20356	504	1896	1417	
<b>IV</b>	21524	1209	794	1701	3704	25228	1201	983	27412	21636	567	1641	1382	
During period	Services expenditure, total (11+12)	Imports of goods (10+14)	Investment expenditure	Transfers and other expenditure	Current account and other (15+16)	Trade account (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21+22)	Goods account and services (19+23)	Investment income, net (7-16)	Transfers and others, net (8-17)	Current account and other (24+25)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
<b>1983</b>	10631	81361	8875	4094	94331	-2771	3200	-748	1692	4144	1373	-5808	-784	-5219
<b>1984</b>	12641	86137	11298	5010	102445	5465	4008	-1211	-209	2588	8053	-6761	-1385	-93
<b>1985</b>	14130	94893	12134	5300	112327	1711	3671	-1773	-330	1568	3279	-6287	-1509	-4517
<b>1986*</b>	13317	90062	11533	5809	107405	4341	3070	-2419	-370	282	4623	-6954	-2169	-4500
<b>1987*</b>	14600	96800	12600	6400	115800	1800	2800	-3000	-300	-500	1300	-8000	-2500	-9200
<b>1985</b>														
<b>III</b>	3377	22742	2770	1259	26772	919	906	-294	81	693	1612	-1257	-305	50
<b>IV</b>	3862	25472	2899	1314	29685	-1263	814	-479	-192	143	-1121	-1508	-355	-2984
<b>1986*</b>														
<b>I</b>	2962	23563	2890	1445	27898	-884	831	-600	-361	-130	-1014	-1681	-542	-3237
<b>II</b>	3336	18843	3360	1270	23472	2273	721	-645	-175	-98	2175	-2064	-365	-254
<b>III</b>	3578	24218	2411	1378	28007	293	840	-513	-79	248	541	-1445	-480	-1385
<b>IV</b>	3441	23439	2871	1717	28027	2659	678	-661	245	262	2921	-1763	-782	376
<b>1987*</b>														
<b>I</b>	3392	23038	2937	1769	27743	496	696	-813	-329	-446	50	-1902	-725	-2577
<b>II</b>	3802	24364	3829	1498	29691	836	745	-755	-252	-262	574	-2545	-548	-2519
<b>III</b>	3816	24172	2429	1515	28116	580	717	-585	-38	94	674	-1348	-593	-1267
<b>IV</b>	3590	25226	3406	1617	30250	-112	642	-846	319	114	2	-2205	-634	-2837



## 6.2 CAPITAL ACCOUNT, MILL. FIM

During period	Direct investment in Finland	Portfolio investment in Finland	Long-term credits				Imports of other long-term capital (1+2+6+7)	Imports of long-term capital (1+2+6+7)	Direct investment abroad	Portfolio investment abroad	Long-term export credits	Exports of other long-term capital (9+10+11+12)	Exports of long-term capital (9+10+11+12)	Long-term capital account (8-13)
			Central government	Author-ized banks	Others	Total (3+4+5)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>1983</b>	88	..	2554	323	-38	2839	652	3579	1452	..	-423	676	1705	1874
<b>1984</b>	324	1492	2598	2861	1090	6549	68	8433	2479	..	1682	-1960	2201	6232
<b>1985</b>	392	4264	1556	1489	442	3487	140	8283	2073	78	-1313	948	1786	6497
<b>1986*</b>	1627	646	-63	5935	-482	5390	87	7750	3641	489	-381	713	4462	3288
<b>1987*</b>	430	-1626	2287	5383	2843	10513	91	9408	3785	2119	181	3223	9308	100
<b>1985</b>														
<b>III</b>	54	-107	516	721	-654	583	20	550	486	..	-263	29	252	298
<b>IV</b>	179	67	222	77	879	1178	43	1467	349	78	-347	588	668	799
<b>1986*</b>														
<b>I</b>	86	94	-722	1246	62	587	-65	701	357	-15	-241	8	109	592
<b>II</b>	56	710	596	1040	-194	1442	17	2225	925	89	111	126	1251	974
<b>III</b>	273	-206	16	1412	-105	1323	83	1473	1152	279	-110	409	1729	-256
<b>IV</b>	1212	48	47	2237	-245	2039	52	3351	1207	136	-141	170	1372	1979
<b>1987*</b>														
<b>I</b>	131	-387	1640	1756	873	4269	79	4092	778	124	265	2495	3662	430
<b>II</b>	199	6	-442	1530	1257	2345	-55	2495	1173	925	-145	83	2036	459
<b>III</b>	17	-271	-1018	974	522	478	12	236	653	367	112	120	1253	-1017
<b>IV</b>	83	-974	2107	1123	191	3421	55	2585	1181	703	-51	525	2358	227

During period	Basic balance	Short-term capital imports of authorized banks	Import facilities and prepayments related to exports	Imports of short-term capital (16+17)	Short-term exports of authorized banks	Export receivables and prepayments related to imports	Exports of short-term capital (19+20)	Other short-term capital incl. errors and omissions	Short-term capital account (18-21+22)	Overall balance excl. reserve movements (15+23)	Change in central bank's foreign exchange reserves (26+27)	Of which:	
												Convertible reserves	Tied reserves
	15	16	17	18	19	20	21	22	23	24	25	26	27
<b>1983</b>	-3344	7594	2121	9714	6328	2228	8556	24	1182	-2162	2162	1187	975
<b>1984</b>	6138	16080	944	17024	13994	-2811	11183	-2704	3137	9275	-9275	-10142	867
<b>1985</b>	1980	6890	350	7240	1623	1732	3355	-2121	1764	3744	-3744	-3729	-15
<b>1986*</b>	-1212	6019	-917	5101	15676	-92	15584	3764	-6719	-7930	7930	11678	-3748
<b>1987*</b>	-9100	14594	3202	17796	-906	-1298	-2204	4836	24836	-15736	-15736	-17817	2081
<b>1985</b>													
<b>III</b>	347	-3134	-355	-3489	-1734	-63	-1797	-222	-1914	-1566	1566	1042	525
<b>IV</b>	-2185	2563	-1200	1363	15	-63	-49	1703	3115	930	-930	-969	39
<b>1986*</b>													
<b>I</b>	-2645	-736	1243	507	1649	-15	1634	610	-517	-3162	3162	3945	-782
<b>II</b>	720	1999	-1844	156	4813	-15	4798	687	-3956	-3236	3236	4161	-925
<b>III</b>	-1641	3185	1237	4422	6304	-31	6273	1279	-572	-2213	2213	3455	-1242
<b>IV</b>	2355	1571	-1554	17	2910	-31	2879	1188	-1673	681	-681	117	-798
<b>1987*</b>													
<b>I</b>	-2147	2656	1063	3719	-3809	-118	-3927	736	8382	6236	-6236	-7020	785
<b>II</b>	-2060	7672	165	7837	3902	-118	3784	4243	8296	6237	-6237	-5569	-667
<b>III</b>	-2283	8340	-32	8307	5681	125	5806	419	2920	637	-637	-2407	1771
<b>IV</b>	-2610	-4072	2005	-2067	-6680	-1187	-7867	-563	5237	2627	-2627	-2820	193

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

End of period	Long-term liabilities								Long-term assets					Long-term debt, net (8-13)
	Direct investment in Finland	Port-folio investment in Finland	Long-term credits				Other long-term capital	Total (1+2+6+7)	Direct investment abroad	Port-folio investment abroad	Long-term export credits	Other long-term capital	Total (9+10+11+12)	
			Central government	Author-ized banks	Others	Total (3+4+5)								
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
<b>1983</b>	2317	848	21740	2419	33749	57909	444	61518	6166	..	6612	4051	16829	44689
<b>1984</b>	2905	2013	24928	5960	37227	68116	512	73546	8689	..	8920	2097	19706	53840
<b>1985</b>	3274	6313	25678	6410	34276	66364	652	76603	10524	78	6539	3053	20194	56409
<b>1986*</b>	4892	6959	26292	11992	32044	70330	739	82920	13727	567	5649	3685	23628	59292
<b>1987*</b>	5289	5333	27826	17328	32942	78095	830	89547	16686	2686	5260	6737	31369	58178
<b>1985</b>														
<b>III</b>	3104	6210	25749	6556	34401	66707	609	76630	10484	..	7194	2417	20095	56535
<b>IV</b>	3274	6313	25678	6410	34276	66364	652	76603	10524	78	6539	3053	20194	56409
<b>1986*</b>														
<b>I</b>	3351	6407	25126	7546	32986	65659	587	76004	10697	63	6103	3033	19896	56108
<b>II</b>	3414	7117	26548	8708	33159	68417	604	79551	11719	152	6158	3148	21177	58375
<b>III</b>	3687	6911	26710	10063	32664	69438	687	80723	12601	431	5865	3527	22424	58299
<b>IV</b>	4892	6959	26292	11992	32044	70330	739	82920	13727	567	5649	3685	23628	59292
<b>1987*</b>														
<b>I</b>	5013	6572	27361	13447	31978	72787	818	85190	14166	691	5660	6114	26631	58559
<b>II</b>	5209	6578	26967	15024	33267	75259	763	87809	15347	1616	5527	6203	28693	59116
<b>III</b>	5213	6307	25679	15800	33472	74952	775	87247	15812	1983	5478	6304	29577	57670
<b>IV</b>	5289	5333	27826	17328	32942	78095	830	89547	16686	2686	5260	6737	31369	58178

End of period	Short-term liabilities				Short-term assets				Short-term liabilities, net (18-22)	Debt, net (14+23)	Debt service payments	Of which: repayments	Debt service ratio
	Bank of Finland's short-term liabilities	Short-term liabilities of authorized banks	Trade credits and other liabilities	Total (15+16+17)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits and other assets	Total (19+20+21)					
<b>1983</b>	5705	39443	16181	61328	11842	29263	15915	57020	4308	48997	10875	4914	12.2
<b>1984</b>	4562	55695	17988	78245	22912	43319	12804	79035	-790	53050	11586	4613	11.3
<b>1985</b>	4070	51374	17354	72798	25183	38775	18155	82113	-9314	47095	11287	4808	10.5
<b>1986*</b>	3455	56881	16119	76454	16613	54498	18381	89493	-13038	46254	13189	6018	12.8
<b>1987*</b>	3362	71475	23161	97997	31134	53692	16255	101082	-3085	55093	14662	6516	13.8
<b>1985</b>													
<b>III</b>	4240	59370	19120	82730	24770	44927	18183	87880	-5150	51385	2296	1011	8.6
<b>IV</b>	4070	51374	17354	72798	25183	38775	18155	82113	-9314	47095	2769	1197	10.4
<b>1986*</b>													
<b>I</b>	3659	50424	18682	72765	21647	40424	18037	80109	-7343	48765	3850	2118	15.6
<b>II</b>	3499	52647	16965	73111	18470	45237	18213	81921	-8809	49566	3288	1176	14.2
<b>III</b>	3565	55602	18234	77401	16168	51541	18131	85841	-8440	49859	2309	834	8.7
<b>IV</b>	3455	56881	16119	76454	16613	54498	18381	89493	-13038	46254	3741	1890	13.2
<b>1987*</b>													
<b>I</b>	3521	59536	18592	81649	22482	50790	17830	91102	-9453	49106	3331	1411	13.2
<b>II</b>	3490	67208	18830	89528	28680	54691	18024	101396	-11868	47248	4089	1496	15.0
<b>III</b>	3607	75547	19797	98952	29291	60373	18061	107725	-8773	48897	2574	1217	9.6
<b>IV</b>	3362	71475	23161	97997	31134	53692	16255	101082	-3085	55093	4669	2392	17.0

