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Statement by Mr Rolf Kullberg,
Governor of the Bank of Finland,
on the Occasion of the Closing of
the Accounts for 1989

Restrictions on Foreign Ownership
in Finland

**Statement by Mr Rolf Kullberg, Governor of the Bank of Finland,
on the Occasion of the Closing of the Accounts for 1989** 3

Restrictions on Foreign Ownership in Finland 5
by Esa Ojanen and Bo Göran Eriksson

Items:	Prime rate introduced as new reference rate	
	Instruments used by the Bank of Finland in its money market operations and banks' rights to call money credit	
	Sale abroad of markka-denominated bonds	
	Trade between Finland and the U.S.S.R. in 1990	
	Publications of the Bank of Finland	9

Monetary and foreign exchange policy measures from March 1989 to February 1990	12
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Finland in brief	16
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Statistics	S1
------------	----

Charts	S27
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STATEMENT BY MR ROLF KULLBERG, GOVERNOR OF THE BANK OF FINLAND, ON THE OCCASION OF THE CLOSING OF THE ACCOUNTS FOR 1989

The Finnish economy continued to expand at a rapid pace in 1989, with domestic demand serving as the main driving force. Total output increased by 4½—5 per cent, almost as fast as in the previous two years. As a result, the overheating of the economy became all the more apparent. To curb demand and mitigate the problems caused by the imbalances in the economy the Bank of Finland sought to keep the financial markets tight and interest rates high.

The export sector was able to benefit from the favourable demand developments in western markets only partially, as supply was constrained by capacity and labour shortages. Moreover, an increasingly large proportion of manufacturing capacity went to satisfying domestic demand. The volume of exports grew by about 3 per cent but the terms of trade improved further and augmented domestic purchasing power.

Domestic demand was largely based on the growth of private consumption expenditure and housing investment, which led to a sharp increase in household indebtedness. Higher interest rates curbed the demand for credit towards the end of the year, and consumer lending, in particular, slowed down noticeably.

The growth of consumption, which had continued for several years, boosted fixed investment in the trade and service sectors. Firms too relied increasingly on debt financing. Though saving by the public sector increased

primarily on account of a rapid expansion of tax revenue, the effect of this built-in stabilizer did not suffice to prevent the financial deficit of the total economy from growing. Consequently, the current account deficit grew to about 4 per cent of GDP.

The inflation target set in conjunction with the stabilization agreement reached in the autumn of 1988 could not be achieved in the circumstances of the boom. A significant part of the labour market stayed outside the agreement and concluded inflationary pay settlements. In addition, excess demand for labour strengthened wage drift in 1989. Domestic costs and vigorous demand fuelled the rise in consumer prices and the expected slowdown in inflation in the latter part of the year did not materialize. The inflation gap widened in relation to those countries to whose currencies the markka's external value is pegged.

In the government budget for 1989, fiscal policy was designed to have a slightly expansionary impact on activity. This reflected the expectation of deteriorating economic prospects and the aim of curbing pay demands through tax concessions. When, however, the boom continued, the need to tighten fiscal policy became more pronounced. Thus, as a result of discretionary measures implemented in the course of the year and the operation of built-in stabilizers in government finances, fiscal policy actually exerted a restrictive effect on growth.

Nevertheless it was primarily monetary policy that had to bear the responsibility for restraining domestic demand. The fluctuation limits of the currency index were lowered by some 4 percentage points in March with the aim of restricting the growth of demand while a supplementary cash reserve system designed to curb bank lending was introduced in May. In addition, the Bank of Finland's base rate was raised by one percentage point at the beginning of November.

The change in the fluctuation range of the currency index led to an immediate strengthening of the markka and made it possible to keep market interest rates at a higher level than previously. In the autumn uncertainty about future economic developments pushed market rates a few percentage points higher still.

The collection of additional cash reserves slowed bank lending markedly. It contributed to the rise in interest rates on new loans and reduced the demand for credit. However, towards the end of year credit demand was affected more by the rapid rise in market rates, the fall in stock market prices and the halt in the rise in dwelling prices. It became clear some time ago that if the deterioration in the imbalances in the economy was not checked through fiscal and incomes policy and the rate of credit expansion did not slow considerably, the result would inevitably be a marked rise in interest rates. Equally, it was to be expected that high in-

terest rates would cause adjustment problems for banks and their customers.

In the course of the past few years the domestic financial markets have become increasingly integrated with international markets through free capital movements. Here we have no choice, though one still hears claims to the contrary. If Finland wants to be a full member of the international economic community, funds must be allowed to move as freely as goods do. The restoration of capital controls would indirectly mean hindering the freedom of foreign trade, and besides would not even be possible in the present circumstances.

Capital movements are now almost completely free. Trade in financial services will be liberalized in the course of the next few years. It will mean growing competition in the financial markets and will confront domestic banks and other financial institutions with a serious challenge to adjust.

Unfortunately, the boom and the rapid increase in monetary transactions have not created sufficient incentives for cutting costs in the banking sector. Weakening economic developments, increasing credit losses and the prospect of substantially sharper competition imply that necessary rationalization in the banking industry can no longer be postponed.

The freedom of capital movements also presupposes great discipline on the part of economic policy. A country that lives beyond its means and allows faster inflation than elsewhere soon loses its reputation and at the same time part of its economic independence. Allowing the currency to weaken under such circumstances would mean drifting into an ever-worsening inflationary spiral.

An improvement in Finland's macroeconomic balance is essential. This can best be achieved — without excessive losses in terms of

growth and employment — through a concerted effort in all areas of economic policy.

In fiscal policy, priority has been given to an option the focal point of which is an anti-inflationary, two-year comprehensive incomes policy agreement. The majority of labour market organizations accepted the agreement by the deadline of January 15 and reached pay settlements in conformity with it. The comprehensive agreement will mean a marked slowing down in the rise in domestic costs and will also help to pave the way for a gradual improvement in the external balance. At the same time it will lessen uncertainty concerning future economic development and hence contribute towards calming the financial markets.

January 16, 1990

RESTRICTIONS ON FOREIGN OWNERSHIP IN FINLAND

by **Esa Ojanen**, Head of Department
Exchange Control Department
Bank of Finland
and **Bo Göran Eriksson**, Chief Counsellor
Ministry of Trade and Industry

INTRODUCTION

The regulations governing foreign ownership in Finland have attracted increasing attention in recent years. They are, of course, highly relevant from the point of view of the ongoing process of economic integration in Europe. The exploratory talks on the formation of a European Economic Space (EES) are of current interest in this area.

Though the authorities' attitude towards foreign ownership has shifted in a more liberal direction in recent years, there have been no great changes in the underlying legislation. Now, however, the revision of the provisions on foreign ownership has also become necessary.

RESTRICTING ACT

The most important piece of legislation governing foreign investment in Finland is the 1939 Restricting Act on the right of foreigners and certain foreign entities to own real property and shares. A number of amendments have been made to the Restricting Act over the years, but the main contents of the Act have remained unchanged.

The provisions of the Restricting Act have two objectives. First, it has been sought to control the establishment of foreign companies in Finland and acquisitions of Finnish enterprises by foreign companies. Secondly, it has been considered necessary to set limits on the ownership of real property in Finland by foreigners and foreign companies.

The Restricting Act applies to trade, manufacturing and most service sector compa-

nies. Similar provisions on ownership are, however, contained in separate legislation on credit institutions and insurance companies.

The restrictions governing foreign ownership of companies apply to the entry of a foreign company into the country. Thus, they cover both the establishment of a business and the acquisition of a Finnish company. As far as the Restricting Act is concerned, the granting of licenses, authorizations etc. necessary for establishment and acquisition is the responsibility of the Ministry of Trade and Industry. Licences relating to banks are granted by the Ministry of Finance while corresponding matters concerning insurance companies are handled by the Ministry of Social Affairs and Health.

FOREIGN OWNERSHIP AND THE FOREIGN EXCHANGE REGULATIONS

Foreign ownership in Finland has also been regulated as part of the control of capital movements. Until recently, both inward and outward direct investment required the approval of the central bank. The Bank of Finland, nevertheless, took a liberal stand towards applications. In practice, the authorization procedure only served to ensure an adequate supply of data for compiling statistics on investment.

Now that exchange control has been relaxed, most direct investments have also been freed from the authorization procedure. At present, only investment in the financial and insurance services requires the approval of the central

bank. In considering applications, the central bank merely checks that the investment in question complies with the requirements set for monitoring banks' risks and legality control.

There are currently no restrictions in the foreign exchange regulations on portfolio investment by non-residents in Finnish shares. As far as the exchange controls are concerned it is possible to trade with foreigners in shares which may be "freely" sold abroad. Direct share issues abroad have required the authorization of the central bank, but authorization has always been granted. Now even this requirement has been lifted.

OWNERSHIP OF REAL PROPERTY

Once a foreign-owned company has established in Finland or acquired a Finnish enterprise, its actual business activities are not subject to control by the authorities in any exceptional way. The only limitation relating to foreign-owned companies is that they may not purchase real property or shares in Finnish companies or businesses without the permission of the authorities. These restrictions do not, however, apply to companies whose foreign ownership has been limited to a maximum of 20 per cent of their share capital. With the permission of the Ministry of Trade and Industry, this limit may in individual cases be raised to 40 per cent.

SECTORAL RESTRICTIONS

Until recently, a practice was applied on the basis of the

Restricting Act whereby foreign investment was not permitted at all or only to a fairly limited extent in certain sectors regarded as sensitive. These sectors included the forest industries, transportation, securities trading, forwarding, shipping company business and real estate business. In recent years, however, restrictions have been abolished at a rapid rate, nor is the authorities' attitude towards foreign investment in Finnish industry and commerce any longer particularly prohibitive. Thus, for example in 1989, the Ministry of Trade and Industry approved all of the 103 applications submitted to it concerning the acquisition of Finnish companies by foreign companies. In the previous year, all of the 108 applications filed were approved.

FOREIGN OWNERSHIP OF BANKS

According to separate banking legislation, foreigners — both physical and legal persons — may own shares in a Finnish commercial bank, mortgage bank or credit company up to 20 per cent of the equity capital without the approval of the authorities. In conformity with the provisions of the Restricting Act, the voting power of these non-restricted shares at the annual general meeting can at most be 25 per cent of the voting power of the restricted shares represented at the meeting.

Since 1979, however, the Government has been able to authorize larger foreign shareholdings in Finnish banks. Such authorization may only be granted to a foreign credit institution, not to other foreign companies. A foreign credit institution may, on the strength of such an authorization, acquire restricted shares. A statement from the central bank must be obtained before authorization can be granted. The authorization may also in-

clude any conditions considered necessary.

Foreign banks have been granted licences for the establishment of wholly-owned subsidiary banks in Finland. There are currently four foreign-owned banks operating in Finland.

The provisions concerning the ownership of banks are less stringent than those of the Restricting Act in that they do not limit investments in real property by foreign banks, nor do they prevent subsidiary banks from purchasing restricted shares.

Thus, foreign banks can already establish in Finland fairly freely. For the time being, this is possible only in the form of subsidiary banks, since the legislation still prevents foreign banks from setting up branches in Finland. However, a working group set up to investigate this matter has recently put forward a proposal which would also allow the establishment of branches.

FOREIGN OWNERSHIP OF INSURANCE COMPANIES

Shares of publicly quoted Finnish insurance companies could be freely sold abroad until last summer. Then an amendment to the Insurance Companies Act entered into force whereby the amount of shares which could be sold to foreigners was limited to 40 per cent of an insurance company's equity capital. At the same time, the voting power of non-restricted shares was limited to a maximum of 25 per cent of the voting rights of other shareholders at the annual general meeting.

The amendment, which aroused some criticism, was designed to prevent circumvention of the provisions of the Restricting Act. Formerly, foreigners could freely own real property and shares in Finnish enterprises through insurance companies owned by them.

The entry into force of the amendment did not, however,

infringe the rights of existing foreign owners of insurance companies. It was possible to register all shares owned by non-residents prior to the publication of the Government bill as non-restricted as the number of foreign-owned shares did not exceed the 40 per cent limit.

Moreover, the amended law still empowers the Government to authorize foreign ownership exceeding 40 per cent. Indeed, there are a few wholly-owned subsidiaries of foreign insurance companies operating in Finland. The acquisition of real property by these companies is subject to authorization as stipulated in the Restricting Act.

REFORM OF THE RESTRICTING ACT

The 1939 Restricting Act is, nevertheless, outdated. Accordingly, the Government is in the process of setting up a committee whose task will be to carry out a thorough investigation and assessment of the entire foreign ownership issue. The committee will determine to what extent it is necessary to continue applying restrictions in respect of ownership of real property and acquisitions of companies. If there is found to be a need for such legislation, the committee will draw up necessary legislative proposals. In view of the scope of the work, one cannot expect quick results; the completion of the new legislation is likely to take some years.

DECISION IN PRINCIPLE BY THE GOVERNMENT

While waiting for the new legislation, the Government has taken a new decision in principle concerning foreign investment. Basically, the authorities will *a priori* always take a positive stand towards foreign investment. Accordingly, the Government does not see any reason why foreign ownership of Finnish companies should not rise to 100 per

cent. Indeed, in most cases this has been possible hitherto. Now, however, it also applies, *inter alia*, to forest industry companies, extensive foreign ownership of which was formerly considered less desirable.

Only in cases where vital national interests are endangered might the Government refuse to approve the takeover of a Finnish company. It can be presumed that a negative stand would come into question only very rarely. The position adopted by the Government reflects a truly liberal attitude towards foreign investors.

By contrast, the Government still takes a cautious attitude towards foreign ownership of real property. This is most evident in the negative stand taken towards foreign ownership of Finland's forest reserves. For example, permission for a Finnish company with forest holdings to be taken over by a foreign company would only be granted on condition that the company being purchased disposed of its forest holdings.

STATEMENT ON INTEGRATION IN WESTERN EUROPE

In a statement recently given to Parliament by the Government on Finland's attitude towards the integration process in western Europe, the issue of limits on foreign ownership was also touched on. It was noted that, in the negotiations about to be launched with the EC on the creation of the EES, Finland and the other EFTA countries would, in due course, have to deal with restrictions on foreign ownership. According to the Government's statement, agreement would have to be reached in the negotiations on necessary exceptions and transitional arrangements. In the statement the Government also noted that its stand on restrictions on foreign ownership was that they should be retained inas-

much as they are based on fundamental national interests. In this respect, the statement refers to real property, forest and other essential natural resources, as well as to energy production.

The negotiations between EFTA and the EC may already be completed in the course of 1990. In Finland, as too in other EFTA countries like Sweden and Norway where restrictions on foreign ownership of varying degree are applied, it may be necessary fairly soon to take a stand on to what extent such restrictions can continue to be applied within the framework of the EES. Thus, the Government's decision in principle on foreign investment is unlikely to be the final word on this matter.

OECD

The restrictions on foreign ownership in Finland are also relevant as regards Finland's obligations to the OECD. OECD's Code of Liberalization of Capital Movements calls for the freedom of inward direct investment. Furthermore, work is currently being carried on within the OECD aimed at making the recommendation concerning, *inter alia*, the application of the principle of "national treatment" to foreign-owned subsidiaries binding on member countries.

Naturally Finland has lodged reservations to the OECD codes concerning foreign ownership, moreover in considerable detail. It is clear that the more liberal practice applied by the authorities just recently — notably the removal of the field of activity limitations — and the planned amendment to the Restricting Act offer an opportunity for a marked reduction in the reservations.

Although barriers to capital movements have been removed to a great extent, both as part of the integration process in western Europe and otherwise, complete liberaliza-

tion of inward direct investment and in part also of investment in real property seems to be more difficult than the abolition of other restrictions. Almost all OECD countries maintain limitations on establishment in some specific sector.

FOREIGN INVESTMENT IN FINLAND

Foreigners' interest in investment in Finland has in general been fairly subdued and sporadic. The cumulative stock of foreign direct investment in Finland (calculated at its original value) amounts to about FIM 7 billion and foreigners' portfolio investment in Finnish shares is of roughly the same order magnitude.

In particular, new direct investment in Finland has been modest in recent years in spite of the fact that the profitability of foreign subsidiaries operating here seems to be good in the light of dividends transferred from Finland.

Not surprisingly, direct investments in Finland originate mainly from the EFTA and EC areas. Traditionally, investment has taken place in trade and manufacturing. In recent years, the shares of finance and other service sectors have been increasing.

Direct investments in Finland are notably smaller than direct investments by Finnish companies abroad. Notwithstanding the formally stringent provisions of the Restricting Act, this is not due to the policy pursued by the authorities but to many other natural reasons.

As an open country which carries on foreign trade to a relatively great extent, Finland is much more dependent on establishment abroad than other countries are on the Finnish market, which, despite its purchasing power, is very small. Nor does access to the Finnish market require establishment because of Finland's free-trade agreements. Likewise, Finland's potential advantages as regards access to

markets in the Soviet Union have not attracted investments of any note.

Of course, one might expect that investors would be more interested in Finland's highly educated and highly skilled labour force. Certainly, it is not profitable to make investments requiring cheap labour in countries like Finland.

CONCLUDING REMARKS

The attitude towards foreign ownership in Finland is moving in a more liberal direction. For a small open economy like Finland the issue is not totally without problems. It seems clear, however, that it will be possible to further clarify and ease legislation and official procedure. Hence, Finland can be confident about its chances of organizing its economic relations with all those countries and economic associations which are important for it so that the few exceptions regarding foreign ownership deemed important for its fundamental national interests are accepted.

