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Recent Economic and Financial Market
Developments

Operational mechanisms of Central Bank
Policy

Recent Economic and Financial Market Developmentsby Timo Hämäläinen 3

Operational Mechanisms of Central Bank Policyby Antti Suvanto 6

Items: Exchange control as from January 1, 1991 13
Second supplementary budget for 1990

Monetary and foreign exchange policy measures
from October 1989 to January 1991 14

Finland in brief 16

Statistics S1

Charts S27

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RECENT ECONOMIC AND FINANCIAL MARKET DEVELOPMENTS

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OIL PRICE RISE EXACERBATES THE ADJUSTMENT PROCESS IN THE FINNISH ECONOMY

Available data on the performance of the Finnish economy in the current year confirm that, after a boom lasting three years, the adjustment of domestic demand is now under way. In part, this is a result of the steep rise in interest rates that took place in autumn 1989. Economic activity nevertheless continues to be at a high level, and the rise in the unemployment rate has been quite small. Inflation has slowed down only marginally and the current account deficit has shown only a modest improvement in the course of the year. The Gulf crisis and subsequent sharp rise in oil prices has rendered adjustment more difficult but at the same time it should help to speed up the process. Though the growth of the market economies and hence also of Finnish exports will decelerate to some extent and the soaring oil import bill will strain the current account, the slackening in domestic demand will reduce the volume of imports.

According to preliminary estimates, the growth of total output slowed to only one per cent in the second quarter of this year. Compared with the level prevailing at the end of last year, the volume of output has hardly grown at all. Private consumption in the first six months of the year was only just over one per cent higher than in the same period in

1989. Retail sales were down nearly 4 per cent on the previous year, and car sales also registered a marked fall. The growth of household borrowing peaked in 1989, and the volume of consumer credit has remained roughly the same for almost a year.

In the second quarter of 1990, private investment was down 7 per cent, on a seasonally adjusted basis, from its high-point at the end of 1989, and the downward trend seems to be continuing. The steepest decline is expected in housing investment. The number of unsold new dwellings is estimated to reach some 15 000 in 1991, which is equivalent to about a quarter of production for the current year. Other construction and investment in machinery and equipment have also fallen in the course of this year.

The volume of manufacturing output remained virtually unchanged from the middle of 1989 until the summer of this year. The volume of output in the metal and engineering industries increased slightly whereas output in the forest industries and other manufacturing declined somewhat. Since the summer, however, there have been signs of a further slackening in manufacturing output. According to the quarterly survey of business confidence published by the Confederation of Finnish Industries in October, the prospects for industry are bleaker now than they have been for a long time. The effects of the events in the Gulf are already evident in the survey, in particular, in the deterioration in export prospects.

EXTERNAL IMBALANCE AND PRICE STABILITY SHOW SOME SIGNS OF IMPROVEMENT

The trade account deficit shrunk in the first half of this year as compared with the second half of 1989. In particular, this was due to a fairly substantial increase in the volume of exports to western markets and to a slowdown in the growth of imports along with slackening domestic demand. By contrast, exports to CMEA countries have continued to decline, primarily as a result of the economic difficulties in the Soviet economy. If the price of crude oil were to rise permanently from USD 18 to, say, USD 35 a barrel for a prolonged period, Finland's annual import bill would grow by about one per cent of GDP. However, the external balance would not deteriorate to the same degree since domestic demand and import demand would also decrease as a result of the higher oil price. The current account deficit is expected to exceed 5 per cent of GDP this year, but it could improve slightly in 1991 depending on the extent of the decline in domestic demand. In September, the trade account showed a surplus, as imports fell in all product groups except crude oil.

The cooling down of overheated markets has reduced inflationary pressures in the economy and the gap between Finland's consumer inflation rate and the average rate in competitor countries has narrowed. In September,

the twelve-month rise in consumer prices was 5.6 per cent. The rapid rise in the level of earnings has continued and labour costs are still rising faster than in competitor countries.

The current two-year centralized pay settlement includes an index clause which provides for adjustment in full to wages and salaries for any increase in inflation in excess of 5.7 per cent between December 1989 and December 1990. Although the index threshold may be slightly exceeded because of the oil price, this will not have any significant effect on wage inflation.

FISCAL POLICY STILL NOT TIGHT ENOUGH

The volume of public demand increased by 4 per cent in the first half of 1990 from the corresponding period a year earlier, consumption expenditure growing by 3 per cent and investment expenditure by 10 per cent. Measured as a twelve-month moving total, the central government budget surplus declined by about a half in the seven months to July 1990, and accounted for only just under 1 per cent of GDP. The contraction in the surplus is primarily due to a slowdown in the growth of tax revenue and the tax base and not so much to an increase in expenditure.

According to the budget proposal for 1991, expenditure will increase by a further 4 per cent in real terms, and the revenue surplus will decline, partly because of income tax reliefs associated with the ongoing tax reform and partly because of a continuing slowdown in the expansion of the tax base. Discretionary changes in indirect taxes, public tariffs and charges are estimated to add over one per cent to the rise in the consumer price index.

MONETARY POLICY BEARS BURDEN OF ADJUSTMENT

As fiscal policy has been unable to sufficiently curb demand pressures, the Bank of Finland has had to keep short-term market interest rates as high as has been possible within the framework of the fixed exchange rate regime. Short-term market rates fell in the spring after having risen steeply towards the end of 1989. The downturn in short-term rates was a consequence of a return of confidence in the markka, as evidenced by heavy capital inflows. In August, three-month market rates had fallen to 12 per cent, and the interest rate differential in relation to international rates had declined to the same level it had been a year earlier prior to the sharp upward movement in autumn 1989.

Following the onset of the Gulf crisis, market interest rates started to edge up gradually. After mid-September, sentiment towards the markka weakened, evidently because the central government budget proposal for 1991 was perceived as relatively lax, and this pushed interest rates sharply higher. At the end of October, three-month HELIBOR was around 14½ per cent. The currency index was allowed to weaken by approximately one per cent. The convertible foreign exchange reserves rose as a result of foreign loans raised by the central government and totalled FIM 37 billion in mid-October. The Bank of Finland's forward exchange position has fallen slightly but still amounts to about FIM 7 billion.

Long-term market interest rates began to rise in the wake of short-term rates at the end of last year and they continued to move steadily higher until the summer months in spite of the fall in short-term rates. However, in September, long-term market rates softened somewhat.

The deposit banks are preparing for an increase in the cost of their funds when a 10 per cent withholding, or source, tax on interest income is introduced from the beginning of 1991. With the imposition of the tax, part of the current tax-exempt time deposits tied to the Bank of Finland's base rate will be transferred to higher-interest accounts subject to the new tax. Interest rates on new loans have remained at the level to which they rose in autumn 1989. In August, interest rates on new housing loans granted to households were at a level of just over 13 per cent, while the average rate on consumer credit was about 15 per cent.

Given the high level of interest rates and the prospect of recession, the demand for credit has been subdued. In August, markka lending by banks was only just under 4 per cent higher than a year earlier. Deposits have grown at a slightly faster pace. Firms have satisfied most of their borrowing needs by taking up foreign currency loans. At the end of 1989, foreign currency loans accounted for 44 per cent of industry's outstanding loans.

FALL IN THE STOCK MARKET CONTINUES

High interest rates and the expected recession have also curbed activity in the securities markets. In the first nine months of this year, new bonds were issued mainly by financial institutions up to the total value of FIM 19 billion, roughly the same amount as in the corresponding period a year ago.

The Housing Fund recently set up by the central government is designed in part to promote the development of the bond market. In October, it issued 10-year housing bonds targeted at institutional investors. The amount of the issue was FIM 0.4 billion and its

effective yield 13.6 per cent. In 1991, the Housing Fund will also issue housing bonds targeted at households, and they are likely to become an attractive investment outlet for personal investors once the withholding tax has entered into force.

The fall in the share market has continued under the influence of high interest rates and companies' poor results. Share prices on the Helsinki Stock Exchange, as measured by the Unitas index, have fallen by about a half from their peak in April 1989. Since the onset of the Gulf crisis, share prices in Helsinki have fallen by a fifth,

roughly the same magnitude as on foreign stock exchanges. No share issues have taken place with the exception of some targeted issues in connection with reorganizations of companies' ownership structure. With effect from the beginning of September, foreign investors have been allowed to invest in stock index options and thereby to gain the indirect right to own restricted shares, sales of which to foreigners are prohibited.

November 2, 1990

OPERATIONAL MECHANISMS OF CENTRAL BANK POLICY

by **Antti Suvanto**, Head of Office
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Bank of Finland

As a consequence of the liberalization of capital movements, the traditional distinction between monetary and exchange rate policy has disappeared.¹ Changes in the interest rate differential *vis-à-vis* abroad have an immediate impact on either the currency index or the foreign exchange reserves. Changes in foreign exchange reserves affect the amount of liquidity in the banking system and interest rates. A change in liquidity and interest rates brought about by open market sales is quickly offset by capital movements.

This article discusses the operational mechanisms by which central bank policy is implemented in the present environment of free capital movements and market-determined domestic interest rates. The main emphasis is on the mechanism by which liquidity is controlled.

EXCHANGE RATE SYSTEM AND INTERVENTION IN THE FOREIGN EXCHANGE MARKET

Since 1977, Finland's exchange rate regime has been based on a trade-weighted currency index and its prescribed fluctuation limits, the currency band. It is the task of the Board of Management of the Bank of Finland to keep the currency index within its band (see Puro 1977 and 1984). A change in the band requires a joint decision by the Bank's Parliamentary Supervisory Board and the Government.

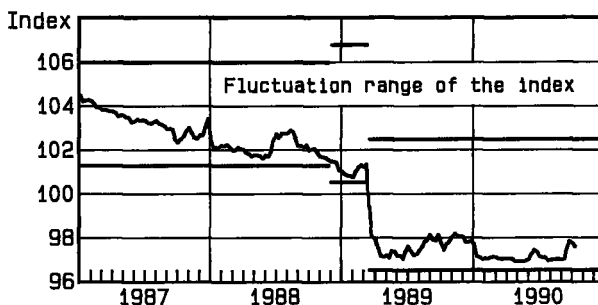
If the index is to remain within its prescribed limits, the rate of inflation in Finland cannot for long differ from the average inflation rate for the countries whose currencies are included in the index. The currency index has thus become the most important intermediate target of central bank policy. In the event of a switch to a floating exchange rate

regime, a new intermediate target would be needed, as for example, the rate of growth of the money stock.

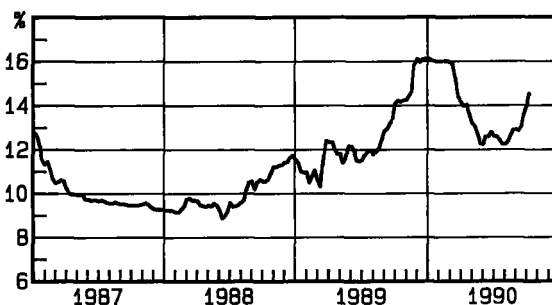
The position of the currency index within its band, market interest rates and the level of foreign exchange reserves constitute the proximate targets of central bank policy (Chart 1). The central bank can affect only one or possibly two

CHART 1.
MAIN INDICATORS OF MONETARY POLICY

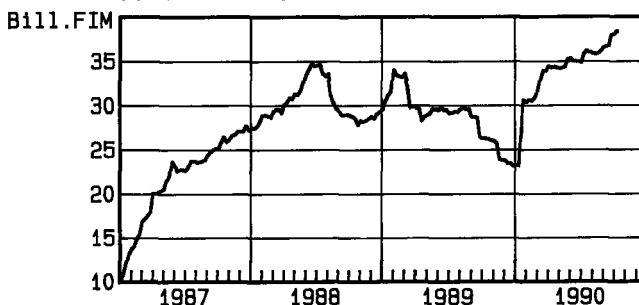
BANK OF FINLAND CURRENCY INDEX



3-MONTH HELIBOR RATE



CONVERTIBLE FOREIGN EXCHANGE RESERVES



¹ See Swoboda (1986), Korkman (1986), Akerholm (1987) and Aaltonen and Aurikko (1990) on financial market changes and central bank policy in Finland in the 1980s.

proximate targets at a time, and then only temporarily. This is done by intervention in the spot and forward currency markets or by open market operations in the domestic money market.

For a long period after the currency band arrangement was adopted, exchange rate policy was conducted along the same lines as before. Initially, the fluctuation range of the Bank of Finland's currency index was ± 2.25 per cent. From time to time the index number was changed by administrative decision, either within the band or in connection with a change in the band itself, but in the periods between such decisions the index was kept virtually constant. Only since the financial markets were deregulated has day-to-day fluctuation in the index been permitted. This has helped to mitigate the effects of capital flows on liquidity.

At present, the fluctuation range of the index is ± 3 per cent. A fluctuation range of this magnitude gives the central bank a certain degree of independence — albeit rather limited — with regard to interest rate policy. But at the same time the currency band arrangement is in itself a kind of automatic stabilizer.

If economic fundamentals, such as an improvement in the terms of trade or expansive fiscal policy, call for a strengthening in the real value of the domestic currency, the central bank can permit a nominal strengthening in the currency to the point where the index reaches the lower (strong) limit of the band. As the domestic currency strengthens to the point where it is close to the lower limit of its band, upward pressure is exerted on domestic interest rates. The reason for this is that as the domestic currency strengthens, expectations that it will later weaken inside the band tend to grow. Under these conditions the rise in interest rates may to

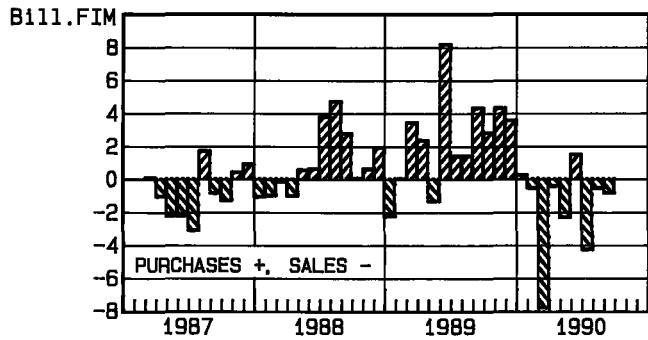
some extent offset the expansionary, and thus inflationary, effects of fiscal policy or a favourable change in the terms of trade on demand.

Formerly, the Bank of Finland's intervention in the spot foreign exchange market was readily apparent in the banks' daily position at the Bank of Finland. The major changes in liquidity came by way of payments in foreign trade and the currency flows that resulted from the financing of such trans-

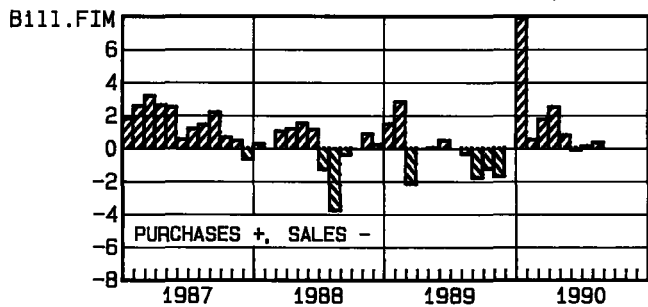
actions. Under present conditions, where capital moves freely and is highly sensitive to interest rate differentials, this close relation between bank liquidity and currency flows no longer exists. The need for intervening in the spot foreign exchange market has diminished because, since 1986, open market operations have become available as a means of controlling liquidity and because the currency index has been allowed to react to a

CHART 2.
THE BANK OF FINLAND'S MONEY MARKET OPERATIONS AND INTERVENTION IN THE FOREIGN EXCHANGE MARKET

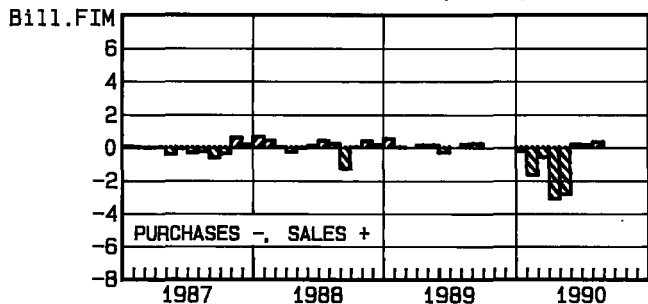
MONEY MARKET OPERATIONS, NET
(incl. liquidity effect of matured transactions)



SPOT FOREIGN EXCHANGE TRANSACTIONS, NET



FORWARD TRANSACTIONS, NET (SWAPS)



greater degree than before to pressures stemming from capital movements.

Besides intervening in the spot foreign exchange market, the Bank of Finland has from time to time resorted to intervention in the forward exchange market (Chart 2). The forward exchange market has expanded rapidly since 1980 when the Bank stopped quoting forward exchange rates and covering banks' forward exchange transactions with offsetting transactions. Subsequently, the banks have set their own forward exchange rates, largely on the basis of the differential between the marginal cost of borrowing from the central bank and foreign interest rates (see Lindroos 1989).

Gradually, the forward exchange market came to serve as a substitute for the otherwise nonexistent domestic money market and as a new channel for short-term capital movements. This made it possible for the Bank of Finland to utilize intervention in the forward exchange market as a means of controlling liquidity. The effectiveness of such intervention is based on restrictions concerning banks' foreign exchange positions. The transactions undertaken by banks to cover the exchange rate risks inherent in their forward exchange transactions give rise to capital flows that affect domestic liquidity.

Intervention was carried out on a massive scale in 1983 and 1984 when large amounts of capital flowed into the country and increased liquidity to an extent that threatened to cause imbalances in the economy. Since 1985, intervention in the forward exchange market for the purpose of offsetting the liquidity effects of intervention in the spot market has been pursued only to a limited extent. This happened at the end of 1987 and again in spring 1990. Generally speaking, the scope for raising domestic in-

terest rates by sterilizing the liquidity effects of capital imports has diminished as a result of the liberalization of capital movements.

OPEN MARKET OPERATIONS

Open market operations are a relatively new instrument in the Bank of Finland's system of monetary control (see Aurikko 1989). They were first undertaken in 1987, having previously been impossible owing to the underdeveloped state of the money market. At the same time as open market operations have been assigned the task of controlling liquidity, the significance of the call money window as a source of banks' central bank financing has diminished substantially.

At present, activity in the Finnish money market is largely based on certificates of deposit (CDs) (see Kontulainen 1990). Government debt instruments are of only minor significance; in fact, because of budget surpluses, the State Treasury has become a significant investor in the CD market.

The turnover in CDs is extensive, though it is focused on short-term maturities. Recently, typical daily turnover in the interbank market has amounted from some FIM 2 billion to FIM 4 billion, and since mid-1989 the outstanding stock of CDs has varied between FIM 75 billion and FIM 90 billion.

By buying CDs from the banks, the Bank of Finland increases bank liquidity. In contrast, when the Bank of Finland sells bank CDs in its possession or issues its own CDs, bank liquidity decreases.

Because of the value date of CD transactions, liquidity is affected on the banking day following the trade date. In exceptional cases, the Bank of Finland has carried out money market operations in the wholesale deposit market in one- and two-week maturities. These agreements involve fixed-term deposits or credits,

whose value date is the same as the trade date.

So far, the Bank of Finland has relied exclusively on outright open market operations. In contrast to the central banks of many other countries, it has not made use of repurchase agreements to control liquidity. This is partly due to the underdeveloped state of the domestic bond market and the shortage of risk-free government bonds, which are the most appropriate instruments for repo trade.

The gross volume of open market operations has been quite large from time to time. Daily operations have averaged FIM 200 million to FIM 500 million, but occasionally gross volume has amounted to several billion markkaa. Normally, daily operations are undertaken to offset maturing CDs, so that their net effect on liquidity is fairly small.

Up till now, the central bank has only undertaken money market operations with domestic banks, who function as market makers. There has been no need for intermediaries such as money market brokers, and indeed these brokers currently operate on such a small scale that it would be impossible for them to participate.

Previously, all commercial banks with access to central bank financing, including foreign-owned banks, were accorded the right to participate in open market operations. In the interest of greater competitive neutrality, the criteria for participation were changed at the end of 1989. Now the Bank of Finland is prepared to grant the right to participate to any bank whose capital base exceeds FIM 200 million, provided it meets the BIS capital adequacy requirements and has demonstrated its ability to function as a market maker in the CD market. Such banks may also be granted access to call money credit.