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

End of period	Long-term liabilities					Long-term assets					Long-term liabilities, net (5-10)
	Corporate sector	Financial institutions	Central government	Local government	Total (1+2+3+4)	Corporate sector	Financial institutions	Central government	Other	Total (6+7+8+9)	
	1	2	3	4	5	6	7	8	9	10	11
<b>1983</b>	30082	8541	22184	710	61518	12791	2472	1447	119	16829	44689
<b>1984</b>	34012	13366	25440	728	73546	17624	222	1678	182	19706	53840
<b>1985</b>	35709	13980	26330	585	76603	17102	859	1955	279	20194	56409
<b>1986*</b>	35210	20169	27031	509	82920	19209	1591	2309	520	23628	59292
<b>1987*</b>	33717	26665	28656	511	89547	23349	4498	2653	869	31369	58178
<b>1985</b>											
<b>III</b>	36248	13391	26358	633	76630	17691	277	1877	250	20095	56535
<b>IV</b>	35709	13980	26330	585	76603	17102	859	1955	279	20194	56409
<b>1986*</b>											
<b>I</b>	34646	15090	25713	555	76004	16839	765	1970	321	19896	56108
<b>II</b>	35001	16847	27152	551	79552	17906	849	2056	366	21177	58375
<b>III</b>	34231	18554	27397	541	80723	18462	1360	2191	412	22424	58299
<b>IV</b>	35210	20169	27031	509	82920	19209	1591	2309	520	23628	59292
<b>1987*</b>											
<b>I</b>	34716	21814	28179	481	85190	19717	3876	2458	581	26631	58559
<b>II</b>	35601	24004	27730	474	87809	21633	3936	2465	659	28693	59116
<b>III</b>	35045	25209	26454	539	87247	22308	4005	2519	744	29577	57670
<b>IV</b>	33717	26665	28656	511	89547	23349	4498	2653	869	31369	58178

## 7. FOREIGN TRADE<sup>1</sup>

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

During period	Exports, f.o.b.	Imports, c.i.f.	Balance (1-2)
	1	2	3
<b>1983</b>	69 692	71 528	-1 836
<b>1984</b>	80 904	74 682	6 222
<b>1985</b>	84 028	81 520	2 508
<b>1986</b>	82 579	77 601	4 978
<b>1987</b>	85 315	82 797	2 518
<b>1986</b>			
<b>Dec.</b>	7 474	6 835	639
<b>1987*</b>			
<b>Jan.</b>	6 712	6 706	6
<b>Feb.</b>	6 375	5 731	644
<b>March</b>	7 360	7 328	32
<b>April</b>	7 285	6 500	785
<b>May</b>	7 007	7 154	-147
<b>June</b>	7 444	7 090	354
<b>July</b>	6 620	6 458	162
<b>Aug.</b>	6 601	6 943	-342
<b>Sept.</b>	8 042	7 080	962
<b>Oct.</b>	7 894	7 317	577
<b>Nov.</b>	6 966	7 502	-536
<b>Dec.</b>	7 009	6 988	21

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

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
<b>1983</b>	104	98	127	125	101
<b>1984</b>	114	98	134	131	102
<b>1985</b>	115	104	138	135	102
<b>1986</b>	116	110	135	121	111
<b>1987</b>	120	125	138	119	116
<b>1985</b>					
<b>II</b>	122	106	139	138	101
<b>III</b>	113	100	138	135	102
<b>IV</b>	117	113	135	133	101
<b>1986</b>					
<b>I</b>	113	110	134	129	103
<b>II</b>	104	90	133	122	109
<b>III</b>	116	119	138	120	116
<b>IV</b>	128	115	136	121	112
<b>1987*</b>					
<b>I</b>	114	113	136	120	113
<b>II</b>	120	120	137	119	115
<b>III</b>	116	116	139	121	115
<b>IV</b>	131	148	140	119	117

### 7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, f.o.b.					Imports by use of goods, c.i.f.				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods	Other goods	
	1	2	3	4	5	6	7	8	9	10
<b>1983</b>	6 944	19 327	8 524	20 211	14 686	32 209	17 554	10 860	10 572	333
<b>1984</b>	7 145	23 573	10 176	22 998	17 012	35 162	16 900	10 993	11 454	173
<b>1985</b>	6 728	25 030	9 803	24 412	18 055	38 676	17 770	11 675	12 967	432
<b>1986</b>	6 947	24 600	7 858	26 115	17 059	39 292	10 070	12 898	15 069	272
<b>1987</b>	7 449	26 691	7 823	26 347	17 005	41 066	9 623	14 074	17 412	622
<b>1986</b>										
<b>Dec.</b>	626	1 992	582	2 964	1 310	3 453	733	1 426	1 181	42
<b>1987*</b>										
<b>Jan.</b>	584	2 040	691	2 073	1 324	3 270	955	1 080	1 255	146
<b>Feb.</b>	512	2 077	653	1 825	1 308	3 052	301	928	1 427	23
<b>March</b>	619	2 276	599	2 228	1 638	3 571	649	1 448	1 619	41
<b>April</b>	616	2 352	574	2 236	1 507	3 407	461	1 218	1 407	7
<b>May</b>	746	2 164	749	2 089	1 259	3 554	886	1 209	1 467	38
<b>June</b>	732	2 097	599	2 526	1 490	3 538	915	1 151	1 327	159
<b>July</b>	526	2 271	660	1 983	1 180	3 125	796	1 197	1 317	23
<b>Aug.</b>	545	2 191	669	1 849	1 347	3 292	1 137	1 012	1 471	31
<b>Sept.</b>	666	2 496	688	2 629	1 563	3 503	964	1 047	1 547	19
<b>Oct.</b>	670	2 500	624	2 493	1 607	3 634	845	1 151	1 579	108
<b>Nov.</b>	664	2 168	563	2 077	1 494	3 713	720	1 436	1 622	11
<b>Dec.</b>	569	2 059	754	2 339	1 288	3 407	994	1 197	1 374	16

## 7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1986		1987*		1986		1987*	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period on the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
	1	2	3	4	5	6	7	8
<b>All OECD countries</b>	57753	69.9	63184	9.4	57905	74.6	63076	8.9
<b>OECD Europe</b>	50181	60.8	55667	10.9	48446	62.4	52211	7.8
Of which:								
Austria	781	0.9	951	21.8	1015	1.3	1066	5.0
Belgium and Luxembourg	1410	1.7	1526	8.3	1899	2.4	2138	12.6
Denmark	3321	4.0	3320	0.0	2181	2.8	2343	7.4
France	3691	4.5	4497	21.8	3459	4.5	3553	2.7
Federal Republic of Germany	8016	9.7	9335	16.5	13159	17.0	14447	9.8
Italy	1741	2.1	2182	25.3	3256	4.2	3620	11.2
Netherlands	2855	3.5	3060	7.2	2369	3.1	2557	8.0
Norway	3715	4.5	4009	7.9	1714	2.2	1819	6.2
Spain	877	1.1	1090	24.3	873	1.1	920	5.4
Sweden	12228	14.8	12754	4.3	10559	13.6	10703	1.4
Switzerland	1331	1.6	1541	15.8	1579	2.0	1665	5.4
United Kingdom	8667	10.5	9734	12.3	5056	6.5	5906	16.8
<b>Other OECD</b>	7571	9.2	7517	-0.7	9459	12.2	10864	14.9
Of which:								
Canada	910	1.1	971	6.7	410	0.5	429	4.7
Japan	1266	1.5	1206	-4.7	5022	6.5	5862	16.7
United States	4480	5.4	4407	-1.6	3722	4.8	4336	16.5
<b>CMEA countries</b>	18176	22.0	14620	-19.6	14210	18.3	14092	-0.8
Of which:								
Soviet Union	16774	20.3	13175	-21.5	11933	15.4	11909	-0.2
<b>Developing countries</b>	5736	6.9	6199	8.1	4945	6.4	4937	-0.2
<b>OPEC countries</b>	1437	1.7	1527	6.2	1022	1.3	802	-21.5
<b>Other</b>	4299	5.2	4672	8.7	3923	5.1	4135	5.4
<b>Other countries</b>	914	1.1	1311	43.4	539	0.7	693	28.5
<b>TOTAL</b>	82579	100.0	85315	3.3	77599	100.0	82797	6.7
Of which:								
<b>EEC countries</b>	31657	38.3	35967	13.6	33396	43.0	36785	10.2
<b>EFTA countries</b>	18193	22.0	19396	6.6	14979	19.3	15358	2.5

\*The trade values and volumes for December 1987 and January 1988 differ from those in the official statistics. For details, see Notes and explanations on page S. 26.

## 8. DOMESTIC ECONOMIC DEVELOPMENTS

### 8.1 SUPPLY AND USE OF RESOURCES, MILL. FIM, 1985 PRICES

(seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
<b>1982</b>	167053	60849	66269	10093	-2543	301721	89792	85415	306098
<b>1983</b>	171330	63113	69001	10467	-2704	311207	92001	87959	315249
<b>1984</b>	176038	64872	67584	10202	-1327	317369	96993	88857	325505
<b>1985</b>	181664	68218	69599	10453	3610	333544	98173	94893	336824
<b>1986*</b>	188823	70398	68720	10962	5467	344370	99365	98760	344975
<b>1985</b>									
<b>I</b>	44710	16795	17612	2657	151	81926	23369	22043	83252
<b>II</b>	45037	16920	17633	2429	1402	83421	26952	25789	84585
<b>III</b>	45777	17100	16694	2782	-237	82116	24615	22900	83830
<b>IV</b>	46161	17397	17676	2612	2706	86552	23244	24530	85266
<b>1986*</b>									
<b>I</b>	46416	17401	17221	2697	2080	85815	24849	25645	85019
<b>II</b>	47088	17276	16609	2323	37	83333	22273	20890	84717
<b>III</b>	47503	17709	17610	2948	2803	88573	26083	27166	87491
<b>IV</b>	47815	18011	17280	2788	488	86382	26055	24818	87619
<b>1987*</b>									
<b>I</b>	48798	17979	17685	2748	1661	88871	24818	25702	87987
<b>II</b>	49411	18082	18259	2463	4267	92481	26925	28758	90649
<b>III</b>	49387	18265	17768	3101	1654	90176	25744	26963	88957

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

(seasonally adjusted figures)

