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Market Developments

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RECENT ECONOMIC AND FINANCIAL MARKET DEVELOPMENTS

by **Martti Lehtonen**, Head of Office
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MAIN ECONOMIC DEVELOPMENTS

The signs pointing to a weakening in economic conditions that emerged in Finland's exports and industrial production towards the end of 1987 appear to have diminished in the early months of the current year. The growth of most demand components as well as of total output continued at a relatively rapid pace in the first quarter of 1988. Employment increased slightly and the unemployment rate fell. On the other hand, the current account deficit remained large and domestic cost factors strengthened. The threat of a deterioration in the overall balance of the economy has led to the adoption of a tighter economic policy stance during the spring.

Boosted by strong domestic demand, year-on-year GDP growth reached just over 4 per cent in the final quarter of last year. By contrast, the expansion of exports and industrial production seemed to have come to an end. However, the flattening out proved to be only temporary, for growth was again fairly rapid in these sectors in the early months of 1988 and order books increased in most export industries. As domestic demand remained buoyant, the year-on-year growth of total output may have reached about 4 per cent in the first quarter. Most forecasters estimate GDP growth to amount to some 3 per cent for the year as a whole.

Negotiations on new pay agreements got under way during the first quarter. The agreements were concluded at

union level. Most settlements provide for an increase of some 3 1/2 per cent on average in the spring of the current year. As a rule, the agreements are for two years, but the increases in the second year will not be agreed upon until next year. The triggering of the index clause included in the previous agreements led to an across-the-board pay increase of 0.3 per cent. The new agreements do not contain an index clause.

Together with carry-over from earlier awards and wage drift, the new agreements are estimated to raise wage and salary earnings by an average of about 8 per cent in the current year. When other labour cost components are taken into account, the total increase in labour costs is about 9 per cent, which is slightly more than in 1987. In the private sector, unit labour costs are forecast to rise by 4 — 5 per cent. The magnitude of the pay increases is partly attributable to the continued favourable economic conditions. However, the increases are high in relation to cost developments in competitor countries.

The 12-month rise in consumer prices has remained at around 4 per cent in the early months of the current year, that is, more or less the same rate as in western Europe on average. The rise in prices is expected to accelerate somewhat in the course of the spring and summer, and is thus likely to exceed the European average by the end of the year.

A further improvement in the terms of trade in the first months of this year halted the growth of the current account deficit. There was a small increase in

the trade surplus as compared with the first quarter of last year. The moving four-quarter total of the current account balance amounted to just under FIM 9 billion, or to just over 2 per cent of GDP.

FISCAL POLICY

Because of the unexpected-persistent growth of domestic demand and signs of a potential deterioration in the overall balance of the economy, a number of measures designed to check the growth of domestic demand have been implemented in the course of the spring. At the same time, priority has been given to curbing the current account deficit at the expense of the short-term price stability target. Since the generous pay increases implied additional pressure on the current account deficit, it was felt that raising indirect taxes was a more appropriate response to the situation than seeking to keep the rise in consumer prices to a minimum.

The ordinary budget for 1988 passed last autumn was designed to be only mildly restrictive, and the impact of central government operations on the economy appears to have still been expansionary in the early months of this year. As the new wage agreements have raised nominal earnings more than was estimated in the budget, the tightening effect of progressive taxation will start to be felt from the spring onwards. The measures designed to curb private consumption decided upon in March and

April consisted mainly of increases in indirect taxes such as fuel taxes and alcohol and tobacco prices. These special measures are estimated to reduce household real income by just over a half percentage point at annual level. Taking into account the automatic tightening effect of state finances, the central government net borrowing requirement is forecast to decrease to about 1/2 per cent of GDP in the current year; last year the corresponding ratio was 1.1 per cent.

CENTRAL BANK POLICY AND FINANCIAL MARKET DEVELOPMENTS

The stance of monetary policy has also been kept tight. The downward trend in market interest rates has been halted by measures sterilizing liquidity in the financial system and the exchange rate has been allowed to stay in the lower end of its band.

The tightening has been implemented, inter alia, by raising the banks' cash reserve requirement. From January onwards, the cash reserve ratio has been raised every month by a total of 1.6 percentage points to 6.5 per cent of the cash reserve base in April; of this, the last 0.6 percentage point increase is due by the end of May. The Bank of Finland has also absorbed liquidity through open market operations. By contrast, intervention in the forward exchange market has been infrequent and mainly undertaken when market interest rate developments have diverged from the trend in the money market. The central government net borrowing requirement was covered entirely by domestic borrowing in the January-March period, and this has also contributed to keeping domestic market interest rates high.

The high level of domestic interest rates and a slight widening in the interest rate differential vis-à-vis foreign rates has

helped to sustain heavy capital inflows in the private sector. This has been allowed to be reflected in the external value of the markka, which has remained strong. However, on some occasions, the Bank of Finland has had to intervene in the spot market to contain pressures for an appreciation of the markka and consequently the foreign exchange reserves have grown somewhat.

From mid-February onwards, market interest rates started to rise at a fairly rapid pace, reflecting the markets' response to the central bank's announcement of the increases in the cash reserve requirement and to the pay demands that were published at the end of February. In the course of two weeks or so, the 3-month HELIBOR rose from just over 9 per cent to nearly 10 per cent. The marked decline in market interest rates in April reflects the calming down of the markets after the actual size of pay increases turned out to be more moderate than the initial demands. However, long rates remained at their higher levels, which could be an indication of some strengthening in inflation expectations.

Interest rates on banks' new lending displayed a slight upward trend in the early months of the year. In part, this may reflect the fact that banks have stopped charging certain ancillary fees in connection with loans and now show the price more clearly in the interest rate. Despite the high level of real rates — nominal rates deflated by the consumer price index — the growth of bank lending has accelerated further, and especially the expansion of housing loans and consumer credit has been rapid. The growth of lending is also due to the adjustment of portfolios to the deregulation of financial markets and the fact that the tax system substantially reduces the effective interest rate burden of households.

Monetary expansion has also been sustained by other

factors besides consumption and investment demand. Activity in the real estate market has picked up considerably and acquisitions of financial assets have been financed with bank credit. Corporate equity issues have continued brisk, and share prices on the Helsinki Stock Exchange have been on the rise. At the end of April, the general share index was only marginally below the peak reached prior to the October fall.

The measures designed to forestall a deterioration in the overall balance of the economy were supplemented on May 3, 1988 by raising the Bank of Finland's base rate from 7 per cent to 8 per cent. The new rate will take effect as from May 16, 1988. As most household debt and deposits are linked to the base rate, an increase in the base rate offers the most effective means of raising the real rate of interest faced by households. In so doing, it serves to encourage household saving and curb consumption, thereby supporting a strengthening of the current account.

May 4, 1988

STRUCTURAL DEVELOPMENTS IN FOREIGN TRADE

by **Pentti Forsman**, M.Pol.Sc.
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INTRODUCTION

Over the past forty years, the structure of Finnish foreign trade has, together with the structure of production, undergone major change. From being basically an agricultural country and exporter of raw materials, Finland has developed into an advanced industrialized nation and net exporter of industrial products.

Structural change in exports has been characterized by a decline in the share of less highly processed products. The share of the traditional export branches, the forest industries and forestry, in total exports has decreased from 90 per cent in 1950 to 40 per cent at present. In addition, within the forest industries, there has been a marked rise in the degree of processing. Roundwood, sawn goods and pulp, the less highly processed products which dominated exports as late as the 1950s, have given way to more highly processed paper products.

Forty years ago, the metal and engineering industries accounted for only a minor proportion of Finland's total exports, but today their share is equivalent to that of the forest industries. While previously the bulk of the exports of the metal and engineering industries consisted of heavy machinery products and basic metals, they are now well diversified. Particularly in the current decade, an important contribution to the growth of metal and engineering industry exports has come from high-tech products requiring large inputs in terms of research and development (R & D).

As far as the exports of other industries are concerned, the share of the textile and clothing industry grew strongly from the 1950s onwards. In recent years, however, its share has started to diminish, mainly because of increased supplies from low-cost countries.

The changes in the composition of imports have been less striking. Fluctuations in the oil price have primarily affected the share of energy imports. The share of imports of raw materials other than oil has remained at around half of total imports. Reflecting Finland's high investment ratio, the focus in imports of manufactured goods was previously on investment goods, but the last few years have witnessed an expansion in the relative share of consumer goods.

A noteworthy feature of the long-term developments in the country composition of Finland's trade has been the decreasing share of the United Kingdom and the emergence of Sweden and the Federal Republic of Germany as Finland's most important western trading partners. Finnish-Soviet trade grew strongly along with the increase in the oil price but has subsequently returned to the level prevailing before the oil crises. Finland's chief markets have been in western Europe, whose position has been enhanced by the free trade agreements concluded with EFTA and the EEC.

ECONOMIC POLICY AND THE STRUCTURE OF FOREIGN TRADE

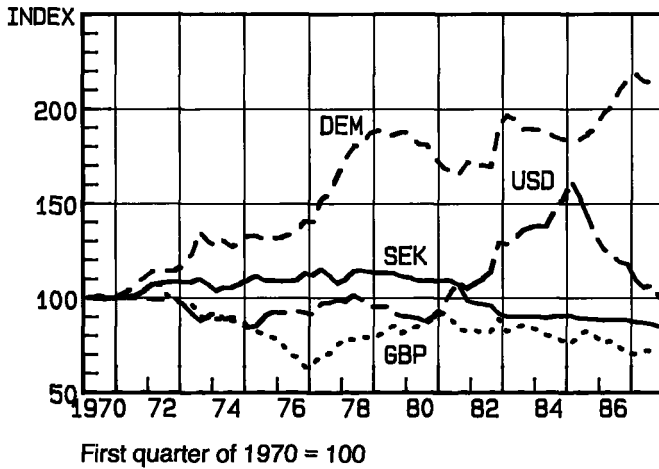
In the period immediately following the second world war,

agricultural land, forests and labour still constituted Finland's main economic resources. Reflecting these resource endowments, exports consisted almost entirely of roundwood and forest industry products with a low degree of processing. Admittedly, Finland already had traditions in exporting paper at that time.

When, in the 1950s, the entire forest area began to be economically exploited, it became clear that measures taken to increase value added in the forest industry would not alone suffice to ensure adequate economic growth. In addition, more labour was being freed from agriculture, which was characterized by the prevalence of small farm holdings, than it would have been possible to employ in other industries without recourse to special measures.

An essential requirement for industrialization and job creation was investment in physical capital and in education and training. The raising of value added in the forest industries and the diversification of the structure of industrial production as a whole were set as targets for economic policy as early as the 1950s. The necessary investment required saving, and in fact the central government itself was an important net saver, a position which it maintained up to the present decade. The central government channelled resources — partly through state-owned companies — to the creation of basic industry in the metal and engineering industries and the chemical industries as well as to domestic energy production. The crea-

CHART 1.
EXCHANGE RATE MOVEMENTS OF THE FOUR
MOST IMPORTANT CURRENCIES IN FINLAND'S
WESTERN TRADE IN 1970 - 1987



system, the value of the markka started to be expressed in terms of a trade-weighted currency index. A currency index reduces the impact of exchange rate fluctuations on foreign trade, which at times may be considerable. With the diversification of the structure of production, the role of the authorities has changed during the current decade. Economic policy priorities have shifted from promoting rapid industrial expansion to safeguarding a favourable economic environment in general. Exchange rate policy, for instance, no longer aims at supporting economic growth but at securing adequate stability.

In spite of faster economic growth than in the rest of Europe as a whole, the Finnish markka has remained stable in recent years. As a consequence, the use of the markka as an invoicing currency in foreign trade has increased appreciably, and now accounts for 16 per cent of exports and 20 per cent of imports.

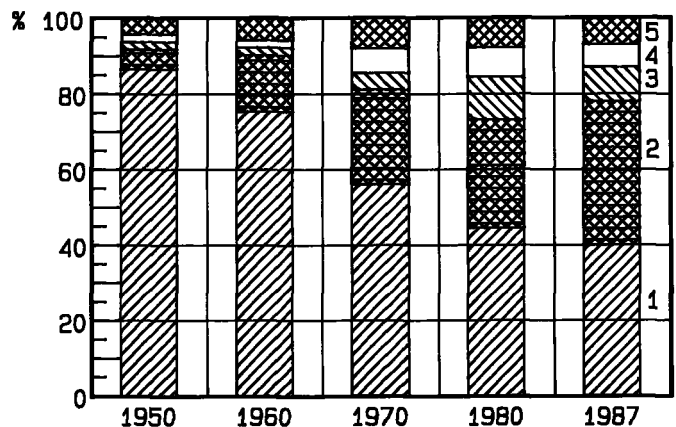
tion of an extensive vocational training system increased the supply of labour available to new, rapidly growing industries. In monetary policy, credit rationing was used to channel private sector savings to industrial investment.

Finland's trade policy also played an important role in supporting the strategy of export-led growth. In a small open economy, the benefits to be gained from the expansion and diversification of production could only be achieved through exports. Participation in the process of European integration and the reduction of customs duties in general within the framework of GATT guaranteed markets for Finland's growing output. First the agreement with EFTA in 1961 and then the agreement with the EEC in 1973 made it possible to diversify Finnish exports.¹

Earlier in the period, exchange rate policy was also used to create conditions con-

ducive to industrialization. Major devaluations in 1957 and 1967 increased the profitability of the export sector and facilitated investment. After the collapse of the Bretton Woods

CHART 2.
STRUCTURE OF MERCHANDISE EXPORTS,
SELECTED YEARS 1950 - 1987



1. Forest
2. Metal and engineering
3. Chemical
4. Textile and clothing
5. Other

¹ See the article "Finland's Trade Policy and Trade Policy Agreements" by Veli Sundbäck in the February 1988 issue of the Bulletin.

STRUCTURAL DEVELOPMENTS IN EXPORTS

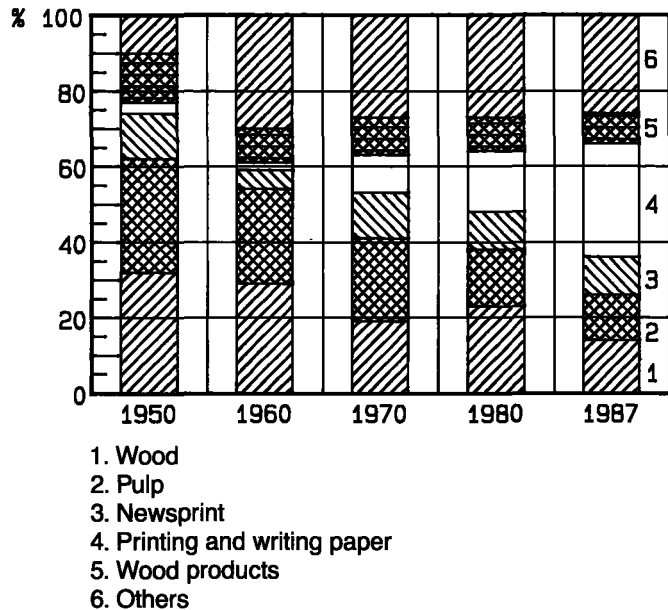
The main factors influencing structural change in exports have been Finland's forest resources, investments raising value added in manufacturing, the creation of new industries and developments in wages and salaries. In the early 1950s, almost all export earnings were derived from the forest-based products but other industries employing cheap labour rapidly began to increase their exports. Structural change in exports could not have taken place as quickly as it did without large-scale investments in the industrial base (energy, basic metals and chemicals), all of which were completed by the end of the 1970s. Roughly speaking, the 1950s and 1960s constituted a period of growth in labour-intensive exports; this development was supported by the free trade agreement concluded with the EFTA countries. By contrast, in the 1970s, and to some extent still in the 1980s, the most rapid increase in exports took place in capital-intensive industries, the underlying structure of which had been built in the 1960s and the early 1970s.

During the last twenty years or so, an ever increasing share of exports has relied on highly skilled labour and R & D. This has also meant an increase in the level of wages and salaries, and, particularly in the 1980s, a decrease in labour-intensive exports. Consequently, Finnish exports are mainly composed of capital-intensive products and products with high R & D inputs.

