



# BANK OF FINLAND

*Monthly Bulletin*

**Foreign trade**

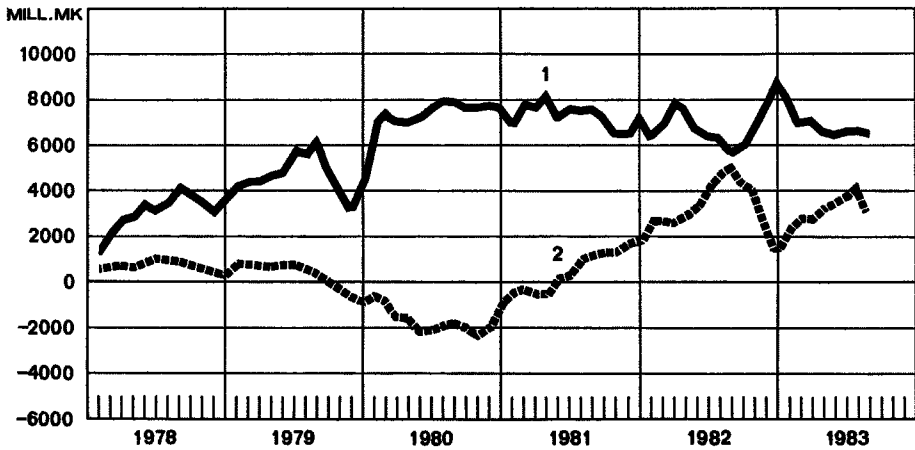
**Financial market developments**

Estimates of the supply of and demand  
for labour up to 1990

**OCTOBER 1983**

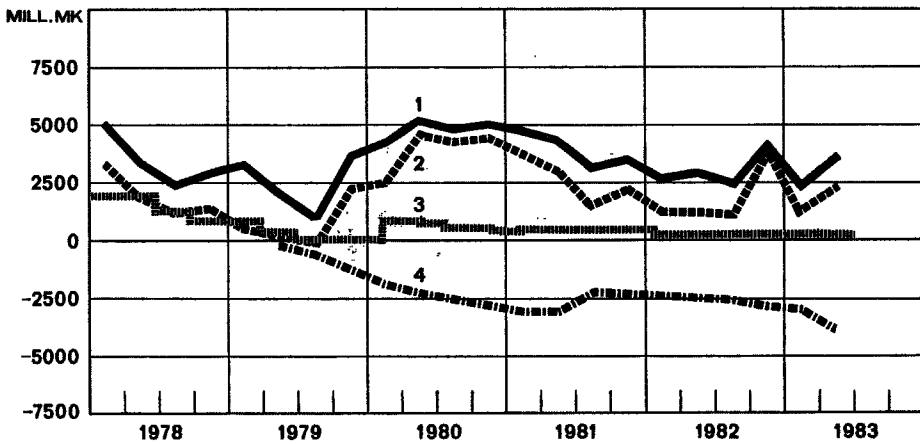
**Vol. 57 No. 10**

**BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1978 - 83**



- 1. Gold and convertible currencies
- 2. Tied currencies

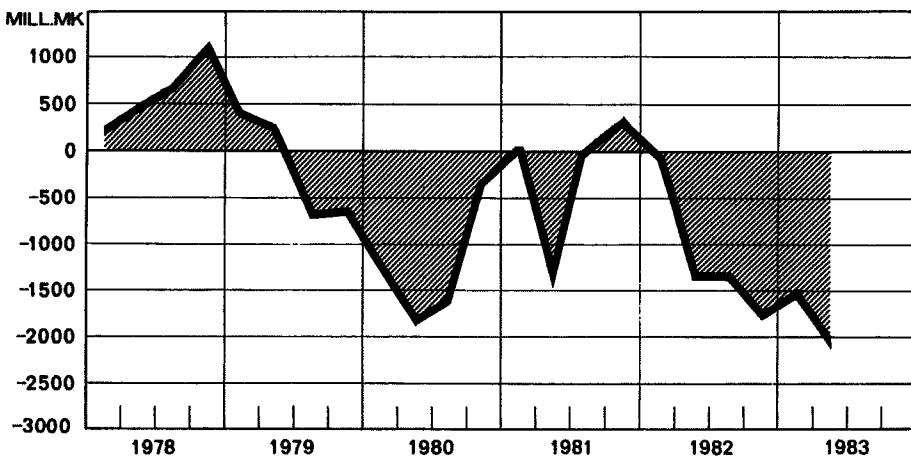
**COMMERCIAL BANKS' CENTRAL BANK POSITION, 1978 - 83**



- 1. Total central bank debt
- 2. Actual central bank debt
- 3. The quotas
- 4. Cash reserve deposits

Quarterly average of daily amount: (1, 2 and 4)

**BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS/DEFICIT, 1978 - 83**



Seasonally adjusted quarterly figures

# FOREIGN TRADE

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Bank of Finland

International trade is at long last showing signs of recovery. So far, this has been most evident in commodity markets, with both prices and demand rising perhaps faster than expected. However, although economic activity has picked up considerably in the United States, the recovery has been patchy and generally sluggish in Europe. After declining for nearly three years, Finnish exports to western markets have grown slightly in 1983. Exports to CMEA countries, which contributed significantly to economic activity during the recession in the west, are expected to stagnate this year in volume terms.

Despite Finland's clearly more buoyant domestic activity, the trade account with western countries has not been unduly strained. In the January—July period of this year, it posted a deficit of 1.6 billion marks. Uncertainty about future production prospects has curbed stock-building, thereby dampening imports. In Finland's bilateral trade with the Soviet Union, a full adjustment to lower oil prices has not yet been made, with the result that Finland's surplus with that country has widened still further. In all, Finland's merchandise trade account showed a surplus of 0.2 billion marks in the first seven months of the year. Because of the fall in oil prices, there has been hardly any deterioration in Finland's overall terms of trade since last October's devaluation.

## EXPORTS

Despite strong competition and pressures to curb imports in certain countries, the Finnish basic metals industry has been a notable beneficiary of the recovery in commodity

markets. During the first half of the year, the volume of exports of basic metal products increased by about 20 per cent, an outstanding performance in view of the overcapacity prevailing in this branch in so many countries.

Forest industry exports have also increased. In line with the expansion of building activity abroad demand is growing quite rapidly for sawngoods, an area in which Finland suffered substantial losses in market shares during the recession in the face of intense competition. In the pulp and paper industries, so far only pulp exports have increased appreciably. As for paper and board, an improvement is expected during the autumn. To a certain extent at least, the strong activity in North America has enhanced the prospects for Nordic producers in European markets.

Engineering industry exports to western markets declined markedly in the first half of the year. As usual, the metal products and machinery industry experienced the trough of recession a little later than other sectors. However, orders are picking up in western markets, and exports are expected to recover towards the end of the year. Exports to CMEA countries peaked in the spring with the delivery of a large number of ships. The short-term prospects for these markets are less promising because of the need to trim exports, so as to restore balance to the bilateral trade account.

In other industries, the export performance has been rather poor. Both the food industry and the textiles and clothing industry have experienced a sharp fall-off in demand. The cutback in exports to the Soviet Union necessitated by Finland's trade surplus has coincided

with weak demand in western markets, especially Sweden.

Following the devaluation, export prices rose by about 7 per cent in the fourth quarter of 1982. Since then, prices have changed little and in the first half of the year were only 3 per cent higher, on average, than in the second half of last year. The upturn in international commodity prices will be felt in Finland's trade with a lag. So far, price increases have been confined to sawngoods, plywood and basic metal products. Export prices of pulp and paper actually declined in the first half of the year, while those of paperboard remained unchanged.

## IMPORTS

Although the pace of economic activity in Finland has been accelerating since the second half of last year, the volume of total imports has remained virtually unchanged. In part, this reflects a weakening in the link between economic activity and the demand for energy, especially imported energy. In addition, exports are growing in industries where imports have lesser weight. In the engineering industries, by contrast, where imports normally account for almost half of total inputs, the overall market outlook is still rather poor.

Brisker domestic activity and the relatively good availability of financing has been reflected in increased imports of finished goods. However, this category accounts for only about 25 per cent of total imports. The volume of imports of consumption goods increased by 18 per cent between the third and fourth quarters of 1982, and it has stayed at the same high level since. Imports of passenger cars, in particular, have grown noticeably. The high level of imports can partly be attributed to the price freeze imposed in November—December last year following the devaluation. Expectations of price increases in the new year encouraged a

spate of consumer spending and this depleted merchants' stocks, which have subsequently been replenished. Imports of investment goods have also reached high levels. This is in contrast with the only moderate domestic investment activity recorded so far this year. Not surprisingly, therefore, estimates of investment demand for this year have been revised upwards.

The price increases in international commodity markets have not, as yet, shown up in import prices, the general decline in world inflation having undoubtedly exerted a greater influence. The overall index of import unit values has remained virtually unchanged since the fourth quarter of 1982, and even declined slightly in the second quarter of the current year because of the fall in oil prices.

## PROSPECTS

An important factor clouding the otherwise relatively favourable outlook for growth in international markets is the future course of interest rates, which at least in real terms are still quite high. A large proportion of Finnish exports is heavily dependent on investment behaviour, both investment in buildings and machinery as well as stockbuilding. Continued high real interest rates could check the recovery in demand for Finnish exports. However, the generally optimistic views as to the evolution of the world economy are supported by the fact that inflation has slowed significantly in most countries. The volume of Finnish exports to western markets is expected to increase further in the latter half of the current year. Among other things, tighter conditions in domestic financial markets suggest that the volume of imports is likely to stay at a moderate level. No fundamental changes are therefore expected in Finland's trade balance in the near future.

September 21, 1983

	1982		1983				
	Sept. 30	Dec. 31	Sept. 8	Sept. 15	Sept. 23	Sept. 30	
<b>Assets</b>							
Gold and foreign exchange receivables	10 486	10 552	9 762	9 310	8 454	8 449	
Gold	1 382	1 382	1 383	1 383	1 383	1 383	
Special drawing rights	569	609	529	529	527	527	
IMF reserve tranche	397	453	465	466	464	464	
Foreign bonds	857	765	206	235	256	268	
Convertible currencies	2 958	5 813	4 078	3 531	3 089	3 035	
Tied currencies	4 323	1 530	3 101	3 166	2 735	2 772	
Other foreign receivables	1 615	3 963	3 994	3 995	3 991	3 991	
Mark subscription to Finland's IMF quota	1 615	1 843	1 854	1 854	1 854	1 854	
Term receivables	—	2 120	2 140	2 141	2 137	2 137	
Receivables from financial institutions	4 523	5 409	6 827	8 297	8 840	8 485	
Banks' cheque accounts	356	169	439	504	400	279	
Call money market advances	2 409	3 126	3 945	5 324	6 039	5 812	
Till-money credits	833	889	973	935	860	852	
Bonds	876	1 179	1 417	1 450	1 468	1 468	
Other financial institution receivables	49	46	53	84	73	74	
Receivables from the public sector	973	1 040	1 665	1 672	1 674	1 905	
Government promissory notes	—	—	440	440	440	720	
Bonds	425	435	546	551	546	494	
Total coinage	545	559	675	678	680	682	
Other public sector receivables	3	46	4	3	8	9	
Receivables from corporations	4 856	4 990	4 841	4 904	4 942	4 897	
Financing of exports	1 714	1 788	1 617	1 682	1 690	1 658	
Financing of domestic deliveries	2 442	2 514	2 657	2 655	2 688	2 676	
Bonds	167	163	137	137	136	136	
Other corporate receivables	533	525	430	430	428	427	
Other assets	97	99	104	104	104	103	
	Total	22 550	26 053	27 193	28 282	28 005	27 830
<b>Liabilities</b>							
Foreign exchange liabilities	55	22	51	54	46	45	
Convertible accounts	38	17	39	40	38	35	
Tied accounts	17	5	12	14	8	10	
Other foreign liabilities	4 152	5 410	4 718	4 721	4 703	4 692	
IMF mark accounts	1 726	1 927	1 854	1 854	1 854	1 854	
Allocations of special drawing rights	726	833	857	858	854	855	
Term liabilities	1 700	2 650	2 007	2 009	1 995	1 983	
Notes and coins in circulation	5 616	6 062	6 115	6 139	6 128	6 209	
Notes	5 147	5 572	5 589	5 613	5 602	5 683	
Coins	469	490	526	526	526	526	
Deposit certificates in circulation	2 000	1 700	1 600	2 400	1 950	800	
Claims of financial institutions	3 611	4 791	6 006	6 255	6 459	7 353	
Banks' cheque accounts	5	6	0	0	35	5	
Call money market deposits	290	1 470	1 020	1 270	1 424	2 294	
Cash reserve deposits	3 095	3 132	4 948	4 939	4 937	4 994	
Capital import deposits	198	177	28	28	28	28	
Other financial institution claims	23	6	10	18	35	32	
Claims of the public sector	107	50	1	1	0	1	
Cheque accounts	1	1	1	1	0	1	
Counter-cyclical reserves	64	—	—	—	—	—	
Capital import deposits	42	49	—	—	—	—	
Other public sector claims	0	0	0	0	0	0	
Claims of corporations	1 682	1 687	1 951	1 951	1 935	1 952	
Deposits for investment and ship purchase	1 485	1 416	1 448	1 444	1 417	1 431	
Capital import deposits	184	265	497	501	504	508	
Other corporate claims	13	6	6	6	14	13	
Other liabilities	17	23	20	17	16	15	
Equalization accounts	1 001	1 609	2 021	2 024	2 038	2 023	
Capital accounts	4 309	4 699	4 710	4 720	4 730	4 740	
Primary capital	3 000	3 000	3 000	3 000	3 000	3 000	
Reserve fund	1 032	1 032	1 365	1 365	1 365	1 365	
Undisposed profits	—	—	—	—	—	—	
Net earnings	277	667	345	355	365	375	
	Total	22 550	26 053	27 193	28 282	28 005	27 830