Period	2-4		3		Industry (SIC): 331,341		37,38		4	
	Total industry (100.0)	Mining and quarrying (1.5)	Manufacturing (89.5)	Wood and paper industries (20.5)	Metal and engineering industries (28.3)	Other manufacturing (40.7)	Electricity, gas and water (9.0)			
	1	2	3	4	5	6	7			
<b>1983</b>	91.9	92.8	92.5	94.2	87.8	95.5	86.0			
<b>1984</b>	96.1	96.3	96.6	101.7	92.5	97.6	91.8			
<b>1985</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0			
<b>1986*</b>	100.8	101.7	100.8	101.8	101.3	99.9	100.1			
<b>1987*</b>	105.0	78.6	105.2	107.9	106.2	103.0	108.0			
<b>1986*</b>										
<b>Dec.</b>	101.1	101.1	103.1	108.6	100.0	99.6	104.9			
<b>1987*</b>										
<b>Jan.</b>	101.6	89.2	102.5	106.3	99.9	99.3	109.3			
<b>Feb.</b>	104.1	97.4	104.9	108.5	104.4	101.4	102.8			
<b>March</b>	106.7	95.4	105.5	107.0	107.2	101.9	111.7			
<b>April</b>	105.0	93.6	103.9	108.9	103.6	103.3	104.5			
<b>May</b>	106.8	72.5	106.0	108.7	107.3	105.9	108.1			
<b>June</b>	106.9	51.4	105.6	106.0	105.9	106.0	109.2			
<b>July</b>	109.3	74.8	108.1	107.7	106.5	105.7	107.7			
<b>Aug.</b>	106.3	82.2	105.9	108.4	108.4	104.9	108.9			
<b>Sept.</b>	104.6	77.2	104.9	110.1	108.2	103.7	109.0			
<b>Oct.</b>	103.3	69.7	105.5	109.8	107.2	102.8	107.5			
<b>Nov.</b>	101.6	72.5	103.4	108.4	107.4	100.5	109.5			
<b>Dec.</b>	103.6	67.3	106.0	105.4	108.4	100.1	108.4			

### 8.3 INDICATORS OF DOMESTIC SUPPLY AND DEMAND, 1985=100

(seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
<b>1982</b>	96.7	93.6	98.8	105.1	114.9	87.3	95.0	91.7
<b>1983</b>	97.6	94.4	108.1	107.7	123.0	105.1	100.9	94.3
<b>1984</b>	97.2	96.8	101.7	104.1	112.8	96.3	98.6	96.9
<b>1985</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>1986*</b>	104.7	102.5	94.1	88.4	100.1	99.5	105.2	101.8
<b>1986*</b>								
<b>Nov.</b>	105.4	101.2	..	..	..	..	..	102.9
<b>Dec.</b>	101.6	103.1	..	..	..	..	..	103.3
<b>III</b>	106.0	102.5	99.2	89.6	109.5	106.0	107.4	103.2
<b>IV</b>	104.9	103.1	100.8	90.1	107.4	109.8	120.4	103.3
<b>1987*</b>								
<b>Jan.</b>	109.3	104.6	..	..	..	..	..	102.7
<b>Feb.</b>	108.8	106.4	..	..	..	..	..	104.5
<b>March</b>	108.5	105.5	..	..	..	..	..	106.0
<b>April</b>	115.9	111.3	..	..	..	..	..	106.0
<b>May</b>	111.0	106.9	..	..	..	..	..	106.5
<b>June</b>	114.6	112.2	..	..	..	..	..	105.8
<b>July</b>	110.8	107.9	..	..	..	..	..	105.8
<b>Aug.</b>	110.5	106.4	..	..	..	..	..	106.4
<b>Sept.</b>	110.6	109.0	..	..	..	..	..	106.4
<b>Oct.</b>	117.1	107.4	..	..	..	..	..	106.2
<b>Nov.</b>	113.9	108.9	..	..	..	..	..	106.1
<b>I</b>	108.9	105.5	93.3	89.1	91.7	94.3	112.4	104.4
<b>II</b>	113.8	110.1	93.1	96.5	106.9	100.0	122.0	106.1
<b>III</b>	110.7	107.7	89.9	78.3	101.1	100.6	100.5	106.2

8.4 WAGES AND PRICES, 1985=100

Period	Index of wage and salary earnings	By sectors					Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private Total	Of which: Manufacturing (SIC 3)	Central government	Local government	Non-profit institutions			Domes-tic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>1983</b>	84.3	84.0	85.2	86.4	84.0	85.8	88.8	90.8	90.0	93.5	90.9	91.3	90.7	89.2
<b>1984</b>	92.2	92.0	92.9	92.6	92.8	92.1	95.1	95.7	95.0	97.8	96.1	98.0	95.3	94.6
<b>1985</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>1986</b>	107.0	106.7	106.2	106.7	108.1	107.0	102.9	94.8	97.7	85.1	95.7	96.3	95.5	104.3
<b>1987</b>	114.5	114.4	113.5	115.9	114.0	116.2	107.2	95.6	99.3	83.7	96.6	97.8	96.0	109.1
<b>1986</b>														
<b>IV</b>	109.1	109.3	107.9	107.6	109.8	108.1	103.9	93.7	96.9	83.2	94.7	96.6	93.9	105.5
<b>1987</b>														
<b>Jan.</b>	..	..	..	..	..	..	105.3	94.6	97.8	84.1	95.5	97.0	94.9	106.7
<b>Feb.</b>	..	..	..	..	..	..	105.7	94.8	98.1	84.2	95.7	97.0	95.1	106.9
<b>March</b>	..	..	..	..	..	..	106.3	94.8	98.3	83.6	95.8	96.8	95.3	108.0
<b>April</b>	..	..	..	..	..	..	106.8	95.1	98.7	83.5	96.1	97.3	95.5	108.7
<b>May</b>	..	..	..	..	..	..	106.9	95.3	98.9	83.4	96.2	97.8	95.6	108.9
<b>June</b>	..	..	..	..	..	..	107.3	95.4	99.0	83.8	96.3	97.8	95.6	109.1
<b>July</b>	..	..	..	..	..	..	107.2	96.0	99.4	84.7	96.7	98.0	96.2	109.4
<b>Aug.</b>	..	..	..	..	..	..	107.5	96.1	99.5	84.9	96.8	98.3	96.2	109.6
<b>Sept.</b>	..	..	..	..	..	..	108.1	96.1	99.8	83.9	97.1	98.3	96.6	109.9
<b>Oct.</b>	..	..	..	..	..	..	108.3	96.5	100.3	83.9	97.4	98.3	96.9	110.0
<b>Nov.</b>	..	..	..	..	..	..	108.1	96.4	100.6	82.8	97.5	98.6	97.1	110.8
<b>Dec.</b>	..	..	..	..	..	..	108.4	96.5	101.0	82.0	97.7	98.3	97.5	110.9
<b>I</b>	111.4	111.2	110.5	111.9	111.8	112.3	105.8	94.7	98.0	83.9	95.7	97.0	95.1	107.2
<b>II</b>	115.4	115.2	114.5	117.1	114.6	117.4	107.0	95.3	98.9	83.6	96.2	97.7	95.6	108.9
<b>III</b>	115.0	114.8	113.8	117.1	114.7	117.5	107.6	96.0	99.6	84.5	96.9	98.2	96.3	109.7
<b>IV</b>	116.4	116.6	115.1	117.3	114.9	117.8	108.3	96.5	100.6	82.9	97.5	98.4	97.2	110.6
<b>1988</b>														
<b>Jan.</b>	..	..	..	..	..	..	109.7	96.8	101.5	81.8	98.4	99.2	97.9	111.8



## 8.5 LABOUR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry				Unemployed	Unemployment rate	
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction	Service industries			
		1000 persons										
		1	2	3	4	5	6	7	8	9	10	11
<b>1983</b>	68.7	2 527	2 390	386	2 004	303	606	183	1 298	138	5.5	
<b>1984</b>	68.8	2 546	2 414	378	2 035	294	600	183	1 337	133	5.2	
<b>1985</b>	69.2	2 567	2 437	361	2 076	280	597	178	1 380	130	5.0	
<b>1986</b>	69.1	2 568	2 431	359	2 071	266	589	185	1 391	138	5.4	
<b>1987</b>	68.6	2 554	2 423	372	2 051	251	569	184	1 419	130	5.1	
<b>1986</b>												
<b>Dec.</b>	69.0	2 565	2 432	374	2 058	261	576	180	1 414	134	5.2	
<b>1987</b>												
<b>Jan.</b>	68.8	2 560	2 414	372	2 042	262	566	189	1 397	146	5.7	
<b>Feb.</b>	68.7	2 554	2 427	374	2 053	251	576	185	1 415	127	5.0	
<b>March</b>	69.1	2 570	2 437	374	2 064	264	570	184	1 421	132	5.2	
<b>April</b>	68.9	2 564	2 436	370	2 066	259	573	187	1 417	128	5.0	
<b>May</b>	68.4	2 543	2 410	360	2 050	243	561	181	1 424	133	5.2	
<b>June</b>	68.4	2 544	2 419	371	2 048	250	567	189	1 412	126	4.9	
<b>July</b>	68.5	2 548	2 423	370	2 052	245	585	182	1 410	125	4.9	
<b>Aug.</b>	69.1	2 569	2 442	366	2 075	247	571	183	1 441	127	4.9	
<b>Sept.</b>	68.5	2 548	2 419	365	2 055	240	573	176	1 430	129	5.1	
<b>Oct.</b>	68.5	2 551	2 423	378	2 045	254	575	184	1 409	128	5.0	
<b>Nov.</b>	68.4	2 548	2 418	382	2 035	251	557	180	1 430	130	5.1	
<b>Dec.</b>	68.3	2 545	2 414	382	2 032	249	557	182	1 425	131	5.1	

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

During period	Revenue								Expenditure				
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Borrowing	Total revenue (7+8)	Consumption	Transfers and subsidies	Of which:	
												Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1982</b>	17160	34665	360	6997	59182	1168	60350	8165	68515	18163	35444	13601	21129
<b>1983</b>	19565	36183	531	8284	64563	1854	66416	11378	77794	20984	39411	15717	22817
<b>1984</b>	22526	42737	598	9711	75572	1894	77466	10752	88218	22155	44333	18444	24836
<b>1985</b>	25750	47578	546	10415	84290	2071	86361	11189	97550	24835	49269	21183	26866
<b>1986</b>	28079	51733	323	11640	91774	2209	93983	14744	108727	26354	52845	23215	28131
<b>1986</b>													
<b>Nov.</b>	2349	4370	17	976	7711	288	7999	747	8746	2233	4958	2186	2629
<b>Dec.</b>	2947	5777	30	806	9560	368	9927	1673	11600	2426	5259	2006	3012
<b>1987</b>													
<b>Jan.</b>	1434	3163	23	906	5526	46	5571	2853	8424	2424	4584	1876	2600
<b>Feb.</b>	2023	5181	29	791	8024	88	8112	260	8373	2226	5049	1941	2920
<b>March</b>	2671	4132	17	1172	7993	79	8072	2530	10601	2268	4555	2196	2141
<b>April</b>	2957	4632	15	1289	8893	59	8952	335	9288	2313	5172	2464	2476
<b>May</b>	2450	3390	84	1014	6938	372	7310	2482	9792	2440	5763	2131	3441
<b>June</b>	2561	5243	28	1092	8925	191	9115	455	9570	2468	4636	2630	1910
<b>July</b>	2941	5335	49	603	8929	95	9023	619	9642	2923	4775	2148	2434
<b>Aug.</b>	2935	4880	37	1209	9060	343	9402	1143	10546	2331	5003	2138	2729
<b>Sept.</b>	2461	4237	40	968	7706	144	7850	619	8470	2424	4341	2131	2102
<b>Oct.</b>	2480	4360	38	1025	7904	119	8023	2295	10318	2505	4713	2227	2296
<b>Nov.</b>	2545	5465	29	1024	9062	266	9329	2397	11726	2366	5746	2336	3306