Forest industries

Whereas exports of roundwood still accounted for 10 per cent of total exports in the 1950s, the forest industries must nowadays import an equivalent proportion of their wood requirements. Disruptions in supplies of raw materials in the forest industries

CHART 3.
STRUCTURE OF FOREST INDUSTRY EXPORTS,
SELECTED YEARS 1950 - 1987



have at times even led to shortages of wood and underutilization of capacity, especially in the sawmill industry. The increase in exports of forest industry products after the mid-1970s can to a great extent be ascribed to a rise in the degree of processing. Value added in the Finnish forest industries is in fact notably higher than it is in Sweden, one of Finland's main competitors, where pulp and other less processed products account for a larger share of forest industry exports.

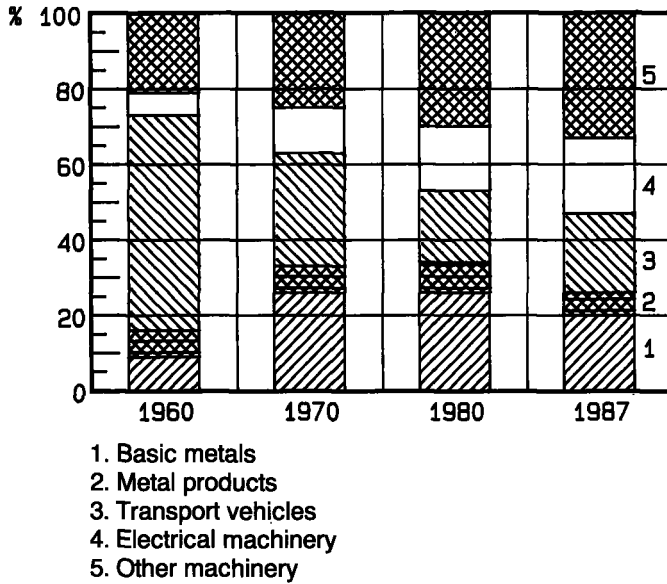
Although forest industry exports now account for only 40 per cent of total exports, they can be expected to remain the most important category as regards net export earnings. However, the emphasis is likely to shift increasingly towards paper production, the demand prospects for which are good according to FAO estimates. Thanks to forest improvement schemes, the supply of pulpwood should be adequate to meet increased paper exports.

Metal and engineering industries

The war reparations effected to the Soviet Union required the construction of new capacity in the metal and engineering industries, which were to become an expanding export branch when the war reparations were completed. These industries were able to draw on the pool of labour released as a result of increased productivity in the primary sector. Initially, they specialized in meeting domestic demand, especially the investment requirements of the forest industries, and in carrying on trade with the Soviet Union.

Exports to western markets consisted primarily of forest industry machinery and equipment, and from the 1960s onwards also basic metals. The export volume of the metal products industry, for instance, grew slightly faster than total exports from 1960 to 1980. In the 1980s, the exports of the metal and engineering industries

CHART 4.
STRUCTURE OF METAL AND ENGINEERING INDUSTRY EXPORTS, SELECTED YEARS 1960 - 1987



have experienced the fastest growth amongst the manufacturing industries, so that their share in total exports now equals that of the forest industries.

The metal and engineering industries underwent a major restructuring in the 1980s. The country composition of exports diversified and a growing share of exports went to markets other than those in Finland's neighbouring countries, the Soviet Union and Sweden. Further evidence of diversification is to be found in the fact that Finland has become a net exporter in consumer electronics. In the future, the exports of the metal and engineering industries are likely to focus increasingly on special products requiring high R & D inputs.

Other exports

Finland's free trade agreement with EFTA in 1961 provided an impetus to the expansion of other merchandise exports. The textile and clothing industry was the fastest growing export industry in the 1960s.

The growth of exports continued in the 1970s, albeit at notably slower rate. In the 1980s, however, this branch has suffered a setback. Market

shares in OECD countries have shrunk considerably, and its export share has only been maintained because of growing exports to the Soviet Union.

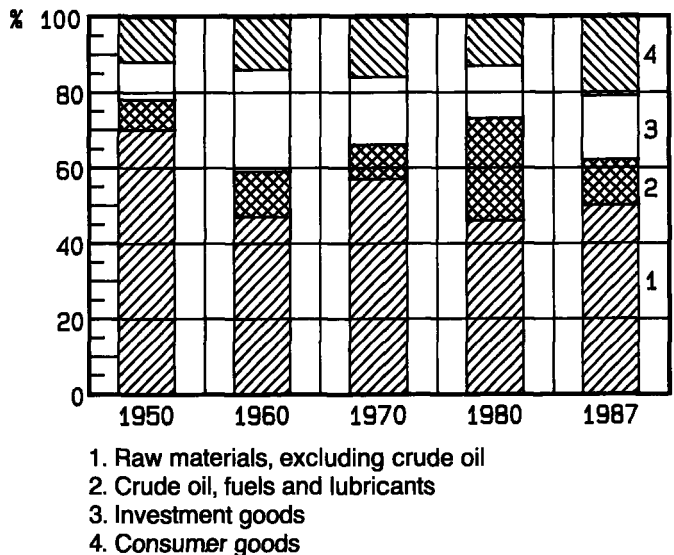
The rapid growth in the export share of the chemical industries is attributable both to investments implemented as early as the 1960s in, for example, the petrochemical industry, and to the refining capacity released as a result of energy savings.

STRUCTURE OF IMPORTS

Imports were regulated up until 1957. Because of a shortage of foreign exchange earnings, priority was given to imports of essential commodities needed in production and investment. Finland's high investment ratio led to an increase in the share of investment goods in total imports in the early 1960s as domestic production was insufficient to satisfy demand.

Structural shifts in imports over the last two decades have primarily been due to fluctuations in the price of crude oil.

CHART 5.
STRUCTURE OF MERCHANDISE IMPORTS, SELECTED YEARS 1950 - 1987



The share of raw materials and intermediate products has remained at some 50 per cent. The share of finished goods has varied between 30 and 40 per cent, which is noticeably less than in other western European countries. During the past two years or so, the share of consumer goods has risen to some 20 per cent of imports. As the import share of consumer goods is still lower than in other European countries, it is likely to continue rising.

The most striking development in imports in the early 1980s was the contraction in energy imports. While Finland's oil consumption growth was among the fastest in the OECD countries before the first oil crisis, its subsequent decline was also faster than elsewhere. The decrease in oil consumption was rendered possible by the increased supply of indigenous energy, on the one hand, and savings measures, on the other.

Although more than half of investments in machinery and equipment are imported goods, the propensity to import has remained surprisingly stable. Domestic manufacturers of investment goods have been able to adjust their production to meet increasingly demanding investment requirements.

The ratio of imports of raw materials to industrial output fell sharply in the 1970s. This was largely due to major import-substituting investments, particularly in the basic metals and chemical industries. In the 1980s, imports of raw materials have remained at a low level because of the rationalization of corporate inventory control and hence a more rapid turnover of stocks. The increase in imports of raw materials and intermediate goods during the past two or three years reflects the switching of production from eastern markets to western and domestic markets, which has necessitated the increased use of imported intermediate products.

REGIONAL AND COUNTRY COMPOSITION

Although the currency index has helped to mitigate the pressures on trade flows caused by large changes in exchange rates, other problems encountered in world trade have resulted in marked fluctuations in Finnish trade by region and country. This applies particularly to the oil crises and the changes in world demand patterns which they contributed to.

Owing to its geographical proximity and similarities in economic and social structure, western Europe is the principal market area for Finnish exports. Likewise, Finland's geographical location gives her an advantage in the Soviet market.

Changes in exchange rates, demand and the real price of crude oil have been the main factors influencing regional fluctuations in Finnish trade over the last twenty years. The oil price rise and the ensuing recession in the western economies in the first half of the

1980s were offset in Finland by increased exports to eastern markets. Similarly, differences in growth rates between the USA and Europe were reflected in trade. The share of western Europe was at its lowest in 1982 but has since grown as a result of increased demand and exchange rate movements.

The real price of crude oil has also been the main factor behind changes in trade between the Soviet Union and Finland, which is conducted on bilateral terms. As oil accounts for the vast bulk of Finland's bilateral trade imports, changes in its world market price largely determine the prospects for exports to the Soviet Union. The collapse in the oil price in 1986 led to a decrease in bilateral trade. The share of the Soviet Union in total Finnish exports was only 15 per cent last year, compared with about 27 per cent at its highest point in 1982.

The share of OPEC countries in Finnish exports reached its peak when the real price of oil was at its highest. With the fall

TABLE. FLUCTUATIONS IN FOREIGN TRADE BY SELECTED REGIONS AND COUNTRIES IN 1970 — 1987, PERCENTAGE SHARES OF TOTAL EXPORTS AND IMPORTS

EXPORTS	EEC	EFTA	CMEA (EUROPE)	USA	OPEC	JAPAN	OTHERS
1970-72	47.5	23.5	15.5	4.8	1.4	0.3	7.5
1973-75	43.9	23.0	18.7	3.8	2.0	0.7	7.9
1976-78	39.2	22.9	22.2	3.7	3.5	1.0	7.5
1979-81	39.9	22.5	20.9	3.7	4.1	0.9	8.1
1982	35.9	19.0	28.9	3.2	4.7	1.1	7.3
1983	37.2	18.1	27.8	4.1	4.1	1.1	7.6
1984	38.8	19.0	20.7	8.2	3.1	1.3	8.9
1985	37.0	19.7	23.4	6.3	2.7	1.5	9.5
1986	38.3	22.0	22.0	5.4	1.7	1.5	9.0
1987	42.2	22.7	17.1	5.2	1.8	1.4	9.6
IMPORTS	EEC	EFTA	CMEA (EUROPE)	USA	OPEC	JAPAN	OTHERS
1970-72	44.2	23.5	16.9	4.7	2.3	2.5	6.0
1973-75	39.7	23.2	19.9	5.1	3.6	2.4	6.1
1976-78	36.6	21.4	22.7	5.0	4.6	2.7	7.1
1979-81	34.9	17.8	24.6	6.1	6.7	3.2	6.7
1982	34.8	17.3	27.8	6.1	3.2	4.2	6.7
1983	35.0	16.7	28.5	5.7	2.2	5.5	6.5
1984	37.1	17.3	26.2	5.0	1.9	5.6	7.0
1985	38.7	17.2	23.9	5.4	3.0	5.3	6.6
1986	43.1	19.3	18.2	4.8	1.3	6.5	6.9
1987	44.4	18.5	16.9	5.2	1.0	7.1	6.9

in the oil price, exports to the OPEC area decreased rapidly. The share of other, mainly developing, countries in Finnish exports has remained fairly stable, although a slight upward trend has been discernible. Owing to the low level of exports to this region, the debt crisis of the developing countries has had scarcely any impact.

The import share of western Europe, Finland's most important trading partner region, has risen in recent years but has still not regained the level prevailing before the first oil crisis owing to a contraction in the share of the EFTA region. The economic strength of Japan has also been evident in its increased market shares in Finland, which have been gained at the expense of European countries. The share of the USA in Finnish imports has remained relatively stable; it would appear that exchange rate changes do not have as much impact on imports as they do on exports.

The free trade agreement which Finland concluded with the EEC in the early 1970s seems to have resulted in a shift in exports to some extent. However, adjustment has taken place within the present EEC, for the United Kingdom's share of Finnish exports has decreased substantially.

Overall, the shift in exports towards the free trade area has been rather limited. The share of the USA, Japan and other non-European countries in Finnish exports has increased by about 2 percentage points since the 1970s. Hence, the aim of the free trade agreement, to retain Finland's market shares in the integrating markets of western Europe, seems to have been accomplished.

In imports, too, the EEC agreement has meant that the EEC countries have been able to retain their market shares in Finland. In the case of individual products, some EEC countries have won market shares in Finland. For instance,

have grown markedly in recent years following the removal of customs restrictions.

PROSPECTS

If world trade continues to expand without any major disturbances, then structural shifts in Finland's foreign trade should continue along the same lines as hitherto. In exports, there is likely to be a further increase in value added in forest industry products, with the basic raw material, wood, being used more efficiently than before. In the exports of the metal and engineering industries, the share of products requiring large R & D inputs can be expected to grow, as, too, can the share of "tailor-made" products manufactured according to customers' specifications. By contrast, the relative importance of labour-intensive products in exports will diminish; indeed, it is not even rational in economic terms to compete with low-cost countries.

Structural shifts in imports are likely to be dominated by two developments. While the share of sophisticated consumer goods can be expected to go on increasing along with rising incomes, there will also be an expansion in imports of manufactured goods based on cheap labour.

As Finland's principal export markets are in western Europe, the processes of deregulation and market integration currently in progress there are opening up new opportunities for Finland, too. How these changes will ultimately affect the structure of Finnish foreign trade is still unclear but there is every reason to believe that the outcome will be favourable.

April 27, 1988

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM APRIL 1987 TO MAY 1988

1987

APRIL

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

MAY

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

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

JUNE

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

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

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

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

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

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

JULY

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

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

AUGUST

Revision of Foreign Exchange Regulations.

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

Cash reserve requirement.

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

OCTOBER

Amendments to Foreign Exchange Regulations.

The Bank of Finland decides to allow authorized banks to write and purchase markka options as from October 1, 1987. At the same time, the Bank of Finland grants companies and other residents the right to purchase such options. Banks had previously been allowed to write foreign currency options but not markka options. Markka options entitle but do not

oblige the holder to purchase or sell foreign currency at an agreed markka rate within an agreed period.

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

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

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

NOVEMBER

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

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

Under the new powers, for rates of interest longer than one day, the Board of Management may, at its discretion, intervene in the market to regulate movements within a range the lower limit of which is the base rate and the upper limit the base rate plus 5 percentage points. If, because of market forces, interest rates move beyond these limits, the Board of Management may only undertake such operations

that reduce the gap between market rates and these limits.

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

1988

JANUARY

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

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

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

Special financing arrangements. The Bank of Finland decides to amend the terms applied to the financing of domestic suppliers' deliveries (KTR credits) as from the beginning of 1988. According to the new terms, the rate of interest on KTR credits is 2½ percentage points over the Bank of Finland's base rate while the Bank of Finland's share in the financing of the purchase price of a delivery is 30 per cent.