CALL MONEY CREDIT AND DEPOSITS

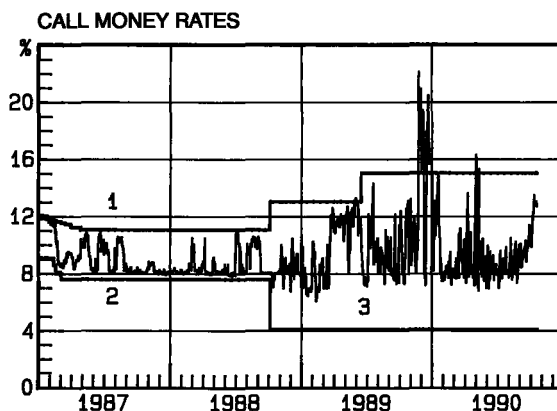
Previously, call money credit was the banks' only source of central bank financing. At the beginning of 1986, a differential was introduced between the interest rate on call money credit and the rate on call money deposits in an attempt to persuade banks to smooth out differences in their liquidity in the interbank market. The differential was initially very small, 0.7 percentage point, but it was subsequently increased to a full 11 percentage points.

Prior to the revision of the call money credit facility in June 1989, each bank with access to central bank financing could obtain call money credit up to a specified quota. The quota was equal to 10 per cent of the sum of the bank's equity capital, credit loss reserves and cash reserve deposits. The rate of interest charged on borrowing within the quota was 13 per cent; the rate on borrowing in excess of quota was 19 per cent. Interest was paid on call money deposits at the rate of 7.5 per cent.

In June 1989, the bank-specific quotas were abolished as part of the revision of the facility. In order to encourage banks to resort to the call money window only for temporary purposes and to hold their free reserves in the form of call money deposits at the Bank of Finland, they were required to see to it that the 5-day moving average of their daily positions at the Bank remained positive. The call money credit rate was raised from 13 to 15 per cent and the call money deposit rate lowered from 7.5 to 4 per cent (Chart 3).

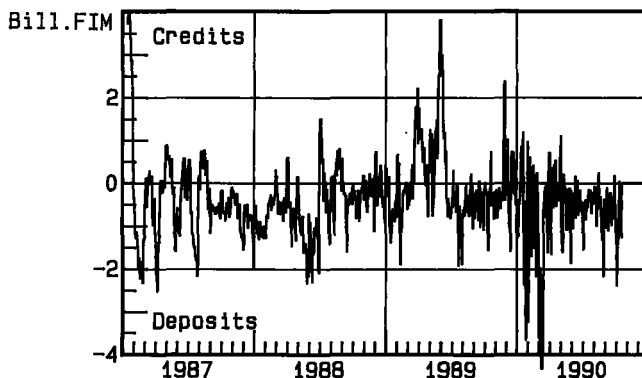
The new arrangement meant that, in order to keep the 5-day moving average positive, a bank's temporary borrowing in the call money market had to be offset by making larger call money deposits than normal at the Bank of Finland within the following few days. This increased the

CHART 3.
CALL MONEY RATES AND BANKS' NET POSITION
AT THE CALL MONEY WINDOW



1. Call money credit rate
2. Call money deposit rate
3. Interbank overnight rate

BANKS' NET POSITION AT THE CALL MONEY WINDOW



marginal cost of call money credit to banks, which was in fact one of the main purposes of the revision.

By allowing temporary and relatively limited use of call money credit at a reasonable rate of interest but making repeated or excessive use of the facility costly, it was hoped that the banks would be induced to improve their liquidity forecasts and that fluctuations in the liquidity of the banking system would be reflected immediately and in full in short-term interest rates. Moreover, since open market operations affect the liquidity of banking system, their effectiveness could also be improved.

In November 1989, one more technical change was made to the new call money facility. The 5-day rule remained in force, but a monetary penalty was imposed for failure to observe the rule. Under the modified rule, whenever the 5-day moving average of a bank's daily position is negative, the bank must pay twice the normal rate for call money credit, i.e. currently 30 per cent.

Subsequent to the revision of the call money system, banks no longer use this facility to become indebted to the central bank, except momentarily. The banks' gross debt to the central bank is practically

the same as the total value of the Bank of Finland's outstanding CD purchases; hence the marginal cost of central bank finance to banks corresponds to the prevailing level of market interest rates. Earmarked central bank credit, i.e. credit extended for a specific purpose, is no longer granted, except for *till-money credit*. Such credit enables banks to cover their holdings of banknotes in excess of a certain proportion which they must cover themselves.

LIQUIDITY FORECASTING

The planning of open market and foreign exchange market operations is based on daily forecasts of liquidity in the banking system. These forecasts are constantly revised. Consideration is given to the effects of earlier operations, such as maturing open market operations and forward exchange contracts, changes in the amount of banknotes in circulation, payments abroad by the central government, the collection and return of cash reserve deposits, changes in firms' investment reserve deposits and the central government's special deposits, payment flows through the Soviet Union's clearing account as well as potential effects of spot intervention in the foreign exchange market.

Daily estimates are made over a two-week period. The estimates for the first two days are highly accurate. The greatest uncertainty attaches to changes in the public's holdings of banknotes, but even here the forecast error is not large.

Weekly estimates are also made, in this case over a four-week period. Estimates covering a longer horizon than one month are rough indicators and consistent with the Bank of Finland's overall economic forecast.

With the exception of weekly and seasonal changes, peri-

odic variations in the public's holdings of banknotes do not significantly affect liquidity forecasts. In many other countries, fluctuations in central government payments are significant and hamper the forecasting, and hence the control, of liquidity. This is not the case in Finland, as the central government's payments are made through the banking system rather than through the central bank.

The banks' ability to forecast liquidity in the system as a whole has gradually improved. For this purpose the Bank of Finland releases data daily, through Reuters, on the liquidity effects of the Bank's maturing operations, as well as its latest estimate of the banking system's liquidity positions as of the previous day.

CASH RESERVE REQUIREMENTS

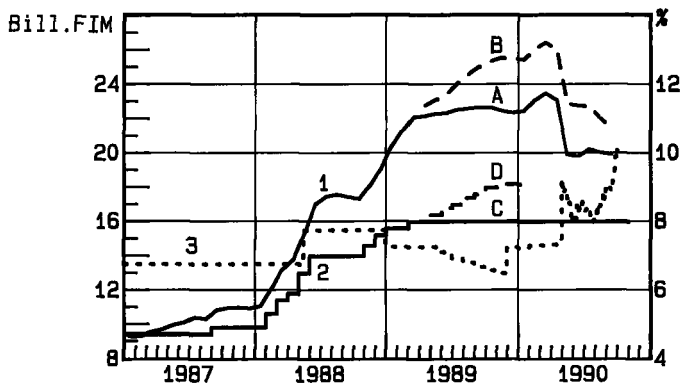
The Bank of Finland has been collecting cash reserve deposits from the banks since 1979. During the early years, the arrangement, which is based on an agreement between the Bank of Finland and the banks, was of significance in the control of liquidity. It was introduced at a time when the banks' debt to the central bank

was approaching zero and the penalty rates of interest applied under the call money credit arrangement were becoming ineffective as regards monetary control. The collection of cash reserves brought the banks back to the call money window.

The possibility of undertaking open market operations has reduced the significance of cash reserves in the control of liquidity. Desired changes in liquidity can be achieved at any time through operations in the money market, whereas under the cash reserve agreement changes in the deposit ratio are permitted only once a month at best and even then the maximum permissible change is very small.

Despite its limitations, the cash reserve arrangement has still been used in recent years as a supplementary tool of monetary policy. The deposit requirement was progressively raised from the end of 1987 to February 1989, when it reached the maximum of 8 per cent permitted under the agreement (Chart 4). This rate was applied to banks' domestic funding, with the exception of CDs with maturities of less than one year. The cash reserve base also included part of banks' net foreign liabilities.

CHART 4.
BANKS' CASH RESERVE DEPOSITS



- Cash reserve deposits, bill. FIM:
 - Basic agreement
 - Supplementary agreement
- Cash reserve requirement, %:
 - Basic agreement
 - Supplementary agreement
- Interest rate paid on cash reserve deposits

The rate of interest on cash reserve deposits was set at 0.25 percentage point below the Bank of Finland's base rate up till May 1990. As the base rate has consistently been lower than market rates and has not risen in step with them, the collection of cash reserve deposits has entailed increasing costs to the banks. To the extent that these costs have been passed on in lending rates, the cash reserve system has served to support the Bank of Finland's attempts to restrict bank lending. In addition to the ordinary cash reserve deposits, the Bank temporarily collected supplementary deposits from the banks under a separate agreement in 1989. The amount of these supplementary deposits varied according to the rates of increase in lending by an individual bank or group of banks. This arrangement was more effective than the basic agreement in restricting the volume of new lending and raising the rates of interest applied.

The basic cash reserve agreement was revised at the end of April 1990. Under the new agreement, the deposit base is limited to the amount of banks' domestic deposits. The rate of interest payable on these deposits is tied to market rates, being three percentage points below the three-month HELIBOR rate. Banks' balance sheet costs are less burdened by the new arrangement than by the old one. Moreover, as the base rate loses its significance, the new arrangement makes it easier for banks to manage their interest rate risks.

EXPERIENCE WITH THE NEW MECHANISMS

The liquidity control mechanisms developed in recent years have functioned as expected. Net money market operations directly affect the liquidity of the banking system, and through it the interbank

overnight interest rate. The effects of liquidity changes are also visible in one- and two-week rates, as well as in other short-term money market rates up to three months' maturity.

The interest rate effects are not transmitted solely through the evening out of liquidity in the interbank market, however. The most significant open market operations are interpreted by market participants as signals of the Bank's desire to push interest rates in a certain direction or to break a trend in interest rates.

Interest rates have at times been excessively volatile. This was the case, for example, in summer 1989, when the call money credit facility was revised. It also appears that when market conditions become more uncertain the volume of interbank trading decreases, especially as regards instruments with maturities of more than three months, and this may also increase day-to-day fluctuations in interest rates.

Moreover, in certain situations banks have interpreted open market purchases by the Bank of Finland as a sign of an easing in liquidity, when, in fact, the Bank was merely acting to offset the tightening liquidity effects of maturing operations, rather than seeking to alter liquidity conditions or interest rates.

After 1986, the foreign exchange market remained relatively calm until autumn 1989, when confidence in the markka was shaken on three different occasions. Each time the immediate cause was a series of adverse reports on economic conditions and doubts about the ability of economic policy to reverse worrying trends in inflation and the current account.

The sudden export of capital by foreign banks and domestic firms forced the Bank of Finland to sell foreign currency, but on each occasion domestic interest rates were pushed up fast enough to stem

the outflow of capital. The scale of intervention required in the foreign exchange market was small compared to that required on previous occasions, as, for example, in 1986. To some extent the problem was alleviated by the new call money credit facility, which automatically pushed the shortest interest rates sharply higher as liquidity was tightly squeezed.

The outstanding feature of the Finnish money market is its essential dependence on bank CDs, i.e. private sector debt. Hence the dominant instrument in the market cannot be consistently homogeneous. Contrary to many other countries, it has not been possible to base activity on government debt instruments because the central government sector has been running a surplus. The use of repurchase agreements has in turn been hampered by the lack of a highly developed bond market.

The aim is to continue developing the mechanisms for open market operations in a way that will achieve competitive neutrality and promote competition and transparency in the markets. Further development of the bond market is expected, and this may decrease the heavy dependence of short-term CDs in liquidity management.

November 1, 1989

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EXCHANGE CONTROL AS FROM JANUARY 1, 1991

By decision of the Bank of Finland, all remaining foreign exchange regulations, except those regarding the raising of loans abroad by private individuals and comparable corporate entities, will be rescinded, as from January 1, 1991. The regulation of payments between Finland and countries which have payments agreements with Finland will continue as before, until further notice. The regulation of financial institutions' foreign operations will continue through the authorizing of banks and the issuing of permits to engage in foreign exchange activity. Similarly, the obligation of residents to provide the Bank of Finland with data on all their foreign exchange transactions for statistical and monitoring purposes remains in effect. Because the data currently provided on foreign exchange application forms will no longer be forthcoming after this decision takes effect, the Bank of Finland will introduce a number of new surveys to facilitate the compilation of balance-of-payments statistics.

The most important regulations rescinded by this decision concern restrictions on short-term capital movements (including money market instruments, foreign exchange and interest rate derivative instruments, and the commercial background for forward currency contracts) and the prohibition of the sale abroad of bonds that were issued prior to February 1, 1990. It will no

longer be necessary to present documentation pertaining to foreign exchange transactions when making payments abroad. However, details of payments must still be notified to an authorized bank or, if necessary, directly to the Bank of Finland.

SECOND SUPPLEMENTARY BUDGET FOR 1990

The second supplementary budget for 1990 was approved by Parliament in November. The net increase in outlays, excluding changes in repayments of central government debt, is FIM 2.7 billion, which is about 1.9 per cent of the ordinary budget. Total budgeted central government expenditure for 1990 now amounts to about FIM 142 billion. The largest individual increases in outlays in the supplementary budget are export subsidies for agricultural products totalling FIM 385 million and transfers to municipalities totalling FIM 962 million. The latter item is mainly due to the fact that cost increases have proved to be larger than anticipated in the ordinary budget.

The second supplementary budget provides for an increase in net revenue of FIM 2.1 billion. The preparation of final taxes for 1989 has been delayed. Consequently tax refunds which normally would have been due in December of this year have been postponed until next spring. This has caused an increase in budgeted income tax revenue of FIM 1.4 billion. Revenue from business taxes is estimated to increase by FIM 1.8 billion com-

pared to the level budgeted last autumn. Revenue from stamp duty is estimated to fall by FIM 1.4 billion. This reflects the depressed state of the capital and housing markets. In addition, receipts from car and motorcycle tax are expected to fall by FIM 1.2 billion as a result of lower sales and a cut of 5 percentage points in the tax rate on September 1, 1990.

In spite of the reductions in certain categories of tax revenue, the total budget surplus is expected to remain positive this year. The excess of expenditure over income in the second supplementary budget will be financed by borrowing. Net borrowing will, however, remain negative this year. Central government debt will be reduced by FIM 0.8 billion to FIM 52 billion at the end of the current year, equivalent to some 10 per cent of GDP.

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM OCTOBER 1989 TO JANUARY 1991

1989

OCTOBER

Government cash fund deposits. The Ministry of Finance and the Bank of Finland reach an agreement according to which the government will make cash fund deposits totalling FIM 5 billion with the Bank of Finland between October 5, 1989 and January 31, 1990. These deposits will be transferred on February 1, 1990 to a pension fund to be set up by the government. Additional deposits totalling FIM 1.6 billion will be made by the government in the pension fund, between February 1 and December 31, 1990.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement for certain banks. Together with the current 8 per cent ratio, the banks' average deposit requirement now amounts to about 9.0 per cent of the cash reserve base in September.

NOVEMBER

Base rate. The Bank of Finland raises the base rate from 7.5 per cent to 8.5 per cent as from November 1.

Call money market. With effect from November 6, 1989, the Bank of Finland amends the terms of the call money credit system so that the 5-day moving average of a bank's position may be negative but in this case the call money credit rate will be charged at double the normal rate. It was a condition of the revision of June 1989 that the moving

average of a bank's 5-day call money position should not be negative. The call money credit rate remains unchanged at 15 per cent and the call money deposit rate at 4 per cent.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement for certain banks. Together with the current 8 per cent ratio, the banks' average deposit requirement now amounts to about 9.1 per cent of the cash reserve base in October.

DECEMBER

Cash reserve requirement. The Bank of Finland adjusts the cash reserve requirement for certain banks and groups of banks. Together with the current 8 per cent ratio, the banks' average deposit requirement now amounts to about 9.1 per cent of the cash reserve base in November.

1990

JANUARY

Prime rates. The Bank of Finland complements its recommendations on reference rates to banks by permitting them to apply their own prime rates in all their lending and deposit-taking, with effect from January 1, 1990.

Money market operations. As from January 1, 1990, only CDs issued by banks which meet the following requirements can be accepted for use in money market dealings: the bank's capitalization exceeds the

minimum amount set by the Bank of Finland, the bank meets the minimum capital adequacy requirements set by the BIS and operates as a market maker in the CD market. These banks may at the same time act as the Bank of Finland's market counterparties and may be granted access to call money credit. As a rule, a one-year transition period will be applied in the introduction of the new requirements for banks which are already entitled to call money credit and in whose CDs the Bank of Finland deals.

Cash reserve requirement. The Bank of Finland adjusts the cash reserve requirement for certain banks. Together with the current 8 per cent ratio, the banks' average deposit requirement remains at about 9.1 per cent of the cash reserve base in December.

Provided bank lending does not accelerate sharply in January-February 1990, the collection of additional deposits under the supplementary cash reserve agreement will be discontinued. The non-interest-bearing additional deposits collected on the basis of the lending growth figures at the end of December 1989 will remain at the Bank of Finland and be refunded at the latest in July-December of the current year in six equal instalments at the end of each month.

FEBRUARY

Foreign Exchange

Regulations. The Bank of Finland allows the sale abroad of new markka-denominated bonds of over one year's maturity as from February 1, 1990, with the exception of bonds issued by housing and real estate companies. The present ban on cross-border sales remains in force for bonds issued previously. Effective the same date, non-residents will be allowed to issue markka-denominated bonds in Finland.

With effect from the beginning of February, the Bank of Finland also decides to exempt Finnish companies' share issues abroad from the requirement of prior authorization. Starting from this date, the Bank of Finland no longer requires quotation by the Helsinki Stock Exchange or the OTC market as a condition for the issue of foreign securities in Finland. Similarly, it is no longer necessary for non-residents purchasing Finnish securities to effect their purchases through the Helsinki Stock Exchange or the OTC market.

MARCH

Finance companies accorded the right to intermediate foreign finance.

The Bank of Finland decides that, with effect from March 1, 1990, finance companies may apply for the right to intermediate and raise foreign loans to the extent permitted by the limits on their foreign currency positions. Previously only deposit banks were accorded this right.

APRIL

Cash reserve agreement.

The Bank of Finland signs a new cash reserve agreement with the deposit

banks on April 26, 1990. According to the new agreement, the cash reserve base comprises domestic deposits by the public and the rate of interest payable on cash reserve deposits is the 3-month HELIBOR rate less three percentage points, not however less than 8 per cent. The new cash reserve base is applied for the first time to deposits in April and interest will be paid at the new rate with effect from May 1, 1990.

MAY

Cash reserve requirement.

The cash reserve requirement corresponding to the new cash reserve agreement amounts to 8 per cent of the cash reserve base at the end of April.

JULY

Foreign Exchange

Regulations. The Bank of Finland allows private persons to undertake foreign investments and grant loans of over one year's maturity to non-residents without upper limit as from July 1, 1990. This liberalization measure also applies to corporate entities, such as housing and real estate companies, considered comparable to private persons. Furthermore, local authorities are allowed to make foreign investments, grant loans of over one year's maturity to non-residents and raise foreign loans of over one year's maturity for financing their own operations.

The Bank of Finland also increases the opportunities of financial sector enterprises to engage in foreign operations. In addition to banks, mortgage banks and credit companies are, with effect from July 1, 1990, able to apply for the right to intermediate and raise foreign loans and the right

to make foreign investments within the limits of their foreign currency positions. Finance companies have been able to apply for the right to intermediate foreign loans since March 1, 1990.

Investment reserves. On July 12, the Government decides to release, as from January 1, 1991, companies' investment reserves set up in respect of profits earned in 1985-1987. These reserves are to be used by the end of 1992.

SEPTEMBER

Foreign Exchange

Regulations. By decision of the Bank of Finland, derivative instruments based on Finnish shares and warrants carrying the right to purchase restricted shares may be sold to non-residents as from September 1, 1990. However, legislation restricting foreigners' ownership rights prohibits the transfer of restricted shares underlying derivative contracts and warrants to non-residents.

The decision applies to all standardized and unstandardized options and futures based on Finnish shares and other contracts of a similar nature. The Bank of Finland further decides that residents may, without restriction, buy and sell derivative instruments based on foreign shares as from September 1, 1990.

1991

JANUARY

Foreign Exchange

Regulations. By decision of the Bank of Finland, all remaining foreign exchange regulations, except those regarding the raising of loans abroad by private individuals and comparable corporate entities, will be rescinded, as from January 1, 1991.

LAND, CLIMATE AND POPULATION

Finland covers an area of more than 338 000 square kilometres. 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 4 969 200 (Dec. 31, 1989) and an average population density of 16.3 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 490 800 inhabitants, Tampere (Tammerfors) 171 300, Espoo (Esbo) 169 400, Turku (Åbo) 158 900 and Vantaa (Vanda) 152 500.

There are two official languages: 93.6% of the population speaks Finnish as its mother tongue and 6.0% Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-Ugrian group of languages, which also includes Estonian and Hungarian.

