



# BULLETIN

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Business Investment in Finland:  
the Long Boom Drawing to an End

Monetary Policy and Developments  
in Financial Markets

Interest Rate Linkages in Banks' Markko  
Deposit-Taking and Lending

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# BUSINESS INVESTMENT IN FINLAND: THE LONG BOOM DRAWING TO AN END

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**F**inland's favourable economic performance in the 1980s provided a positive environment for investment activity. Business investment grew faster than total output, rising from 11 per cent to 13 per cent of GDP over the decade. Cyclical fluctuations in investment were significantly more subdued than had previously been the case.

Evidence from other industrial countries also points to a clear and broad-based recovery in investment during the latter half of the 1980s. Investment in the OECD area grew in real terms by 5 to 10 per cent a year on average over the period 1985—1989 and still shows few signs of slowing. However, in the OECD area business investment fell during the early 1980s, and the current boom can largely be seen as a recovery from previously depressed levels. A distinctive feature of investment developments in Finland has been the longevity of the upswing. The volume of business investment grew at an annual rate of some 5 per cent during the first half of the 1980s. Despite the fact that business investment was less buoyant in Finland than in many other countries in the mid-1980s, Finland's investment growth rate exceeded the OECD average for the decade as a whole. During the last two years in particular, the growth rate has been high.

The long-lived investment boom in Finland is now coming to an end. Projects in progress will keep total investment at a high level this year but the phase of rapid growth is over.

Investment in the services sector faces a period of contraction as a result of the cessation of growth in consumption. Prospects are somewhat brighter in the manufacturing industries, where investment plans have not yet been strongly affected by the weakening in economic conditions.

## THE NEED TO EXPAND CAPACITY AND SATISFACTORY RETURNS ON CAPITAL HAVE SUSTAINED INVESTMENT GROWTH

The backdrop to investment growth has been an economic situation that has been favourable to companies in many ways. The need to increase capacity and satisfactory returns on capital were the prime factors sustaining the buoyancy of gross capital formation in the 1980s. Investment also afforded a means of coping with the worsening shortage of labour. Steady growth in demand kept capacity utilization rates high, and despite high

investment levels, a shortage of productive capacity proved increasingly to be a bottleneck to production growth during the latter part of the decade. Companies' profitability benefited from favourable developments in the terms of trade and a rapid rise in labour productivity, even though increases in wage costs absorbed the greater part of the growth in national income (Table 1).

High interest rates appear to have slowed investment growth less than expected. The rather high level of domestic interest rates and the deregulation of foreign capital movements have increased the propensity of firms to use foreign sources of finance. The share of foreign-currency-denominated net debt in the total net debt of the business sector rose during the latter half of the 1980s from 10 per cent to nearly 30 per cent. In the last two years about half of firms' new debt has been foreign-currency-denominated. Firms were also able to obtain equity finance on fairly favourable terms.

TABLE 1.  
KEY FIGURES RELATING TO BUSINESS INVESTMENT

	1980-89 Annual average	1987	1988	1989
	%			
GDP growth <sup>1</sup>	3.6	4.0	5.4	5.2
Companies' profitability <sup>2</sup>	37.6	38.3	39.5	39.9
Financial deficit of business sector <sup>3</sup>	4.1	3.0	3.8	5.8
Real interest rate <sup>4</sup>	3.3	6.9	5.9	5.5
Growth of business investment <sup>5</sup>	7.6	10.4	13.9	12.3

<sup>1</sup> Volume, annual percentage change

<sup>2</sup> Gross operating surplus, per cent of value added. Industries, excluding agriculture and forestry, fishing, financing, insurance and operating and letting of dwellings.

<sup>3</sup> Net borrowing by enterprises as per cent of GDP.

<sup>4</sup> Bank lending rate on new loans deflated by consumer prices.

<sup>5</sup> Volume, annual percentage change. Industries, excluding agriculture and forestry, fishing, financing, insurance and operating and letting of dwellings.

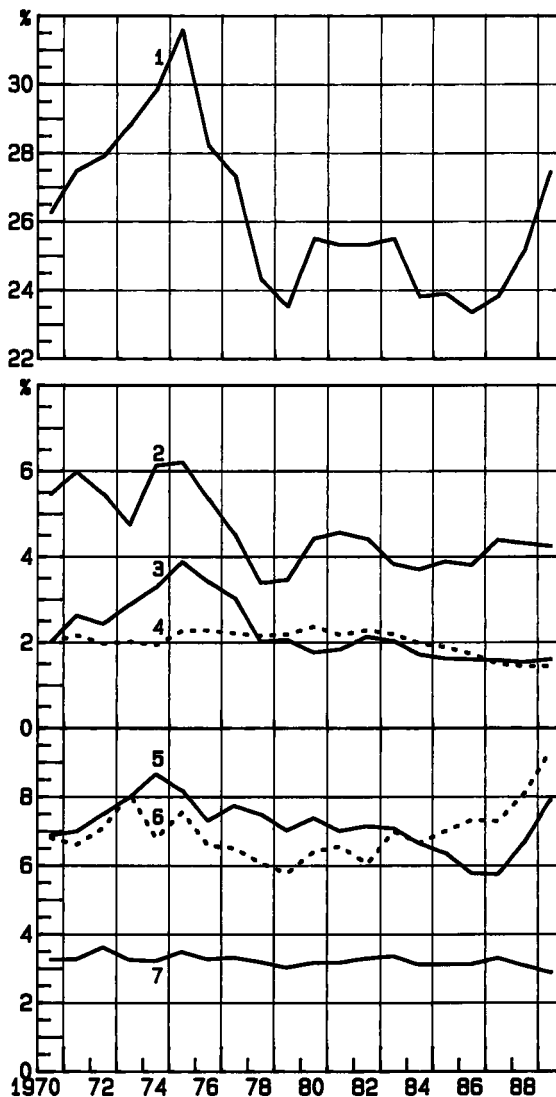
The rise in real interest rates and the improved efficiency of the financial markets may, however, have had a significant effect on firms' investment behaviour by increasing the average rate of utilization of capital stock and by accelerating the rate of circulation of capital goods. The share of investment in machinery and equipment in total business investment has grown continuously. For example, in manufacturing the share has risen from 71 per cent to 80 per cent over the period 1980—89. Stock control practices have also changed; stocks have fallen sharply relative to production levels during the 1980s.

### INVESTMENT HAS INCREASINGLY FOCUSED ON THE CLOSED SECTORS OF THE ECONOMY

A striking feature of trends in recent years has been the channelling of an increasing amount of investment funds into services and other closed sectors (Chart 1). Deregulation of financial markets led in part not only to rising demand for consumer goods but also to greatly increased investment in the services sector. The investment ratio in the open sector has also risen, albeit not as sharply. In the 1980s, the share of the private services sector in total business investment rose from less than a quarter to about 35 per cent. At the end of the 1980s, the share of manufacturing investment in total investment was only about half that of private services. Underlying the changed sectoral breakdown of investment is a corresponding difference in production growth rate trends. Manufacturing output grew by about 4 per cent annually during the period 1985—89, while services output grew at a rate of nearly 6 per cent.

An investment tax has been used to slow the growth of non-residential building construc-

CHART 1.  
TOTAL FIXED INVESTMENT AND ITS DISTRIBUTION BY SECTOR, AS PER CENT OF GDP

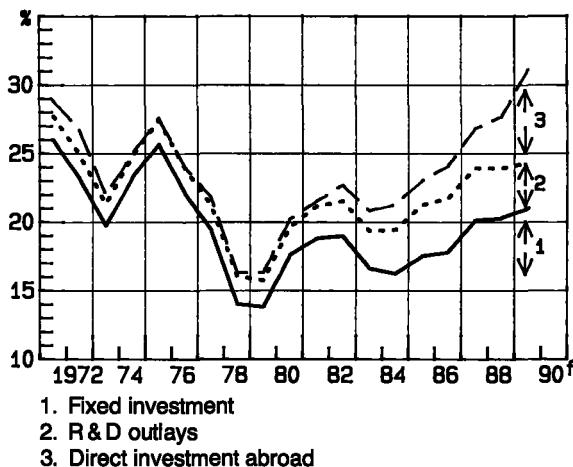


1. Total
2. Manufacturing
3. Other secondary sectors (incl. energy)
4. Agriculture and forestry
5. Housing
6. Private services (excl. housing)
7. Public services

tion in the Greater Helsinki area. In September of last year the 40 per cent tax — now called the construction tax — was extended to cover large construction projects in the services sector throughout the country. The law is in force until the end of this year. Despite the construction tax, business

construction increased substantially last year throughout the country, partly as a result of the liberal way in which exemptions from the tax were granted. The construction of new shop and hotel space has been particularly brisk, growing by 50 per cent in volume in 1989.

**CHART 2.  
MANUFACTURING INVESTMENT BY TYPE OF  
INVESTMENT, AS PER CENT OF VALUE ADDED**



**NOTE ON CHARTS 1 AND 2**

Changes in the ownership of the capital stock hamper the assessment of sectoral trends in fixed investment over the last two years. Changes in capital gains taxation led to exceptionally brisk activity in the real estate market in 1988. Manufacturing firms in particular sold numerous industrial properties to real estate companies. Real estate transactions accounted for about 20 per cent of total gross investment in manufacturing. In the national accounts, these transactions were recorded as a sharp drop in fixed investment in manufacturing in 1988, followed by strong growth in 1989. The effects on the services sector, particularly real estate and business services, were exactly the reverse. In Charts 1 and 2 investment in 1988 has been adjusted for real estate transactions.

**STRUCTURE OF  
MANUFACTURING  
INVESTMENT HAS  
CHANGED**

The internal structure of manufacturing investment has changed markedly in recent years. In place of more conventional investments, the expansion of the open sector has

focused on the accumulation of know-how and skills and the acquisition of foreign companies (Chart 2). The rate of growth of expenditure on intangible investments in Finland was one of the highest in the OECD area during the 1980s. In the period 1980—89, outlays on research and development increased by 16 per cent annually in nominal terms. The level of investment in research and development in manufacturing currently exceeds that of other Nordic countries, with the exception of Sweden. Though high research intensity products still account for only a small part of total manufacturing output in Finland, their share grew notably in the 1980s. The smallness of the share is partly accounted for by the vast importance of the forest industries, where research efforts are still very modest, despite the rapid modernization of this sector in recent years.

In the years 1988—89, real growth of R&D expenditure came to a halt, and even in nominal terms such expenditure roughly levelled off. Growth is now resuming; according to the Bank of Finland's investment inquiry, R&D expenditure in manufacturing

should increase by about 10 per cent both this year and next.

The rapid growth in research activity has been a factor behind the improvement in labour productivity in recent years. It has also increased the readiness of companies to undertake direct investment abroad. The internationalization of Finnish companies has proceeded at a truly rapid pace. Among the factors contributing to this development have been the need of companies to diversify their operating risks, to increase their ability to specialize and to secure their positions in western markets. The closer cooperation of EC countries in economic matters has accelerated the pace of direct investment in the EEC area by Finland and the other EFTA countries.

The internationalization of the Finnish business sector is quite narrowly based. Foreign investments have been made for the most part by 10 to 20 large industrial firms, whereas the internationalization of small and medium-sized firms and of firms in the service sector has proceeded rather slowly. Direct investments have been aimed largely at units in the metal and engineering and chemical industries.

**INVESTMENT  
TURNING DOWN**

The economy passed its cyclical peak in autumn 1989. The subsequent sharp rise in interest rates has dampened demand, and economic growth is expected to slow down substantially this year. The end of the long period of rapid growth has not come as a surprise, and a slowdown is expected for almost all demand components of GDP. Growth is expected to continue at a subdued pace next year as well.

The slowdown in the growth of consumer demand will reduce future investment in the closed sector. Although there

are still some large projects due to be commenced in several of the service industries, growth in investment will already end this year in the closed sector. The level of investment will nonetheless remain high, and it is possible that some firms serving the domestic market have misjudged the situation by assuming the continuation into the future of past high growth rates for consumer demand.

Manufacturing already suffered at least a slight recession in the first half of this year. Production has remained virtually flat and orders have decreased considerably. Expectations concerning business conditions in the near future remain rather weak. Firms do not, however, foresee a very deep recession, as capacity utilization rates are expected to remain high next year (Table 2). In the early part of 1990, manufacturing was still operating at nearly 90 per cent of capacity on average. Despite a clear fall in the utilization rate from its high point, the forest industries are still operating at more than 90 per cent of capacity. The figure for the metal and engineering industries is also about 90 per cent. In other manufacturing, the surprising rise in the utilization rate in 1990 can be partially explained by the reduction in capacity caused by the cessation of operations by a number of firms.

Despite weakening business conditions, manufacturing investment is set to increase further. The investment cycle seems likely to peak this year. According to firms' investment plans, fixed investments will increase by nearly 10 per cent in 1990. There will be heavy investment in fixed capital in all the main manufacturing industries, but the forest industries will probably once again increase their capital stock slightly more than the other key sectors. Investment in machinery and equipment

TABLE 2.  
SUMMARY OF INVESTMENT INQUIRY RESULTS

1 Annual percentage change in volume of fixed investment 1989-91						
	1989	1990	Planned 1991			
By industrial sector						
Forest industries		14	14	-25		
Metal and engineering industries		4	12	-7		
Other manufacturing		-3	4	-9		
MANUFACTURING		4	10	-15		
ENERGY AND WATER SUPPLY		0	5	-8		
TOTAL INDUSTRY (incl. mining)		3	9	-14		
By type of investment						
Building investment		3	2	-22		
Investment in machinery and equipment		5	11	-20		
2 Outlays on research and development in manufacturing 1989-91						
	1989		Planned			
	Million FIM	Percentage change	1990		1991	
			Million FIM	Percentage change	Million FIM	Percentage change
Forest industries	254	28	270	6	267	-1
Metal and engineering industries	1 366	6	1 445	6	1 832	27
Other manufacturing	992	-17	1 151	16	1 103	-4
MANUFACTURING	2 612	-2	2 865	10	3 202	12
3 Capacity utilization rates in manufacturing 1989-91, semi-annual, per cent						
	1989		1990		1991	
	I	II	I	II	I	II
Forest industries	94	93	92	91	92	92
Metal and engineering industries	91	92	91	91	90	90
Other manufacturing	82	84	86	85	86	86
MANUFACTURING	89	89	90	89	89	86

will continue to grow faster than construction, though the latter is also likely to increase to some extent. The growth in investment will focus on firms in which the state has a majority holding; after two relatively sluggish years, investment by these companies is projected to rise some 20 per cent. Investments by large private companies are also expected to increase. On the other hand, plans indicate a reduction in investment for small and medium-sized firms, following substantial growth in 1989.

Planned investments for next year amount to noticeably less than for the current year. Firms' plans indicate a reduction of nearly 15 per cent in investment for manufacturing. But taking into consideration the underestimation inherent

in the survey results at this stage, total manufacturing investment should not decrease significantly.

A greater degree of uncertainty than usual attaches to the realization of current investment plans. The worsening in business conditions is to some extent reflected in the investment plans of small and medium-sized firms, but overall the downturn has not yet materially affected short-term investment plans in manufacturing. If demand for products and firms' profitability prove to be weaker than expected or financing costs greater than expected, some investments may be postponed or cancelled altogether.

September 10, 1990

# MONETARY POLICY AND DEVELOPMENTS IN FINANCIAL MARKETS

by **Esko Aurikko**, Dr. Pol.Sc.  
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The prime objective of monetary policy during the late 1980s was to cool the overheated Finnish economy. Despite a distinct slowing of activity since the latter part of 1989, the imbalances associated with economic growth have not yet been substantially alleviated. Hence the Bank of Finland has continued to keep interest rates high and financial markets tight during the last twelve months. Last year, additional cash reserve deposits were collected from the banks and the base rate was raised in November. As a result of the tight monetary policy stance, the external value of the markka has remained strong.

The financial markets have witnessed a rapid deceleration in the growth of bank lending since the beginning of 1989. This development has been influenced by the softening of households' demand for credit in the context of rising market interest rates and the diminished need of households to make further adjustments in their portfolios. Other factors at work have been measures taken by the Bank of Finland to limit the supply of credit and limitations placed on the tax deductibility of interest expense.

The financial markets have also been characterized by an increase in the share of lending and funding at market-based interest rates, as banks attempt to adjust to the withholding tax on deposit interest earnings due to be introduced at the beginning of 1991. As a result, less funding is being tied to the administered base rate, which is at the same time

diminishing further in significance as a tool of monetary policy.

The Bank of Finland has continued the step-by-step deregulation of capital movements. The primary measures taken have been an easing of restrictions on borrowing abroad, the dismantling of controls on investment abroad and the liberalization of the sale of markka-denominated bonds to non-residents.

## MONETARY POLICY

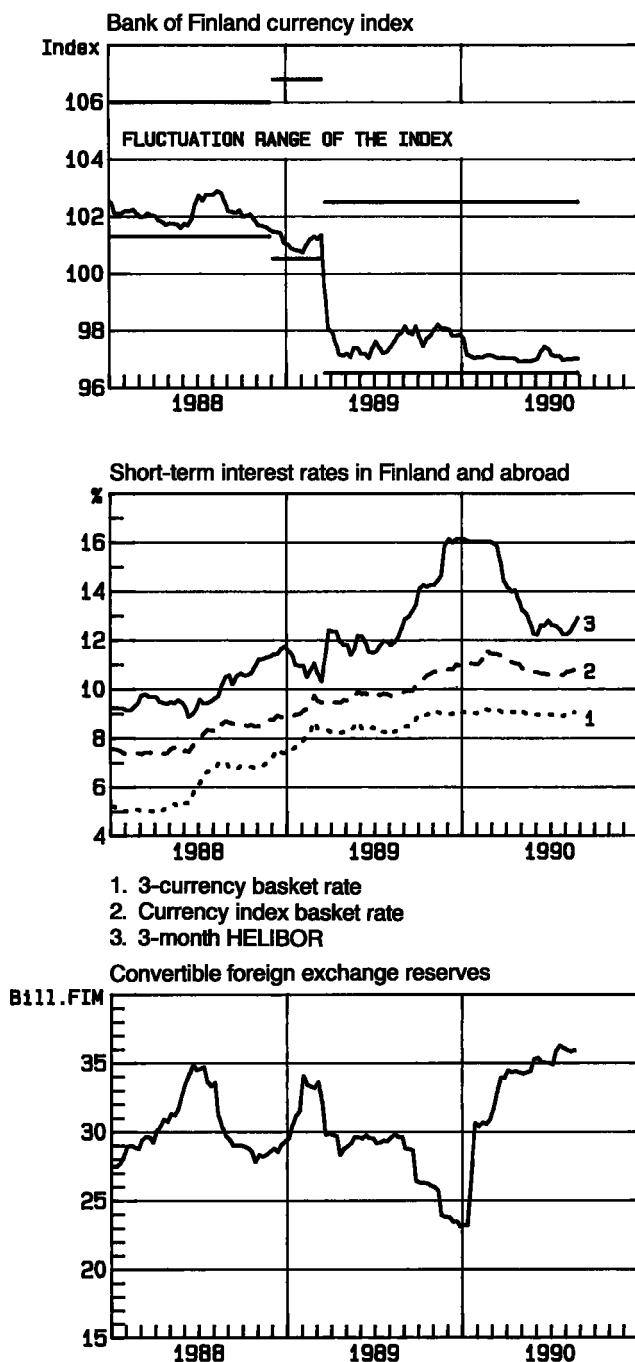
Economic growth in Finland has been exceptionally robust, as evidenced by an average annual GDP growth rate of about 5 per cent over the period 1987—89. As a result of substantial growth in domestic demand and real income, domestic prices have risen faster than prices in the countries whose currencies are included in the basket to which the markka is pegged, and the current account deficit has grown to 4.5 per cent of total output. However, with the marked slowdown in economic growth since the end of last year and continued tight monetary policy, there are clear indications that these imbalances are now easing. By the end of July, the twelve-month rise in consumer prices was running at a rate of 5.9 per cent, whereas the comparable rate was 7.4 per cent at its peak in February. Contributing to the cooling of inflation have been the moderate two-year incomes agreement reached early in the year and the fall in dwelling prices. The current account deficit appears to have stabilized in relative terms at just over 4 per cent of

total output. While the trade deficit has shrunk, mainly because of lower imports, interest payments abroad have increased with the growth in net foreign debt.

Fiscal policy was gradually tightened during 1989. Central government revenue was increased by raising the sales tax and employers' social security contribution rates. To cool investment activity in the construction sector, a construction tax was introduced covering the whole country. This replaced the investment tax on the construction of business and commercial buildings originally levied only in the Greater Helsinki area. The substantial growth of the public sector surplus was nonetheless primarily due to additional tax revenue generated by a rapid rise in nominal income. Despite the budget surplus, the prime responsibility for curbing domestic demand lay with monetary policy.

In the latter part of 1989, the external balance continued to deteriorate to a greater extent than expected, and confidence in the Finnish economy weakened. During the autumn, the Bank of Finland sold foreign currency in order to strengthen and stabilize the markka. The Bank of Finland's foreign exchange reserves fell by nearly FIM 7 billion between the end of August and the end of the year. In this way, the Bank restrained the rise in market interest rates. The three-month HELIBOR rate nonetheless rose by four percentage points to over 16 per cent by year-end. At the same time, the differential between domestic and foreign interest

**CHART 1.  
MAIN INDICATORS OF MONETARY POLICY**



rates grew by more than three percentage points (Chart 1).

The Bank's operations in the domestic money market were conducted almost exclusively in Bank of Finland CDs and CDs issued by banks with access to central bank financ-

ing. At year-end the Bank of Finland held CDs worth over FIM 33 billion, which was about 42 per cent of total bank CDs outstanding.

The emergence of a large differential between domestic and foreign interest rates and

the return of confidence in the markka in the foreign exchange market during the early months of the current year led to heavy capital inflows. As the currency index was near its lower (revaluation) limit, there was no room for a further strengthening of the markka. In order to maintain a relatively high level of interest rates, the Bank of Finland chose to intervene in the foreign exchange market. The convertible currency reserves grew by FIM 12 billion in the period January—May. In order to restrain the growth in convertible currency reserves and the resultant increase in liquidity, the Bank also intervened in the forward exchange market. In early March, immediately after the industrial dispute in the banking sector had ended, short-term market rates of interest began to fall rapidly. By the end of May, the three-month HELIBOR rate had fallen by about four percentage points to 12 per cent. Longer-term money market rates fell by much less. The three- and five-year reference rates, which had risen steadily since the beginning of 1988, have now stabilized at levels reached in the early months of the current year. During the summer months, the markets have been subdued and there has been little change in market rates.

Capital inflows accelerated in the opening weeks of 1990 in anticipation of the 0.5 per cent tax on foreign credits due to enter into force on February 1 and the impending bank strike. In January, firms directly raised loans abroad to the value of some FIM 10 billion. After the strike, the capital inflow resumed at a brisk pace, and between January and June, long-term foreign financing loans — both direct and bank-intermediated — were raised to the value of some FIM 30 billion. The markka was further strengthened by the large inflow of funds it attracted from



foreign banks in the forward exchange market.

## INSTITUTIONAL CHANGES

During the last twelve months, the Bank of Finland has continued the gradual liberalization of exchange control. As from the beginning of February of this year, it permitted the sale abroad of markka-denominated bonds of over one year's maturity, with the exception of those issued by housing and real estate companies. Likewise, non-residents were permitted to issue markka-denominated bonds in Finland. In addition, Finnish companies were freed from the requirement to obtain prior approval for share issues abroad. From the beginning of March, finance companies were permitted to intermediate foreign loans and raise them in their own names, subject to certain conditions.

In accordance with an earlier decision, the Bank of Finland granted private individuals and corporate entities of similar legal status the right to invest abroad and make loans of more than one year's maturity to non-residents, without restriction, as from the beginning of July. Municipalities were also granted permission to invest abroad and to raise foreign loans of over one year's maturity for financing their own operations. Besides banks, mortgage banks and credit companies can now apply for the right to intermediate and raise foreign loans and to grant loans to non-residents.