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

FEBRUARY

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

MARCH

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

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

APRIL

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

MAY

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



LAND, CLIMATE AND POPULATION

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

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

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

FORM OF GOVERNMENT

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

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

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

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

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

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

INTERNATIONAL RELATIONS

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

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

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

THE ECONOMY

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

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

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

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

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

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

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

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

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

FINANCE AND BANKING

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

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

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

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

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

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

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

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

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

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



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1. THE BALANCE SHEET OF THE BANK OF FINLAND

1.1 THE BALANCE SHEET OF THE BANK OF FINLAND,

MILL. FIM

	1987		1988			
	April 30	Dec. 31	April 8	April 15	April 22	April 29
ASSETS						
Gold and foreign currency claims	23230	28739	32096	32922	33131	33283
Gold	2081	2128	2128	2128	2128	2128
Special drawing rights	961	899	1012	1015	1067	1065
IMF reserve tranche	769	793	777	779	776	842
Convertible currencies	16491	23634	25392	26189	26081	26133
Tied currencies	2927	1284	2785	2810	3079	3115
Other foreign claims	4557	4357	4345	4341	4335	4264
Markka subscription to Finland's IMF quota	2585	2427	2433	2433	2433	2367
Term credit	1972	1930	1912	1907	1902	1897
Claims on financial institutions	7880	5147	5733	5654	5683	6235
Call money credits	1076	0	1	55	2	417
Certificates of deposit	2111	—	—	—	—	—
Till-money credits	2114	2730	2532	2412	2471	2608
Financing of crop failure loans	—	—	811	811	825	825
Bonds	2161	2140	2120	2114	2114	2113
Other claims on financial institutions	417	277	269	263	271	271
Claims on the public sector	960	977	987	987	988	989
Bonds	9	4	0	0	0	0
Total coinage	946	967	980	981	982	984
Other claims on the public sector	5	6	7	6	6	5
Claims on corporations	4188	3678	3558	3558	3579	3555
Financing of exports	1191	868	756	747	747	736
Financing of domestic deliveries (KTR)	2736	2568	2554	2555	2562	2548
Bonds: KTR credits	—	13	28	28	41	43
Bonds: Other	59	46	41	41	41	41
Other claims on corporations	202	182	180	188	188	188
Other assets	152	592	103	110	109	114
Accrued items	—	487	—	—	—	—
Other assets	152	105	103	110	109	114
Total	40967	43489	46821	47572	47826	48439
LIABILITIES						
Foreign currency liabilities	70	135	112	109	112	113
Convertible currencies	51	63	29	24	24	21
Tied currencies	19	72	83	85	88	92
Other foreign liabilities	3397	3226	3223	3225	3222	3155
IMF markka accounts	2585	2427	2433	2433	2433	2367
Allocations of special drawing rights	812	799	790	792	789	788
Notes and coin in circulation	8704	9990	9656	9612	9616	9795
Notes	7889	9117	8788	8746	8751	8925
Coin	816	873	868	866	865	869
Certificates of deposit	6703	4970	7445	8125	8115	8345
Liabilities to financial institutions	10223	11766	13761	13952	14257	14141
Call money deposits	198	757	460	674	956	275
Cash reserve deposits	9734	10941	13211	13211	13211	13778
Capital import deposits	231	—	—	—	—	—
Other liabilities to financial institutions	60	67	90	67	91	88
Liabilities to the public sector	1	901	901	901	901	901
Cheque accounts	1	1	0	1	1	1
Counter-cyclical deposits	—	900	900	900	900	900
Capital import deposits	—	—	—	—	—	—
Other liabilities to the public sector	0	0	0	0	0	0
Liabilities to corporations	4688	5009	5008	5005	5013	5390
Deposits for investment and ship purchase	4341	4799	4728	4725	4734	5095
Capital import deposits	343	209	260	260	260	276
Other liabilities to corporations	4	2	20	19	19	19
Other liabilities	24	757	38	37	36	37
Accrued items	—	733	—	—	—	—
Other liabilities	24	24	38	37	36	37
Valuation account and reserves	1227	1247	1189	1118	1066	1075
SITRA's capital	400	400	400	400	400	400
Capital accounts	5529	5088	5088	5088	5088	5088
Primary capital	5000	5000	5000	5000	5000	5000
Reserve fund	529	529	88	88	88	88
Profit/loss for the accounting year	—	-440	—	—	—	—
Total	40967	43489	46821	47572	47826	48439

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

MILL. FIM

End of period	Foreign sector									Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible currencies, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net liabilities (11-10)
	1	2	3	4	5	6	7	8	9	10	11	12
1983	1383	226	751	5150	7510	550	8060	-794	7266	2178	3000	822
1984	1732	936	859	15303	18830	-337	18493	-917	17576	1951	4277	2326
1985	2081	931	775	18572	22359	-285	22074	-849	21225	1023	4300	3277
1986	2081	983	793	6778	10635	3421	14056	-838	13218	1002	2001	999
1987	2128	899	793	23571	27391	1212	28603	1131	29734	977	901	-76
1987												
April	2081	961	769	16440	20251	2908	23159	1160	24319	960	1	-959
May	2081	967	767	19442	23257	3036	26293	1165	27458	959	1	-958
June	2081	969	787	19006	22843	3207	26050	1167	27217	959	1	-958
July	2081	969	787	19991	23828	2899	26727	1173	27900	954	1	-953
Aug.	2081	973	789	19744	23587	2041	25628	1164	26792	963	1	-962
Sept.	2081	970	757	21291	25099	1428	26527	1157	27684	965	0	-965
Oct.	2081	964	753	22712	26510	1375	27885	1163	29048	968	0	-968
Nov.	2081	961	793	23575	27410	1067	28477	1131	29608	971	1	-970
Dec.	2128	899	793	23571	27391	1212	28603	1131	29734	977	901	-76
1988												
Jan.	2128	879	768	24076	27851	2195	30046	1125	31171	979	901	-78
Feb.	2128	1107	792	24059	28086	2257	30343	1123	31466	982	901	-81
March	2128	1015	779	24683	28605	2243	30848	1115	31963	986	901	-85
April	2128	1065	842	26112	30147	3023	33170	1109	34279	989	901	-88

End of period	Domestic financial sector						Corporate sector				
	Term claims on deposit banks	Call money claims on deposit banks, net	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other liabilities to financial institutions, net	Net claims (13+14-15+16-17)	Claims in the form of special financing	Special deposits, net	Net claims (19-20)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	13	14	15	16	17	18	19	20	21	22	23
1983	.	5175	5039	942	-1998	3076	4529	1282	3247	6574	.
1984	.	2802	8696	1563	-1618	-2713	4646	2614	2032	7442	.
1985	.	4014	10222	1925	-1386	-2897	4525	4113	412	8072	.
1986	2381	6687	9270	2305	-2240	4343	4581	4757	-176	8668	.
1987	-	-757	10941	2730	-2350	-6618	3449	4782	-1333	9990	4970
1987											
April	2111	878	9734	2114	-2287	-2344	3927	4427	-500	8705	6703
May	1690	-872	9975	2139	-2290	-4728	3807	4222	-415	8865	7402
June	1217	90	10118	2370	-2488	-3953	3735	4704	-969	9010	7072
July	89	157	10435	2234	-2486	-5469	3706	4806	-1100	9029	5709
Aug.	258	-717	10335	2439	-2486	-5869	3608	4784	-1176	9012	4199
Sept.	-	-223	10853	2385	-2446	-6245	3567	4838	-1271	8952	4883
Oct.	-	-110	10984	2284	-2541	-6269	3601	4790	-1189	9069	6178
Nov.	-	-1570	11024	2538	-2584	-7472	3561	4772	-1211	9219	5817
Dec.	-	-757	10941	2730	-2350	-6618	3449	4782	-1333	9990	4970
1988											
Jan.	-	-1295	11085	2424	-2364	-7592	3462	4799	-1337	9406	6085
Feb.	-	297	12084	2596	-2346	-6845	3429	4799	-1370	9388	7120
March	-	598	13211	2521	-3149	-6942	3350	4774	-1424	9720	7285
April	-	142	13778	2608	-3121	-7907	3327	5161	-1834	9794	8345

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

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

During period	Purchases of certificates of deposit	Sales of certificates of deposit	Matured certificates of deposit, net	Impact on liquidity (1-2-3)	Call money credits	Call money deposits	Total net change (4+5-6)
	1	2	3	4	5	6	7
1983	.	.	.	.	2659	-860	3519
1984	.	.	.	.	-767	1606	-2373
1985	.	.	.	.	201	-1011	1212
1986	.	.	.	.	1599	-1074	2673
1987	1263	23658	-17520	-4875	-6818	626	-12319
1987							
April	20	1103	-	-1084	897	-350	163
May	50	2335	-	-2285	-1076	674	-4035
June	800	2970	-755	-1415	185	-777	-453
July	60	2585	-1595	-930	120	53	-863
Aug.	260	1380	-2835	1715	-224	650	841
Sept.	-	2735	-1845	-890	-61	-555	-396
Oct.	-	4240	-2900	-1340	29	-84	-1227
Nov.	-	3390	-3785	395	6	1466	-1065
Dec.	-	2910	-3805	895	-55	-868	1708
1988							
Jan.	160	3915	-2640	-1115	2	540	-1653
Feb.	-	3955	-2920	-1035	295	-1297	557
March	-	2550	-2385	-165	337	36	136
April	-	3600	-2540	-1060	-217	239	-1516

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	
1983	7541	1227	6314	-1688	-2290	2335
1984	22921	1394	21527	2002	-19962	3566
1985	16982	1733	15249	708	-9005	6951
1986	11446	1319	10127	-2461	-92	7574
1987	21671	1158	20513	-233	-1287	18994
1987						
March	15908	1263	14645	-490	18	14172
April	17739	1145	16594	-1384	18	15228
May	18742	981	17762	-1465	-423	15873
June	18322	771	17551	-163	-287	17102
July	18596	805	17792	867	-712	17946
Aug.	20075	793	19282	630	-987	18926
Sept.	20088	718	19369	1535	-1664	19241
Oct.	20358	1178	19181	284	-2116	17349
Nov.	20714	1632	19081	85	-1633	17533
Dec.	21671	1158	20513	-233	-1287	18994
1988						
Jan.	21189	1051	20138	1145	-612	20671
Feb.	19699	1093	18606	1816	-264	20158
March	19494	1171	18323	3112	-264	21171

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
1983	4131	.	4131	1407	.	4337	5744	-1613
1984	3176	.	3176	3215	.	6324	9539	-6364
1985	5812	.	5812	4527	.	9578	14105	-8293
1986	7117	120	7237	1256	.	9189	10445	-3208
1987	481	1581	2062	703	4705	10092	15501	-13439
1987								
April	165	2972	3137	938	5756	9602	16296	-13160
May	407	1862	2269	365	6720	9758	16843	-14575
June	189	1518	1707	474	7709	9980	18164	-16457
July	145	750	895	1057	5457	10128	16643	-15748
Aug.	435	181	616	181	5589	10431	16202	-15586
Sept.	39	142	181	667	5080	10352	16099	-15918
Oct.	19	-	19	557	5244	10861	16662	-16643
Nov.	36	-	36	679	5897	10985	17561	-17524
Dec.	10	-	10	909	5101	11021	17031	-17021
1988								
Jan.	9	6	15	1081	5653	10955	17690	-17675
Feb.	15	-	15	546	7583	11114	19242	-19227
March	68	-	68	496	7116	12123	19735	-19668
April	122	-	122	659	7752	13248	21659	-21537

3. RATES OF INTEREST

3.1 MONEY MARKET RATES AND RATES APPLIED

BY THE BANK OF FINLAND, PER CENT

Average of inter-bank daily observations	Inter-bank overnight rate	HELIBOR				Long-term unregulated market rate		Bank of Finland rates			Cash reserve requirement
		1 month	3 months	6 months	12 months	3 years	5 years	Call money credit rate	Call money deposit rate	Base rate	
	1	2	3	4	5	6	7	8	9	10	11
1983	..	.	.	.	.	..	..	15.37	14.87	9.00	4.3
1984	..	..	..	..	..	..	..	16.53	16.53	9.50	5.4
1985	..	..	..	..	..	..	..	13.37	13.37	9.04	5.6
1986	11.87	..	..	..	..	..	..	13.43	11.34	7.42	4.8
1987	9.16	9.90	10.02	10.14	10.40	..	..	11.71	7.78	7.00	4.8
1987											
April	8.99	9.86	10.04	10.11	10.28	..	..	11.14	7.50	7.00	4.7
May	9.67	9.80	9.89	10.02	10.27	..	..	11.00	7.50	7.00	4.7
June	9.20	9.51	9.69	9.86	10.24	..	..	11.00	7.50	7.00	4.7
July	8.81	9.54	9.63	9.77	10.11	..	..	11.00	7.50	7.00	4.7
Aug.	9.62	9.48	9.55	9.66	9.88	..	..	11.00	7.50	7.00	4.7
Sept.	8.12	9.37	9.48	9.62	9.92	..	..	11.00	7.50	7.00	4.9
Oct.	8.09	9.29	9.45	9.63	10.04	..	..	11.00	7.50	7.00	4.9
Nov.	8.35	9.30	9.48	9.64	10.01	..	..	11.00	7.50	7.00	4.9
Dec.	8.01	9.15	9.25	9.44	9.79	10.3	10.4	11.00	7.50	7.00	4.9
1988											
Jan.	8.09	9.07	9.21	9.35	9.71	10.2	10.3	11.00	7.50	7.00	4.9
Feb.	8.20	9.09	9.22	9.35	9.67	10.2	10.3	11.00	7.50	7.00	5.3
March	8.62	9.61	9.72	9.84	10.11	10.4	10.5	11.00	7.50	7.00	5.7
April	8.26	9.35	9.47	9.64	10.03	10.4	10.6	11.00	7.50	7.00	5.9

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
1983	7.0	7.1	7.3	7.6	..	..	..	..
1984	7.5	7.7	8.0	8.2	..	..	..	..
1985	6.8	6.9	7.0	7.2	..	..	..	..
1986	5.9	5.9	5.9	5.8	..	..	..	..
1987	5.4	5.6	5.7	5.8	7.9	8.0	8.1	8.2
1987								
April	5.4	5.4	5.5	5.6	7.8	7.9	7.9	8.0
May	5.3	5.4	5.5	5.7	7.6	7.7	7.8	8.0
June	5.3	5.3	5.4	5.6	7.5	7.6	7.7	8.0
July	5.3	5.4	5.5	5.7	7.4	7.6	7.8	8.1
Aug.	5.4	5.5	5.8	6.0	7.7	8.0	8.2	8.5
Sept.	5.7	5.8	6.2	6.4	7.9	8.0	8.4	8.6
Oct.	5.7	6.4	6.5	6.7	7.8	8.3	8.5	8.7
Nov.	5.3	5.6	5.6	5.8	7.7	7.9	8.0	8.1
Dec.	5.5	5.5	5.5	5.7	7.7	7.8	7.9	8.1
1988								
Jan.	4.9	5.1	5.2	5.5	7.2	7.5	7.7	7.9
Feb.	5.0	5.0	5.1	5.3	7.2	7.4	7.5	7.7
March	4.9	5.0	5.1	5.3	7.3	7.4	7.5	7.7
April	15.4	5.1	5.2	5.5	10.0	7.3	7.5	7.8

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.

3.3 COVERED EURO-DOLLAR RATE, PER CENT

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

3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

End of period	Lending				Deposits						
	New credits ¹		Loans	New lending, total	Average lending rate	Savings accounts and ordinary deposit accounts	12-month time deposits	24-month time deposits	Average rate of interest on regulated deposits	Average rate of interest on unregulated deposits	Average rate of interest on total deposits
Cheque Bills of exchange and postal giro credits	Loans										
	1	2	3	4	5	6	7	8	9	10	11
1983	..	..	..	..	10.39	5.25	8.00	9.25	6.08	13.55	..
1984	..	..	..	..	10.67	5.25	8.00	9.25	6.22	15.43	7.30
1985	11.49	12.61	10.34	11.08	10.37	4.75	7.50	8.75	5.91	13.24	6.81
1986	10.89	12.45	9.86	10.72	8.82	2.75	5.75	7.00	4.43	11.84	5.35
1987	10.68	11.95	9.81	10.23	9.12	2.75	5.75	7.00	4.56	10.13	5.29
1987											
March	11.20	12.58	10.17	10.98	8.89	2.75	5.75	7.00	4.42	10.62	5.24
April	10.75	12.51	10.10	10.81	8.92	2.75	5.75	7.00	4.45	10.34	5.29
May	10.89	12.40	10.11	10.72	8.95	2.75	5.75	7.00	4.47	10.17	5.29
June	9.74	12.26	10.11	10.59	8.99	2.75	5.75	7.00	4.44	10.01	5.24
July	10.66	12.46	10.09	10.77	9.02	2.75	5.75	7.00	4.49	9.93	5.28
Aug.	9.45	12.27	9.97	10.49	9.04	2.75	5.75	7.00	4.47	9.85	5.26
Sept.	10.57	12.14	9.93	10.47	9.06	2.75	5.75	7.00	4.48	9.77	5.29
Oct.	10.65	12.22	10.03	10.49	9.08	2.75	5.75	7.00	4.50	9.69	5.34
Nov.	10.58	12.15	10.01	10.54	9.12	2.75	5.75	7.00	4.50	9.64	5.36
Dec.	10.68	11.95	9.81	10.23	9.12	2.75	5.75	7.00	4.56	9.61	5.40
1988											
Jan.	10.27	12.21	9.82	10.25	9.15	2.75	5.75	7.00	4.57	9.51	5.38
Feb.	9.56	11.82	10.04	10.24	9.17	2.75	5.75	7.00	4.55	9.43	5.40
March	9.87	12.17	10.23	10.42	9.20	2.75	5.75	7.00	4.57	9.49	5.52