FORM OF GOVERNMENT

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

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

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

Social Democratic Party 56; National Coalition Party 53; Centre Party 40; Left-Wing Alliance 20; Swedish People's Party 13; Rural Party 9; Christian League 5; and the Greens 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, the AfDB in 1982 and the MIGA in 1988.

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 pri-

vate companies. Of the gross domestic product of FIM 431 billion in basic values in 1989, 3% was generated in agriculture and fishing, 3% in forestry, 25% in industry, 9% in construction, 11% in trade, restaurants and hotels, 8% in transport and communications, 4% in finance and insurance, 19% in other private services and 17% by producers of government services. Of total employment of 2.5 million persons in 1989, 9% were engaged in primary production, 31% in industry and construction and 60% in services.

In 1989, expenditure on the gross domestic product in purchasers' values amounted to FIM 495 billion and was distributed as follows: net exports -1.7% (exports 23.6%, imports -25.3%), gross fixed capital formation 27%, private consumption 52% and government consumption 20%. Finland's gross tax ratio (gross taxes in relation to GDP) was 37% and the net tax ratio (net taxes in relation to GDP) 25%, which is about the average for OECD countries.

Average annual (compounded) growth of real GDP was 4.7% in the period 1950-59, 5.0% in 1960-69, 3.7% in 1970-79, 3.6% in 1980-89 and 4.3% in 1950-89. Finland's GDP per capita in 1989 was USD 23 200. According to preliminary data, this put Finland in second place after Switzerland among the 24 member countries of the OECD.

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 1989, the share of forest industry products in total merchandise exports was 40%, the share of metal and engineering products 42% and the share of other goods 18%. Raw materials and intermediate goods (incl. crude oil) accounted for 54% of merchandise imports, fuels for 3%, investment goods for 19% and consumption goods for 23%.

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 59 million cubic metres in 1989.

Energy. In 1989, gross consumption of primary energy amounted to 30 Mtoe, of which industry accounted for 46%, heating for 21%, transportation for 14% and other purposes for 19%. The sources of primary energy in 1988 were as follows: oil 31%, coal 11%, nuclear power 15%, hydro-electric power, peat and other indigenous sources 29%, others 14%. Compared internationally (1988), Finland's consumption of 6.0 toe per capita was 1.8 times higher than the average in European OECD countries. The self-sufficiency rate (OECD definition including nuclear power) 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. Since March 17, 1989, the fluctuation limits have been 96.5 and 102.5 (1982 = 100), where the lower limit means the highest permissible value for the markka and the upper limit the lowest permissible value.

International payments.

Though the use of the markka in foreign trade and as a eurocurrency has increased, 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. The remaining exchange controls apply mainly to short-term financial transactions.

Outward direct investment is permitted without the Bank of Finland's authorization except for direct investments in the Soviet Union and Bulgaria. Similarly, inward direct investment is permitted without the Bank of Finland's authorization except for direct investments in enterprises in the financial sector and direct investments by the

Soviet Union and Bulgaria. Foreign investors may also buy Finnish shares and markka-denominated bonds. Finnish companies may freely raise foreign credits of over one year's maturity and grant credits of over one year's maturity to non-residents. Finnish residents may invest freely in foreign securities and real estate.

Commercial payments with the Soviet Union and Bulgaria are carried out mainly on a bilateral basis and 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, 1989).

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 33 foreign branches, subsidiaries and associate banks and 26 representative offices abroad. There are 178 savings banks and 360 cooperative banks with their own extensive branch networks. The government-owned Postipankki has 67 branches and also offers basic services in post offices. In addition, foreign banks have 9 representative offices in Finland.

Financial markets. Of the total stock of FIM 580 billion in outstanding domestic credit at the end of 1988, 64% was provided by deposit banks, 4% by mortgage banks, 15% by insurance companies, 8% by other credit institutions and 9% 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, 71% of the instruments, which totalled approximately FIM 150 billion at end-1989, 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 83 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 125 billion (at end-1989). Four foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1989 totalled FIM 105 billion; government bonds made up 28% of the total. Turnover on the Stock Exchange in 1989 amounted to FIM 41 billion; the share of shares and subscription rights in the total was approximately 82%.



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

1. THE BALANCE SHEET OF THE BANK OF FINLAND

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

	1989		1990			
	Oct. 31	Dec. 31	Oct. 8	Oct. 15	Oct. 23	Oct. 31
ASSETS						
Gold and foreign currency claims	26 083	23 009	37 823	37 793	37 926	37 097
Gold	2 129	2 179	2 180	2 180	2 180	2 180
Special drawing rights	1 055	966	791	789	789	792
IMF reserve tranche	927	950	825	823	823	825
Convertible currencies	21 893	18 822	33 937	33 908	34 038	33 214
Tied currencies	79	92	91	92	96	86
Other foreign claims	3 734	3 300	2 531	2 529	2 529	2 530
Markka subscription to Finland's IMF quota	2 189	2 103	2 154	2 154	2 154	2 154
Term credit	1 546	1 198	378	375	375	377
Claims on financial institutions	31 330	39 054	22 116	21 989	21 303	20 576
Call money credits	3	38	10	42	0	15
Certificates of deposit	25 623	33 230	16 005	15 981	15 257	14 501
Term credits	—	—	—	—	—	—
Till-money credits	3 023	3 310	3 729	3 602	3 675	3 695
Financing of crop failure loans	198	—	—	—	—	—
Bonds	2 245	2 238	2 134	2 126	2 134	2 128
Other claims on financial institutions	238	238	238	238	238	238
Claims on the public sector	1 112	1 137	1 357	1 351	1 351	1 329
Treasury notes and bills	—	—	—	—	—	—
Bonds	8	8	28	21	21	0
Total coinage	1 103	1 129	1 330	1 330	1 330	1 329
Other claims on the public sector	—	—	—	—	—	—
Claims on corporations	2 304	2 207	1 774	1 770	1 761	1 751
Financing of exports	13	1	0	0	0	0
Financing of domestic deliveries (KTR)	1 776	1 697	1 305	1 301	1 293	1 283
Bonds: KTR credits	307	302	266	266	265	265
Bonds: Other	22	21	10	10	10	10
Other claims on corporations	186	186	193	193	193	193
Other assets	104	571	111	111	110	116
Accrued items	—	464	—	—	—	—
Other assets	104	107	111	111	110	116
Total	64 667	69 279	65 712	65 542	64 979	63 400
LIABILITIES						
Foreign currency liabilities	439	697	1 282	1 190	1 150	1 132
Convertible currencies	52	42	42	24	24	23
Tied currencies	386	656	1 240	1 166	1 126	1 108
Other foreign liabilities	2 962	2 860	2 892	2 891	2 890	2 893
IMF markka accounts	2 189	2 103	2 154	2 154	2 154	2 154
Allocations of special drawing rights	774	758	739	737	737	739
Notes and coin in circulation	11 775	13 129	13 490	13 434	13 372	13 392
Notes	10 759	12 073	12 373	12 319	12 256	12 265
Coin	1 016	1 056	1 117	1 116	1 117	1 127
Certificates of deposit	—	—	—	—	—	—
Liabilities to financial institutions	26 106	26 303	22 276	22 711	22 476	21 160
Call money deposits	422	569	842	1 280	1 045	251
Term deposits	—	—	—	—	—	—
Cash reserve deposits	25 377	25 506	21 395	21 395	21 395	20 877
Capital import deposits	270	190	—	—	—	—
Other liabilities to financial institutions	37	38	39	37	36	32
Liabilities to the public sector	2 683	5 325	4 735	4 479	4 224	3 970
Cheque accounts	1	0	1	0	0	1
Cash fund deposits	1 160	3 770	—	—	—	—
Pension fund deposits	—	—	3 121	2 866	2 611	2 356
Counter-cyclical deposits	1 318	1 319	1 318	1 318	1 318	1 318
Export deposits	202	235	292	292	292	292
Other liabilities to the public sector	1	1	3	3	3	4
Liabilities to corporations	10 806	10 810	10 189	10 143	10 107	10 105
Deposits for investment and ship purchase	10 230	10 228	10 189	10 143	10 107	10 105
Capital import deposits	575	583	—	—	—	—
Other liabilities to corporations	0	—	—	—	—	—
Other liabilities	53	1 294	62	56	56	59
Accrued items	—	1 241	—	—	—	—
Other liabilities	53	53	62	56	56	59
Valuation account and reserves	4 007	2 696	4 622	4 474	4 540	4 525
SITRA's capital	400	400	400	400	400	400
Capital accounts	5 436	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000	5 000
Reserve fund	436	436	764	764	764	764
Profit/loss for the accounting year	—	328	—	—	—	—
Total	64 667	69 279	65 712	65 542	64 979	63 400

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 reserves, 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
1985	2 081	931	775	18 572	22 359	-285	22 074	-849	21 225	1 023	4 300	3 277
1986	2 081	983	793	6 778	10 635	3 421	14 056	-838	13 218	1 002	2 001	999
1987	2 128	899	793	23 571	27 391	1 212	28 603	1 131	29 734	977	901	-76
1988	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	775
1989	2 179	966	950	18 780	22 875	-564	22 311	440	22 751	1 137	5 325	4 188
1989												
Oct.	2 129	1 055	927	21 841	25 952	-307	25 645	772	26 417	1 112	2 683	1 571
Nov.	2 129	851	967	19 826	23 773	-381	23 392	769	24 161	1 126	4 150	3 024
Dec.	2 179	966	950	18 780	22 875	-564	22 311	440	22 751	1 137	5 325	4 188
1990												
Jan.	2 179	900	954	26 179	30 212	-584	29 628	432	30 060	1 168	6 384	5 216
Feb.	2 179	846	913	26 289	30 227	-311	29 916	433	30 349	1 185	6 523	5 338
March	2 180	791	910	29 685	33 566	-962	32 604	273	32 877	1 203	6 655	5 452
April	2 180	779	899	30 034	33 892	-920	32 972	-40	32 932	1 217	6 950	5 733
May	2 180	796	902	30 875	34 753	-1 163	33 590	-39	33 551	1 229	7 205	5 976
June	2 180	778	865	30 550	34 373	-1 065	33 308	-40	33 268	1 285	7 205	5 920
July	2 180	771	858	31 272	35 081	-694	34 387	-43	34 344	1 266	6 635	5 369
Aug.	2 180	780	813	31 799	35 572	-684	34 888	-352	34 536	1 281	5 685	4 404
Sept.	2 180	790	823	32 386	36 179	-1 059	35 120	-358	34 762	1 358	4 925	3 567
Oct.	2 180	792	825	33 191	36 988	-1 022	35 966	-363	35 603	1 329	3 970	2 641

End of period	Domestic financial sector						Corporate sector				Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	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)			
	13	14	15	16	17	18	19	20	21	22	23	
1985	.	4 014	10 222	1 925	-1 386	-2 897	4 525	4 113	412	8 072	.	
1986	2 381	6 687	9 270	2 305	-2 240	4 343	4 581	4 757	-176	8 668	.	
1987	-	-757	10 941	2 730	-2 350	-6 618	3 449	4 782	-1 333	9 990	4 970	
1988	7 187	335	19 039	2 920	-3 733	-4 864	2 823	6 579	-3 756	11 550	1 130	
1989	33 230	-531	25 506	3 310	-2 248	12 751	2 000	10 604	-8 604	13 129	-	
1989												
Oct.	25 623	-419	25 377	3 023	-2 374	5 224	2 096	10 597	-8 501	11 775	-	
Nov.	29 475	261	25 581	2 925	-2 170	9 250	2 066	10 590	-8 524	11 894	-	
Dec.	33 230	-531	25 506	3 310	-2 248	12 751	2 000	10 604	-8 604	13 129	-	
1990												
Jan.	34 050	-3 243	25 441	8 099	-2 377	15 842	1 950	10 453	-8 503	22 760	-	
Feb.	33 720	-1 367	26 068	7 677	-2 378	16 340	1 919	10 460	-8 541	23 178	-	
March	25 994	696	26 465	4 002	-2 397	6 624	1 857	10 415	-8 558	14 782	1 050	
April	24 818	855	26 069	3 770	-2 374	5 748	1 809	10 480	-8 671	13 762	690	
May	23 498	-1 008	22 855	3 627	-2 357	5 619	1 761	10 388	-8 627	13 501	630	
June	22 911	-480	22 750	3 207	-2 310	5 198	1 706	10 226	-8 520	13 655	40	
July	20 057	-485	22 679	3 752	-2 416	3 061	1 662	10 165	-8 503	13 592	40	
Aug.	19 123	-787	21 999	3 196	-2 394	1 927	1 632	10 259	-8 627	13 314	40	
Sept.	17 754	-527	21 395	3 186	-2 357	1 375	1 588	10 235	-8 647	13 418	-	
Oct.	14 501	-236	20 877	3 695	-2 334	-583	1 548	9 902	-8 354	13 392	-	

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 money market instruments	Sales of money market instruments	Matured money market instruments, 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
1985	.	.	.	.	201	-1 011	1 212
1986	.	.	.	.	1 599	-1 074	2 673
1987	1 263	23 658	-17 520	-4 875	-6 818	626	-12 319
1988	13 840	19 190	-16 850	11 500	463	-629	12 592
1989	131 110	3 855	99 245	28 010	-425	441	27 144
1989							
Oct.	16 720	—	13 920	2 800	-72	214	2 514
Nov.	18 220	350	13 560	4 310	510	-170	4 990
Dec.	10 850	530	6 770	3 550	-475	317	2 758
1990							
Jan.	18 660	4 710	13 750	200	14	2 726	-2 512
Feb.	31 775	14 350	18 020	-595	-46	-1 922	1 281
March	24 811	4 739	27 905	-7 833	698	-1 365	-5 770
April	16 470	150	16 762	-442	305	146	-283
May	15 510	1 610	16 250	-2 350	-998	865	-4 213
June	15 310	250	13 570	1 490	-8	-536	2 018
July	7 290	—	11 600	-4 310	7	12	-4 315
Aug.	10 230	20	10 780	-570	4	306	-872
Sept.	11 110	100	11 890	-880	0	-260	-620
Oct.	4 850	50	8 470	-3 670	1	-290	-3 379

2.2 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					
	Domestic companies			Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks	Net (1-2)			
1	2	3	4	5	6	
1985	16 982	1 733	15 249	708	-9 005	6 951
1986	11 446	1 319	10 127	-2 461	-92	7 574
1987	21 671	1 158	20 513	-233	-1 287	18 994
1988	16 488	1 543	14 946	9 086	-377	23 654
1989	<u>10 531</u>	<u>3 563</u>	<u>6 967</u>	<u>8 031</u>	<u>205</u>	<u>15 204</u>
1989						
Sept.	11 782	1 669	10 113	13 261	—	23 374
Oct.	11 323	2 260	9 063	10 774	—	19 836
Nov.	11 487	2 934	8 552	8 784	—	17 336
Dec.	<u>10 531</u>	<u>3 563</u>	<u>6 967</u>	<u>8 031</u>	<u>205</u>	<u>15 204</u>
1990						
Jan.	9 339	3 793	5 545	11 854	125	17 524
Feb.	9 073	3 764	5 309	8 215	-1 741	11 783
March	10 328	3 418	6 910	14 739	-2 323	19 326
April	11 327	3 403	7 924	14 493	-5 546	16 871
May	12 591	3 029	9 562	15 073	-8 339	16 296
June	11 858	3 140	8 718	15 692	-8 229	16 181
July	11 694	3 567	8 126	16 094	-8 013	16 207
Aug.	11 504	3 659	7 845	14 059	-7 745	14 159
Sept.	12 407	3 978	8 429	13 037	-6 922	14 544

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	
1985	5 812	.	5 812	4 527	.	9 578	14 105	-8 293
1986	7 117	120	7 237	1 256	.	9 189	10 445	-3 208
1987	481	1 581	2 062	703	4 705	10 092	15 501	-13 439
1988	128	2 190	2 319	621	5 044	15 159	20 824	-18 505
1989	373	15 146	15 519	403	465	23 035	23 903	-8 384
1989								
Oct.	62	24 529	24 591	483	11	25 098	25 592	-1 001
Nov.	360	26 702	27 062	363	—	25 384	25 747	1 315
Dec.	328	31 497	31 824	462	—	25 574	26 036	5 788
1990								
Jan.	308	34 151	34 459	1 200	860	25 504	27 564	6 895
Feb.	367	43 675	44 043	1 017	12 978	25 463	39 459	4 584
March	131	36 855	36 987	1 885	7 299	26 094	35 278	1 709
April	222	26 291	26 513	406	908	26 452	27 766	-1 254
May	175	26 112	26 287	700	654	25 965	27 319	-1 032
June	79	22 624	22 703	534	290	22 848	23 671	-969
July	3	21 435	21 438	542	40	22 748	23 330	-1 892
Aug.	35	19 648	19 683	615	40	22 657	23 312	-3 629
Sept.	18	18 165	18 184	584	17	21 939	22 539	-4 356
Oct.	14	15 893	15 906	974	—	21 378	22 352	-6 445

3. RATES OF INTEREST

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

Average of daily observations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates			Cash reserve requirement	
		1 month	3 months	6 months	12 months	Call money credit rate	Call money deposit rate	Base rate	Ordinary	Additional (average)
	1	2	3	4	5	6	7	8	9	10
1985	..	..	..	..	..	13.37	13.37	9.04	5.6	.
1986	11.87	..	..	..	..	13.43	11.34	7.46	4.8	.
1987	9.16	9.90	10.02	10.14	10.40	11.71	7.78	7.00	4.8	.
1988	8.47	9.77	9.97	10.16	10.50	11.50	7.04	7.63	6.5	.
1989	10.21	12.32	12.53	12.61	12.72	13.40	4.00	7.67	8.0	0.5
1989										
Oct.	10.31	14.06	14.19	14.22	14.19	15.00	4.00	7.50	8.0	1.0
Nov.	12.78	14.78	14.77	14.66	14.51	15.00	4.00	8.50	8.0	1.1
Dec.	15.03	16.23	16.08	15.56	15.17	15.00	4.00	8.50	8.0	1.1
1990										
Jan.	S	16.01	16.05	15.73	15.45	15.00	4.00	8.50	8.0	1.1
Feb.	S	16.01	16.01	15.73	15.39	15.00	4.00	8.50	8.0	.
March	8.97	15.08	15.38	15.40	15.37	15.00	4.00	8.50	8.0	.
April	8.86	13.16	13.94	14.33	14.70	15.00	4.00	8.50	8.0	.
May	9.47	12.25	12.77	13.17	13.74	15.00	4.00	8.50	8.0	.
June	8.22	12.07	12.52	13.17	13.79	15.00	4.00	8.50	8.0	.
July	8.23	11.69	12.45	13.01	13.63	15.00	4.00	8.50	8.0	.
Aug.	8.76	12.03	12.51	12.94	13.52	15.00	4.00	8.50	8.0	.
Sept.	9.62	12.59	13.09	13.46	13.93	15.00	4.00	8.50	8.0	.
Oct.	12.48	13.97	14.41	14.57	14.72	15.00	4.00	8.50	8.0	.

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

Average of daily observations	3 currencies ¹				12 currencies ²			
	1 month	3 months	6 months	12 months	1 month	3 months	6 months	12 months
	1	2	3	4	5	6	7	8
1985	6.8	6.9	7.0	7.2	..	..	..	..
1986	5.9	5.9	5.9	5.8	..	..	..	..
1987	5.4	5.6	5.7	5.8	7.9	8.0	8.1	8.2
1988	5.9	6.0	6.2	6.4	7.8	8.0	8.1	8.3
1989	8.3	8.4	8.5	8.5	9.7	9.8	9.9	9.9
1989								
Oct.	8.9	9.0	8.9	8.8	10.4	10.5	10.4	10.4
Nov.	8.8	9.0	9.0	8.9	10.5	10.7	10.7	10.7
Dec.	9.0	9.0	9.0	8.9	10.8	10.9	10.9	10.9
1990								
Jan.	8.8	9.0	9.2	9.2	10.8	11.0	11.2	11.3
Feb.	8.9	9.1	9.3	9.6	11.1	11.3	11.5	11.7
March	8.9	9.1	9.4	9.7	11.2	11.4	11.6	11.8
April	8.8	9.1	9.3	9.7	10.9	11.1	11.3	11.6
May	8.8	9.0	9.2	9.5	10.6	10.7	10.9	11.2
June	8.8	8.9	9.1	9.4	10.5	10.6	10.8	11.0
July	8.9	8.9	9.1	9.2	10.4	10.6	10.7	10.9
Aug.	8.9	9.0	9.2	9.3	10.5	10.7	10.9	11.1
Sept.	8.9	9.0	9.2	9.4	10.5	10.8	11.0	11.2
Oct.	8.8	9.0	9.1	9.2	10.8	10.9	10.9	11.1

3.3 COVERED EURO-DOLLAR RATE, PER CENT

Average of daily observations	1 month	3 months	6 months	12 months
	1	2	3	4
1985	12.9	12.8	12.8	12.6
1986	12.1	11.7	11.5	11.1
1987	9.8	9.9	9.9	10.1
1988	9.6	9.8	10.0	10.3
1989	11.8	12.1	12.1	12.2
1989				
Oct.	13.6	13.8	13.8	13.7
Nov.	14.2	14.3	14.3	14.1
Dec.	15.7	15.6	15.2	14.9
1990				
Jan.	14.9	15.4	15.1	15.0
Feb.	15.0	15.0	14.9	14.7
March	14.3	14.7	14.8	14.7
April	12.7	13.6	13.9	14.4
May	12.1	12.8	13.2	13.8
June	11.9	12.5	13.1	13.7
July	11.6	12.5	13.0	13.6
Aug.	11.9	12.5	12.9	13.4
Sept.	12.5	13.1	13.4	13.8
Oct.	13.7	14.4	14.5	14.6

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

² Weighted according to their relative shares in the Bank of Finland currency index. Since March 1989, the index has consisted of 14 currencies.