## BANK OF FINLAND

Mill. mk

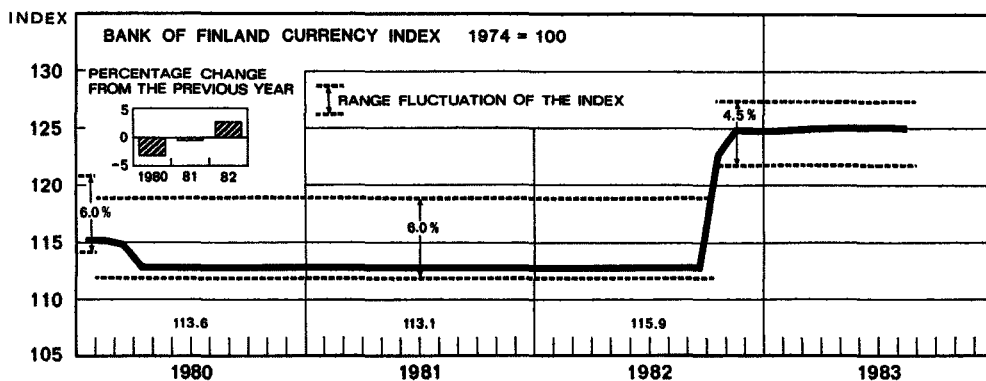
End of year or month	Foreign sector							Public sector			
	Gold SDRs, IMF reserve tranche	Foreign bonds	Convertible currencies, net	Total convertible reserves (1+2+3)	Tied currencies, net	Other receivables, net	Net receivables (4+5+6)	Receivables	Liabilities	Net liabilities (9-8)	Deposit certificates in circulation
	1	2	3	4	5	6	7	8	9	10	11
1979	1 728	1 749	2 964	6 441	-678	-764	4 999	884	387	-497	1 700
1980	1 850	2 125	3 823	7 798	-757	-890	6 151	1 225	591	-634	1 900
1981	2 408	1 405	3 645	7 458	1 909	-991	8 376	1 236	578	-658	1 600
1982	2 444	765	5 796	9 005	1 525	-1 447	9 083	1 040	50	-990	1 700
<b>1982</b>											
Aug.	2 348	851	2 657	5 856	5 207	-1 555	9 508	985	147	-838	1 600
Sept.	2 348	857	2 920	6 125	4 306	-2 537	7 894	973	107	-866	2 000
Oct.	2 348	709	4 042	7 099	4 128	-4 427	6 800	986	112	-874	2 000
Nov.	2 310	752	4 946	8 008	2 697	-3 295	7 410	978	50	-928	2 800
Dec.	2 444	765	5 796	9 005	1 525	-1 447	9 083	1 040	50	-990	1 700
<b>1983</b>											
Jan.	2 450	523	5 142	8 115	2 488	121	10 724	1 113	0	-1 113	1 580
Feb.	2 405	600	4 109	7 114	2 922	180	10 216	1 209	0	-1 209	1 650
March	2 408	278	4 560	7 246	2 919	-664	9 501	1 555	1	-1 554	1 800
April	2 407	232	4 068	6 707	3 380	-654	9 433	1 477	1	-1 476	1 650
May	2 368	379	3 842	6 589	3 575	-618	9 546	1 401	1	-1 400	950
June	2 362	181	4 166	6 709	3 927	-636	10 000	1 663	1	-1 662	750
July	2 368	214	4 206	6 788	4 330	-668	10 450	1 662	1	-1 661	1 400
Aug.	2 376	232	4 090	6 698	3 193	-722	9 169	1 697	1	-1 696	800
Sept.	2 374	268	3 000	5 642	2 762	-701	7 703	1 905	1	-1 904	800

## FOREIGN EXCHANGE POSITION

Mill. mk

	Net holdings, Dec. 31, 1982			Net holdings Aug. 31, 1983			Change		
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Aug.	Jan.-Aug.	
Gold		1 382	—	1 382	1 383	—	1 383	—	+1
Special drawing rights		609	—	609	528	—	528	+4	-81
IMF reserve tranche		453	—	453	465	—	465	+4	+12
Foreign bonds		764	—	764	232	—	232	+17	-532
Convertible currencies		5 796	-11 049	-5 253	4 090	-11 845	-7 755	-75	-2 502
Total		9 004	-11 049	-2 045	6 698	-11 845	-5 147	-50	-3 102
Tied currencies		1 526	-215	1 311	3 193	-191	+3 002	-1 126	+1 691
Grand total		10 530	-11 264	-734	9 891	-12 036	-2 145	-1 176	-1 411

End of year or month	Domestic financial sector							Corporate sector			Notes and coins in circulation
	Till-money credits	Cheque account receivables, net	Demand for call money by deposit banks	Supply of call money by deposit banks	Cash reserve deposits	Other liabilities, net	Net receivables (1+2+3-4-5-6)	Permanent special financing schemes	Liabilities net	Net receivables (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1979	—	229	3 870	1 131	1 764	-291	1 495	2 182	65	2 117	4 375
1980	643	480	3 674	290	3 317	-421	1 611	3 063	642	2 421	4 954
1981	768	495	1 796	1 080	2 492	-406	-107	3 865	749	3 116	5 595
1982	889	163	3 126	1 470	3 132	-1 042	618	4 302	999	3 303	6 062
<b>1982</b>											
Aug.	830	435	929	1 260	2 783	-631	-1 218	4 117	983	3 134	5 557
Sept.	833	351	2 409	290	3 095	-704	912	4 156	982	3 174	5 616
Oct.	739	328	3 867	39	3 105	-791	2 581	4 415	977	3 438	5 670
Nov.	857	311	3 902	—	3 128	-833	2 775	4 404	973	3 431	5 663
Dec.	889	163	3 126	1 470	3 132	-1 042	618	4 302	999	3 303	6 062
<b>1983</b>											
Jan.	899	347	708	1 308	3 254	-1 176	-1 432	4 331	994	3 337	5 711
Feb.	913	198	1 151	1 140	3 294	-1 193	-979	4 360	871	3 489	5 803
March	802	262	2 106	710	3 727	-1 233	-34	4 418	1 135	3 283	5 966
April	801	355	2 510	740	4 128	-1 221	19	4 474	1 108	3 366	5 984
May	953	356	2 919	1 071	4 772	-1 068	-547	4 452	1 086	3 366	6 042
June	998	451	2 853	1 432	4 889	-1 153	-866	4 374	1 249	3 125	6 353
July	879	317	2 984	1 383	4 948	-1 282	-869	4 369	1 337	3 032	6 301
Aug.	956	297	3 227	1 205	4 948	-1 427	-246	4 314	1 383	2 931	6 085
Sept.	852	274	5 812	2 294	4 994	-1 482	1 132	4 334	1 389	2 945	6 209



# MONETARY POLICY INDICATORS

Average for period	Total central bank debt of the commercial banks, mill. mk	Actual central bank debt of the commercial banks, mill. mk	Credit quotas of the commercial banks at the Bank of Finland, mill. mk	Cash reserve deposits of the deposit banks mill. mk	Cash reserve deposits of the commercial banks mill. mk	Bank of Finland placements in the call money market, mill. mk	Base rate %	Call money interest rate %	Average cost of total central bank debt %	Average lending rate of the commercial banks <sup>1</sup> %
	1	2	3	4	5	6	7	8	9	10
1979	2 629	820	475	447	389	321	7.46	9.74	8.99	8.03
1980	4 963	4 097	783	2 542	2 220	3 313	9.20	12.38	12.37	9.77
1981	4 087	2 754	595	2 795	2 442	2 161	9.25	11.48	11.61	9.84
1982	3 166	1 985	417	2 777	2 426	1 571	8.81	11.64	11.99	9.33

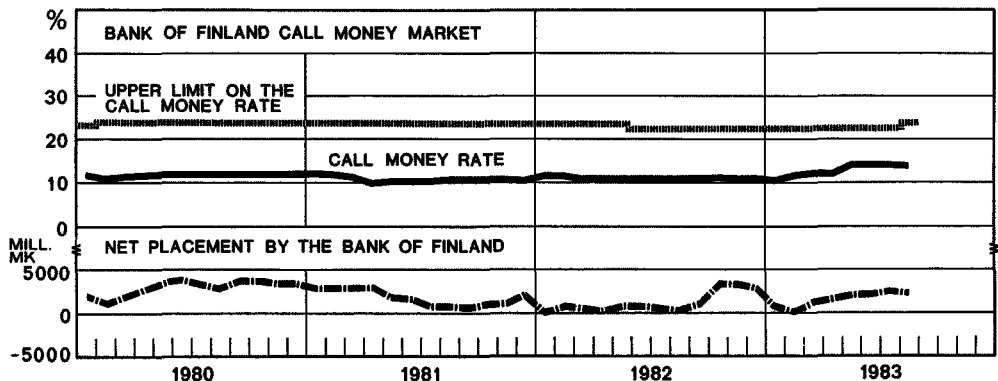
## 1982

Aug.	2 312	1 010	400	2 771	2 418	611	8.50	11.50	10.63	8.99
Sept.	2 703	1 597	400	2 794	2 439	1 198	8.50	11.45	11.25	8.97
Oct.	4 412	4 148	400	3 091	2 699	3 750	8.50	11.70	13.08	8.97
Nov.	4 247	4 088	400	3 100	2 714	3 690	8.50	11.50	13.24	8.95
Dec.	4 242	3 765	400	3 119	2 723	3 367	8.50	11.50	13.30	8.95

## 1983

Jan.	2 963	1 410	400	3 135	2 751	1 011	8.50	11.00	12.10	8.99
Feb.	1 853	870	400	3 240	2 853	475	8.50	12.00	11.73	8.97
March	2 718	1 807	400	3 308	2 888	1 408	8.50	13.00	13.62	8.95
April	3 256	2 065	400	3 753	3 279	1 666	8.50	13.00	13.71	8.97
May	4 000	2 668	400	4 149	3 643	2 271	8.50	15.00	14.55	9.00
June	3 858	2 708	400	4 770	4 169	2 308	8.50	15.00	14.33	9.07
July	4 438	3 024	400	4 889	4 277	2 627	9.50	15.00	14.68	10.09
Aug.	4 571	2 939	400	4 920	4 299	2 541	9.50	15.00	14.69	10.10
Sept.	5 484	4 026	400	4 945	4 305	3 627	9.50	16.67	..	..

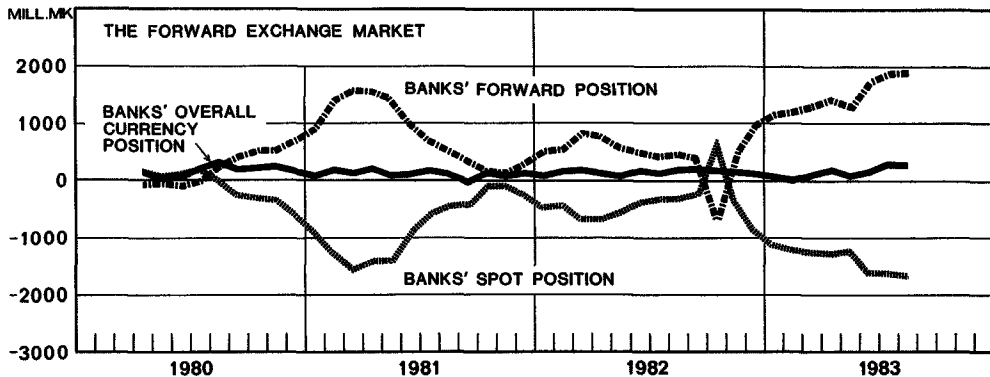
<sup>1</sup> End of period.





# FORWARD EXCHANGE MARKETS IN FINLAND

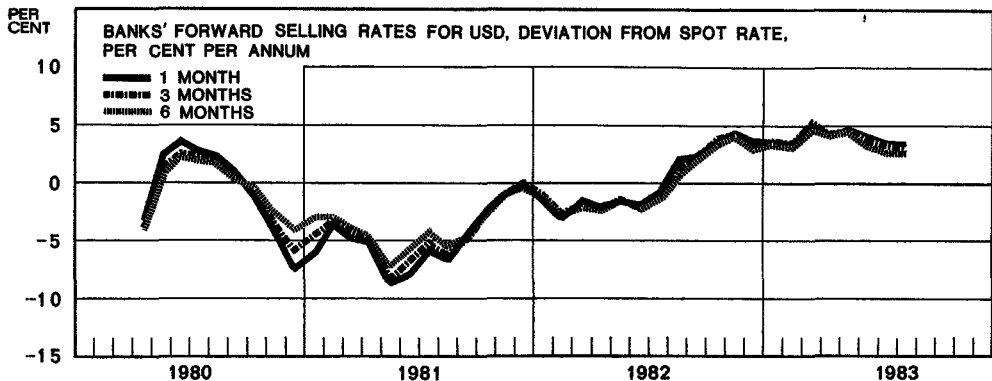
Period	Banks' Forward Positions in mill. mk with						Banks' Forward Selling Rates for USD		
	Domestic Firms			Foreign Banks	Bank of Finland	Overall	Deviation from spot rate, per cent per annum		
	Assets	Liabilities	Net	Net	Net	Net	1 month	3 months	6 months
	1	2	3	4	5	6	7	8	9
1981	5 183.0	1 619.8	3 563.2	-581.0	-2 346.3	583.5	-4.4	-4.1	-3.6
1982	11 128.0	2 116.7	9 011.4	-865.1	-6 827.2	1 104.0	3.9	3.8	3.4
<b>1982</b>									
March	5 596.8	1 693.5	3 903.3	-522.1	-2 262.1	1 292.4	-1.3	-1.5	-1.7
April	5 936.4	1 596.8	4 339.6	-671.8	-2 879.4	666.5	-1.9	-1.9	-2.0
May	6 035.1	1 950.0	4 085.1	-486.4	-2 953.6	559.9	-1.3	-1.1	-1.1
June	5 942.0	1 703.4	4 238.6	-704.5	-2 797.7	637.3	-1.7	-1.7	-1.6
July	5 781.5	1 653.2	4 128.3	-871.0	-3 004.6	322.1	-0.6	-0.9	-1.3
Aug.	7 045.1	1 679.3	5 365.8	-854.4	-4 114.5	309.8	2.4	1.8	1.0
Sept.	6 618.6	2 282.4	4 336.1	-711.3	-3 947.8	-306.9	2.6	2.6	2.3
Oct.	6 898.2	2 557.1	4 341.1	-805.2	-3 937.2	-395.9	4.0	4.1	4.0
Nov.	8 921.5	2 199.9	6 721.6	-692.8	-5 027.6	917.4	4.7	4.6	4.5
Dec.	11 128.0	2 116.7	9 011.4	-865.1	-6 827.2	1 104.0	3.9	3.8	3.4
<b>1983*</b>									
Jan.	11 278.4	2 201.3	9 077.1	-732.6	-6 643.3	1 544.4	3.8	3.9	3.7
Feb.	10 442.1	2 156.4	8 285.8	-947.4	-6 006.7	1 232.6	3.7	3.8	3.4
March	10 556.9	2 088.0	8 468.9	-713.5	-5 915.7	1 761.7	5.4	5.4	5.0
April	10 064.2	2 007.9	8 056.3	-718.9	-5 591.5	1 573.1	4.3	4.4	4.3
May	9 943.9	1 993.5	7 950.4	-677.3	-5 378.1	1 782.3	4.9	4.8	4.7
June	9 466.8	1 811.0	7 655.8	-1 048.1	-4 590.2	1 744.6	4.3	4.1	3.5
July	9 149.7	1 808.8	7 341.0	-1 156.7	-3 938.6	1 813.6	3.7	3.6	2.9
Aug.	8 487.6	1 913.7	6 573.9	-996.4	-3 511.9	1 500.6	3.6	3.3	2.8



