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Statement by Mr Rolf Kullberg,  
Governor of the Bank of Finland,  
on the Occasion of the Closing of  
the Accounts for 1988

The Reform of Income Taxation in  
Finland

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## STATEMENT BY MR ROLF KULLBERG, GOVERNOR OF THE BANK OF FINLAND, ON THE OCCASION OF THE CLOSING OF THE ACCOUNTS FOR 1988

**E**conomic growth continued in Finland in 1988 and real GDP increased by almost 5 per cent. Though the strength of economic activity derived partly from the rapid expansion of international demand it was also boosted by the continuing buoyancy of domestic demand. The economy showed clear signs of overheating; the current account deficit amounted to an estimated FIM 12 billion, or nearly 3 per cent of GDP, and inflation pressures mounted. The need for restrictive economic policy became increasingly evident in the course of the year, as economic forecasts were repeatedly revised upwards.

The Bank of Finland sought to restrict the growth of demand. Developments in interest rates were influenced by transactions in banks' certificates of deposit. Liquidity was also mopped up by successively raising the cash reserve requirement from 4.9 per cent at the beginning of the year to 7.8 per cent at the end.

In May the Bank of Finland raised its base rate from 7 per cent to 8 per cent in order to influence interest rates relevant to households. Apart from seeking to increase the attractiveness of household saving, this step was aimed at dampening consumption by highly indebted households. In September, the Bank of Finland announced that it was prepared to lower the base rate from the beginning of 1989, if the stabilization agreement designed to check wage and cost developments gained wide acceptance. The decision to lower the base rate by half a percentage point was taken at the end of November.

As maintenance of a fixed exchange rate is now the guiding principle of economic policy, the effectiveness of monetary policy as a demand management instrument has diminished. Particularly in the first half of the year, high market interest rates led to an increase in foreign exchange reserves and liquidity. In order to secure more leeway in interest rate policy the range within which the currency index can fluctuate was marginally increased at the end of November.

The exacerbation of the imbalances in the economy during the international boom implies that there will be little room for manoeuvre in economic policy if and when economic growth slackens. Economic policies were unable to absorb the growth in purchasing power engendered by the strong improvement in the terms of trade; rather this led to a vigorous growth of demand. The terms-of-trade gains have also permitted unduly large increases in wages and salaries without any squeeze on profitability in the short run. By the same token, the trendwise weakening in the current account has been partially concealed by the relatively favourable movements in foreign trade prices.

One important reason for the overheating of the economy is to be found in the rapid expansion of bank lending. During the transition from regulated to deregulated markets, banks have temporarily been able to improve their profitability. After a long period of regulation and with tax deductibility of most interest expenses, borrowers are still rather insensitive to changes in interest rates. On

the other hand, banks' funding costs have remained low because the bulk of deposits have been exempt from taxation.

Rapid credit expansion could, however, cause problems for many banks in the longer run. It is to be feared that banks have not given due consideration to the risks involved and that the quality of their loan portfolios has deteriorated as a result. Potentially large risks attach to loans granted to finance investments in securities, real property and the like and where the investment itself is the only collateral. The values of some assets could fall quickly when economic conditions weaken.

In the future, banks will have to operate in an environment characterized by growing uncertainty and risks and where margins will be squeezed by increasing competition. Changes in the taxation of deposits and a gradual tightening in deposit rate competition are likely to raise the costs of funds to banks. On the lending side, banks will have to face stiffening competition from the capital market and from abroad. It would be unfortunate if good profitability over the last few years has encouraged a false sense of optimism among banks, preventing them from undertaking cost-cutting programmes necessary to improve their underlying profitability.

Economic policy should now be tightened irrespective of international developments. In the present circumstances, the responsibility for this lies largely with fiscal policy. If the reform of the tax system precludes any tightening in overall taxation, efforts to re-

orientate fiscal policy in a more restrictive direction will have to focus on the expenditure side. In addition to rapid and substantial cuts in public spending, there is a need for structural measures to bring an end to automatic increases in public outlays. Otherwise there is a danger that fiscal policy will not be

able to meet its increased obligations in demand management.

Since economic policy will have to be directed towards mitigating the current account and inflation problems, the level of employment will largely depend on developments in costs and prices. It will therefore be vi-

tal for employment and sound economic performance in general to find a basis for continuing the stabilization efforts of 1988.

January 4, 1989

# THE REFORM OF INCOME TAXATION IN FINLAND

by **Lasse Aarnio**, Deputy Chief of Planning  
Ministry of Finance

## INTRODUCTION

**T**he main part of the income tax reform approved by Parliament at the end of last year took effect at the beginning of 1989. It constitutes the first phase of the comprehensive tax reform initiated by Prime Minister Harri Holkeri's Government. The reform and its objectives were included in the programme announced by the Government when it took office in April 1987. The various phases of the reform are to be implemented over the period 1989–1991.

The Government set three prime objectives for the reform. First, the reform aimed at enhancing the neutrality of the tax system, i.e. reducing the effects of income taxation on the allocation of economic resources. Second, the reform sought to improve the fairness of taxation so that the amount of tax depends on the taxpayer's total income and not on the source of income. The third objective was simplification of taxation.

Reflecting current issues in the public debate on taxation, the objectives were defined in rather general terms, thus leaving them open to various interpretations. The Government's programme also outlined the ways in which the reform should be implemented, i.e. by streamlining the tax deduction system, lowering marginal taxes and making the taxation of different sources of income, in particular capital income, more equal.

The Government's programme also set goals for fiscal and income distribution policy, which, together with the above objectives, left very little room for the implementation of the re-

form. The reform was to be achieved without any loss of tax revenues at the central and local government levels, which was tantamount to fiscal neutrality. Income distribution policy goals aimed at keeping the vertical equity of income taxation unchanged by ensuring that the average effective tax rates in different income bands remained the same. Thus, as far as income distribution policy is concerned, the reform focused on improving horizontal equity by making the tax treatment of different sources of income more uniform.

The reform is estimated to reduce total personal income tax revenue by some FIM 4.5 billion, or about 5 per cent, in 1989. Of this amount, approximately FIM 3.6 billion represents a loss in central government income tax revenue. If, however, the effect of inflation adjustments, which have been applied regularly in recent years, is eliminated, the "real" easing of personal income taxation amounts to some FIM 2.4 billion. For corporations, the reform means a tightening of taxation, which is estimated to total some FIM 0.8–1.0 billion in 1989, equiva-

lent to a 20–30 per cent increase in corporations' total income taxes.

## BROADENING THE PERSONAL INCOME TAX BASE

The analysis of the distributional effects of the reform was based on the concept of total household income, which encompasses all factor income, income transfers and capital gains of households. Household income was taken to refer to all income received in money or comparable imputed income, although for instance, companies' retained earnings, were not included in imputed income.

The calculation of total household income made it possible to estimate the coverage of income taxation in Finland for the first time. In 1989, it is estimated that about 20.3 per cent of total household income would not be subject to taxation under the old tax legislation. The coverage of taxation by main sources of income before the reform is shown in Table 1.

Though the overall coverage of income taxation can be con-

TABLE 1. TOTAL HOUSEHOLD INCOME AND INCOME SUBJECT TO TAX ACCORDING TO THE OLD LEGISLATION IN 1989

Source of income	Total income FIM billion	Income subject to tax FIM billion	Share of income subject to tax in total income, %
Wages and salaries	213.1	205.2	96.3
Entrepreneurial income	36.8	19.0	51.6
Capital income	26.3	4.2	16.1
Income transfers	64.8	50.2	77.4
Capital gains	11.2	0.3	2.7
Total income	352.1	278.8	79.2

sidered fairly good, an analysis by source of income reveals large discrepancies. The main gaps in the tax base relate to business income and capital income. Because of tax reliefs and generous rules for reserves and depreciation in accounting and business taxation, only a small share of business income is taxable. Similarly, the estimation of income derived from forestry (area-based yield) for taxation purposes tends to substantially underestimate the actual yield.

The particularly low share of capital income subject to tax is partly due to the fact that capital income includes imputed rental incomes from owner-occupied dwellings, which are taxable only very rarely. Another reason is that virtually all household interest income is tax-exempt because bank deposits and bonds held by households have traditionally been exempted from taxation in Finland.

The calculation of total household income also provided an opportunity to examine the income tax burden at differ-

TABLE 2. BROADENING OF INCOME SUBJECT TO TAX IN PERSONAL TAXATION IN 1989 BY SOURCE OF INCOME

Source of income	Broadening of income subject to tax FIM million	Percentage breakdown %	Broadening as a proportion of present income subject to tax %
Wages and salaries	2 230	35.8	1.1
Income from farming	1 200	19.2	17.3
Income from forestry	30	0.5	1.2
Other entrepreneurial income	2 180	35.0	22.6
Capital income	360	5.8	8.5
Capital gains	230	3.7	78.1
Total	6 230	100.0	2.2

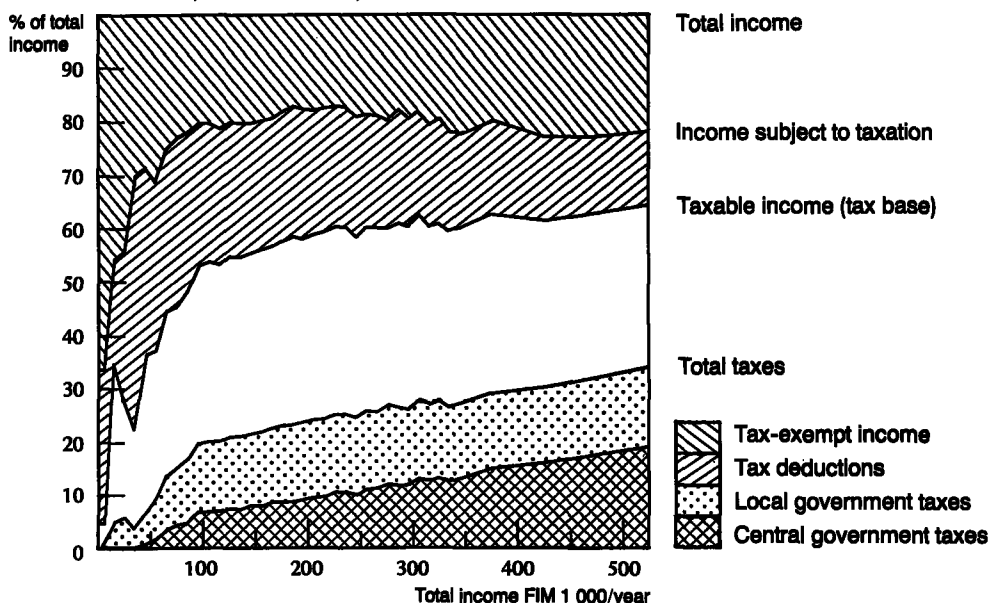
ent income levels more widely than before. Chart 1 shows the main income tax concepts under the old legislation and taxes as a percentage of income. It reveals that the relative importance of non-taxable income is greatest at the lowest and highest income levels and that deductions allowed in taxation partially offset the differences in tax-exempt income between medium and high income groups.

The broadening of the concept of income subject to tax in

household income taxation proved to be rather difficult as its coverage under the old system was already fairly comprehensive. Moreover, it turned out that increasing the neutrality of taxation was not as widely accepted an objective at the political level as might have been deduced from the Government's programme.

The broadening of total household income subject to tax approved at this stage of the reform is shown in Table 2. The total amount of income subject

CHART 1.  
INCOME CONCEPTS IN TAXATION AND TAXES IN RELATION TO TOTAL HOUSEHOLD INCOME (OLD TAXATION)



to tax is estimated to increase by some 2 per cent only. Moreover, not all of this amount represents a true widening of income subject to tax since it also includes income transferred from corporation taxation to household income for taxation purposes.

The broadening of income subject to tax is rather modest in the initial phase of the reform. On the other hand, the taxation amendments decided on are estimated to increase income subject to tax more than indicated in Table 2 but the impact will not show up fully in 1989. This is expected to be the case with capital income and capital gains, in particular.

The streamlining of the deduction system in personal taxation led to considerable changes in certain individual deductions and in the system as a whole. A total of 14 deductions were eliminated, while the remaining deductions were either altered or left unchanged. As a result of the reform, the total amount of personal taxation deductions in 1989 is estimated to change as follows:

	Old taxation	New taxation	Change
	FIM billion		
Central government taxation	77.3	32.1	-45.2
Local government taxation	44.4	52.2	+7.8

The changes in the deduction system also involved a partial shift in deductions from central government taxation to local government taxation. This was necessary because the broadening of income subject to tax also applied to local government taxation and would have resulted in a tightening of taxation had it not been eliminated by increasing deductions. The tax rates applied in local government taxation cannot be determined by the Government or Parliament.

The personal income tax base, i.e. taxable income, to

which the schedule of tax rates is applied, is estimated to change as follows in 1989:

	Old taxation	New taxation	Change
	FIM billion		
Central government taxation	202.1	253.2	+51.1
Local government taxation	235.0	233.7	-1.3

### CHANGES IN CAPITAL INCOME TAXATION

The reform of capital income taxation was a key element of the tax reform. The existing capital income tax system was highly asymmetric and reform was also necessary because of developments in financial markets. The taxation applied at the time of regulated financial markets no longer function effectively or cause distortions in the development of financial markets.

The reform of capital income taxation was designed to further the integration of personal and corporate taxation, to take reasonable account of inflation in taxation, which is based on nominal concepts, and to find ways of restricting arbitrage made possible by defects in the tax system, particularly those in the tax treatment of interest income and expense.

The key issue in the taxation of interest income was to find a solution to the taxation of bank deposits and bonds. In the post-war era, Finland has had tax relief legislation under which ordinary bank deposits and bonds held by households are tax-exempt. Though this legislation has been of a temporary nature, it has been renewed at regular intervals. Tax exemption has affected the channelling of household investments and acted as a brake on the development of financial markets. The Tax Relief Act has also hampered efficient competition between banks in the supply of alternative investment outlets to households.

The Government programme restricted the uniform treatment of all sources of capital income by retaining the tax-exemption of ordinary deposits. This was embodied in a new Tax Relief Act covering the years 1989-1991. Under the new act, the tax-exemption of bank deposits is conditional on the rate of interest paid on them; deposits are tax-exempt only if they bear a maximum rate of interest equivalent to the base rate less 4 percentage points (ordinary savings and current accounts) or the base rate less 2 percentage points (24-month fixed-term deposits). The tax-exemption of bonds was restricted to apply only to 10-year government or mortgage bank bonds carrying a maximum interest rate of the base rate less one percentage point.

The tax-exemption of fixed-term deposits and bonds can be regarded as a temporary arrangement necessary during the transition phase. In other respects, the tax reliefs under the new legislation can be considered a technical solution designed to allow for the effect of inflation in a set fashion in the taxation of deposits which are unlikely to generate a real return.

Largely because of the capital income deduction, the importance of household investments generating taxable interest income has increased considerably in the last few years. The deduction permits taxpayers to have a limited amount of non-taxable interest income from investments other than tax-exempt deposits and bonds.

Besides developing a new method for the taxation of interest income, an attempt was made to find a formula for the treatment of interest expenditure which would ensure greater equality in the tax treatment of interest income and expense. The solution arrived at is based on the fractional exclusion model, which takes account of inflation in a set fashion in taxation so that only a fraction

of interest income is taxable and a fraction of interest expenditure deductible. For interest income, this is achieved through the capital income deduction. The new deduction is FIM 2 000 plus 50 per cent of the amount of interest exceeding FIM 2 000 up to a total of deduction of FIM 10 000. This means that normally half of interest income will be taxable.

In the case of deductions for interest payments, the introduction of the fractional exclusion model in its pure form was not possible in the initial phase, mainly because of the great importance of deductions for interest payments on housing loans. Instead, it was decided to implement a modified form of the model whereby 90 per cent of interest payments in excess of the non-deductible portion will be tax deductible up to a fixed maximum limit in 1989. In addition, the non-deductible portion of interest payments was raised from FIM 500 to FIM 900.

The aim is to gradually reduce the tax deductible fraction of interest expenditure exceeding the non-deductible portion and thus make the taxation of interest expenditure and interest income more symmetrical. Though the maximum amounts set for the capital income and interest payment deductions are not compatible with the fractional exclusion model approach, it was argued that they were necessary as a temporary measure so as to restrict the opportunities for arbitrage made possible by certain other defects in the tax system. It is likely that the maximum limits will be raised in the coming years.

Like the old capital income deduction, the new deduction also applies to income from rented housing. Overall, such income is of relatively little importance. It is also applied to household dividend income, though only on temporary basis as a new imputation system will be introduced in 1990, which will mean the abandon-

ing of double taxation of profits distributed by companies.

Under the imputation system to be introduced, shareholders will be credited in full in personal taxation for income taxes paid by companies. Thus, individuals receiving dividend income will no longer be allowed a capital income deduction on the basis of dividend income. All resident recipients of dividends who are generally liable to taxation in Finland will be entitled to this credit. The credit may also, on the basis of a tax treaty, be reciprocally granted to foreigners with limited tax liability in Finland.

Long-term capital gains arising on the disposal of assets held for more than a certain period (movables 5 years and real property 10 years) were previously completely tax-exempt. In 1986, however, 20 per cent of such capital gains in excess of FIM 1 million were made subject to taxation.

The relatively extensive tax-exemption or light taxation of long-term capital gains was one factor militating against the fairness of taxation. As the aim was to expand the income tax base, capital gains could not be ignored and, accordingly, many changes were introduced in their taxation. The major changes were the lowering of the maximum limit for tax-exempt capital gains from FIM 1 million to FIM 200 000 as from the beginning of 1989 and the raising of the proportion of capital gains liable to tax in excess of this limit from 20 to 40 per cent.

The reform of capital taxation also involved some adjustments in the provisions concerning life assurance policies. The partial deductibility of life assurance premiums was abolished and the proceeds of savings policies were made subject to tax, though in the case of policies which have been valid for over 10 years only half the proceeds are subject to tax. Compensation paid in the event of death is exempted from tax; the possibility of its inclusion under inheritance tax is to

be studied separately.

A measure which will partially ease capital taxation is the abolition of the joint taxation of the unearned income of spouses. This is due to take place in 1990.

Wealth tax is also included in capital taxation in Finland. It is determined on the basis of net wealth (assets less liabilities) applying a progressive tax schedule. The highest tax rate applied so far has been 1.7 per cent. The integration of income taxation and wealth taxation has been carried out using a ceiling rule according to which the total of all income and wealth taxes can be a maximum of 80 per cent of taxable income. If taxes exceed this level, tax or a part thereof may be left unchanged.

In connection with the reform, certain regulations used for determining the taxable values of real estate were revised in order to bring them closer into line with current values referred to in law. The lower limit of taxable wealth was raised from FIM 845 000 to FIM 1 million and the number of tax rates was reduced from three to a flat rate of 0.9 per cent on wealth exceeding FIM 1 million. The ceiling rule was amended so that now tax can be left unchanged when total taxes exceed 70 per cent of taxable income.

## **CHANGES IN BUSINESS TAXATION**

The most important change in business taxation concerns the adoption of the imputation system noted above. The new system will be applied for the first time in business taxation for 1990. After its introduction, any limited company or other similar corporation distributing profits will have to pay income tax equivalent to at least 9/11 of the dividends distributed. This share — the minimum tax — corresponds to the central and local government taxes payable by companies, which will be 45 per cent of taxable income in 1990. If the tax payable by a



company under the normal tax rules is less than 9/11 of the distributed profit, the difference will be levied as an additional tax; if a company's income tax exceeds 9/11 of dividends distributed, the difference can be utilized during the following five years, if the tax based on taxable income is smaller than the minimum tax.

