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Banking Risks and their Supervision at
the Bank of Finland

The Finnish Economy in 1988 and the
Current Outlook

Banking Risks and their Supervision at the Bank of Finland by Monica Ahlstedt, Liisa Halme and Eeva-Liisa Raitanen	3
The Finnish Economy in 1988 and the Current Outlook by Paavo Peisa	7
Items: Cash reserve deposits Money market clearing centre established in Finland Finland's balance of payments in January—March 1989 Publication of the Bank of Finland	12
Monetary and foreign exchange policy measures from May 1988 to May 1989	15
Finland in brief	18
Statistics	S1
Charts	S27

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Suomen Pankki Finlands Bank
P.O. Box 160, SF-00101 HELSINKI, FINLAND
Telephone: National (90) 1831
International +358 0 1831

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

Telex: 121224 SPFB SF
Telefax: 174872
Cables: SUOMENPANKKI

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BANKING RISKS AND THEIR SUPERVISION AT THE BANK OF FINLAND

by **Monica Ahlstedt, Liisa Halme** and **Eeva-Liisa Raitanen**
Risk Monitoring Department
Bank of Finland

The authorities responsible for the stability of financial markets have, with the help of systems developed both in the context of international cooperation and at the national level, widened the supervision of banks' activities with a view to securing the control of banks' risk taking. This article defines the different areas of risk in banking and describes the reporting and monitoring framework applied at the Bank of Finland, including objectives and analytical methods.

AREAS OF RISK

The most important categories of risk in banking are credit risks including country risk, liquidity risk, foreign exchange risk and interest rate risk. Alongside these measurable risks have emerged risks which are qualitative by nature, such as the risks associated with technical systems and staff.

Credit risk denotes the uncertainty concerning the ability of borrowers to meet their obligations. Credit risk increases if a bank focuses its lending on one or a few customers, on one line of business or, in international banking, on countries with serious debt problems.

Banks which maintain open foreign currency positions are exposed to foreign exchange risk. An exchange rate change alters the value of outstanding assets and liabilities as well as of expected income and expense not yet entered on the balance sheet. A long position, i.e. a net asset position, is sensitive to the risk of a weakening in exchange rates while a short position is sensitive to the risk of a strengthening.

Liquidity risk can be defined as the risk that a bank will be unable to purchase or otherwise acquire the funds it needs to meet its commitments when they fall due for payment. Liquidity risk arises from maturity transformation, that is, as a result of long-term lending being financed by short-term borrowing. Liquidity risk may also arise from unanticipated changes in a bank's cash flows, caused, for instance, by major loan losses.

In its broadest sense, interest rate risk refers to the sensitivity of a bank's capital to future changes in interest rates. Since, by definition, capital is the difference between assets and liabilities, changes in interest rates alter the value of capital if their effect on assets is different from their effect on liabilities. The effect of changes in interest rates on different balance sheet items depends in turn on the maturities of these items or on the interval at which interest rates are adjusted.

The risks inherent in banks' off-balance-sheet items account for a significant part of banks' total risk. These money market instruments are used for two purposes: hedging against risk and trading with a view to earning profits. A contract purchased or sold for the purpose of hedging decreases the risk associated with the item to be hedged, but the instrument as such increases exposure to credit risk. By contrast, trading in these instruments bears all the same risks that attach to balance sheet items, i.e. interest rate, foreign exchange and liquidity risk, and so trading increases the risk arising from the balance sheet.

There is both overlapping and correlation between differ-

ent types of risks. There are correlations between, on the one hand, domestic and foreign rates and between, on the other hand, different international rates such as euro-rates. Thus assessments of interest rate risk for individual currencies should also be accompanied by an assessment of the interaction between interest rates.

In a well-functioning short-term money market, liquidity risk is transformed into interest rate risk. Financial deficits that are revealed in liquidity risk analysis can always be covered when the availability of funds is guaranteed, but a risk attaches to the rate at which funds must be borrowed.

The interdependence of foreign exchange risk and interest rate risk may be expressed by means of the theory of interest rate parity. If the rate of interest in a particular currency increases, it leads with a lag to a fall in the exchange rate of the respective currency. Thus, according to this particular theory it does not matter in which currency borrowing takes place, since changes in interest rates and exchange rates offset each other and thus would not have any net impact on the cost of borrowing.

There is a clear correlation between interest rate risk and credit risk. The trend away from fixed-rate lending towards floating-rate lending means that the bank's interest rate risk is transferred to the borrower whereby the interest rate risk becomes a credit risk from the bank's point of view.

Risks also attach to those activities of banks which cannot be measured by quantitative methods. The most important

of these are the risks related to the operation of technical systems and the professional skills and reliability of staff and management. The control and monitoring of a bank's activities are completely dependent on data processing systems. Information breaks in real time resulting from disturbances in data processing operations can paralyse a bank's entire activities. The minimization of risk thus requires the creation of adequate backup systems.

MAIN FEATURES OF RISK MONITORING AT THE BANK OF FINLAND

Under Finnish banking laws, the responsibility for prudential supervision of banks lies with the Banking Supervision Office. The Bank of Finland, in accordance with its regulations, is responsible for the stability and security of the financial system and has therefore set up its own monitoring systems.

Monitoring by the Bank of Finland covers the main areas of risk in banking. Credit risk monitoring is, however, mainly confined to country risk monitoring. The actual supervision of credit risks is the responsibility of the Banking Supervision Office. Foreign exchange risk is monitored on the basis of daily figures for foreign exchange positions and foreign exchange transactions. Liquidity risk is monitored monthly and interest rate risk quarterly, with respect to both markka-denominated and foreign currency-denominated activities.

In addition to requiring banks to complete regular returns, the Bank of Finland monitors banks' internal methods of control. By applying sufficiently strict internal control systems, it should be possible for banks to ensure efficiency in the control and management of risks, the exact definition of areas of responsibility and the adequacy of reporting.

Country risk monitoring

An important factor influencing the extent of country risk monitoring has been the need of the BIS to obtain data for compiling international banking statistics. The country risk exposures of Finnish banks' and their foreign units are monitored on the basis of a quarterly analysis of assets and liabilities broken down by country. As far as consolidated banking groups are concerned, monitoring takes place semiannually. The country-by-country data are further classified by maturity and sector. The possible transfer of risk to a counterparty outside the original borrower country is also monitored. In addition, banks provide data on their off-balance-sheet activities on a country-by-country basis.

The coverage of the reporting will shortly be extended to include separate monitoring of investments in securities. It is also the intention to obtain more detailed information on rearrangements (conversions, sales) of loans to heavily-indebted countries.

Monitoring of foreign exchange risk

Foreign exchange risk is the only area in which risk is quantitatively limited by the Bank of Finland. Two absolute limits are set: the limit on a bank's overall open foreign exchange position against the markka is specified in the respective bank's licence to deal in foreign exchange. In addition, the upper limit on outstanding written markka-denominated currency options is laid down in the licences of banks entitled to trade in such options. The size of the limits for individual banks is mainly determined on the basis of the capital of the bank concerned.

The foreign exchange exposures of both Finnish banks and their foreign branches are monitored. Open spot, forward, currency futures and currency options positions in in-

dividual currencies are monitored on a daily basis. In addition, banks daily report data on their structural position, i.e. on their shareholdings in foreign subsidiaries and associate banks and on foreign loans raised to finance them. Sectoral data is also reported daily on spot and forward exchange transactions effected against Finnish markkaa.

On the strength of the figures reported by banks, the Bank of Finland monitors the extent to which the foreign currency operations of individual banks remain within set limits as regards both the total foreign currency position and outstanding markka-denominated options. On the basis of the currency position and changes therein, the Bank seeks to build up a picture not only of the reporting bank's view on developments in cross rates and the markka's effective exchange rate but also of the possible pursuit of interest rate arbitrage between different currencies.

Liquidity risk monitoring

Liquidity risk monitoring of Finnish banks' foreign currency activities started with the situation as of the end of 1987 while monitoring of markka-denominated liquidity risk started in March 1988, whereupon it was possible for the first time to examine each bank's total liquidity risk. Liquidity risk monitoring covers the Finnish banks and their foreign branches.

Banks report their incoming and outgoing cash flows on a monthly basis, broken down into seven maturity categories. In addition to balance sheet items, banks are required to report off-balance-sheet items affecting liquidity risk and such commitments which, if met, affect the bank's liquidity and thus become balance sheet assets and liabilities. Many of the off-balance-sheet commitments are facilities which borrowers may use whenever they

wish and thus they can be considered comparable to options. The problem in specifying liquidity risk for off-balance-sheet commitments arises not from determining the amount of commitments, but when — if ever — the commitment will be have to be met.

The Bank of Finland analyzes banks' liquidity risk as maturity mismatches or gaps between a bank's assets and liabilities reported on a cash flow basis and broken down into maturity categories. The net cash flow position thus obtained indicates the financial deficit or surplus in the period in question. The maturity gaps are calculated separately for the balance-sheet items and for a bank's total activity, i.e. on-balance-sheet plus off-balance-sheet items. The main focus in the supervision of liquidity risk is on short-run liquidity risks.

When estimating the magnitude of net cash flows their ratio to the bank's capital is calculated. The net cash flows of the shortest maturity categories are used to estimate the increase in the bank's interest expenses in relation to net interest income for the previous year which results from an assumed change in interest rates.

To analyze the liquidity risk arising from the maturity structure of a bank's balance sheet, the difference between the bank's assets and liabilities with a maturity of over one year in relation to liabilities of less than one year is calculated. In addition, the difference between the bank's assets and liabilities of over one year in relation to all liabilities is calculated as well as the ratio between assets and liabilities of less than one year.

The ratio of the cumulative cash flow arising from balance sheet assets in different maturity categories to total balance sheet assets is also calculated as an indicator of the liquidity risk structure of the balance sheet. Similar ratios are computed for liabilities. The maturity transformation matrix thus

formed enables a comparison to be made between the balance sheet structures of different banks provided that banks are otherwise comparable as regards their size and activities.

A distinctive feature of banks' activities in recent years has been the increasing tendency for them to resort to non-deposit funding in their liquidity management. Since, in particular, the volume of interbank finance available to any bank and the rate of interest it bears react sharply to changes in the bank's liquidity position, close attention is paid to the volume of interbank finance used by banks.

Interest rate risk

Finnish banks are required to report their interest rate risks to the Bank of Finland on two separate forms: the first one is used for reporting data on the interest rate risks associated with foreign currency items and the second for the interest rate risk of markka-denominated items. The form covering foreign currency operations is completed separately for each major currency. Other currencies are grouped together and reported on a separate form. The form covering markka activities differs from that for foreign currency activities in that the items to be reported are classified not only according to maturity but also on the basis of the type of interest rate specified in the contract.

Figures are reported as stocks broken down by maturity, with fixed-interest items being classified according to the remaining time to maturity and floating-rate items according to the nearest interest rate adjustment or roll-over date. The stock figures serve as a basis for calculating flow figures for each maturity.

The items are grouped together so that on-balance-sheet items are reported first and then those off-balance-sheet items which are considered to affect interest rate risk. The latter group consists of for-

ward exchange contracts, interest rate swaps, interest rate futures, forward rate agreements and interest rate options. Instruments used for hedging a net asset position against a rise in interest rates are reported on the liabilities side, while instruments used for hedging a net liability position against the risk arising from a fall in interest rates are reported on the assets side.

There are three main methods of measuring interest rate risk: duration analysis, static gap analysis and dynamic gap analysis. In all three methods, the point of departure are gaps measuring the mismatches in different maturity categories, calculated as the difference between assets and liabilities. The methods differ from each other in the way the figures for these gaps are treated.

Interest rate risk is far too complex for it to be covered adequately by one form or one method of analysis. The Bank of Finland opted for static gap analysis augmented by dynamic features. One factor hampering the use of duration analysis was that the acquisition of sufficiently detailed data from banks to serve as a basis for the analysis would have increased the scale of reporting considerably.