# FOREIGN EXCHANGE RATES

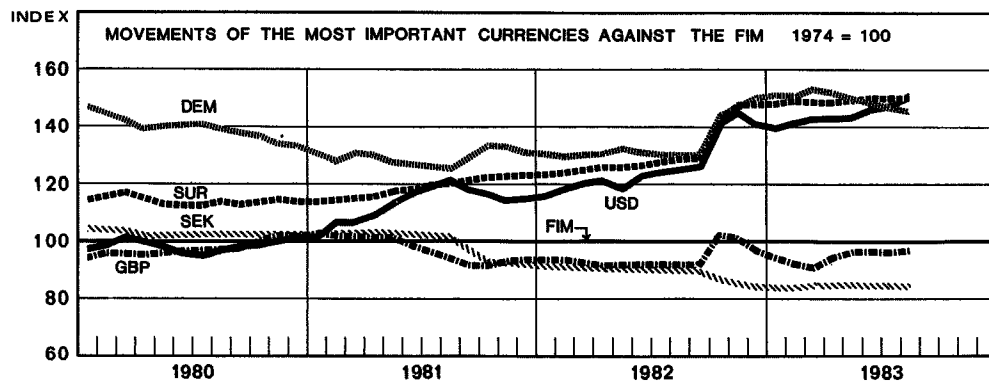
Average selling rates for foreign exchange, mk

Period	New York 1 US \$ USD	Montreal 1 C \$ CAD	London 1 £ GBP	Dublin 1 Ir£ IEP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Amsterdam 100 Hfl NLG	Brussels 100 FB BEC	BEL
	1	2	3	4	5	6	7	8	9	10	11
1978	4.117	3.617	7.917		91.43	78.93	75.06	205.53	190.77	13.152	12.959
1979	3.896	3.330	8.275		91.12	77.22	74.38	212.75	194.43	13.338	12.979
1980	3.730	3.194	8.691	7.689	88.43	75.81	66.53	205.58	188.02	12.818	12.635
1981	4.315	3.602	8.731	6.976	85.74	75.54	60.96	191.31	173.43	11.688	11.095
1982	4.820	3.913	8.423	6.854	77.03	74.84	57.93	198.76	180.66	10.584	9.859
<b>1982</b>											
July	4.735	3.729	8.224	6.624	77.56	74.65	55.57	192.36	174.14	10.086	9.376
Aug.	4.757	3.824	8.225	6.618	77.60	71.36	55.20	192.25	174.70	10.050	9.507
Sept.	4.806	3.897	8.247	6.595	77.34	69.80	54.73	192.36	175.57	9.993	9.602
Oct.	5.358	4.362	9.104	7.223	75.18	74.80	60.21	212.11	194.50	10.952	10.472
Nov.	5.534	4.519	9.045	7.371	73.82	76.51	61.85	216.80	198.78	11.168	10.823
Dec.	5.353	4.331	8.673	7.390	72.92	76.25	62.86	221.55	200.75	11.297	10.980
<b>1983</b>											
Jan.	5.317	4.332	8.397	7.417	72.78	75.57	63.27	222.95	202.42	11.370	10.869
Feb.	5.389	4.395	8.270	7.391	72.62	75.88	62.91	222.26	201.55	11.314	10.898
March	5.429	4.433	8.112	7.362	72.75	75.80	63.08	225.76	202.86	11.475	10.886
April	5.436	4.417	8.389	7.061	72.74	76.28	62.87	223.29	198.24	11.212	11.103
May	5.445	4.433	8.579	6.985	72.74	76.65	61.92	220.91	196.45	11.070	11.041
June	5.546	4.503	8.608	6.878	72.72	76.46	60.84	217.76	194.30	10.902	10.866
July	5.592	4.544	8.558	6.840	72.80	76.47	60.25	216.44	193.48	10.816	10.762
Aug.	5.714	4.637	8.590	6.753	72.82	76.70	59.45	213.97	191.29	10.678	10.631
Sept.	5.713	4.642	8.575	6.727	72.65	77.04	59.64	214.38	191.70	10.632	10.513



## Average selling rates for foreign exchange, mk

Zurich 100 Sfr CHF	Paris 100 FF FRF	Rome 100 Lit ITL	Vienna 100 ÖS ATS	Lisbon 100 Esc PTE	Reykjavik 100 lkr ISK	Madrid 100 Ptas ESP	Tokyo 100 Y JPY	Moscow 1 Cl Rbl SUR	I special drawing right SDR	Currency index 1974 = 100
12	13	14	15	16	17	18	19	20	21	22
231.83	91.77	0.489	28.45	9.55	1.57	5.42	1.983	6.037	5.136 33	117.2
234.36	91.88	0.473	29.19	8.13	1.14	5.84	1.797	5.941	5.016 78	117.3
222.87	88.65	0.440	28.90	7.60	0.81	5.25	1.662	5.741	4.842 55	113.6
220.34	79.92	0.385	27.17	7.17	60.35	4.72	1.967	5.986	5.071 40	113.1
237.79	73.65	0.358	28.31	6.13	40.79	4.41	1.943	6.624	5.305 63	115.9
226.29	69.30	0.344	27.36	5.66	40.60	4.26	1.862	6.458	5.159 48	113.1
226.15	68.97	0.344	27.38	5.59	36.89	4.26	1.844	6.498	5.160 27	113.1
225.33	68.26	0.343	27.40	5.53	33.51	4.27	1.834	6.522	5.179 44	113.1
247.28	75.17	0.374	30.21	6.02	35.48	4.67	1.983	7.219	5.724 37	122.8
252.26	76.87	0.378	30.92	6.07	34.70	4.67	2.096	7.434	5.896 66	125.1
261.40	78.33	0.385	31.52	5.90	32.80	4.27	2.217	7.446	5.847 79	125.0
270.53	78.77	0.389	31.79	5.79	29.19	4.21	2.289	7.450	5.837 67	125.0
267.72	78.50	0.387	31.66	5.90	28.34	4.17	2.287	7.506	5.865 42	125.1
263.75	77.75	0.383	32.13	5.82	26.65	4.09	2.287	7.498	5.884 14	125.2
264.97	74.60	0.376	31.78	5.59	25.76	4.02	2.294	7.489	5.876 33	125.2
264.63	73.58	0.373	31.41	5.56	24.71	3.97	2.321	7.496	5.885 11	125.2
262.74	72.53	0.368	30.93	5.29	20.55	3.89	2.313	7.529	5.915 46	125.2
264.53	72.13	0.367	30.80	4.76	20.49	3.80	2.331	7.550	5.933 72	125.3
264.52	71.24	0.361	30.47	4.69	20.67	3.79	2.342	7.559	5.990 19	125.2
264.40	71.10	0.358	30.53	4.64	20.63	3.77	2.359	7.507	5.996 07	125.2



# DEPOSITS BY THE PUBLIC

Mill. mk

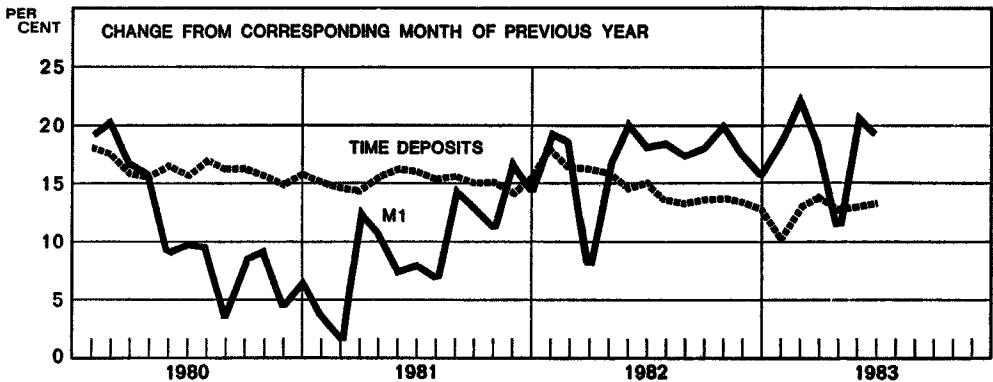
End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commercial banks	Savings banks & Co-op. banks	Posti-pankki	All deposit banks	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	All deposit banks	
	1	2	3	4	5	6	7	8	9	10
1979	4 697	2 255	2 714	9 666	19 794	17 177	13 348	5 599	55 918	65 584
1980	5 459	2 285	2 531	10 275	22 591	20 009	15 950	6 355	64 905	75 180
1981	5 791	2 879	2 952	11 622	26 094	22 937	18 598	7 448	75 077	86 699
1982*	7 155	3 874	3 049	14 078	29 260	25 833	21 040	8 665	84 798	98 876

## 1982\*

May	5 528	2 933	3 593	12 054	27 129	24 095	19 700	7 961	78 885	90 939
June	5 992	3 208	3 786	12 986	27 406	24 403	19 858	8 057	79 724	92 710
July	5 573	3 252	3 668	12 493	27 395	24 709	20 058	8 096	80 258	92 751
Aug.	5 999	3 460	3 682	13 141	27 329	24 895	20 213	8 324	80 761	93 902
Sept.	6 439	3 525	3 480	13 444	27 382	24 950	20 270	8 280	80 882	94 326
Oct.	6 093	3 654	3 807	13 554	27 894	25 102	20 437	8 304	81 737	95 291
Nov.	6 742	3 599	3 325	13 666	27 782	25 111	20 417	8 390	81 700	95 366
Dec.	7 155	3 874	3 049	14 078	29 260	25 833	21 040	8 665	84 798	98 876

## 1983\*

Jan.	7 118	3 749	3 919	14 786	29 243	26 185	21 402	8 707	85 537	100 323
Feb.	6 394	3 700	3 914	14 008	29 953	26 624	21 920	8 781	87 278	101 286
March	6 333	3 696	3 384	13 413	30 144	26 684	22 029	8 865	87 722	101 135
April	5 918	3 788	3 917	13 623	30 469	26 945	22 163	8 840	88 417	102 040
May	7 315	4 088	4 037	15 440	30 895	27 180	22 264	8 985	89 324	104 764
June	7 126	3 998	4 150	15 274	31 388	27 685	22 650	8 808	90 531	105 805



# ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

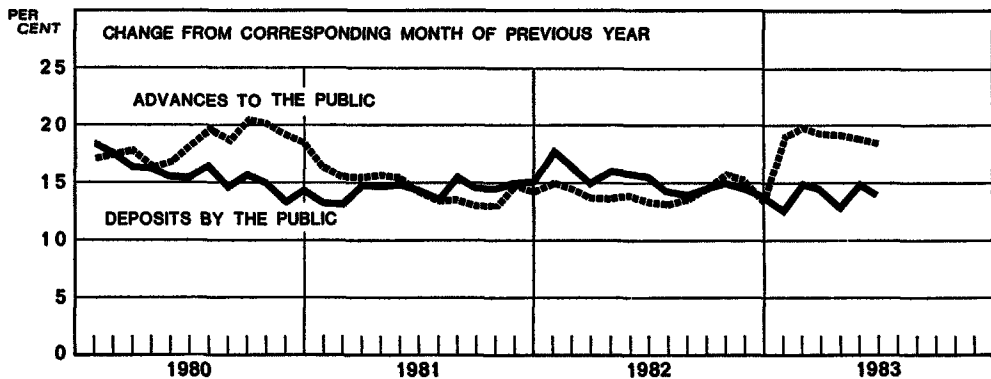
End of year and month	Advances granted by				Types of advances			Total (1 to 4) (5 to 7)	Money Supply	
	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency		M <sub>1</sub>	M <sub>1</sub> +Quasi-Money
	1	2	3	4	5	6	7		8	9
1979	29 844	16 535	14 258	8 299	60 971	1 955	6 010	68 936	14 087	71 157
1980	35 994	19 097	16 760	9 973	70 466	2 347	9 011	81 824	14 979	81 601
1981	40 462	22 009	20 059	11 135	80 817	2 877	9 971	93 665	17 186	94 577
1982*	48 282	25 682	23 601	12 683	93 011	3 467	13 770	110 248	19 917	107 549

## 1982\*

May	42 625	23 297	21 293	10 905	85 079	3 851	9 190	98 120	17 615	98 886
June	42 925	23 586	21 628	11 125	86 150	3 548	9 566	99 264	18 664	100 998
July	43 078	23 861	21 935	11 290	86 835	3 763	9 566	100 164	18 339	101 351
Aug.	43 314	24 250	22 260	11 514	88 026	3 682	9 630	101 338	18 652	102 090
Sept.	44 472	24 674	22 611	11 887	89 645	3 881	10 118	103 644	18 958	102 482
Oct.	46 174	25 069	22 964	12 295	91 156	3 813	11 533	106 502	19 091	103 523
Nov.	47 033	25 408	23 252	12 485	92 269	3 927	11 982	108 178	18 982	103 579
Dec.	48 282	25 682	23 601	12 683	93 011	3 467	13 770	110 248	19 917	107 549

## 1983\*

Jan.	49 470	25 964	23 797	13 038	93 890	4 250	14 129	112 269	20 333	108 488
Feb.	50 391	26 216	23 998	13 093	94 894	4 495	14 309	113 698	19 861	109 709
March	50 364	26 474	24 262	12 766	95 658	4 569	13 639	113 866	19 401	110 101
April	51 368	26 685	24 415	12 842	96 653	4 744	13 913	115 310	19 374	110 890
May	52 093	27 075	24 733	12 959	97 976	4 451	14 433	116 860	21 325	113 729
June	52 244	27 460	25 095	13 072	98 918	4 699	14 254	117 871	21 362	115 242