¹ Average rate of interest for period

3.5 RATES OF INTEREST ON BONDS AND DEBENTURES, PER CENT

Period	Rates at issue		Secondary market rates	
	Taxable public issues	Tax-free public issues	Taxable public issues	Tax-free public issues
	1	2	3	4
1983	13.1	10.9	13.1	10.3
1984	13.6	11.1	14.0	10.6
1985	12.7	10.6	12.7	10.1
1986	11.4	8.8	11.7	8.3
1987	10.7	7.9	11.2	8.1
1987				
March	10.8	7.9	11.6	7.9
April	11.0	7.8	11.3	7.8
May	10.7	7.9	11.1	7.8
June	10.8	7.9	11.1	8.0
July	10.8	7.9	11.0	8.4
Aug.	10.7	7.9	10.8	8.7
Sept.	10.4	8.0	10.8	8.4
Oct.	10.4	7.8	10.9	8.2
Nov.	10.1	7.6	10.8	8.1
Dec.	10.2	7.7	10.5	8.0
1988				
Jan.	10.5	7.4	10.2	7.7
Feb.	10.0	7.5	10.7	7.7
March	10.2	7.4	10.5	7.8

4. RATES OF EXCHANGE

4.1 AVERAGE SPOT SELLING RATES, FIM

Average New York of daily quotations	Montreal	London	Dublin	Stockholm	Oso	Copen- hagen	Frankfurt a.M.	Amster- dam	Brussels		
	1 USD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEC	1 BEL	
	1	2	3	4	5	6	7	8	9	10	11
1983	5.570	4.524	8.456	6.957	0.7275	0.7644	0.6107	2.1861	1.9566	0.10934	0.10742
1984	6.010	4.645	8.023	6.533	0.7277	0.7384	0.5816	2.1165	1.8772	0.10428	0.10274
1985	6.206	4.554	8.000	6.590	0.7222	0.7231	0.5871	2.1142	1.8745	0.10483	0.10421
1986	5.077	3.659	7.459	6.816	0.7138	0.6882	0.6290	2.3454	2.0789	0.11399	0.11299
1987	4.404	3.325	7.213	6.556	0.6952	0.6547	0.6444	2.4514	2.1755	0.11806	0.11735
1987											
April	4.422	3.360	7.216	6.535	0.7014	0.6542	0.6480	2.4429	2.1652	0.11797	0.11747
May	4.358	3.253	7.280	6.534	0.6979	0.6561	0.6486	2.4398	2.1648	0.11770	0.11708
June	4.427	3.311	7.221	6.530	0.6990	0.6606	0.6469	2.4353	2.1620	0.11754	0.11726
July	4.487	3.389	7.236	6.522	0.6981	0.6652	0.6409	2.4309	2.1589	0.11730	0.11688
Aug.	4.505	3.404	7.207	6.503	0.6956	0.6645	0.6334	2.4275	2.1547	0.11695	0.11627
Sept.	4.394	3.344	7.240	6.493	0.6902	0.6624	0.6299	2.4258	2.1552	0.11686	0.11630
Oct.	4.361	3.337	7.249	6.489	0.6872	0.6591	0.6301	2.4196	2.1504	0.11629	0.11576
Nov.	4.138	3.151	7.354	6.551	0.6827	0.6462	0.6382	2.4617	2.1875	0.11772	0.11722
Dec.	4.043	3.096	7.399	6.584	0.6813	0.6352	0.6422	2.4753	2.1998	0.11837	0.11785
1988											
Jan.	4.036	3.143	7.288	6.505	0.6775	0.6373	0.6369	2.4456	2.1764	0.11702	0.11669
Feb.	4.120	3.251	7.249	6.473	0.6819	0.6435	0.6355	2.4290	2.1632	0.11622	0.11597
March	4.053	3.247	7.426	6.463	0.6822	0.6410	0.6313	2.4160	2.1513	0.11557	0.11527
April	4.010	3.251	7.530	6.414	0.6821	0.6470	0.6250	2.3984	2.1379	0.11469	0.11409

Average of daily quotations	Zurich	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Tokyo	Moscow	Mel- bourne	ECU	SDR
	1 CHF	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 JPY	1 SUR	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22	23
1983	2.6570	0.7353	0.00369	0.3111	0.0514	2.2325	0.0391	0.02351	7.491	..	..	5.94325
1984	2.5642	0.6907	0.00344	0.3013	0.0414	0.1939	0.0375	0.02534	7.357	..	..	6.14739
1985	2.5360	0.6940	0.00327	0.3012	0.0367	0.1520	0.0366	0.02610	7.419	..	..	6.27879
1986	2.8349	0.7355	0.00343	0.3339	0.0343	0.1259	0.0364	0.03028	7.228	..	..	5.94432
1987	2.9563	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	0.03050	6.965	3.106	5.075	5.68010
1987												
April	2.9599	0.7350	0.00343	0.3478	0.0319	0.1162	0.0350	0.03097	6.971	3.165	5.072	5.70115
May	2.9689	0.7316	0.00339	0.3474	0.0316	0.1155	0.0350	0.03105	6.935	3.136	5.063	5.67351
June	2.9367	0.7306	0.00337	0.3468	0.0315	0.1163	0.0352	0.03066	6.969	3.196	5.050	5.68539
July	2.9246	0.7316	0.00337	0.3460	0.0314	0.1170	0.0355	0.02989	6.985	3.199	5.045	5.68463
Aug.	2.9321	0.7288	0.00337	0.3455	0.0313	0.1171	0.0360	0.03057	7.020	3.206	5.031	5.70792
Sept.	2.9284	0.7280	0.00337	0.3450	0.0311	0.1155	0.0364	0.03071	6.953	3.215	5.031	5.66425
Oct.	2.9163	0.7262	0.00336	0.3441	0.0308	0.1152	0.0369	0.03044	6.928	3.135	5.020	5.63821
Nov.	2.9957	0.7266	0.00336	0.3501	0.0306	0.1140	0.0367	0.03061	6.838	2.863	5.076	5.57249
Dec.	3.0403	0.7316	0.00338	0.3519	0.0305	0.1135	0.0366	0.03151	6.820	2.891	5.105	5.57906
1988												
Jan.	3.0050	0.7259	0.00333	0.3479	0.0301	0.1128	0.0361	0.03170	6.786	2.894	5.048	5.54743
Feb.	2.9625	0.7204	0.00330	0.3461	0.0300	0.1130	0.0361	0.03190	6.832	2.962	5.014	5.57446
March	2.9243	0.7135	0.00328	0.3441	0.0298	0.1060	0.0362	0.03189	6.786	2.989	5.001	5.54669
April	2.9001	0.7081	0.00324	0.3416	0.0296	0.1057	0.0363	0.03209	6.767	3.021	4.976	5.52717

4.2. CURRENCY INDICES, 1982=100

Average of daily observations	Bank of Finland currency index ¹	Other currency indices		Currency	Weights of the Bank of Finland currency index As from March 24, 1988
		Payments currency index ¹	MERM index		
	1	2	3		4
1983	104.1	108.3	109.9	USD	7.6
1984	102.8	108.5	111.6	GBP	13.2
1985	102.5	109.4	112.5	SEK	20.8
1986	103.9	106.3	110.4	NOK	5.1
1987	103.3	100.7	106.1	DKK	5.0
				DEM	20.1
1987				NLG	4.9
April	103.6	100.7	106.7	BEC	3.1
May	103.4	100.3	106.0	CHF	2.7
June	103.3	100.6	106.2	FRF	6.8
July	103.3	100.8	106.3	ITL	4.8
Aug.	103.2	100.8	106.7	JPY	5.9
Sept.	102.8	100.0	105.8		
Oct.	102.5	99.6	105.3		
Nov.	102.7	98.6	103.9		
Dec.	102.9	100.4	103.7		
1988					
Jan.	102.2	100.3	103.4		
Feb.	102.2	100.6	104.1		
March	102.0	100.2	103.4		
April	101.8	99.8	103.0		

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

5. OTHER DOMESTIC FINANCING

5.1 BANK DEPOSITS BY THE PUBLIC, MILL. FIM

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

5.2 BANK LENDING TO THE PUBLIC, MILL. FIM

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

5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL. FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M ₁	M ₂ (1+4+5)
		Claims on the central government	Claims on the public	Total (2+3)			
	1	2	3	4	5	6	7
1983	-6081	-3297	152 199	148 902	-20915	21 427	121 906
1984	-2 575	-5 483	176 694	171 211	-26 978	24 945	141 658
1985	-6 641	-8 694	209 231	200 537	-27 244	27 694	166 652
1986	-16 784	-13 884	237 514	223 630	-27 522	27 838	179 324
1987*	-25 484	-14 993	276 302	261 309	-35 363	30 342	200 461
1987*							
Feb.	-14 633	-10 046	241 314	231 269	-34 200	26 782	182 436
March	-17 184	-11 234	243 932	232 698	-31 522	28 901	183 992
April	-17 467	-9 074	245 599	236 525	-32 276	29 029	186 783
May	-17 917	-8 835	249 597	240 762	-34 297	28 547	188 548
June	-18 863	-8 281	253 240	244 960	-34 004	30 754	192 092
July	-17 724	-9 289	255 448	246 159	-36 373	29 126	192 062
Aug.	-21 425	-7 994	258 743	250 749	-34 109	30 991	195 215
Sept.	-23 440	-9 092	263 257	254 165	-36 404	30 360	194 321
Oct.	-23 445	-9 941	268 569	258 628	-39 961	30 729	195 222
Nov.	-23 021	-14 346	271 682	257 337	-38 052	30 757	196 264
Dec.	-25 484	-14 993	276 302	261 309	-35 363	30 342	200 461
1988*							
Jan.	-25 529	-11 982	280 747	268 765	-40 870	31 049	202 367
Feb.	-25 237	-14 640	285 050	270 410	-40 354	31 932	204 819

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
1983	14 127	3 391	4 205	21 723	9 506	4 377	2 518	16 401	38 124	31 187	5 042
1984	16 513	2 666	5 767	24 946	12 037	4 520	2 766	19 323	44 269	33 816	6 300
1985	17 316	2 703	5 658	25 677	14 994	4 107	2 203	21 304	46 981	36 033	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	..	11 553
1987											
March	19 168	2 443	6 267	27 878	19 119	4 378	1 949	25 446	53 324	38 783	8 820
April	19 185	2 447	6 263	27 895	19 154	4 009	1 670	24 833	52 728	39 081	6 449
May	20 027	2 413	6 370	28 810	19 705	3 978	1 903	25 586	54 396	39 028	7 421
June	19 210	2 417	6 028	27 655	19 868	4 082	2 040	25 990	53 645	39 196	6 234
July	19 204	2 415	5 942	27 561	19 971	4 387	2 146	26 504	54 065	39 565	6 795
Aug.	18 279	2 416	5 940	26 635	20 426	4 422	2 194	27 042	53 677	39 623	6 219
Sept.	18 139	2 387	5 858	26 384	20 576	4 443	2 216	27 235	53 619	39 896	6 750
Oct.	19 136	2 418	5 758	27 312	21 328	4 494	2 481	28 303	55 615	40 199	8 084
Nov.	19 820	2 591	5 711	28 122	22 034	4 490	2 731	29 255	57 377	40 299	13 109
Dec.	20 407	2 697	5 576	28 680	22 121	4 692	3 018	29 831	58 511	..	11 553
1988											
Jan.	19 750	2 645	5 465	27 860	22 663	4 678	3 328	30 669	58 529	..	..
Feb.	19 665	2 463	5 404	27 532	23 053	4 643	3 713	31 409	58 941	..	..
March	19 638	2 244	5 390	27 272	23 286	4 627	4 163	32 076	59 348	..	..

5.5 DOMESTIC BOND MARKET

A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporate sector	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
1	2	3	4	5	6	7	8	9	
1983	2035	5602	3890	77	10	1151	3882	6581	11614
1984	2528	6167	5073	112	32	1947	5336	6629	13912
1985	4804	9112	5994	435	28	8070	6394	5909	20373
1986	4976	10639	6532	422	105	5987	7487	9200	22674
1987	4527	9415	8119	206	69	9364	8830	4142	22335
1987									
March	551	1796	1218	—	—	851	1704	1010	3564
April	153	475	1006	—	—	280	127	1227	1634
May	230	254	1092	27	20	501	1092	30	1623
June	205	63	209	55	—	210	209	113	531
July	147	153	116	—	—	228	116	72	416
Aug.	440	205	941	59	—	674	941	30	1644
Sept.	685	1769	331	—	—	1260	1070	455	2786
Oct.	851	1174	1083	4	—	2024	974	114	3112
Nov.	336	1005	841	—	11	1289	450	454	2193
Dec.	347	757	101	—	18	714	101	408	1222
1988									
Jan.	251	5	1370	—	—	108	1370	148	1626
Feb.	260	968	631	63	—	874	806	241	1922
March	203	1254	841	—	11	719	1376	215	2310

B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporate sector	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
1	2	3	4	5	6	7	8	9	
1983	5027	14986	11869	152	11	1901	12057	18087	32045
1984	6766	19850	14904	247	43	3474	15148	23189	41810
1985	10482	26117	18575	661	56	10911	19002	25977	55891
1986	14076	31293	22090	1042	177	16178	23314	29186	68677
1987	17525	36700	26518	1200	232	24778	28223	29175	82175
1986									
IV	14076	31293	22090	1042	177	16178	23314	29186	68677
1987									
I	15287	32243	23087	1100	198	18109	24365	29441	71915
II	15558	33079	23623	1168	213	19178	25906	28556	73641
III	16353	33703	24707	1218	213	20674	26782	28739	76194
IV	17525	36700	26518	1200	232	24778	28223	29175	82175

5.6 HELSINKI STOCK EXCHANGE

During period	Turnover, mill. FIM			Share prices Unitus Index ¹ , 1975 = 100		
	Shares and subscription rights	Bonds and debentures	Total (1+2)	Banks	Industry	Overall index
	1	2	3	4	5	6
1983	1 390	2 356	3 746	190	144	194
1984	2 508	5 007	7 515	259	193	273
1985	3 114	9 046	12 160	229	184	234
1986	9 488	6 479	15 968	350	254	357
1987	26 641	4 604	31 245	546	319	603
1987						
March	2 669	594	3 262	478	295	523
April	1 472	203	1 675	505	292	561
May	1 858	212	2 070	514	287	575
June	1 798	358	2 156	538	296	604
July	2 647	152	2 799	593	317	666
Aug.	2 809	193	3 002	615	335	689
Sept.	2 962	172	3 133	635	351	707
Oct.	4 099	140	4 239	643	379	708
Nov.	2 275	251	2 525	578	360	631
Dec.	1 701	1 241	2 942	558	328	611
1988						
Jan.	994	75	1 069	547	318	600
Feb.	1 485	248	1 733	572	340	625
March	3 720	493	4 213	600	347	658

¹ Average of daily observations

6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

6.1 CURRENT ACCOUNT, MILL. FIM

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

6.2 CAPITAL ACCOUNT, MILL. FIM

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

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

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

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

End of period	Short-term liabilities				Short-term assets				Short-term liabilities, net (18-22)	Debt, net (14+23)	Debt service payments	Of which: repayments	Debt service ratio
	Bank of Finland's short-term liabilities	Short-term liabilities of authorized banks	Trade credits and other liabilities	Total (15+16+17)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits and other assets	Total (19+20+21)					
	15	16	17	18	19	20	21	22	23	24	25	26	27
1983	5705	39443	16181	61328	11842	29263	15915	57020	4308	48997	10875	4914	12.2
1984	4562	55695	17988	78245	22912	43319	12804	79035	-790	53050	11586	4613	11.3
1985	4070	51374	17354	72798	25183	38775	18155	82113	-9314	47095	11287	4808	10.5
1986*	3455	56881	16119	76454	16613	54498	18381	89493	-13038	46254	13189	6018	12.8
1987*	3362	71475	23161	97997	31134	53692	16255	101082	-3085	55093	14662	6516	13.8
1985													
III	4240	59370	19120	82730	24770	44927	18183	87880	-5150	51385	2296	1011	8.6
IV	4070	51374	17354	72798	25183	38775	18155	82113	-9314	47095	2769	1197	10.4
1986*													
I	3659	50424	18682	72765	21647	40424	18037	80109	-7343	48765	3850	2118	15.6
II	3499	52647	16965	73111	18470	45237	18213	81921	-8809	49566	3288	1176	14.2
III	3565	55602	18234	77401	16168	51541	18131	85841	-8440	49859	2309	834	8.7
IV	3455	56881	16119	76454	16613	54498	18381	89493	-13038	46254	3741	1890	13.2
1987*													
I	3521	59536	18592	81649	22482	50790	17830	91102	-9453	49106	3331	1411	13.2
II	3490	67208	18830	89528	28680	54691	18024	101396	-11868	47248	4089	1496	15.0
III	3607	75547	19797	98952	29291	60373	18061	107725	-8773	48897	2574	1217	9.6
IV	3362	71475	23161	97997	31134	53692	16255	101082	-3085	55093	4669	2392	17.0