The analysis focuses on the trading portfolio and the investment portfolio. All items in the trading portfolio, both on- and off-balance-sheet, are reported at market value in the shortest maturity. It is then possible to analyze the market risk associated with this continually changing portfolio separately from the investment risk related to the long-term investment portfolio, the items in which are reported according to their remaining maturity.

Another important aim of the analysis is to find out whether financial instruments are being used for the hedging of balance sheet items or for trading. At the same time, it can be determined whether the item-by-item

hedging carried on by a bank also decreases the risk as regards the bank's activities as a whole. It is possible that this kind of micro hedging actually increases the total interest rate risk. This may happen if an off-balance-sheet instrument is used to hedge an item for which there is already an offsetting item on the bank's books.

The maturity gaps are used to estimate how a one percentage point rise in all market rates of interest would affect the bank's net interest income. The weighted sum of the gaps for each maturity is calculated separately according to the type of interest rate linkage for domestic items and according to major currencies for foreign currency items. Figures for different gaps have to be made comparable by calculating the ratio of the gain or loss to the bank's net interest income. The net interest income of the previous year has to be used in this calculation, because the figure for the current year is not available. Therefore, if a clear trend is discernible in net interest income in the preceding years, the net interest income of the previous year is corrected to correspond to this trend.

As regards the further development of interest rate risk analysis, the Bank of Finland plans to replace the estimates based on the assumption of a parallel shift in all interest rates and exchange rates by estimates of the expected variability of different rates.

General monitoring of banks' balance sheets and profit and loss accounts

The Bank of Finland tries to obtain a picture of banks' risk-bearing ability by monitoring developments in their profit and loss accounts and balance sheets on a monthly or quarterly basis. Both Finnish banks and their foreign units, including associate banks, are required to complete returns.

These data are used to monitor the scope, nature and

profitability of the activities of banks and their foreign units, with special attention being paid to developments in the foreign operations of Finnish banks. The balance sheet and profit and loss account data provide an important basis for determining each bank's risks in relation to its risk-bearing ability. For example, interest rate risk can be estimated by calculating the ratio of the effects of the assumed changes in interest rates to a bank's net interest income in the previous year. In addition, it is possible to calculate the ratios of a bank's liquidity and currency risk positions to its capital. Comparing the figures for risk monitoring and the general monitoring of a bank's performance may also help to give a picture of how efficient or successful the bank's risk taking has been at any time. Finally, the effect of different risk strategies on profitability can be compared.

INTERNATIONAL CONSISTENCY OF MONITORING

The aim of supervisory authorities in different countries is, through an international cooperative process, mainly in the form of working groups set up at the BIS, to devise common frameworks to be applied in supervision and monitoring. Though the development of frameworks for the monitoring of credit risk and interest rate risk has reached an advanced stage, they have not yet been adopted. A framework for the monitoring of foreign exchange risk is also close to completion.

The Bank of Finland's monitoring systems for different risk areas have been developed and implemented independently. Information on Finnish systems has been supplied to the relevant international preparatory bodies¹, particularly the BIS. As regards its coverage, monitoring seems to conform very closely with international objectives; it includes the different risk areas of both markka-denominated and for-

foreign currency-denominated activities. It also covers money market instruments, so that their effects on foreign exchange, liquidity and interest rate risk are taken into account.

Once the international recommendations have been completed, the Finnish authorities will have to consider how their arrangements should be adjusted to comply with the practice applied by other countries.

June 5, 1989

THE FINNISH ECONOMY IN 1988 AND THE CURRENT OUTLOOK

by **Paavo Poisa**, M.Sc.(Pol.)
Economics Department
Bank of Finland

OVERALL ECONOMIC PERFORMANCE IN 1988

Economic developments in Finland have been favourable throughout the 1980s. In 1988, the growth of GDP accelerated to nearly 5 per cent. The continuation of the international upswing has permitted the expansion of exports to western markets. Finland's energy-intensive economy has benefited from lower oil prices and improved terms of trade. Adjustment to the decline in the bilateral trade carried on with the Soviet Union has, at least until now, been smoother than anticipated.

The buoyant growth of total output and real income has been accompanied by an acceleration of inflation and a deterioration in the external balance. Inflationary pressures generated by the high level of economic activity gathered momentum in 1988. The current account deficit amounted to almost 3 per cent of GDP in 1988. The reasons are primarily to be found in increased domestic demand, which has pushed the use of factors of production to capacity limits. Since 1985, the volume of imports of goods has grown by nearly one-third in the space of three years.

The total volume of exports expanded by 4 per cent last year, the increase deriving entirely from exports to western markets. The volume of bilateral exports declined by about one per cent in 1988 after falling nearly one-fifth in 1987. The need to cut back exports to the Soviet Union was partly postponed to 1989 by the use of the temporary credit arrangements

agreed in the autumn of last year.

With the continuing buoyancy of international economic activity, particularly the demand for pulp and paper industry products has increased and prices have risen. The paper industry has been running at close to full capacity since 1987. However, new capacity was introduced on a fairly large scale last year so that it was possible to increase export deliveries by almost one-tenth. Export volumes also increased in the metal and engineering and chemical industries. By contrast, exports of agricultural products, food, textiles, wood and basic metals declined. There were further terms-of-trade gains in 1988, the cumulative improvement since 1986 amounting to 16 per cent.

Domestic demand has primarily been sustained by the household sector. In particular, housing investment and purchases of consumer durables increased sharply in 1988. The volume of housing investment increased by almost one-fifth

and starts were up by more than one-third from the previous year. Purchases of consumer durables rose by 12 per cent and total private consumption by 5 per cent in volume. Higher spending was to an increasing extent financed by credit, and the slowdown in the growth of households' real disposable income did not significantly weaken household demand.

There was also a marked increase in business investment in 1988. In recent years, the investment ratio has risen particularly in the service industries, where, too, output growth has been fastest. In manufacturing, investment activity slackened considerably but investment nevertheless increased at broadly the same pace as GDP.

The acceleration in the rate of growth of total output for the third year running was reflected in a rise in employment in the latter half of 1988. As the supply of labour decreased at the same time, the unemployment rate fell to 4.5 per cent on average last year, the lowest level in the 1980s. Indeed, labour

TABLE. PERFORMANCE OF THE FINNISH ECONOMY IN 1980—1988

	1980—86 average	1987	1988
	percentage change from previous year		
Exports, volume	2.9	1.7	4.2
Total domestic demand, volume	3.0	5.9	6.3
Imports, volume	2.4	9.0	10.1
GDP volume	3.2	3.8	4.8
Consumer prices	8.3	3.7	5.1
	per cent		
Unemployment rate	5.1	5.1	4.5
	per cent of GDP		
Current account balance	-1.3	-2.2	-2.9

shortages have become a problem in many sectors. The shortage of skilled labour is most acute in the Greater Helsinki area and in other centres, where the lack of rented housing and the rise in prices of owner-occupied dwellings have hampered labour mobility.

The rise in both prices and labour costs accelerated last year. The faster rate of increase in wages was due primarily to two factors: relatively strong demand for labour and the catching up of public sector wages, which had been lagging behind wages in the private sector.

The centralized pay agreements concluded in 1986 expired in February 1988. Negotiations on a new comprehensive agreement failed whereupon settlements were reached at union level. Most of the settlements are in force for 2 years, although wage increases were almost without exception agreed on for the first year only.

Together with the carry-over effect of previous awards and wage drift, negotiated increases resulted in a rise in wages and earnings of approximately 9 per cent on average in 1988. There were higher-than-average rises in wages in manufacturing, particularly in the metal and engineering industries. Thanks to rapid productivity growth, unit labour costs in manufacturing rose by 4 per cent in 1988, whereas in the sheltered sector they rose by more than 6 per cent. However, even in manufacturing, the increase was faster than in competitor countries on average. Other domestic cost components also increased.

The rise in prices accelerated sharply towards the end of the year. In the twelve months to December 1988, consumer prices rose by 6.5 per cent. In addition to the rise in wages and salaries, consumer prices were boosted by increases in state charges and tariffs and the impact of soaring house

prices, which continued rising throughout the year. The rapid growth of demand has also increased inflationary pressures in raw material markets. In particular, stumpage prices rose substantially last year.

FISCAL POLICY AND PUBLIC FINANCE

When the budget for 1988 was drawn up, the growth rate of GDP was expected to reach about 3 per cent. In addition, it was assumed that the rate of inflation might ease slightly from its level in 1987. On the basis of these assumptions the budget was designed to be moderately restrictive. The tightening focused on income taxation, the inflation adjustments of income tax schedules and tax deductions together amounting to less than 2 per cent. The prime objective was to curb the growth of private consumption expenditure. An additional aim was that the adoption of a more restrictive fiscal policy stance should stimulate investment activity by paving the way for lower interest rates.

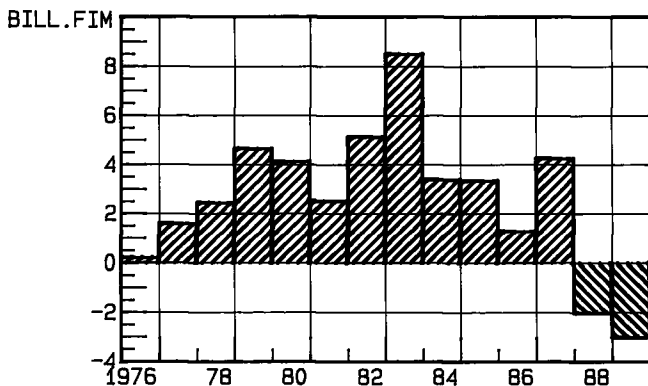
When economic activity turned out to be more buoyant than forecast, the authorities also sought to curb private consumption by raising indirect taxes in the course of the year.

As a result, prices of fuel, alcoholic beverages and tobacco all rose. Demand was also restrained by extending the validity of the special tax on the construction of commercial and office buildings in the Greater Helsinki area.

The restrictive impact of public finances in 1988 came about mainly via the automatic stabilizer effect. Because of the vigorous growth of total domestic demand, including the demand for consumer durables, indirect tax revenue grew by almost one-fifth. The rapid increase in nominal income was also reflected in the direct taxes paid by households and firms, revenue from income taxes going up by more than one-fifth. However, it should be noted that the magnitude of the increase in tax receipts was swelled by the fact that the 1987 level was exceptionally low because of the postponement of tax refunds for 1986 to 1987. After adjustment for this postponement, the net tax ratio still rose by more than 2 percentage points last year to approximately 25 per cent.

The volume of public demand increased by 3.5 per cent, i.e. at the same pace as in the previous year. Though the growth of demand was not

CHART 1.
CENTRAL GOVERNMENT NET FINANCING
REQUIREMENT



Does not include relending by the nuclear waste management fund, totalling FIM 1 153 million in 1988.

curbed in accordance with objectives, the central government's financial position improved markedly in 1988 (Chart 1). The central government net borrowing requirement declined by the equivalent of almost 1 1/2 per cent of GDP. By contrast, the financial position of local authorities remained weak on average.

The tightened fiscal policy stance seems to have had only a modest impact on domestic demand in 1988 in particular because the lagged effect of the expansive fiscal policies in 1987 operated in the opposite direction.

CENTRAL BANK POLICY AND FINANCIAL MARKETS

It was sought to keep monetary policy relatively tight in 1988. Short-term market rates went up by roughly as much as corresponding rates abroad while rates of interest on new loans rose somewhat less. In addition, liquidity was absorbed by progressively raising the cash reserve requirement in the course of the year from 4.9 per cent to 7.8 per cent.

In May, the Bank of Finland raised the base rate from 7 per cent to 8 per cent. This measure was designed to stimulate saving and curb household spending. To support the stabilization agreement, the Bank of Finland announced in September that it was prepared to lower the base rate with effect from the beginning of 1989 if the stabilization agreement met with sufficiently widespread approval. The decision to cut the base rate by half a percentage point was taken at the end of November.

The effectiveness of monetary policy as a demand management tool has diminished under the prevailing fixed exchange rate regime. Particularly in the first half of 1988, the high level of domestic market rates led to a currency inflow and an expansion of liquidity.

