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Developments

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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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RECENT ECONOMIC AND FINANCIAL MARKET DEVELOPMENTS

by **Harri Lahdenperä**, M.Sc. (Econ.)
Central Bank Policy Department
Bank of Finland

FASTER-THAN-EXPECTED ECONOMIC GROWTH CONTINUES

The Finnish economy continued to expand at a rapid pace in the latter half of 1988, and real GDP growth is estimated to have been as high as 4.6 per cent for the year as a whole. Growth was sustained by a marked increase in private investment and consumption. There was also a moderate increase in western exports, thanks to the faster-than-anticipated growth of the world economy. However, the buoyancy of domestic demand exacerbated the imbalances in the economy. The current account deficit widened, and the rate of inflation accelerated, exceeding the average for competitor countries.

Reflecting optimistic business expectations and favourable income developments, corporate investment in machinery and equipment accelerated clearly in the course of the year. As residential construction also grew markedly because of strong demand in the housing market and rising house prices, fixed private investment increased by 10 per cent in 1988. The growth of consumption also continued apace during the final months of the year.

According to the latest survey of business confidence by the Confederation of Finnish Industries, 60 per cent of industry was operating at full capacity and one-fifth was suffering from capacity constraints. Towards the end of the year, the shortage of skilled labour increased further, especially in the metal and engineering industries and the construction sector. Overheat-

ing in construction activity and the rapid rise in house prices were major factors contributing to the acceleration of inflation. In the twelve months from December 1987 to December 1988, consumer prices rose by 6.5 per cent. However, the average monthly rise in prices slowed slightly in the final months of 1988 compared with the early part of the year.

According to preliminary data, the current account deficit widened to FIM 12.6 billion, almost 3 per cent of GDP, in 1988. However, there was a modest deficit of only FIM 1.2 billion in the fourth quarter, because of large deliveries by the metal and engineering industries in the final months of the year. The trade account showed a surplus of FIM 2.3 billion for the fourth quarter and a surplus of FIM 0.2 billion for the year as a whole. Though exports to western markets grew by about 5 per cent in 1988, this was slightly less than the growth of markets. Export prices rose by 5 per cent on average last year, while import prices remained almost at the same level as in 1987.

FISCAL POLICY TO BE KEPT TIGHT

According to calculations made by the Ministry of Finance, central government budgetary operations had a restrictive impact equivalent to 1.5 per cent of GDP last year. The 1989 budget, however, envisages that the central government sector will have a slightly expansionary impact on demand this year¹. This is due

both to the tax reform introduced at the beginning of 1989 and the stabilization agreement concluded last autumn, in support of which the budget, contrary to counter-cyclical considerations, had to be designed to be expansionary.

As economic growth has continued at a rapid pace longer than expected, the Government decided in January on a programme of cuts and postponements in spending designed to tighten fiscal policy slightly this year. Under the programme, certain building projects are to be deferred, supplementary budgets for this year are to be kept as small as possible and 2 800 jobs in the government sector are to be abolished over the next three years. In addition, it was decided to extend the investment tax on construction in the Greater Helsinki area. This tax was originally due to expire at the end of April, but it will now be extended until the end of June. In addition, a proposal for a new investment tax is to be presented to Parliament on the basis of which the investment tax will be extended until the end of June, September or December depending on the type of building project.

The stabilization agreement, under which the Government guarantees wage and salary earners an increase of 2.5 per cent in real purchasing power this year, aimed at preventing the simultaneous occurrence of tax cuts and high nominal wage increases. According to the agreement, nominal wages and salaries will be raised by just over 1 per cent in March 1989. Most unions joined the agreement during the autumn

¹ See the December 1988 issue of the Bulletin.

of 1988, the most prominent groups staying outside the agreement being workers in the forest industries and the construction sector. In early January, the paper and pulp industries reached a wage settlement providing for pay increases very similar to those under the stabilization agreement.

MARKET RATES UP

The main objective of the Bank of Finland in the final three months of 1988 remained to curb domestic demand in order to mitigate the problems of inflation and the current account deficit. In monetary policy, the aim was to keep interest rates as high as possible, subject, however, to the constraint that capital inflows should not make it necessary to intervene on a major scale in the foreign exchange market so as to keep the exchange rate of the markka within its band. The fourth quarter saw a further progressive increase in the cash reserve ratio: the cash reserve requirement applied to banks' deposits was raised from 7.0 per cent to 7.3 per cent in October, to 7.6 per cent in November and to 7.8 per cent in December. Hence by the end of 1988, the cash reserve ratio had almost reached the 8 per cent ceiling permitted under the present cash reserve agreement between the Bank of Finland and the banks. All in all, liquidity totalling FIM 1.6 billion was absorbed from the market in the form of cash reserve deposits during the last quarter of the year.

The Bank of Finland's money market operations in the fourth quarter of 1988 consisted chiefly of purchases of certificates of deposit, designed to prevent undue tightening of banks' liquidity. During this period, the Bank of Finland's holdings of certificates of deposits issued by banks grew by FIM 1.7 billion while banks' holdings of certificates of deposit issued by the Bank of Finland fell by FIM 0.7 billion.

As a result of the tightening of banks' liquidity, domestic market rates rose during the last quarter, particularly in October but also to some extent in the latter part of December. In early October, the yield curve in the market for certificates of deposit steepened sharply, evidently partly as a result of the Bank of Finland's decision to increase the differential between the call money credit rate and the call money deposit rate. The rapid rise in interest rates, for longer maturities in particular, suggests that the market interpreted the measure as a signal of tighter monetary conditions, even though the call money deposit rate fell more than the call money credit rate rose. Because of the rise in domestic market rates, the interest rate differential in relation to the foreign rate of interest calculated on the basis of the currency index weights widened from 2 percentage points in the summer to almost 3 percentage points in the course of the autumn.

As the interest rate differential grew, the slight net capital outflow in the third quarter was reversed into a net inflow during the final three months of the year. Net imports of long-term financing by companies amounted to FIM 6—7 billion in the last quarter. The central government continued to make repayments of its foreign debt. In the forward market, the outstanding forward contracts of Finnish companies fell by FIM 2.5 billion while the forward position of foreign banks grew by FIM 2.4 billion.

With the reversal of the capital outflow, the external value of the markka started to strengthen again as from late October onwards. In November, the Bank of Finland purchased small quantities of foreign currencies, after the exchange rate had fallen close to the lower limit of its band.

At the end of November, the Government decided, on the proposal of the Parliamentary Supervisory Board, to widen

the fluctuation range of the Bank of Finland's currency index from approximately 4.5 per cent to about 6 per cent. The middle point was kept unchanged and the new limits of the fluctuation range were set at 100.5 and 106.8. Enlarging the band allowed more leeway in the operation of monetary policy without changing the basic stance of exchange rate policy. The measure also provided some room for the markka to appreciate, and in December there was no need for intervention in the foreign exchange market.

Also at the end of November, the Parliamentary Supervisory Board decided, on the proposal of the Board of Management of the Bank of Finland, to lower the Bank of Finland's base rate from 8 per cent to 7.5 per cent with effect from January 1, 1989. The cut in the base rate was connected with the stabilization agreement concluded between the Government and the labour market organizations. In September, the Board of Management had announced that it was willing to promote the acceptance of the agreement by proposing a cut in the base rate, provided that the essential elements of the agreement were approved by the unions.

Because of shortcomings in the current cash reserve agreement, the Ministry of Finance and the Bank of Finland agreed that a working group should be set up by the ministry to draw up a proposal for a new law concerning cash reserve deposits by financial institutions. The need for reform has arisen because the effectiveness of the present system as an economic policy instrument has proved to be too weak, partly because the rate of interest paid on cash reserve deposits is fairly high.

FASTER GROWTH OF CREDIT AND DEPOSITS

The growth of bank lending accelerated again during the final months of the year. In

November, lending by banks was up 25 per cent on the corresponding month a year earlier. Lending by savings and cooperative banks grew fastest. A substantial part of the increase in lending was channelled to households. Companies, by contrast, relied heavily on long-term foreign financing. With the rise in market rates, rates of interest on new bank loans also went up. In November, the average rate of interest on deposit banks' new markka loans to the public amounted to 11.3 per cent, more than one percentage point higher than at the beginning of the year. The rise in interest rates did not, however, curb the public's demand for credit, mainly because of the release of pent-up demand following deregulation of household credit, liberal tax provisions for the deductibility of interest payments and easier loan terms in regard to repayment periods, grace years, collateral requirements etc.

Bank deposits also started to grow at a noticeably faster pace

in the closing months of 1988. In November, deposit-taking by banks was 14 per cent higher than a year earlier. In December, deposits grew even faster. The fastest growth was registered for 2-year time deposits. This was prompted by the impending entry into force of the tax reform on January 1, 1989, under which the maximum tax-exempt rate of interest payable on time deposits was to be lowered. As the growth of unregulated deposits accelerated rapidly in the second half of the year, total bank funding rose by 23 per cent in the twelve months from November 1987 to November 1988. The growth of unregulated and time deposits was probably also boosted by brisk acquisition activity, which reached a record level towards the end of the year. The surge in acquisitions was also affected by the tax reform, which provides for a tightening of capital gains tax.

According to the Unitas index, prices of securities traded on the Helsinki Stock Ex-

change rose by 31.7 per cent in 1988. Part of the rise was due to the very low initial values of the numerous new companies which gained a listing in the course of the year. Turnover on the Helsinki Stock Exchange last year amounted to FIM 37.5 billion, of which shares accounted for FIM 29.7 billion. This represented a rise of about 20 per cent from the previous year. New equity issues doubled on the previous year to FIM 10.8 billion. New bond issues amounted to FIM 18.7 billion, FIM 3.6 billion less than in 1987.

January 30, 1989

A GOVERNOR FOR TURBULENT TIMES: CENTENARY OF THE BIRTH OF RISTO RYTI

by **Juha Tarkka**, Research Supervisor
Research Department
Bank of Finland

February 3, 1989, marks the hundredth anniversary of the birth of Risto Ryti, perhaps the most outstanding governor of the Bank of Finland. The dramatic events of the 1940s which led to Ryti first serving as Finland's wartime president and then being convicted on charges of war guilt have somewhat eclipsed his brilliant financial career. However, Ryti's influence on Finland's economic policy in the interwar period was so important that he deserves to be remembered as a central banker as well as a statesman.

Risto Ryti was born into a well-to-do farmer's family in Huittinen in western Finland. He displayed exceptional talent as a student, graduating from the faculty of law of the University of Helsinki at the age of 20 and then setting up practice as a lawyer. He became involved with politics soon after Finland had gained independence and was elected to Parliament as a representative of the National Progressive Party (Liberals). In 1921, aged only 32, he became minister of finance. In 1924, Ryti took up the position of governor of the Bank of Finland, to which he had been appointed in the previous year. Ryti served as governor until 1939 and again for a short period in 1944—1945. He died in 1956.

AN ADVOCATE OF THE GOLD STANDARD

Risto Ryti's term of office as governor started with the return of the Finnish markka to the gold standard. During the First World War and the ensuing years, Finland had undergone an inflation which had reduced the purchasing power of the

markka to less than one-tenth of its prewar value. In newly independent Finland, as, too, in other countries, the restoration of the gold standard was considered an integral part of the return to normal economic conditions.

In several countries, there was a heated debate as to whether the new reduced value of money should serve as the point of departure for stabilization or whether it should be attempted to restore the prewar parity against gold. In Finland, the decision to accept the prevailing situation was fairly unanimous. In part, this reflected recognition of just how much the value of money had declined. In part, it was due to the esteem in which Ryti's opinion was held. Support was also forthcoming from two celebrated Swedish economists, Gustav Cassel and, in particular, Eli Heckscher, who was the Bank of Finland's official adviser on the gold issue.

The first condition for the stabilization — the halting of inflation — had already been satisfied. As a matter of fact, the credit for this was also largely due to Ryti; inflation could not have been brought under control had not Ryti, as minister of finance, first put the government finances in order and started to repay the government's short-term debt. Immediately upon joining the Bank of Finland, Ryti fixed the exchange rate of the markka in relation to the dollar, which was the only major currency still on the gold standard in 1924. The restoration of a fully fledged gold standard had, however, to wait until the pound sterling had been stabilized. A new Currency Act entered into force at the beginning of 1926.

Once the markka had been linked to gold, Ryti considered the protection of the gold standard to be his primary task. Naturally, this greatly limited both the Bank's and the government's room for manoeuvre in financial policy. Ryti repeatedly stressed that successful economic performance under the gold standard required strong export industries and the pursuit of a conservative budget policy by the government. He tried to contribute towards the achievement of both these preconditions, using his personal prestige to influence actions taken by the government and developing the Bank of Finland into a major source of finance for the export industries. In fact, under Ryti's term of office, the domestic credit extended by the Bank of Finland consisted almost entirely of loans and bills of exchange of the export industries. He utterly opposed the granting of credit to the state and, indeed, none was granted before the outbreak of the war.