In June 1989, the Bank of Finland revised the call money window facility, *inter alia*, by introducing a five-day rule according to which a bank could not make use of call money credit to the extent that the moving average of its daily position for the last five banking days became negative. This rule was made more flexible in November 1989. Now

the five-day average daily position can be negative, but in such case the rate charged for call money credit is twice the normal rate. The purpose of the change was to simplify the operation of the call money window facility and at the same time to strengthen the interest rate effects of the Bank's money market operations.

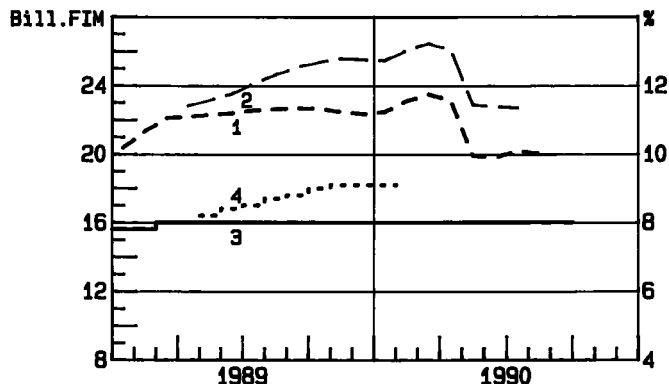
Since the beginning of 1990, the Bank of Finland has conducted its money market operations within a modified framework designed to better reflect the structural changes taking place among market participants and to expand the market. In addition to CDs issued by commercial banks, the Bank of Finland is prepared to deal in the CDs of banks that fulfil certain capital adequacy requirements. Moreover, such banks may act as the Bank of Finland's counterparties in its money market operations and be accorded access to the call money window. Banks which already had this right have, as a rule, been given a year in which to meet the new requirements.

In February this year, the Bank of Finland and the banks agreed to a revision of the cash

reserve system. The most important changes concerned the cash reserve base and the interest payable on cash reserve deposits. Under the new agreement, signed in April, the base has been narrowed to comprise only the banks' outstanding domestic deposits at the end of each month; special deposits and net foreign liabilities have been eliminated from the base. The basis for setting the rate of interest paid on cash reserve deposits was changed so that the new rate is three percentage points below three-month HELIBOR, but not less than 8 per cent. The previous rate was a quarter of a percentage point below the Bank of Finland's base rate (Chart 2).

In order to encourage the banks to make use of market rates as reference rates in their lending, the Bank extended the range of approved reference rates to include each bank's own prime rate as a possible reference rate in all of its lending and borrowing. One major bank has already introduced its own prime rate and another is planning to do so during this autumn.

**CHART 2.  
BANKS' CASH RESERVE DEPOSITS AND CASH RESERVE REQUIREMENT**



1. Cash reserve deposits at the Bank of Finland, bill. FIM
2. Cash reserve deposits and additional deposits at the Bank of Finland, bill. FIM
3. Cash reserve requirement, %
4. Cash reserve requirement and additional requirement, %

## BANK LENDING AND DEPOSITS

The growth in bank lending has been slowing continually since the beginning of 1989. At that time, the twelve-month growth rate was running at 30 per cent, whereas by summer of this year it had fallen to just over 10 per cent. Markka lending grew even more sluggishly, as lending in foreign currencies increased at a noticeably faster pace. Initially, the slowing of the growth rate was due to the tightening of monetary policy and reduced credit supply in the face of additional cash reserve deposits. Interest rates, which had risen in the last half of 1989, effectively reduced the demand for credit. In the current year, the main factor curbing demand has been the slowing of economic activity.

The growth in banks' markka-deposits has also fallen markedly over the past eighteen months, and the percentage point increase in the base rate at the beginning of November 1989 does not seem to have led to any increase in deposits. To the contrary, in December of last year, the twelve-month growth rate for deposits fell sharply as the

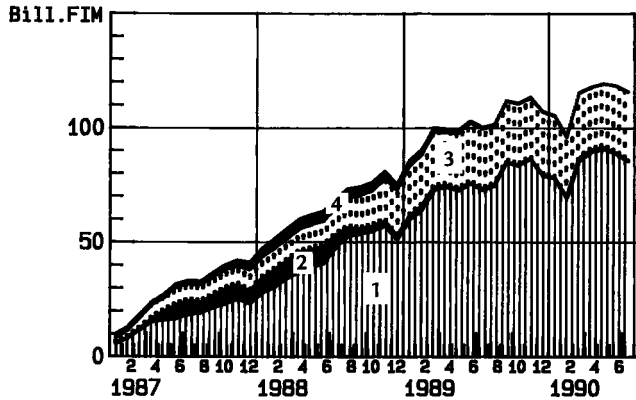
public increased its cash balances in advance of the bank strike. By the end of March, notes and coin in circulation with the public had returned to their normal level, following the end of the strike in early March, and deposits have subsequently grown at the same pace as markka lending.

Over the last twelve months, the average interest rate charged on new markka-denominated loans has risen substantially (Chart 3). Rates

rose by more than two percentage points to 14 per cent in the last months of last year. Rates on new markka-denominated loans rose at a distinctly slower pace than short-term market rates. Similarly, the fall in loan rates this year has been noticeably slower than the fall in market rates. As interest rates have risen, so too has the average rate on banks' total markka lending. Likewise, the average rate on markka funding has risen, but by less than that on lending. This is because the proportion of total claims that is tied to market rates is greater in funding than it is in lending. This has led to a trendwise narrowing in interest margins in recent years, which has in turn strained bank profitability.

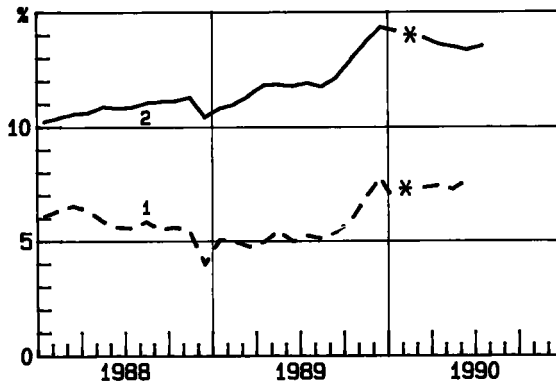
In regard to both lending and deposits, the share of the total that is tied to market-based reference rates has continued to increase. In June this year, the share of new loans linked to market reference rates grew to 47 per cent. The rest were tied to the base rate or fixed rates.<sup>1</sup>

CHART 4.  
NEGOTIABLE MONEY MARKET INSTRUMENTS



1. Bank CDs
2. Bank of Finland CDs
3. Commercial paper
4. Treasury bills and local authority paper

CHART 3.  
NOMINAL AND REAL RATES OF INTEREST ON  
NEW MARKKA LOANS



\*strike

1. Real rate of interest on new loans (Nominal rate of interest less 12-month change in consumer prices)
2. Nominal rate of interest on deposit banks' new markka loans

<sup>1</sup>See the article by Helka Jokinen and Heikki Solttila in this issue of the Bulletin.

## MONEY MARKET

The growth of the Finnish money market has continued during the last twelve months, albeit at a distinctly slower pace than before (Chart 4). At the end of June, the amount of marketable money market claims outstanding stood at FIM 120 billion, of which bank CDs accounted for nearly FIM 90 billion. The share of marketable claims has grown to some 80 per cent of total money market claims.

As the Bank of Finland's market operations have virtually without exception involved purchases of bank CDs, the total value of these CDs in the Bank's balance sheet had increased to FIM 33 billion by the end of 1989, which was a reflection of the decrease in foreign currency reserves. By summer 1990, the value of the Bank's holdings of CDs had fallen to a level of FIM 20 billion, a mirror image of the increase in foreign currency reserves. The growth of the commercial paper market has levelled off in the last twelve months, and the amount of such paper outstanding has been roughly FIM 30 billion.

Activity in the market for CDs with 1 to 5 years' maturity, started by the three largest banks over a year ago, has been sluggish. This can be attributed to the fact that the markets for longer-term negotiable instruments are generally underdeveloped in Finland.

## CAPITAL MARKET

The fall in share prices, which began in the middle of last year, has continued this year, except for a slight upturn at the beginning of the year. According to the Unitas Index, share prices on the Helsinki Stock Exchange fell by 10 per cent in the first half of this year. The market has been depressed by the rise in interest rates and the poor outlook for companies' profitability as a result of deteriorating business conditions. New issue activity

TABLE  
SHARE AND BOND ISSUES IN 1980—1990, BILLION FIM

	Shares <sup>1</sup>	Bonds			
		All		Issued by companies	
		Total	Public issues	Total	Public issues
1980	0.4	4.8	2.8	0.4	—
1981	0.1	4.2	2.6	0.2	0.1
1982	0.9	6.9	3.5	1.4	0.2
1983	1.2	11.6	5.0	2.0	0.4
1984	2.9	13.9	7.3	2.5	0.5
1985	1.4	20.4	14.5	4.8	3.1
1986	3.5	22.7	13.5	5.0	2.6
1987	5.4	22.4	18.2	4.5	3.1
1988	10.8	18.7	14.4	3.0	1.0
1989	8.5	21.2	14.1	4.2	0.8
1990 <sup>2</sup>	1.2	13.2	7.4	2.2	0.1

<sup>1</sup> Listed companies

<sup>2</sup> To the end of June

has virtually come to a halt; listed companies have not made a single rights issue this year. In the first six months of this year, new share issues amounted to a mere FIM 1.2 billion. This compares with FIM 7.2 billion in the corresponding period of last year. Turnover in shares and subscription rights on the Helsinki Stock Exchange in the first half of this year amounted to FIM 10 billion, down more than 50 per cent from the same period a year ago.

In 1989, bond issues amounted to a total of FIM 21.2 billion, which was clearly more than in the previous year, and investor interest now appears to be focused on the money and bond markets (Table). This year bond issues have remained at roughly the same level as last year. Markka-denominated issues totalled FIM 13.2 billion for the first half of this year, most of which represented issues by financial institutions. Markka-denominated

bonds worth FIM 3.2 billion were sold to non-residents during the same period. In contrast to the decrease in share turnover, turnover in the secondary bond market increased. Bond turnover on the Helsinki Stock Exchange grew slightly in the first six months of the year to FIM 2.5 billion, but it continues to be surpassed by turnover in the interbank market, which amounted to FIM 3.5 billion for the period January—June 1990.

Turnover in the derivative markets has been sluggish this year. The volume of index options trade has fallen by about a third from last year, and options prices have dropped in the face of reduced market uncertainty. The volume of trade in index futures has also been falling continuously since the beginning of the year.

September 4, 1990

# INTEREST RATE LINKAGES IN BANKS' MARKKA DEPOSIT-TAKING AND LENDING

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**W**ith the removal of credit and interest rate controls during the second half of the 1980s, investment opportunities for depositors have improved. At the same time borrowers have had to face interest risks in a more tangible way than before. Despite the increased importance of bank deposits bearing market rates of interest and the fact that more and more loans are granted at market rates, the Bank of Finland's base rate still remains the key reference rate. This can to a large degree be attributed to the tax-exempt status of deposits and the underdeveloped state of the bond market.

## DEPOSITS

Up until the beginning of 1989, the rates of interest paid on funds in the most commonly used types of deposit accounts were traditionally the same in all banks, and they varied only in line with changes in the Bank of Finland's base rate. The uniformity of deposit rates was based on an interest rate agreement between the banks. This, in turn, owed its origins to tax relief legislation which exempted from tax only such accounts that were used by at least two groups of banks and to which the same interest rate and other terms and conditions were applied.

The new law on tax relief on deposits which entered into force on January 1, 1989 changed the basis for the taxation of deposits. All deposits became subject to taxation,

except those meeting certain interest rate conditions defined in law. At present, tax-exempt deposits comprise 24-month deposits bearing a rate of interest which does not exceed the Bank of Finland's base rate less one percentage point and other deposits bearing an interest rate not higher than the base rate less four percentage points. In theory the change in law gave banks the opportunity to compete as it enabled them to offer the public a wide choice of accounts as regards the interest rates to which they were linked and other terms and conditions.

But, although banks obtained considerably more freedom to set their deposit rates from the beginning of 1989 and the deposit account menu diversified, in practice there has been little change in the basic structure of deposits. The public has not shown any great enthusiasm for high-interest taxable accounts, possibly because of its reluctance to declare deposits to the tax authorities. Hence at the end of May, over 70 per cent

of bank deposits were still held in tax-exempt accounts (Table 1). As far as interest rate linkages are concerned, the dominant role played by tax-exempt accounts is reflected in the fact that about 80 per cent of all deposits still bear interest rates tied to the base rate.

Of the stock of taxable bank deposits at the end of May 1990, just under half was held in companies' cheque and giro accounts. About one-fifth of taxable deposits was linked to HELIBOR rates. However, HELIBOR rates are being more widely used in setting deposit rates.

The deposits shown in Table 1 include non-interest-bearing deposits, which amounted to an estimated FIM 12 billion at the end of May. In addition, part of the deposits are non-interest-bearing in practice, since interest on cheque, postal giro and ordinary deposit accounts is normally accrued on the basis of the lowest monthly balance.

Prior to the entry into force of the new Tax Relief Act in

TABLE 1.  
DEPOSIT BANKS' MARKKA DEPOSITS AT END-MAY 1990,  
BILLION FIM (PARTLY ESTIMATED)

Taxable deposits	61
— fixed-rate	17
— linked to HELIBOR rates	7
— cheque and postal giro accounts	27
— other	10
Tax-exempt deposits	188
— 24-month accounts	97
— standard savings accounts	85
— other (home savings premium and cheque accounts etc.)	6
TOTAL	249

1989, large sums were deposited in 24-month accounts bearing a higher rate of tax-exempt interest than is permitted under the new law. These accounts will expire in the last months of this year. In December, for example, more than FIM 30 billion will become available for investment in other outlets.

The withholding tax on deposits, which it is planned to introduce at the beginning of 1991, will enable depositors to make more flexible use of the existing deposit account menu since it will not be necessary to declare any deposits to the tax authorities. In these circumstances, it can be expected that the predominance of deposit rates tied to the base rate will gradually be eroded, that deposit rates will become more market-orientated, and that the public will earn a better return on their deposits.

## LENDING

After the Bank of Finland abandoned the regulation of lending rates in 1986, particularly households' demand for credit grew vigorously. Contributing to this were the favourable economic outlook, strong income growth and the tax-deductibility of interest payments. The majority of loans were still granted at rates tied to the base rate. Since the demand for credit could not be satisfied through an increase in normal deposits, banks had to resort to funding at market terms to an increasing extent. As a result, banks' interest rate risks began to pose a problem.

Since the introduction of HELIBOR rates in May 1987 banks have been able to use these rates as reference rates in all their lending, except housing loans. Towards the end of 1987, the Bank of Finland allowed the banks to link rates of interest on housing loans to 3 or 5-year reference rates, which are calculated on the basis of interbank offered rates for bonds. Furthermore,

TABLE 2.  
DEPOSIT BANKS' MARKKA LENDING BY INTEREST LINKAGE IN MAY 1990, STOCK AND NEW LOANS

	Stock, billion FIM	Average rate on stock, %	New loans, billion FIM	Average rate on new loans
Linked to the base rate	190.8	10.68	2.9	10.90
Linked to HELIBOR rates	46.4	15.18	2.5	15.08
Fixed-rate	15.3	12.68	2.4	15.23
Linked to long-term reference rates	23.5	12.71	1.7	14.52
Linked to banks' own reference rates	3.6	10.22	0.4	10.59
Other	0.8	13.14	0.0	14.94
TOTAL	280.4	11.71	10.0	13.61

TABLE 3.  
HOUSING LOANS OF HOUSEHOLDS BY INTEREST RATE LINKAGE IN MAY 1990, STOCK AND NEW LOANS

	Stock, billion FIM	Average rate on stock, %	New loans, billion FIM	Average rate on new loans
Linked to the base rate	80.5	10.79	1.2	10.81
Linked to HELIBOR rates	2.1	15.29	0.2	14.94
Fixed-rate	1.7	12.36	0.2	13.73
Linked to long-term reference rates	18.6	12.57	1.2	14.57
Linked to banks' own reference rates	0.0	14.77	0.0	14.83
Other	0.2	12.96	0.0	14.11
TOTAL	103.1	11.24	2.7	12.94

since the beginning of 1990, banks have been able to apply bank-specific prime rates in both their deposit-taking and lending. So far, however, only one bank has introduced its own prime rate.

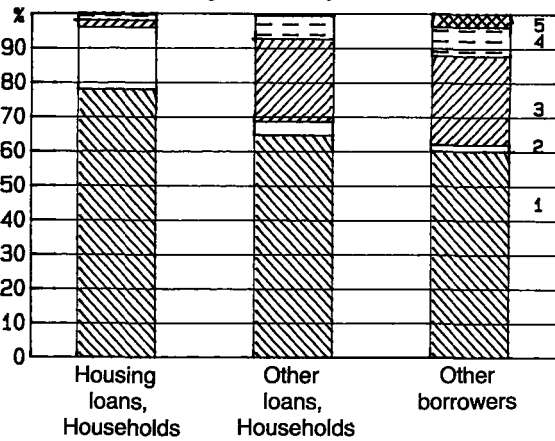
Despite the relative abundance of reference rates, the bulk of the existing stock of loans is still linked to the Bank of Finland's base rate. Almost 70 per cent of the banks' total markka lending was tied to the base rate at the end of May 1990 (Table 2). There are several reasons for this. The relatively long loan periods applied, for example to housing loans, tend to preserve the base rate linkage in lending, since during the period of regulation almost all household loans were linked to the base rate. Many loans granted under interest subsidy schemes are also linked to the base rate. This, in part, also explains why the interest rates

on loans linked to the base rate are at a relatively low level and why borrowers other than households still have such loans. And, as noted, interest rates on a large proportion of bank funding, i.e. the major part of bank deposits, are linked to the base rate.

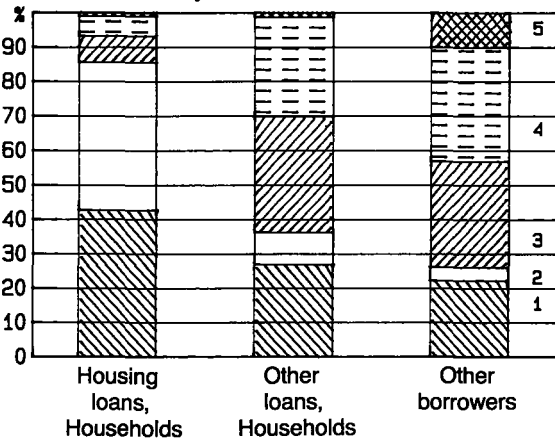
Another reason for using the base rate as a reference rate in lending is the fact that the Bank of Finland's guidelines to the banks have not permitted the tying of housing loans to HELIBOR rates. Apart from loans linked to the base rate and the possibility of granting loans at a prime rate, the only options available to banks have been fixed-rate loans or loans linked to long-term reference rates. However, the markets for both these types of loans are so underdeveloped that it has not been possible, in practice, to refinance them. As a solution to the problem, banks have started to use HELIBOR rates as

**CHART 1.**  
**MARKKA LENDING TO THE PUBLIC BY INTEREST**  
**RATE LINKAGE, PERCENTAGE SHARES**

Stocks outstanding at end-May 1990



New loans in May 1990



1. Linked to base rate
2. Linked to long-term reference rate
3. Linked to HELIBOR
4. Fixed-rate
5. Other

benchmark rates for housing loans. This enables them to reduce the interest rate risks associated with market rates.

However, despite the limited options available to banks, the share of new loans linked to the base rate is decreasing rapidly. At the end of May 1990, housing loans tied to the base rate accounted for about 78 per cent of the outstanding stock of housing loans, whereas only about 44 per cent of new housing loans granted in

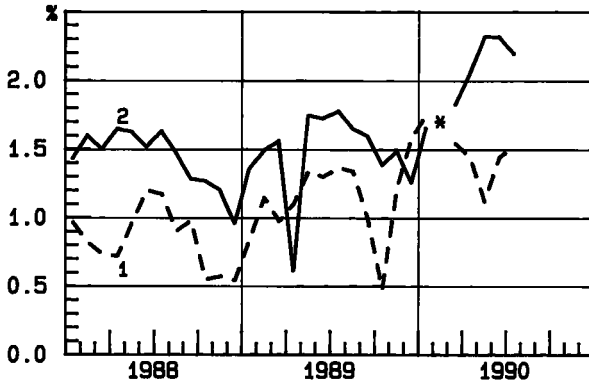
May were linked to the base rate (Table 3). Part of the decline in the proportion of new loans tied to the base rate can be attributed to bridging finance, which is normally linked to a market rate or carries a fixed rate of interest. At the end of May 1990, housing loans linked to long-term reference rates amounted to just under one-fifth of the total stock of housing loans, while slightly less than half the amount of new housing loans was tied to these rates (Chart 1).

For types of lending other than housing loans, the proportion of new loans linked to the base rate is decreasing even more rapidly; a clear majority of these loans are already linked to HELIBOR rates or carry fixed rates. In particular, a large proportion of new household consumer credits and loans granted to companies are tied to HELIBOR rates, whereas the majority of fixed-rate loans tend to be in the form of bills (Chart 1). In the chart most of the lending to other borrowers consists of loans to companies.

The interest rate spread on new lending has grown markedly since 1988, in part because of brisk demand for credit and in part because of pressures on bank profitability. In the first half of 1988, the spread between 3-month HELIBOR and loans tied to it amounted to about 1.5 percentage points and the spread between the 5-year reference rate and lending linked to it to about 0.8 percentage point (Chart 2). By early summer 1990, the corresponding figures were 2.3 and 1.4 percentage points. Calculated on the basis of total funding and lending, however, the interest rate margin has been falling for several years. The main reason for this is the increased use of market-related lending rates. The spread on loans in this category is narrower than that on lending rates linked to the base rate because of the lower interest rate risk involved.

With the rise in market rates, lending rates seem to have fallen into two groups. For new loans granted in May, the average lending rate was 10.9 per cent for loans tied to the base rate and 14.7 per cent for other loans. For the deposit banks' total outstanding loans at the end of May 1990, the corresponding average lending rates were 10.7 and 13.9 per cent. Part of the differential of 3 to 4 percentage points can be ascribed to the existence of sub-

**CHART 2.**  
**INTEREST RATE SPREADS**



\* strike

1. Average spread on new loans linked to 5-year reference rate
2. Average spread on new loans linked to 3-month HELIBOR

sidized loans and loans with maximum agreed lending rates, but it is doubtful whether such loans account for all of it. The differential may also be due to business acquisitions a few years ago and the credit and deposit arrangements made in connection with these. Nevertheless, it seems likely that banks are still granting credit on favourable terms to good customers. In this respect, marginal cost thinking has evidently not yet permeated the financial sector in full.

September 5, 1990

# ITEMS

## FINLAND'S BALANCE OF PAYMENTS IN JANUARY—JUNE 1990

According to the Bank of Finland's preliminary figures, the current account showed a deficit of FIM 12 410 million in January—June this year. The net inflow of long-term capital amounted to FIM 19 629 million and the net inflow of short-term capital to FIM 4 401 million. Thus the Bank of Finland's foreign exchange reserves increased by FIM 11 620 million. In the corresponding period of 1989, the current account had shown a deficit of FIM 8 831 million.

**Current account.** Compiled on a balance-of-payments basis, the trade account posted a deficit of FIM 1 341 million in January—June, compared with FIM 736 million in the corresponding period of 1989. Commodity exports grew by 5 per cent in value and by 6 per cent in volume. The fastest growth in export volume occurred in the food processing, metal products, machinery and wood and wood products industries. The value of commodity imports was 6 per cent and the volume just under 7 per cent up on the first six months of 1989. The volume of imports of raw materials and intermediate goods grew by 9 per cent. Imports of machinery and equipment, other investment goods and consumer goods also showed a clear increase.