# STATE FINANCES

Mill. mk

Revenue	Jan.-June		Expenditure	Jan.-June	
	1982	1983		1982	1983
Income and wealth tax (net)	7 098	8 557	Wages, salaries, pensions etc.	4 953	5 700
Gross receipts	19 941	23 532	Repair and maintenance	590	665
Refunds & local authorities	-12 843	-14 975	Other consumption expenditure	3 266	3 815
Other taxes on income and wealth	245	289	Total consumption expenditure	8 809	10 180
Employers' child allowance payments	1	1	State aid to local authorities	6 438	7 614
Sales tax	7 024	8 154	State aid to industries	4 761	4 216
Customs duties and import charges and levies	832	782	of which: agric. price subsidies	2 225	2 128
Excise duties	5 285	4 600	Child allowances	878	1 078
Excise duty on alcoholic bevs.	1 544	1 669	Share in national pensions and sickness insurance schemes	395	1 243
Excise duty on tobacco	629	662	Deficit of State enterprises	623	731
Excise duty on liquid fuel	1 651	1 540	Other transfer expenditure	4 120	4 865
Other excise duties	1 462	729	Total transfer expenditure	17 215	19 747
Tax on autom. and motor-cycles	941	1 359	Machinery and equipment	809	895
Stamp duties	679	824	Construction of buildings	387	525
Special diesel etc. vehicles tax	105	132	Land and waterway construction	1 010	1 073
Other taxes and similar revenue	668	799	Total real investment	2 206	2 493
Total taxes	22 879	25 497	Interest on State debt	1 245	1 896
Miscellaneous revenue	1 986	2 391	Other expenditure	3	7
Interest, dividends etc.	937	869	Total other expenditure	1 248	1 903
Surplus of state enterprises	633	886	Increase in inventories	-272	153
Redemptions of loans granted	475	960	Lending	1 773	1 963
<b>Total revenue</b>	<b>26 910</b>	<b>30 603</b>	Other financial investment	231	397
Foreign borrowing	2 329	2 551	<b>Total expenditure</b>	<b>31 210</b>	<b>36 836</b>
Domestic borrowing	2 014	3 665	Redemption of foreign loans	473	1 486
<b>Total borrowing</b>	<b>4 343</b>	<b>6 216</b>	Redemption of domestic loans	1 281	1 009
<b>Deficit (+) or surplus (-)</b>	<b>1 711</b>	<b>2 512</b>	<b>Total redemptions</b>	<b>1 754</b>	<b>2 495</b>
Total	<b>32 964</b>	<b>39 331</b>	Total	<b>32 964</b>	<b>39 331</b>

State debt	1981	1982	1983			
	Dec.	Dec.	March	April	May	June
<b>Foreign debt</b>	13 331	18 807	20 100	20 392	20 145	20 187
Long-term debt	8 762	11 378	12 501	12 726	13 336	13 928
Short-term credit	9	63	107	75	77	128
<b>Domestic debt</b>	8 771	11 441	12 608	12 801	13 413	14 056
<b>Total State debt</b>	<b>22 102</b>	<b>30 248</b>	<b>32 708</b>	<b>33 193</b>	<b>33 558</b>	<b>34 243</b>
Total debt mill. \$	5 052	5 651	6 025	6 106	6 163	6 174

# FOREIGN TRADE

Mill. mk

Value, mill. mk

Period	Value, mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1978	35 206	32 338	+2 868
1979	43 430	44 222	-792
1980	52 795	58 250	-5 455
1981	60 308	61 269	-961
1982	63 026	64 751	-1 725

## 1982

July	4 284	4 849	-565
Aug.	4 260	5 461	-1 201
Sept.	4 785	5 004	-219
Oct.	5 625	5 858	-233
Nov.	6 338	6 174	+164
Dec.	6 025	7 351	-1 326

## 1983\*

Jan.	5 025	5 555	-530
Feb.	5 610	5 071	+539
March	6 268	5 728	+540
April	5 738	5 704	+34
May	6 166	6 245	-79
June	5 292	5 477	-185
July	5 689	5 789	-100

## Jan.-July

1982	35 993	34 903	+1 090
1983*	39 788	39 569	+219

Indices of exports and imports  
1980 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1978	84	75	80	
1979	92	89	90	86	105
1980	100	100	100	100	100
1981	103	94	111	112	99
1982	101	95	118	117	101

## 1981

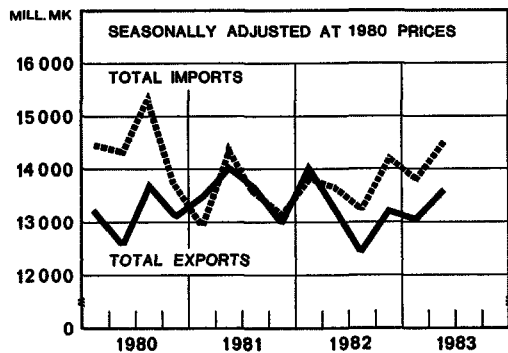
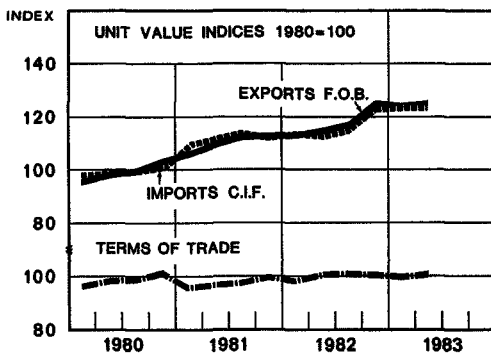
Apr.-June	106	95	110	113	98
July-Sept.	95	94	113	115	99
Oct.-Dec.	108	100	114	113	100

## 1982

Jan.-March	107	88	114	115	99
Apr.-June	102	92	116	114	101
July-Sept.	86	90	118	116	101
Oct.-Dec.	108	107	126	125	101

## 1983\*

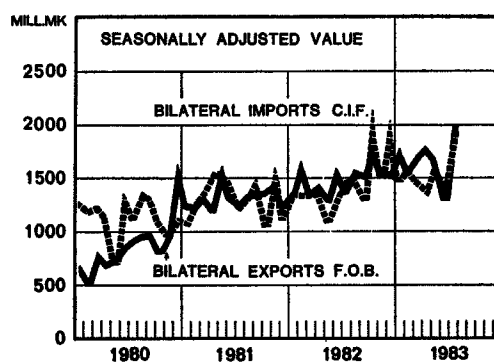
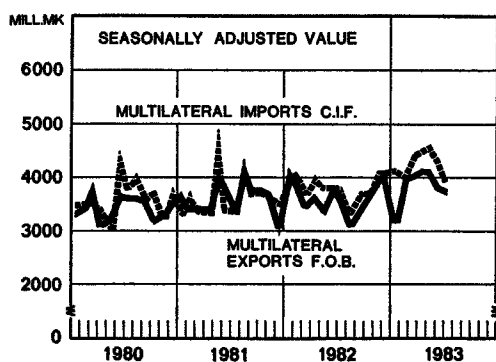
Jan.-March	102	90	125	125	100
Apr.-June	104	96	126	124	101



# FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.					Imports, c.i.f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and intermediate goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1978	966	4 641	10 402	9 593	9 604	20 431	2 224	4 801	4 830	52
1979	1 366	6 073	12 992	10 342	12 657	28 878	3 401	5 719	6 133	91
1980	1 403	7 742	15 751	11 546	16 353	38 622	4 088	7 989	7 440	111
1981	2 036	6 852	17 127	14 858	19 435	39 156	5 115	8 877	8 015	106
1982	1 676	6 278	17 502	18 908	18 662	41 144	4 869	9 195	9 130	413
<b>1982</b>										
July	45	421	1 293	1 570	955	3 047	449	713	613	27
Aug.	58	481	1 398	1 029	1 294	3 583	499	626	728	25
Sept.	64	517	1 375	1 346	1 483	3 158	391	640	771	44
Oct.	62	566	1 586	1 724	1 687	3 607	559	764	845	83
Nov.	56	596	1 355	2 674	1 657	3 602	657	975	895	45
Dec.	266	631	1 522	2 165	1 441	4 744	590	984	882	151
<b>1983*</b>										
Jan.	59	466	1 313	1 719	1 468	3 415	348	825	921	46
Feb.	337	563	1 421	1 541	1 748	3 214	248	665	901	43
March	317	579	1 668	1 938	1 766	3 524	227	1 016	947	14
April	78	595	1 547	1 548	1 970	3 369	270	1 009	1 046	10
May	258	654	1 473	1 953	1 828	3 979	323	973	959	11
June	67	577	1 495	1 605	1 548	3 271	440	985	728	53
July	68	562	1 573	1 832	1 654	3 449	561	1 020	703	56
<b>Jan.-July</b>										
1982	1 170	3 487	10 266	9 970	11 100	22 450	2 173	5 206	5 009	65
1983*	1 184	3 996	10 490	12 136	11 982	24 221	2 417	6 493	6 205	233





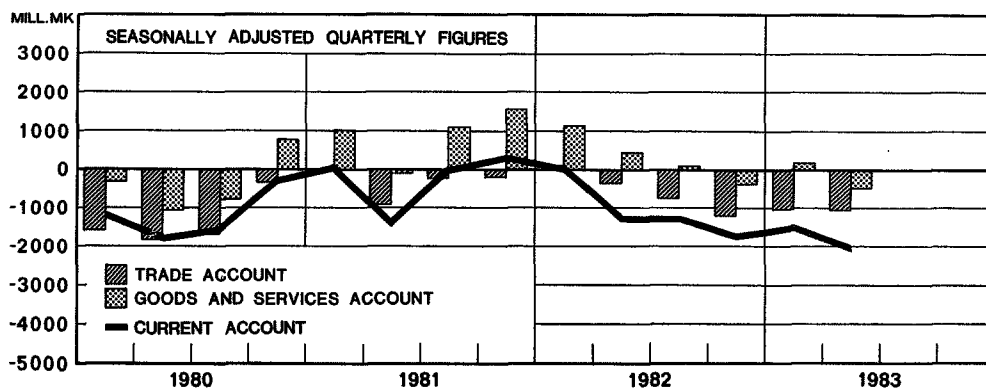
# FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—July				January—July			
	1982*		1983*		1982*		1983*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	55.5	19 990	53.6	21 329	54.5	18 995	53.8	21 273
Austria	0.7	235	0.7	279	1.3	472	1.2	493
Belgium and Luxembourg	1.5	519	1.7	665	1.8	628	1.9	754
Denmark	4.1	1 490	3.3	1 328	2.4	830	2.6	1 030
France	4.3	1 558	4.3	1 725	3.4	1 200	3.5	1 383
Federal Republic of Germany	9.6	3 467	9.8	3 902	13.6	4 753	14.0	5 539
Italy	2.0	731	1.9	772	2.7	935	3.2	1 269
Netherlands	3.1	1 103	4.1	1 626	2.7	933	2.7	1 058
Norway	4.0	1 431	3.2	1 271	2.2	755	2.9	1 162
Portugal	0.2	82	0.2	96	0.6	210	0.7	265
Spain	0.8	296	0.7	281	0.7	229	0.7	295
Sweden	11.7	4 227	11.1	4 392	13.2	4 623	11.4	4 496
Switzerland	1.4	502	1.4	547	1.8	611	1.7	676
United Kingdom	10.4	3 729	9.9	3 941	7.5	2 612	6.7	2 635
Other	1.7	620	1.3	504	0.6	204	0.6	218
<b>OECD countries outside Europe</b>	5.9	2 114	6.3	2 491	11.8	4 133	12.8	5 082
Canada	0.9	308	0.6	253	0.9	327	0.6	255
Japan	1.2	429	1.2	477	4.2	1 461	5.6	2 219
United States	2.8	1 002	3.6	1 416	6.4	2 250	6.1	2 404
Other	1.0	375	0.9	345	0.3	95	0.5	204
<b>CMEA countries</b>	28.7	10 324	30.4	12 087	25.4	8 871	25.9	10 245
Czechoslovakia	0.4	119	0.4	155	0.6	212	0.5	184
German Democratic Republic	0.5	174	0.5	191	0.6	224	0.6	242
Poland	0.1	44	0.2	64	1.5	519	1.1	456
Soviet Union	26.6	9 582	28.9	11 488	21.7	7 571	23.1	9 133
Other	1.1	405	0.4	189	1.0	345	0.6	230
<b>Latin America</b>	1.1	388	1.6	651	2.6	894	2.7	1 073
Argentina	0.2	55	0.1	44	0.2	65	0.1	50
Brazil	0.3	106	0.3	124	0.9	293	0.7	289
Colombia	0.1	47	0.1	58	0.5	185	0.5	195
Other	0.5	180	1.1	425	1.0	351	1.4	539
<b>Other</b>	8.8	3 177	8.1	3 230	5.7	2 010	4.8	1 896
<b>GRAND TOTAL</b>	100.0	35 993	100.0	39 788	100.0	34 903	100.0	39 569
of which								
<b>EFTA countries</b>	18.1	6 530	16.7	6 628	19.3	6 726	18.0	7 125
<b>EEC countries</b>	36.4	13 095	36.1	14 364	34.5	12 047	31.5	13 885
<b>OECD countries</b>	61.4	22 104	59.9	23 820	66.3	23 128	66.6	26 355

# BALANCE OF PAYMENTS

Period	Exports f.o.b.	Imports c.i.f.	Trade account	Transport, net	Travel, net	Other services, net	Goods and services account	Invest- ment income net	Un- requited transfers net	Other, net	Current account
1979	43 302	44 430	-1 128	+3 010	+157	+359	+2 398	-2 840	-430	+111	-761
1980	52 860	58 315	-5 455	+3 064	+320	+587	-1 484	-3 308	-454	+91	-5 155
1981	60 260	61 697	-1 437	+3 261	+405	+1 286	+3 515	-4 359	-499	+132	-1 211
1982*	62 943	65 168	-2 225	+2 934	-286	+811	+1 234	-5 446	-626	+140	-4 698
<b>1980</b>											
Apr.-June	12 470	14 029	-1 559	+567	+80	+83	-829	-723	-100	+55	-1 597
July-Sept.	12 864	15 643	-2 779	+855	+298	+100	-1 526	-765	-102	+34	-2 359
Oct.-Dec.	14 738	15 035	-297	+764	+45	+66	+578	-1 033	-83	+7	-531
<b>1981*</b>											
Jan.-March	14 469	13 623	+846	+857	-87	+150	+1 766	-984	-130	+9	+661
Apr.-June	15 489	15 810	-321	+801	+78	-100	+458	-1 252	-127	+48	-873
July-Sept.	14 100	15 737	-1 637	+856	+443	+466	+128	-1 023	-109	+53	-951
Oct.-Dec.	16 202	16 527	-325	+747	-29	+770	+1 163	-1 100	-133	+22	-48
<b>1982*</b>											
Jan.-March	16 082	14 858	+1 224	+703	-156	+350	+2 121	-1 083	-182	-11	+845
Apr.-June	15 587	15 390	+197	+719	-85	+181	+1 012	-1 688	-163	+44	-795
July-Sept.	13 311	15 420	-2 109	+773	+149	+327	-860	-1 357	-135	+61	-2 291
Oct.-Dec.	17 963	19 500	-1 537	+739	-194	-47	-1 039	-1 318	-146	+46	-2 457
<b>1983*</b>											
Jan.-March	16 877	16 461	+416	+706	-289	+639	+1 472	-1 510	-218	-25	-281
Apr.-June	17 164	17 508	-344	+718	-243	+125	+256	-1 507	-133	+21	-1 363