3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

End of period	Lending					Deposits							
	New credits ¹		Loans	New lending, total	Average lending rate	Of which: Commercial banks	Savings accounts and ordinary deposit accounts	12-month time deposits	24-month time deposits	Average rate of interest on regulated deposits	Average rate of interest on unregulated deposits	Average rate of interest on total deposits	
Cheque account and post-change of giro credits	Bills of exchange	1											2	3	4	5	6	7	8	9	10	11	12
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	
1988	10.22	12.27	10.50	10.72	10.37	10.25	3.75	6.75	8.00	5.87	9.80	6.20	
1989	12.97	13.47	11.58	12.07	11.86	11.80	4.50	.	7.50	6.60	11.92	7.37	
1989													
Sept.	12.28	13.54	11.84	12.21	10.46	10.31	3.50	.	5.50	5.53	11.92	7.29	
Oct.	14.08	14.12	12.09	12.72	10.72	10.59	3.50	.	5.50	5.57	12.56	7.56	
Nov.	14.99	14.77	12.90	13.58	11.60	11.44	4.50	.	6.50	6.40	13.27	8.35	
Dec.	16.36	15.37	13.28	14.02	11.86	11.80	4.50	.	7.50	6.60	14.18	8.77	
1990*													
Jan.	13.55	15.71	13.02	13.73	11.99	11.91	4.50	.	7.50	6.45	14.40	8.66	
Feb.	S	S	S	S	12.00	11.89	4.50	.	7.50	6.36	14.35	8.50	
March	14.71	15.64	12.99	13.84	11.94	11.76	4.50	.	7.50	6.52	14.52	8.53	
April	11.92	15.56	13.29	13.61	11.77	11.53	4.50	.	7.50	6.49	14.05	8.66	
May	12.86	15.40	13.17	13.61	11.71	11.44	4.50	.	7.50	6.40	13.60	8.50	
June	13.25	15.36	13.19	13.73	11.66	11.41	4.50	.	7.50	6.34	13.01	8.26	
July	12.73	15.43	13.35	13.84	11.60	11.30	4.50	.	7.50	6.39	12.94	8.22	
Aug.	11.33	15.39	13.24	13.46	11.63	11.34	4.50	.	7.50	6.42	12.78	8.22	
Sept.	12.05	15.51	13.50	13.73	11.70	11.39	4.50	.	7.50	6.44	12.82	8.28	

¹ Average rate of interest for period.

3.5 YIELDS ON BONDS AND DEBENTURES, PER CENT

Period	Secondary market yields							Offer yield on taxable public issues
	Reference rates calculated by the Bank of Finland		Taxable government bonds	Taxable public issues	Issued by:		Taxfree public issues	
	3 years	5 years			Financial institutions	Corporations		
	1	2	3	4	5	6	7	8
1985	..	..	.	12.7	..	..	10.1	12.7
1986	..	..	.	11.7	..	..	8.3	11.3
1987	..	..	.	11.2	11.1	11.2	8.1	10.7
1988	10.7	10.8	10.6	10.6	10.6	10.6	7.8	10.4
1989	12.2	12.0	12.1	11.9	12.0	12.0	8.1	11.7
1989								
Sept.	12.5	12.0	12.2	12.1	12.0	12.2	8.4	11.9
Oct.	13.3	12.8	12.4	12.4	12.6	12.3	8.4	11.9
Nov.	13.3	12.9	12.6	12.4	12.2	12.6	8.7	12.2
Dec.	13.5	13.0	12.9	12.4	12.1	12.6	8.9	12.5
1990								
Jan.	13.5	13.0	12.7	12.7	12.9	12.4	8.7	11.3
Feb.	13.5	13.0	S	S	S	S	S	12.9
March	13.8	13.4	13.2	13.2	13.3	13.1	8.6	13.0
April	13.8	13.5	13.4	13.3	13.5	13.1	8.7	12.7
May	13.8	13.7	13.1	13.5	13.6	13.5	8.8	13.3
June	13.8	13.7	13.1	13.3	13.3	13.6	8.7	13.1
July	13.8	13.7	13.4	13.3	13.5	13.1	9.0	13.2
Aug.	13.7	13.7	13.2	13.3	13.5	13.1	9.1	13.1
Sept.	13.7	13.6	13.4	13.3	13.4	13.1	9.2	13.0

4. RATES OF EXCHANGE

4.1 AVERAGE SPOT SELLING RATES, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oslo	Copenhagen	Frankfurt a.M.	Amsterdam	Brussels	Zurich
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEF	1 CHF
	1	2	3	4	5	6	7	8	9	10	11
1985	6.206	4.554	8.000	6.590	0.7222	0.7231	0.5871	2.1142	1.8745	0.10483	2.5360
1986	5.077	3.659	7.459	6.816	0.7138	0.6882	0.6290	2.3454	2.0789	0.11399	2.8349
1987	4.404	3.325	7.213	6.556	0.6952	0.6547	0.6444	2.4514	2.1755	0.11806	2.9563
1988	4.191	3.412	7.466	6.397	0.6848	0.6444	0.6235	2.3895	2.1233	0.11421	2.8700
1989	4.295	3.632	7.051	6.104	0.6673	0.6234	0.5886	2.2879	2.0281	0.10925	2.6306
1989											
Oct.	4.281	3.649	6.809	6.115	0.6648	0.6177	0.5892	2.2951	2.0326	0.10933	2.6260
Nov.	4.262	3.649	6.715	6.180	0.6644	0.6190	0.6001	2.3302	2.0648	0.11108	2.6348
Dec.	4.125	3.556	6.597	6.262	0.6569	0.6167	0.6107	2.3725	2.1016	0.11294	2.6339
1990											
Jan.	4.010	3.431	6.632	6.270	0.6508	0.6139	0.6117	2.3708	2.1018	0.11317	2.6457
Feb.	3.960	3.315	6.724	6.277	0.6482	0.6129	0.6128	2.3635	2.0966	0.11322	2.6625
March	4.030	3.416	6.561	6.308	0.6548	0.6125	0.6177	2.3648	2.1001	0.11399	2.6677
April	4.000	3.439	6.557	6.362	0.6546	0.6117	0.6217	2.3704	2.1060	0.11472	2.6899
May	3.931	3.351	6.612	6.351	0.6503	0.6111	0.6213	2.3666	2.1041	0.11469	2.7738
June	3.966	3.385	6.780	6.318	0.6516	0.6133	0.6186	2.3540	2.0913	0.11461	2.7822
July	3.848	3.328	6.959	6.300	0.6473	0.6112	0.6166	2.3463	2.0824	0.11404	2.7628
Aug.	3.710	3.245	7.061	6.346	0.6431	0.6106	0.6182	2.3628	2.0973	0.11495	2.8338
Sept.	3.715	3.212	6.993	6.358	0.6451	0.6125	0.6200	2.3667	2.1000	0.11514	2.8450
Oct.	3.627	3.133	7.060	6.386	0.6434	0.6135	0.6235	2.3785	2.1100	0.11559	2.8302

Average of daily quotations	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Tokyo	Moscow	Melbourne	ECU	SDR
	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 JPY	1 SUR	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22
1985	0.6940	0.00327	0.3012	0.0367	0.1520	0.0366	0.02610	7.419	..	..	6.27879
1986	0.7355	0.00343	0.3339	0.0343	0.1259	0.0364	0.03028	7.228	..	..	5.94432
1987	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	0.03050	6.965	3.106	5.075	5.68010
1988	0.7060	0.00324	0.3401	0.0294	0.1006	0.0361	0.03273	6.891	3.309	4.954	5.61826
1989	0.6757	0.00315	0.3254	0.0276	0.0782	0.0364	0.03122	6.817	3.423	4.731	5.49375
1989											
Oct.	0.6776	0.00314	0.3263	0.0272	0.0717	0.0362	0.03014	6.801	3.338	4.710	5.43586
Nov.	0.6868	0.00319	0.3312	0.0273	0.0705	0.0367	0.02971	6.799	3.359	4.765	5.43347
Dec.	0.6959	0.00321	0.3371	0.0273	0.0691	0.0369	0.02872	6.716	3.263	4.810	5.35882
1990											
Jan.	0.6980	0.00319	0.3371	0.0272	0.0684	0.0367	0.02768	6.640	3.159	4.812	5.27623
Feb.	0.6975	0.00320	0.3359	0.0271	0.0684	0.0367	0.02723	6.591	3.029	4.829	5.24250
March	0.7021	0.00322	0.3362	0.0270	0.0682	0.0370	0.02634	6.610	3.067	4.827	5.23570
April	0.7072	0.00324	0.3372	0.0270	0.0680	0.0375	0.02528	6.582	3.075	4.847	5.19392
May	0.7044	0.00323	0.3366	0.0270	0.0679	0.0380	0.02562	6.575	3.017	4.849	5.17416
June	0.7011	0.00322	0.3348	0.0271	0.0683	0.0382	0.02582	6.620	3.105	4.850	5.20247
July	0.7009	0.00322	0.3338	0.0270	0.0680	0.0384	0.02581	6.549	3.068	4.856	5.16136
Aug.	0.7057	0.00322	0.3361	0.0270	0.0677	0.0384	0.02519	6.480	3.020	4.899	5.09787
Sept.	0.7081	0.00318	0.3367	0.0270	0.0680	0.0378	0.02681	6.523	3.083	4.898	5.15451
Oct.	0.7117	0.00319	0.3384	0.0272	0.0681	0.0380	0.02794	6.500	2.933	4.919	5.16932

4.2 CURRENCY INDICES, 1982=100

Average of daily observations	Bank of Finland currency index	Other currency indices		Currency	Weights of the Bank of Finland currency index As from October 8, 1990
		Payments currency index	MERM index		
	1	2	3		4
1985	102.5	109.4	112.5	USD	8.7
1986	103.9	106.3	110.4	GBP	12.9
1987	103.3	103.2	106.1	SEK	19.0
1988	102.0	101.1	104.7	NOK	4.0
1989	98.4	98.4	102.8	DKK	4.5
				DEM	19.1
1989				NLG	4.8
Oct.	97.7	97.9	102.0	BEF	3.1
Nov.	98.1	98.2	102.1	CHF	2.4
Dec.	97.9	97.6	100.9	FRF	6.8
				ITL	5.1
1990				ATS	1.6
Jan.	97.2	96.7	99.2	ESP	2.0
Feb.	97.1	96.4	98.4	JPY	6.0
March	97.0	96.7	98.7		
April	97.0	96.6	98.0		
May	96.9	96.2	97.5		
June	97.2	96.6	97.9		
July	97.1	95.9	96.9		
Aug.	97.0	95.4	95.7		
Sept.	97.3	95.6	96.6		
Oct.	97.7	95.3	96.6		

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
1985	19 268	125 366	1 781	146 415	6 184	13 998	166 597
1986	18 393	137 521	3 423	159 337	4 259	17 271	180 866
1987	20 377	155 115	5 243	180 735	3 915	17 892	202 542
1988*	24 831	194 181	5 089	224 102	4 561	41 028	269 690
1989*	28 503	201 392	10 176	240 071	7 133	75 522	322 725
1989*							
Aug.	28 191	195 844	8 612	232 647	6 633	62 039	301 319
Sept.	27 588	196 169	9 219	232 975	6 235	67 515	306 724
Oct.	28 296	195 743	9 667	233 706	6 591	71 727	312 023
Nov.	27 687	195 226	9 913	232 825	6 504	80 414	319 743
Dec.	28 503	201 392	10 176	240 071	7 133	75 522	322 725
1990*							
Jan.	32 618	199 773	10 692	243 084	10 487	82 920	336 492
Feb.	33 833	201 002	10 645	245 480	10 439	S	S
March	29 236	205 151	10 687	245 073	9 300	73 595	327 968
April	29 354	205 732	11 005	246 091	7 571	72 984	326 646
May	29 857	205 719	11 293	246 869	8 694	73 082	328 645
June	30 140	208 628	11 214	249 982	8 435	71 385	329 803
July	29 209	207 022	11 440	247 671	7 970	69 537	325 178
Aug.	27 561	206 562	11 729	245 852	7 032	70 060	322 944

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
1985	6 313	7 471	132 668	146 451	24 236	170 687
1986	7 542	6 354	152 335	166 231	24 450	190 681
1987	8 507	5 177	178 698	192 382	36 475	228 857
1988*	11 358	5 920	234 268	251 545	49 910	301 455
1989*	15 270	5 651	255 410	276 331	71 323	347 654
1989*						
Aug.	13 931	5 358	253 401	272 691	60 892	333 582
Sept.	14 691	5 436	256 014	276 141	62 836	338 978
Oct.	15 190	5 471	256 958	277 619	65 326	342 945
Nov.	15 584	5 465	257 252	278 300	67 947	346 246
Dec.	15 270	5 651	255 410	276 331	71 323	347 654
1990*						
Jan.	17 098	5 545	257 211	279 853	79 984	359 837
Feb.	17 489	5 528	257 444	280 460	78 896	359 357
March	16 766	5 629	256 786	279 181	82 101	361 282
April	17 095	5 666	255 254	278 014	85 607	363 621
May	17 429	5 809	252 263	275 501	90 326	365 827
June	17 659	5 887	258 422	281 968	93 398	375 366
July	17 458	5 842	258 684	281 984	93 461	375 445
Aug.	18 440	5 886	260 023	284 349	95 234	379 583

5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL. FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M ₁	M ₂ (1+4+5)
		Claims on the central government	Claims on the public	Total (2+3)			
	1	2	3	4	5	6	7
1985	-6 641	-8 694	209 231	200 537	-27 244	27 694	166 652
1986	-16 784	-13 884	237 514	223 630	-27 522	27 838	179 324
1987	-25 484	-14 977	277 068	262 090	-36 145	30 342	200 461
1988	-40 670	-15 356	353 681 ^r	338 325 ^r	-51 616 ^r	35 232	246 039
1989*	-59 049	-18 868	407 433	388 565	-58 985	41 444	270 531
1989*							
Aug.	-51 975	-14 361	393 742	379 381	-60 291	40 017	261 115
Sept.	-53 458	-15 232	399 970	384 738	-69 970	39 625	261 310
Oct.	-55 551	-15 419	403 374	387 955	-70 384	40 176	262 020
Nov.	-57 974	-18 617	407 598	388 981	-69 635	39 730	261 372
Dec.	-59 049	-18 868	407 433	388 565	-58 985	41 444	270 531
1990*							
Jan.	-55 383	-16 776	420 643	403 866	-64 208	54 151	284 275
Feb.	-55 962	-18 534	421 808	403 274	-60 253	56 924	287 060
March	-62 202	-19 004	424 958	405 954	-65 532	44 397	278 220
April	-66 857	-16 136	426 742	410 606	-67 451	43 428	276 298
May	-66 737	-15 311	431 336	416 026	-70 695	44 844	278 594
June	-69 256	-15 410	435 821	420 412	-69 296	44 996	281 860
July	-68 930	-17 378	437 063	419 685	-72 538	43 347	278 218
Aug.	-71 996	-17 092	440 238	423 146	-75 164	41 367	275 986

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
1985	17 316	2 703	5 658	25 677	14 994	4 107	2 203	21 304	46 981	36 032	6 383
1986	17 905	3 038	6 038	26 981	18 059	4 481	2 474	25 013	51 994	38 028	11 686
1987	20 407	2 697	5 576	28 680	22 121	4 692	3 018	29 831	58 511	40 035	11 553
1988	20 202	1 804	4 273	26 279	24 243	5 272	2 290	31 805	58 084	42 990	15 858
1989	18 505	852	3 429	22 786	24 126	5 750	250	30 126	52 912	45 356	21 248
1989											
Sept.	18 764	1 160	3 377	23 301	24 404	4 799	280	29 483	52 784	45 032	17 846
Oct.	18 591	1 138	3 385	23 114	23 998	4 801	250	29 049	52 163	45 371	17 788
Nov.	18 601	853	3 319	22 773	23 988	4 798	250	29 036	51 809	45 471	21 445
Dec.	18 505	852	3 429	22 786	24 126	5 750	250	30 126	52 912	45 356	21 248
1990											
Jan.	18 353	851	3 350	22 554	23 172	5 747	100	29 019	51 573	45 808	19 182
Feb.	18 322	729	3 303	22 354	23 122	5 728	—	28 850	51 204	46 061	20 715
March	18 310	663	3 155	22 128	22 403	5 723	—	28 126	50 254	46 432	22 657
April	17 508	666	3 143	21 317	22 136	5 360	—	27 496	48 813	46 854	18 457
May	17 501	503	3 122	21 126	21 734	5 185	—	26 919	48 045	47 207	17 268
June	17 537	502	3 061	21 100	21 827	5 182	—	27 009	48 109	47 559	16 764
July	18 482	499	3 185	22 166	22 061	5 182	—	27 243	49 409	48 008	19 082
Aug.	18 515	501	3 180	22 196	21 978	5 182	120	27 280	49 476	48 224	18 948
Sept.	18 590	502	3 190	22 282	22 126	5 182	300	27 608	49 890	..	18 903

5.5 MARKKA BOND MARKET

A) ISSUES, MILL. FIM

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
1985	4 799	9 112	5 994	435	33	8 070	6 394	5 909	20 373
1986	4 976	10 638	6 532	422	105	5 987	7 487	9 199	22 674
1987	4 477	9 510	8 119	206	69	9 409	8 830	4 142	22 380
1988	3 027	8 418	6 889	268	61	7 861	6 522	4 280	18 663
1989	4 204	11 022	5 717	233	13	11 146	2 997	7 046	21 189
1989									
Sept.	789	663	800	7	3	1 210	273	779	2 262
Oct.	72	1 040	160	8	7	974	—	313	1 287
Nov.	150	875	—	23	—	761	—	288	1 048
Dec.	258	850	—	9	—	665	—	452	1 117
1990*									
Jan.	399	818	—	—	—	110	—	1 107	1 217
Feb.	437	2 888	—	—	—	1 976	357	992	3 325
March	602	2 242	—	—	—	980	—	1 864	2 844
April	162	730	—	—	—	620	—	272	892
May	350	631	1 400	340	8	2 198	—	531	2 729
June	273	1 436	—	—	500	1 140	—	1 069	2 209
July	200	550	—	—	150	570	—	330	900
Aug.	431	1 804	270	—	200	2 234	—	471	2 705
Sept.	44	1 880	150	—	—	1 715	250	109	2 074

B) STOCK, MILL. FIM

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
1985	10 482	26 173	18 575	661	56	10 967	19 002	25 977	55 947
1986	14 075	31 902	22 091	1 042	177	16 432	23 314	29 541	69 287
1987	17 509	36 773	26 518	1 200	232	24 831	28 229	29 172	82 232
1988*	19 195	42 892	28 953	1 413	292	32 028	30 054	30 663	92 745
1989*	21 463	50 216	29 381	1 555	290	41 162	27 742	34 001	102 906
1989*									
II	20 841	48 406	28 843	1 519	283	38 183	28 877	32 831	99 892
III	21 537	48 392	28 714	1 539	288	39 154	28 279	33 036	100 470
IV	21 463	50 216	29 381	1 555	290	41 162	27 742	34 001	102 906
1990*									
I	21 865	55 500	27 631	1 531	296	43 578	25 730	37 515	106 823
II	21 283	54 539	27 461	1 803	954	44 521	23 698	37 820	106 039

5.6 HELSINKI STOCK EXCHANGE

During period	Turnover, mil.FIM			Share prices Unites Index ¹ , 1975 = 100		
	Shares and subscription rights	Bonds and debentures	Total (1+2)	Banks	Industry	Overall index
	1	2	3	4	5	6
1985	3 114	9 046	12 160	184	234	229
1986	9 488	6 479	15 968	254	357	350
1987	26 641	4 604	31 245	319	603	546
1988	31 734	5 718	37 452	404	734	677
1989	33 160	7 375	40 536	441	793	742
1989						
Oct.	1 304	689	1 993	397	727	677
Nov.	1 081	876	1 957	369	674	627
Dec.	2 929	1 471	4 400	354	669	619
1990						
Jan.	4 475	709	5 184	332	701	633
Feb.	1 324	15	1 339	319	745	661
March	1 520	599	2 120	320	715	638
April	850	250	1 100	314	660	594
May	1 199	632	1 831	308	632	572
June	804	341	1 145	306	628	567
July	468	216	684	291	598	538
Aug.	870	145	1 015	280	594	532
Sept.	544	172	716	241	520	468
Oct.	680	427	1 107	233	455	417

¹ Average of daily observations.