As a result of increased liquidity, the rise in interest rates succeeded in curbing domestic demand to only a minor extent. So as to support interest rates, the external value of the markka was allowed to appreciate by the maximum amount permissible within its band. Further scope for the pursuit of interest rate policy was created by marginally widening the fluctuation range of the currency index at the end of November.

Bank lending and deposits accelerated sharply towards the end of the year. In December, the 12-month rate of growth of lending and deposits exceeded 30 per cent. With deregulation of financial markets, banks have been able to improve their profitability, since borrowers have so far shown little response to the rise in interest rates. One reason for the strong demand for loans is the extensive system of tax deductions for interest expenses, which for households, in particular, has meant low after-tax interest rates. The demand for loans has also been boosted by the pick-up in activity in the real estate and share markets. Banks' costs have remained low, as the major part of their funding has been tax-exempt.

DEVELOPMENTS IN THE CORPORATE AND HOUSEHOLD SECTORS

Both manufacturing and the services sector have invested heavily in recent years. Growth of fixed investment has been sustained by rapidly increasing output, continuing good profitability and high capacity utilization rates. The emphasis has been on investments in machinery and equipment. Apart from expanding capacity, the aim has been to increase the efficiency of production through rationalization and automation. To some extent, companies may also have endeavoured to lower labour costs and reduce the need for labour by increasing capital input.

In 1988, the growth of investment was faster in the sheltered corporate sector than in manufacturing. Investment in public utilities increased by one-fifth and growth was also rapid in several service sectors. Investment activity in trade and other service sectors has been dampened considerably by the special tax on construction in the Greater Helsinki area.

Investment in the forest industries, electrical engineering and printing and publishing increased, whereas in most other manufacturing sectors it declined. In addition to fixed investment, there was also an increase in inventory investment. The business sector's external financing requirements increased and this was a factor contributing to the widening in the current account deficit.

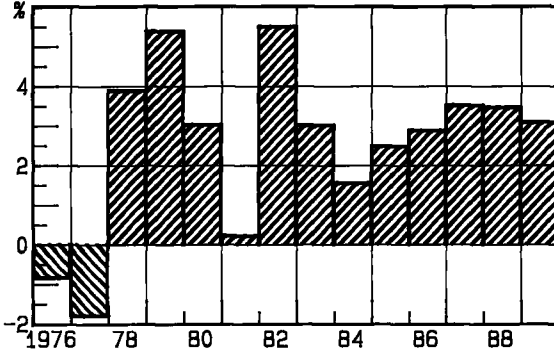
However, the worsening of the financial balance of the household sector has been more pronounced than that of the business sector. The fall in household saving and the rise in household investment was reflected in a marked increase in the sector's financial deficit; in relation to GDP the deficit rose by some 2 1/2 percentage points to 3 1/2 per cent in 1988.

In Finland, the household saving ratio rose continually for virtually two decades until 1983, since when it has displayed a clear downward trend (Chart 2). Last year witnessed a further sharp fall in the propensity to save, so that the household sector (incl. private non-profit institutions) had a negative net saving ratio of nearly one per cent.

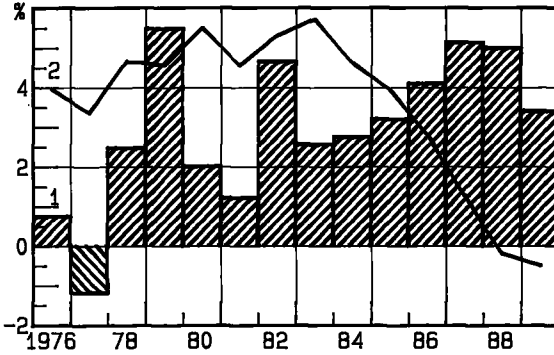
Several factors have contributed to the fall in the saving ratio. Households' real disposable income has grown steadily without interruption for 10 years. Optimistic income expectations have encouraged individuals to increase spending and to borrow against future income. The improved labour market situation has reduced uncertainty about the security of earned income. Consumption has been further boosted

CHART 2.
HOUSEHOLD SECTOR'S INCOME AND
EXPENDITURE

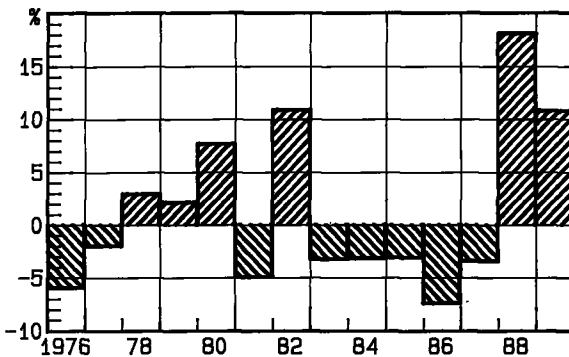
Net real disposable income¹, percentage change



1. Consumption, volume, percentage change
2. Net saving ratio



Fixed investment, volume, percentage change



¹Figures for 1986 and 1987 corrected for the postponement of tax refunds. Income for 1988 includes compensation for crop failures in 1987.

by the rapid increase in wealth due to the rise in house prices and shares. Long-term improvements in social security and demographic changes, such as the slowdown in the growth of population, may also have reduced households' willingness to save. With the liberalization of financial markets, the availability of financing no longer acts as a brake on the growth of consumption expenditure. On the contrary, the sharp increase in consumption also reflects the more permanent adjustment of households' portfolios to the removal of constraints on borrowing after the long period of credit rationing. Because of the ready availability of credit, prior saving is not required for the financing of acquisitions to the same extent as before.

As an increasing part of households' income will henceforth be tied to loan repayments, the downward trend in the saving ratio could be reversed somewhat in the future, but it is unlikely that it will be restored to its former level.

Housing investment increased by almost one-fifth in 1988. Developments in the course of the past two years or so have deviated clearly from previous trends. In relation to GDP, housing investment has already been decreasing for some considerable time. Underlying the fall are various factors. For example, demographic factors have reduced the need for new dwellings. Demand has also decreased because of the reduced availability of low-interest rate government housing finance. Similarly, the poor return on rental housing seems to have lessened the attractiveness of renting dwellings.

With the end of credit rationing, the demand for both owner-occupied homes and dwellings held for investment purposes has picked up. Interest in the production of rented housing has also increased. The pick-up in demand has been reflected in dwelling

prices, which increased by one-third last year. Mortgage rates have risen, but the effectiveness of the interest rate weapon in curbing demand is limited by the generous deductions for interest expenses in taxation. After tax deduction, interest expenditure is still low in spite of the rise in interest rates.

CURRENT OUTLOOK

The growth prospects for the Finnish economy remain relatively good, at least until the end of 1989. This is, however, at the expense of a further deterioration in the external balance and of only a modest deceleration of inflation. The room for a marked tightening of economic policy seems limited.

In the autumn of last year, the Government and central labour organizations concluded a stabilization agreement, the purpose of which was to stop the acceleration in pay and prices and indirectly to improve Finland's external balance. The agreement provided for wages and salary increases of just over one per cent in March 1989. In addition, the agreement included an earnings guarantee as some kind of compensation for wage drift. According to the index clause included in the agreement, wages and salaries will be raised later if consumer prices rise by more than 4 per cent between December 1988 and December 1989.

Most of the trade unions accepted the agreement in the autumn of last year. However, some unions remained outside the agreement, and in these sectors settlements have on average clearly exceeded the level presupposed by the stabilization agreement. However, in most sectors, pay will rise more slowly this year than in 1988. Part of the increase will be due to awards under old agreements.

Consumer prices have continued to rise at a rapid rate in the first four months of this year and the increase in the twelve

months to December 1989 is expected to exceed the index threshold contained in the pay agreements by a clear margin. Because of the extra increases resulting from the index clause, diverse pay developments and the carry-over from large pay rises, the curbing of the rise in pay and prices seems likely to be difficult in 1990 as well.

One of the key objectives of the present Government is a comprehensive reform of income taxation. In the first phase of the tax reform included in the central government budget for 1989, the number of income tax bands was lowered from eleven to six. The lowest income subject to income taxation was raised by about 20 per cent to FIM 36 000. In addition, the tax schedules were changed so that the marginal tax rates now vary between 11—44 per cent. Previously, the highest marginal tax rate had been 51 per cent. When local taxes and employees' social security contributions are taken into account, the highest marginal tax rate amounts to approximately 64 per cent. However, taxpayers can expect only a slight easing in the tax burden, since the scope for lower tax rates has to a large degree been created by reducing tax deductions and raising the taxable value of fringe benefits. The reform also provides for changes in the taxation of capital income and the introduction of the imputation system in business taxation in 1990.

When the 1989 budget was drawn up, economic activity was expected to weaken in the latter part of 1989. Thus the slight easing of taxation associated with the tax reform seemed appropriate in view of the cyclical situation and the budget was designed to be mildly expansionary. Also in 1989, the outturn has proved to be more expansionary than assumed when the budget was formulated. In the course of this year, the Government has decided on various tightening measures, the effect of which

will, however, be relatively minor. In connection with the implementation of the tax reform, the Government promised to gradually ease the income taxation of wage and salary earners. Though the growth of public sector demand may slow somewhat in the future the effect on total domestic demand is likely to be only modest.

Since a shift in fiscal policy in a notably more restrictive direction was not considered feasible, it was decided in the course of the spring to revalue the markka by 4 per cent and to curb bank lending by tightening the cash reserve system. In connection with the revaluation decision, the Government decided to raise sales tax by 0.5 percentage point for the period between June and November 1989. The measures were designed to dampen the inflation arising from demand and foreign trade. The inflationary pressures generated by foreign trade prices have been greater than expected and, notwithstanding the revaluation of the markka, export prices are forecast to increase by over 5 per cent this year and import prices by more than 4 per cent.

Finnish export performance is expected to continue satisfactory this year. Investment-led growth will sustain the buoyancy of trade in western markets. However, high capacity utilization rates will to some extent act as a constraint on supply for exports. In most sectors, the rise in export prices will compensate for higher labour costs so that corporate profitability should remain relatively good on the whole. The volume of bilateral exports is set to decline further this year.

The growth of investment is expected to continue fairly rapid. The lack of capacity in many branches, good profitability and relatively optimistic expectations concerning the outlook for demand are likely to boost fixed investment in the business sector. There are few signs of any slowing in the growth of private consumption and housing

investment, which implies that the financial deficit of the household sector will increase further in 1989.

GDP is forecast to continue growing at a fairly rapid pace in 1989, albeit slower than in 1988. The growth of domestic demand and its concentration on commodity groups with a high import content will again mean that imports will increase at a faster rate than exports. The terms of trade are no longer likely to improve at the same pace as in the previous two years. Contributing to the increase in the current account deficit will be the growth of interest payments, which, in addition to increased indebtedness will reflect the impact of the rise in international interest rates.

June 5, 1989

ITEMS

CASH RESERVE DEPOSITS

The Bank of Finland has for the first time decided to apply the additional deposit requirement provided for under the supplementary cash reserve agreement. Together with the 8 per cent ratio in force hitherto, the banks' average deposit requirement now amounts to just under 8.2 per cent. Banks will be required to make cash reserve deposits corresponding to the higher requirement by the end of May 1989. As a result of the decision, non-interest-bearing cash reserve deposits totalling some FIM 500 million will be placed with the Bank of Finland.

The imposition of the supplementary requirement is based on the growth of bank lending in March-April. During that period, total lending by banking groups increased by 1.2 per cent. Taken as a whole, this does not exceed the lower limit prescribed in the supplementary cash reserve agreement. However, the growth of banks' personal lending was 2.8 per cent, well in excess of the lower limit of 1.8 per cent set in the agreement.

The bank-specific requirements are as follows:

Kansallis-Osake-Pankki	8.4
Cooperative bank organization	8.1
Postipankki Ltd	8.1
Savings bank group	8.2
Labour Savings Bank of Finland	8.1
Union Bank of Finland Ltd	8.1
Ålandsbanken Ab (Bank of Åland Ltd)	8.6

The requirement for other commercial banks remains at 8.0 per cent.