January 8, 1990

PRIME RATE INTRODUCED AS NEW REFERENCE RATE

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

With the development of the financial markets, banks have felt the need to introduce reference rates which move in line with market rates and are suitable as reference rates for both deposits and loans. Though the HELIBOR rates and the Bank of Finland's long-term reference rates will continue to be used as reference rates for variable-rate loans, they are of limited application in deposit-taking. Fixed-term rates of various maturities are likely to become more widely used, but they, too, are not suitable for all types of deposits.

In its recommendation, the Bank of Finland presumes that those banks and groups of banks which introduce a prime rate will apply uniform principles regarding its definition. These should include the interpretation of the prime rate as the lending rate to be charged to first-class customers and the provision of information on interest rates to the public. Each bank or group of banks may decide on the level of its prime rate and on changes therein, and it must publish such data immediately.

For borrowers other than top-quality customers banks will charge a customer-specific margin over prime rate. Like-

wise, banks may deduct a margin from their prime rate in their deposit-taking. When prime rates are changed, deposit and lending rates linked to them will be changed by the same amount.

The use of a reference rate is always based on an agreement between the bank and its customer. Other reference rates used in variable-rate contracts, such as the Bank of Finland's base rate, the HELIBOR rates and the Bank of Finland's long-term reference rates, will remain in use. Fixed-term interest rates will also remain an alternative in all lending and deposit-taking. Hence, the introduction of prime rates will increase the options available to customers.

To promote the provision of public information the Bank of Finland will collect data on the prime rates of different banks and groups of banks and on average margins applied to loans and deposits linked to prime rates. Data published by the Bank will be broken down by bank or group of banks.

INSTRUMENTS USED BY THE BANK OF FINLAND IN ITS MONEY MARKET OPERATIONS AND BANKS' RIGHTS TO CALL MONEY CREDIT

The Bank of Finland has decided to revise, with effect from January 1, 1990, the principles on the basis of which it accepts bank certificates of deposit (CDs) for use in its money market dealing, and grants banks the right to call money credit.

Henceforth, the Bank of Finland will, on application, only

accept for use in its money market dealings CDs issued by banks which meet the following requirements. The bank's capitalization exceeds the minimum amount set by the Bank of Finland, which at present is FIM 200 million. The bank meets the minimum capital adequacy requirements set by the BIS's Committee on Banking Regulations and Supervisory Practices (the Basle Committee); these requirements are stricter in some respects than those in the new banking legislation due to be introduced in Finland. The bank operates as a market maker in the CD market. The bank will furthermore be required to submit itself to the Bank of Finland's risk monitoring. It may also act as the Bank of Finland's dealing counterparty in the CD market and have access to call money credit.

The Bank of Finland is striving to develop a framework for its intervention policy that better corresponds to the more sophisticated money market of today. Previously all commercial banks — but no other banks — were accepted in the range of banks with which the Bank conducts its money market operations. This has become inexpedient owing to the development of the financial markets and the reform of the legislation on deposit banks. The purpose of applying the minimum capital adequacy requirements of the Basle Committee is to promote stability in the domestic financial markets.

At the moment, all banks entitled to call money credit and in whose CDs the Bank of

Finland deals do not meet the new requirements in full. Therefore, a transition period of one year will, as a rule, be applied in the introduction of the new requirements. The present rights of foreign-owned banks will, however, remain intact at least until legislation permitting branches of foreign banks to operate in Finland has entered into force. Newly established banks can be granted equivalent rights only after their first official financial statements have been published. If a bank fails to meet the requirements on a more permanent basis, it will lose the rights previously granted to it.

SALE ABROAD OF MARKKA-DENOMI- NATED BONDS

The Bank of Finland has decided to allow 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.

The authorization of the sale abroad of new markka-denominated bonds marks a further step in the Bank of Finland's liberalization of exchange control. This measure will render possible foreign borrowing without exchange rate risk, promote competition in domestic financial markets, support the increased international use of the markka and contribute to the deepening of the domestic capital market. Given the present economic situation, the liberalization measure is not, however, expected to lead to any significant increase in net capital imports.

With effect from the beginning of February, the Bank of Finland has also decided to

exempt Finnish companies' share issues abroad from the requirement of prior authorization; a fairly liberal stance is, in fact, already applied in the authorization procedure. 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 will no longer be necessary for non-residents purchasing Finnish securities in Finland to effect their purchases through the Helsinki Stock Exchange or the OTC market.

In order to safeguard the availability of data necessary for monitoring markets and compiling balance of payments statistics, the Bank of Finland requires that at least one of the participants in the management group arranging an issue is a Finnish authorized bank or another securities broker approved by the Bank of Finland. The Finnish participant will be required to provide the Bank of Finland with the necessary data.

TRADE BETWEEN FINLAND AND THE U.S.S.R. IN 1990

The trade protocol between Finland and the U.S.S.R. for 1990 was signed in Moscow in December 1989. Though certain limits have been agreed for bilateral trade between the two countries in the protocol, the level of total trade will also be affected by developments in trade carried on in convertible currencies, possible new credit arrangements and world energy prices.

As regards developments in bilateral trade, the most important factor is the value of Finnish imports, which, given the requirement for bilateral trade to balance, also determines the magnitude of Finnish exports. In the trade protocol for 1990, the volume, composition and value of imports are roughly the same as in the

previous year. The estimate of the value of imports is based on an oil price of USD 16.5 per barrel. As in the previous year, the protocol includes substantial volumes of oil intended for trading with third parties.

By contrast, the composition of Finnish exports to the U.S.S.R. will change considerably in 1990 as a result of the collapse in ship exports and sharply lower construction project exports to the U.S.S.R. Ship exports are set to fall by almost 80 per cent in 1990 from the previous year and their share in total Finnish exports to the U.S.S.R. to some 5 per cent (from about 20 per cent in 1989). The share of exports of machinery and equipment (excluding ships) in Finnish exports to the U.S.S.R. will exceed 35 per cent and that of forest industry products 25 per cent.

According to the protocol, Finnish exports in 1990 will be markedly lower than actual exports in 1989. Exports could, however, exceed the level mentioned in the protocol if the world market price of oil turns out to be higher than estimated or the commercial credit facilities granted to the U.S.S.R. are increased. In addition to bilateral trade, a growing portion of trade between Finland and the U.S.S.R. is now conducted in convertible currencies; in 1989, convertible currency exports already accounted for well over 10 per cent of Finnish exports to the U.S.S.R.

At the beginning of this year, the credit limit on the clearing account between Finland and the U.S.S.R. was lowered from SUR 300 million to SUR 200 million and henceforth balances in excess of the credit limit will be settled quarterly in convertible currencies. The new credit limit is interest-free up to SUR 100 million but the debtor country is required to pay in-

terest on amounts in excess of this limit at the going international rate of interest.

PUBLICATIONS OF THE BANK OF FINLAND

The Bank of Finland's publication "Finnish Bond Issues 1988" has been published. The book contains data in Finnish, Swedish and English on all bonds issued by Finnish borrowers in Finland and abroad and by foreign borrowers in the Finnish market in 1988. In addition, there are summary tables on bonds issued in Finland and abroad.

All in all, bond issues totaling FIM 39.9 billion were registered in 1988, an increase of about 6 per cent on the previous year. Domestic bond issues amounted to FIM 18.8

billion and foreign issues to FIM 12.1 billion. Domestic issues decreased by 16 per cent compared with the figures for 1987 while foreign issues increased by 37 per cent.

Helsinki 1989. 60 pp. ISBN 951-686-228-4. ISSN 0781-4437.

The following publication has appeared in series B:43: Ilmo Pyyhtiä, The Revision and Realization of Investment Plans in the Finnish Manufacturing Industries in 1964—1986, doctoral dissertation presented to the Faculty of Social Sciences of the University of Helsinki. Helsinki 1989, 290 pp., ISBN 951-686-220-9, ISSN 0357-4776.

An article based on this study will be published in the March issue of the Bulletin.

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM MARCH 1989 TO FEBRUARY 1990

1989

MARCH

Supplementary cash reserve agreement. An agreement supplementing the cash reserve agreement between the Bank of Finland and the banks is signed on March 13, 1989. The supplementary agreement, which is effective until the end of 1990, enables the Bank of Finland to raise the cash reserve requirement to a maximum of 12 per cent. The application of the additional requirement is linked to developments in bank lending (see the item in the April 1989 Bulletin).

Fluctuation limits of the currency index. On March 17, 1989, the Government, on the basis of a proposal by the Parliamentary Supervisory Board, decides to lower the fluctuation limits (range) of the currency index by about 4 per cent, thus making possible a revaluation of the markka of corresponding magnitude. The new upper limit of the fluctuation range of the currency index is 102.5 and the new lower limit 96.5.

APRIL

Till-money credits. The Bank of Finland raises the base amount — the share of banks' till-money holdings which is not financed by the Bank of Finland — by over FIM 60 million as from the beginning of April. The new base amount is effective until the end of March 1990.

Amendments to the cash reserve agreement and the terms of central bank financing. The Bank of

Finland grants Interbank Ltd. the right to central bank financing with effect from the beginning of April. The bank joins the cash reserve agreement between the Bank of Finland and the banks on February 16, 1989.

MAY

Export deposits. The Government decides to terminate the temporary export deposits levied on wood-free printing paper since the beginning of February 1, 1989 with effect from the beginning of May.

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 just under 8.2 per cent of the cash reserve base in April.

JUNE

Foreign Exchange Regulations. The Bank of Finland relaxes the foreign exchange regulations concerning direct investments by enterprises in the financial and insurance sector as from June 1, 1989. After this date, only direct investments by private individuals and direct investments in countries with which Finland maintains payments agreements require the Bank of Finland's authorization.

Call money market. With effect from June 16, 1989, the Board of Management of the Bank of Finland decides to abolish the bank-

specific quotas for call money credit of the banks entitled to central bank financing. At the same time, the penalty interest charged on borrowing in excess of quota, which last stood at 19 per cent, is abolished. In addition, the call money credit rate is raised from 13 per cent to 15 per cent; the call money deposit rate remains at 4 per cent.

Cash reserve requirement. The Bank of Finland raises 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 8.4 per cent of the cash reserve base in May.

JULY

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 8.5 per cent of the cash reserve base in June.

AUGUST

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 8.7 per cent of the cash reserve base in July.

SEPTEMBER

Foreign Exchange Regulations. The Bank

of Finland relaxes the foreign exchange regulations concerning foreign investments and capital imports. The amendments enter into force on September 1, 1989, except for those applying to private individuals. For tax control reasons, the decisions regarding capital exports by private individuals will enter into force on a later date, however not later than July 1, 1990.

Capital exports. Acquisitions of dwellings and real estate abroad no longer require authorization; previously, permission was necessary if the purchase price exceeded FIM 1 million. Investments in the form of foreign securities, deposits held in accounts with foreign monetary institutions and merchandise held abroad are permitted without the permission of the Bank of Finland or quantitative restrictions. In addition, credit of more than one year's maturity may be granted to non-residents without the Bank of Finland's permission.

Capital imports. Non-financial companies, except housing and real estate companies, are permitted to raise foreign credit of more than one year's maturity; previously, only loans of more than five years' maturity were permitted. The authorization of the Bank of Finland is still required if a company borrows directly from a foreign lender.

Suppliers' credits and prepayments in respect of imports are entirely freed from authorization. In addition, most direct investments in Finland no longer require authorization.

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 8.8 per cent of the cash reserve base in August.

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.

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.

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 will no longer be necessary for non-residents purchasing Finnish securities to effect their purchases through the Helsinki Stock Exchange or the OTC market.



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 4 954 400 (Dec. 31, 1988) and an average population density of 16.3 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 491 800 inhabitants, Tampere (Tammerfors) 171 000, Espoo (Esbo) 168 100, Turku (Åbo) 159 400 and Vantaa (Vanda) 151 400.

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

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

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

INTERNATIONAL RELATIONS

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

Finland became a member of the BIS in 1930, the IMF in 1948, the IBRD in 1948, GATT in 1950, the UN in 1955, the Nordic Council in 1955, the IFC in 1956, IDA in 1960, EFTA in 1961, the ADB in 1966, the OECD in 1969, the IDB in 1977, 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 private companies. Of the gross domestic product of FIM 383 billion in basic values in 1988, 3 % was generated in agriculture and fishing, 3 % in forestry, 27 % in industry, 9 % in construction, 12 % in trade, restaurants and hotels, 8 % in transport and communications, 5 % in finance and insurance, 16 % in other private services and 17 % by producers of government services. Of total employment of 2.3 million persons, 10 % were engaged in primary production, 31 % in industry and construction and 59 % in services.

In 1988, expenditure on the gross domestic product in purchasers' values amounted to FIM 440 billion and was distributed as follows: net exports -0.3 % (exports 24.8 %, imports -25.1 %), gross fixed capital formation 25 %, private consumption 53 % and government consumption 20%. Finland's gross tax ratio (gross taxes in relation to GDP) was 38 % 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 4.9 % in the period 1950-60, 4.8 % in 1960-70, 3.5 % in 1970-80, 3.2 % in 1980-88 and 4.2 % in 1950-88. Finland's GDP per capita in 1988 was USD 21 200; this put Finland in fifth place among the 24 member countries of the OECD, preceded by Switzerland, Iceland, Japan and Norway.

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 1988, the share of forest industry products in total merchandise exports was 42 %, the share of metal and engineering products 39 % and the share of other goods 19 %. Raw materials and intermediate goods (incl. crude oil) accounted for 55 % 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 58 million cubic metres in 1988.

Energy. In 1988, gross consumption of primary energy amounted to 30 Mtoe, of which industry accounted for 45 %, heating for 23 %, transportation for 14 % and other purposes for 18 %. The sources of primary energy in 1988 were as follows: oil 32 %, coal 12 %, nuclear power 16 %, hydro-electric power, peat and other indigenous sources 30 %, others 10 %. Compared internationally (1987), Finland's consumption of 6.3 toe per capita was 2.0 times higher than the average in European OECD countries. The self-sufficiency rate (OECD definition) in Finland was 38 %, 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. The use of the markka in foreign trade and as a eurocurrency has increased, but most international payments are effected in other currencies. Finland adopted Article VIII status at the International Monetary Fund in 1979. There are no restrictions concerning payments for merchandise or invisibles, and short-term trade finance may be acquired whenever exporters and importers see fit. The remaining exchange controls apply mainly to financial transactions.

Outward direct investment is permitted without the Bank of Finland's authorization except for direct investments in countries with which Finland maintains payments agreements. 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 countries with which Finland maintains pay-

ments agreements. Foreign investors may also buy shares of listed Finnish companies; however, foreign investment in markka-denominated bonds is normally prohibited for the present. Finnish companies may freely raise foreign credits and extend loans abroad of over one year's maturity. Finnish residents, except enterprises in the financial sector, may invest freely in foreign securities and real estate. The unlimited right to make foreign investments also applies to private individuals, but the date of its entry into force is to be determined separately. The date will not, however, be later than July 1, 1990.

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

The Central Bank. The Bank of Finland (Suomen Pankki - Finland's 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, 1988). Finland has four major groups of deposit banks with a total of more than 3 550 offices. There are two big commercial banks with national branch networks and eight smaller ones, four of which are foreign-owned. The commercial banks have a total of 29 foreign branches, subsidiaries and associate banks and 29 representative offices abroad. There are 211 savings banks and 267 cooperative banks with their own extensive branch networks. The government-owned Postipankki has 56 branches and also offers basic services in post offices.

Financial markets. Of the total stock of FIM 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, 69 % of the instruments, which totalled approximately FIM 108 billion at end 1988, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds intermediated through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 69 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 127 billion (at end-1988). Three foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1988 totalled FIM 93.6 billion; government bonds made up 33 % of the total. Turnover on the Stock Exchange in 1988 amounted to FIM 37 billion; the share of shares and subscription rights in the total was approximately 85 %.