It can thus be seen that Ryti was orthodox as regards economic policy. In addition to the stability of the value of money, he gave priority to equilibrium in the balance of payments and to sound financial principles generally. He understood particularly well the demands placed on the Finnish economy by the country's smallness and dependence on foreign trade. The confidence of foreign capital markets in Finland and success in foreign trade, in general, were important to him. "It is not enough that we have a good monetary system, it must also be one in which there is confidence abroad", Ryti wrote.

He was incidentally also one of the first Finns, if not the first, to

refer to Keynes in his writings. This happened after Keynes had published his "Tract on Currency Reform", in which he opposed the return to the gold standard, preferring instead a managed currency system as he considered the stability of the domestic price level to be a more important objective than fixed exchange rates.

In a lecture given before The Finnish Economic Association in 1925, Ryti rejected the thoughts of Keynes and other reformists. He claimed that experience had shown the gold standard to be the best guarantee of the stability of the value of money. The experiences gained with the paper currency standard had not been as good. Moreover, he argued that, from the point of view of a small country, exchange rate stability was perhaps even more important than a stable level of prices.

Ryti soon became the undisputed leader of Finnish economic policy. Although, in theory the gold standard was very much an "automatic" monetary system, the Bank of Finland's actual influence increased greatly after its introduction. This was partly due to the short average life of governments, but undoubtedly Ryti's personality and the good practical results achieved with monetary policy also played a significant role. Ryti's first years as governor of the Bank of Finland coincided with a period of favourable economic developments. In spite of high economic growth, the price level was stable and foreign trade remained in balance. Indicative of the strength of the boom was the fact that the number of jobs in the manufacturing industry increased by more than 20 per cent during the three-year period from 1925 to 1928. The position of the Bank of Finland was consolidated to the extent that all doubts about the durability of the gold standard were dispelled. Underlying the good economic performance was the international boom and

remarkably rapid growth in exports.

ON THE DEFENSIVE

Economic prosperity came to an end surprisingly soon. Though the Great Depression of the 1930s is usually regarded as having started with the Wall Street crash in the autumn of 1929, the Finnish economy had already taken a turn for the worse in the previous year. The reason was to be found primarily in the oversupply of forest industry products in world markets. The growth of export earnings came to a halt in 1928, but imports continued to grow at the intense pace of the previous years. This resulted in balance-of-payments difficulties and a credit squeeze of crisis proportions. In 1928, the deficit in the balance of trade reached FIM 1.8 billion in the money of the day, equivalent to about a quarter of the export earnings for the same year.

The Bank of Finland, which up to then had endeavoured to lower the fairly high level of interest rates prevailing in the country, was now forced to adopt a tighter stance to protect its gold and foreign exchange reserves, and started to raise interest rates. In the years that followed, the Finnish economy moved deeper and deeper into recession. This was reflected in falling output and rising unemployment in all sectors, in a general decline in prices and in high real interest rates.

Typical of Ryti's thinking at that time was one of his speeches in the spring of 1931, when calls for an easing of monetary policy were increasingly strident. "New capital is not created by printing banknotes", said Ryti, who did not believe that expansionary economic policies offered a remedy for dealing with slump. It would be better, he contended, if adjustment to the falling price level were to take place in all quarters. This demand was addressed to the public sector, in particular, which in contrast to the private sector had not

been able to cut its spending in line with declining income. Ryti's message was: "The dictatorship of an empty purse is absolute, all we can do is to try to make it equitable and fair".

The errors committed in monetary policy have in many countries been regarded as the reason for the Great Depression. Even if monetary policy did not directly cause the slump, it is claimed that the failure of central banks to increase the supply of money in 1930 and 1931 increased its severity. Both the depression and the monetary system were international and consequently researchers have not, by and large, laid very much responsibility on the central banks of small countries, which were forced to follow a rather passive adjustment policy.

Nevertheless, the monetary policy pursued by the Bank of Finland in the early years of the depression has been severely criticized. Consequently, the image handed down to posterity of Ryti's actions during the slump is by no means as universally positive as that conjured up by the prosperous years of the 1920s. Ryti's policies are considered high-principled by many and he is respected for his financial stringency and "debt repayment policy". But, on the other hand, he has been criticized for having acted too heavy-handedly and is regarded by some as being partly to blame for the difficulties which befell Finland in the early 1930s.

How then did Ryti direct the Bank of Finland's monetary policy during the depression? The most critical period was from the autumn of 1928 to the autumn of 1931, which was characterized by deepening recession and tighter credit conditions. The Bank of Finland reacted to the depletion of foreign exchange reserves by tightening monetary policy. Ryti called for cuts in government expenditure, so as to ease the strain of public finances on industry, which was crippled by

the slump. Thus, there was no question at this stage of adopting countercyclical measures. This policy aroused sharp opposition, especially in the countryside where agriculture was heavily indebted and the lowering of producer prices by as much as 30 per cent and a collapse in forest income, coupled with high interest rates, led to widespread bankruptcies and compulsory auctions.

In assessing the Bank of Finland's monetary policy in the 1930s, it has to be remembered that the alternative of a less stringent monetary policy seemed to carry with it the danger of leaving the gold standard. The strategy of going off the gold standard would have been contradictory to the Currency Act. To Ryti, it also seemed to smack of adventurism at a time when it was still believed that gold would remain the underlying pillar of the world's monetary system. Temporary sacrifices had to be judged from this viewpoint. "Our difficulties seem very great to us right now when we are living in the midst of them. Viewed in their proper perspective, they would not seem that daunting", Ryti wrote in the spring of 1931. With the benefit of hindsight, the sacrifices made in defence of the gold standard certainly do seem futile, since, as we now know, the days of the gold standard were numbered. But, back in the spring of 1931, there was still no inkling of this.

The summer of 1931 witnessed an international financial crisis, which culminated in Great Britain and the Scandinavian countries, among others, leaving the gold standard at the end of September. What had been thought to be impossible had thus become a reality, and Finland's monetary policy found itself in an entirely new situation. For a man endowed with Ryti's legalist temperament, the situation was difficult. After some hesitation, on October 12, 1931, the Bank of Finland, under the pressure of

heavy currency outflows, was forced to abandon the gold standard and adherence to fixed foreign exchange rates. The markka was allowed to float.

Once Finland had left the gold standard the markka depreciated sharply. In relation to the most important foreign currency, the pound sterling, the depreciation was about 17 per cent. But the pound, too, was weak at that time and in comparison to currencies such as the dollar and the franc, which were still linked to gold, the value of the markka fell by up to 40 per cent. The gold parity currencies were soon to prove overvalued, but nevertheless the magnitude of the depreciation of the markka shows that the monetary policy of Risto Ryti and the Bank of Finland was no longer as stringent as it had been up to then. From the end of 1931 onwards, interest rates in Finland moved only in one direction, downwards.

DEBT REPAYMENT POLICY

In Finland, as in the other Nordic countries, the trough of the depression was passed more quickly than elsewhere, and in 1933 there were already signs of an economic upturn. The period of the floating markka came to an end when the Bank of Finland stabilized the value of the markka against the pound at approximately the level to which the markka had sunk while it floated. The British Commonwealth, together with some other countries, did likewise, and so the Sterling bloc came into being. The exchange rate of the Finnish markka was favourable from the point of view of the country's international competitiveness and sizeable trade surpluses were registered until the late 1930s, thus enabling rates of interest to be kept very low. In addition to the rapid repayment of foreign debt, foreign exchange earnings sufficed for the deliberate

accumulation of the country's foreign exchange reserves. By the outbreak of the Second World War, Finland had become a country almost free from debt.

While in the Sterling bloc, the Finnish economy resumed its rapid pace of expansion. By the outbreak of the Winter War, industrial production had approximately doubled in comparison with the low point reached in the depths of the recession. The strength of the economic upturn following the depression was exceptionally great in all Nordic countries, but among this group, too, Finland's performance was outstanding.

Had there been a shift in Ryti's policy? He had been prepared to make major sacrifices to defend the value of the markka as long as Finland remained on the gold standard. But, once it was clear that the gold standard had not become the permanent cornerstone of the world economic system, he allowed the markka to depreciate and to the extent that the new value of the markka guaranteed Finland a stable exchange rate and good export performance for years to come.

The relaxation of monetary policy was probably a conscious choice rather than any concession on his part. There were, of course, strong political pressures for this. But Ryti was not the type to be easily persuaded. And if his primary objective had been the easing of monetary policy, he is hardly likely to have pursued such a determined policy with regard to repaying foreign debt as he embarked upon in 1932. Finland was the only country which, until the end of the 1930s, continued to repay its war debts to the US government, and this, in due course, brought Finland a considerable measure of international renown.

Ryti's prime objective in the 1930s was to improve the balance of payments and the country's creditworthiness.

Faith in the gold standard was shattered, and the formal limitations imposed by it were removed. But Ryti retained his financial orthodoxy in the sense that he believed that expenditure should be adjusted to the limits set by income, also at the level of the national economy. During the period of the Sterling bloc, this view came increasingly to the fore, while, owing to steady price developments and a healthy balance of payments, the issue of the value of money faded into the background.

In the 1930s, the international credit market had become so much more turbulent and narrowly based than before that the policy of reducing reliance on it and improving creditworthiness favoured by Ryti can well be justified from the point of view of prudence. And prudent Ryti certainly tried to be. He once recalled that when he became minister of finance in the early 1920s he had been advised "to speak like an optimist, but to act like a pessimist". The policies adopted by Ryti in the realm of finance suggest that this piece of advice had been engraved on his mind.

RYTI'S ECONOMIC POLICY LEGACY

In the post-war decades, Ryti's significance for economic policy has not been studied very much and what few appraisals there have been have tended to be moderately critical. The attitude taken by researchers was influenced by Keynesianism, which dominated the economic policy debate in the postwar decades and laid emphasis on the responsibility of macroeconomic policy in evening out business cycles. This strategy, with its pragmatic attitude towards deficit financing, does not quite conform with the guiding principles that were characteristic of at least the early years of Ryti's career.

On the practical side, the economic policy legacy of Ryti's times has been evident in

many aspects of postwar Finland. As an example may be cited the extremely cautious attitude towards government deficits, in general, and short-term debt, in particular, as well as the Bank of Finland's strong and independent position in economic policy discussions. But, in recent years, the era of Ryti has acquired new relevance for today's economists and policymakers. This stems from the internationalization of the economy and broad recognition of the fixed-exchange rate regime as the common foundation for economic policy as a whole. In Finland, as in many other countries, the tendency in recent years has been for the focus of economic policy to shift in the direction of the balance of payments.

Finland has always been a fairly open economy. The 1930s and 1940s, however, marked a sharp reversal in this respect because of protectionism during the depression and then the war. Indeed, it is only in the 1980s that exports and imports have regained the shares of GDP which they had in Ryti's time, in the late 1920s. This has been accompanied by the rapid opening up of domestic financial markets to the rest of the world. In these new circumstances, Ryti's policy, stressing the control of inflation and the maintenance of foreign confidence, seems surprisingly modern despite the interval of 50—60 years.

January 30, 1989

THE BANK OF FINLAND'S INVESTMENT INQUIRY¹

Industrial fixed investment grew by 4 per cent in 1988. According to the survey of investment intentions carried out by the Bank of Finland in November—December 1988, companies' plans point to continued growth in 1989. Similarly, expenditure on research and development is set to increase this year.

In manufacturing, investment last year remained at the level of 1987. The cutback in exports to the Soviet Union resulted in a marked fall in investment in the consumer goods industry, in particular. Manufacturing investment is expected to grow slightly in the current year.

In 1988, capacity utilization in industry reached a level not surpassed since 1980. Companies expect business conditions to continue good in the near future; the capacity utilization rate is estimated to remain high throughout the current year. Companies now seem to

¹ The investment inquiry is conducted by the Bank of Finland twice a year and companies are requested to provide information on their realized and planned fixed investments as well as on their expenditure on research and development. In addition, they are asked to give an estimate of their capacity utilization rate. The inquiry is based on a stratified random sample comprising nearly 1000 industrial enterprises. All big companies (over 500 employees) are included in the sample, while medium-sized and small companies are included according to certain sample ratios. The response rate, weighted by the size of companies' workforces, has consistently been about 90 per cent. The sample is updated at regular intervals, most recently in the autumn of 1988 when a more detailed industrial classification was also introduced.

TABLE 1. ANNUAL CHANGE IN THE VOLUME OF INDUSTRIAL FIXED INVESTMENT IN 1987—1989, BY INDUSTRIAL SECTOR, PER CENT

	1987*	1988	1989
Forest industries	18	11	4
Metal and engineering industries	11	0	17
Other manufacturing	16	-11	-2
MANUFACTURING	15	-1	5
Of which: big companies	..	5	3
medium-sized companies	..	-31	23
small companies	..	13	-9
Energy and water supply	-2	21	-7
TOTAL INDUSTRY	11	4	2

* According to National Accounts

be somewhat more optimistic about economic prospects in the current year than they were in the survey carried out in the spring of 1988. In comparing the results of the two surveys, account has been taken of the fact that plans have become more definite with the shortening of the planning horizon.