MONEY MARKET CLEARING CENTRE ESTABLISHED IN FINLAND

A clearing centre for the money market in Finland, the Helsinki Money Market Centre Ltd, was established on June 1, 1989 by the Bank of Finland, the government and the so-called HELIBOR banks, Kansallis-Osake-Pankki, Okobank, Postipankki, Skopbank and Union Bank of Finland Ltd. The company has a share capital of FIM 20 million. The Bank of Finland has a majority shareholding in the company while the remaining shares are divided equally among the other founders.

The functions of the centre will be the registration of money market instruments and transactions, the settlement of transactions and the management of payments and the provision of information on market volumes and prices. The system will also ensure that both the system itself and the market participants do not become subject to excessive risks as a result of fluctuations in prices and market interest rates.

Settlement of transactions will be computer-based. Once the system becomes operational the processing of physical securities in the money market will be abandoned in full. The system will be implemented in accordance with legislation on a book entry system, which is currently under

preparation. It will be possible to commence the settlement of transactions in bank CDs when the necessary computer systems have been completed around the middle of 1991. Operations will subsequently be expanded in stages to include other money market instruments.

The board of the company has appointed Mr. Matti Vanhala, a director of the Bank of Finland, as its chairman. Mr. Erkki Vehkamäki, M.A., has been appointed managing director of the company.

FINLAND'S BALANCE OF PAYMENTS IN JANUARY-MARCH 1989

According to the Bank of Finland's preliminary figures, the current account showed a deficit of FIM 3 450 million in January-March this year. The net inflow of long-term capital amounted to FIM 3 019 million and the net inflow of short-term capital to FIM 2 251 million. Thus the Bank of Finland's foreign exchange reserves increased by FIM 1 820 million. In the corresponding period of 1988, the current account had shown a deficit of FIM 2 983 million.

Current account. Compiled on a balance-of-payments basis, the trade account registered a surplus of FIM 632 million in January-March, compared with a surplus of FIM 828 million in the corresponding period of 1988. The value of commodity exports grew by 21 per cent. The value of exports of the basic metals industry and the metal products and ma-

MAJOR BALANCE OF PAYMENTS ITEMS JANUARY—MARCH 1989, MILLION FIM¹

	Receipts	Expenditure	Net
Trade (exports f.o.b., imports c.i.f.)	25 320	24 502	818
Adjustment items	-411	-225	-186
Trade account	24 909	24 277	632
Transport	1 884	753	1 130
Travel	865	2 081	-1 216
Other services	1 678	2 147	-469
Services account	4 427	4 982	-555
GOODS AND SERVICES ACCOUNT	29 336	29 259	77
Investment income, net	2 164	4 375	-2 211
Unrequited transfers	160	1 324	-1 164
Other	706	858	-152
A. CURRENT ACCOUNT	32 365	35 815	-3 450
	Change in assets	Change in liabilities	Net
Long-term financial loans and suppliers' credits: ²			
drawings	-1 655	10 406	8 751
redemptions	260	-2 397	-2 137
Direct investment	-1 442	-171	-1 613
Other long-term capital	-2 737	755	-1 982
B. LONG-TERM CAPITAL ACCOUNT	-5 574	8 593	3 019
BASIC BALANCE (A + B)			-431
Prepayments and liabilities related to imports			48
Prepayments and receivables related to exports			440
Short-term capital of authorized banks			4 149
Other short-term capital			908
Errors and omissions			-3 294
C. SHORT-TERM CAPITAL ACCOUNT			2 251
D. ALLOCATIONS OF SDRs			-
OVERALL BALANCE (A + B + C + D)			1 820
Change in the foreign exchange reserves of the Bank of Finland			-1 820

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

¹ Preliminary figures.

² Assets include export credits only.

chinery industries was 40 per cent higher than in the corresponding period of 1988. Commodity imports were up 23 per cent on January-March 1988. Consumer goods imports showed the fastest growth.

The services account registered a deficit of FIM 555 million in January-March, approximately the same as in the corresponding period of the previous year. The surplus on the transport account increased from FIM 948 million to FIM 1 130 million.¹ Travel income was up 11 per cent and travel expenditure 14 per cent on the same period of 1988, and thus the travel account showed a deficit of FIM 1 216 million. In January-March last year, the travel account had shown a deficit of FIM 1 053 million. The other services account posted a deficit of FIM 469 million in January-March.

Interest payments on foreign loans amounted to FIM 4 375 million. With interest income on foreign assets amounting to FIM 2 164 million, the investment account showed a deficit of FIM 2 211 million in January-March. This was FIM 134 million more than in the corresponding period last year. The unrequited transfers account showed a deficit of FIM 1 164 million.

Capital account. Drawings of long-term loans amounted to FIM 10 406 million in January-March, which was FIM 4 392 million higher than in the corresponding period last year. Financial institutions accounted for the bulk of these. Repayments of long-term loans amounted to FIM 2 397 million. Drawings of long-term export credits granted to foreign customers amounted to FIM 1 655 million and repayments of out-

standing export credits to FIM 260 million. Net direct investment abroad by Finnish companies totalled FIM 1 442 million. Net direct investment in Finland by foreign companies decreased by FIM 171 million. The net outflow of capital in the form of portfolio investments amounted to FIM 967 million.² The net inflow of long-term capital totalled FIM 3 019 million, an increase of FIM 1 946 million on the corresponding period last year.

The inflow of short-term capital (incl. errors and omissions) totalled FIM 2 251 million in January-March. Short-term liabilities related to imports increased by an estimated FIM 48 million, while net prepayments and receivables related to exports fell by FIM 440 million. The net short-term liability of the authorized banks increased by FIM 4 149 million.

The foreign exchange reserves of the Bank of Finland increased by FIM 1 820 million in January-March. The convertible foreign exchange reserves increased by FIM 1 371 million and tied currency claims by FIM 449 million. At the end of March, the convertible foreign exchange reserves of the Bank of Finland stood at FIM 29 541 million and tied currency claims at FIM 1 351 million.

At the end of March, Finland's net foreign debt totalled FIM 71 595 million; net long-term debt amounted to FIM 62 655 million and net short-term debt to FIM 8 940 million. The central government accounted for FIM 22 734 million of net foreign debt.

PUBLICATION OF THE BANK OF FINLAND

The Bank of Finland Year Book for 1988 has been published in a revised and complete form. It now also replaces the Annual Statement, containing the financial statements and notes, which previously appeared as a separate publication. The Year Book includes a review of central bank policy and other central bank activities in 1988, together with the financial statements. Various banking transactions undertaken by the Bank during the year under review are included in a statistical appendix. Helsinki 1989. 67 pp. ISSN 0081-9468.

¹ FIM 750 million recorded under transport expenditure in the preliminary figures for 1988 has been transferred to travel expenditure since in connection with the change in the classification of foreign currency payments some hotel bills were inadvertently included in travel agencies' ticket settlements.

² The concept of portfolio investment has been changed so that the authorized banks' trading in long-term securities is now included under portfolio investment as opposed to short-term capital previously.

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM MAY 1988 TO MAY 1989

1988

MAY

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

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

AUGUST

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

Till-money credits. The Bank of Finland introduces new regulations concerning till-money credits according to which the banks are henceforth required to fund part of their till-money holdings, the base amount, themselves. Interest-free till-money credits are equivalent to the banks' markka till-money holdings less the base amount. The base amount is defined

on the basis of the currency held by the public. This amount is divided among the banks entitled to till-money credit in proportion to their deposit and savings accounts. As a result of the measure, the bank's liquidity position vis-à-vis the central bank is tightened by about FIM 1 billion.

SEPTEMBER

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

OCTOBER

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

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

NOVEMBER

Cash reserve requirement.

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

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

DECEMBER

Cash reserve requirement.

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

1989

JANUARY

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

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

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

FEBRUARY

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

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

MARCH

Supplementary cash reserve agreement. An agreement supplementing the cash reserve agreement between the Bank of Finland and the banks is signed on March 13, 1989. The supplementary agreement, which is effective until the end of 1990, enables the Bank of Finland to raise the cash reserve requirement to a maximum of 12 per cent. The application of the additional requirement is linked to developments in bank lending (see the item in the April 1989 Bulletin).

Fluctuation limits of the currency index. On March 17, 1989, the Government, on the basis of a proposal by the Parliamentary Supervisory Board, decides to lower the fluctuation limits (range) of the currency index by about 4 per cent, thus making possible a revaluation of the markka of corresponding magnitude. The new upper limit of the fluctuation range of the currency index is 102.5 and the new lower limit 96.5.

APRIL

Till-money credits. The Bank of Finland raises the base amount — the share of banks' till-money holdings which is not financed by the Bank of Finland — by over FIM 60 million as from the beginning of April. The new base amount is effective until the end of March 1990.

Amendments to the cash reserve agreement and the terms of central bank financing. The Bank of Finland grants Interbank Ltd. the right to central bank financing with effect from the beginning of April. The bank joins the cash reserve agreement between the Bank of Finland and the banks on February 16, 1989.

MAY

Export deposits. The Government decides to terminate the temporary export deposits levied on wood-free printing paper since the beginning of February 1, 1989 with effect from the beginning of May.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement for certain banks. Together with the 8 per cent ratio in force hitherto, the banks' average deposit requirement now amounts to just under 8.2 per cent of the cash reserve base in April.



FINLAND IN BRIEF

LAND, CLIMATE AND POPULATION

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

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

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

FORM OF GOVERNMENT

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

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

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

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

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

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

INTERNATIONAL RELATIONS

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

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

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

THE ECONOMY

Output and employment. The Finnish economy is essentially based on private enterprise, with over 80 % of manufacturing output and some 90 % of banking services produced by private companies. Of the gross domestic

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

In 1987, expenditure on the gross domestic product in purchasers' values amounted to FIM 394 billion and was distributed as follows: net exports 0.4 % (exports 25.2 %, imports - 24.8 %), gross fixed capital formation 23 %, private consumption 54 % and government consumption 21 %. Finland's gross tax ratio (gross taxes in relation to GDP) was 36 % and the net tax ratio (net taxes in relation to GDP) 23 %, which is about the average for OECD countries.

Average annual (compounded) growth of real GDP was 4.9 % in the period 1950-60, 4.8 % in 1960-70, 3.5 % in 1970-80, 3.0 % in 1980-87 and 4.2 % in 1950-87. Finland's GDP per capita in 1987 was USD 18 100; this put Finland in ninth place among the 24 member countries of the OECD, preceded by Switzerland, Japan, the Federal Republic of Germany, the United States and the other Nordic countries.

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

In 1988, the share of metal and engineering products in total merchandise exports was 40 %, the share of forest industry products 41 % and the share of other goods 19 %. Raw materials and intermediate goods (incl. crude oil) accounted for 55 % of merchandise imports, fuels for 5 %, investment goods for 18 % and consumption goods for 22 %.

Forest resources. Finland has fairly abundant forest resources, but only limited amounts of other raw mate-

rials. The growing stock comprises 1 660 million cubic metres, of which 45 % is pine, 37 % spruce and 18 % broad-leaved species, chiefly birch. The annual growth increment totals 68 million cubic metres and the total drain calculated on the basis of commercial fellings was 54 million cubic metres in 1987.

Energy. In 1987, gross consumption of primary energy amounted to 29 Mtoe, of which industry accounted for 45 %, heating for 24 %, transportation for 13 % and other purposes for 18 %. The sources of primary energy in 1987 were as follows: oil 33 %, coal 12 %, nuclear power 16 %, hydro-electric power, peat and other indigenous sources 30 %, others 9 %. Compared internationally (1985), Finland's consumption of 5.5 toe per capita was 1.8 times higher than the average in European OECD countries. The self-sufficiency rate (OECD definition) in Finland was 42 %, as compared with 62 % in western Europe on average.