For the purposes of the shareholder's taxation, his income will be regarded as the dividend received in money plus 9/11 of the dividend received, and the amount of tax will be credited in the computation of the shareholder's personal income tax. The new system will first be applied to the shareholder's taxation when he is taxed on dividends which have been taxed according to the new system in corporate taxation, i.e. generally speaking as from 1991.

Alleviating economic double taxation of profits distributed by companies has so far been achieved mainly through the dividend distribution deduction in corporate taxation. Thus the imputation system will lead to a tightening of taxation for some companies, and in particular for those major listed companies, which, because of the dividend distribution deduction, tax-exempt income and certain other tax reliefs have so far been able to completely avoid income tax based on their profits. On the other hand, the imputation system is likely to encourage the distribution of dividends by those companies whose dividends would have been taxed twice under the old system, in part because of the lack of the above-mentioned means.

How significant the additional tax pertaining to the imputation system proves to be in practice will partly depend on to what extent companies can continue to avoid income tax based on their profits, or whether they otherwise have to pay taxes. The other changes in business taxation involve a broadening of the tax base,

thus reducing the significance of companies' minimum tax. As they concern business income in general, they also apply to enterprises other than corporations.

The broadening of the tax base in business taxation primarily means the abolition of certain fixed-term tax reliefs, such as partial tax-exemption of interest on suppliers' credits in the metal and engineering and shipbuilding industries and the additional deduction granted for expenditure on research and development.

The maximum amounts of reserves and provisions allowed in business taxation are to be reduced. The maximum undervaluation of inventories, which was formerly 40 per cent as a rule, will be lowered to 35 per cent in 1989 and to 30 per cent in 1990. If, in addition to the inventory reserve, a company sets up an operating reserve based on its annual payroll costs, the maximum amount of the inventory reserve will be lowered by an additional 5 percentage points. Undervaluation of securities included under inventories will be limited even more; the maximum reserve in their case will be 20 per cent in 1989 and 10 per cent in 1990.

The maximum revaluation reserve which financial, insurance and pension institutions are entitled to set up in respect of their investment assets is to be lowered from 6 to 5 per cent. Similarly, the maximum amount of their provisions for bad debts will be cut from 6 to 5 per cent. In the case of business enterprises other than financial, insurance and pension institutions, the maximum provision for bad debts will be lowered from 3 to 2 per cent as from 1990.

The reform does not provide for any changes in the depreciation rules as such. However, the maximum annual amount which can be transferred to investment reserves was reduced and their taxation made less favourable. As the in-

vestment reserve actually represents an advance write-off, this change also entails a slight tightening in companies' opportunities to depreciate their physical assets.

Group contributions, which were formerly allowed only in central government taxation, were extended to apply also to local government taxation. A particularly significant change in local government taxation will be the abolition of presumptive business income taxation as from 1991.

The corporate tax rate applied in central government income taxation, which has been 33 per cent up till now, will be lowered to 28 per cent in 1990. Consequently, the total income tax rate (including local government and church taxes) payable by limited companies and other corporations will, on average, be about 45 per cent.

### **TAX SCHEDULE AND MARGINAL TAX RATES**

In addition to progressive central government tax, personal income tax in Finland comprises local government and church taxes as well as national pension and social security contributions determined on the basis of the insured person's taxable income. Apart from the central government tax, the taxes are flat-rate taxes. Together, average local government and church taxes amounted to just over 16 per cent in 1988 and social security contributions to 3.5 per cent. Viewed in terms of total tax revenue or the average effective tax rate, these proportional taxes are more important than central government income tax. They also contribute to raising marginal income tax rates.

According to the 1987 tax statistics, central government income tax was, on average, 11.4 per cent of individuals' income subject to tax. Other income taxes accounted for an average of 17.1 per cent of income subject to tax so that the average total income tax rate

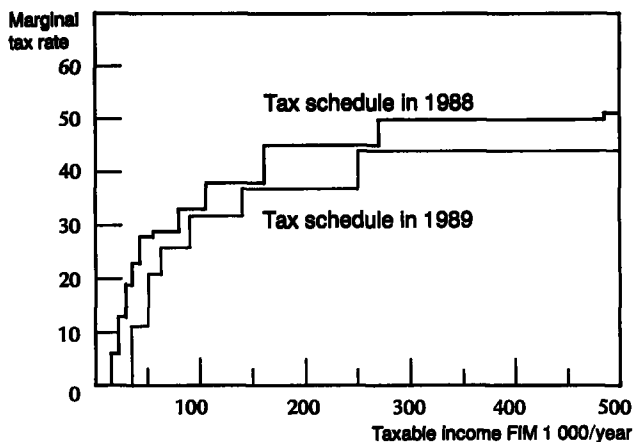
was 28.5 per cent. Calculated in relation to total income, the income tax rate was some 4 percentage points lower.

The highest marginal tax rate in central government income taxation has for long been 51 per cent, which, together with other income taxes, has resulted in a marginal tax rate well in excess of 70 per cent for taxpayers in the highest income band. For the lowest income groups, the marginal tax rate has been determined solely on the basis of income taxes other than central government income tax but, owing to the complexities of the deduction system, it may have been quite high. Estimated at the 1989 income level, the average effective marginal tax rate for all income earners would have risen to some 50 per cent under the old tax system.

The fiscal and income distribution objectives set for the tax reform left very little room for manoeuvre in reforming the schedule of progressive central government tax rates and thus also in lowering marginal tax rates. As the reform was supposed to be fiscally neutral without any change in the average effective tax rates faced by various income groups, the starting point was that marginal tax rates could only be lowered to the extent allowed by the widening of income subject to tax and the elimination of deductions. Furthermore, the elimination of deductions did not create room for a corresponding cut in marginal tax rates because the removal of certain deductions increased effective marginal tax rates.

Chart 2 shows the old and new personal income tax schedules. The lower limit of the tax schedule has been raised from FIM 15 900 to FIM 36 000 while the number of marginal tax rates has been reduced from eleven to six. Strictly speaking, the schedules are not comparable in this way because the reform also provides for a new concept of taxable income.

CHART 2.  
THE OLD AND NEW INCOME TAX SCHEDULES



Average effective personal tax rates by income band before and after the tax reform are shown in Table 3. The aim was to devise the new central government income tax rate schedule so that the average reduction in effective income tax rates would have been approximately equal in all income bands. When the reform was being planned, it was assumed that the tax rates applied in local government and church taxes would not to be changed because of the reform; the reform did, however, contain a 0.25 percentage point reduction in the rate of social security contributions.

The changes in tax rates proposed by the Government var-

ied less between income bands than shown in Table 3 but the amendments subsequently made in Parliament eased taxation for those in FIM 45 000—75 000 income bands, in particular.

Overall, the reform means an easing of income taxation for some 54 per cent of taxpayers. For some 37 per cent of taxpayers the effective tax rate remains unchanged while for about 9 per cent the reform means a heavier tax burden. The number of taxpayers paying central government income tax will be reduced by some 250 000, i.e. just under 9 per cent. Viewed in terms of households, taxation will ease for some 84 per cent, remain un-

TABLE 3. AVERAGE EFFECTIVE PERSONAL INCOME TAX RATES BEFORE AND AFTER THE REFORM

Income band (total income)	Old taxation %	New taxation %	Change percentage points
1 001— 15 000	2.7	1.8	—1.0
15 001— 30 000	7.0	5.3	—1.7
30 001— 45 000	9.0	7.3	—1.7
45 001— 60 000	13.6	11.7	—1.9
60 001— 75 000	19.8	18.1	—1.7
75 001— 90 000	22.7	21.2	—1.5
90 001—105 000	24.6	22.8	—1.8
105 001—120 000	25.3	23.6	—1.6
120 001—150 000	26.2	24.7	—1.5
150 001—200 000	28.1	26.6	—1.5
200 001—350 000	31.7	30.2	—1.6
350 001—	35.6	34.5	—1.1
All	24.6	23.1	—1.6

changed for 13 per cent and increase for some 3 per cent.

Table 4 shows the average effective marginal tax rates and changes therein before and after the reform. The figures take all income taxes into account. The average effective marginal tax rate for all income earners has fallen by just under 3 percentage points; the reduction is appreciably greater for higher income groups and rather modest for medium income groups.

The nominal marginal tax rate, i.e. the marginal tax rate according to the tax schedule, has been reduced for some 2.6 million income earners. For the majority the reduction is 1–8 percentage points. Just under 300 000 income earners now face a higher marginal tax rate. In addition, some 2 million tax payers remain in the zero-rated bracket for the purposes of central government income tax, paying other income taxes only.

### THE CONTINUATION OF THE TAX REFORM

In Finland, an act on a new tax or a tax increase requires a two-thirds majority in Parliament to be enacted as a permanent act. The Government's tax reform bill did not receive a two-thirds majority and therefore the act will only be valid for one year. This means that the contents of the reform will have to be reconsidered at the latest in connection with the 1990 budget proposal in autumn 1989. Furthermore, the tax schedule can only be confirmed for one year at the time so it always has to be decided on in connection with the budget.

The tax reform is the outcome of many political compromises and not even the Government parties were satisfied with it. In particular, the final reductions in marginal tax rates were considered insufficient. However, a better income tax schedule satisfying all those concerned could not have been achieved, partly because of the related effects on income

TABLE 4. AVERAGE EFFECTIVE MARGINAL TAX RATES BEFORE AND AFTER THE REFORM (all income earners and all income taxes)

Income bands (total income)	Marginal tax rate		Change percentage points
	Old taxation %	New taxation %	
1 001— 15 000	16.7	11.7	—5.0
15 001— 30 000	15.6	14.1	—1.5
30 001— 45 000	29.6	25.1	—4.5
45 001— 60 000	41.4	37.0	—4.4
60 001— 75 000	45.3	42.8	—2.4
75 001— 90 000	47.2	44.9	—2.3
90 001—105 000	48.6	46.6	—2.0
105 001—120 000	50.1	49.0	—1.1
120 001—150 000	52.6	50.8	—1.8
150 001—200 000	56.2	53.2	—3.0
200 001—350 000	61.6	56.9	—4.8
350 001—	68.2	62.8	—5.4
All	50.6	47.8	—2.8

distribution. Nor was it possible in present economic conditions to implement any larger tax reductions in personal income taxation.

When the bill was presented to Parliament, the Government announced that it was continuing the preparation of the tax reform. The aim was to devise an income tax schedule for central government taxation in 1991 that would reduce the effective tax rates in all income groups as provided in the Government's programme without any change in income distribution and so that the number of tax-

payors facing an overall marginal tax rate of over 50 per cent would be further reduced; in central government taxation, the aim was to lower the highest marginal tax rate in central government taxation to 40 per cent. It was also considered necessary to explore new ways of further broadening the income subject to tax and streamlining the deduction system.

January 6, 1989

### **PROTOCOL ON THE EXCHANGE OF GOODS BETWEEN FINLAND AND THE U.S.S.R. FOR 1989**

The protocol on the exchange of goods between Finland and the U.S.S.R. for 1989 was signed in Helsinki in December 1988. Trade between Finland and the U.S.S.R. is set to reach about SUR 3.27 billion (FIM 22.4 billion) at the lower limits of the trade protocol and about SUR 3.54 billion (FIM 24.2 billion) at its upper limits. If actual trade takes place at the lower limits of the trade protocol, it will be roughly one-fifth less than in 1988. As in 1988, the main uncertainty as regards the implementation of the trade protocol concerns the large volumes of third-party oil, the price of oil and the possibility of new credit arrangements.

According to the trade protocol for 1989, Finnish imports from the U.S.S.R. will amount to about SUR 1.75 billion (FIM 12.0 billion). Thus, the value of imports will be approximately the same as in the previous year. The composition of imports will remain unchanged and oil intended for trading with third countries will continue to play a key role in 1989. Crude oil imports to Finland are set to reach 8.5 million tonnes and imports of fuel oils 3.1 million tonnes.

In 1989, Finnish exports to the U.S.S.R. will total about SUR 1.52 billion (FIM 10.4 billion) at the lower limits of the trade protocol. This represents a fall of over 25 per cent on average from the previous year, though sectoral changes in exports will vary considerably. Exports by

the chemical industries will remain at the same level as in 1988, while ship exports are set to fall by some 20 per cent, project exports by about 25 per cent and exports of machinery and equipment by about 30 per cent. The sharpest decline, over 65 per cent, is for exports of agricultural products.

At the upper limits of the trade protocol, the value of exports has been set at SUR 1.79 billion (FIM 12.2 billion), a decrease of about 16 per cent on the previous year.

The starting point for the trade negotiations was the assumption that the U.S.S.R. would be able to pay interest on its credit in the special account and repay the first SUR 50 million (FIM 340 million) instalment of the credit via the clearing account. Hence, at the end of the year, the U.S.S.R. will have to have an outstanding claim on the clearing account sufficient to cover these payments. At the end of 1988, Finland's outstanding claim on the clearing account amounted to SUR 144 million (FIM 985 million).

# MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM FEBRUARY 1988 TO JANUARY 1989

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.

### **Cash reserve requirement.**

The Bank of Finland raises the cash reserve requirement from 5.7 per cent to 5.9 per cent of the cash reserve base in March.

## APRIL

### **Cash reserve requirement.**

The Bank of Finland raises the cash reserve requirement from 5.9 per cent to 6.5 per cent of the cash reserve base in April.

## MAY

**Interest rate policy.** The Bank of Finland raises its base rate from 7.0 per cent to 8.0 per cent as from May 16, 1988.

### **Cash reserve requirement.**

The Bank of Finland raises the cash reserve requirement

from 6.5 per cent to 7.0 per cent of the cash reserve base in May.

## AUGUST

### **Foreign Exchange Regulations.**

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

**Till-money credits.** The Bank of Finland introduces new regulations concerning till-money credits according to which the banks are henceforth required to fund part of their till-money holdings, the base amount, themselves. Interest-free till-money credits are equivalent to the banks' markka till-money holdings less the base amount. The base amount is defined on the basis of the currency held by the public. This amount is divided among the banks entitled to till-money credit in proportion to their deposit and savings accounts. As a result of the measure, the bank's liquidity position vis-à-vis the central bank is tightened by about FIM 1 billion.

## SEPTEMBER

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

## OCTOBER

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

### **Cash reserve requirement.**

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

## NOVEMBER

### **Cash reserve requirement.**

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

**Currency index.** On the proposal of the Parliamentary Supervisory Board, the Government decides to widen the fluctuation range of the Bank of Finland's currency index from approximately 4.5 per cent to about 6 per cent while

keeping the middle point unchanged. Effective as from 30 November, the new fluctuation limits are 100.5 and 106.8.

## DECEMBER

### **Cash reserve requirement.**

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

1989

## JANUARY

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

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

[REDACTED]

## FINLAND IN BRIEF

### LAND, CLIMATE AND POPULATION

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

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

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

### FORM OF GOVERNMENT

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

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

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

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

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

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

### INTERNATIONAL RELATIONS

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

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

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

### THE ECONOMY

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

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

In 1987, expenditure on the gross domestic product in purchasers' values amounted to FIM 394 billion and was distributed as follows: net exports 0.4 % (exports 25.2 %, imports -24.8 %), gross fixed capital formation 23 %, private consumption 54 % and government consumption 21 %. Finland's gross tax ratio (gross taxes in relation to GDP) was 36 % and the net tax ratio (net taxes in relation to GDP) 23 %, which is about the average for OECD countries.

Average annual (compounded) growth of real GDP was 4.9 % in the period 1950-60, 4.8 % in 1960-70, 3.5 % in 1970-80, 3.0 % in 1980-87 and 4.2 % in 1950-87. Finland's GDP per capita in 1987 was USD 18 100; this put Finland in ninth place among the 24 member countries of the OECD, preceded by Switzerland, Japan, the Federal Republic of Germany, the United States and the other Nordic countries.

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

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



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

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

**Energy.** In 1987, gross consumption of primary energy amounted to 29 Mtoe, of which industry accounted for 45%, heating for 24%, transportation for 13% and other purposes for 18%. The sources of primary energy in 1987 were as follows: oil 33%, coal 12%, nuclear power 16%, hydro-electric power, peat and other indigenous sources 30%, others 9%. Compared internationally (1985), Finland's consumption of 5.5 toe per capita was 1.8 times higher than the average in European OECD countries. The self-sufficiency rate (OECD definition) in Finland was 42%, as compared with 62% in western Europe on average.

## FINANCE AND BANKING

**Currency.** Since 1865 Finland has had its own monetary system. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). Since Nov. 1, 1977 the external value of the markka has been officially expressed in terms of a trade-weighted currency index. As from Jan. 1, 1984 only convertible currencies have been included in the index. Since November 30, 1988, the index has been permitted to fluctuate within a range of 6 percentage points (previously 4.5). The range is defined by fluctuation limits which are set by the Government at the proposal of the Bank of Finland. The present fluctuations limits are 100.5 and 106.8 (1982 = 100), where the lower limit means the highest permissible value for the markka and the upper limit the lowest permissible value.

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

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

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

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

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

**Other banks** (Dec. 31, 1987). Finland has four major groups of deposit banks with a total of more than 3 500 offices. There are two big commercial banks with national branch networks and eight smaller ones, four of which are foreign-owned. The commercial banks have a total of 30 foreign branches, subsidiaries and associate banks and 30 representative offices abroad. There are 230 savings banks and 369 cooperative banks with their own extensive branch networks. The government-owned Postipankki has 56 branches and also offers basic services in post offices.

**Financial markets.** Of the total stock of FIM 487 billion in outstanding domestic credit at the end of 1987, 60% was provided by deposit banks, 4% by mortgage banks, 17% by insurance companies, 8% by other credit institutions and 11% by the state, local authorities and social security funds.

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

In the money market, 72% of the instruments, which totalled approximately FIM 102 billion at end-September 1988, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds intermediated through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 52 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 79 billion (at end-1987). Three foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1987 totalled FIM 85 billion; government bonds made up 35% of the total. Turnover on the Stock Exchange in 1987 amounted to FIM 31 billion; the share of shares and subscription rights in the total was approximately 85%.

