



BULLETIN

BANK OF FINLAND

January 1991 Vol. 65 No. 1

Statement by Mr Rolf Kullberg,
Governor of the Bank of Finland,
on the Occasion of the Closing
of the Accounts for 1990

New Finnish Monetary Aggregates

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ISSN 0784-6509

STATEMENT BY MR ROLF KULLBERG, GOVERNOR OF THE BANK OF FINLAND, ON THE OCCASION OF THE CLOSING OF THE ACCOUNTS FOR 1990

The economic climate worsened in the course of 1990, both internationally and in Finland. The profound political and economic changes in eastern Europe initially entailed a slowdown in economic activity in these countries. Higher oil prices caused by the Gulf crisis had a dampening effect on demand in Finnish export markets. The United Kingdom, Sweden and the United States went into recession. German unification provided a spur to economic growth in central Europe, but the vast financing requirements resulting from unification are pushing interest rates higher.

The sharp rise in interest rates in Finland in late 1989 curbed the growth of domestic demand and thus set in motion the adjustment of the economy towards better external balance and lower inflation. The widening in the current account deficit in relation to total output came to halt, and the rate of increase in the consumer price index slowed in the last few months of 1990. As domestic demand slackened and international economic conditions deteriorated, the Finnish economy also entered a recession. Total output did not grow at all in the course of 1990, and the employment situation began to worsen in the last months of the year.

The volume of exports to western countries grew slightly faster in 1990 than in the previous year. On the whole, firms succeeded in maintaining their export market shares better than in the previous two years when the growth of domestic demand restricted the

supply of exports. But as export prices fell and exports to the Soviet Union decreased, export earnings rose only slightly. The profitability of export industries fell considerably as production costs continued to soar.

A positive development was the reduction in the trade deficit. The value of imports decreased despite the weakening in the terms of trade. But as the deficit on the services account and interest payments on foreign debt both increased, the current account deficit remained at a level in excess of 4½ per cent of GDP.

The comprehensive incomes agreement reached in January included a target for curbing wage inflation, but this was not achieved. Continuing widespread labour shortages in the early part of the year led to substantial wage drift. The level of earnings rose by nearly 9 per cent in 1990 while labour costs per man-hour surged by as much as 11 per cent. As a result, unit labour costs rose more than in Finland's competitor countries on average.

Despite the rise in the price of oil, the increase in the consumer price index slowed, mainly because of a fall in dwelling prices and the sluggishness of consumer demand. Towards the end of the year, consumer prices were rising at a slightly slower pace in Finland than the average for those countries whose currencies are included in the currency basket to which the markka is pegged.

After the central government sector shifted into surplus in the latter part of the 1980s as a result of the over-

heating of the economy, it was not possible to tighten fiscal policy to the extent called for by the imbalances in the economy. In the budget for 1990, the effect of fiscal policy was designed to be neutral. But as central government expenditure increased by more than expected and the growth of tax revenue slowed along with the weakening in economic conditions, central government finances had an expansionary effect on domestic demand.

Throughout the year, the Bank of Finland's objective remained to restrict the growth of demand so as to check inflation and the current account deficit. Under these circumstances it was not possible to ease monetary policy even in the autumn when domestic demand had already slackened noticeably.

In the early part of the year capital flowed into the country in a greater amount than was necessary to finance the current account deficit. Consequently, the foreign exchange reserves increased and the resulting easing in liquidity conditions led to a fall in money market interest rates as summer approached. In the autumn, however, conditions changed as the economic outlook deteriorated. Confidence in the Finnish economy weakened and interest rates rose markedly, widening the gap in relation to international rates, which were also rising.

Structural problems in the banking sector came increasingly to the fore in 1990. Banks announced big credit losses for 1989. In the spring the squeeze on interest margins

caused by loans tied to the base rate came more sharply into focus. As bank profitability worsened, the Bank of Finland found it necessary in the autumn to devote more attention to the maintenance of stable conditions in the financial system.

Adjusting to more balanced conditions after a prolonged upswing will be painful. Adding to the difficulties is the prospect of sluggish growth of demand for Finnish exports. Exports to eastern countries will be hampered by the radical changes under way in the Soviet economy and by the termination of bilateral trade with that country. The current account deficit will keep interest rates high and thus restrict domestic demand. On the positive side, household savings are rising, inflation is slowing and there is some indication of a turn for the better in the external balance.

Despite the cessation of output growth, economic policy must continue to give priority to improving the external balance and curbing inflation. A shift to an expansive economic policy stance would lead to an increase in foreign

debt, thereby pushing interest rates higher and accentuating the risks threatening the stability of the financial system.

The fiscal policy stance implicit in the central government budget is still too expansionary with regard to the present situation. The incomes agreements for 1991, reached last November, are more moderate than previous settlements, but as real national income appears increasingly likely to decrease, the rise in wages will weaken companies' profitability and worsen the employment situation.

There is no short cut to economic adjustment. Securing the necessary conditions for growth and strengthening the external balance require that resources be channelled into the open sector. This can happen only if resources are freed from the public and private services sectors, as well as other sheltered industries.

We now need economic policy measures that will ensure as steady an adjustment as possible. Among other things, the restoration of economic balance will require a reduction in the growth of public spending and cutbacks in

several expenditure items. In addition, measures should be aimed at creating conditions conducive to strengthening the competitiveness of manufacturing and the other open sectors.

The relocation of labour requires greater investments in retraining. Increasing the mobility of factors of production also calls for greater efficiency in the labour market and the dismantling of barriers to competition. Competition is needed in all sectors of the economy not only to increase the mobility of productive resources but also to bring the rate of inflation down permanently from its current level.

Measures aimed at achieving better economic balance and structural improvements in the economy are slow to take effect, and there is no single measure that can solve the problems that lie ahead. What is needed is a medium-term strategy embracing all segments of economic policy.

January 7, 1991

NEW FINNISH MONETARY AGGREGATES

by **Helka Jokinen**, B.Sc.(Econ.)
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The deregulation of domestic financial markets and liberalization of capital movements have resulted in rapid institutional changes and an expansion in the range of available instruments in the financial markets, also in Finland. The changes are largely due to the increased scope for innovation provided by deregulation. In so far as they bear on deposits, these changes should be taken into account in the definition of monetary aggregates. Although the money supply is not an intermediate target of monetary policy in Finland, it is nevertheless closely monitored. As internationalization increases, foreign participants in the markets are becoming increasingly interested in analyses of different currency markets. Since such analyses make use of monetary aggregates, it is important that the contents of the aggregates be up to date and that the principles on which the aggregates are based are as consistent as possible with those employed by other countries.

This article examines the background to the changes that have occurred in the aggregates, reviews differences in international practice, presents the new official Finnish monetary aggregates and discusses other widely used money supply concepts.¹

DEFINING MONETARY AGGREGATES

Money, in an economic sense, refers to financial

assets with certain functions and characteristics. In a monetary economy, the assets of firms and households can in principle be divided into transactions balances consisting of means of payment and investment balances consisting of savings. This division serves as the basis for the definitions of the monetary aggregates, which measure the amount of funds in each category of money classified by degree of liquidity.

In its own monitoring activity, the IMF includes only the liabilities of the banking sector in its monetary aggregates. The IMF's definitions of the aggregates begin with the concept of narrow money, M1, defined as currency in circulation with the public plus demand deposits with banks. Thus M1 consists of items that function as means of payment. M2, on the other hand, comprises M1 and quasi-money, that is time and savings deposits of the public with banks. In monetary theory, quasi-money is usually defined to include deposits that cannot be directly used to make payments but which can easily be transferred to accounts used for payment purposes. Demand deposits are held to satisfy the transactions motive for holding money while quasi-money consists of deposits that satisfy the precautionary and speculative, i.e. risk-diversification, motives for holding money.

In addition to the narrow (M1) and broad (M2) concepts of money supply, even broader monetary aggregates are monitored in many countries. Examples of these include M2+CDs, M3, M4 and L. The

higher the number, the broader the aggregate; L is the broadest, covering all liquid assets regardless of the issuer. Holders of items included in M1 receive little or no return on their holdings. The broader the aggregate, the higher the rate of return and the lower the degree of liquidity.

The position of the central government as regards monetary aggregates is unclear. Since it falls outside the sector referred to as the public, its deposits are excluded from all the aggregates. The reason for the exclusion of central government deposits from the IMF aggregates is that the central governments of many countries have unlimited opportunities to obtain credit from the banking sector. Similarly, the IMF limits the coverage of its monetary aggregates to banking sector liabilities and thus excludes the liabilities of the central government. So, for example, Treasury bills are, unlike CDs, not included in the aggregates.

EFFECTS OF FINANCIAL INNOVATION ON MEASURES OF MONEY SUPPLY

Rapid institutional changes and the expansion of the range of available instruments, together with technological advances, have greatly changed the operating environment of the financial markets in the last decade. Viewed from an international perspective, the reliability of narrow money as a measure of liquidity has been undermined by the introduction of new financial instruments, such as bank card ac-

¹For an earlier discussion from a somewhat different point of view, see also K.P. SÖDERLUND, "Monetary Aggregates and Indices in Finland", Bank of Finland Bulletin, April 1988.

counts, which are direct substitutes for the traditional cheque accounts included in narrow money.

Even more perplexing than bank card accounts is the concept of "potential money". Credit limits attached to credit cards and often also to bank cards are in practice comparable to narrow money, but statistical definition and data collection are problematic. In some countries these limits are included in narrow money.

Among the substitutes for deposit accounts included in broad money (M2) are CDs, which are frequently included in broader monetary aggregates. Money market instruments in the form of promissory notes and other paper as well as repurchase agreements (repos) are, in turn, substitutes for CDs. In addition to the debt instruments of banks, account must be taken of the obligations of nonbank financial institutions, companies and the public sector that serve as substitutes for bank deposits. These include funds received from the public by investment companies, commercial paper, local authority paper, Treasury notes and bills and, at the longer end, bonds of various kinds. In the future, the "moneyness" of also these obligations will undoubtedly have to be considered. As a rule, the line between money and nonmoney has been drawn so as to exclude government and other bonds as well as paper with yields greater than those on bonds. An exception is often made in the case of CDs; although they carry money market yields they are comparable to deposits in terms of bank funding.

INTERNATIONAL DIFFERENCES IN MONETARY CONCEPTS

The IMF requires each member country to compile money supply statistics, including data on monetary ag-

gregates. However, it has never issued a manual for this purpose as it has, for example, for the compilation of balance of payments statistics. This has led to varying interpretations of what should be included in the monetary aggregates and has left consideration of how to deal with institutional changes to the countries themselves. Of course, there is no single correct way of allocating the various components of money to different monetary aggregates. The only guidelines available are broad principles, which each country applies in the best way it sees fit.

On the basis of a study carried out by the IMF¹, a comparison can be made of the practices applied by different countries in the calculation of monetary aggregates. Although all countries use the same names for the deposit items and instruments included in the monetary aggregates, there are significant differences in the components of the aggregates. The discrepancies are due not only to institutional factors but also to differences in the classification of holders of money and issuers of instruments.

Many industrialized countries include money market instruments, such as CDs and repos, in broad money. CDs are included in at least Belgium, the United Kingdom, Italy, Japan and Australia; CDs and repos are included in the United States and France. Some countries include all CDs outstanding without any deduction for holdings by banks and the central government.

Foreign currency deposits are excluded from the aggregates of about half of the countries that report to the IMF. On the other hand, many countries do not make a distinction between the currencies of deposits, and so foreign currency

deposits may actually be included in the aggregates of several countries.

Treasury bills and government bonds are included in the aggregates of many South American countries whereas only Treasury bills are included in the Netherlands, Italy and Denmark, for example. In general, monetary aggregates include only instruments held by residents. However, according to the IMF study, a total of seventeen countries also include the holdings of non-residents.

EFFECTS OF CHANGES IN FINANCIAL MARKETS ON FINNISH MONETARY AGGREGATES

In Finland, the structure of the deposit market remained relatively stable from the end of the Second World War right up until the beginning of 1989, when the situation changed significantly with the entry into force of the Tax Relief Act for the years 1989—1991. At the beginning of 1989, the banks dissolved their interest rate cartel, which had been an essential requirement for the tax-exemption of deposits. Thereafter, each bank was free to set its own rates and other deposit terms. Whereas previously all banks offered broadly the same types of deposit accounts, now each bank has its own menu of accounts. Up to now, statistics on the money supply have been compiled according to previous definitions. This was so despite the fact that, already prior to 1989, changes had occurred in the liquidity of accounts that might have warranted new definitions of the monetary aggregates, even though the names of the accounts remained unchanged.

The narrowest monetary aggregate, M1, has traditionally included currency in circulation with the public plus cheque accounts at banks. However, many of the ac-

¹ Emmanuel O. Kumah, *Monetary Concepts and Definitions*, IMF Working Paper, WP./89/92.

counts that have traditionally been classified as quasi-money had in fact for long been usable for making payments by giro or by small-denomination cheques. In the 1980s, the development of the bank card and relaxation of the limits set on monthly withdrawals had made these accounts just as liquid in practice as ordinary cheque accounts. It was therefore considered timely to include these transactions deposits in M1. This category of accounts also includes — as a relic from the past — some old passbook savings accounts which today are, from the banks' point of view, just as liquid as accounts accessible by bank card but whose owners have different liquidity preferences.

For the reasons mentioned above, transactions accounts are now included, along with cheque and postal giro accounts, in the narrow measure of money M1. M2 comprises all markka deposits of the public, i.e. the cheque, postal giro and transactions accounts included in M1 plus quasi-money accounts. Quasi-money accounts comprise fixed-term accounts, home savings premium deposit accounts, high-yield deposit and investment accounts, and certain other accounts. Common to all quasi-money accounts is the purpose for which they are held, i.e. as long-term savings or as an investment.

The second change is the exclusion of foreign currency deposits from the aggregates. This was done because it was felt to be more important to monitor specifically markka liquidity. Although Finland pursues a fixed exchange rate policy, the exchange rate is not completely fixed as it can fluctuate within its currency band. As a result, the central bank can influence markka liquidity to a certain degree through monetary policy.

The third change concerns private nonbanking sector

deposits at the Bank of Finland. The significance of such cheque accounts has been very minor, and in fact the last of them was terminated at the end of 1990. Long-term deposits held by the private nonbanking sector at the Bank of Finland, previously included in M2, comprise, for example, companies' capital import and investment deposits. They are frozen by administrative decision at the central bank and thus lack the quality of money-ness. Hence, it was decided to exclude them from M2.

Money market liabilities, such as CDs, are excluded from the definition of quasi-money. However, from the point of view of bank funding, CDs held by the public are comparable to deposits. If 'money' refers to the liabilities of the banking sector to the nonbanking sector, then CDs should be included in one of the monetary aggregates. But, the fact that they earn such a high rate of return casts doubt on their inclusion in the monetary aggregates. It was nevertheless decided to start publishing a new aggregate, M3, consisting of M2 and CDs held by the public.

The new official monetary aggregates and their components are as follows:

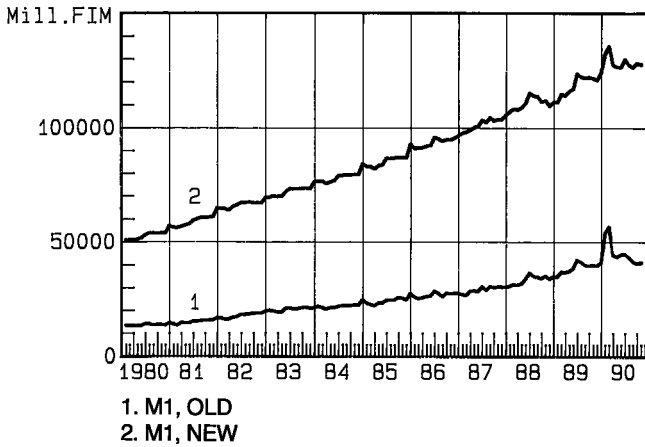
Note that the term 'deposit banks' refers to commercial banks (including Postipankki Ltd), savings banks and co-operative banks. The public refers to all domestic economic units except the central government, the Bank of Finland and the deposit banks.

Series for the redefined M1 and M2 aggregates have been calculated back to 1980 and for the new official M3 back to 1983 (Charts 1, 2 and 3). The greatest change in comparison to the previous figures took place in M1, mainly because of the inclusion of transactions accounts. The marked growth of M2 at the end of 1988 was due to substantial flows of funds into 24-month fixed-term accounts prior to a change in their tax treatment. The exceptional growth of M1 in early 1990 was caused by a sharp rise in currency in circulation because of a strike in the banking sector.

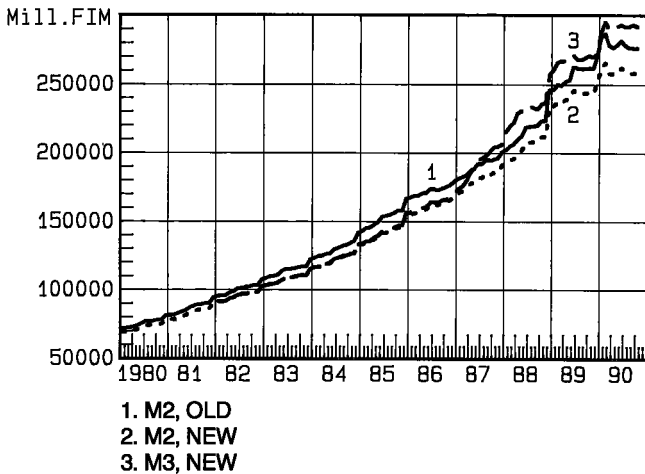
M2 has grown faster than M1. Over the period 1985—1989, currency in circulation grew by 49 per cent, M1 by 47 per cent and M2 by 89 per cent.

M1	<i>equals</i> Currency in circulation with the public, comprising
	Notes in circulation
	<i>plus</i> Coins in circulation
	<i>less</i> Deposit banks' till money
<i>plus</i>	Markka cheque and postal giro accounts held by the public with deposit banks
<i>plus</i>	Markka transactions accounts held by the public with deposit banks
Quasi-money	
<i>equals</i>	Markka deposits held by the public with deposit banks not included in M1, comprising
	Fixed-term deposits
<i>plus</i>	High-yield investment and deposit accounts
<i>plus</i>	Home savings premium deposit accounts
<i>plus</i>	Other similar accounts
M2	
<i>equals</i>	M1 + Quasi-money
M3	
<i>equals</i>	M2 + Bank CDs held by the public

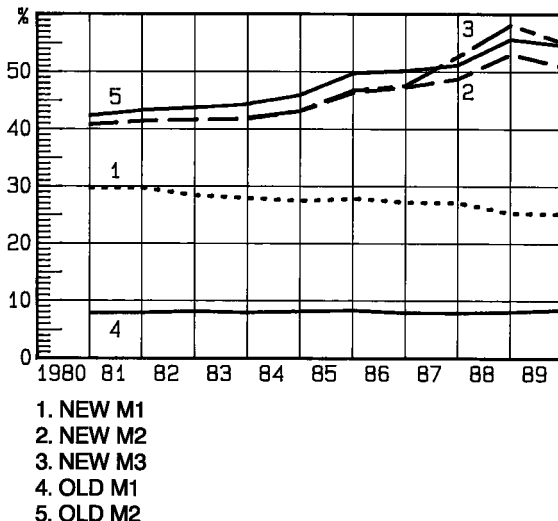
**CHART 1.
MONETARY AGGREGATES**



**CHART 2.
MONETARY AGGREGATES**



**CHART 3.
RATIO OF MONETARY AGGREGATES TO GDP**



The table shows the relative magnitudes of the various components of the monetary aggregates as well as the average rate of interest paid on each component.