6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, f.o.b.	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account of 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
1985	82 475	6 216	3 258	6 224	15 698	98 173	5 847	3 791	107 811	80 764	2 545	5 031	6 554
1986	81 066	5 757	3 195	5 616	14 568	95 634	4 510	3 609	103 752	76 736	2 160	5 587	5 415
1987	83 826	6 370	3 736	6 099	16 204	100 030	5 075	3 231	108 336	81 867	2 610	6 811	6 488
1988	91 313	7 026	4 280	6 132	17 438	108 750	7 836	4 415	121 002	91 232	3 338	7 907	7 390
1989*	98 265	7 700	4 484	6 611	18 796	117 061	10 446	3 714	131 221	104 385	3 685	8 958	8 509
1988													
I	20 516	1 623	776	1 583	3 982	24 498	1 863	1 083	27 443	19 684	671	1 829	2 011
II	22 569	1 752	1 041	1 379	4 172	26 740	1 890	1 119	29 750	23 184	780	1 916	1 730
III	21 621	1 880	1 486	1 264	4 631	26 251	1 978	1 133	29 363	23 767	943	2 210	1 789
IV	26 608	1 771	977	1 905	4 653	31 261	2 105	1 080	34 446	24 597	944	1 951	1 860
1989*													
I	24 944	1 851	869	1 335	4 055	28 998	2 505	867	32 370	24 290	824	1 977	2 109
II	23 370	1 946	1 076	1 568	4 590	27 960	2 488	946	31 394	24 759	951	2 148	2 173
III	22 534	2 004	1 420	1 673	5 098	27 632	2 567	942	31 141	25 634	957	2 409	2 008
IV	27 418	1 899	1 120	2 034	5 053	32 471	2 886	958	36 315	29 702	954	2 424	2 218
1990*													
I	24 418	2 053	890	1 417	4 360	28 778	3 057	989	32 823	24 697	967	2 457	2 267
II	26 482	2 142	1 083	1 615	4 840	31 323	3 362	1 069	35 754	27 544	1 057	2 700	2 329

During period	Services expenditure, total (11+12 services +13)	Imports of goods and services (10+14)	Investment expenditure (15+16)	Transfers and other expenditure (17)	Current account expenditure (18)	Trade account (19)	Transport (20)	Travel (21)	Other services (22)	Services account (20+21 +22)	Goods account and services income net (19+23)(7-16)	Investment income, others, net (8-17)	Transfers and account others, net (9-18)	Current account (24+25 +26)=
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1985	14 130	94 893	12 134	5 300	112 327	1 711	3 671	-1 773	-330	1 568	3 279	-6 287	-1 509	-4 517
1986	13 162	89 898	11 719	5 964	107 580	4 329	3 597	-2 392	201	1 406	5 735	-7 209	-2 355	-3 828
1987	15 909	97 775	12 617	5 860	116 251	1 960	3 760	-3 075	-390	296	2 255	-7 542	-2 629	-7 915
1988	18 634	109 866	15 769	6 975	132 610	80	3 689	-3 627	-1 258	-1 196	-1 116	-7 933	-2 560	-11 608
1989*	21 152	125 537	20 500	7 184	153 221	-6 120	4 015	-4 473	-1 898	-2 356	-8 476	-10 054	-3 470	-22 000
1988														
I	4 510	24 194	3 882	1 974	30 050	832	952	-1 053	-428	-529	303	-2 019	-891	-2 606
II	4 426	27 610	3 863	1 556	33 029	-616	972	-875	-351	-254	-870	-1 972	-437	-3 279
III	4 942	28 709	3 511	1 558	33 778	-2 146	937	-723	-525	-311	-2 457	-1 533	-424	-4 415
IV	4 756	29 353	4 514	1 888	35 754	2 010	827	-975	45	-102	1 908	-2 409	-808	-1 308
1989*														
I	4 909	29 199	4 080	1 956	35 236	654	1 028	-1 108	-774	-855	-201	-1 575	-1 089	-2 865
II	5 272	30 031	5 514	1 815	37 360	-1 390	995	-1 072	-605	-682	-2 071	-3 026	-869	-5 966
III	5 374	31 008	5 113	1 656	37 777	-3 100	1 047	-989	-335	-276	-3 376	-2 546	-714	-6 636
IV	5 596	35 298	5 793	1 756	42 847	-2 284	945	-1 305	-184	-543	-2 828	-2 907	-798	-6 532
1990*														
I	5 691	30 388	5 897	2 001	38 287	-279	1 086	-1 567	-851	-1 331	-1 611	-2 840	-1 013	-5 463
II	6 087	33 631	6 852	2 217	42 700	-1 062	1 085	-1 617	-714	-1 246	-2 308	-3 490	-1 148	-6 946

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	Author-ized banks	Others	Total (3+4+5)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1985	392	4 264	1 556	1 489	442	3 487	140	8 283	2 073	1 329	-1 313	1 026	3 115	5 168
1986	1 627	646	-63	5 935	-482	5 390	87	7 750	3 641	2 347	-381	702	6 309	1 441
1987	424	179	2 284	5 700	2 526	10 510	91	11 204	3 741	2 434	158	3 103	9 436	1 768
1988	1 164	245	-1 682	9 781	9 073	17 172	85	18 666	7 935	1 347	1 369	1 898	12 550	6 117
1989*	1 353	548	-1 854	14 659	10 854	23 659	79	25 639	11 900	187	2 934	778	15 799	9 840
1988														
I	63	347	-857	361	3 231	2 735	89	3 234	1 113	900	8	572	2 593	642
II	313	-313	1 179	2 356	1 592	5 127	-42	5 085	2 972	139	218	432	3 761	1 324
III	107	21	-1 571	3 011	887	2 327	-19	2 436	1 677	170	67	379	2 293	143
IV	681	190	-433	4 053	3 363	6 983	57	7 911	2 173	138	1 076	515	3 902	4 009
1989*														
I	-165	695	-141	5 951	2 199	8 009	42	8 581	3 173	-372	1 395	1 057	5 253	3 328
II	176	-241	-1 197	1 491	2 951	3 245	-22	3 158	1 785	430	543	160	2 918	240
III	484	87	-93	2 452	1 938	4 297	-16	4 852	3 237	333	225	158	3 953	899
IV	858	7	-423	4 765	3 766	8 108	75	9 048	3 705	-204	771	-597	3 675	5 373
1990*														
I	523	470	-341	7 635	11 659	18 953	126	20 072	2 214	293	98	354	2 959	17 113
II	488	440	-1 051	2 560	2 428	3 937	-34	4 831	2 836	-380	-1	-140	2 315	2 516

During period	Basic balance	Short-term capital imports of au-thorized banks	Import liabilities and prepay-ments related to ex-ports	Imports of short-term capital (16+17)	Short-term capital exports of au-thorized banks	Export receiv-ables and prepay-ments related to imports	Exports of short-term capital (19+20)	Other short-term capital incl. errors and omissions	Short-term capital account (18-21+22)	Overall balance excl. reserve move-ments (15+23)	Change in central bank's foreign ex-change reserves (26+27)	Of which:	
												Convertible reserves	Tied reserves
	15	16	17	18	19	20	21	22	23	24	25	26	27
1985	651	6 890	350	7 240	323	1 732	2 055	-2 092	3 093	3 744	-3 744	-3 729	-15
1986	-2 387	6 019	-3 796	2 222	9 933	-92	9 841	2 075	-5 544	-7 930	7 930	11 678	-3 748
1987	-6 147	19 324	-665	18 659	-7 343	-183	-7 526	-4 302	21 883	15 736	-15 736	-17 817	2 081
1988	-5 492	10 950	-399	10 551	5 970	644	6 614	1 737	5 674	183	-183	-517	334
1989*	-12 160	5 185	1 437	6 622	2 641	1 167	3 807	3 384	6 199	-5 961	5 961	4 455	1 506
1988													
I	-1 965	6 244	-1 632	4 612	2 966	-692	2 274	1 968	4 305	2 341	-2 341	-1 295	-1 046
II	-1 955	13 610	484	14 094	4 363	-692	3 671	-3 750	6 673	4 718	-4 718	-4 662	-57
III	-4 272	-142	1 411	1 269	3 405	1 014	4 419	334	-2 816	-7 088	7 088	6 337	751
IV	2 700	-8 761	-663	-9 424	-4 764	1 014	-3 750	3 185	-2 488	212	-212	-897	685
1989*													
I	463	6 707	-263	6 444	4 685	705	5 390	303	1 357	1 820	-1 820	-1 372	-449
II	-5 727	9 788	-2 086	7 703	4 648	704	5 352	2 202	4 552	-1 174	1 174	152	1 022
III	-5 737	4 629	1 086	5 715	4 747	-121	4 626	1 661	2 750	-2 987	2 987	1 802	1 185
IV	-1 159	-15 939	2 700	-13 239	-11 439	-121	-11 560	-782	-2 461	-3 620	3 620	3 873	-253
1990*													
I	11 649	18 928	679	19 607	11 408	-30	11 378	-9 031	-803	10 847	-10 847	-11 254	408
II	-4 430	9 148	371	9 519	6 379	-30	6 349	2 034	5 204	774	-774	-873	100

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

End of period	Long-term liabilities							Long-term assets					Long-term debt, net (9+10+11+12) (8-13)	
	Direct investment in Finland	Portfolio investment in Finland	Long-term credits			Other long-term capital	Total (1+2+6+7)	Direct investment abroad	Portfolio investment abroad	Long-term export credits	Other long-term capital	Total (9+10+11+12)		
			Central government	Authorized banks	Others									Total (3+4+5)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1985	3 274	6 313	25 678	6 410	34 276	66 364	652	76 603	10 524	2 350	6 539	3 053	22 466	54 137
1986	4 892	7 992	26 292	11 992	32 044	70 330	739	83 953	13 727	4 697	5 649	3 685	27 758	56 195
1987	5 285	6 382	27 861	17 365	33 088	78 314	830	90 810	16 651	7 131	5 240	6 607	35 629	55 181
1988	6 438	6 848	26 011	27 427	41 787	95 226	915	109 427	24 562	8 478	6 686	8 543	48 269	61 158
1989*	7 738	9 208	23 118	39 716	51 212	114 046	994	131 986	36 063	8 665	9 469	9 169	63 366	68 620
1988														
I	5 340	7 406	26 637	17 594	35 883	80 114	919	93 779	17 730	8 031	5 248	7 171	38 180	55 599
II	5 664	6 471	28 390	20 464	38 232	87 084	877	100 096	21 168	8 170	5 685	7 701	42 724	57 372
III	5 768	5 557	26 991	23 697	39 248	89 935	858	102 118	22 852	8 340	5 787	8 111	45 090	57 028
IV	6 438	6 848	26 011	27 427	41 787	95 226	915	109 427	24 562	8 478	6 686	8 543	48 269	61 158
1989*														
I	6 233	7 833	25 357	32 799	43 289	101 448	957	116 471	25 355	8 106	8 025	9 579	51 065	65 406
II	6 421	7 881	24 178	34 097	46 669	104 943	935	120 180	28 044	8 536	8 674	9 784	55 038	65 142
III	6 740	8 258	23 893	36 200	48 032	108 124	919	124 041	30 773	8 869	8 830	9 922	58 394	65 647
IV	7 738	9 208	23 118	39 716	51 212	114 046	994	131 986	36 063	8 665	9 469	9 169	63 366	68 620
1990*														
I	8 036	9 678	21 920	44 275	61 390	127 586	1 120	146 420	37 834	8 958	9 366	9 488	65 646	80 774
II	8 736	10 118	20 838	46 780	63 601	131 218	1 086	151 158	40 540	8 578	9 318	9 347	67 783	83 375

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 term short-term liabilities	Short-term liabilities of authorized banks	Trade credits and other liabilities	Total (15+16+17)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits and other assets	Total (19+20+21)					
	15	16	17	18	19	20	21	22	23	24	25	26	27
1985	4 070	51 374	17 474	72 918	25 183	36 208	18 450	79 841	-6 922	47 215	11 287	4 808	10.5
1986	3 455	56 881	14 483	74 819	16 613	46 141	19 279	82 034	-7 215	48 980	13 462	6 018	13.0
1987	3 362	73 132	16 898	93 392	31 134	38 798	18 060	87 993	5 400	60 581	14 203	6 516	13.1
1988	3 341	83 828	15 919	103 088	32 037	44 768	20 830	97 635	5 452	66 610	11 760	3 750	9.7
1989*	3 558	89 013	19 389	111 959	25 113	47 409	21 834	94 355	17 604	86 224	11 405	1 255	8.7
1988													
I	3 467	79 633	14 053	97 153	33 515	41 764	18 861	94 140	3 013	58 612	2 416	378	8.8
II	3 177	91 364	14 577	109 118	39 025	46 127	17 560	102 711	6 407	63 779	2 779	788	9.3
III	3 539	90 827	17 297	111 663	32 750	49 532	20 090	102 372	9 291	66 319	3 812	2 260	13.0
IV	3 341	83 828	15 919	103 088	32 037	44 768	20 830	97 635	5 452	66 610	2 752	324	8.0
1989*													
I	3 278	90 535	16 771	110 584	33 376	49 453	21 539	104 368	6 216	71 622	2 337	738	7.2
II	3 136	100 323	15 521	118 979	32 142	54 101	23 415	109 658	9 322	74 464	4 563	1 513	14.5
III	3 919	104 952	16 731	125 602	29 839	58 848	23 541	112 228	13 374	79 021	3 226	656	10.4
IV	3 558	89 013	19 389	111 959	25 113	47 409	21 834	94 355	17 604	86 224	1 279	-1 652	3.5
1990*													
I	4 036	107 940	21 236	133 212	35 895	58 817	23 356	118 068	15 144	95 918	5 388	2 524	16.4
II	4 195	117 088	20 837	142 119	36 764	65 196	24 038	125 998	16 121	99 496	7 025	3 511	19.6

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

End of period	Long-term liabilities					Long-term assets					Long-term liabilities, net (5-10)
	Corporate sector	Financial institutions	Central government	Local government	Total (1+2+3+4)	Corporate sector	Financial institutions	Central government	Other	Total (6+7+8+9)	
	1	2	3	4	5	6	7	8	9	10	11
1985	35 709	13 980	26 330	585	76 603	17 102	3 131	1 955	279	22 466	54 137
1986	36 243	20 169	27 031	509	83 953	19 209	5 721	2 309	520	27 758	56 195
1987	34 876	26 734	28 691	511	90 810	22 517	9 740	2 653	719	35 629	55 181
1988	40 875	41 127	26 926	499	109 427	31 168	12 977	3 101	1 024	48 269	61 158
1989*	50 944	56 355	24 112	575	131 986	42 337	15 140	3 517	2 372	63 366	68 620
1988											
I	37 623	28 095	27 556	506	93 779	23 808	10 716	2 851	806	38 180	55 599
II	38 856	31 463	29 267	513	100 096	27 482	11 455	2 887	901	42 724	57 372
III	38 060	35 695	27 849	516	102 118	29 354	11 830	2 938	968	45 090	57 028
IV	40 875	41 127	26 926	499	109 427	31 168	12 977	3 101	1 024	48 269	61 158
1989*											
I	41 662	47 978	26 314	515	116 471	32 212	14 288	3 299	1 266	51 065	65 406
II	43 121	51 447	25 113	501	120 180	35 327	14 978	3 331	1 402	55 038	65 142
III	45 516	53 224	24 812	491	124 041	37 332	15 906	3 374	1 782	58 394	65 647
IV	50 944	56 355	24 112	575	131 986	42 337	15 140	3 517	2 372	63 366	68 620
1990*											
I	61 122	61 653	23 040	604	146 420	44 095	15 179	3 699	2 673	65 646	80 774
II	63 930	64 726	21 924	579	151 158	46 941	14 139	3 734	2 969	67 783	83 375

7. FOREIGN TRADE

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

During period	Exports, f.o.b.	Imports, c.i.f.	Balance (1-2)
	1	2	3
1985	84 028	81 520	2 508
1986	82 579	77 601	4 978
1987	85 516	82 807	2 709
1988	92 902	92 118	784
1989¹	99 794	105 288	-5 494
1989*			
Sept.	7 552	8 610	-1 058
Oct.	10 390	10 873	-483
Nov.	9 431	9 920	-489
Dec.	7 978	9 018	-1 040
1990*			
Jan.	8 531	8 323	208
Feb.	8 035	8 104	-69
March	8 207	8 559	-352
April	9 077	9 912	-835
May	9 034	9 460	-426
June	8 773	8 421	352
July	7 143	7 691	-548
Aug.	7 659	8 077	-418
Sept.	8 517	7 389	1 128

¹ Owing to certain technical difficulties during the summer months 1989 the figures for individual months of the foreign trade statistics compiled by the Board of Customs may contain inaccuracies. However, the cumulative total for 1989 should not be unduly affected.