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 Rates of interest 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 Domestic 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

	1988		1989		
	Dec. 31	Dec. 8	Dec. 15	Dec. 22	Dec. 31
ASSETS					
Gold and foreign currency claims	29 753	23 808	23 463	23 421	23 009
Gold	2 128	2 129	2 129	2 128	2 179
Special drawing rights	1 120	848	843	840	966
IMF reserve tranche	940	964	958	957	950
Convertible currencies	24 492	19 789	19 456	19 405	18 822
Tied currencies	1 073	79	78	91	92
Other foreign claims	4 199	3 683	3 670	3 664	3 300
Markka subscription to Finland's IMF quota	2 283	2 146	2 146	2 146	2 103
Term credit	1 916	1 537	1 524	1 518	1 198
Claims on financial institutions	14 384	36 838	37 648	38 625	39 054
Call money credits	463	—	816	141	38
Certificates of deposit	7 187	31 457	31 272	32 863	33 230
Term credits	—	—	—	—	—
Till-money credits	2 920	2 923	3 112	3 173	3 310
Financing of crop failure loans	1 222	—	—	—	—
Bonds	2 325	2 221	2 211	2 211	2 238
Other claims on financial institutions	267	238	238	238	238
Claims on the public sector	1 128	1 127	1 130	1 137	1 137
Treasury notes and bills	88	—	—	—	—
Bonds	20	8	8	8	8
Total coinage	1 020	1 119	1 122	1 129	1 129
Other claims on the public sector	—	—	—	—	—
Claims on corporations	3 041	2 264	2 249	2 233	2 207
Financing of exports	400	3	3	1	1
Financing of domestic deliveries (KTR)	2 205	1 748	1 732	1 718	1 697
Bonds: KTR credits	218	306	306	306	302
Bonds: Other	35	21	21	21	21
Other claims on corporations	183	186	186	186	186
Other assets	787	100	100	100	571
Accrued items	668	—	—	—	464
Other assets	118	100	100	100	107
Total	53 291	67 821	68 260	69 180	69 279
LIABILITIES					
Foreign currency liabilities	247	578	705	1 056	697
Convertible currencies	119	19	54	93	42
Tied currencies	128	559	651	963	656
Other foreign liabilities	3 082	2 915	2 910	2 910	2 860
IMF markka accounts	2 283	2 146	2 146	2 146	2 103
Allocations of special drawing rights	800	769	764	764	758
Notes and coin in circulation	11 550	12 393	13 610	13 553	13 129
Notes	10 601	11 358	12 565	12 498	12 073
Coin	949	1 036	1 046	1 056	1 056
Certificates of deposit	1 130	—	—	—	—
Liabilities to financial institutions	19 248	26 842	25 901	26 208	26 303
Call money deposits	128	1 030	89	398	569
Term deposits	—	—	—	—	—
Cash reserve deposits	19 039	25 581	25 581	25 581	25 506
Capital import deposits	—	190	190	190	190
Other liabilities to financial institutions	81	41	41	39	38
Liabilities to the public sector	1 903	4 440	4 730	5 034	5 325
Cheque accounts	1	1	1	1	0
Cash fund deposits	—	2 900	3 190	3 480	3 770
Counter-cyclical fund deposit	900	—	—	—	—
Counter-cyclical deposits	981	1 319	1 319	1 319	1 319
Export deposits	20	219	219	233	235
Other liabilities to the public sector	1	1	1	1	1
Liabilities to corporations	6 797	10 800	10 793	10 793	10 810
Deposits for investment and ship purchase	6 447	10 209	10 202	10 202	10 228
Capital import deposits	349	591	591	591	583
Other liabilities to corporations	1	0	—	—	—
Other liabilities	1 107	61	55	53	1 294
Accrued items	1 064	—	—	—	1 241
Other liabilities	43	61	55	53	53
Valuation account and reserves	2 391	3 955	3 719	3 737	2 696
SITRA's capital	400	400	400	400	400
Capital accounts	5 436	5 436	5 436	5 436	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	88	436	436	436	436
Profit/loss for the accounting year	348	—	—	—	328
Total	53 291	67 821	68 260	69 180	69 279

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	Convert-ible currencies, net	Convert-ible currencies, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabi-lities	Net liabi-lities (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
1988												
Dec.	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	775
1989												
Jan.	2 128	1 066	945	26 514	30 653	2 296	32 949	1 129	34 078	1 114	2 016	902
Feb.	2 128	878	959	28 919	32 884	2 332	35 216	1 131	36 347	1 119	2 017	898
March	2 128	853	901	25 659	29 541	1 352	30 893	1 097	31 990	1 079	1 368	289
April	2 128	832	890	24 628	28 478	1 725	30 203	1 085	31 288	1 103	1 404	301
May	2 128	861	1 004	25 028	29 021	1 580	30 601	1 103	31 704	1 113	1 433	320
June	2 128	858	961	25 501	29 448	353	29 801	1 113	30 914	1 136	1 458	322
July	2 128	854	919	25 318	29 219	717	29 936	1 094	31 030	1 113	1 472	359
Aug.	2 128	882	934	25 545	29 489	706	30 195	1 117	31 312	1 113	1 486	373
Sept.	2 129	878	952	23 568	27 527	-826	26 701	1 107	27 808	1 135	1 504	369
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

End of period	Domestic financial sector						Corporate sector				
	Term claims on deposit banks	Call money claims on deposit banks, net	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other liabi-lities to financial institutions, net	Net claims (13+14-15+16-17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19-20)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	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	-
1988											
Dec.	7 187	335	19 039	2 920	-3 733	-4 864	2 823	6 579	-3 756	11 550	1 130
1989											
Jan.	5 291	632	20 389	2 733	-3 447	-8 286	2 681	6 622	-3 941	10 755	1 440
Feb.	5 195	-101	21 328	2 657	-3 481	-10 096	2 555	6 706	-4 151	10 769	1 460
March	7 917	1 735	22 120	2 481	-3 017	-6 970	2 455	6 700	-4 245	10 996	980
April	10 166	256	22 195	2 342	-2 952	-6 479	2 386	6 935	-4 549	11 190	580
May	7 597	3 803	22 820	2 843	-2 716	-5 861	2 335	7 168	-4 833	11 385	180
June	16 601	-568	23 500	2 518	-2 816	-2 133	2 239	9 557	-7 318	11 737	160
July	17 582	-727	24 116	2 936	-2 817	-1 508	2 252	10 439	-8 187	11 774	160
Aug.	18 641	-839	24 639	2 899	-2 833	-1 105	2 214	10 587	-8 373	11 651	60
Sept.	22 152	-133	25 089	2 569	-2 781	2 280	2 184	10 617	-8 433	11 739	20
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	-

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
1988							
Dec.	3 000	—	1 100	1 900	241	71	2 070
1989							
Jan.	260	1 190	1 370	-2 300	252	-45	-2 003
Feb.	3 260	1 125	2 125	10	-656	77	-723
March	8 695	170	5 095	3 430	1 785	-51	5 266
April	4 710	—	2 370	2 340	-1 548	-69	861
May	6 490	—	7 880	-1 390	3 507	-40	2 157
June	16 295	250	7 875	8 170	-3 798	573	3 799
July	16 790	240	15 170	1 380	7	166	1 221
Aug.	14 560	—	13 160	1 400	-10	102	1 288
Sept.	14 260	—	9 950	4 310	73	-633	5 016
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

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	
1984	22 921	1 394	21 527	2 002	-19 962	3 566
1985	16 982	1 733	15 249	708	-9 005	6 951
1986	11 446	1 319	10 127	-2 461	-92	7 574
1987	21 671	1 158	20 513	-233	-1 287	18 994
1988	16 488	1 543	14 946	9 086	-377	23 654
1988						
Nov.	17 447	1 894	15 553	8 224	-863	22 914
Dec.	16 488	1 543	14 946	9 086	-377	23 654
1989						
Jan.	15 710	1 058	14 652	9 284	-62	23 874
Feb.	15 495	857	14 638	7 706	-273	22 071
March	14 614	871	13 742	7 221	-168	20 795
April	13 536	1 044	12 492	7 003	-63	19 432
May	13 248	1 535	11 714	9 024	-	20 737
June	12 859	1 408	11 451	9 781	-306	20 926
July	13 125	1 393	11 731	9 870	-395	21 207
Aug.	12 652	1 187	11 465	15 126	-220	26 371
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

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
1988								
Dec.	221	6 633	6 854	306	1 287	18 172	19 765	-12 911
1989								
Jan.	111	6 203	6 314	611	1 252	19 083	20 946	-14 632
Feb.	129	4 612	4 741	501	1 568	20 423	22 491	-17 750
March	711	5 175	5 886	177	1 202	21 352	22 731	-16 845
April	689	8 697	9 386	129	774	22 128	23 031	-13 644
May	1 176	8 908	10 083	127	330	22 214	22 671	-12 588
June	779	11 264	12 042	321	118	22 842	23 282	-11 240
July	46	17 049	17 095	714	160	23 520	24 394	-7 299
Aug.	46	17 384	17 431	507	116	24 132	24 755	-7 325
Sept.	41	19 738	19 779	446	47	24 669	25 161	-5 382
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

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
1988										
Dec.	8.41	11.21	11.55	11.85	12.14	13.00	4.00	8.00	7.6	.
1989										
Jan.	7.46	10.60	11.19	11.42	11.80	13.00	4.00	7.50	7.8	.
Feb.	7.91	10.12	10.78	11.10	11.53	13.00	4.00	7.50	7.8	.
March	9.09	10.85	11.09	11.34	11.66	13.00	4.00	7.50	8.0	.
April	11.37	12.08	12.11	12.11	12.15	13.00	4.00	7.50	8.0	.
May	11.43	11.70	11.75	11.79	11.90	13.00	4.00	7.50	8.0	0.2
June	9.79	11.62	11.78	11.93	12.13	13.00	4.00	7.50	8.0	0.4
July	10.56	11.64	11.79	11.94	12.11	15.00	4.00	7.50	8.0	0.5
Aug.	8.86	11.87	12.06	12.22	12.35	15.00	4.00	7.50	8.0	0.7
Sept.	8.56	12.69	13.09	13.30	13.40	15.00	4.00	7.50	8.0	0.8
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

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
1988								
Dec.	7.4	7.4	7.4	7.5	8.8	8.8	8.9	8.9
1989								
Jan.	7.4	7.6	7.7	7.8	8.8	8.9	8.9	9.0
Feb.	8.0	8.2	8.4	8.4	9.2	9.3	9.3	9.4
March	8.0	8.3	8.6	8.8	9.3	9.5	9.7	9.8
April	8.0	8.2	8.4	8.6	9.2	9.5	9.6	9.7
May	8.3	8.4	8.6	8.7	9.5	9.7	9.7	9.8
June	8.3	8.4	8.5	8.5	9.7	9.8	9.8	9.9
July	8.3	8.2	8.2	8.1	9.7	9.8	9.7	9.7
Aug.	8.3	8.3	8.2	8.2	9.7	9.8	9.7	9.7
Sept.	8.5	8.6	8.6	8.6	9.9	10.0	10.0	9.9
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

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	12.2	12.2
1988				
Dec.	10.9	11.2	11.4	11.7
1989				
Jan.	10.2	10.8	11.0	11.3
Feb.	10.0	10.5	10.7	11.1
March	10.6	10.9	11.1	11.3
April	11.9	11.8	11.8	11.7
May	11.1	11.2	11.2	11.3
June	11.2	11.3	11.4	11.5
July	11.1	11.3	11.5	11.5
Aug.	11.1	11.5	11.7	11.8
Sept.	11.9	12.5	12.8	12.9
Oct.	13.6	13.8	13.8	13.7
Nov.	14.2	14.3	14.3	14.1
Dec.	15.3	15.2	14.8	14.5

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				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-al giro credits	Bills of exchange	Loans	New lending, total								
1	2	3	4	5	6	7	8	9	10	11	12	
1984	..	..	..	..	10.67	10.68	5.25	8.00	9.25	6.22	15.43	7.30
1985	12.04	12.94	10.62	11.55	10.37	10.37	4.75	7.50	8.75	5.91	13.24	6.81
1986	10.89	12.30	9.76	10.64	8.82	8.81	2.75	5.75	7.00	4.43	11.84	5.35
1987	10.50	12.31	10.01	10.62	9.12	8.99	2.75	5.75	7.00	4.56	10.13	5.29
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
1988												
Nov.	12.08	12.62	11.02	11.33	10.33	10.21	3.75	6.75	8.00	5.66	10.39	6.77
Dec.	10.02	11.68	10.33	10.48	10.37	10.25	3.75	6.75	8.00	5.87	10.62	6.92
1989*												
Jan.	11.63	12.37	10.58	10.95	10.09	9.90	3.50	.	5.50	5.45	10.86	6.99
Feb.	11.63	12.23	10.85	11.18	10.09	9.92	3.50	.	5.50	5.41	10.85	7.06
March	12.04	12.69	11.04	11.45	10.11	9.94	3.50	.	5.50	5.51	10.89	6.87
April	12.73	13.10	11.35	11.80	10.23	10.06	3.50	.	5.50	5.54	11.32	7.09
May	12.75	13.11	11.48	11.91	10.31	10.13	3.50	.	5.50	5.52	11.41	7.07
June	12.46	13.12	11.43	11.83	10.35	10.18	3.50	.	5.50	5.48	11.55	7.06
July	12.60	13.25	11.59	12.03	10.34	10.18	3.50	.	5.50	5.46	11.53	7.04
Aug.	12.67	13.36	11.33	11.79	10.37	10.20	3.50	.	5.50	5.48	11.60	7.07
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

¹ Average rate of interest for period.

3.5 RATES OF INTEREST ON BONDS AND DEBENTURES, PER CENT

Period	Secondary market rates						Rates at issue		
	Long-term rate		Taxable government bonds	Taxable public issues	Issued by:		Taxfree public issues	Taxable public issues	Taxfree public issues
	3 years	5 years			Financial institutions	Corporations			
1	2	3	4	5	6	7	8	9	
1984	..	..	.	14.0	..	..	10.6	13.6	11.1
1985	..	..	.	12.7	..	..	10.1	12.7	10.6
1986	..	..	.	11.7	..	..	8.3	11.3	8.8
1987	..	..	.	11.2	11.1	11.2	8.1	10.7	7.9
1988	10.7	10.8	10.6	10.6	10.6	10.6	7.8	10.4	7.3
1988									
Nov.	11.6	11.6	11.6	11.0	11.0	11.3	7.8	10.7	7.2
Dec.	11.8	11.7	11.6	11.3	11.3	11.1	7.5	11.3	7.2
1989									
Jan.	11.8	11.7	11.6	11.8	11.7	12.0	7.4	11.1	6.5
Feb.	11.5	11.4	11.7	11.5	11.8	11.3	7.5	11.5	6.5
March	11.6	11.6	11.8	11.8	11.5	11.8	7.7	11.5	6.5
April	11.9	11.8	11.8	11.8	11.9	11.7	7.6	11.6	6.5
May	11.8	11.7	11.8	11.8	11.9	11.8	7.9	11.6	6.5
June	11.9	11.7	12.3	11.8	11.8	11.7	8.1	11.5	6.5
July	11.8	11.7	12.1	11.8	12.0	11.6	8.2	11.6	6.5
Aug.	11.9	11.7	11.9	11.9	11.8	12.0	8.5	11.5	6.5
Sept.	12.5	12.0	12.2	12.1	12.0	12.2	8.4	11.9	6.5
Oct.	13.3	12.8	12.4	12.2	12.8	12.3	8.4	11.9	6.5
Nov.	13.3	12.9	12.6	12.4	12.2	12.6	8.7	12.2	6.5

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	
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEC	1 BEL
	1	2	3	4	5	6	7	8	9	10	11
1985	6.206	4.554	8.000	6.590	0.7222	0.7231	0.5871	2.1142	1.8745	0.10483	0.10421
1986	5.077	3.659	7.459	6.816	0.7138	0.6882	0.6290	2.3454	2.0789	0.11399	0.11299
1987	4.404	3.325	7.213	6.556	0.6952	0.6547	0.6444	2.4514	2.1755	0.11806	0.11735
1988	4.191	3.412	7.466	6.397	0.6848	0.6444	0.6235	2.3895	2.1233	0.11421	0.11345
1989	4.295	3.632	7.051	6.104	0.6673	0.6234	0.5886	2.2879	2.0281	0.10925	0.10894
1988											
Dec.	4.140	3.466	7.565	6.319	0.6816	0.6365	0.6112	2.3590	2.0902	0.11262	0.11212
1989											
Jan.	4.247	3.568	7.561	6.223	0.6804	0.6385	0.6003	2.3234	2.0583	0.11098	0.11048
Feb.	4.299	3.623	7.550	6.206	0.6814	0.6411	0.5974	2.3231	2.0578	0.11091	0.11045
March	4.302	3.604	7.393	6.170	0.6756	0.6347	0.5925	2.3084	2.0459	0.11026	0.10982
April	4.197	3.534	7.149	6.001	0.6605	0.6190	0.5776	2.2465	1.9913	0.10737	0.10691
May	4.347	3.650	7.090	5.975	0.6618	0.6187	0.5737	2.2325	1.9805	0.10672	0.10639
June	4.437	3.706	6.899	5.985	0.6643	0.6183	0.5757	2.2397	1.9884	0.10708	0.10681
July	4.278	3.602	6.947	6.043	0.6622	0.6164	0.5818	2.2601	2.0043	0.10803	0.10786
Aug.	4.348	3.703	6.950	6.036	0.6657	0.6186	0.5814	2.2582	2.0029	0.10802	0.10782
Sept.	4.419	3.744	6.952	6.050	0.6698	0.6215	0.5830	2.2650	2.0088	0.10827	0.10803
Oct.	4.281	3.649	6.809	6.115	0.6648	0.6177	0.5892	2.2951	2.0326	0.10933	0.10897
Nov.	4.262	3.649	6.715	6.180	0.6644	0.6190	0.6001	2.3302	2.0648	0.11108	0.11089
Dec.	4.125	3.556	6.597	6.262	0.6569	0.6167	0.6107	2.3725	2.1016	0.11294	0.11289

