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The Formation of Market Interest Rates

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Suomen Pankki Finlands Bank
P.O. Box 160, SF-00101 HELSINKI, FINLAND
Telephone: National (90)1831
International +358 01831

Editor-in-Chief Antero Arimo
Editor Marja Hirvensalo-Niini
Subscriptions Heli Virtanen

Telex: 121224 SPFB SF
Telefax: 174872
Cables: SUOMENPANKKI

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THE FORMATION OF MARKET INTEREST RATES

by **Juhani Raatikainen**, Lic. Pol. Sc.
Financial Markets Department
Bank of Finland

Interest rates in Finland are nowadays determined mainly by market forces, even though the process of structural change which the financial markets have been undergoing throughout the 1980s has still not run its course. The market for short-term funds already functions efficiently, with demand and supply determining the level of interest rates. By contrast, the market for longer-term finance is still characterized by considerable imperfections. Price formation in the bond market is relatively inefficient, partly reflecting the lack of longer-term debt instruments. Although a substantial proportion of bank credit and deposits is market-related, efficient interest rate formation and bank competition are, at least for the present, being restricted by tax relief laws concerning interest income and by the high degree of concentration in the deposit bank system.

With the growing international integration of Finnish financial markets, the dependence of the domestic markets on foreign markets has strengthened substantially. Contributing to this development has been the gradual liberalization of exchange control along with integration.

FUNCTIONING OF THE MONEY MARKET

The money market in Finland essentially consists of interbank trade in negotiable financial instruments. These instruments comprise certificates of deposit issued by banks and the Bank of Finland, commercial paper, Treasury bills and local authority paper. Certificates of deposit account for the bulk of money market transactions

and they are of key importance for the determination of market interest rates (Chart 1).

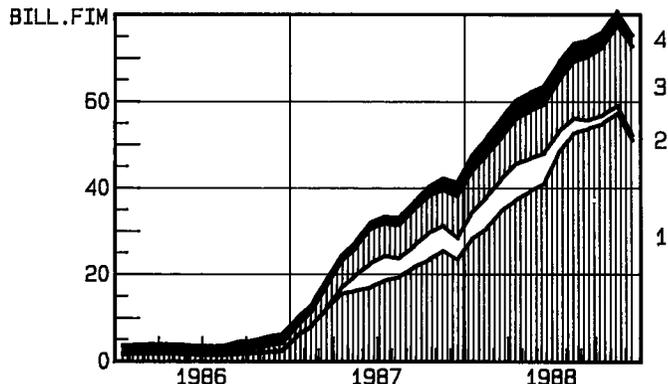
Compared internationally, Treasury bills are of little significance in Finland, largely reflecting the relatively strict balanced budget requirements which for long guided the pursuit of fiscal policy. Nor has commercial paper gained an important position in the money market. This is evidently because companies have been able to finance their activities on more favourable terms by resorting to domestic bank loans, long-term foreign borrowing and, in the case of listed companies, by increasing equity financing.

Nowadays, the market for the most part treats all banks' certificates of deposit as homogeneous, so that the interest rate quotations for debt instruments issued by different banks converge. In part, this reflects the fact that short-term

debt instruments have in practice been issued almost exclusively by Finland's relatively few large banks. In part, however, it is due to the market's, as yet, poorly developed pricing mechanism in this respect, which is unable to distinguish between risks efficiently. Another factor is the absence in Finland of public ratings for loan issues.

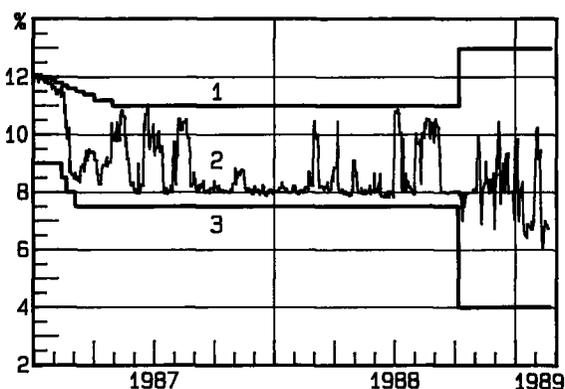
Open-market operations in certificates of deposit are now the Bank of Finland's most important monetary policy instrument. Though in principle transactions can be undertaken in all maturities, in practice the majority of open-market operations have been in 3-month instruments. The overnight rate is also determined by the market, reflecting in the first instance fluctuations in liquidity in the money market. In practice, interest rates on the shortest-dated money market instruments vary notably more

CHART 1.
NEGOTIABLE MONEY MARKET INSTRUMENTS



1. Bank certificates of deposit
2. Certificates of deposit issued by the Bank of Finland
3. Commercial paper
4. Treasury bills and local authority paper

**CHART 2.
OVERNIGHT RATES**



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

than those on longer-dated paper.

The Bank of Finland daily calculates HELIBOR (Helsinki Interbank Offered Rate) rates as indicators of market rates for certificates of deposit. These are the most widely used reference rates in Finland and are calculated for maturities of 1, 2, 3, 6, 9 and 12 months.

The Bank of Finland's call money window serves as a source of residual finance for banks and also as a place where they can deposit short-term funds. Access to this facility is currently confined to the commercial banks. The Bank of Finland sets the rates applied to call money. A rate of interest markedly lower than the market rate is paid on call money deposits while a rate of interest higher than the market rate is levied on call money credit. In addition, the right to call money credit is currently allocated according to bank-specific quotas: borrowing in excess of quota results in banks incurring "penalty" interest. As call money credit constitutes the most costly source of funds for banks, it is generally used only as a last resort. Consequently, the interbank overnight rate fluctuates between the call

money credit and deposit rates (Chart 2).

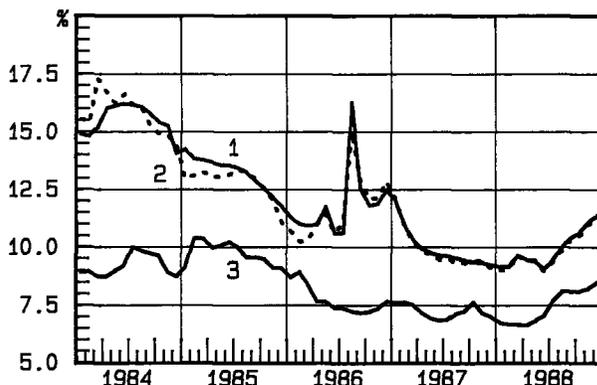
Domestic money market rates are most closely linked to foreign interest rates through the forward exchange market. Forward exchange rates are primarily determined as the outcome of covered arbitrage activities by authorized banks on the basis of the differential between domestic money market rates and Eurorates (Chart 3). By contrast, the uncovered interest rate differential in re-

spect to Eurocurrencies does not, in Finland, reflect expectations about exchange rate movements particularly clearly. Provisions in the foreign exchange regulations restrict the activities of nonfinancial companies in the forward market to the hedging of trade-related interest rate risks. Moreover, the licenses of authorized exchange banks prohibit them from taking significant open currency positions against the markka. As a result of these regulations, speculation relating to interest rate expectations is at least partly limited and is not necessarily reflected as such in the forward premium or the interest rate differential.

BOND MARKET

Trading in the bond market comprises transactions in bonds, debentures and a group of securities referred to in the official statistics as "other bonds". This last-mentioned category, consisting mainly of private issues, has, in fact, become the most important in the market, while government issues account for the bulk of ordinary bonds. As regards nominal rates of interest, the market can be divided into taxable and tax-exempt instruments. Although the relative share of

**CHART 3.
MONEY MARKET RATES**



1. Average rate on new bank certificates of deposit
2. 3-month Eurorate for the markka
3. Weighted 3-month Eurorate for 8 currencies

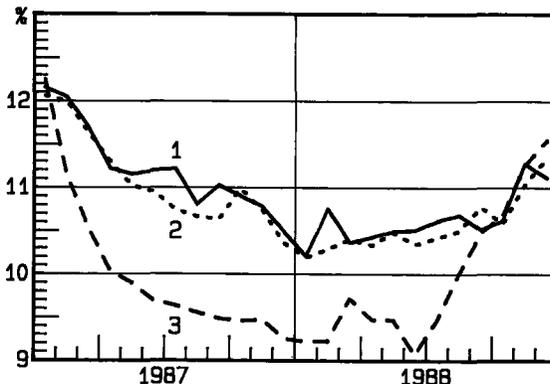
tax-exempt bonds is falling, it still accounts for some 30 per cent of the total stock outstanding. Nominal rates of interest applied to taxable bonds vary, some being fixed-rate and others floating-rate, while tax-exempt bonds mainly carry coupons linked to the Bank of Finland's base rate. Pricing in the Finnish bond market is not particularly efficient and the relationship between yields in this market and in other markets is rather weak, although it appears to be strengthening (Chart 4). Among the major problems in the bond market are the paucity of debt instruments and the small number of investors, predominantly banks. As a result, even a relatively small transaction can cause considerable variation in prices from the point of view of the market as a whole. Another factor reducing investors' interest may be that this kind of market is not as liquid as, for example, the share market.

Taxation is undoubtedly one of the factors retarding the development of the bond market. Government and mortgage bank bonds were for long completely tax-exempt, whereas all other bonds and debentures were taxable. As a consequence, for example, companies found themselves in a particularly unfavourable competitive position and they raised the bulk of their funds in other markets.

The situation as regards taxation has changed somewhat with the entry into force at the beginning of this year of a new Act governing the taxation of interest and capital income.¹ Under this Act, a significant fraction of bank deposits is now taxable and only government and mortgage bank bonds with a maturity of ten years and bearing a nominal rate of interest which is one percentage point lower than the Bank of Finland's base rate are tax-exempt. The

¹ For details, see the article by Juhani Raatikainen in the October 1988 issue of the Bulletin.

CHART 4.
RATES ON NEW FIXED-RATE TAXABLE DEBENTURES AND 3-MONTH HELIBOR



1. 3 - 6 year fixed-rate taxable debentures issued by non-financial companies
2. 3 - 6 year fixed-rate taxable debentures issued by financial institutions
3. 3-month HELIBOR

situation has also improved considerably following the government's decision to henceforth issue predominantly taxable bonds.

The Bank of Finland publishes long-term reference rates depicting developments in the bond market, which are calculated on the basis of market quotations for fixed-rate taxable bonds. Reference rates are calculated for maturities of three and five years and they are designed to facilitate the setting of rates on other loans, especially housing loans to the household sector.

BANK CREDIT AND DEPOSIT MARKETS

As a result of the tax reform, most deposit rates are now linked to the base rate. According to the reform, which entered into force for a specified period at the turn of the year, interest income from two-year deposits is tax-exempt provided that the rate of interest on them does not exceed the Bank of Finland's base rate less two percentage points. Standard savings and deposit accounts carrying an interest rate which is four per-

centage points below the base rate are also tax-exempt. Consequently, a significant proportion of bank deposits will, at least for the next few years, remain linked to the base rate. Interest rates on taxable bank deposits are now determined under more competitive conditions than before, moving largely in line with money market rates.

At the end of 1988 about 80 per cent of bank loans were either fixed-rate or linked to the base rate, some 15 per cent were linked to money market rates (HELIBOR rates) and the remaining 5 per cent or so to the long-term reference rates calculated by the Bank of Finland. Rates on fixed-rate loans are determined primarily in accordance with prevailing market conditions. The share of fixed-rate loans, and particularly those linked to the base rate, is clearly decreasing, being replaced mainly by loans linked to HELIBOR rates.

Interest rate formation in the bank credit and deposit markets is becoming more efficient, though taxation, in particular, could impede further progress in this direction. Interbank com-

ITEMS

petition also seems to be sharpening despite the fact that the high degree of concentration in the Finnish banking system has a tendency to partially slow this kind of development.

FOREIGN INTEREST RATE LINKAGES OF LONG-TERM INSTRUMENTS

There is a close relationship between domestic money market rates and their Euro-market counterparts, particularly through the forward market. In contrast, the international linkages of longer-term financial assets are weaker, mainly because of existing exchange controls and the fact that the process of structural change in domestic markets is still in progress. As far as the cost of domestic finance to companies is concerned, there are pressures for conforming with the cost of foreign sources of financing, as the current foreign exchange regulations allow relatively free access to the latter. In the case of other financial instruments, however, the current regulation of capital movements is likely to hamper closer convergence of domestic and foreign interest rates.

March 3, 1989

CURBING THE GROWTH OF LENDING

On February 27, 1989, the Bank of Finland and the banks agreed in principle on an arrangement aimed at sharply reducing the growth of bank lending.

Under the arrangement, the cash reserve agreement between the Bank of Finland and the deposit banks is to be supplemented by a temporary agreement, in effect until the end of 1990, which permits the Bank of Finland to further raise the cash reserve requirement from 8 per cent to a maximum of 12 per cent. Additional deposits will be non-interest bearing. The Bank of Finland will not, however, resort to these enlarged powers if the growth of lending slows down in the current year as specified in further negotiations to be held with the banks.

The prolonged rapid growth of lending has exacerbated the imbalances in the economy. In particular, it has led to a worsening in the current account deficit and an acceleration of the rise in house prices.

Rapid credit expansion is not possible without strong demand for credit. Households' demand for credit, in particular, has proved much greater than expected. Contributing to this have been rapid income growth, the rise in property values, inflation expectations and the right to deduct interest payments on loans in taxation.

The temporary arrangement now agreed on seeks to curb the supply of credit. However, measures of this kind focussing on supply will not

suffice to bring the situation permanently under control. Rather, it will be necessary to restrict specifically the demand for credit. As regards curbing households' demand for credit, it is essential to limit the right to make deductions for interest payments on loans.

In the present circumstances it is not possible to maintain economic equilibrium in the long run by monetary policy means. The main responsibility for this lies with fiscal policy. The surplus in the government sector must be substantially increased, principally by reining in the growth of spending. The next incomes settlements should also be designed to help restore balance in to the economy.

FINLAND'S BALANCE OF PAYMENTS IN 1988

The external balance of the economy weakened further in 1988. The widening of the current account deficit and, in particular, the increase in commodity imports were a consequence of the rapid growth of domestic demand.

According to the Bank of Finland's preliminary figures for 1988, the current account showed a deficit of FIM 12.6 billion, equivalent to 3 per cent of the value of GDP. In 1987, the current account had registered a deficit of FIM 8.5 billion. The current account in convertible currencies account posted a deficit of FIM 16.6 billion and the current account in tied currencies a surplus of FIM 4.0 billion.

Total capital imports in 1988 were roughly equal to the deficit on the current account. The convertible currency reserves of the Bank of Finland grew by FIM 183 million.

Current account. Compiled on a balance-of-payments basis, the trade account¹ registered a surplus of FIM 0.2 billion in 1988, compared with a surplus of FIM 1 666 million in 1987. Commodity exports grew by 9 per cent in value and by 4 per cent in volume. The value of commodity imports was 11 per cent higher and the volume 9 per cent higher than in 1987. Finland's main export markets grew by 7 per cent and world trade by 9 per cent compared with the previous year. Hence, the 5 per cent volume increase in Finland's western exports was slightly less than market growth. The value of eastern exports grew by approximately 4 per cent. This was made possible by the introduction of a temporary export credit arrangement in the trade between Finland and the USSR.

The terms of trade improved for the third year in succession. This was due to the fact that export prices rose by 5 per cent on average. Import prices rose by only 2.5 per cent because of the fall in the price of crude oil, even though the international boom continued to push the prices of other raw materials and production inputs higher.

The deficit on the services account widened further to FIM 1.3 billion, as against FIM 0.1 bil-

MAJOR BALANCE OF PAYMENTS ITEMS IN 1988, MILLION FIM¹

	Receipts	Expenditure	Net
Trade (exports f.o.b., imports c.i.f.)	93 126	92 105	1 021
Adjustment items	-1 726	-905	-821
Trade account	91 400	91 200	200
Transport	6 400	3 900	2 500
Travel	3 800	7 100	-3 300
Other services	6 850	7 350	-500
Services account	17 050	18 350	-1 300
GOODS AND SERVICES ACCOUNT	108 450	109 550	-1 100
Investment income, net	7 450	15 800	-8 350
Unrequited transfers	700	3 250	-2 550
Other	2 500	3 100	-600
A. CURRENT ACCOUNT	119 100	131 700	-12 600
	Change in assets	Change in liabilities	Net
Long-term financial loans and suppliers' credits: ²			
drawings	-2 047	30 363	28 316
redemptions	1 372	-13 181	-11 809
Direct investment	-7 845	835	-7 010
Other long-term capital	-2 100	-97	-2 197
B. LONG-TERM CAPITAL ACCOUNT	-10 620	17 920	7 300
BASIC BALANCE (A+B)			-5 300
Prepayments and liabilities related to imports			200
Prepayments and receivables related to exports			
Short-term capital of authorized banks			6 300
Other short-term capital			-1 017
Errors and omissions			..
C. SHORT-TERM CAPITAL ACCOUNT			5 483
D. ALLOCATIONS OF SDRs			—
OVERALL BALANCE (A+B+C+D)			183
Change in the foreign exchange reserves of the Bank of Finland			-183
Assets: increase —, decrease +			
Liabilities: increase +, decrease —			

¹ Preliminary figures.