SOME AUXILIARY MEASURES OF MONEY SUPPLY

In addition to the monetary aggregates proper, certain other measures of money supply based on the balance sheets of the central bank and other banks are used in monetary analysis. The definitions of these concepts are often vague. An attempt is made in the following to shed some light on them in so far as they are used in Finland. One such concept is the monetary base or base money. This consists of currency in circulation and banks' call money and cash reserve deposits at the central bank. The monetary base is increased when, for example, the central bank, through its open market operations, acquires a financial claim on the assets side of its balance sheet and finances it by increasing its liabilities. According to standard monetary theory, a change in the monetary base leads directly to a multiple expansion or contraction in total money supply.

Reserve money is a measure of the monetary base used by the IMF and published in International Financial Statistics (IFS) which comprises currency put into circulation by the central bank plus central bank debt to the banking sector plus nonbank private sector demand deposits. Central government claims on the central bank are not included in reserve money or base money. The precise definitions of reserve money and base money vary according to user and purpose. In fact the terms are often used interchangeably. In the Finnish case, the IMF definition of reserve money includes, in addition to base

TABLE. MONETARY AGGREGATES AND AVERAGE RATES OF INTEREST PAID ON THEM, SEPTEMBER 1990

	Amount, million FIM	Av. rate of interest
	9 141	0
<i>plus</i> Currency in circulation with the public		
<i>plus</i> Cheque and postal giro accounts	27 863	3.0
<i>plus</i> Transactions accounts	91 395	4.5
<i>equals</i> M1	128 399	3.9
<i>plus</i> Fixed-term accounts	110 343	8.3
<i>plus</i> High-yield deposit and investment accounts	14 953	10.3
<i>plus</i> Other accounts	4 205	7.0
<i>equals</i> M2	257 900	6.2
<i>plus</i> Bank CDs held by the public	35 709	13.9
<i>equals</i> M3	293 609	7.1

financed as base money less currency in circulation with the public. Certain items included in reserves are controversial, particularly cash reserve deposits, because they cannot be regarded as liquid.

TOWARDS BROADER AND MORE PRECISE AGGREGATES

All in all, the international trend seems to be towards the use of increasingly broad monetary aggregates. This largely reflects a desire to ensure the inclusion of new substitutes for various sub-components of monetary aggregates. The reason for the lack of precise guidelines for the compiling of the aggregates is the difficulty of drafting them in a way suitable for application to the different macro-economic conditions prevailing in various countries. It is to be hoped that more attention will be paid to this matter in the future, as pressures for international conformity are mounting.

January 14, 1991

Base money

equals Currency in circulation
plus Banks' call money deposits
plus Banks' cash reserve deposits

Reserve money

equals Currency in circulation
plus Banks' deposits at the Bank of Finland, comprising
 Call money deposits
 plus Fixed-term deposits
 plus Cash reserve deposits
plus Bank of Finland CDs outstanding
plus Nonbank private sector cheque accounts at the Bank of Finland

Bank reserves

equals Banks' till money
plus Banks' deposits at the Bank of Finland, comprising
 Call money deposits
 plus Fixed-term deposits
 plus Cash reserve deposits
plus Bank of Finland CDs held by banks

money, Bank of Finland CDs outstanding, banks' fixed-term deposits and nonbank private sector cheque accounts at the Bank of Finland.

Another widely used concept is that of bank reserves, which refers to the amount of liquid reserves available to banks. They are roughly de-

THE BANK OF FINLAND'S INVESTMENT INQUIRY

With the ending of the prolonged boom in the Finnish economy, cyclical conditions in industry have deteriorated noticeably. Capacity utilization has fallen and is expected to fall further in 1991. The slackening of demand is also evident in companies' investment activities and in their investment intentions. Investment plans show an overall downward trend. In 1990, the volume of fixed investment in industry remained at roughly the same level as in 1989. Companies' investment plans point to a fall of about 10 per cent in the volume of investment in 1991. The decrease will be particularly sharp in the forest industries. The investment ratio — fixed investment in relation to value added — nevertheless seems likely to remain higher than the average for the 1980s. Despite the recession, outlays on research and development are expected to increase.

Fixed investment. According to the Bank of Finland's survey data on investment intentions compiled in November—December 1990, the volume of fixed investment in industry in 1990 remained at the same level as in 1989. In relation to value added, the volume of fixed investment was nearly 4 percentage points higher than the average for the 1980s. Investment by the forest industries grew by more than 5 per cent. Investment in the energy sector was also slightly higher than in 1989. In contrast, investment decreased in

the metal and engineering industries and in the sector "other manufacturing".

The recession had a greater impact on the investment activity of small and medium-sized firms than on that of large companies. Investment by state-owned companies increased by 10 per cent in 1990, whereas investment by companies in the private sector decreased by 2 per cent.

The actual volume of investment in 1990 turned out to be lower than indicated in the previous investment inquiry carried out in spring 1990. A similar difference has been discernible in many earlier investment inquiries carried out near the end of the year. In 1990, the difference between planned and actual investment was slightly larger than normal. Investment plans were cut back most by companies in the metal and engineering industries.

In 1991, the volume of investment is expected to decrease by nearly one-fifth in the forest industries. In the other sectors of industry, the volume of investment is likely to remain at about the same level as in 1990. Large and me-

dium-sized companies estimate that their investment volumes will decrease, whereas small companies expect an increase in investment. As regards type of investment, construction is expected to fall more sharply than investment in machinery and equipment.

In the 1980s, investment plans reported in the inquiry carried out in the latter part of the year tended to correspond quite well on average to actual investment in the following year. For individual years, however, the difference between planned and realized investment was sometimes substantial.

R&D outlays. The growth of outlays on R&D in manufacturing has accelerated. According to the inquiry, spending increased by some 10 per cent in 1990 and an increase of approximately the same magnitude is expected for this year. In 1991, manufacturing's outlays on R&D are estimated to amount to 13 per cent of its expenditure on fixed investment. A particularly sharp increase is forecast in the manufacture of electrical engineering products and instruments.

TABLE 1. ANNUAL CHANGE IN THE VOLUME OF INDUSTRIAL FIXED INVESTMENT IN 1989—1991 PER CENT

	1989	1990	Plans 1991
By sector			
Forest industries	11	7	-30
Metal and engineering industries	5	-5	-3
Other manufacturing	-2	-3	-1
MANUFACTURING	4	0	-12
ENERGY AND WATER SUPPLY	-1	2	2
TOTAL INDUSTRY (incl. mining)	3	0	-10
By type of investment			
Construction	2	-2	-19
Machinery and equipment	5	2	-5

TABLE 2. OUTLAYS ON RESEARCH AND DEVELOPMENT IN MANUFACTURING IN 1989—1991

	1989		1990		Planned 1991	
	Million FIM	Percentage change	Million FIM	Percentage change	Million FIM	Percentage change
Forest industries	267	34	279	4	292	5
Metal and engineering industries	1 337	4	1 462	9	1 652	13
Other manufacturing	806	-33	946	17	953	1
MANUFACTURING	2 409	-10	2 687	12	2 896	8

TABLE 3. CAPACITY UTILIZATION RATE IN MANUFACTURING IN 1989—1991 PER CENT

	1989		1990		1991	
	I	II	I	II	I	II
Forest industries	94	93	92	89	90	90
Metal and engineering industries	91	89	91	89	86	87
Other manufacturing	82	84	86	85	84	84
MANUFACTURING	89	88	89	87	86	86

According to the inquiry, this sector will account for one-third of manufacturing's outlays on R&D in 1991. Other sectors where rapid growth of R&D expenditure is expected are the food industry and the chemical products industries.

Capacity utilization. In the second half of 1990, the capacity utilization rate in manufacturing amounted to 87 per cent on average, a fall of two percentage points as compared with the first six months of the year. In the spring inquiry, companies had expected their capacity utilization rate to remain at approximately the same level. Despite the fall in

capacity utilization for manufacturing as a whole, the capacity utilization rate is still close to 90 per cent both in the forest industries and in the metal and engineering industries. In the other manufacturing sectors, the deterioration in economic conditions has been most evident in the building materials industry, where the capacity utilization rate has fallen by nearly 5 percentage points in six months. The average capacity utilization rate in manufacturing is estimated to fall further in the first half of 1991, but by less than in the course of 1990.

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

1989

DECEMBER

Cash reserve requirement.

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

1990

JANUARY

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

Money market operations.

As from January 1, 1990, only CDs issued by banks which meet the following requirements can be accepted for use in money market dealings: the bank's capitalization exceeds the minimum amount set by the Bank of Finland, the bank meets the minimum capital adequacy requirements set by the BIS and operates as a market maker in the CD market. These banks may at the same time act as the Bank of Finland's market counterparties and may be granted access to call money credit. As a rule, a one-year transition period will be applied in the introduction of the new requirements for banks which are already entitled

to call money credit and in whose CDs the Bank of Finland deals.

Cash reserve requirement.

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

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

FEBRUARY

Foreign Exchange Regulations.

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

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

MARCH

Finance companies accorded the right to act as an intermediary in the provision of foreign financing.

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

APRIL

Cash reserve agreement.

The Bank of Finland signs a new cash reserve agreement with the deposit banks on April 26, 1990. According to the new agreement, the cash reserve base comprises domestic deposits by the public and the rate of interest payable on cash reserve deposits is the 3-month HELIBOR rate less three percentage

points, not however less than 8 per cent. The new cash reserve base is applied for the first time to deposits in April and interest will be paid at the new rate with effect from May 1, 1990.

MAY

Cash reserve requirement.

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

JULY

Foreign Exchange Regulations.

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

The Bank of Finland also increases the opportunities of financial sector enterprises to engage in foreign operations. In addition to banks, mortgage banks and credit companies are, with effect from July 1, 1990, able to apply for the right to act as an intermediary in foreign loan transactions and raise foreign loans and the right to make foreign investments within the limits of their foreign currency positions. Finance companies have been able to apply for the right to act as an intermediary in foreign loan transactions since March 1, 1990.

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

SEPTEMBER

Foreign Exchange Regulations.

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

The decision applies to all standardized and unstandardized options and futures based on Finnish shares and other contracts of a similar nature.

The Bank of Finland further decides that residents may, without restriction, buy and sell derivative instruments based on foreign shares as from September 1, 1990.

NOVEMBER

Till-money credits. The agreement under which the Bank of Finland grants non-interest till-money credits to deposit banks is revised as from November 30.

In the same context, banks' base amounts are raised in proportion to the increase in notes and coin held by the public.

DECEMBER

Cash reserve deposits.

The Bank of Finland decides to lower the cash reserve requirement from 8.0 per cent to 7.0 per cent by the end of the year. The reduction

will be carried out in weekly steps of 0.2 percentage point as from November 30.

1991

JANUARY

Repurchase agreements.

Repurchase agreements are introduced in money market dealings between the Bank of Finland and the banks from the beginning of 1991. This new type of transaction complements the present system of central bank financing.

Foreign Exchange Regulations.

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

Termination of clearing system.

As from the beginning of 1991, the special provisions in the Bank of Finland's Foreign Exchange Regulations concerning payments and financing in trade with the Soviet Union are cancelled. Payments in respect of all future trade in goods and services between Finland and the Soviet Union will be made in convertible currencies.

Cash reserve requirement.

The Bank of Finland lowers the cash reserve requirement from 7.0 per cent to 6.7 per cent of the cash reserve base at end-December 1990.

LAND, CLIMATE AND POPULATION

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

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

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

FORM OF GOVERNMENT

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

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

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

Social Democratic Party 56; National Coalition Party 53; Centre Party 40; Left-Wing Alliance 20; Swedish People's Party 13; Rural Party 9; Christian League 5; and the Greens 4.

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

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

INTERNATIONAL RELATIONS

Finland pursues a policy of neutrality in foreign affairs. 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, the MIGA in 1988 and the Council of Europe in 1989.

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.

Finland's development cooperation programmes channel assistance via international organizations and, bilaterally, to a number of African, Asian and Latin American countries.

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

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

Average annual (compounded) growth of real GDP was 4.7 % in the period 1950-59, 5.0 % in 1960-69, 3.7 % in 1970-79, 3.6 % in 1980-89 and 4.3 % in 1990-89. Finland's GDP per capita in 1989 was USD 23 200. According to preliminary data, this put Finland in second place after Switzerland among the 24 member countries of the OECD.

Foreign trade. OECD countries absorb the bulk of Finnish merchandise exports. In 1985-89, their share was, on average, 72.4 per cent, of which the share of EC countries was 40.8 percentage points and that of EFTA countries 21.1 percentage points. Over the same period, Finland's exports to East European countries (including the Soviet Union) accounted for 19.1 per cent and the rest of the world for 8.5 per cent. The regional distribution of Finland's merchandise imports has been quite similar to that of exports.

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

Forest resources. Finland has fairly abundant forest resources, but

only limited amounts of other raw materials. The growing stock comprises 1 660 million cubic metres, of which 45 % is pine, 37 % spruce and 18 % broad-leaved species, chiefly birch. The annual growth increment totals 68 million cubic metres and the total drain calculated on the basis of commercial fellings was 59 million cubic metres in 1989.

Energy. In 1989, gross consumption of primary energy amounted to 30 Mtoe, of which industry accounted for 46 %, heating for 21 %, transportation for 14 % and other purposes for 19 %. The sources of primary energy in 1988 were as follows: oil 31 %, coal 11 %, nuclear power 15 %, hydro-electric power, peat and other indigenous sources 29 %, others 14 %. Compared internationally (1988), Finland's consumption of 6.0 toe per capita was 1.8 times higher than the average in European OECD countries. The self-sufficiency rate (OECD definition, including nuclear power) in Finland was 42 %, as compared with 62 % in western Europe on average.

FINANCE AND BANKING

Currency.

Since 1865 Finland has had its own monetary system. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). Since Nov. 1, 1977 the external value of the markka has been officially expressed in terms of a trade-weighted currency index. As from Jan. 1, 1984 only convertible currencies have been included in the index. Since November 30, 1988, the index has been permitted to fluctuate within a range of 6 percentage points (previously 4.5). The range is defined by fluctuation limits which are set by the Government at the proposal of the Bank of Finland. Since March 17, 1989, the fluctuation limits have been 96.5 and 102.5 (1982 = 100), where the lower limit means the highest permissible value for the markka and the upper limit the lowest permissible value.

International payments.

Though the use of the markka in foreign trade and as a eurocurrency has increased, most international payments are effected in other currencies. Finland adopted Article VIII status at the International Monetary Fund in 1979.

At the beginning of 1991 the remaining exchange controls were dismantled except for those concerning foreign borrowing by private individuals.

The foreign exchange operations of financial institutions are still controlled through the issue of licences. Authorized banks may freely engage in the full range of foreign exchange activities; financial institutions which have been granted a licence to engage in foreign exchange activity are entitled to carry on a limited range of foreign exchange activities. The purpose of the licensing requirement is merely to facilitate the monitoring of financial institutions' risks by the Bank of Finland.

With effect from January 1, 1991, trade and payments between Finland and the Soviet Union were put on a convertible currency basis and the special restrictions on payments to and from the Soviet Union were rescinded. The payments arrangement between Finland and Bulgaria is still on a bilateral basis.

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

Other banks (Dec. 31, 1989).

Finland has four major groups of deposit banks with a total of more than 3 500 offices. There are two big commercial banks with national branch networks and eight smaller ones, four of which are foreign-owned. The commercial banks have a total of 33 foreign branches, subsidiaries and associate banks and 26 representative offices abroad. There are 178 savings banks and 360 cooperative banks with their own extensive branch networks. The government-owned Postipankki has 67 branches and also offers basic services in post offices. In addition, foreign banks have 9 representative offices in Finland.

Financial markets. Of the total stock of FIM 669 billion in outstanding domestic credit at the end of 1989, 65 % was provided by deposit banks, 3 % by private mortgage banks, 15 % by insurance companies, 5 % by other private credit institutions, 4 % by public financial institutions and 8 % by the state, local authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 71 % of the instruments, which totalled approximately FIM 150 billion at end-1989, were negotiable instruments such as

bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds raised through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 83 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 125 billion (at end-1989). Four foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1989 totalled FIM 105 billion; government bonds made up 28 % of the total. Turnover on the Stock Exchange in 1989 amounted to FIM 41 billion; the share of shares and subscription rights in the total was approximately 82 %.



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1. THE BALANCE SHEET OF THE BANK OF FINLAND

1.1 THE BALANCE SHEET OF THE BANK OF FINLAND,

MILL. FIM

	1989		1990		
	Dec. 31	Dec. 7	Dec. 14	Dec. 21	Dec. 31
ASSETS					
Gold and foreign currency claims	23 009	37 905	37 633	39 530	37 307
Gold	2 179	2 180	2 180	2 180	2 180
Special drawing rights	966	784	783	784	791
IMF reserve tranche	950	775	774	776	783
Convertible currencies	18 822	34 087	33 818	35 711	33 478
Tied currencies	92	78	77	79	75
Other foreign claims	3 300	2 573	2 572	2 577	2 574
Markka subscription to Finland's IMF quota	2 103	2 197	2 197	2 197	2 198
Term credit	1 198	376	376	380	376
Claims on financial institutions	39 054	17 338	16 107	14 382	15 190
Call money credits	38	2	85	351	—
Certificates of deposit	33 230	11 693	10 379	8 362	9 411
Term credits	—	—	—	—	—
Till-money credits	3 310	3 307	3 307	3 307	3 427
Bonds	2 238	2 098	2 098	2 125	2 115
Other claims on financial institutions	238	238	238	238	238
Claims on the public sector	1 137	1 321	1 321	1 314	1 314
Treasury notes and bills	—	—	—	—	—
Bonds	8	0	0	0	0
Total coinage	1 129	1 321	1 321	1 314	1 314
Other claims on the public sector	—	—	—	—	—
Claims on corporations	2 207	1 720	1 714	1 707	1 678
Financing of exports	1	—	—	—	—
Financing of domestic deliveries (KTR)	1 697	1 259	1 252	1 246	1 223
Bonds: KTR credits	302	259	259	259	254
Bonds: Other	21	8	8	8	8
Other claims on corporations	186	193	193	193	193
Other assets	571	113	113	128	900
Accrued items	464	—	—	—	770
Other assets	107	113	113	128	131
Total	69 279	60 969	59 459	59 637	58 964
LIABILITIES					
Foreign currency liabilities	697	1 335	1 280	1 406	983
Convertible currencies	42	28	25	39	27
Tied currencies	656	1 307	1 255	1 366	957
Other foreign liabilities	2 860	2 930	2 929	2 931	2 938
IMF markka accounts	2 103	2 197	2 197	2 197	2 198
Allocations of special drawing rights	758	733	732	734	740
Notes and coin in circulation	13 129	13 798	14 002	14 685	14 555
Notes	12 073	12 661	12 860	13 529	13 399
Coin	1 056	1 137	1 143	1 156	1 156
Certificates of deposit	—	—	—	—	—
Liabilities to financial institutions	26 303	20 781	19 775	18 652	17 855
Call money deposits	569	1 367	858	233	418
Term deposits	—	—	—	—	—
Cash reserve deposits	25 506	19 381	18 884	18 387	17 401
Capital import deposits	190	—	—	—	—
Other liabilities to financial institutions	38	33	33	31	36
Liabilities to the public sector	5 325	1 578	1 323	1 322	1 321
Cheque accounts	0	1	1	1	1
Cash fund deposits	3 770	—	—	—	—
Pension fund deposits	—	256	—	—	—
Counter-cyclical deposits	1 319	1 318	1 318	1 317	1 317
Export deposits	235	—	—	—	—
Other liabilities to the public sector	1	3	4	4	3
Liabilities to corporations	10 810	9 994	9 990	9 929	9 925
Deposits for investment and ship purchase	10 228	9 994	9 990	9 929	9 925
Capital import deposits	583	—	—	—	—
Other liabilities to corporations	—	—	—	—	—
Other liabilities	1 294	64	56	57	1 774
Accrued items	1 241	—	—	—	1 718
Other liabilities	53	64	56	57	56
Valuation account and reserves	2 696	4 327	3 939	4 491	3 448
SITRA's capital	400	400	400	400	400
Capital accounts	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	436	764	764	764	764
Profit/loss for the accounting year	328	—	—	—	—
Total	69 279	60 969	59 459	59 637	58 964