The services account registered a deficit of FIM 2 578 million in January—June, an increase of almost FIM 1 000 million on the corresponding

## MAJOR BALANCE OF PAYMENTS ITEMS IN JANUARY—JUNE 1990, MILLION FIM<sup>1</sup>

	Receipts	Expenditure	Net
Trade (exports f.o.b., imports c.i.f.)	51 666	52 804	-1 138
Adjustment items	-766	-563	-203
Trade account	50 900	52 241	-1 341
Transport	4 195	2 024	2 171
Travel	1 973	5 157	-3 184
Other services	3 032	4 597	-1 565
Services account	9 200	11 778	-2 578
GOODS AND SERVICES ACCOUNT	60 101	64 019	-3 919
Investment income, net	6 419	12 749	-6 330
Unrequited transfers	672	2 411	-1 739
Other	1 386	1 807	-422
A. CURRENT ACCOUNT	68 577	80 987	-12 410
	Change in assets	Change in liabilities	Net
Long-term financial loans and suppliers' credits: <sup>2</sup>			
drawings	-1 015	32 116	31 101
redemptions	918	-9 226	-8 308
Direct investment	-5 050	1 011	-4 039
Other long-term capital	-127	1 002	875
B. LONG-TERM CAPITAL ACCOUNT	-5 274	24 903	19 629
BASIC BALANCE (A+B)			7 219
Prepayments and liabilities related to imports			1 050
Prepayments and receivables related to exports			60
Short-term capital of authorized banks			10 288
Other short-term capital			-1 848
Errors and omissions			-5 149
C. SHORT-TERM CAPITAL ACCOUNT			4 401
D. ALLOCATIONS OF SDRs			—
OVERALL BALANCE (A + B + C + D)			11 620
Change in the foreign exchange reserves of the Bank of Finland			-11 620

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

<sup>1</sup> Preliminary figures.

<sup>2</sup> Assets include export credits only.



period of the previous year. The surplus on the transport account grew from FIM 2 023 million to FIM 2 171 million. Travel receipts grew by 2 per cent and travel expenditure by 25 per cent. Thus the travel account posted a deficit of FIM 3 184 million as against FIM 2 180 million in the first six months of last year. The other services account registered a deficit of FIM 1 565 million.

Interest payments on foreign loans amounted to FIM 12 749 million. With interest income on foreign assets totalling FIM 6 419 million, the investment account showed a deficit of FIM 6 330 million. This was FIM 1 729 million more than in the corresponding period last year. The unrequited transfers account posted a deficit of FIM 1 739 million.

**Capital account.** Drawings of foreign long-term loans amounted to FIM 32 116 million in January—June, which was FIM 13 341 million more than in the corresponding period last year. Mainly companies and financial institutions accounted for imports of loan capital. Repayments of long-term capital amounted to FIM 9 226 million. Drawings of long-term export credits granted to foreign customers amounted to FIM 1 015 million

and repayments of outstanding export credits to FIM 918 million. Finnish net direct investment abroad totalled FIM 5 050 million and foreign direct investment in Finland FIM 1 011 million. Net imports of capital in the form of portfolio investment amounted to FIM 997 million. The total net inflow of long-term capital was FIM 19 629 million; this represents an increase of FIM 16 061 million on the corresponding period last year.

The inflow of short-term capital (incl. errors and omissions) totalled FIM 4 401 million in January—June 1989. Short-term liabilities related to imports increased by an estimated FIM 1 050 million, while net prepayments and receivables related to exports decreased by FIM 60 million. The net short-term liability of the authorized banks grew by FIM 10 288 million.

The foreign exchange reserves of the Bank of Finland grew by FIM 11 620 million in January—June. The convertible foreign exchange reserves increased by FIM 12 128 million and tied currency liabilities increased by FIM 507 million. At the end of June, the convertible foreign exchange reserves of the Bank of Finland stood at FIM 34 373

million and tied currency liabilities at FIM 1 064 million.

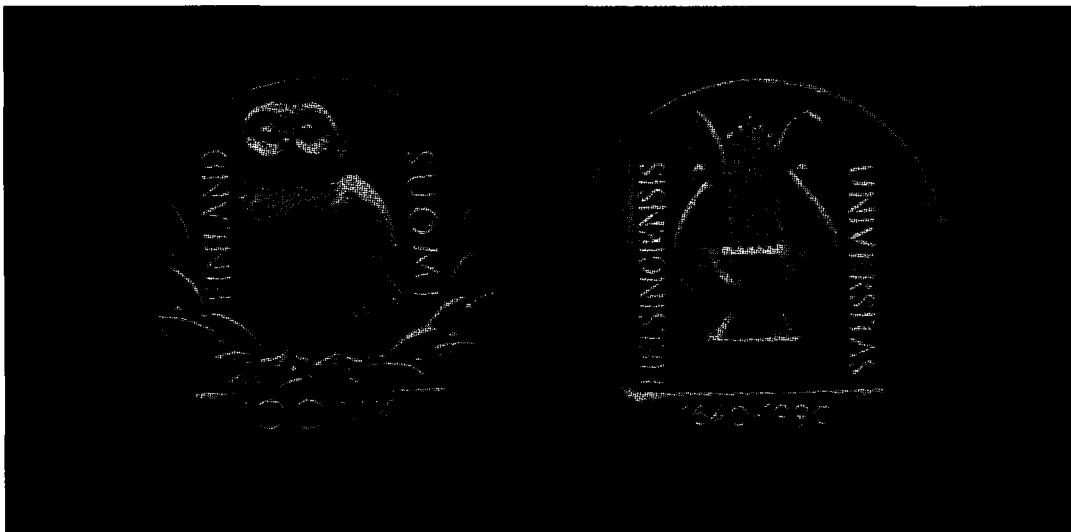
At the end of June, Finland's net foreign debt totalled FIM 99 496 million; the net long-term debt amounted to FIM 83 375 million and the net short-term debt to FIM 16 121 million. The central government's share of net foreign debt was FIM 17 910 million.

### THE UNIVERSITY OF HELSINKI COMMEMORATIVE COIN

To mark the 350th anniversary of the University of Helsinki, the Mint of Finland has struck a commemorative silver coin in the denomination of 100 markkaa. It was designed by Raimo Heino.

The university was established in 1640 in Turku and named the Academy of Turku. It was transferred to Helsinki in 1828 and after Finland became independent in 1917 it received the name the University of Helsinki.

On the obverse of the commemorative coin there is a square with a stylized lyre and the text "Universitatis Helsingiensis 1640—1990". On the reverse there is a picture of an owl sitting on the branch of a



laurel tree and the text "Suomi Finland 100 mk". The edge of the coin is engraved with the text "Pohjoisesta ja meren puolelta hän heidät kokosi" ("From the north and the sea he gathered them").

The issue comprises 150 000 pieces. The silver content of the coin is 830 %, the weight 24 grammes and the diameter 35 mm.

The coin was issued on September 11, 1990 and it is legal tender. Foreign sales are handled by the commercial banks.

### **DEATH OF DR. AHTI KARJALAINEN**

The former chairman of the Board of Management of the Bank of Finland, Dr. Ahti Karjalainen, died in Helsinki on September 7 at the age of 67. Ahti Karjalainen served the Bank from 1952 to 1983; however, for the major part of that period he was on a leave of absence holding various ministerial posts in a number of Governments, including two terms as Prime Minister. Dr. Karjalainen was Acting Governor of the Bank from 1979 to 1982 and Governor from 1982 to 1983.

# MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM SEPTEMBER 1989 TO SEPTEMBER 1990

1989

## SEPTEMBER

### **Foreign Exchange**

**Regulations.** The Bank of Finland relaxes the foreign exchange regulations concerning foreign investments and capital imports. The amendments enter into force on September 1, 1989, except for those applying to private individuals. For tax control reasons, the decisions regarding capital exports by private individuals will enter into force on a later date, however not later than July 1, 1990.

**Capital exports.** Acquisitions of dwellings and real estate abroad no longer require authorization; previously, permission was necessary if the purchase price exceeded FIM 1 million. Investments in the form of foreign securities, deposits held in accounts with foreign monetary institutions and merchandise held abroad are permitted without the permission of the Bank of Finland or quantitative restrictions. In addition, credit of more than one year's maturity may be granted to non-residents without the Bank of Finland's permission.

**Capital imports.** Non-financial companies, except housing and real estate companies, are permitted to raise foreign credit of more than one year's maturity; previously, only loans of more than five years' maturity were permitted. The authorization of the Bank of Finland is still required if a company borrows directly from a

foreign lender.

Suppliers' credits and prepayments in respect of imports are entirely freed from authorization. In addition, most direct investments in Finland no longer require authorization.

### **Cash reserve requirement.**

The Bank of Finland raises the cash reserve requirement for certain banks. Together with the current 8 per cent ratio, the banks' average deposit requirement now amounts to 8.8 per cent of the cash reserve base in August.

## OCTOBER

### **Government cash fund**

**deposits.** The Ministry of Finance and the Bank of Finland reach an agreement according to which the government will make cash fund deposits totalling FIM 5 billion with the Bank of Finland between October 5, 1989 and January 31, 1990. These deposits will be transferred on February 1, 1990 to a pension fund to be set up by the government. Additional deposits totalling FIM 1.6 billion will be made by the government in the pension fund, between February 1 and December 31, 1990.

### **Cash reserve requirement.**

The Bank of Finland raises the cash reserve requirement for certain banks. Together with the current 8 per cent ratio, the banks' average deposit requirement now amounts to about 9.0 per cent of the cash reserve base in September.

## NOVEMBER

**Base rate.** The Bank of Finland raises the base rate from 7.5 per cent to 8.5 per cent as from November 1.

**Call money market.** With effect from November 6, 1989, the Bank of Finland amends the terms of the call money credit system so that the 5-day moving average of a bank's position may be negative but in this case the call money credit rate will be charged at double the normal rate. It was a condition of the revision of June 1989 that the moving average of a bank's 5-day call money position should not be negative. The call money credit rate remains unchanged at 15 per cent and the call money deposit rate at 4 per cent.

### **Cash reserve requirement.**

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

## DECEMBER

### **Cash reserve requirement.**

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

1990

## JANUARY

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

### **Money market operations.**

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

### **Cash reserve requirement.**

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

Provided bank lending does not accelerate sharply in January-February 1990, the collection of additional deposits under the supplementary cash reserve agreement will be discontinued. The non-interest-bearing additional deposits collected on the basis of the lending growth

figures at the end of December 1989 will remain at the Bank of Finland and be refunded at the latest in July-December of the current year in six equal instalments at the end of each month.

## FEBRUARY

### **Foreign Exchange Regulations.**

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

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

## MARCH

### **Finance companies accorded the right to intermediate foreign finance.**

The Bank of Finland decides that, with effect from March 1, 1990, finance companies may apply for the right to intermediate and raise foreign loans to the extent permitted by the limits on their foreign

currency positions. Previously only deposit banks were accorded this right.

## APRIL

### **Cash reserve agreement.**

The Bank of Finland signs a new cash reserve agreement with the deposit banks on April 26, 1990. According to the new agreement, the cash reserve base comprises domestic deposits by the public and the rate of interest payable on cash reserve deposits is the 3-month HELIBOR rate less three percentage points, not however less than 8 per cent. The new cash reserve base is applied for the first time to deposits in April and interest will be paid at the new rate with effect from May 1, 1990.

## MAY

### **Cash reserve requirement.**

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

## JULY

### **Foreign Exchange Regulations.**

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

The Bank of Finland also increases the opportunities of financial sector enterprises to engage in foreign operations. In addition to banks, mortgage banks and credit companies are, with effect from July 1, 1990, able to apply for the right to intermediate and raise foreign loans and the right to make foreign investments within the limits of their foreign currency positions. Finance companies have been able to apply for the right to intermediate foreign loans since March 1, 1990. **Investment reserves.** On July 12, the Government

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

## SEPTEMBER

**Foreign Exchange Regulations.** By decision of the Bank of Finland, derivative instruments based on Finnish shares and warrants carrying the right to purchase restricted shares may be sold to non-residents as from September 1, 1990.

However, legislation restricting foreigners' ownership rights prohibits the transfer of restricted shares underlying derivative contracts and warrants to non-residents.

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

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

## LAND, CLIMATE AND POPULATION

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

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

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

## FORM OF GOVERNMENT

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

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

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

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

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

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

## INTERNATIONAL RELATIONS

Finland pursues a policy of neutrality in foreign affairs, 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, the AfDB in 1982 and the MIGA in 1988.

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 pri-

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

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

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

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

**Forest resources.** Finland has fairly abundant forest resources, but

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

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

## FINANCE AND BANKING

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

### International payments.

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

Outward direct investment is permitted without the Bank of Finland's authorization except for direct investments in the Soviet Union and Bulgaria. Similarly, inward direct investment is permitted without the Bank of Finland's authorization except for direct investments in enterprises in the financial sector and direct investments by the Soviet Union and Bulgaria. Foreign

investors may also buy Finnish shares and markka-denominated bonds. Finnish companies may freely raise foreign credits of over one year's maturity and grant credits of over one year's maturity to non-residents. Finnish residents may invest freely in foreign securities and real estate.

Commercial payments with the Soviet Union and Bulgaria are carried out mainly on a bilateral basis and 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, 1989).

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

**Financial markets.** Of the total stock of FIM 580 billion in outstanding domestic credit at the end of 1988, 64 % was provided by deposit banks, 4 % by mortgage banks, 15 % by insurance companies, 8 % by other credit institutions and 9 % by the state, local authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was

progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 71 % of the instruments, which totalled approximately FIM 150 billion at end-1989, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds 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 83 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 125 billion (at end-1989). Four foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1989 totalled FIM 105 billion; government bonds made up 28 % of the total. Turnover on the Stock Exchange in 1989 amounted to FIM 41 billion; the share of shares and subscription rights in the total was approximately 82 %.





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# 1. THE BALANCE SHEET OF THE BANK OF FINLAND

## 1.1 THE BALANCE SHEET OF THE BANK OF FINLAND,

MILL. FIM

	1989		1990			
	Aug. 31	Dec. 31	Aug. 8	Aug. 15	Aug. 23	Aug. 31
<b>ASSETS</b>						
<b>Gold and foreign currency claims</b>	30 345	23 009	35 705	35 543	35 609	35 708
Gold	2 128	2 179	2 180	2 180	2 180	2 180
Special drawing rights	882	966	765	765	780	780
IMF reserve tranche	934	950	851	812	813	813
Convertible currencies	25 568	18 822	31 671	31 550	31 601	31 829
Tied currencies	832	92	239	237	236	106
<b>Other foreign claims</b>	4 096	3 300	2 804	2 528	2 528	2 530
Markka subscription to Finland's IMF quota	2 195	2 103	2 115	2 154	2 154	2 154
Term credit	1 901	1 198	689	374	374	377
<b>Claims on financial institutions</b>	24 721	39 054	26 240	25 347	25 972	24 769
Call money credits	2	38	0	188	1	14
Certificates of deposit	18 641	33 230	20 003	19 133	19 894	19 123
Term credits	—	—	—	—	—	—
Till-money credits	2 899	3 310	3 789	3 583	3 642	3 196
Financing of crop failure loans	611	—	—	—	—	—
Bonds	2 329	2 238	2 210	2 205	2 198	2 198
Other claims on financial institutions	238	238	238	238	238	238
<b>Claims on the public sector</b>	1 113	1 137	1 266	1 266	1 280	1 281
Treasury notes and bills	—	—	—	—	—	—
Bonds	31	8	7	7	6	7
Total coinage	1 082	1 129	1 259	1 259	1 274	1 274
Other claims on the public sector	—	—	—	—	—	—
<b>Claims on corporations</b>	2 425	2 207	1 861	1 848	1 841	1 838
Financing of exports	30	1	0	0	0	0
Financing of domestic deliveries (KTR)	1 903	1 697	1 382	1 371	1 363	1 360
Bonds: KTR credits	281	302	272	272	272	272
Bonds: Other	24	21	12	11	11	11
Other claims on corporations	187	186	195	195	195	195
<b>Other assets</b>	95	571	110	111	112	115
Accrued items	—	464	—	—	—	—
Other assets	95	107	110	111	112	115
<b>Total</b>	<b>62 794</b>	<b>69 279</b>	<b>67 986</b>	<b>66 643</b>	<b>67 342</b>	<b>66 242</b>
<b>LIABILITIES</b>						
<b>Foreign currency liabilities</b>	148	697	1 078	814	772	820
Convertible currencies	23	42	42	51	33	30
Tied currencies	126	656	1 036	762	739	790
<b>Other foreign liabilities</b>	2 979	2 860	2 842	2 881	2 882	2 882
IMF markka accounts	2 195	2 103	2 115	2 154	2 154	2 154
Allocations of special drawing rights	784	758	727	727	728	728
<b>Notes and coin in circulation</b>	11 651	13 129	13 581	13 414	13 394	13 314
Notes	10 652	12 073	12 473	12 307	12 274	12 196
Coin	999	1 056	1 107	1 106	1 120	1 118
<b>Certificates of deposit</b>	60	—	40	40	40	40
<b>Liabilities to financial institutions</b>	25 825	26 303	23 470	22 828	24 053	22 842
Call money deposits	841	569	748	106	1 332	801
Term deposits	—	—	0	0	0	0
Cash reserve deposits	24 639	25 506	22 679	22 679	22 679	21 999
Capital import deposits	310	190	0	0	0	0
Other liabilities to financial institutions	35	38	43	43	42	42
<b>Liabilities to the public sector</b>	1 486	5 325	6 445	6 255	5 875	5 685
Cheque accounts	1	0	1	0	1	0
Cash fund deposits	—	3 770	0	0	0	0
Pension fund deposits	—	—	4 831	4 641	4 261	4 071
Counter-cyclical deposits	1 319	1 319	1 319	1 318	1 318	1 318
Export deposits	166	235	292	292	292	292
Other liabilities to the public sector	1	1	2	3	3	3
<b>Liabilities to corporations</b>	10 799	10 810	10 378	10 376	10 378	10 465
Deposits for investment and ship purchase	10 234	10 228	10 378	10 376	10 378	10 465
Capital import deposits	564	583	0	0	0	0
Other liabilities to corporations	0	—	0	0	0	0
<b>Other liabilities</b>	60	1 294	61	54	56	55
Accrued items	—	1 241	0	0	0	0
Other liabilities	60	53	61	54	56	55
<b>Valuation account and reserves</b>	3 949	2 696	3 928	3 818	3 728	3 975
<b>SITRA's capital</b>	400	400	400	400	400	400
<b>Capital accounts</b>	5 436	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000	5 000
Reserve fund	436	436	764	764	764	764
Profit/loss for the accounting year	—	328	0	0	0	0
<b>Total</b>	<b>62 794</b>	<b>69 279</b>	<b>67 986</b>	<b>66 643</b>	<b>67 342</b>	<b>66 242</b>

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

MILL. FIM

End of period	Foreign sector									Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible reserves, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net liabilities (11-10)
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1985</b>	2 081	931	775	18 572	22 359	-285	22 074	-849	21 225	1 023	4 300	3 277
<b>1986</b>	2 081	983	793	6 778	10 635	3 421	14 056	-838	13 218	1 002	2 001	999
<b>1987</b>	2 128	899	793	23 571	27 391	1 212	28 603	1 131	29 734	977	901	-76
<b>1988</b>	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	775
<b>1989</b>	2 179	966	950	18 780	22 875	-564	22 311	440	22 751	1 137	5 325	4 188
<b>1989</b>												
<b>Aug.</b>	2 128	882	934	25 545	29 489	706	30 195	1 117	31 312	1 113	1 486	373
<b>Sept.</b>	2 129	878	952	23 568	27 527	-826	26 701	1 107	27 808	1 135	1 504	369
<b>Oct.</b>	2 129	1 055	927	21 841	25 952	-307	25 645	772	26 417	1 112	2 683	1 571
<b>Nov.</b>	2 129	851	967	19 826	23 773	-381	23 392	769	24 161	1 126	4 150	3 024
<b>Dec.</b>	2 179	966	950	18 780	22 875	-564	22 311	440	22 751	1 137	5 325	4 188
<b>1990</b>												
<b>Jan.</b>	2 179	900	954	26 179	30 212	-584	29 628	432	30 060	1 168	6 384	5 216
<b>Feb.</b>	2 179	846	913	26 289	30 227	-311	29 916	433	30 349	1 185	6 523	5 338
<b>March</b>	2 180	791	910	29 685	33 566	-962	32 604	273	32 877	1 203	6 655	5 452
<b>April</b>	2 180	779	899	30 034	33 892	-920	32 972	-40	32 932	1 217	6 950	5 733
<b>May</b>	2 180	796	902	30 875	34 753	-1 163	33 590	-39	33 551	1 229	7 205	5 976
<b>June</b>	2 180	778	865	30 550	34 373	-1 065	33 308	-40	33 268	1 285	7 205	5 920
<b>July</b>	2 180	771	858	31 272	35 081	-694	34 387	-43	34 344	1 266	6 635	5 369
<b>Aug.</b>	2 180	780	813	31 799	35 572	-684	34 888	-352	34 536	1 281	5 685	4 404

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
<b>1985</b>	.	4 014	10 222	1 925	-1 386	-2 897	4 525	4 113	412	8 072	.
<b>1986</b>	2 381	6 687	9 270	2 305	-2 240	4 343	4 581	4 757	-176	8 668	.
<b>1987</b>	-	-757	10 941	2 730	-2 350	-6 618	3 449	4 782	-1 333	9 990	4 970
<b>1988</b>	7 187	335	19 039	2 920	-3 733	-4 864	2 823	6 579	-3 756	11 550	1 130
<b>1989</b>	33 230	-531	25 506	3 310	-2 248	12 751	2 000	10 604	-8 604	13 129	-
<b>1989</b>											
<b>Aug.</b>	18 641	-839	24 639	2 899	-2 833	-1 105	2 214	10 587	-8 373	11 651	60
<b>Sept.</b>	22 152	-133	25 089	2 569	-2 781	2 280	2 184	10 617	-8 433	11 739	20
<b>Oct.</b>	25 623	-419	25 377	3 023	-2 374	5 224	2 096	10 597	-8 501	11 775	-
<b>Nov.</b>	29 475	261	25 581	2 925	-2 170	9 250	2 066	10 590	-8 524	11 894	-
<b>Dec.</b>	33 230	-531	25 506	3 310	-2 248	12 751	2 000	10 604	-8 604	13 129	-
<b>1990</b>											
<b>Jan.</b>	34 050	-3 243	25 441	8 099	-2 377	15 842	1 950	10 453	-8 503	22 760	-
<b>Feb.</b>	33 720	-1 367	26 068	7 677	-2 378	16 340	1 919	10 460	-8 541	23 178	-
<b>March</b>	25 994	696	26 465	4 002	-2 397	6 624	1 857	10 415	-8 558	14 782	1 050
<b>April</b>	24 818	855	26 069	3 770	-2 374	5 748	1 809	10 480	-8 671	13 762	690
<b>May</b>	23 498	-1 008	22 855	3 627	-2 357	5 619	1 761	10 388	-8 627	13 501	630
<b>June</b>	22 911	-480	22 750	3 207	-2 310	5 198	1 706	10 226	-8 520	13 655	40
<b>July</b>	20 057	-485	22 679	3 752	-2 416	3 061	1 662	10 165	-8 503	13 592	40
<b>Aug.</b>	19 123	-787	21 999	3 196	-2 394	1 927	1 632	10 259	-8 627	13 314	40