Average of daily quotations	Zurich	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Tokyo	Moscow	Melbourne	ECU	SDR
	1 CHF	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 JPY	1 SUR	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22	23
1985	2.5360	0.6940	0.00327	0.3012	0.0367	0.1520	0.0366	0.02610	7.419	..	..	6.27879
1986	2.8349	0.7355	0.00343	0.3339	0.0343	0.1259	0.0364	0.03028	7.228	..	..	5.94432
1987	2.9563	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	0.03050	6.965	3.106	5.075	5.68010
1988	2.8700	0.7060	0.00324	0.3401	0.0294	0.1006	0.0361	0.03273	6.891	3.309	4.954	5.61826
1989	2.6306	0.6757	0.00315	0.3254	0.0276	0.0782	0.0364	0.03122	6.817	3.423	4.731	5.49375
1988												
Dec.	2.8009	0.6921	0.00321	0.3357	0.0288	0.0929	0.0366	0.03349	6.862	3.573	4.899	5.59952
1989												
Jan.	2.7332	0.6831	0.00318	0.3308	0.0286	0.0887	0.0372	0.03346	6.896	3.712	4.840	5.61726
Feb.	2.7314	0.6838	0.00319	0.3305	0.0286	0.0870	0.0373	0.03369	6.943	3.704	4.838	5.64865
March	2.6830	0.6824	0.00316	0.3284	0.0283	0.0842	0.0372	0.03305	6.896	3.530	4.801	5.60538
April	2.5518	0.6659	0.00308	0.3195	0.0275	0.0819	0.0363	0.03181	6.702	3.395	4.672	5.44433
May	2.5138	0.6615	0.00308	0.3176	0.0273	0.0814	0.0359	0.03151	6.770	3.374	4.644	5.48599
June	2.5942	0.6616	0.00310	0.3185	0.0271	0.0789	0.0351	0.03079	6.831	3.367	4.639	5.49166
July	2.6243	0.6679	0.00314	0.3214	0.0273	0.0762	0.0361	0.03047	6.759	3.260	4.678	5.42928
Aug.	2.6201	0.6700	0.00316	0.3211	0.0273	0.0751	0.0362	0.03079	6.821	3.336	4.678	5.47435
Sept.	2.6202	0.6723	0.00316	0.3220	0.0273	0.0740	0.0363	0.03047	6.870	3.435	4.694	5.49998
Oct.	2.6260	0.6776	0.00314	0.3263	0.0272	0.0717	0.0362	0.03014	6.801	3.338	4.710	5.43586
Nov.	2.6348	0.6868	0.00319	0.3312	0.0273	0.0705	0.0367	0.02971	6.799	3.359	4.765	5.43347
Dec.	2.6339	0.6959	0.00321	0.3371	0.0273	0.0691	0.0369	0.02872	6.716	3.263	4.810	5.35882

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 January 2, 1990
		Payments currency index	MERM index		
	1	2	3		4
1985	102.5	109.4	112.5	USD	8.4
1986	103.9	106.3	110.4	GBP	13.6
1987	103.3	103.2	106.1	SEK	19.1
1988	102.0	101.0	104.7	NOK	3.8
1989	98.4	98.4	102.8	DKK	4.4
				DEM	19.1
1988				NLG	4.8
Dec.	101.4	100.2	104.2	BEC	3.1
				CHF	2.4
1989				FRF	6.5
Jan.	100.9	100.2	104.6	ITL	5.0
Feb.	101.0	100.5	105.2	ATS	1.6
March	100.1	99.8	104.4	ESP	1.9
April	97.4	97.1	101.6	JPY	6.3
May	97.3	97.6	102.4		
June	97.2	97.9	102.8		
July	97.4	97.5	101.7		
Aug.	97.7	98.0	102.6		
Sept.	98.0	98.6	103.1		
Oct.	97.7	97.8	102.0		
Nov.	98.1	98.1	102.1		
Dec.	97.9	97.6	100.9		

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
1984	16 975	108 118	.	125 093	4 960	11 287	141 340
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
1988*							
Oct.	25 168	170 139	6 530	201 837	4 667	42 652	249 156
Nov.	23 389	171 714	6 602	201 706	4 936	44 564	251 206
Dec.	24 831	194 181	5 089	224 102	4 561	41 028	269 690
1989*							
Jan.	24 190	194 308	5 842	224 340	4 526	48 256	277 122
Feb.	26 225	194 930	6 433	227 588	4 900	48 346	280 834
March	25 618	193 825	6 932	226 375	4 660	51 153	282 187
April	25 872	195 207	7 408	228 487	5 323	55 898	289 707
May	26 969	194 708	7 672	229 349	5 627	51 275	286 250
June	29 176	196 927	8 080	234 182	6 499	57 898	298 580
July	29 608	195 487	8 371	233 465	6 745	58 715	298 925
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	6 550	70 701	310 956

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
1984	5 233	7 644	111 280	124 157	20 363	144 520
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
1988*						
Oct.	10 647	4 796	216 684	232 127	47 526	279 653
Nov.	10 898	4 902	221 029	236 830	48 213	285 043
Dec.	11 358	5 920	234 268	251 545	49 910	301 455
1989*						
Jan.	11 765	5 334	237 089	254 188	52 726	306 914
Feb.	11 783	5 044	239 517	256 345	56 193	312 537
March	12 595	5 122	241 517	259 234	55 929	315 163
April	12 836	5 129	240 945	258 910	57 233	316 143
May	12 926	5 195	246 520	264 641	59 553	324 194
June	13 422	5 347	248 921	267 691	60 671	328 362
July	14 052	5 305	250 961	270 318	59 621	329 939
Aug.	13 931	5 358	253 401	272 691	60 892	333 582
Sept.	14 691	5 436	256 014	276 141	62 836	338 977
Oct.	15 190	5 471	256 958	277 619	65 458	343 078

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
1984	-2 575	-5 483	176 694	171 211	-26 978	24 945	141 658
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	-15 691	351 266	335 574	-48 866	35 232	246 039
1988*							
Oct.	-38 414	-15 174	327 518	312 344	-50 503	35 538	223 428
Nov.	-38 919	-16 343	333 845	317 502	-54 941	33 856	223 642
Dec.	-40 670	-15 691	351 266	335 574	-48 866	35 232	246 039
1989*							
Jan.	-40 982	-13 442	358 025	344 583	-57 465	34 954	246 137
Feb.	-41 631	-13 958	364 209	350 252	-58 621	37 294	250 000
March	-43 785	-16 112	368 268	352 156	-59 424	36 810	248 947
April	-45 413	-13 377	372 511	359 134	-61 684	37 559	252 037
May	-47 950	-10 575	377 748	367 173	-65 853	38 966	253 370
June	-50 499	-11 982	384 021	372 039	-58 889	42 526	262 651
July	-49 924	-13 556	385 135	371 579	-59 946	41 333	261 708
Aug.	-51 975	-14 549	390 251	375 703	-62 613	40 017	261 115
Sept.	-53 458	-15 401	396 312	380 911	-66 143	39 625	261 310
Oct.	-55 551	-15 567	399 696	384 128	-66 557	40 176	262 020

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
1984	16 513	2 666	5 767	24 946	12 037	4 520	2 766	19 323	44 269	33 816	6 300
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
1988											
Oct.	20 015	1 833	5 100	26 948	24 056	4 980	3 310	32 346	59 294	43 357	13 886
Nov.	19 643	1 814	4 324	25 781	24 079	4 984	2 980	32 043	57 824	43 349	15 683
Dec.	20 202	1 804	4 273	26 279	24 243	5 272	2 290	31 805	58 084	42 990	15 858
1989											
Jan.	20 208	1 790	4 216	26 214	23 563	5 261	2 130	30 954	57 168	43 474	13 022
Feb.	19 999	1 486	4 158	25 643	23 877	5 225	1 930	31 032	56 675	43 932	13 926
March	19 285	1 234	3 893	24 412	24 399	5 219	1 630	31 248	55 660	44 013	17 893
April	18 236	1 219	3 678	23 133	24 508	4 975	1 280	30 763	53 896	44 313	15 128
May	19 333	1 239	3 564	24 136	24 351	4 806	980	30 137	54 273	44 418	14 374
June	18 759	1 249	3 400	23 408	24 539	4 810	780	30 129	53 537	44 595	14 598
July	18 587	1 229	3 370	23 186	24 526	4 812	660	29 998	53 184	44 848	16 701
Aug.	18 809	1 166	3 390	23 365	24 352	4 798	420	29 570	52 935	44 786	17 363
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	..	17 788

5.5 DOMESTIC BOND MARKET

A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1984	2 528	6 167	5 073	112	32	1 947	5 336	6 629	13 912
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
1988									
Nov.	14	1 240	183	—	—	873	183	381	1 437
Dec.	838	808	174	3	50	638	174	1 062	1 874
1989									
Jan.	738	1 451	1 075	47	—	1 284	1 293	734	3 311
Feb.	153	1 403	1 800	7	—	2 683	400	280	3 362
March	391	1 785	—	6	—	1 234	381	566	2 181
April	274	345	982	13	—	375	—	1 239	1 614
May	353	458	450	56	—	495	450	371	1 316
June	502	2 602	—	15	—	1 111	—	2 008	3 119
July	58	100	—	8	3	100	—	69	169
Aug.	247	103	450	35	—	507	200	128	835
Sept.	789	763	800	7	3	1 310	273	779	2 362
Oct.	102	1 262	160	8	7	1 226	—	313	1 540
Nov.	150	875	—	23	—	761	—	288	1 048

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
1984	6 766	19 960	14 904	247	43	3 531	15 148	23 242	41 921
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*	19 222	42 927	28 953	1 412	292	31 970	30 064	30 771	92 805
1988*									
III	18 407	40 650	28 478	1 416	246	29 804	29 588	29 805	89 197
IV	19 222	42 927	28 953	1 412	292	31 970	30 064	30 771	92 805
1989*									
I	20 237	46 069	28 907	1 417	392	35 733	29 416	31 874	97 023
II	20 675	49 118	28 907	1 473	384	37 747	29 384	33 426	100 557
III	21 657	49 328	29 308	1 499	389	39 255	29 487	33 439	102 181

5.6 HELSINKI STOCK EXCHANGE

During period	Turnover, mil.FIM			Share prices Unitas 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
1988						
Dec.	3 475	966	4 441	443	786	732
1989						
Jan.	2 622	314	2 936	439	792	736
Feb.	5 491	883	6 373	447	829	771
March	4 530	463	4 993	467	838	784
April	3 520	171	3 691	489	854	807
May	2 861	367	3 228	482	851	801
June	2 016	268	2 283	486	844	796
July	1 344	303	1 647	473	823	776
Aug.	3 198	1 171	4 370	466	829	776
Sept.	2 265	400	2 665	429	786	732
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

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.	Trans- port receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Invest- ment income	Trans- fers and other income	Current account of receipts (6+7+8)	Imports of goods, c.i.f.	Trans- port ex- pend- iture	Travel ex- pend- iture	Other services ex- pend- iture
	1	2	3	4	5	6	7	8	9	10	11	12	13
1984	78 961	6 580	3 039	5 610	15 229	94 190	4 537	3 624	102 351	73 496	2 572	4 250	5 819
1985	82 475	6 216	3 258	6 224	15 698	98 173	5 847	3 791	107 811	80 764	2 545	5 031	6 554
1986	81 066	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*	91 299	7 146	4 257	6 333	17 736	109 035	7 752	3 396	120 183	91 234	3 576	7 913	7 500
1987													
I	20 038	1 474	660	1 253	3 387	23 425	1 127	876	25 427	19 528	572	1 467	1 473
II	21 302	1 644	929	1 382	3 955	25 257	1 175	797	27 229	20 508	673	1 688	1 529
III	20 849	1 698	1 339	1 573	4 610	25 459	1 115	781	27 355	20 258	670	1 915	1 467
IV	21 638	1 554	808	1 890	4 252	25 890	1 659	777	28 325	21 573	694	1 741	2 019
1988*													
I	20 513	1 663	777	1 511	3 951	24 464	1 804	818	27 086	19 684	715	1 830	2 041
II	22 565	1 828	1 041	1 456	4 325	26 890	1 781	864	29 535	23 185	831	1 917	1 760
III	21 617	1 913	1 486	1 518	4 916	26 533	1 944	883	29 361	23 769	1 013	2 210	1 813
IV	26 603	1 743	954	1 848	4 544	31 148	2 223	831	34 201	24 597	1 017	1 956	1 886
1989*													
I	24 904	1 884	865	1 640	4 388	29 292	2 323	986	32 601	24 320	753	2 081	2 265
II	23 331	2 009	1 100	1 540	4 649	27 980	2 271	1 068	31 320	24 803	905	2 230	1 979
III	22 594	2 115	1 494	1 731	5 340	27 934	2 525	1 092	31 552	25 624	1 128	2 494	2 029

During period	Services expend- iture, total (11+12 +13)	Imports of goods and services (10+14)	Invest- ment ex- pend- iture (15+16)	Trans- fers and other ex- pend- iture (17)	Current account expenditure (15+16 +17)	Trade account (1-10)	Trans- port account (2-11)	Travel (3-12)	Other services (4-13)	Services account and services (20+21 +22)	Goods account net (19+23)	Invest- ment income, others, net (7-16)	Trans- fers and others, net (8-17)	Current account and services, net (24+25 +26) = (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1984	12 641	86 137	11 298	5 010	102 445	5 465	4 008	-1 211	-209	2 588	8 053	-6 761	-1 385	-93
1985	14 130	94 893	12 134	5 300	112 327	1 711	3 671	-1 773	-330	1 568	3 279	-6 287	-1 509	-4 517
1986	13 162	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*	18 989	110 223	15 769	6 771	132 763	64	3 570	-3 656	-1 167	-1 252	-1 188	-8 017	-3 375	-12 580
1987														
I	3 512	23 040	2 901	1 745	27 686	509	901	-806	-220	-125	385	-1 774	-869	-2 259
II	3 890	24 398	3 624	1 288	29 309	794	971	-759	-147	65	859	-2 450	-490	-2 081
III	4 052	24 310	2 660	1 303	28 274	591	1 028	-576	106	558	1 149	-1 545	-522	-919
IV	4 455	26 027	3 431	1 523	30 982	65	860	-933	-129	-203	-138	-1 773	-747	-2 657
1988*														
I	4 585	24 269	3 882	1 919	30 070	828	948	-1 053	-529	-634	194	-2 077	-1 100	-2 983
II	4 508	27 692	3 863	1 501	33 056	-619	997	-876	-304	-183	-802	-2 082	-637	-3 521
III	5 037	28 805	3 511	1 503	33 819	-2 151	900	-725	-296	-120	-2 272	-1 567	-620	-4 459
IV	4 859	29 456	4 514	1 848	35 818	2 007	725	-1 003	-38	-315	1 692	-2 291	-1 017	-1 617
1989*														
I	5 100	29 420	4 288	2 132	35 839	584	1 130	-1 216	-625	-711	-127	-1 965	-1 146	-3 238
II	5 114	29 917	5 076	1 751	36 744	-1 472	1 104	-1 130	-439	-465	-1 937	-2 805	-683	-5 424
III	5 651	31 275	4 772	1 692	37 739	-3 030	987	-1 000	-298	-311	-3 341	-2 247	-599	-6 188

6.2 CAPITAL ACCOUNT, MILL. FIM

During period	Direct investment in Finland	Portfolio investment in Finland	Long-term credits				Imports of other long-term capital	Imports of long-term capital (1+2+6+7)	Direct investment abroad	Portfolio investment abroad	Long-term export credits	Exports of other long-term capital	Exports of long-term capital (9+10+11+12)	Long-term capital account (8-13)
			Central government	Authorized banks	Others	Total (3+4+5)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1984	324	1 492	2 598	2 861	1 090	6 549	68	8 433	2 479	408	1 682	-1 960	2 609	5 824
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	3 294	158	3 103	10 296	908
1988*	835	-182	-1 690	9 796	9 076	17 182	85	17 920	7 845	1 307	675	1 899	11 726	6 194
1987														
I	134	69	1 638	1 755	874	4 267	79	4 549	779	1 076	261	2 486	4 602	-53
II	215	58	-443	1 529	1 260	2 346	-55	2 564	934	1 339	-144	55	2 184	381
III	24	82	-1 019	945	549	475	12	593	682	519	106	82	1 389	-796
IV	51	-30	2 108	1 471	-157	3 422	55	3 498	1 346	360	-65	482	2 123	1 376
1988*														
I	64	6	-857	361	3 230	2 734	89	2 893	997	245	6	572	1 820	1 073
II	301	-212	1 171	2 356	1 599	5 126	-42	5 173	2 996	344	180	431	3 951	1 222
III	88	-43	-1 571	3 011	885	2 325	-19	2 351	1 661	375	89	380	2 505	-154
IV	382	67	-433	4 068	3 362	6 997	57	7 503	2 191	343	400	515	3 449	4 054
1989*														
I	-165	706	-141	5 951	2 199	8 009	42	8 592	3 173	-372	1 395	1 057	5 253	3 339
II	194	-289	-1 197	1 491	3 020	3 314	-22	3 197	1 784	430	543	160	2 917	280
III	295	461	-93	2 452	1 948	4 307	-16	5 047	1 686	283	225	158	2 352	2 695

During period	Basic balance	Short-term capital imports of authorized banks	Import liabilities and prepayments related to exports	Imports of short-term capital (16+17)	Short-term capital exports of authorized banks	Export receivables and prepayments related to imports	Exports of short-term capital (19+20)	Other short-term capital incl. errors and omissions	Short-term capital account (18-21+22)	Overall balance excl. reserve movements (15+23)	Change in central bank's foreign exchange reserves (26+27)	Of which:	
												Convertible reserves	Tied reserves
	15	16	17	18	19	20	21	22	23	24	25	26	27
1984	5 730	16 080	944	17 024	13 614	-2 811	10 803	-2 676	3 545	9 275	-9 275	-10 142	867
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	-7 007	19 324	-665	18 659	-7 343	-183	-7 526	-3 442	22 743	15 736	-15 736	-17 817	2 081
1988*	-6 386	10 695	-1 161	9 535	5 970	453	6 423	3 457	6 569	183	-183	-517	334
1987													
I	-2 311	3 682	1 076	4 757	-5 911	-118	-6 029	-2 239	8 547	6 236	-6 236	-7 020	785
II	-1 700	7 667	82	7 748	1 510	-118	1 392	1 580	7 937	6 237	-6 237	-5 569	-667
III	-1 714	8 738	-355	8 383	3 494	27	3 521	-2 512	2 351	637	-637	-2 407	1 771
IV	-1 281	-763	-1 468	-2 230	-6 436	27	-6 410	-271	3 908	2 627	-2 627	-2 820	193
1988*													
I	-1 911	6 501	-1 602	4 899	2 966	-802	2 164	1 516	4 251	2 341	-2 341	-1 295	-1 046
II	-2 300	11 731	539	12 270	4 363	-802	3 561	-1 692	7 018	4 718	-4 718	-4 662	-57
III	-4 613	-547	803	256	3 405	1 029	4 434	1 703	-2 475	-7 088	7 088	6 337	751
IV	2 438	-6 990	-901	-7 890	-4 764	1 029	-3 735	1 929	-2 226	212	-212	-897	685
1989*													
I	101	6 707	-624	6 083	4 685	71	4 756	392	1 720	1 820	-1 820	-1 372	-449
II	-5 144	9 788	-2 104	7 684	4 847	72	4 919	1 205	3 970	-1 174	1 174	152	1 022
III	-3 493	4 629	2 751	7 380	4 966	-580	4 386	-2 488	506	-2 987	2 987	1 802	1 185