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

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

7. FOREIGN TRADE¹

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
1983	69 692	71 528	-1 836
1984	80 904	74 682	6 222
1985	84 028	81 520	2 508
1986	82 579	77 601	4 978
1987	85 315	82 797	2 518
1987			
Feb.	6 375	5 731	644
March	7 360	7 328	32
April	7 285	6 500	785
May	7 007	7 154	-147
June	7 444	7 090	354
July	6 620	6 458	162
Aug.	6 601	6 943	-342
Sept.	8 042	7 080	962
Oct.	7 894	7 317	577
Nov.	6 966	7 502	-536
Dec.	7 009	6 988	21
1988*			
Jan.	6 885	6 883	2
Feb.	6 777	6 108	669

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
1983	104	98	127	125	101
1984	114	98	134	131	102
1985	115	104	138	135	102
1986	116	110	135	121	111
1987	118	119	138	119	116
1987					
III	113	100	138	135	102
IV	117	113	135	133	101
1986					
I	113	110	134	129	103
II	104	90	133	122	109
III	116	119	138	120	116
IV	128	115	136	121	112
1987					
I	114	113	136	120	113
II	120	120	137	119	115
III	116	116	140	121	115
IV	119	126	140	119	117

7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, f.o.b.					Imports by use of goods, c.i.f.				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
	1	2	3	4	5	6	7	8	9	10
1983	6 944	19 327	8 524	20 211	14 686	32 209	17 554	10 860	10 572	333
1984	7 145	23 573	10 176	22 998	17 012	35 162	16 900	10 993	11 454	173
1985	6 728	25 030	9 803	24 412	18 055	38 676	17 770	11 675	12 967	432
1986	6 947	24 600	7 858	26 115	17 059	39 292	10 070	12 898	15 069	272
1987	7 449	26 691	7 823	26 347	17 005	41 066	9 623	14 074	17 412	622
1987										
Feb.	512	2 077	653	1 825	1 308	3 052	301	928	1 427	23
March	619	2 276	599	2 228	1 638	3 571	649	1 448	1 619	41
April	616	2 352	574	2 236	1 507	3 407	461	1 218	1 407	7
May	746	2 164	749	2 089	1 259	3 554	886	1 209	1 467	38
June	732	2 097	599	2 526	1 490	3 538	915	1 151	1 327	159
July	526	2 271	660	1 983	1 180	3 125	796	1 197	1 317	23
Aug.	545	2 191	669	1 849	1 347	3 292	1 137	1 012	1 471	31
Sept.	666	2 496	688	2 629	1 563	3 503	964	1 047	1 547	19
Oct.	670	2 500	624	2 493	1 607	3 634	845	1 151	1 579	108
Nov.	664	2 168	563	2 077	1 494	3 713	720	1 436	1 622	11
Dec.	569	2 059	754	2 339	1 288	3 407	994	1 197	1 374	16
1988*										
Jan.	569	2 472	623	2 021	1 200	3 486	780	1 270	1 340	7
Feb.	544	2 309	709	1 631	1 584	3 214	405	960	1 490	39

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1987		1988 [*] January-February		1987		1988 [*] January-February	
	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	63 184	74.1	10912	9.8	63079	76.2	10148	8.1
OECD Europe	55667	65.2	9670	10.1	52212	63.1	8137	4.8
Of which:								
Austria	951	1.1	145	0.6	1066	1.3	155	2.7
Belgium and Luxembourg	1 526	1.8	312	38.7	2134	2.6	334	0.0
Denmark	3 320	3.9	581	-2.7	2343	2.8	363	8.2
France	4 497	5.3	899	21.6	3552	4.3	541	3.9
Federal Republic of Germany	9 335	10.9	1 624	12.8	14 450	17.5	2 252	-0.1
Italy	2 182	2.6	386	17.8	3 619	4.4	548	6.8
Netherlands	3 060	3.6	535	-1.0	2 555	3.1	405	12.7
Norway	4 026	4.7	551	1.7	1 819	2.2	318	9.0
Spain	1 090	1.3	198	26.8	920	1.1	157	1.2
Sweden	12 754	14.9	1 974	-6.9	10 702	12.9	1 728	10.6
Switzerland	1 525	1.8	294	13.1	1 665	2.0	241	-3.3
United Kingdom	9 734	11.4	1 835	28.5	5 914	7.1	867	12.2
Other OECD	7 517	8.8	1 242	7.4	10 867	13.1	2 011	23.7
Of which:								
Canada	971	1.1	125	-24.1	429	0.5	84	54.9
Japan	1 206	1.4	244	73.6	5 861	7.1	1 064	17.05
United States	4 407	5.2	730	0.6	4 335	5.2	836	32.5
CMEA countries	14 620	17.1	1 776	-11.9	14 088	17.0	1 886	-9.8
Of which:								
Soviet Union	13 175	15.4	1 582	-9.8	11 901	14.4	1 553	-13.5
Developing countries	6 199	7.3	788	-13.3	4 938	6.0	787	-7.0
OPEC countries	1 527	1.8	189	1.1	805	1.0	136	-16.6
Other	4 672	5.5	599	-17.0	4 133	5.0	651	-4.7
Other countries	1 312	1.5	186	-16.7	692	0.8	170	47.9
TOTAL	85 315	100.0	13 662	4.4	82 797	100.0	12 991	4.4
Of which:								
EEC countries	35 966	42.2	6 635	17.4	36 788	44.4	5 658	3.1
EFTA countries	19 396	22.7	2 985	-3.1	15 356	18.5	2 473	9.2

¹The trade values and volumes for December 1987 and January 1988 differ from those in the official statistics. For details, see Notes and Explanations on page S26.

8. DOMESTIC ECONOMIC DEVELOPMENTS

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

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
1983	171 330	63 113	69 001	10 467	-2 704	311 207	92 001	87 959	315 249
1984	176 038	64 872	67 584	10 202	-1 327	317 369	96 993	88 857	325 505
1985	181 664	68 218	69 599	10 453	3 610	333 544	98 173	94 893	336 824
1986*	188 823	70 398	68 720	10 962	5 467	344 370	99 365	98 760	344 975
1987*	199 032	72 973	72 371	11 381	7 609	363 366	101 357	107 260	357 463
1985									
III	45 833	17 146	16 697	2 790	-471	81 995	24 606	22 842	83 759
IV	46 045	17 322	17 675	2 643	2 972	86 657	23 336	24 692	85 301
1986*									
I	46 391	17 383	17 239	2 664	2 166	85 843	24 933	25 701	85 075
II	47 215	17 325	16 610	2 322	-193	83 280	22 126	20 727	84 678
III	47 597	17 772	17 613	2 965	2 467	88 414	26 061	27 131	87 344
IV	47 620	17 914	17 258	2 804	998	86 594	26 154	25 004	87 744
1987*									
I	48 719	17 959	17 662	2 764	338	87 443	24 664	24 280	87 827
II	49 524	18 158	18 304	2 524	3 811	92 320	26 504	28 375	90 449
III	49 908	18 359	17 894	3 190	1 572	90 924	25 767	27 463	89 228
IV	50 882	18 497	18 508	2 903	3 303	94 093	24 440	27 144	91 389

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

Period	Industry (SIC):						
	2-4 Total industry (100.0)	2 Mining and quarrying (1.5)	3 Manufacturing (89.5)	331,341 Wood and paper industries (20.3)	37,38 Metal and engineering industries (28.3)	4 Other manufacturing (40.7)	4 Electricity, gas and water (9.0)
	1	2	3	4	5	6	7
1983	91.9	92.8	92.5	94.2	87.8	95.5	86.0
1984	96.1	96.3	96.6	101.7	92.5	97.6	91.8
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986*	100.8	101.7	100.8	101.8	101.3	99.9	100.1
1987*	105.0	79.0	105.2	107.9	106.2	103.0	108.0
1987*							
Feb.	104.6	97.5	104.9	108.5	104.2	101.4	102.8
March	108.9	96.6	106.5	107.0	107.2	101.9	111.7
April	105.2	93.7	103.8	108.9	103.5	103.3	104.5
May	107.8	74.7	106.0	108.7	107.3	105.9	108.1
June	107.0	52.4	106.4	106.0	105.9	106.0	109.2
July	109.1	74.6	107.7	107.7	106.5	105.7	107.7
Aug.	105.6	81.8	105.7	108.4	108.4	104.9	108.9
Sept.	103.7	77.8	104.6	110.1	108.2	103.7	109.0
Oct.	102.8	69.4	106.0	109.8	107.2	102.8	107.5
Nov.	100.8	72.5	103.6	108.4	107.4	100.5	109.5
Dec.	102.7	67.3	105.5	105.4	108.4	100.1	108.4
1988*							
Jan.	107.5	64.7	110.8	114.8	111.2	106.6	94.2
Feb.	107.8	70.4	109.5	112.1	111.7	103.8	102.6

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
1983	97.6	94.4	108.1	107.7	123.0	105.1	100.9	94.2
1984	97.2	96.8	101.7	104.1	112.8	96.3	98.6	96.9
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986*	104.7	102.5	94.1	88.4	100.1	99.5	105.2	101.8
1987*	111.3	107.7	94.5	87.8	97.5	102.2	113.8	106.0
1986*								
IV	104.9	103.5	100.6	91.6	109.2	106.2	120.4	103.3
1987*								
Jan.	108.8	104.1	..	..	..	..	..	102.7
Feb.	108.4	105.7	..	..	..	..	..	104.3
March	107.9	104.7	..	..	..	..	..	105.7
April	115.1	110.3	..	..	..	..	..	105.8
May	110.2	105.6	..	..	..	..	..	106.6
June	113.0	110.5	..	..	..	..	..	106.0
July	110.7	107.6	..	..	..	..	..	106.7
Aug.	111.0	107.2	..	..	..	..	..	106.7
Sept.	111.1	109.3	..	..	..	..	..	106.6
Oct.	114.5	107.7	..	..	..	..	..	106.5
Nov.	113.8	109.7	..	..	..	..	..	106.9
Dec.	111.0	110.6	..	..	..	..	..	107.3
I	108.4	104.8	97.0	91.5	95.0	95.4	112.4	104.2
II	112.7	108.8	96.4	92.4	108.3	111.6	121.6	106.1
III	110.9	108.0	93.1	85.4	97.8	101.3	100.2	106.7
IV	113.1	109.3	91.6	81.8	89.0	100.3	121.3	106.9
1988*								
Jan.	115.8	113.4	..	..	..	..	..	107.2

8.4 WAGES AND PRICES, 1985=100

Period	Index of wage and salary earnings	By sectors				Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index	
		Private Total	Of which: Manufacturing (SIC 3)	Central government	Local government			Non-profit institutions	Domes- tic goods		Import- ed goods	Export- ed goods		Home market goods
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1983	84.3	84.0	85.2	86.4	84.0	85.8	88.8	90.8	90.0	93.5	90.8	91.3	90.7	89.2
1984	92.2	92.0	92.9	92.6	92.8	92.1	95.1	95.7	95.0	97.8	96.0	98.0	95.3	94.6
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986¹	107.0	106.7	106.2	106.7	108.1	107.0	102.9	97.0	98.6	91.0	96.5	96.7	96.4	104.3
1987¹	114.5	114.4	113.5	115.9	114.0	116.2	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
1987¹														
March	..	..	..	..	..	..	106.3	97.0	99.2	89.2	96.4	97.1	96.1	108.0
April	..	..	..	..	..	..	106.8	97.4	99.6	89.3	96.7	97.6	96.2	108.7
May	..	..	..	..	..	..	106.9	97.5	99.9	89.0	96.8	97.8	96.3	108.9
June	..	..	..	..	..	..	107.3	97.7	100.0	89.2	96.9	97.8	96.4	109.1
July	..	..	..	..	..	..	107.2	98.2	100.4	90.3	97.4	98.2	97.0	109.4
Aug.	..	..	..	..	..	..	107.5	98.2	100.5	89.9	97.4	98.2	97.0	109.6
Sept.	..	..	..	..	..	..	108.1	98.4	100.8	89.4	97.9	98.7	97.5	109.9
Oct.	..	..	..	..	..	..	108.3	98.7	101.3	89.2	98.2	99.0	97.8	110.0
Nov.	..	..	..	..	..	..	108.1	98.7	101.6	88.3	98.4	99.4	97.9	110.8
Dec.	..	..	..	..	..	..	108.4	98.9	102.0	87.7	98.6	99.2	98.3	110.9
I	111.4	111.2	110.5	111.9	111.8	112.3	105.8	96.9	99.0	89.6	96.3	97.3	95.9	107.2
II	115.4	115.2	114.5	117.1	114.6	117.4	107.0	97.5	99.8	89.2	96.8	97.7	96.3	108.9
III	115.0	114.8	113.8	117.1	114.7	117.5	107.6	98.3	100.6	89.9	97.6	98.4	97.2	109.7
IV	116.4	116.6	115.1	117.3	114.9	117.8	108.3	98.8	101.6	88.4	98.4	99.2	98.0	110.6
1988¹														
Jan.	..	..	..	..	..	..	109.7	99.3	102.4	87.8	99.1	99.9	98.8	111.8
Feb.	..	..	..	..	..	..	110.0	99.6	102.7	87.9	99.5	100.1	99.2	111.9
March	..	..	..	..	..	..	110.6	99.7	103.0	87.5	100.0	101.1	99.4	112.3
I	..	..	..	..	..	..	110.1	99.5	102.7	87.7	99.5	100.4	99.1	112.0

¹Preliminary figures for columns 1—6.

8.5 LABOUR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry				Unemployed	Unemployment rate																																																																																																													
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction	Service industries																																																																																																															
												1000 persons																																																																																																												
%											1000 persons											%																																																																																																		
1											2											3											4											5											6											7											8											9											10											11										
1983	68.7	2527	2390	386	2004	303	606	183	1298	138	5.5																																																																																																													
1984	68.8	2546	2414	378	2035	294	600	183	1337	133	5.2																																																																																																													
1985	69.2	2567	2437	361	2076	280	597	178	1380	130	5.0																																																																																																													
1986	69.1	2568	2431	359	2071	266	589	185	1391	138	5.4																																																																																																													
1987	68.6	2554	2423	372	2051	251	569	184	1419	130	5.1																																																																																																													
1987																																																																																																																								
Feb.	68.7	2554	2427	374	2053	251	576	185	1415	127	5.0																																																																																																													
March	69.1	2570	2437	373	2064	264	570	184	1420	133	5.2																																																																																																													
April	68.9	2564	2437	370	2066	259	573	187	1417	128	5.0																																																																																																													
May	68.4	2543	2410	360	2050	243	561	181	1424	133	5.2																																																																																																													
June	68.4	2544	2418	370	2048	250	567	189	1412	126	5.0																																																																																																													
July	68.5	2548	2422	370	2052	245	585	182	1410	126	4.9																																																																																																													
Aug.	69.1	2569	2441	366	2075	247	571	183	1440	128	5.0																																																																																																													
Sept.	68.5	2548	2420	365	2055	240	573	176	1430	129	5.1																																																																																																													
Oct.	68.5	2551	2422	378	2045	254	575	184	1408	128	5.0																																																																																																													
Nov.	68.4	2548	2418	382	2035	251	557	180	1430	130	5.1																																																																																																													
Dec.	68.3	2545	2414	382	2032	249	557	182	1425	131	5.1																																																																																																													
1988																																																																																																																								
Jan.	68.7	2559	2439	388	2051	252	578	195	1414	120	4.7																																																																																																													
Feb.	68.3	2544	2431	374	2057	255	546	172	1458	113	4.5																																																																																																													

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

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

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

NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

GENERAL

Source

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

Symbols used

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

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

NOTES AND EXPLANATIONS TO TABLES

1 THE BALANCE SHEET OF THE BANK OF FINLAND

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

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

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

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

3 RATES OF INTEREST

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

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

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

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

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

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

4 RATES OF EXCHANGE

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

5 OTHER DOMESTIC FINANCING

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

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

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

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

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

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

6 BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

Table 6.1 The figures for the trade and goods and services accounts are compiled in accordance with the Sys-

tem of National Accounts.