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

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

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Impact on liquidity (1-2-3)	Call money credits	Call money deposits	Total net change (4+5-6)
	1	2	3	4	5	6	7
<b>1985</b>	.	.	.	.	201	-1 011	1 212
<b>1986</b>	.	.	.	.	1 599	-1 074	2 673
<b>1987</b>	1 263	23 658	-17 520	-4 875	-6 818	626	-12 319
<b>1988</b>	13 840	19 190	-16 850	11 500	463	-629	12 592
<b>1989</b>	131 110	3 855	99 245	28 010	-425	441	27 144
<b>1989</b>							
<b>Aug.</b>	14 560	—	13 160	1 400	-10	102	1 288
<b>Sept.</b>	14 260	—	9 950	4 310	73	-633	5 016
<b>Oct.</b>	16 720	—	13 920	2 800	-72	214	2 514
<b>Nov.</b>	18 220	350	13 560	4 310	510	-170	4 990
<b>Dec.</b>	10 850	530	6 770	3 550	-475	317	2 758
<b>1990</b>							
<b>Jan.</b>	18 660	4 710	13 750	200	14	2 726	-2 512
<b>Feb.</b>	31 775	14 350	18 020	-595	-46	-1 922	1 281
<b>March</b>	24 811	4 739	27 905	-7 833	698	-1 365	-5 770
<b>April</b>	16 470	150	16 762	-442	305	146	-283
<b>May</b>	15 510	1 610	16 250	-2 350	-998	865	-4 213
<b>June</b>	15 310	250	13 570	1 490	-8	-536	2 018
<b>July</b>	7 290	—	11 600	-4 310	7	12	-4 315
<b>Aug.</b>	10 230	20	10 780	-570	4	306	-872

## 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	
<b>1985</b>	16 982	1 733	15 249	708	-9 005	6 951
<b>1986</b>	11 446	1 319	10 127	-2 461	-92	7 574
<b>1987</b>	21 671	1 158	20 513	-233	-1 287	18 994
<b>1988</b>	16 488	1 543	14 946	9 086	-377	23 654
<b>1989</b>	<u>10 531</u>	<u>3 563</u>	<u>6 967</u>	<u>8 031</u>	<u>205</u>	<u>15 204</u>
<b>1989</b>						
<b>July</b>	13 125	1 393	11 731	9 870	-395	21 207
<b>Aug.</b>	12 652	1 187	11 465	15 126	-220	26 371
<b>Sept.</b>	11 782	1 669	10 113	13 261	-	23 374
<b>Oct.</b>	11 323	2 260	9 063	10 774	-	19 836
<b>Nov.</b>	11 487	2 934	8 552	8 784	-	17 336
<b>Dec.</b>	<u>10 531</u>	<u>3 563</u>	<u>6 967</u>	<u>8 031</u>	<u>205</u>	<u>15 204</u>
<b>1990</b>						
<b>Jan.</b>	9 339	3 793	5 545	11 854	125	17 524
<b>Feb.</b>	9 073	3 764	5 309	8 215	-1 741	11 783
<b>March</b>	10 328	3 418	6 910	14 739	-2 323	19 326
<b>April</b>	11 327	3 403	7 924	14 493	-5 546	16 871
<b>May</b>	12 591	3 029	9 562	15 073	-8 339	16 296
<b>June</b>	11 858 <sup>r</sup>	3 140 <sup>r</sup>	8 718 <sup>r</sup>	15 692	-8 229	16 181 <sup>r</sup>
<b>July</b>	11 694	3 567	8 126	16 094	-8 013	16 207

## 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	
<b>1985</b>	5 812	.	5 812	4 527	.	9 578	14 105	-8 293
<b>1986</b>	7 117	120	7 237	1 256	.	9 189	10 445	-3 208
<b>1987</b>	481	1 581	2 062	703	4 705	10 092	15 501	-13 439
<b>1988</b>	128	2 190	2 319	621	5 044	15 159	20 824	-18 505
<b>1989</b>	373	15 146	15 519	403	465	23 035	23 903	-8 384
<b>1989</b>								
<b>Aug.</b>	46	17 384	17 431	507	116	24 132	24 755	-7 325
<b>Sept.</b>	41	19 738	19 779	446	47	24 669	25 161	-5 382
<b>Oct.</b>	62	24 529	24 591	483	11	25 098	25 592	-1 001
<b>Nov.</b>	360	26 702	27 062	363	-	25 384	25 747	1 315
<b>Dec.</b>	328	31 497	31 824	462	-	25 574	26 036	5 788
<b>1990</b>								
<b>Jan.</b>	308	34 151	34 459	1 200	860	25 504	27 564	6 895
<b>Feb.</b>	367	43 675	44 043	1 017	12 978	25 463	39 459	4 584
<b>March</b>	131	36 855	36 987	1 885	7 299	26 094	35 278	1 709
<b>April</b>	222	26 291	26 513	406	908	26 452	27 766	-1 254
<b>May</b>	175	26 112	26 287	700	654	25 965	27 319	-1 032
<b>June</b>	79	22 624	22 703	534	290	22 848	23 671	-969
<b>July</b>	3	21 435	21 438	542	40	22 748	23 330	-1 892
<b>Aug.</b>	35	19 648	19 683	615	40	22 657	23 312	-3 629

### 3. RATES OF INTEREST

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

Average of daily observations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates			Cash reserve requirement	
		1 month	3 months	6 months	12 months	Call money credit rate	Call money deposit rate	Base rate	Ordinary	Additional (average)
	1	2	3	4	5	6	7	8	9	10
<b>1985</b>	..	..	..	..	..	13.37	13.37	9.04	5.6	.
<b>1986</b>	11.87	..	..	..	..	13.43	11.34	7.46	4.8	.
<b>1987</b>	9.16	9.90	10.02	10.14	10.40	11.71	7.78	7.00	4.8	.
<b>1988</b>	8.47	9.77	9.97	10.16	10.50	11.50	7.04	7.63	6.5	.
<b>1989</b>	10.21	12.32	12.53	12.61	12.72	13.40	4.00	7.67	8.0	0.5
<b>1989</b>										
<b>Aug.</b>	8.86	11.87	12.06	12.22	12.35	15.00	4.00	7.50	8.0	0.7
<b>Sept.</b>	8.56	12.69	13.09	13.30	13.40	15.00	4.00	7.50	8.0	0.8
<b>Oct.</b>	10.31	14.06	14.19	14.22	14.19	15.00	4.00	7.50	8.0	1.0
<b>Nov.</b>	12.78	14.78	14.77	14.66	14.51	15.00	4.00	8.50	8.0	1.1
<b>Dec.</b>	15.03	16.23	16.08	15.56	15.17	15.00	4.00	8.50	8.0	1.1
<b>1990</b>										
<b>Jan.</b>	5	16.01	16.05	15.73	15.45	15.00	4.00	8.50	8.0	1.1
<b>Feb.</b>	5	16.01	16.01	15.73	15.39	15.00	4.00	8.50	8.0	.
<b>March</b>	8.97	15.08	15.38	15.40	15.37	15.00	4.00	8.50	8.0	.
<b>April</b>	8.86	13.16	13.94	14.33	14.70	15.00	4.00	8.50	8.0	.
<b>May</b>	9.47	12.25	12.77	13.17	13.74	15.00	4.00	8.50	8.0	.
<b>June</b>	8.22	12.07	12.52	13.17	13.79	15.00	4.00	8.50	8.0	.
<b>July</b>	8.23	11.69	12.45	13.01	13.63	15.00	4.00	8.50	8.0	.
<b>Aug.</b>	8.76	12.03	12.51	12.94	13.52	15.00	4.00	8.50	8.0	.

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

Average of daily observations	3 currencies <sup>1</sup>				12 currencies <sup>2</sup>			
	1 month	3 months	6 months	12 months	1 month	3 months	6 months	12 months
	1	2	3	4	5	6	7	8
<b>1985</b>	6.8	6.9	7.0	7.2	..	..	..	..
<b>1986</b>	5.9	5.9	5.9	5.8	..	..	..	..
<b>1987</b>	5.4	5.6	5.7	5.8	7.9	8.0	8.1	8.2
<b>1988</b>	5.9	6.0	6.2	6.4	7.8	8.0	8.1	8.3
<b>1989</b>	8.3	8.4	8.5	8.5	9.7	9.8	9.9	9.9
<b>1989</b>								
<b>Aug.</b>	8.3	8.3	8.2	8.2	9.7	9.8	9.7	9.7
<b>Sept.</b>	8.5	8.6	8.6	8.6	9.9	10.0	10.0	9.9
<b>Oct.</b>	8.9	9.0	8.9	8.8	10.4	10.5	10.4	10.4
<b>Nov.</b>	8.8	9.0	9.0	8.9	10.5	10.7	10.7	10.7
<b>Dec.</b>	9.0	9.0	9.0	8.9	10.8	10.9	10.9	10.9
<b>1990</b>								
<b>Jan.</b>	8.8	9.0	9.2	9.2	10.8	11.0	11.2	11.3
<b>Feb.</b>	8.9	9.1	9.3	9.6	11.1	11.3	11.5	11.7
<b>March</b>	8.9	9.1	9.4	9.7	11.2	11.4	11.6	11.8
<b>April</b>	8.8	9.1	9.3	9.7	10.9	11.1	11.3	11.6
<b>May</b>	8.8	9.0	9.2	9.5	10.6	10.7	10.9	11.2
<b>June</b>	8.8	8.9	9.1	9.4	10.5	10.6	10.8	11.0
<b>July</b>	8.9	8.9	9.1	9.2	10.4	10.6	10.7	10.9
<b>Aug.</b>	8.9	9.0	9.2	9.3	10.5	10.8	10.9	11.1

#### 3.3 COVERED EURO-DOLLAR RATE, PER CENT

Average of daily observations	1 month	3 months	6 months	12 months
	1	2	3	4
<b>1985</b>	12.9	12.8	12.8	12.6
<b>1986</b>	12.1	11.7	11.5	11.1
<b>1987</b>	9.8	9.9	9.9	10.1
<b>1988</b>	9.6	9.8	10.0	10.3
<b>1989</b>	11.8	12.1	12.1	12.2
<b>1989</b>				
<b>Aug.</b>	11.1	11.5	11.7	11.8
<b>Sept.</b>	11.9	12.5	12.8	12.9
<b>Oct.</b>	13.6	13.8	13.8	13.7
<b>Nov.</b>	14.2	14.3	14.3	14.1
<b>Dec.</b>	15.7 <sup>f</sup>	15.6 <sup>f</sup>	15.2 <sup>f</sup>	14.9 <sup>f</sup>
<b>1990</b>				
<b>Jan.</b>	14.9	15.4	15.1	15.0
<b>Feb.</b>	15.0	15.0	14.9	14.7
<b>March</b>	14.3	14.7	14.8	14.7
<b>April</b>	12.7	13.6	13.9	14.4
<b>May</b>	12.1 <sup>f</sup>	12.8 <sup>f</sup>	13.2 <sup>f</sup>	13.8 <sup>f</sup>
<b>June</b>	11.9	12.5	13.1	13.7
<b>July</b>	11.6	12.5	13.0	13.6
<b>Aug.</b>	11.9	12.5	12.9	13.4

<sup>1</sup> DEM 60 per cent, USD 30 per cent, GBP 10 per cent.

<sup>2</sup> Weighted according to their relative shares in the Bank of Finland currency index. Since March 1989, the index has consisted of 14 currencies.

### 3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

End of period	Lending						Deposits					
	New credits <sup>1</sup>			Average lending rate	Of which: Commercial banks	Savings accounts and ordinary deposit accounts	12-month time deposits	24-month time deposits	Average rate of interest on regulated deposits	Average rate of interest on unregulated deposits	Average rate of interest on total deposits	
	Cheque account and postal giro credits	Bills of exchange	Loans									New lending, total
<b>1985</b>	12.04	12.94	10.62	11.55	10.37	10.37	4.75	7.50	8.75	5.91	13.24	6.81
<b>1986</b>	10.89	12.30	9.76	10.64	8.82	8.81	2.75	5.75	7.00	4.43	11.84	5.35
<b>1987</b>	10.50	12.31	10.01	10.62	9.12	8.99	2.75	5.75	7.00	4.56	10.13	5.29
<b>1988</b>	10.22	12.27	10.50	10.72	10.37	10.25	3.75	6.75	8.00	5.87	9.80	6.20
<b>1989</b>	12.97	13.47	11.58	12.07	11.86	11.80	4.50	.	7.50	6.60	11.92	7.37
<b>1989</b>												
<b>July</b>	12.60	13.25	11.59	12.03	10.34	10.18	3.50	.	5.50	5.46	11.53	7.04
<b>Aug.</b>	12.67	13.36	11.33	11.79	10.37	10.20	3.50	.	5.50	5.48	11.60	7.07
<b>Sept.</b>	12.28	13.54	11.84	12.21	10.46	10.31	3.50	.	5.50	5.53	11.92	7.29
<b>Oct.</b>	14.08	14.12	12.09	12.72	10.72	10.59	3.50	.	5.50	5.57	12.56	7.56
<b>Nov.</b>	14.99	14.77	12.90	13.58	11.60	11.44	4.50	.	6.50	6.40	13.27	8.35
<b>Dec.</b>	16.36	15.37	13.28	14.02	11.86	11.80	4.50	.	7.50	6.60	14.18	8.77
<b>1990*</b>												
<b>Jan.</b>	13.55	15.71	13.02	13.73	11.99	11.91	4.50	.	7.50	6.45	14.40	8.66
<b>Feb.</b>	S	S	S	S	12.00	11.89	4.50	.	7.50	6.36	14.35	8.50
<b>March</b>	14.71	15.64	12.99	13.84	11.94	11.76	4.50	.	7.50	6.52	14.52	8.53
<b>April</b>	11.92	15.56	13.29	13.61	11.77	11.53	4.50	.	7.50	6.49	14.05	8.66
<b>May</b>	12.86	15.40	13.17	13.61	11.71	11.44	4.50	.	7.50	6.40	13.60	8.50
<b>June</b>	13.25	15.36	13.19	13.73	11.66	11.41	4.50	.	7.50	6.34	13.01	8.26
<b>July</b>	12.73	15.43	13.35	13.84	11.60	11.30	4.50	.	7.50	6.39	12.94	8.22

<sup>1</sup> Average rate of interest for period.

### 3.5 YIELDS ON BONDS AND DEBENTURES, PER CENT

Period	Secondary market yields						Taxfree public issues	Offer yield on taxable public issues
	Reference rates calculated by the Bank of Finland		Taxable government bonds	Taxable public issues	Issued by:			
	3 years	5 years			Financial institutions	Corporations		
<b>1985</b>	..	..	.	12.7	..	..	10.1	12.7
<b>1986</b>	..	..	.	11.7	..	..	8.3	11.3
<b>1987</b>	..	..	.	11.2	11.1	11.2	8.1	10.7
<b>1988</b>	10.7	10.8	10.6	10.6	10.6	10.6	7.8	10.4
<b>1989</b>	12.2	12.0	12.1	11.9	12.0	12.0	8.1	11.7
<b>1989</b>								
<b>July</b>	11.8	11.7	12.1	11.8	12.0	11.6	8.2	11.6
<b>Aug.</b>	11.9	11.7	11.9	11.9	11.8	12.0	8.5	11.5
<b>Sept.</b>	12.5	12.0	12.2	12.1	12.0	12.2	8.4	11.9
<b>Oct.</b>	13.3	12.8	12.4	12.4	12.6	12.3	8.4	11.9
<b>Nov.</b>	13.3	12.9	12.6	12.4	12.2	12.6	8.7	12.2
<b>Dec.</b>	13.5	13.0	12.9	12.4	12.1	12.6	8.9	12.5
<b>1990</b>								
<b>Jan.</b>	13.5	13.0	12.7	12.7	12.9	12.4	8.7	11.3
<b>Feb.</b>	13.5	13.0	S	S	S	S	S	12.9
<b>March</b>	13.8	13.4	13.2	13.2	13.3	13.1	8.6	13.0
<b>April</b>	13.8	13.5	13.4	13.3	13.5	13.1	8.7	12.7
<b>May</b>	13.8	13.7	13.1	13.5	13.6	13.5	8.8	13.3
<b>June</b>	13.8	13.7	13.1	13.3	13.3	13.6	8.7	13.1
<b>July</b>	13.8	13.7	13.4	13.3	13.5	13.1	9.0	13.2

## 4. RATES OF EXCHANGE

### 4.1 AVERAGE SPOT SELLING RATES, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oslo	Copenhagen	Frankfurt a.M.	Amsterdam	Brussels	Zurich
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEF	1 CHF
	1	2	3	4	5	6	7	8	9	10	11
<b>1985</b>	6.206	4.554	8.000	6.590	0.7222	0.7231	0.5871	2.1142	1.8745	0.10483	2.5360
<b>1986</b>	5.077	3.659	7.459	6.816	0.7138	0.6882	0.6290	2.3454	2.0789	0.11399	2.8349
<b>1987</b>	4.404	3.325	7.213	6.556	0.6952	0.6547	0.6444	2.4514	2.1755	0.11806	2.9563
<b>1988</b>	4.191	3.412	7.466	6.397	0.6848	0.6444	0.6235	2.3895	2.1233	0.11421	2.8700
<b>1989</b>	4.295	3.632	7.051	6.104	0.6673	0.6234	0.5886	2.2879	2.0281	0.10925	2.6306
<b>1989</b>											
<b>Aug.</b>	4.348	3.703	6.950	6.036	0.6657	0.6186	0.5814	2.2582	2.0029	0.10802	2.6201
<b>Sept.</b>	4.419	3.744	6.952	6.050	0.6698	0.6215	0.5830	2.2650	2.0088	0.10827	2.6202
<b>Oct.</b>	4.281	3.649	6.809	6.115	0.6648	0.6177	0.5892	2.2951	2.0326	0.10933	2.6260
<b>Nov.</b>	4.262	3.649	6.715	6.180	0.6644	0.6190	0.6001	2.3302	2.0648	0.11108	2.6348
<b>Dec.</b>	4.125	3.556	6.597	6.262	0.6569	0.6167	0.6107	2.3725	2.1016	0.11294	2.6339
<b>1990</b>											
<b>Jan.</b>	4.010	3.431	6.632	6.270	0.6508	0.6139	0.6117	2.3708	2.1018	0.11317	2.6457
<b>Feb.</b>	3.960	3.315	6.724	6.277	0.6482	0.6129	0.6128	2.3635	2.0966	0.11322	2.6625
<b>March</b>	4.030	3.416	6.561	6.308	0.6548	0.6125	0.6177	2.3648	2.1001	0.11399	2.6677
<b>April</b>	4.000	3.439	6.557	6.362	0.6546	0.6117	0.6217	2.3704	2.1060	0.11472	2.6899
<b>May</b>	3.931	3.351	6.612	6.351	0.6503	0.6111	0.6213	2.3666	2.1041	0.11469	2.7738
<b>June</b>	3.966	3.385	6.780	6.318	0.6516	0.6133	0.6186	2.3540	2.0913	0.11461	2.7822
<b>July</b>	3.848	3.328	6.959	6.300	0.6473	0.6112	0.6166	2.3463	2.0824	0.11404	2.7628
<b>Aug.</b>	3.710	3.245	7.061	6.346	0.6431	0.6106	0.6182	2.3628	2.0973	0.11495	2.8338

Average of daily quotations	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Tokyo	Moscow	Melbourne	ECU	SDR
	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 JPY	1 SUR	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22
<b>1985</b>	0.6940	0.00327	0.3012	0.0367	0.1520	0.0366	0.02610	7.419	..	..	6.27879
<b>1986</b>	0.7355	0.00343	0.3339	0.0343	0.1259	0.0364	0.03028	7.228	..	..	5.94432
<b>1987</b>	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	0.03050	6.965	3.106	5.075	5.68010
<b>1988</b>	0.7060	0.00324	0.3401	0.0294	0.1006	0.0361	0.03273	6.891	3.309	4.954	5.61826
<b>1989</b>	0.6757	0.00315	0.3254	0.0276	0.0782	0.0364	0.03122	6.817	3.423	4.731	5.49375
<b>1989</b>											
<b>Aug.</b>	0.6700	0.00316	0.3211	0.0273	0.0751	0.0362	0.03079	6.821	3.336	4.678	5.47435
<b>Sept.</b>	0.6723	0.00316	0.3220	0.0273	0.0740	0.0363	0.03047	6.870	3.435	4.694	5.49998
<b>Oct.</b>	0.6776	0.00314	0.3263	0.0272	0.0717	0.0362	0.03014	6.801	3.338	4.710	5.43586
<b>Nov.</b>	0.6868	0.00319	0.3312	0.0273	0.0705	0.0367	0.02971	6.799	3.359	4.765	5.43347
<b>Dec.</b>	0.6959	0.00321	0.3371	0.0273	0.0691	0.0369	0.02872	6.716	3.263	4.810	5.35882
<b>1990</b>											
<b>Jan.</b>	0.6980	0.00319	0.3371	0.0272	0.0684	0.0367	0.02768	6.640	3.159	4.812	5.27623
<b>Feb.</b>	0.6975	0.00320	0.3359	0.0271	0.0684	0.0367	0.02723	6.591	3.029	4.829	5.24250
<b>March</b>	0.7021	0.00322	0.3362	0.0270	0.0682	0.0370	0.02634	6.610	3.067	4.827	5.23570
<b>April</b>	0.7072	0.00324	0.3372	0.0270	0.0680	0.0375	0.02528	6.582	3.075	4.847	5.19392
<b>May</b>	0.7044	0.00323	0.3366	0.0270	0.0679	0.0380	0.02562	6.575	3.017	4.849	5.17416
<b>June</b>	0.7011	0.00322	0.3348	0.0271	0.0683	0.0382	0.02582	6.620	3.105	4.850	5.20247
<b>July</b>	0.7009	0.00322	0.3338	0.0270	0.0680	0.0384	0.02581	6.549	3.068	4.856	5.16136
<b>Aug.</b>	0.7057	0.00322	0.3361	0.0270	0.0677	0.0384	0.02519	6.480	3.020	4.899	5.09787



## 4.2 CURRENCY INDICES, 1982=100

Average of daily observations	Bank of Finland currency index	Other currency indices		Currency	Weights of the Bank of Finland currency index As from July 6, 1990
		Payments currency index	MERM index		
	1	2	3		4
<b>1985</b>	102.5	109.4	112.5	<b>USD</b>	8.8
<b>1986</b>	103.9	106.3	110.4	<b>GBP</b>	13.1
<b>1987</b>	103.3	103.2	106.1	<b>SEK</b>	19.0
<b>1988</b>	102.0	101.1	104.7	<b>NOK</b>	3.8
<b>1989</b>	98.4	98.4	102.8	<b>DKK</b>	4.4
				<b>DEM</b>	19.0
<b>1989</b>				<b>NLG</b>	4.8
<b>Aug.</b>	97.7	98.0	102.6	<b>BEF</b>	3.1
<b>Sept.</b>	98.0	98.6	103.1	<b>CHF</b>	2.4
<b>Oct.</b>	97.7	97.9	102.0	<b>FRF</b>	6.7
<b>Nov.</b>	98.1	98.2	102.1	<b>ITL</b>	5.1
<b>Dec.</b>	97.9	97.6	100.9	<b>ATS</b>	1.6
				<b>ESP</b>	2.0
				<b>JPY</b>	6.2
<b>1990</b>					
<b>Jan.</b>	97.2	96.7	99.2		
<b>Feb.</b>	97.1	96.4	98.4		
<b>March</b>	97.0	96.7	98.7		
<b>April</b>	97.0	96.6	98.0		
<b>May</b>	96.9	96.2	97.5		
<b>June</b>	97.2	96.6	97.9		
<b>July</b>	97.1	95.9	96.9		
<b>Aug.</b>	97.0	95.4	95.7		

## 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
<b>1985</b>	19 268	125 366	1 781	146 415	6 184	13 998	166 597
<b>1986</b>	18 393	137 521	3 423	159 337	4 259	17 271	180 866
<b>1987</b>	20 377	155 115	5 243	180 735	3 915	17 892	202 542
<b>1988*</b>	24 831	194 181	5 089	224 102	4 561	41 028	269 690
<b>1989*</b>	28 503	201 392	10 176	240 071	7 133	75 522	322 725
<b>1989*</b>							
<b>May</b>	26 969	194 708	7 672	229 349	5 627	51 275	286 250
<b>June</b>	29 176	196 927	8 080	234 182	6 499	57 898	298 580
<b>July</b>	29 608	195 487	8 371	233 465	6 745	58 715	298 925
<b>Aug.</b>	28 191	195 844	8 612	232 647	6 633	62 039	301 319
<b>Sept.</b>	27 588	196 169	9 219	232 975	6 235	67 515	306 724
<b>Oct.</b>	28 296	195 743	9 667	233 706	6 591	71 727	312 023
<b>Nov.</b>	27 687	195 226	9 913	232 825	6 504	80 414	319 743
<b>Dec.</b>	28 503	201 392	10 176	240 071	7 133	75 522	322 725
<b>1990*</b>							
<b>Jan.</b>	32 618	199 773	10 692	243 084	10 487	82 920	336 492
<b>Feb.</b>	33 833	201 002	10 645	245 480	10 439	5	5
<b>March</b>	29 236	205 151	10 687	245 073	9 300	73 595	327 968
<b>April</b>	29 354	205 732	11 005	246 091	7 571	72 984	326 646
<b>May</b>	29 857	205 719	11 293	246 869	8 694	73 082	328 645