FINANCE AND BANKING

Currency. Since 1865 Finland has had its own monetary system. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). Since Nov. 1, 1977 the external value of the markka has been officially expressed in terms of a trade-weighted currency index. As from Jan. 1, 1984 only convertible currencies have been included in the index. Since November 30, 1988, the index has been permitted to fluctuate within a range of 6 percentage points (previously 4.5). The range is defined by fluctuation limits which are set by the Government at the proposal of the Bank of Finland. 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. The use of the markka in foreign trade and as a eurocurrency has increased, but most international payments are effected in other currencies. Finland adopted Article VIII status at the International Monetary Fund in 1979. There are no restrictions concerning payments for merchandise or invisibles, and short-term trade finance may be acquired whenever exporters and importers see fit. Exchange controls apply mainly to financial transactions.

Outward direct investment is permitted without the Bank of Finland's authorization except in the case of direct investments by or in enterprises in the financial sector, direct investments in countries with which Finland maintains payments agreements and direct investments by private individuals. Permission for inward direct investment is granted liberally. Foreign investors may also buy shares of listed Finnish companies; however, foreign investment in markka-denominated

bonds is normally prohibited at present. Finnish companies may freely raise foreign credits of at least five years' duration for their own use. Finnish residents may invest in foreign securities and real estate up to specified amounts.

Transactions with the Soviet Union, the German Democratic Republic and Bulgaria are carried out on a bilateral basis and payments are effected through clearing accounts. The necessary licencing of trade for maintaining balance in bilateral trade is carried out by the Export and Import Permits Office; the scope for suppliers' credits is also limited.

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

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

Financial markets. Of the total stock of FIM 487 billion in outstanding domestic credit at the end of 1987, 60 % was provided by deposit banks, 4 % by mortgage banks, 17 % by insurance companies, 8 % by other credit institutions and 11 % by the state, local authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 69 % of the instruments, which totalled approximately FIM 108 billion at end 1988, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds intermediated through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 69 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 127 billion (at end-1988). Three foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1988 totalled FIM 93.6 billion; government bonds made up 33 % of the total. Turnover on the Stock Exchange in 1988 amounted to FIM 37 billion; the share of shares and subscription rights in the total was approximately 85 %.



1. THE BALANCE SHEET OF THE BANK OF FINLAND	S2
1.1 The balance sheet of the Bank of Finland	S2
1.2 Time series for the balance sheet items of the Bank of Finland	S3
2. THE BANK OF FINLAND'S MONEY MARKET OPERATIONS AND THE FORWARD MARKET	S4
2.1 The Bank of Finland's money market operations and the call money market	S4
2.2 Forward exchange market	S5
2.3 Banks' central bank position	S5
3. RATES OF INTEREST	S6
3.1 Money market rates and rates applied by the Bank of Finland	S6
3.2 Weighted Eurorate (3 and 12 currencies)	S6
3.3 Covered Eurodollar rate	S6
3.4 Rates of interest applied by banks	S7
3.5 Rates of interest on bonds and debentures	S7
4. RATES OF EXCHANGE	S8
4.1 Average spot selling rates	S8
4.2 Currency indices	S9
5. OTHER DOMESTIC FINANCING	S10
5.1 Bank deposits by the public	S10
5.2 Bank lending to the public	S10
5.3 Money supply and monetary aggregates	S11
5.4 Liabilities and assets of the central government	S11
5.5 Domestic bond market	S12
a) Issues	S12
b) Stock	S12
5.6 Helsinki Stock Exchange	S13
6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS	S14
6.1 Current account	S14
6.2 Capital account	S15
6.3 Finland's foreign liabilities and assets	S16
6.4 Finland's long-term foreign liabilities and assets by sector	S17
7. FOREIGN TRADE	S18
7.1 Exports, imports and the trade balance	S18
7.2 Foreign trade: indices of volume, unit value and terms of trade	S18
7.3 Foreign trade by main groups	S18
7.4 Foreign trade by regions and countries	S19
8. DOMESTIC ECONOMIC DEVELOPMENTS	S20
8.1 Supply and use of resources	S20
8.2 Volume of industrial production	S20
8.3 Indicators of domestic supply and demand	S21
8.4 Wages and prices	S22
8.5 Labour, employment and unemployment	S23
8.6 Central government finances: revenue, expenditure and financial balance	S24
NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION	S25

1. THE BALANCE SHEET OF THE BANK OF FINLAND

1.1 THE BALANCE SHEET OF THE BANK OF FINLAND,

MILL. FIM

	1988		1989			
	May 31	Dec. 31	May 8	May 15	May 23	May 31
ASSETS						
Gold and foreign currency claims	35219	29 753	30 350	30 918	31 719	30 772
Gold	2 128	2 128	2 128	2 128	2 128	2 128
Special drawing rights	1 078	1 120	835	850	864	861
IMF reserve tranche	814	940	894	895	910	1 004
Convertible currencies	27 825	24 492	24 902	25 139	25 620	25 056
Tied currencies	3 374	1 073	1 590	1 906	2 197	1 722
Other foreign claims	4 273	4 199	4 168	4 180	4 139	4 021
Markka subscription to Finland's IMF quota	2 363	2 283	2 302	2 302	2 228	2 130
Term credit	1 910	1 916	1 865	1 877	1 911	1 892
Claims on financial institutions	6 603	14 384	16 248	15 737	15 453	17 332
Call money credits	32	463	995	245	603	3 803
Certificates of deposit	—	7 187	9 171	9 492	8 839	7 597
Term credits	—	—	—	—	—	—
Till-money credits	2 976	2 920	2 787	2 713	2 724	2 843
Financing of crop failure loans	1 222	1 222	809	809	809	611
Bonds	2 102	2 325	2 249	2 240	2 240	2 240
Other claims on financial institutions	271	267	238	238	238	238
Claims on the public sector	995	1 128	1 109	1 111	1 117	1 113
Treasury notes and bills	—	88	10	10	10	—
Bonds	0	20	29	30	36	39
Total coinage	991	1 020	1 068	1 070	1 070	1 073
Other claims on the public sector	3	—	2	2	1	1
Claims on corporations	3 460	3 041	2 576	2 592	2 569	2 552
Financing of exports	671	400	77	70	62	55
Financing of domestic deliveries (KTR)	2 513	2 205	2 042	2 031	2 016	2 007
Bonds: KTR-credits	49	218	238	273	273	273
Bonds: Other	40	35	30	30	30	29
Other claims on corporations	187	183	189	188	188	188
Other assets	112	787	119	116	108	104
Accrued items	—	668	—	—	—	—
Other assets	112	118	119	116	108	104
Total	50 660	53 291	54 569	54 655	55 104	55 894
LIABILITIES						
Foreign currency liabilities	124	247	184	175	175	170
Convertible currencies	19	119	41	27	33	28
Tied currencies	105	128	143	148	141	142
Other foreign liabilities	3 154	3 082	3 080	3 080	3 019	2 918
IMF markka accounts	2 363	2 283	2 302	2 302	2 228	2 130
Allocations of special drawing rights	791	800	777	778	791	788
Notes and coin in circulation	10 142	11 550	11 219	11 250	11 271	11 386
Notes	9 262	10 601	10 248	10 280	10 301	10 410
Coin	880	949	970	970	970	975
Certificates of deposit	7 625	1 130	510	290	180	180
Liabilities to financial institutions	16 206	19 248	22 641	22 610	22 591	23 193
Call money deposits	752	128	69	39	22	—
Term deposits	—	—	—	—	—	—
Cash reserve deposits	15 363	19 039	22 194	22 194	22 194	22 820
Capital import deposits	—	—	340	340	340	340
Other liabilities to financial institutions	91	81	38	38	35	33
Liabilities to the public sector	901	1 903	1 405	1 406	1 432	1 433
Cheque accounts	0	1	1	1	1	0
Counter-cyclical fund deposit	900	900	—	—	—	—
Counter-cyclical deposits	—	981	1 317	1 318	1 318	1 318
Export deposits	—	20	86	86	112	113
Capital import deposits	—	—	—	—	—	—
Other liabilities to the public sector	1	1	1	1	1	1
Liabilities to corporations	5 560	6 797	7 111	7 108	7 107	7 385
Deposits for investment and ship purchase	5 246	6 447	6 683	6 680	6 679	6 953
Capital import deposits	302	349	428	428	428	432
Other liabilities to corporations	12	1	0	0	0	0
Other liabilities	36	1 107	56	50	52	50
Accrued items	—	1 064	—	—	—	—
Other liabilities	36	43	56	50	52	50
Valuation account and reserves	1 423	2 391	2 529	2 849	3 442	3 343
SITRA's capital	400	400	400	400	400	400
Capital accounts	5 088	5 436	5 436	5 436	5 436	5 436
Primary capital	5 000	5 000	5 000	5 000	5 000	5 000
Reserve fund	88	88	436	439	436	436
Profit/loss for the accounting year	—	348	—	—	—	—
Total	50 660	53 291	54 569	54 655	55 104	55 894

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

MILL. FIM

End of period	Foreign sector									Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible currencies, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net liabilities (11-10)
	1	2	3	4	5	6	7	8	9	10	11	12
1984	1732	936	859	15303	18830	-337	18493	-917	17576	1951	4277	2326
1985	2081	931	775	18572	22359	-285	22074	-849	21225	1023	4300	3277
1986	2081	983	793	6778	10635	3421	14056	-838	13218	1002	2001	999
1987	2128	899	793	23571	27391	1212	28603	1131	29734	977	901	-76
1988	2128	1120	940	24373	28561	945	29506	1117	30623	1128	1903	775
1988												
May	2128	1078	814	27806	31826	3269	35095	1119	36214	995	901	-94
June	2128	1132	956	30054	34270	2399	36669	1146	37815	997	1237	240
July	2128	923	964	29260	33275	2875	36150	1163	37313	997	1246	249
Aug.	2128	1025	947	25057	29157	2733	31890	1158	33048	999	1249	250
Sept.	2128	1022	945	24270	28365	1675	30040	1149	31189	1011	1566	555
Oct.	2128	1008	922	23638	27696	1818	29514	1134	30648	1044	1575	531
Nov.	2128	1011	939	23754	27832	1340	29172	1111	30283	1064	1581	517
Dec.	2128	1120	940	24373	28561	945	29506	1117	30623	1128	1903	775
1989												
Jan.	2128	1066	945	26514	30653	2296	32949	1129	34078	1114	2016	902
Feb.	2128	878	959	28919	32884	2332	35216	1131	36347	1119	2017	898
March	2128	853	901	25659	29541	1352	30893	1097	31990	1079	1368	289
April	2128	832	890	24628	28478	1725	30203	1085	31288	1103	1404	301
May	2128	861	1004	25028	29021	1580	30601	1103	31704	1113	1433	320

End of period	Domestic financial sector						Corporate sector					
	Term claims on deposit banks	Call money claims on deposit banks, net	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other liabilities to financial institutions, net	Net claims (13+14-15+16-17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19-20)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland	
	13	14	15	16	17	18	19	20	21	22	23	
1984	.	2802	8696	1563	-1618	-2713	4646	2614	2032	7442	.	
1985	.	4014	10222	1925	-1386	-2897	4525	4113	412	8072	.	
1986	2381	6687	9270	2305	-2240	4343	4581	4757	-176	8668	.	
1987	-	-757	10941	2730	-2350	-6618	3449	4782	-1333	9990	4970	
1988	7187	335	19039	2920	-3733	-4864	2823	6579	-3756	11550	1130	
1988												
May	-	-720	15363	2976	-3504	-9603	3233	5333	-2100	10142	7625	
June	-	1094	17040	3006	-3499	-9441	3129	5929	-2800	10461	7015	
July	1525	-661	17487	2875	-3484	-10264	3131	6203	-3072	10443	4810	
Aug.	4399	421	17612	2042	-3496	-7254	3047	6320	-3273	10253	3450	
Sept.	5506	-48	17464	2170	-3591	-6245	2965	6385	-3420	10617	1790	
Oct.	5605	-394	17328	2559	-3569	-5989	2908	6471	-3563	10513	1930	
Nov.	5907	165	18112	2516	-3554	-5970	2844	6474	-3630	10563	1690	
Dec.	7187	335	19039	2920	-3733	-4864	2823	6579	-3756	11550	1130	
1989												
Jan.	5291	632	20389	2733	-3447	-8286	2681	6622	-3941	10755	1440	
Feb.	5195	-101	21328	2657	-3481	-10096	2555	6706	-4151	10769	1460	
March	7917	1735	22120	2481	-3017	-6970	2455	6700	-4245	10996	980	
April	10166	256	22195	2342	-2952	-6479	2386	6935	-4549	11190	580	
May	7597	3803	22820	2843	-2716	-5861	2335	7168	-4833	11385	180	