Fixed investment. There were considerable sectoral differences in investment activity last year. Investment in energy and water supply increased by about one-fifth. In the forest industries, full capacity utilization and good profitability, together with expectations of continued favourable economic conditions in the short term, were the main factors behind an increase of more than 10 per cent in the volume of investment. In the metal and engineering industries, the volume of investment remained at the level of 1987. Investment in the capital-intensive basic metals industry declined sharply, while in most other metal and engineering branches investment volumes increased.

In other manufacturing industries, where the cutback in exports to the Soviet Union was felt strongly, the decrease in investment was fairly widespread. As manufacturing industry output increased by over 4 per cent, the rate of investment, i.e. fixed investment in relation to value-added, fell slightly.

In relative terms, the largest increase in manufacturing fixed investment in 1989 will be in the metal and engineering industries, where companies' plans point to growth of nearly one-fifth. Investment by the forest industries is set to grow further, though at a much reduced pace. In other manufacturing industries, the indications are that there will be another fall in the volume of investment this year but not of the same magnitude as in 1988. Investment in energy supply is also forecast to decrease. On the basis of companies' plans, the volume of fixed investment will grow, on average, by 2 per cent this year in total industry and by 5 per cent in manufacturing.

As before, industrial investment will focus on acquisitions of machinery and equipment, the volume of which has grown almost continually throughout the 1980s so far. By contrast, construction activity is estimated to fall. In 1988, investment growth was concentrated among private companies. Investment by state-owned companies declined significantly after two years of fairly rapid growth.

Analyzed by size category, it was small companies which recorded the highest relative increase in investment in virtually all branches last year. In 1989, the relative increase will be highest among medium-sized companies, whose investment activity will return to the level prevailing before the cutback last year.

Intangible investment. In 1988, companies' outlays on research and development increased appreciably faster than their expenditure on fixed investment. In the manufacturing industry, companies spent FIM 3 billion on research and development, which was equivalent to about 15 per cent of fixed capital investment. According to companies' plans, the share of intangible investments will also increase in the current year.

TABLE 2. EXPENDITURE ON RESEARCH AND DEVELOPMENT IN MANUFACTURING IN 1987—1989, MILLION FIM

	1987	1988	1989
Forest industries	181	200	216
Metal and engineering industries	1 415	1 594	1 858
Other manufacturing	1 025	1 234	1 479
MANUFACTURING	2 620	3 028	3 553

Capacity utilization. The capacity utilization rate in manufacturing approached 90 per cent in the second half of 1988. In the forest industries and metal and engineering industries capacity utilization rates rose to a noticeably higher level in the second half of 1988 than had been estimated in the

spring. In the forest industries, the capacity utilization rate exceeded the cyclical peak of 1980. Most branches expect their capacity utilization rates to remain broadly unchanged in the current year. The forest industries expect a moderate fall to take place in the course of the year.

TABLE 3. CAPACITY UTILIZATION RATE IN MANUFACTURING IN 1987—1989, SEMI-ANNUAL, PER CENT

	1987		1988		1989	
	I	II	I	II	I	II
Forest industries	91	91	94	95	94	93
Metal and engineering industries	86	89	91	92	91	92
Other manufacturing	82	83	82	83	82	83
MANUFACTURING	86	87	89	89	89	89

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

1988

MARCH

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

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

APRIL

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

MAY

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

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.

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 individ-

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			
	Jan. 29	Dec. 31	Jan. 6	Jan. 13	Jan. 23	Jan. 31
ASSETS						
Gold and foreign currency claims	30 185	29 753	30 398	32 054	32 761	33 188
Gold	2 128	2 128	2 128	2 128	2 128	2 128
Special drawing rights	879	1 120	1 117	1 063	1 064	1 066
IMF reserve tranche	768	940	937	942	943	945
Convertible currencies	24 143	24 492	25 072	25 886	26 520	26 620
Tied currencies	2 266	1 073	1 144	2 034	2 105	2 428
Other foreign claims	4 362	4 199	4 202	4 210	4 213	4 216
Markka subscription to Finland's IMF quota	2 444	2 283	2 283	2 283	2 283	2 283
Term credit	1 918	1 916	1 919	1 928	1 930	1 933
Claims on financial institutions	4 839	14 384	13 682	12 644	12 124	12 503
Call money credits	2	463	247	10	0	715
Certificates of deposit	—	7 187	6 882	6 445	5 681	5 291
Till-money credits	2 424	2 920	2 745	2 399	2 679	2 733
Financing of crop failure loans	—	1 222	1 222	1 222	1 222	1 222
Bonds	2 142	2 325	2 321	2 315	2 304	2 304
Other claims on financial institutions	271	267	265	254	238	238
Claims on the public sector	979	1 128	1 128	1 143	1 144	1 114
Treasury notes and bills	—	88	88	88	88	59
Bonds	4	20	20	20	20	20
Total coinage	970	1 020	1 020	1 032	1 032	1 032
Other claims on the public sector	5	—	—	2	3	3
Claims on corporations	3 687	3 041	3 001	2 971	2 927	2 896
Financing of exports	867	400	375	353	321	301
Financing of domestic deliveries (KTR)	2 582	2 205	2 194	2 187	2 176	2 167
Bonds: KTR-credits	13	218	216	216	216	213
Bonds: Other	44	35	33	33	33	33
Other claims on corporations	181	183	183	182	182	182
Other assets	106	787	116	118	118	120
Accrued items	—	668	—	—	—	—
Other assets	106	118	116	118	118	120
Total	44 158	53 291	52 526	53 141	53 286	54 038
LIABILITIES						
Foreign currency liabilities	138	247	338	241	257	238
Convertible currencies	67	119	214	115	123	106
Tied currencies	71	128	125	126	134	132
Other foreign liabilities	3 237	3 082	3 080	3 085	3 085	3 087
IMF markka accounts	2 444	2 283	2 283	2 283	2 283	2 283
Allocations of special drawing rights	792	800	797	802	803	804
Notes and coin in circulation	9 406	11 550	11 190	10 931	10 776	10 755
Notes	8 551	10 601	10 248	9 994	9 840	9 811
Coin	855	949	943	937	936	944
Certificates of deposit	6 085	1 130	1 130	1 080	1 440	1 440
Liabilities to financial institutions	12 431	19 248	19 483	20 325	20 203	20 789
Call money deposits	1 297	128	109	954	836	83
Cash reserve deposits	11 085	19 039	19 039	19 039	19 039	20 389
Capital import deposits	—	—	280	280	280	280
Other liabilities to financial institutions	49	81	54	51	47	37
Liabilities to the public sector	901	1 903	1 968	1 988	1 999	2 016
Cheque accounts	1	1	0	0	0	1
Counter-cyclical fund deposit	900	900	964	964	964	964
Counter-cyclical deposits	—	981	981	999	1 000	1 000
Export deposits	—	20	21	21	34	36
Capital import deposits	—	—	—	—	—	—
Other liabilities to the public sector	0	1	1	3	1	15
Liabilities to corporations	5 024	6 797	6 819	6 802	6 793	6 836
Deposits for investment and ship purchase	4 795	6 447	6 457	6 440	6 431	6 470
Capital import deposits	209	349	349	349	349	354
Other liabilities to corporations	20	1	13	13	13	13
Other liabilities	25	1 107	44	39	39	39
Accrued items	—	1 064	—	—	—	—
Other liabilities	25	43	44	39	39	39
Valuation account and reserves	1 422	2 391	2 638	2 814	2 856	3 001
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	—	—	—	—
Total	44 158	53 291	52 526	53 141	53 286	54 038

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												
Jan.	2 128	879	768	24 076	27 851	2 195	30 046	1 125	31 171	979	901	-78
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

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											
Jan.	-	-1 295	11 085	2 424	-2 364	-7 592	3 462	4 799	-1 337	9 406	6 085
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

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

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

During period	Purchases of certificates of deposit	Sales of certificates of deposit	Matured certificates of deposit, net	Impact on Liquidity (1-2-3)	Call money credits	Call money deposits	Total net change (4+5-6)
	1	2	3	4	5	6	7
1984	.	.	.	.	-767	1 606	-2 373
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							
Jan.	160	3 915	-2 640	-1 115	2	540	-1 653
Feb.	—	3 955	-2 920	-1 035	295	-1 297	557
March	—	2 550	-2 385	-165	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

2.2 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					
	Domestic companies			Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks	Net (1-2)			
1	2	3	4	5	6	
1984	22 921	1 394	21 527	2 002	-19 962	3 566
1985	16 982	1 733	15 249	708	-9 005	6 951
1986	11 446	1 319	10 127	-2 461	-92	7 574
1987	21 671	1 158	20 513	-233	-1 287	18 994
1988	16 488	1 543	14 946	9 086	-377	-23 654
1987						
Dec.	21 671	1 158	20 513	-233	-1 287	18 994
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.	16 488	1 543	14 946	9 086	-377	23 654

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	3 176	.	3 176	3 215	.	6 324	9 539	-6 364
1985	5 812	.	5 812	4 527	.	9 578	14 105	-8 293
1986	7 117	120	7 237	1 256	.	9 189	10 445	-3 208
1987	481	1 581	2 062	703	4 705	10 092	15 501	-13 439
1988	128	2 190	2 319	621	5 044	15 159	20 824	-18 505
1988								
Jan.	9	6	15	1 081	5 653	10 955	17 690	-17 675
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

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									
Jan.	8.09	9.07	9.21	9.35	9.71	11.00	7.50	7.00	4.9
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

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								
Jan.	4.9	5.1	5.2	5.5	7.2	7.5	7.7	7.9
Feb.	5.0	5.0	5.1	5.3	7.2	7.4	7.5	7.7
March	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

3.3 COVERED EURO-DOLLAR RATE, PER CENT

Average of daily observations	1	3	6	12
	month	months	months	months
	1	2	3	4
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				
Jan.	8.8	9.0	9.1	9.5
Feb.	9.0	9.1	9.2	9.5
March	9.6	9.7	9.7	9.9
April	9.3	9.4	9.6	9.9
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

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 leading 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 leading, 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
1987												
Dec.	10.68	11.95	9.81	10.23	9.12	8.99	2.75	5.75	7.00	4.56	9.61	5.40
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

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	Oslø	Copenhagen	Frankfurt a.M.	Amsterdam	Brussels	
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEC	1 BEL
	1	2	3	4	5	6	7	8	9	10	11
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											
Jan.	4.036	3.143	7.288	6.505	0.6775	0.6373	0.6369	2.4456	2.1764	0.11702	0.11669
Feb.	4.120	3.251	7.249	6.473	0.6819	0.6435	0.6355	2.4290	2.1632	0.11622	0.11597
March	4.053	3.247	7.426	6.463	0.6822	0.6410	0.6313	2.4160	2.1513	0.11557	0.11527
April	4.010	3.251	7.530	6.414	0.6821	0.6470	0.6250	2.3984	2.1379	0.11469	0.11409
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

Average of daily quotations	Zurich	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Tokyo	Moscow	Melbourne	ECU	SDR
	1 CHF	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 JPY	1 SUR	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22	23
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												
Jan.	3.0050	0.7259	0.00333	0.3479	0.0301	0.1128	0.0361	0.03170	6.786	2.894	5.048	5.54743
Feb.	2.9625	0.7204	0.00330	0.3461	0.0300	0.1130	0.0361	0.03190	6.832	2.962	5.014	5.57446
March	2.9243	0.7135	0.00328	0.3441	0.0298	0.1060	0.0362	0.03189	6.786	2.989	5.001	5.54669
April	2.9001	0.7081	0.00324	0.3416	0.0296	0.1057	0.0363	0.03209	6.767	3.021	4.976	5.52717
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

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
Jan.	102.2	100.3	103.4	BEC	3.2
Feb.	102.2	100.6	104.1	CHF	2.7
March	102.0	100.2	103.4	FRF	6.8
April	101.8	99.8	103.0	ITL	5.0
May	101.7	99.7	103.1	JPY	6.2
June	101.9	100.5	104.5		
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		

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	14 337	93 551	.	107 888	5 101	7 700	120 688
1984	16 975	108 118	.	125 093	4 960	11 287	141 340
1985	19 268	125 366	1 781	146 415	6 192	13 998	166 605
1986	18 393	137 521	3 423	159 337	4 306	17 271	180 914
1987*	20 377	155 115	5 243	180 735	3 923	17 892	202 550
1987*							
Nov.	21 631	149 098	5 194	175 923	5 163	22 478	203 564
Dec.	20 377	155 115	5 243	180 735	3 923	17 892	202 550
1988*							
Jan.	21 169	156 355	5 419	182 943	3 639	25 188	211 770
Feb.	21 901	157 510	5 531	184 942	4 119	25 166	214 229
March	21 079	158 431	5 769	185 279	5 022	28 512	218 813
April	22 028	159 921	5 850	187 799	4 870	32 965	225 634
May	23 753	161 340	5 835	190 928	4 280	32 383	227 592
June	26 163	164 253	5 900	196 317	4 169	27 307	227 793
July	24 369	166 174	5 910	196 454	4 362	37 097	237 913
Aug.	24 438	167 010	5 904	197 352	4 406	39 645	241 402
Sept.	23 358	168 233	6 211	197 801	4 310	39 761	241 872
Oct.	25 168	170 139	6 530	201 837	4 783	42 652	249 271
Nov.	23 389	171 714	6 602	201 706	5 028	44 564	251 298