### 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
<b>1985</b>	6 313	7 471	132 668	146 451	24 236	170 687
<b>1986</b>	7 542	6 354	152 335	166 231	24 450	190 681
<b>1987</b>	8 507	5 177	178 698	192 382	36 475	228 857
<b>1988*</b>	11 358	5 920	234 268	251 545	49 910	301 455
<b>1989*</b>	15 270	5 651	261 847	282 768	71 323	354 091
<b>1989*</b>						
<b>May</b>	12 926	5 195	246 520	264 641	59 553	324 194
<b>June</b>	13 422	5 347	248 921	267 691	60 671	328 362
<b>July</b>	14 052	5 305	250 961	270 318	59 621	329 939
<b>Aug.</b>	13 931	5 358	253 401	272 691	60 892	333 582
<b>Sept.</b>	14 691	5 436	256 014	276 141	62 836	338 978
<b>Oct.</b>	15 190	5 471	256 958	277 619	65 326	342 945
<b>Nov.</b>	15 584	5 465	257 252	278 300	67 947	346 246
<b>Dec.</b>	15 270	5 651	261 847	282 768	71 323	354 091
<b>1990*</b>						
<b>Jan.</b>	17 098	5 545	257 211	279 853	79 984	359 837
<b>Feb.</b>	17 489	5 528	257 444	280 460	78 896	359 357
<b>March</b>	16 766	5 629	256 786	279 181	82 101	361 282
<b>April</b>	17 095	5 666	255 254	278 014	85 607	363 621
<b>May</b>	17 429	5 809	252 263	275 501	90 326	365 827

### 5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL. FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M <sub>1</sub>	M <sub>2</sub> (1+4+5)
		Claims on the central government	Claims on the public	Total (2+3)			
	1	2	3	4	5	6	7
<b>1985</b>	-6 641	-8 694	209 231	200 537	-27 244	27 694	166 652
<b>1986</b>	-16 784	-13 884	237 514	223 630	-27 522	27 838	179 324
<b>1987</b>	-25 484	-14 977	277 068	262 090	-36 145	30 342	200 461
<b>1988</b>	-40 670	-15 356	352 371	337 015	-50 306	35 232	246 039
<b>1989*</b>	-59 049	-18 868	407 433	388 565	-58 985	41 444	270 531
<b>1989*</b>							
<b>May</b>	-47 950	-10 575	377 748	367 173	-65 853	38 966	253 370
<b>June</b>	-50 499	-11 982	384 021	372 039	-58 889	42 526	262 651
<b>July</b>	-49 924	-13 556	385 135	371 579	-59 946	41 333	261 708
<b>Aug.</b>	-51 975	-14 549	390 251	375 703	-62 613	40 017	261 115
<b>Sept.</b>	-53 458	-15 381	396 292	380 911	-66 143	39 625	261 310
<b>Oct.</b>	-55 551	-15 567	399 696	384 128	-66 557	40 176	262 020
<b>Nov.</b>	-57 974	-18 766	403 920	385 154	-65 808	39 730	261 372
<b>Dec.</b>	-59 049	-18 868	407 433	388 565	-58 985	41 444	270 531
<b>1990*</b>							
<b>Jan.</b>	-55 383	-16 776	420 643	403 866	-64 208	54 151	284 275
<b>Feb.</b>	-55 962	-18 534	421 808	403 274	-60 253	56 924	287 060
<b>March</b>	-62 202	-19 004	424 958	405 954	-65 532	44 397	278 220
<b>April</b>	-66 857	-16 136	426 742	410 606	-67 451	43 428	276 298
<b>May</b>	-66 737	-15 311	431 336	416 026	-70 695	44 844	278 594

### 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
<b>1985</b>	17 316	2 703	5 658	25 677	14 994	4 107	2 203	21 304	46 981	36 032	6 383
<b>1986</b>	17 905	3 038	6 038	26 981	18 059	4 481	2 474	25 013	51 994	38 028	11 686
<b>1987</b>	20 407	2 697	5 576	28 680	22 121	4 692	3 018	29 831	58 511	40 035	11 553
<b>1988</b>	20 202	1 804	4 273	26 279	24 243	5 272	2 290	31 805	58 084	42 990	15 858
<b>1989</b>	18 505	852	3 429	22 786	24 126	5 750	250	30 126	52 912	45 356	21 248
<b>1989</b>											
<b>July</b>	18 587	1 229	3 370	23 186	24 526	4 812	660	29 998	53 184	44 848	16 701
<b>Aug.</b>	18 809	1 166	3 390	23 365	24 352	4 798	420	29 570	52 935	44 786	17 363
<b>Sept.</b>	18 764	1 160	3 377	23 301	24 404	4 799	280	29 483	52 784	45 032	17 846
<b>Oct.</b>	18 591	1 138	3 385	23 114	23 998	4 801	250	29 049	52 163	45 371	17 788
<b>Nov.</b>	18 601	853	3 319	22 773	23 988	4 798	250	29 036	51 809	45 471	21 445
<b>Dec.</b>	18 505	852	3 429	22 786	24 126	5 750	250	30 126	52 912	45 356	21 248
<b>1990</b>											
<b>Jan.</b>	18 353	851	3 350	22 554	23 172	5 747	100	29 019	51 573	45 808	19 182
<b>Feb.</b>	18 322	729	3 303	22 354	23 122	5 728	—	28 850	51 204	46 061	20 715
<b>March</b>	18 310	663	3 155	22 128	22 403	5 723	—	28 126	50 254	46 432	22 657
<b>April</b>	17 508	666	3 143	21 317	22 136	5 360	—	27 496	48 813	46 854	18 457
<b>May</b>	17 501	503	3 122	21 126	21 734	5 185	—	26 919	48 045	47 207	17 268
<b>June</b>	17 537	502	3 061	21 100	21 827	5 182	—	27 009	48 109	..	16 764
<b>July</b>	18 482	499	3 185	22 166	22 061	5 182	—	27 243	49 409	..	19 082

## 5.5 MARKKA BOND MARKET

### A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
<b>1985</b>	4 799	9 112	5 994	435	33	8 070	6 394	5 909	20 373
<b>1986</b>	4 976	10 638	6 532	422	105	5 987	7 487	9 199	22 674
<b>1987</b>	4 477	9 510	8 119	206	69	9 409	8 830	4 142	22 380
<b>1988</b>	3 027	8 418	6 889	268	61	7 861	6 522	4 280	18 663
<b>1989</b>	4 204	11 022	5 717	233	13	11 146	2 997	7 046	21 189
<b>1989</b>									
<b>July</b>	58	100	—	8	3	100	—	69	169
<b>Aug.</b>	247	103	450	35	—	507	200	128	835
<b>Sept.</b>	789	663	800	7	3	1 210	273	779	2 262
<b>Oct.</b>	72	1 040	160	8	7	974	—	313	1 287
<b>Nov.</b>	150	875	—	23	—	761	—	288	1 048
<b>Dec.</b>	258	850	—	9	—	665	—	452	1 117
<b>1990*</b>									
<b>Jan.</b>	399	818	—	—	—	110	—	1 107	1 217
<b>Feb.</b>	437	2 888	—	—	—	1 976	357	992	3 325
<b>March</b>	602	2 242	—	—	—	980	—	1 864	2 844
<b>April</b>	162	730	—	—	—	620	—	272	892
<b>May</b>	350	631	1 400	340	8	2 198	—	531	2 729
<b>June</b>	273	1 436	—	—	500	1 140	—	1 069	2 209
<b>July</b>	200	550	—	—	150	570	—	330	900

### B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
<b>1985</b>	10 482	26 173	18 575	661	56	10 967	19 002	25 977	55 947
<b>1986</b>	14 075	31 902	22 091	1 042	177	16 432	23 314	29 541	69 287
<b>1987</b>	17 509	36 773	26 518	1 200	232	24 831	28 229	29 172	82 232
<b>1988*</b>	19 195	42 892	28 953	1 413	292	32 028	30 054	30 663	92 745
<b>1989*</b>	21 463	50 216	29 381	1 555	290	41 162	27 742	34 001	102 906
<b>1989*</b>									
<b>II</b>	20 841	48 406	28 843	1 519	283	38 183	28 877	32 831	99 892
<b>III</b>	21 537	48 392	28 714	1 539	288	39 154	28 279	33 036	100 470
<b>IV</b>	21 463	50 216	29 381	1 555	290	41 162	27 742	34 001	102 906
<b>1990*</b>									
<b>I</b>	21 865	55 500	27 631	1 531	296	43 578	25 730	37 515	106 823
<b>II</b>	21 283	54 539	27 461	1 803	954	44 521	23 698	37 820	106 039

## 5.6 HELSINKI STOCK EXCHANGE

During period	Turnover, mill.FIM			Share prices Unitas index <sup>1</sup> , 1975 = 100		
	Shares and subscription rights	Bonds and debentures	Total (1+2)	Banks	Industry	Overall index
	1	2	3	4	5	6
<b>1985</b>	3 114	9 046	12 160	184	234	229
<b>1986</b>	9 488	6 479	15 968	254	357	350
<b>1987</b>	26 641	4 604	31 245	319	603	546
<b>1988</b>	31 734	5 718	37 452	404	734	677
<b>1989</b>	33 160	7 375	40 536	441	793	742
<b>1989</b>						
<b>July</b>	1 344	303	1 647	473	823	776
<b>Aug.</b>	3 198	1 171	4 370	466	829	776
<b>Sept.</b>	2 265	400	2 665	429	786	732
<b>Oct.</b>	1 304	689	1 993	397	727	677
<b>Nov.</b>	1 081	876	1 957	369	674	627
<b>Dec.</b>	2 929	1 471	4 400	354	669	619
<b>1990</b>						
<b>Jan.</b>	4 475	709	5 184	332	701	633
<b>Feb.</b>	1 324	15	1 339	319	745	661
<b>March</b>	1 520	599	2 120	320	715	638
<b>April</b>	850	250	1 100	314	660	594
<b>May</b>	1 199	632	1 831	308	632	572
<b>June</b>	804	341	1 145	306	628	567
<b>July</b>	468	216	684	291	598	538

<sup>1</sup> Average of daily observations.

## 6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

### 6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, f.o.b.	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account of receipts (6+7+8)	Imports goods, c.i.f.	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1985</b>	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
<b>1986</b>	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
<b>1987</b>	83 826	6 370	3 736	6 099	16 204	100 030	5 075	3 231	108 336	81 867	2 610	6 811	6 488
<b>1988</b>	91 313	7 026	4 280	6 132	17 438	108 750	7 836	4 415	121 002	91 232	3 338	7 907	7 390
<b>1989*</b>	98 265	7 700	4 484	6 611	18 796	117 061	10 446	3 714	131 221	104 385	3 685	8 958	8 509
<b>1988</b>													
<b>I</b>	20 516	1 623	776	1 583	3 982	24 498	1 863	1 083	27 443	19 684	671	1 829	2 011
<b>II</b>	22 569	1 752	1 041	1 379	4 172	26 740	1 890	1 119	29 750	23 184	780	1 916	1 730
<b>III</b>	21 621	1 880	1 486	1 264	4 631	26 251	1 978	1 133	29 363	23 767	943	2 210	1 789
<b>IV</b>	26 608	1 771	977	1 905	4 653	31 261	2 105	1 080	34 446	24 597	944	1 951	1 860
<b>1989*</b>													
<b>I</b>	24 944	1 851	869	1 335	4 055	28 998	2 505	867	32 370	24 290	824	1 977	2 109
<b>II</b>	23 370	1 946	1 076	1 568	4 590	27 960	2 488	946	31 394	24 759	951	2 148	2 173
<b>III</b>	22 534	2 004	1 420	1 673	5 098	27 632	2 567	942	31 141	25 634	957	2 409	2 008
<b>IV</b>	27 418	1 899	1 120	2 034	5 053	32 471	2 886	958	36 315	29 702	954	2 424	2 218
<b>1990*</b>													
<b>I</b>	24 418	2 053	890	1 417	4 360	28 778	3 057	989	32 823	24 697	967	2 457	2 267
<b>II</b>	26 482	2 142	1 083	1 615	4 840	31 323	3 362	1 069	35 754	27 544	1 057	2 700	2 329

During period	Services expenditure, total (11+12+13)	Imports of goods and services (10+14)	Investment expenditure (15+16)	Transfers and other expenditure (17)	Current account expenditure (15+16+17)	Trade account (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account and services income, net (20+21+22)	Goods account net (19+23)	Investment income, net (7-16)	Transfers and other, net (8-17)	Current account (24+25+26) = (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
<b>1985</b>	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
<b>1986</b>	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
<b>1987</b>	15 909	97 775	12 617	5 860	116 251	1 960	3 760	-3 075	-390	296	2 255	-7 542	-2 629	-7 915
<b>1988</b>	18 634	109 866	15 769	6 975	132 610	80	3 689	-3 627	-1 258	-1 196	-1 116	-7 933	-2 560	-11 608
<b>1989*</b>	21 152	125 537	20 500	7 184	153 221	-6 120	4 015	-4 473	-1 898	-2 356	-8 476	-10 054	-3 470	-22 000
<b>1988</b>														
<b>I</b>	4 510	24 194	3 882	1 974	30 050	832	952	-1 053	-428	-529	303	-2 019	-891	-2 606
<b>II</b>	4 426	27 610	3 863	1 556	33 029	-616	972	-875	-351	-254	-870	-1 972	-437	-3 279
<b>III</b>	4 942	28 709	3 511	1 558	33 778	-2 146	937	-723	-525	-311	-2 457	-1 533	-424	-4 415
<b>IV</b>	4 756	29 353	4 514	1 888	35 754	2 010	827	-975	45	-102	1 908	-2 409	-808	-1 308
<b>1989*</b>														
<b>I</b>	4 909	29 199	4 080	1 956	35 236	654	1 028	-1 108	-774	-855	-201	-1 575	-1 089	-2 865
<b>II</b>	5 272	30 031	5 514	1 815	37 360	-1 390	995	-1 072	-605	-682	-2 071	-3 026	-869	-5 966
<b>III</b>	5 374	31 008	5 113	1 656	37 777	-3 100	1 047	-989	-335	-276	-3 376	-2 546	-714	-6 636
<b>IV</b>	5 596	35 298	5 793	1 756	42 847	-2 284	945	-1 305	-184	-543	-2 828	-2 907	-798	-6 532
<b>1990*</b>														
<b>I</b>	5 691	30 388	5 897	2 001	38 287	-279	1 086	-1 567	-851	-1 331	-1 611	-2 840	-1 013	-5 463
<b>II</b>	6 087	33 631	6 852	2 217	42 700	-1 062	1 085	-1 617	-714	-1 246	-2 308	-3 490	-1 148	-6 946

## 6.2 CAPITAL ACCOUNT, MILL. FIM

During period	Direct investment in Finland	Portfolio investment in Finland	Long-term credits				Imports of other long-term capital	Imports of long-term capital (1+2+6+7)	Direct investment abroad	Portfolio investment abroad	Long-term export credits	Exports of other long-term capital	Exports of long-term capital (9+10+11+12)	Long-term capital account (8-13)
			Central government	Authorized banks	Others	Total (3+4+5)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>1985</b>	392	4 264	1 556	1 489	442	3 487	140	8 283	2 073	1 329	-1 313	1 026	3 115	5 168
<b>1986</b>	1 627	646	-63	5 935	-482	5 390	87	7 750	3 641	2 347	-381	702	6 309	1 441
<b>1987</b>	424	179	2 284	5 700	2 526	10 510	91	11 204	3 741	2 434	158	3 103	9 436	1 768
<b>1988</b>	1 164	245	-1 682	9 781	9 073	17 172	85	18 666	7 935	1 347	1 369	1 898	12 550	6 117
<b>1989*</b>	1 353	548	-1 854	14 659	10 854	23 659	79	25 639	11 900	187	2 934	778	15 799	9 840
<b>1988</b>														
<b>I</b>	63	347	-857	361	3 231	2 735	89	3 234	1 113	900	8	572	2 593	642
<b>II</b>	313	-313	1 179	2 356	1 592	5 127	-42	5 085	2 972	139	218	432	3 761	1 324
<b>III</b>	107	21	-1 571	3 011	887	2 327	-19	2 436	1 677	170	67	379	2 293	143
<b>IV</b>	681	190	-433	4 053	3 363	6 983	57	7 911	2 173	138	1 076	515	3 902	4 009
<b>1989*</b>														
<b>I</b>	-165	695	-141	5 951	2 199	8 009	42	8 581	3 173	-372	1 395	1 057	5 253	3 328
<b>II</b>	176	-241	-1 197	1 491	2 951	3 245	-22	3 158	1 785	430	543	160	2 918	240
<b>III</b>	484	87	-93	2 452	1 938	4 297	-16	4 852	3 237	333	225	158	3 953	899
<b>IV</b>	858	7	-423	4 765	3 766	8 108	75	9 048	3 705	-204	771	-597	3 675	5 373
<b>1990*</b>														
<b>I</b>	523	470	-341	7 635	11 659	18 953	126	20 072	2 214	293	98	354	2 959	17 113
<b>II</b>	488	440	-1 051	2 560	2 428	3 937	-34	4 831	2 836	-380	-1	-140	2 315	2 516

During period	Bank balance	Short-term capital imports of authorized banks	Import liabilities and prepayments related to exports	Imports of short-term capital (16+17)	Short-term capital exports of authorized banks	Export receivables and prepayments related to imports	Exports of short-term capital (19+20)	Other short-term capital incl. errors and omissions	Short-term capital account (18-21+22)	Overall balance exd. 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
<b>1985</b>	651	6 890	350	7 240	323	1 732	2 055	-2 092	3 093	3 744	-3 744	-3 729	-15
<b>1986</b>	-2 387	6 019	-3 796	2 222	9 933	-92	9 841	2 075	-5 544	-7 930	7 930	11 678	-3 748
<b>1987</b>	-6 147	19 324	-665	18 659	-7 343	-183	-7 526	-4 302	21 883	15 736	-15 736	-17 817	2 081
<b>1988</b>	-5 492	10 950	-399	10 551	5 970	644	6 614	1 737	5 674	183	-183	-517	334
<b>1989*</b>	-12 160	5 185	1 437	6 622	2 641	1 167	3 807	3 384	6 199	-5 961	5 961	4 455	1 506
<b>1988</b>													
<b>I</b>	-1 965	6 244	-1 632	4 612	2 966	-692	2 274	1 968	4 305	2 341	-2 341	-1 295	-1 046
<b>II</b>	-1 955	13 610	484	14 094	4 363	-692	3 671	-3 750	6 673	4 718	-4 718	-4 662	-57
<b>III</b>	-4 272	-142	1 411	1 269	3 405	1 014	4 419	334	-2 816	-7 088	7 088	6 337	751
<b>IV</b>	2 700	-8 761	-663	-9 424	-4 764	1 014	-3 750	3 185	-2 488	212	-212	-897	685
<b>1989*</b>													
<b>I</b>	463	6 707	-263	6 444	4 685	705	5 390	303	1 357	1 820	-1 820	-1 372	-449
<b>II</b>	-5 727	9 788	-2 086	7 703	4 648	704	5 352	2 202	4 552	-1 174	1 174	152	1 022
<b>III</b>	-5 737	4 629	1 086	5 715	4 747	-121	4 626	1 661	2 750	-2 987	2 987	1 802	1 185
<b>IV</b>	-1 159	-15 939	2 700	-13 239	-11 439	-121	-11 560	-782	-2 461	-3 620	3 620	3 873	-253
<b>1990*</b>													
<b>I</b>	11 649	18 928	679	19 607	11 408	-30	11 378	-9 031	-803	10 847	-10 847	-11 254	408
<b>II</b>	-4 430	9 148	371	9 519	6 379	-30	6 349	2 034	5 204	774	-774	-873	100

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

End of period	Long-term liabilities							Long-term assets					Long-term debt, net (8-13)	
	Direct investment in Finland	Portfolio investment in Finland	Long-term credits			Other long-term capital	Total (1+2+6+7)	Direct investment abroad	Portfolio investment abroad	Long-term export credits	Other long-term capital	Total (9+10+11+12)		
			Central government	Authorized banks	Others									Total (3+4+5)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>1985</b>	3 274	6 313	25 678	6 410	34 276	66 364	652	76 603	10 524	2 350	6 539	3 053	22 466	54 137
<b>1986</b>	4 892	7 992	26 292	11 992	32 044	70 330	739	83 953	13 727	4 697	5 649	3 685	27 758	56 195
<b>1987</b>	5 285	6 382	27 861	17 365	33 088	78 314	830	90 810	16 651	7 131	5 240	6 607	35 629	55 181
<b>1988</b>	6 438	6 848	26 011	27 427	41 787	95 226	915	109 427	24 562	8 478	6 686	8 543	48 269	61 158
<b>1989*</b>	7 738	9 208	23 118	39 716	51 212	114 046	994	131 986	36 063	8 665	9 469	9 169	63 366	68 620
<b>1988</b>														
<b>I</b>	5 340	7 406	26 637	17 594	35 883	80 114	919	93 779	17 730	8 031	5 248	7 171	38 180	55 599
<b>II</b>	5 664	6 471	28 390	20 464	38 232	87 084	877	100 096	21 168	8 170	5 685	7 701	42 724	57 372
<b>III</b>	5 768	5 557	26 991	23 697	39 248	89 935	858	102 118	22 852	8 340	5 787	8 111	45 090	57 028
<b>IV</b>	6 438	6 848	26 011	27 427	41 787	95 226	915	109 427	24 562	8 478	6 686	8 543	48 269	61 158
<b>1989*</b>														
<b>I</b>	6 233	7 833	25 357	32 799	43 289	101 448	957	116 471	25 355	8 106	8 025	9 579	51 065	65 406
<b>II</b>	6 421	7 881	24 178	34 097	46 669	104 943	935	120 180	28 044	8 536	8 674	9 784	55 038	65 142
<b>III</b>	6 740	8 258	23 893	36 200	48 032	108 124	919	124 041	30 773	8 869	8 830	9 922	58 394	65 647
<b>IV</b>	7 738	9 208	23 118	39 716	51 212	114 046	994	131 986	36 063	8 665	9 469	9 169	63 366	68 620
<b>1990*</b>														
<b>I</b>	8 036	9 678	21 920	44 275	61 390	127 586	1 120	146 420	37 834	8 958	9 366	9 488	65 646	80 774
<b>II</b>	8 736	10 118	20 838	46 780	63 601	131 218	1 086	151 158	40 540	8 578	9 318	9 347	67 783	83 375