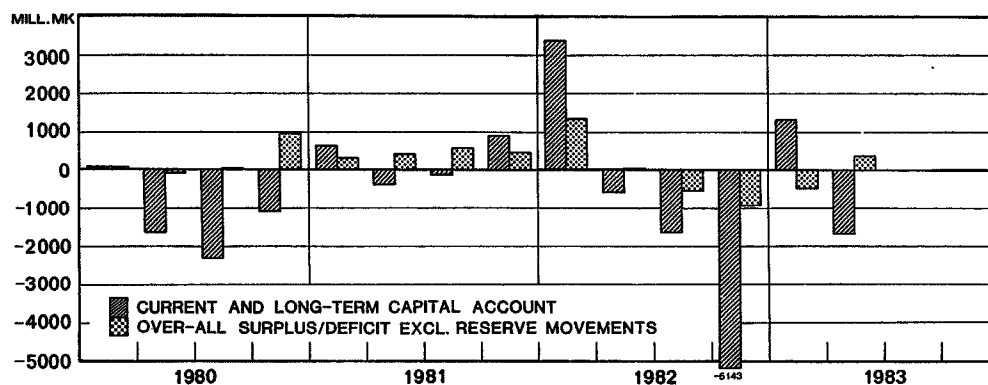
Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Prepayments and liabilities related to imports	Prepayments and receivables related to exports	Short-term capital of authorized banks, net <sup>2</sup>	Miscellaneous, short-term capital terms, incl. errors and omissions <sup>2</sup>	Over-all surplus deficit excl. reserve movements <sup>2</sup>	Bank of Finland foreign exchange reserves
+6 230	-4 843	-541	-337	+509	-252	+831	-834	+1 211	-834 <sup>3</sup>	+122	-122
+5 183	-4 140	-433	-428	+182	-4 973	+3 255	-967	+3 930	-250 <sup>3</sup>	+995	-995
+8 312	-4 643	-518	-826	+2 325	+1 114	-1 067	+437	-406	+1 725 <sup>3</sup>	+1 803	-1 803
+10 213	-4 721	-1 239	-3 634	+619	-4 079	-2 003	+1 235	+1 798	+2 923	-126	+126
+1 076	-997	-39	-86	-46	-1 643	+1 498	-32	+1 666	-1 584	-95	+95
+1 126	-913	-36	-146	+31	-2 328	+711	-452	+1 189	+934	+54	-54
+873	-1 117	-187	-131	-562	-1 093	+744	-452	+557	+1 197	+953	-953
+1 404	-955	-227	-235	-13	+648	-473	+789	-163	-492 <sup>3</sup>	+309	-309
+1 948	-1 213	+11	-233	+513	-360	+867	+790	-21	-846	+430	-430
+1 932	-797	-91	-200	+844	-107	+95	-571	-822	+1 993	+588	-588
+3 028	-1 678	-211	-158	+981	+933	-1 556	-571	+600	+1 070	+476	-476
+3 637	-806	-114	-165	+2 552	+3 397	-898	+569	-1 509	-247	+1 312	-1 312
+2 332	-1 555	-328	-298	+151	-644	+134	+571	+108	-124	+45	-45
+1 859	-883	-127	-247	+602	-1 689	-586	+48	-516	+2 199	-544	+544
+2 385	-1 477	-670	-2 924	-2 686	-5 143	-653	+47	+3 715	+1 095	-939	+939
+2 985	-1 271	+100	-144	+1 670	+1 389	-741	+374	-1 423	-81	-482	+482
+2 435	-2 895	+360	-190	-290	-1 653	+1 653	+370	+1 054	-1 027	+397	-397

Assets: increase —, decrease +. Liabilities: increase +, decrease —

<sup>1</sup> Including direct investment, net.

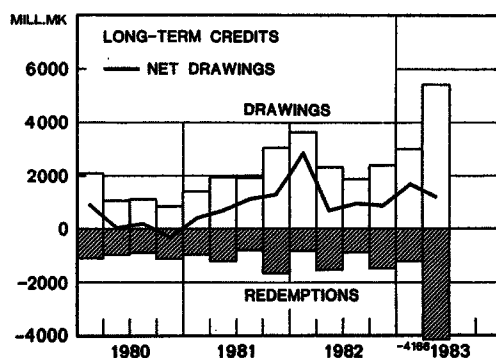
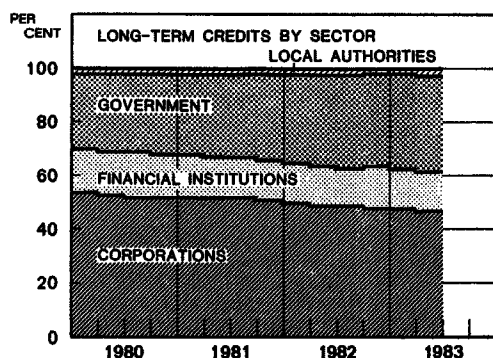
<sup>2</sup> Reserve movements of other foreign exchange holders have been transferred to the short-term capital account. The short-term capital of the authorized banks is shown separately.

<sup>3</sup> Including allocations of special drawing rights: 139 million in 1979, 133 million in 1980 and 131 million in 1981.

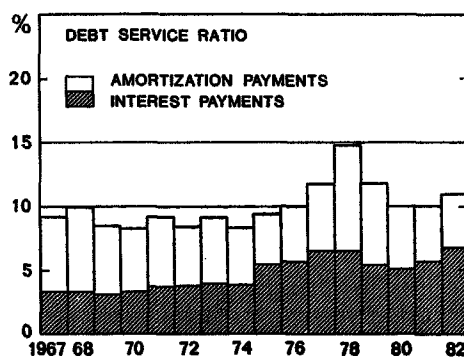
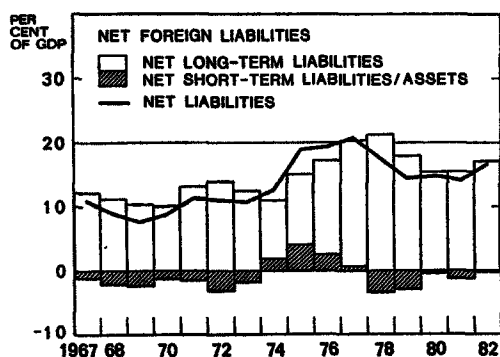


# FINLAND'S FOREIGN ASSETS AND LIABILITIES

End of year and month	Long-term assets				Long-term liabilities					Net long-term liabilities (8-4)
	Export credits	Direct investment	Other	Total (1 to 3)	Financial loans	Import credits	Direct investment	Other	Total (5 to 8)	
	1	2	3	4	5	6	7	8	9	10
<b>1979</b>	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675
<b>1980</b>	3 872	2 806	1 051	7 729	29 730	4 377	2 075	340	36 522	28 793
<b>1981</b>	4 673	3 426	1 317	9 416	35 536	4 444	2 183	391	42 554	33 138
<b>1982*</b>	6 628	4 626	3 796	15 050	47 547	4 608	2 223	752	55 130	40 080
<b>1980</b>										
Dec.	3 872	2 806	1 051	7 729	29 730	4 377	2 075	340	36 522	28 793
<b>1981</b>										
March	4 254	2 945	1 229	8 428	30 523	4 455	2 138	442	37 558	29 130
June	4 473	3 161	1 278	8 912	32 814	4 467	2 180	406	39 867	30 955
Sept.	4 559	3 329	1 282	9 170	34 414	4 377	2 168	392	41 351	32 181
Dec.	4 673	3 426	1 317	9 416	35 536	4 444	2 183	391	42 554	33 138
<b>1982*</b>										
March	4 960	3 616	1 415	9 991	38 669	4 623	2 263	709	46 264	36 273
June	5 361	3 741	1 471	10 573	39 847	4 456	2 313	696	47 312	36 739
Sept.	5 556	4 084	1 466	11 106	41 198	4 515	2 345	687	48 745	37 639
Dec.	6 628	4 626	3 796	15 050	47 547	4 608	2 223	752	55 130	40 080
<b>1983*</b>										
March	6 672	5 003	3 892	15 567	49 897	4 759	2 288	846	57 790	42 223
June	6 458	4 998	3 956	15 412	49 921	4 462	2 306	812	57 501	42 089



Short-term assets				Short-term liabilities				Net short-term liabilities (18-14)	Net liabilities (10+19)	Debt service, flow	Of which amortization payments, flow
Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (11 to 13)	Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (15 to 17)				
11	12	13	14	15	16	17	18	19	20	21	22
7 918	6 579	9 970	24 467	2 340	9 333	7 816	19 489	-4 978	23 697	6 457	3 472
9 895	9 560	12 532	31 987	3 089	16 240	11 849	31 178	-809	27 984	6 716	3 274
11 362	13 749	14 176	39 287	2 427	20 218	13 538	36 183	-3 104	30 034	7 930	3 494
12 737	22 562	13 498	48 797	5 348	31 331	11 593	48 272	-525	39 555	9 068	3 464
9 895	9 560	12 532	31 987	3 089	16 240	11 849	31 178	-809	27 984	1 888	846
9 701	10 149	12 357	32 207	2 680	16 543	12 409	31 632	-575	28 555	1 735	732
10 125	11 464	12 299	33 888	2 437	18 080	14 102	34 619	731	31 686	2 170	897
10 817	12 627	13 152	36 596	2 403	18 487	14 690	35 580	-1 016	31 165	1 638	595
11 362	13 749	14 176	39 287	2 427	20 218	13 538	36 183	-3 104	30 034	2 387	1 270
12 795	13 614	13 581	39 990	3 074	18 592	12 390	34 056	-5 934	30 339	1 761	600
12 846	14 322	13 118	40 286	3 077	19 349	12 767	35 193	-5 093	31 646	2 736	1 017
12 456	17 151	13 142	42 749	4 097	21 737	12 490	38 324	-4 425	33 214	2 038	662
12 737	22 562	13 498	48 797	5 348	31 331	11 593	48 272	-525	39 555	2 533	1 185
12 365	22 032	13 470	47 867	4 637	29 530	11 050	45 217	-2 650	39 573	2 491	942
12 905	22 462	12 909	48 276	4 705	31 010	12 703	48 418	142	42 231	3 782	2 243



# PRICE INDICES

Period	Wholesale price index 1949 = 100	Basic price index for domestic supply 1980 = 100 <sup>1</sup>						Building costs 1980 = 100		
		Total	Origin		Purpose			Total	Wages in building trade	Building materials
			Domestic goods	Imported goods	Raw materials	Consumer goods	Investment goods			
1981	1 044	112.8	112.9	112.5	114.0	112.0	110.6	110.1	109.6	110.0
1982	1 122	120.9	122.1	116.7	120.8	122.4	119.0	117.7	116.8	117.8
1982										
Dec.	1 163	125.1	125.1	124.9	125.5	125.3	123.5	121.5	120.4	122.0
1983										
Jan.	1 169	125.8	126.1	124.3	125.3	128.1	124.0	123.3	118.9	123.9
Feb.	1 170	125.5	126.5	122.2	124.4	128.8	124.3	123.8	118.9	124.6
March	1 166	125.4	126.8	121.2	123.7	129.3	125.4	124.5	118.9	125.6
April	1 169	126.1	127.6	121.2	124.0	130.4	126.1	125.9	122.0	126.5
May	1 172	126.7	128.2	122.2	125.0	130.4	127.1	127.1	125.1	127.0
June	1 185	126.9	128.3	122.7	125.1	130.0	128.2	129.7	125.8	130.4
July	1 193	127.7	128.8	124.1	125.6	130.7	129.7	130.1	125.8	130.7
Aug.	1 195	128.2	129.2	125.2	126.2	130.8	130.5	130.7	125.8	131.3

<sup>1</sup> New series calculated by the Central Statistical Office.

Period	Consumer prices 1977 = 100										
	Total	Food	Beverages and tobacco	Clothing and footwear	Rent	Heating and lighting	Household goods and services	Health and medical services	Transport and communication	Education and recreation	Other goods and services
1980	129.3	122.8	140.9	131.9	122.4	141.1	127.4	137.6	136.4	123.4	132.6
1981	144.8	138.9	157.4	146.6	140.4	168.1	138.0	150.1	148.9	136.3	150.8
1982	158.3	155.7	177.7	156.0	155.1	181.0	146.7	164.7	158.8	146.2	165.3
1983											
Jan	164.8	158.7	190.3	157.6	158.4	190.1	152.4	176.5	170.4	152.6	174.1
Feb.	165.7	160.3	190.3	160.9	158.4	190.3	153.2	176.6	171.1	152.8	175.2
March	166.6	163.2	191.2	163.4	159.7	187.8	154.0	176.6	169.5	153.0	176.1
April	168.7	166.7	191.3	166.9	159.7	186.4	156.6	176.6	171.5	158.3	177.2
May	170.9	167.4	191.4	167.4	168.3	186.4	157.4	181.5	172.6	159.9	178.6
June	172.9	169.7	198.3	168.4	168.3	187.1	159.1	184.8	175.0	161.7	181.0
July	173.7	169.7	198.3	166.2	168.3	187.2	161.1	199.3	176.0	163.9	182.4
Aug.	174.0	169.0	198.3	168.1	168.3	187.3	162.3	199.4	176.2	165.8	183.2

# WAGES

## Index of wage and salary earnings 1975 = 100

Period	By industries				By institutional sectors			All salary earners	All wage earners	All employees
	Wage earners in			Employees in services	State employees	Municipal employees	Employees in private sector			
	Agriculture	Industry	Construction							
1980	179.3	170.4	146.3	166.0	161.9	156.8	169.8	166.3	167.5	166.8
1981	201.3	192.5	165.6	186.1	182.2	174.8	191.9	187.4	188.8	188.1
1982*	225.7	213.5	181.8	206.8	201.3	194.9	212.2	207.6	208.9	208.2
1982*										
Apr.-June	223.1	214.1	179.0	206.9	200.6	195.0	212.0	207.1	208.9	207.9
July-Sept.	226.3	211.6	181.4	207.0	200.9	194.8	211.9	207.8	208.1	207.9
Oct.-Dec.	234.9	221.7	189.9	216.2	211.3	204.9	220.7	216.8	217.4	217.1
1983*										
Jan.-March	235.8	224.3	193.7	217.5	214.3	205.8	223.0	219.0	219.6	219.3
Apr.-June	246.2	234.9	200.7	228.0	221.9	214.9	233.9	229.1	229.9	229.5