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

MILL. FIM

End of period	Foreign sector								Public sector			
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible reserves, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net liabilities (11-10)
	1	2	3	4	5	6	7	8	9	10	11	12
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
1990	2 180	791	783	33 451	37 205	-882	36 323	-364	35 959	1 314	1 321	7
1989												
Dec.	2 179	966	950	18 780	22 875	-564	22 311	440	22 751	1 137	5 325	4 188
1990												
Jan.	2 179	900	954	26 179	30 212	-584	29 628	432	30 060	1 168	6 384	5 216
Feb.	2 179	846	913	26 289	30 227	-311	29 916	433	30 349	1 185	6 523	5 338
March	2 180	791	910	29 685	33 566	-962	32 604	273	32 877	1 203	6 655	5 452
April	2 180	779	899	30 034	33 892	-920	32 972	-40	32 932	1 217	6 950	5 733
May	2 180	796	902	30 875	34 753	-1 163	33 590	-39	33 551	1 229	7 205	5 976
June	2 180	778	865	30 550	34 373	-1 065	33 308	-40	33 268	1 285	7 205	5 920
July	2 180	771	858	31 272	35 081	-694	34 387	-43	34 344	1 266	6 635	5 369
Aug.	2 180	780	813	31 799	35 572	-684	34 888	-352	34 536	1 281	5 685	4 404
Sept.	2 180	790	823	32 386	36 179	-1 059	35 120	-358	34 762	1 358	4 925	3 567
Oct.	2 180	792	825	33 191	36 988	-1 022	35 966	-363	35 603	1 329	3 970	2 641
Nov.	2 180	783	774	34 015	37 753	-1 263	36 489	-357	36 132	1 322	1 832	510
Dec.	2 180	791	783	33 451	37 205	-882	36 323	-364	35 959	1 314	1 321	7

End of period	Domestic financial sector						Corporate sector				
	Term claims on deposit banks	Call money claims on deposit banks, net	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other liabilities to financial institutions, net	Net claims (13+14-15+16-17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19-20)	Notes and coin in circulation	Outstanding CDs issued by the Bank of Finland
	13	14	15	16	17	18	19	20	21	22	23
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	-
1990	9 411	-418	17 401	3 427	-2 317	-2 664	1 477	9 724	-8 247	14 555	-
1989											
Dec.	33 230	-531	25 506	3 310	-2 248	12 751	2 000	10 604	-8 604	13 129	-
1990											
Jan.	34 050	-3 243	25 441	8 099	-2 377	15 842	1 950	10 453	-8 503	22 760	-
Feb.	33 720	-1 367	26 068	7 677	-2 378	16 340	1 919	10 460	-8 541	23 178	-
March	25 994	696	26 465	4 002	-2 397	6 624	1 857	10 415	-8 558	14 782	1 050
April	24 818	855	26 069	3 770	-2 374	5 748	1 809	10 480	-8 671	13 762	690
May	23 498	-1 008	22 855	3 627	-2 357	5 619	1 761	10 388	-8 627	13 501	630
June	22 911	-480	22 750	3 207	-2 310	5 198	1 706	10 226	-8 520	13 655	40
July	20 057	-485	22 679	3 752	-2 416	3 061	1 662	10 165	-8 503	13 592	40
Aug.	19 123	-787	21 999	3 196	-2 394	1 927	1 632	10 259	-8 627	13 314	40
Sept.	17 754	-527	21 395	3 186	-2 357	1 375	1 588	10 235	-8 647	13 418	-
Oct.	14 501	-236	20 877	3 695	-2 334	-583	1 548	9 902	-8 354	13 392	-
Nov.	12 709	-1 746	19 878	3 307	-2 324	-3 284	1 526	9 802	-8 276	13 467	-
Dec.	9 411	-418	17 401	3 427	-2 317	-2 664	1 477	9 724	-8 247	14 555	-

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
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
1990	163 326	26 379	160 867	-23 920	-38	-151	-23 807
1989							
Dec.	10 850	530	6 770	3 550	-475	317	2 758
1990							
Jan.	18 660	4 710	13 750	200	14	2 726	-2 512
Feb.	31 775	14 350	18 020	-595	-46	-1 922	1 281
March	24 811	4 739	27 905	-7 833	698	-1 365	-5 770
April	16 470	150	16 762	-442	305	146	-283
May	15 510	1 610	16 250	-2 350	-998	865	-4 213
June	15 310	250	13 570	1 490	-8	-536	2 018
July	7 290	-	11 600	-4 310	7	12	-4 315
Aug.	10 230	20	10 780	-570	4	306	-872
Sept.	11 110	100	11 890	-880	0	-260	-620
Oct.	4 850	50	8 470	-3 670	1	-290	-3 379
Nov.	4 160	50	5 800	-1 690	-15	1 495	-3 200
Dec.	3 150	350	6 070	-3 270	-	-1 328	-1 942

2.2 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					
	Domestic companies			Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks	Net (1-2)			
1	2	3	4	5	6	
1985	16 982	1 733	15 249	708	-9 005	6 951
1986	11 446	1 319	10 127	-2 461	-92	7 574
1987	21 671	1 158	20 513	-233	-1 287	18 994
1988	16 488	1 543	14 946	9 086	-377	23 654
1989	<u>10 531</u>	<u>3 563</u>	<u>6 967</u>	<u>8 031</u>	<u>205</u>	<u>15 204</u>
1989						
Nov.	11 487	2 934	8 552	8 784	—	17 336
Dec.	<u>10 531</u>	<u>3 563</u>	<u>6 967</u>	<u>8 031</u>	<u>205</u>	<u>15 204</u>
1990						
Jan.	9 339	3 793	5 545	11 854	125	17 524
Feb.	9 073	3 764	5 309	8 215	-1 741	11 783
March	10 328	3 418	6 910	14 739	-2 323	19 326
April	11 327	3 403	7 924	14 493	-5 546	16 871
May	12 591	3 029	9 562	15 073	-8 339	16 296
June	11 858	3 140	8 718	15 692	-8 229	16 181
July	11 694	3 567	8 126	16 094	-8 013	16 207
Aug.	11 504	3 659	7 845	14 059	-7 745	14 159
Sept.	12 407	3 978	8 429	13 037	-6 922	14 544
Oct.	12 136	4 829	7 307	12 719	-6 633	13 393
Nov.	12 305	5 369	6 936	12 561	-6 492	13 005

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	
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
1990	142	24 056	24 198	790	1 924	23 406	26 120	-1 922
1989								
Dec.	328	31 497	31 824	462	—	25 574	26 036	5 788
1990								
Jan.	308	34 151	34 459	1 200	860	25 504	27 564	6 895
Feb.	367	43 675	44 043	1 017	12 978	25 463	39 459	4 584
March	131	36 855	36 987	1 885	7 299	26 094	35 278	1 709
April	222	26 291	26 513	406	908	26 452	27 766	-1 254
May	175	26 112	26 287	700	654	25 965	27 319	-1 032
June	79	22 624	22 703	534	290	22 848	23 671	-969
July	3	21 435	21 438	542	40	22 748	23 330	-1 892
Aug.	35	19 648	19 683	615	40	22 657	23 312	-3 629
Sept.	18	18 165	18 184	584	17	21 939	22 539	-4 356
Oct.	14	15 893	15 906	974	—	21 378	22 352	-6 445
Nov.	167	13 511	13 678	327	—	20 843	21 170	-7 492
Dec.	188	10 310	10 499	698	—	18 981	19 679	-9 181

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
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
1990	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50	7.9	.
1989										
Dec.	15.03	16.23	16.08	15.56	15.17	15.00	4.00	8.50	8.0	1.1
1990										
Jan.	5	16.01	16.05	15.73	15.45	15.00	4.00	8.50	8.0	1.1
Feb.	5	16.01	16.01	15.73	15.39	15.00	4.00	8.50	8.0	.
March	8.97	15.08	15.38	15.40	15.37	15.00	4.00	8.50	8.0	.
April	8.86	13.16	13.94	14.33	14.70	15.00	4.00	8.50	8.0	.
May	9.47	12.25	12.77	13.17	13.74	15.00	4.00	8.50	8.0	.
June	8.22	12.07	12.52	13.17	13.79	15.00	4.00	8.50	8.0	.
July	8.23	11.69	12.45	13.01	13.63	15.00	4.00	8.50	8.0	.
Aug.	8.76	12.03	12.51	12.94	13.52	15.00	4.00	8.50	8.0	.
Sept.	9.62	12.59	13.09	13.46	13.93	15.00	4.00	8.50	8.0	.
Oct.	12.48	13.97	14.41	14.57	14.72	15.00	4.00	8.50	8.0	.
Nov.	15.19	14.48	14.53	14.40	14.38	15.00	4.00	8.50	7.8	.
Dec.	15.55	14.40	14.30	14.08	14.02	15.00	4.00	8.50	7.0	.

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

Average of daily observations	3 currencies ¹				12 currencies ²			
	1 month	3 months	6 months	12 months	1 month	3 months	6 months	12 months
	1	2	3	4	5	6	7	8
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
1990	8.9	9.1	9.2	9.4	10.8	10.9	11.1	11.2
1989								
Dec.	9.0	9.0	9.0	8.9	10.8	10.9	10.9	10.9
1990								
Jan.	8.8	9.0	9.2	9.2	10.8	11.0	11.2	11.3
Feb.	8.9	9.1	9.3	9.6	11.1	11.3	11.5	11.7
March	8.9	9.1	9.4	9.7	11.2	11.4	11.6	11.8
April	8.8	9.1	9.3	9.7	10.9	11.1	11.3	11.6
May	8.8	9.0	9.2	9.5	10.6	10.7	10.9	11.2
June	8.8	8.9	9.1	9.4	10.5	10.6	10.8	11.0
July	8.9	8.9	9.1	9.2	10.4	10.6	10.7	10.9
Aug.	8.9	9.0	9.2	9.3	10.5	10.7	10.9	11.1
Sept.	8.9	9.0	9.2	9.4	10.5	10.8	11.0	11.2
Oct.	8.8	9.0	9.1	9.2	10.8	10.9	10.9	11.1
Nov.	8.9	9.2	9.2	9.2	11.0	11.1	11.0	11.0
Dec.	9.5	9.4	9.3	9.2	11.2	11.2	11.1	11.0

3.3 COVERED EURO-DOLLAR RATE, PER CENT

Average of daily observations	1 month	3 months	6 months	12 months
	1	2	3	4
1986	12.0	11.6	11.5	11.1
1987	9.8	9.9	9.9	10.1
1988	9.5	9.7	9.9	10.2
1989	11.8	12.0	12.1	12.1
1990	13.2	13.7	13.9	14.1
1989				
Dec.	15.7	15.6	15.2	14.9
1990				
Jan.	14.9	15.4	15.1	15.0
Feb.	15.0	15.0	14.9	14.7
March	14.3	14.7	14.8	14.7
April	12.7	13.6	13.9	14.4
May	12.1	12.8	13.2	13.8
June	11.8	12.5	13.0	13.6
July	11.5	12.3	12.9	13.5
Aug.	11.9	12.4	12.8	13.4
Sept.	12.4	13.1	13.3	13.7
Oct.	13.8	14.3	14.4	14.5
Nov.	14.3	14.4	14.2	14.1
Dec.	14.1	14.0	13.8	13.7

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						Markka deposits and other markka funding				
	New credits ¹			Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits	Other tax-exempt deposits, max. rate of interest	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markka funding	
	Cheque account and postal giro credits	Bills of exchange	Loans								New lending, total
	1	2	3	4	5	6	7	8	9	10	11
1985	12.04	12.94	10.62	11.55	10.36	10.41	8.75	4.75	5.93	13.24	6.81
1986	10.89	12.30	9.76	10.64	9.03	9.07	7.00	2.75	4.66	11.84	5.35
1987	10.50	12.31	10.01	10.62	8.99	8.91	7.00	2.75	4.47	10.13	5.29
1988	10.22	12.27	10.50	10.72	9.88	9.74	8.00	3.75	5.24	9.80	6.20
1989	12.97	13.47	11.58	12.07	10.56	10.40	7.50	4.50	5.67	11.92	7.37
1989											
Nov.	14.99	14.77	12.90	13.58	11.60	11.44	6.50	4.50	6.40	13.27	8.35
Dec.	16.36	15.37	13.28	14.02	11.86	11.80	7.50	4.50	6.60	14.18	8.77
1990*											
Jan.	13.55	15.71	13.02	13.73	11.99	11.91	7.50	4.50	6.45	14.40	8.66
Feb.	S	S	S	S	12.00	11.89	7.50	4.50	6.36	14.35	8.50
March	14.71	15.64	12.99	13.84	11.94	11.76	7.50	4.50	6.52	14.52	8.53
April	11.92	15.56	13.29	13.61	11.77	11.53	7.50	4.50	6.49	14.05	8.66
May	12.86	15.40	13.17	13.61	11.71	11.44	7.50	4.50	6.40	13.60	8.50
June	13.25	15.36	13.19	13.73	11.66	11.41	7.50	4.50	6.34	13.01	8.26
July	12.73	15.43	13.35	13.84	11.60	11.30	7.50	4.50	6.39	12.94	8.22
Aug.	11.33	15.39	13.24	13.46	11.63	11.34	7.50	4.50	6.42	12.78	8.22
Sept.	12.05	15.51	13.50	13.73	11.70	11.39	7.50	4.50	6.44	12.82	8.28
Oct.	14.78	15.86	13.71	14.36	11.91	11.69	7.50	4.50	6.48	12.92	8.32
Nov.	14.38	15.99	14.11	14.57	12.02	11.79	7.50	4.50	6.52	13.60	8.53

¹ Average rate of interest for period.

3.5 YIELDS ON BONDS AND DEBENTURES, PER CENT

Period	Secondary market yields							Offer yield on taxable public issues
	Reference rates calculated by the Bank of Finland		Taxable government bonds	Taxable public issues	Issued by:		Taxfree public issues	
	3 years	5 years			Financial institutions	Corporations		
	1	2	3	4	5	6	7	8
1985	..	..	.	12.7	..	..	10.1	12.7
1986	..	..	.	11.7	..	..	8.3	11.3
1987	..	..	.	11.2	11.1	11.2	8.1	10.7
1988	10.7	10.8	10.6	10.6	10.6	10.6	7.8	10.4
1989	12.2	12.0	12.1	11.9	12.0	12.0	8.1	11.7
1989								
Nov.	13.3	12.9	12.6	12.4	12.2	12.6	8.7	12.2
Dec.	13.5	13.0	12.9	12.4	12.1	12.6	8.9	12.5
1990								
Jan.	13.5	13.0	12.7	12.7	12.9	12.4	8.7	11.3
Feb.	13.5	13.0	S	S	S	S	S	12.9
March	13.8	13.4	13.2	13.2	13.3	13.1	8.6	13.0
April	13.8	13.5	13.4	13.3	13.5	13.1	8.7	12.7
May	13.8	13.7	13.1	13.5	13.6	13.5	8.8	13.3
June	13.8	13.7	13.1	13.3	13.3	13.6	8.7	13.1
July	13.8	13.7	13.4	13.3	13.5	13.1	9.0	13.2
Aug.	13.7	13.7	13.2	13.3	13.5	13.1	9.1	13.1
Sept.	13.7	13.6	13.4	13.3	13.4	13.1	9.2	13.0
Oct.	14.0	13.9	13.5	13.7	13.5	14.0	9.5	13.5
Nov.	13.9	13.8	13.1	13.4	13.3	13.5	10.0	13.6

4. RATES OF EXCHANGE

4.1 AVERAGE SPOT SELLING RATES, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oslo	Copenhagen	Frankfurt a.M.	Amsterdam	Brussels	Zurich
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEF	1 CHF
	1	2	3	4	5	6	7	8	9	10	11
1986	5.077	3.659	7.459	6.816	0.7138	0.6882	0.6290	2.3454	2.0789	0.11399	2.8349
1987	4.404	3.325	7.213	6.556	0.6952	0.6547	0.6444	2.4514	2.1755	0.11806	2.9563
1988	4.191	3.412	7.466	6.397	0.6848	0.6444	0.6235	2.3895	2.1233	0.11421	2.8700
1989	4.295	3.632	7.051	6.104	0.6673	0.6234	0.5886	2.2879	2.0281	0.10925	2.6306
1990	3.831	3.287	6.827	6.347	0.6479	0.6130	0.6197	2.3721	2.1053	0.11480	2.7635
1989											
Dec.	4.125	3.556	6.597	6.262	0.6569	0.6167	0.6107	2.3725	2.1016	0.11294	2.6339
1990											
Jan.	4.010	3.431	6.632	6.270	0.6508	0.6139	0.6117	2.3708	2.1018	0.11317	2.6457
Feb.	3.960	3.315	6.724	6.277	0.6482	0.6129	0.6128	2.3635	2.0966	0.11322	2.6625
March	4.030	3.416	6.561	6.308	0.6548	0.6125	0.6177	2.3648	2.1001	0.11399	2.6677
April	4.000	3.439	6.557	6.362	0.6546	0.6117	0.6217	2.3704	2.1060	0.11472	2.6899
May	3.931	3.351	6.612	6.351	0.6503	0.6111	0.6213	2.3666	2.1041	0.11469	2.7738
June	3.966	3.385	6.780	6.318	0.6516	0.6133	0.6186	2.3540	2.0913	0.11461	2.7822
July	3.848	3.328	6.959	6.300	0.6473	0.6112	0.6166	2.3463	2.0824	0.11404	2.7628
Aug.	3.710	3.245	7.061	6.346	0.6431	0.6106	0.6182	2.3628	2.0973	0.11495	2.8338
Sept.	3.715	3.212	6.993	6.358	0.6451	0.6125	0.6200	2.3667	2.1000	0.11514	2.8450
Oct.	3.627	3.133	7.060	6.386	0.6434	0.6135	0.6235	2.3785	2.1100	0.11559	2.8302
Nov.	3.569	3.072	7.015	6.433	0.6420	0.6155	0.6264	2.4006	2.1285	0.11645	2.8394
Dec.	3.611	3.117	6.974	6.449	0.6438	0.6177	0.6284	2.4197	2.1451	0.11699	2.8293