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	4 350	7 264	97 362	108 977	17 253	126 231
1984	5 233	7 644	111 280	124 157	20 363	144 520
1985	6 313	7 471	132 668	146 451	24 704	171 155
1986	7 542	6 354	152 335	166 231	25 016	191 246
1987*	8 507	5 177	178 698	192 382	36 954	229 336
1987*						
Nov.	8 974	5 174	175 284	189 431	36 635	226 066
Dec.	8 507	5 177	178 698	192 382	36 954	229 336
1988*						
Jan.	8 703	4 966	182 310	195 979	38 182	234 161
Feb.	8 908	5 070	186 023	200 000	40 372	240 372
March	9 125	4 734	189 554	203 413	41 454	244 867
April	9 298	4 796	192 940	207 033	42 291	249 323
May	9 300	4 756	196 938	210 994	44 727	255 720
June	9 643	4 809	200 832	215 283	47 807	263 090
July	9 436	4 722	203 911	218 068	47 301	265 370
Aug.	9 907	4 767	207 885	222 560	47 085	269 644
Sept.	10 634	4 755	212 246	227 635	47 583	275 218
Oct.	10 647	4 796	216 684	232 127	47 913	280 040
Nov.	10 898	4 902	221 029	236 830	48 558	285 388

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	..	..
1987											
Dec.	20 407	2 697	5 576	28 680	22 121	4 692	3 018	29 831	58 511	40 035	11 553
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	..	..

5.5 DOMESTIC BOND MARKET

A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1984	2 528	6 167	5 073	112	32	1 947	5 336	6 629	13 912
1985	4 799	9 112	5 994	435	33	8 070	6 394	5 909	20 373
1986	4 976	10 638	6 532	422	105	5 987	7 487	9 199	22 674
1987	4 477	9 510	8 119	206	69	9 409	8 830	4 142	22 380
1988	3 038	8 440	6 889	268	61	7 894	6 522	4 280	18 696
1987									
Dec.	347	757	101	—	18	714	101	408	1 222
1988									
Jan.	251	5	1 370	—	—	108	1 370	148	1 626
Feb.	260	968	631	63	—	874	806	241	1 922
March	203	1 254	841	—	11	719	1 376	215	2 310
April	112	85	1 487	—	—	540	55	1 089	1 684
May	64	783	792	—	—	829	792	18	1 639
June	114	832	40	13	—	756	40	202	998
July	523	360	10	74	—	445	10	512	967
Aug.	314	474	576	100	—	772	576	116	1 463
Sept.	13	903	127	—	—	378	482	183	1 042
Oct.	324	739	656	15	—	963	656	115	1 734
Nov.	14	1 240	183	—	—	873	183	381	1 437
Dec.	849	798	174	3	50	638	174	1 062	1 874

B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1983	5 027	15 039	11 869	152	11	1 954	12 057	18 086	32 098
1984	6 766	19 960	14 904	247	43	3 531	15 148	23 242	41 921
1985	10 482	26 173	18 575	661	56	10 967	19 002	25 978	55 947
1986	14 076	31 902	22 090	1 042	177	16 432	23 314	29 541	69 287
1987	17 524	36 700	26 518	1 200	232	24 778	28 223	29 173	82 174
1987									
III	16 353	33 703	24 707	1 218	213	20 674	26 781	28 738	76 194
IV	17 524	36 700	26 518	1 200	232	24 778	28 223	29 173	82 174
1988*									
I	18 006	38 603	27 626	1 251	253	26 479	29 606	29 654	85 739
II	17 915	39 636	28 428	1 250	246	28 404	29 620	29 451	87 475
III	18 423	40 573	28 478	1 416	246	29 750	29 581	29 805	89 136

5.6 HELSINKI STOCK EXCHANGE

During period	Turnover, mill. FIM			Share prices Unitas Index ¹ , 1975 = 100		
	Shares and subscription rights	Bonds and debentures	Total (1+2)	Banks	Industry	Overall Index
	1	2	3	4	5	6
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
1987						
Dec.	1701	1241	2942	328	611	558
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

¹ Average of daily observations

6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, receipts f.o.b.	Trans- port receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Invest- ment income	Trans- fers and other income	Current account of receipts (6+7+8)	Imports of goods, c.i.f.	Trans- port ex- pend- ture	Travel ex- pend- ture	Other services ex- pend- ture
	1	2	3	4	5	6	7	8	9	10	11	12	13
1984	78 961	6 580	3 039	5 610	15 229	94 190	4 537	3 624	102 351	73 496	2 572	4 250	5 819
1985	82 475	6 216	3 258	6 224	15 698	98 173	5 847	3 791	107 811	80 764	2 545	5 031	6 554
1986	81 066	5 757	3 195	5 616	14 568	95 634	4 510	3 609	103 752	76 736	2 160	5 587	5 415
1987*	83 606	5 819	3 729	6 054	15 601	99 208	5 075	2 899	107 182	81 941	2 345	6 821	6 578
1988*	91 400	6 400	3 800	6 850	17 050	108 450	7 450	3 200	119 100	91 200	3 900	7 100	7 350
1986													
III	20 928	1 533	1 126	1 191	3 850	24 778	907	894	26 579	20 637	572	1 631	1 298
IV	22 652	1 394	726	2 319	4 439	27 091	1 241	926	29 258	19 995	588	1 367	1 555
1987*													
I	20 035	1 322	666	1 288	3 275	23 311	1 130	794	25 234	19 542	498	1 477	1 479
II	21 300	1 491	934	1 435	3 859	25 159	1 175	715	27 049	20 522	601	1 684	1 536
III	20 847	1 573	1 333	1 541	4 446	25 293	1 115	696	27 104	20 272	604	1 921	1 469
IV	21 424	1 433	797	1 791	4 021	25 445	1 655	694	27 795	21 605	642	1 739	2 094
1988*													
I	20 701	1 414	656	1 543	3 614	24 315	1 777	770	26 862	19 719	823	1 625	2 080
II	22 570	1 626	921	1 728	4 275	26 845	1 641	815	29 301	23 306	943	1 711	1 791
III	21 653	1 771	1 364	1 816	4 952	26 605	1 824	844	29 273	23 983	1 184	2 005	1 767
IV	26 476	1 588	858	1 763	4 209	30 685	2 209	771	33 664	24 192	950	1 759	1 711

During period	Services ex- pend- ture, total (11+12)	Imports of goods and services (10+14)	Invest- ment ex- pend- ture (15+16)	Trans- fers and other ex- pend- ture	Current account ex- pen- (15+16 +17)	Trade account (1-10)	Trans- port (2-11)	Travel (3-12)	Other services (4-13)	Services account (21+22)	Goods and services account net (19+23)	Invest- ment income, net (7-16)	Trans- fers and others, net (8-17)	Current account and others, net (24+25 +26) = (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1984	12 641	86 137	11 298	5 010	102 445	5 465	4 008	-1 211	-209	2 588	8 053	-6 761	-1 385	-93
1985	14 130	94 893	12 134	5 300	112 327	1 711	3 671	-1 773	-330	1 568	3 279	-6 287	-1 509	-4 517
1986	13 162	89 898	11 719	5 964	107 580	4 329	3 597	-2 392	201	1 406	5 735	-7 209	-2 355	-3 828
1987*	15 744	97 685	12 563	5 434	115 682	1 666	3 473	-3 092	-524	-143	1 523	-7 488	-2 535	-8 500
1988*	18 350	109 550	15 800	6 350	131 700	200	2 500	-3 300	-500	-1 300	-1 100	-8 350	-3 150	-12 600
1986														
III	3 501	24 138	2 495	1 347	27 981	291	962	-506	-107	349	640	-1 588	-454	-1 402
IV	3 510	23 504	2 982	1 711	28 198	2 657	806	-641	764	929	3 586	-1 741	-785	1 060
1987*														
I	3 454	22 996	2 901	1 639	27 536	493	824	-812	-191	-178	315	-1 771	-846	-2 302
II	3 822	24 343	3 624	1 182	29 150	779	890	-751	-102	38	816	-2 450	-468	-2 101
III	3 994	24 266	2 660	1 196	28 122	575	968	-588	72	452	1 027	-1 545	-500	-1 018
IV	4 475	26 080	3 378	1 416	30 874	-181	791	-942	-303	-454	-635	-1 723	-722	-3 079
1988*														
I	4 528	24 246	3 817	1 798	29 861	983	591	-968	-537	-914	69	-2 041	-1 028	-3 000
II	4 445	27 751	3 823	1 448	33 022	-736	683	-790	-64	-170	-906	-2 182	-633	-3 721
III	4 956	28 939	3 592	1 469	34 000	-2 330	587	-641	49	-4	-2 334	-1 768	-625	-4 727
IV	4 421	28 613	4 568	1 635	34 816	2 283	638	-901	52	-212	2 072	-2 359	-864	-1 152

6.2 CAPITAL ACCOUNT, MILL. FM

During period	Direct investment in Finland	Port-folio investment in Finland	Long-term credits				Imports of other long-term capital (1+2+6+7)	Imports of long-term capital (1+2+6+7)	Direct investment abroad	Port-folio investment abroad	Long-term export credits	Exports of other long-term capital (9+10+11+12)	Exports of long-term capital (9+10+11+12)	Long-term capital account (8-13)
			Central government	Author-ized banks	Others	Total (3+4+5)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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 payments related to exports	Imports of short-term capital re-(16+17)	Short-term capital exports of authorized banks	Export receipts and term payments related to imports	Exports of short-term capital (19+20)	Other short-term capital incl. or-omissions	Short-term capital account (18-21+22)	Overall balance excl. reserve movements (15+23)	Change in central bank's foreign exchange reserves (26+27)	Of which:	
												Convertible reserves	Tied reserves
	15	16	17	18	19	20	21	22	23	24	25	26	27
1984	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, not (8-13)	
	Direct investment in Finland	Port-folio investment in Finland	Long-term credits			Other long-term capital	Total (1+2+6+7)	Direct investment abroad	Port-folio investment abroad	Long-term export credits	Other long-term capital	Total (9+10+11+12)		
			Central government	Author-ized banks	Others									Total (3+4+5)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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	5283	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, not (18-22)	Debt, not (14+23)	Debt service payments	Of which: repayments	Debt service ratio
	Bank of Finland's short-term liabilities	Short-term liabilities of authorized banks	Trade credits and other liabilities	Total (15+16+17)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits and other assets	Total (19+20+21)					
1984	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	6710	7650	-940
July	6404	7005	-601
Aug.	7199	8330	-1131
Sept.	8411	8663	-252
Oct.	8586	8341	245
Nov.	9909	8143	1766
Dec.	8521	8352	169

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

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1983	104	98	127	125	101
1984	114	98	134	131	102
1985	115	104	138	135	102
1986	116	110	135	121	111
1987	117	119	138	119	116
1986					
I	113	110	134	129	103
II	104	90	133	122	109
III	116	119	138	120	116
IV	128	115	136	121	112
1987					
I	114	113	136	120	113
II	120	120	137	119	115
III	116	116	140	121	115
IV	119	126	140	119	117
1988*					
I	114	114	140	119	117
II	123	133	141	121	116
III	114	133	147	124	118

7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, f.o.b.					Imports by use of goods, c.i.f.				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
	1	2	3	4	5	6	7	8	9	10
1983	6944	19327	8524	20211	14686	32209	17554	10860	10572	333
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
1987										
Nov.	664	2168	563	2077	1492	3713	720	1436	1622	-9
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	3215	351	990	1466	39
March	627	2746	690	2108	1361	3489	354	1285	1822	9
April	672	2369	639	2652	1248	3726	546	1321	1899	7
May	735	2459	736	3241	1504	4141	675	1465	1958	10
June	626	2270	599	1890	1325	3725	732	1587	1578	28
July	537	2340	628	1758	1141	3372	647	1311	1599	76
Aug.	545	2650	647	1920	1437	4115	737	1457	1955	66
Sept.	612	2865	781	2506	1647	3979	860	1673	2140	11
Oct.	690	2751	798	2749	1598	4151	641	1575	1921	53
Nov.	686	2854	729	3973	1667	4218	527	1367	1865	166

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1987		1988*		1987		1988*	
	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