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# 1. THE BALANCE SHEET OF THE BANK OF FINLAND

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

MILL. FIM

	1987		1988		
	Dec. 31	Dec. 8	Dec. 15	Dec. 23	Dec. 31
<b>ASSETS</b>					
<b>Gold and foreign currency claims</b>	28 739	29 757	29 390	30 039	29 753
Gold	2 128	2 128	2 128	2 128	2 128
Special drawing rights	899	986	928	930	1 120
IMF reserve tranche	793	937	938	940	940
Convertible currencies	23 634	24 323	24 220	24 763	24 492
Tied currencies	1 284	1 382	1 176	1 277	1 073
<b>Other foreign claims</b>	4 357	4 169	4 160	4 169	4 199
Markka subscription to Finland's IMF quota	2 427	2 247	2 247	2 247	2 283
Term credit	1 930	1 922	1 914	1 923	1 916
<b>Claims on financial institutions</b>	5 147	13 314	13 643	13 586	14 384
Call money credits	0	3	485	10	463
Certificates of deposit	—	6 394	6 498	7 158	7 187
Till-money credits	2 730	3 327	3 095	2 844	2 920
Financing of crop failure loans	—	1 222	1 222	1 222	1 222
Bonds	2 140	2 101	2 084	2 084	2 325
Other claims on financial institutions	277	268	259	267	267
<b>Claims on the public sector</b>	977	1 063	1 076	1 087	1 128
Treasury notes and bills	—	39	39	49	88
Bonds	4	4	17	18	20
Total coinage	967	1 020	1 020	1 020	1 020
Other claims on the public sector	6	—	—	1	—
<b>Claims on corporations</b>	3 678	3 040	3 042	3 008	3 041
Financing of exports	868	440	453	436	400
Financing of domestic deliveries (KTR)	2 568	2 257	2 249	2 232	2 205
Bonds: KTR-credits	13	130	130	130	218
Bonds: Other	46	31	31	31	35
Other claims on corporations	182	180	179	179	183
<b>Other assets</b>	592	112	114	113	787
Accrued items	487	—	—	—	668
Other assets	105	112	114	113	118
<b>Total</b>	43 489	51 454	51 425	52 002	53 291
<b>LIABILITIES</b>					
<b>Foreign currency liabilities</b>	135	136	143	170	247
Convertible currencies	63	15	27	45	119
Tied currencies	72	121	116	125	128
<b>Other foreign liabilities</b>	3 226	3 044	3 045	3 047	3 082
IMF markka accounts	2 427	2 247	2 247	2 247	2 283
Allocations of special drawing rights	799	798	798	800	800
<b>Notes and coin in circulation</b>	9 990	11 787	12 189	11 986	11 550
Notes	9 117	10 847	11 244	11 034	10 601
Coin	873	940	945	952	949
<b>Certificates of deposit</b>	4 970	1 530	1 140	1 130	1 130
<b>Liabilities to financial institutions</b>	11 766	18 534	18 259	18 759	19 248
Call money deposits	757	340	78	569	128
Cash reserve deposits	10 941	18 112	18 112	18 112	19 039
Capital import deposits	—	—	—	—	—
Other liabilities to financial institutions	67	82	69	78	81
<b>Liabilities to the public sector</b>	901	1 584	1 863	1 900	1 903
Cheque accounts	1	1	1	0	1
Counter-cyclical fund deposit	900	900	900	900	900
Counter-cyclical deposits	—	676	957	981	981
Export deposits	—	5	5	18	20
Capital import deposits	—	—	—	—	—
Other liabilities to the public sector	0	1	1	1	1
<b>Liabilities to corporations</b>	5 009	6 688	6 688	6 675	6 797
Deposits for investment and ship purchase	4 799	6 341	6 341	6 328	6 447
Capital import deposits	209	336	336	336	349
Other liabilities to corporations	2	11	11	11	1
<b>Other liabilities</b>	757	45	59	53	1 107
Accrued items	733	—	—	—	1 064
Other liabilities	24	45	59	53	43
<b>Valuation account and reserves</b>	1 247	2 619	2 552	2 794	2 391
<b>SITRA's capital</b>	400	400	400	400	400
<b>Capital accounts</b>	5 088	5 088	5 088	5 088	5 436
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	529	88	88	88	88
Profit/loss for the accounting year	-440	—	—	—	348
<b>Total</b>	43 489	51 454	51 425	52 002	53 291

## 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>1984</b>	1 732	936	859	15 303	18 830	-337	18 493	-917	17 576	1 951	4 277	2 326
<b>1985</b>	2 081	931	775	18 572	22 359	-285	22 074	-849	21 225	1 023	4 300	3 277
<b>1986</b>	2 081	983	793	6 778	10 635	3 421	14 056	-838	13 218	1 002	2 001	999
<b>1987</b>	2 128	899	793	23 571	27 391	1 212	28 603	1 131	29 734	977	901	-76
<b>1988</b>	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	775
<b>1987</b>												
<b>Dec.</b>	2 128	899	793	23 571	27 391	1 212	28 603	1 131	29 734	977	901	-76
<b>1988</b>												
<b>Jan.</b>	2 128	879	768	24 076	27 851	2 195	30 046	1 125	31 171	979	901	-78
<b>Feb.</b>	2 128	1 107	792	24 059	28 086	2 257	30 343	1 123	31 466	982	901	-81
<b>March</b>	2 128	1 015	779	24 683	28 605	2 243	30 848	1 115	31 963	986	901	-85
<b>April</b>	2 128	1 065	842	26 112	30 147	3 023	33 170	1 109	34 279	989	901	-88
<b>May</b>	2 128	1 078	814	27 806	31 826	3 269	35 095	1 119	36 214	995	901	-94
<b>June</b>	2 128	1 132	956	30 054	34 270	2 399	36 669	1 146	37 815	997	1 237	240
<b>July</b>	2 128	923	964	29 260	33 275	2 875	36 150	1 163	37 313	997	1 246	249
<b>Aug.</b>	2 128	1 025	947	25 057	29 157	2 733	31 890	1 158	33 048	999	1 249	250
<b>Sept.</b>	2 128	1 022	945	24 270	28 365	1 675	30 040	1 149	31 189	1 011	1 566	555
<b>Oct.</b>	2 128	1 008	922	23 638	27 696	1 818	29 514	1 134	30 648	1 044	1 575	531
<b>Nov.</b>	2 128	1 011	939	23 754	27 832	1 340	29 172	1 111	30 283	1 064	1 581	517
<b>Dec.</b>	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	775

End of period	Domestic financial sector						Corporate sector				
	Term claims on deposit banks	Call money claims on deposit banks, net	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other liabilities to financial institutions, net	Net claims (13+14-15+16-17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19-20)	Notes and coins in circulation	Out-standing CDs issued by the Bank of Finland
	13	14	15	16	17	18	19	20	21	22	23
1984	.	2802	8696	1563	-1618	-2713	4646	2614	2032	7442	.
1985	.	4014	10222	1925	-1386	-2897	4525	4113	412	8072	.
1986	2381	6687	9270	2305	-2240	4343	4581	4757	-176	8668	.
1987	—	-757	10941	2730	-2350	-6618	3449	4782	-1333	9990	4970
1988	7187	335	19039	2920	-3733	-4864	2823	6579	-3756	11550	1130
1987											
Dec.	—	-757	10941	2730	-2350	-6618	3449	4782	-1333	9990	4970
1988											
Jan.	—	-1295	11085	2424	-2364	-7592	3462	4799	-1337	9406	6085
Feb.	—	297	12084	2596	-2346	-6845	3429	4799	-1370	9388	7120
March	—	598	13211	2521	-3149	-6943	3350	4774	-1424	9720	7285
April	—	142	13778	2608	-3121	-7907	3327	5161	-1834	9794	8345
May	—	-720	15363	2976	-3504	-9603	3233	5333	-2100	10142	7625
June	—	1094	17040	3006	-3499	-9441	3129	5929	-2800	10461	7015
July	1525	-661	17487	2875	-3484	-10264	3131	6203	-3072	10443	4810
Aug.	4399	421	17612	2042	-3496	-7254	3047	6320	-3273	10253	3450
Sept.	5506	-48	17464	2170	-3591	-6245	2965	6385	-3420	10617	1790
Oct.	5605	-394	17328	2559	-3569	-5989	2908	6471	-3563	10513	1930
Nov.	5907	165	18112	2516	-3554	-5970	2844	6474	-3630	10563	1690
Dec.	7187	335	19039	2920	-3733	-4864	2823	6579	-3756	11550	1130

## 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>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>1988</b>	13 840	19 190	-16 850	11 500	463	-629	12 592
<b>1987</b>							
<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
<b>March</b>	—	2 550	-2 385	-165	337	36	136
<b>April</b>	—	3 600	-2 540	-1 060	-217	239	-1 516
<b>May</b>	—	2 280	-2 820	540	-385	477	-322
<b>June</b>	—	2 210	-2 820	610	1 169	-645	2 424
<b>July</b>	1 560	—	-2 205	3 765	-1 201	554	2 010
<b>Aug.</b>	3 520	—	-1 190	4 710	457	-625	5 792
<b>Sept.</b>	1 160	210	-1 810	2 760	-415	54	2 291
<b>Oct.</b>	1 470	470	1 000	—	-32	314	-346
<b>Nov.</b>	2 970	—	2 380	590	212	-347	1 149
<b>Dec.</b>	3 000	—	1 100	1 900	241	71	2 070

## 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	-1688	-2290	2335
<b>1984</b>	22921	1394	21527	2002	-19962	3566
<b>1985</b>	16982	1733	15249	708	-9005	6951
<b>1986</b>	11446	1319	10127	-2461	-92	7574
<b>1987</b>	21671	1158	20513	-233	-1287	18994
<b>1987</b>						
<b>Nov.</b>	20714	1632	19081	85	-1633	17533
<b>Dec.</b>	21671	1158	20513	-233	-1287	18994
<b>1988</b>						
<b>Jan.</b>	21189	1051	20138	1145	-612	20671
<b>Feb.</b>	19699	1093	18606	1816	-264	20158
<b>March</b>	19494	1171	18323	3112	-264	21171
<b>April</b>	19397	1542	17855	4052	-648	21259
<b>May</b>	18451	1500	16952	6672	-687	22937
<b>June</b>	18669	1474	17195	4557	-606	21146
<b>July</b>	18309	1505	16805	4678	-201	21282
<b>Aug.</b>	19248	1479	17769	2147	—	19916
<b>Sept.</b>	19282	1847	17435	6712	-1216	22930
<b>Oct.</b>	18420	1998	16422	7072	-958	22536
<b>Nov.</b>	17447	1894	15553	8224	-863	22914

## 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>1984</b>	3176	.	3176	3215	.	6324	9539	-6364
<b>1985</b>	5812	.	5812	4527	.	9578	14105	-8293
<b>1986</b>	7117	120	7237	1256	.	9189	10445	-3208
<b>1987</b>	481	1581	2062	703	4705	10092	15501	-13439
<b>1988</b>	128	2190	2319	621	5044	15159	20824	-18505
<b>1987</b>								
<b>Dec.</b>	10	—	10	909	5101	11021	17031	-17021
<b>1988</b>								
<b>Jan.</b>	9	6	15	1081	5653	10955	17690	-17675
<b>Feb.</b>	15	—	15	546	7583	11114	19242	-19227
<b>March</b>	68	—	68	496	7116	12123	19735	-19668
<b>April</b>	122	—	122	659	7752	13248	21659	-21537
<b>May</b>	35	—	35	1247	7594	13887	22728	-22693
<b>June</b>	47	—	47	1306	7620	15419	24344	-24297
<b>July</b>	373	617	990	411	5883	17083	23377	-22387
<b>Aug.</b>	377	2804	3181	196	3955	17491	21642	-18462
<b>Sept.</b>	101	5006	5107	483	2389	17607	20479	-15372
<b>Oct.</b>	52	5543	5594	371	1851	17459	19681	-14087
<b>Nov.</b>	120	5677	5796	346	1846	17354	19545	-13749
<b>Dec.</b>	221	6633	6854	306	1287	18172	19765	-12911

### 3. RATES OF INTEREST

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

Average of daily ob- servations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates			Cash reserve require- ment
		1 month	3 months	6 months	12 months	Call money credit rate	Call money deposit rate	Base rate	
	1	2	3	4	5	6	7	8	9
<b>1984</b>	..	..	..	..	..	16.53	16.53	9.50	5.4
<b>1985</b>	..	..	..	..	..	13.37	13.37	9.04	5.6
<b>1986</b>	11.87	..	..	..	..	13.43	11.34	7.42	4.8
<b>1987</b>	9.16	9.90	10.02	10.14	10.40	11.71	7.78	7.00	4.8
<b>1988</b>	8.47	9.77	9.97	10.16	10.50	11.50	7.04	7.67	6.5
<b>1987</b>									
<b>Dec.</b>	8.01	9.15	9.25	9.44	9.79	11.00	7.50	7.00	4.9
<b>1988</b>									
<b>Jan.</b>	8.09	9.07	9.21	9.35	9.71	11.00	7.50	7.00	4.9
<b>Feb.</b>	8.20	9.09	9.22	9.35	9.67	11.00	7.50	7.00	5.3
<b>March</b>	8.62	9.61	9.72	9.84	10.11	11.00	7.50	7.00	5.7
<b>April</b>	8.26	9.35	9.47	9.64	10.03	11.00	7.50	7.00	5.9
<b>May</b>	8.13	9.26	9.47	9.68	10.10	11.00	7.50	7.52	6.5
<b>June</b>	8.01	8.70	9.06	9.36	9.85	11.00	7.50	8.00	7.0
<b>July</b>	9.05	9.38	9.47	9.64	10.00	11.00	7.50	8.00	7.0
<b>Aug.</b>	9.97	9.96	10.00	10.13	10.42	11.00	7.50	8.00	7.0
<b>Sept.</b>	8.51	10.34	10.48	10.58	10.68	11.00	7.50	8.00	7.0
<b>Oct.</b>	7.88	10.34	10.68	10.96	11.31	12.83	4.34	8.00	7.0
<b>Nov.</b>	8.24	10.85	11.26	11.56	11.93	13.00	4.00	8.00	7.3
<b>Dec.</b>	8.41	11.21	11.55	11.85	12.14	13.00	4.00	8.00	7.6

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

Average of daily ob- servations	3 currencies <sup>1</sup>				12 currencies <sup>2</sup>			
	1 month	3 months	6 months	12 months	1 month	3 months	6 months	12 months
	1	2	3	4	5	6	7	8
<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>1988</b>	5.9	6.0	6.2	6.4	7.8	8.0	8.1	8.3
<b>1987</b>								
<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>	4.9	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	7.4	7.5	7.7
<b>March</b>	5.0	5.0	5.1	5.4	7.3	7.4	7.5	7.7
<b>April</b>	5.0	5.1	5.2	5.5	7.2	7.3	7.5	7.8
<b>May</b>	5.0	5.2	5.5	5.8	7.3	7.5	7.6	7.9
<b>June</b>	5.5	5.6	5.8	6.1	7.5	7.6	7.7	8.0
<b>July</b>	6.2	6.5	6.7	6.8	7.9	8.2	8.3	8.5
<b>Aug.</b>	6.7	6.9	7.2	7.3	8.2	8.5	8.8	8.9
<b>Sept.</b>	6.6	6.8	7.0	7.1	8.4	8.5	8.7	8.8
<b>Oct.</b>	6.6	6.8	6.9	6.9	8.3	8.5	8.6	8.6
<b>Nov.</b>	6.7	6.9	7.0	7.0	8.5	8.6	8.7	8.7
<b>Dec.</b>	7.4	7.4	7.4	7.5	8.8	8.8	8.9	8.9

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

Average of daily ob- servations	1 month	3 months	6 months	12 months
	1	2	3	4
<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>1988</b>	4.7	4.5	4.1	3.5
<b>1987</b>				
<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
<b>March</b>	9.6	9.7	9.7	9.9
<b>April</b>	9.3	9.4	9.6	9.9
<b>May</b>	9.2	9.4	9.6	10.0
<b>June</b>	8.7	9.0	9.3	9.8
<b>July</b>	9.3	9.4	9.6	9.9
<b>Aug.</b>	9.9	9.9	10.1	10.4
<b>Sept.</b>	10.2	10.4	10.4	10.6
<b>Oct.</b>	10.2	10.5	10.8	11.0
<b>Nov.</b>	10.6	11.0	11.3	11.6
<b>Dec.</b>	10.8	11.2	11.4	11.7

<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.



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

End of period	Lending					Deposits						
	New credits <sup>1</sup>				Average lending rate	Of which: Commer- cial banks	Sav- ings ac- counts and ordi- nary depos- it ac- counts	12- month time depos- its	24- month time depos- its	Average rate of in- terest on regu- lated de- posits	Average rate of in- terest on unregu- lated de- posits	Average rate of in- terest on total depos- its
	Cheque ac- count and postal giro credits	Bills of ex- change	Loans	New lend- ing, total								
	1	2	3	4	5	6	7	8	9	10	11	12
1983	..	..	..	..	10.39	10.18	5.25	8.00	9.25	6.08	13.55	..
1984	..	..	..	..	10.67	10.68	5.25	8.00	9.25	6.22	15.43	7.30
1985	12.04	12.94	10.62	11.55	10.37	10.37	4.75	7.50	8.75	5.91	13.24	6.81
1986	10.89	12.30	9.76	10.64	8.82	8.81	2.75	5.75	7.00	4.43	11.84	5.35
1987	10.50	12.31	10.01	10.62	9.12	8.99	2.75	5.75	7.00	4.56	10.13	5.29
1987												
Nov.	10.58	12.15	10.01	10.54	9.12	9.02	2.75	5.75	7.00	4.50	9.64	5.36
Dec.	10.68	11.95	9.81	10.23	9.12	8.99	2.75	5.75	7.00	4.56	9.61	5.40
1988												
Jan.	10.27	12.21	9.82	10.25	9.15	9.03	2.75	5.75	7.00	4.57	9.51	5.38
Feb.	9.56	11.82	10.04	10.24	9.17	9.05	2.75	5.75	7.00	4.55	9.43	5.40
March	9.87	12.17	10.23	10.42	9.20	9.07	2.75	5.75	7.00	4.57	9.49	5.52
April	9.17	12.09	10.27	10.16	9.25	9.12	2.75	5.75	7.00	4.59	9.54	5.56
May	12.31	12.33	10.63	11.01	10.03	9.89	3.75	6.75	8.00	5.39	9.51	6.22
June	10.28	12.50	10.55	10.78	10.07	9.89	3.75	6.75	8.00	5.37	9.46	6.20
July	11.29	12.60	10.72	11.08	10.08	9.91	3.75	6.75	8.00	5.45	9.44	6.30
Aug.	11.04	12.55	10.75	11.07	10.12	9.95	3.75	6.75	8.00	5.48	9.63	6.42
Sept.	12.24	12.53	10.81	11.14	10.19	10.06	3.75	6.75	8.00	5.56	9.83	6.56
Oct.	11.97	12.53	10.82	11.16	10.29	10.15	3.75	6.75	8.00	5.59	10.09	6.63
Nov.	12.08	12.62	11.02	11.33	10.33	10.21	3.75	6.75	8.00	5.66	10.39	6.77

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

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

Period	Secondary market rates						Rates at issue		
	Long-term unregulated market rate		Taxable government bonds	Taxable public issues	Of which:		Taxfree public issues	Taxable public issues	Taxfree public issues
	3 years	5 years			Financial institutions	Corporations			
	1	2	3	4	5	6	7	8	9
<b>1983</b>	..	..	.	13.1	..	..	10.3	13.1	10.9
<b>1984</b>	..	..	.	14.0	..	..	10.6	13.6	11.1
<b>1985</b>	..	..	.	12.7	..	..	10.1	12.7	10.6
<b>1986</b>	..	..	.	11.7	..	..	8.3	11.3	8.8
<b>1987</b>	..	..	.	11.2	11.1	11.2	8.1	10.7	7.9
<b>1987</b>									
<b>Nov.</b>	..	..	10.5	10.8	10.7	10.8	8.0	10.1	7.6
<b>Dec.</b>	10.3	10.4	10.4	10.5	10.4	10.5	7.8	10.2	7.7
<b>1988</b>									
<b>Jan.</b>	10.2	10.3	10.5	10.4	10.2	10.2	7.7	10.5	7.4
<b>Feb.</b>	10.2	10.3	9.9	10.6	10.3	10.8	7.7	10.0	7.5
<b>March</b>	10.4	10.5	10.0	10.4	10.4	10.4	7.8	10.2	7.4
<b>April</b>	10.4	10.6	10.0	10.4	10.3	10.4	7.6	10.1	7.4
<b>May</b>	10.5	10.6	10.3	10.5	10.5	10.5	7.7	10.1	7.2
<b>June</b>	10.3	10.5	10.3	10.4	10.3	10.5	7.8	10.4	7.2
<b>July</b>	10.3	10.5	10.6	10.4	10.4	10.6	8.1	9.8	7.2
<b>Aug.</b>	10.5	10.7	10.7	10.6	10.5	10.7	8.0	10.5	7.2
<b>Sept.</b>	10.7	10.8	10.6	10.7	10.8	10.5	8.2	10.7	7.2
<b>Oct.</b>	11.2	11.3	10.6	10.6	10.6	10.6	7.8	10.3	7.2
<b>Nov.</b>	11.6	11.6	11.6	11.0	11.0	11.3	8.0	10.7	7.2