Average of daily quotations	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Tokyo	Moscow	Melbourne	ECU	SDR
	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 JPY	1 SUR	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22
1986	0.7355	0.00343	0.3339	0.0343	0.1259	0.0364	0.03028	7.228	..	..	5.94432
1987	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	0.03050	6.965	3.106	5.075	5.68010
1988	0.7060	0.00324	0.3401	0.0294	0.1006	0.0361	0.03273	6.891	3.309	4.954	5.61826
1989	0.6757	0.00315	0.3254	0.0276	0.0782	0.0364	0.03122	6.817	3.423	4.731	5.49375
1990	0.7054	0.00321	0.3374	0.0271	0.0681	0.0377	0.02654	6.553	3.011	4.875	5.18345
1989											
Dec.	0.6959	0.00321	0.3371	0.0273	0.0691	0.0369	0.02872	6.716	3.263	4.810	5.35882
1990											
Jan.	0.6980	0.00319	0.3371	0.0272	0.0684	0.0367	0.02768	6.640	3.159	4.812	5.27623
Feb.	0.6975	0.00320	0.3359	0.0271	0.0684	0.0367	0.02723	6.591	3.029	4.829	5.24250
March	0.7021	0.00322	0.3362	0.0270	0.0682	0.0370	0.02634	6.610	3.067	4.827	5.23570
April	0.7072	0.00324	0.3372	0.0270	0.0680	0.0375	0.02528	6.582	3.075	4.847	5.19392
May	0.7044	0.00323	0.3366	0.0270	0.0679	0.0380	0.02562	6.575	3.017	4.849	5.17416
June	0.7011	0.00322	0.3348	0.0271	0.0683	0.0382	0.02582	6.620	3.105	4.850	5.20247
July	0.7009	0.00322	0.3338	0.0270	0.0680	0.0384	0.02581	6.549	3.068	4.856	5.16136
Aug.	0.7057	0.00322	0.3361	0.0270	0.0677	0.0384	0.02519	6.480	3.020	4.899	5.09787
Sept.	0.7081	0.00318	0.3367	0.0270	0.0680	0.0378	0.02681	6.523	3.083	4.898	5.15451
Oct.	0.7117	0.00319	0.3384	0.0272	0.0681	0.0380	0.02794	6.500	2.933	4.919	5.16932
Nov.	0.7146	0.00321	0.3416	0.0275	0.0680	0.0381	0.02770	6.465	2.782	4.949	5.14440
Dec.	0.7142	0.00322	0.3443	0.0276	0.0681	0.0381	0.02706	6.504	2.799	4.963	5.14894

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, 1991
		Payments currency index	MERM index		
	1	2	3		4
1986	103.9	106.3	110.4	USD	8.8
1987	103.3	103.2	106.1	GBP	12.3
1988	102.0	101.1	104.7	SEK	8.9
1989	98.4	98.4	102.8	NOK	3.8
1990	97.3	96.0	97.3	DKK	4.5
				DEM	19.2
1989				NLG	5.0
Dec.	97.9	97.6	100.9	BEF	3.3
				CHF	2.4
1990				FRF	6.9
Jan.	97.2	96.7	99.2	ITL	5.2
Feb.	97.1	96.4	98.4	ATS	1.7
March	97.0	96.7	98.7	ESP	2.1
April	97.0	96.6	98.0	JPY	5.9
May	96.9	96.2	97.5		
June	97.2	96.6	97.9		
July	97.1	95.9	96.9		
Aug.	97.0	95.4	95.7		
Sept.	97.3	95.6	96.6		
Oct.	97.7	95.3	96.6		
Nov.	97.7	95.2	96.2		
Dec.	97.9	95.6	96.4		

5. OTHER DOMESTIC FINANCING

5.1 BANK DEPOSITS BY THE PUBLIC, MILL. FIM

End of period	Demand deposits	Time deposits	Investment accounts	Markka deposits, total (1+2+3)	Foreign currency deposits	Unregulated deposits	Total deposits (4+5+6)
	1	2	3	4	5	6	7
1985	19 268	125 366	1 781	146 415	6 184	13 998	166 597
1986	18 393	137 521	3 423	159 337	4 259	17 271	180 866
1987	20 377	155 115	5 243	180 735	3 915	17 892	202 542
1988*	24 831	194 181	5 089	224 102	4 561	41 028	269 690
1989*	28 503	201 392	10 176	240 071	7 133	75 522	322 725
1989*							
Oct.	28 296	195 743	9 667	233 706	6 591	71 727	312 023
Nov.	27 687	195 226	9 913	232 825	6 504	80 414	319 743
Dec.	28 503	201 392	10 176	240 071	7 133	75 522	322 725
1990*							
Jan.	32 618	199 773	10 692	243 084	10 487	82 920	336 492
Feb.	33 833	201 002	10 645	245 480	10 439	5	5
March	29 236	205 151	10 687	245 073	9 300	73 595	327 968
April	29 354	205 732	11 005	246 091	7 571	72 984	326 646
May	29 857	205 719	11 293	246 869	8 793	73 082	328 744
June	30 140	208 628	11 214	249 982	8 435	71 385	329 803
July	29 209	207 022	11 440	247 671	8 356	69 537	325 564
Aug.	27 561	206 562	11 729	245 852	7 373	70 060	323 285
Sept.	26 962	206 521	12 119	245 603	7 217	71 367	324 187
Oct.	28 016	204 589	12 731	245 336	8 027	69 496	322 859

5.2 BANK LENDING TO THE PUBLIC, MILL. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markka lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
1985	6 313	7 471	132 668	146 451	24 236	170 687
1986	7 542	6 354	152 335	166 231	24 450	190 681
1987	8 507	5 177	178 698	192 382	36 475	228 857
1988*	11 358	5 920	234 268	251 545	49 910	301 455
1989*	15 270	5 651	255 410	276 331	71 323	347 654
1989*						
Oct.	15 190	5 471	256 958	277 619	65 326	342 945
Nov.	15 584	5 465	257 252	278 300	67 947	346 246
Dec.	15 270	5 651	255 410	276 331	71 323	347 654
1990*						
Jan.	17 098	5 545	257 211	279 853	79 984	359 837
Feb.	17 489	5 528	257 444	280 460	78 896	359 357
March	16 766	5 629	256 786	279 181	82 101	361 282
April	17 095	5 666	255 254	278 014	85 607	363 621
May	17 429	5 809	252 263	275 501	90 326	365 827
June	17 659	5 887	258 422	281 968	93 398	375 366
July	17 458	5 842	258 684	281 984	94 753	376 737
Aug.	18 440	5 886	260 023	284 349	96 478	380 827
Sept.	19 260	5 863	263 147	288 270	98 093	386 363
Oct.	16 655	5 735	262 920	285 310	98 118	383 428

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)	M ₃
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
1985	-6 641	-8 694	209 231	200 537	-38 684	93 215	155 212	156 560
1986	-16 784	-13 884	237 514	223 630	-37 751	96 874	169 095	170 076
1987	-25 484	-14 977	277 068	262 090	-45 769	105 829	190 837	206 175
1988	-40 670	-15 356	353 681	338 325	-63 387	111 259	234 268	256 947
1989*	-59 049	-18 868	407 433	388 565	-77 997	124 295	251 519	272 603
1989*								
Oct.	-55 551	-15 419	403 374	387 955	-88 468	121 697	243 936	271 044
Nov.	-57 974	-18 617	407 598	388 981	-87 669	120 848	243 339	269 405
Dec.	-59 049	-18 868	407 433	388 565	-77 997	124 295	251 519	272 603
1990*								
Jan.	-55 383	-16 776	420 643	403 866	-86 645	132 626	261 839	288 245
Feb.	-55 962	-18 534	421 808	403 274	-81 927	135 906	265 385	295 331
March	-62 202	-19 004	424 958	405 954	-85 956	127 499	257 796	289 726
April	-66 857	-16 136	426 742	410 606	-86 245	126 520	257 504	289 429
May	-66 737	-15 311	431 336	416 026	-90 636	126 524	258 653	291 815
June	-69 256	-15 410	435 821	420 412	-89 111	130 169	262 044	293 491
July	-68 930	-17 378	437 063	419 685	-91 585	127 416	259 171	291 732
Aug.	-71 996	-17 092	440 238	423 146	-93 279	126 332	257 870	291 948
Sept.	-75 962	-16 321	448 600	432 279	-98 417	128 399	257 900	293 609
Oct.	-76 332	-15 619	448 359	432 739	-98 971	127 713	257 436	291 707

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

End of period	Foreign debt				Domestic debt				Total central government debt (4+8)	Out-standing lending	Cash funds
	Bonds	Other bonds and debentures	Long-term promissory notes	Total (1+2+3)	Public bonds	Other long-term liabilities	Treasury notes and bills	Total (5+6+7)			
	1	2	3	4	5	6	7	8	9	10	11
1985	17 316	2 703	5 658	25 677	14 994	4 107	2 203	21 304	46 981	36 032	6 383
1986	17 905	3 038	6 038	26 981	18 059	4 481	2 474	25 013	51 994	38 028	11 686
1987	20 407	2 697	5 576	28 680	22 121	4 692	3 018	29 831	58 511	40 035	11 553
1988	20 202	1 804	4 273	26 279	24 243	5 272	2 290	31 805	58 084	42 990	15 858
1989	18 505	852	3 429	22 786	24 126	5 750	250	30 126	52 912	45 356	21 248
1989											
Nov.	18 601	853	3 319	22 773	23 988	4 798	250	29 036	51 809	45 471	21 445
Dec.	18 505	852	3 429	22 786	24 126	5 750	250	30 126	52 912	45 356	21 248
1990											
Jan.	18 353	851	3 350	22 554	23 172	5 747	100	29 019	51 573	45 808	19 182
Feb.	18 322	729	3 303	22 354	23 122	5 728	—	28 850	51 204	46 061	20 715
March	18 310	663	3 155	22 128	22 403	5 723	—	28 126	50 254	46 432	22 657
April	17 508	666	3 143	21 317	22 136	5 360	—	27 496	48 813	46 854	18 457
May	17 501	503	3 122	21 126	21 734	5 185	—	26 919	48 045	47 207	17 268
June	17 537	502	3 061	21 100	21 827	5 182	—	27 009	48 109	47 559	16 764
July	18 482	499	3 185	22 166	22 061	5 182	—	27 243	49 409	48 008	19 082
Aug.	18 515	501	3 180	22 196	21 978	5 182	120	27 280	49 476	48 224	18 948
Sept.	18 590	502	3 190	22 282	22 126	5 182	300	27 608	49 890	48 160	18 903
Oct.	19 325	330	3 181	22 836	22 404	5 182	—	27 586	50 422	48 691	18 034
Nov.	19 832	330	3 183	23 345	23 363	5 182	—	28 545	51 890	..	..

5.5 MARKKA BOND MARKET

A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1985	4 799	9 112	5 994	435	33	8 070	6 394	5 909	20 373
1986	4 976	10 638	6 532	422	105	5 987	7 487	9 199	22 674
1987	4 477	9 510	8 119	206	69	9 409	8 830	4 142	22 380
1988	3 027	8 418	6 889	268	61	7 861	6 522	4 280	18 663
1989	4 204	11 022	5 717	233	13	11 146	2 997	7 046	21 189
1989									
Nov.	150	875	—	23	—	761	—	288	1 048
Dec.	258	850	—	9	—	665	—	452	1 117
1990*									
Jan.	399	818	—	—	—	110	—	1 107	1 217
Feb.	437	2 888	—	—	—	1 976	357	992	3 325
March	602	2 242	—	—	—	980	—	1 864	2 844
April	162	730	—	—	—	620	—	272	892
May	350	481	1 400	340	158	2 198	—	531	2 729
June	273	1 436	—	—	500	1 140	—	1 069	2 209
July	200	550	—	—	150	570	—	330	900
Aug.	431	1 804	270	—	200	2 234	—	471	2 705
Sept.	44	1 865	150	—	—	1 700	250	109	2 059
Oct.	842	470	2 465	—	—	2 910	—	867	3 777
Nov.	64	1 255	165	—	—	475	—	1 009	1 484

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 placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1985	10 482	26 173	18 575	661	56	10 967	19 002	25 977	55 947
1986	14 075	31 902	22 091	1 042	177	16 432	23 314	29 541	69 287
1987	17 509	36 773	26 518	1 200	232	24 831	28 229	29 172	82 232
1988*	19 195	42 892	28 953	1 413	292	32 028	30 054	30 663	92 745
1989*	21 463	50 216	29 381	1 555	290	41 162	27 742	34 001	102 906
1989*									
III	21 537	48 392	28 714	1 539	288	39 154	28 279	33 036	100 470
IV	21 463	50 216	29 381	1 555	290	41 162	27 742	34 001	102 906
1990*									
I	21 865	55 500	27 631	1 531	296	43 578	25 730	37 515	106 823
II	21 283	54 539	27 461	1 803	954	44 521	23 698	37 820	106 039
III	22 386	56 723	26 998	1 691	1 303	47 524	23 614	37 963	109 101

5.6 HELSINKI STOCK EXCHANGE

During period	Turnover, mill.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
1986	9 488	6 479	15 968	254	357	350
1987	26 641	4 604	31 245	319	603	546
1988	31 734	4 473	36 207	404	734	677
1989	33 160	7 375	40 536	441	793	742
1990	15 521	4 550	20 071	283	595	536
1989						
Dec.	2 929	1 471	4 400	354	669	619
1990						
Jan.	4 475	709	5 184	332	701	633
Feb.	1 324	15	1 339	319	745	661
March	1 520	599	2 120	320	715	638
April	850	250	1 100	314	660	594
May	1 199	632	1 831	308	632	572
June	804	341	1 145	306	628	567
July	468	216	684	291	598	538
Aug.	870	145	1 015	280	594	532
Sept.	544	172	716	241	520	468
Oct.	680	427	1 107	233	455	417
Nov.	1 727	233	1 960	230	449	410
Dec.	1 058	810	1 869	223	444	404

¹ Average of daily observations.

6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, f.o.b.	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income ¹	Transfers and other income	Current account receipts (6+7+8)	Imports of goods, c.i.f.	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
1985	82 475	6 216	3 258	6 224	15 698	98 173	5 847	3 791	107 811	80 764	2 545	5 031	6 554
1986	81 066	5 757	3 195	5 616	14 568	95 634	4 510	3 609	103 752	76 736	2 160	5 587	5 415
1987	83 826	6 370	3 736	6 099	16 204	100 030	5 075	3 231	108 336	81 867	2 610	6 811	6 488
1988	91 313	7 026	4 280	6 132	17 438	108 750	7 836	4 415	121 002	91 232	3 338	7 907	7 390
1989*	98 265	7 662	4 497	6 277	18 436	116 701	10 646	3 652	130 999	104 400	3 869	8 969	8 759
1988													
I	20 516	1 623	776	1 583	3 982	24 498	1 863	1 083	27 443	19 684	671	1 829	2 011
II	22 569	1 752	1 041	1 379	4 172	26 740	1 890	1 119	29 750	23 184	780	1 916	1 730
III	21 621	1 880	1 486	1 264	4 631	26 251	1 978	1 133	29 363	23 767	943	2 210	1 789
IV	26 608	1 771	977	1 905	4 653	31 261	2 105	1 080	34 446	24 597	944	1 951	1 860
1989*													
I	24 944	1 853	869	1 322	4 044	28 988	2 057	851	31 896	24 292	820	1 922	2 170
II	23 370	1 948	1 078	1 376	4 401	27 771	2 793	930	31 494	24 762	947	2 170	2 234
III	22 534	1 982	1 421	1 466	4 869	27 403	2 476	927	30 806	25 637	1 022	2 431	2 070
IV	27 418	1 879	1 129	2 114	5 122	32 540	3 320	944	36 803	29 708	1 080	2 446	2 285
1990*													
I	24 418	2 053	806	1 515	4 374	28 792	3 056	820	32 667	24 697	968	2 461	2 288
II	26 480	2 142	1 145	1 290	4 576	31 057	3 332	967	35 356	27 572	1 060	2 697	2 292
III	22 904	2 195	1 835	1 190	5 220	28 124	3 169	929	32 222	22 848	1 108	3 038	2 150

During period	Services expenditure, total (11+12 +13)	Imports of goods and services (10+14)	Investment expenditure ¹	Transfers and other expenditure	Current account expenditure (15+16 +17)	Trade account (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21 +22)	Goods and services account net (19+23)(7-16)	Transfers and other, net (8-17)	Current account net (24+25 +26)= (9-18)	
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1985	14 130	94 893	12 134	5 300	112 327	1 711	3 671	-1 773	-330	1 568	3 279	-6 287	-1 509	-4 517
1986	13 162	89 898	11 719	5 964	107 580	4 329	3 597	-2 392	201	1 406	5 735	-7 209	-2 355	-3 828
1987	15 909	97 775	12 617	5 860	116 251	1 960	3 760	-3 075	-390	296	2 255	-7 542	-2 629	-7 915
1988	18 634	109 866	15 769	6 975	132 610	80	3 689	-3 627	-1 258	-1 196	-1 116	-7 933	-2 560	-11 608
1989*	21 596	125 996	21 099	7 561	154 656	-6 134	3 793	-4 471	-2 482	-3 160	-9 294	-10 453	-3 910	-23 657
1988														
I	4 510	24 194	3 882	1 974	30 050	832	952	-1 053	-428	-529	303	-2 019	-891	-2 606
II	4 426	27 610	3 863	1 556	33 029	-616	972	-875	-351	-254	-870	-1 972	-437	-3 279
III	4 942	28 709	3 511	1 558	33 778	-2 146	937	-723	-525	-311	-2 457	-1 533	-424	-4 415
IV	4 756	29 353	4 514	1 888	35 754	2 010	827	-975	45	-102	1 908	-2 409	-808	-1 308
1989*														
I	4 911	29 203	4 169	2 120	35 492	652	1 034	-1 053	-848	-867	-215	-2 112	-1 269	-3 596
II	5 351	30 114	5 691	1 884	37 689	-1 393	1 001	-1 092	-858	-950	-2 343	-2 898	-954	-6 195
III	5 522	31 160	5 137	1 730	38 027	-3 103	960	-1 010	-604	-654	-3 757	-2 661	-804	-7 221
IV	5 811	35 519	6 102	1 827	43 448	-2 291	799	-1 316	-171	-689	-2 980	-2 782	-883	-6 645
1990*														
I	5 717	30 414	5 895	1 927	38 236	-279	1 085	-1 655	-774	-1 343	-1 622	-2 839	-1 107	-5 569
II	6 049	33 621	6 974	2 235	42 830	-1 092	1 082	-1 553	-1 002	-1 473	-2 565	-3 642	-1 268	-7 475
III	6 295	29 144	6 496	1 993	37 633	55	1 088	-1 203	-960	-1 075	-1 020	-3 327	-1 064	-5 412

¹ Excluding for the time being reinvested earnings of direct investment enterprises; see also the item on direct investment in the

6.2 CAPITAL ACCOUNT, MILL. FIM

During period	Direct investment in Finland	Port-folio investment in Finland	Long-term credits				Imports of other long-term capital	Imports of long-term capital (1+2+6+7)	Direct investment abroad	Port-folio investment abroad	Long-term export credits	Exports of other long-term capital	Exports of long-term capital (9+10+11+12)	Long-term capital account (8-13)
			Central government	Author-ized banks	Others	Total (3+4+5)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1985	392	9 507	-66	-12	-1 678	-1 756	140	8 283	2 073	1 329	-1 313	1 026	3 115	5 168
1986	1 627	9 301	-240	31	-3 056	-3 265	87	7 750	3 641	2 592	-381	457	6 309	1 441
1987	424	9 319	-556	1 823	103	1 370	91	11 204	3 741	3 029	158	2 508	9 436	1 768
1988	1 164	14 457	-1 892	2 304	2 548	2 960	85	18 666	7 935	2 492	1 369	753	12 550	6 117
1989*	1 353	14 756	-1 638	4 152	6 094	8 608	79	24 796	11 793	887	2 934	78	15 692	9 104
1988														
I	63	2 080	-422	355	1 069	1 002	89	3 234	1 113	1 200	8	272	2 593	642
II	313	5 204	-310	139	-219	-390	-42	5 085	2 972	439	218	132	3 761	1 324
III	107	1 274	-382	953	503	1 074	-19	2 436	1 677	415	67	134	2 293	143
IV	681	5 899	-778	857	1 195	1 274	57	7 911	2 173	438	1 076	215	3 902	4 009
1989*														
I	-165	7 696	-761	1 033	456	728	42	8 301	3 173	328	1 395	357	5 253	3 048
II	176	1 415	-403	397	1 082	1 076	-22	2 645	1 785	430	543	160	2 918	-273
III	484	2 841	-113	563	1 031	1 481	-16	4 790	3 237	333	225	158	3 953	837
IV	858	2 804	-361	2 159	3 525	5 323	75	9 060	3 598	-204	771	-597	3 568	5 492
1990*														
I	563	6 709	-310	2 125	10 482	12 297	126	19 695	2 285	295	101	357	3 038	16 657
II	531	2 646	-234	449	1 647	1 862	-34	5 005	2 910	-342	-1	-163	2 404	2 601
III	149	6 451	-201	1 145	1 557	2 501	-26	9 075	2 630	165	-392	-151	2 252	6 823