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

8. DOMESTIC ECONOMIC DEVELOPMENTS

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

(seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
1983	171 330	63 113	69 001	10 467	-2 704	311 207	92 001	87 959	315 249
1984	176 038	64 872	67 584	10 202	-1 327	317 369	96 993	88 857	325 505
1985	181 664	68 218	69 599	10 453	3 610	333 544	98 173	94 893	336 824
1986*	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	Industry (SIC):						
	2-4 Total industry (100.0)	2 Mining and quarrying (1.5)	3 Manufacturing (89.5)	331,341 Wood and paper industries (20.5)	37,38 Metal and engineering industries (28.3)	4 Other manufacturing (40.7)	4 Electricity, gas and water (9.0)
	1	2	3	4	5	6	7
1983	91.9	92.8	92.5	94.2	87.8	95.5	86.0
1984	96.1	96.3	96.6	101.7	92.5	97.6	91.8
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986*	100.8	101.7	100.8	101.8	101.3	99.9	100.1
1987*	105.0	79.0	105.2	107.9	106.2	103.0	108.0
1987*							
Nov.	100.8	72.5	103.6	108.4	107.4	100.5	109.5
Dec.	102.7	67.3	105.5	105.4	108.4	100.1	108.4
1988*							
Jan.	108.0	64.7	111.3	115.7	112.1	106.7	94.5
Feb.	107.7	70.4	109.5	112.4	111.2	104.0	102.6
March	105.5	74.0	106.4	109.7	104.6	103.0	105.7
April	108.8	88.9	107.7	114.5	111.7	102.7	110.2
May	108.9	102.3	108.3	108.8	113.4	107.1	103.6
June	111.9	100.1	109.9	116.2	110.3	106.3	110.5
July	114.2	95.4	111.1	109.6	124.0	104.7	110.8
Aug.	108.4	82.5	107.7	115.8	114.0	101.5	111.9
Sept.	109.8	93.7	110.1	115.0	118.8	105.2	109.0
Oct.	109.8	86.5	112.7	119.8	114.7	106.7	111.7
Nov.	109.7	97.2	112.2	123.1	117.2	103.2	119.4

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*								
Oct.	114.7	107.8	..	..	..	..	..	106.8
Nov.	113.9	109.9	..	..	..	..	..	107.1
Dec.	111.3	111.4	..	..	..	..	..	107.7
III	110.9	108.0	95.8	86.2	102.5	105.9	100.2	106.8
IV	113.3	109.7	97.2	88.1	99.5	105.2	121.3	107.2
1988*								
Jan.	115.0	113.4	..	..	..	..	..	108.1
Feb.	113.9	111.5	..	..	..	..	..	108.5
March	112.8	114.9	..	..	..	..	..	108.3
April	116.3	109.3	..	..	..	..	..	108.0
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	..	..	..	..	..	111.2
Oct.	120.7	115.2	..	..	..	..	..	111.1
I	113.9	113.3	103.2	92.5	113.8	113.3	113.3	108.3
II	114.4	111.7	101.7	100.5	101.5	110.9	140.0	109.0
III	119.3	112.4	104.8	108.7	99.4	96.3	133.9	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	Domes- tic goods		Import- ed goods	Export- ed goods		Home market goods
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1983	84.3	84.0	85.2	86.4	84.0	85.8	88.8	90.4	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														
Dec.	..	..	..	..	..	..	108.4	98.9	102.0	87.7	98.6	99.2	98.3	110.9
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

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
1983	68.7	2527	2390	386	2004	303	606	183	1298	138	5.5	
1984	68.8	2546	2414	378	2035	294	600	183	1337	133	5.2	
1985	69.2	2567	2437	361	2076	280	597	178	1380	130	5.0	
1986	69.1	2568	2431	359	2071	266	589	185	1391	138	5.4	
1987	68.6	2554	2423	372	2051	251	569	184	1419	130	5.1	
1987												
Nov.	68.5	2549	2420	381	2039	252	557	180	1432	129	5.1	
Dec.	68.4	2548	2419	378	2041	247	558	183	1430	128	5.0	
1988												
Jan.	68.7	2558	2438	381	2057	250	573	189	1427	120	4.7	
Feb.	68.4	2549	2430	374	2057	253	551	176	1451	118	4.6	
March	68.5	2549	2428	371	2057	240	557	182	1450	120	4.7	
April	68.3	2541	2426	367	2059	241	551	192	1442	115	4.5	
May	68.3	2540	2415	366	2049	243	543	177	1451	125	4.9	
June	68.7	2556	2439	363	2076	231	548	194	1466	117	4.6	
July	68.5	2547	2430	361	2070	223	558	203	1446	117	4.6	
Aug.	67.9	2527	2412	379	2032	252	572	172	1416	115	4.6	
Sept.	68.4	2543	2429	352	2077	222	530	202	1475	114	4.5	
Oct.	68.9	2561	2452	375	2078	225	542	204	1481	109	4.2	
Nov.	68.7	2556	2451	370	2081	234	563	162	1492	105	4.1	

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

During period	Revenue									Expenditure			
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Borrowing	Total revenue (7+8)	Consumption	Transfers and subsidies	Of which:	
	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+18)	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 Maturated certificates of deposit, net (Column 3) = maturated bank certificates of deposit held by the Bank of Finland - maturated certificates of deposit issued by the Bank of Finland.

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

3 RATES OF INTEREST

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

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. *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 $\text{FIM } 7.7$ 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.

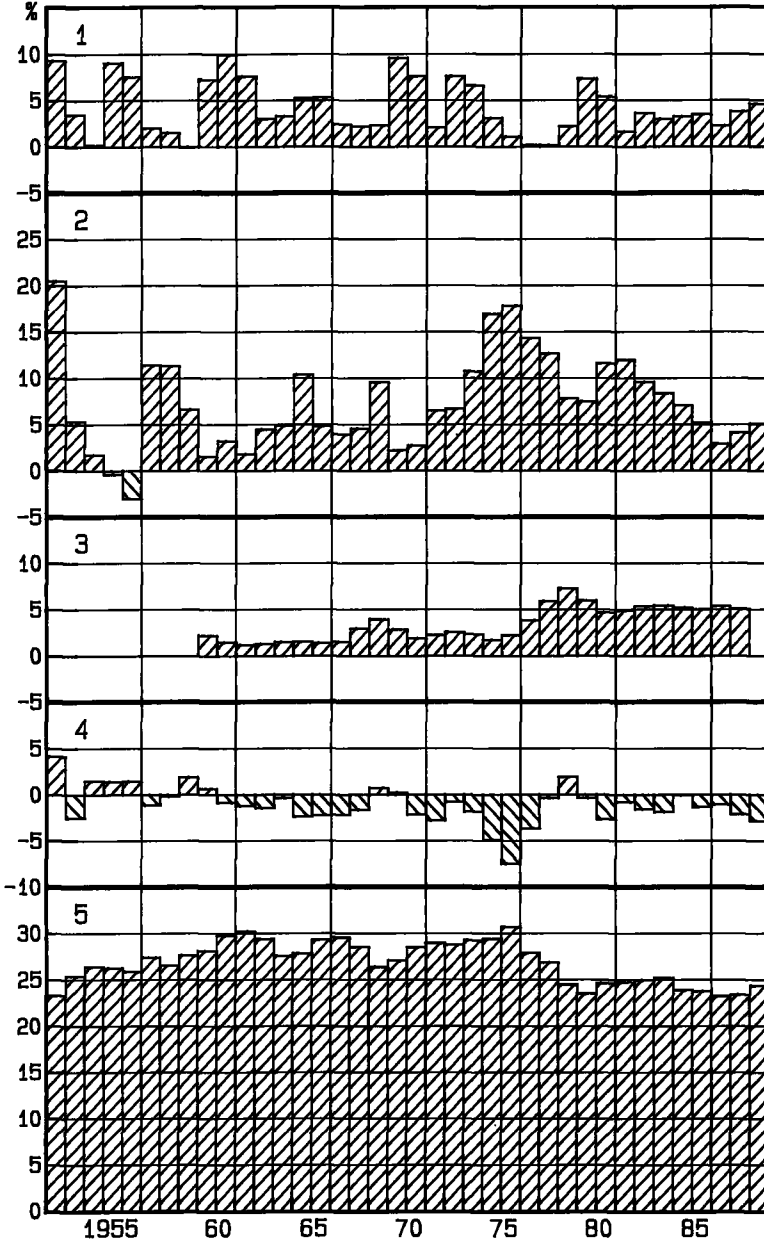
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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.

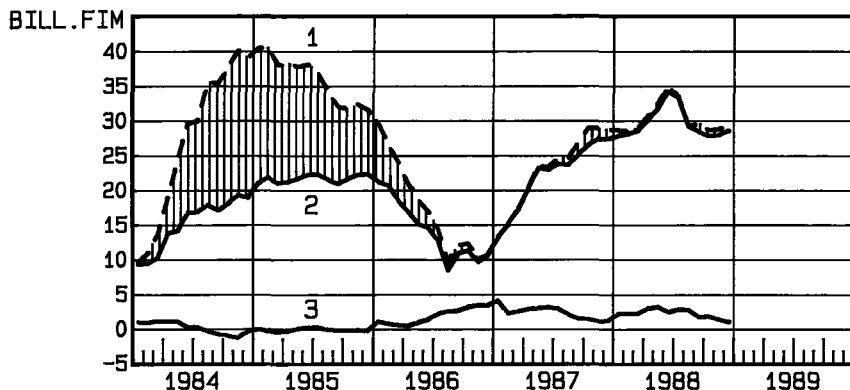
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Banks' central bank position	S29
5. Overnight rates	S30
6. HELIBOR rates of interest	S30
7. Rates of interest applied by the Bank of Finland	S30
8. 3-month covered Eurodollar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

1. LONG-TERM INDICATORS



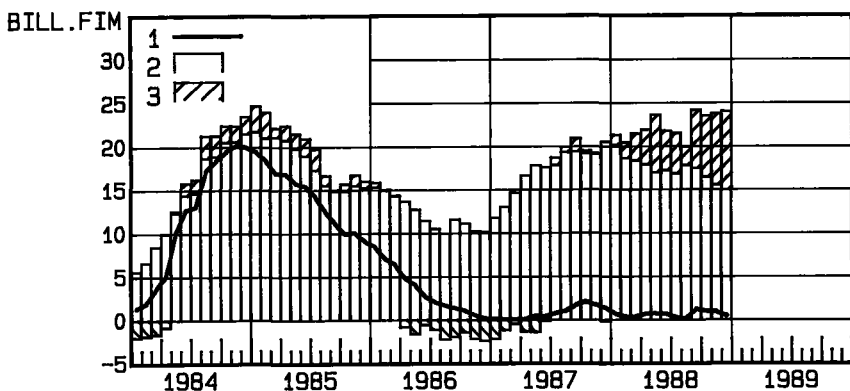
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



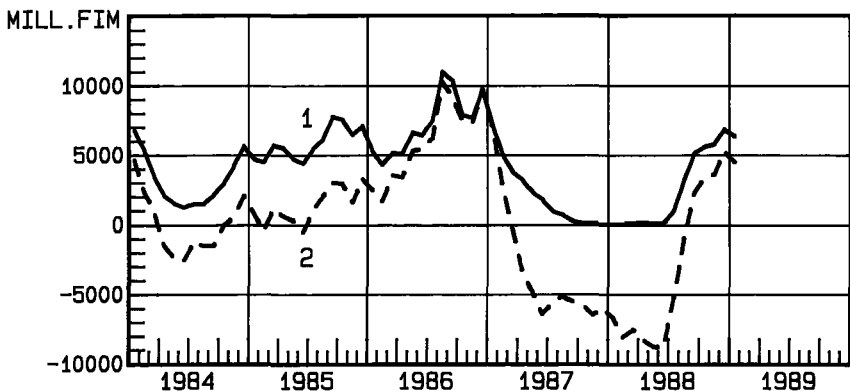
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves
3. Tied currencies

3. FORWARD MARKET



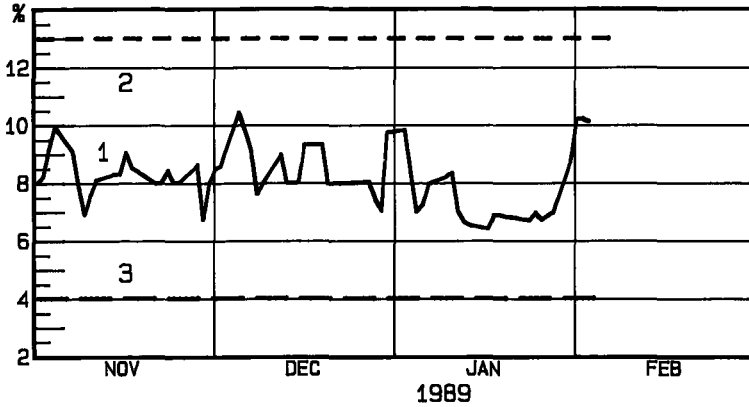
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