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

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

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

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

7 FOREIGN TRADE

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

On January 1, 1988, the new international harmonized commodity description and coding system was introduced in the compilation of the official foreign trade statistics. Because of the changeover, the trade value figures in the customs statistics are exceptionally high for December 1987 and excep-

tionally low for January 1988 as compared with the old system. For the sake of comparability, the customs statistics figures for December 1987 and January 1988 have been adjusted in the Bulletin to comply with the old system. For this reason the total trade values for 1987 as a whole also differ from the customs statistics. The Bulletin follows the same practice as in the balance of payments statistics. Adjustments have been made to all value and volume figures for exports and imports. Unit values correspond to those of the customs statistics. The adjustments have been made by the Economics Department of the Bank of Finland.

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

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

8 DOMESTIC ECONOMIC DEVELOPMENTS

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

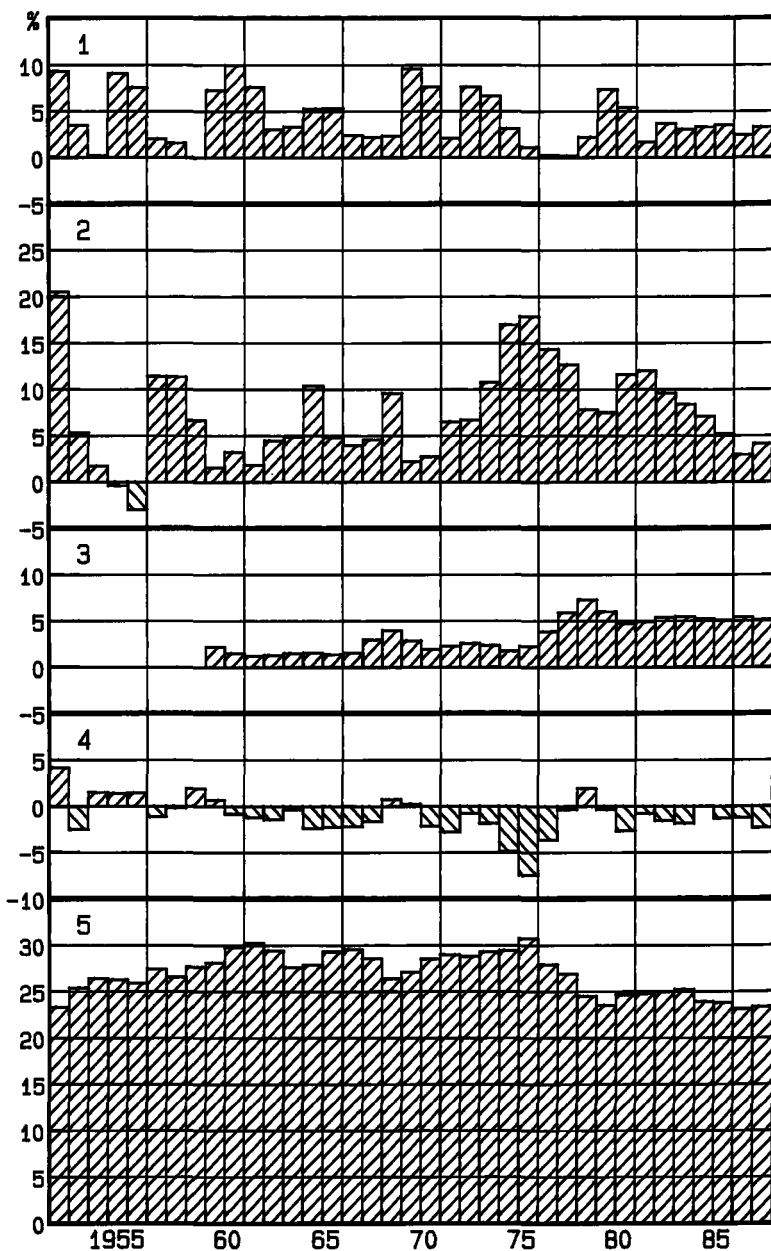
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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

Table 8.6 Source: Ministry of Finance.

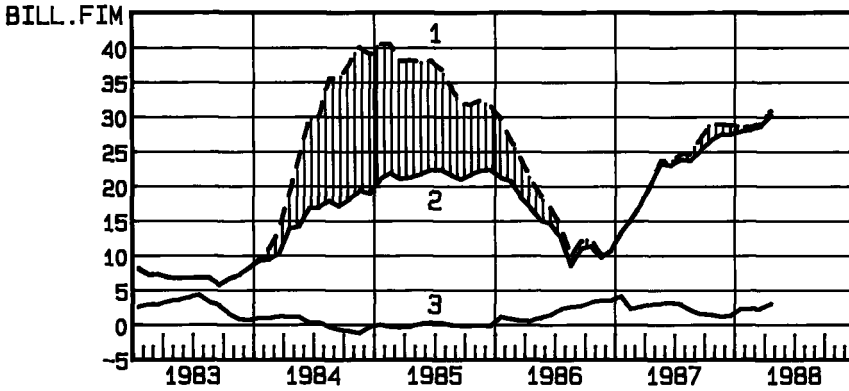
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Banks' central bank position	S29
5. Overnight rates	S30
6. HELIBOR rates of interest	S30
7. Rates of interest applied by the Bank of Finland	S30
8. 3-month covered Eurodollar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

1. LONG-TERM INDICATORS



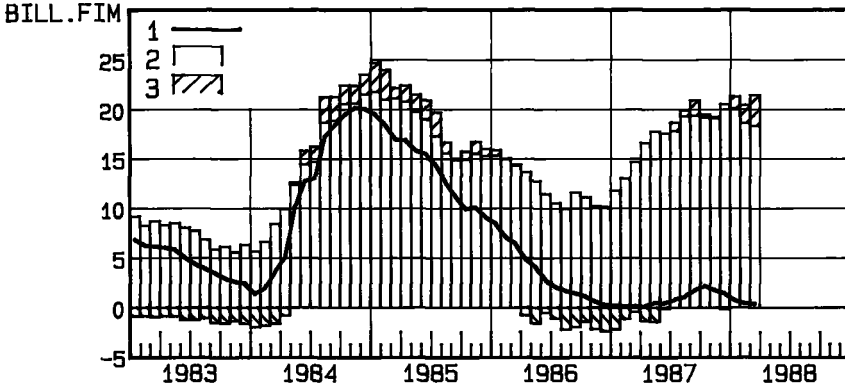
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



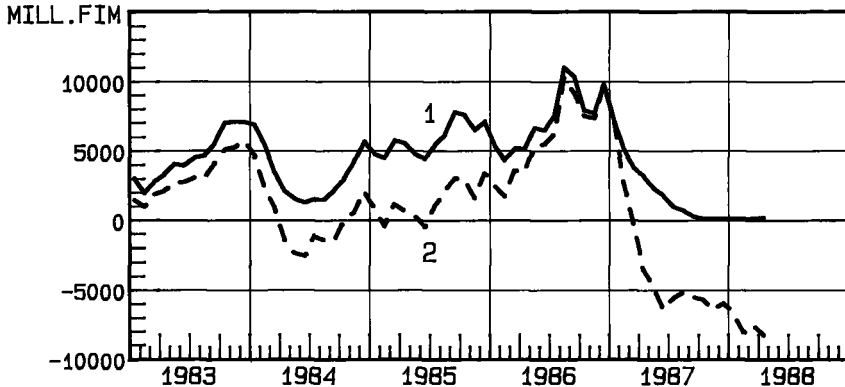
- 1. Convertible foreign exchange reserves plus forward position
- 2. Convertible foreign exchange reserves
- 3. Tied currencies

3. FORWARD MARKET



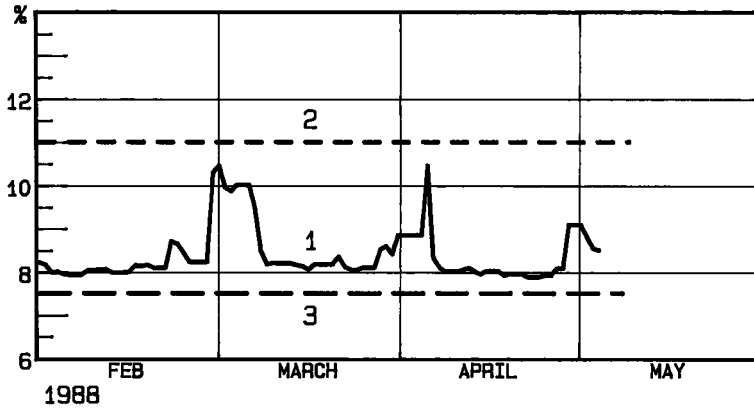
- 1. Forward exchange purchased by the Bank of Finland from banks
- 2. Forward exchange sold by companies to banks
- 3. Forward exchange sold by foreign banks to banks

4. BANKS' CENTRAL BANK POSITION



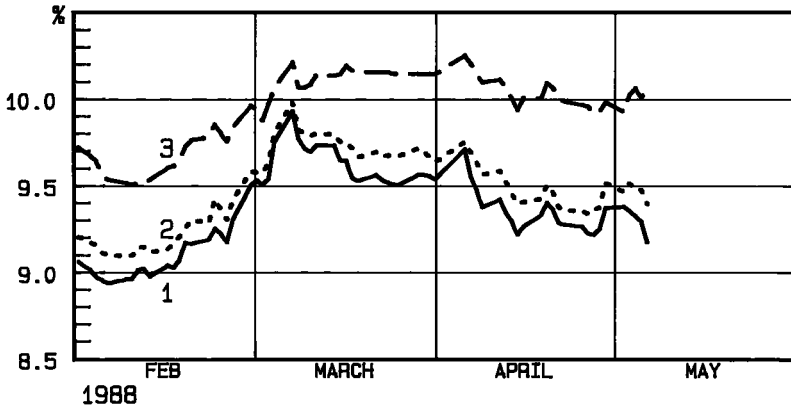
- 1. Gross debt to the Bank of Finland
- 2. Net debt to the Bank of Finland (excl. cash reserve deposits)

5. OVERNIGHT RATES



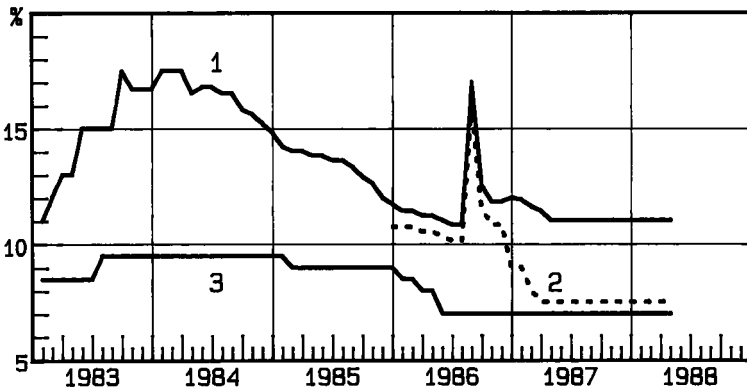
- 1. Inter-bank overnight rate
 - 2. Call money credit rate
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



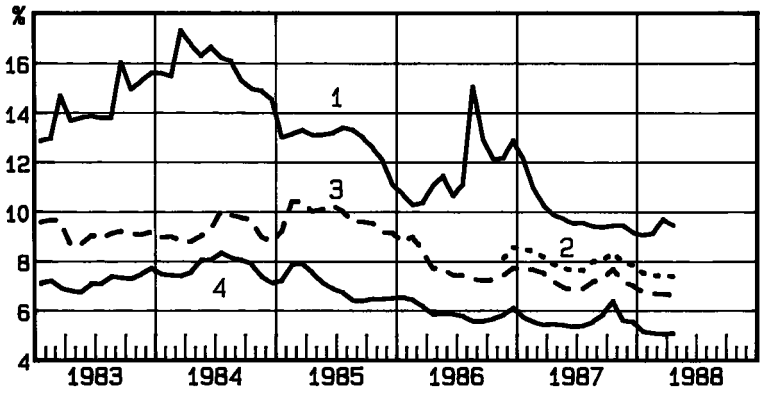
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

7. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



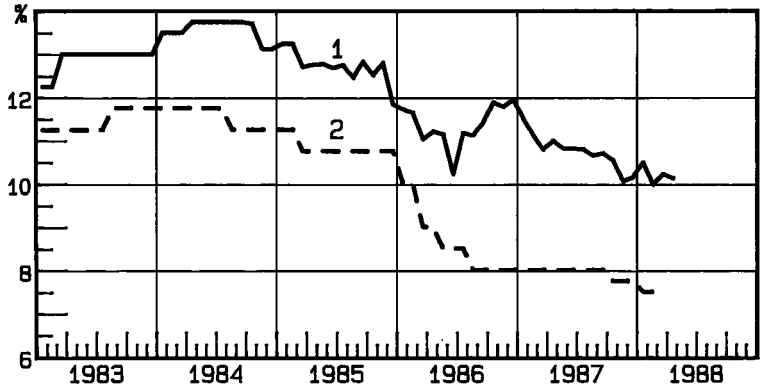
- 1. Call money credit rate
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

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



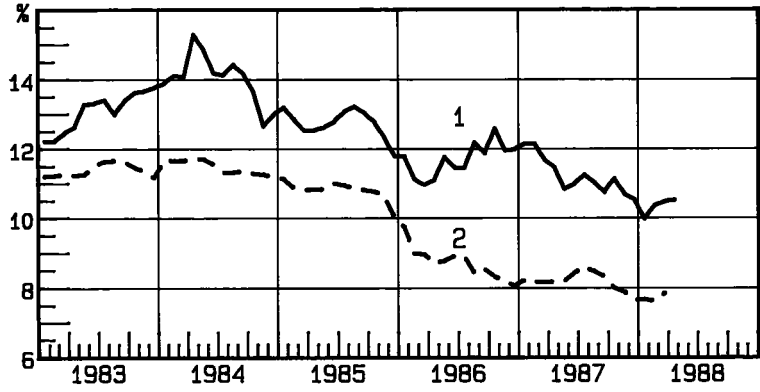
- 1. Covered Eurodollar rate
- 2. 12-currency basket rate
- 3. 8-currency basket rate
- 4. 3-currency basket rate

9. RATES ON NEW ISSUES OF BONDS AND DEBENTURES



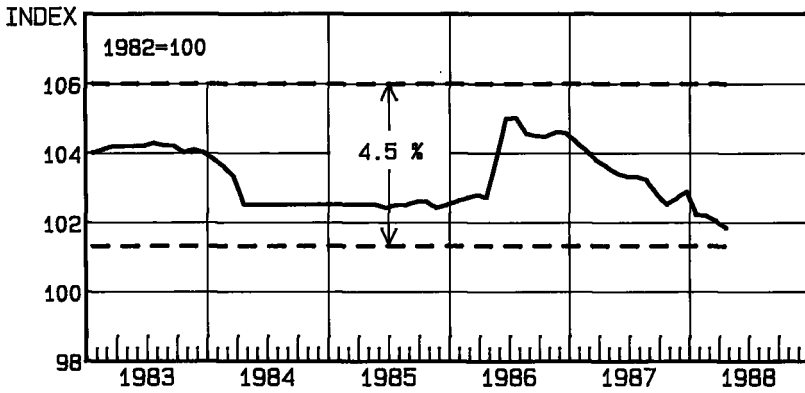
- 1. Rates on new fixed-rate debentures
- 2. Rates on new 10-year tax-free government bonds