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 receipts and prepayments related to imports	Exports of short-term capital (19+20)	Other short-term capital incl. errors and omissions	Short-term capital (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
1985	651	6 890	350	7 240	323	1 732	2 055	-2 092	3 093	3 744	-3 744	-3 729	-15
1986	-2 387	6 019	-3 796	2 222	9 933	-92	9 841	2 075	-5 544	-7 930	7 930	11 678	-3 748
1987	-6 147	19 324	-665	18 659	-7 343	-183	-7 526	-4 302	21 883	15 736	-15 736	-17 817	2 081
1988	-5 492	10 950	-399	10 551	5 970	644	6 614	1 737	5 674	183	-183	-517	334
1989*	-14 553	4 284	1 627	5 912	2 641	475	3 116	5 796	8 592	-5 961	5 961	4 455	1 506
1988													
I	-1 965	6 244	-1 632	4 612	2 966	-692	2 274	1 968	4 305	2 341	-2 341	-1 295	-1 046
II	-1 955	13 610	484	14 094	4 363	-692	3 671	-3 750	6 673	4 718	-4 718	-4 662	-57
III	-4 272	-142	1 411	1 269	3 405	1 014	4 419	334	-2 816	-7 088	7 088	6 337	751
IV	2 700	-8 761	-663	-9 424	-4 764	1 014	-3 750	3 185	-2 488	212	-212	-897	685
1989*													
I	-548	5 699	-287	5 412	4 685	214	4 899	1 855	2 368	1 820	-1 820	-1 372	-449
II	-6 468	10 761	-2 108	8 653	4 648	214	4 861	1 502	5 293	-1 174	1 174	152	1 022
III	-6 384	4 244	1 107	5 351	4 747	24	4 771	2 818	3 398	-2 987	2 987	1 802	1 185
IV	-1 153	-16 419	2 915	-13 505	-11 439	24	-11 415	-378	-2 467	-3 620	3 620	3 873	-253
1990*													
I	11 088	18 613	782	19 394	11 407	-593	10 814	-8 822	-242	10 847	-10 847	-11 254	408
II	-4 874	9 581	793	10 374	5 901	-593	5 309	582	5 648	774	-774	-873	100
III	1 411	-3 315	-571	-3 886	-3 330	-360	-3 690	844	648	2 059	-2 059	-2 064	5

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

End of period	Long-term liabilities							Long-term assets					Long-term debt, net (9+10+11+12) (8-13)	
	Direct investment in Finland	Portfolio investment in Finland	Long-term credits			Other long-term capital	Total (1+2+6+7)	Direct investment abroad	Portfolio investment abroad	Long-term export credits	Other long-term capital	Total (9+10+11+12)		
			Central government	Author-ized banks	Others									Total (3+4+5)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1985	7 386	37 932	8 341	1 701	24 703	34 745	652	80 715	10 516	2 370	6 539	3 033	22 458	58 257
1986	8 173	48 039	8 598	1 780	19 905	30 283	739	87 234	11 819	4 962	5 649	3 420	25 850	61 384
1987	10 459	54 317	8 242	3 471	18 666	30 379	830	95 985	17 793	7 991	5 240	5 747	36 771	59 214
1988	12 652	68 957	6 054	5 910	21 153	33 117	915	115 641	22 376	10 483	6 686	6 538	46 083	69 558
1989*	16 247	82 313	4 127	9 977	26 153	40 257	994	139 811	31 500	11 370	9 469	6 464	58 803	81 008
1988														
I	10 779	56 565	7 607	3 823	19 525	30 955	919	99 218	18 068	9 191	5 248	6 011	38 518	60 700
II	11 350	62 476	7 282	4 055	19 742	31 079	877	105 782	20 202	9 630	5 685	6 241	41 758	64 024
III	11 714	63 202	6 875	5 038	20 377	32 290	858	108 064	21 041	10 045	5 787	6 406	43 279	64 785
IV	12 652	68 957	6 054	5 910	21 153	33 117	915	115 641	22 376	10 483	6 686	6 538	46 083	69 558
1989*														
I	13 046	75 798	5 117	7 171	20 844	33 132	957	122 933	24 833	10 811	7 972	6 872	50 488	72 445
II	13 783	77 417	4 629	7 213	22 276	34 118	935	126 253	26 000	11 241	8 932	7 106	53 279	72 974
III	14 828	79 950	4 521	7 703	23 194	35 418	919	131 115	28 570	11 574	9 155	7 246	56 545	74 570
IV	16 247	82 313	4 127	9 977	26 153	40 257	994	139 811	31 500	11 370	9 469	6 464	58 803	81 008
1990*														
I	16 810	85 070	3 663	12 113	35 218	50 994	1 120	153 994	33 785	11 665	9 366	6 785	61 601	92 393
II	17 341	86 352	3 455	12 666	36 533	52 654	1 086	157 433	36 695	11 323	9 321	6 623	63 962	93 471
III	17 490	89 561	3 323	13 744	37 686	54 753	1 060	162 864	39 325	11 483	8 793	6 465	66 071	96 793

End of period	Short-term liabilities				Short-term assets				Short-term liabilities, net (18-22)	Debt, net (14+23)	Debt service payments	Of which: repayments	Debt service ratio
	Bank of Finland's term short-term liabilities	Short-term liabilities of authorized banks	Trade credits and other liabilities	Total (15+16+17)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits and other assets	Total (19+20+21)					
1985	4 070	51 374	17 474	72 918	25 183	36 208	18 450	79 841	-6 922	51 335	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	54 169	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	64 614	14 203	6 516	13.1
1988	3 341	83 828	15 919	103 088	32 037	44 768	20 830	97 635	5 452	75 010	11 760	3 750	9.7
1989*	3 558	88 750	19 541	111 849	25 113	47 410	22 183	94 705	17 144	98 152	11 804	1 255	9.0
1988													
I	3 467	79 633	14 053	97 153	33 515	41 764	18 861	94 140	3 013	63 713	2 416	378	8.8
II	3 177	91 364	14 577	109 118	39 025	46 127	17 560	102 711	6 407	70 431	2 779	788	9.3
III	3 539	90 827	17 297	111 663	32 750	49 532	20 090	102 372	9 291	74 076	3 812	2 260	13.0
IV	3 341	83 828	15 919	103 088	32 037	44 768	20 830	97 635	5 452	75 010	2 752	324	8.0
1989*													
I	3 278	90 535	16 748	110 560	33 376	49 453	21 047	103 877	6 684	79 129	2 874	738	9.0
II	3 136	100 323	15 475	118 934	32 142	54 101	22 433	108 676	10 258	83 232	4 435	1 513	14.1
III	3 919	104 952	16 706	125 577	29 839	58 848	22 704	111 391	14 186	88 756	3 341	656	10.8
IV	3 558	88 750	19 541	111 849	25 113	47 410	22 183	94 705	17 144	98 152	1 154	-1 652	3.1
1990*													
I	4 036	107 362	21 491	132 889	35 895	58 817	23 142	117 854	15 036	107 429	5 356	2 493	16.4
II	4 195	116 943	21 081	142 219	36 764	64 718	22 457	123 939	18 279	111 750	6 899	3 233	19.5
III	4 071	113 628	20 859	138 558	38 454	61 388	22 787	122 629	15 929	112 722	5 927	2 576	18.4

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

End of period	Long-term liabilities					Long-term assets					Long-term liabilities, net (5-10)
	Corporate sector	Financial institutions	Central government	Local government	Total (1+2+3+4)	Corporate sector	Financial institutions	Central government	Other	Total (6+7+8+9)	
	1	2	3	4	5	6	7	8	9	10	11
1985	39 821	13 980	26 330	585	80 715	17 094	3 131	1 955	279	22 458	58 257
1986	39 524	20 169	27 031	509	87 234	17 301	5 721	2 309	520	25 850	61 384
1987	40 050	26 734	28 691	511	95 985	23 659	9 740	2 653	719	36 771	59 214
1988	47 089	41 127	26 926	499	115 641	28 982	12 977	3 101	1 024	46 083	69 558
1989*	59 382	56 791	23 063	575	139 811	37 774	15 140	3 517	2 372	58 803	81 008
1988											
I	43 062	28 095	27 556	506	99 218	24 146	10 716	2 851	806	38 518	60 700
II	44 542	31 463	29 267	513	105 782	26 516	11 455	2 887	901	41 758	64 024
III	44 006	35 695	27 849	516	108 064	27 543	11 830	2 938	968	43 279	64 785
IV	47 089	41 127	26 926	499	115 641	28 982	12 977	3 101	1 024	46 083	69 558
1989*											
I	48 466	47 919	26 033	515	122 933	31 265	14 658	3 299	1 266	50 488	72 445
II	50 234	51 262	24 257	500	126 253	32 743	15 805	3 329	1 402	53 279	72 974
III	53 499	53 342	23 783	491	131 115	35 417	15 972	3 374	1 782	56 545	74 570
IV	59 382	56 791	23 063	575	139 811	37 774	15 140	3 517	2 372	58 803	81 008
1990*											
I	69 214	62 176	21 999	604	153 994	40 046	15 179	3 699	2 677	61 601	92 393
II	70 662	65 314	20 879	579	157 433	43 079	14 153	3 734	2 996	63 962	93 471
III	69 535	71 060	21 661	608	162 864	45 428	13 449	3 772	3 422	66 071	96 793

7. FOREIGN TRADE

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

During period	Exports, f.o.b.	Imports, c.i.f.	Balance (1-2)
	1	2	3
1985	84 028	81 520	2 508
1986	82 579	77 601	4 978
1987	85 516	82 807	2 709
1988	92 902	92 118	784
1989¹	99 794	105 288	-5 494
1989*			
Nov.	9 429	9 927	-498
Dec.	7 978	9 018	-1 040
1990*			
Jan.	8 531	8 323	208
Feb.	8 035	8 104	-69
March	8 207	8 559	-352
April	9 077	9 912	-835
May	9 034	9 460	-426
June	8 773	8 421	352
July	7 143	7 691	-548
Aug.	7 659	8 077	-418
Sept.	8 517	7 389	1 128
Oct.	8 985	10 161	-1 176
Nov.	8 965	8 401	564

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

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

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1985	115	104	138	135	102
1986	116	110	135	121	111
1987	118	119	138	119	116
1988	121	130	145	122	119
1989*	121	144	156	126	123
1989*					
1988					
I	114	116	140	120	117
II	123	133	141	121	117
III	113	134	147	123	119
IV	136	137	150	124	121
1989*					
I	123	132	156	128	122
II	116	136	155	126	123
III	112	141	155	126	124
IV	134	163	157	126	125
1990*					
I	122	134	154	128	120
II	132	152	157	126	125

7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, f.o.b.					Imports by use of goods, c.i.f.				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Investment goods	Consumer goods	Other goods
	1	2	3	4	5	6	7	8	9	10
1985	6 728	25 030	9 803	24 412	18 055	38 676	17 770	11 675	12 967	432
1986	6 947	24 600	7 858	26 115	17 059	39 292	10 070	12 898	15 069	272
1987	7 470	27 058	7 770	26 230	16 988	41 174	9 406	14 138	17 478	611
1988	7 567	30 474	8 450	29 225	17 186	45 790	7 533	17 274	20 828	693
1989¹²	7 418	32 520	8 843	32 684	18 329	51 726	8 283	20 462	24 056	761
1989*										
Nov.	699	2 857	844	3 320	1 709	4 704	903	1 996	2 285	39
Dec.	618	2 552	684	2 805	1 319	4 326	796	1 867	1 963	66
1990*										
Jan.	617	2 324	824	3 426	1 340	4 031	534	1 778	1 951	29
Feb.	666	2 447	829	2 596	1 497	4 053	428	1 576	1 979	68
March	622	2 784	753	2 614	1 434	4 200	478	1 665	2 177	39
April	681	2 815	803	3 303	1 475	4 594	718	2 007	2 403	190
May	849	2 828	810	3 077	1 470	4 645	760	1 780	2 192	83
June	740	2 593	744	3 308	1 388	4 119	811	1 613	1 832	46
July	492	2 425	624	2 492	1 110	3 682	552	1 473	1 899	85
Aug.	515	2 766	826	2 305	1 247	3 859	751	1 504	1 942	21
Sept.	645	2 528	871	2 941	1 532	3 497	989	1 205	1 669	29
Oct.	694	2 872	849	3 005	1 565	4 604	1 791	1 569	2 183	14
Nov.	696	2 850	816	3 106	1 497	4 071	825	1 496	1 949	60

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1989*		1990*		1989*		1990*	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period on the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
	1	2	3	4	5	6	7	8
All OECD countries	75 493	75.6	71 645	2.6	82 767	78.4	75 578	-0.1
OECD Europe	64 393	64.5	62 698	5.2	67 055	63.5	62 153	1.4
Of which:								
Austria	1 175	1.2	1 036	-4.7	1 295	1.2	1 300	10.3
Belgium and Luxembourg	1 947	2.0	2 049	14.5	2 932	2.8	2 615	-3.1
Denmark	3 257	3.3	3 257	8.3	3 290	3.1	3 110	4.1
France	5 453	5.5	5 760	14.9	4 417	4.2	4 132	3.1
Federal Republic of Germany	10 785	10.8	11 395	14.4	18 233	17.3	16 223	-2.7
Italy	2 989	3.0	2 981	7.5	4 900	4.6	4 439	-1.1
Netherlands	3 961	4.0	4 001	10.0	3 416	3.2	2 995	-3.1
Norway	2 920	2.9	2 810	3.7	2 457	2.3	3 095	36.2
Spain	1 831	1.8	2 028	22.1	1 129	1.1	1 058	3.7
Sweden	14 314	14.3	13 429	1.3	14 314	13.6	12 293	-6.3
Switzerland	1 680	1.7	1 677	8.0	1 829	1.7	1 659	0.8
United Kingdom	11 958	12.0	10 026	-10.8	6 898	6.5	7 079	12.0
Other OECD	11 100	11.1	8 947	-12.2	15 711	14.9	13 425	-6.4
Of which:								
Canada	1 359	1.4	1 068	-12.8	919	0.9	751	-12.8
Japan	2 033	2.0	1 342	-29.3	7 695	7.3	6 175	-12.2
United States	6 388	6.4	5 551	-5.4	6 669	6.3	6 188	2.3
CMEA countries	16 248	16.3	12 867	-12.3	14 907	14.1	11 875	-12.1
Of which:								
Soviet Union	14 496	14.5	11 466	-12.4	12 152	11.5	9 492	-13.3
Developing countries	7 224	7.2	7 370	12.1	6 612	6.3	6 064	0.4
OPEC countries	1 558	1.6	1 446	4.2	680	0.6	785	35.7
Other	5 666	5.7	5 924	14.3	5 932	5.6	5 279	-3.3
Other countries	829	0.8	1 045	37.4	1 236	1.2	981	32.1
TOTAL	99 794	100.0	92 926	1.2	105 519	100.0	94 498	-1.5
Of which:								
EEC countries	43 869	44.0	43 318	6.6	46 902	44.4	43 605	1.8
EFTA countries	20 195	20.2	19 041	1.8	20 006	19.0	18 414	0.5

8. DOMESTIC ECONOMIC DEVELOPMENTS

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

(seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
1985	181 664	68 218	69 599	10 453	1 772	331 706	98 173	94 893	334 986
1986	189 113	70 325	69 328	10 738	810	340 314	99 498	97 795	342 017
1987	199 981	73 458	72 761	11 654	2 246	360 100	102 127	106 568	355 659
1988*	209 956	75 190	81 839	11 446	9 062	387 493	105 897	118 405	374 985
1989*	218 243	77 389	94 252	11 257	14 694	415 835	107 551	128 834	394 552
1988*									
II	51 660	18 730	19 976	2 696	2 991	96 053	26 539	29 452	93 140
III	52 836	18 870	21 094	3 030	2 283	98 113	26 545	31 166	93 492
IV	53 442	19 009	21 120	2 855	2 443	98 869	27 321	29 902	96 288
1989*									
I	53 903	19 149	21 638	2 744	2 978	100 413	27 705	31 411	96 706
II	54 502	19 276	23 465	2 749	2 223	102 215	25 894	30 030	98 079
III	54 968	19 397	24 161	2 839	4 185	105 549	26 713	32 736	99 527
IV	54 871	19 566	24 988	2 925	5 307	107 658	27 238	34 657	100 239
1990*									
I	54 564	19 812	23 903	2 968	2 751	103 998	27 032	32 213	98 816
II	55 116	19 951	22 675	3 090	3 828	104 660	28 951	33 794	99 818
III	55 008	20 069	21 927	2 911	1 574	101 490	27 488	29 867	99 111

8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1985=100

(seasonally adjusted figures)

Period	Total industry	Mining and quarrying	Manu- facturing	Wood and paper industries	Metal and engineering industries	Other manu- facturing	Energy and water supply
	(100.0)	(1.6)	(87.9)	(16.5)	(30.0)	(41.4)	(10.5)
	1	2	3	4	5	6	7
1985	100.4	99.8	100.4	100.1	100.6	100.3	100.2
1986	101.9	102.8	102.0	102.3	103.0	101.2	100.4
1987	107.2	99.9	107.2	106.5	110.2	105.4	107.8
1988*	110.9	108.8	111.0	113.1	114.5	107.6	110.1
1989*	113.8	117.2	114.1	115.9	120.7	108.6	110.2
1989*							
Oct.	113.2	120.2	113.8	113.6	121.7	108.1	107.5
Nov.	113.9	118.7	114.0	115.6	120.3	108.8	112.1
Dec.	113.0	116.8	112.6	111.0	121.1	106.6	115.8
1990*							
Jan.	114.6	115.8	114.0	115.6	120.9	108.3	118.9
Feb.	114.8	118.8	115.3	116.5	123.9	107.5	115.3
March	114.3	110.9	114.8	117.3	120.2	108.2	114.5
April	116.4	116.7	115.6	117.5	124.0	110.7	114.3
May	114.9	142.8	115.3	114.5	121.6	110.1	111.8
June	115.0	130.5	116.2	123.1	123.4	107.8	106.1
July	109.8	73.3	110.7	112.6	114.9	106.8	114.0
Aug.	111.4	134.0	112.1	111.3	121.0	106.4	103.5
Sept.	110.6	119.6	110.6	113.5	117.4	105.0	107.4
Oct.	107.4	110.1	106.7	109.8	112.6	101.6	112.5