² Assets include export credits only.

¹ The 1987 and 1988, balance-of-payments figures for commodity exports and imports have been adjusted to comply with the method of compilation employed in previous years. See the notes on foreign trade figures on p. S26.

lion in the previous year. Service receipts grew by 9 per cent and service expenditure by 17 per cent. The transport account was still in surplus, but it narrowed by FIM 1 billion to FIM 2.5 billion. Transport receipts increased by 10 per cent on average, and sea transport receipts also showed an increase. The growth of transport expenditure was boosted by the marked increase in passenger transport expenditure during the year. Travel receipts grew by about 2 per cent and travel expenditure by about 4 per cent. Thus, the travel account registered a deficit of FIM 3.3 billion. The other services account posted a deficit of FIM 0.5 billion.

Interest payments on foreign loans and other outstanding foreign liabilities amounted to FIM 15.8 billion. With interest income on foreign assets totalling FIM 7.5 billion, the investment account showed a deficit of FIM 8.4 billion. This was FIM 1.0 billion more than in 1987. The deficit in the unrequited transfers account widened to FIM 2.6 billion.

Capital account. The net inflow of foreign capital totalled FIM 12.8 billion. There were heavy inflows of long-term loan capital during the year: the net figure of FIM 17.2 billion for the year as a whole exceeded that of the previous year by FIM 6.7 billion. The inflow represented long-term borrowing by the private sector, since the central government made net repayments of foreign debt amounting to FIM 1.7 billion. Loan capital was imported by financial institutions to the value of FIM 13.9 billion and was used, among other things, for financing foreign currency loans of 5

years and over to companies and local authorities. The bulk of companies' foreign-currency denominated financing is nowadays raised in the form of foreign currency loans granted by banks. Imports of long-term loan capital by companies in their own name amounted to FIM 5.0 billion.

Net purchases of foreign securities by Finnish residents amounted to FIM 0.2 billion. Finnish securities resold to Finland by non-residents totalled FIM 0.2 billion in net terms. Drawings of long-term export credits granted to foreign customers amounted to FIM 2.0 billion and repayments of outstanding export credits to FIM 1.4 billion. Finnish net direct investment abroad totalled FIM 7.8 billion and net direct investment in Finland FIM 0.8 billion.

The net inflow of short-term capital totalled FIM 5.5 billion in 1988. Net imports of short-term capital by authorized banks reached FIM 6.3 billion, of which FIM 4.4 billion represented forward cover. Export com-

panies' net forward currency sales to banks decreased, whereas foreign banks' purchased considerable amounts of forward markkaa. The net outflow of short-term capital, including trade credits, amounted to FIM 1.1 billion.

The foreign exchange reserves of the Bank of Finland grew by FIM 183 million last year. The convertible foreign exchange reserves increased by FIM 517 million while tied currency claims decreased by FIM 334 million. At the end of the year, the convertible foreign exchange reserves of the Bank of Finland stood at FIM 28 561 million and tied currency reserves at FIM 945 million.

Net foreign debt. At the end of 1988, Finland's net foreign debt totalled FIM 69.6 billion, or 16 per cent of GDP. Net long-term debt amounted to FIM 64.6 billion and net short-term debt to FIM 5.0 billion. The central government's share of net foreign debt was FIM 23.5 billion.

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM APRIL 1988 TO MARCH 1989

1988

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.

Cash reserve requirement.

The Bank of Finland raises the cash reserve requirement from 6.5 per cent to 7.0 per cent of the cash reserve base in May.

AUGUST

Foreign Exchange Regulations.

The Bank of Finland relaxes the foreign exchange regulations concerning foreign investments as from August 1, 1988. Private individuals and companies may acquire publicly quoted foreign securities up to the total value of FIM 300 000 as against FIM 50 000 previously. The upper limit for investment in dwellings and real estate will be raised from FIM 600 000 to FIM 1 million. Direct investments by non-financial companies no longer require prior authorization.

Till-money credits. The Bank of Finland introduces new regulations concerning till-money credits according to which the banks are henceforth required to fund part of their till-money

holdings, the base amount, themselves. Interest-free till-money credits are equivalent to the banks' markka till-money holdings less the base amount. The base amount is defined on the basis of the currency held by the public. This amount is divided among the banks entitled to till-money credit in proportion to their deposit and savings accounts. As a result of the measure, the bank's liquidity position vis-à-vis the central bank is tightened by about FIM 1 billion.

SEPTEMBER

Export deposits. The Government decides to levy export deposits of 4.5 per cent on semi-bleached and bleached sulphate pulp exported during the period September 23, 1988 to September 22, 1989. The deposits are to be made with the Bank of Finland, which will pay interest at the rate of 7.25 per cent on them.

OCTOBER

Call money market. The differential between the call money deposit rate and the call money credit rate is widened with effect from October 6, 1988. The rate on call money credits is raised from 11 per cent to 13 per cent while the rate on call money deposits is lowered from 7.5 per cent to 4 per cent.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 7.0 per cent to 7.3

per cent of the cash reserve base in October.

NOVEMBER

Cash reserve requirement.

The Bank of Finland raises the cash reserve requirement from 7.3 per cent to 7.6 per cent of the cash reserve base in November.

Currency Index. On the proposal of the Parliamentary Supervisory Board, the Government decides to widen the fluctuation range of the Bank of Finland's currency index from approximately 4.5 per cent to about 6 per cent while keeping the middle point unchanged. Effective as from 30 November, the new fluctuation limits are 100.5 and 106.8.

DECEMBER

Cash reserve requirement.

The Bank of Finland raises the cash reserve requirement from 7.6 per cent to 7.8 per cent of the cash reserve base in December.

1989

JANUARY

Base rate. The Bank of Finland's base rate is lowered from 8 to 7.5 per cent as from January 1.

Special financing arrangements. As from the beginning of 1989, the Bank of Finland abolishes the financing arrangements for new-export credits and short-term export credits. The Bank of Finland abandons the financing of KTR credits with effect

from the beginning of 1989.
(KTR = financing arrangement
for domestic suppliers'
credits.)

FEBRUARY

Export deposits. The Government decides to levy export deposits of 3 per cent on wood-free printing paper exported during the period February 1, 1989 and January 31, 1990.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 7.8 per cent to 8 per cent of the cash reserve base in February.

MARCH

Cash reserve requirement. The cash reserve agreement is supplemented by a temporary agreement, valid until the end of 1990, which enables the Bank of Finland to further raise the cash reserve requirement from 8 per cent to a maximum of 12 per cent. Additional deposits are non-interest bearing.



FINLAND IN BRIEF

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 4 939 000 (Dec. 31, 1987) and an average population density of 16.2 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 490 000 inhabitants, Tampere (Tammerfors) 170 000 and Turku (Åbo) 160 000.

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 Parlia-

ment 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 over 80 % of

manufacturing output and some 90 % of banking services produced by private companies. Of the gross domestic product of FIM 347 billion in basic values in 1987, 3 % was generated in agriculture and fishing, 3 % in forestry, 27 % in industry, 8 % in construction, 12 % in trade, restaurants and hotels, 8 % in transport and communications, 5 % in finance and insurance, 17 % in other private services and 17 % by producers of government services. Of total employment, 10 % was engaged in primary production, 31 % in industry and construction and 59 % in services.

In 1987, expenditure on the gross domestic product in purchasers' values amounted to FIM 394 billion and was distributed as follows: net exports 0.4 % (exports 25.2 %, imports -24.8 %), gross fixed capital formation 23 %, private consumption 54 % and government consumption 21 %. Finland's gross tax ratio (gross taxes in relation to GDP) was 36 % 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 4.9 % in the period 1950-60, 4.8 % in 1960-70, 3.5 % in 1970-80, 3.0 % in 1980-87 and 4.2 % in 1950-87. Finland's GDP per capita in 1987 was USD 18 100; this put Finland in ninth place among the 24 member countries of the OECD, preceded by Switzerland, Japan, the Federal Republic of Germany, the United States 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 1987, the share of metal and engineering products in total merchandise exports was 38 %, the share of forest industry products 40 % and the share of other goods 22 %. Raw materials and intermediate goods (incl. crude oil) accounted for 57 % of merchandise imports, fuels for 5 %, invest-

ment goods for 17% and consumption goods for 21%.

Forest resources. Finland has fairly abundant forest resources, but only limited amounts of other raw materials. The growing stock comprises 1 660 million cubic metres, of which 45% is pine, 37% spruce and 18% broad-leaved species, chiefly birch. The annual growth increment totals 68 million cubic metres and the total drain calculated on the basis of commercial fellings was 54 million cubic metres in 1987.

Energy. In 1987, gross consumption of primary energy amounted to 29 Mtoe, of which industry accounted for 45%, heating for 24%, transportation for 13% and other purposes for 18%. The sources of primary energy in 1987 were as follows: oil 33%, coal 12%, nuclear power 16%, hydro-electric power, peat and other indigenous sources 30%, 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. Since November 30, 1988, the index has been permitted to fluctuate within a range of 6 percentage points (previously 4.5). The range is defined by fluctuation limits which are set by the Government at the proposal of the Bank of Finland. The present fluctuations limits are 100.5 and 106.8 (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.

Outward direct investment is permitted without the Bank of Finland's authorization except in the case of direct investments by or in enterprises in the financial sector, direct investments in countries with which Finland maintains payments agreements and direct investments by private individu-

als. Permission for inward direct investment is granted liberally. 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.

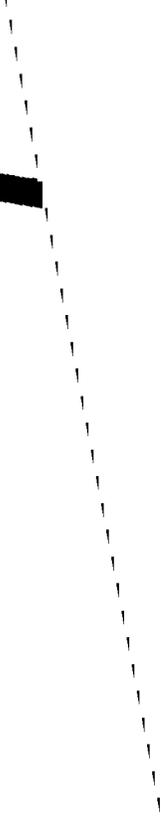
Other banks (Dec. 31, 1987). Finland has four major groups of deposit banks with a total of more than 3 500 offices. There are two big commercial banks with national branch networks and eight smaller ones, four of which are foreign-owned. The commercial banks have a total of 30 foreign branches, subsidiaries and associate banks and 30 representative offices abroad. There are 230 savings banks and 369 cooperative banks with their own extensive branch networks. The government-owned Postipankki has 56 branches and also offers basic services in post offices.

Financial markets. Of the total stock of FIM 487 billion in outstanding domestic credit at the end of 1987, 60% was provided by deposit banks, 4% by mortgage banks, 17% by insurance companies, 8% by other credit institutions and 11% 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, 72% of the instruments, which totalled approximately FIM 102 billion at end-September 1988, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds intermediated through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 52 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 79 billion (at end-1987). Three foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1987 totalled FIM 85 billion; government bonds made up 35% of the total. Turnover on the Stock Exchange in 1987 amounted to FIM 31 billion; the share of shares and subscription rights in the total was approximately 85%.



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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

	1988		1989			
	Feb. 29	Dec. 31	Feb. 8	Feb. 15	Feb. 23	Feb. 28
ASSETS						
Gold and foreign currency claims	30 443	29 753	35 572	35 872	35 647	35 449
Gold	2 128	2 128	2 128	2 128	2 128	2 128
Special drawing rights	1 107	1 120	1 039	1 054	1 060	878
IMF reserve tranche	792	940	944	947	960	959
Convertible currencies	24 086	24 492	28 887	29 148	28 953	29 029
Tied currencies	2 329	1 073	2 573	2 595	2 546	2 455
Other foreign claims	4 338	4 199	4 222	4 230	4 206	4 209
Markka subscription to Finland's IMF quota	2 422	2 283	2 283	2 283	2 271	2 271
Term credit	1 916	1 916	1 940	1 947	1 934	1 937
Claims on financial institutions	5 300	14 384	11 579	10 735	10 602	11 647
Call money credits	297	463	1	88	351	59
Certificates of deposit	—	7 187	5 109	4 426	3 668	3 995
Term credits	—	—	—	—	200	1 200
Till-money credits	2 596	2 920	2 719	2 487	2 648	2 657
Financing of crop failure loans	—	1 222	1 222	1 222	1 222	1 222
Bonds	2 142	2 325	2 289	2 276	2 275	2 275
Other claims on financial institutions	264	267	238	238	238	239
Claims on the public sector	982	1 128	1 115	1 114	1 107	1 119
Treasury notes and bills	—	88	59	59	49	59
Bonds	0	20	20	20	22	22
Total coinage	974	1 020	1 032	1 032	1 033	1 034
Other claims on the public sector	8	—	3	3	3	3
Claims on corporations	3 654	3 041	2 859	2 834	2 797	2 770
Financing of exports	829	400	272	257	229	209
Financing of domestic deliveries (KTR)	2 587	2 205	2 160	2 149	2 140	2 133
Bonds: KTR-credits	13	218	213	213	213	213
Bonds: Other	44	35	33	33	33	33
Other claims on corporations	181	183	182	182	182	182
Other assets	106	787	117	118	116	119
Accrued items	—	668	—	—	—	—
Other assets	106	118	117	118	116	119
Total	44 822	53 291	55 464	54 903	54 476	55 313
LIABILITIES						
Foreign currency liabilities	99	247	232	195	312	233
Convertible currencies	27	119	99	67	184	110
Tied currencies	72	128	133	128	128	123
Other foreign liabilities	3 215	3 082	3 086	3 089	3 079	3 078
IMF markka accounts	2 422	2 283	2 283	2 283	2 271	2 271
Allocations of special drawing rights	793	800	803	806	808	806
Notes and coin in circulation	9 388	11 550	10 722	10 678	10 776	10 769
Notes	8 531	10 601	9 777	9 733	9 827	9 820
Coin	857	949	946	945	949	949
Certificates of deposit	7 120	1 130	1 370	1 540	1 460	1 460
Liabilities to financial institutions	12 144	19 248	22 366	21 650	21 024	21 744
Call money deposits	—	128	1 723	678	380	160
Term deposits	—	—	—	325	0	0
Cash reserve deposits	12 084	19 039	20 389	20 389	20 389	21 328
Capital import deposits	—	—	220	220	220	220
Other liabilities to financial institutions	60	81	34	37	35	35
Liabilities to the public sector	901	1 903	2 003	2 004	2 018	2 017
Cheque accounts	1	1	0	0	1	0
Counter-cyclical fund deposit	900	900	964	964	964	964
Counter-cyclical deposits	—	981	1 000	1 001	1 002	1 002
Export deposits	—	20	38	38	50	50
Capital import deposits	—	—	—	—	—	—
Other liabilities to the public sector	0	1	1	1	1	1
Liabilities to corporations	5 023	6 797	6 806	6 792	6 793	6 921
Deposits for investment and ship purchase	4 779	6 447	6 452	6 438	6 439	6 540
Capital import deposits	238	349	354	354	354	381
Other liabilities to corporations	7	1	0	0	0	0
Other liabilities	28	1 107	46	54	43	44
Accrued items	—	1 064	—	—	—	—
Other liabilities	28	43	46	54	43	44
Valuation account and reserves	1 416	2 391	2 996	3 065	3 135	3 212
SITRA's capital	400	400	400	400	400	400
Capital accounts	5 088	5 436	5 436	5 436	5 436	5 436
Primary capital	5 000	5 000	5 000	5 000	5 000	5 000
Reserve fund	88	88	436	436	436	436
Profit/loss for the accounting year	—	348	—	—	—	—

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
1984	1 732	936	859	15 303	18 830	-337	18 493	-917	17 576	1 951	4 277	2 326
1985	2 081	931	775	18 572	22 359	-285	22 074	-849	21 225	1 023	4 300	3 277
1986	2 081	983	793	6 778	10 635	3 421	14 056	-838	13 218	1 002	2 001	999
1987	2 128	899	793	23 571	27 391	1 212	28 603	1 131	29 734	977	901	-76
1988	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	775
1988												
Feb.	2 128	1 107	792	24 059	28 086	2 257	30 343	1 123	31 466	982	901	-81
March	2 128	1 015	779	24 683	28 605	2 243	30 848	1 115	31 963	986	901	-85
April	2 128	1 065	842	26 112	30 147	3 023	33 170	1 109	34 279	989	901	-88
May	2 128	1 078	814	27 806	31 826	3 269	35 095	1 119	36 214	995	901	-94
June	2 128	1 132	956	30 054	34 270	2 399	36 669	1 146	37 815	997	1 237	240
July	2 128	923	964	29 260	33 275	2 875	36 150	1 163	37 313	997	1 246	249
Aug.	2 128	1 025	947	25 057	29 157	2 733	31 890	1 158	33 048	999	1 249	250
Sept.	2 128	1 022	945	24 270	28 365	1 675	30 040	1 149	31 189	1 011	1 566	555
Oct.	2 128	1 008	922	23 638	27 696	1 818	29 514	1 134	30 648	1 044	1 575	531
Nov.	2 128	1 011	939	23 754	27 832	1 340	29 172	1 111	30 283	1 064	1 581	517
Dec.	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	775
1989												
Jan.	2 128	1 066	945	26 514	30 653	2 296	32 949	1 129	34 078	1 114	2 016	902
Feb.	2 128	878	959	28 919	32 884	2 332	35 216	1 131	36 347	1 119	2 017	898