During period	Expenditure						Financial balance				
	Fixed investment	Other expenditure	Expenditure before financial transactions (10+11+14+15)	Lending and other financial investment	Expenditure before redemptions of state debt (16+17)	Redemptions of state debt	Total expenditure, (18+19)	Revenue surplus (5-16)	Net borrowing requirement (7-18)	Gross borrowing requirement (7-20)	Cash surplus (9-20)
	14	15	16	17	18	19	20	21	22	23	24
<b>1982</b>	4964	2478	61049	4457	65506	2751	68257	-1867	-5156	-7907	258
<b>1983</b>	5454	4095	69944	4999	74943	3939	78881	-5381	-8527	-12465	-1088
<b>1984</b>	5455	4220	76162	4717	80878	5552	86430	-590	-3412	-8964	1788
<b>1985</b>	5700	4936	84739	4982	89722	7682	97404	-449	-3361	-11043	145
<b>1986</b>	6111	5058	90368	4913	95281	10541	105822	1406	-1298	-11839	2905
<b>1986</b>											
<b>Nov.</b>	534	196	7921	392	8313	1163	9476	-210	-314	-1477	-730
<b>Dec.</b>	747	400	8831	557	9388	121	9509	728	539	418	2091
<b>1987</b>											
<b>Jan.</b>	434	771	8213	268	8482	1323	9805	-2688	-2910	-4233	-1381
<b>Feb.</b>	452	418	8144	359	8503	764	9267	-120	-390	-1154	-894
<b>March</b>	597	697	8118	492	8610	1886	10497	-125	-539	-2425	104
<b>April</b>	526	684	8695	404	9098	871	9969	199	-146	-1017	-682
<b>May</b>	534	678	9416	469	9885	820	10705	-2478	-2575	-3395	-913
<b>June</b>	640	255	7999	561	8560	1314	9874	925	555	-759	-304
<b>July</b>	643	284	8625	752	9377	190	9566	304	-353	-543	76
<b>Aug.</b>	542	294	8170	479	8649	1410	10059	890	754	-657	487
<b>Sept.</b>	648	137	7551	552	8102	320	8423	156	-252	-572	47
<b>Oct.</b>	644	321	8184	446	8629	620	9249	-280	-606	-1226	1069
<b>Nov.</b>	550	199	8861	407	9267	252	9519	202	62	-190	2207

# NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

## GENERAL

### Source

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

### Symbols used

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

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

## NOTES AND EXPLANATIONS TO TABLES

### 1 THE BALANCE SHEET OF THE BANK OF FINLAND

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

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

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

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

## 3 RATES OF INTEREST

**Table 3.1** HELIBOR (Helsinki Interbank Offered Rate) (Columns 2-5): The HELIBOR rate for each maturity is calculated by the Bank of Finland as the average of the offered rates for certificates of deposit quoted daily at 1 p.m. by the five largest banks. Long-term unregulated market rate (Columns 6 and 7): The long-term unregulated market rate is calculated by the Bank of Finland as the monthly average of the offered rates for taxable and fixed-rate bonds quoted by the five largest banks.

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

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

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

**Table 3.5** *Rates at issue* on bonds and debentures (Columns 1 and 2) are the average rates of interest weighted by issue amounts - in the case of government bonds by sales amounts - on ordinary bonds, debentures and other bonds (excl. zero coupon loans,

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

## 4 RATES OF EXCHANGE

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

## 5 OTHER DOMESTIC FINANCING

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

**Table 5.2** Source: The Central Statistical Office of Finland. The public

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

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

**Table 5.4** Source: State Treasury Office. *Foreign debt*. Other bonds and debentures (Column 2) are so-called private placings. Long-term promissory notes (Column 3) are bank loans. Outstanding lending (Column 10) comprises the stock of central loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main part of the latter is reserved for covering transferable allocations budgeted in previous years (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and Pekka Saarinen in the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 7.7 billion at the end of 1986.

**Table 5.6** *Turnover*. Source: The Helsinki Stock Exchange. *Share prices*. Source: Union Bank of Finland Ltd.

## 6 BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

**Table 6.1** The figures for the trade and goods and services accounts are compiled in accordance with the System of National Accounts.

**Table 6.2** Columns 1-8: Net change in long-term liabilities. Columns 9-13: Net change in long-term assets. Portfolio investment in Finland

(Column 2) and abroad (Column 10): Secondary market transactions in securities and share issues. Long-term credits (Columns 3-6): Financial loans, import credits and leasing credits. Others (Column 5): Long-term credits of enterprises, financial institutions other than authorized banks and local government. Imports of other long-term capital (Column 7): Finland's subscriptions to international financial institutions paid in the form of promissory notes. Exports of other long-term capital (Column 12) = financial loans abroad + development credits + purchases of real estate and other acquisitions by private persons + Finland's subscriptions to international financial institutions.

**Table 6.3** Net foreign debt (Columns 1-24) at the end of a period is classified in the same way as the corresponding data on changes in the capital account (Table 6.2). The items included in net foreign debt have been translated into markkaa using the spot rates for each date. Thus the figures include the impact of changes in exchange rates. Debt service payments (Column 25): the total of net payments of interest, dividends and remunerations relating to long- and short-term foreign liabilities and assets plus net repayments relating to long-term foreign liabilities and assets. Repayments do not include early repayments of loans, repatriations of equity capital included under direct investment, repurchases of shares included under portfolio investment (since 1986), repayments of the Bank of Finland's reserve tranche and oil facility credits, or repayments of rouble-denominated assets included under loan assets. The debt-service ratio (Column 27) = service charges on net foreign debt as a percentage of current account earnings.

**Table 6.4** All direct investments have been placed under the corporate sector (Columns 1 and 6). Other (Column 9) consists mainly of long-term assets of private persons.

The sectoral figures for short-term foreign liabilities and assets correspond to the figures shown in Columns 15-23 of Table 6.3.

## 7 FOREIGN TRADE

Source: The National Board of Customs. All tables refer to foreign trade in goods.

On January 1, 1988, the new international harmonized commodity description and coding system was introduced in the compilation of the official foreign trade statistics. Because of the changeover, the trade value figures in the customs statistics are exceptionally high for December 1987 and exceptionally low for January 1988 as compared with the old system. For the sake of comparability, the customs statistics figures for December 1987 and January 1988 have been adjusted in the

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

**Table 7.2** The volume indices (Columns 1 and 2) are calculated according to the Paasche formula and the unit value indices (Columns 3 and 4) according to the Laspeyres formula. The terms of trade (Column 5) is the ratio of the export unit value index to the import unit value index multiplied by one hundred.

**Table 7.4** The regional and country grouping is based on the classification according to Finnish Official Statistics I A.

## 8 DOMESTIC ECONOMIC DEVELOPMENTS

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

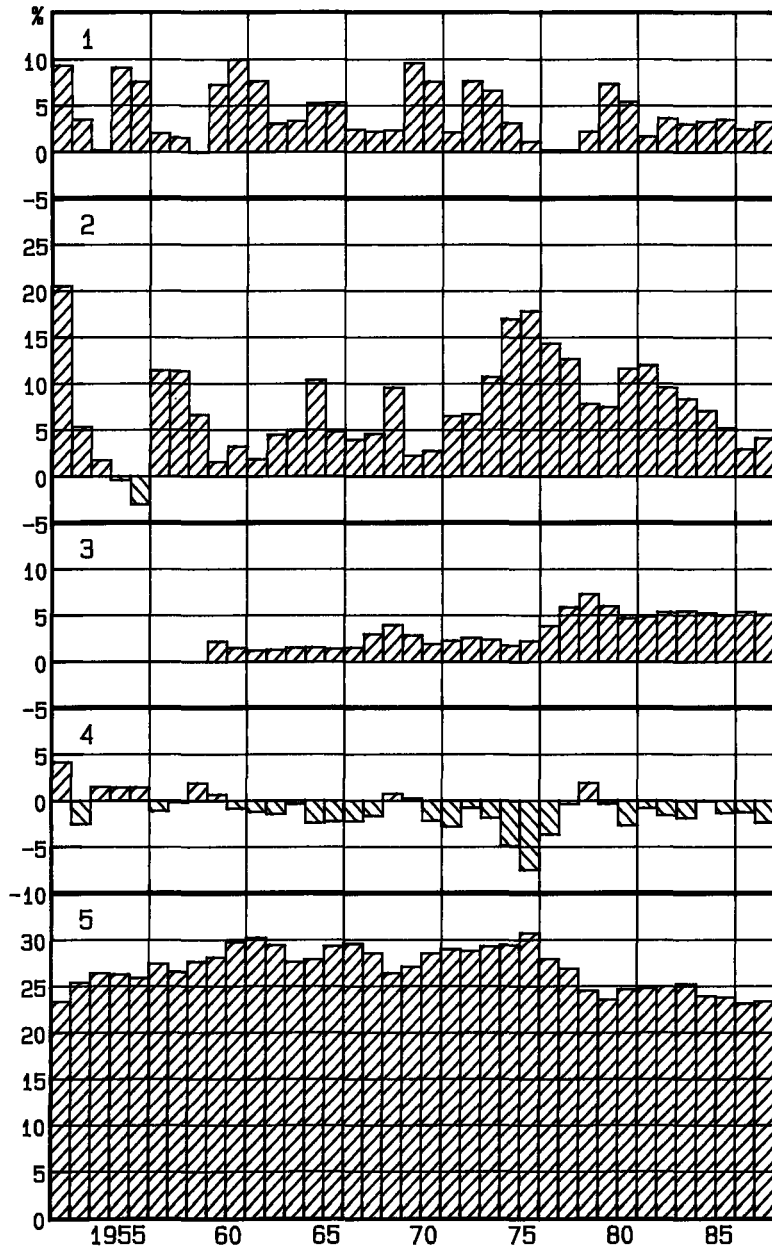
**Table 8.3** The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

**Table 8.4** The consumer price index (Column 7) was revised as from January 1988. Both the weights and the methods of calculation were changed (see the item in the March 1988 issue of the Bulletin). The base year of the new CPI is 1985, while the base year of the index shown until December 1987 is 1981.