8.3 INDICATORS OF DOMESTIC SUPPLY AND DEMAND, 1985=100
(seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	104.7	102.5	94.0	88.4	99.9	99.5	105.2	102.1
1987	111.3	107.7	95.6	89.0	101.0	102.6	114.3	106.8
1988*	116.7	113.0	108.6	106.0	113.4	110.6	135.0	110.5
1989*	124.2	117.0	130.3	132.9	137.6	125.2	160.3	114.7
1989*								
Sept.	125.1	117.3	..	..	..	..	..	115.4
Oct.	130.2	116.0	..	..	..	..	..	115.7
Nov.	130.4	117.9	..	..	..	..	..	116.3
Dec.	120.8	112.9	..	..	..	..	..	115.1
III	124.3	116.9	133.1	133.2	132.8	135.3	151.7	115.1
IV	127.1	115.6	135.4	142.5	138.4	133.8	189.8	115.7
1990*								
Jan.	125.7	113.1	..	..	..	..	..	116.4
Feb.	121.8	103.0	..	..	..	..	..	115.3
March	125.2	119.7	..	..	..	..	..	117.1
April	123.4	115.7	..	..	..	..	..	117.2
May	124.2	113.6	..	..	..	..	..	117.6
June	119.1	112.4	..	..	..	..	..	116.4
July	122.2	114.3	..	..	..	..	..	117.0
Aug.	123.5	113.3	..	..	..	..	..	117.3
Sept.	114.5	105.8	..	..	..	..	..	116.4
I	124.2	111.9	138.6	135.0	157.0	134.5	148.1	116.3
II	122.2	113.9	134.4	130.9	169.0	126.4	167.4	117.1
III	120.1	111.1	115.2	113.0	172.1	102.4	122.3	116.9

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			Domestic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	106.9	106.6	106.2	106.6	107.8	107.2	102.9	97.0	98.6	91.0	96.5	96.7	96.4	104.3
1987	114.4	114.5	113.4	115.7	113.3	115.2	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
1988	124.7	124.6	122.7	128.8	122.0	128.0	112.6	101.5	104.9	89.1	101.7	103.8	100.7	116.3
1989¹	135.7	136.5	133.8	137.4	132.1	137.0	120.0	107.3	111.3	92.6	107.8	110.5	106.4	125.5
1989¹														
Nov.	..	..	..	..	..	..	122.3	108.9	113.5	92.3	109.1	111.2	108.0	128.6
Dec.	..	..	..	..	..	..	123.0	109.0	113.6	92.4	109.3	111.5	108.2	129.8
III	136.2	137.3	134.3	137.5	131.5	137.1	121.0	107.7	111.9	92.4	108.4	110.8	107.3	126.1
IV	139.2	140.1	137.2	140.0	135.8	139.2	122.5	108.9	113.4	92.4	109.2	111.5	108.1	128.9
1990¹														
Jan.	..	..	..	..	..	..	124.8	109.4	113.9	93.0	109.4	111.5	108.4	130.4
Feb.	..	..	..	..	..	..	125.3	109.2	113.8	92.5	108.9	110.2	108.2	130.8
March	..	..	..	..	..	..	125.7	109.3	114.1	91.9	109.0	110.1	108.5	131.7
April	..	..	..	..	..	..	126.4	109.7	114.7	91.4	109.6	110.4	109.2	134.7
May	..	..	..	..	..	..	127.0	110.5	115.8	91.2	109.8	110.6	109.5	135.0
June	..	..	..	..	..	..	127.3	110.5	115.8	91.3	109.9	110.4	109.6	135.2
July	..	..	..	..	..	..	127.5	110.5	115.8	91.2	110.1	110.6	109.8	135.3
Aug.	..	..	..	..	..	..	128.1	111.5	116.3	94.1	110.4	110.2	110.6	135.4
Sept.	..	..	..	..	..	..	128.8	112.3	116.6	96.5	110.7	110.4	110.8	135.7
Oct.	..	..	..	..	..	..	129.2	113.2	117.3	98.0	111.4	110.6	111.7	136.8
Nov.	..	..	..	..	..	..	129.1	112.6	117.1	96.4	110.9	110.6	111.1	136.8
I	142.7	143.3	140.5	145.7	138.7	144.5	125.2	109.3	113.9	92.5	109.1	110.6	108.4	131.0
II	147.6	148.6	147.2	149.4	143.2	148.3	126.9	110.2	115.4	91.3	109.8	110.5	109.4	135.0
III	147.9	149.0	146.8	149.6	143.4	148.4	128.1	111.4	116.2	93.9	110.4	110.4	110.4	135.5

¹ Preliminary figures for columns 1—6.

8.5 LABOUR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry			Unemployed	Unemployment rate	
				Self-employed	Wage and salary earners	Agri-culture and forestry	Industry	Con-struction			Service industries
				1000 persons							%
	1	2	3	4	5	6	7	8	9	10	11
1985	69.2	2 566	2 437	361	2 076	280	597	178	1 380	129	5.0
1986	69.1	2 569	2 431	359	2 071	266	589	185	1 391	138	5.4
1987	68.6	2 554	2 423	372	2 051	251	569	184	1 419	130	5.1
1988	68.4	2 546	2 431	368	2 062	238	553	188	1 452	116	4.6
1989	68.7	2 559	2 470	367	2 104	218	561	199	1 492	89	3.5
1989											
Oct.	68.6	2 556	2 483	378	2 105	216	558	203	1 507	73	2.9
Nov.	68.7	2 559	2 471	372	2 099	212	563	193	1 503	88	3.4
Dec.	68.8	2 566	2 475	367	2 109	212	566	208	1 490	90	3.5
1990											
Jan.	68.6	2 558	2 488	376	2 112	220	563	201	1 504	70	2.7
Feb.	69.1	2 574	2 493	368	2 124	215	560	212	1 505	82	3.2
March	68.4	2 551	2 477	358	2 119	210	551	206	1 509	74	2.9
April	68.6	2 559	2 470	363	2 107	212	562	201	1 495	89	3.5
May	68.5	2 559	2 481	359	2 122	202	550	215	1 513	78	3.0
June	68.5	2 561	2 472	351	2 121	200	560	209	1 503	89	3.5
July	68.5	2 559	2 470	357	2 113	208	562	205	1 496	89	3.5
Aug.	67.9	2 537	2 450	347	2 103	200	552	202	1 495	87	3.4
Sept.	68.5	2 563	2 473	357	2 115	200	551	209	1 513	90	3.5
Oct.	68.2	2 553	2 454	354	2 100	205	550	199	1 499	99	3.9

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

During period	Revenue							Expenditure			
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
										Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11
1985	25 750	47 578	546	10 415	84 290	2 071	86 361	24 835	49 269	21 183	26 866
1986	28 079	51 733	323	11 640	91 774	2 209	93 983	26 354	52 845	23 215	28 131
1987	29 454	57 312	491	12 391	99 648	2 482	102 129	29 419	59 498	26 456	30 964
1988	35 339	66 348	473	13 629	115 789	2 557	118 346	32 266	65 502	29 757	33 108
1989	39 397	76 458	471	15 990	132 316	3 926	136 241	35 082	72 008	33 244	35 715
1989											
Oct.	3 108	6 457	46	969	10 581	101	10 682	2 950	6 203	3 001	3 058
Nov.	3 199	7 013	47	1 396	11 655	391	12 045	2 942	6 912	2 817	3 944
Dec.	3 518	7 813	-60	2 471	13 742	209	13 951	2 877	7 315	2 752	3 831
1990											
Jan.	3 134	6 036	76	1 244	10 490	4	10 494	3 290	5 810	2 890	2 813
Feb.	3 287	5 579	50	908	9 824	49	9 873	3 170	6 209	2 717	3 181
March	3 073	6 407	50	1 151	10 681	87	10 768	3 274	6 215	3 084	2 937
April	4 165	5 511	53	2 051	11 780	1 567	13 347	3 412	6 995	3 337	3 129
May	3 107	7 593	62	1 650	12 412	337	12 749	3 547	6 974	2 982	3 718
June	3 374	6 942	44	1 278	11 638	142	11 781	3 470	6 329	3 644	2 544
July	4 052	6 763	76	1 294	12 185	14	12 200	4 131	6 660	2 985	3 340
Aug.	3 390	6 584	84	1 337	11 395	297	11 692	3 225	6 222	2 965	3 057
Sept.	3 273	5 540	83	1 746	10 642	565	11 208	3 274	6 238	2 993	3 109
Oct.	3 135	6 208	75	1 151	10 569	218	10 787	3 520	7 862	3 526	4 142

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)
1985	5 700	4 936	84 739	4 982	89 722	-449	-3 361	3 506	145
1986	6 111	5 058	90 368	4 913	95 281	1 406	-1 298	4 203	2 905
1987	7 089	4 732	100 738	5 672	106 410	-1 090	-4 280	7 604	3 324
1988	7 565	5 614	110 946	6 529	117 476	4 842	870	2 417	3 287
1989	8 393	5 343	120 826	7 566	128 390	11 490	7 851	-4 009	3 842
1989									
Oct.	779	671	10 604	617	11 221	-23	-539	-532	-1 072
Nov.	758	193	10 805	503	11 308	850	737	-387	351
Dec.	1 107	-41	11 258	479	11 736	2 484	2 215	1 063	3 277
1990									
Jan.	371	590	10 061	673	10 735	429	-241	-1 141	-1 382
Feb.	361	150	9 890	382	10 272	-66	-399	-365	-763
March	377	537	10 403	504	10 907	278	-139	-949	-1 088
April	392	639	11 438	2 021	13 459	342	-112	-1 216	-1 328
May	501	930	11 952	772	12 724	460	25	-802	-777
June	536	288	10 623	760	11 382	1 015	399	-16	383
July	487	114	11 392	589	11 981	793	219	1 341	1 560
Aug.	529	322	10 298	557	10 856	1 097	836	95	931
Sept.	523	274	10 309	538	10 848	333	360	-63	298
Oct.	583	599	12 564	793	13 357	-1 995	-2 570	-502	-3 072

NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

GENERAL

Source

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

Symbols used

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

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

NOTES AND EXPLANATIONS TO TABLES

1 THE BALANCE SHEET OF THE BANK OF FINLAND

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

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

Table 2.1 Money market instruments (Columns 1-3) denote bank certificates of deposit, Treasury bills and banks' fixed-term deposits with the Bank of Finland. Matured money market instruments, net, comprise both purchased and sold instruments.

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

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

3 RATES OF INTEREST

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

Table 3.2 The rates shown are based on the lending rates quoted for the respective currencies in the 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): rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts. Annual rates are arithmetic averages of monthly observations until 1987 after which they are weighted by loan amounts. Average lending rates (Columns 5 and 6) are all weighted by loan amounts. As from January 1989, the loans of Postipankki Ltd have been included in the commercial banks' outstanding stock of loans. *Deposits.* 24-month tax-exempt deposits (Column 7): 24-month deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less 1 percentage point (since December 1989). Other tax-exempt deposits (Column 8): Deposits other than 24-month deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less 4 percentage points (since January 1989). Up till December 1988, the figures for tax-exempt deposits (Columns 7 and 8) are the rates of interest applied to standard tax-exempt deposit accounts as agreed upon between banks. All markka deposits (Column 9): the stock of deposits comprises all markka deposits by the public. The monthly and annual average rates of interest are weighted by deposit amounts. Other funding (Column 10): CDs outstanding + promissory notes + bonds. The average rate of interest is weighted by amounts. Total markka funding (Column 11); markka deposits by the public

+ banks' other markka funding. The rate of interest is weighted by amounts.

Table 3.5 *Secondary market yields.* Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted by the five largest banks. The yield on taxable government bonds (Column 3) is the effective annual yield, calculated as the arithmetic mean, on fixed-rate government bonds with a remaining maturity of between 4 and 5 years. The yield on taxable public issues (Column 4) is calculated as the arithmetic mean of yields on fixed-rate ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued by all issuers except the central government with a remaining maturity of between 3 and 6 years. Financial institutions (Column 5): as in Column 4 for issues by financial institutions incl. banks. Corporations (Column 6): as in Column 4 for issues by non-financial corporations. The yield on taxfree public issues (Column 7) is calculated as the arithmetic mean of yields on fixed-rate public bonds with a remaining maturity of between 4 and 5 years. The Bank of Finland calculates the yields for columns 3-7 once a week on the basis of the trading quotations of the Helsinki Stock Exchange. Monthly observations are the averages of weekly observations and annual observations the averages of monthly observations. *The offer yield on fixed-rate taxable public bonds and debentures* (Column 8) is the average yield weighted by issue amounts - in the case of government bonds by amounts sold - on fixed-rate ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued during the period.

4 RATES OF EXCHANGE

Table 4.1 The quotation of the noncommercial rate for the Belgian franc, BEL, was terminated on March 2, 1990. Since then there has been only one rate for the Belgian franc. As from the beginning of May 1990 the standard abbreviation is BEF. Prior to that date, the quotations given in Column 10 are those of BEC (the commercial rate). The time series for BEC and BEL are shown separately for the last time in the May 1990 issue of the Bulletin.

Table 4.2 The weights of the Bank of Finland currency index (Column 1) are moving averages of the shares of countries in Finland's merchandise export and import trade. The index comprises 14 convertible currencies. The index values are based on the Bank of

Finland's daily quotations at noon. The weights of the payments currency index (Column 2) are moving averages of the shares of payments currencies in Finland's trade. The index comprises 14 convertible currencies. The weights of the MERM index (Column 3) are fixed 1977 weights computed on the basis of the IMF's world trade model. Fourteen currencies are included in this index.

5 OTHER DOMESTIC FINANCING

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

Table 5.2 Source: The Central Statistical Office of Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and local government. Foreign currency credits (Column 5) are mainly granted by commercial banks and Postipankki.

Table 5.3 Foreign assets, net (Column 1) = the Bank of Finland's foreign claims + banks' foreign claims (incl. foreign claims of banks' foreign branches) - the Bank of Finland's foreign liabilities - banks' foreign liabilities (incl. foreign liabilities of 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 granted from state funds through banks. 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 (incl. private sector time deposits with the Bank of Finland) + capital accounts of deposit banks + unclassified assets and liabilities of deposit banks, net (bank debentures, bank CDs held by the public, other market funding and foreign currency deposits by the public). M_1 (Column 6) = currency in circulation - banks' till money + markka cheque and postal giro account deposits and transactions account deposits held by the public. M_2 (Column 7) = M_1 + quasi-money (mark-

ka time deposits held by the public, excl. deposits with the Bank of Finland). M_3 (Column 8) = M_2 + bank CDs held by the public.

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

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

6 BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

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

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

Table 6.3 Net foreign debt (Columns 1-24) at the end of a period is classified in the same way as the corresponding data on changes in the capital account (Table 6.2). The items included in net foreign debt have been translated into markkaa using the spot rates for

each date. Thus the figures include the impact of changes in exchange rates. Debt service payments (Column 25): the total of net payments of interest, dividends and remunerations relating to long- and short-term foreign liabilities and assets plus net repayments relating to long-term foreign liabilities and assets. Repayments do not include early repayments of loans, repatriations of equity capital included under direct investment, repurchases of shares included under portfolio investment (since 1986), repayments of the Bank of Finland's reserve tranche and oil facility credits, or repayments of rouble-denominated assets included under loan assets. The debt-service ratio (Column 27) = service charges on net foreign debt as a percentage of current account earnings.

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

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

7 FOREIGN TRADE

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

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

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

8 DOMESTIC ECONOMIC DEVELOPMENTS

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

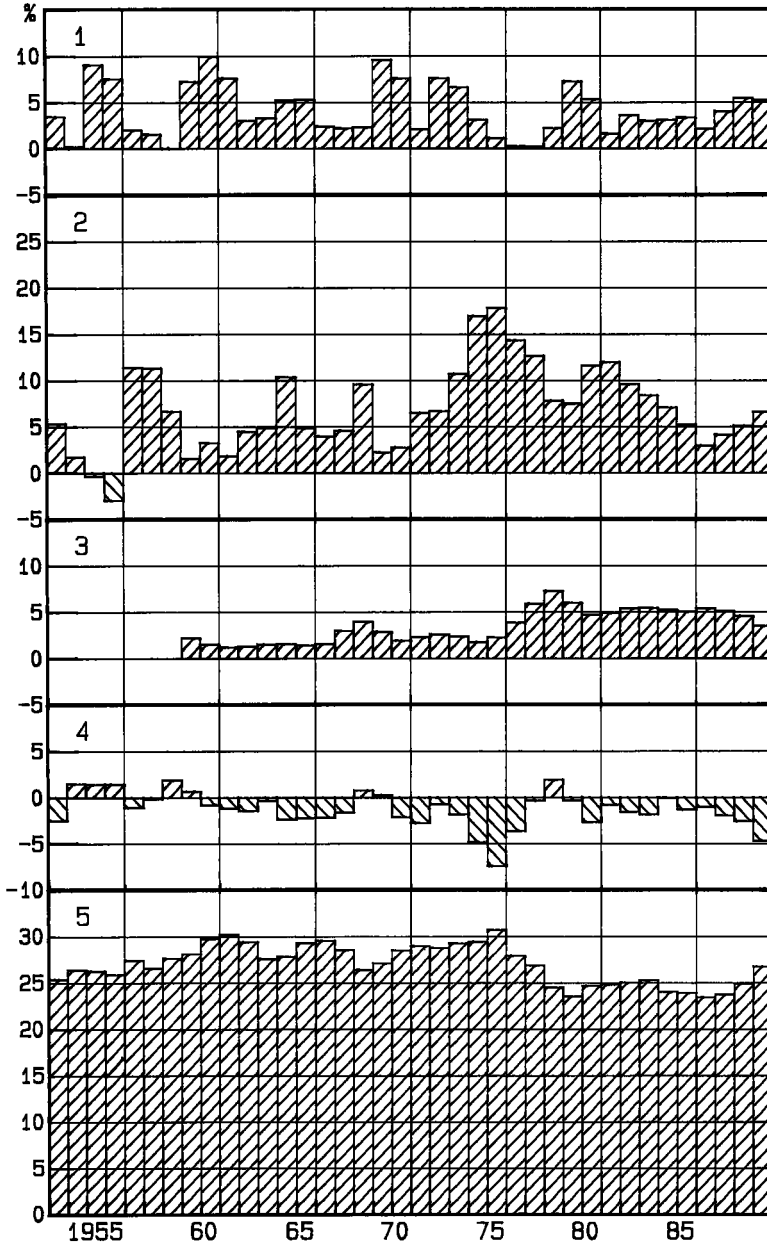
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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

Table 8.6 Source: Ministry of Finance.