## 4. RATES OF EXCHANGE

### 4.1 AVERAGE SPOT SELLING RATES, FIM

Average of daily quotations	New York 1 USD	Montreal 1 CAD	London 1 GBP	Dublin 1 IEP	Stockholm 1 SEK	Oslo 1 NOK	Copen- hagen 1 DKK	Frankfurt a.M. 1 DEM	Amster- dam 1 NLG	Brussels	
	1	2	3	4	5	6	7	8	9	10	11
<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>1988</b>	4.191	3.412	7.466	6.397	0.6848	0.6444	0.6235	2.3895	2.1233	0.11421	0.11345
<b>1987</b>											
<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
<b>March</b>	4.053	3.247	7.426	6.463	0.6822	0.6410	0.6313	2.4160	2.1513	0.11557	0.11527
<b>April</b>	4.010	3.251	7.530	6.414	0.6821	0.6470	0.6250	2.3984	2.1379	0.11469	0.11409
<b>May</b>	4.030	3.263	7.541	6.370	0.6837	0.6530	0.6220	2.3811	2.1249	0.11406	0.11338
<b>June</b>	4.163	3.422	7.437	6.382	0.6853	0.6547	0.6255	2.3781	2.1157	0.11375	0.11320
<b>July</b>	4.383	3.634	7.489	6.403	0.6925	0.6548	0.6263	2.3806	2.1111	0.11378	0.11273
<b>Aug.</b>	4.469	3.660	7.601	6.369	0.6910	0.6498	0.6198	2.3692	2.0986	0.11314	0.11162
<b>Sept.</b>	4.427	3.611	7.462	6.371	0.6885	0.6419	0.6183	2.3732	2.1034	0.11325	0.11181
<b>Oct.</b>	4.315	3.582	7.492	6.349	0.6883	0.6401	0.6153	2.3699	2.1019	0.11311	0.11197
<b>Nov.</b>	4.151	3.416	7.512	6.350	0.6827	0.6328	0.6154	2.3737	2.1049	0.11333	0.11250
<b>Dec.</b>	4.140	3.466	7.565	6.319	0.6816	0.6365	0.6112	2.3590	2.0902	0.11262	0.11212

Average of daily quotations	Zurich 1 CHF	Paris 1 FRF	Rome 1 ITL	Vienna 1 ATS	Lisbon 1 PTE	Reykjavik 1 ISK	Madrid 1 ESP	Tokyo 1 JPY	Moscow 1 SUR	Mel- bourne 1 AUD	ECU 1 XEU	SDR 1 XDR
	12	13	14	15	16	17	18	19	20	21	22	23
<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	5.68010
<b>1988</b>	2.8700	0.7060	0.00324	0.3401	0.0294	0.1006	0.0361	0.03273	6.891	3.309	4.954	5.61826
<b>1987</b>												
<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
<b>March</b>	2.9243	0.7135	0.00328	0.3441	0.0298	0.1060	0.0362	0.03189	6.786	2.989	5.001	5.54669
<b>April</b>	2.9001	0.7081	0.00324	0.3416	0.0296	0.1057	0.0363	0.03209	6.767	3.021	4.976	5.52717
<b>May</b>	2.8592	0.7045	0.00322	0.3390	0.0294	0.1006	0.0361	0.03232	6.760	3.158	4.949	5.53394
<b>June</b>	2.8577	0.7063	0.00321	0.3384	0.0294	0.0963	0.0361	0.03277	6.856	3.381	4.938	5.59796
<b>July</b>	2.8657	0.7077	0.00323	0.3388	0.0295	0.0977	0.0360	0.03296	7.026	3.523	4.947	5.70985
<b>Aug.</b>	2.8246	0.7014	0.00321	0.3373	0.0294	0.0981	0.0362	0.03344	7.091	3.620	4.931	5.76379
<b>Sept.</b>	2.8112	0.6992	0.00320	0.3377	0.0291	0.0971	0.0358	0.03295	7.038	3.527	4.917	5.71616
<b>Oct.</b>	2.7995	0.6963	0.00319	0.3374	0.0290	0.0940	0.0360	0.03347	6.998	3.509	4.911	5.68200
<b>Nov.</b>	2.8293	0.6965	0.00321	0.3378	0.0288	0.0931	0.0362	0.03372	6.890	3.548	4.918	5.62011
<b>Dec.</b>	2.8009	0.6921	0.00321	0.3357	0.0288	0.0929	0.0366	0.03349	6.862	3.573	4.899	5.59952

## 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, 1988
		Payments currency index <sup>1</sup>	MERM index		
	1	2	3		4
<b>1984</b>	102.8	108.5	111.6	<b>USD</b>	7.8
<b>1985</b>	102.5	109.4	112.5	<b>GBP</b>	13.8
<b>1986</b>	103.9	106.3	110.4	<b>SEK</b>	20.0
<b>1987</b>	103.3	100.7	106.1	<b>NOK</b>	4.7
<b>1988</b>	102.0	100.8	104.7	<b>DKK</b>	4.8
				<b>DEM</b>	20.1
<b>1987</b>				<b>NLG</b>	4.9
<b>Dec.</b>	102.9	100.4	103.7	<b>BEC</b>	3.2
				<b>CHF</b>	2.7
<b>1988</b>				<b>FRF</b>	6.8
<b>Jan.</b>	102.2	100.3	103.4	<b>ITL</b>	5.0
<b>Feb.</b>	102.2	100.6	104.1	<b>JPY</b>	6.2
<b>March</b>	102.0	100.2	103.4		
<b>April</b>	101.8	99.8	103.0		
<b>May</b>	101.7	99.7	103.1		
<b>June</b>	101.9	100.5	104.5		
<b>July</b>	102.7	102.1	106.6		
<b>Aug.</b>	102.7	102.6	107.2		
<b>Sept.</b>	102.2	102.0	106.4		
<b>Oct.</b>	102.0	101.4	105.8		
<b>Nov.</b>	101.6	100.4	104.5		
<b>Dec.</b>	101.4	100.1	104.2		

<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>1983</b>	14 337	93 551	.	107 888	5 101	7 700	120 688
<b>1984</b>	16 975	108 118	.	125 093	4 960	11 287	141 340
<b>1985</b>	19 268	125 366	1 781	146 415	6 192	13 998	166 605
<b>1986</b>	18 393	137 521	3 423	159 337	4 306	17 271	180 914
<b>1987*</b>	20 377	155 115	5 243	180 735	3 923	17 892	202 550
<b>1987*</b>							
<b>Oct.</b>	21 583	149 465	5 000	176 048	3 794	25 321	205 163
<b>Nov.</b>	21 631	149 098	5 194	175 923	5 174	22 478	203 575
<b>Dec.</b>	20 377	155 115	5 243	180 735	3 923	17 892	202 550
<b>1988*</b>							
<b>Jan.</b>	21 169	156 355	5 419	182 943	3 646	25 188	211 777
<b>Feb.</b>	21 901	157 511	5 531	184 943	4 121	25 166	214 230
<b>March</b>	21 079	158 431	5 769	185 279	5 022	28 512	218 813
<b>April</b>	22 028	159 921	5 850	187 799	4 870	32 965	225 634
<b>May</b>	23 753	161 340	5 835	190 928	4 280	32 383	227 592
<b>June</b>	26 163	164 253	5 900	196 317	4 169	27 307	227 793
<b>July</b>	24 369	166 174	5 910	196 454	4 362	37 097	237 913
<b>Aug.</b>	24 438	167 010	5 904	197 352	4 406	39 645	241 402
<b>Sept.</b>	23 358	168 233	6 211	197 801	4 310	39 761	241 872
<b>Oct.</b>	25 168	170 139	6 530	201 837	4 783	42 652	249 271

### 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>1983</b>	4 350	7 264	97 362	108 977	17 253	126 231
<b>1984</b>	5 233	7 644	111 280	124 157	20 363	144 520
<b>1985</b>	6 313	7 471	132 668	146 451	24 704	171 155
<b>1986</b>	7 542	6 354	152 335	166 231	25 016	191 246
<b>1987*</b>	8 507	5 177	178 698	192 382	36 954	229 336
<b>1987*</b>						
<b>Oct.</b>	8 739	5 286	172 968	186 994	35 895	222 889
<b>Nov.</b>	8 974	5 174	175 284	189 431	36 635	226 066
<b>Dec.</b>	8 507	5 177	178 698	192 382	36 954	229 336
<b>1988*</b>						
<b>Jan.</b>	8 703	4 966	182 310	195 979	38 182	234 161
<b>Feb.</b>	8 908	5 070	186 023	200 000	40 372	240 372
<b>March</b>	9 125	4 734	189 554	203 413	41 454	244 867
<b>April</b>	9 298	4 796	192 940	207 033	42 291	249 323
<b>May</b>	9 300	4 756	196 938	210 994	44 727	255 720
<b>June</b>	9 643	4 809	200 832	215 283	47 807	263 090
<b>July</b>	9 436	4 722	203 911	218 068	47 301	265 370
<b>Aug.</b>	9 907	4 767	207 885	222 560	47 085	269 644
<b>Sept.</b>	10 634	4 755	212 246	227 635	47 583	275 218
<b>Oct.</b>	10 647	4 796	216 684	232 127	47 913	280 040

### 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>1983</b>	-6081	-3297	152 199	148 902	-20 915	21 427	121 906
<b>1984</b>	-2575	-5483	176 694	171 211	-26 978	24 945	141 658
<b>1985</b>	-6641	-8694	209 231	200 537	-27 244	27 694	166 652
<b>1986</b>	-16 784	-13 884	237 514	223 630	-27 522	27 838	179 324
<b>1987</b>	-25 484	-14 977	277 068	262 090	-36 145	30 342	200 461
<b>1987</b>							
<b>Oct.</b>	-23 445	-9 941	268 569	258 628	-39 961	30 729	195 222
<b>Nov.</b>	-23 021	-14 346	271 682	257 337	-38 052	30 757	196 264
<b>Dec.</b>	-25 484	-14 977	277 068	262 090	-36 145	30 342	200 461
<b>1988*</b>							
<b>Jan.</b>	-25 529	-11 911	281 442	269 532	-41 636	31 049	202 367
<b>Feb.</b>	-25 237	-14 698	285 874	271 176	-41 121	31 932	204 819
<b>March</b>	-27 061	-14 196	291 175	276 979	-43 386	31 300	206 532
<b>April</b>	-26 376	-14 601	295 527	280 926	-44 961	32 144	209 589
<b>May</b>	-29 452	-13 068	302 073	289 005	-47 122	34 237	212 432
<b>June</b>	-31 339	-14 240	308 714	294 474	-44 552	36 824	218 583
<b>July</b>	-31 862	-13 831	312 650	298 819	-47 602	35 182	219 356
<b>Aug.</b>	-33 160	-14 690	317 063	302 373	-48 881	35 520	220 332
<b>Sept.</b>	-37 256	-15 307	322 509	307 202	-49 152	34 786	220 794
<b>Oct.</b>	-38 414	-15 175	327 518	312 344	-49 814	36 227	224 117

### 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>	14 127	3 391	4 205	21 723	9 506	4 377	2 518	16 401	38 124	31 187	5 042
<b>1984</b>	16 513	2 666	5 767	24 946	12 037	4 520	2 766	19 323	44 269	33 816	6 300
<b>1985</b>	17 316	2 703	5 658	25 677	14 994	4 107	2 203	21 304	46 981	36 032	6 383
<b>1986</b>	17 905	3 038	6 038	26 981	18 059	4 481	2 474	25 013	51 994	38 028	11 686
<b>1987</b>	20 407	2 697	5 576	28 680	22 121	4 692	3 018	29 831	58 511	40 035	11 553
<b>1987</b>											
<b>Nov.</b>	19 820	2 591	5 711	28 122	22 034	4 490	2 731	29 255	57 377	40 299	13 109
<b>Dec.</b>	20 407	2 697	5 576	28 680	22 121	4 692	3 018	29 831	58 511	40 078	11 553
<b>1988</b>											
<b>Jan.</b>	19 750	2 645	5 465	27 860	22 663	4 678	3 328	30 669	58 529	40 338	8 842
<b>Feb.</b>	19 665	2 463	5 404	27 532	23 053	4 643	3 713	31 409	58 941	40 592	10 300
<b>March</b>	19 638	2 244	5 390	27 272	23 286	4 627	4 163	32 076	59 348	40 850	11 116
<b>April</b>	20 395	2 225	5 361	27 981	23 778	4 713	4 133	32 624	60 605	41 067	11 243
<b>May</b>	20 370	2 207	5 342	27 919	23 846	4 631	4 013	32 490	60 409	41 131	10 286
<b>June</b>	21 356	2 244	5 135	28 735	23 833	4 871	4 035	32 739	61 474	41 461	11 713
<b>July</b>	20 860	2 236	5 156	28 252	23 838	4 969	3 910	32 717	60 969	41 781	11 993
<b>Aug.</b>	20 652	1 865	5 129	27 646	23 834	4 983	3 850	32 667	60 313	41 693	12 504
<b>Sept.</b>	20 200	1 847	5 098	27 145	23 767	4 979	3 580	32 326	59 471	43 141	13 073
<b>Oct.</b>	20 015	1 833	5 100	26 948	24 056	4 980	3 310	32 346	59 294	43 357	13 886
<b>Nov.</b>	19 643	1 814	4 324	25 781	24 079	4 984	2 980	32 043	57 824	..	..

## 5.5 DOMESTIC BOND MARKET

### A) ISSUES, MILL. RM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1983	2035	5602	3890	77	10	1151	3882	6581	11614
1984	2528	6167	5073	112	32	1947	5336	6629	13912
1985	4799	9112	5994	435	33	8070	6394	5909	20373
1986	4976	10638	6532	422	105	5987	7487	9199	22674
1987	4477	9510	8119	206	69	9409	8830	4142	22380
1987									
Nov.	336	1050	450	—	11	943	450	454	1847
Dec.	347	757	101	—	18	714	101	408	1222
1988									
Jan.	251	5	1370	—	—	108	1370	148	1626
Feb.	260	968	631	63	—	874	806	241	1922
March	203	1254	841	—	11	719	1376	215	2310
April	112	85	1487	—	—	540	55	1089	1684
May	64	783	792	—	—	829	792	18	1639
June	114	832	40	13	—	756	40	202	998
July	523	360	10	74	—	445	10	512	967
Aug.	314	474	576	100	—	772	576	116	1463
Sept.	13	903	127	—	—	378	482	183	1042
Oct.	324	739	656	15	—	963	656	115	1734
Nov.	14	1240	183	—	—	873	183	381	1437

### B) STOCK, MILL. RM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1983	5027	15039	11869	152	11	1954	12057	18086	32098
1984	6766	19960	14904	247	43	3531	15148	23242	41921
1985	10482	26173	18575	661	56	10967	19002	25978	55947
1986	14076	31902	22090	1042	177	16432	23314	29541	69287
1987	17524	36700	26518	1200	232	24778	28223	29173	82174
1987									
III	16353	33703	24707	1218	213	20674	26781	28738	76194
IV	17524	36700	26518	1200	232	24778	28223	29173	82174
1988*									
I	18006	38603	27626	1251	253	26479	29606	29654	85739
II	17915	39636	28428	1250	246	28404	29620	29451	87475
III	18423	40573	28478	1416	246	29750	29581	29805	89136

## 5.6 HELSINKI STOCK EXCHANGE

During period	Turnover, mill. FIM			Share prices Unitas 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	144	194	190
<b>1984</b>	2 508	5 007	7 515	193	273	259
<b>1985</b>	3 114	9 046	12 160	184	234	229
<b>1986</b>	9 488	6 479	15 968	254	357	350
<b>1987</b>	26 641	4 604	31 245	319	603	546
<b>1987</b>						
<b>Nov.</b>	2 275	253	2 527	360	631	578
<b>Dec.</b>	1 701	1 241	2 942	328	611	558
<b>1988</b>						
<b>Jan.</b>	994	75	1 069	318	600	547
<b>Feb.</b>	1 491	248	1 739	340	625	572
<b>March</b>	2 720	418	3 138	347	658	600
<b>April</b>	2 527	357	2 884	373	707	645
<b>May</b>	2 618	649	3 266	386	738	672
<b>June</b>	4 134	1 689	5 823	429	784	720
<b>July</b>	3 765	353	4 117	453	806	747
<b>Aug.</b>	3 614	298	3 911	458	809	752
<b>Sept.</b>	2 149	270	2 419	432	763	704
<b>Oct.</b>	4 127	462	4 589	421	751	696
<b>Nov.</b>	2 271	205	2 475	445	787	731

<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>	81066	5757	3195	5616	14568	95634	4510	3609	103752	76736	2160	5587	5415
<b>1987*</b>	83606	5819	3729	6054	15601	99208	5075	2899	107182	81941	2345	6821	6578
<b>1986</b>													
<b>I</b>	19711	1390	564	960	2914	22625	1152	887	24665	20598	439	1163	1256
<b>II</b>	17774	1440	780	1146	3366	21140	1209	902	23251	15507	561	1425	1306
<b>III</b>	20928	1533	1126	1191	3850	24778	907	894	26579	20637	572	1631	1298
<b>IV</b>	22652	1394	726	2319	4439	27091	1241	926	29258	19995	588	1367	1555
<b>1987*</b>													
<b>I</b>	20035	1322	666	1288	3275	23311	1130	794	25234	19542	498	1477	1479
<b>II</b>	21300	1491	934	1435	3859	25159	1175	715	27049	20522	601	1684	1536
<b>III</b>	20847	1573	1333	1541	4446	25293	1115	696	27104	20272	604	1921	1469
<b>IV</b>	21424	1433	797	1791	4021	25445	1655	694	27795	21605	642	1739	2094
<b>1988*</b>													
<b>I</b>	20701	1414	657	1664	3735	24436	1985	792	27213	19719	823	1625	2080
<b>II</b>	22570	1647	921	1611	4180	26750	1765	840	29354	23306	943	1711	1836
<b>III</b>	21653	1799	1353	1744	4895	26548	1728	871	29148	23983	1048	1959	1824

During period	Services exports, total (11+12 services +13)	Imports of goods and services (10+14)	Investment expenditure (15+16)	Transfers and other expenditure	Current account expenditure (15+16 +17)	Trade account (1-10)	Transfers and other income (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 other, net (8-17)	Current account (24+25 +26) = (9-18)
	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>	13162	89898	11719	5964	107580	4329	3597	-2392	201	1406	5735	-7209	-2355	-3828
<b>1987*</b>	15744	97685	12563	5434	115682	1666	3473	-3092	-524	-143	1523	-7488	-2535	-8500
<b>1986</b>														
<b>I</b>	2858	23456	2950	1466	27871	-886	951	-600	-296	55	-831	-1798	-578	-3206
<b>II</b>	3293	18800	3291	1439	23530	2268	879	-645	-161	72	2340	-2082	-538	-280
<b>III</b>	3501	24138	2495	1347	27981	291	962	-506	-107	349	640	-1588	-454	-1402
<b>IV</b>	3510	23504	2982	1711	28198	2657	806	-641	764	929	3586	-1741	-785	1060
<b>1987*</b>														
<b>I</b>	3454	22996	2901	1639	27536	493	824	-812	-191	-178	315	-1771	-846	-2302
<b>II</b>	3822	24343	3624	1182	29150	779	890	-751	-102	38	816	-2450	-468	-2101
<b>III</b>	3994	24266	2660	1196	28122	575	968	-588	72	452	1027	-1545	-500	-1018
<b>IV</b>	4475	26080	3378	1416	30874	-181	791	-942	-303	-454	-635	-1723	-722	-3079
<b>1988*</b>														
<b>I</b>	4528	24246	4059	1833	30138	983	591	-968	-416	-793	190	-2074	-1041	-2925
<b>II</b>	4490	27796	3928	1399	33124	-736	704	-790	-225	-310	-1047	-2164	-559	-3770
<b>III</b>	4831	28814	3607	1405	33826	-2330	750	-606	-80	64	-2265	-1879	-534	-4679