**Table 8.6** Source: Ministry of Finance.

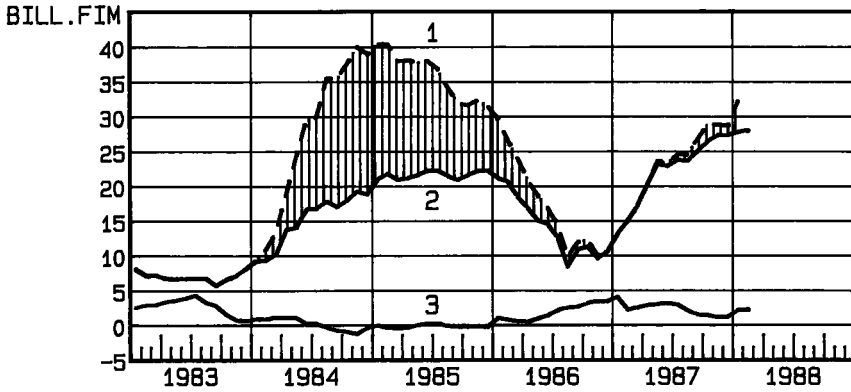
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Banks' central bank position	S29
5. Overnight rates	S30
6. HELIBOR rates of interest	S30
7. Rates of interest applied by the Bank of Finland	S30
8. 3-month covered Eurodollar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

### 1. LONG-TERM INDICATORS



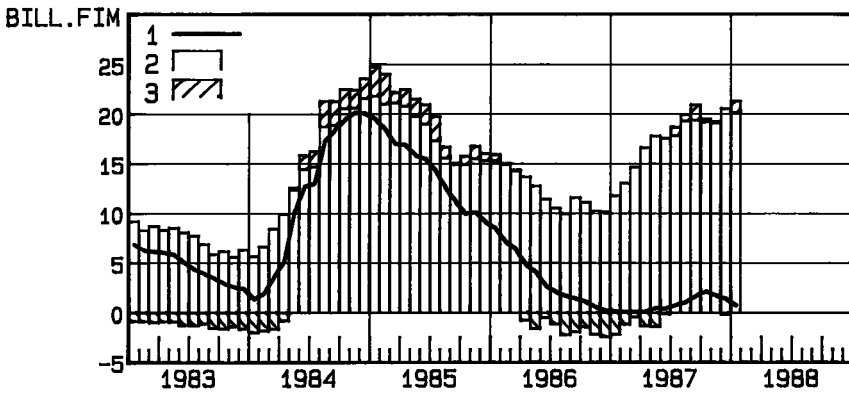
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



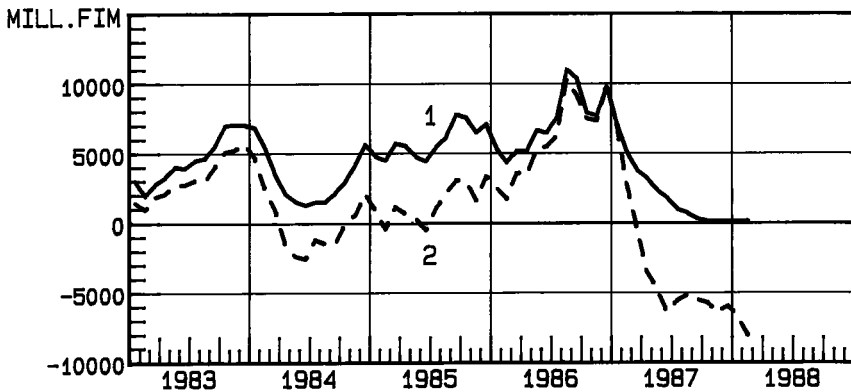
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves
3. Tied currencies

## 3. FORWARD MARKET



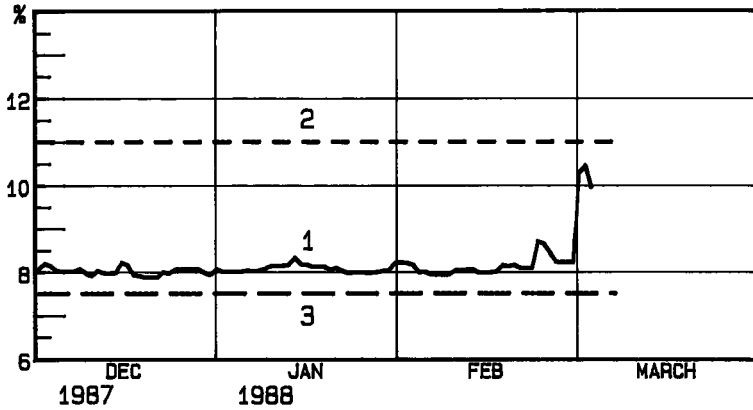
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

## 4. BANKS' CENTRAL BANK POSITION



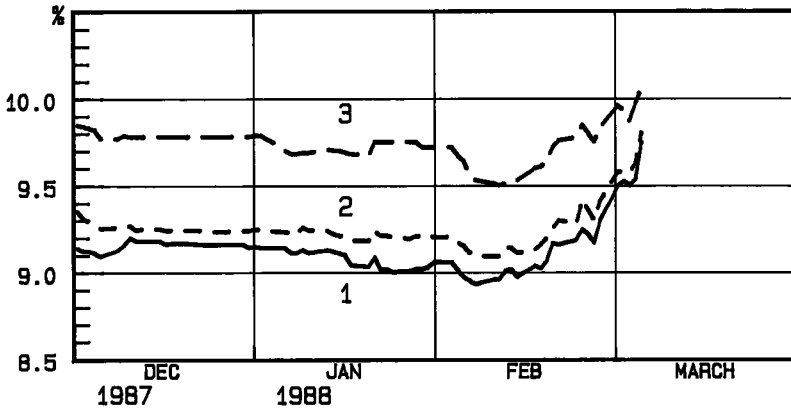
1. Gross debt to the Bank of Finland
2. Net debt to the Bank of Finland (excl. cash reserve deposits)

5. OVERNIGHT RATES



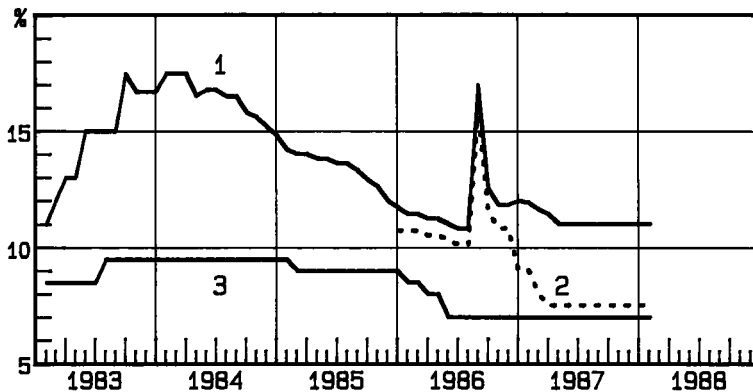
- 1. Inter-bank overnight rate
  - 2. Call money credit rate
  - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



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

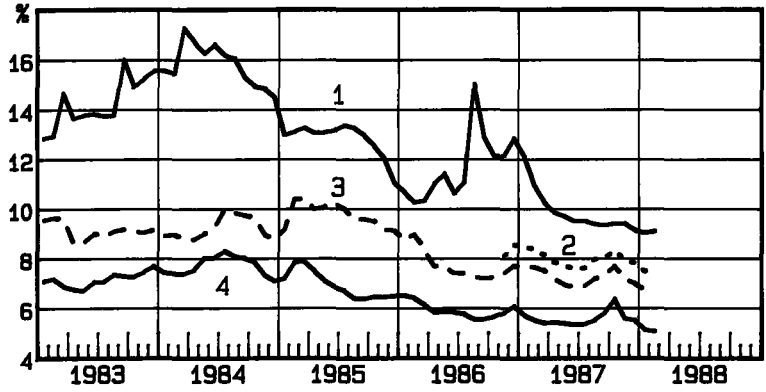
7. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



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

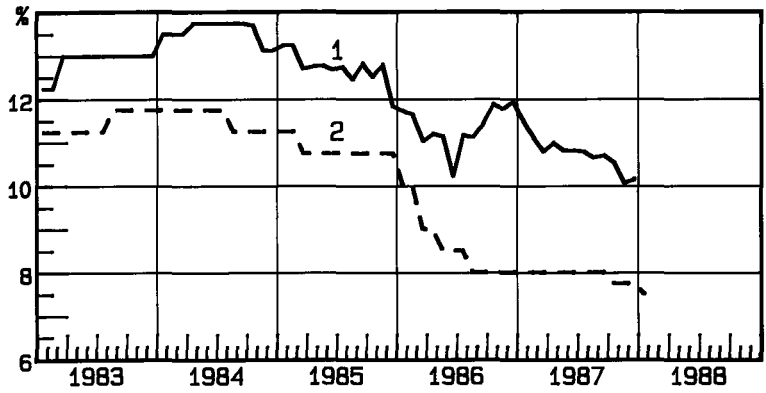


**8. 3-MONTH COVERED EURODOLLAR RATE AND 3-MONTH CURRENCY BASKET RATES**



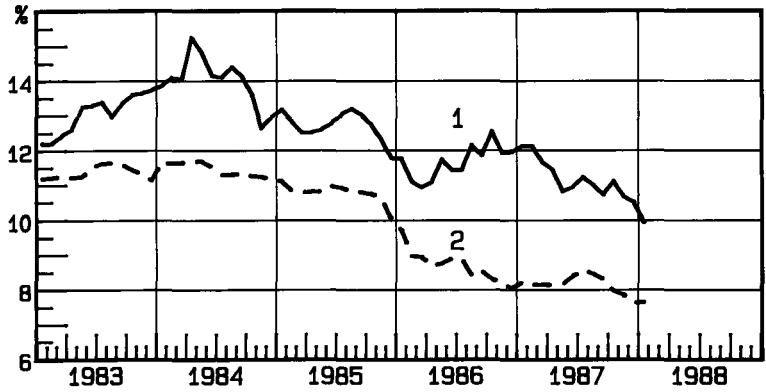
- 1. Covered Eurodollar rate
- 2. 12-currency basket rate
- 3. 8-currency basket rate
- 4. 3-currency basket rate

**9. RATES ON NEW ISSUES OF BONDS AND DEBENTURES**



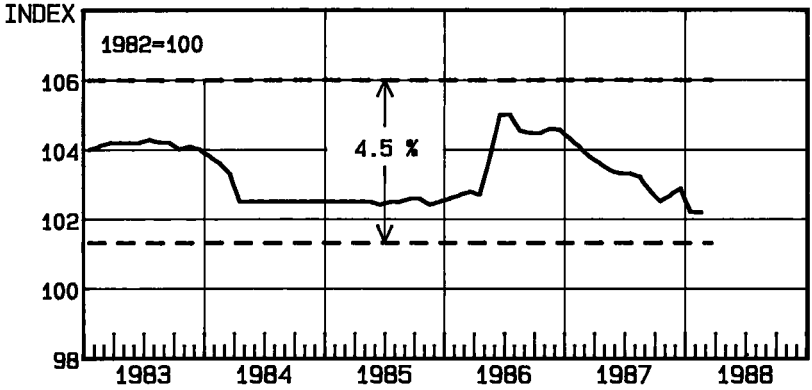
- 1. Rates on new fixed-rate debentures
- 2. Rates on new 10-year tax-free government bonds

**10. SECONDARY MARKET RATES ON BONDS AND DEBENTURES**



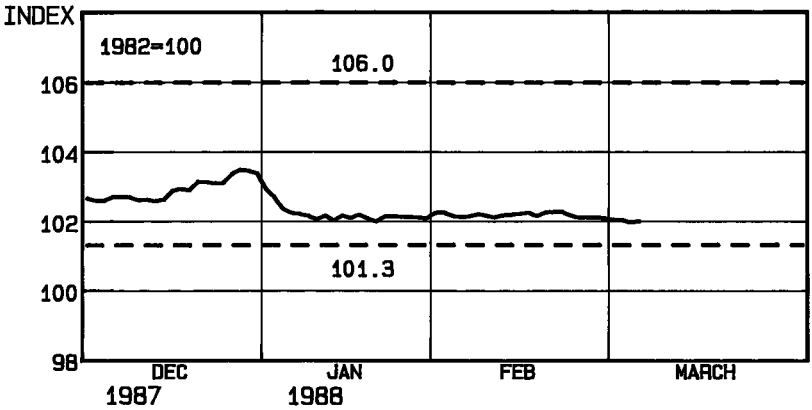
- 1. Secondary market rate on (3-6 year) fixed-rate debentures
- 2. Secondary market rate on (9-10 year) taxfree government bonds