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
1985	115	104	138	135	102
1986	116	110	135	121	111
1987	118	119	138	119	116
1988	121	130	145	122	119
1989*	121	144	156	126	123
1989*					
1988					
I	114	116	140	120	117
II	123	133	141	121	117
III	113	134	147	123	119
IV	136	137	150	124	121
1989*					
I	123	132	156	128	122
II	116	136	155	126	123
III	112	141	155	126	124
IV	134	163	157	126	125
1990*					
I	122	134	154	128	120
II	132	152	157	126	125

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
1985	6 728	25 030	9 803	24 412	18 055	38 676	17 770	11 675	12 967	432
1986	6 947	24 600	7 858	26 115	17 059	39 292	10 070	12 898	15 069	272
1987	7 470	27 058	7 770	26 230	16 988	41 174	9 406	14 138	17 478	611
1988	7 567	30 474	8 450	29 225	17 186	45 790	7 533	17 274	20 828	693
1989²	7 418	32 520	8 843	32 684	18 329	51 726	8 283	20 462	24 056	761
1989*										
Sept.	597	2 598	648	2 223	1 486	3 955	753	1 778	2 003	121
Oct.	719	2 913	967	3 866	1 925	5 463	733	2 055	2 546	76
Nov.	700	2 859	844	3 318	1 710	4 697	903	1 996	2 284	40
Dec.	618	2 552	684	2 805	1 319	4 326	796	1 867	1 963	66
1990*										
Jan.	617	2 324	824	3 426	1 340	4 031	534	1 778	1 951	29
Feb.	666	2 447	829	2 596	1 497	4 053	428	1 576	1 979	68
March	622	2 784	753	2 614	1 434	4 200	478	1 665	2 177	39
April	681	2 815	803	3 303	1 475	4 594	718	2 007	2 403	190
May	849	2 828	810	3 077	1 470	4 645	760	1 780	2 192	83
June	740	2 593	744	3 308	1 388	4 119	811	1 613	1 832	46
July	492	2 425	624	2 492	1 110	3 682	552	1 473	1 899	85
Aug.	515	2 766	826	2 305	1 247	3 859	751	1 504	1 942	21
Sept.	645	2 528	871	2 941	1 532	3 497	989	1 205	1 669	29

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1989*		1990*		1989*		1990*	
	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
All OECD countries	75 493	75.6	51 574	6.0	82 767	78.6	55 074	5.2
OECD Europe	64 393	64.5	44 746	6.9	67 056	63.7	44 987	6.5
Of which:								
Austria	1 175	1.2	727	-1.0	1 295	1.2	914	15.5
Belgium and Luxembourg	1 947	2.0	1 437	12.4	2 932	2.8	1 918	4.2
Denmark	3 257	3.3	2 352	11.8	3 290	3.1	2 312	13.5
France	5 453	5.5	4 285	23.2	4 418	4.2	3 137	18.1
Federal Republic of Germany	10 785	10.8	7 882	13.3	18 234	17.3	12 009	3.4
Italy	2 989	3.0	2 096	6.9	4 900	4.7	3 448	6.2
Netherlands	3 961	4.0	2 908	12.9	3 416	3.2	2 139	0.3
Norway	2 920	2.9	2 001	10.0	2 457	2.3	2 150	36.1
Spain	1 831	1.8	1 439	22.8	1 129	1.1	783	9.5
Sweden	14 314	14.3	9 579	5.9	14 314	13.6	8 817	-1.0
Switzerland	1 680	1.7	1 182	10.5	1 829	1.7	1 161	0.9
United Kingdom	11 958	12.0	7 392	-11.2	6 898	6.6	4 542	4.3
Other OECD	11 100	11.1	6 828	0.6	15 711	14.9	10 087	0.1
Of which:								
Canada	1 359	1.4	837	-4.1	919	0.9	565	-7.6
Japan	2 033	2.0	963	-28.4	7 695	7.3	4 693	-5.5
United States	6 388	6.4	4 265	15.0	6 669	6.3	4 596	9.1
CMEA countries	16 248	16.3	8 977	-17.0	14 907	14.2	8 481	-9.2
Of which:								
Soviet Union	14 496	14.5	7 845	-18.8	12 152	11.5	6 687	-11.1
Developing countries	7 224	7.2	5 202	17.0	6 612	6.3	4 257	-3.7
OPEC countries	1 558	1.6	1 040	12.6	680	0.6	452	3.3
Other	5 666	5.7	4 162	18.2	5 932	5.6	3 804	-4.4
Other countries	829	0.8	706	33.2	1 002	1.0	736	10.3
TOTAL	99 794	100.0	66 459	3.1	105 288	100.0	68 547	2.7
Of which:								
EEC countries	43 869	44.0	30 977	7.0	46 903	44.5	31 789	7.2
EFTA countries	20 195	20.2	13 551	6.4	20 006	19.0	13 103	4.6

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
1985	181 664	68 218	69 599	10 453	1 772	331 706	98 173	94 893	334 986
1986	189 113	70 325	69 328	10 738	810	340 314	99 498	97 795	342 017
1987	199 981	73 458	72 761	11 654	2 246	360 100	102 127	106 568	355 659
1988*	209 956	75 190	81 839	11 446	9 062	387 493	105 897	118 405	374 985
1989*	218 243	77 255	93 766	11 174	14 533	414 971	107 815	128 440	394 346
1988*									
I	52 067	18 583	19 747	2 872	1 301	94 570	25 520	28 027	92 063
II	51 661	18 726	19 981	2 723	3 226	96 317	26 483	29 627	93 172
III	52 766	18 875	21 024	3 002	2 310	97 976	26 237	30 790	93 424
IV	53 462	19 007	21 087	2 849	2 225	98 630	27 657	29 961	96 325
1989*									
I	53 997	19 127	21 736	2 744	2 996	100 600	27 795	31 718	96 677
II	54 492	19 232	23 338	2 773	2 516	102 351	26 012	30 276	98 086
III	54 851	19 368	23 890	2 761	3 814	104 682	26 549	31 875	99 357
IV	54 903	19 528	24 802	2 897	5 207	107 338	27 459	34 571	100 226
1990*									
I	54 471	19 735	23 982	2 965	3 061	104 214	27 086	32 536	98 764
II	55 168	19 850	23 166	3 033	3 667	104 884	29 138	34 176	99 847

8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1985=100

(seasonally adjusted figures)

Period	Total industry	Mining and quarrying	Manufacturing	Wood and paper industries	Metal and engineering industries	Other manufacturing	Energy and water supply
	(100.0)	(1.6)	(87.9)	(16.5)	(30.0)	(41.4)	(10.5)
	1	2	3	4	5	6	7
1985	100.4	99.8	100.4	100.1	100.6	100.3	100.2
1986	101.9	102.8	102.0	102.3	103.0	101.2	100.4
1987	107.2	99.9	107.2	106.5	110.2	105.4	107.8
1988*	110.9	108.8	111.0	113.1	114.5	107.6	110.1
1989*	113.8	117.2	114.1	115.9	120.7	108.6	110.2
1989*							
Aug.	115.3	107.2	116.4	116.1	127.0	109.1	107.7
Sept.	113.8	113.3	114.7	116.2	122.2	108.9	105.9
Oct.	113.2	120.2	113.8	113.6	121.7	108.1	107.5
Nov.	113.9	118.7	114.0	115.6	120.3	108.8	112.1
Dec.	113.0	116.8	112.6	111.0	121.1	106.6	115.8
1990*							
Jan.	114.6	115.8	114.0	115.6	120.8	108.3	118.9
Feb.	114.8	118.8	115.1	116.5	123.8	107.1	115.3
March	114.3	110.9	114.7	117.3	120.2	108.1	114.5
April	116.4	116.7	115.4	117.5	124.1	110.5	114.3
May	114.8	136.7	114.9	114.5	121.2	109.6	111.8
June	114.8	121.3	115.7	123.1	122.5	107.5	106.1
July	109.7	73.3	111.1	112.6	116.8	106.5	114.0
Aug.	110.2	134.0	110.6	111.1	117.2	106.1	103.5

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
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	104.7	102.5	94.0	88.4	99.9	99.5	105.2	102.1
1987	111.3	107.7	95.6	89.0	101.0	102.6	114.3	106.8
1988*	116.7	113.0	108.6	106.0	113.4	110.6	135.0	110.5
1989*	124.2	117.0	130.3	132.9	137.6	125.2	160.3	114.7
1989*								
July	120.9	116.4	..	..	..	..	..	114.6
Aug.	126.9	117.0	..	..	..	..	..	115.8
Sept.	125.1	117.3	..	..	..	..	..	115.3
Oct.	130.2	116.0	..	..	..	..	..	115.7
Nov.	130.4	117.9	..	..	..	..	..	116.3
Dec.	120.8	112.9	..	..	..	..	..	115.0
II	123.8	118.5	131.7	132.6	144.1	121.8	166.9	114.6
III	124.3	116.9	133.1	133.3	132.6	135.0	151.3	115.2
IV	127.1	115.6	135.3	142.3	138.7	133.2	189.3	115.7
1990*								
Jan.	125.7	113.1	..	..	..	..	..	116.3
Feb.	121.8	103.0	..	..	..	..	..	115.2
March	125.2	119.7	..	..	..	..	..	117.0
April	123.4	115.7	..	..	..	..	..	117.2
May	124.2	113.6	..	..	..	..	..	117.5
June	119.1	112.4	..	..	..	..	..	116.4
July	122.2	114.3	..	..	..	..	..	117.1
I	124.2	111.9	138.4	134.8	157.7	134.4	148.4	116.2
II	122.2	113.9	133.6	129.5	173.5	120.4	167.3	117.0

8.4 WAGES AND PRICES, 1985=100

Period	Index of wage and salary earnings	By sectors					Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private Total	Of which: Manufacturing (SIC 3)	Central government	Local government	Non-profit institutions			Domes-tic goods	Import-ed goods		Export-ed goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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	106.9	106.6	106.2	106.6	107.8	107.2	102.9	97.0	98.6	91.0	96.5	96.7	96.4	104.3
1987	114.4	114.5	113.4	115.7	113.3	115.2	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
1988	124.7	124.6	122.7	128.8	122.0	128.0	112.6	101.5	104.9	89.1	101.7	103.8	100.7	116.3
1989¹	135.6	136.4	133.8	137.4	132.1	136.4	120.0	107.3	111.3	92.6	107.8	110.5	106.4	125.5
1989¹														
Sept.	..	..	..	..	..	..	121.9	108.1	112.4	92.3	108.8	111.3	107.6	127.6
Oct.	..	..	..	..	..	..	122.4	108.7	113.2	92.5	109.2	111.7	108.0	128.2
Nov.	..	..	..	..	..	..	122.3	108.9	113.5	92.3	109.1	111.2	108.0	128.6
Dec.	..	..	..	..	..	..	123.0	109.0	113.6	92.4	109.3	111.5	108.2	129.8
II	135.7	136.9	134.3	137.0	131.3	136.3	119.7	107.3	111.1	93.1	107.6	110.1	106.4	124.6
III	136.1	137.3	134.3	137.5	131.5	136.4	121.0	107.7	111.9	92.4	108.4	110.8	107.3	126.1
IV	139.0	139.8	137.2	140.0	135.8	138.5	122.5	108.9	113.4	92.4	109.2	111.5	108.1	128.9
1990¹														
Jan.	..	..	..	..	..	..	124.8	109.4	113.9	93.0	109.4	111.5	108.4	130.4
Feb.	..	..	..	..	..	..	125.3	109.2	113.8	92.5	108.9	110.2	108.2	130.8
March	..	..	..	..	..	..	125.7	109.3	114.1	91.9	109.0	110.1	108.5	131.7
April	..	..	..	..	..	..	126.4	109.7	114.7	91.4	109.6	110.4	109.2	134.7
May	..	..	..	..	..	..	127.0	110.5	115.8	91.2	109.8	110.6	109.5	135.0
June	..	..	..	..	..	..	127.3	110.5	115.8	91.3	109.9	110.4	109.6	135.2
July	..	..	..	..	..	..	127.5	110.5	115.8	91.2	110.1	110.6	109.8	135.3
Aug.	..	..	..	..	..	..	128.1	111.5	116.3	94.1	110.4	110.2	110.6	135.4
Sept.	..	..	..	..	..	..	128.8	112.3	116.6	96.5	110.7	110.4	110.8	135.7
I	142.3	142.9	140.3	145.7	138.3	143.8	125.2	109.3	113.9	92.5	109.1	110.6	108.4	131.0
II	146.8	147.6	145.9	149.4	142.6	147.5	126.9	110.2	115.4	91.3	109.8	110.5	109.4	135.0

¹ 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				Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agri-culture and forestry	Industry	Con-struction	Service industries		
				1000 persons							
%											%
	1	2	3	4	5	6	7	8	9	10	11
1985	69.2	2 566	2 437	361	2 076	280	597	178	1 380	129	5.0
1986	69.1	2 569	2 431	359	2 071	266	589	185	1 391	138	5.4
1987	68.6	2 554	2 423	372	2 051	251	569	184	1 419	130	5.1
1988	68.4	2 546	2 431	368	2 062	238	553	188	1 452	116	4.6
1989	68.7	2 559	2 470	367	2 104	218	561	199	1 492	89	3.5
1989											
Aug.	68.4	2 550	2 461	355	2 106	208	570	194	1 489	89	3.5
Sept.	68.5	2 551	2 463	364	2 100	215	573	205	1 470	88	3.4
Oct.	68.6	2 558	2 484	378	2 105	217	557	201	1 508	74	2.9
Nov.	68.6	2 559	2 471	371	2 100	211	562	194	1 504	88	3.4
Dec.	68.8	2 565	2 475	367	2 109	212	566	208	1 490	90	3.5
1990											
Jan.	68.6	2 558	2 488	376	2 112	220	564	201	1 503	70	2.7
Feb.	69.0	2 574	2 492	368	2 124	215	560	212	1 506	82	3.2
March	68.4	2 551	2 477	357	2 120	211	551	206	1 508	74	2.9
April	68.6	2 558	2 469	362	2 107	213	561	201	1 495	89	3.5
May	68.5	2 558	2 481	359	2 122	203	550	215	1 512	77	3.0
June	68.5	2 560	2 471	351	2 121	200	560	209	1 502	88	3.5
July	68.5	2 558	2 469	357	2 112	207	563	204	1 494	89	3.5
Aug.	67.8	2 535	2 447	345	2 101	198	555	201	1 493	89	3.5

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)	Consumption	Transfers and subsidies	Of which:	
										Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11
1985	25 750	47 578	546	10 415	84 290	2 071	86 361	24 835	49 269	21 183	26 866
1986	28 079	51 733	323	11 640	91 774	2 209	93 983	26 354	52 845	23 215	28 131
1987	29 454	57 312	491	12 391	99 648	2 482	102 129	29 419	59 498	26 456	30 964
1988	35 339	66 348	473	13 629	115 789	2 557	118 346	32 266	65 502	29 757	33 108
1989	39 397	76 458	471	15 990	132 316	3 926	136 241	35 082	72 008	33 244	35 715
1989											
Aug.	3 211	6 455	119	1 065	10 850	488	11 338	2 780	5 768	2 685	2 918
Sept.	3 172	5 474	46	1 354	10 046	210	10 256	2 792	5 100	2 659	2 312
Oct.	3 108	6 457	46	969	10 581	101	10 682	2 950	6 203	3 001	3 058
Nov.	3 199	7 013	47	1 396	11 655	391	12 045	2 942	6 912	2 817	3 944
Dec.	3 518	7 813	-60	2 471	13 742	209	13 951	2 877	7 315	2 752	3 831
1990											
Jan.	3 134	6 036	76	1 244	10 490	4	10 494	3 290	5 810	2 890	2 813
Feb.	3 287	5 579	50	908	9 824	49	9 873	3 170	6 209	2 717	3 181
March	3 073	6 407	50	1 151	10 681	87	10 768	3 274	6 215	3 084	2 937
April	4 165	5 511	53	2 051	11 780	1 567	13 347	3 412	6 995	3 337	3 129
May	3 107	7 593	62	1 650	12 412	337	12 749	3 547	6 974	2 982	3 718
June	3 374	6 942	44	1 278	11 638	142	11 781	3 470	6 329	3 644	2 544
July	4 052	6 763	76	1 294	12 185	14	12 200	4 131	6 660	2 985	3 340
Aug.	3 390	6 584	84	1 337	11 395	297	11 692	3 225	6 222	2 965	3 057

During period	Expenditure					Financial balance			
	Fixed investment	Other expenditure	Expenditure before financial transactions (8+9+12+13)	Lending and other financial investment	Expenditure before redemptions of state debt (14+15)	Revenue surplus (5-14)	Net borrowing requirement (7-16)	Net borrowing	Cash surplus (15+19)
1985	5 700	4 936	84 739	4 982	89 722	-449	-3 361	3 506	145
1986	6 111	5 058	90 368	4 913	95 281	1 406	-1 298	4 203	2 905
1987	7 089	4 732	100 738	5 672	106 410	-1 090	-4 280	7 604	3 324
1988	7 565	5 614	110 946	6 529	117 476	4 842	870	2 417	3 287
1989	8 393	5 343	120 826	7 566	128 390	11 490	7 851	-4 009	3 842
1989									
Aug.	634	309	9 490	467	9 957	1 359	1 381	-519	862
Sept.	740	649	9 282	470	9 752	765	505	-75	429
Oct.	779	671	10 604	617	11 221	-23	-539	-532	-1 072
Nov.	758	193	10 805	503	11 308	850	737	-387	351
Dec.	1 107	-41	11 258	479	11 736	2 484	2 215	1 063	3 277
1990									
Jan.	371	590	10 061	673	10 735	429	-241	-1 141	-1 382
Feb.	361	150	9 890	382	10 272	-66	-399	-365	-763
March	377	537	10 403	504	10 907	278	-139	-949	-1 088
April	392	639	11 438	2 021	13 459	342	-112	-1 216	-1 328
May	501	930	11 952	772	12 724	460	25	-802	-777
June	536	288	10 623	760	11 382	1 015	399	-16	383
July	487	114	11 392	589	11 981	793	219	1 341	1 560
Aug.	529	322	10 298	557	10 856	1 097	836	95	931

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 Money market instruments (Columns 1-3) denote bank certificates of deposit, Treasury bills and banks' fixed-term deposits with the Bank of Finland. Matured money market instruments, net, comprise both purchased and sold instruments.

Table 2.2 As from the beginning of 1990, the statistics on the forward exchange market are based on data on individual contracts against the Finnish markka as reported by banks (excluding Columns 5 and 6). The new statistical system covers all authorized banks and contracts. The rates of ex-

change used in the statistics are the forward rates on the contract date.

Table 2.3 Bank CDs held by the Bank of Finland (Column 2) include term credits. Holdings of CDs issued by the Bank of Finland (Column 5) include *term liabilities*.

3 RATES OF INTEREST

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

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

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

Table 3.4 *Lending.* New credits (Columns 1-4): the rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts, whereas annual rates are arithmetic averages of monthly observations. As from January 1989, Postipankki Oy has been included in the calculation of the average rate on the commercial banks' outstanding stock of loans. *Deposits.* The rates of interest applied to deposit accounts (Columns 7-9) 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 10) 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 11) 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 yields.* Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered

rates for taxable, fixed-rate bonds quoted by the five largest banks. The yield on 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 yield on taxable public issues (Column 4) is calculated as the arithmetic mean of yields on fixed-rate ordinary bonds, debentures and 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 yield on taxfree public issues (Column 7) is calculated as the arithmetic mean of yields 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. *The offer yield* on fixed-rate taxable public bonds and debentures (Column 8) is the average yield weighted by issue amounts - in the case of government bonds by amounts sold - on fixed-rate 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 4.1 The quotation of the noncommercial rate for the Belgian franc, BEL, was terminated on March 2, 1990. Since then there has been only one rate for the Belgian franc. As from the beginning of May 1990 the standard abbreviation is BEF. Prior to that date, the quotations given in Column 10 are those of BEC (the commercial rate). The time series for BEC and BEL are shown separately for the last time in the May 1990 issue of the Bulletin.

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 14 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

14 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 3)

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 8.1 billion at the end of 1988.

Table 5.5 Tables A and B on the markka bond market include markka-denominated bonds issued by Finnish issuers in Finland and abroad as well as those issued by foreign issuers in Finland.

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. As from the June-July 1989 issue of the Bulletin, portfolio investment abroad (Column 10) also includes investments in long-term bonds and shares by Finnish authorized banks. These were previously included in short-term capital exports of authorized banks. 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, divi-

dends and remunerations relating to long- and short-term foreign liabilities and assets plus net repayments relating to long-term foreign liabilities and assets. Repayments do not include early repayments of loans, repatriations of equity capital included under direct investment, repurchases of shares included under portfolio investment (since 1986), repayments of the Bank of Finland's reserve tranche and oil facility credits, or repayments of rouble-denominated assets included under loan assets. The debt-service ratio (Column 27) = service charges on net foreign debt as a percentage of current account earnings.

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

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

7 FOREIGN TRADE

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

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

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

8 DOMESTIC ECONOMIC DEVELOPMENTS

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

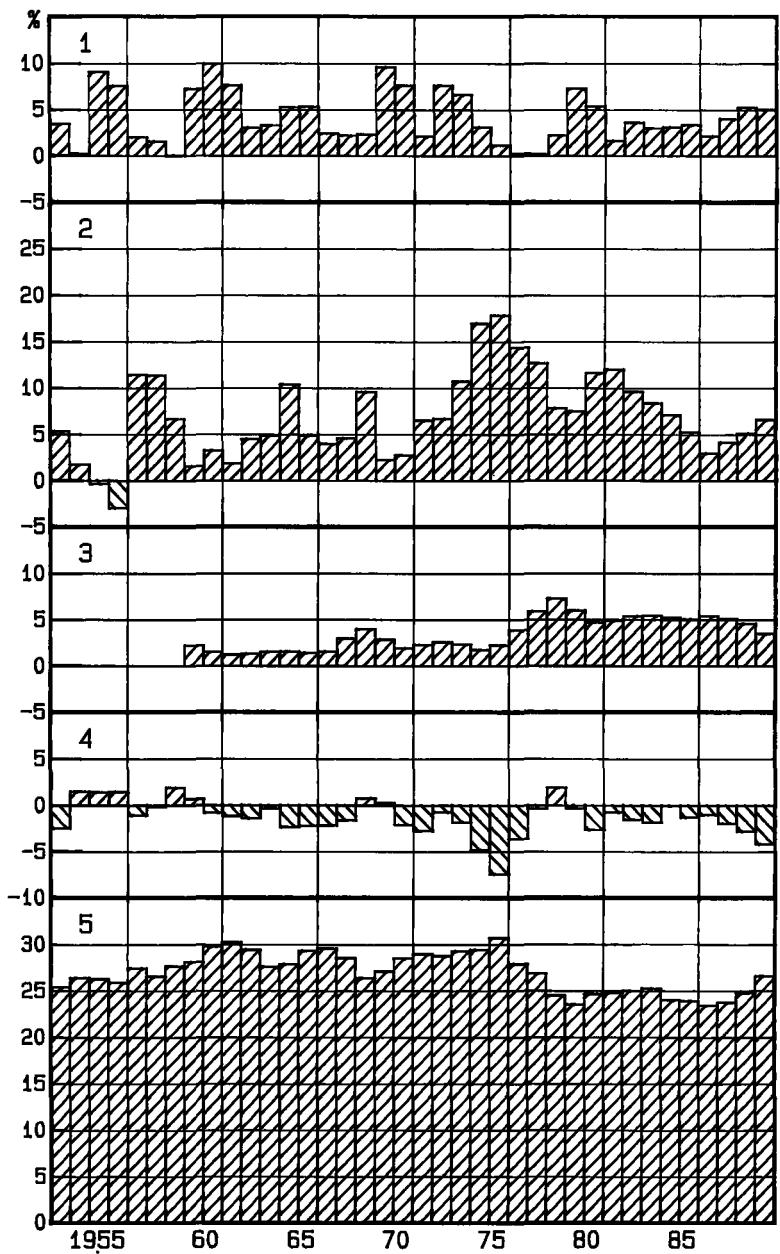
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

Table 8.4 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.