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

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

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Impact on liquidity (1-2-3)	Call money credits	Call money deposits	Total net change (4+5-6)
	1	2	3	4	5	6	7
1984	.	.	.	.	-767	1 606	-2373
1985	.	.	.	.	201	-1 011	1 212
1986	.	.	.	.	1 599	-1 074	2 673
1987	1 263	23 658	-17 520	-4 875	-6 818	626	-12 319
1988	13 840	19 190	-16 850	11 500	463	-629	12 592
1988							
May	—	2 280	-2 820	540	-385	477	-322
June	—	2 210	-2 820	610	1 169	-645	2 424
July	1 560	—	-2 205	3 765	-1 201	554	2 010
Aug.	3 520	—	-1 190	4 710	457	-625	5 792
Sept.	1 160	210	-1 810	2 760	-415	54	2 291
Oct.	1 470	470	1 000	—	-32	314	-346
Nov.	2 970	—	2 380	590	212	-347	1 149
Dec.	3 000	—	1 100	1 900	241	71	2 070
1989							
Jan.	260	1 190	1 370	-2 300	252	-45	-2 003
Feb.	3 260	1 125	2 125	10	-656	77	-723
March	8 695	170	5 095	3 430	1 785	-51	5 266
April	4 710	—	2 370	2 340	-1 548	-69	861
May	6 490	—	7 880	-1 390	3 507	-40	2 157

2.2 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					
	Domestic companies		Net (1-2)	Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks				
	1	2	3	4	5	6
1984	22 921	1 394	21 527	2 002	-19 962	3 566
1985	16 982	1 733	15 249	708	-9 005	6 951
1986	11 446	1 319	10 127	-2 461	-92	7 574
1987	21 671	1 158	20 513	-233	-1 287	18 994
1988	16 465	1 543	14 922	9 244	-377	23 789
1988						
April	19 397	1 542	17 855	4 052	-648	21 259
May	18 451	1 500	16 952	6 672	-687	22 937
June	18 669	1 474	17 195	4 557	-606	21 146
July	18 309	1 505	16 805	4 678	-201	21 282
Aug.	19 248	1 479	17 769	2 147	-	19 916
Sept.	19 282	1 847	17 435	6 712	-1 216	22 930
Oct.	18 420	1 998	16 422	7 072	-958	22 536
Nov.	17 447	1 894	15 553	8 224	-863	22 914
Dec.	16 465	1 543	14 922	9 244	-377	23 789
1989						
Jan.	15 710	1 058	14 652	9 284	-62	23 874
Feb.	15 495	857	14 638	7 706	-273	22 071
March	14 614	871	13 742	7 221	-168	20 795
April	13 536	1 044	12 492	6 916	24	19 432

2.3 BANKS' CENTRAL BANK POSITION, MILL. FIM

Average of daily observations	Call money credits	Bank CDs held by the Bank of Finland	Gross debt to the Bank of Finland (1+2)	Call money deposits	Holdings of CDs issued by the Bank of Finland	Cash reserve deposits	Gross claim on the Bank of Finland (4+5+6)	Net position (3-7)
	1	2	3	4	5	6	7	8
1984	3 176	.	3 176	3 215	.	6 324	9 539	-6 364
1985	5 812	.	5 812	4 527	.	9 578	14 105	-8 293
1986	7 117	120	7 237	1 256	.	9 189	10 445	-3 208
1987	481	1 581	2 062	703	4 705	10 092	15 501	-13 439
1988	128	2 190	2 319	621	5 044	15 159	20 824	-18 505
1988								
May	35	-	35	1 247	7 594	13 887	22 728	-22 693
June	47	-	47	1 306	7 620	15 419	24 344	-24 297
July	373	617	990	411	5 883	17 083	23 377	-22 387
Aug.	377	2 804	3 181	196	3 955	17 491	21 642	-18 462
Sept.	101	5 006	5 107	483	2 389	17 607	20 479	-15 372
Oct.	52	5 543	5 594	371	1 851	17 459	19 681	-14 087
Nov.	120	5 677	5 796	346	1 846	17 354	19 545	-13 749
Dec.	221	6 633	6 854	306	1 287	18 172	19 765	-12 911
1989								
Jan.	111	6 203	6 314	611	1 252	19 083	20 946	-14 632
Feb.	129	4 612	4 741	501	1 568	20 423	22 491	-17 750
March	711	5 175	5 886	177	1 202	21 352	22 731	-16 845
April	689	8 697	9 386	129	774	22 128	23 031	-13 644
May	1 176	8 908	10 083	127	330	22 214	22 671	-12 588

3. RATES OF INTEREST

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

Average of daily observations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates			Cash reserve requirement
		1 month	3 months	6 months	12 months	Call money credit rate	Call money deposit rate	Base rate	
	1	2	3	4	5	6	7	8	9
1984	..	..	..	..	..	16.53	16.53	9.50	5.4
1985	..	..	..	..	..	13.37	13.37	9.04	5.6
1986	11.87	..	..	..	..	13.43	11.34	7.46	4.8
1987	9.16	9.90	10.02	10.14	10.40	11.71	7.78	7.00	4.8
1988	8.47	9.77	9.97	10.16	10.50	11.50	7.04	7.63	6.5
1988									
May	8.13	9.26	9.47	9.68	10.10	11.00	7.50	7.52	6.5
June	8.01	8.70	9.06	9.36	9.85	11.00	7.50	8.00	7.0
July	9.05	9.38	9.47	9.64	10.00	11.00	7.50	8.00	7.0
Aug.	9.97	9.96	10.00	10.13	10.42	11.00	7.50	8.00	7.0
Sept.	8.51	10.34	10.48	10.58	10.68	11.00	7.50	8.00	7.0
Oct.	7.88	10.34	10.68	10.96	11.31	12.83	4.34	8.00	7.0
Nov.	8.24	10.85	11.26	11.56	11.93	13.00	4.00	8.00	7.3
Dec.	8.41	11.21	11.55	11.85	12.14	13.00	4.00	8.00	7.6
1989									
Jan.	7.46	10.60	11.19	11.42	11.80	13.00	4.00	7.50	7.8
Feb.	7.91	10.12	10.78	11.10	11.53	13.00	4.00	7.50	7.8
March	9.09	10.85	11.09	11.34	11.66	13.00	4.00	7.50	8.0
April	11.37	12.08	12.11	12.11	12.15	13.00	4.00	7.50	8.0
May	11.43	11.70	11.75	11.79	11.90	13.00	4.00	7.50	8.0

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

Average of daily observations	3 currencies ¹				12 currencies ²			
	1 month	3 months	6 months	12 months	1 month	3 months	6 months	12 months
	1	2	3	4	5	6	7	8
1984	7.5	7.7	8.0	8.2	..	..	..	..
1985	6.8	6.9	7.0	7.2	..	..	..	..
1986	5.9	5.9	5.9	5.8	..	..	..	..
1987	5.4	5.6	5.7	5.8	7.9	8.0	8.1	8.2
1988	5.9	6.0	6.2	6.4	7.8	8.0	8.1	8.3
1988								
May	5.0	5.2	5.5	5.8	7.3	7.5	7.6	7.9
June	5.5	5.6	5.8	6.1	7.5	7.6	7.7	8.0
July	6.2	6.5	6.7	6.8	7.9	8.2	8.3	8.5
Aug.	6.7	6.9	7.2	7.3	8.2	8.5	8.8	8.9
Sept.	6.6	6.8	7.0	7.1	8.4	8.5	8.7	8.8
Oct.	6.6	6.8	6.9	6.9	8.3	8.5	8.6	8.6
Nov.	6.7	6.9	7.0	7.0	8.5	8.6	8.7	8.7
Dec.	7.4	7.4	7.4	7.5	8.8	8.8	8.9	8.9
1989								
Jan.	7.4	7.6	7.7	7.8	8.8	8.9	8.9	9.0
Feb.	8.0	8.2	8.4	8.4	9.2	9.3	9.3	9.4
March	8.0	8.3	8.6	8.8	9.3	9.5	9.7	9.8
April	8.0	8.2	8.4	8.6	9.2	9.5	9.6	9.7
May	8.3	8.4	8.6	8.7	9.5	9.7	9.7	9.8

3.3 COVERED EURO-DOLLAR RATE, PER CENT

Average of daily observations	1	3	6	12
	month	months	months	months
	1	2	3	4
1984	..	..	..	..
1985	12.9	12.8	12.8	12.6
1986	12.1	11.7	11.5	11.1
1987	9.8	9.9	9.9	10.1
1988	9.6	9.8	10.0	10.3
1988				
May	9.2	9.4	9.6	10.0
June	8.7	9.0	9.3	9.8
July	9.3	9.4	9.6	9.9
Aug.	9.9	9.9	10.1	10.4
Sept.	10.2	10.4	10.4	10.6
Oct.	10.2	10.5	10.8	11.0
Nov.	10.6	11.0	11.3	11.6
Dec.	10.8	11.2	11.4	11.7
1989				
Jan.	10.2	10.8	11.0	11.3
Feb.	10.0	10.5	10.7	11.1
March	10.6	10.9	11.1	11.3
April	11.9	11.8	11.8	11.7
May	11.1	11.2	11.2	11.3

¹ DEM 60 per cent, USD 30 per cent, GBP 10 per cent.

² Weighted according to their relative shares in the Bank of Finland currency index. 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 ¹			Average lending rate	Of which: Commercial banks	Savings accounts and ordinary deposit accounts	12-month time deposits	24-month time deposits	Average rate of interest on regulated deposits	Average rate of interest on unregulated deposits	Average rate of interest on total deposits					
Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total									1	2	3	4	5	6	7	8	9	10	11	12
1984	..	..	..	..	10.67	10.68	5.25	8.00	9.25	6.22	15.43	7.30				
1985	12.04	12.94	10.62	11.55	10.37	10.37	4.75	7.50	8.75	5.91	13.24	6.81				
1986	10.89	12.30	9.76	10.64	8.82	8.81	2.75	5.75	7.00	4.43	11.84	5.35				
1987	10.50	12.31	10.01	10.62	9.12	8.99	2.75	5.75	7.00	4.56	10.13	5.29				
1988	10.22	12.27	10.50	10.72	10.37	10.25	3.75	6.75	8.00	5.87	9.80	6.20				
1988																
Feb.	9.56	11.82	10.04	10.24	9.17	9.05	2.75	5.75	7.00	4.55	9.43	5.40				
March	9.87	12.17	10.23	10.42	9.20	9.07	2.75	5.75	7.00	4.57	9.49	5.52				
April	9.17	12.09	10.27	10.16	9.25	9.12	2.75	5.75	7.00	4.59	9.54	5.56				
May	12.31	12.33	10.63	11.01	10.03	9.89	3.75	6.75	8.00	5.39	9.51	6.22				
June	10.28	12.50	10.55	10.78	10.07	9.89	3.75	6.75	8.00	5.37	9.46	6.20				
July	11.29	12.60	10.72	11.08	10.08	9.91	3.75	6.75	8.00	5.45	9.44	6.30				
Aug.	11.04	12.55	10.75	11.07	10.12	9.95	3.75	6.75	8.00	5.48	9.63	6.42				
Sept.	12.24	12.53	10.81	11.14	10.19	10.06	3.75	6.75	8.00	5.56	9.83	6.56				
Oct.	11.97	12.53	10.82	11.16	10.29	10.15	3.75	6.75	8.00	5.59	10.09	6.63				
Nov.	12.08	12.62	11.02	11.33	10.33	10.21	3.75	6.75	8.00	5.66	10.39	6.77				
Dec.	10.02	11.68	10.33	10.48	10.37	10.25	3.75	6.75	8.00	5.87	10.62	6.92				
1989																
Jan.	11.63	12.37	10.58	10.95	10.09	9.90	3.50	.	5.50	..	..	..	
Feb.	11.63	12.23	10.85	11.18	10.09	9.92	3.50	.	5.50	..	..	..	