# PRODUCTION

## Volume indices of production 1975 = 100

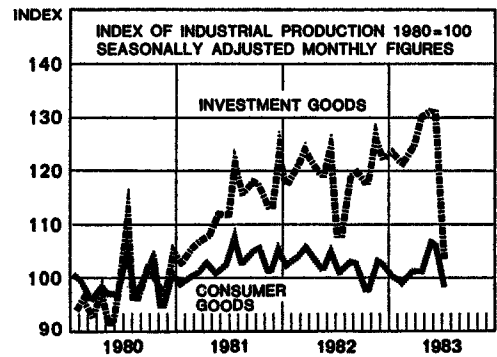
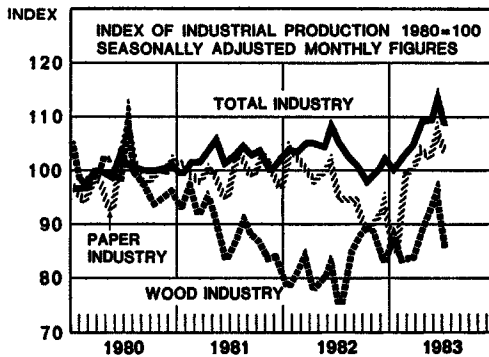
Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1981										
Jan.-March	114	129	73	143	79	89	111	95	129	116
Apr.-June	118	131	90	155	76	94	119	107	129	121
July-Sept.	116	119	160	80	100	92	125	108	130	117
Oct.-Dec.	129	143	80	149	121	97	135	116	132	124
1982										
Jan.-March	115	133	70	134	72	89	113	96	133	120
Apr.-June	121	136	82	135	80	94	122	109	133	125
July-Sept.	120	121	197	64	106	95	123	111	135	121
Oct.-Dec.	133	144	91	154	135	100	136	127	137	129
1983*										
Jan.-March	118	131	83	141	79	86	115	100	138	123

# PRODUCTION

Index of industrial production 1980 = 100<sup>1</sup>

Period	Total	Investment goods	Consumer goods	Other producer goods	Special indices of manufacturing						Total adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industries	Non-metallic mineral industry	Metal industry	
1981	102.6	114.1	103.4	100.1	104.0	89.6	100.8	103.0	101.2	106.9	102.9
1982*	103.7	121.0	103.4	100.6	106.4	83.5	96.1	98.1	108.4	114.0	103.8
<b>1982*</b>											
June	106.8	138.2	102.4	103.1	107.1	91.2	88.1	94.0	112.3	125.2	109.7
July	67.4	50.3	65.0	71.7	95.2	32.9	96.7	63.1	67.9	49.5	105.4
Aug.	104.5	111.8	103.8	103.5	106.2	80.8	104.0	102.4	118.4	107.2	102.9
Sept.	109.7	129.0	109.3	106.3	112.1	101.1	97.0	101.8	135.5	122.1	101.4
Osct.	107.3	125.2	108.5	103.5	123.6	97.6	94.6	99.6	125.5	117.5	98.9
Nov.	112.1	139.5	112.9	106.6	127.8	97.3	95.3	101.3	118.5	128.1	100.2
Dec.	104.7	125.8	104.9	100.8	110.6	75.6	89.5	95.8	114.0	118.9	103.2
<b>1983*</b>											
Jan.	103.6	124.6	101.6	100.7	94.0	82.4	87.8	91.0	114.0	118.0	101.0
Feb.	99.5	121.0	95.7	97.4	85.9	76.6	96.5	88.8	97.3	113.4	103.3
March	113.6	135.0	111.1	110.9	107.2	96.1	107.5	115.7	114.6	125.8	105.0
April	106.1	132.9	101.4	103.6	100.5	96.0	93.8	107.2	103.9	122.7	109.6
May	116.3	144.6	112.7	113.0	112.7	115.0	103.3	102.2	119.3	134.1	109.8
June	112.0	145.2	103.2	110.2	104.6	107.1	98.9	105.7	121.9	129.5	115.3
July	67.4	48.2	63.5	72.5	90.7	35.1	107.0	65.8	66.8	50.5	108.6

\* New series calculated by the Central Statistical Office





# LABOUR<sup>1</sup>—TIMBER FELLINGS—INTERNAL TRADE

Period	Population of working age, 1 000 persons	Total labour force, 1 000 persons	Employed, 1 000 persons	Un-employed, 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings, 1 000 solid cu. m	Retail sales volume index 1972 = 100	Wholesale volume index 1972 = 100
1982*	3 658	2 530	2 380	150	5.9	41 435	130	144
1982*								
March	3 652	2 432	2 269	163	6.7	5 781	120	148
April	3 654	2 451	2 286	165	6.7	5 243	125	142
May	3 656	2 505	2 375	130	5.2	3 564	125	142
June	3 658	2 674	2 537	136	5.1	2 582	131	144
July	3 660	2 690	2 548	142	5.3	1 167	136	123
Aug.	3 662	2 619	2 475	143	5.5	1 383	130	145
Sept.	3 664	2 542	2 401	141	5.6	2 401	130	156
Oct.	3 663	2 517	2 365	152	6.0	3 164	140	160
Nov.	3 664	2 482	2 343	139	5.6	4 165	137	160
Dec.	3 663	2 492	2 345	147	5.9	4 793	173	171
1983*								
Jan.	3 670	2 469	2 289	180	7.3	3 728	113	118
Feb.	3 672	2 479	2 314	165	6.7	4 545	112	128
March	3 674	2 497	2 333	164	6.6	5 963	129	152
April	3 677	2 482	2 315	167	6.8	5 227	124	148
May	3 676	2 528	2 383	145	5.7	3 067	..	..
June	3 678	2 715	2 549	166	6.1	2 089	..	..

<sup>1</sup> Revised figures, see item in August number.

## CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Building-works under construction
	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
1980	50.53	20.71	5.49	17.69	3.55	42.11	18.04	4.82	13.94	3.26	49.57
1981	44.92	18.76	5.78	14.65	2.75	41.08	17.20	4.39	14.35	3.01	47.14
1982*	51.83	19.23	6.71	18.93	3.46	41.80	17.32	5.72	13.61	2.64	50.48
1982*											
Jan.-March	9.10	3.36	1.29	3.31	0.71	7.21	3.30	0.61	2.58	0.31	45.91
Apr.-June	18.46	7.66	3.09	5.78	0.74	8.45	3.71	0.60	2.91	0.74	50.72
July-Sept.	12.35	4.41	1.35	4.53	1.03	8.33	3.41	1.44	2.11	0.84	56.60
Oct.-Dec.	10.83	3.29	0.88	4.75	0.93	15.37	5.83	2.62	5.33	0.69	50.48
1983*											
Jan.-March	9.35	3.96	1.23	3.01	0.67	8.94	3.50	1.02	3.36	0.62	45.91

# EXPLANATIONS RELATING TO THE STATISTICAL SECTION

## BANK OF FINLAND

Page 4. *Public sector*: Receivables = Government promissory notes + Bonds + Total coinage + Other public sector receivables. Liabilities = Cheque accounts + Counter-cyclical reserves + Counter-cyclical deposits + Capital import deposits + Other public sector claims.

Deposit certificates are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year.

Page 5. *Domestic financial sector*: Other liabilities, net = Capital import deposits + Other financial institution claims — Bonds — Other financial institution receivables.

*Corporate sector*: Permanent special financing schemes = Foreign bills + New export bills + Financing of suppliers credits. Liabilities, net = Deposits for investment and ship purchase + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + Export deposits + Other corporate claims — Bonds — Other corporate receivables.

## MONETARY POLICY INDICATORS

Page 6. All the figures except the Average lending rate of the commercial banks are mean values of daily figures for the month or year in question. The Average lending rate of the commercial banks is the mean value of end of the month lending rates weighted by credit outstanding. The annual figure of the Average lending rate is an unweighted average of the weighted average monthly rates.

Total central bank debt of the commercial banks = Discounted and rediscounted bills (until 30. 6. 1979, subsequently the banks have not been allowed to discount or rediscount bills) + net cheque account receivables from the commercial banks + call money debt + bond transactions with repurchase obligation — call money deposits by the commercial banks.

Actual central bank debt of the commercial banks = Total central bank debt — Postipankki's call money placements (or + Postipankki's call money overdrafts). Postipankki accounts for the bulk of the supply of call money from the deposit banks (supply of call money, see column 4 on page 5).

Credit quotas of the commercial banks at the Bank of Finland are the sum of individual quotas specifying the amount each bank eligible for central bank credit can borrow at the base rate. Before July 1979, a progressively rising interest rate was charged on credit in excess of the quota up to an absolute ceiling on quota-related debt. From July 1979, no bank may exceed its quota on average over the month. On any given day quota-related borrowing may not exceed 1.3 times the quota. The interest on this borrowing is the base rate.

Bank of Finland placements in the call money market = Demand for call money by the deposit banks — Supply of call money by the deposit banks. Average cost of the total central bank debt of the commercial banks: Net costs paid to the Bank of Finland by the commercial banks, as a percentage of their total central bank debt, per annum.

## FORWARD EXCHANGE MARKETS IN FINLAND

Page 7. The figures for columns 1—6 are calculated by the Bank of Finland on the basis of monthly reports from the banks on their outstanding forward exchange positions at the end of each month. The figures for columns 7—9 are based on monthly averages of daily representative quotations, as reported by the banks to the Bank of Finland.

The banks' foreign currency positions shown in the chart at the bottom of page 7 are monthly averages of daily spot and forward positions vis-à-vis the Finnish mark as reported by the commercial banks to the Bank of Finland. The spot position includes all foreign currency-denominated assets and liabilities of the banks, excluding their outstanding forward contracts.

## FOREIGN EXCHANGE RATES

Pages 8—9 *Exchange rates* are annual and monthly averages of the Bank of Finland's daily quotations. *Currency index* is annual and monthly average of daily index numbers. The chart at the bottom of page 8 shows the banks' forward selling rates for the US dollar as deviations from the spot rate.

## DEPOSITS BY THE PUBLIC — ADVANCES TO THE PUBLIC — MONEY SUPPLY

Figures for deposits and advances are supplied by the Central Statistical Office.

Page 10. *Deposits by the public*. The central government and the financial institutions are mainly excluded from the public. From 1974 deposits include domestic deposits denominated in foreign currency.

Page 11. *Advances to the public*. The central government and the financial institutions are not included in the public. Postipankki's advances do not include loans granted by the State Investment Fund (INRA). Domestic credits in foreign currency are mainly granted by the commercial banks and the rest by Postipankki.

*Money Supply M<sub>1</sub>* = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Demand deposits held by the public (incl. Demand deposits at the Bank of Finland). Quasi-Money = Time deposits held by the public (incl. Time deposits at the Bank of Finland).

Note: Domestic deposits in foreign currency included in money supply since 1974. In the money supply the public includes non-monetary financial institutions.

## STATE FINANCES

Page 12. Official figures computed by the Economics Department of the Ministry of Finance. Revenue and expenditure: Extra-budgetary funds and the aggregated net current deficit of State enterprises are included. Figures are reported on a cash payment basis. Debt: Foreign debt includes promissory notes given to international organizations.

## FOREIGN TRADE

Pages 13—15. Figures supplied by the Board of Customs *Indices* (p. 13): The volume indices are calculated according to the Paasche formula and the unit value indices according to the Laspeyres formula. *Terms of trade*: the ratio of export indices to import indices. *Foreign trade by countries*: (p. 15): from January 1980 imports by countries of origin exports by countries of consignment.

## BALANCE OF PAYMENTS

Pages 16—17. Figures are calculated by the Bank of Finland. In the current account, the figures for visible and invisible trade have been revised from 1970 so that they are in accordance with the revised System of National Accounts. In addition to the Board of Customs figures, exports include fuel for carriers but exclude stevedoring expenses and imports include seamen's duty-free imports, fuel for carriers and adjusted allowance for smuggling. On Jan. 1, 1980, foreign bonds were included in the convertible foreign exchange reserves of the Bank of Finland and not in the short-term capital account as earlier. The figures for other years have also been revised accordingly.

## FOREIGN ASSETS AND LIABILITIES

Pages 18—19. Figures calculated by the Bank of Finland. Long-term assets: Other = financial loans + development credits + Finland's subscriptions to international financial institutions. Long-term liabilities: Other = Leasing credits + subscriptions to international financial institutions paid in the form of bonds.

Column 21. Debt service = Net investment income of short-term and long-term assets and liabilities + net amortisation payment of long-term foreign assets and liabilities, excl. amortisation payments of the Bank of Finland's reserve and oil credits.

Columns 21 and 22 during the year and the quarter.

Chart Debt service ratio: Debt service does as a per cent of current account earnings. Debt service does not include amortisation of the Bank of Finland's reserve and oil credits.

## PRICE INDICES

Page 20. All indices calculated by the Central Statistical Office.

## WAGES — PRODUCTION

Pages 21—22. Figures supplied by the Central Statistical Office. Page 22. *Index of industrial production* calculated by the Central Statistical Office. The grouping, by branches of industry is in accordance with the Standard Industrial Classification (SIC) which is a version of the 1968 edition of the ISIC. The SIC facilitates international comparisons between Finnish statistics and corresponding data from countries which use the ISIC. The seasonally adjusted series is calculated by the Bank of Finland on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II.

## LABOUR — TIMBER FELLINGS — INTERNAL TRADE — CONSTRUCTION OF BUILDINGS

Page 23. *Labour* figures supplied by the Central Statistical Office. *Commercial timber fellings* compiled by the Forest Research Institute, *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *Construction of buildings* figures calculated by the Central Statistical Office.

SYMBOLS USED: \* Preliminary, r Revised, 0 Less than half the final digit shown, . Logically impossible, .. Not available, — Nil S affected by strike — Break in series.

# SOME PARTICULARS ABOUT FINLAND

## FORM OF GOVERNMENT

From 1 155 to 1 809 Finland formed a part of the kingdom of Sweden. Connected from 1 809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current term, January 27, 1982, to March 1, 1988, is Mauno Koivisto.