10. SECONDARY MARKET RATES ON BONDS AND DEBENTURES



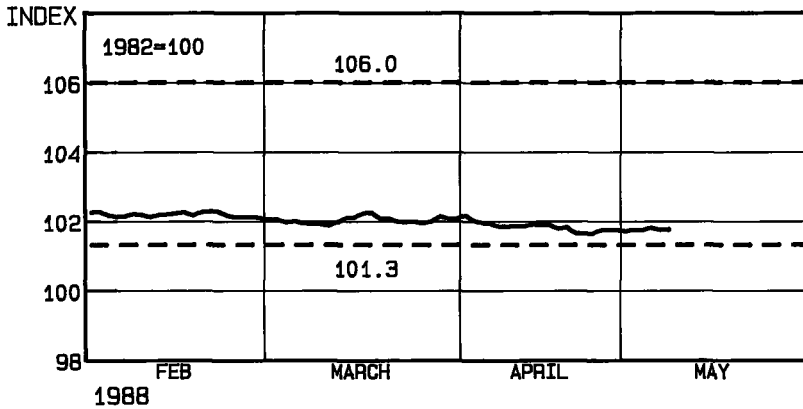
- 1. Secondary market rate on (3-6 year) fixed-rate debentures
- 2. Secondary market rate on (9-10 year) taxfree government bonds

11. BANK OF FINLAND CURRENCY INDEX



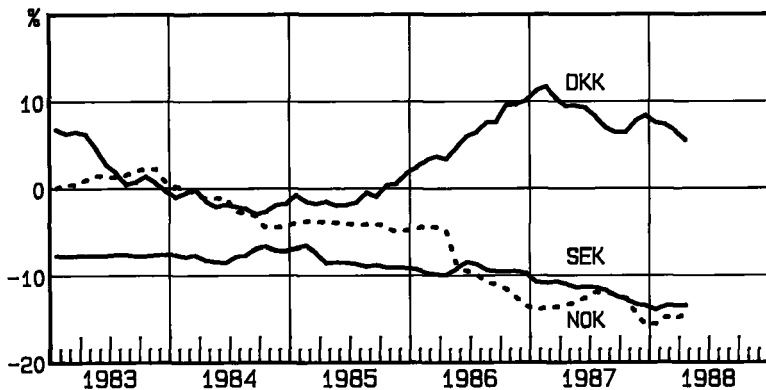
4.5 % = fluctuation range of the index
Monthly averages

12. BANK OF FINLAND CURRENCY INDEX



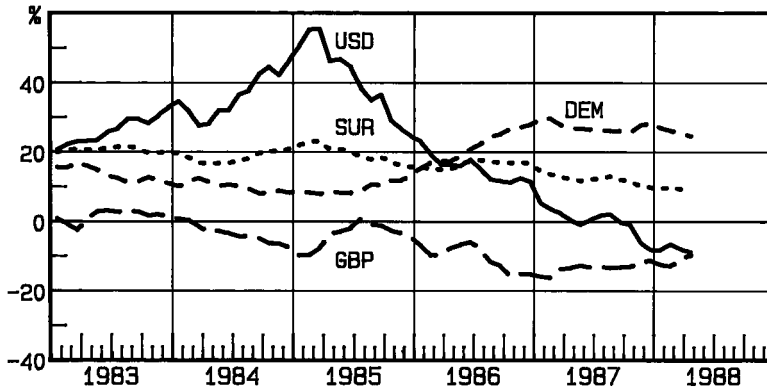
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



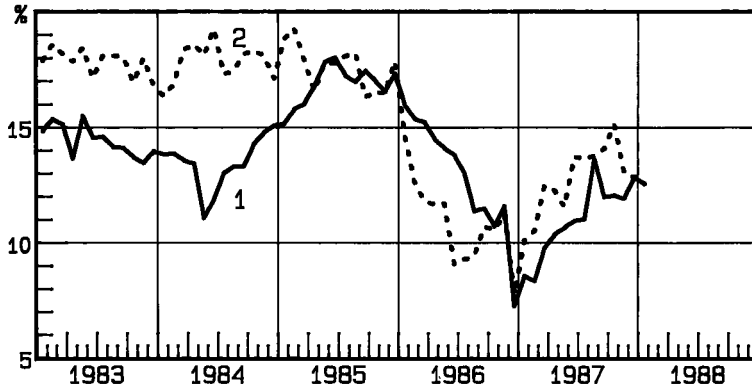
Monthly changes in markka selling rates calculated from the average rates for January 1982

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



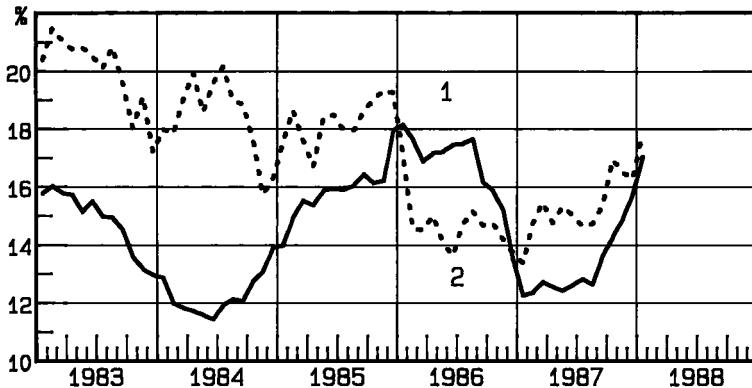
Monthly changes in markka selling rates calculated from the average rates for January 1982

15. BANK DEPOSITS FROM THE PUBLIC



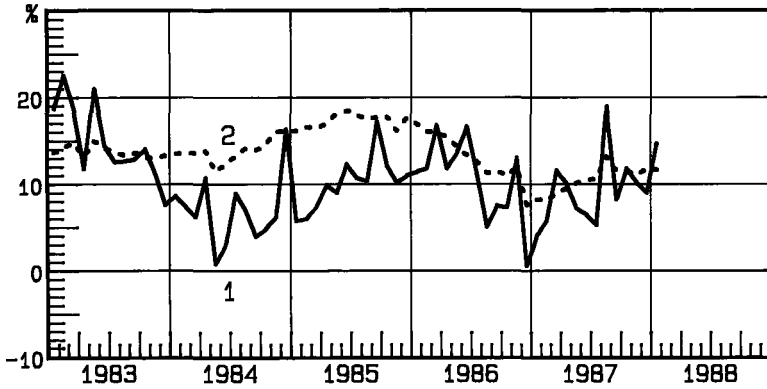
1. Regulated deposits
2. Total deposits
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



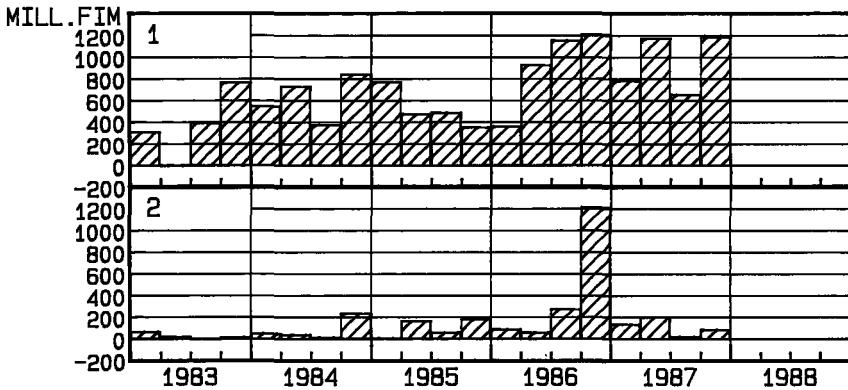
1. Markka lending
2. Total lending
Change from the corresponding month of the previous year, per cent

17. MONEY SUPPLY



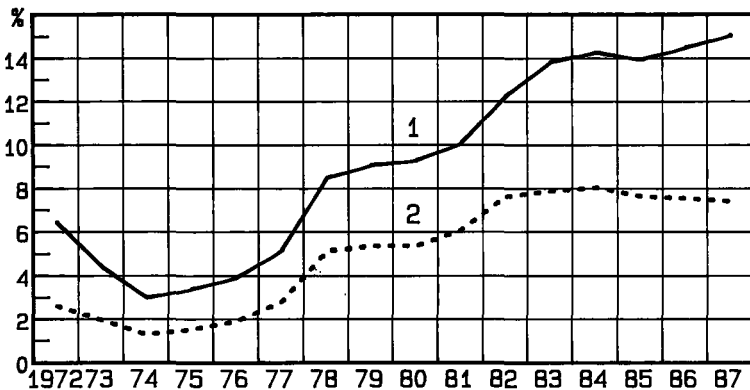
- 1. Narrow money supply (M1)
 - 2. Broad money supply (M2)
- Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



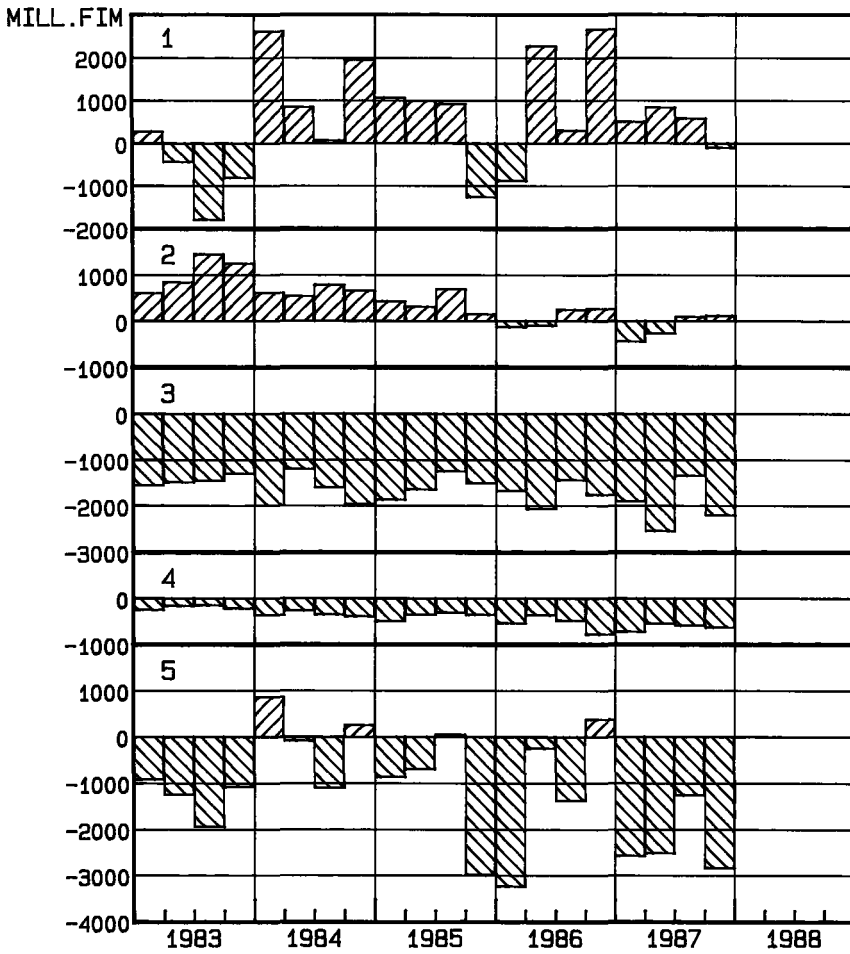
- 1. Finnish direct investment abroad, net
- 2. Foreign direct investment in Finland, net

19. CENTRAL GOVERNMENT DEBT



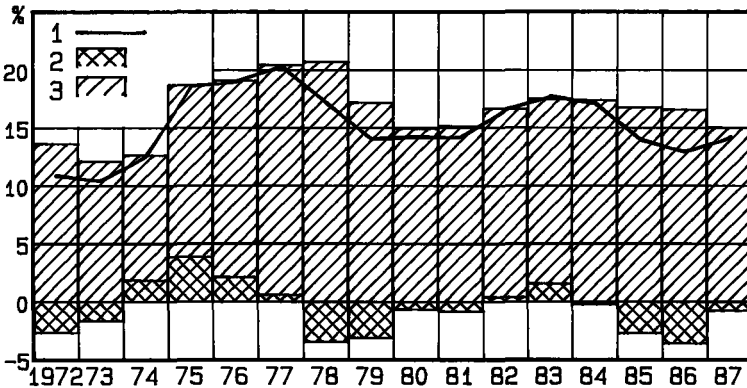
- 1. Total debt
 - 2. Of which: foreign debt
- As a percentage of GDP

20. CURRENT ACCOUNT



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

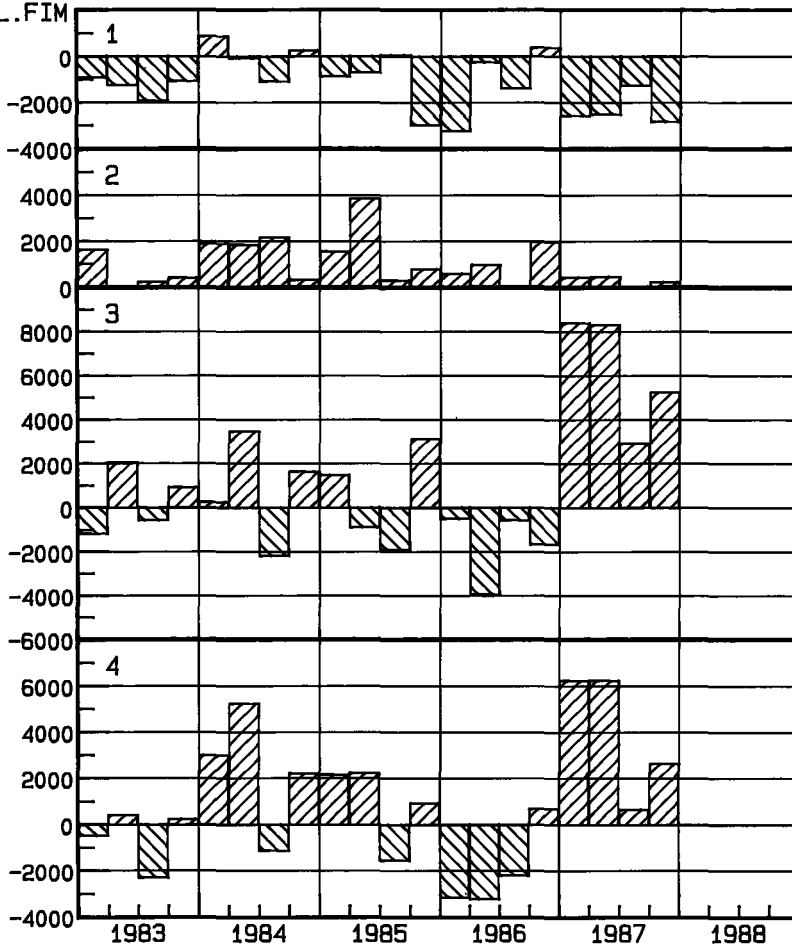
21. FOREIGN DEBT



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

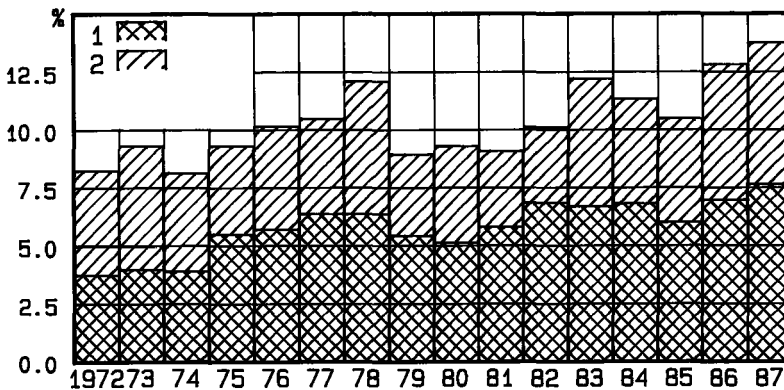
22. BALANCE OF PAYMENTS

MILL. FIM



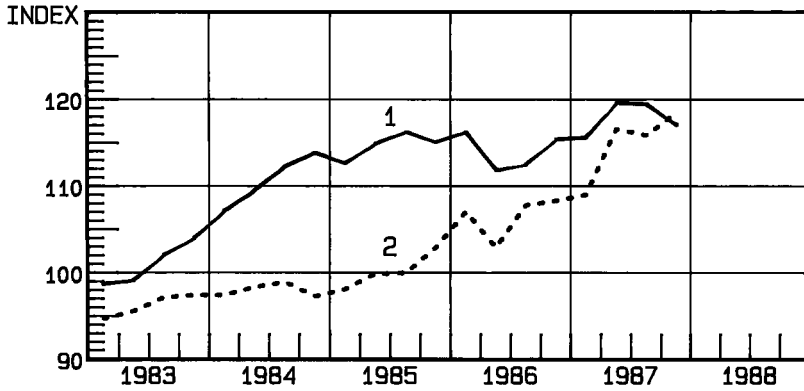
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance = change in the foreign exchange reserves of the Bank of Finland