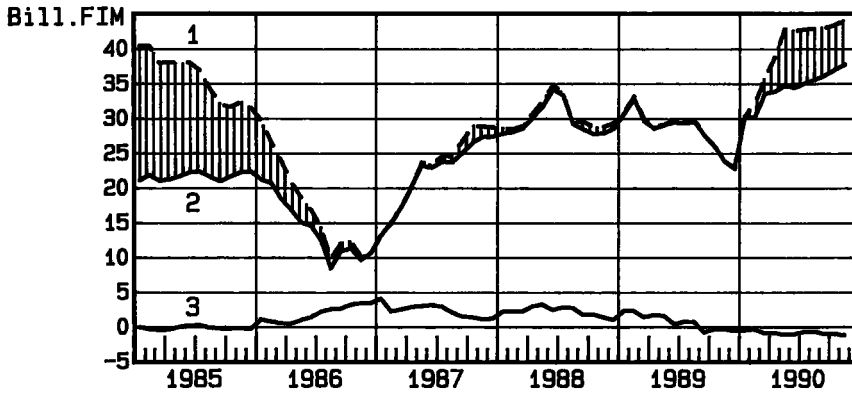
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Items affecting domestic liquidity	S29
5. Overnight rates	S30
6. HELIBOR rates of interest (daily)	S30
7. HELIBOR rates of interest (monthly)	S30
8. Rates of interest applied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

1. LONG-TERM INDICATORS



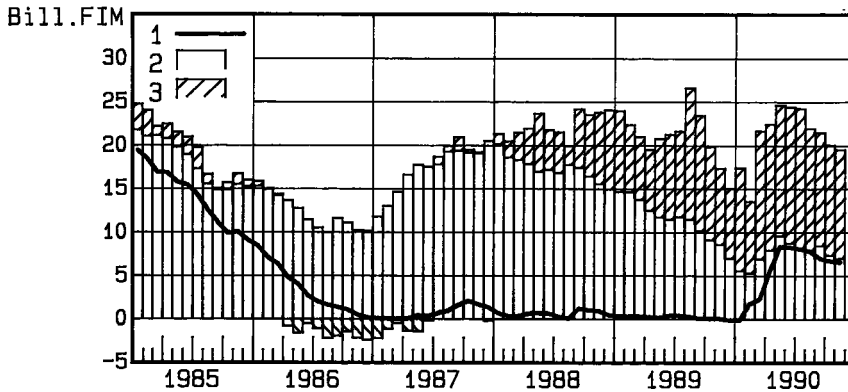
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



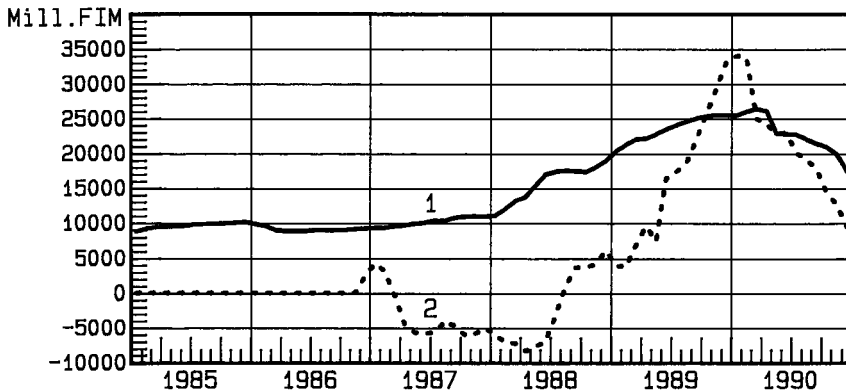
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves
3. Tied currencies

3. FORWARD MARKET



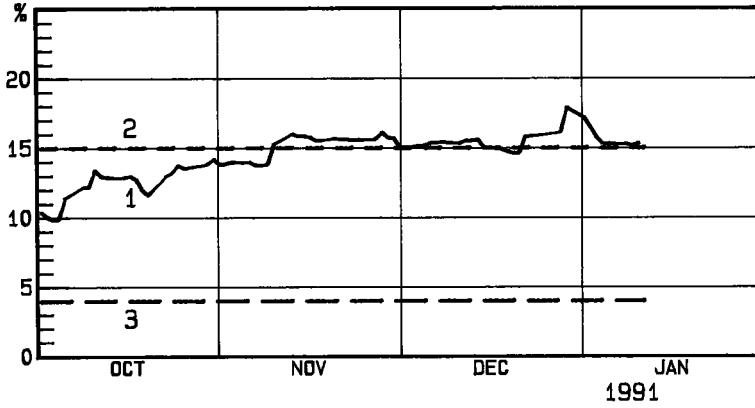
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

4. ITEMS AFFECTING DOMESTIC LIQUIDITY



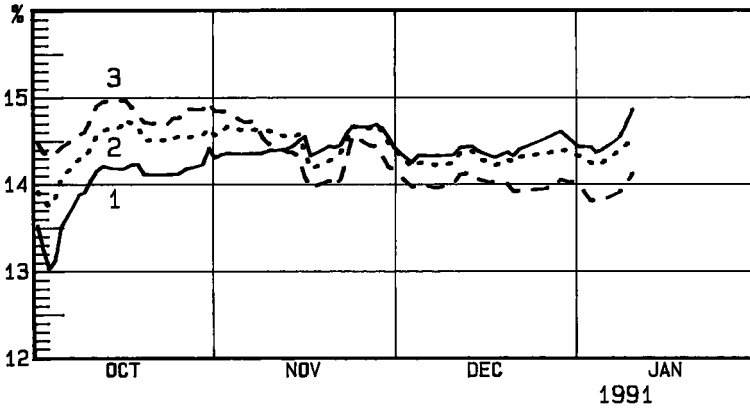
1. Cash reserve deposits
2. Bank of Finland's holdings of money market instruments, net

5. OVERNIGHT RATES



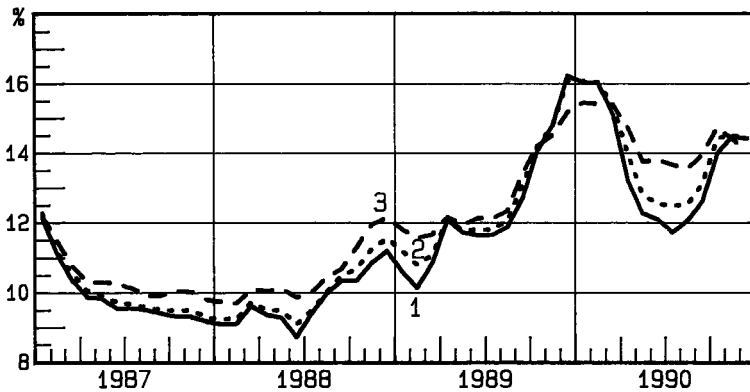
- 1. Inter-bank overnight rate
 - 2. Call money credit rate
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



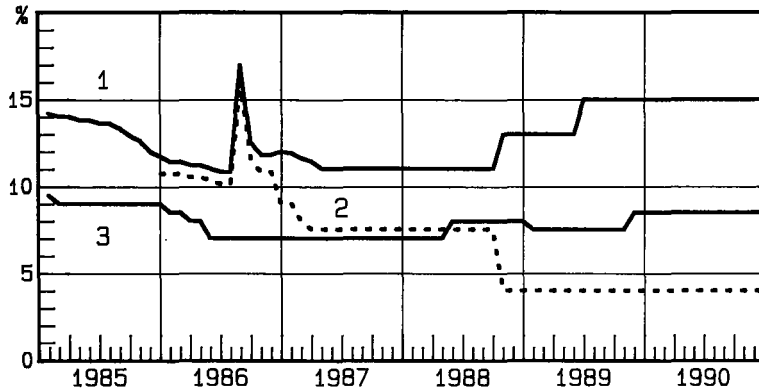
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Daily observations

7. HELIBOR RATES OF INTEREST



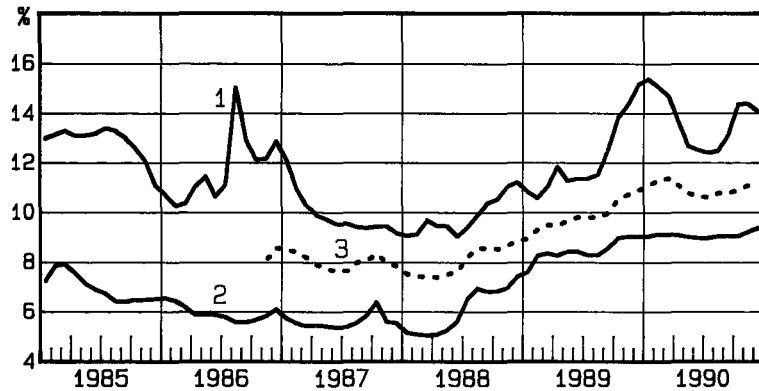
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Monthly averages

8. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



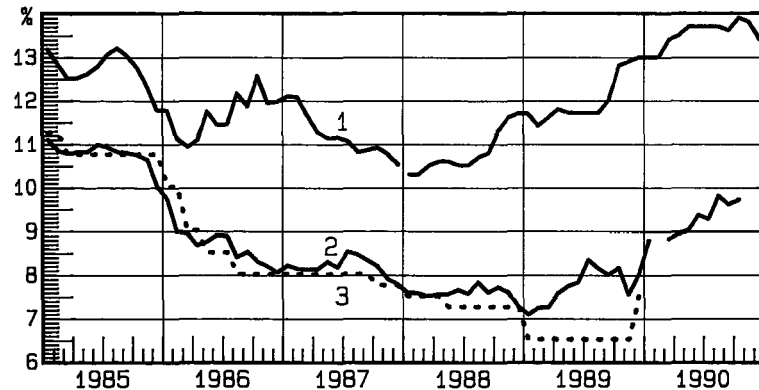
- 1. Call money credit rate
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

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



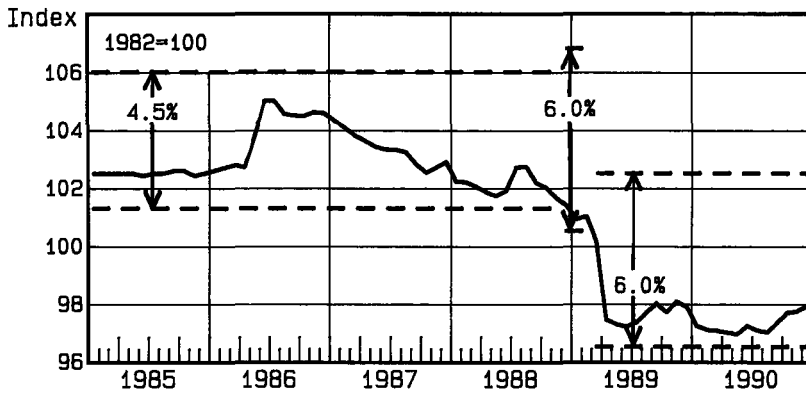
- 1. Covered Eurodollar rate
- 2. 3-currency basket rate (DEM 60 %, USD 30 %, GBP 10 %)
- 3. 14-currency basket rate (Bank of Finland currency index weights)

10. RATES ON BONDS AND DEBENTURES



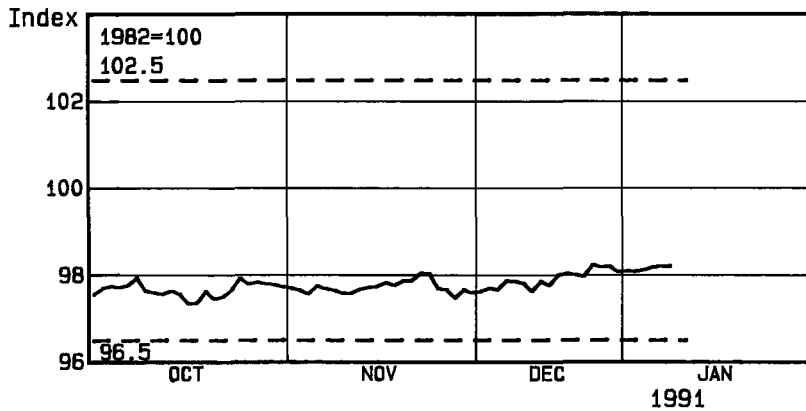
- 1. Long-term (5-year) market rate (before 1988 rate on (3-6 year) fixed-rate debentures)
- 2. Rate on (9-10 year) tax-free government bonds
- 3. Rate at issue on new 10-year taxfree government bonds

11. BANK OF FINLAND CURRENCY INDEX



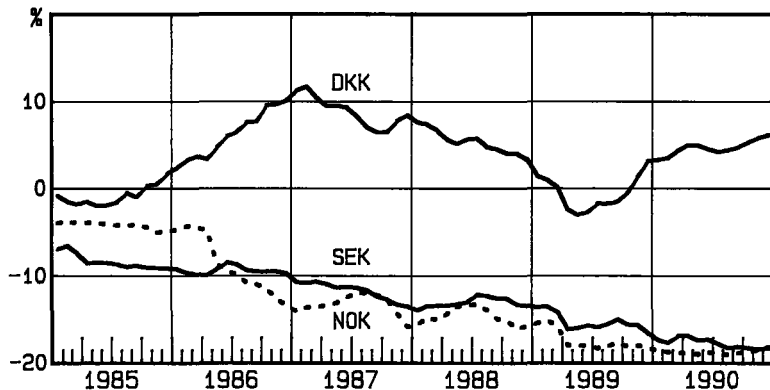
4.5 % and 6.0 % = fluctuation range of the index
Monthly averages

12. BANK OF FINLAND CURRENCY INDEX



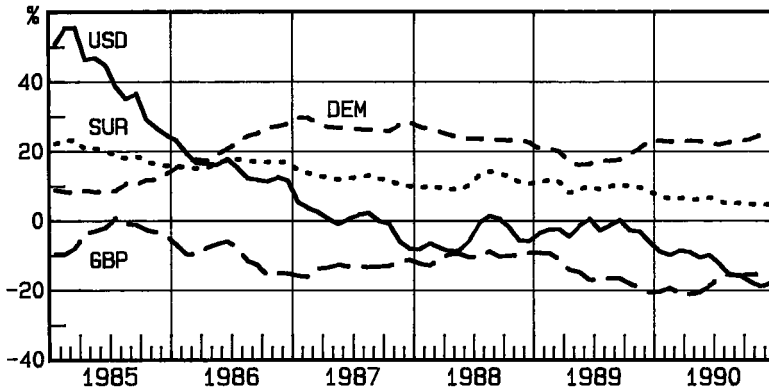
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



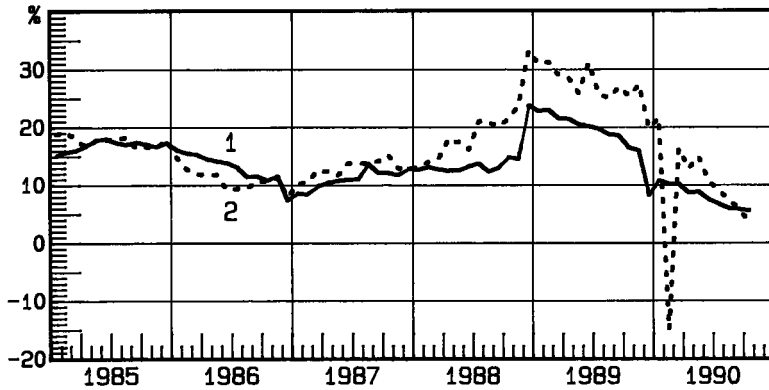
Monthly changes in markka selling rates calculated from the average rates for January 1982

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



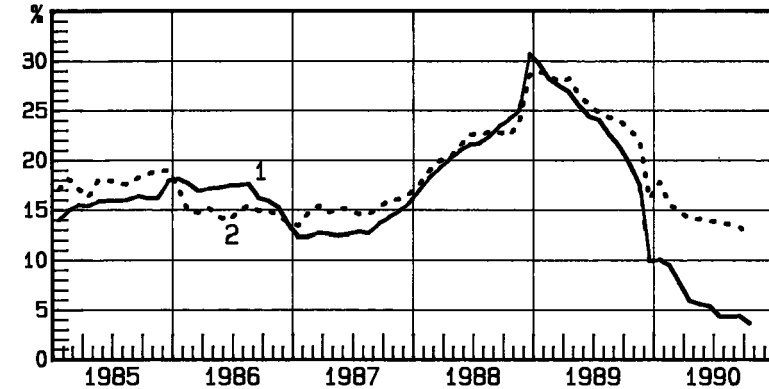
Monthly changes in markka selling rates calculated from the average rates for January 1982

15. BANK DEPOSITS FROM THE PUBLIC



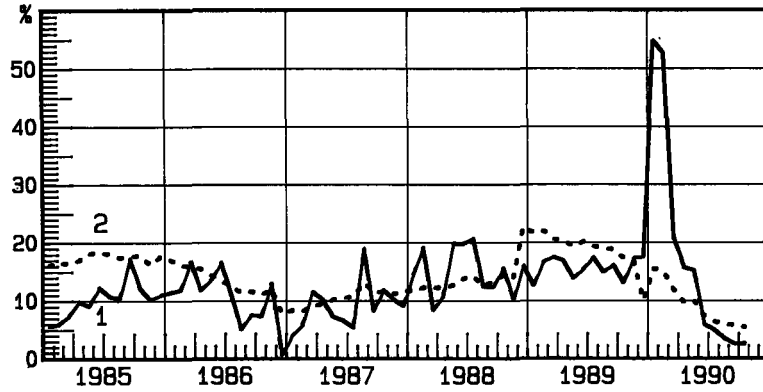
1. Regulated deposits
2. Total deposits
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



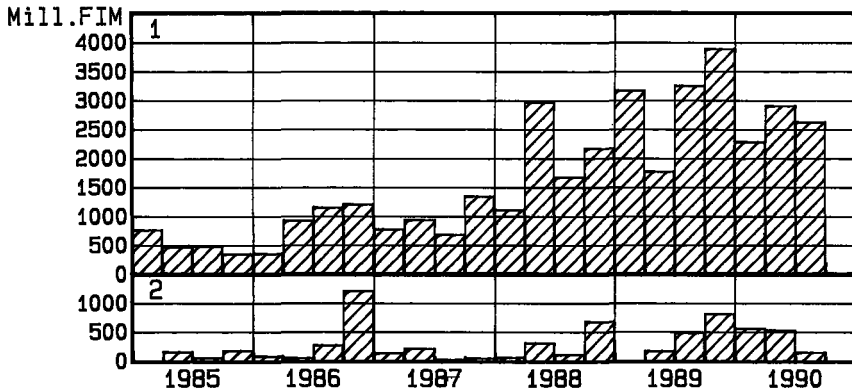
1. Markka lending
2. Total lending
Change from the corresponding month of the previous year, per cent

17. MONEY SUPPLY



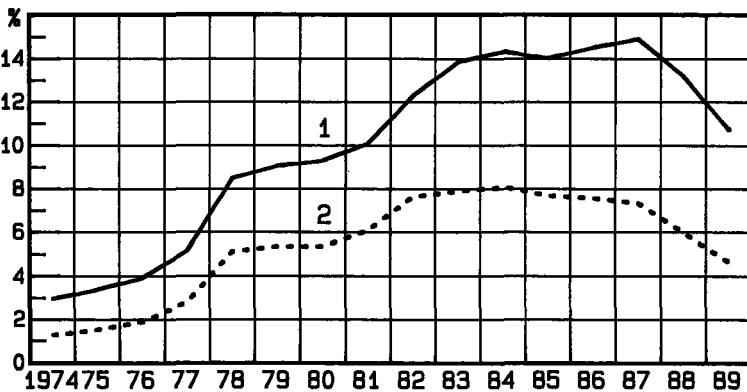
- 1. Narrow money supply (M1)
 - 2. Broad money supply (M2)
- Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