End of period	Short-term liabilities				Short-term assets				Short-term liabilities, net (18-22)	Debt, net (14+23)	Debt service payments	Of which: repayments	Debt service ratio
	Bank of Finland's short-term liabilities	Short-term liabilities of authorized banks	Trade credits and other liabilities	Total (15+16+17)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits and other assets	Total (19+20+21)					
	15	16	17	18	19	20	21	22	23	24	25	26	27
<b>1985</b>	4 070	51 374	17 474	72 918	25 183	36 208	18 450	79 841	-6 922	47 215	11 287	4 808	10.5
<b>1986</b>	3 455	56 881	14 483	74 819	16 613	46 141	19 279	82 034	-7 215	48 980	13 462	6 018	13.0
<b>1987</b>	3 362	73 132	16 898	93 392	31 134	38 798	18 060	87 993	5 400	60 581	14 203	6 516	13.1
<b>1988</b>	3 341	83 828	15 919	103 088	32 037	44 768	20 830	97 635	5 452	66 610	11 760	3 750	9.7
<b>1989*</b>	3 558	89 013	19 389	111 959	25 113	47 409	21 834	94 355	17 604	86 224	11 405	1 255	8.7
<b>1988</b>													
<b>I</b>	3 467	79 633	14 053	97 153	33 515	41 764	18 861	94 140	3 013	58 612	2 416	378	8.8
<b>II</b>	3 177	91 364	14 577	109 118	39 025	46 127	17 560	102 711	6 407	63 779	2 779	788	9.3
<b>III</b>	3 539	90 827	17 297	111 663	32 750	49 532	20 090	102 372	9 291	66 319	3 812	2 260	13.0
<b>IV</b>	3 341	83 828	15 919	103 088	32 037	44 768	20 830	97 635	5 452	66 610	2 752	324	8.0
<b>1989*</b>													
<b>I</b>	3 278	90 535	16 771	110 584	33 376	49 453	21 539	104 368	6 216	71 622	2 337	738	7.2
<b>II</b>	3 136	100 323	15 521	118 979	32 142	54 101	23 415	109 658	9 322	74 464	4 563	1 513	14.5
<b>III</b>	3 919	104 952	16 731	125 602	29 839	58 848	23 541	112 228	13 374	79 021	3 226	656	10.4
<b>IV</b>	3 558	89 013	19 389	111 959	25 113	47 409	21 834	94 355	17 604	86 224	1 279	-1 652	3.5
<b>1990*</b>													
<b>I</b>	4 036	107 940	21 236	133 212	35 895	58 817	23 356	118 068	15 144	95 918	5 388	2 524	16.4
<b>II</b>	4 195	117 088	20 837	142 119	36 764	65 196	24 038	125 998	16 121	99 496	7 025	3 511	19.6



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
<b>1985</b>	35 709	13 980	26 330	585	76 603	17 102	3 131	1 955	279	22 466	54 137
<b>1986</b>	36 243	20 169	27 031	509	83 953	19 209	5 721	2 309	520	27 758	56 195
<b>1987</b>	34 876	26 734	28 691	511	90 810	22 517	9 740	2 653	719	35 629	55 181
<b>1988</b>	40 875	41 127	26 926	499	109 427	31 168	12 977	3 101	1 024	48 269	61 158
<b>1989*</b>	50 944	56 355	24 112	575	131 986	42 337	15 140	3 517	2 372	63 366	68 620
<b>1988</b>											
<b>I</b>	37 623	28 095	27 556	506	93 779	23 808	10 716	2 851	806	38 180	55 599
<b>II</b>	38 856	31 463	29 267	513	100 096	27 482	11 455	2 887	901	42 724	57 372
<b>III</b>	38 060	35 695	27 849	516	102 118	29 354	11 830	2 938	968	45 090	57 028
<b>IV</b>	40 875	41 127	26 926	499	109 427	31 168	12 977	3 101	1 024	48 269	61 158
<b>1989*</b>											
<b>I</b>	41 662	47 978	26 314	515	116 471	32 212	14 288	3 299	1 266	51 065	65 406
<b>II</b>	43 121	51 447	25 113	501	120 180	35 327	14 978	3 331	1 402	55 038	65 142
<b>III</b>	45 516	53 224	24 812	491	124 041	37 332	15 906	3 374	1 782	58 394	65 647
<b>IV</b>	50 944	56 355	24 112	575	131 986	42 337	15 140	3 517	2 372	63 366	68 620
<b>1990*</b>											
<b>I</b>	61 122	61 653	23 040	604	146 420	44 095	15 179	3 699	2 673	65 646	80 774
<b>II</b>	63 930	64 726	21 924	579	151 158	46 941	14 139	3 734	2 969	67 783	83 375

## 7. FOREIGN TRADE

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

During period	Exports, f.o.b.	Imports, c.i.f.	Balance (1-2)
	1	2	3
<b>1985</b>	84 028	81 520	2 508
<b>1986</b>	82 579	77 601	4 978
<b>1987</b>	85 516	82 807	2 709
<b>1988</b>	92 902	92 118	784
<b>1989*</b>	99 794	105 288	-5 494
<b>1989*1</b>			
<b>July</b>	7 485	7 424	61
<b>Aug.</b>	7 885	9 858	-1 973
<b>Sept.</b>	7 553	8 596	-1 043
<b>Oct.</b>	10 390	10 873	-483
<b>Nov.</b>	9 431	9 920	-489
<b>Dec.</b>	7 978	9 018	-1 040
<b>1990*</b>			
<b>Jan.</b>	8 538	8 300	238
<b>Feb.</b>	8 037	8 110	-73
<b>March</b>	8 228	8 566	-338
<b>April</b>	9 050	9 953	-903
<b>May</b>	9 038	9 474	-436
<b>June</b>	8 773	8 429	344
<b>July</b>	7 162	7 699	-537

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

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

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

### 7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, f.o.b.					Imports by use of goods, c.i.f.				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
	1	2	3	4	5	6	7	8	9	10
<b>1985</b>	6 728	25 030	9 803	24 412	18 055	38 676	17 770	11 675	12 967	432
<b>1986</b>	6 947	24 600	7 858	26 115	17 059	39 292	10 070	12 898	15 069	272
<b>1987</b>	7 470	27 058	7 770	26 230	16 988	41 174	9 406	14 138	17 478	611
<b>1988</b>	7 567	30 474	8 450	29 225	17 186	45 790	7 533	17 274	20 828	693
<b>1989*</b>	7 418	32 520	8 843	32 684	18 329	51 726	8 283	20 462	24 056	761
<b>1989**</b>										
<b>July</b>	551	2 510	737	2 471	1 216	3 527	925	1 447	1 517	8
<b>Aug.</b>	477	2 978	668	2 379	1 383	5 009	862	1 748	2 189	50
<b>Sept.</b>	597	2 598	648	2 223	1 487	3 941	753	1 778	2 003	121
<b>Oct.</b>	719	2 913	967	3 866	1 925	5 463	733	2 055	2 546	76
<b>Nov.</b>	700	2 859	844	3 318	1 710	4 697	903	1 996	2 284	40
<b>Dec.</b>	618	2 552	684	2 805	1 319	4 326	796	1 867	1 963	66
<b>1990*</b>										
<b>Jan.</b>	617	2 327	824	3 426	1 344	4 028	498	1 782	1 963	29
<b>Feb.</b>	667	2 447	829	2 597	1 497	4 053	428	1 579	1 984	66
<b>March</b>	623	2 803	753	2 616	1 433	4 199	483	1 666	2 180	38
<b>April</b>	682	2 816	804	3 303	1 445	4 582	764	2 006	2 412	189
<b>May</b>	848	2 835	808	3 075	1 472	4 634	779	1 779	2 198	84
<b>June</b>	740	2 592	743	3 309	1 389	4 112	812	1 613	1 845	47
<b>July</b>	495	2 426	628	2 494	1 119	3 682	552	1 473	1 906	86

## 7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1989*		1990* January—June		1989*		1990* January—June	
	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
<b>All OECD countries</b>	75 493	75.6	40 415	9.2	82 767	78.6	42 659	9.3
<b>OECD Europe</b>	64 393	64.5	34 896	9.6	67 056	63.7	34 750	10.5
Of which:								
Austria	1 175	1.2	556	4.4	1 295	1.2	680	18.0
Belgium and Luxembourg	1 947	2.0	1 105	9.9	2 932	2.8	1 477	5.5
Denmark	3 257	3.3	1 883	15.2	3 290	3.1	1 742	19.0
France	5 453	5.5	3 421	27.1	4 418	4.2	2 404	23.2
Federal Republic of Germany	10 785	10.8	6 032	15.5	18 234	17.3	9 329	8.5
Italy	2 989	3.0	1 724	12.0	4 900	4.7	2 594	11.9
Netherlands	3 961	4.0	2 272	16.7	3 416	3.2	1 613	0.2
Norway	2 920	2.9	1 594	15.4	2 457	2.3	1 596	37.3
Spain	1 831	1.8	1 113	24.7	1 129	1.1	612	10.8
Sweden	14 314	14.3	7 630	10.2	14 314	13.6	7 109	4.7
Switzerland	1 680	1.7	899	10.6	1 829	1.7	875	1.2
United Kingdom	11 958	12.0	5 515	-11.8	6 898	6.6	3 505	7.2
<b>Other OECD</b>	11 100	11.1	5 519	6.2	15 711	14.9	7 909	4.5
Of which:								
Canada	1 359	1.4	674	-0.5	919	0.9	411	-1.4
Japan	2 033	2.0	740	-26.2	7 695	7.3	3 718	-2.0
United States	6 388	6.4	3 519	23.4	6 669	6.3	3 617	14.7
<b>CMEA countries</b>	16 248	16.3	6 831	-18.1	14 907	14.2	6 398	-4.3
Of which:								
Soviet Union	14 496	14.5	5 957	-20.2	12 152	11.5	5 036	-6.2
<b>Developing countries</b>	7 224	7.2	3 929	19.4	6 612	6.3	3 220	0.6
<b>OPEC countries</b>	1 558	1.6	846	24.1	680	0.6	356	59.8
<b>Other</b>	5 666	5.7	3 083	18.2	5 932	5.6	2 864	-3.9
<b>Other countries</b>	829	0.8	489	16.7	1 002	1.0	555	-18.2
<b>TOTAL</b>	99 794	100.0	51 664	5.3	105 288	100.0	52 832	6.5
Of which:								
<b>EEC countries</b>	43 869	44.0	24 009	9.2	46 903	44.5	24 364	11.1
<b>EFTA countries</b>	20 195	20.2	10 727	10.5	20 006	19.0	10 315	8.9

## 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					
<b>1985</b>	181 664	68 218	69 599	10 453	1 772	331 706	98 173	94 893	334 986
<b>1986</b>	189 113	70 325	69 328	10 738	810	340 314	99 498	97 795	342 017
<b>1987</b>	199 981	73 458	72 761	11 654	2 246	360 100	102 127	106 568	355 659
<b>1988*</b>	209 956	75 190	81 839	11 446	9 062	387 493	105 897	118 405	374 985
<b>1989*</b>	218 243	77 255	93 766	11 174	14 533	414 971	107 815	128 440	394 346
<b>1987</b>									
<b>IV</b>	51 303	18 615	18 643	2 916	1 641	93 118	24 350	27 308	90 160
<b>1988*</b>									
<b>I</b>	51 974	18 573	19 764	2 864	1 384	94 559	25 534	27 984	92 108
<b>II</b>	51 869	18 727	19 975	2 729	3 052	96 351	26 727	29 789	93 290
<b>III</b>	52 767	18 887	20 975	3 008	2 203	97 839	26 324	30 760	93 403
<b>IV</b>	53 346	19 004	21 125	2 845	2 423	98 743	27 312	29 871	96 184
<b>1989*</b>									
<b>I</b>	53 819	19 108	21 785	2 728	3 243	100 682	27 750	31 660	96 773
<b>II</b>	54 819	19 235	23 326	2 787	2 301	102 470	26 314	30 529	98 255
<b>III</b>	54 839	19 385	23 816	2 769	3 705	104 513	26 614	31 826	99 301
<b>IV</b>	54 766	19 526	24 839	2 890	5 284	107 306	27 137	34 425	100 018
<b>1990*</b>									
<b>I</b>	54 175	19 705	24 063	2 946	3 529	104 418	26 930	32 622	98 726

### 8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1985 = 100

(seasonally adjusted figures)

Period	Total industry	Mining and quarrying	Manufacturing	Wood and paper industries	Metal and engineering industries	Other manufacturing	Energy and water supply
	(100.0)	(1.6)	(87.9)	(16.5)	(30.0)	(41.4)	(10.5)
	1	2	3	4	5	6	7
<b>1985</b>	100.4	99.8	100.4	100.1	100.6	100.3	100.2
<b>1986</b>	101.9	102.8	102.0	102.3	103.0	101.2	100.4
<b>1987</b>	107.2	99.9	107.2	106.5	110.2	105.4	107.8
<b>1988*</b>	110.9	108.8	111.0	113.1	114.5	107.6	110.1
<b>1989*</b>	113.8	117.2	114.1	115.9	120.7	108.6	110.2
<b>1989*</b>							
<b>June</b>	115.5	123.4	115.4	116.4	121.3	110.3	116.8
<b>July</b>	113.5	112.3	114.6	114.1	121.5	110.2	107.5
<b>Aug.</b>	115.3	107.2	116.4	116.1	127.0	109.1	107.7
<b>Sept.</b>	113.8	113.3	114.7	116.2	122.2	108.9	105.9
<b>Oct.</b>	113.2	120.2	113.8	113.6	121.7	108.1	107.5
<b>Nov.</b>	113.9	118.7	114.0	115.6	120.3	108.8	112.1
<b>Dec.</b>	113.0	116.8	112.6	111.0	121.1	106.6	115.8
<b>1990*</b>							
<b>Jan.</b>	114.7	115.8	114.1	115.9	120.8	108.3	118.9
<b>Feb.</b>	114.9	118.8	115.2	117.0	123.8	107.1	115.3
<b>March</b>	114.1	110.9	114.5	116.8	119.7	108.1	114.5
<b>April</b>	116.9	116.7	115.9	119.3	124.6	110.5	114.3
<b>May</b>	115.0	138.2	115.3	116.5	121.3	109.5	111.8
<b>June</b>	114.2	119.9	115.0	117.6	123.0	107.9	106.1

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
<b>1985</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>1986</b>	104.7	102.5	94.0	88.4	99.9	99.5	105.2	102.0
<b>1987</b>	111.3	107.7	95.6	89.0	101.0	102.6	114.3	106.8
<b>1988*</b>	116.7	113.0	108.6	106.0	113.4	110.6	135.0	110.6
<b>1989*</b>	124.2	117.0	130.3	132.9	137.6	125.2	160.3	114.9
<b>1989*</b>								
<b>May</b>	128.2	119.8	..	..	..	..	..	115.0
<b>June</b>	121.1	118.2	..	..	..	..	..	115.2
<b>July</b>	120.6	116.5	..	..	..	..	..	114.8
<b>Aug.</b>	126.7	117.4	..	..	..	..	..	116.0
<b>Sept.</b>	124.9	117.5	..	..	..	..	..	115.5
<b>Oct.</b>	130.4	116.0	..	..	..	..	..	115.9
<b>Nov.</b>	130.9	117.7	..	..	..	..	..	116.2
<b>Dec.</b>	122.3	112.7	..	..	..	..	..	115.1
<b>I</b>	121.2	116.8	118.6	120.5	127.9	110.2	133.6	113.6
<b>II</b>	123.6	118.5	128.5	131.2	148.8	119.6	166.9	114.8
<b>III</b>	124.1	117.2	128.0	133.0	137.7	138.4	151.3	115.4
<b>IV</b>	127.8	115.5	133.6	142.8	131.9	132.3	189.3	115.7
<b>1990*</b>								
<b>Jan.</b>	127.9	112.9	..	..	..	..	..	116.1
<b>Feb.</b>	119.5	101.8	..	..	..	..	..	115.1
<b>March</b>	124.9	121.8	..	..	..	..	..	117.0
<b>April</b>	123.5	116.9	..	..	..	..	..	117.5
<b>May</b>	126.7	113.9	..	..	..	..	..	118.3
<b>I</b>	124.1	112.1	141.6	134.2	168.1	131.1	148.4	116.1

## 8.4 WAGES AND PRICES, 1985=100

Period	Index of wage and salary earnings	By sectors					Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private Total	Of which Manufacturing (SIC 3)	Central government	Local government	Non-profit institutions			Domestic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>1985</b>	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
<b>1986</b>	106.9	106.6	106.2	106.6	107.8	107.2	102.9	97.0	98.6	91.0	96.5	96.7	96.4	104.3
<b>1987</b>	114.4	114.5	113.4	115.7	113.3	115.2	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
<b>1988</b>	124.7	124.6	122.7	128.8	122.0	128.0	112.6	101.5	104.9	89.1	101.7	103.8	100.7	116.3
<b>1989<sup>1</sup></b>	135.6	136.4	133.8	137.4	132.1	136.4	120.0	107.3	111.3	92.6	107.8	110.5	106.4	125.5
<b>1989<sup>1</sup></b>														
<b>July</b>	..	..	..	..	..	..	120.5	107.4	111.4	92.6	108.2	110.5	107.1	124.8
<b>Aug.</b>	..	..	..	..	..	..	120.6	107.6	111.8	92.3	108.3	110.6	107.3	125.8
<b>Sept.</b>	..	..	..	..	..	..	121.9	108.1	112.4	92.3	108.8	111.3	107.6	127.6
<b>Oct.</b>	..	..	..	..	..	..	122.4	108.7	113.2	92.5	109.2	111.7	108.0	128.2
<b>Nov.</b>	..	..	..	..	..	..	122.3	108.9	113.5	92.3	109.1	111.2	108.0	128.6
<b>Dec.</b>	..	..	..	..	..	..	123.0	109.0	113.6	92.4	109.3	111.5	108.2	129.8
<b>II</b>	135.7	136.9	134.3	137.0	131.3	136.3	119.7	107.3	111.1	93.1	107.6	110.1	106.4	124.6
<b>III</b>	136.1	137.3	134.3	137.5	131.5	136.4	121.0	107.7	111.9	92.4	108.4	110.8	107.3	126.1
<b>IV</b>	139.0	139.8	137.2	140.0	135.8	138.5	122.5	108.9	113.4	92.4	109.2	111.5	108.1	128.9
<b>1990<sup>1</sup></b>														
<b>Jan.</b>	..	..	..	..	..	..	124.8	109.4	113.9	93.0	109.4	111.5	108.4	130.4
<b>Feb.</b>	..	..	..	..	..	..	125.3	109.2	113.8	92.5	108.9	110.2	108.2	130.8
<b>March</b>	..	..	..	..	..	..	125.7	109.3	114.1	91.9	109.0	110.1	108.5	131.7
<b>April</b>	..	..	..	..	..	..	126.4	109.7	114.7	91.4	109.6	110.4	109.2	134.7
<b>May</b>	..	..	..	..	..	..	127.0	110.5	115.8	91.2	109.8	110.6	109.5	135.0
<b>June</b>	..	..	..	..	..	..	127.3	110.5	115.8	91.3	109.9	110.4	109.6	135.2
<b>July</b>	..	..	..	..	..	..	127.5	110.5	115.8	91.2	110.1	110.6	109.8	135.3
<b>I</b>	142.3	142.9	140.3	145.7	138.3	143.8	125.2	109.3	113.9	92.5	109.1	110.6	108.4	131.0
<b>II</b>	146.8	147.6	145.9	149.4	142.6	147.5	126.9	110.2	115.4	91.3	109.8	110.5	109.4	135.0

<sup>1</sup> Preliminary figures for columns 1—6.

## 8.5 LABOUR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status			By industry			Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction	Service industries		
	%	1000 persons									%
	1	2	3	4	5	6	7	8	9	10	11
<b>1985</b>	69.2	2 566	2 437	361	2 076	280	597	178	1 380	129	5.0
<b>1986</b>	69.1	2 569	2 431	359	2 071	266	589	185	1 391	138	5.4
<b>1987</b>	68.6	2 554	2 423	372	2 051	251	569	184	1 419	130	5.1
<b>1988</b>	68.4	2 546	2 431	368	2 062	238	553	188	1 452	116	4.6
<b>1989</b>	68.7	2 559	2 470	367	2 104	218	561	199	1 492	89	3.5
<b>1989</b>											
<b>June</b>	68.7	2 558	2 472	363	2 109	217	565	198	1 492	86	3.4
<b>July</b>	68.6	2 557	2 467	368	2 099	206	562	195	1 503	91	3.6
<b>Aug.</b>	68.3	2 543	2 451	347	2 104	199	567	194	1 491	92	3.6
<b>Sept.</b>	68.4	2 550	2 463	364	2 099	216	574	205	1 469	87	3.4
<b>Oct.</b>	68.6	2 558	2 485	379	2 105	219	557	201	1 507	73	2.9
<b>Nov.</b>	68.7	2 559	2 472	372	2 100	213	562	194	1 504	87	3.4
<b>Dec.</b>	68.9	2 566	2 478	368	2 110	213	565	208	1 491	89	3.5
<b>1990</b>											
<b>Jan.</b>	68.6	2 557	2 489	377	2 112	221	562	202	1 504	69	2.7
<b>Feb.</b>	69.1	2 574	2 494	370	2 125	216	559	212	1 507	80	3.1
<b>March</b>	68.4	2 551	2 479	358	2 120	212	551	207	1 509	73	2.8
<b>April</b>	68.6	2 559	2 471	363	2 108	214	561	201	1 495	88	3.4
<b>May</b>	68.6	2 559	2 482	359	2 123	203	551	216	1 512	77	3.0
<b>June</b>	68.5	2 561	2 471	349	2 121	199	562	209	1 501	90	3.5

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

During period	Revenue							Expenditure			
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
	1	2	3	4	5	6	7	8	9	10	11
<b>1985</b>	25 750	47 578	546	10 415	84 290	2 071	86 361	24 835	49 269	21 183	26 866
<b>1986</b>	28 079	51 733	323	11 640	91 774	2 209	93 983	26 354	52 845	23 215	28 131
<b>1987</b>	29 454	57 312	491	12 391	99 648	2 482	102 129	29 419	59 498	26 456	30 964
<b>1988</b>	35 339	66 348	473	13 629	115 789	2 557	118 346	32 266	65 502	29 757	33 108
<b>1989</b>	39 397	76 458	471	15 990	132 316	3 926	136 241	35 082	72 008	33 244	35 715
<b>1989</b>											
<b>May</b>	2 927	6 045	38	2 349	11 359	300	11 658	3 135	6 870	2 881	3 544
<b>June</b>	3 185	6 347	13	1 156	10 700	264	10 964	3 034	5 632	3 033	2 447
<b>July</b>	3 938	7 353	62	945	12 298	115	12 412	3 453	5 043	2 594	2 203
<b>Aug.</b>	3 211	6 455	119	1 065	10 850	488	11 338	2 780	5 768	2 685	2 918
<b>Sept.</b>	3 172	5 474	46	1 354	10 046	210	10 256	2 792	5 100	2 659	2 312
<b>Oct.</b>	3 108	6 457	46	969	10 581	101	10 682	2 950	6 203	3 001	3 058
<b>Nov.</b>	3 199	7 013	47	1 396	11 655	391	12 045	2 942	6 912	2 817	3 944
<b>Dec.</b>	3 518	7 813	-60	2 471	13 742	209	13 951	2 877	7 315	2 752	3 831
<b>1990</b>											
<b>Jan.</b>	3 134	6 036	76	1 244	10 490	4	10 494	3 290	5 810	2 890	2 813
<b>Feb.</b>	3 287	5 579	50	908	9 824	49	9 873	3 170	6 209	2 717	3 181
<b>March</b>	3 073	6 407	50	1 151	10 681	87	10 768	3 274	6 215	3 084	2 937
<b>April</b>	4 165	5 511	53	2 051	11 780	1 567	13 347	3 412	6 995	3 337	3 129
<b>May</b>	3 107	7 593	62	1 650	12 412	337	12 749	3 547	6 974	2 982	3 718

During period	Expenditure					Financial balance			
	Fixed investment	Other expenditure	Expenditure before financial transactions (8+9+12+13)	Lending and other financial investment	Expenditure before redemptions of state debt (14+15)	Revenue surplus (5-14)	Net borrowing requirement (7-16)	Net borrowing	Cash surplus (18+19)
	12	13	14	15	16	17	18	19	20
<b>1985</b>	5 700	4 936	84 739	4 982	89 722	-449	-3 361	3 506	145
<b>1986</b>	6 111	5 058	90 368	4 913	95 281	1 406	-1 298	4 203	2 905
<b>1987</b>	7 089	4 732	100 738	5 672	106 410	-1 090	-4 280	7 604	3 324
<b>1988</b>	7 565	5 614	110 946	6 529	117 476	4 842	870	2 417	3 287
<b>1989</b>	8 393	5 343	120 826	7 566	128 390	11 490	7 852	-4 010	3 842
<b>1989</b>									
<b>May</b>	670	642	11 317	639	11 956	42	-297	189	-109
<b>June</b>	839	316	9 821	515	10 336	879	629	-708	-79
<b>July</b>	619	-13	9 103	414	9 517	3 195	2 895	-151	2 744
<b>Aug.</b>	634	309	9 490	467	9 957	1 359	1 381	-519	862
<b>Sept.</b>	740	649	9 282	470	9 752	765	505	-75	429
<b>Oct.</b>	779	671	10 604	617	11 221	-23	-539	-532	-1 072
<b>Nov.</b>	758	193	10 805	503	11 308	850	737	-387	351
<b>Dec.</b>	1 107	-41	11 258	479	11 736	2 484	2 215	1 063	3 277
<b>1990</b>									
<b>Jan.</b>	371	590	10 061	673	10 735	429	-241	-1 141	-1 382
<b>Feb.</b>	361	150	9 890	382	10 272	-66	-399	-365	-763
<b>March</b>	377	537	10 403	504	10 907	278	-139	-949	-1 088
<b>April</b>	392	639	11 438	2 021	13 459	342	-112	-1 216	-1 328
<b>May</b>	501	930	11 952	772	12 724	460	25	-802	-777



# NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

## GENERAL

### Source

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

### Symbols used

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

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

## NOTES AND EXPLANATIONS TO TABLES

### 1 THE BALANCE SHEET OF THE BANK OF FINLAND

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

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

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

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

change used in the statistics are the forward rates on the contract date.