4. BANKS' CENTRAL BANK POSITION



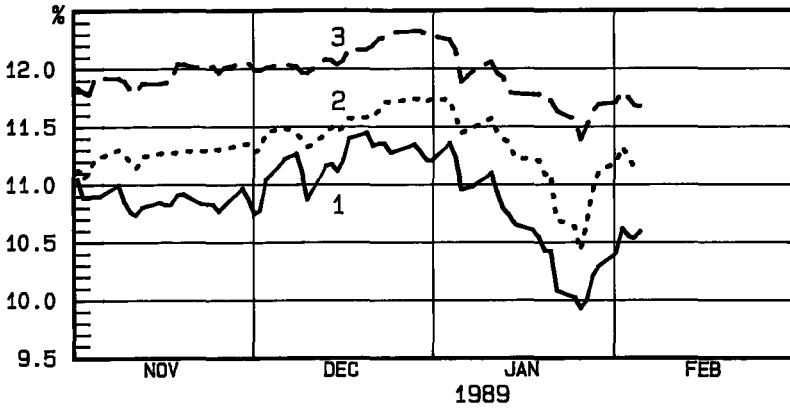
1. Gross debt to the Bank of Finland
2. Net debt to the Bank of Finland (excl. cash reserve deposits)

5. OVERNIGHT RATES



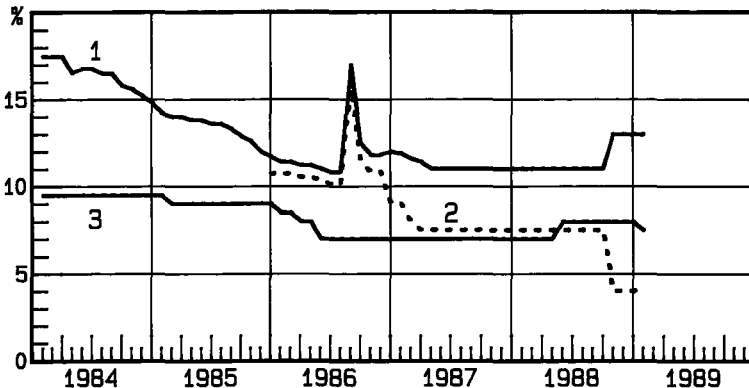
- 1. Inter-bank overnight rate
 - 2. Call money credit rate
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



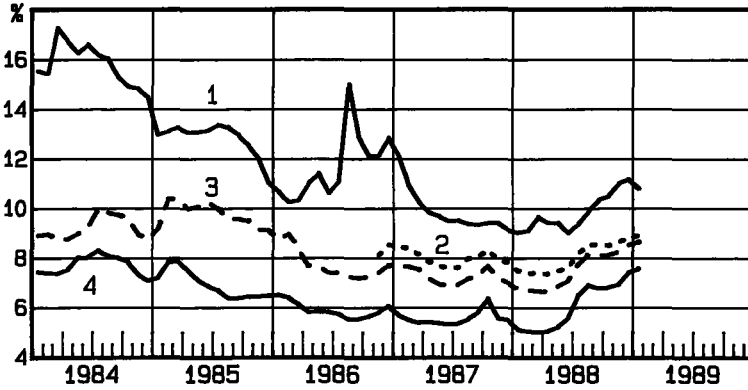
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Daily observations

7. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



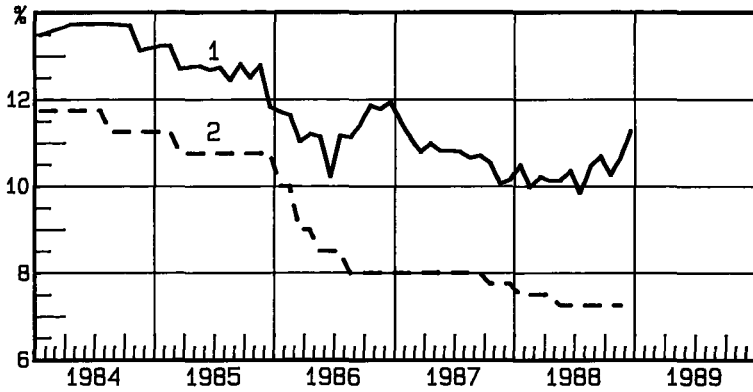
- 1. Call money credit rate
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

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



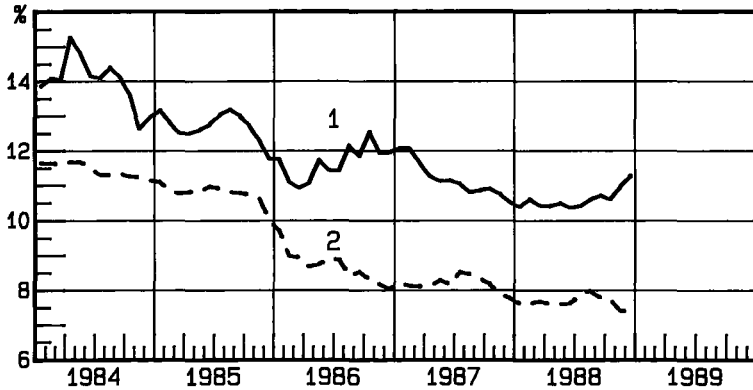
- 1. Covered Eurodollar rate
- 2. 12-currency basket rate
- 3. 8-currency basket rate
- 4. 3-currency basket rate

9. RATES ON NEW ISSUES OF BONDS AND DEBENTURES



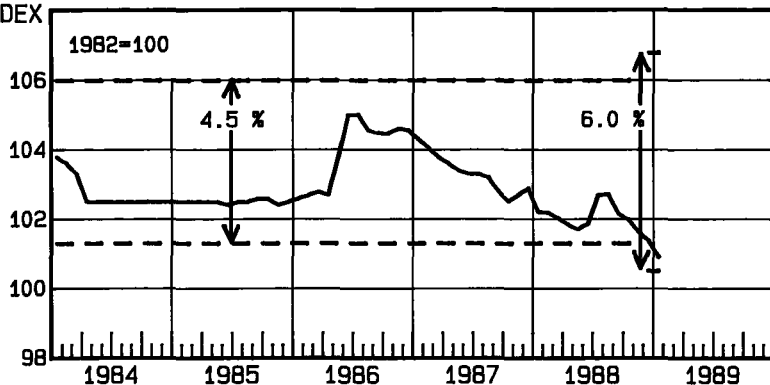
- 1. Rates on new fixed-rate debentures
- 2. Rates on new 10-year tax-free government bonds

10. SECONDARY MARKET RATES ON BONDS AND DEBENTURES



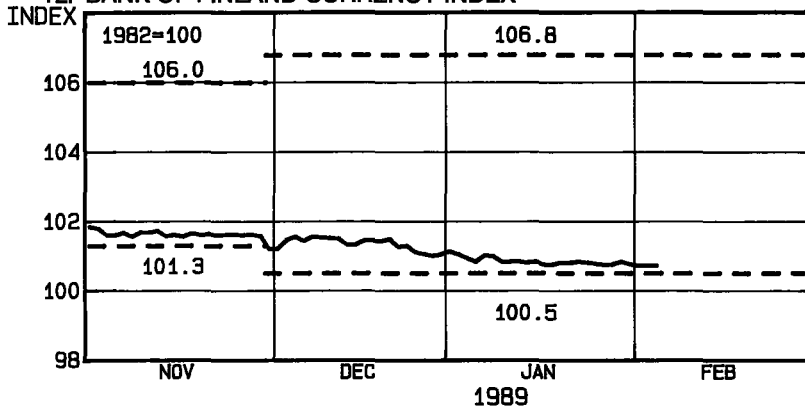
- 1. Secondary market rate on (3-6 year) fixed-rate debentures
- 2. Secondary market rate on (9-10 year) taxfree government bonds

11. BANK OF FINLAND CURRENCY INDEX



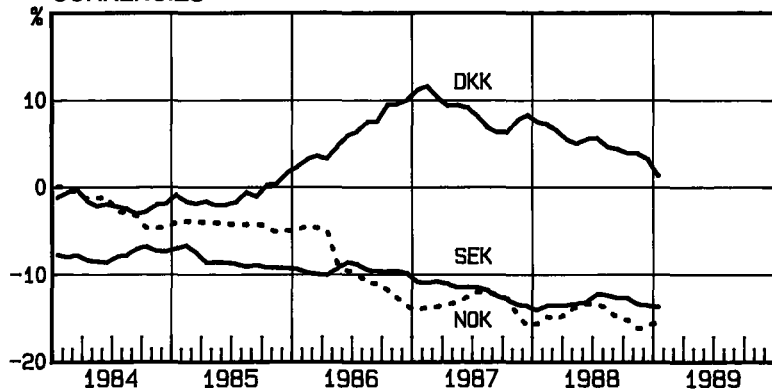
4.5 % and 6.0 % = fluctuation range of the index
Monthly averages

12. BANK OF FINLAND CURRENCY INDEX



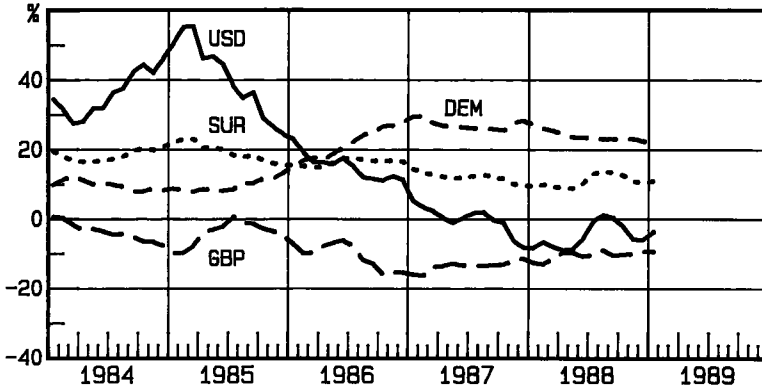
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



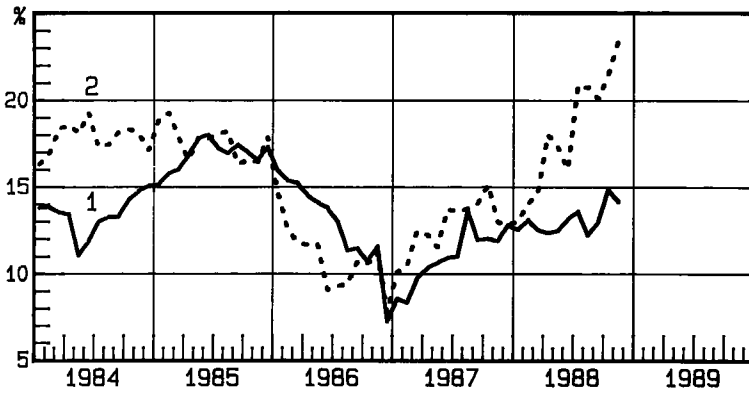
Monthly changes in markka selling rates calculated from the average rates for January 1982

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



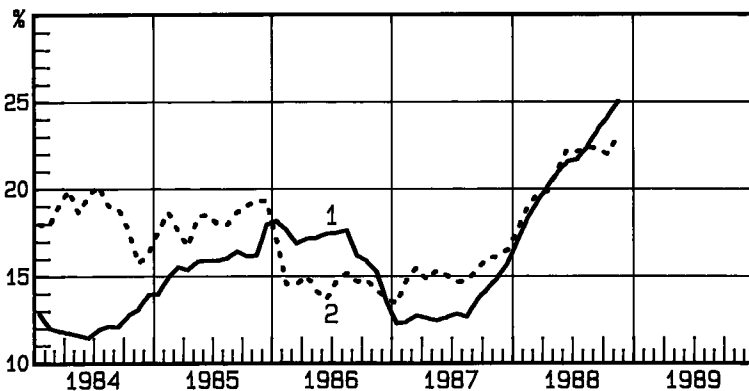
Monthly changes in markka selling rates calculated from the average rates for January 1982

15. BANK DEPOSITS FROM THE PUBLIC



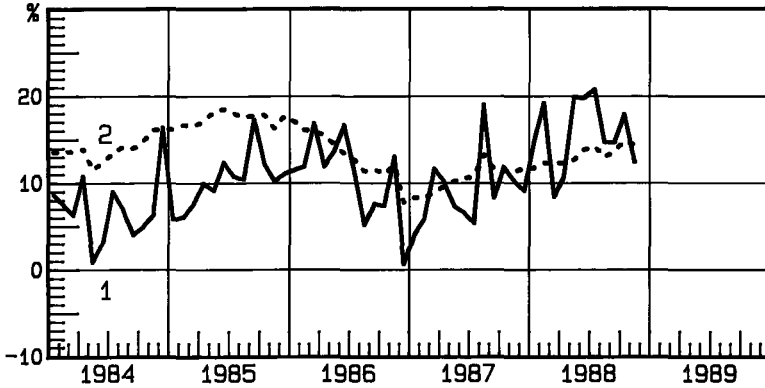
1. Regulated deposits
2. Total deposits
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