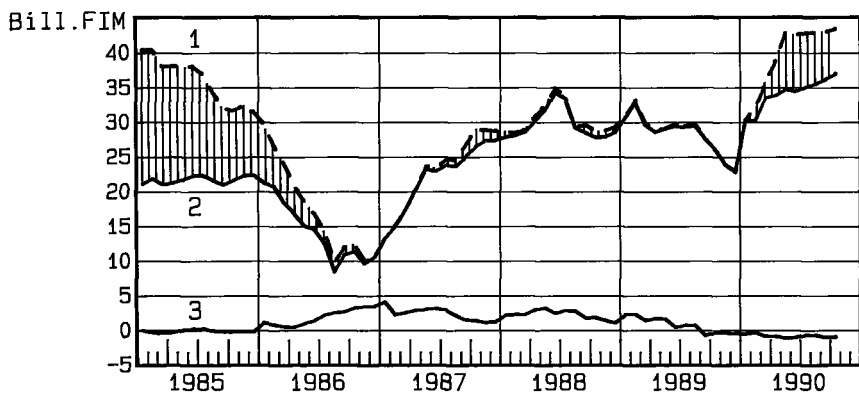
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Items affecting domestic liquidity	S29
5. Overnight rates	S30
6. HELIBOR rates of interest (daily)	S30
7. HELIBOR rates of interest (monthly)	S30
8. Rates of interest applied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

1. LONG-TERM INDICATORS



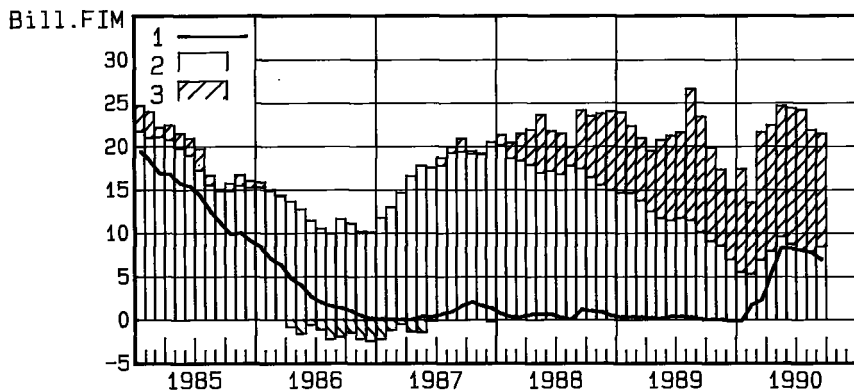
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



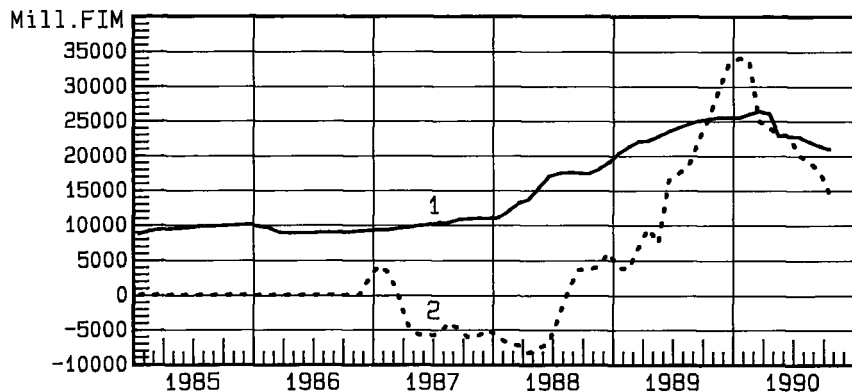
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves
3. Tied currencies

3. FORWARD MARKET



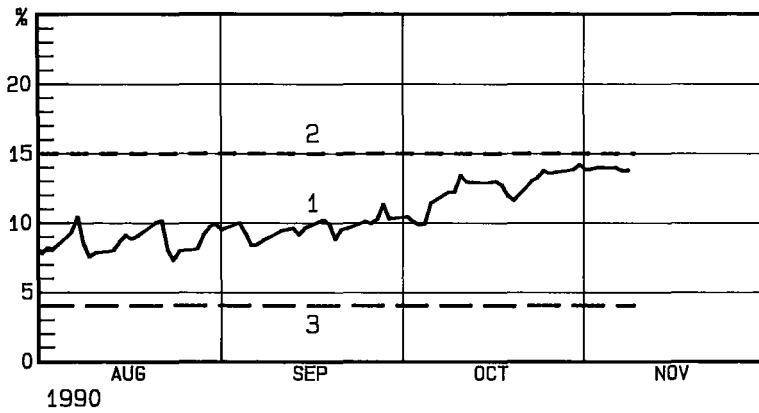
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

4. ITEMS AFFECTING DOMESTIC LIQUIDITY



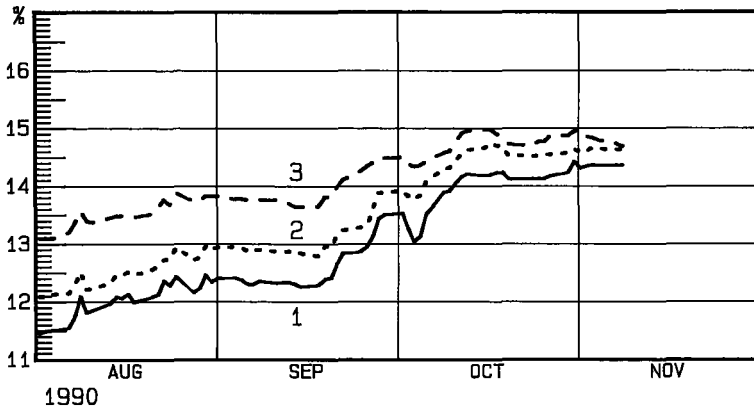
1. Cash reserve deposits
2. Bank of Finland's holdings of money market instruments, net

5. OVERNIGHT RATES



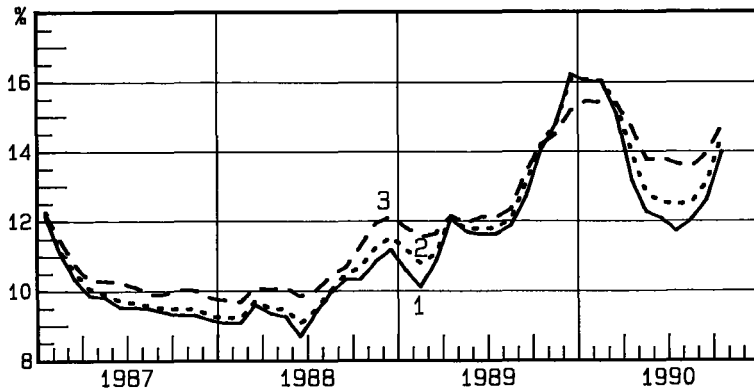
- 1. Inter-bank overnight rate
 - 2. Call money credit rate
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



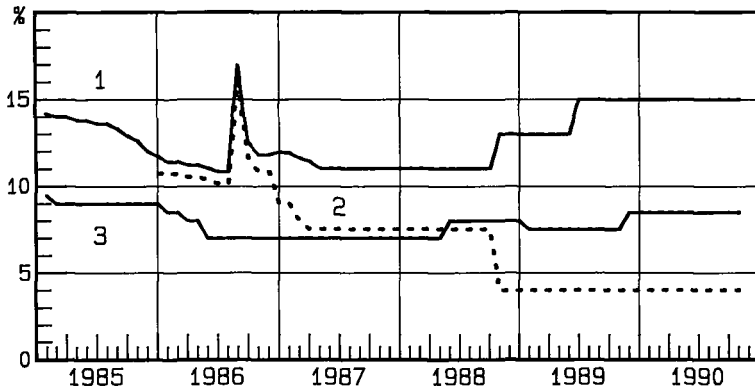
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Daily observations

7. HELIBOR RATES OF INTEREST



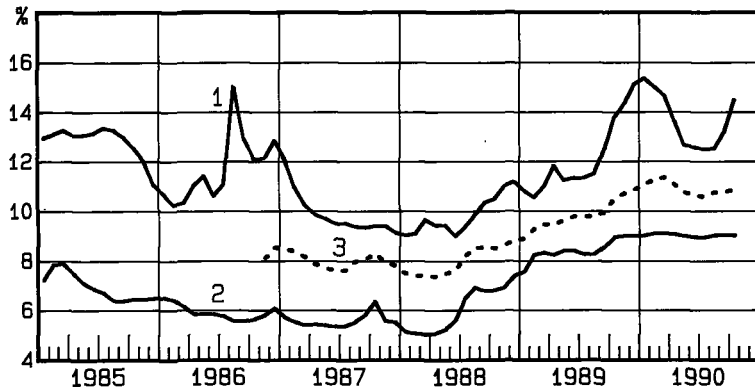
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Monthly averages

8. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



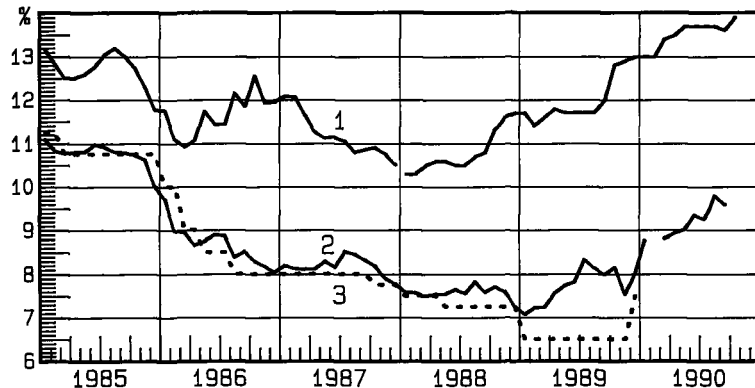
- 1. Call money credit rate
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

9. 3-MONTH COVERED EURODOLLAR RATE AND 3-MONTH CURRENCY BASKET RATES



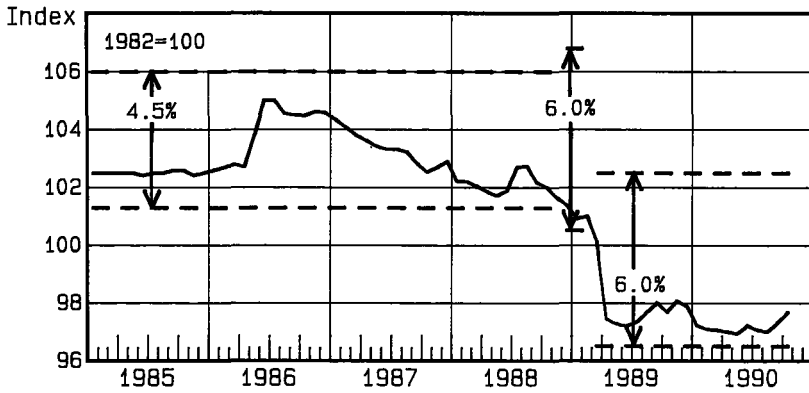
- 1. Covered Eurodollar rate
- 2. 3-currency basket rate (DEM 60 %, USD 30 %, GBP 10 %)
- 3. 14-currency basket rate (Bank of Finland currency index weights)

10. RATES ON BONDS AND DEBENTURES



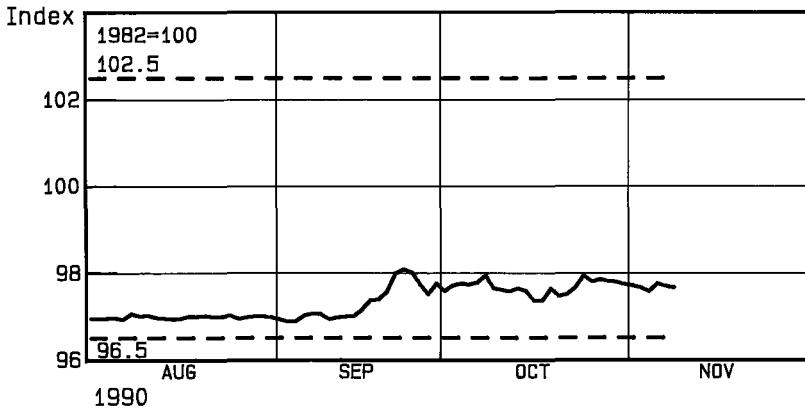
- 1. Long-term (5-year) market rate (before 1988 rate on (3-6 year) fixed-rate debentures)
- 2. Rate on (9-10 year) tax-free government bonds
- 3. Rate at issue on new 10-year tax-free government bonds

11. BANK OF FINLAND CURRENCY INDEX



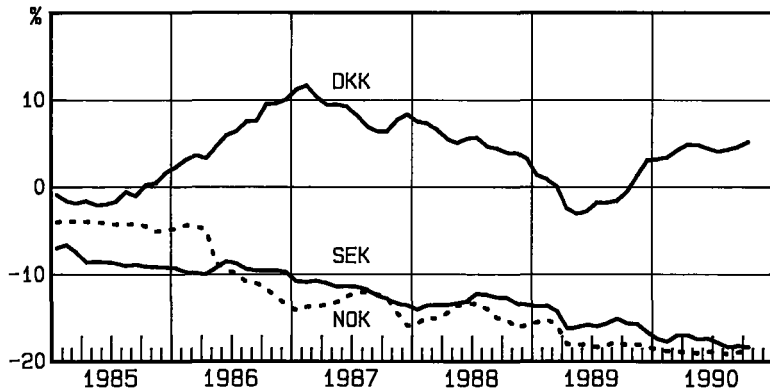
4.5 % and 6.0 % = fluctuation range of the index
Monthly averages

12. BANK OF FINLAND CURRENCY INDEX



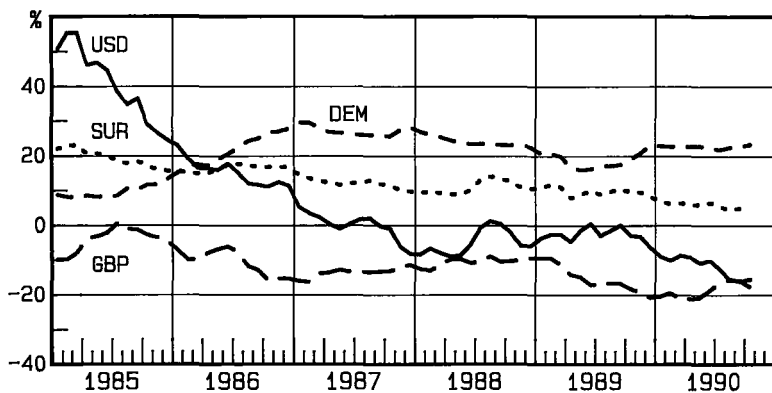
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



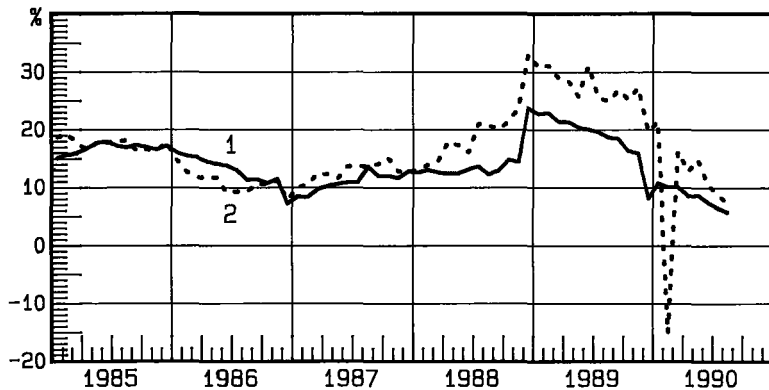
Monthly changes in markka selling rates calculated from the average rates for January 1982

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



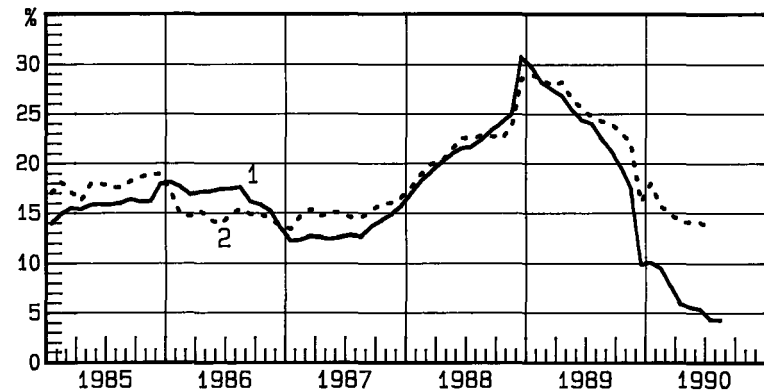
Monthly changes in markka selling rates calculated from the average rates for January 1982

15. BANK DEPOSITS FROM THE PUBLIC



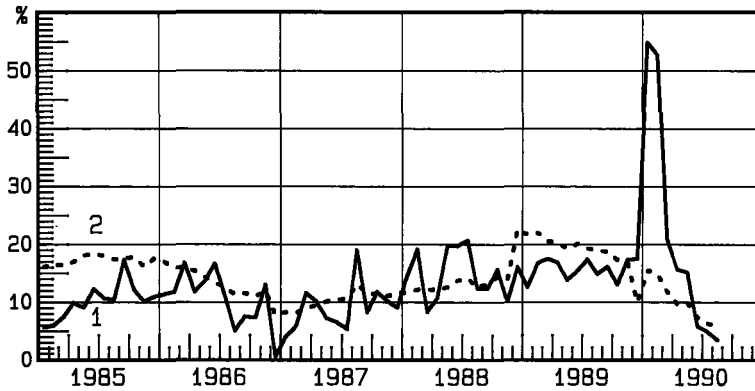
1. Regulated deposits
2. Total deposits
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



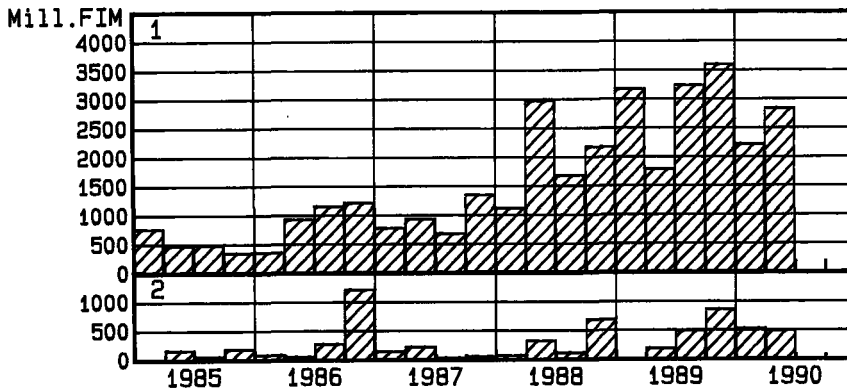
1. Markka lending
2. Total lending
Change from the corresponding month of the previous year, per cent

17. MONEY SUPPLY



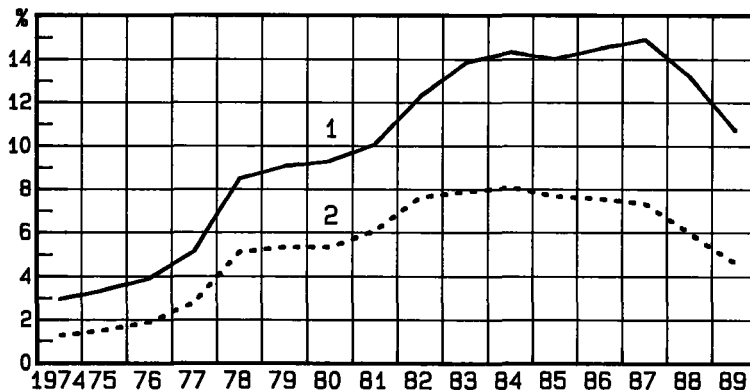
1. Narrow money supply (M1)
 2. Broad money supply (M2)
- Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