11. BANK OF FINLAND CURRENCY INDEX



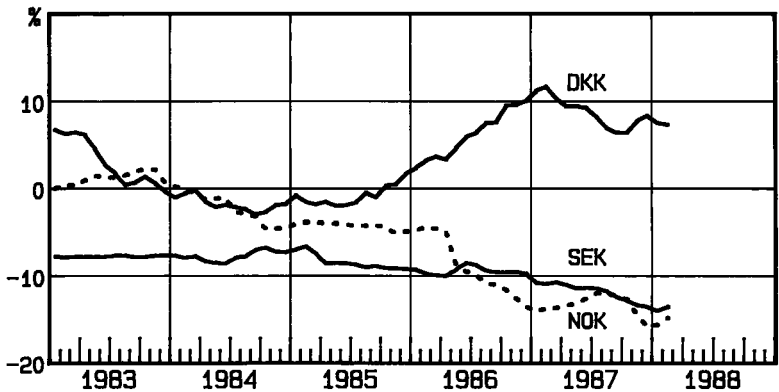
4.5 % = fluctuation range of the index  
Monthly averages

12. BANK OF FINLAND CURRENCY INDEX



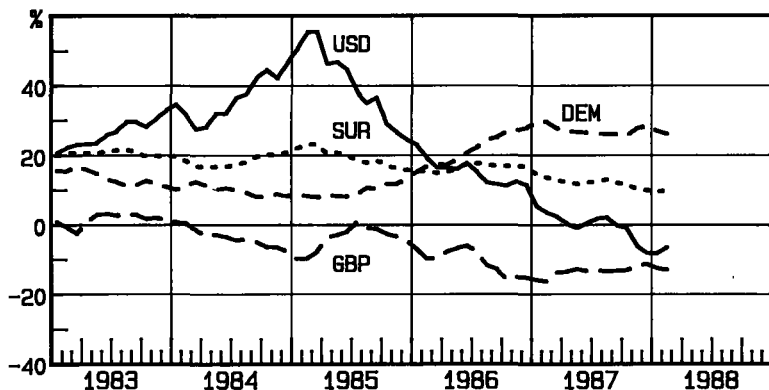
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



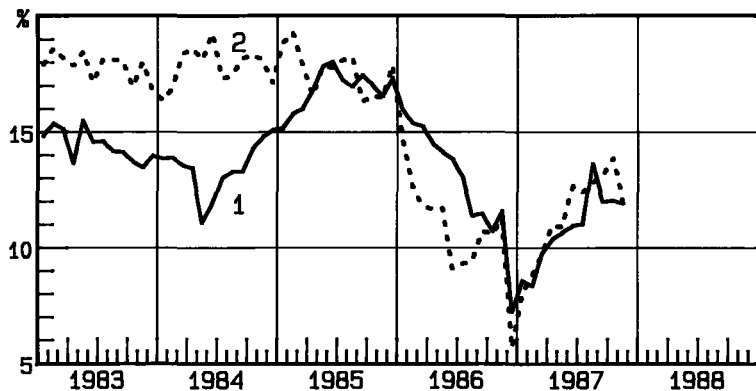
Monthly changes in markka selling rates calculated from the average rates for January 1982

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



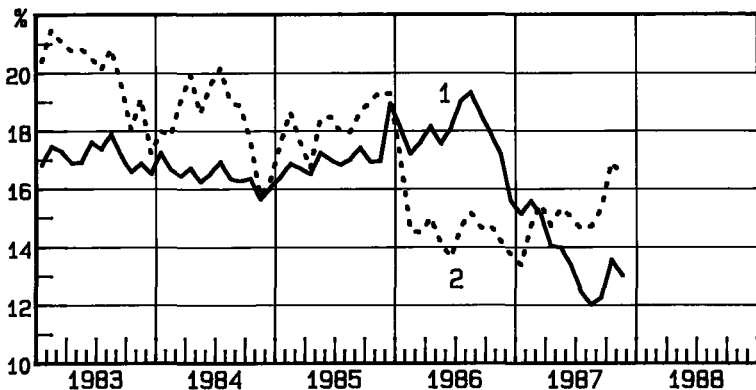
Monthly changes in markka selling rates calculated from the average rates for January 1982

15. BANK DEPOSITS FROM THE PUBLIC



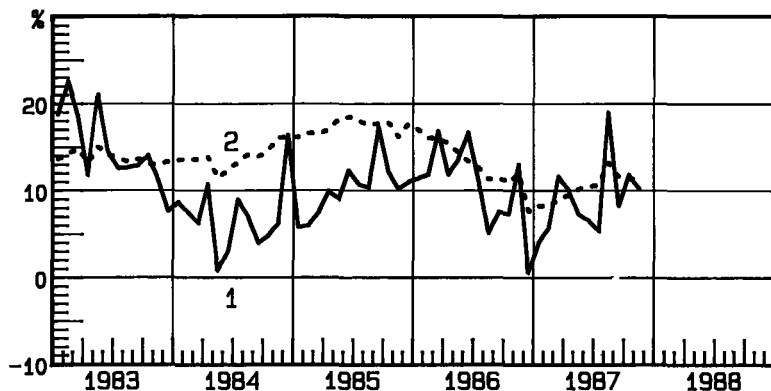
1. Regulated deposits  
2. Total deposits  
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



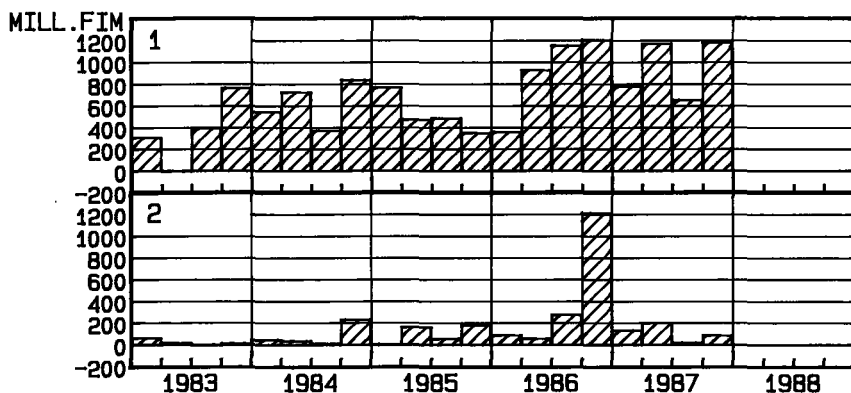
1. Markka lending  
2. Total lending  
Change from the corresponding month of the previous year, per cent

### 17. MONEY SUPPLY



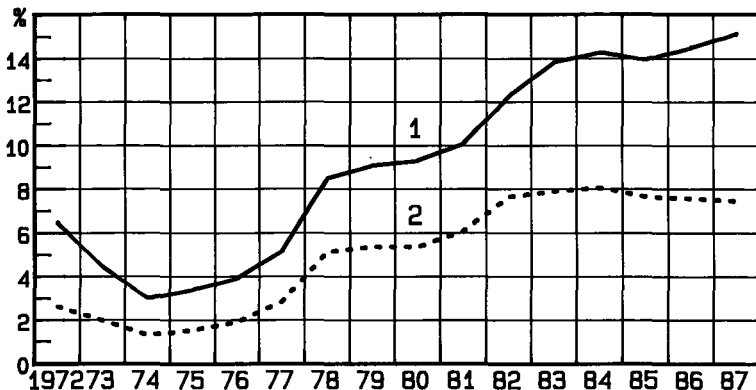
1. Narrow money supply (M1)
  2. Broad money supply (M2)
- Change from the corresponding month of the previous year, per cent