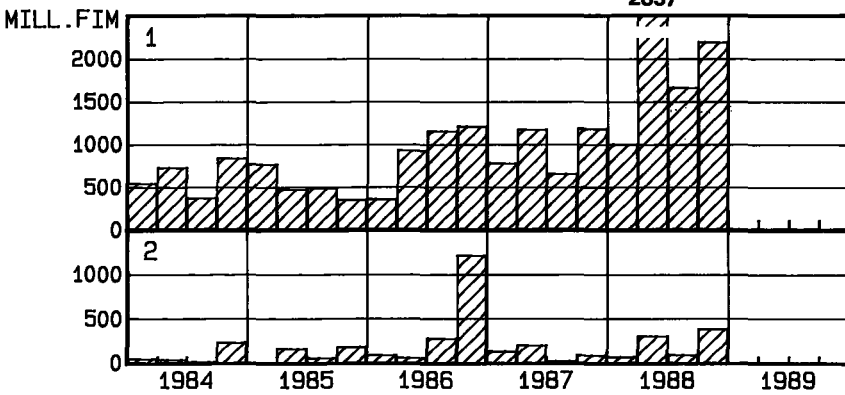
1. Markka lending
2. Total lending
Change from the corresponding month of the previous year, per cent

17. MONEY SUPPLY



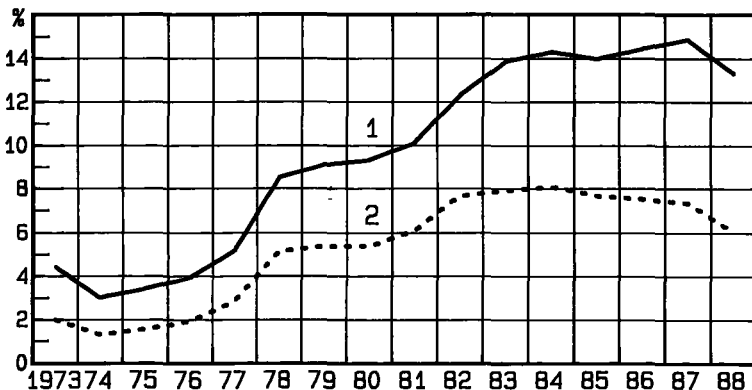
- 1. Narrow money supply (M1)
 - 2. Broad money supply (M2)
- Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



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

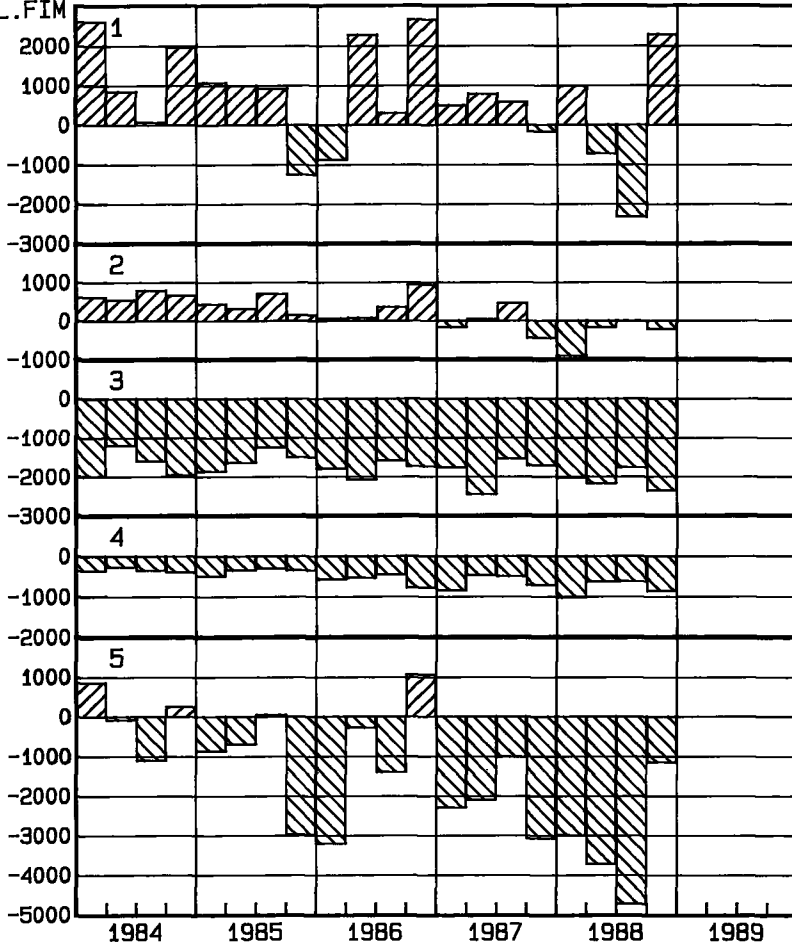
19. CENTRAL GOVERNMENT DEBT



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

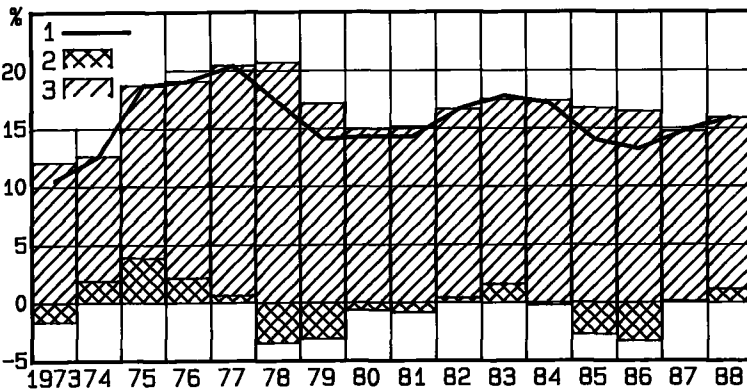
20. CURRENT ACCOUNT

MILL. FIM



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

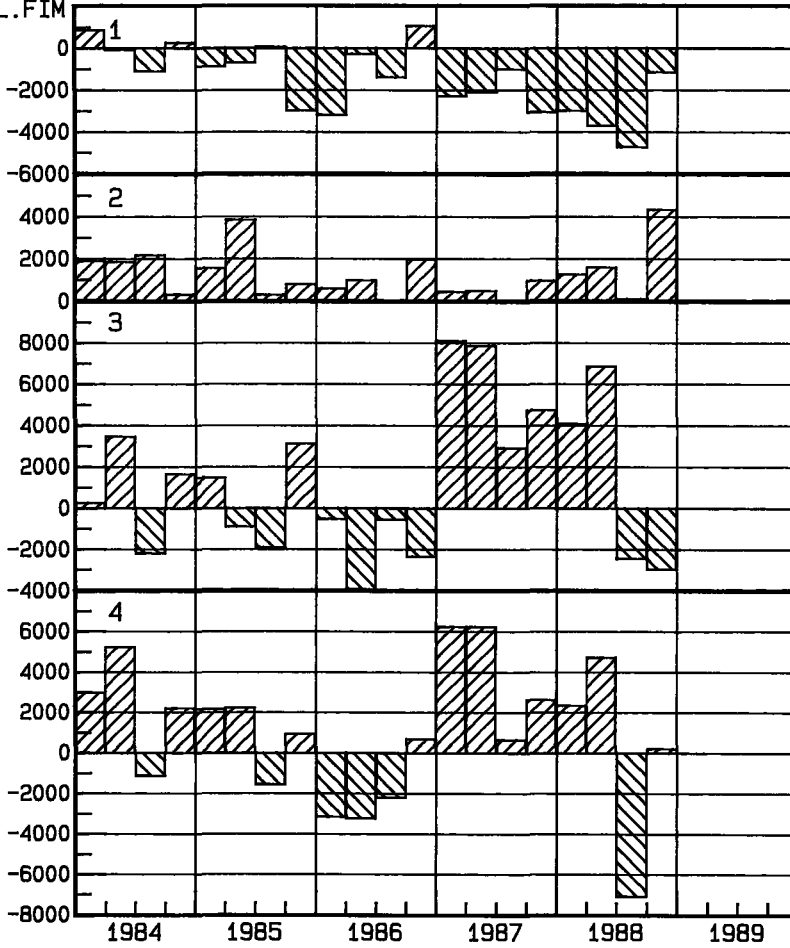
21. FOREIGN DEBT



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

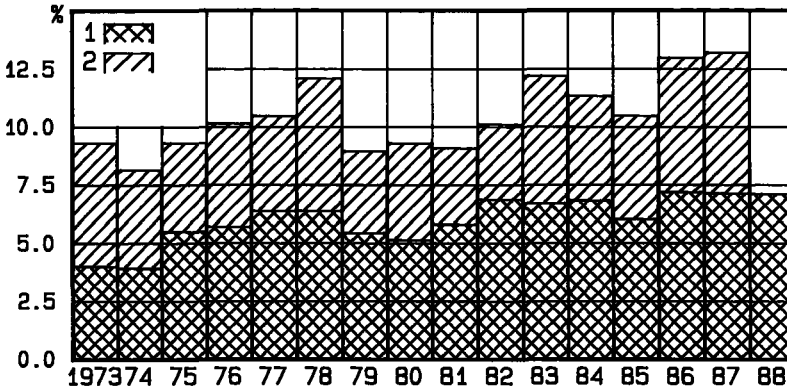
22. BALANCE OF PAYMENTS

MILL. FIM



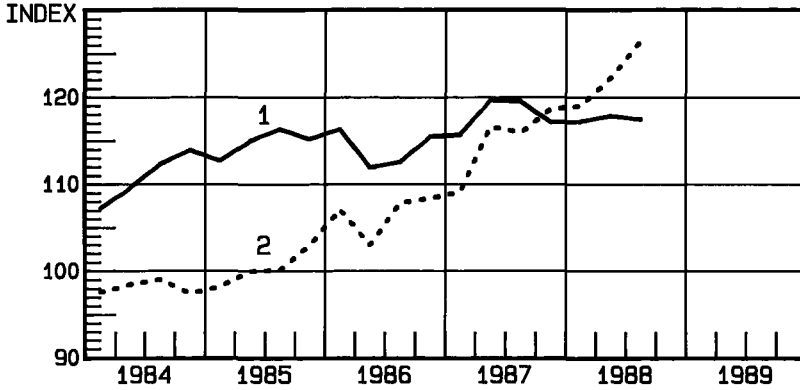
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance = change in the foreign exchange reserves of the Bank of Finland

23. DEBT SERVICE RATIO



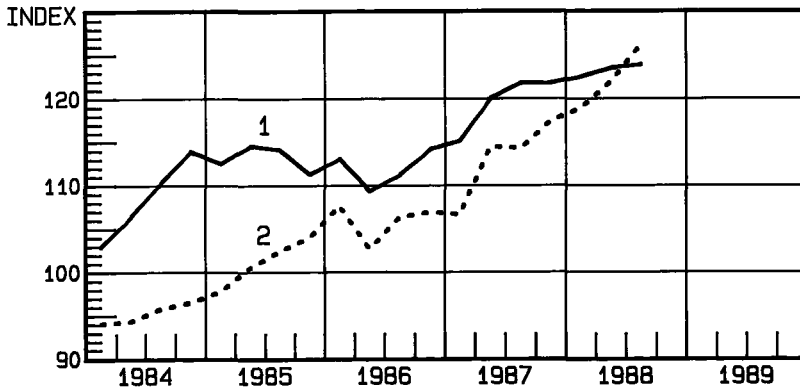
1. Interest payments
 2. Redemptions
- As a percentage of current account earnings

24. FOREIGN TRADE



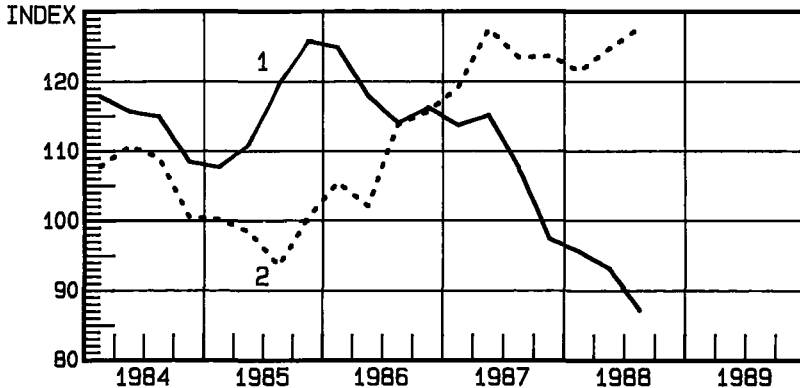
1. Total exports
 2. Total imports
 Volume index, 1980 = 100,
 four-quarter moving average
 shown as at the last quarter