23. DEBT SERVICE RATIO



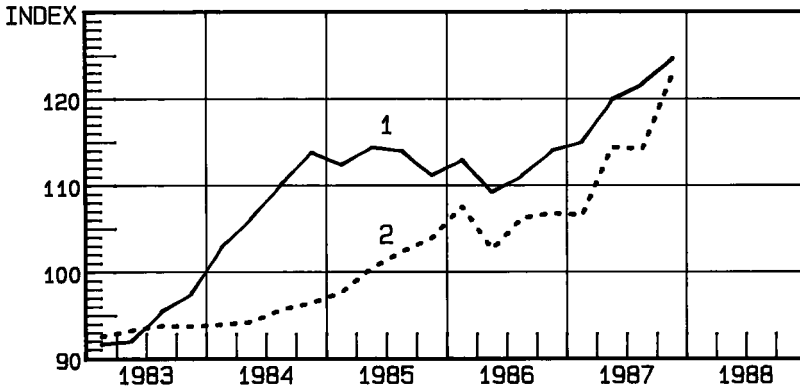
1. Interest payments
 2. Redemptions
- As a percentage of current account earnings

24. FOREIGN TRADE



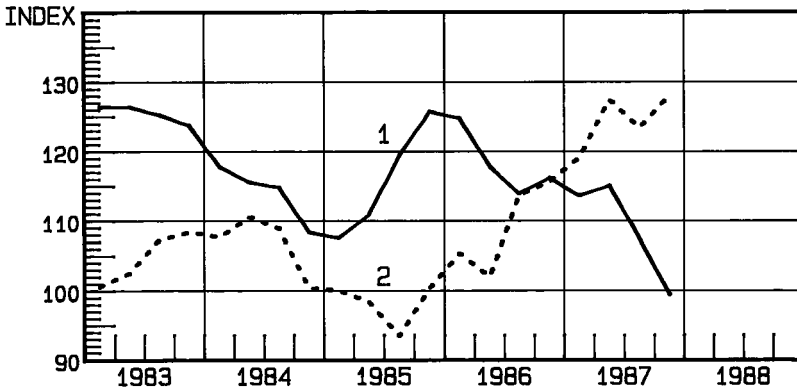
1. Total exports
2. Total imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

25. WESTERN TRADE



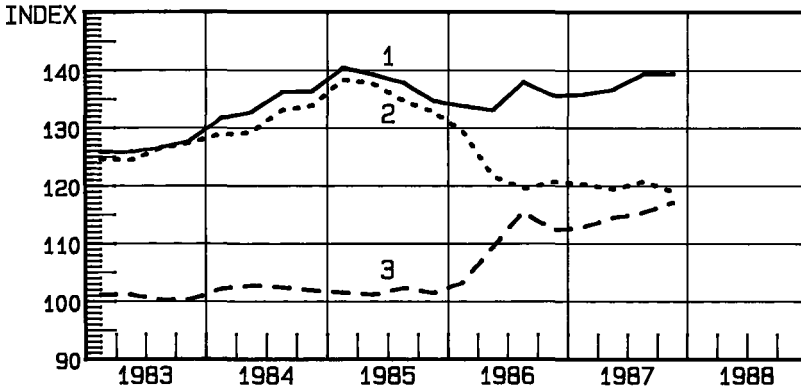
1. Western exports
2. Western imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

26. BILATERAL TRADE



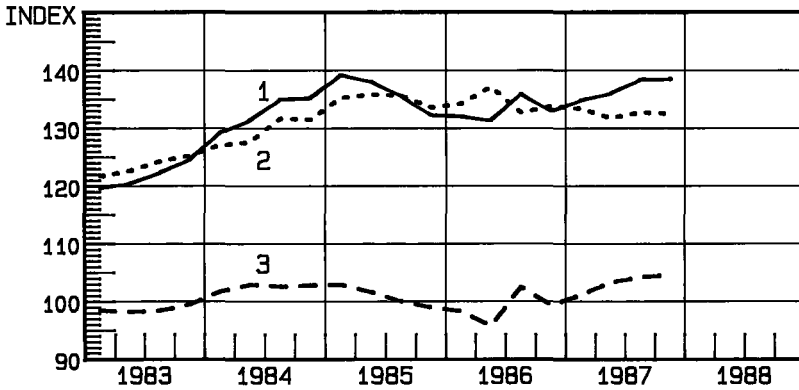
1. Bilateral exports
2. Bilateral imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

27. FOREIGN TRADE: PRICES AND TERMS OF TRADE



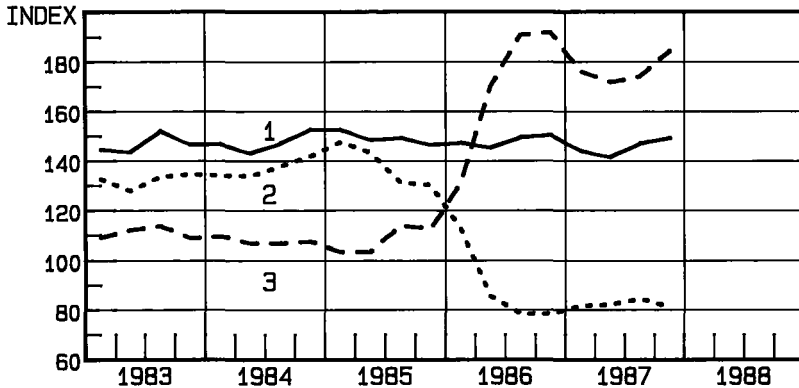
- 1. Unit value index of exports
 - 2. Unit value index of imports
 - 3. Terms of trade
- 1980 = 100

28. WESTERN TRADE: PRICES AND TERMS OF TRADE



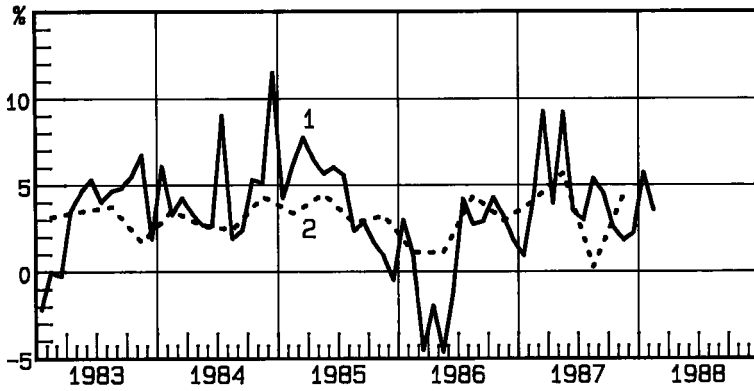
- 1. Unit value index of western exports
 - 2. Unit value index of western imports
 - 3. Terms of trade in western trade
- 1980 = 100

29. BILATERAL TRADE: PRICES AND TERMS OF TRADE



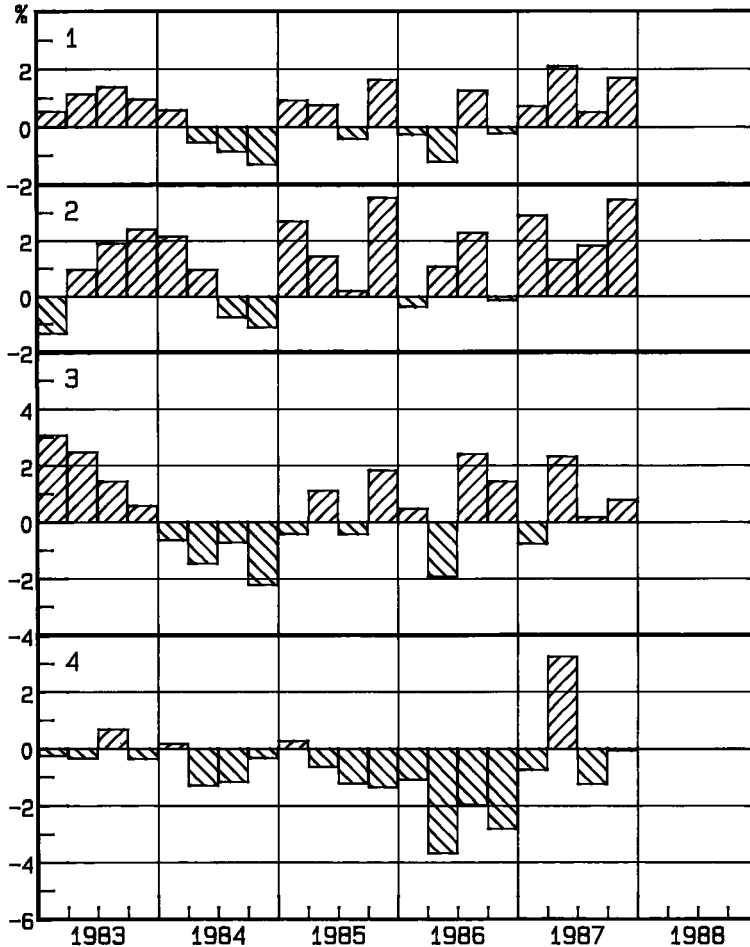
- 1. Unit value index of bilateral exports
 - 2. Unit value index of bilateral imports
 - 3. Terms of trade in bilateral trade
- 1980 = 100

30. PRODUCTION



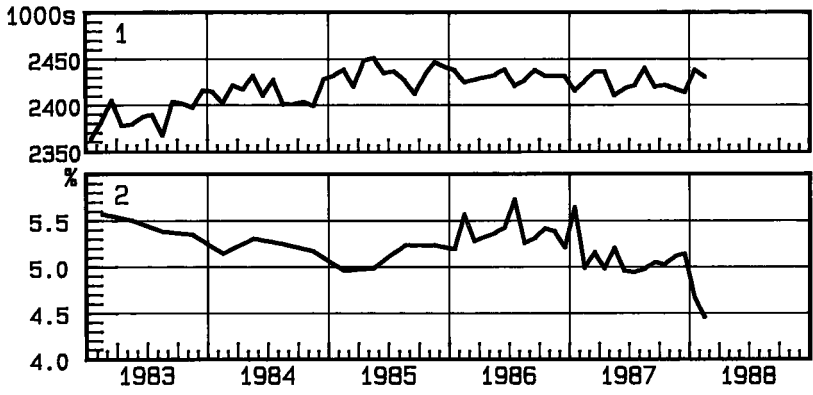
1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

31. FIXED INVESTMENT



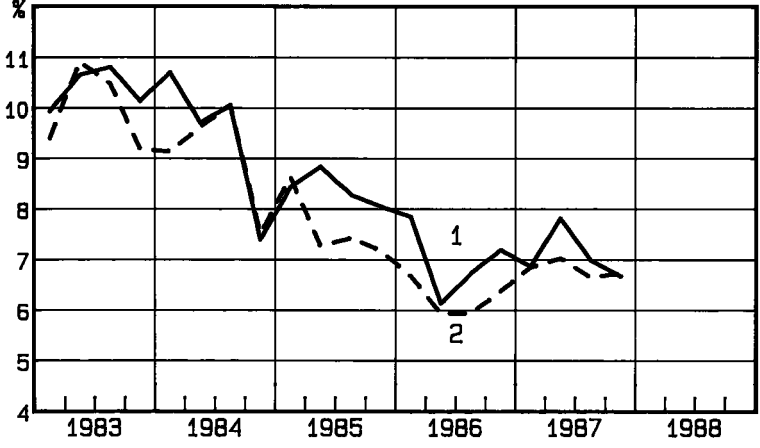
1. Total fixed investment
 2. Investment in machinery and equipment
 3. Building investment, excl. residential buildings
 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

32. EMPLOYMENT AND THE UNEMPLOYMENT RATE

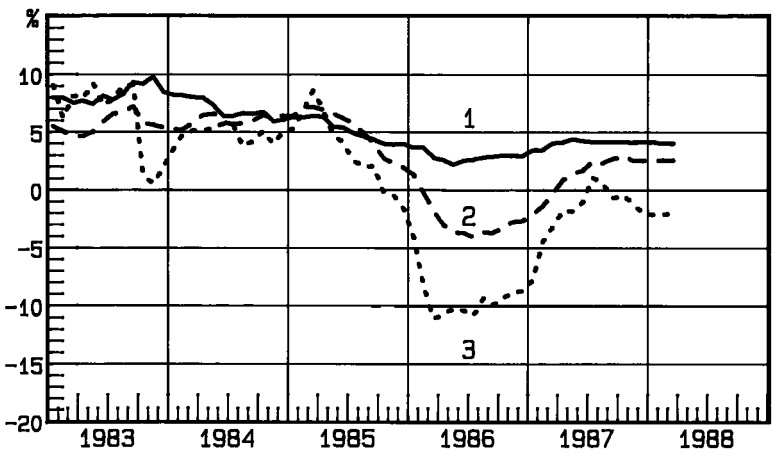


- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

33. PRICES AND WAGES

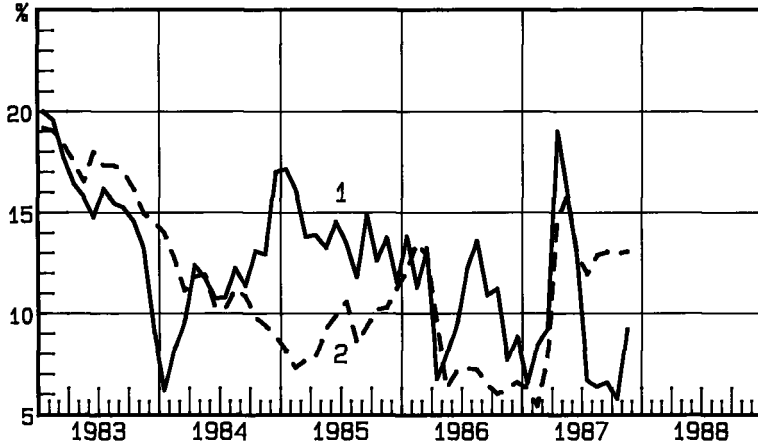


- 1. Index of wage and salary earnings, all wage and salary earners
 - 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



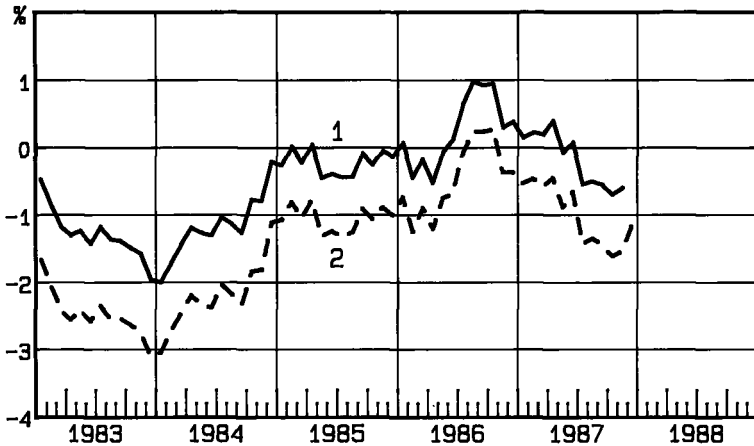
- 1. Consumer price index
 - 2. Wholesale price index
 - 3. Import price index
- Change from the corresponding month of the previous year

34. CENTRAL GOVERNMENT FINANCES



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

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



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

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

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