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

### 3 RATES OF INTEREST

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

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

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

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

**Table 3.5** *Secondary market yields.* Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered

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

### 4 RATES OF EXCHANGE

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

**Table 4.2** The weights of the Bank of Finland currency index (Column 1) are moving averages of the shares of countries in Finland's merchandise export and import trade. The index comprises 14 convertible currencies. The index values are based on the Bank of Finland's daily quotations at noon. The weights of the payments currency index (Column 2) are moving averages of the shares of payments currencies in Finland's trade. The index comprises

14 convertible currencies. The weights of the MERM index (Column 3) are fixed 1977 weights computed on the basis of the IMF's world trade model. Fourteen currencies are included in this index.

## 5 OTHER DOMESTIC FINANCING

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

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

**Table 5.3** Foreign assets, net (Column 1) = the Bank of Finland's foreign claims + banks' foreign claims (incl. 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 3)

comprises the stock of central loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main part of the latter is reserved for covering transferable allocations budgeted in previous years (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and Pekka Saarinen in the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 8.1 billion at the end of 1988.

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

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

## 6 BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

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

**Table 6.2** Columns 1-8: Net change in long-term liabilities. Columns 9-13: Net change in long-term assets. Portfolio investment in Finland (Column 2) and abroad (Column 10): Secondary market transactions in securities and share issues. As from the June-July 1989 issue of the Bulletin, portfolio investment abroad (Column 10) also includes investments in long-term bonds and shares by Finnish authorized banks. These were previously included in short-term capital exports of authorized banks. 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, divi-

dends and remunerations relating to long- and short-term foreign liabilities and assets plus net repayments relating to long-term foreign liabilities and assets. Repayments do not include early repayments of loans, repatriations of equity capital included under direct investment, repurchases of shares included under portfolio investment (since 1986), repayments of the Bank of Finland's reserve tranche and oil facility credits, or repayments of rouble-denominated assets included under loan assets. The debt-service ratio (Column 27) = service charges on net foreign debt as a percentage of current account earnings.

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

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

## 7 FOREIGN TRADE

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

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

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

## 8 DOMESTIC ECONOMIC DEVELOPMENTS

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

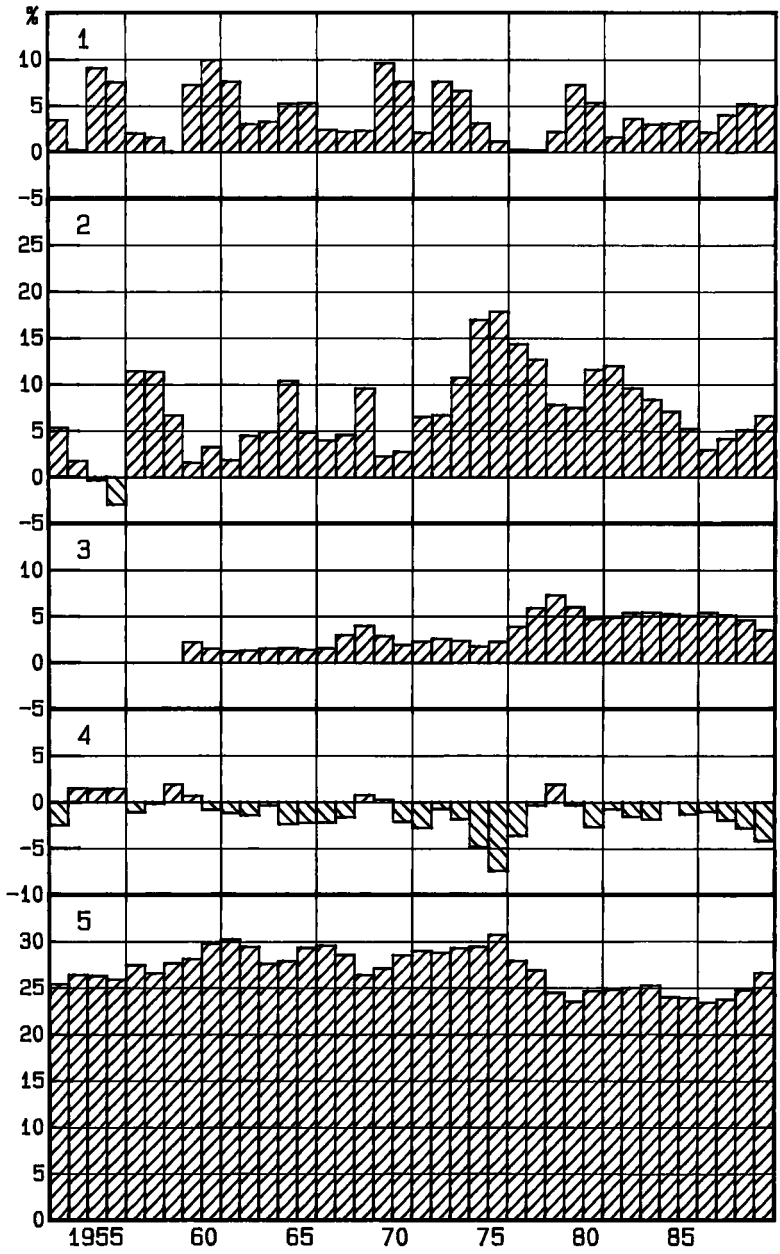
**Table 8.3** The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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

**Table 8.6** Source: Ministry of Finance.

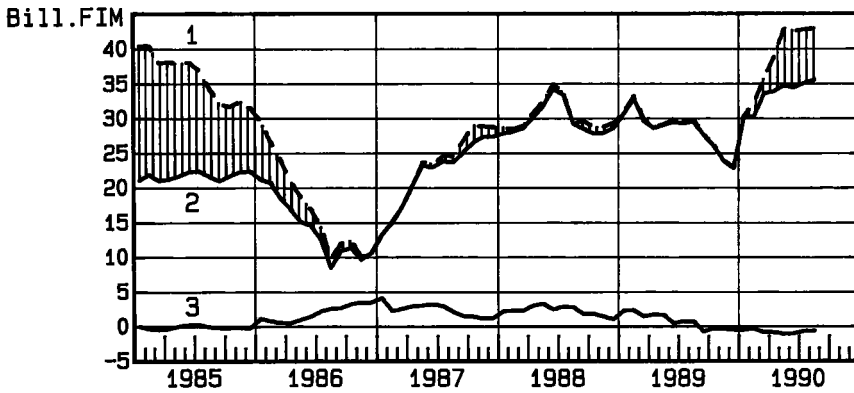
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Items affecting domestic liquidity	S29
5. Overnight rates	S30
6. HELIBOR rates of interest (daily)	S30
7. HELIBOR rates of interest (monthly)	S30
8. Rates of interest applied by the Bank of Finland	S31
9. 3-month covered Eurodollar rate and 3-month currency basket rates	S31
10. Rates on bonds and debentures	S31
11. Bank of Finland currency index (monthly)	S32
12. Bank of Finland currency index (daily)	S32
13. Changes in the exchange rates of selected Nordic currencies	S32
14. Changes in the exchange rates of selected major currencies	S33
15. Bank deposits from the public	S33
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27. Production	S38
28. Fixed investment	S38
29. Employment and unemployment rate	S39
30. Prices and wages	S39
31. Central government finances	S40

1. LONG-TERM INDICATORS



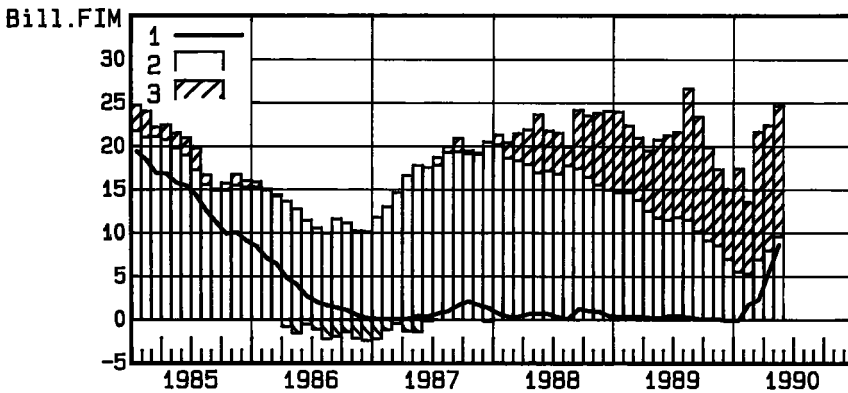
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



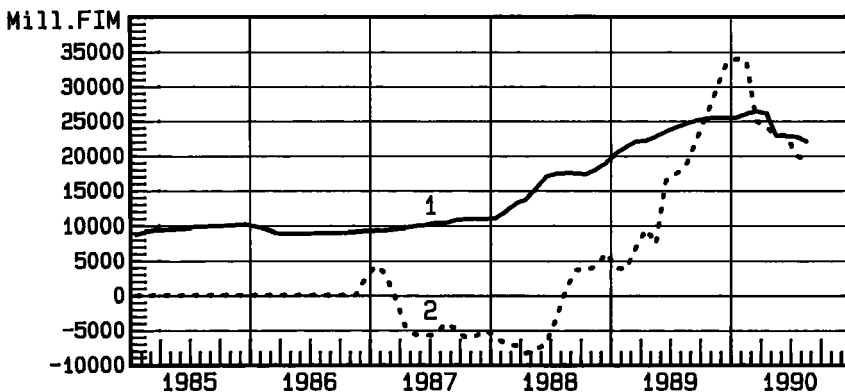
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves
3. Tied currencies

## 3. FORWARD MARKET



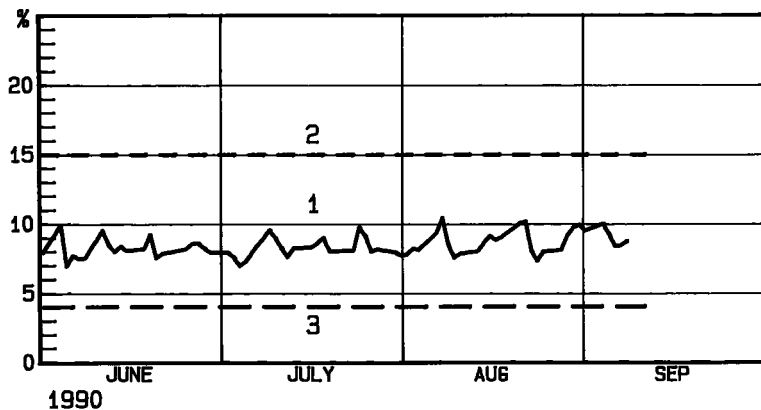
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

## 4. ITEMS AFFECTING DOMESTIC LIQUIDITY



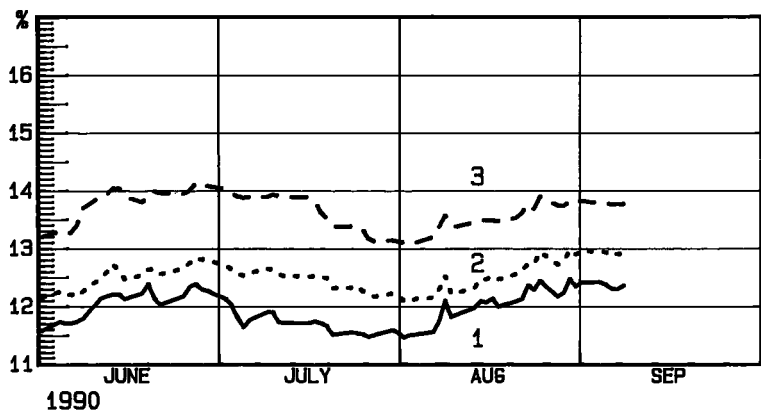
1. Cash reserve deposits
2. Bank of Finland's holdings of money market instruments, net

### 5. OVERNIGHT RATES



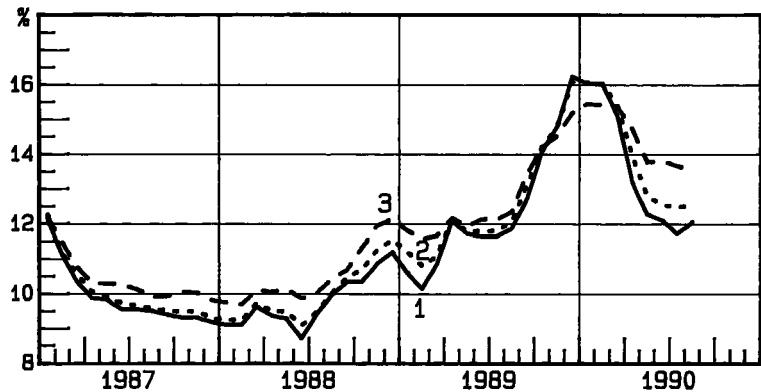
- 1. Inter-bank overnight rate
  - 2. Call money credit rate
  - 3. Call money deposit rate
- Daily observations

### 6. HELIBOR RATES OF INTEREST



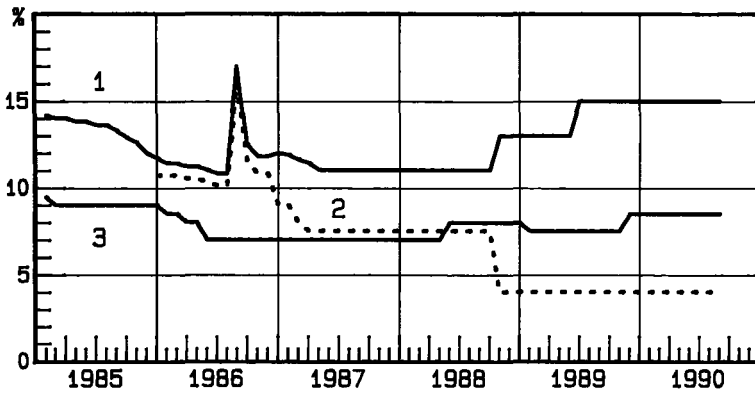
- 1. 1-month HELIBOR
  - 2. 3-month HELIBOR
  - 3. 12-month HELIBOR
- Daily observations

### 7. HELIBOR RATES OF INTEREST



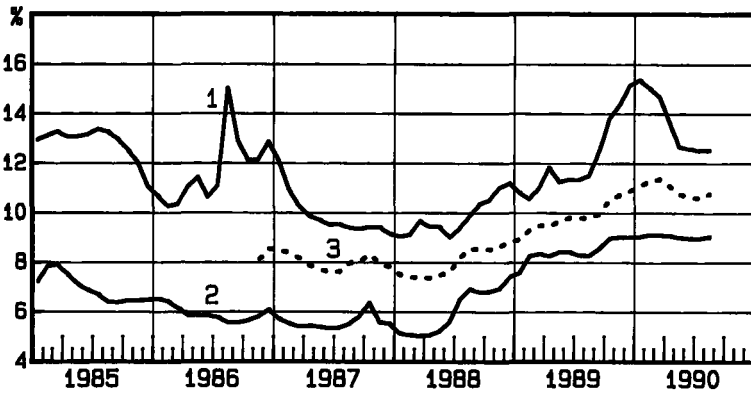
- 1. 1-month HELIBOR
  - 2. 3-month HELIBOR
  - 3. 12-month HELIBOR
- Monthly averages

8. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



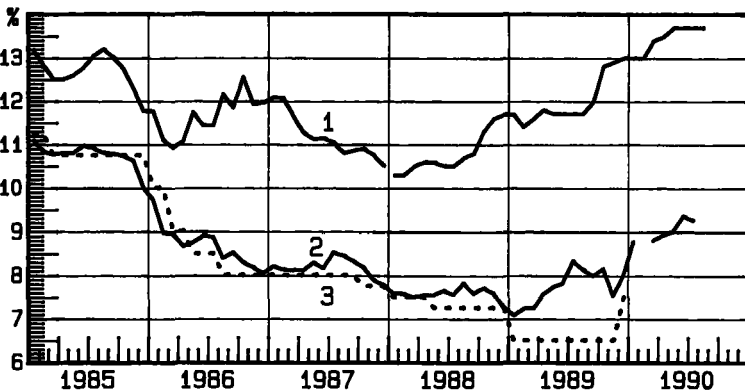
- 1. Call money credit rate
  - 2. Call money deposit rate
  - 3. Base rate
- End-of-month observations

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



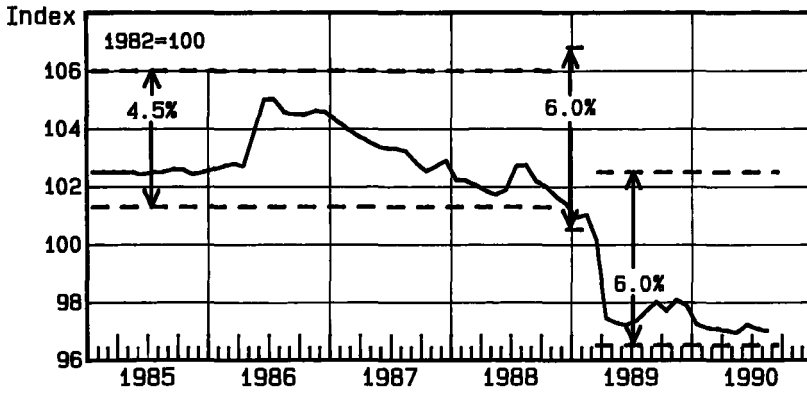
- 1. Covered Eurodollar rate
- 2. 3-currency basket rate (DEM 60 %, USD 30 %, GBP 10 %)
- 3. 14-currency basket rate (Bank of Finland currency index weights)

10. RATES ON BONDS AND DEBENTURES



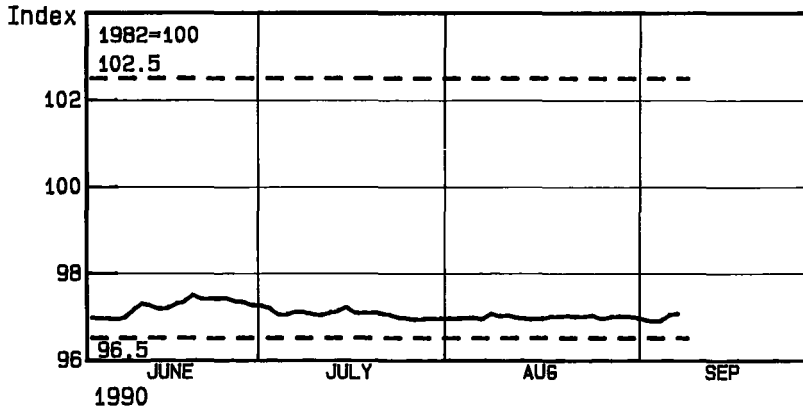
- 1. Long-term (5-year) market rate (before 1988 rate on (3-6 year) fixed-rate debentures)
- 2. Rate on (9-10 year) tax-free government bonds
- 3. Rate at issue on new 10-year taxfree government bonds

11. BANK OF FINLAND CURRENCY INDEX



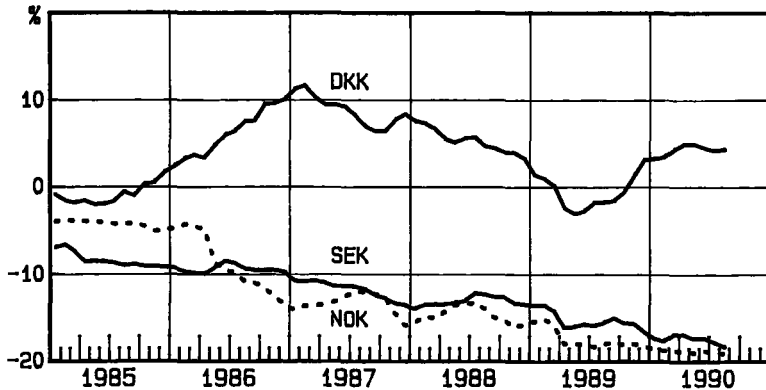
4.5 % and 6.0 % = fluctuation range of the index  
Monthly averages

12. BANK OF FINLAND CURRENCY INDEX



Daily observations

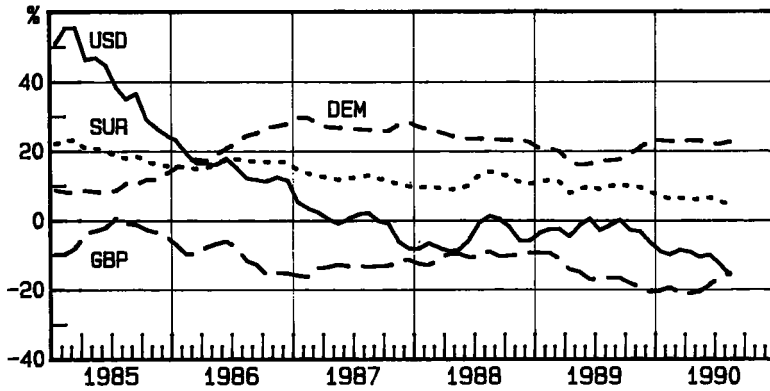
13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



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

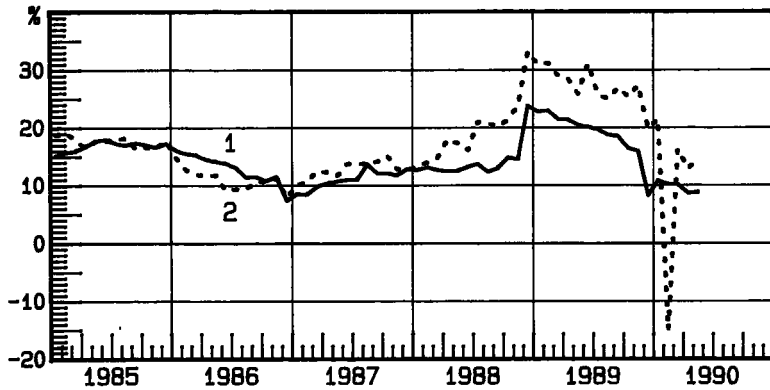


14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



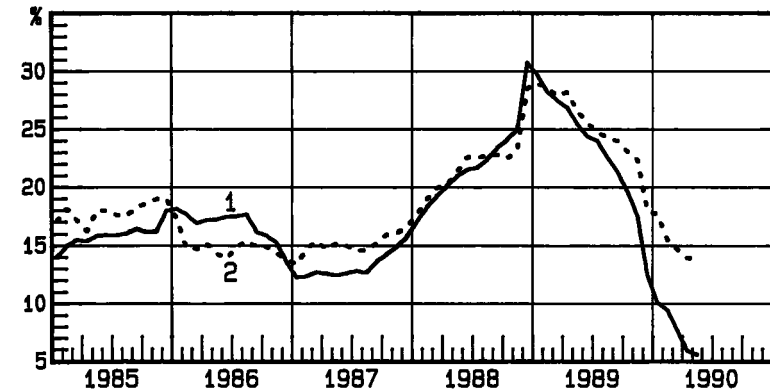
Monthly changes in markka selling rates calculated from the average rates for January 1982