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

End of period	Long-term liabilities								Long-term assets					Long-term debt, net (8-13)
	Direct investment in Finland	Portfolio investment in Finland	Long-term credits				Other long-term capital	Total (1+2+6+7)	Direct investment abroad	Portfolio investment abroad	Long-term export credits	Other long-term capital	Total (9+10+11+12)	
			Central government	Authorized banks	Others	Total (3+4+5)								
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1984	2 905	2 013	24 928	5 960	37 227	68 116	512	73 546	8 689	1 021	8 920	2 097	20 727	52 819
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	7 055	27 861	17 365	33 088	78 314	830	91 483	16 651	7 991	5 240	6 618	36 500	54 983
1988*	6 428	7 251	26 011	27 427	41 787	95 227	915	109 821	24 518	9 298	6 686	8 555	49 057	60 764
1987														
I	5 018	8 909	27 391	13 472	32 074	72 939	818	87 684	14 191	5 773	5 648	6 105	31 717	55 967
II	5 229	9 033	26 862	14 991	33 280	75 132	763	90 157	15 098	7 112	5 513	6 164	33 887	56 270
III	5 243	10 141	25 627	15 825	33 511	74 963	775	91 122	15 633	7 631	5 571	6 229	35 064	56 058
IV	5 285	7 055	27 861	17 365	33 088	78 314	830	91 483	16 651	7 991	5 240	6 618	36 500	54 983
1988*														
I	5 308	7 105	26 637	17 594	35 884	80 114	919	93 446	17 538	8 236	5 250	7 183	38 207	55 239
II	5 410	6 893	28 390	20 464	38 230	87 083	877	100 263	20 928	8 580	5 629	7 712	42 849	57 414
III	5 521	6 850	27 007	23 707	39 278	89 993	858	103 222	22 521	8 955	5 752	8 122	45 350	57 872
IV	6 428	7 251	26 011	27 427	41 787	95 227	915	109 821	24 518	9 298	6 686	8 555	49 057	60 764
1989*														
I	6 233	7 957	25 357	32 799	43 289	101 448	957	116 595	25 355	8 926	8 025	9 590	51 896	64 699
II	6 421	7 668	24 178	34 097	46 669	104 943	935	119 967	28 044	9 356	8 674	9 794	55 868	64 099
III	6 740	8 129	23 893	36 200	48 032	108 124	919	123 912	30 773	9 639	8 830	9 933	59 175	64 737

End of period	Short-term liabilities				Short-term assets				Short-term liabilities, net (18-22)	Debt, net (14+23)	Debt service payments	Of which: repayments	Debt service ratio
	Bank of Finland's short-term liabilities	Short-term liabilities of authorized banks	Trade credits and other liabilities	Total (15+16+17)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits and other assets	Total (19+20+21)					
1984	4 562	55 695	17 988	78 245	22 912	42 068	13 083	78 063	182	53 001	11 586	4 613	11.3
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	60 383	14 203	6 516	13.1
1988*	3 341	83 828	15 257	102 426	32 037	44 768	20 735	97 540	4 886	65 650	14 573	6 479	12.1
1987													
I	3 521	59 536	17 323	80 380	22 482	40 231	17 996	80 709	-329	55 638	3 203	1 411	12.6
II	3 490	67 208	17 719	88 417	28 680	41 741	18 110	88 531	-114	56 156	3 994	1 496	14.7
III	3 607	75 547	18 654	97 808	29 291	45 235	18 009	92 535	5 273	61 331	2 771	1 217	10.1
IV	3 362	73 132	16 898	93 392	31 134	38 798	18 060	87 993	5 400	60 383	4 236	2 392	15.0
1988*													
I	3 467	79 633	14 083	97 183	33 515	41 764	18 164	93 443	3 740	58 979	3 870	1 773	14.3
II	3 177	91 364	14 662	109 203	39 025	46 127	16 986	102 138	7 065	64 479	3 390	1 289	11.5
III	3 539	90 817	16 773	111 129	32 750	49 532	19 678	101 960	9 169	67 041	3 816	2 230	13.0
IV	3 341	83 828	15 257	102 426	32 037	44 768	20 735	97 540	4 886	65 650	3 497	1 187	10.2
1989*													
I	3 278	90 535	15 733	109 546	33 376	49 453	20 848	103 677	5 868	70 567	3 227	1 238	9.9
II	3 136	100 323	14 448	117 907	32 142	54 300	22 112	108 554	9 353	73 452	4 581	1 752	14.6
III	3 919	104 952	17 509	126 380	29 839	59 266	21 857	110 962	15 418	80 155	3 027	756	9.6

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
1984	34 012	13 366	25 440	728	73 546	17 624	1 243	1 678	182	20 727	52 819
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	35 549	26 734	28 691	511	91 483	23 377	9 740	2 653	730	36 500	54 983
1988*	41 267	41 128	26 926	499	109 821	31 124	12 977	3 101	1 855	49 057	60 764
1987											
I	37 133	21 860	28 209	481	87 684	19 729	8 958	2 458	572	31 717	55 967
II	38 100	23 960	27 625	474	90 157	21 371	9 431	2 465	621	33 887	56 270
III	38 943	25 240	26 402	538	91 122	22 571	9 297	2 519	677	35 064	56 058
IV	35 549	26 734	28 691	511	91 483	23 377	9 740	2 653	730	36 500	54 983
1988*											
I	37 289	28 097	27 556	506	93 446	23 616	10 717	2 851	1 023	38 207	55 239
II	39 035	31 460	29 267	503	100 263	27 172	11 469	2 887	1 322	42 849	57 414
III	39 381	35 469	27 865	506	103 222	28 974	11 845	2 938	1 594	45 350	57 872
IV	41 267	41 128	26 926	499	109 821	31 124	12 977	3 101	1 855	49 057	60 764
1989*											
I	41 786	47 978	26 314	515	116 595	32 212	14 288	3 299	2 097	51 896	64 699
II	42 908	51 447	25 113	501	119 967	35 327	14 978	3 331	2 232	55 868	64 099
III	45 387	53 224	24 812	491	123 912	37 332	15 906	3 374	2 563	59 175	64 737

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
1984	80 904	74 682	6 222
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
1988			
Nov.	9 904	8 113	1 791
Dec.	8 514	8 354	160
1989¹			
Jan.	8 260	8 252	8
Feb.	8 251	7 603	648
March	8 804	8 709	95
April	8 930	8 355	575
May	7 681	8 634	-953
June	7 145	8 032	-887
July	7 485	7 399	86
Aug.	7 885	9 761	-1 876
Sept.	7 573	8 539	-966
Oct.	10 397	10 776	-379
Nov.	9 452	9 841	-389

¹ Owing to certain technical difficulties during the summer months the figures for individual months of the foreign trade statistics compiled by the Board of Customs may contain inaccuracies. However, the cumulative total for January—November 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
1984	114	98	134	131	102
1985	115	104	138	135	102
1986	116	110	135	121	111
1987	118	119	138	119	116
1988	121	130	145	122	119
1988					
II	120	120	137	119	115
III	116	116	140	121	115
IV	121	128	140	119	117
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	125	124

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
1984	7 145	23 573	10 176	22 998	17 012	35 162	16 900	10 993	11 454	173
1985	6 728	25 030	9 803	24 412	18 055	38 676	17 770	11 675	12 967	432
1986	6 947	24 600	7 858	26 115	17 059	39 292	10 070	12 898	15 069	272
1987	7 470	27 058	7 770	26 230	16 988	41 191	9 389	14 138	17 478	611
1988	7 567	30 474	8 450	29 225	17 186	45 791	7 533	17 274	20 828	692
1988										
Nov.	686	2 851	730	3 972	1 665	4 227	492	1 369	1 858	167
Dec.	751	2 788	799	2 673	1 503	4 154	586	1 704	1 701	209
1989²										
Jan.	600	2 578	810	2 645	1 627	4 352	408	1 519	1 894	79
Feb.	604	2 621	832	2 704	1 490	3 832	515	1 316	1 912	28
March	625	2 953	761	2 775	1 690	4 370	574	1 495	2 246	24
April	660	2 728	673	3 308	1 561	4 096	540	1 626	1 963	130
May	669	2 712	633	2 198	1 469	4 165	678	1 830	1 834	127
June	598	2 518	587	1 991	1 451	3 927	598	1 787	1 705	15
July	551	2 510	737	2 471	1 216	3 514	925	1 439	1 513	8
Aug.	477	2 978	668	2 379	1 383	4 900	860	1 768	2 183	50
Sept.	598	2 599	648	2 243	1 485	3 914	753	1 763	1 987	122
Oct.	719	2 914	967	3 867	1 930	5 435	721	2 028	2 522	70
Nov.	701	2 865	848	3 319	1 719	4 685	899	1 965	2 256	36

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1988		1989* January—October		1988		1989* January—October	
	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	69 368	74.7	62 707	11.1	71 210	77.3	67 720	15.9
OECD Europe	60 049	64.6	53 611	9.4	57 523	62.4	54 744	16.5
Of which:								
Austria	936	1.0	980	29.1	1 140	1.2	1 060	15.5
Belgium and Luxembourg	1 818	2.0	1 617	8.3	2 318	2.5	2 409	28.1
Denmark	3 272	3.5	2 709	-0.2	2 674	2.9	2 680	22.3
France	4 902	5.3	4 459	12.0	3 724	4.0	3 560	15.6
Federal Republic of Germany	10 027	10.8	8 970	9.8	15 483	16.8	14 968	17.7
Italy	2 511	2.7	2 493	21.8	4 077	4.4	4 060	20.6
Netherlands	3 348	3.6	3 275	20.2	2 976	3.2	2 702	10.4
Norway	3 211	3.5	2 443	-9.5	2 180	2.4	2 038	11.7
Spain	1 433	1.5	1 489	30.9	1 034	1.1	905	9.6
Sweden	13 135	14.1	11 792	11.1	12 215	13.3	11 644	20.0
Switzerland	1 600	1.7	1 384	4.1	1 716	1.9	1 473	4.0
United Kingdom	11 995	12.9	10 279	5.0	6 371	6.9	5 616	6.9
Other OECD	9 320	10.0	9 096	21.8	13 687	14.9	12 976	13.1
Of which:								
Canada	1 136	1.2	1 115	19.7	656	0.7	813	45.6
Japan	1 689	1.8	1 690	22.0	6 784	7.4	6 346	12.8
United States	5 355	5.8	5 188	22.4	5 821	6.3	5 464	10.5
CMEA countries	15 527	16.7	13 174	9.9	13 523	14.7	11 850	7.3
Of which:								
Soviet Union	13 958	15.0	11 740	9.4	11 116	12.1	9 590	5.9
Developing countries	7 081	7.6	5 867	11.2	6 182	6.7	5 423	6.4
OPEC countries	1 494	1.6	1 230	5.2	710	0.8	529	-17.9
Other	5 588	6.0	4 637	12.8	5 471	5.9	4 894	9.9
Other countries	926	1.0	710	-6.3	1 204	1.3	1 044	-1.0
TOTAL	92 902	100.0	82 458	10.7	92 118	100.0	86 036	13.7
Of which:								
EEC countries	40 765	43.9	36 662	10.3	40 095	43.5	38 311	16.2
EFTA countries	19 022	20.5	16 689	7.5	17 340	18.8	16 318	17.1

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
1984	176 038	64 872	67 584	10 202	-2 647	316 049	96 993	88 857	324 185
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	2 243	360 097	102 130	106 568	355 659
1988*	209 986	75 278	81 256	11 470	8 901	386 891	106 124	118 772	374 243
1987*									
II	49 790	18 292	18 274	2 772	689	89 818	25 930	26 208	89 540
III	49 994	18 467	17 888	3 078	-607	88 820	25 996	26 226	88 590
IV	51 303	18 604	18 693	2 928	1 065	92 593	25 337	27 601	90 329
1988*									
I	51 908	18 617	19 542	2 856	1 496	94 419	25 406	27 905	91 921
II	51 897	18 750	19 866	2 763	2 848	96 124	26 705	29 746	93 083
III	52 883	18 879	20 792	2 980	2 587	98 121	25 617	30 581	93 157
IV	53 297	19 032	21 056	2 871	1 970	98 227	28 396	30 541	96 082
1989*									
I	53 522	19 180	21 259	2 811	3 546	100 319	27 812	31 890	96 241
II	54 617	19 300	22 642	2 796	2 785	102 140	26 061	30 614	97 586
III	54 743	19 411	23 147	2 838	4 626	104 764	25 576	31 969	98 371

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
1984	96.1	118.7	96.6	101.7	92.5	97.5	111.2
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*	111.1	110.6	111.2	114.5	114.8	107.3	110.3
1988*							
Oct.	113.4	106.2	113.5	118.1	118.5	108.0	113.0
Nov.	114.6	117.0	114.1	120.6	119.7	107.1	116.9
Dec.	113.1	123.1	112.2	119.5	116.7	105.5	116.6
1989*							
Jan.	113.1	117.1	114.0	120.5	121.0	106.0	107.5
Feb.	113.7	118.0	115.2	119.0	121.0	109.2	104.7
March	115.2	121.4	116.4	120.4	122.8	108.4	108.2
April	113.1	117.2	113.6	120.7	120.5	105.9	111.4
May	115.6	122.9	115.9	122.6	122.3	108.7	113.7
June	116.5	124.4	115.4	118.1	124.1	108.0	118.2
July	113.0	110.5	115.3	114.5	126.7	109.1	100.8
Aug.	115.8	94.8	118.0	117.7	134.0	107.5	106.5
Sept.	115.5	103.7	117.1	119.6	127.8	108.6	101.3
Oct.	113.4	118.2	114.4	115.6	123.3	107.6	104.3

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
1984	97.2	96.8	101.8	104.1	112.8	96.2	98.6	96.9
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	104.7	102.5	94.0	88.4	99.9	99.5	105.2	101.8
1987	111.3	107.7	95.6	89.0	101.0	102.6	114.3	106.7
1988*	116.7	113.0	108.6	106.0	113.4	110.6	135.0	110.4
1988*								
Sept.	121.6	115.3	..	..	..	..	..	111.7
Oct.	113.8	112.4	..	..	..	..	..	111.4
Nov.	121.9	115.2	..	..	..	..	..	112.9
Dec.	119.2	115.8	..	..	..	..	..	112.3
II	115.5	111.0	104.0	99.7	104.6	109.7	140.7	109.6
III	118.3	114.4	108.2	109.8	106.9	106.1	142.6	111.0
IV	118.3	114.5	116.7	120.2	127.1	113.0	146.5	112.2
1989*								
Jan.	123.5	119.5	..	..	..	..	..	113.3
Feb.	120.7	115.9	..	..	..	..	..	113.0
March	119.5	115.0	..	..	..	..	..	113.7
April	121.5	117.5	..	..	..	..	..	114.4
May	127.5	119.8	..	..	..	..	..	114.7
June	120.9	118.6	..	..	..	..	..	114.8
July	115.7	114.8	..	..	..	..	..	114.2
Aug.	130.5	119.1	..	..	..	..	..	115.3
Sept.	126.2	118.8	..	..	..	..	..	115.0
I	121.2	116.8	117.3	121.1	127.6	105.6	133.9	113.4
II	123.3	118.6	126.3	128.4	149.3	112.9	167.4	114.6

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
1984	92.4	92.0	92.9	92.7	93.0	92.0	95.1	95.3	94.8	97.1	96.0	98.1	95.1	94.6
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	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
1988¹	124.7	124.6	122.8	128.8	122.0	128.0	112.6	101.5	104.9	89.1	101.7	103.8	100.7	116.3
1988¹														
Nov.	..	..	..	..	..	..	114.5	103.5	107.2	89.8	103.9	106.9	102.5	119.8
Dec.	..	..	..	..	..	..	115.4	104.0	107.7	90.5	104.3	107.4	102.8	119.9
II	125.3	125.2	123.5	130.0	122.2	129.3	112.2	100.7	104.0	88.9	100.7	102.4	99.9	115.9
III	126.3	126.2	124.1	130.3	123.5	129.5	113.4	102.3	105.6	90.0	102.6	105.2	101.3	117.7
IV	128.4	128.6	126.6	132.1	125.2	131.4	114.7	103.6	107.3	90.0	104.0	107.1	102.5	119.6
1989¹														
Jan.	..	..	..	..	..	..	116.0	104.8	108.4	91.7	105.2	108.4	103.6	121.6
Feb.	..	..	..	..	..	..	116.6	105.5	109.0	92.4	105.8	109.6	103.9	121.9
March	..	..	..	..	..	..	117.9	105.9	109.3	93.4	106.3	110.2	104.4	123.4
April	..	..	..	..	..	..	119.1	107.0	110.6	93.6	107.1	109.9	105.8	124.3
May	..	..	..	..	..	..	119.5	107.4	111.3	93.2	107.8	110.1	106.6	124.9
June	..	..	..	..	..	..	120.6	107.4	111.4	92.6	107.9	110.4	106.8	124.6
July	..	..	..	..	..	..	120.4	107.4	111.4	92.6	108.2	110.5	107.1	124.8
Aug.	..	..	..	..	..	..	120.6	107.6	111.8	92.3	108.3	110.6	107.3	125.8
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
I	131.4	131.3	129.1	135.2	129.4	134.5	116.8	105.4	108.9	92.5	105.8	109.4	104.0	122.3
II	134.9	135.7	133.5	136.9	131.0	136.3	119.7	107.3	111.1	93.1	107.6	110.1	106.4	124.6