End of period	Domestic financial sector					Corporate sector					
	Term claims on deposit banks	Call money claims on deposit banks, net	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other liabilities to financial institutions, net	Net claims (13+14-15+16-17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19-20)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	13	14	15	16	17	18	19	20	21	22	23
1984	.	2 802	8 696	1 563	-1 618	-2 713	4 646	2 614	2 032	7 442	.
1985	.	4 014	10 222	1 925	-1 386	-2 897	4 525	4 113	412	8 072	.
1986	2 381	6 687	9 270	2 305	-2 240	4 343	4 581	4 757	-176	8 668	.
1987	-	-757	10 941	2 730	-2 350	-6 618	3 449	4 782	-1 333	9 990	4 970
1988	7 187	335	19 039	2 920	-3 733	-4 864	2 823	6 579	-3 756	11 550	1 130
1988											
Feb.	-	297	12 084	2 596	-2 346	-6 845	3 429	4 799	-1 370	9 388	7 120
March	-	598	13 211	2 521	-3 149	-6 943	3 350	4 774	-1 424	9 720	7 285
April	-	142	13 778	2 608	-3 121	-7 907	3 327	5 161	-1 834	9 794	8 345
May	-	-720	15 363	2 976	-3 504	-9 603	3 233	5 333	-2 100	10 142	7 625
June	-	1 094	17 040	3 006	-3 499	-9 441	3 129	5 929	-2 800	10 461	7 015
July	1 525	-661	17 487	2 875	-3 484	-10 264	3 131	6 203	-3 072	10 443	4 810
Aug.	4 399	421	17 612	2 042	-3 496	-7 254	3 047	6 320	-3 273	10 253	3 450
Sept.	5 506	-48	17 464	2 170	-3 591	-6 245	2 965	6 385	-3 420	10 617	1 790
Oct.	5 605	-394	17 328	2 559	-3 569	-5 989	2 908	6 471	-3 563	10 513	1 930
Nov.	5 907	165	18 112	2 516	-3 554	-5 970	2 844	6 474	-3 630	10 563	1 690
Dec.	7 187	335	19 039	2 920	-3 733	-4 864	2 823	6 579	-3 756	11 550	1 130
1989											
Jan.	5 291	632	20 389	2 733	-3 447	-8 286	2 681	6 622	-3 941	10 755	1 440
Feb.	5 195	-101	21 328	2 657	-3 481	-10 096	2 555	6 706	-4 151	10 769	1 460

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

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

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Impact on liquidity (1-2-3)	Call money credits	Call money deposits	Total net change (4+5-6)
	1	2	3	4	5	6	7
1984	.	.	.	.	-767	1 606	-2373
1985	.	.	.	.	201	-1 011	1 212
1986	.	.	.	.	1 599	-1 074	2 673
1987	1 263	23 658	-17 520	-4 875	-6 818	626	-12 319
1988	13 840	19 190	-16 850	11 500	463	-629	12 592
1988							
Feb.	—	3 955	-2 920	-1 035	295	-1 297	557
March	—	2 550	-2 385	-1 65	337	36	136
April	—	3 600	-2 540	-1 060	-217	239	-1 516
May	—	2 280	-2 820	540	-385	477	-322
June	—	2 210	-2 820	610	1 169	-645	2 424
July	1 560	—	-2 205	3 765	-1 201	554	2 010
Aug.	3 520	—	-1 190	4 710	457	-625	5 792
Sept.	1 160	210	-1 810	2 760	-415	54	2 291
Oct.	1 470	470	1 000	—	-32	314	-346
Nov.	2 970	—	2 380	590	212	-347	1 149
Dec.	3 000	—	1 100	1 900	241	71	2 070
1989							
Jan.	260	1 190	1 340	-2 270	252	-45	-1 973
Feb.	1 860	800	2 240	-1 180	-656	77	-1 913

2.2 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					
	Domestic companies			Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks	Net (1-2)			
1	2	3	4	5	6	
1984	22921	1394	21 527	2002	-19962	3566
1985	16982	1733	15 249	708	-9005	6951
1986	11 446	1 319	10 127	-2 461	-92	7 574
1987	21 671	1 158	20 513	-233	-1 287	18 994
1988	16 465	1 543	14 922	9 244	-377	23 789
1988						
Jan.	21 189	1 051	20 138	1 145	-612	20 671
Feb.	19 699	1 093	18 606	1 816	-264	20 158
March	19 494	1 171	18 323	3 112	-264	21 171
April	19 397	1 542	17 855	4 052	-648	21 259
May	18 451	1 500	16 952	6 672	-687	22 937
June	18 669	1 474	17 195	4 557	-606	21 146
July	18 309	1 505	16 805	4 678	-201	21 282
Aug.	19 248	1 479	17 769	2 147	-	19 916
Sept.	19 282	1 847	17 435	6 712	-1 216	22 930
Oct.	18 420	1 998	16 422	7 072	-958	22 536
Nov.	17 447	1 894	15 553	8 224	-863	22 914
Dec.	16 465	1 543	14 922	9 244	-377	23 789
1989						
Jan.	15 710	1 058	14 652	9 284	-62	23 874

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
1984	3176	.	3176	3215	.	6324	9539	-6364
1985	5812	.	5812	4527	.	9578	14 105	-8293
1986	7117	120	7237	1256	.	9189	10 445	-3208
1987	481	1 581	2 062	703	4 705	10 092	15 501	-13 439
1988	128	2 190	2 319	621	5 044	15 159	20 824	-18 505
1988								
Feb.	15	-	15	546	7 583	11 114	19 242	-19 227
March	68	-	68	496	7 116	12 123	19 735	-19 668
April	122	-	122	659	7 752	13 248	21 659	-21 537
May	35	-	35	1 247	7 594	13 887	22 728	-22 693
June	47	-	47	1 306	7 620	15 419	24 344	-24 297
July	373	617	990	411	5 883	17 083	23 377	-22 387
Aug.	377	2 804	3 181	196	3 955	17 491	21 642	-18 462
Sept.	101	5 006	5 107	483	2 389	17 607	20 479	-15 372
Oct.	52	5 543	5 594	371	1 851	17 459	19 681	-14 087
Nov.	120	5 677	5 796	346	1 846	17 354	19 545	-13 749
Dec.	221	6 633	6 854	306	1 287	18 172	19 765	-12 911
1989								
Jan.	111	6 203	6 314	611	1 252	19 083	20 946	-14 632
Feb.	129	4 612	4 741	501	1 568	20 423	22 491	-17 750

3. RATES OF INTEREST

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

Average of daily observations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates			Cash reserve requirement
		1 month	3 months	6 months	12 months	Call money credit rate	Call money deposit rate	Base rate	
	1	2	3	4	5	6	7	8	9
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	7.46	4.8
1987	9.16	9.90	10.02	10.14	10.40	11.71	7.78	7.00	4.8
1988	8.47	9.77	9.97	10.16	10.50	11.50	7.04	7.63	6.5
1988									
Feb.	8.20	9.09	9.22	9.35	9.67	11.00	7.50	7.00	5.3
March	8.62	9.61	9.72	9.84	10.11	11.00	7.50	7.00	5.7
April	8.26	9.35	9.47	9.64	10.03	11.00	7.50	7.00	5.9
May	8.13	9.26	9.47	9.68	10.10	11.00	7.50	7.52	6.5
June	8.01	8.70	9.06	9.36	9.85	11.00	7.50	8.00	7.0
July	9.05	9.38	9.47	9.64	10.00	11.00	7.50	8.00	7.0
Aug.	9.97	9.96	10.00	10.13	10.42	11.00	7.50	8.00	7.0
Sept.	8.51	10.34	10.48	10.58	10.68	11.00	7.50	8.00	7.0
Oct.	7.88	10.34	10.68	10.96	11.31	12.83	4.34	8.00	7.0
Nov.	8.24	10.85	11.26	11.56	11.93	13.00	4.00	8.00	7.3
Dec.	8.41	11.21	11.55	11.85	12.14	13.00	4.00	8.00	7.6
1989									
Jan.	7.46	10.60	11.19	11.42	11.80	13.00	4.00	7.50	7.8
Feb.	7.91	10.12	10.78	11.10	11.53	13.00	4.00	7.50	7.8

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
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
1988	5.9	6.0	6.2	6.4	7.8	8.0	8.1	8.3
1988								
Feb.	5.0	5.0	5.1	5.3	7.2	7.4	7.5	7.7
March	5.0	5.0	5.1	5.4	7.3	7.4	7.5	7.7
April	5.0	5.1	5.2	5.5	7.2	7.3	7.5	7.8
May	5.0	5.2	5.5	5.8	7.3	7.5	7.6	7.9
June	5.5	5.6	5.8	6.1	7.5	7.6	7.7	8.0
July	6.2	6.5	6.7	6.8	7.9	8.2	8.3	8.5
Aug.	6.7	6.9	7.2	7.3	8.2	8.5	8.8	8.9
Sept.	6.6	6.8	7.0	7.1	8.4	8.5	8.7	8.8
Oct.	6.6	6.8	6.9	6.9	8.3	8.5	8.6	8.6
Nov.	6.7	6.9	7.0	7.0	8.5	8.6	8.7	8.7
Dec.	7.4	7.4	7.4	7.5	8.8	8.8	8.9	8.9
1989								
Jan.	7.4	7.6	7.7	7.8	8.8	8.9	8.9	9.0
Feb.	8.0	8.2	8.4	8.4	9.2	9.3	9.3	9.4

3.3 COVERED EURO-DOLLAR RATE, PER CENT

Average of daily observations	1 month	3 months	6 months	12 months
		1	3	6	12
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
1988	4.7	4.5	4.1	3.5
1988				
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
May	9.2	9.4	9.6	10.0
June	8.7	9.0	9.3	9.8
July	9.3	9.4	9.6	9.9
Aug.	9.9	9.9	10.1	10.4
Sept.	10.2	10.4	10.4	10.6
Oct.	10.2	10.5	10.8	11.0
Nov.	10.6	11.0	11.3	11.6
Dec.	10.8	11.2	11.4	11.7
1989				
Jan.	10.2	10.8	11.0	11.3
Feb.	10.0	10.5	10.7	11.1

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.

3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

End of period	Lending						Deposits					
	New credits ¹				Average lending rate	Of which: Commercial banks	Savings accounts and ordinary deposit accounts	12-month time deposits	24-month time deposits	Average rate of interest on regulated deposits	Average rate of interest on unregulated deposits	Average rate of interest on total deposits
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total								
1	2	3	4	5	6	7	8	9	10	11	12	
1984	..	..	..	..	10.67	10.68	5.25	8.00	9.25	6.22	15.43	7.30
1985	12.04	12.94	10.62	11.55	10.37	10.37	4.75	7.50	8.75	5.91	13.24	6.81
1986	10.89	12.30	9.76	10.64	8.82	8.81	2.75	5.75	7.00	4.43	11.84	5.35
1987	10.50	12.31	10.01	10.62	9.12	8.99	2.75	5.75	7.00	4.56	10.13	5.29
1988	10.22	12.27	10.50	10.72	10.37	10.25	3.75	6.75	8.00	5.87	9.80	6.20
1988												
Jan.	10.27	12.21	9.82	10.25	9.15	9.03	2.75	5.75	7.00	4.57	9.51	5.38
Feb.	9.56	11.82	10.04	10.24	9.17	9.05	2.75	5.75	7.00	4.55	9.43	5.40
March	9.87	12.17	10.23	10.42	9.20	9.07	2.75	5.75	7.00	4.57	9.49	5.52
April	9.17	12.09	10.27	10.16	9.25	9.12	2.75	5.75	7.00	4.59	9.54	5.56
May	12.31	12.33	10.63	11.01	10.03	9.89	3.75	6.75	8.00	5.39	9.51	6.22
June	10.28	12.50	10.55	10.78	10.07	9.89	3.75	6.75	8.00	5.37	9.46	6.20
July	11.29	12.60	10.72	11.08	10.08	9.91	3.75	6.75	8.00	5.45	9.44	6.30
Aug.	11.04	12.55	10.75	11.07	10.12	9.95	3.75	6.75	8.00	5.48	9.63	6.42
Sept.	12.24	12.53	10.81	11.14	10.19	10.06	3.75	6.75	8.00	5.56	9.83	6.56
Oct.	11.97	12.53	10.82	11.16	10.29	10.15	3.75	6.75	8.00	5.59	10.09	6.63
Nov.	12.08	12.62	11.02	11.33	10.33	10.21	3.75	6.75	8.00	5.66	10.39	6.77
Dec.	10.02	11.68	10.33	10.48	10.37	10.25	3.75	6.75	8.00	5.87	10.62	6.92
1989												
Jan.	11.63	12.37	10.58	10.95	10.09	9.90	3.50	..	5.50	..	..	..

¹Average rate of interest for period

3.5 RATES OF INTEREST ON BONDS AND DEBENTURES, PER CENT

Period	Secondary market rates						Rates at issue		
	Long-term unregulated market rate		Taxable government bonds	Taxable public issues	Of which:		Taxfree public issues	Taxable public issues	Taxfree public issues
	3 years	5 years			Financial institutions	Corporations			
	1	2	3	4	5	6	7	8	9
1984	..	..	..	14.0	..	..	10.6	13.6	11.1
1985	..	..	..	12.7	..	..	10.1	12.7	10.6
1986	..	..	..	11.7	..	..	8.3	11.3	8.8
1987	..	..	..	11.2	11.1	11.2	8.1	10.7	7.9
1988	10.7	10.8	10.6	10.6	10.6	10.6	7.9	10.4	7.3
1987									
Dec.	10.3	10.4	10.4	10.5	10.4	10.5	7.8	10.2	7.7
1988									
Jan.	10.2	10.3	10.5	10.4	10.2	10.2	7.7	10.5	7.4
Feb.	10.2	10.3	9.9	10.6	10.3	10.8	7.7	10.0	7.5
March	10.4	10.5	10.0	10.4	10.4	10.4	7.8	10.2	7.4
April	10.4	10.6	10.0	10.4	10.3	10.4	7.6	10.1	7.4
May	10.5	10.6	10.3	10.5	10.5	10.5	7.7	10.1	7.2
June	10.3	10.5	10.3	10.4	10.3	10.5	7.8	10.4	7.2
July	10.3	10.5	10.6	10.4	10.4	10.6	8.1	9.8	7.2
Aug.	10.5	10.7	10.7	10.6	10.5	10.7	8.0	10.5	7.2
Sept.	10.7	10.8	10.6	10.7	10.8	10.5	8.2	10.7	7.2
Oct.	11.2	11.3	10.6	10.6	10.6	10.6	7.8	10.3	7.2
Nov.	11.6	11.6	11.6	11.0	11.0	11.3	8.0	10.7	7.2
Dec.	11.8	11.7	11.6	11.3	11.3	11.1	8.0	11.3	7.2

4. RATES OF EXCHANGE

4.1 AVERAGE SPOT SELLING RATES, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oso	Copen- hagen	Frankfurt a.M.	Amster- dam	Brussels	
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEC	1 BEL
	1	2	3	4	5	6	7	8	9	10	11
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
1988	4.191	3.412	7.466	6.397	0.6848	0.6444	0.6235	2.3895	2.1233	0.11421	0.11345
1988											
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
May	4.030	3.263	7.541	6.370	0.6837	0.6530	0.6220	2.3811	2.1249	0.11406	0.11338
June	4.163	3.422	7.437	6.382	0.6853	0.6547	0.6255	2.3781	2.1157	0.11375	0.11320
July	4.383	3.634	7.489	6.403	0.6925	0.6548	0.6263	2.3806	2.1111	0.11378	0.11273
Aug.	4.469	3.660	7.601	6.369	0.6910	0.6498	0.6198	2.3692	2.0986	0.11314	0.11162
Sept.	4.427	3.611	7.462	6.371	0.6885	0.6419	0.6183	2.3732	2.1034	0.11325	0.11181
Oct.	4.315	3.582	7.492	6.349	0.6883	0.6401	0.6153	2.3699	2.1019	0.11311	0.11197
Nov.	4.151	3.416	7.512	6.350	0.6827	0.6328	0.6154	2.3737	2.1049	0.11333	0.11250
Dec.	4.140	3.466	7.565	6.319	0.6816	0.6365	0.6112	2.3590	2.0902	0.11262	0.11212
1989											
Jan.	4.247	3.568	7.561	6.223	0.6804	0.6385	0.6003	2.3234	2.0583	0.11098	0.11048
Feb.	4.299	3.623	7.550	6.206	0.6814	0.6411	0.5974	2.3231	2.0578	0.11091	0.11045