## 6.2 CAPITAL ACCOUNT, MILL. FIM

During period	Direct investment in Finland	Portfolio investment in Finland	Long-term credits				Imports of other long-term capital	Imports of long-term capital (1+2+6+7)	Direct investment abroad	Portfolio investment abroad	Long-term export credits	Exports of other long-term capital	Exports of long-term capital (9+10+11+12)	Long-term capital account (8-13)
			Central government	Authorized banks	Others	Total (3+4+5)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<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	702	4451	3299
<b>1987*</b>	430	-1626	2287	5383	2843	10513	91	9408	3785	1691	181	3104	8761	647
<b>1986</b>														
<b>I</b>	86	94	-722	1246	62	586	-65	701	357	-15	-241	9	110	591
<b>II</b>	56	710	596	1040	-194	1442	17	2225	925	89	111	118	1243	982
<b>III</b>	273	-206	16	1412	-105	1323	83	1473	1152	279	-110	405	1726	-253
<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	2486	3653	440
<b>II</b>	199	6	-442	1530	1257	2345	-55	2495	1173	925	-145	55	2008	488
<b>III</b>	17	-271	-1018	945	551	478	12	236	653	637	112	83	1485	-1248
<b>IV</b>	83	-974	2107	1472	-158	3421	55	2585	1181	5	-51	482	1617	969
<b>1988*</b>														
<b>I</b>	60	48	-857	361	3230	2734	89	2931	982	70	6	532	1590	1341
<b>II</b>	85	-96	1171	2356	1593	5120	-42	5067	2837	63	180	431	3511	1556
<b>III</b>	88	150	-1571	3011	885	2325	-19	2544	1680	103	89	380	2252	292

During period	Basic balance	Short-term capital imports of authorized banks	Import liabilities and prepayments re exports	Imports of short-term capital (16+17)	Short-term capital exports of authorized banks	Export receipts 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. 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>	-529	6019	-3796	2222	11791	-92	11699	2075	-7402	-7930	7930	11678	-3748
<b>1987*</b>	-7853	16252	476	16728	-5739	-183	-5922	939	23589	15736	-15736	-17817	2081
<b>1986</b>													
<b>I</b>	-2616	-736	1232	496	1649	-15	1634	592	-547	-3162	3162	3945	-782
<b>II</b>	703	1999	-4636	-2636	4813	-15	4798	3496	-3938	-3236	3236	4161	-925
<b>III</b>	-1655	3185	1216	4401	5317	-31	5286	326	-559	-2213	2213	3455	-1242
<b>IV</b>	3039	1571	-1609	-38	12	-31	-19	-2339	-2358	681	-681	117	-798
<b>1987*</b>													
<b>I</b>	-1862	2656	1065	3720	-4959	-118	-5077	-700	8098	6236	-6236	-7020	785
<b>II</b>	-1614	7672	70	7741	1924	-118	1806	1915	7850	6237	-6237	-5569	-667
<b>III</b>	-2266	8339	-404	7935	3376	27	3403	-1630	2903	637	-637	-2407	1771
<b>IV</b>	-2111	-2415	-255	-2669	-6081	27	-6054	1353	4738	2627	-2627	-2820	193
<b>1988*</b>													
<b>I</b>	-1584	6501	-1517	4984	3511	-277	3234	2175	3925	2341	-2341	-1295	-1046
<b>II</b>	-2214	11731	773	12504	4623	-277	4345	-1226	6932	4718	-4718	-4662	-57
<b>III</b>	-4387	-547	1610	1064	3446	-330	3116	-649	-2701	-7088	7088	6337	751

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

End of period	Long-term liabilities								Long-term assets					Long-term debt, net (8-13)
	Direct investment in Finland	Portfolio investment in Finland	Long-term credits			Other long-term capital	Total (1+2+6+7)	Direct investment abroad	Portfolio investment abroad	Long-term export credits	Other long-term capital	Total (9+10+11+12)		
			Central government	Authorized banks	Others									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1983	2317	848	21 740	2 419	33 749	57 909	444	61 518	6 166	..	6 612	4 051	16 829	44 689
1984	2905	2 013	24 928	5 960	37 227	68 116	512	73 546	8 689	..	8 920	2 097	19 706	53 840
1985	3 274	6 313	25 678	6 410	34 276	66 364	652	76 603	10 524	78	6 539	3 053	20 194	56 409
1986	4 892	6 959	26 292	11 992	32 044	70 330	739	82 920	13 727	567	5 649	3 685	23 628	59 292
1987*	5 283	3 964	27 861	17 365	33 088	78 314	830	88 391	16 641	2 258	5 242	6 618	30 759	57 632
1986														
I	3 351	6 407	25 126	7 546	32 986	65 659	587	76 004	10 697	63	6 103	3 033	19 896	56 108
II	3 414	7 117	26 548	8 708	33 159	68 417	604	79 552	11 719	152	6 158	3 148	21 177	58 375
III	3 687	6 911	26 710	10 063	32 664	69 438	687	80 723	12 601	431	5 865	3 527	22 424	58 299
IV	4 892	6 959	26 292	11 992	32 044	70 330	739	82 920	13 727	567	5 649	3 685	23 628	59 292
1987*														
I	5 013	6 572	27 361	13 447	31 978	72 787	818	85 190	14 166	691	5 660	6 105	26 622	58 568
II	5 209	6 578	26 967	15 024	33 267	75 259	763	87 809	15 347	1 616	5 527	6 165	28 655	59 154
III	5 213	6 307	25 679	15 800	33 472	74 952	775	87 247	15 812	2 253	5 478	6 229	29 772	57 475
IV	5 283	3 964	27 861	17 365	33 088	78 314	830	88 391	16 641	2 258	5 242	6 618	30 759	57 632
1988*														
I	5 308	4 012	26 637	17 594	35 883	80 114	919	90 353	17 532	2 328	5 250	7 142	32 252	58 101
II	5 410	3 916	28 383	20 464	38 230	87 076	877	97 279	20 922	2 391	5 629	7 671	36 613	60 666
III	5 521	4 066	27 007	23 707	39 278	89 993	858	100 438	22 521	2 494	5 752	8 081	38 848	61 590

End of period	Short-term liabilities				Short-term assets				Short-term liabilities, net (18-22)	Debt, net (14+23)	Debt service payments	Of which: repayments	Debt service ratio
	Bank of Finland's short-term liabilities	Short-term liabilities of authorized banks	Trade credits and other liabilities	Total (15+16+17)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits and other assets	Total (19+20+21)					
	15	16	17	18	19	20	21	22					
1983	5705	39443	16181	61328	11842	29263	15915	57020	4308	48997	10875	4914	12.2
1984	4562	55695	17988	78245	22912	43319	12804	79035	-790	53050	11586	4613	11.3
1985	4070	51374	17354	72798	25183	38775	18155	82113	-9314	47095	11287	4808	10.5
1986	3455	56881	13240	73575	16613	50613	18381	85608	-12032	47260	13462	6018	13.0
1987*	3362	73132	17572	94066	31134	44532	18726	94392	-326	57306	14150	6516	13.2
1986													
I	3659	50424	18671	72754	21647	40424	18037	80109	-7354	48754	3967	2118	16.1
II	3499	52647	14162	70308	18470	45237	18213	81921	-11612	46763	3307	1176	14.2
III	3565	55602	15410	74577	16168	50554	18131	84854	-10277	48022	2452	834	9.2
IV	3455	56881	13240	73575	16613	50613	18381	85608	-12032	47260	3737	1890	12.8
1987*													
I	3521	59536	15714	78771	22482	45655	17829	85966	-7195	51373	3200	1411	12.7
II	3490	67208	15863	86561	28680	47579	18073	94332	-7771	51383	3994	1496	14.8
III	3607	75547	16500	95654	29291	50955	17836	98081	-2427	55048	2770	1217	10.2
IV	3362	73132	17572	94066	31134	44532	18726	94392	-326	57306	4186	2392	15.1
1988*													
I	3467	79633	14716	97816	33515	48043	19030	100588	-2772	55329	3871	1773	14.2
II	3177	91364	15453	109994	39025	52666	18503	110193	-200	60466	3477	1289	11.8
III	3539	90817	17455	111811	32750	56112	19257	108119	3692	65282	4133	2230	14.2

# 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 (8-10)
	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>	32456	26734	28691	511	88391	23369	4007	2653	730	30759	57632
<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	572	26622	58568
<b>II</b>	35601	24004	27730	474	87809	21633	3936	2465	621	28655	59154
<b>III</b>	35045	25209	26454	539	87247	22656	3919	2519	677	29772	57475
<b>IV</b>	32456	26734	28691	511	88391	23369	4007	2653	730	30759	57632
<b>1988*</b>											
<b>I</b>	34195	28097	27556	506	90353	24175	4438	2851	788	32252	58101
<b>II</b>	36058	31460	29260	503	97279	27904	4930	2887	893	36613	60666
<b>III</b>	36597	35469	27865	506	100438	29665	5265	2938	981	38848	61590

## 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>	69692	71528	-1836
<b>1984</b>	80904	74682	6222
<b>1985</b>	84028	81520	2508
<b>1986</b>	82579	77601	4978
<b>1987</b>	85306	82801	2505
<b>1987</b>			
<b>Nov.</b>	6964	7482	-518
<b>Dec.</b>	7000	7000	—
<b>1988*</b>			
<b>Jan.</b>	6879	6874	5
<b>Feb.</b>	6722	6061	661
<b>March</b>	7532	6959	573
<b>April</b>	7580	7499	81
<b>May</b>	8675	8249	426
<b>June</b>	6710	7650	-940
<b>July</b>	6404	7005	-601
<b>Aug.</b>	7199	8330	-1131
<b>Sept.</b>	8411	8663	-252
<b>Oct.</b>	8586	8341	245
<b>Nov.</b>	9909	8143	1766

### 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>	117	119	138	119	116
<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	140	121	115
<b>IV</b>	119	126	140	119	117
<b>1988*</b>					
<b>I</b>	114	114	140	119	117
<b>II</b>	123	133	141	121	116
<b>III</b>	114	133	147	124	118

### 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>	6944	19327	8524	20211	14686	32209	17554	10860	10572	333
<b>1984</b>	7145	23573	10176	22998	17012	35162	16900	10993	11454	173
<b>1985</b>	6728	25030	9803	24412	18055	38676	17770	11675	12967	432
<b>1986</b>	6947	24600	7858	26115	17059	39292	10070	12898	15069	272
<b>1987</b>	7449	26691	7823	26347	16996	41066	9623	14074	17412	626
<b>1987</b>										
<b>Nov.</b>	664	2168	563	2077	1492	3713	720	1436	1622	-9
<b>Dec.</b>	569	2059	754	2339	1279	3407	994	1197	1374	28
<b>1988*</b>										
<b>Jan.</b>	569	2472	623	2021	1194	3486	780	1270	1340	-2
<b>Feb.</b>	543	2284	707	1626	1562	3215	351	990	1466	39
<b>March</b>	627	2746	690	2108	1361	3489	354	1285	1822	9
<b>April</b>	672	2369	639	2652	1248	3726	546	1321	1899	7
<b>May</b>	735	2459	736	3241	1504	4141	675	1465	1958	10
<b>June</b>	626	2270	599	1890	1325	3725	732	1587	1578	28
<b>July</b>	537	2340	628	1758	1141	3372	647	1311	1599	76
<b>Aug.</b>	545	2650	647	1920	1437	4115	737	1457	1955	66
<b>Sept.</b>	612	2865	781	2506	1647	3979	860	1673	2140	11
<b>Oct.</b>	690	2751	798	2749	1598	4151	641	1575	1921	53
<b>Nov.</b>	686	2854	729	3973	1667	4218	527	1367	1865	166

## 7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1987		1988 <sup>1</sup> January-November		1987		1988 <sup>1</sup> January-November	
	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>	63 184	74.1	63 444	9.1	63 079	76.2	64 874	12.7
<b>OECD Europe</b>	55 667	65.2	55 111	7.5	52 212	63.1	52 250	9.8
Of which:								
Austria	951	1.1	861	-3.0	1 066	1.3	1 028	5.4
Belgium and Luxembourg	1 526	1.8	1 678	22.4	2 134	2.6	2 130	7.8
Denmark	3 320	3.9	3 019	-1.2	2 343	2.8	2 457	13.6
France	4 497	5.3	4 519	8.4	3 552	4.3	3 421	3.7
Federal Republic of Germany	9 335	10.9	9 191	6.9	14 450	17.5	14 152	6.9
Italy	2 182	2.6	2 294	16.1	3 619	4.4	3 732	12.2
Netherlands	3 060	3.6	3 079	9.0	2 555	3.1	2 719	15.2
Norway	4 026	4.7	3 010	-20.5	1 819	2.2	2 000	20.7
Spain	1 090	1.3	1 297	27.8	920	1.1	914	11.6
Sweden	12 754	14.9	11 952	2.5	10 702	12.9	10 988	12.6
Switzerland	1 525	1.8	1 465	5.6	1 665	2.0	1 566	3.1
United Kingdom	9 734	11.4	11 056	22.5	5 914	7.1	5 647	10.1
<b>Other OECD</b>	7 517	8.8	8 333	21.0	10 867	13.1	12 624	26.8
Of which:								
Canada	971	1.1	1 024	14.5	429	0.5	610	57.5
Japan	1 206	1.4	1 507	37.4	5 861	7.1	6 250	16.1
United States	4 407	5.2	4 775	17.1	4 335	5.2	5 379	35.9
<b>CMEA countries</b>	14 620	17.1	13 960	4.2	14 088	17.0	12 276	-6.6
Of which:								
Soviet Union	13 175	15.4	12 608	3.9	11 901	14.4	10 076	-9.6
<b>Developing countries</b>	6 199	7.3	6 352	13.7	4 938	6.0	5 495	23.0
<b>OPEC countries</b>	1 527	1.8	1 334	-2.8	805	1.0	576	-13.9
<b>Other</b>	4 672	5.5	5 018	19.2	4 133	5.0	4 919	29.5
<b>Other countries</b>	1 312	1.5	870	-25.6	692	0.8	1 213	87.1
<b>TOTAL</b>	85 315	100.0	84 625	8.1	82 797	100.0	83 858	10.6
Of which:								
<b>EEC countries</b>	35 966	42.2	37 465	13.0	36 788	44.4	36 510	8.9
<b>EFTA countries</b>	19 396	22.7	17 421	-2.4	15 356	18.5	15 661	11.9

<sup>1</sup>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 S26.

## 8. DOMESTIC ECONOMIC DEVELOPMENTS

### 8.1 SUPPLY AND USE OF RESOURCES, MILL. FIM, 1985 PRICES (seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
<b>1983</b>	171 330	63 113	69 001	10 467	-2 704	311 207	92 001	87 959	315 249
<b>1984</b>	176 038	64 872	67 584	10 202	-1 327	317 369	96 993	88 857	325 505
<b>1985</b>	181 664	68 218	69 599	10 453	3 610	333 544	98 173	94 893	336 824
<b>1986*</b>	189 113	70 325	69 329	10 738	3 255	342 760	99 498	97 795	344 463
<b>1987*</b>	198 828	73 444	72 126	11 529	7 023	362 950	101 181	106 569	357 562
<b>1986*</b>									
<b>II</b>	47 315	17 300	16 713	2 423	-1 071	82 682	21 767	19 981	84 468
<b>III</b>	47 589	17 712	17 779	2 865	2 416	88 360	25 963	27 039	87 284
<b>IV</b>	47 764	17 906	17 525	2 741	-792	85 144	27 085	24 572	87 658
<b>1987*</b>									
<b>I</b>	48 684	18 091	17 609	2 837	1 673	88 894	25 209	26 394	87 710
<b>II</b>	49 546	18 274	18 195	2 756	1 780	90 551	25 396	26 004	89 943
<b>III</b>	49 682	18 437	17 826	3 058	1 064	90 067	25 694	26 822	88 938
<b>IV</b>	50 916	18 642	18 496	2 878	2 506	93 438	24 882	27 349	90 971
<b>1988*</b>									
<b>I</b>	51 463	18 628	19 195	2 812	2 321	94 420	25 846	27 970	92 295
<b>II</b>	51 608	18 802	19 210	2 820	4 500	96 939	25 739	29 755	92 924
<b>III</b>	52 357	18 951	19 995	3 038	5 762	100 103	25 299	31 471	93 931

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

Period	Industry (SIC):						
	2-4	2	3	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 (26.3)	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	79.0	105.2	107.9	106.2	103.0	108.0
<b>1987*</b>							
<b>Oct.</b>	102.8	69.4	106.0	109.8	107.2	102.8	107.5
<b>Nov.</b>	100.8	72.5	103.6	108.4	107.4	100.5	109.5
<b>Dec.</b>	102.7	67.3	105.5	105.4	108.4	100.1	108.4
<b>1988*</b>							
<b>Jan.</b>	108.0	64.7	111.3	115.7	112.1	106.7	94.5
<b>Feb.</b>	107.7	70.4	109.5	112.4	111.2	104.0	102.6
<b>March</b>	105.5	74.0	106.4	109.7	104.6	103.0	105.7
<b>April</b>	108.8	88.9	107.7	114.5	111.7	102.7	110.2
<b>May</b>	108.9	102.3	108.3	108.8	113.4	107.1	103.6
<b>June</b>	111.9	100.1	109.9	116.2	110.3	106.3	110.5
<b>July</b>	114.2	95.4	111.1	109.6	124.0	104.7	110.8
<b>Aug.</b>	108.4	82.5	107.7	115.8	114.0	101.5	111.9
<b>Sept.</b>	109.8	93.7	110.1	115.0	118.8	105.2	109.0
<b>Oct.</b>	110.7	86.5	113.7	121.6	116.4	106.7	111.7

# 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>1983</b>	97.6	94.4	108.2	107.7	123.0	105.1	100.9	94.2
<b>1984</b>	97.2	96.8	101.8	104.1	112.8	96.2	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	94.0	88.4	99.9	99.5	105.2	101.8
<b>1987*</b>	111.3	107.7	95.6	89.0	101.0	102.6	113.8	106.1
<b>1987*</b>								
<b>Sept.</b>	111.0	109.4	..	..	..	..	..	106.6
<b>Oct.</b>	114.7	107.8	..	..	..	..	..	106.6
<b>Nov.</b>	113.9	109.9	..	..	..	..	..	107.0
<b>Dec.</b>	111.3	111.4	..	..	..	..	..	107.6
<b>III</b>	110.9	108.0	95.8	86.2	102.5	105.9	100.2	106.7
<b>IV</b>	113.3	109.7	97.2	88.1	99.5	105.2	121.3	107.1
<b>1988*</b>								
<b>Jan.</b>	115.0	113.4	..	..	..	..	..	108.0
<b>Feb.</b>	113.9	111.5	..	..	..	..	..	108.4
<b>March</b>	112.8	114.9	..	..	..	..	..	108.2
<b>April</b>	116.3	109.3	..	..	..	..	..	107.9
<b>May</b>	111.7	114.9	..	..	..	..	..	109.4
<b>June</b>	115.1	110.8	..	..	..	..	..	109.5
<b>July</b>	116.3	108.7	..	..	..	..	..	109.7
<b>Aug.</b>	117.7	118.5	..	..	..	..	..	110.5
<b>Sept.</b>	123.8	110.0	..	..	..	..	..	111.0
<b>I</b>	113.9	113.3	103.2	92.5	113.8	113.3	113.3	108.2
<b>II</b>	114.4	111.7	101.7	100.5	101.5	110.9	140.0	108.9
<b>III</b>	119.3	112.4	104.8	108.7	99.4	96.3	133.9	110.4