Parliament, comprising 200 members is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1983 is as follows: Social Democratic Party of Finland 57, National Coalition Party 44, Centre Party 38, Democratic League of the People of Finland 27, Finnish Rural Party 17, Swedish People's Party 11, Christian League of Finland 3, The Greens 2 and Finnish People's Constitutional Party 1.

## INTERNATIONAL ORGANIZATIONS

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

## LAND

THE AREA is 338 000 square kilometres (Great Britain's area is 244 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4%. Of the land area (1980) 2.5 mill. ha (8.2%) are cultivated and 19.7 mill. ha (64.5%) are covered by forests.

OWNERSHIP OF LAND (1979). The total land area was distributed among different classes of owners approximately as follows: private 58.7%, State 31.4%, joint stock companies etc. 7.4%, municipalities and parishes 2.5%.

## POPULATION

NUMBER OF INHABITANTS (1980): 4.8 million. Sweden 8.3, Switzerland 6.4, Denmark 5.1, and Norway 4.1 million.

DENSITY OF POPULATION (1980): In South Finland 46.8, in East and Central Finland 14.0, in North Finland 4.1 and in the whole country an average of 15.7 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1980): 40% of the population inhabit the rural areas, 60% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital, 483 036 inhabitants, Tampere (Tammerfors) 166 228, Turku (Åbo) 163 680.

EMPLOYMENT (1981): Agriculture and forestry 11%, industry and construction 35%, commerce 14%, transport and communication 8%, financing, insurance, real estate and business services 6%, community and personal services 26%.

LANGUAGE (1980): Finnish speaking 93.5%, Swedish speaking 6.3%, others 0.2%.

EDUCATION (1981): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1 640) and 14 colleges of university standard.

CHANGE OF POPULATION (1980): births 13.2‰, deaths 9.3‰, change + 2.9‰, net immigration — 0.3‰. Deaths in France 10.1‰ and Great Britain 11.8‰.

## TRADE AND TRANSPORT

NATIONAL INCOME (1982). in million marks: Gross domestic product at factor cost by industrial origin; agriculture 8 993 (4%) forestry and fishing 9 729 (5%), manufacturing 64 416 (31%), construction 15 271 (7%), trade, restaurants and hotels 24 017 (11%), transport and communication 17 052 (8%), banking and insurance 8 633 (4%), ownership of dwellings 15 009 (7%) other services 47 323 (23%), total 210 443. Index of real domestic product 124 (1975 = 100).

FOREST RESOURCES (1980). The growing stock comprised of 1 631 million m<sup>3</sup> (solid volume with bark) of which 44% was pine and 38% spruce the remaining 18% being broad-leaved trees chiefly birch. Of the growing stock 690 million m<sup>3</sup> was up to the standard required for logs, 56% of these being pine. The annual growth was 65 million m<sup>3</sup> and the total drain calculated on the basis of roundwood consumption was 59 million m<sup>3</sup>.

AGRICULTURE (1981). Cultivated land 2.4 million hectares. Number of holdings 218 904 of which 151 956 are of more than 5 ha. Measure of self-sufficiency in bread cereals (1982) 56%.

INDUSTRY (1981). Gross value of industrial production 193 314 mill. marks. Number of workers 419 443, salaried employees 144 692, motive power 8.0 mill. kW. Index of industrial production 132 for 1981 (1975 = 100).

STATE RAILWAYS (Dec. 31, 1982): Length 6 071 km.

MERCHANT FLEET (June 30, 1983): Passenger vessels 155 (255 822 gross reg. tons), tankers 47 (1 324 563 gross reg. tons), dry cargo vessels 180 (835 057 gross reg. tons), other vessels 100 (13 951 gross reg. tons), total 482 (2 429 393 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1982): Passenger cars 1 352 055 lorries and vans 161 680, buses 9 066, others 9 896, total 1 532 697

FINNISH AIRLINES (May 1, 1983): Finnair has in use 1 DC-8, 8 DC-9-10, 6 DC-9-41, 12 DC-9-51, 3 DC-10-30, 3 DC-9 Super 82 and 2 Fokker F-27. Company has scheduled traffic outside of Finland to 38 airports and to 21 domestic airports.

## FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). The last par value of the mark was set on Oct. 12, 1967 and was 0.21159 grams of fine gold per mark (equivalent, at the time, to 4.20 marks per U.S. dollar). Since Nov. 1, 1977 the external value of the mark has been officially expressed in terms of a currency index. This index is trade-weighted and indicates the average change in the currencies which are important in Finnish foreign trade. The present currency weights are Rbl 24.6 Skr 15.9, £ 13.1, DM 13.3, \$ 8.8, other currencies 24.3. The permissible range of fluctuation is about 2.25 per cent of either side of the arithmetic mean. The fluctuation limits are 127.5 and 121.9.

THE CENTRAL BANK. The Bank of Finland (estab. 1811) functions under the guarantee and supervision of Parliament. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by Parliament. The Bank has a head office in Helsinki and 12 branches in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1982). There are two big and five small commercial banks with in all 900 offices, 272 savings banks, 371 co-operative banks, five mortgage banks, Postipankki and three development credit institutions. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-four private insurance companies also grant credits.

RATES OF INTEREST (July 1, 1983). The base rate applied by the Bank of Finland on credit extended to the banks in the context of the quota facility is 9 ½%. The range of rates for other credits granted by the Bank of Finland is between 7% and 12%. Other credit institutions: time deposits 5 ½%; 6 month deposits 6 ½%; 12 month deposits 8%; 24 month deposits 9 ½% and sight deposits 2 ½%. The highest lending rate 14%.

# FINANCIAL MARKET DEVELOPMENTS

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and Kjell Peter Söderlund, Lic.Pol.Sc.

Economics Department  
Bank of Finland

## BASIC FEATURES

The recent international recession also constrained economic activity in Finland. Nevertheless, the Finnish economy grew at a somewhat faster rate than the western industrial countries in general. In 1981, real GDP increased by 1.5 per cent and last year by 2.5 per cent. Contributing especially to growth in Finland in 1980—1981 was the expansion of bilateral exports to the Soviet Union necessitated by the rise in oil prices. From 1981 onwards growth came to rely increasingly on expansionary economic policies. This was facilitated by the favourable financial position of the central government, which was still strong by international standards, and the relatively satisfactory external balance. Employment considerations have played a larger role in the formulation of policy than has been the case in many other OECD countries, where price stability has been the prime concern.<sup>1</sup>

Expansion in fiscal policy consisted of both general and selective measures designed to contain unemployment and inflation. At the same time monetary policy formed a clearly expansive component of overall policy.<sup>2</sup> Because of certain supply and demand factors affecting liquidity and a shift in monetary policy stance, the banks' liquidity position eased in the spring of 1981. Since then the availability of finance has remained good and nominal interest rates for most borrowing by the public have essentially been kept at one-digit levels. A tighter monetary policy stance was, however, adopted earlier this year.

Two years of continued financial ease served to reinforce the internal changes under way in the Finnish financial market.<sup>3</sup> The ready availability of finance has, together with fiscal expansion, also had considerable effects on the real economy. Thus the rate of unemployment has remained at about 6 per cent, a moderate figure by international standards. On the other hand, Finland's rate of inflation has stayed higher than that in important competitor countries, partly because of Finland's more expansionary policies and partly because of the 10 per cent devaluation of the mark last autumn, which was not backed up by a stabilization agreement in the incomes policy field. Cost pressures cloud the prospects for the Finnish economy in the years ahead, despite the favourable developments in productivity.

## SECTOR FINANCIAL BALANCES

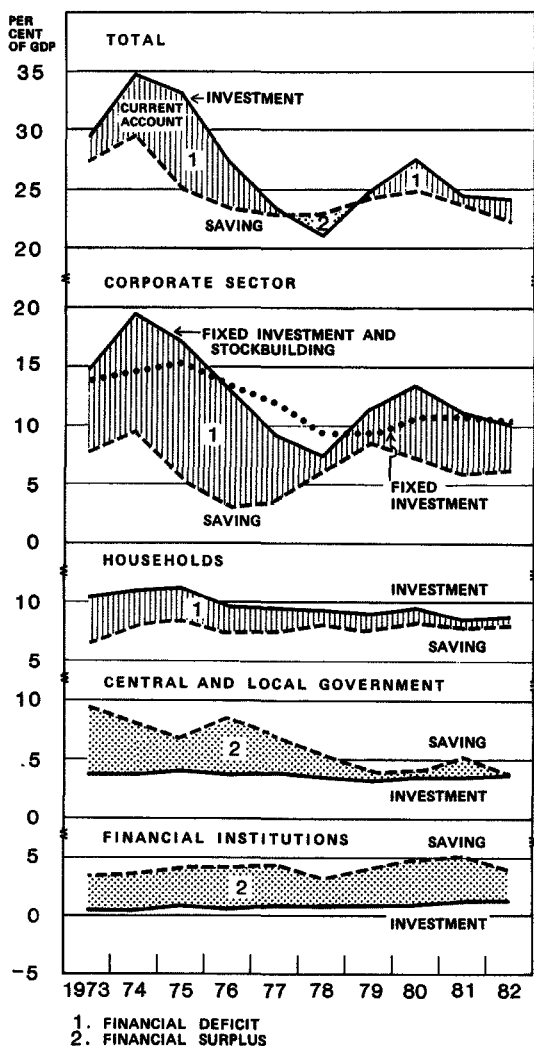
The excess of total investment over domestic saving increased slightly in 1982, as was evident in the widening of the current account deficit to some 2 per cent of GDP (Chart 1). The share of investment in GDP remained virtually unchanged whereas the saving rate declined. Changes in the financial equilibrium of the economy have normally reflected mainly the evolution of the financial position of firms. In 1982, however, the deterioration in the external balance was not associated with an increase in the corporate sector financial deficit. Corporate fixed investment grew slightly, but profits increased somewhat

<sup>1</sup> See the May 1983 issue of this Bulletin.

<sup>2</sup> On recent monetary policy, see the August 1983 issue of this Bulletin.

<sup>3</sup> See the back articles in the August 1982 and 1983 issues of this Bulletin.

**CHART 1. GROSS SAVING, GROSS INVESTMENT AND FINANCIAL SURPLUSES/ DEFICITS BY SECTOR**



more. Nevertheless, there were marked differences in the profitability of different branches. The uneven distribution of internal financing between firms contributed to a substantial increase in both corporate borrowing and short-term financial investments.

The financial position of households improved last year. Saving increased more than investment and the slowly rising, longer-term trend of the household saving rate was maintained. Public sector saving, by contrast, declined after a small increase in 1981. This decline was largely the result of policies pursued since

1977 with the express aim of strengthening the financial position of the private sector, especially that of firms. The recession caused a further deterioration in the financial position of the public sector.<sup>4</sup>

In addition to lowering its own saving rate, the government also limited the growth of funds in the private employment pension system by lowering employers' compulsory contribution rates. Thus, the measures bringing about reduced saving in some sectors have primarily been part of counter-cyclical policy, and few longer-term problems attach to the economy's overall rate of saving.

## LIQUIDITY IN FINANCIAL MARKETS

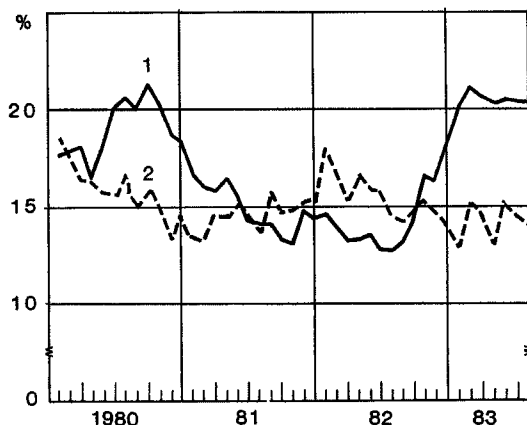
Although saving and investment have been reasonably well-balanced during the past several years, the same cannot be said for the development of the financial market in all respects. Particularly noteworthy has been the substantial increase in the liquidity of the private sector. The relative significance of short-term financial assets has increased rapidly in real terms, too. However, the share of liquid financial assets appears, even after the rapid increase, only to be approaching the average level of industrial countries.

The trendwise growth in liquidity has undoubtedly been associated with the increasing wealth of the economy. Another important factor has been the evolution of the financial market away from regulated and bank-dominated intermediation towards more market-orientated allocation. With this development, the traditional »overdraft« features of the economy — where corporate liquidity has largely been in the form of borrowing potential — have given way to the kind of financial system normally found in market economies.

The increase in liquidity has been associated with a significant re-channelling of finance. In particular, funds have moved to new market

<sup>4</sup> On public finance, see the back article in the June—July 1983 issue of this Bulletin.

**CHART 2. BANK CREDITS AND DEPOSITS, CHANGE FROM CORRESPONDING MONTH OF PREVIOUS YEAR**



1. CREDITS TO THE PUBLIC  
2. DEPOSITS BY THE PUBLIC

segments in which the formation of interest rates is unregulated. The rapid change poses problems for monetary policy, in addition to the control of liquidity, for the simple reason that the evaluation of the situation prevailing in the financial market is difficult in the new institutional setting. Thus increased liquidity has shown up only partially in traditional financial market indicators.

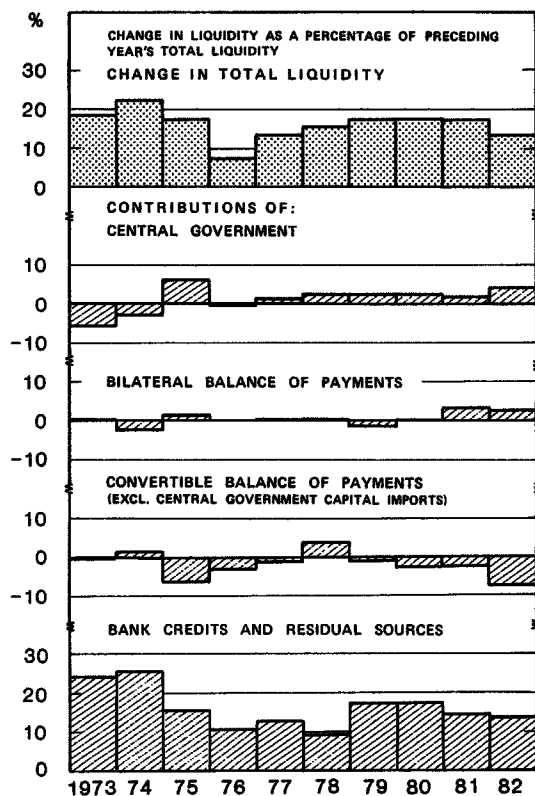
Even if the actual growth of liquidity is largely missing from recorded monetary aggregates, these have also grown rapidly. Bank deposits increased by 14 per cent last year and much the same rate of growth was sustained in the first half of the current year (Chart 2). Demand deposits have expanded appreciably faster than time deposits although the former have experienced sharp fluctuations, a reflection of corporate income developments and flows in the domestic money market as well as of international capital movements.