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 BSB	1 JPY	1 SUR	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22	23
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
1988	2.8700	0.7060	0.00324	0.3401	0.0294	0.1006	0.0361	0.03273	6.891	3.309	4.954	5.61826
1988												
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
May	2.8592	0.7045	0.00322	0.3390	0.0294	0.1006	0.0361	0.03232	6.760	3.158	4.949	5.53394
June	2.8577	0.7063	0.00321	0.3384	0.0294	0.0963	0.0361	0.03277	6.856	3.381	4.938	5.59796
July	2.8657	0.7077	0.00323	0.3388	0.0295	0.0977	0.0360	0.03296	7.026	3.523	4.947	5.70985
Aug.	2.8246	0.7014	0.00321	0.3373	0.0294	0.0981	0.0362	0.03344	7.091	3.620	4.931	5.76379
Sept.	2.8112	0.6992	0.00320	0.3377	0.0291	0.0971	0.0358	0.03295	7.038	3.527	4.917	5.71616
Oct.	2.7995	0.6963	0.00319	0.3374	0.0290	0.0940	0.0360	0.03347	6.998	3.509	4.911	5.68200
Nov.	2.8293	0.6965	0.00321	0.3378	0.0288	0.0931	0.0362	0.03372	6.890	3.548	4.918	5.62011
Dec.	2.8009	0.6921	0.00321	0.3357	0.0288	0.0929	0.0366	0.03349	6.862	3.573	4.899	5.59952
1989												
Jan.	2.7332	0.6831	0.00318	0.3308	0.0286	0.0887	0.0372	0.03346	6.896	3.712	4.840	5.61726
Feb.	2.7314	0.6838	0.00319	0.3305	0.0286	0.0870	0.0373	0.03369	6.943	3.704	4.838	5.64865

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 January 2, 1989
		Payments currency index ¹	MERM index		
	1	2	3		4
1984	102.8	108.5	111.6	USD	7.8
1985	102.5	109.4	112.5	GBP	13.8
1986	103.9	106.3	110.4	SEK	20.0
1987	103.3	100.7	106.1	NOK	4.7
1988	102.0	100.8	104.7	DKK	4.8
				DEM	20.1
1988				NLG	4.9
Feb.	102.2	100.6	104.1	BEC	3.2
March	102.0	100.2	103.4	CHF	2.7
April	101.8	99.8	103.0	FRF	6.8
May	101.7	99.7	103.1	ITL	5.0
June	101.9	100.5	104.5	JPY	6.2
July	102.7	102.1	106.6		
Aug.	102.7	102.6	107.2		
Sept.	102.2	102.0	106.4		
Oct.	102.0	101.4	105.8		
Nov.	101.6	100.4	104.5		
Dec.	101.4	100.1	104.2		
1989					
Jan.	100.9	100.0	104.6		
Feb.	101.0	100.3	105.2		

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
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
1987*	20377	155115	5243	180735	3923	17892	202550
1987*							
Nov.	21631	149098	5194	175923	5163	22478	203564
Dec.	20377	155115	5243	180735	3923	17892	202550
1988*							
Jan.	21169	156355	5419	182943	3639	25188	211770
Feb.	21901	157510	5531	184942	4119	25166	214227
March	21079	158431	5769	185279	5022	28512	218813
April	22028	159921	5850	187799	4870	32965	225634
May	23753	161340	5835	190928	4280	32383	227592
June	26163	164253	5900	196317	4169	27307	227793
July	24369	166174	5910	196454	4362	37097	237913
Aug.	24438	167010	5904	197352	4406	39645	241402
Sept.	23358	168233	6211	197801	4310	39761	241872
Oct.	25168	170139	6530	201837	4783	42652	249271
Nov.	23389	171714	6602	201706	5028	44564	251298

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
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
1987*	8507	5177	178698	192382	36954	229336
1987*						
Nov.	8974	5174	175284	189431	36635	226066
Dec.	8507	5177	178698	192382	36954	229336
1988*						
Jan.	8703	4966	182310	195979	38182	234161
Feb.	8908	5070	186023	200000	40372	240372
March	9125	4734	189554	203413	41454	244867
April	9298	4796	192940	207033	42291	249323
May	9300	4756	196938	210994	44727	255720
June	9643	4809	200832	215283	47807	263090
July	9436	4722	203911	218068	47301	265370
Aug.	9907	4767	207885	222560	47085	269644
Sept.	10634	4755	212246	227635	47583	275218
Oct.	10647	4796	216684	232127	47913	280040
Nov.	10898	4902	221029	236830	48558	285388

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	-20 915	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	-14 977	277 068	262 090	-36 145	30 342	200 461
1987							
Nov.	-23 021	-14 346	271 682	257 337	-38 052	30 757	196 264
Dec.	-25 484	-14 977	277 068	262 090	-36 145	30 342	200 461
1988*							
Jan.	-25 529	-11 911	281 442	269 532	-41 636	31 049	202 367
Feb.	-25 237	-14 698	285 874	271 176	-41 121	31 932	204 819
March	-27 061	-14 196	291 175	276 979	-43 386	31 300	206 532
April	-26 376	-14 601	295 527	280 926	-44 961	32 144	209 589
May	-29 452	-13 068	302 073	289 005	-47 122	34 237	212 432
June	-31 339	-14 240	308 714	294 474	-44 552	36 824	218 583
July	-31 862	-13 831	312 650	298 819	-47 602	35 182	219 356
Aug.	-33 160	-14 690	317 063	302 373	-48 881	35 520	220 332
Sept.	-37 256	-15 307	322 509	307 202	-49 152	34 786	220 794
Oct.	-38 414	-15 175	327 518	312 344	-49 814	36 227	224 117
Nov.	-38 919	-16 343	333 845	317 502	-54 253	34 544	224 330

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

End of period	Foreign debt				Domestic debt				Total central government debt (4+8)	Out-standing lending	Cash funds
	Bonds	Other bonds and debentures	Long-term promissory notes	Total (1+2+3)	Public bonds	Other long-term liabilities	Treasury notes and bills	Total (5+6+7)			
	1	2	3	4	5	6	7	8	9	10	11
1984	16 513	2 666	5 767	24 946	12 037	4 520	2 766	19 323	44 269	33 816	6 300
1985	17 316	2 703	5 658	25 677	14 994	4 107	2 203	21 304	46 981	36 032	6 383
1986	17 905	3 038	6 038	26 981	18 059	4 481	2 474	25 013	51 994	38 028	11 686
1987	20 407	2 697	5 576	28 680	22 121	4 692	3 018	29 831	58 511	40 035	11 553
1988	20 202	1 804	4 273	26 279	24 243	5 272	2 290	31 805	58 084	..	..
1988											
Jan.	19 750	2 645	5 465	27 860	22 663	4 678	3 328	30 669	58 529	40 338	8 842
Feb.	19 665	2 463	5 404	27 532	23 053	4 643	3 713	31 409	58 941	40 592	10 300
March	19 638	2 244	5 390	27 272	23 286	4 627	4 163	32 076	59 348	40 850	11 116
April	20 395	2 225	5 361	27 981	23 778	4 713	4 133	32 624	60 605	41 067	11 243
May	20 370	2 207	5 342	27 919	23 846	4 631	4 013	32 490	60 409	41 131	10 286
June	21 356	2 244	5 135	28 735	23 833	4 871	4 035	32 739	61 474	41 461	11 713
July	20 860	2 236	5 156	28 252	23 838	4 969	3 910	32 717	60 969	41 781	11 993
Aug.	20 652	1 865	5 129	27 646	23 834	4 983	3 850	32 667	60 313	41 693	12 504
Sept.	20 200	1 847	5 098	27 145	23 767	4 979	3 580	32 326	59 471	43 141	13 073
Oct.	20 015	1 833	5 100	26 948	24 056	4 980	3 310	32 346	59 294	43 357	13 886
Nov.	19 643	1 814	4 324	25 781	24 079	4 984	2 980	32 043	57 824	43 349	15 683
Dec.	20 202	1 804	4 273	26 279	24 243	5 272	2 290	31 805	58 084	..	..
1989											
Jan.	20 208	1 790	4 216	26 214	23 563	5 261	2 130	30 954	57 168	..	..

5.5 DOMESTIC BOND MARKET

A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1984	2528	6167	5073	112	32	1947	5336	6629	13912
1985	4799	9112	5994	435	33	8070	6394	5909	20373
1986	4976	10638	6532	422	105	5987	7487	9199	22674
1987	4477	9510	8119	206	69	9409	8830	4142	22380
1988	3027	8450	6889	268	61	7894	6522	4280	18696
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
April	112	85	1487	—	—	540	55	1089	1684
May	64	783	792	—	—	829	792	18	1639
June	113	832	40	13	—	756	40	202	998
July	523	360	10	74	—	445	10	512	967
Aug.	314	474	576	100	—	772	576	116	1463
Sept.	13	903	127	—	—	378	482	183	1042
Oct.	324	739	656	15	—	963	656	115	1734
Nov.	14	1240	183	—	—	873	183	381	1437
Dec.	838	808	174	3	50	638	174	1062	1874
1989									
Jan.	738	1451	1075	47	—	1284	1293	734	3311

B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1984	6766	19960	14904	247	43	3531	15148	23242	41921
1985	10482	26173	18575	661	56	10967	19002	25977	55947
1986	14075	31902	22091	1042	177	16432	23314	29541	69287
1987	17509	36773	26518	1200	232	24831	28229	29172	82232
1988*	19222	42960	28953	1412	292	32003	30064	30771	92838
1987									
IV	17509	36773	26518	1200	232	24831	28229	29172	82232
1988*									
I	17992	38676	27626	1251	253	26533	29612	29653	85798
II	17901	39712	28428	1250	246	28457	29627	29453	87537
III	18407	40650	28478	1416	246	29804	29588	29805	89197
IV	19222	42960	28953	1412	292	32003	30064	30771	92838

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
1984	2508	5007	7515	193	273	259
1985	3114	9046	12160	184	234	229
1986	9488	6479	15968	254	357	350
1987	26641	4604	31245	319	603	546
1988	31734	5718	37452	404	734	677
1988						
Jan.	994	75	1069	318	600	547
Feb.	1491	248	1739	340	625	572
March	2720	418	3138	347	658	600
April	2527	357	2884	373	707	645
May	2618	649	3266	386	738	672
June	4134	1689	5823	429	784	720
July	3765	353	4117	453	806	747
Aug.	3614	298	3911	458	809	752
Sept.	2149	270	2419	432	763	704
Oct.	1979	191	2170	421	751	696
Nov.	2271	205	2475	445	787	731
Dec.	3475	966	4441	443	786	732
1988						
Jan.	2621	314	2935	439	792	736

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
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	81066	5757	3195	5616	14568	95634	4510	3609	103752	76736	2160	5587	5415
1987*	83606	5819	3729	6054	15601	99208	5075	2899	107182	81941	2345	6821	6578
1988*	91400	6400	3800	6850	17050	108450	7450	3200	119100	91200	3900	7100	7350
1986													
III	20928	1533	1126	1191	3850	24778	907	894	26579	20637	572	1631	1298
IV	22652	1394	726	2319	4439	27091	1241	926	29258	19995	588	1367	1555
1987*													
I	20035	1322	666	1288	3275	23311	1130	794	25234	19542	498	1477	1479
II	21300	1491	934	1435	3859	25159	1175	715	27049	20522	601	1684	1536
III	20847	1573	1333	1541	4446	25293	1115	696	27104	20272	604	1921	1469
IV	21424	1433	797	1791	4021	25445	1655	694	27795	21605	642	1739	2094
1988*													
I	20701	1414	656	1543	3614	24315	1777	770	26862	19719	823	1625	2080
II	22570	1626	921	1728	4275	26845	1641	815	29301	23306	943	1711	1791
III	21653	1771	1364	1816	4952	26605	1824	844	29273	23983	1184	2005	1767
IV	26476	1588	858	1763	4209	30685	2209	771	33664	24192	950	1759	1711

During period	Services expenditure, total and (11+12 services +13)	Imports of goods and (10+14)	Investment expenditure (15+16)	Transfers and other expenditure	Current account expenditure (15+16 +17)	Trade account (1-10)	Transfers and other (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21+22)	Goods services account net (19+23)(7-16)	Transfers and other, net (8-17)	Current account net (24+25 +26) = (9-18)	
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
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	13162	89898	11719	5964	107580	4329	3597	-2392	201	1406	5735	-7209	-2355	-3828
1987*	15744	97685	12563	5434	115682	1666	3473	-3092	-524	-143	1523	-7488	-2535	-8500
1988*	18350	109550	15800	6350	131700	200	2500	-3300	-500	-1300	-1100	-8350	-3150	-12600
1986														
III	3501	24138	2495	1347	27981	291	962	-506	-107	349	640	-1588	-454	-1402
IV	3510	23504	2982	1711	28198	2657	806	-641	764	929	3586	-1741	-785	1060
1987*														
I	3454	22996	2901	1639	27536	493	824	-812	-191	-178	315	-1771	-846	-2302
II	3822	24343	3624	1182	29150	779	890	-751	-102	38	816	-2450	-468	-2101
III	3994	24266	2660	1196	28122	575	968	-588	72	452	1027	-1545	-500	-1018
IV	4475	26080	3378	1416	30874	-181	791	-942	-303	-454	-635	-1723	-722	-3079
1988*														
I	4528	24246	3817	1798	29861	983	591	-968	-537	-914	69	-2041	-1028	-3000
II	4445	27751	3823	1448	33022	-736	683	-790	-64	-170	-906	-2182	-633	-3721
III	4956	28939	3592	1469	34000	-2330	587	-641	49	-4	-2334	-1768	-625	-4727
IV	4421	28613	4568	1635	34816	2283	638	-901	52	-212	2072	-2359	-864	-1152

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 (1+2+6+7)	Direct investment abroad	Portfolio investment abroad	Long-term export credits	Exports of other long-term capital (9+10+11+12)	Exports of long-term capital (8-13)	Long-term capital account (8-13)	
			Central government	Authorized banks	Others	Total (3+4+5)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1984	324	1 492	2 598	2 861	1 090	6 549	68	8 433	2 479	..	1 682	-1 960	2 201	6 232
1985	392	4 264	1 556	1 489	442	3 487	140	8 283	2 073	78	-1 313	948	1 786	6 497
1986	1 627	646	-63	5 935	-482	5 390	87	7 750	3 641	489	-381	702	4 451	3 299
1987*	430	-1 626	2 287	5 383	2 843	10 513	91	9 408	3 785	1 691	181	3 104	8 761	647
1988*	835	-182	-1 690	9 796	9 076	17 182	85	17 920	7 845	242	675	1 858	10 620	7 300
1986														
III	273	-206	16	1 412	-105	1 323	83	1 473	1 152	279	-110	405	1 726	-253
IV	1 212	48	47	2 237	-245	2 039	52	3 351	1 207	136	-141	170	1 372	1 979
1987*														
I	131	-387	1 640	1 756	873	4 269	79	4 092	778	124	265	2 486	3 653	440
II	199	6	-442	1 530	1 257	2 345	-55	2 495	1 173	925	-145	55	2 008	488
III	17	-271	-1 018	945	551	478	12	236	653	637	112	83	1 485	-1 248
IV	83	-974	2 107	1 472	-158	3 421	55	2 585	1 181	5	-51	482	1 617	969
1988*														
I	64	6	-857	361	3 230	2 734	89	2 893	997	90	6	532	1 625	1 268
II	301	-212	1 171	2 356	1 599	5 126	-42	5 173	2 996	-30	180	431	3 577	1 596
III	88	-43	-1 571	3 011	885	2 325	-19	2 351	1 661	119	89	381	2 250	101
IV	382	67	-433	4 068	3 362	6 997	57	7 503	2 191	63	400	514	3 168	4 335

During period	Basic balance	Short-term capital imports of authorized banks	Import liabilities and prepayments re-ported to exports	Imports of short-term capital (16+17)	Short-term capital exports of authorized banks	Export receipts of short-term capital (19+20) incl. or- related to imports	Exports of short-term capital (21)	Other short-term capital incl. or- omissions	Short-term capital account (18-21+22)	Overall balance excl. bank's foreign exchange reserves (15+23)	Change in central bank's foreign exchange reserves (26+27)		
											Convertible reserves	Tied reserves	
	15	16	17	18	19	20	21	22	23	24	25	26	27
1984	6 138	16 080	944	17 024	13 994	-2 811	11 183	-2 704	3 137	9 275	-9 275	-10 142	867
1985	1 980	6 890	350	7 240	1 623	1 732	3 355	-2 121	1 764	3 744	-3 744	-3 729	-15
1986	-529	6 019	-3 796	2 222	11 791	-92	11 699	2 075	-7 402	-7 930	7 930	11 678	-3 748
1987*	-7 853	16 252	476	16 728	-5 739	-183	-5 922	939	23 589	15 736	-15 736	-17 817	2 081
1988*	-5 300	11 301	503	11 804	5 001	303	5 304	-1 017	5 483	183	-183	-517	334
1986													
III	-1 655	3 185	1 216	4 401	5 317	-31	5 286	326	-559	-2 213	2 213	3 455	-1 242
IV	3 039	1 571	-1 609	-38	12	-31	-19	-2 339	-2 358	681	-681	117	-798
1987*													
I	-1 862	2 656	1 065	3 720	-4 959	-118	-5 077	-700	8 098	6 236	-6 236	-7 020	785
II	-1 614	7 672	70	7 741	1 924	-118	1 806	1 915	7 850	6 237	-6 237	-5 569	-667
III	-2 266	8 339	-404	7 935	3 376	27	3 403	-1 630	2 903	637	-637	-2 407	1 771
IV	-2 111	-2 415	-255	-2 669	-6 081	27	-6 054	1 353	4 738	2 627	-2 627	-2 820	193
1988*													
I	-1 732	6 501	-1 527	4 974	3 511	-277	3 234	2 332	4 072	2 341	-2 341	-1 295	-1 046
II	-2 125	11 731	716	12 447	4 623	-277	4 345	-1 258	6 843	4 718	-4 718	-4 662	-57
III	-4 626	-547	1 299	753	3 446	429	3 875	660	-2 462	-7 088	7 088	6 337	751
IV	3 183	-6 384	14	-6 370	-6 579	429	-6 150	-2 751	-2 971	212	-212	-897	685