# 8.4 WAGES AND PRICES, 1985=100

Period	Index of wages and salary earnings	By sectors					Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private Total	Of which: Manufacturing (SIC 3)	Central government	Local government	Non-profit institutions			Domes- tic goods	Import- ed goods		Export- ed goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1983	84.3	84.0	85.2	86.4	84.0	85.8	88.8	90.4	89.8	92.7	90.8	91.5	90.5	89.2
1984	92.2	92.0	92.9	92.6	92.8	92.1	95.1	95.3	94.8	97.1	96.0	98.1	95.1	94.6
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986 <sup>1</sup>	107.0	106.7	106.2	106.8	108.1	107.0	102.9	97.0	98.6	91.0	96.5	96.7	96.4	104.3
1987 <sup>1</sup>	114.6	114.5	113.4	115.8	113.7	119.4	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
1987 <sup>1</sup>														
Nov.	..	..	..	..	..	..	108.1	98.7	101.6	88.3	98.4	99.4	97.9	110.8
Dec.	..	..	..	..	..	..	108.4	98.9	102.0	87.7	98.6	99.2	98.3	110.9
III	115.0	114.7	113.7	117.0	114.3	121.1	107.6	98.3	100.6	89.9	97.6	98.4	97.2	109.7
IV	116.6	116.8	115.2	117.3	114.6	121.5	108.3	98.8	101.6	88.4	98.4	99.2	98.0	110.6
1988 <sup>1</sup>														
Jan.	..	..	..	..	..	..	109.7	99.3	102.4	87.8	99.1	99.9	98.8	111.8
Feb.	..	..	..	..	..	..	110.0	99.6	102.7	87.9	99.5	100.1	99.2	111.9
March	..	..	..	..	..	..	110.6	99.7	103.0	87.5	100.0	101.1	99.4	112.3
April	..	..	..	..	..	..	111.4	99.9	103.1	88.3	100.1	101.5	99.4	115.0
May	..	..	..	..	..	..	112.3	100.9	104.1	89.3	100.8	102.6	100.0	116.2
June	..	..	..	..	..	..	112.9	101.3	104.7	89.1	101.1	103.1	100.2	116.6
July	..	..	..	..	..	..	112.9	102.0	105.4	89.6	102.1	104.3	101.1	117.0
Aug.	..	..	..	..	..	..	113.1	102.4	105.8	90.3	102.7	105.5	101.4	117.5
Sept.	..	..	..	..	..	..	114.2	102.4	105.7	90.0	102.9	105.7	101.5	118.7
Oct.	..	..	..	..	..	..	114.3	103.2	106.9	89.7	103.8	107.0	102.3	119.2
Nov.	..	..	..	..	..	..	114.5	103.5	107.2	89.8	103.9	106.9	102.5	119.8
I	119.0	118.4	117.0	122.9	117.5	127.1	110.1	99.5	102.7	87.7	99.5	100.4	99.1	112.0
II	125.4	124.8	123.5	130.5	123.1	134.7	112.2	100.7	104.0	88.9	100.7	102.4	99.9	115.9
III	126.1	125.5	124.2	130.5	124.5	134.9	113.4	102.3	105.6	90.0	102.6	105.2	101.3	117.7

<sup>1</sup>Preliminary figures for columns 1-6.



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

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry				Unem- ployed	Unem- ployment 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>1987</b>											
<b>Oct.</b>	68.5	2 551	2 423	378	2 045	255	575	185	1 408	128	5.0
<b>Nov.</b>	68.5	2 549	2 420	381	2 039	252	557	180	1 432	129	5.1
<b>Dec.</b>	68.4	2 548	2 419	378	2 041	247	558	183	1 430	128	5.0
<b>1988</b>											
<b>Jan.</b>	68.7	2 558	2 438	381	2 057	250	573	189	1 427	120	4.7
<b>Feb.</b>	68.4	2 549	2 430	374	2 057	253	551	176	1 451	118	4.6
<b>March</b>	68.5	2 549	2 428	371	2 057	240	557	182	1 450	120	4.7
<b>April</b>	68.3	2 541	2 426	367	2 059	241	551	192	1 442	115	4.5
<b>May</b>	68.3	2 540	2 415	366	2 049	243	543	177	1 451	125	4.9
<b>June</b>	68.7	2 556	2 439	363	2 076	231	548	194	1 466	117	4.6
<b>July</b>	68.5	2 547	2 430	361	2 070	223	558	203	1 446	117	4.6
<b>Aug.</b>	67.9	2 527	2 412	379	2 032	252	572	172	1 416	115	4.6
<b>Sept.</b>	68.4	2 543	2 429	352	2 077	222	530	202	1 475	114	4.5
<b>Oct.</b>	68.9	2 561	2 452	375	2 078	225	542	204	1 481	109	4.2

# 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 and subsidies	Transfers and subsidies	Of which:	
	1	2	3	4	5	6	7	8	9	10	11	12	13
<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>1987</b>	29454	57312	455	12437	99658	2482	102139	17484	119623	29419	59498	26456	30964
<b>1987</b>													
<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
<b>Dec.</b>	1995	7294	65	1454	10809	680	11488	1496	12984	2731	5271	2239	2720
<b>1988</b>													
<b>Jan.</b>	2495	3188	12	958	6654	21	6674	1680	8354	2367	5494	2221	3145
<b>Feb.</b>	2203	6490	38	837	9568	53	9622	1017	10639	2449	6390	2304	3948
<b>March</b>	3084	4470	49	998	8601	96	8698	1291	9989	2520	5301	2325	2552
<b>April</b>	3203	4517	44	1122	8886	85	8971	2089	11060	2341	4958	2682	2141
<b>May</b>	2659	5470	21	1787	9936	302	10238	834	11072	2760	6409	2640	3405
<b>June</b>	2994	5733	46	1012	9785	132	9917	1490	11407	2842	5368	2755	2376
<b>July</b>	3488	5896	35	871	10290	70	10360	109	10469	3191	4617	2370	2090
<b>Aug.</b>	3333	6295	62	1022	10712	488	11200	589	11789	2607	5279	2361	2801
<b>Sept.</b>	2811	5242	23	896	8972	145	9117	1667	10784	2665	4689	2359	2211
<b>Oct.</b>	3052	5247	41	1294	9634	234	9868	657	10525	2759	5088	2487	2451

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>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>1987</b>	7089	4732	100738	5672	106410	9880	116289	-1080	-4270	-14150	3334
<b>1987</b>											
<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
<b>Dec.</b>	878	-6	8874	483	9357	109	9466	1935	2131	2022	3518
<b>1988</b>											
<b>Jan.</b>	502	764	9127	372	9499	1279	10778	-2473	-2824	-4103	-2423
<b>Feb.</b>	535	324	9699	397	10096	512	10608	-130	-474	-986	31
<b>March</b>	641	833	9296	427	9723	825	10548	-694	-1025	-1850	-559
<b>April</b>	492	617	8407	341	8747	674	9421	479	224	-450	1639
<b>May</b>	690	760	10619	623	11242	1044	12286	-684	-1004	-2048	-1214
<b>June</b>	660	317	9186	603	9789	818	10607	598	128	-690	800
<b>July</b>	568	112	8487	467	8954	787	9741	1803	1406	619	728
<b>Aug.</b>	609	478	8972	450	9422	1177	10599	1740	1778	601	1190
<b>Sept.</b>	772	445	8570	1623	10193	866	11059	402	-1076	-1942	-275
<b>Oct.</b>	642	558	9047	483	9531	672	10203	587	337	-335	322

# 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.

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

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

**Table 3.4** *Lending.* New credits (Columns 1-4): the rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts, whereas annual rates are arithmetic averages of monthly observations. *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** *Secondary market rates.* The long-term unregulated market rate (Columns 1 and 2) is calculated by the Bank of Finland as the monthly average of the offered rates for taxable, fixed-rate bonds quoted by the five largest banks. The rate of interest for taxable government bonds (Column 3) is the effective annual yield, calculated as the arithmetic mean, on fixed-rate government bonds with a remaining maturity of between 4 and 5 years. The

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

## 4 RATES OF EXCHANGE

**Table 4.2** The weights of the Bank of Finland currency index (Column 1) are moving averages of the shares of countries in Finland's merchandise export and import trade. The index comprises 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 (incl. local government), (Column 3) = the Bank of Finland's claims on the private sector + banks' claims on the private sector (loans to the public, bonds and debentures (excl. government bonds and bank debentures), claims on other financial institutions, shares held by banks). Other items, net (Column 5) = capital accounts and other items of the Bank of Finland + capital accounts of deposit banks + unclassified assets and liabilities of deposit banks, net (bank debentures, bank CD's held by the public and other unregulated wholesale deposits).  $M_1$  (Column 6) = notes and coin in circulation - till money held by banks + cheque and postal giro account deposits held by the public.  $M_2$  (Column 7) =  $M_1$  + quasi-money (time deposits held by the public, incl. deposits with the Bank of Finland).

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

the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 7.7 billion at the end of 1986.

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

## 6 BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

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

**Table 6.2** Columns 1-8: Net change in long-term liabilities. Columns 9-13: Net change in long-term assets. Portfolio investment in Finland (Column 2) and abroad (Column 10): Secondary market transactions in securities and share issues. Long-term credits (Columns 3-6): Financial loans, import credits and leasing credits. Others (Column 5): Long-term credits of enterprises, financial institutions other than authorized banks and local government. Imports of other long-term capital (Column 7): Finland's subscriptions to international financial institutions paid in the form of promissory notes. Exports of other long-term capital (Column 12) = financial loans abroad + development credits + purchases of real estate and other acquisitions by private persons + Finland's subscriptions to international financial institutions.

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

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

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

## 7 FOREIGN TRADE

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

On January 1, 1988, the new international harmonized commodity description and coding system was introduced in the compilation of the official foreign trade statistics. Because of the changeover, the trade value figures in the customs statistics are exceptionally high for December 1987 and exceptionally low for January 1988 as compared with the old system. For the sake of comparability, the customs statistics figures for December 1987 and January 1988 have been adjusted in the Bulletin to comply with the old system. For this reason the total trade values for 1987 as a whole also differ from the customs statistics. The Bulletin follows the same practice as in the balance of payments statistics. Adjustments have been made to all value and volume figures for exports and imports. Unit values correspond to those of the customs statistics. The adjustments have been made by the Economics Department of the Bank of Finland.

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

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

## 8 DOMESTIC ECONOMIC DEVELOPMENTS

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

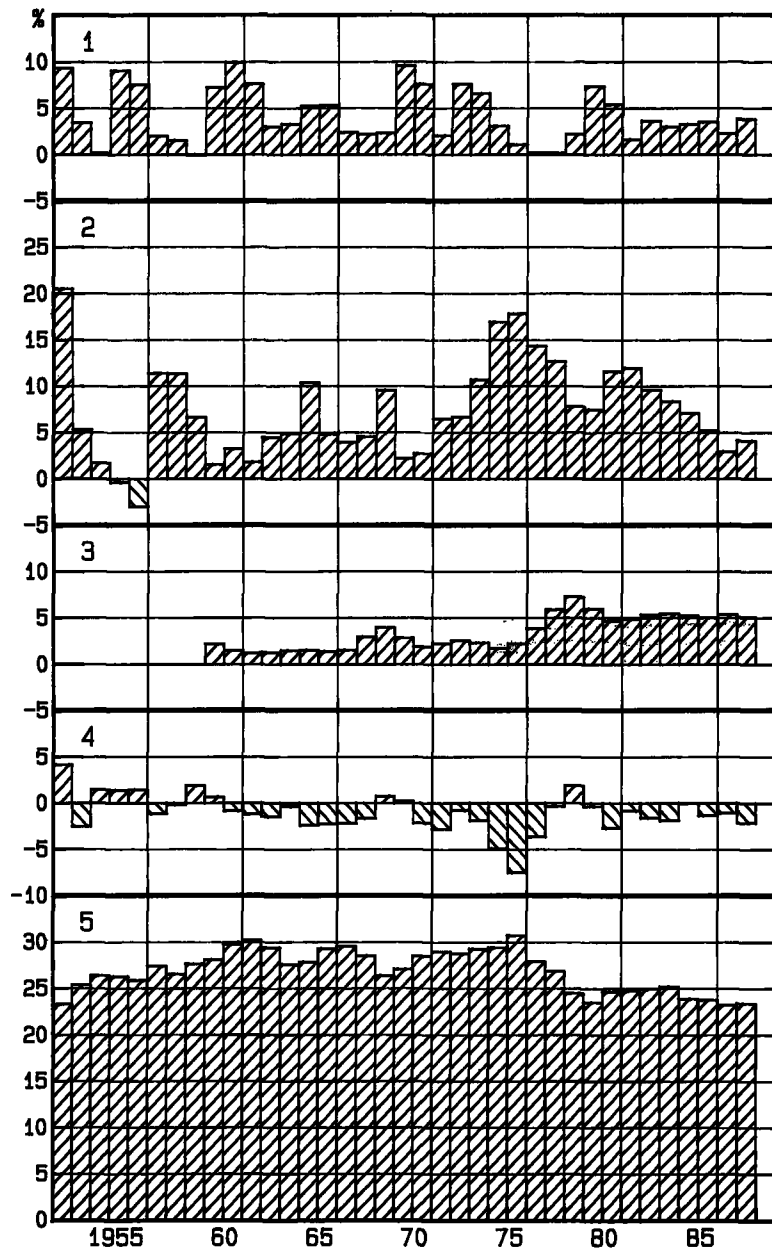
**Table 8.3** The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

**Table 8.4** The consumer price index (Column 7) was revised as from January 1988. Both the weights and the methods of calculation were changed (see the item in the March 1988 issue of the Bulletin). The base year of the new CPI is 1985, while the base year of the index shown until end-1984 is 1981.

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

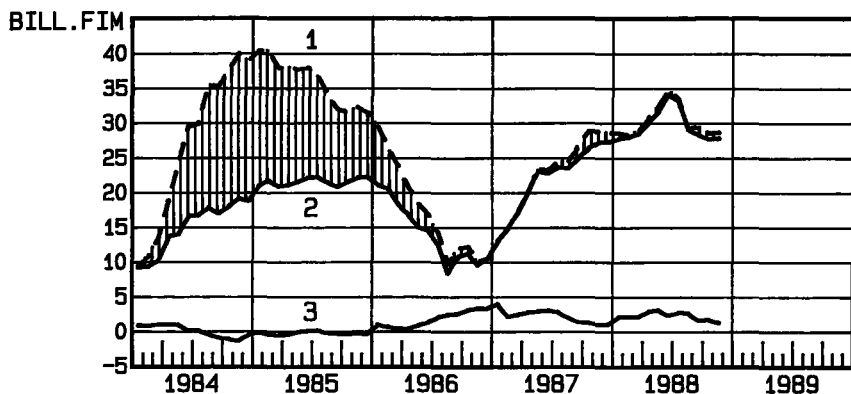
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
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4. Banks' central bank position	S29
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9. Rates on new issues of bonds and debentures	S31
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31. Fixed investment	S39
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33. Prices and wages	S40
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# 1. LONG-TERM INDICATORS