25. WESTERN TRADE



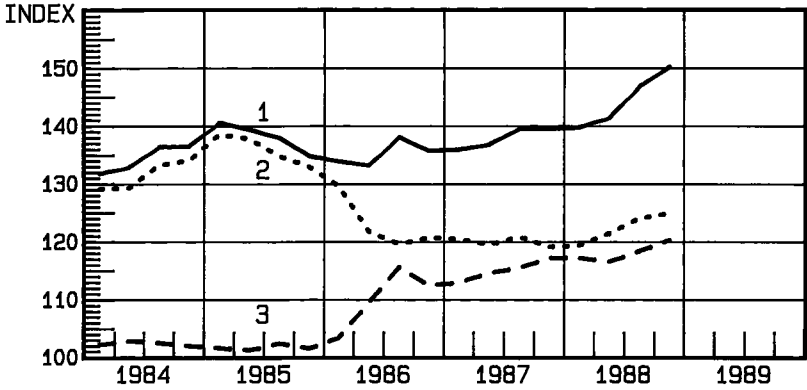
1. Western exports
 2. Western imports
 Volume index, 1980 = 100,
 four-quarter moving average
 shown as at the last quarter

26. BILATERAL TRADE



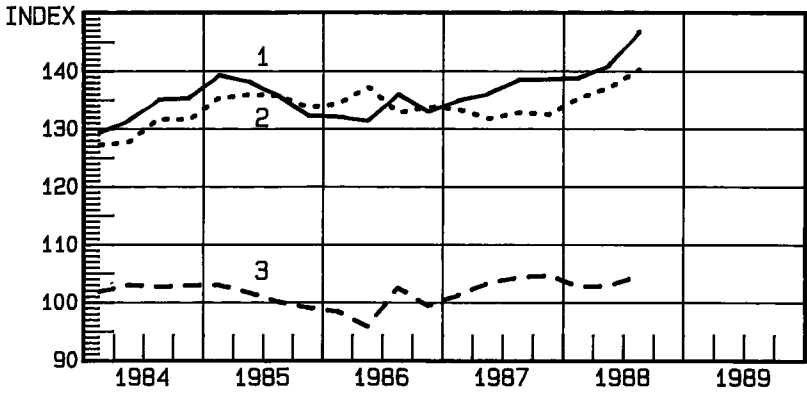
1. Bilateral exports
 2. Bilateral imports
 Volume index, 1980 = 100,
 four-quarter moving average
 shown as at the last quarter

27. FOREIGN TRADE: PRICES AND TERMS OF TRADE



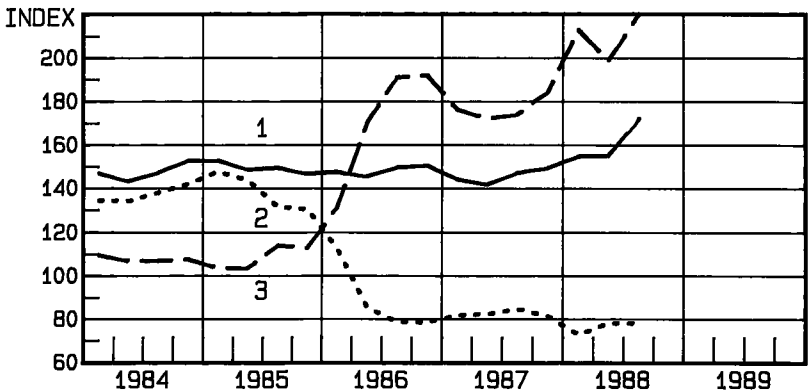
- 1. Unit value index of exports
 - 2. Unit value index of imports
 - 3. Terms of trade
- 1980 = 100

28. WESTERN TRADE: PRICES AND TERMS OF TRADE



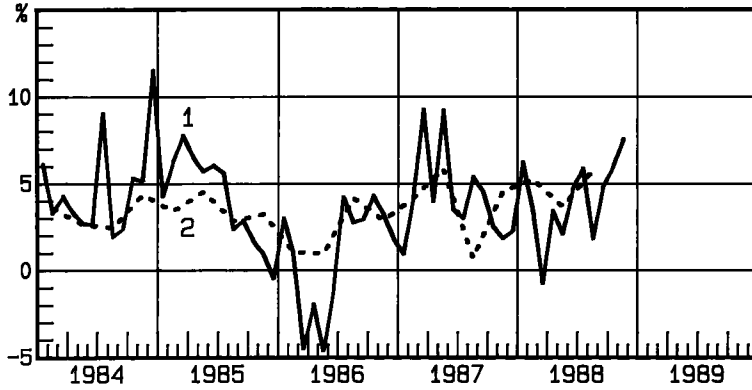
- 1. Unit value index of western exports
 - 2. Unit value index of western imports
 - 3. Terms of trade in western trade
- 1980 = 100

29. BILATERAL TRADE: PRICES AND TERMS OF TRADE



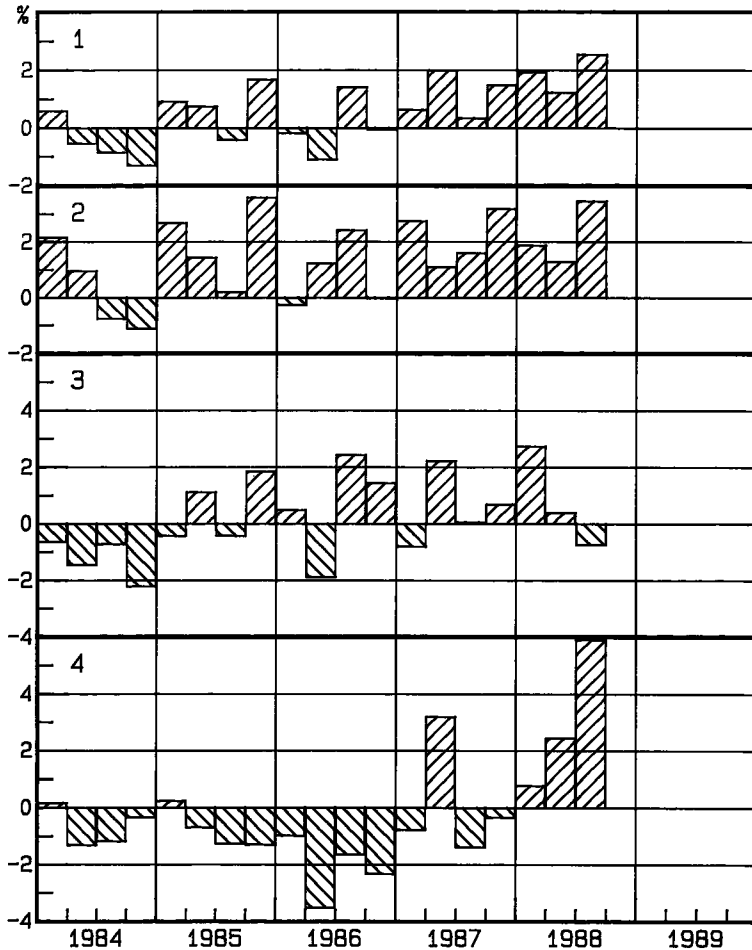
- 1. Unit value index of bilateral exports
 - 2. Unit value index of bilateral imports
 - 3. Terms of trade in bilateral trade
- 1980 = 100

30. PRODUCTION



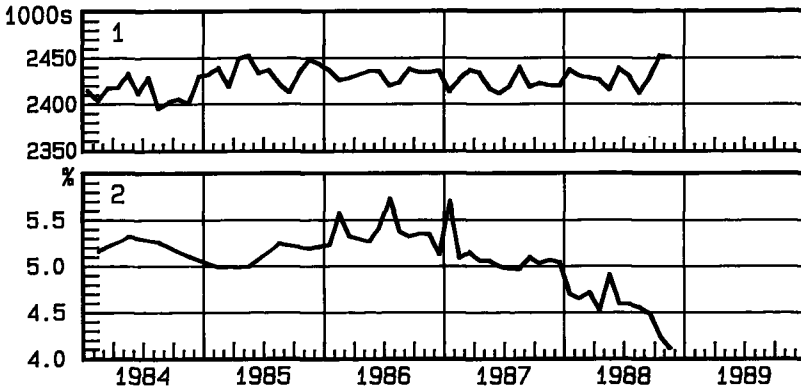
1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

31. FIXED INVESTMENT



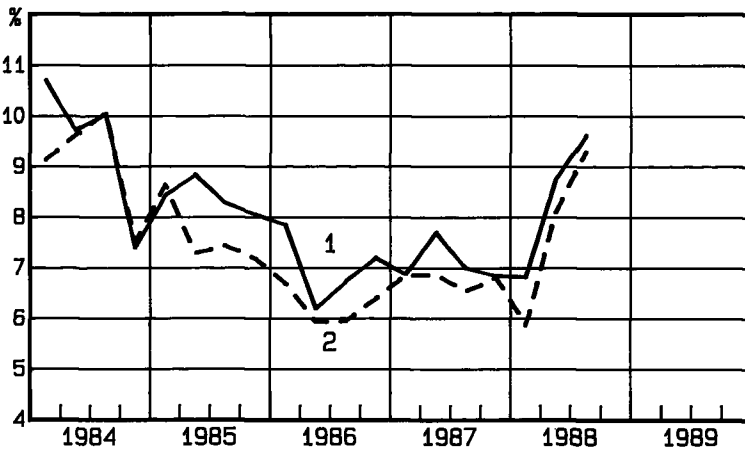
1. Total fixed investment
 2. Investment in machinery and equipment
 3. Building investment, excl. residential buildings
 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

32. EMPLOYMENT AND THE UNEMPLOYMENT RATE

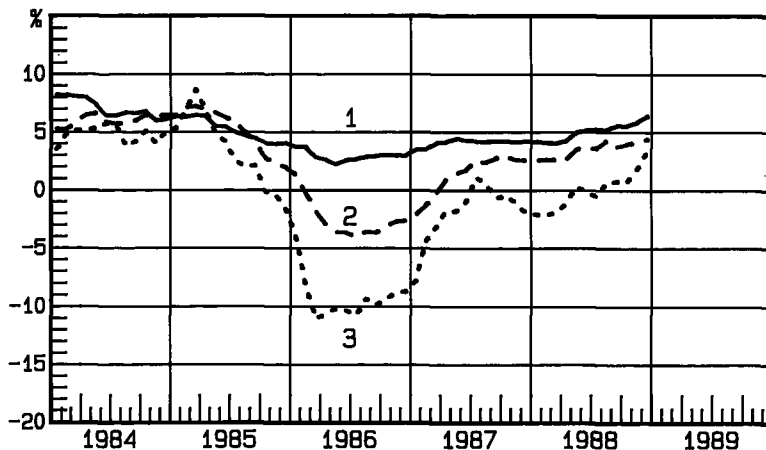


1. Employment, 1000 persons
2. Unemployment rate, per cent

33. PRICES AND WAGES

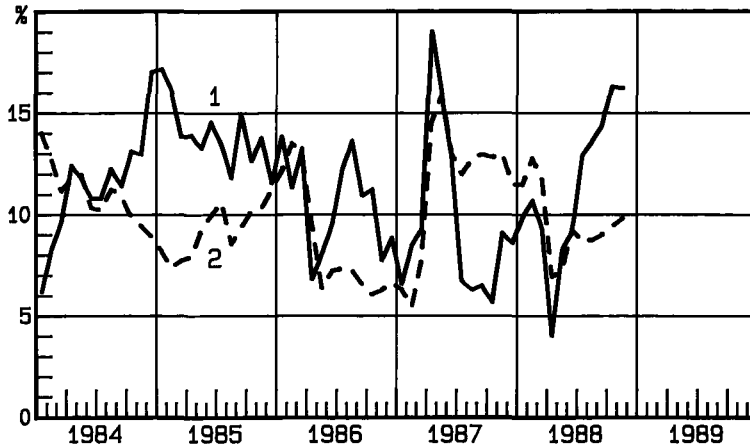


1. Index of wage and salary earnings, all wage and salary earners
 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



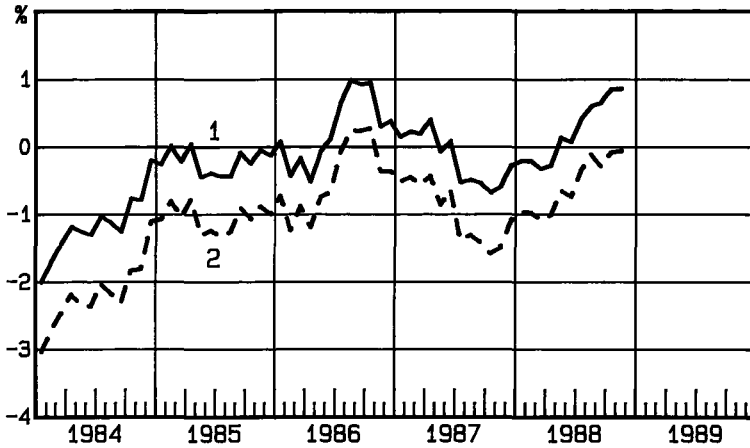
1. Consumer price index
 2. Wholesale price index
 3. Import price index
- Change from the corresponding month of the previous year

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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