### 18. DIRECT INVESTMENT



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

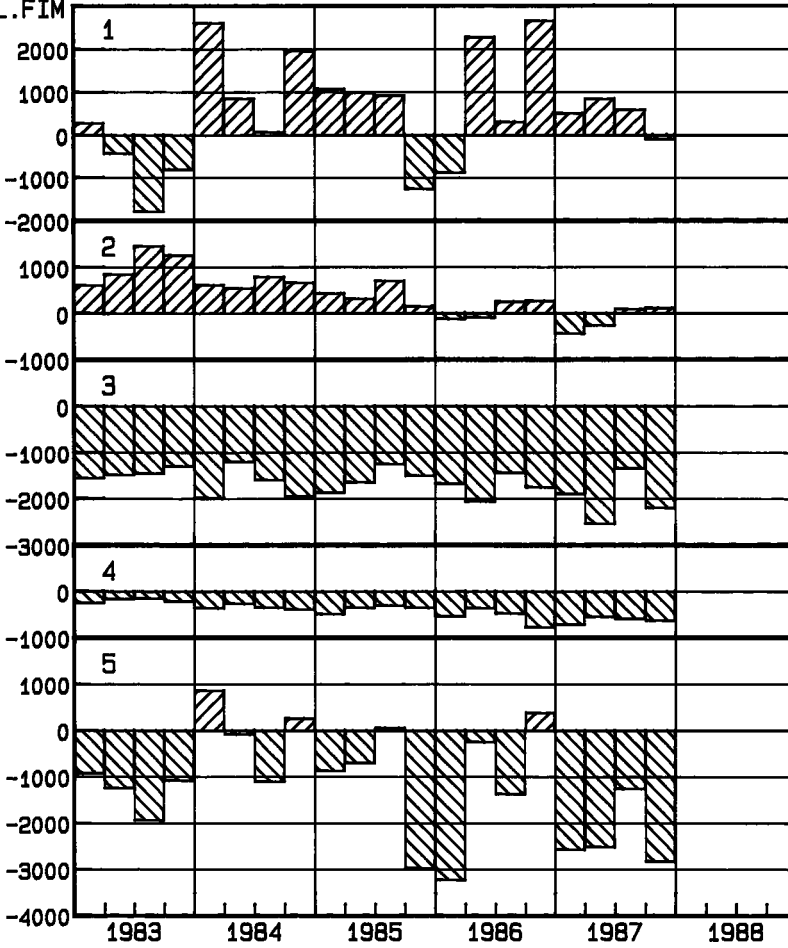
### 19. CENTRAL GOVERNMENT DEBT



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

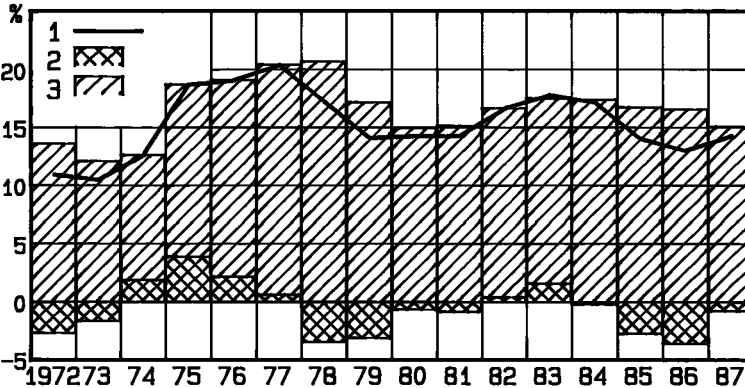
## 20. CURRENT ACCOUNT

MILL. FIM



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

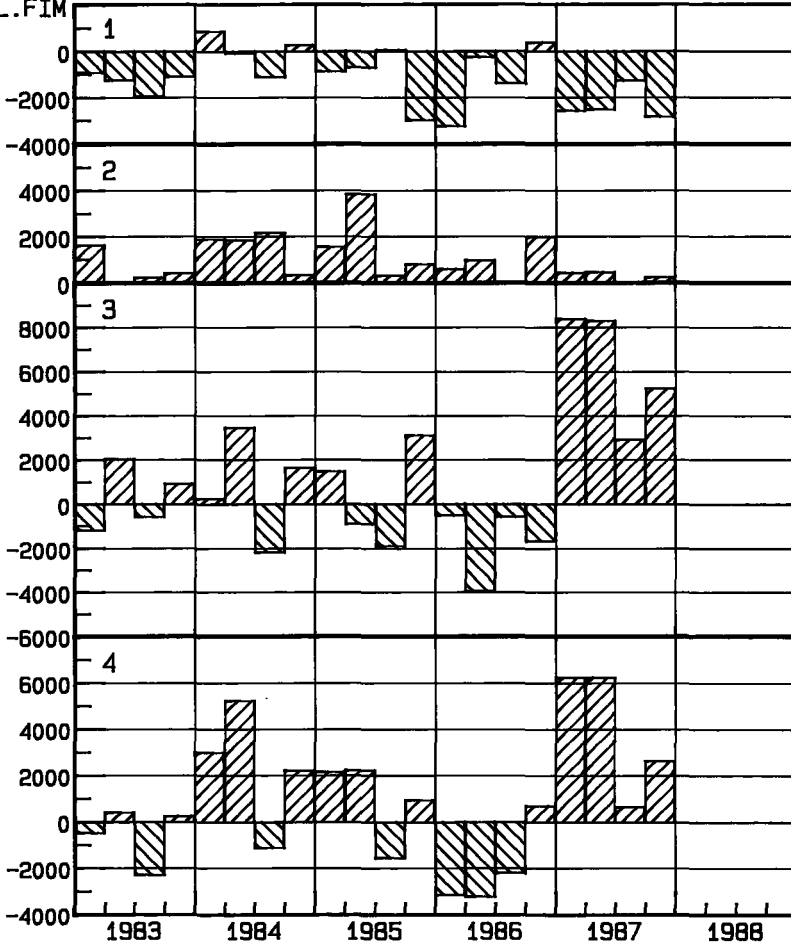
## 21. FOREIGN DEBT



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

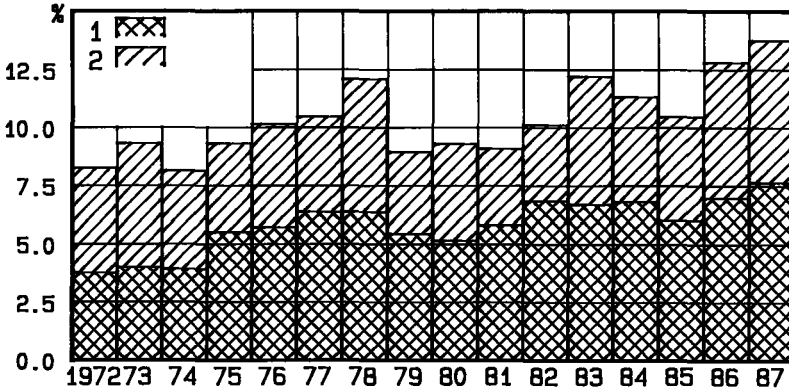
22. BALANCE OF PAYMENTS

MILL. FIM



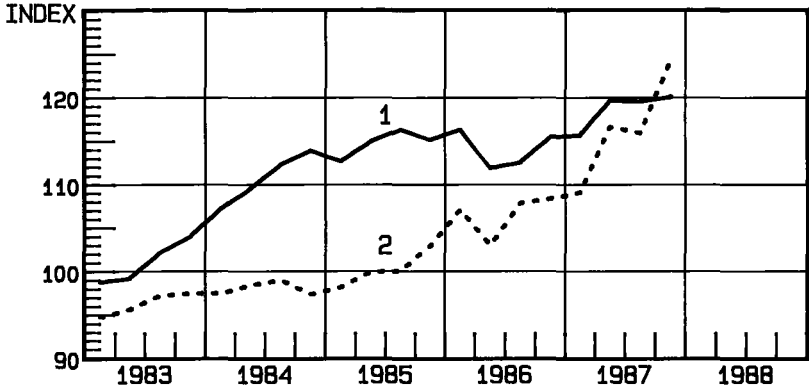
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance = change in the foreign exchange reserves of the Bank of Finland

23. DEBT SERVICE RATIO



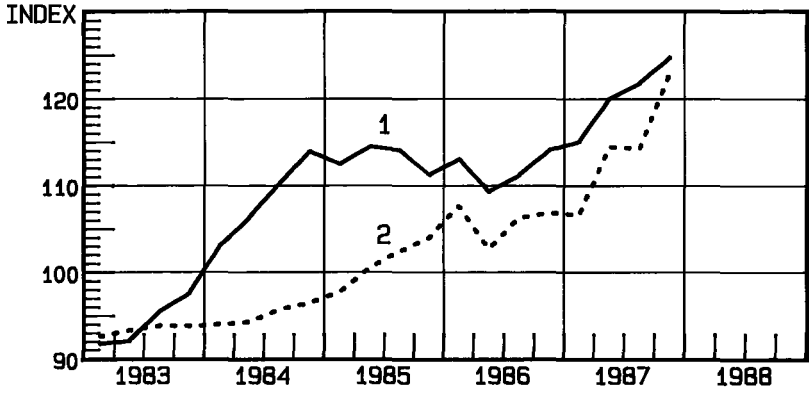
1. Interest payments
  2. Redemptions
- As a percentage of current account earnings

### 24. FOREIGN TRADE



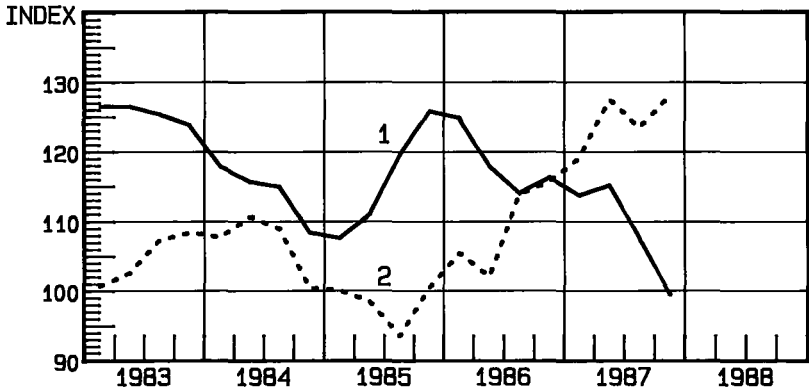
1. Total exports  
 2. Total imports  
 Volume index, 1980 = 100,  
 four-quarter moving average  
 shown as at the last quarter

### 25. WESTERN TRADE



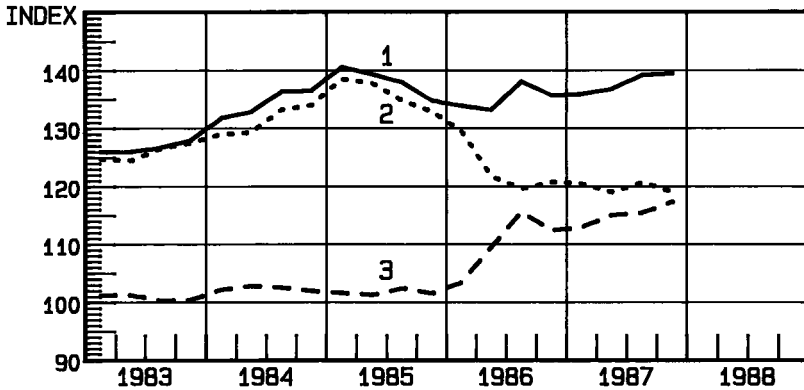
1. Western exports  
 2. Western imports  
 Volume index, 1980 = 100,  
 four-quarter moving average  
 shown as at the last quarter

### 26. BILATERAL TRADE



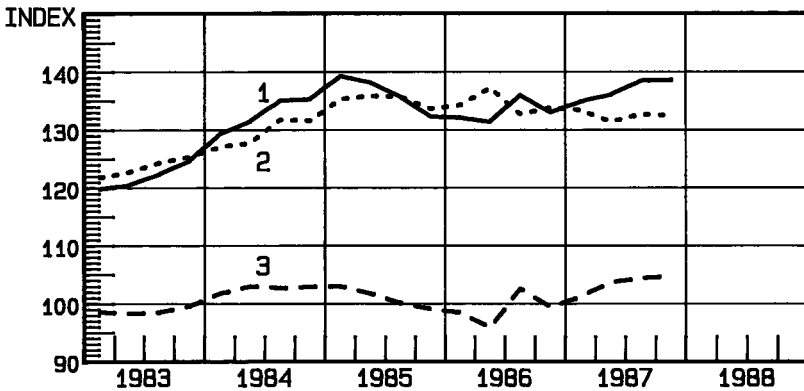
1. Bilateral exports  
 2. Bilateral imports  
 Volume index, 1980 = 100,  
 four-quarter moving average  
 shown as at the last quarter

27. FOREIGN TRADE: PRICES AND TERMS OF TRADE



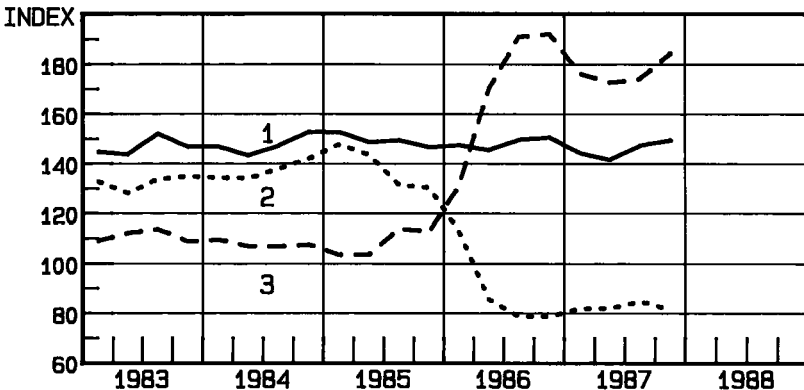
- 1. Unit value index of exports
  - 2. Unit value index of imports
  - 3. Terms of trade
- 1980 = 100