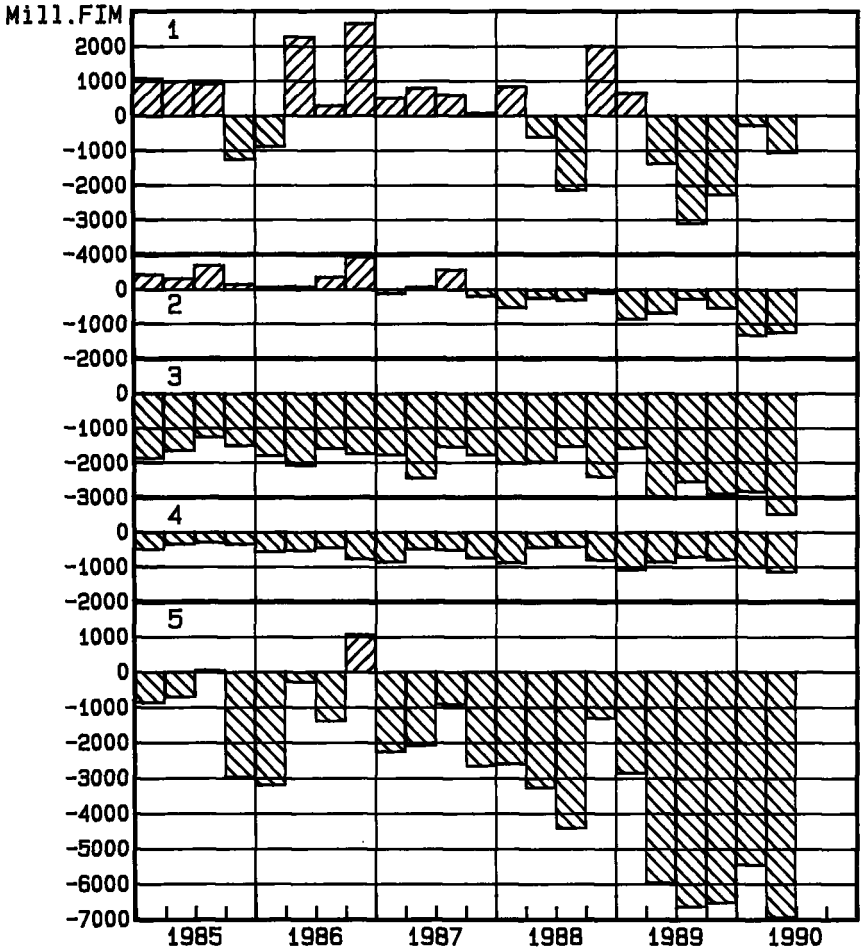
1. Finnish direct investment abroad, net
2. Foreign direct investment in Finland, net

19. CENTRAL GOVERNMENT DEBT



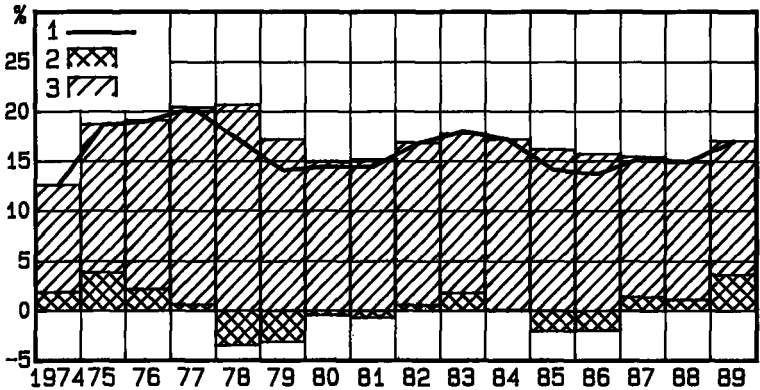
1. Total debt
 2. Of which: foreign debt
- As a percentage of GDP

20. CURRENT ACCOUNT



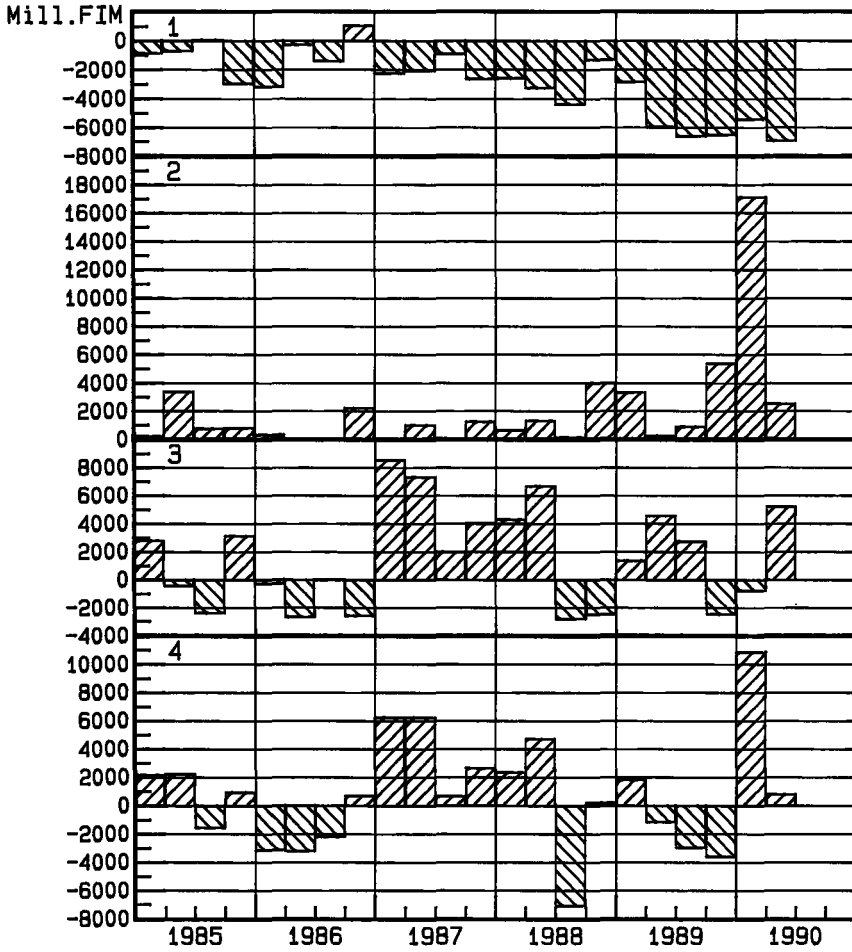
1. Trade account
2. Services account
3. Investment income account
4. Unrequited transfers account and other items, net
5. Current account

21. FOREIGN DEBT



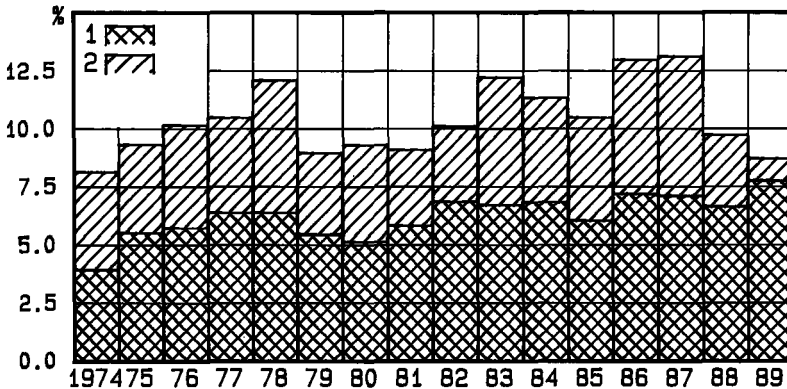
1. Total foreign net debt
 2. Short-term net debt
 3. Long-term net debt
- As a percentage of GDP

22. BALANCE OF PAYMENTS



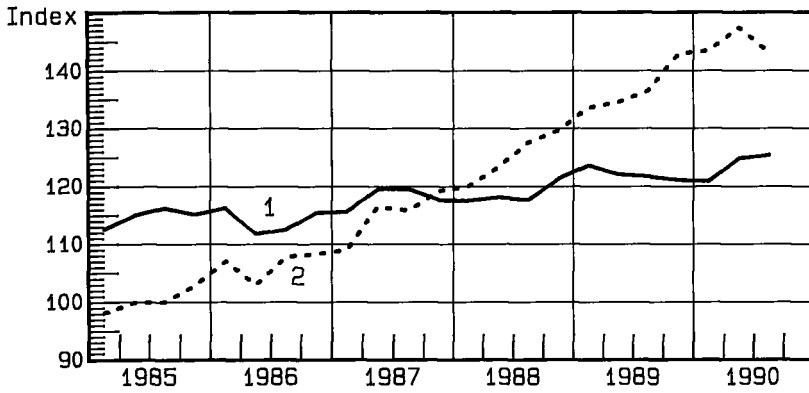
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance=change in the foreign exchange reserves of the Bank of Finland

23. DEBT SERVICE RATIO



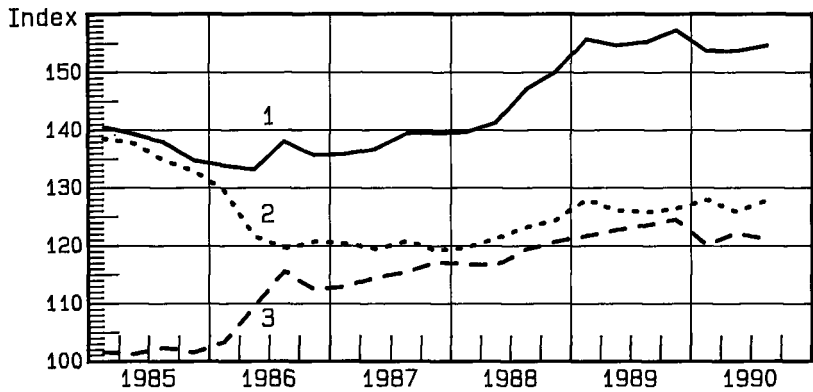
1. Interest payments
 2. Redemptions
- As a percentage of current account earnings

24. FOREIGN TRADE



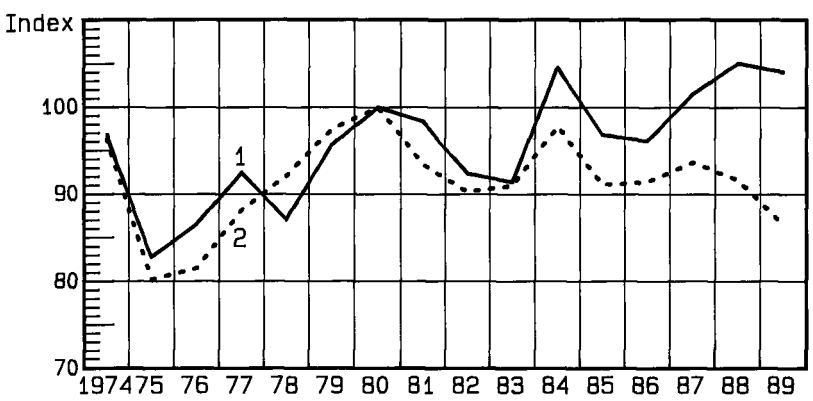
1. Total exports
2. Total imports
Volume index, 1980 = 100, four-quarter moving average shown as at the last quarter

25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



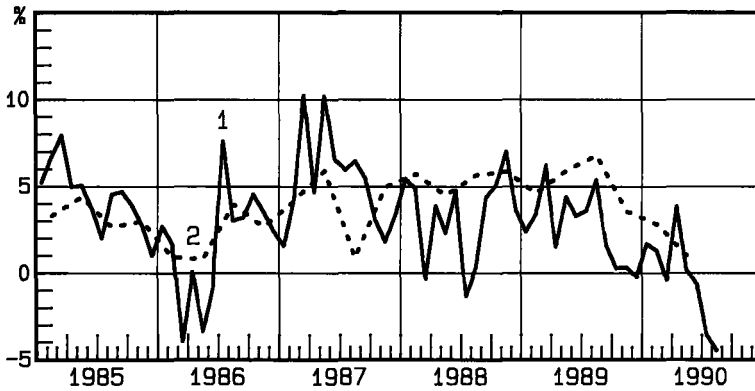
1. Unit value index of exports
2. Unit value index of imports
3. Terms of trade
1980 = 100

26. FINLAND'S EXPORT PERFORMANCE



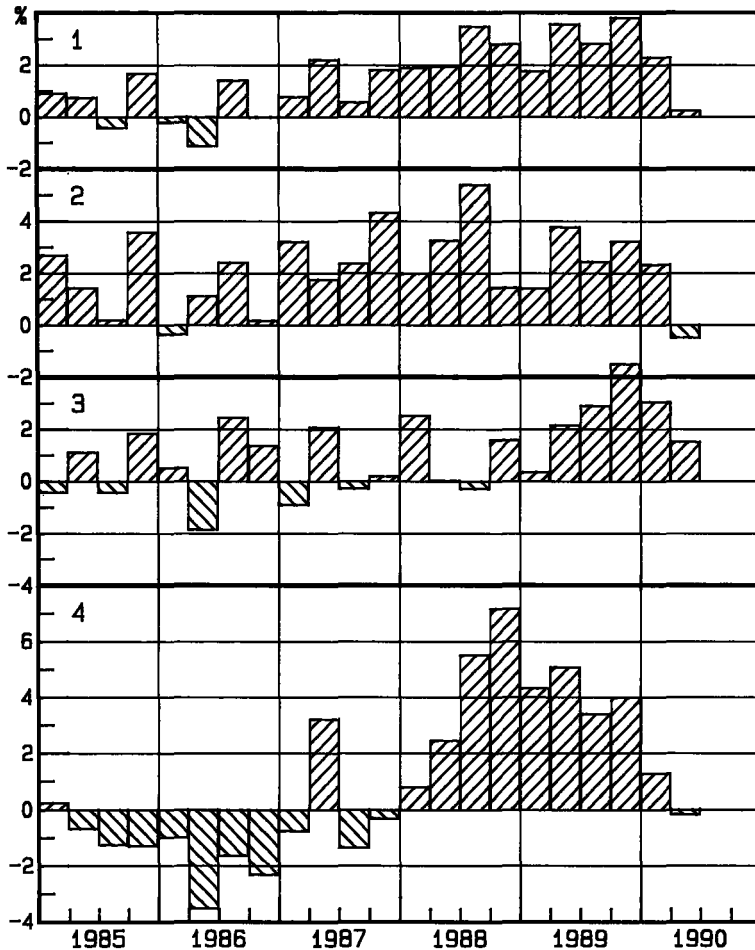
1. Value of exports to western countries in relation to exports of OECD Europe
2. Volume of western exports in relation to exports of OECD Europe
1980 = 100

27. PRODUCTION



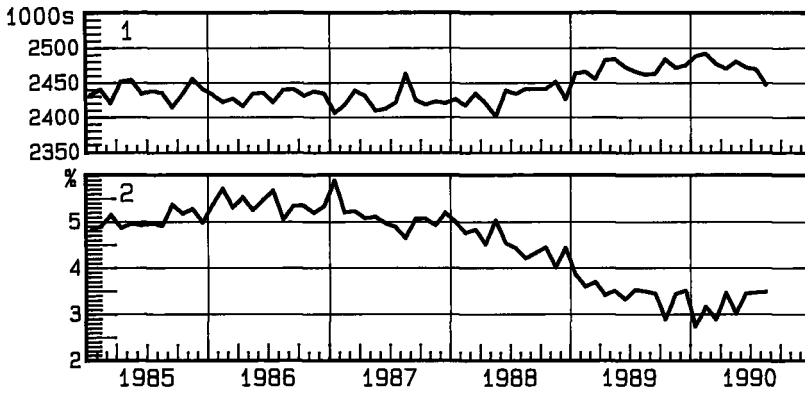
1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

28. FIXED INVESTMENT



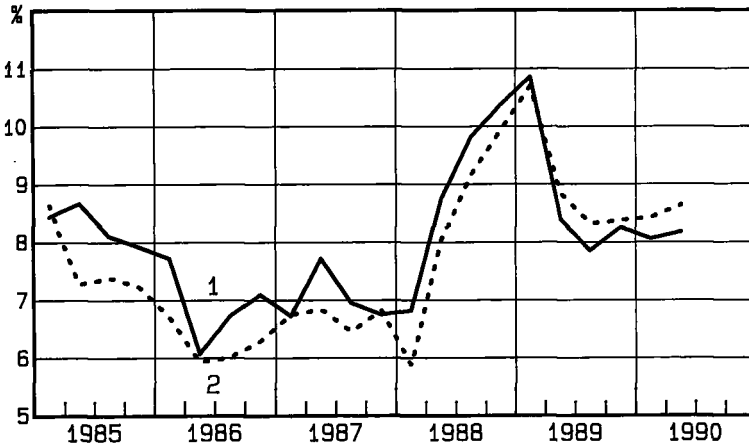
1. Total fixed investment
 2. Investment in machinery and equipment
 3. Building investment, excl. residential buildings
 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE

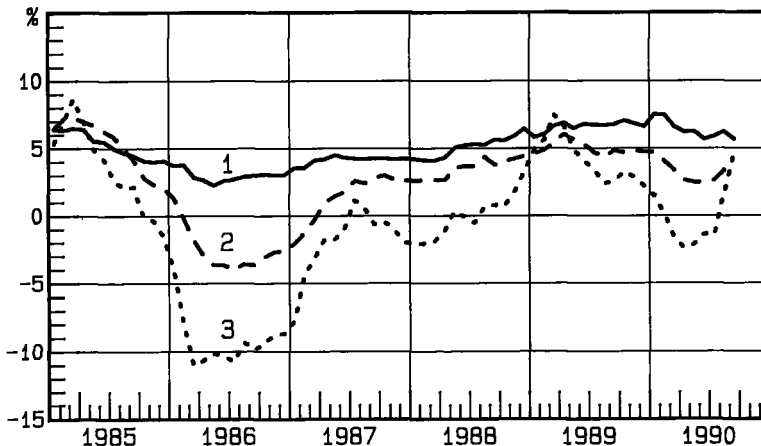


- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

30. PRICES AND WAGES

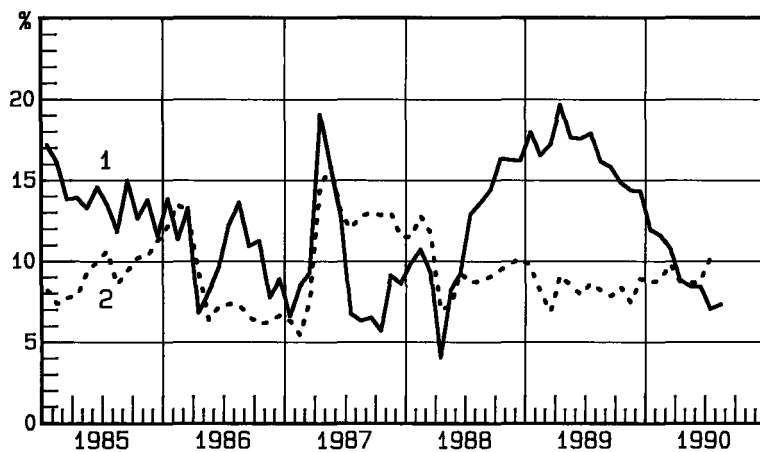


- 1. Index of wage and salary earnings, all wage and salary earners
 - 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



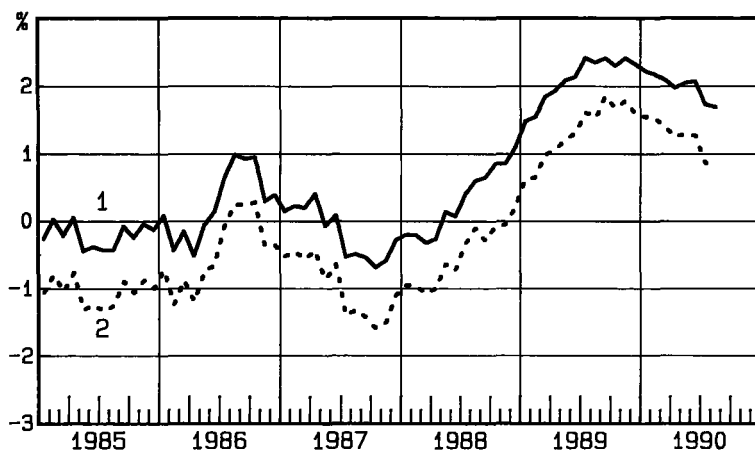
- 1. Consumer price index
 - 2. Wholesale price index
 - 3. Import price index
- Change from the corresponding month of the previous year

31. CENTRAL GOVERNMENT FINANCES



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

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



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

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

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