¹Average rate of interest for period

3.5 RATES OF INTEREST ON BONDS AND DEBENTURES, PER CENT

Period	Secondary market rates						Rates at issue		
	Long-term unregulated market rate		Taxable government bonds	Taxable public issues	Of which:		Taxfree public issues	Taxable public issues	Taxfree public issues
	3 years	5 years			Financial institutions	Corporations			
	1	2	3	4	5	6	7	8	9
1984	..	..	.	14.0	..	..	10.6	13.6	11.1
1985	..	..	.	12.7	..	..	10.1	12.7	10.6
1986	..	..	.	11.7	..	..	8.3	11.3	8.8
1987	..	..	.	11.2	11.1	11.2	8.1	10.7	7.9
1988	10.7	10.8	10.6	10.6	10.6	10.6	7.9	10.4	7.3
1988									
April	10.4	10.6	10.0	10.4	10.3	10.4	7.6	10.1	7.4
May	10.5	10.6	10.3	10.5	10.5	10.5	7.7	10.1	7.2
June	10.3	10.5	10.3	10.4	10.3	10.5	7.8	10.4	7.2
July	10.3	10.5	10.6	10.4	10.4	10.6	8.1	9.8	7.2
Aug.	10.5	10.7	10.7	10.6	10.5	10.7	8.0	10.5	7.2
Sept.	10.7	10.8	10.6	10.7	10.8	10.5	8.2	10.7	7.2
Oct.	11.2	11.3	10.6	10.6	10.6	10.6	7.8	10.3	7.2
Nov.	11.6	11.6	11.6	11.0	11.0	11.3	8.0	10.7	7.2
Dec.	11.8	11.7	11.6	11.3	11.3	11.1	8.0	11.3	7.2
1989									
Jan.	11.8	11.7	11.6	11.8	11.7	12.0	8.0	11.1	6.5
Feb.	11.5	11.4	11.7	11.5	11.8	11.3	8.1	11.5	6.5
March	11.6	11.6	11.8	11.8	11.5	11.8	8.7	11.5	6.5
April	11.9	11.8	11.7	11.8	11.9	11.7	9.4	11.7	6.5

4. RATES OF EXCHANGE

4.1 AVERAGE SPOT SELLING RATES, FIM

Average New York of daily quotations	Average New York	Montreal	London	Dublin	Stockholm	Oslo	Copen- hagen	Frankfurt a.M.	Amster- dam	Brussels	
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEC	1 BEL
	1	2	3	4	5	6	7	8	9	10	11
1984	6.010	4.645	8.023	6.533	0.7277	0.7384	0.5816	2.1165	1.8772	0.10428	0.10274
1985	6.206	4.554	8.000	6.590	0.7222	0.7231	0.5871	2.1142	1.8745	0.10483	0.10421
1986	5.077	3.659	7.459	6.816	0.7138	0.6882	0.6290	2.3454	2.0789	0.11399	0.11299
1987	4.404	3.325	7.213	6.556	0.6952	0.6547	0.6444	2.4514	2.1755	0.11806	0.11735
1988	4.191	3.412	7.466	6.397	0.6848	0.6444	0.6235	2.3895	2.1233	0.11421	0.11345
1988											
May	4.030	3.263	7.541	6.370	0.6837	0.6530	0.6220	2.3811	2.1249	0.11406	0.11338
June	4.163	3.422	7.437	6.382	0.6853	0.6547	0.6255	2.3781	2.1157	0.11375	0.11320
July	4.383	3.634	7.489	6.403	0.6925	0.6548	0.6263	2.3806	2.1111	0.11378	0.11273
Aug.	4.469	3.660	7.601	6.369	0.6910	0.6498	0.6198	2.3692	2.0986	0.11314	0.11162
Sept.	4.427	3.611	7.462	6.371	0.6885	0.6419	0.6183	2.3732	2.1034	0.11325	0.11181
Oct.	4.315	3.582	7.492	6.349	0.6883	0.6401	0.6153	2.3699	2.1019	0.11311	0.11197
Nov.	4.151	3.416	7.512	6.350	0.6827	0.6328	0.6154	2.3737	2.1049	0.11333	0.11250
Dec.	4.140	3.466	7.565	6.319	0.6816	0.6365	0.6112	2.3590	2.0902	0.11262	0.11212
1989											
Jan.	4.247	3.568	7.561	6.223	0.6804	0.6385	0.6003	2.3234	2.0583	0.11098	0.11048
Feb.	4.299	3.623	7.550	6.206	0.6814	0.6411	0.5974	2.3231	2.0578	0.11091	0.11045
March	4.302	3.604	7.393	6.170	0.6756	0.6347	0.5925	2.3084	2.0459	0.11026	0.10982
April	4.197	3.534	7.149	6.001	0.6605	0.6190	0.5776	2.2465	1.9913	0.10737	0.10691
May	4.347	3.650	7.090	5.975	0.6618	0.6187	0.5737	2.2325	1.9805	0.10672	0.10639

Average of daily quotations	Zurich	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Tokyo	Moscow	Mel- bourne	ECU	SDR
	1 CHF	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 JPY	1 SUR	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22	23
1984	2.5642	0.6907	0.00344	0.3013	0.0414	0.1939	0.0375	0.02534	7.357	..	..	6.14739
1985	2.5360	0.6940	0.00327	0.3012	0.0367	0.1520	0.0366	0.02610	7.419	..	..	6.27879
1986	2.8349	0.7355	0.00343	0.3339	0.0343	0.1259	0.0364	0.03028	7.228	..	..	5.94432
1987	2.9563	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	0.03050	6.965	3.106	5.075	5.68010
1988	2.8700	0.7060	0.00324	0.3401	0.0294	0.1006	0.0361	0.03273	6.891	3.309	4.954	5.61826
1988												
May	2.8592	0.7045	0.00322	0.3390	0.0294	0.1006	0.0361	0.03232	6.760	3.158	4.949	5.53394
June	2.8577	0.7063	0.00321	0.3384	0.0294	0.0963	0.0361	0.03277	6.856	3.381	4.938	5.59796
July	2.8657	0.7077	0.00323	0.3388	0.0295	0.0977	0.0360	0.03296	7.026	3.523	4.947	5.70985
Aug.	2.8246	0.7014	0.00321	0.3373	0.0294	0.0981	0.0362	0.03344	7.091	3.620	4.931	5.76379
Sept.	2.8112	0.6992	0.00320	0.3377	0.0291	0.0971	0.0358	0.03295	7.038	3.527	4.917	5.71616
Oct.	2.7995	0.6963	0.00319	0.3374	0.0290	0.0940	0.0360	0.03347	6.998	3.509	4.911	5.68200
Nov.	2.8293	0.6965	0.00321	0.3378	0.0288	0.0931	0.0362	0.03372	6.890	3.548	4.918	5.62011
Dec.	2.8009	0.6921	0.00321	0.3357	0.0288	0.0929	0.0366	0.03349	6.862	3.573	4.899	5.59952
1989												
Jan.	2.7332	0.6831	0.00318	0.3308	0.0286	0.0887	0.0372	0.03346	6.896	3.712	4.840	5.61726
Feb.	2.7314	0.6838	0.00319	0.3305	0.0286	0.0870	0.0373	0.03369	6.943	3.704	4.838	5.64865
March	2.6830	0.6824	0.00316	0.3284	0.0283	0.0842	0.0372	0.03305	6.896	3.530	4.801	5.60538
April	2.5518	0.6659	0.00308	0.3195	0.0275	0.0819	0.0363	0.03181	6.702	3.395	4.672	5.44433
May	2.5138	0.6615	0.00308	0.3176	0.0273	0.0814	0.0359	0.03151	6.770	3.374	4.644	5.48599

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 March 16, 1989
		Payments currency index	MERM index		
	1	2	3		4
1984	102.8	108.5	111.6	USD	7.7
1985	102.5	109.4	112.5	GBP	13.4
1986	103.9	106.3	110.4	SEK	19.3
1987	103.3	103.2	106.1	NOK	4.5
1988	102.0	101.0	104.7	DKK	4.6
				DEM	19.3
1988				NLG	4.7
May	101.7	100.1	103.1	BEC	3.1
June	101.9	100.8	104.5	CHF	2.6
July	102.7	102.3	106.6	FRF	6.6
Aug.	102.7	102.7	107.2	ITL	4.9
Sept.	102.2	102.1	106.4	ATS	1.6
Oct.	102.0	101.5	105.8	LSP	1.8
Nov.	101.6	100.5	104.5	JPY	6.0
Dec.	101.4	100.2	104.2		
1989					
Jan.	100.9	100.2	104.6		
Feb.	101.0	100.5	105.2		
March	100.1	99.8	104.4		
April	97.4	97.1	101.6		
May	97.3	97.6	102.4		

5. OTHER DOMESTIC FINANCING

5.1 BANK DEPOSITS BY THE PUBLIC, MILL. FIM

End of period	Demand deposits	Time deposits	Investment accounts	Markkin deposits, total (1+2+3)	Foreign currency deposits	Unregulated deposits	Total deposits (4+5+6)
	1	2	3	4	5	6	7
1984	16975	108 118		125093	4960	11 287	141 340
1985	19268	125 366	1 781	146 415	6 192	13 998	166 605
1986	18393	137 521	3 423	159 337	4 306	17 271	180 914
1987	20377	155 115	5 243	180 735	3 923	17 892	202 550
1988*	24831	194 181	5 089	224 101	4 643	41 028	269 772
1988*							
Feb.	21 901	157 510	5 531	184 942	4 119	25 166	214 227
March	21 079	158 431	5 769	185 279	5 022	28 512	218 813
April	22 028	159 921	5 850	187 799	4 870	32 965	225 634
May	23 753	161 340	5 835	190 928	4 280	32 383	227 592
June	26 163	164 253	5 900	196 317	4 169	27 307	227 793
July	24 369	166 174	5 910	196 454	4 362	37 097	237 913
Aug.	24 438	167 010	5 904	197 352	4 406	39 645	241 402
Sept.	23 358	168 233	6 211	197 801	4 310	39 761	241 872
Oct.	25 168	170 139	6 530	201 837	4 783	42 652	249 271
Nov.	23 389	171 714	6 602	201 706	5 028	44 564	251 298
Dec.	24 831	194 181	5 089	224 101	4 643	41 028	269 772
1989*							
Jan.	24 190	194 308	5 842	224 339	4 647	48 256	277 243
Feb.	26 235	194 929	6 433	227 597	5 022	48 347	280 965

5.2 BANK LENDING TO THE PUBLIC, MILL. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markkin lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
1984	5 233	7 644	111 280	124 157	20 363	144 520
1985	6 313	7 471	132 668	146 451	24 704	171 155
1986	7 542	6 354	152 335	166 231	25 016	191 246
1987	8 507	5 177	178 698	192 382	36 954	229 336
1988*	11 358	5 920	234 268	251 545	50 267	301 812
1988*						
Feb.	8 908	5 070	186 023	200 000	40 372	240 372
March	9 125	4 734	189 554	203 413	41 426	244 839
April	9 298	4 796	192 940	207 033	42 291	249 324
May	9 300	4 756	196 938	210 994	44 725	255 718
June	9 643	4 809	200 832	215 283	47 807	263 090
July	9 436	4 722	203 911	218 068	47 301	265 370
Aug.	9 907	4 767	207 885	222 560	47 085	269 644
Sept.	10 634	4 755	212 246	227 635	47 583	275 218
Oct.	10 647	4 796	216 684	232 127	47 913	280 040
Nov.	10 898	4 902	221 029	236 830	48 558	285 388
Dec.	11 358	5 920	234 268	251 545	50 267	301 812
1989*						
Jan.	11 765	5 334	237 080	254 179	53 142	307 320
Feb.	11 783	5 044	239 508	256 335	56 542	312 877