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

End of period	Long-term liabilities							Long-term assets					Long-term debt, net (8-13)	
	Direct investment in Finland	Portfolio investment in Finland	Central government	Authorized banks	Others	Total (3+4+5)	Other long-term capital	Total (1+2+6+7)	Direct investment abroad	Portfolio investment abroad	Long-term export credits	Other long-term capital		Total (9+10+11+12)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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*	5285	3964	27861	17365	33088	78314	830	88393	16651	2258	5239	6618	30766	57627
1988*	6112	3782	26011	27441	41787	95239	915	106048	24418	2500	5995	8514	41427	64621
1986														
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	6105	26622	58568
II	5209	6578	26967	15024	33267	75259	763	87809	15347	1616	5527	6165	28655	59154
III	5213	6307	25679	15800	33472	74952	775	87247	15812	2253	5478	6229	29772	57475
IV	5285	3964	27861	17365	33088	78314	830	88393	16651	2258	5239	6618	30766	57627
1988*														
I	5308	3970	26637	17594	35884	80114	919	90311	17538	2348	5250	7142	32278	58033
II	5410	3758	28390	20464	38230	87083	877	97128	20928	2318	5629	7671	36546	60582
III	5521	3715	27007	23707	39278	89993	858	100087	22521	2437	5752	8082	38792	61295
IV	6112	3782	26011	27441	41787	95239	915	106048	24418	2500	5995	8514	41427	64621

End of period	Short-term liabilities				Short-term assets				Short-term liabilities, net (18-22)	Debt, net (14+23)	Debt service payments	Of which: repayments	Debt service ratio
	Bank of Finland's term 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
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	13240	73575	16613	50613	18381	85608	-12032	47260	13462	6018	13.0
1987*	3362	73132	18256	94750	31134	44532	18726	94392	358	57985	14150	6516	13.2
1988*	3341	84433	19601	107376	32037	49533	20844	102415	4961	69582	14925	6479	12.5
1986													
III	3565	55602	15410	74577	16168	50554	18131	84854	-10277	48022	2452	834	9.2
IV	3455	56881	13240	73575	16613	50613	18381	85608	-12032	47260	3737	1890	12.8
1987*													
I	3521	59536	15714	78771	22482	45655	17829	85966	-7195	51373	3200	1411	12.7
II	3490	67208	15863	86561	28680	47579	18073	94332	-7771	51383	3994	1496	14.8
III	3607	75547	16500	95654	29291	50955	17836	98081	-2427	55048	2770	1217	10.2
IV	3362	73132	18256	94750	31134	44532	18726	94392	358	57985	4186	2392	15.1
1988*													
I	3467	79633	15546	98646	33515	48043	19030	100588	-1942	56091	3838	1773	14.3
II	3177	91364	16166	110707	39025	52666	18503	110193	513	61095	3495	1289	11.9
III	3539	90817	18774	113130	32750	56112	20755	109617	3512	64807	4022	2230	13.7
IV	3341	84433	19601	107376	32037	49533	20844	102415	4961	69582	3570	1187	10.6

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

End of period	Long-term liabilities					Long-term assets					Long-term liabilities, net (5-10)
	Corporate sector	Financial institutions	Central government	Local government	Total (1+2+3+4)	Corporate sector	Financial institutions	Central government	Other	Total (6+7+8+9)	
	1	2	3	4	5	6	7	8	9	10	11
1984	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*	32458	26734	28691	511	88393	23376	4007	2653	730	30766	57627
1988*	37733	40901	26926	489	106048	31038	6243	3101	1045	41427	64621
1986											
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	572	26622	58568
II	35601	24004	27730	474	87809	21633	3936	2465	621	28655	59154
III	35045	25209	26454	539	87247	22656	3919	2519	677	29772	57475
IV	32458	26734	28691	511	88393	23376	4007	2653	730	30766	57627
1988*											
I	34154	28097	27556	506	90311	24181	4458	2851	788	32278	58033
II	35900	31460	29267	503	97128	27817	4950	2887	893	36546	60582
III	36246	35469	27865	506	100087	29588	5285	2938	982	38792	61295
IV	37733	40901	26926	489	106048	31038	6243	3101	1045	41427	64621

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
1984	80904	74682	6222
1985	84028	81520	2508
1986	82579	77601	4978
1987	85306	82801	2505
1988*	93128	92126	1002
1987			
Dec.	7000	7000	—
1988*			
Jan.	6879	6874	5
Feb.	6722	6061	661
March	7532	6959	573
April	7580	7499	81
May	8675	8249	426
June	6709	7650	-941
July	6404	7005	-601
Aug.	7198	8331	-1133
Sept.	8411	8643	-232
Oct.	8586	8348	238
Nov.	9906	8115	1791
Dec.	8515	8351	164

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

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1984	114	98	134	131	102
1985	115	104	138	135	102
1986	116	110	135	121	111
1987	117	119	138	119	116
1988*	122	129	145	122	119
1986					
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
1988*					
I	114	114	140	119	117
II	123	133	141	121	116
III	114	133	147	124	118
IV	136	136	150	125	120

7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, f.o.b.					Imports by use of goods, c.i.f.				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
	1	2	3	4	5	6	7	8	9	10
1984	7145	23573	10176	22998	17012	35162	16900	10993	11454	173
1985	6728	25030	9803	24412	18055	38676	17770	11675	12967	432
1986	6947	24600	7858	26115	17059	39292	10070	12898	15069	272
1987	7449	26691	7823	26347	16996	41066	9623	14074	17412	626
1988	7592	30849	8377	29121	17189	45772	7434	17004	21244	672
1987										
Dec.	569	2059	754	2339	1279	3407	994	1197	1374	28
1988*										
Jan.	569	2472	623	2021	1194	3486	780	1270	1340	-2
Feb.	543	2284	707	1626	1562	3217	349	989	1466	40
March	627	2746	690	2108	1361	3492	351	1285	1822	9
April	672	2369	639	2652	1248	3730	543	1343	1877	6
May	735	2459	736	3241	1504	4144	672	1465	1957	11
June	626	2270	599	1889	1325	3727	729	1587	1578	29
July	537	2340	628	1758	1141	3376	643	1334	1576	76
Aug.	545	2649	647	1920	1437	4119	732	1457	1954	69
Sept.	611	2865	781	2506	1648	3988	852	1939	1853	11
Oct.	690	2751	799	2749	1597	4165	632	1576	1922	53
Nov.	686	2853	730	3972	1665	4222	494	1368	1865	166
Dec.	751	2788	799	2674	1503	4154	584	1703	1700	210

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1987		1988 ¹		1987		1988 ¹	
	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	69 767	10.4	63 079	76.2	71 272	13.0
OECD Europe	55 667	65.2	60 456	8.6	52 212	63.1	57 573	10.3
Of which:								
Austria	951	1.1	940	-1.2	1 066	1.3	1 140	6.9
Belgium and Luxembourg	1 526	1.8	1 830	19.9	2 134	2.6	2 332	9.3
Denmark	3 320	3.9	3 291	-0.9	2 343	2.8	2 699	15.2
France	4 497	5.3	4 954	10.2	3 552	4.3	3 757	5.8
Federal Republic of Germany	9 335	10.9	10 089	8.1	14 450	17.5	15 536	7.5
Italy	2 182	2.6	2 521	15.5	3 619	4.4	4 101	13.3
Netherlands	3 060	3.6	3 393	10.9	2 555	3.1	2 973	16.4
Norway	4 026	4.7	3 243	-19.4	1 819	2.2	2 181	19.9
Spain	1 090	1.3	1 447	32.8	920	1.1	1 023	11.2
Sweden	12 754	14.9	13 171	3.3	10 702	12.9	12 269	14.6
Switzerland	1 525	1.8	1 596	4.7	1 665	2.0	1 717	3.1
United Kingdom	9 734	11.4	12 120	24.5	5 914	7.1	6 221	5.2
Other OECD	7 517	8.8	9 311	23.9	10 867	13.1	13 699	26.1
Of which:								
Canada	971	1.1	1 125	15.9	429	0.5	658	53.4
Japan	1 206	1.4	1 681	39.4	5 861	7.1	6 798	16.0
United States	4 407	5.2	5 361	21.6	4 335	5.2	5 818	34.2
CMEA countries	14 620	17.1	15 415	5.4	14 088	17.0	13 542	-3.9
Of which:								
Soviet Union	13 175	15.4	13 912	5.6	11 901	14.4	11 146	-6.3
Developing countries	6 199	7.3	6 992	12.8	4 938	6.0	6 067	22.8
OPEC countries	1 527	1.8	1 486	-2.7	805	1.0	589	-26.8
Other	4 672	5.5	5 506	17.9	4 133	5.0	5 478	32.5
Other countries	1 311	1.5	955	-27.2	692	0.8	1 246	79.9
TOTAL	85 315	100.0	93 128	9.2	82 797	100.0	92 126	11.3
Of which:								
EEC countries	35 966	42.2	41 116	14.3	36 788	44.4	40 090	9.0
EFTA countries	19 396	22.7	19 089	-1.6	15 356	18.5	17 394	13.3

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. RM, 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*	189 113	70 325	69 329	10 738	3 255	342 760	99 498	97 795	344 463
1987*	198 828	73 444	72 126	11 529	7 023	362 950	101 181	106 569	357 562
1986*									
II	47 315	17 300	16 713	2 423	-1 071	82 682	21 767	19 981	84 468
III	47 589	17 712	17 779	2 865	2 416	88 360	25 963	27 039	87 284
IV	47 764	17 906	17 525	2 741	-792	85 144	27 085	24 572	87 658
1987*									
I	48 684	18 091	17 609	2 837	1 673	88 894	25 209	26 394	87 710
II	49 546	18 274	18 195	2 756	1 780	90 551	25 396	26 004	89 943
III	49 682	18 437	17 826	3 058	1 064	90 067	25 694	26 822	88 938
IV	50 916	18 642	18 496	2 878	2 506	93 438	24 882	27 349	90 971
1988*									
I	51 463	18 628	19 195	2 812	2 321	94 420	25 846	27 970	92 295
II	51 608	18 802	19 210	2 820	4 500	96 939	25 739	29 755	92 924
III	52 357	18 951	19 995	3 038	5 762	100 103	25 299	31 471	93 931

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

Period	2-4	2	3	Industry (SIC): 331,341		4	
	Total industry (100.0)	Mining and quarrying (1.5)	Manufacturing (89.5)	Wood and paper industries (20.5)	Metal and engineering industries (28.3)	Other manufacturing (40.7)	Electricity, gas and water (9.0)
	1	2	3	4	5	6	7
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
1988*	109.2	89.6	109.5	114.7	112.8	104.1	109.1
1987*							
Dec.	102.8	67.3	105.5	105.4	108.4	100.1	108.4
1988*							
Jan.	108.0	64.7	110.9	115.9	110.9	106.6	94.5
Feb.	107.8	70.4	109.4	112.8	110.7	104.0	102.6
March	105.5	74.0	106.3	110.2	104.2	102.8	105.7
April	108.8	88.9	107.2	114.2	111.1	102.4	110.2
May	109.0	102.3	108.7	110.5	113.2	107.4	103.6
June	112.1	100.1	110.4	116.4	111.2	106.6	110.5
July	114.3	95.4	110.4	107.8	122.7	104.5	110.8
Aug.	108.3	82.5	107.3	113.5	114.2	101.6	111.9
Sept.	109.8	93.7	109.8	115.8	117.3	105.4	109.0
Oct.	109.8	86.5	112.2	119.6	114.0	106.3	111.7
Nov.	109.6	98.2	112.0	123.6	116.4	103.4	122.0
Dec.	107.4	93.9	108.7	115.5	112.7	98.1	120.4

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	108.2	107.7	123.0	105.1	100.9	94.2
1984	97.2	96.8	101.8	104.1	112.8	96.2	98.6	96.9
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986*	104.7	102.5	94.0	88.4	99.9	99.5	105.2	101.8
1987*	111.3	107.7	95.6	89.0	101.0	102.6	113.8	106.1
1987*								
Nov.	113.9	109.9	..	..	..	..	..	106.8
Dec.	111.3	111.4	..	..	..	..	..	107.8
III	110.9	108.0	95.8	86.2	102.5	105.9	100.1	106.8
IV	113.3	109.7	97.2	88.1	99.5	105.2	120.9	107.2
1988*								
Jan.	115.0	113.4	..	..	..	..	..	108.1
Feb.	113.9	111.5	..	..	..	..	..	108.4
March	112.8	114.9	..	..	..	..	..	108.2
April	116.3	109.3	..	..	..	..	..	107.9
May	111.7	114.9	..	..	..	..	..	109.4
June	115.1	110.8	..	..	..	..	..	109.5
July	116.3	108.7	..	..	..	..	..	109.7
Aug.	117.7	118.5	..	..	..	..	..	110.6
Sept.	123.8	110.0	..	..	..	..	..	111.3
Oct.	120.7	115.2	..	..	..	..	..	111.1
Nov.	117.8	119.6	..	..	..	..	..	112.6
I	113.9	113.3	103.2	92.5	113.8	113.3	112.2	108.2
II	114.4	111.7	101.7	100.5	101.5	110.9	138.6	108.9
III	119.3	112.4	104.8	108.7	99.4	96.3	139.4	110.5

8.4 WAGES AND PRICES, 1985=100

Period	Index of wage and salary earnings	By sectors				Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index	
		Private Total	Of which: Manufacturing (SIC 3)	Central government	Local government			Non-profit institutions	Domestic goods		Imported goods	Exported goods		Home market goods
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1983	84.3	84.0	85.2	86.4	84.0	85.8	88.8	90.4	89.8	92.7	90.8	91.5	90.5	89.2
1984	92.2	92.0	92.9	92.6	92.8	92.1	95.1	95.3	94.8	97.1	96.0	98.1	95.1	94.6
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986¹	107.0	106.7	106.2	106.9	108.1	107.0	102.9	97.0	98.6	91.0	96.5	96.7	96.4	104.3
1987¹	114.6	114.5	113.4	115.8	114.0	116.2	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
1987¹														
III	115.0	114.7	113.7	117.0	114.3	121.1	107.6	98.3	100.6	89.9	97.6	98.4	97.2	109.7
IV	116.6	116.8	115.2	117.3	115.0	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
April	..	..	..	..	..	..	111.4	99.9	103.1	88.3	100.1	101.5	99.4	115.0
May	..	..	..	..	..	..	112.3	100.9	104.1	89.3	100.8	102.6	100.0	116.2
June	..	..	..	..	..	..	112.9	101.3	104.7	89.1	101.1	103.1	100.2	116.6
July	..	..	..	..	..	..	112.9	102.0	105.4	89.6	102.1	104.3	101.1	117.0
Aug.	..	..	..	..	..	..	113.1	102.4	105.8	90.3	102.7	105.5	101.4	117.5
Sept.	..	..	..	..	..	..	114.2	102.4	105.7	90.0	102.9	105.7	101.5	118.7
Oct.	..	..	..	..	..	..	114.3	103.2	106.9	89.7	103.8	107.0	102.3	119.2
Nov.	..	..	..	..	..	..	114.5	103.5	107.2	89.8	103.9	106.9	102.5	119.8
Dec.	..	..	..	..	..	..	115.4	104.0	107.7	90.5	104.3	107.4	102.8	119.9
I	119.0	118.4	117.0	122.9	117.5	127.1	110.1	99.5	102.7	87.7	99.5	100.4	99.1	112.0
II	125.4	124.8	123.5	130.5	123.1	134.7	112.2	100.7	104.0	88.9	100.7	102.4	99.9	115.9
III	126.1	125.5	124.2	130.5	124.5	134.9	113.4	102.3	105.6	90.0	102.6	105.2	101.3	117.7
1989¹														
Jan.	..	..	..	..	..	..	116.0	104.8	108.4	91.7	105.2	108.4	103.6	121.6