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	Agriculture and forestry	Industry	Construction			Service industries	
		1000 persons										
		%									%	
		1	2	3	4	5	6	7	8	9	10	11
1984		68.8	2 546	2 414	378	2 035	294	600	183	1 337	132	5.2
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
1988												
Oct.		68.7	2 555	2 448	373	2 076	226	543	200	1 479	107	4.2
Nov.		68.7	2 555	2 438	356	2 082	232	560	164	1 483	117	4.6
Dec.		68.3	2 540	2 436	366	2 070	233	551	197	1 455	104	4.1
1989												
Jan.		68.8	2 561	2 470	368	2 101	226	550	201	1 492	91	3.6
Feb.		69.0	2 567	2 476	367	2 109	231	552	191	1 502	91	3.5
March		68.3	2 544	2 456	365	2 091	232	554	209	1 461	88	3.4
April		69.2	2 576	2 486	372	2 114	232	550	202	1 502	91	3.5
May		69.4	2 585	2 499	360	2 139	223	577	194	1 506	86	3.3
June		68.9	2 566	2 478	359	2 119	219	566	197	1 495	88	3.4
July		68.7	2 558	2 463	371	2 093	197	558	198	1 510	95	3.7
Aug.		67.8	2 525	2 427	330	2 097	193	570	186	1 477	98	3.9
Sept.		68.3	2 545	2 457	364	2 093	218	576	211	1 452	89	3.5
Oct.		68.7	2 559	2 494	389	2 105	218	549	205	1 520	66	2.6

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
1984	22 526	42 737	598	9 711	75 572	1 894	77 466	22 155	44 333	18 444	24 836
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
1988											
Sept.	2 811	5 242	23	896	8 972	145	9 117	2 665	4 689	2 359	2 211
Oct.	3 052	5 247	41	1 294	9 634	234	9 868	2 759	5 088	2 487	2 451
Nov.	2 900	6 315	45	1 277	10 536	394	10 931	2 753	6 717	2 711	3 846
Dec.	3 116	7 486	57	1 555	12 214	537	12 751	3 012	5 193	2 542	2 142
1989											
Jan.	3 090	5 482	1	1 180	9 754	6	9 760	2 764	5 635	2 433	3 066
Feb.	2 792	6 185	86	824	9 887	67	9 953	2 708	6 177	2 464	3 446
March	3 375	5 613	37	1 014	10 040	1 713	11 754	2 735	5 204	2 589	2 320
April	3 881	6 221	36	1 266	11 405	63	11 468	2 911	6 055	3 337	2 532
May	2 927	6 045	38	2 349	11 359	300	11 658	3 135	6 870	2 881	3 544
June	3 186	6 347	13	1 156	10 701	264	10 965	3 034	5 632	3 033	2 447
July	3 938	7 353	62	945	12 298	115	12 412	3 453	5 043	2 594	2 203
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

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 (18+19)
1984	5 455	4 220	76 162	4 717	80 878	-590	-3 412	5 200	1 788
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	1 853	2 723
1988									
Sept.	772	445	8 570	1 623	10 193	402	-1 076	801	-275
Oct.	642	558	9 047	483	9 531	587	337	-15	322
Nov.	645	199	10 313	428	10 741	223	190	-1 239	-1 049
Dec.	811	208	9 224	316	9 540	2 990	3 211	323	3 533
1989									
Jan.	580	743	9 722	623	10 345	32	-586	-881	-1 466
Feb.	501	288	9 675	557	10 232	212	-278	-634	-912
March	591	640	9 170	1 841	11 011	870	742	137	880
April	544	941	10 451	379	10 830	954	638	-1 512	-875
May	670	642	11 317	639	11 956	42	-297	189	-109
June	839	316	9 821	515	10 336	880	629	-708	-79
July	619	-13	9 103	414	9 517	3 195	2 895	-151	2 744
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

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 2.3 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 Euromarket.

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

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

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

The rate of interest on taxfree bonds issued by the government and mortgage banks (Column 9) in the period from December 1, 1989 to December 31, 1990 may not exceed the Bank of Finland's base rate.

4 RATES OF EXCHANGE

Table 4.2 The weights of the Bank of Finland currency index (Column 1) are moving averages of the shares of countries in Finland's merchandise export and import trade. The index comprises 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 10) comprises the stock of central loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main

part of the latter is reserved for covering transferable allocations budgeted in previous years (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and Pekka Saarinen in the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 8.1 billion at the end of 1988.

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

vice 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.

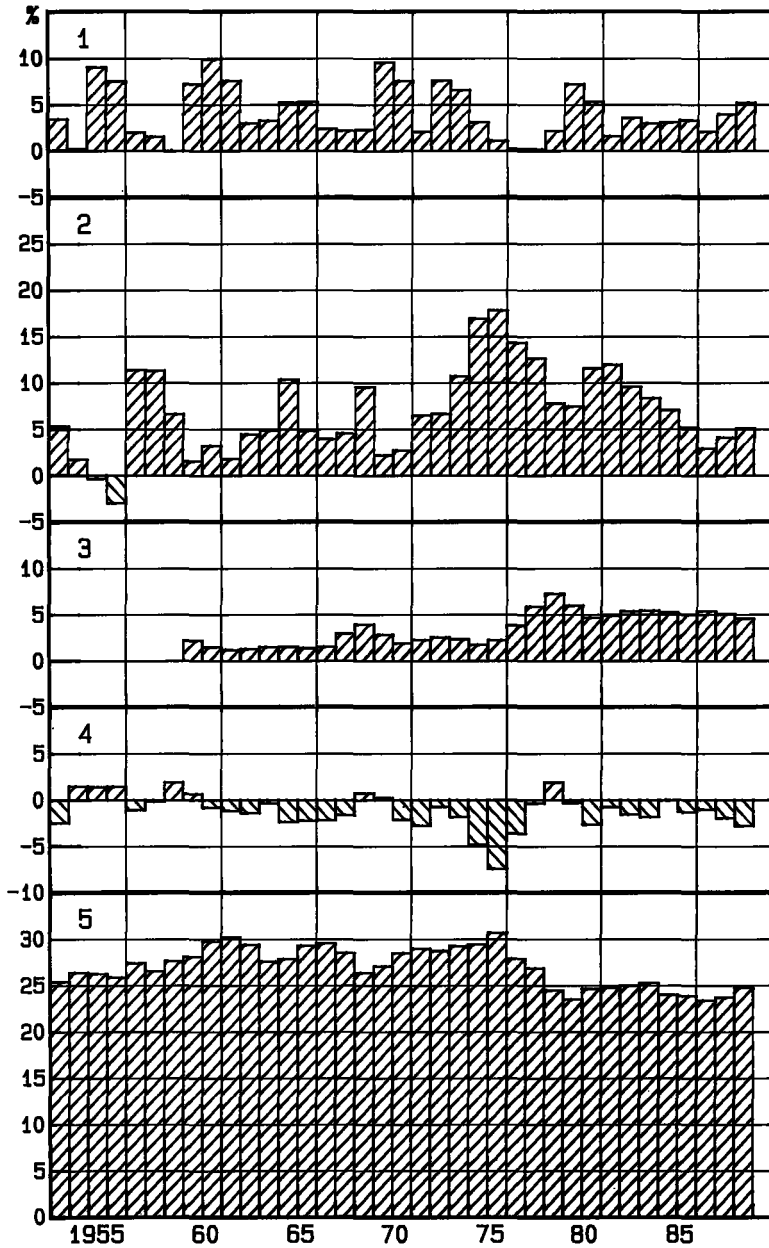
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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.

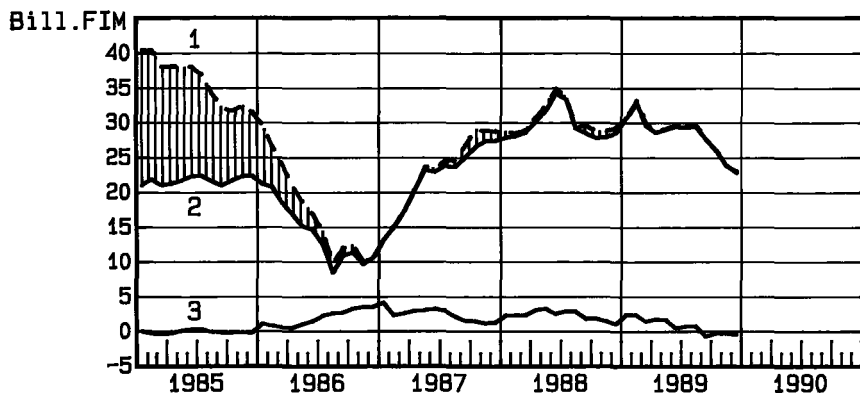
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Items affecting domestic liquidity	S29
5. Overnight rates	S30
6. HELIBOR rates of interest (daily)	S30
7. HELIBOR rates of interest (monthly)	S30
8. Rates of interest applied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

1. LONG-TERM INDICATORS



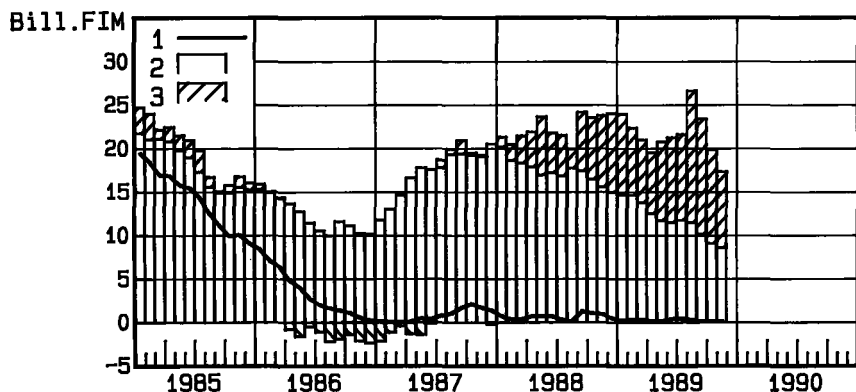
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



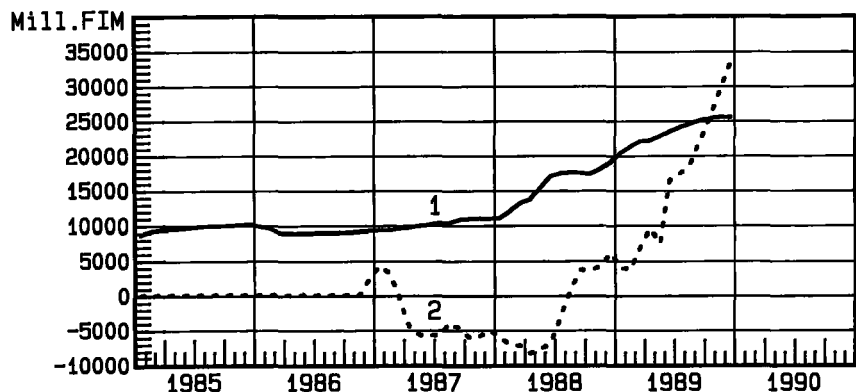
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves
3. Tied currencies

3. FORWARD MARKET



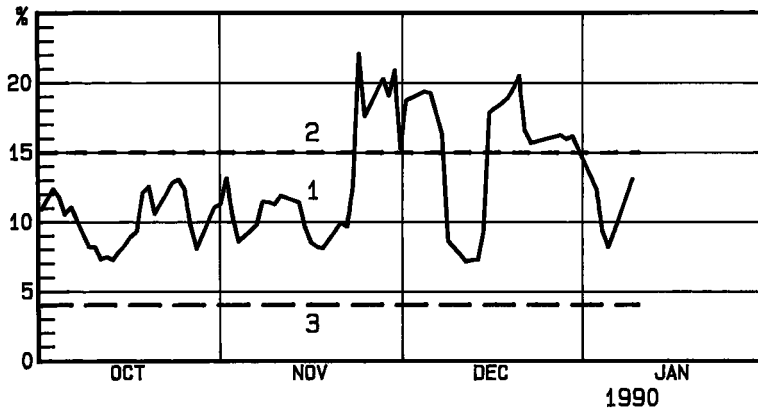
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

4. ITEMS AFFECTING DOMESTIC LIQUIDITY



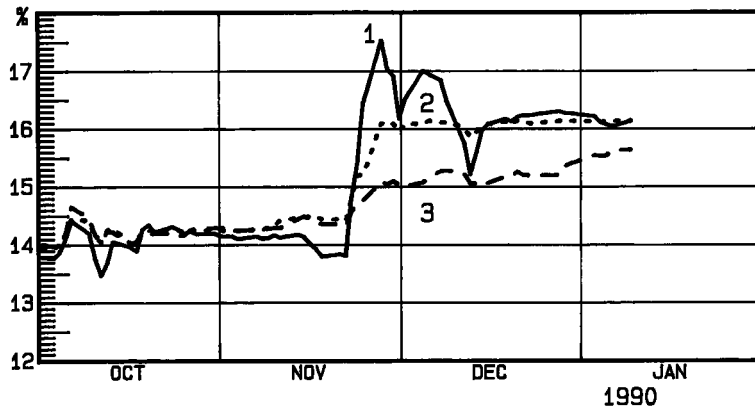
1. Cash reserve deposits
2. Bank of Finland's holdings of money market instruments, net

5. OVERNIGHT RATES



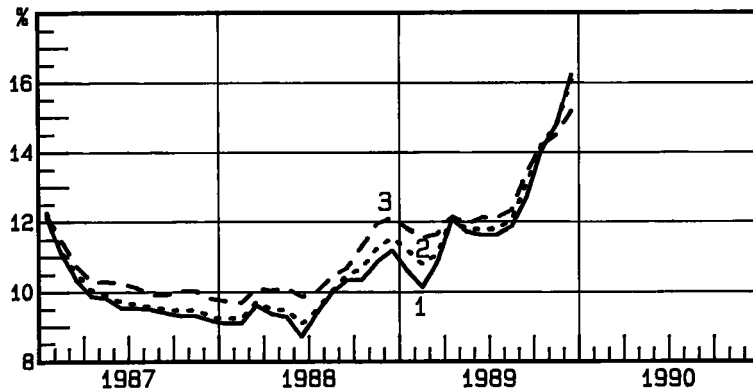
- 1. Inter-bank overnight rate
 - 2. Call money credit rate
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



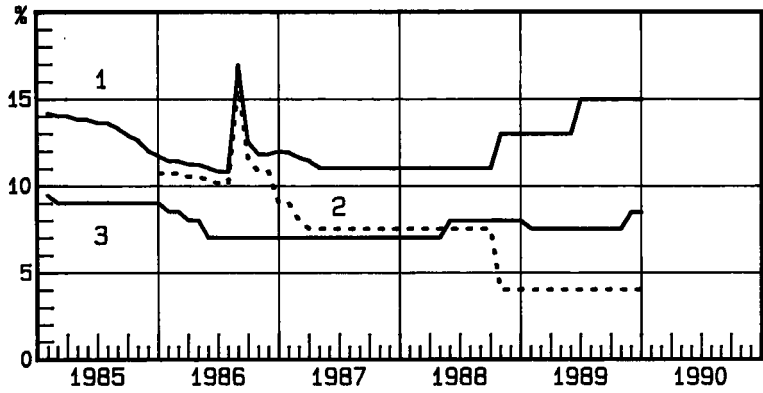
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Daily observations

7. HELIBOR RATES OF INTEREST



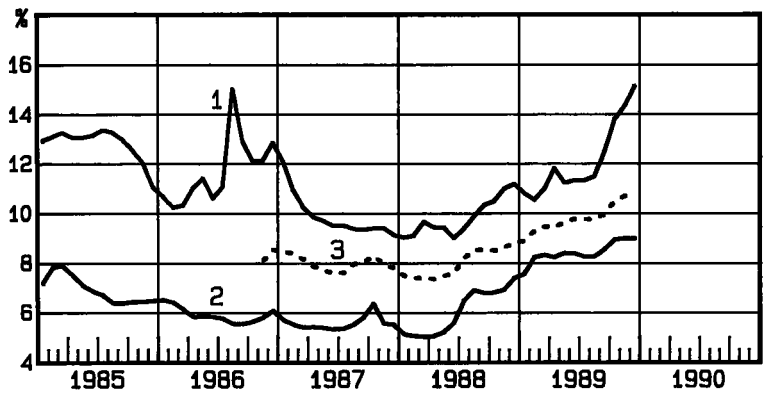
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Monthly averages

8. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



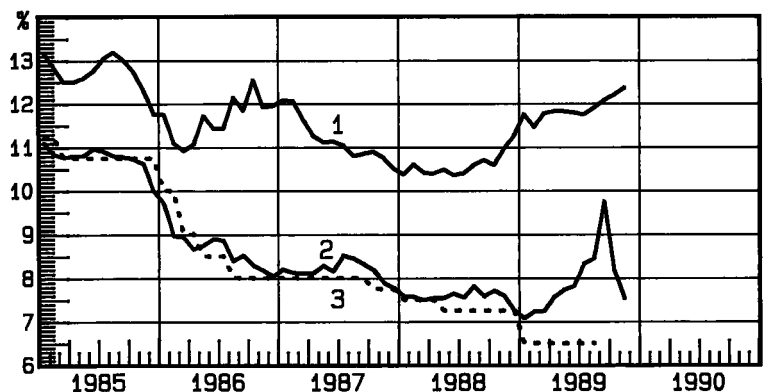
- 1. Call money credit rate
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

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



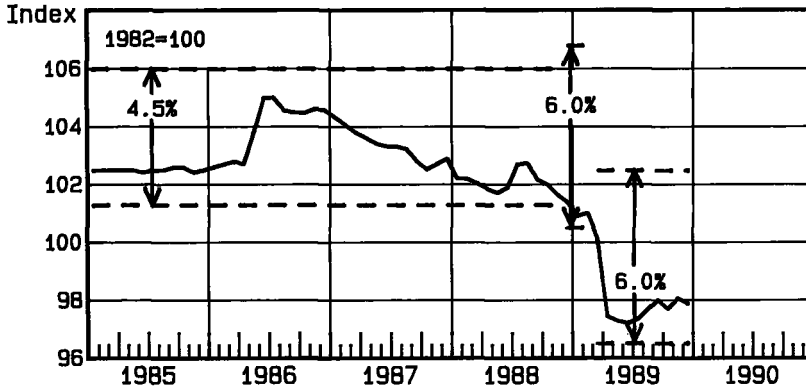
- 1. Covered Eurodollar rate
- 2. 3-currency basket rate (DEM 60 %, USD 30 %, GBP 10 %)
- 3. 14-currency basket rate (Bank of Finland currency index weights)

10. SECONDARY MARKET RATES ON BONDS AND DEBENTURES



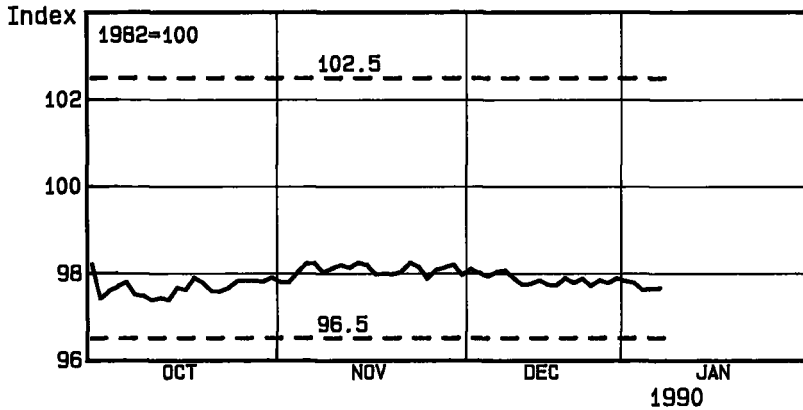
- 1. Rate on (3-6 year) fixed-rate debentures
- 2. Rate on (9-10 year) tax-free government bonds
- 3. Rate at issue on new 10-year taxfree government bonds

11. BANK OF FINLAND CURRENCY INDEX



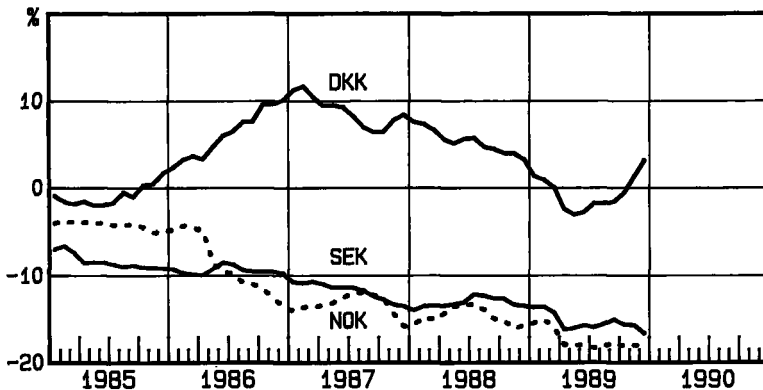
4.5 % and 6.0 % = fluctuation range of the index
Monthly averages

12. BANK OF FINLAND CURRENCY INDEX



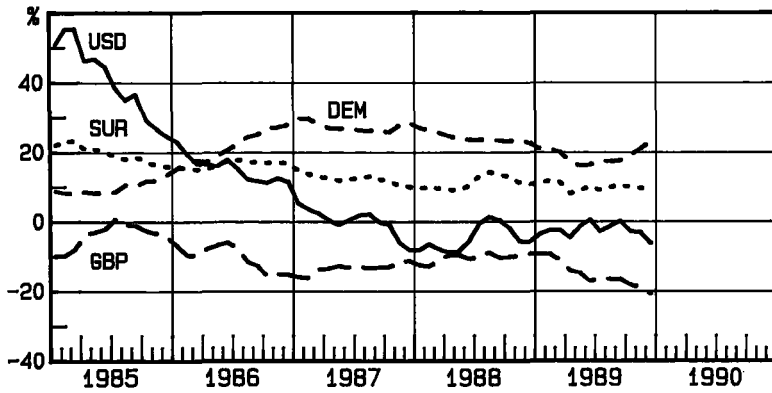
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



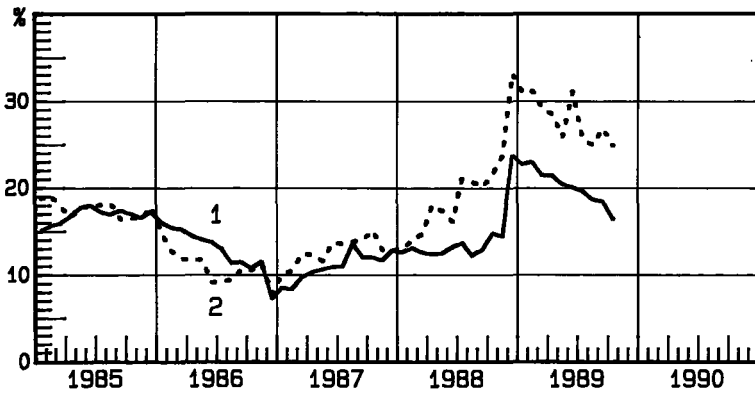
Monthly changes in marka selling rates calculated from the average rates for January 1982

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



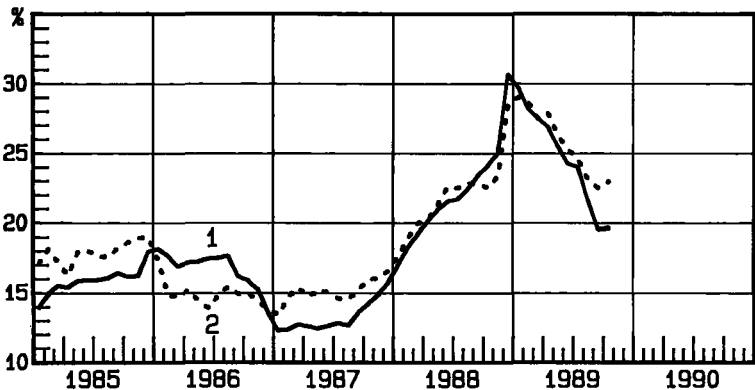
Monthly changes in markka selling rates calculated from the average rates for January 1982

15. BANK DEPOSITS FROM THE PUBLIC



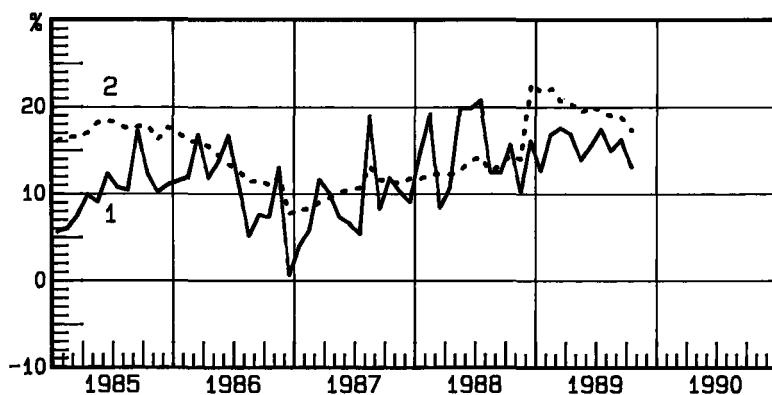
1. Regulated deposits
2. Total deposits
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



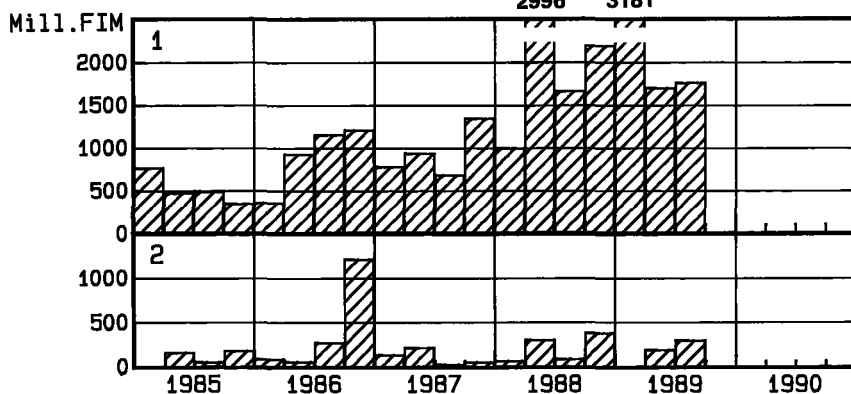
1. Markka lending
2. Total lending
Change from the corresponding month of the previous year, per cent

17. MONEY SUPPLY



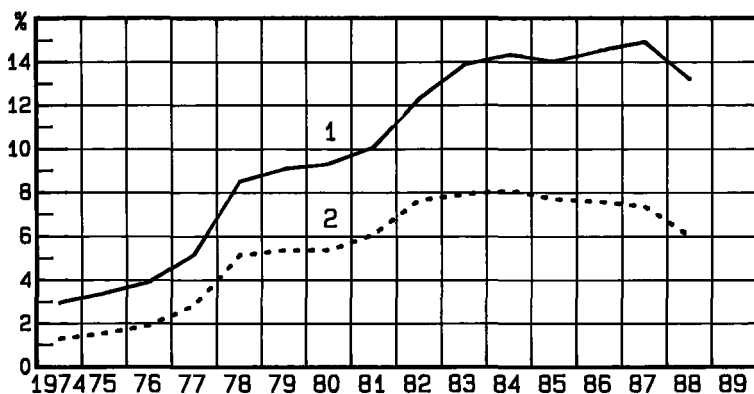
1. Narrow money supply (M1)
 2. Broad money supply (M2)
- Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



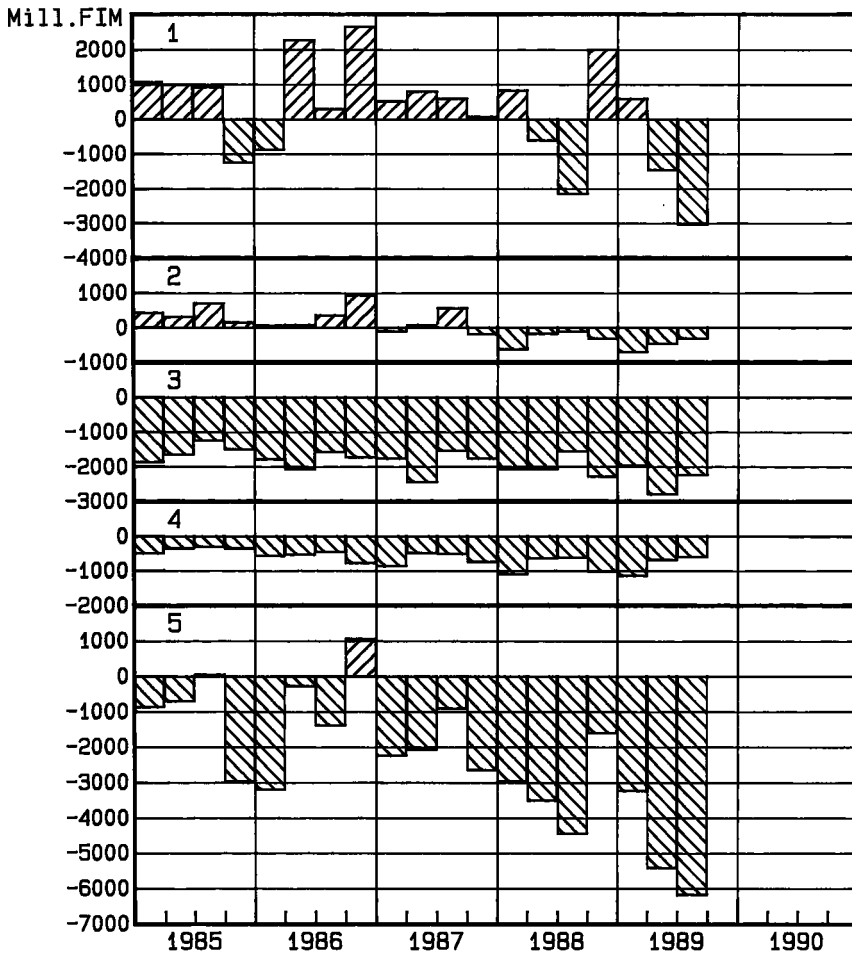
1. Finnish direct investment abroad, net
2. Foreign direct investment in Finland, net

19. CENTRAL GOVERNMENT DEBT



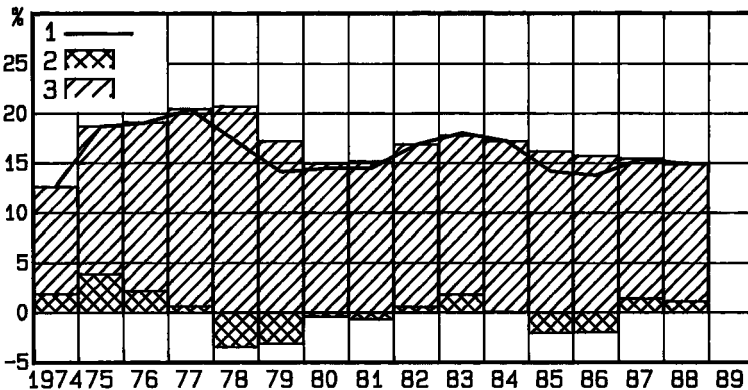
1. Total debt
 2. Of which: foreign debt
- As a percentage of GDP

20. CURRENT ACCOUNT



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

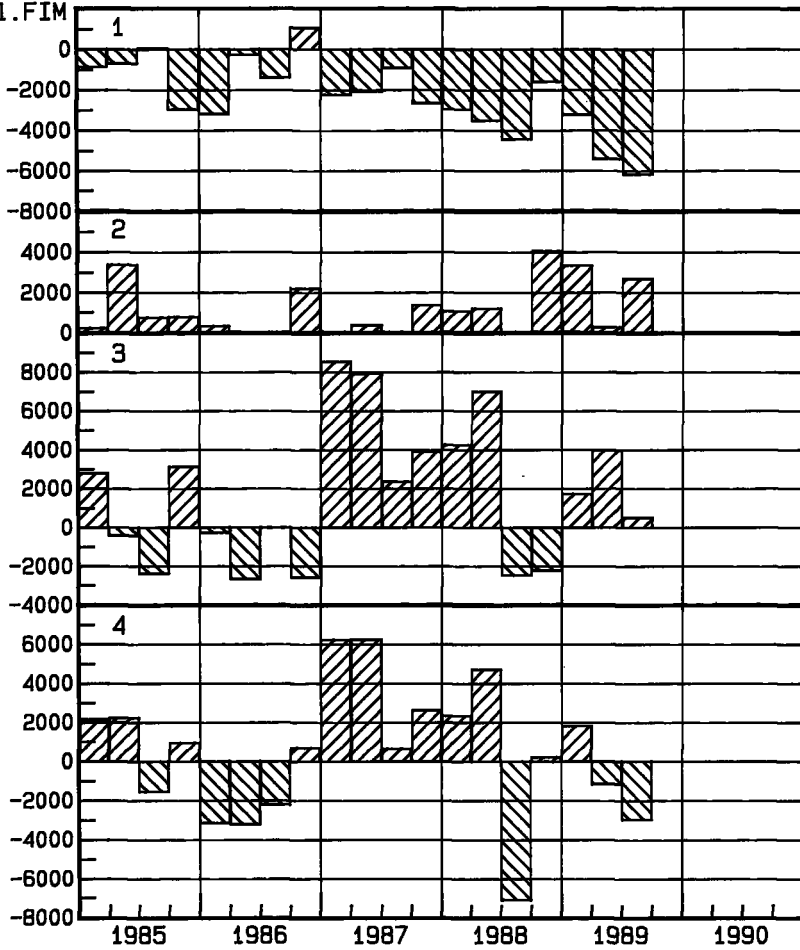
21. FOREIGN DEBT



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

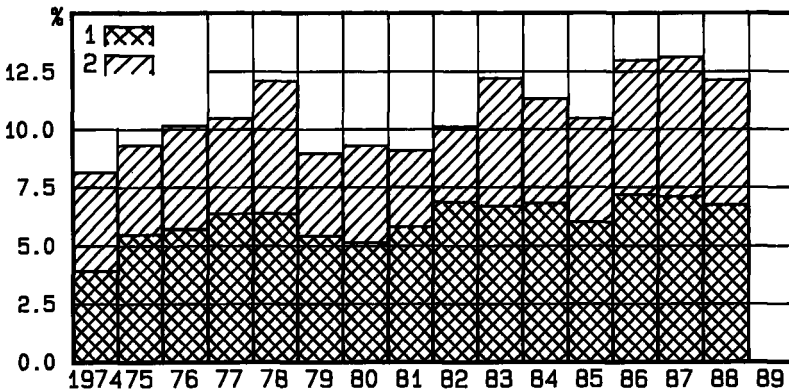
22. BALANCE OF PAYMENTS

Mill.FIM



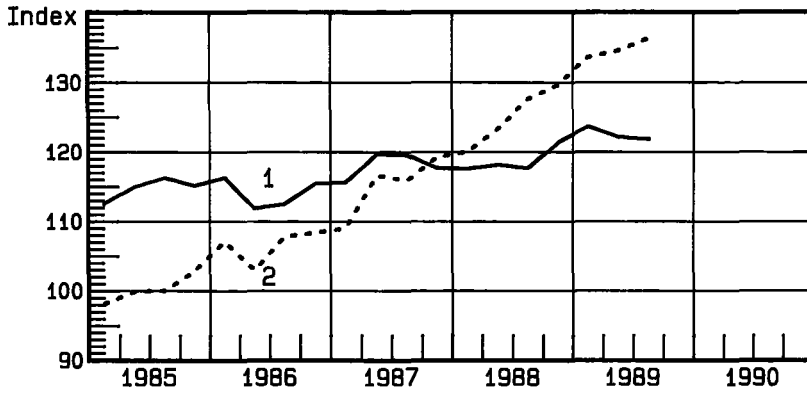
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance=change in the foreign exchange reserves of the Bank of Finland