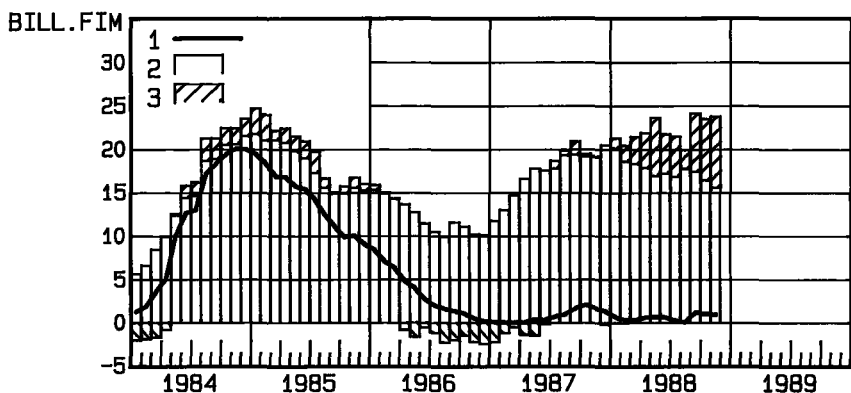


1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

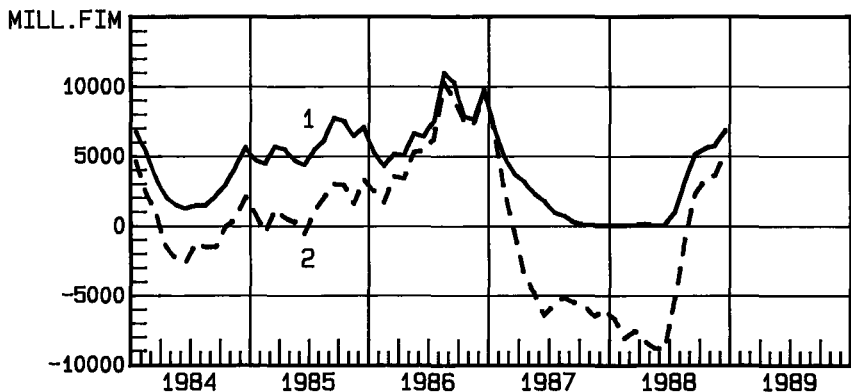
## 2. THE BANK OF FINLAND'S FOREIGN EXCHANGE RESERVES AND FORWARD POSITION



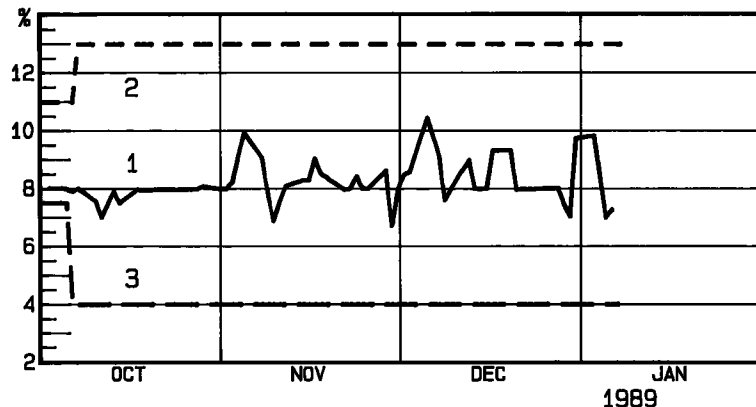
## 3. FORWARD MARKET



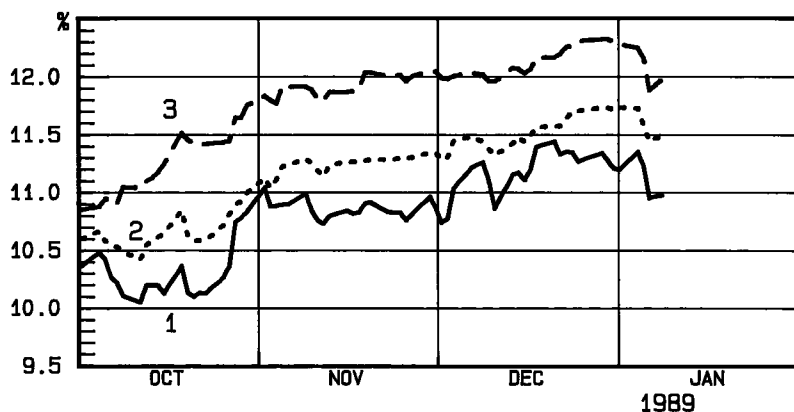
## 4. BANKS' CENTRAL BANK POSITION



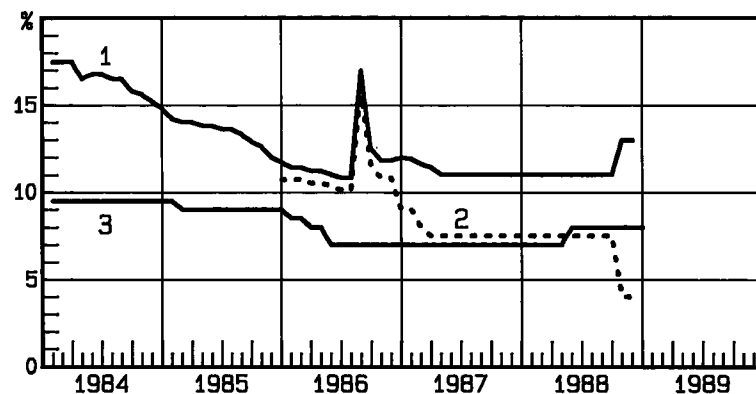
## 5. OVERNIGHT RATES



## 6. HELIBOR RATES OF INTEREST

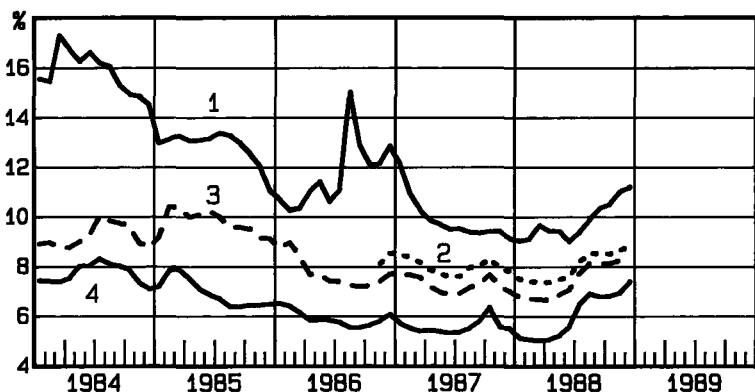


## 7. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



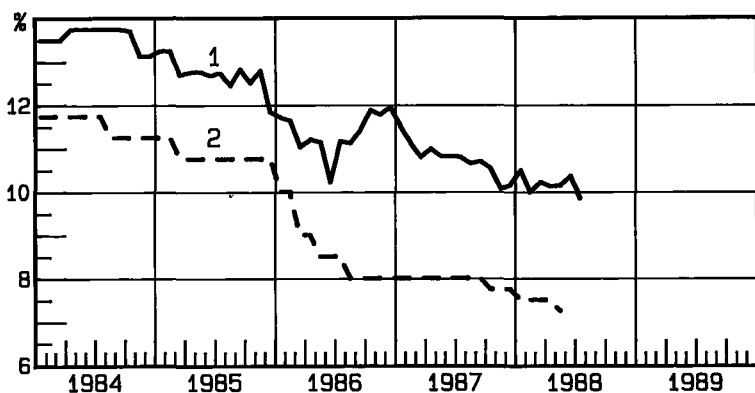


### 8. 3-MONTH COVERED EURODOLLAR RATE AND 3-MONTH CURRENCY BASKET RATES



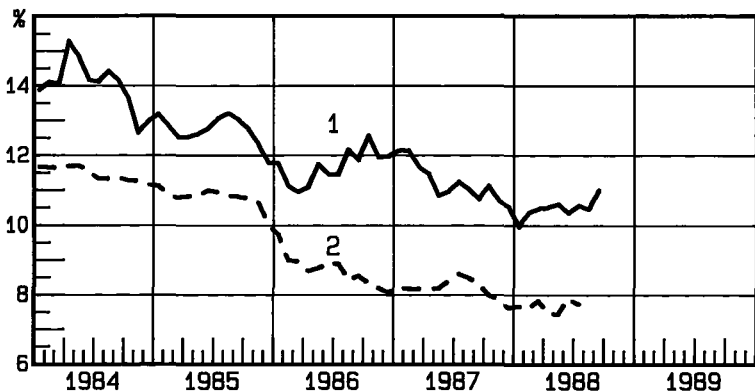
1. Covered Eurodollar rate
2. 12-currency basket rate
3. 8-currency basket rate
4. 3-currency basket rate

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



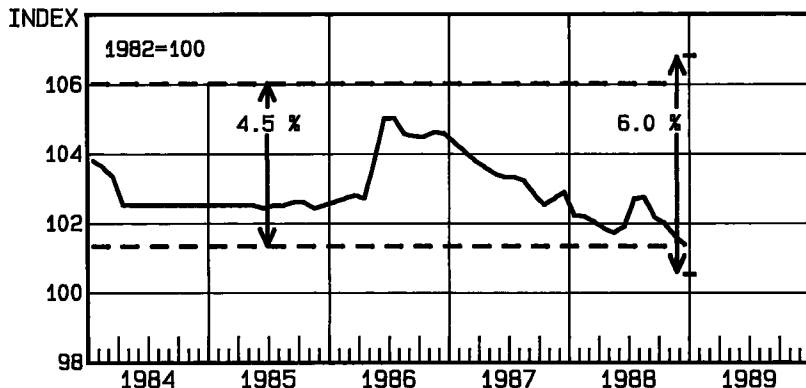
1. Rates on new fixed-rate debentures
2. Rates on new 10-year tax-free government bonds

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



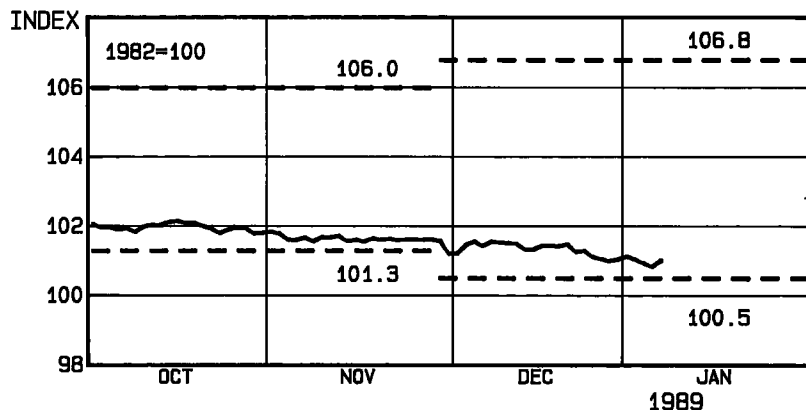
1. Secondary market rate on (3-6 year) fixed-rate debentures
2. Secondary market rate on (9-10 year) taxfree government bonds

### 11. BANK OF FINLAND CURRENCY INDEX



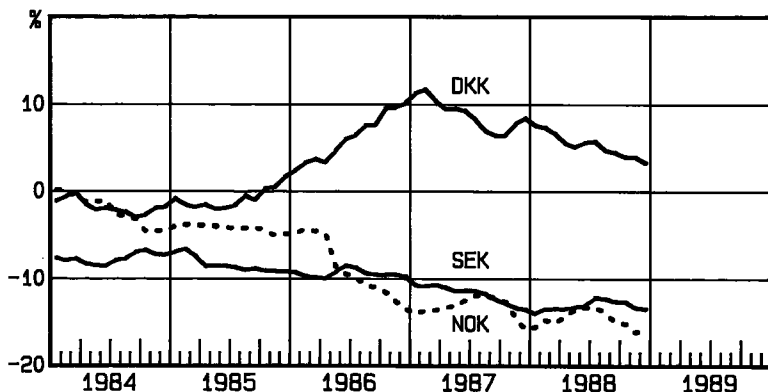
4.5 % and 6.0 % = fluctuation  
range of the index  
Monthly averages

### 12. BANK OF FINLAND CURRENCY INDEX



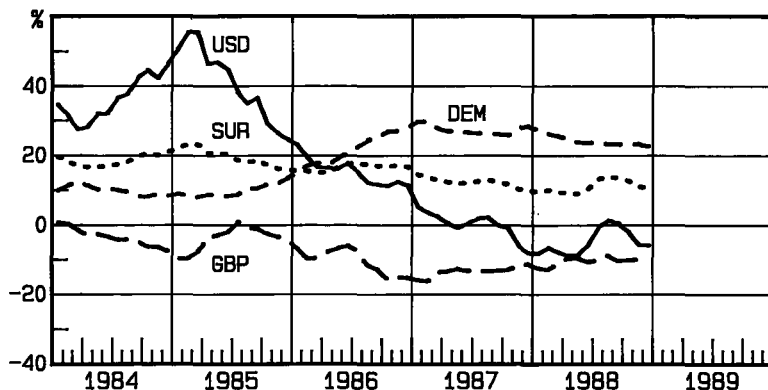
Daily observations

### 13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



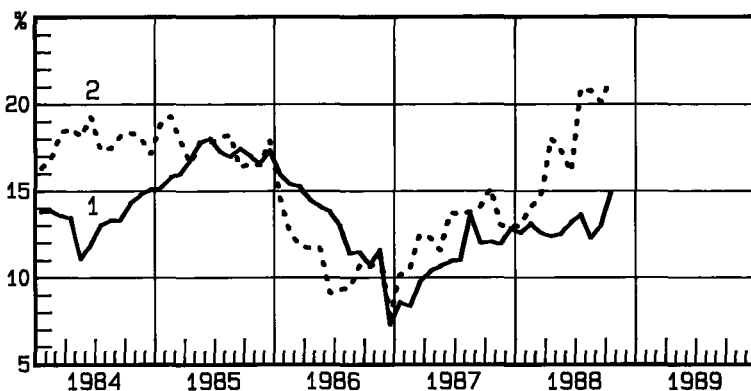
Monthly changes in markka  
selling rates calculated from  
the average rates for January  
1982

#### 14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



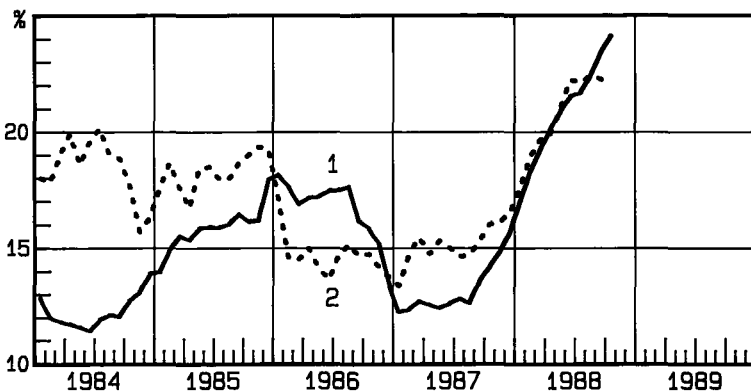
Monthly changes in markka selling rates calculated from the average rates for January 1982

#### 15. BANK DEPOSITS FROM THE PUBLIC



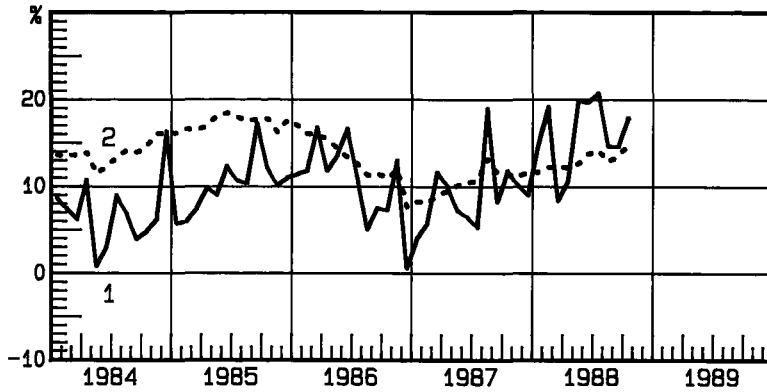
1. Regulated deposits  
2. Total deposits  
Change from the corresponding month of the previous year, per cent

#### 16. BANK LENDING TO THE PUBLIC



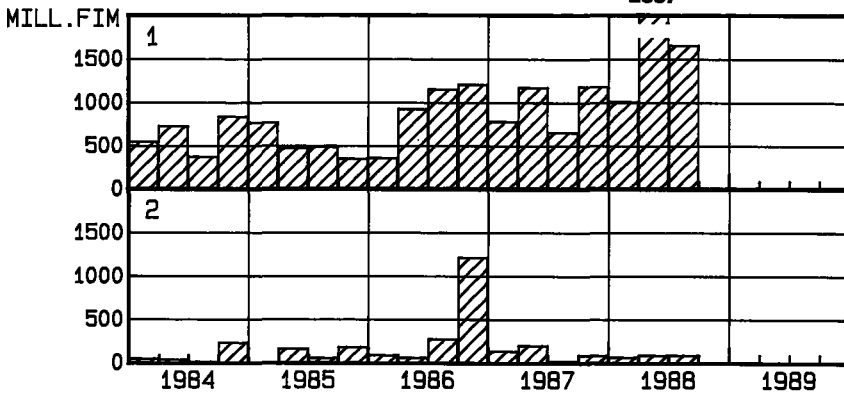
1. Markka lending  
2. Total lending  
Change from the corresponding month of the previous year, per cent

### 17. MONEY SUPPLY



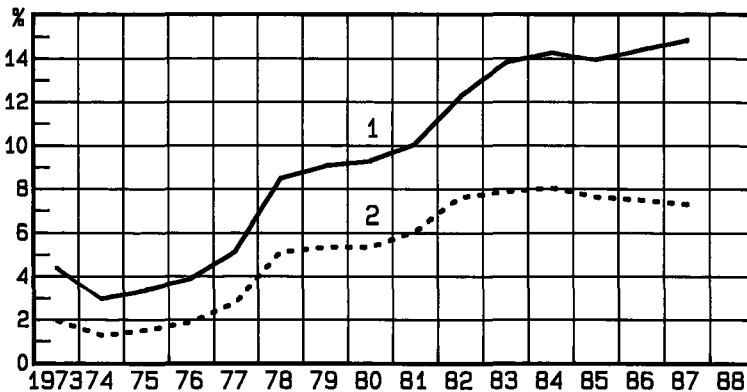
1. Narrow money supply (M1)
  2. Broad money supply (M2)
- Change from the corresponding month of the previous year, per cent

### 18. DIRECT INVESTMENT



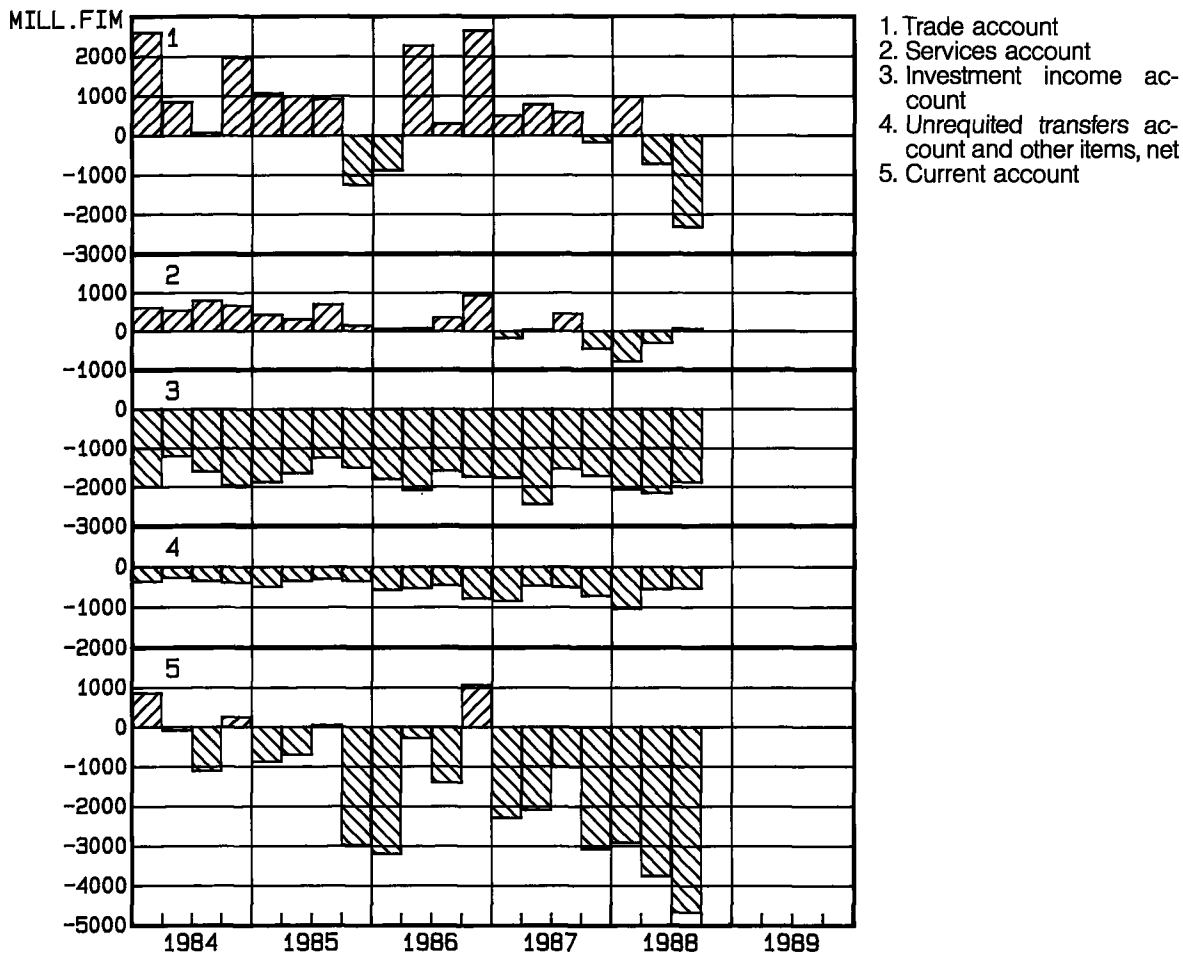
1. Finnish direct investment abroad, net
2. Foreign direct investment in Finland, net