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

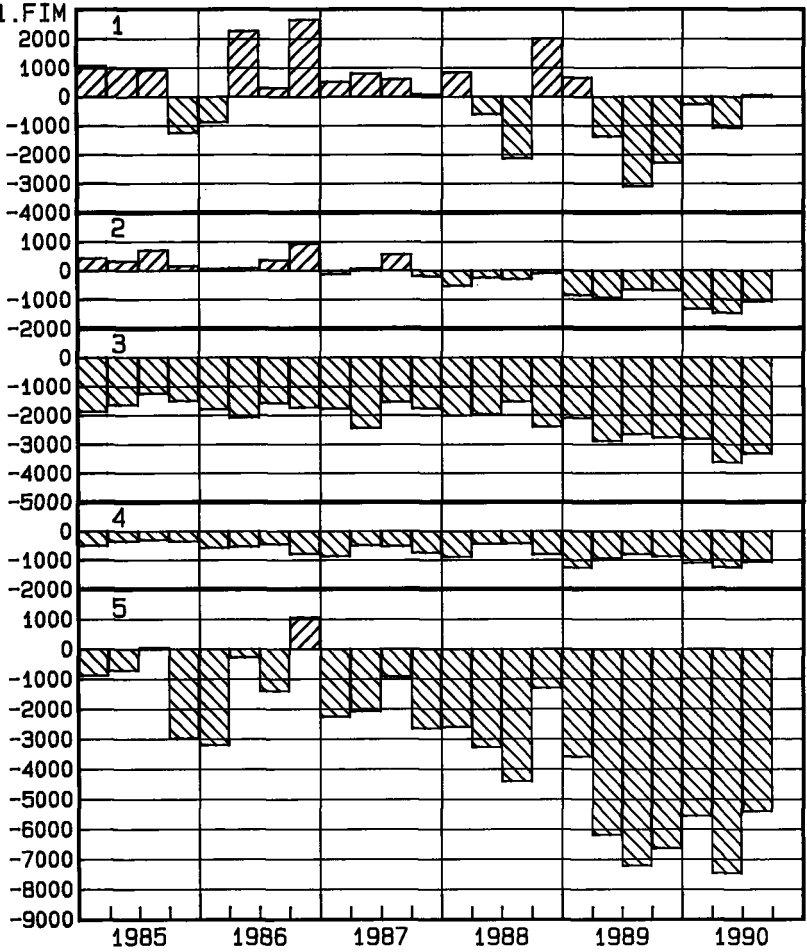
19. CENTRAL GOVERNMENT DEBT



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

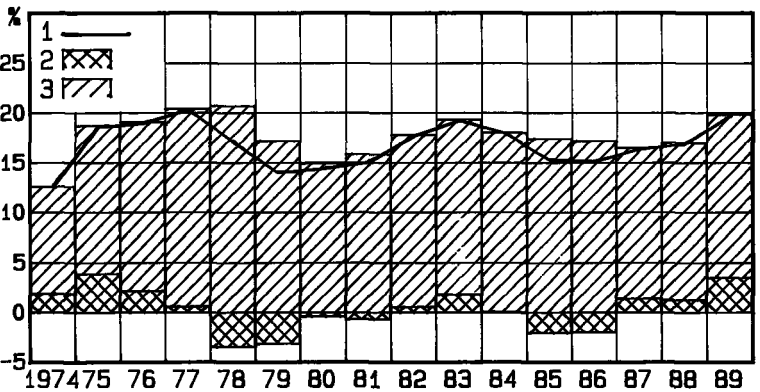
20. CURRENT ACCOUNT

Mill.FIM



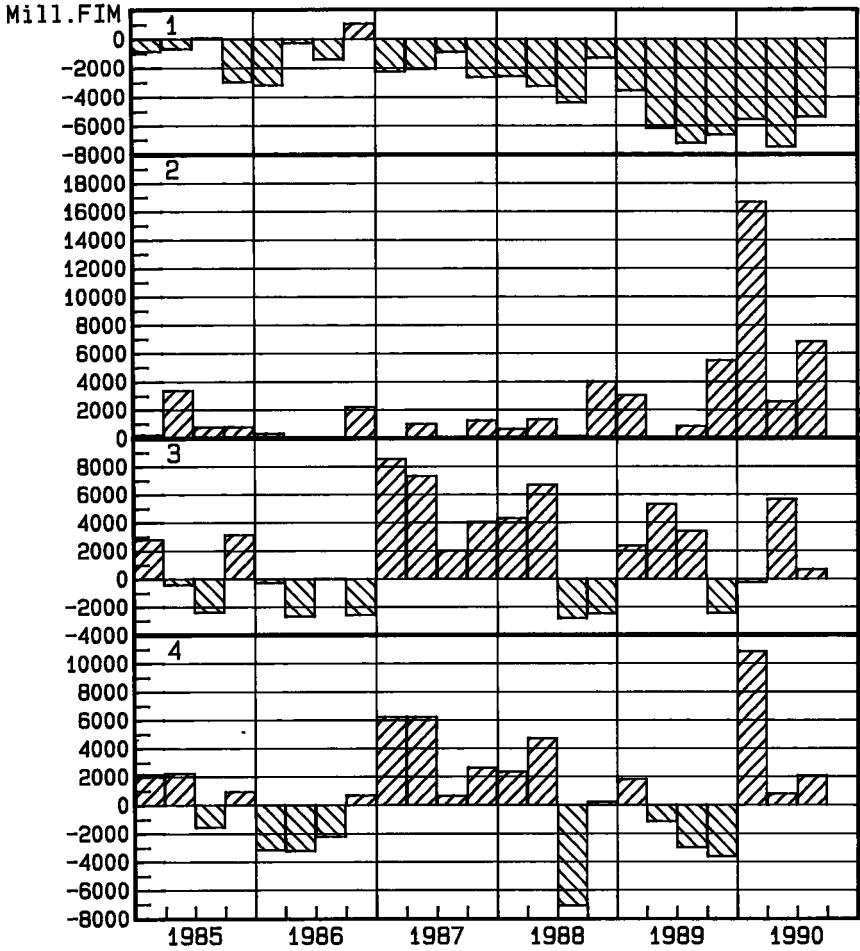
1. Trade account
2. Services account
3. Investment income account
4. Unrequited transfers account and other items, net
5. Current account

21. FOREIGN DEBT



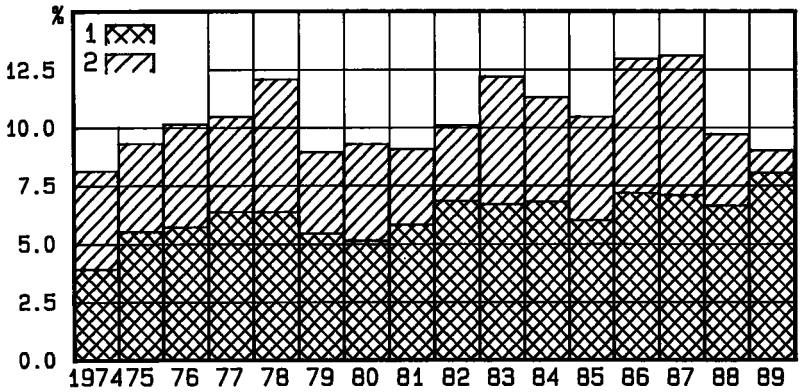
1. Total foreign net debt
 2. Short-term net debt
 3. Long-term net debt
- As a percentage of GDP

22. BALANCE OF PAYMENTS



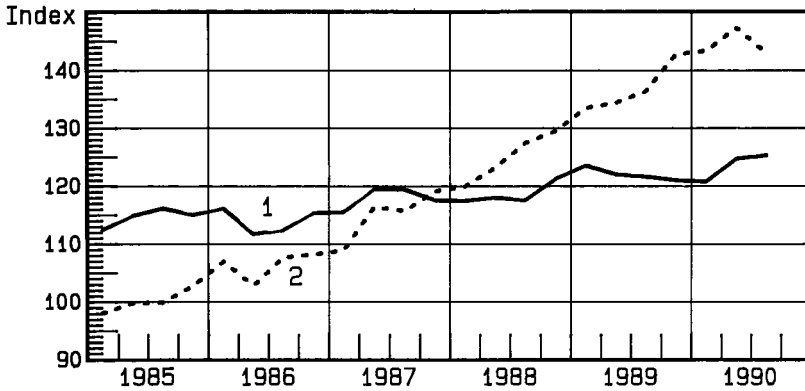
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance-change in the foreign exchange reserves of the Bank of Finland

23. DEBT SERVICE RATIO



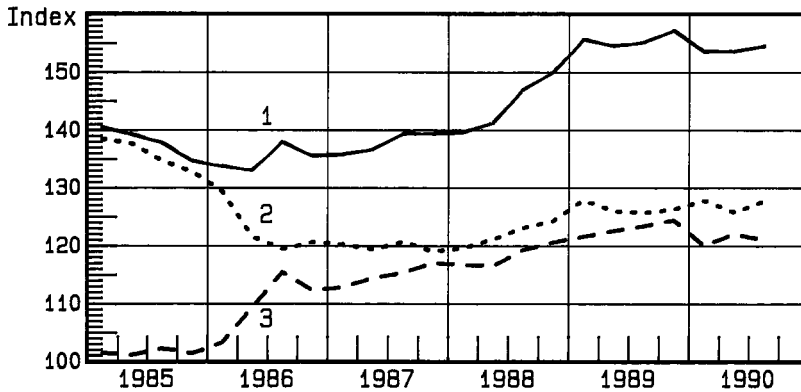
1. Interest payments
 2. Redemptions
- As a percentage of current account earnings

24. FOREIGN TRADE



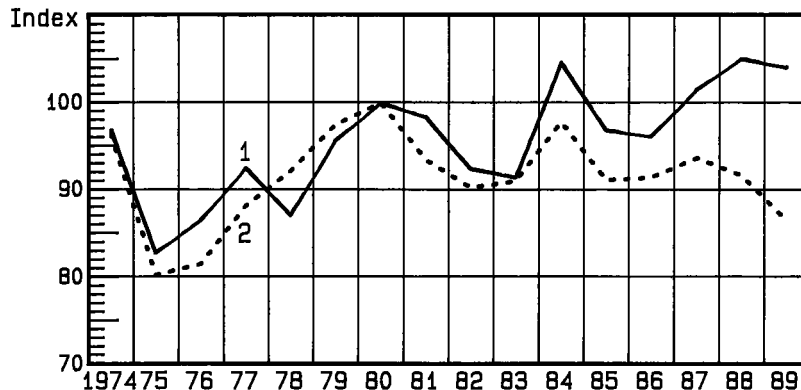
1. Total exports
 2. Total imports
- Volume index, 1980 = 100, four-quarter moving average shown as at the last quarter

25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



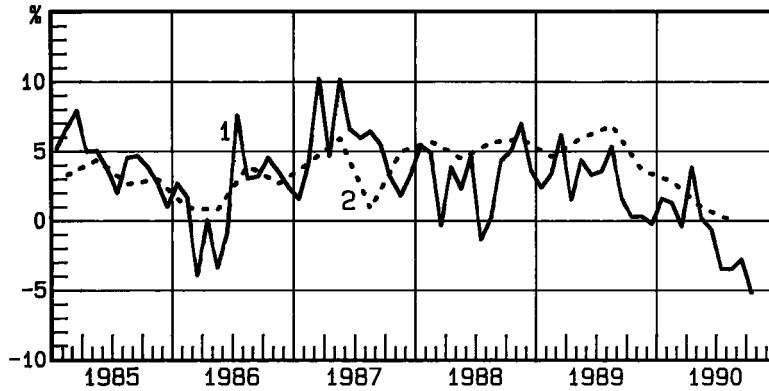
1. Unit value index of exports
 2. Unit value index of imports
 3. Terms of trade
- 1980 = 100

26. FINLAND'S EXPORT PERFORMANCE



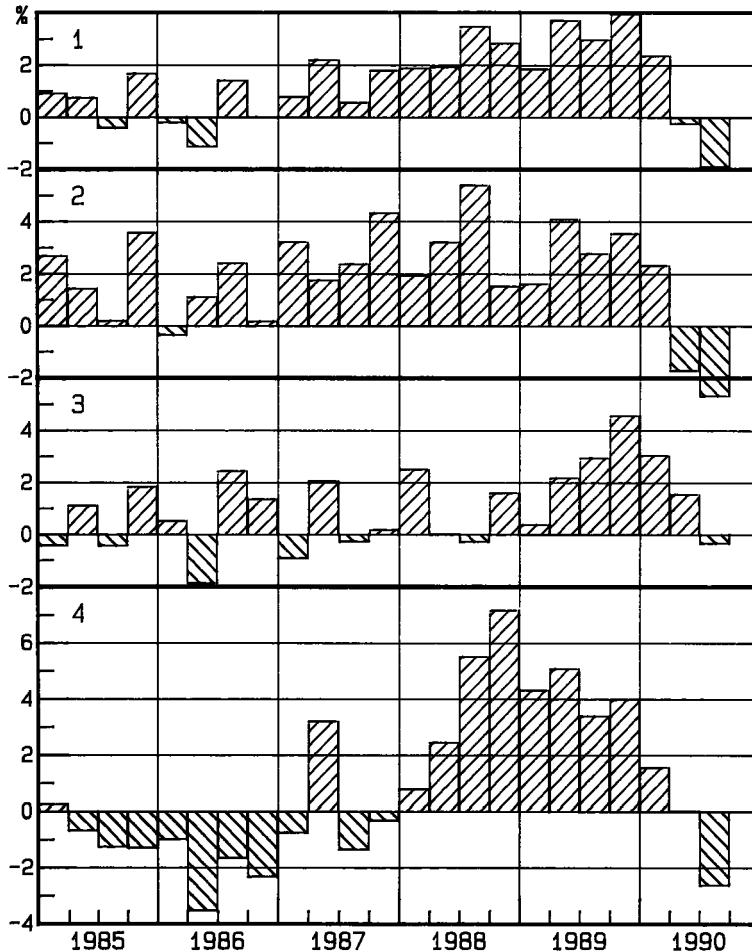
1. Value of exports to western countries in relation to exports of OECD Europe
 2. Volume of western exports in relation to exports of OECD Europe
- 1980 = 100

27. PRODUCTION



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

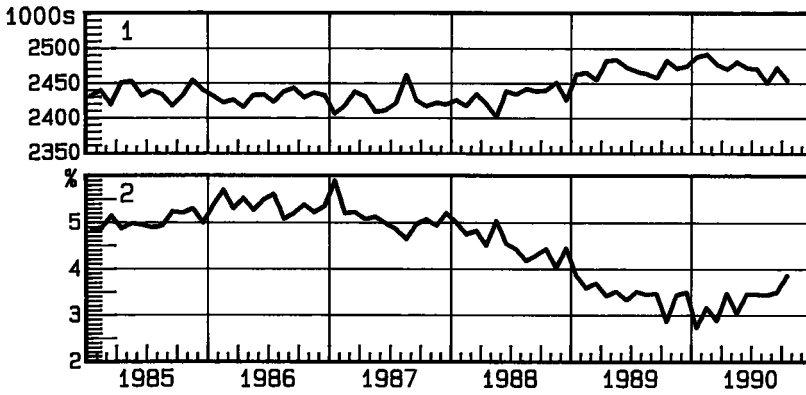
28. FIXED INVESTMENT



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

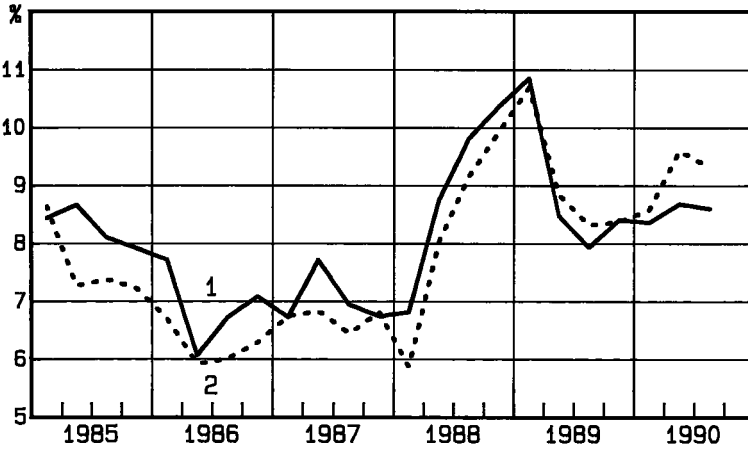
Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE

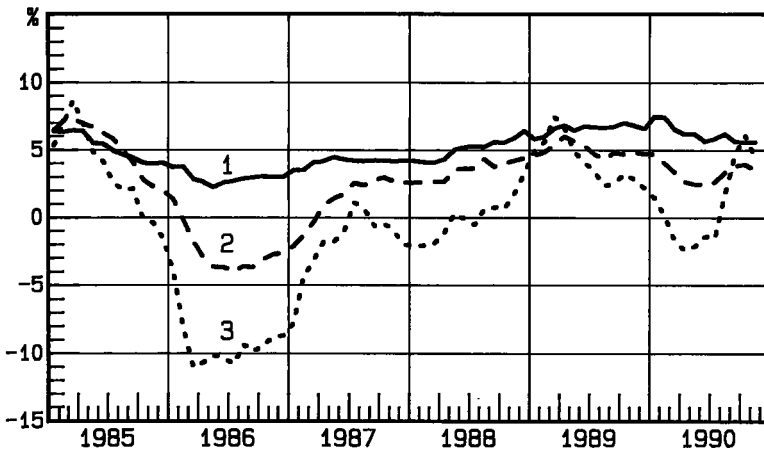


- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

30. PRICES AND WAGES

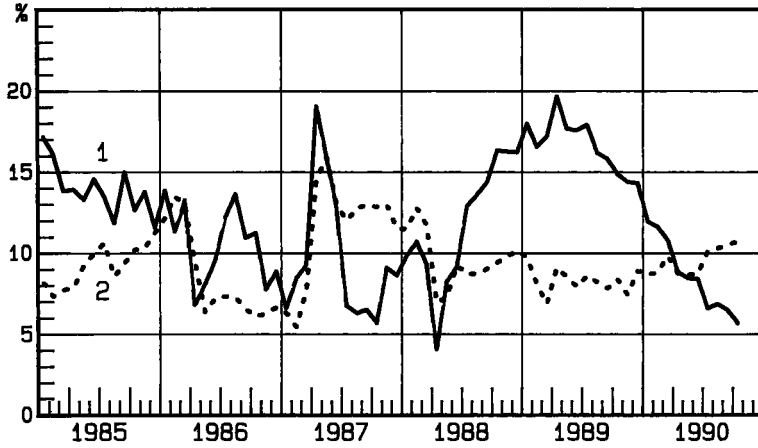


- 1. Index of wage and salary earnings, all wage and salary earners
 - 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



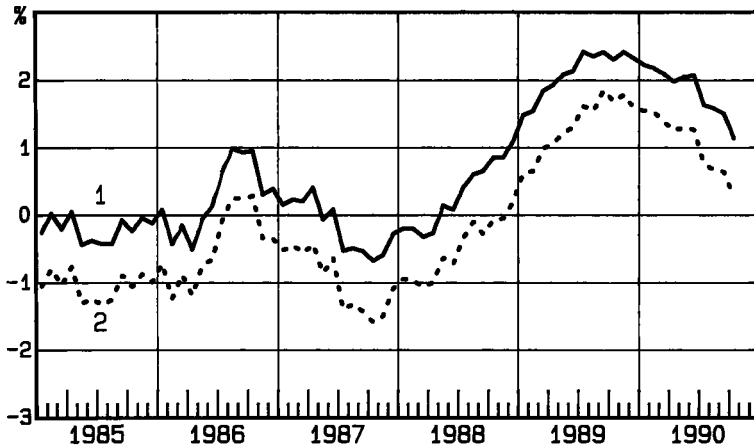
- 1. Consumer price index
 - 2. Wholesale price index
 - 3. Import price index
- Change from the corresponding month of the previous year

31. CENTRAL GOVERNMENT FINANCES



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

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



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

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

BANK OF FINLAND

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ROLF KULLBERG, Chairman

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ELE ALENIUS

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Secretary to the Parliamentary Supervisory
Board and the Board of Management

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SETEC OY

VELI TARVAINEN, Managing Director