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	Agri-culture and forestry	Industry	Con-struction			Service industries
		1000 persons									
%											%
	1	2	3	4	5	6	7	8	9	10	11
1984	68.9	2546	2414	378	2035	294	600	183	1337	132	5.2
1985	69.2	2566	2437	361	2076	280	597	178	1380	129	5.0
1986	69.1	2569	2431	359	2071	266	589	185	1391	138	5.4
1987	68.6	2554	2423	372	2051	251	569	184	1419	130	5.1
1988	68.4	2546	2431	368	2062	238	553	188	1452	116	4.5
1987											
Dec.	68.6	2552	2427	383	2045	246	558	182	1442	125	4.9
1988											
Jan.	68.7	2557	2435	377	2058	248	572	189	1426	122	4.8
Feb.	68.4	2547	2428	372	2056	252	552	176	1448	119	4.7
March	68.5	2546	2426	370	2056	239	559	182	1445	120	4.7
April	68.3	2540	2424	369	2056	241	553	194	1437	116	4.6
May	68.3	2540	2415	369	2046	243	546	178	1449	125	4.9
June	68.7	2557	2440	368	2072	232	552	195	1462	117	4.6
July	68.5	2547	2431	366	2065	229	552	200	1450	115	4.5
Aug.	68.0	2531	2409	354	2055	245	562	174	1428	121	4.8
Sept.	68.4	2545	2438	368	2070	231	538	201	1468	107	4.2
Oct.	68.7	2554	2448	375	2072	225	544	201	1478	106	4.1
Nov.	68.6	2553	2438	360	2077	231	559	166	1481	115	4.5
Dec.	68.2	2539	2436	370	2065	234	550	196	1456	103	4.1

8.6 CENTRAL GOVERNMENT FINANCES: REVENUE, EXPENDITURE AND FINANCIAL BALANCE, MILL. RM, 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 and subsidies	Of which:		
											Local government	Other	domestic sectors
	1	2	3	4	5	6	7	8	9	10	11	12	13
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
1987	29454	57312	455	12437	99658	2482	102139	17484	119623	29419	59498	26456	30964
1987													
Nov.	2545	5465	29	1024	9062	266	9329	2397	11726	2366	5746	2336	3306
Dec.	1995	7294	65	1454	10809	680	11488	1496	12984	2731	5271	2239	2720
1988													
Jan.	2495	3188	12	958	6654	21	6674	1680	8354	2367	5494	2221	3145
Feb.	2203	6490	38	837	9568	53	9622	1017	10639	2449	6390	2304	3948
March	3084	4470	49	998	8601	96	8698	1291	9989	2520	5301	2325	2552
April	3203	4517	44	1122	8886	85	8971	2089	11060	2341	4958	2682	2141
May	2659	5470	21	1787	9936	302	10238	834	11072	2760	6409	2640	3405
June	2994	5733	46	1012	9785	132	9917	1490	11407	2842	5368	2755	2376
July	3488	5896	35	871	10290	70	10360	109	10469	3191	4617	2370	2090
Aug.	3333	6295	62	1022	10712	488	11200	589	11789	2607	5279	2361	2801
Sept.	2811	5242	23	896	8972	145	9117	1667	10784	2665	4689	2359	2211
Oct.	3052	5247	41	1294	9634	234	9868	657	10525	2759	5088	2487	2451
Nov.	2900	6315	45	1277	10536	394	10931	355	11286	2753	6717	2711	3846

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
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
1987	7089	4732	100738	5672	106410	9880	116289	-1080	-4270	-14150	3334
1987											
Nov.	550	199	8861	407	9267	252	9519	202	62	-190	2207
Dec.	878	-6	8874	483	9357	109	9466	1935	2131	2022	3518
1988											
Jan.	502	764	9127	372	9499	1279	10778	-2473	-2824	-4103	-2423
Feb.	535	324	9699	397	10096	512	10608	-130	-474	-986	31
March	641	833	9296	427	9723	825	10548	-694	-1025	-1850	-559
April	492	617	8407	341	8747	674	9421	479	224	-450	1639
May	690	760	10619	623	11242	1044	12286	-684	-1004	-2048	-1214
June	660	317	9186	603	9789	818	10607	598	128	-690	800
July	568	112	8487	467	8954	787	9741	1803	1406	619	728
Aug.	609	478	8972	450	9422	1177	10599	1740	1778	601	1190
Sept.	772	445	8570	1623	10193	866	11059	402	-1076	-1942	-275
Oct.	642	558	9047	483	9531	672	10203	587	337	-335	322
Nov.	645	199	10313	428	10741	1594	12335	223	190	-1404	-1049

NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

GENERAL

Source

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

Symbols used

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

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

NOTES AND EXPLANATIONS TO TABLES

1 THE BALANCE SHEET OF THE BANK OF FINLAND

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

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

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

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

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

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

Table 3.4 Lending. New credits (Columns 1-4): the rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts, whereas annual rates are arithmetic averages of monthly observations. As from January 1989, Postipankki Oy has been included in the calculation of the average rate on the commercial banks' outstanding stock of loans. *Deposits*. The rates of interest applied to deposit accounts (Columns 7-9) are the rates of interest applied to standard tax-exempt deposit accounts as agreed upon between banks. The average rate of interest on the stock of regulated deposits (Column 10) is the average rate of interest weighted by the deposit amounts at the end of period, where the stock of deposits comprises cheque accounts, postal giro accounts, deposit accounts with a cheque facility, savings and ordinary deposit accounts, other time deposit accounts and taxable investment accounts. The average rate of interest on unregulated deposits (Column 11) is the average rate of interest weighted by the amounts in the period. Unregulated deposits include, inter alia, sales of certificates of deposit, promissory notes and bonds as well as corporate deposits at market rates.

Table 3.5 Secondary market rates. The long-term unregulated market rate (Columns 1 and 2) is calculated by the Bank of Finland as the monthly average of the offered rates for taxable, fixed-rate bonds quoted by the

five largest banks. The rate of interest for taxable government bonds (Column 3) is the effective annual yield, calculated as the arithmetic mean, on fixed-rate government bonds with a remaining maturity of between 4 and 5 years. The rate of interest for taxable public issues (Column 4) is the effective annual yield, calculated as the arithmetic mean, on fixed-rate ordinary bonds, debentures or other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued by all issuers except the central government with a remaining maturity of between 3 and 6 years. Financial institutions (Column 5): as in Column 4 for issues by financial institutions incl. banks. Corporations (Column 6): as in Column 4 for issues by non-financial corporations. The rate of interest for taxfree public issues (Column 7) is the yield on fixed-rate public bonds with a remaining maturity of between 4 and 5 years. The Bank of Finland calculates the yields for columns 3-7 once a week on the basis of the trading quotations of the Helsinki Stock Exchange. Monthly observations are the averages of weekly observations and annual observations the averages of monthly observations. *Rates at issue* on bonds and debentures (Columns 8 and 9) 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.

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 System of National Accounts.

Table 6.2 Columns 1-8: Net change in long-term liabilities. Columns 9-13: Net change in long-term assets. Portfolio investment in Finland (Column 2) and abroad (Column 10): Secondary market transactions in securities and share issues. 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 exceptionally 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.

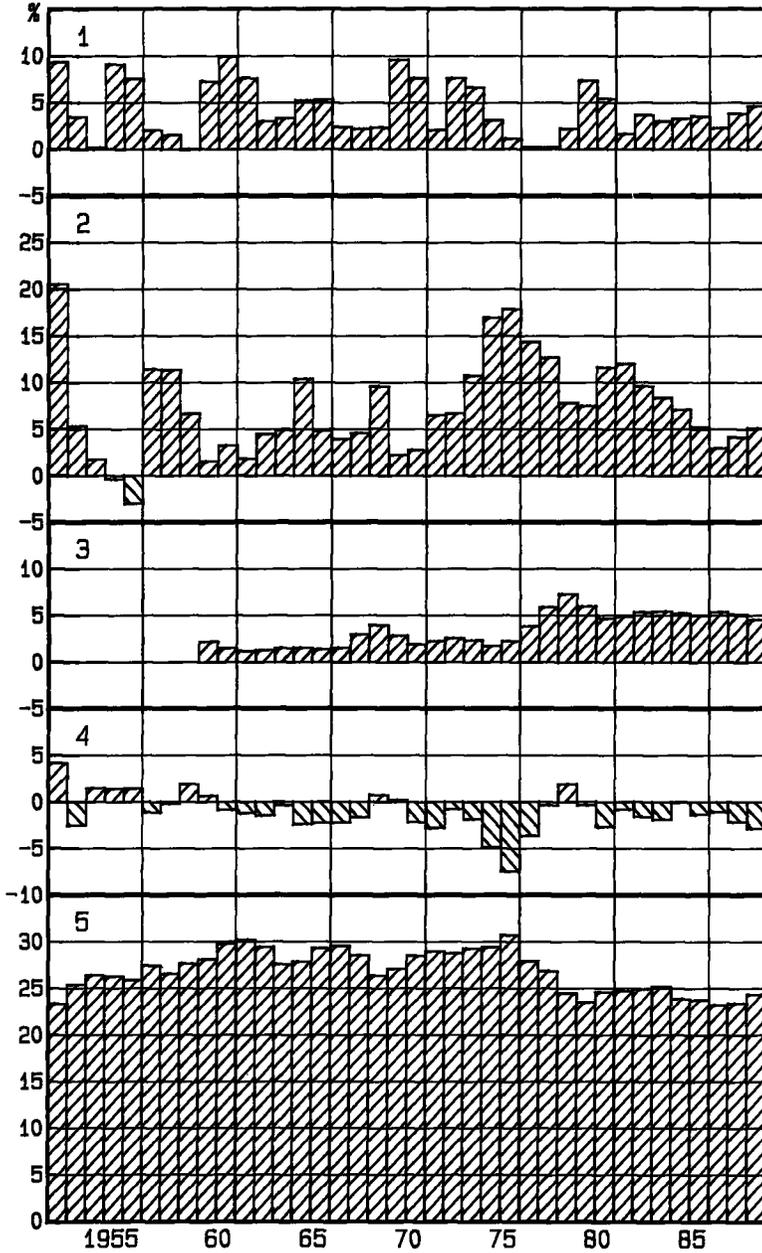
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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.

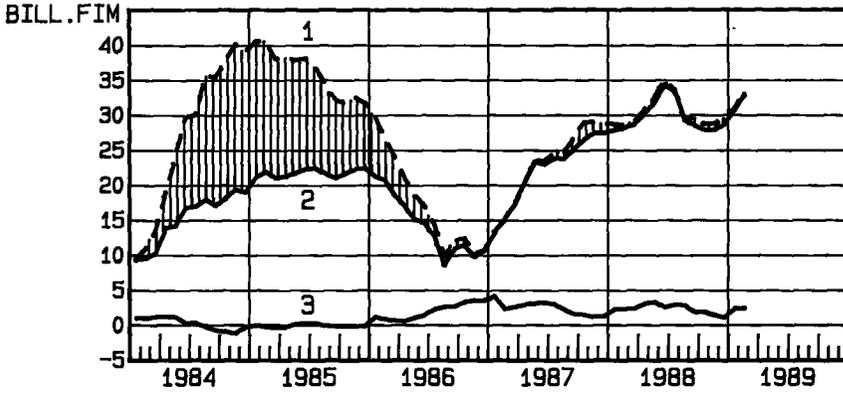
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Banks' central bank position	S29
5. Overnight rates	S30
6. HELIBOR rates of interest	S30
7. Rates of interest applied by the Bank of Finland	S30
8. 3-month covered Eurodollar 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
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14. Changes in the exchange rates of selected major currencies	S33
15. Bank deposits from the public	S33
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17. Money supply	S34
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31. Fixed investment	S39
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1. LONG-TERM INDICATORS



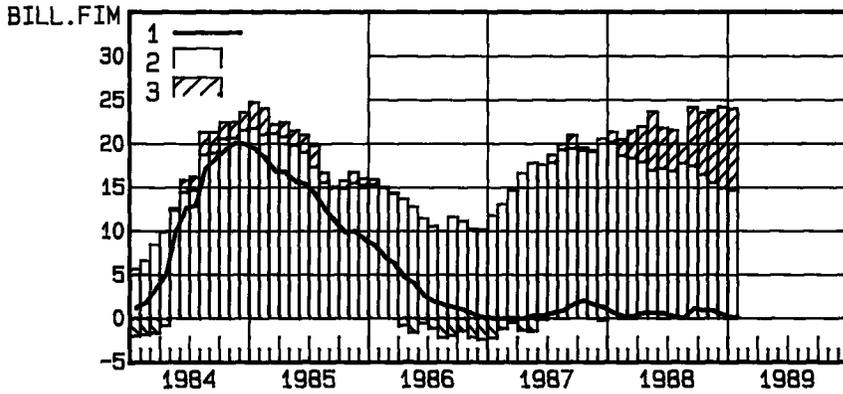
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



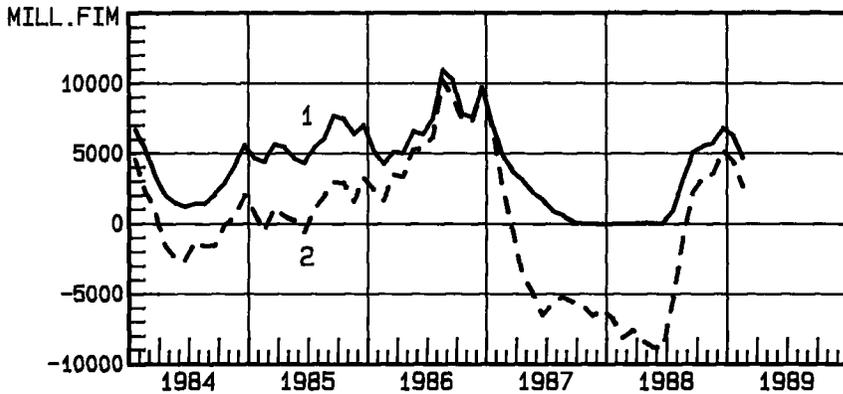
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves
3. Tied currencies

3. FORWARD MARKET



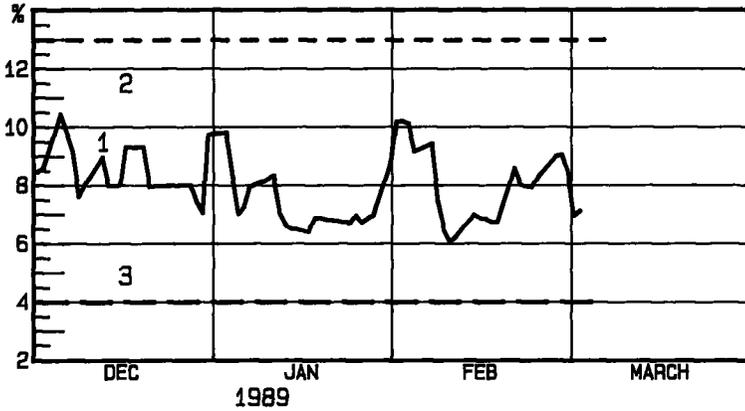
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

4. BANKS' CENTRAL BANK POSITION



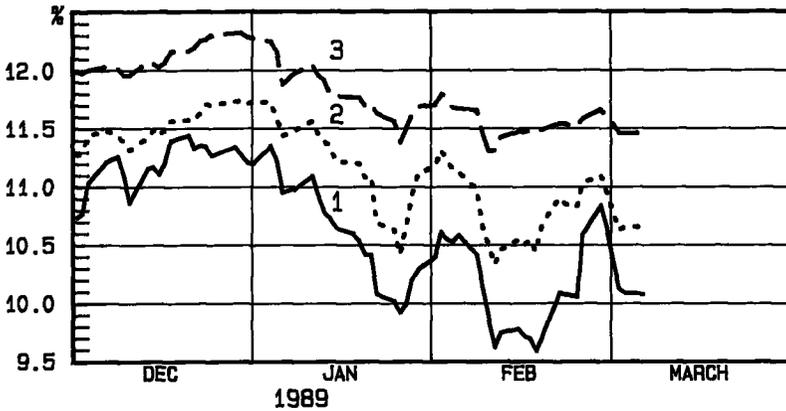
1. Gross debt to the Bank of Finland
2. Net debt to the Bank of Finland (excl. cash reserve deposits)

5. OVERNIGHT RATES



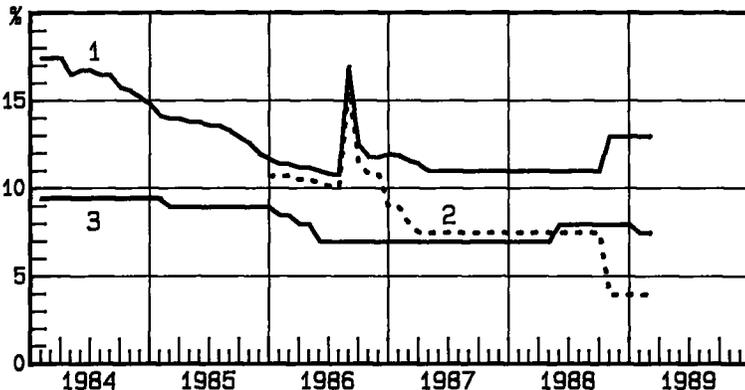
- 1. Inter-bank overnight rate
 - 2. Call money credit rate
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