### 19. CENTRAL GOVERNMENT DEBT

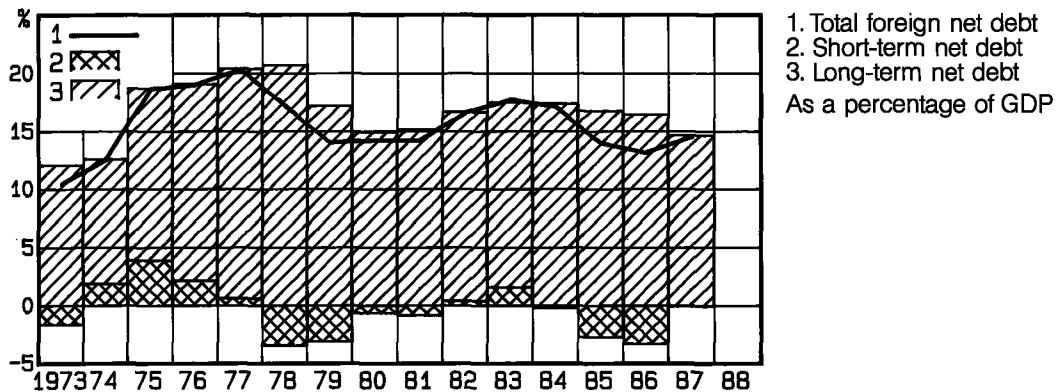


1. Total debt
  2. Of which: foreign debt
- As a percentage of GDP

## 20. CURRENT ACCOUNT

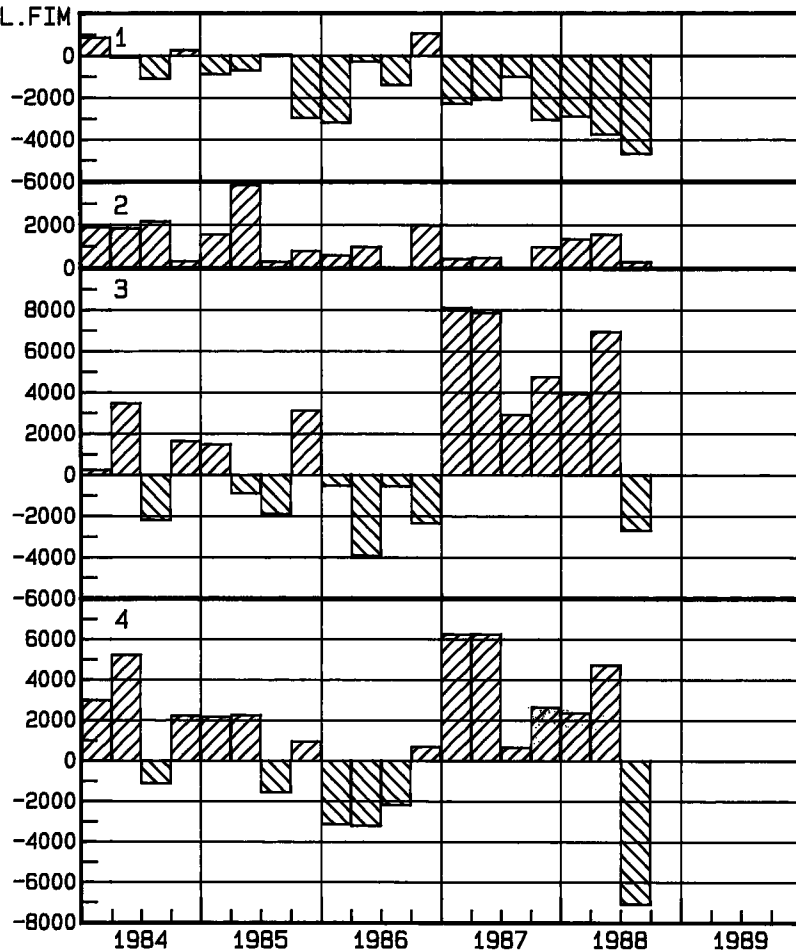


## 21. FOREIGN DEBT



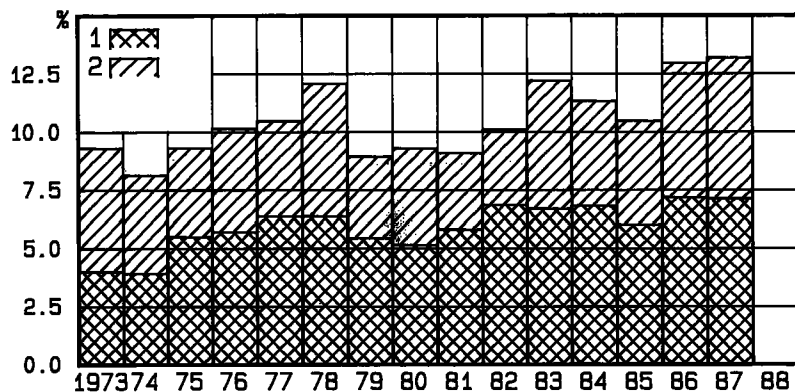
## 22. BALANCE OF PAYMENTS

MILL.FIM



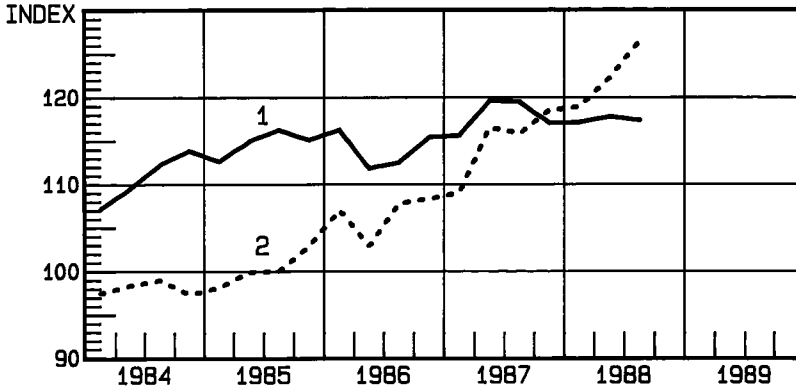
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance = change in the foreign exchange reserves of the Bank of Finland

## 23. DEBT SERVICE RATIO



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

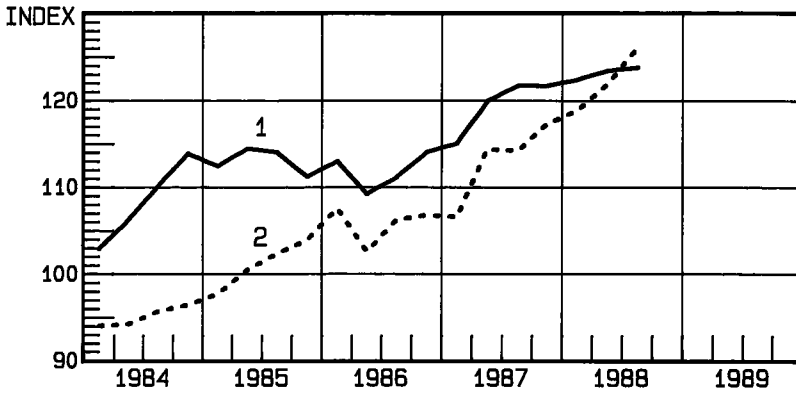
#### 24. FOREIGN TRADE



- 1. Total exports
- 2. Total imports

Volume index, 1980 = 100, four-quarter moving average shown as at the last quarter

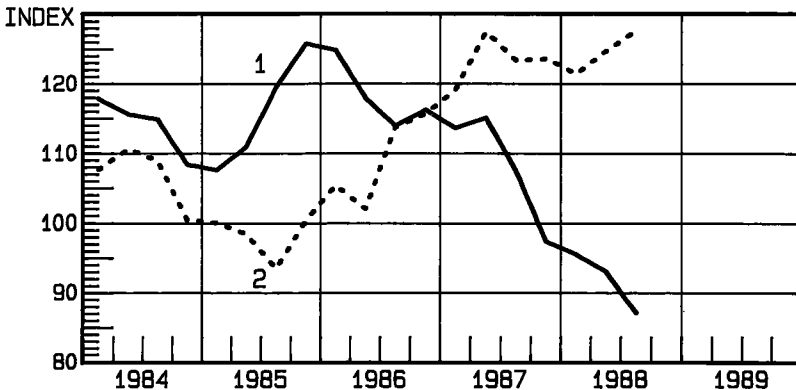
#### 25. WESTERN TRADE



- 1. Western exports
- 2. Western imports

Volume index, 1980 = 100, four-quarter moving average shown as at the last quarter

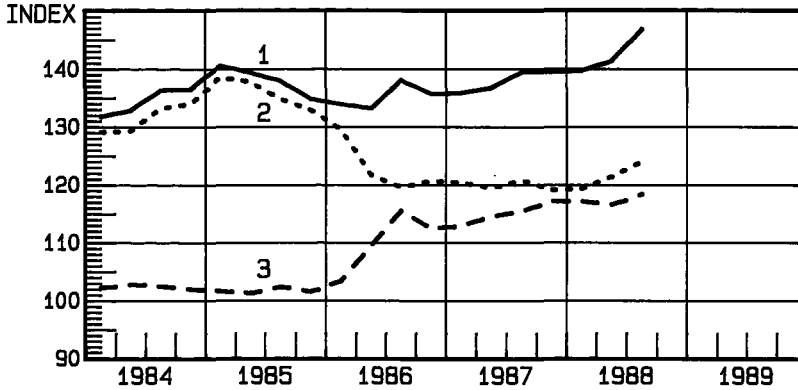
#### 26. BILATERAL TRADE



- 1. Bilateral exports
- 2. Bilateral imports

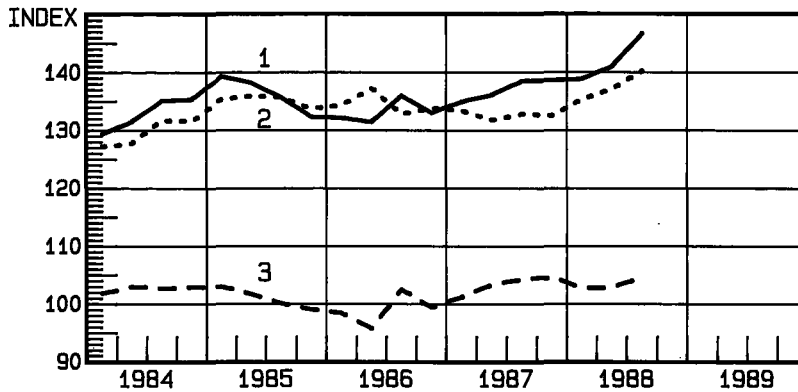
Volume index, 1980 = 100, four-quarter moving average shown as at the last quarter

## 27. FOREIGN TRADE: PRICES AND TERMS OF TRADE



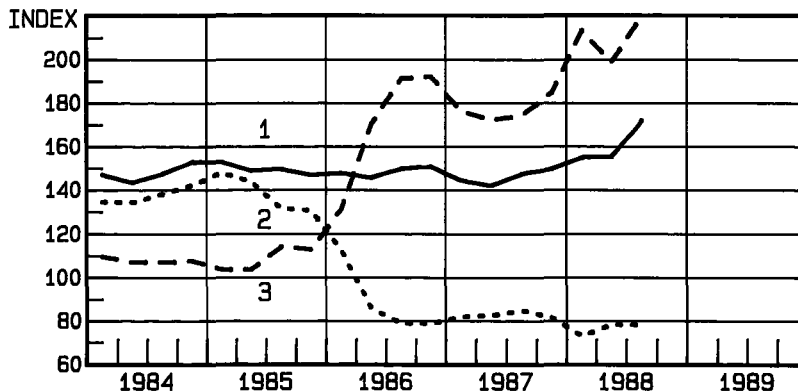
1. Unit value index of exports
  2. Unit value index of imports
  3. Terms of trade
- 1980 = 100

## 28. WESTERN TRADE: PRICES AND TERMS OF TRADE



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

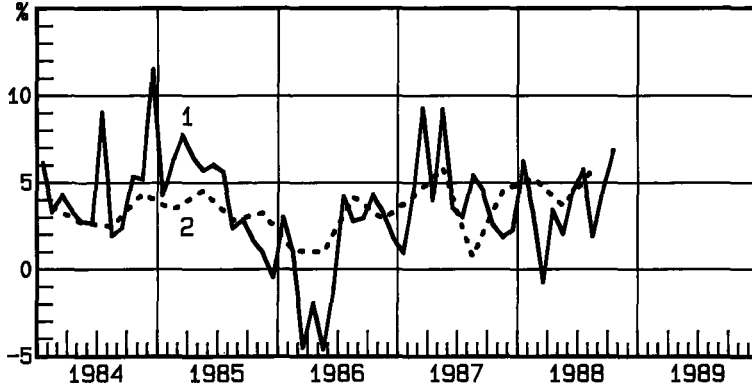
## 29. BILATERAL TRADE: PRICES AND TERMS OF TRADE



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

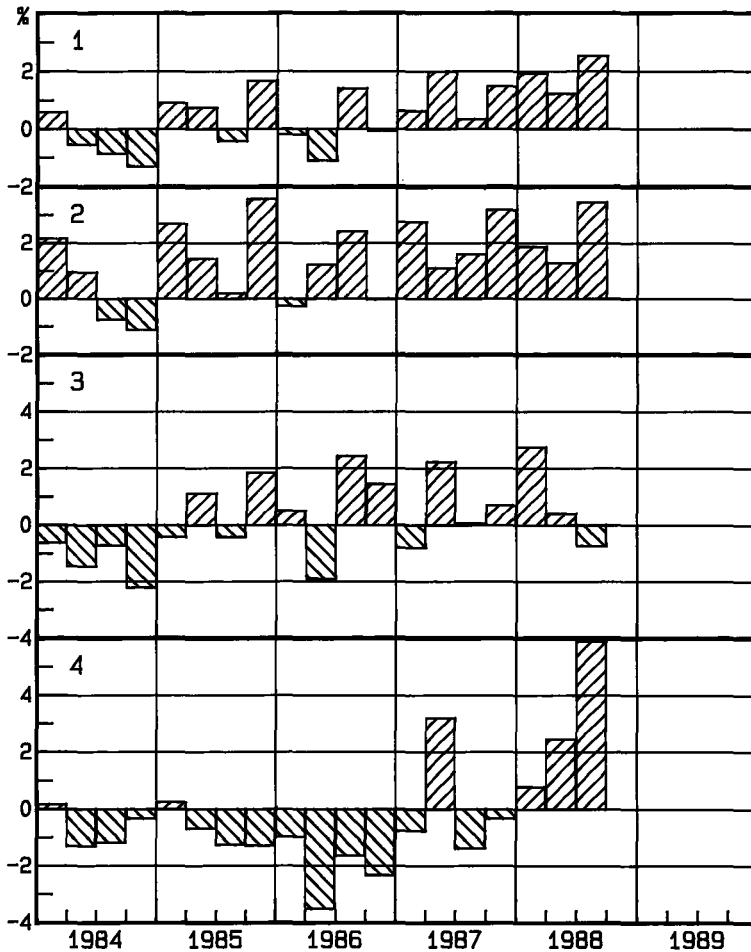


### 30. PRODUCTION



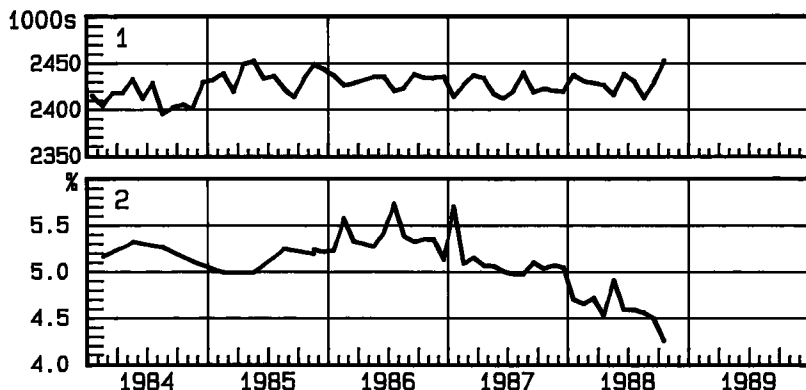
1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

### 31. FIXED INVESTMENT



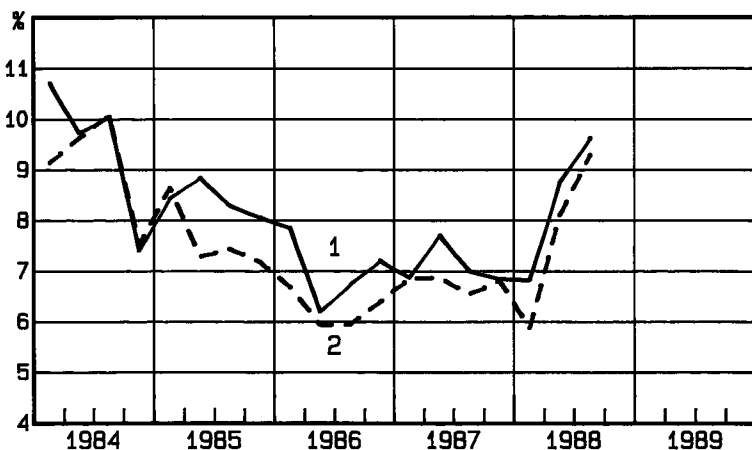
1. Total fixed investment
  2. Investment in machinery and equipment
  3. Building investment, excl. residential buildings
  4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

### 32. EMPLOYMENT AND THE UNEMPLOYMENT RATE

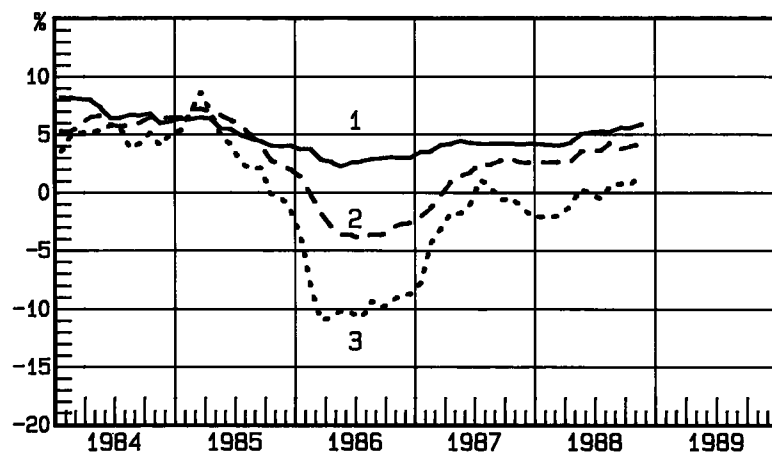


1. Employment, 1000 persons
2. Unemployment rate, per cent

### 33. PRICES AND WAGES

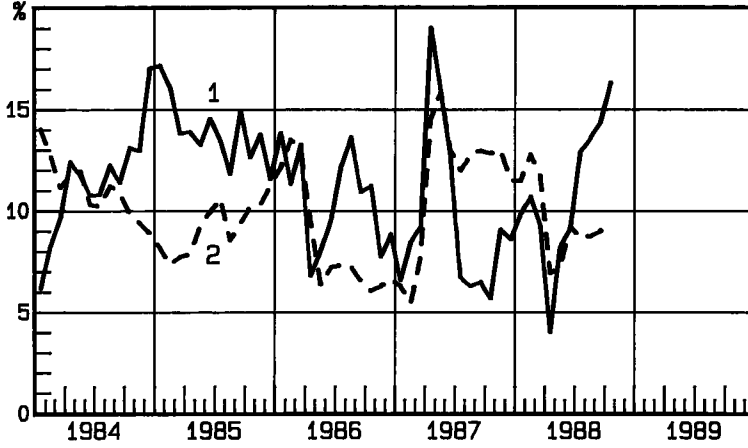


1. Index of wage and salary earnings, all wage and salary earners
  2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



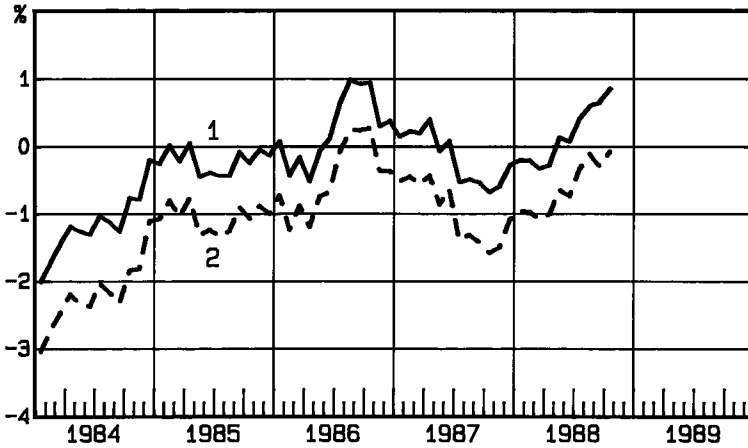
1. Consumer price index
  2. Wholesale price index
  3. Import price index
- Change from the corresponding month of the previous year

### 34. CENTRAL GOVERNMENT FINANCES



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

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



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

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

# BANK OF FINLAND

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