Traditional deposits, the interest rates on which are limited by agreements between the banks, have attracted only a part of the increased liquidity of firms. Instead, funds have flown into banks through special arrangements (mainly in the form of «other liabilities» in the banks' balance sheets) or have been invested outside banks, notably in the rapidly growing

finance companies. At the same time, firms' short-term foreign assets have grown, although showing sharp fluctuations. If investments of these types — accurate statistics for which are so far largely lacking — are included, liquidity has increased by as much as 17—18 per cent annually in recent years (Chart 3). Last year growth slowed down slightly to less than 14 per cent, which was especially apparent as a fall in foreign short-term assets.

An expansive component in the supply of liquidity in recent years has been the increased financing requirement of the state and its subsequent financing abroad, and increasingly also in the domestic banking system. Another expansive component has been the substantial surplus in Finland's balance of payments with the Soviet Union. Each of these two supply components contributed 2—3 percentage points, on average, to the growth of liquidity in 1981—1982.

**CHART 3. SUPPLY OF LIQUIDITY BY SOURCE**



The main liquidity supply component has nonetheless been bank credit expansion, which, even during the recession, continued at a noticeably faster rate than the growth of nominal GDP. In part, this has been the result of the tendency for firms to use low-cost bank credits to undertake investments in the money market at appreciably higher yields. The strength of bank credit expansion is even more marked when account is taken of the fact that a certain amount of financial disintermediation has taken place. This has particularly benefitted the finance companies, which invest their funds at yields notably above bank lending rates to finance hire purchase, leasing and factoring.<sup>5</sup> The combined balance sheet totals of the finance companies grew more than fivefold in 1978—1982, although their advances only amounted to some 6 per cent of bank credits. Partly due to measures taken by the Bank of Finland some finance has recently returned to bank balance sheets.<sup>6</sup> Furthermore, as a considerable amount of foreign funds has been intermediated through bank balance sheets, the growth of bank lending accelerated from about 13 per cent last autumn to over 20 per cent in the first half of the current year (Chart 2).

## ADJUSTMENT OF THE PUBLIC

From the point of view of the overall equilibrium of the economy the question arises as to what extent the growth of liquidity represents a permanent rise in the liquidity preference of the public. Clarification of the problem is made difficult by changes in the financial market and by the notably improved return on liquid assets. The interest rate on funds raised in the unregulated money market is normally slightly below the call money rate, which was 15 per cent from the beginning of May until the middle of September when it was raised to 18 per cent. Even if it can be assumed that liquidity preference has substantially increased under these conditions, developments so far would seem to suggest that both other financial

assets and the goods market are to a large extent serving as outlets for liquidity.

The most immediate effects of financial ease are to be seen in the behaviour of corporate short-term placements. The good liquidity position of firms has permitted a rapid adjustment to, for example, changes in interest and exchange rates and in expectations concerning them. This is indicated by the brisk outflow of short-term foreign capital immediately prior to the devaluations last autumn and by the equally brisk inflow of foreign capital thereafter. The current year has also seen some, albeit minor, changes in leads and lags in foreign trade payments. In addition to temporary adjustments, firms have made use of easy domestic finance to improve their debt structure by reducing the share of expensive foreign debt in their balance sheets (Chart 3).

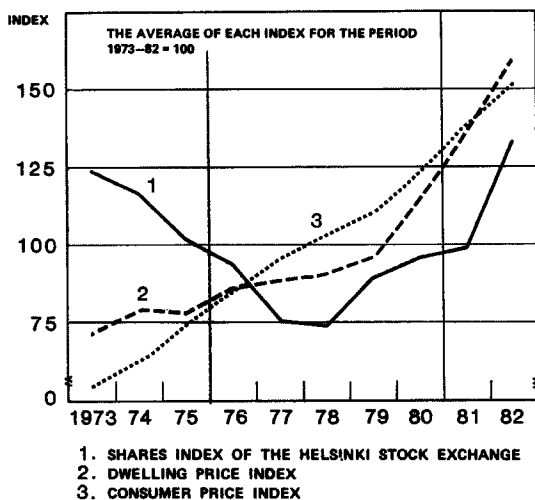
Financial ease has also exerted a strong influence on the prices of existing capital goods. Although, for example, tax concessions and increased buying by foreign investors have played their own part, easy financial conditions have certainly been an important factor behind the rise in stock market prices: the shares index of the Helsinki Stock Exchange rose by almost 40 per cent last year and by more than this amount during the first eight months of this year. The rate of increase in dwelling prices has been less than half of this, but nevertheless twice the amount of overall inflation. Given the low starting levels, the price rises, especially of shares, can largely be regarded as a process of normalization (Chart 4). However, they also signify longer-term general inflationary pressures.

A positive feature is that the higher prices of existing capital goods have tended to make new investments relatively more profitable. When finance has, at the same time, been more readily available to customers previously subjected to credit rationing, financial factors have supported investment activity. Together with fiscal policy measures stimulating investment, they contributed to the 2 per cent increase in productive investment last year as

<sup>5</sup> See the front article in the August 1983 issue of this Bulletin.

<sup>6</sup> See the back article in the August 1983 issue of this Bulletin.

#### CHART 4. SOME PRICE INDICES



well as to the 3 per cent increase in the construction of dwellings, which was already at a high level. The rapid expansion of credit to the household sector partly contributed to the increase, by as much as 4 per cent, in consumption.

With the favourable developments in real growth, overall inflation problems have gradually increased. Up till last autumn, consumer price inflation was falling at much the same speed as in those OECD countries which had pursued far tighter monetary policies. Following the October devaluation last year the rise in consumer prices has mostly remained in the 8—9 per cent range. The rise in foreign trade prices has admittedly been modest in light of the 10 per cent devaluation and this has helped to limit the rise of wholesale prices to only 6 per cent. However, measures affecting domestic costs, including the pay settlements in the spring and rises in indirect taxes and public charges during the summer, would seem to indicate that in 1983 the inflation rate will remain at about 9 per cent.

#### CURRENT PROSPECTS

Monetary policy was tightened last spring by, inter alia, raising the cash reserve requirement in a number of steps and by gradually raising the call money rate to 15 per cent as of the beginning of May. From the beginning of July the general level of interest rates was raised by one percentage point, as a result of which the average lending rate of the banks rose to a little over 10 per cent. The raising of the call money rate to 18 per cent in the middle of September was intended to dampen a capital outflow due to exchange rate expectations. Despite the more restrictive policy stance, there has not, as yet, been any clear evidence of a slowing down in bank lending. However, there is no doubt that the supply of finance is becoming tighter.

On the other hand, the demand for credit is actually increasing even though the cyclical upswing is improving incomes. Investment activity has remained fairly vigorous during the current year. For instance, the Bank of Finland investment inquiry points to a further growth of investment in all sectors except the forest industry, where poor export performance and low capacity utilization are inhibiting recovery.

The projected decline in bilateral exports is, together with the tightening of economic policy, likely to dampen the incipient upswing, and the growth of output is expected to be clearly below the 6—7 per cent chalked up during the previous boom. The prospects are further clouded by inflation, which threatens to remain higher than in competitor countries in the years to come. For this reason, the authorities have emphasized the fight against inflation when formulating economic policy.



## ITEMS

**Estimates of the supply of and demand for labour up to 1990.** On July 28, 1983, the Working Group on Forecasting the Labour Force submitted its assessment of developments in the supply of and demand for labour up to 1990 to the Ministry of Labour.

The assessment deals with two alternative cases, one of which assumes faster economic growth and the other slower growth. In the faster growth alternative, total output is projected to expand on average by almost three per cent per annum in the period 1983—1990. On this assumption, the demand for labour would then grow by about 110 000 persons. The labour force engaged in agriculture and forestry is estimated to decline by about 50 000 persons in 1982—1990 and the number employed in services to increase by 150 000. Employment in secondary industries would grow by about 10 000 persons. In the slower growth alternative, total output is expected to increase on average by 1 ½ per cent per annum. This would result in a decline of about 30 000 in the demand for labour in 1982—1990.

The increase in the potential supply of labour, which refers to the supply of labour which would be available under favourable employment circumstances, is expected to be exceptionally heavy during the first half of the 1980s,

totalling about 160 000 persons. During the second half of the 1980s, the increase in the potential supply is estimated to amount to about 60 000. Contributing to the deceleration in growth will be the virtual standstill in the growth of the population of working age, the slowdown in the decline of the proportion of disabled, the acceleration in the growth of the proportion of students and the slowdown in the growth of labour participation among middle-aged women.

It is estimated that the growth in the potential supply will continue to decline during the first half of the 1990s, totalling about 40 000 persons. The main reason for the slowdown in growth is that the changes in the age composition of the population of working age will no longer increase the supply of labour.

Since according to both alternatives the demand for labour is expected to remain appreciably below the full-employment level, it is estimated that the actual supply of labour will be smaller than the potential supply. The supply of labour will increase by about 130 000 from 1982 to 1990 according to the faster growth alternative and by about 90 000 according to the slower growth alternative. In neither case is unemployment expected to fall from its present level before 1990.

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# BANK OF FINLAND

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## Board of Management

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*Chairman*

Pentti Uusivirta

Ele Alenius

Harri Holkeri

Seppo Lindblom

*Absent as Minister  
of Trade and Industry*

Esko Ollila

Markku Puntila

*Acting Member of the Board*

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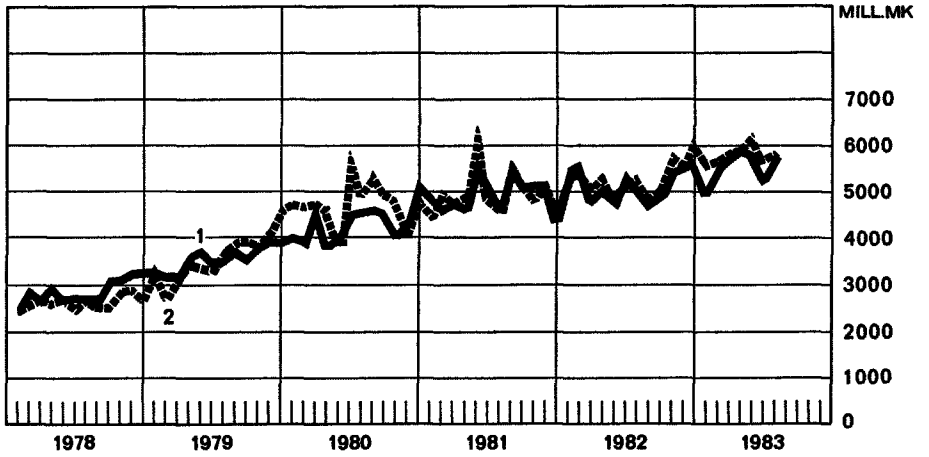
Erkki Vehkamäki

*Data Processing*

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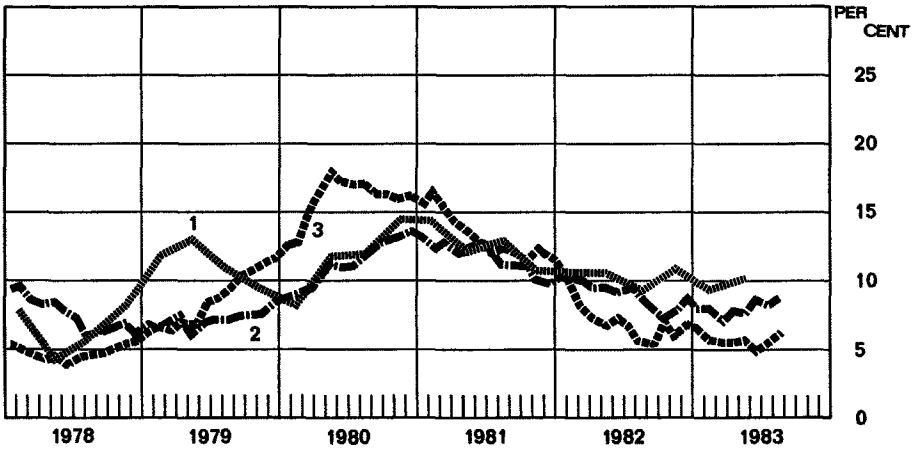
**FOREIGN TRADE, 1978-83**

- 1. Exports f.o.b.
  - 2. Imports c.i.f.
- Seasonally adjusted monthly figures



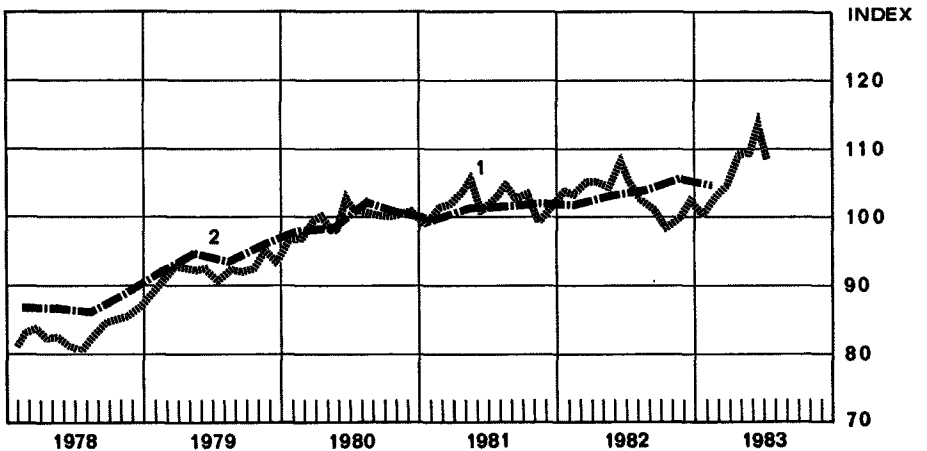
**PRICES AND WAGES, 1978 - 83**

- 1. Index of wage and salary earnings 1975 = 100, quarterly figures
  - 2. Consumer price index 1977 = 100, monthly figures
  - 3. Basic price index for domestic supply 1975 = 100, monthly figures
- Percentage change on previous year



**PRODUCTION, 1978 - 83**

- 1. Total index of industrial production 1980 = 100, seasonally adjusted monthly figures
- 2. Volume index of gross domestic product 1980 = 100, seasonally adjusted quarterly figures



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