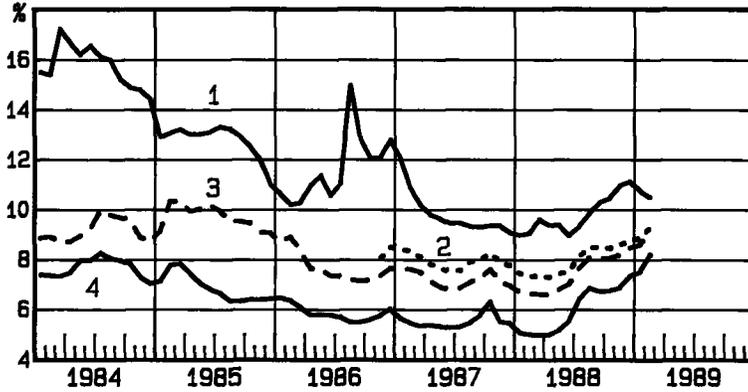
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Daily observations

7. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



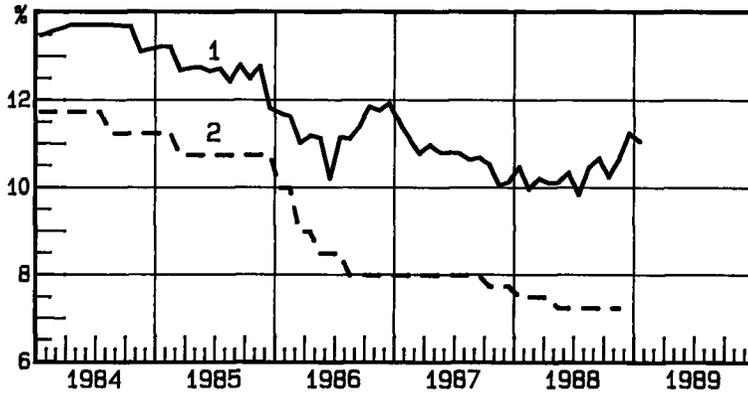
- 1. Call money credit rate
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

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



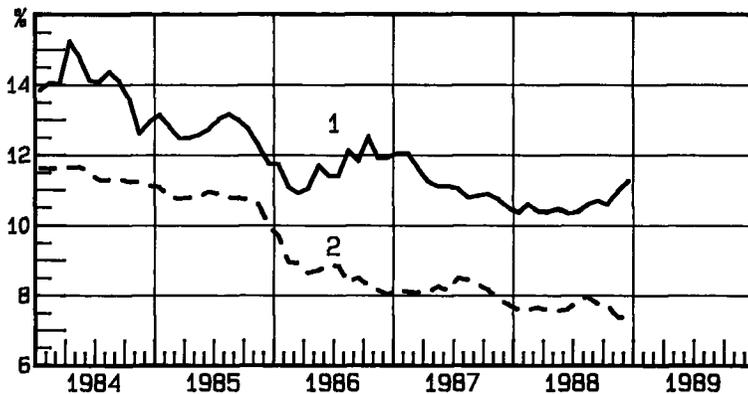
1. Covered Eurodollar rate
2. 12-currency basket rate
3. 8-currency basket rate
4. 3-currency basket rate

9. RATES ON NEW ISSUES OF BONDS AND DEBENTURES



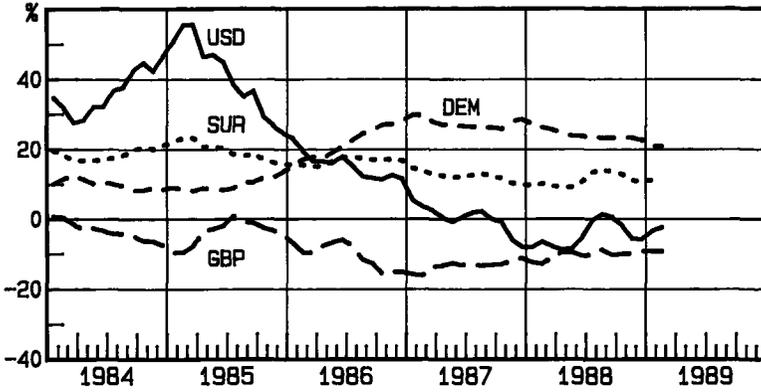
1. Rates on new fixed-rate debentures
2. Rates on new 10-year tax-free government bonds

10. SECONDARY MARKET RATES ON BONDS AND DEBENTURES



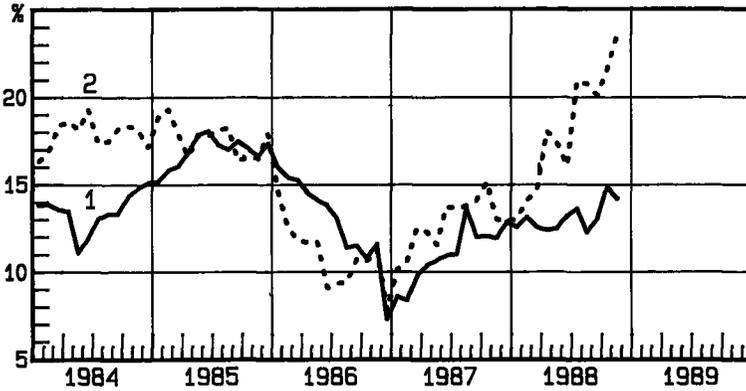
1. Secondary market rate on (3-6 year) fixed-rate debentures
2. Secondary market rate on (9-10 year) taxfree government bonds

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



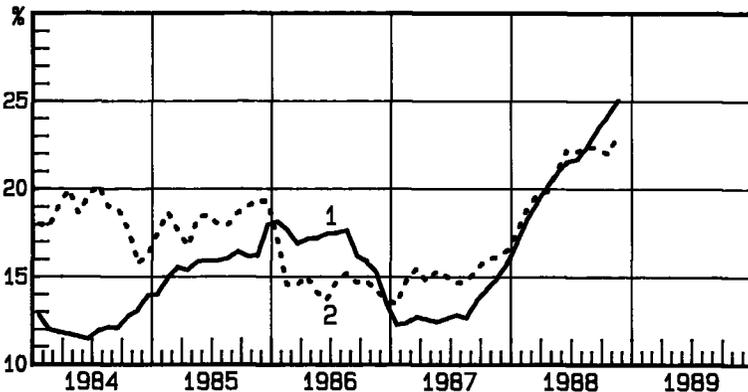
Monthly changes in markka selling rates calculated from the average rates for January 1982

15. BANK DEPOSITS FROM THE PUBLIC



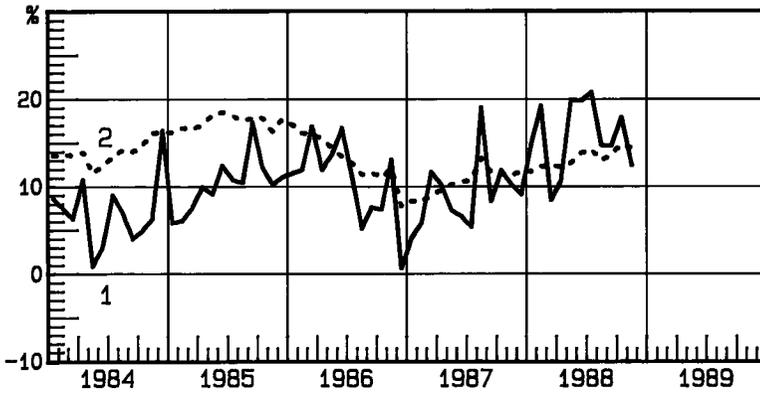
1. Regulated deposits
2. Total deposits
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



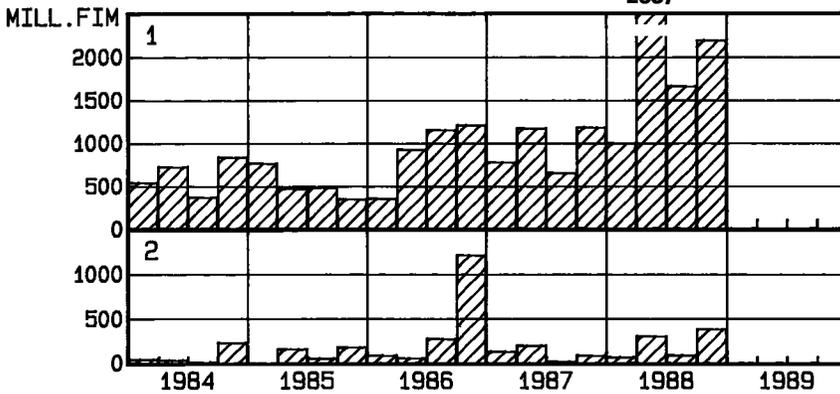
1. Markka lending
2. Total lending
Change from the corresponding month of the previous year, per cent

17. MONEY SUPPLY



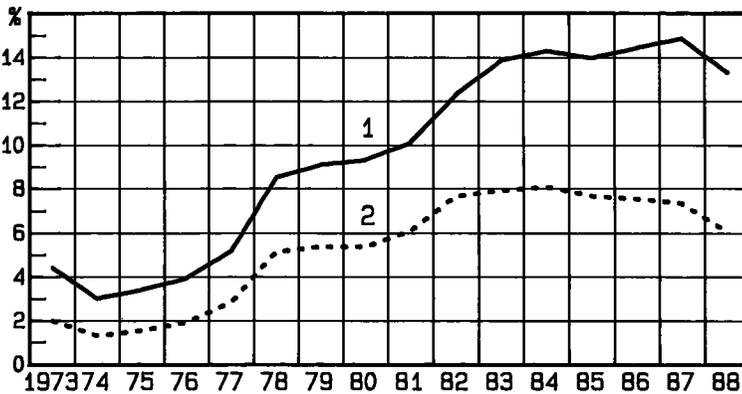
1. Narrow money supply (M1)
 2. Broad money supply (M2)
- Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



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

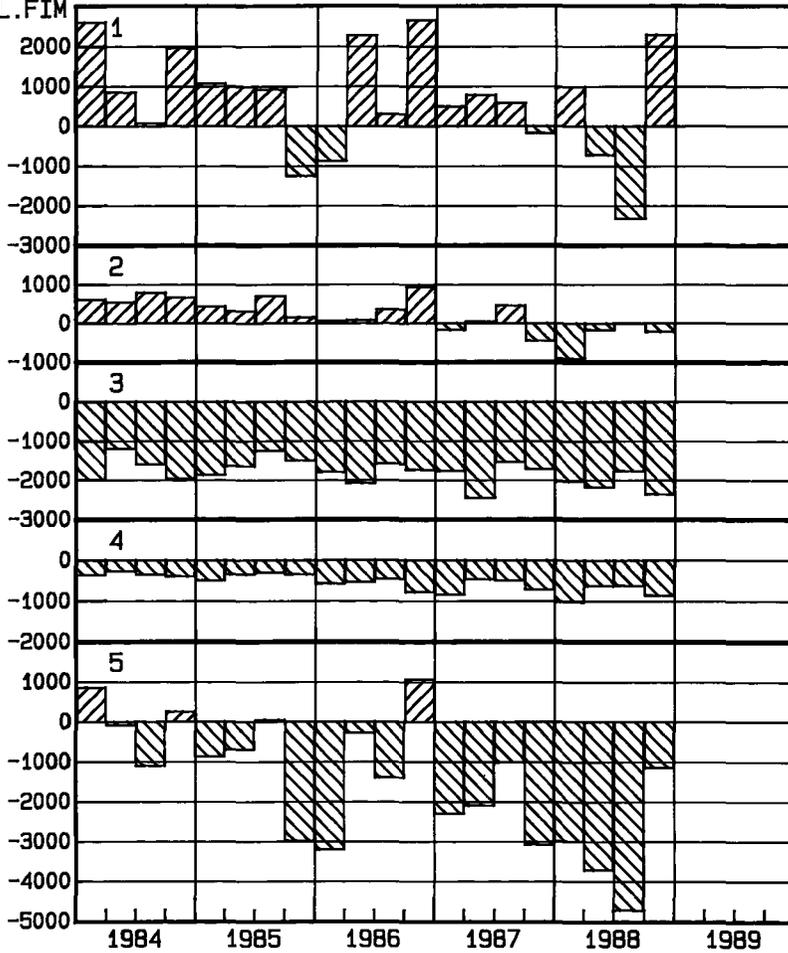
19. CENTRAL GOVERNMENT DEBT



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

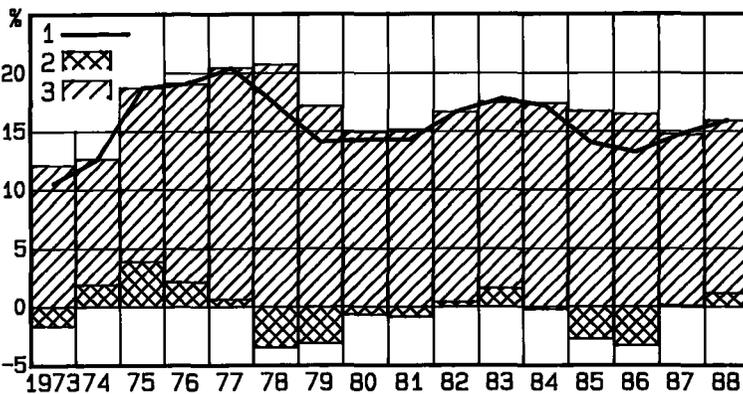
20. CURRENT ACCOUNT

MILL. FIM



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

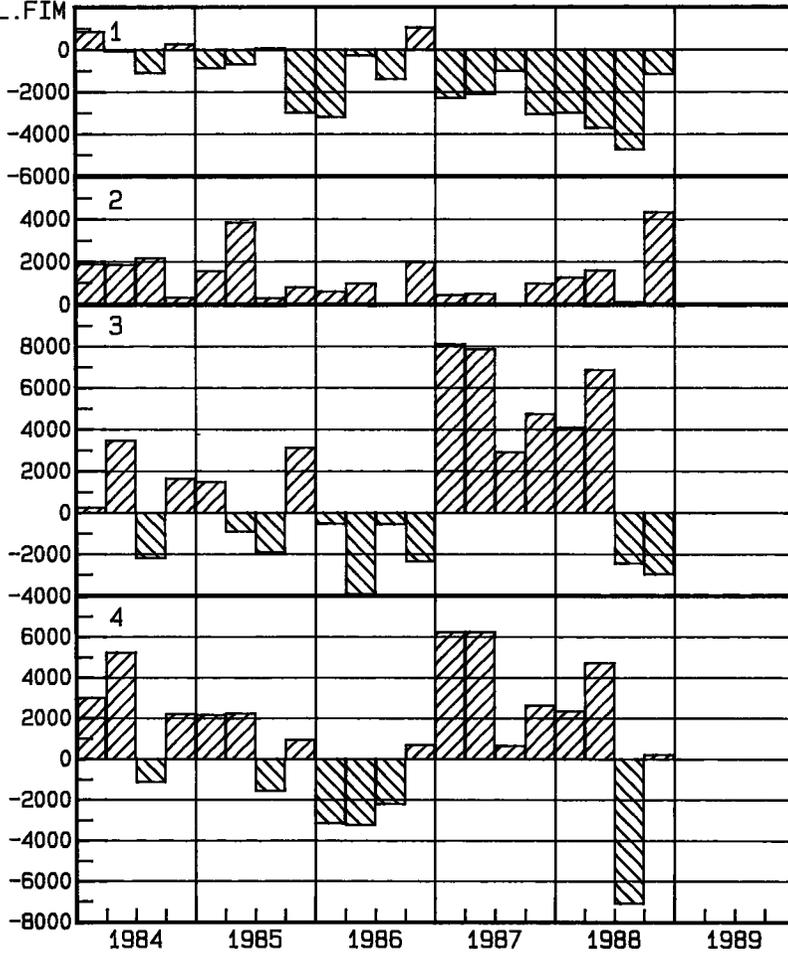
21. FOREIGN DEBT



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

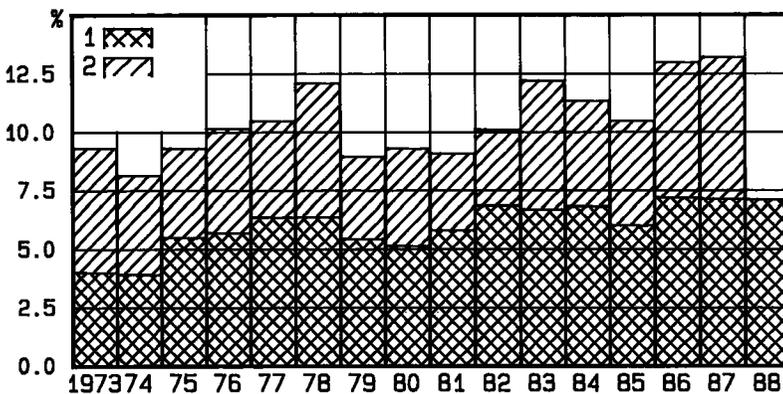
22. BALANCE OF PAYMENTS

MILL. FIM



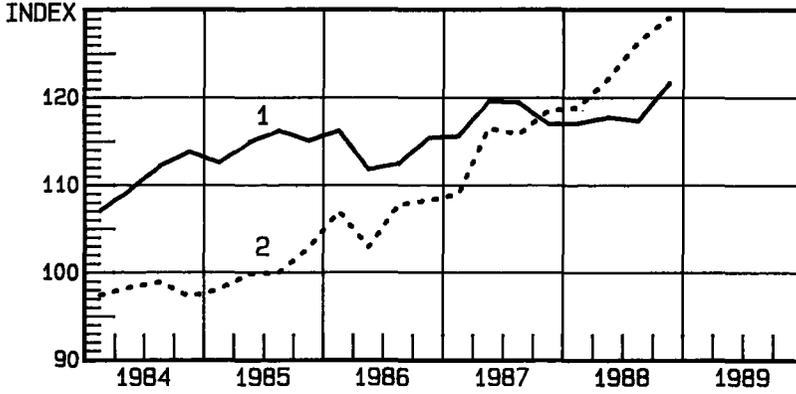
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance = change in the foreign exchange reserves of the Bank of Finland