15. BANK DEPOSITS FROM THE PUBLIC



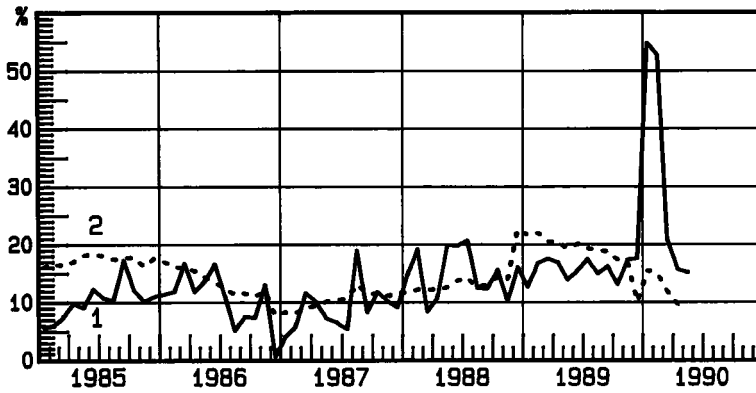
1. Regulated deposits  
2. Total deposits  
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



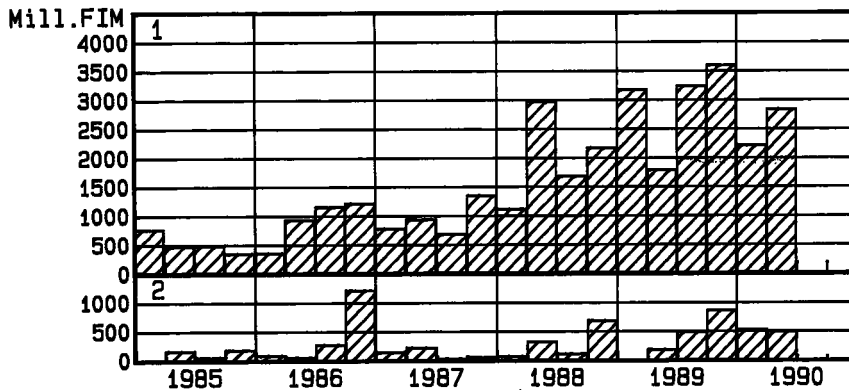
1. Markka lending  
2. Total lending  
Change from the corresponding month of the previous year, per cent

### 17. MONEY SUPPLY



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

### 18. DIRECT INVESTMENT



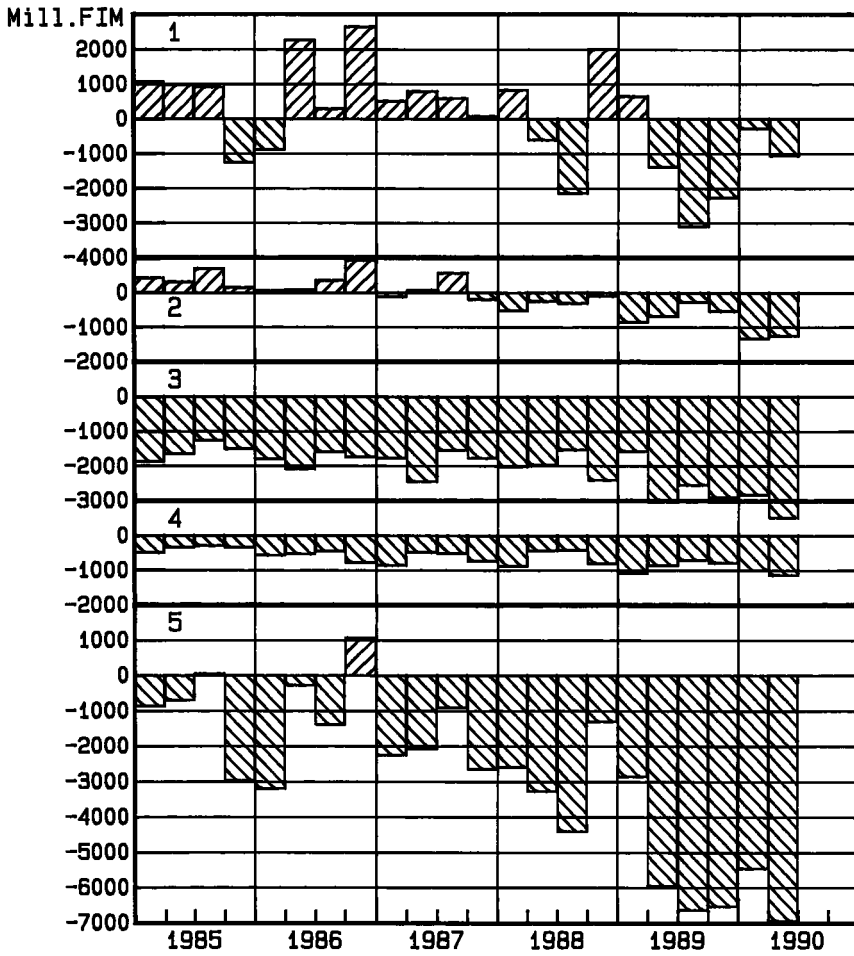
1. Finnish direct investment abroad, net
2. Foreign direct investment in Finland, net

### 19. CENTRAL GOVERNMENT DEBT



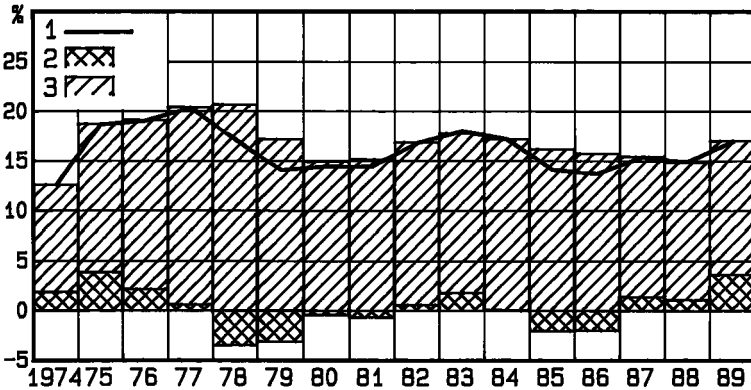
1. Total debt
  2. Of which: foreign debt
- As a percentage of GDP

20. CURRENT ACCOUNT



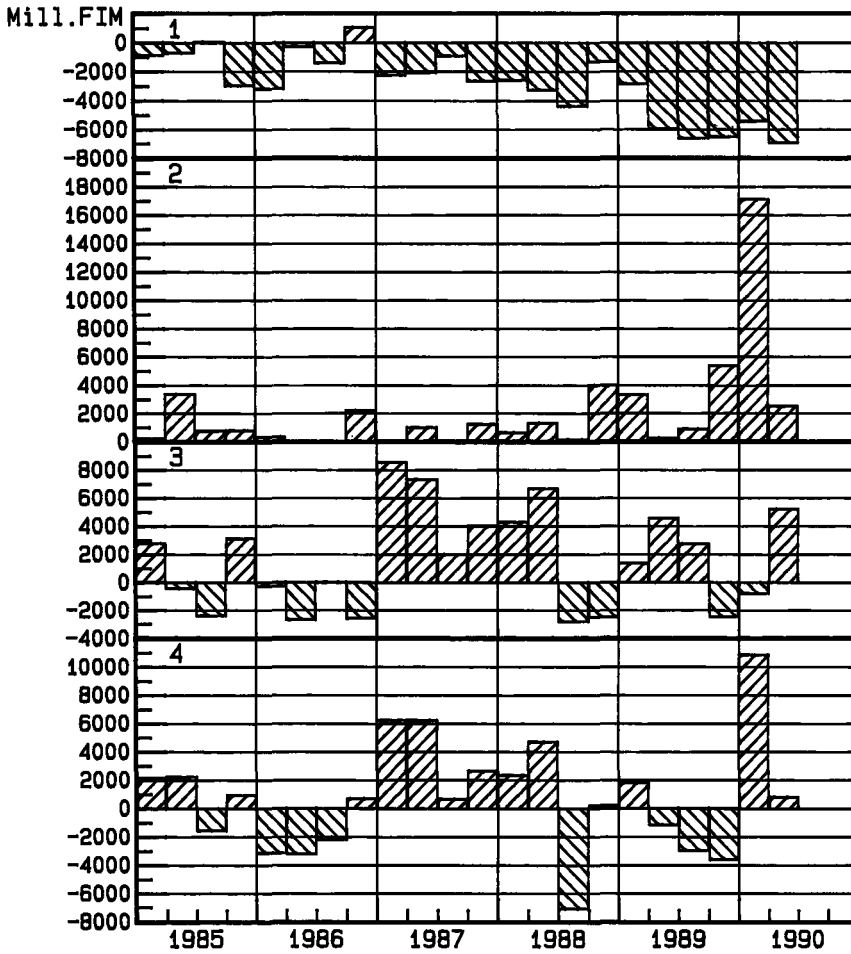
- 1. Trade account
- 2. Services account
- 3. Investment income account
- 4. Unrequited transfers account and other items, net
- 5. Current account

21. FOREIGN DEBT



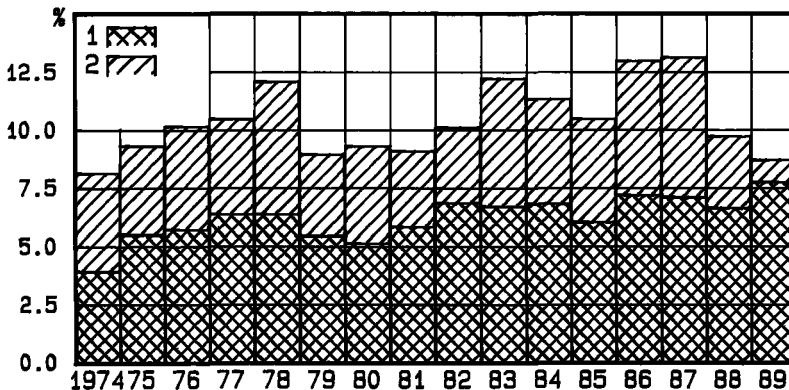
- 1. Total foreign net debt
  - 2. Short-term net debt
  - 3. Long-term net debt
- As a percentage of GDP

22. BALANCE OF PAYMENTS



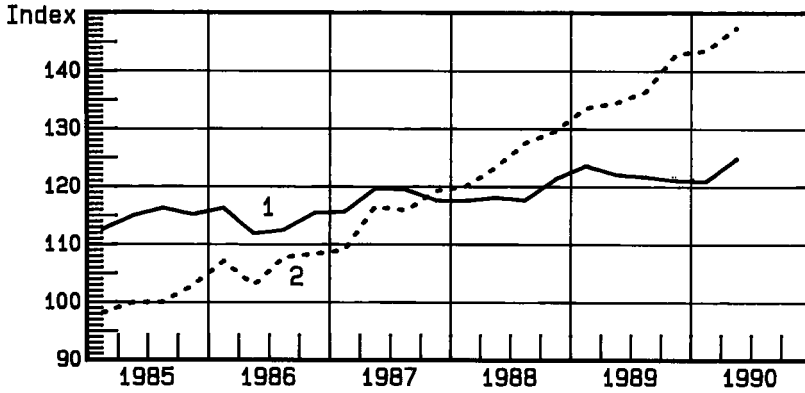
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance=change in the foreign exchange reserves of the Bank of Finland

23. DEBT SERVICE RATIO



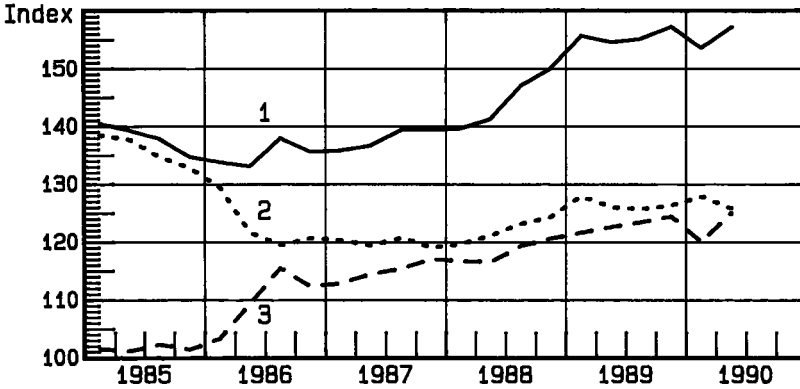
1. Interest payments
  2. Redemptions
- As a percentage of current account earnings

## 24. FOREIGN TRADE



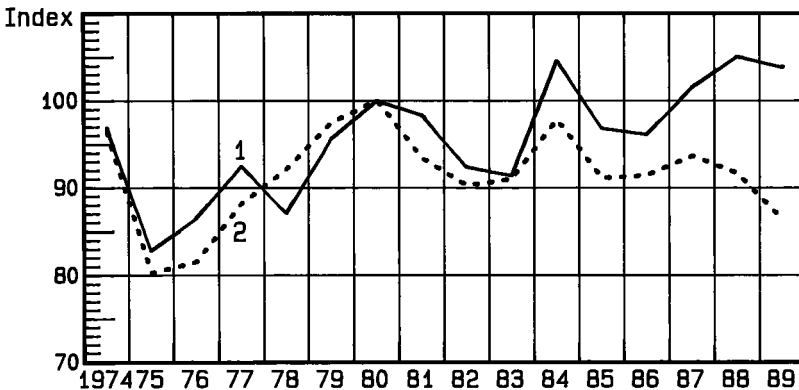
1. Total exports
  2. Total imports
- Volume index, 1980 = 100, four-quarter moving average shown as at the last quarter

## 25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



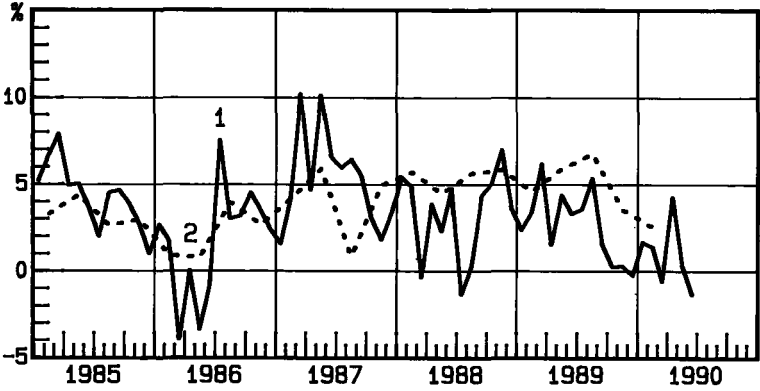
1. Unit value index of exports
  2. Unit value index of imports
  3. Terms of trade
- 1980 = 100

## 26. FINLAND'S EXPORT PERFORMANCE



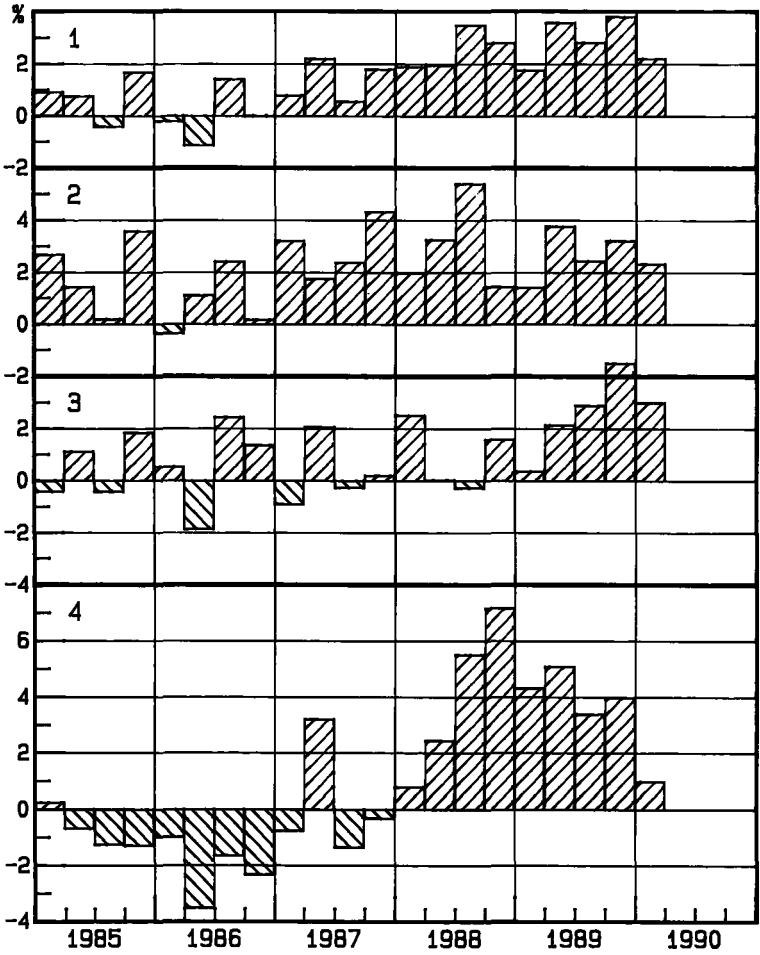
1. Value of exports to western countries in relation to exports of OECD Europe
  2. Volume of western exports in relation to exports of OECD Europe
- 1980 = 100

27. PRODUCTION



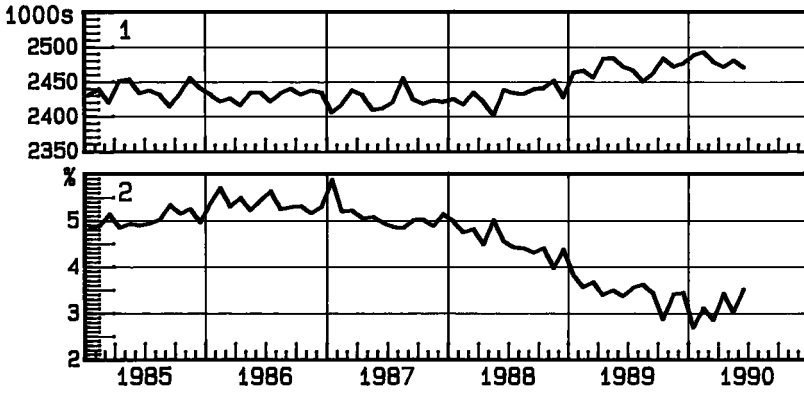
- 1. Industrial production, change in volume from the corresponding month of the previous year, per cent
- 2. GDP, change in volume from the corresponding quarter of the previous year, per cent

28. FIXED INVESTMENT



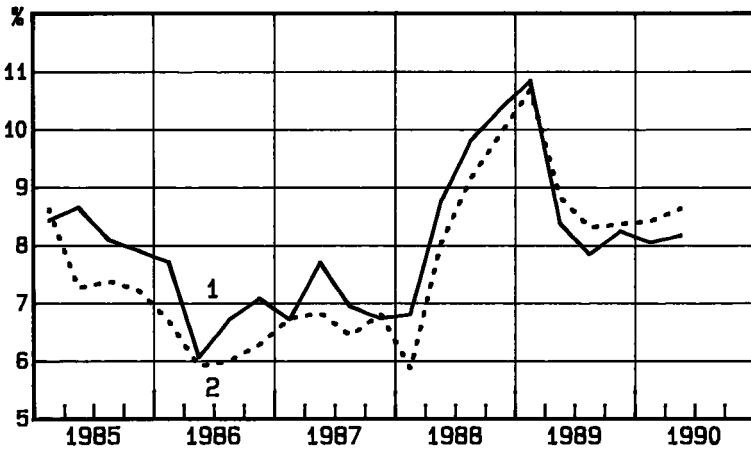
- 1. Total fixed investment
  - 2. Investment in machinery and equipment
  - 3. Building investment, excl. residential buildings
  - 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

### 29. EMPLOYMENT AND THE UNEMPLOYMENT RATE

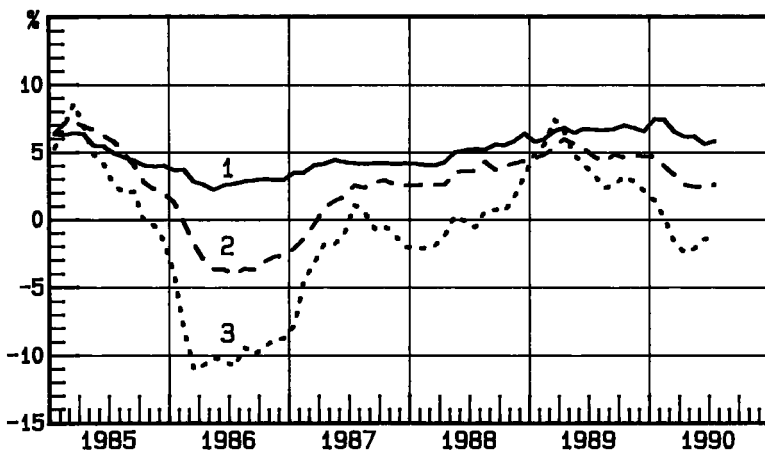


1. Employment, 1000 persons
2. Unemployment rate, per cent

### 30. PRICES AND WAGES

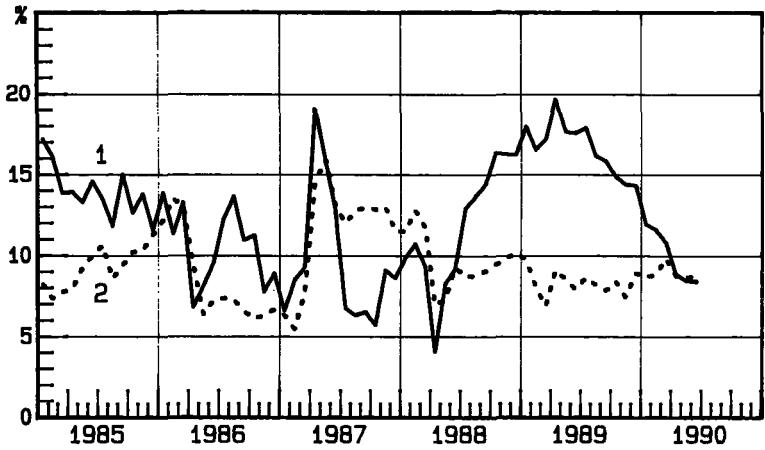


1. Index of wage and salary earnings, all wage and salary earners
  2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



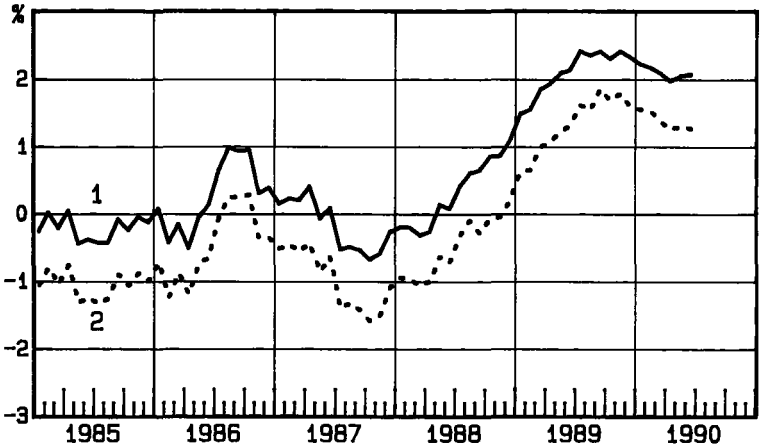
1. Consumer price index
  2. Wholesale price index
  3. Import price index
- Change from the corresponding month of the previous year

31. CENTRAL GOVERNMENT FINANCES



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

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



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

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



# BANK OF FINLAND

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