28. WESTERN TRADE: PRICES AND TERMS OF TRADE



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

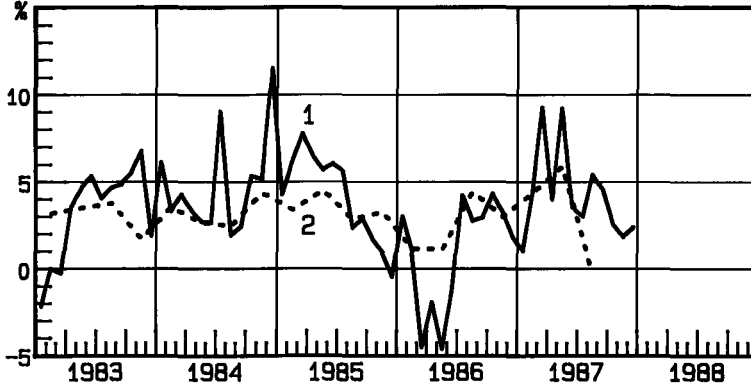
29. BILATERAL TRADE: PRICES AND TERMS OF TRADE



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

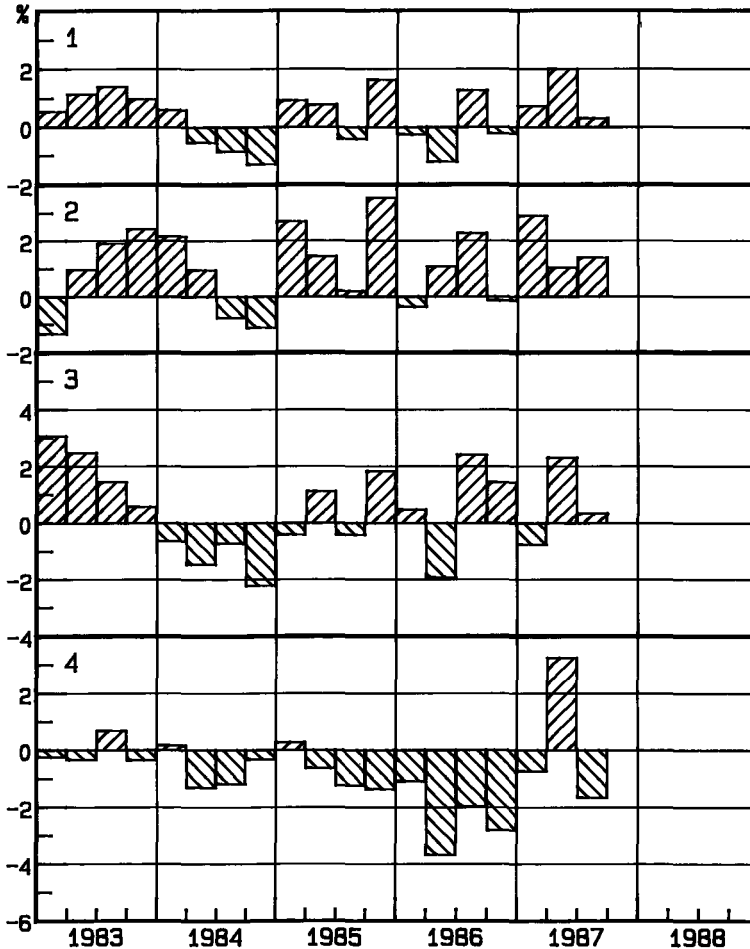


### 30. PRODUCTION



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

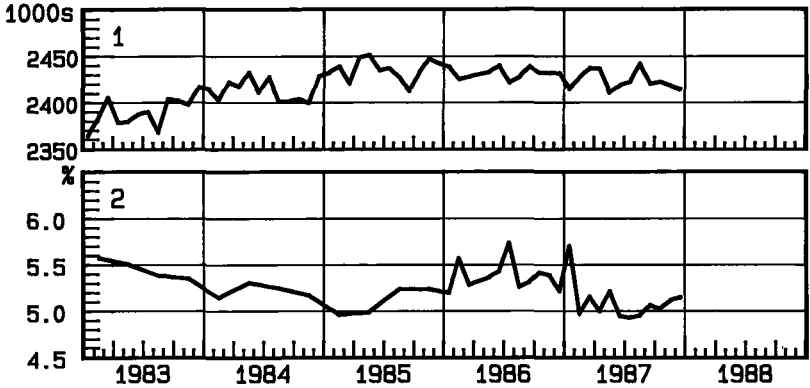
### 31. FIXED INVESTMENT



1. Total fixed investment
2. Investment in machinery and equipment
3. Building investment, excl. residential buildings
4. Residential buildings

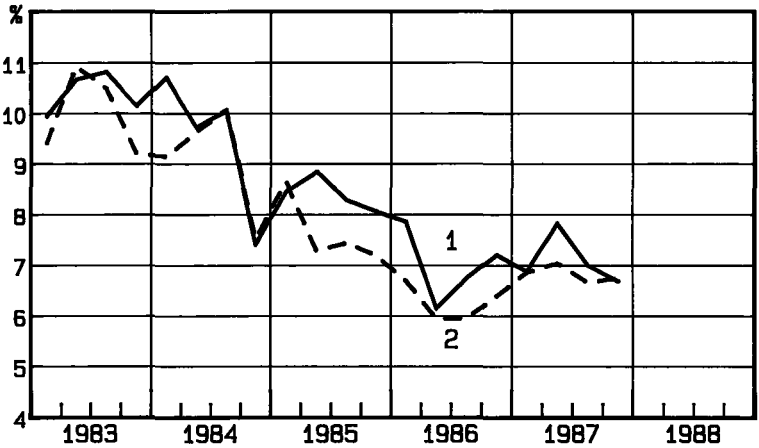
Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

### 32. EMPLOYMENT AND THE UNEMPLOYMENT RATE

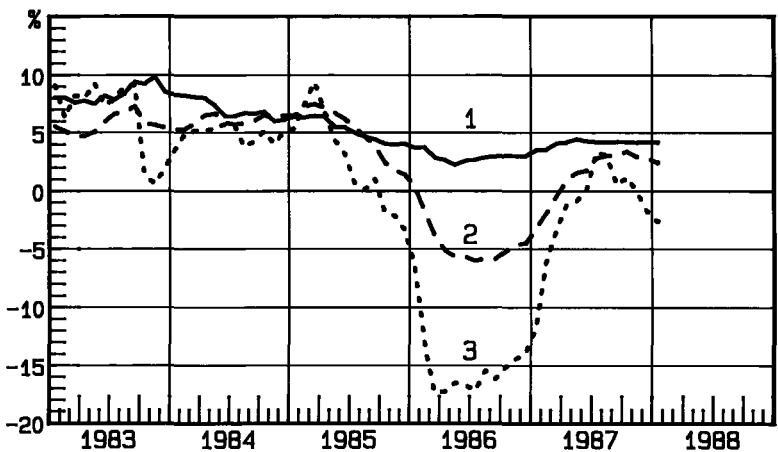


1. Employment, 1000 persons
2. Unemployment rate, per cent

### 33. PRICES AND WAGES

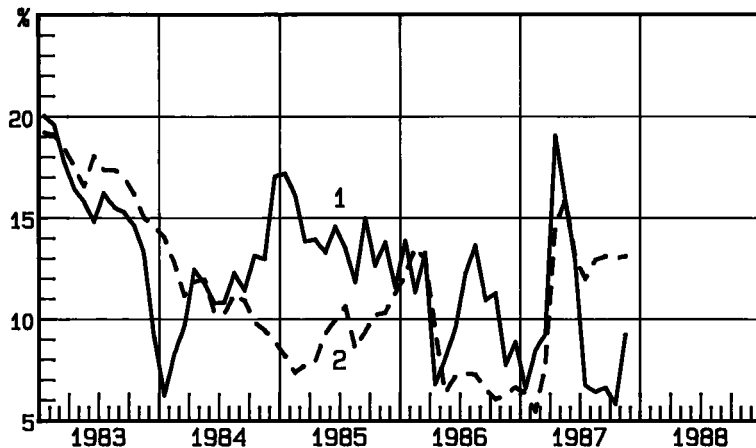


1. Index of wage and salary earnings, all wage and salary earners
  2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



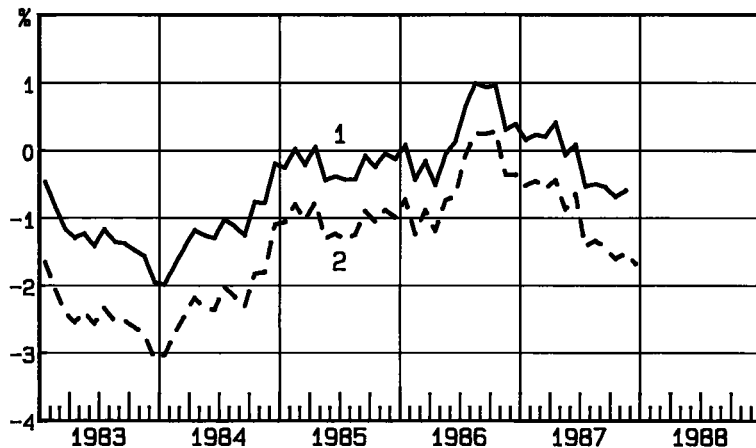
1. Consumer price index
  2. Wholesale price index
  3. Import price index
- Change from the corresponding month of the previous year

### 34. CENTRAL GOVERNMENT FINANCES



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

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



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

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

# BANK OF FINLAND

---

## THE PARLIAMENTARY SUPERVISORY BOARD

---

MAURI MIETTINEN, Chairman  
PERTTI PAASIO, Vice Chairman  
MATTI MAIJALA

KAUKO JUHANTALO  
ANTTI KALLIOMÄKI

HEIKKI PERHO  
ERKKI PYSTYNEN

JUSSI RANTA  
HENRIK WESTERLUND

---

## THE BOARD OF MANAGEMENT

---

ROLF KULLBERG, Chairman

ESKO OLLILA

PENTTI UUSIVIRTA

KALEVI SORSA  
Minister for Foreign Affairs, on leave of absence

ELE ALENIUS

MARKKU PUNTILA, Acting Member

HARRI HOLKERI

Prime Minister, on leave of absence

---

## DIRECTORS

## DEPARTMENTS

---

PENTTI KOVIKKO

Accounting Department OSSI LEPPÄNEN  
Administration Department URPO LEVO  
Data Processing Department RIITTA JOKINEN

Payment Instruments Department REIJO MÄKINEN  
Personnel Department ANTON MÄKELÄ  
Branches

SIRKKA HÄMÄLÄINEN

Central Bank Policy Department  
JOHNNY ÅKERHOLM  
Economics Department KARI PUUMANEN  
Financial Markets Department RALF PAULI

Information Department ANTTI HEINONEN  
Research Department HEIKKI KOSKENKYLÄ

MATTI VANHALA

Bilateral Trade Department  
KARI HOLOPAINEN  
Exchange Control Department ESA OJANEN  
Market Operations Department KARI PEKONEN

Payments and Settlement Department  
RAIMO HYVÄRINEN  
Risk Monitoring Department KAARLO JÄNNÄRI

---

Internal Audit Department TIMO MÄNNISTÖ

---

HEIKKI T. HÄMÄLÄINEN,  
Secretary to the Parliamentary Supervisory  
Board and the Board of Management

---

## BRANCH OFFICES

---

12 branches: Joensuu, Jyväskylä, Kotka, Kuopio, Lahti, Mikkeli, Oulu, Pori, Rovaniemi, Tampere, Turku, Vaasa

---

## SECURITY PRINTING HOUSE

---

TOR-LEIF HUGGARE, Managing Director

---