23. DEBT SERVICE RATIO



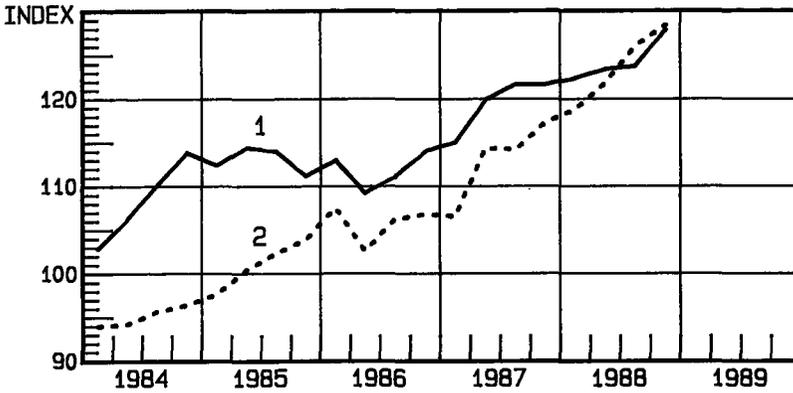
1. Interest payments
 2. Redemptions
- As a percentage of current account earnings

24. FOREIGN TRADE



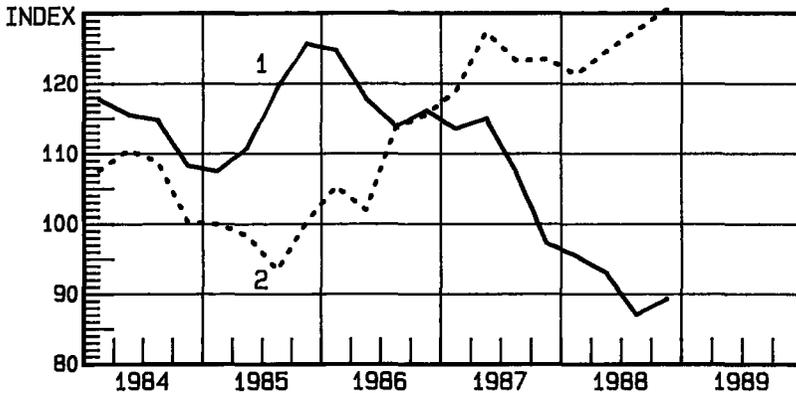
1. Total exports
2. Total imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

25. WESTERN TRADE



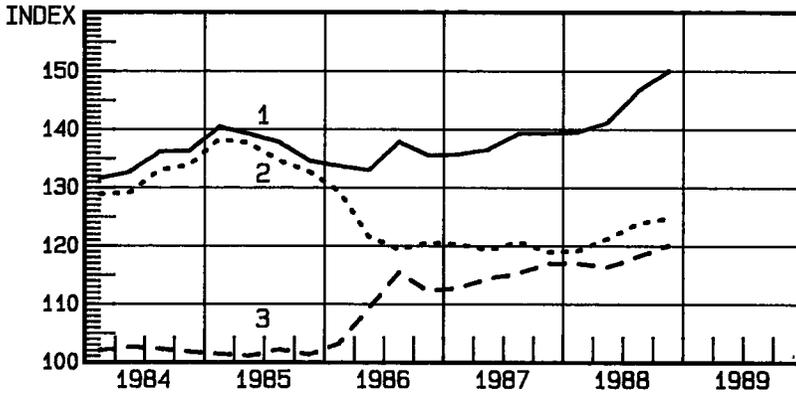
1. Western exports
2. Western imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

26. BILATERAL TRADE



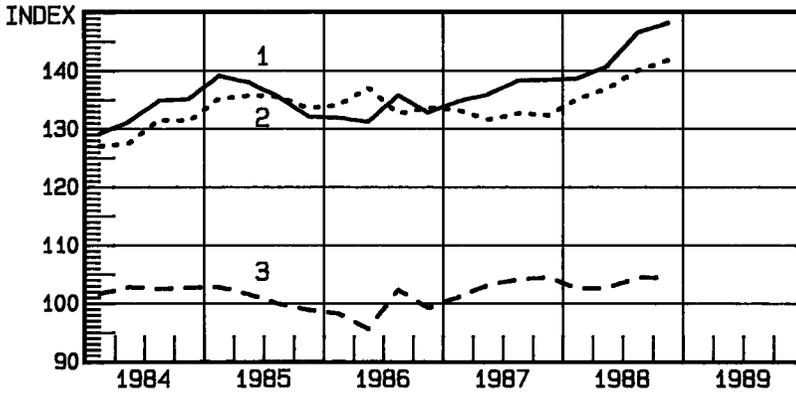
1. Bilateral exports
2. Bilateral imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

27. FOREIGN TRADE: PRICES AND TERMS OF TRADE



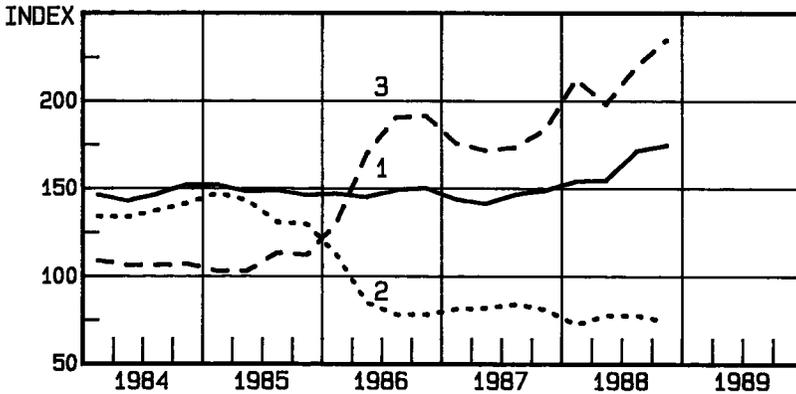
- 1. Unit value index of exports
 - 2. Unit value index of imports
 - 3. Terms of trade
- 1980 = 100

28. WESTERN TRADE: PRICES AND TERMS OF TRADE



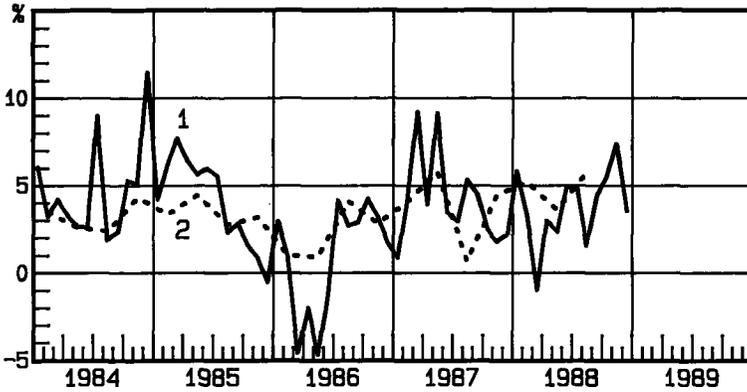
- 1. Unit value index of western exports
 - 2. Unit value index of western imports
 - 3. Terms of trade in western trade
- 1980 = 100

29. BILATERAL TRADE: PRICES AND TERMS OF TRADE



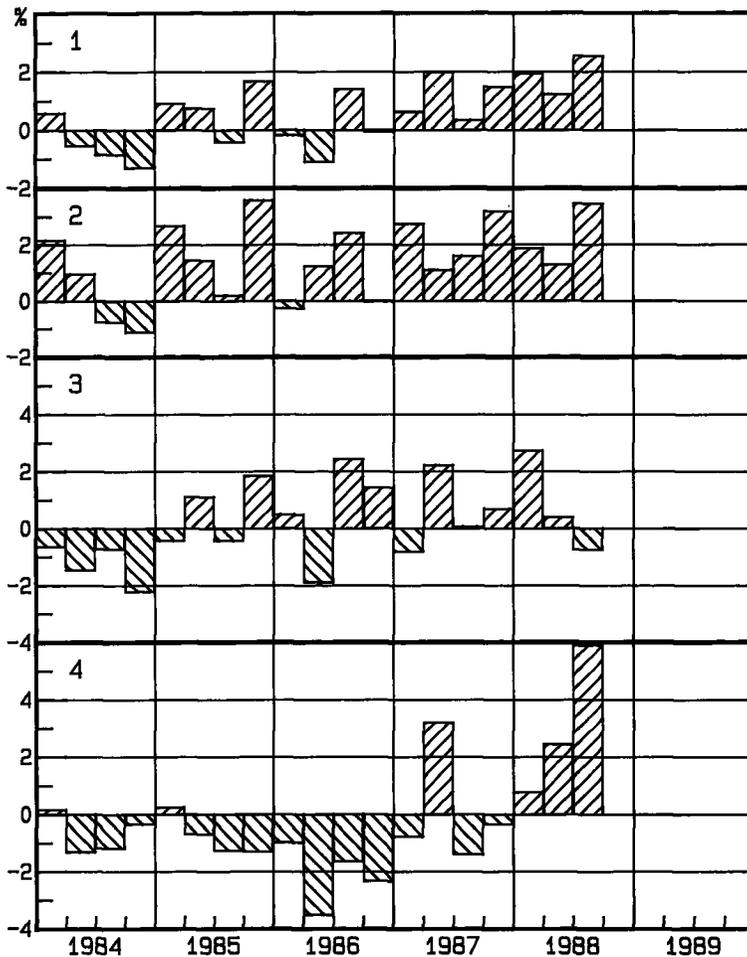
- 1. Unit value index of bilateral exports
 - 2. Unit value index of bilateral imports
 - 3. Terms of trade in bilateral trade
- 1980 = 100

30. PRODUCTION



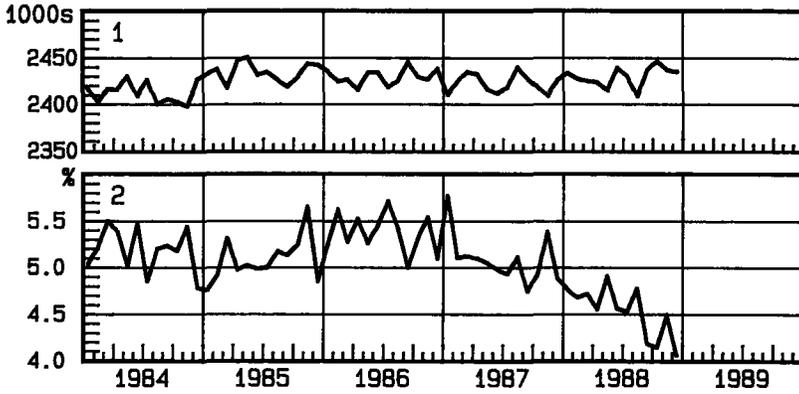
1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

31. FIXED INVESTMENT



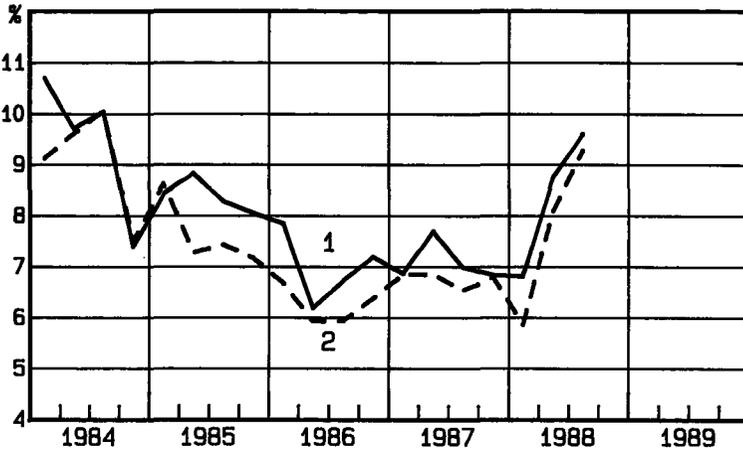
1. Total fixed investment
 2. Investment in machinery and equipment
 3. Building investment, excl. residential buildings
 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

32. EMPLOYMENT AND THE UNEMPLOYMENT RATE

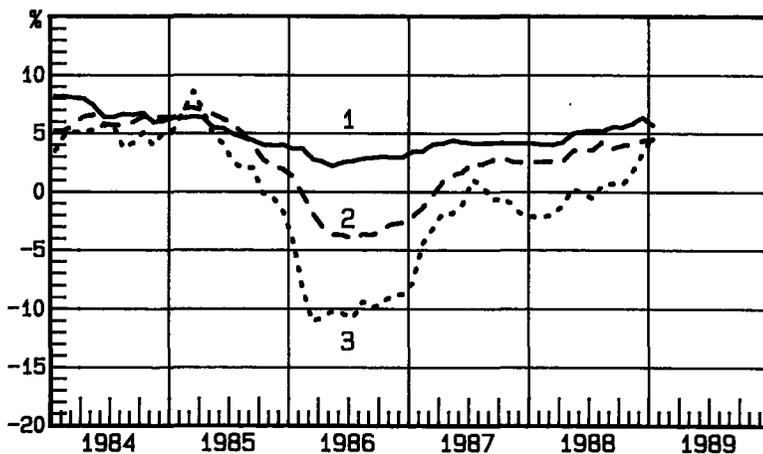


- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

33. PRICES AND WAGES

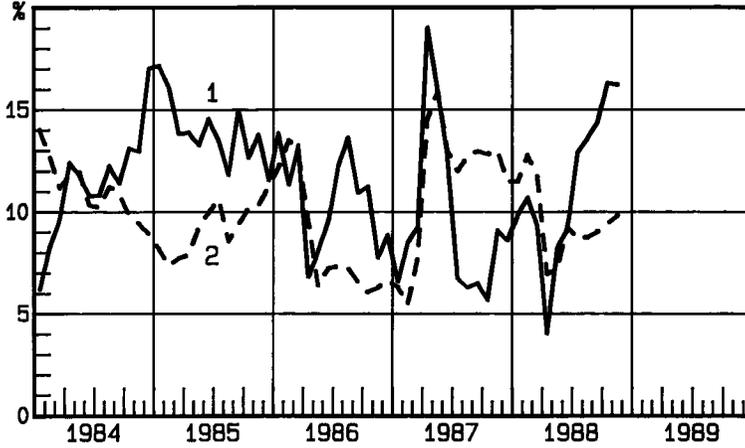


- 1. Index of wage and salary earnings, all wage and salary earners
 - 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



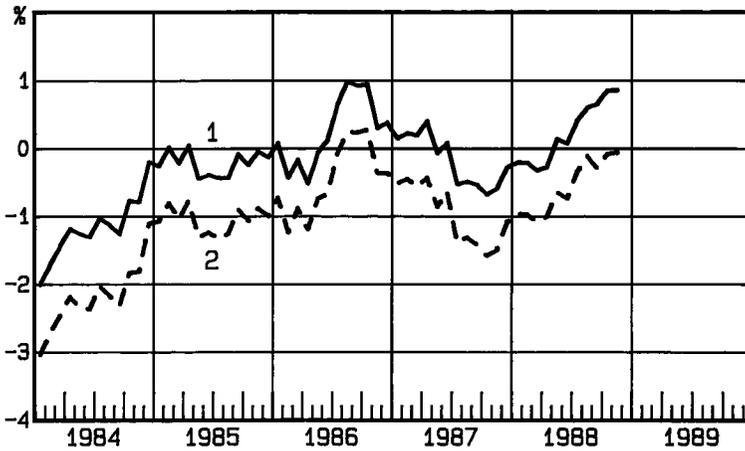
- 1. Consumer price index
 - 2. Wholesale price index
 - 3. Import price index
- Change from the corresponding month of the previous year

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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