23. DEBT SERVICE RATIO



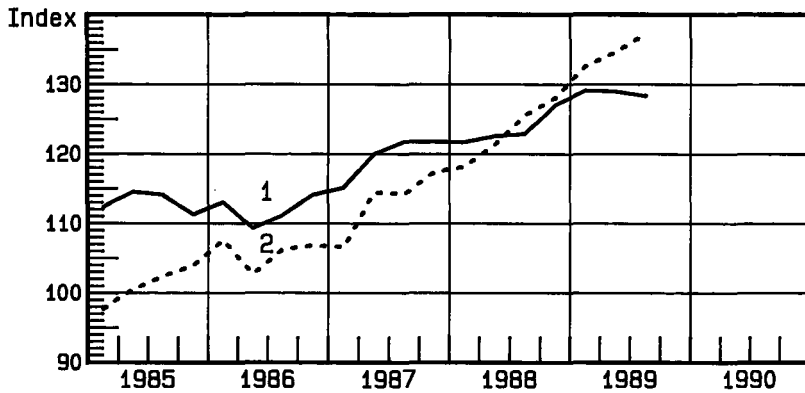
1. Interest payments
 2. Redemptions
- As a percentage of current account earnings

24. FOREIGN TRADE



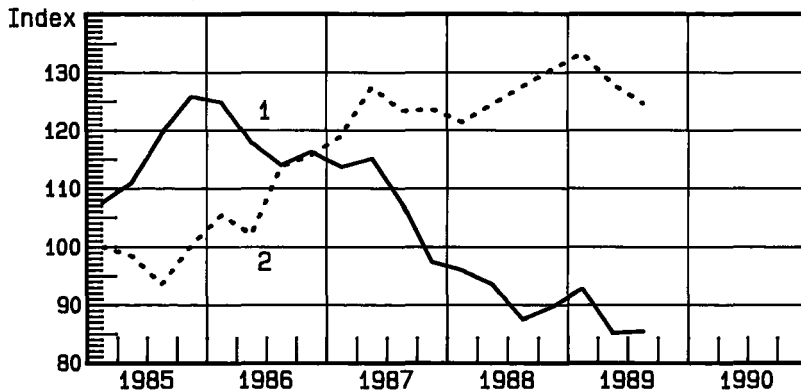
1. Total exports
2. Total imports
Volume index, 1980 = 100, four-quarter moving average shown as at the last quarter

25. WESTERN TRADE



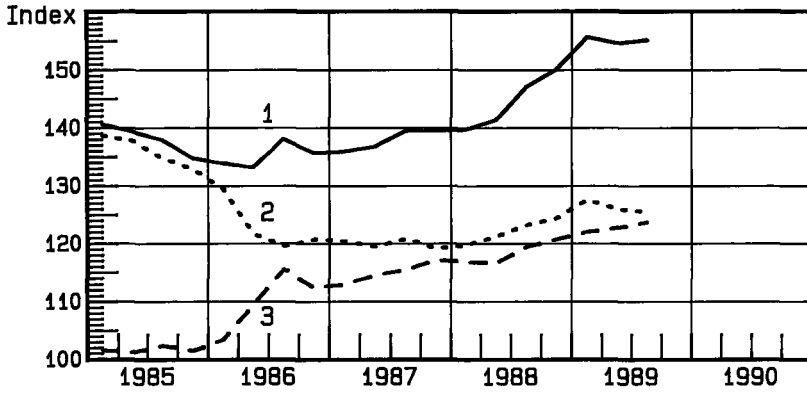
1. Western exports
2. Western imports
Volume index, 1980 = 100, four-quarter moving average shown as at the last quarter

26. BILATERAL TRADE



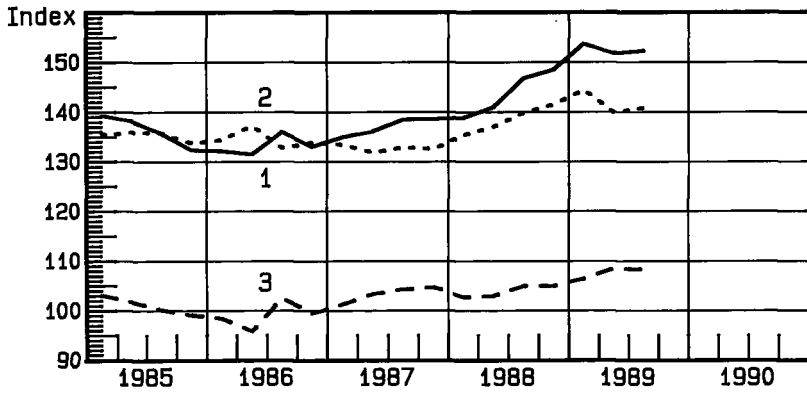
1. Bilateral exports
2. Bilateral imports
Volume index, 1980 = 100, four-quarter moving average shown as at the last quarter

27. FOREIGN TRADE: PRICES AND TERMS OF TRADE



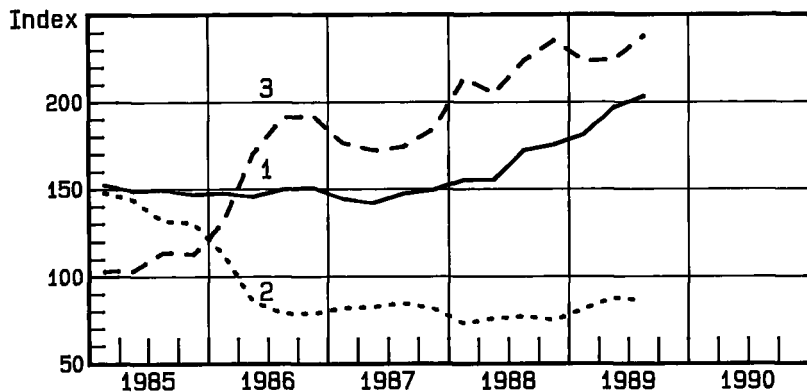
- 1. Unit value index of exports
 - 2. Unit value index of imports
 - 3. Terms of trade
- 1980 = 100

28. WESTERN TRADE: PRICES AND TERMS OF TRADE



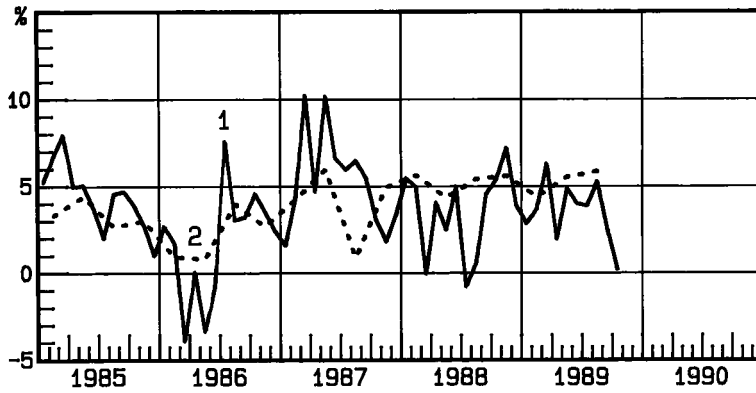
- 1. Unit value index of western exports
 - 2. Unit value index of western imports
 - 3. Terms of trade in western trade
- 1980 = 100

29. BILATERAL TRADE: PRICES AND TERMS OF TRADE



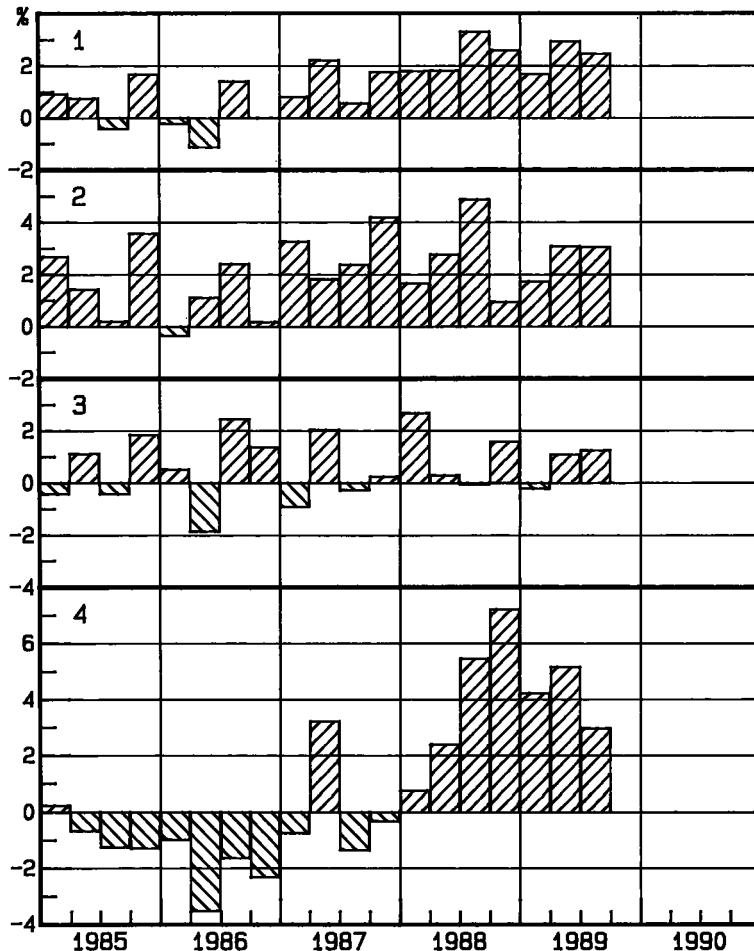
- 1. Unit value index of bilateral exports
 - 2. Unit value index of bilateral imports
 - 3. Terms of trade in bilateral trade
- 1980 = 100

30. PRODUCTION



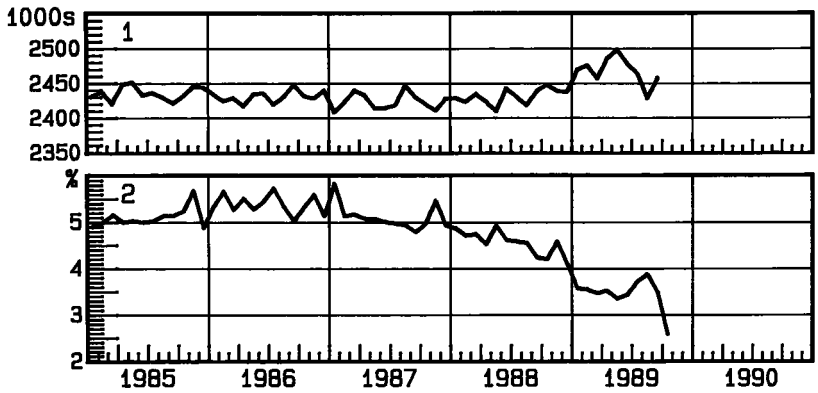
1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

31. FIXED INVESTMENT



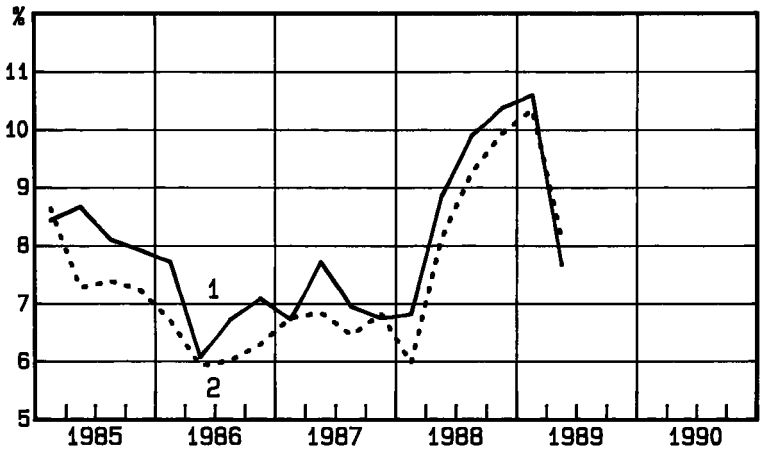
1. Total fixed investment
 2. Investment in machinery and equipment
 3. Building investment, excl. residential buildings
 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

32. EMPLOYMENT AND THE UNEMPLOYMENT RATE

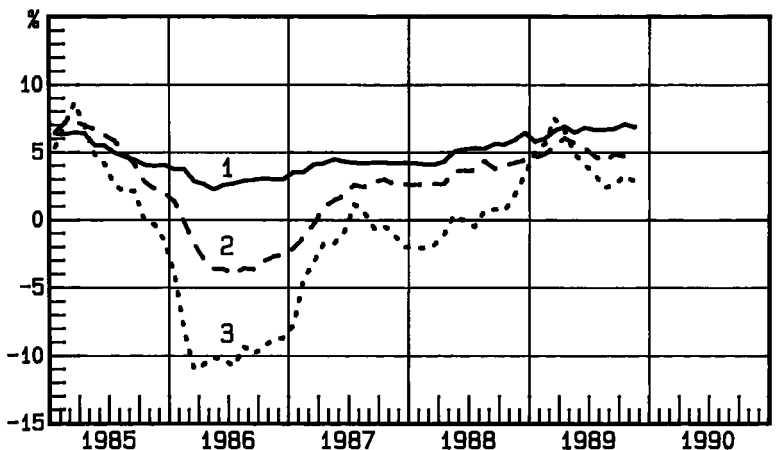


- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

33. PRICES AND WAGES

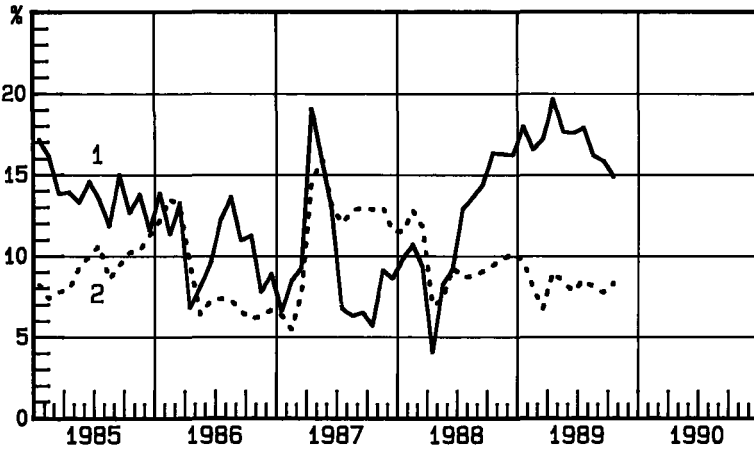


- 1. Index of wage and salary earnings, all wage and salary earners
 - 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



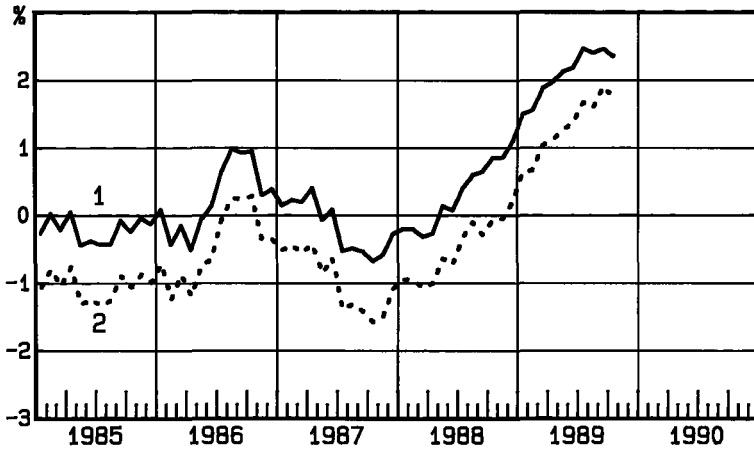
- 1. Consumer price index
 - 2. Wholesale price index
 - 3. Import price index
- Change from the corresponding month of the previous year

34. CENTRAL GOVERNMENT FINANCES



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

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



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

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

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