5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL. FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M ₁	M ₂ (1+4+5)
		Claims on the central government	Claims on the public	Total (2+3)			
	1	2	3	4	5	6	7
1984	-2575	-5483	176694	171211	-26978	24945	141658
1985	-6641	-8694	209231	200537	-27244	27694	166652
1986	-16784	-13884	237514	223630	-27522	27838	179324
1987	-25484	-14977	277068	262090	-36145	30342	200461
1988*	-40670	-15691	351266	335574	-48177	35921	246727
1988*							
Feb.	-25237	-14698	285874	271176	-41121	31932	204819
March	-27061	-14196	291175	276979	-43386	31300	206532
April	-26376	-14601	295527	280926	-44961	32144	209589
May	-29452	-13068	302073	289005	-47122	34237	212432
June	-31339	-14240	308714	294474	-44552	36824	218583
July	-31862	-13831	312650	298819	-47602	35182	219356
Aug.	-33160	-14690	317063	302373	-48881	35520	220332
Sept.	-37256	-15307	322509	307202	-49152	34786	220794
Oct.	-38414	-15174	327518	312344	-49814	36227	224117
Nov.	-38919	-16343	333845	317502	-54253	34544	224330
Dec.	-40670	-15691	351266	335574	-48177	35921	246727
1989*							
Jan.	-40982	-13442	357990	344548	-56760	35623	246806
Feb.	-41631	-13958	364157	350199	-57902	37960	250666

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

End of period	Foreign debt			Domestic debt				Total central government debt (4+8)	Out-standing lending	Cash funds	
	Bonds	Other bonds and debentures	Long-term promissory notes	Total (1+2+3)	Public bonds	Other long-term liabilities	Treasury notes and bills				Total (5+6+7)
	1	2	3	4	5	6	7	8	9	10	11
1984	16513	2666	5767	24946	12037	4520	2766	19323	44269	33816	6300
1985	17316	2703	5658	25677	14994	4107	2203	21304	46981	36032	6383
1986	17905	3038	6038	26981	18059	4481	2474	25013	51994	38028	11686
1987	20407	2697	5576	28680	22121	4692	3018	29831	58511	40035	11553
1988	20202	1804	4273	26279	24243	5272	2290	31805	58084	42990	15858
1988											
April	20395	2225	5361	27981	23778	4713	4133	32624	60605	41067	11243
May	20370	2207	5342	27919	23846	4631	4013	32490	60409	41131	10286
June	21356	2244	5135	28735	23833	4871	4035	32739	61474	41461	11713
July	20860	2236	5156	28252	23838	4969	3910	32717	60969	41781	11993
Aug.	20652	1865	5129	27646	23834	4983	3850	32667	60313	41693	12504
Sept.	20200	1847	5098	27145	23767	4979	3580	32326	59471	43141	13073
Oct.	20015	1833	5100	26948	24056	4980	3310	32346	59294	43357	13886
Nov.	19643	1814	4324	25781	24079	4984	2980	32043	57824	43349	15683
Dec.	20202	1804	4273	26279	24243	5272	2290	31805	58084	42990	15858
1989											
Jan.	20208	1790	4216	26214	23563	5261	2130	30954	57168	..	13022
Feb.	19999	1486	4158	25643	23877	5225	1930	31032	56675	..	13926
March	19285	1234	3893	24412	24399	5219	1630	31248	55660	..	17893
April	18236	1219	3678	23133	24508	4975	1280	30763	53896	..	..

5.5 DOMESTIC BOND MARKET

A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
1	2	3	4	5	6	7	8	9	
1984	2528	6167	5073	112	32	1947	5336	6629	13912
1985	4799	9112	5994	435	33	8070	6394	5909	20373
1986	4976	10638	6532	422	105	5987	7487	9199	22674
1987	4477	9510	8119	206	69	9409	8830	4142	22380
1988	3027	8418	6889	268	61	7861	6522	4280	18663
1988									
April	112	85	1487	—	—	540	55	1089	1684
May	64	783	792	—	—	829	792	18	1639
June	113	832	40	13	—	756	40	202	998
July	523	360	10	74	—	445	10	512	967
Aug.	314	474	576	100	—	772	576	116	1463
Sept.	13	903	127	—	—	378	482	183	1042
Oct.	324	706	656	15	—	930	656	115	1701
Nov.	14	1240	183	—	—	873	183	381	1437
Dec.	838	808	174	3	50	638	174	1062	1874
1989									
Jan.	738	1451	1075	47	—	1284	1293	734	3311
Feb.	153	1403	1800	7	—	2683	400	280	3362
March	391	1785	—	6	—	1234	381	566	2181
April	274	345	982	13	—	375	—	1239	1614

B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
1	2	3	4	5	6	7	8	9	
1984	6766	19960	14904	247	43	3531	15148	23242	41921
1985	10482	26173	18575	661	56	10967	19002	25977	55947
1986	14075	31902	22091	1042	177	16432	23314	29541	69287
1987	17509	36773	26518	1200	232	24831	28229	29172	82232
1988*	19222	42927	28953	1412	292	31970	30064	30771	92805
1987									
IV	17509	36773	26518	1200	232	24831	28229	29172	82232
1988*									
I	17992	38676	27626	1251	253	26533	29612	29653	85798
II	17901	39712	28428	1250	246	28457	29627	29453	87537
III	18407	40650	28478	1416	246	29804	29588	29805	89197
IV	19222	42927	28953	1412	292	31970	30064	30771	92805

5.6 HELSINKI STOCK EXCHANGE

During period	Turnover, mill. FIM			Share prices Unitas index ¹ , 1975 = 100		
	Shares and subscription rights	Bonds and debentures	Total (1+2)	Banks	Industry	Overall index
	1	2	3	4	5	6
1984	2508	5007	7515	193	273	259
1985	3114	9046	12160	184	234	229
1986	9488	6479	15968	254	357	350
1987	26641	4604	31245	319	603	546
1988	31734	5718	37452	404	734	677
1988						
April	2527	357	2884	373	707	645
May	2618	649	3266	386	738	672
June	4134	1689	5823	429	784	720
July	3765	353	4117	453	806	747
Aug.	3614	298	3911	458	809	752
Sept.	2149	270	2419	432	763	704
Oct.	1979	191	2170	421	751	696
Nov.	2271	205	2475	445	787	731
Dec.	3475	966	4441	443	786	732
1988						
Jan.	2622	314	2936	439	792	736
Feb.	5491	883	6373	447	829	771
March	4530	463	4993	467	838	784
April	3520	171	3691	489	854	807

¹ Average of daily observations

6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

6.1 CURRENT ACCOUNT, MILL. RM

During period	Exports of goods, f.o.b.	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account receipts (6+7+8)	Imports of goods, c.i.f.	Transport expenditure	Travel expenditure	Other services expenditure	
	1	2	3	4	5	6	7	8	9	10	11	12	13	
1984	78961	6580	3039	5610	15229	94190	4537	3624	102351	73496	2572	4250	5819	
1985	82475	6216	3258	6224	15698	98173	5847	3791	107811	80764	2545	5031	6554	
1986	81066	5757	3195	5616	14568	95634	4510	3609	103752	76736	2160	5587	5415	
1987*	83826	6370	3736	6099	16204	100030	5075	3231	108336	81867	2610	6811	6488	
1988*	91299	7146	4257	6333	17736	109035	7752	3396	120183	91234	3576	7913	7500	
1986														
IV	22652	1394	726	2319	4439	27091	1241	926	29258	19995	588	1367	1555	
1987*														
I	20038	1474	660	1253	3387	23425	1127	876	25427	19528	572	1467	1473	
II	21302	1644	929	1382	3955	25257	1175	797	27229	20508	673	1688	1529	
III	20849	1698	1339	1573	4610	25459	1115	781	27355	20258	670	1915	1467	
IV	21638	1554	808	1890	4252	25890	1659	777	28325	21573	694	1741	2019	
1988*														
I	20513	1663	777	1511	3951	24464	1804	818	27086	19684	715	1830	2041	
II	22565	1828	1041	1456	4325	26890	1781	864	29535	23185	831	1917	1760	
III	21617	1913	1486	1518	4916	26533	1944	883	29361	23769	1013	2210	1813	
IV	26603	1743	954	1848	4544	31148	2223	831	34201	24597	1017	1956	1886	
1988*														
I	24909	1884	865	1678	4427	29336	2164	866	32365	24277	753	2081	2147	
During period	Services exports, total (11+12+13)	Imports of goods and services (10+14)	Investment expenditure	Transfers and other expenditure	Current account surplus (15+16+17)	Trade account (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21+22)	Goods account (24+25)	Investment income, net (7-16)	Transfers and others, net (8-17)	Current account balance (24+25) - (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1984	12641	86137	11298	5010	102445	5465	4008	-1211	-209	2588	8053	-6761	-1385	-93
1985	14130	94893	12134	5300	112327	1711	3671	-1773	-330	1568	3279	-6287	-1509	-4517
1986	13162	89898	11719	5964	107580	4329	3597	-2392	201	1406	5735	-7209	-2355	-3828
1987*	15909	97775	12617	5860	116251	1960	3760	-3075	-390	296	2255	-7542	-2629	-7915
1988*	18989	110223	15769	6771	132763	64	3570	-3656	-1167	-1252	-1188	-8017	-3375	-12580
1986														
IV	3510	23504	2982	1711	28198	2657	806	-641	764	929	3586	-1741	-785	1060
1987*														
I	3512	23040	2901	1745	27686	509	901	-806	-220	-125	385	-1774	-869	-2259
II	3890	24398	3624	1288	29309	794	971	-759	-147	65	859	-2450	-490	-2081
III	4052	24310	2660	1303	28274	591	1028	-576	106	558	1149	-1545	-522	-919
IV	4455	26027	3431	1523	30982	65	860	-933	-129	-203	-138	-1773	-747	-2657
1988*														
I	4585	24269	3882	1919	30070	828	948	-1053	-529	-634	194	-2077	-1100	-2983
II	4508	27692	3863	1501	33056	-619	997	-876	-304	-183	-802	-2082	-637	-3521
III	5037	28805	3511	1503	33819	-2151	900	-725	-296	-120	-2272	-1567	-620	-4459
IV	4859	29456	4514	1848	35818	2007	725	-1003	-38	-315	1692	-2291	-1017	-1617
1988*														
I	4982	29259	4375	2182	35815	632	1130	-1216	-469	-555	77	-2211	-1316	-3450

6.2 CAPITAL ACCOUNT, MILL. FIM

During period	Direct investment in Finland	Port-folio investment in Finland	Long-term credits				Imports of other long-term capital (3+4+5)	Imports of long-term capital (1+2+6+7)	Direct investment abroad	Port-folio investment abroad	Long-term export credits	Exports of other long-term capital (9+10+11+12)	Exports of long-term capital (8-13)	Long-term capital account (8-13)
			Central government	Authorized banks	Others	Total								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1984	324	1 492	2 598	2 861	1 090	6 549	68	8 433	2 479	408 ^f	1 682	-1 960	2 609 ^f	5 824 ^f
1985	392	4 264	1 556	1 489	442	3 487	140	8 283	2 073	1 329 ^f	-1 313	1 026 ^f	3 115 ^f	5 168 ^f
1986	1 627	646	-63	5 935	-482	5 390	87	7 750	3 641	2 347 ^f	-381	702	6 309 ^f	1 441 ^f
1987*	424	1 429	2 284	5 700	2 526	10 510	91	12 454	3 741	3 294	158	3 103	10 296	2 158
1988*	835	-182	-1 690	9 796	9 076	17 182	85	17 920	7 845	1 307	675	1 899	11 726	6 194
1986														
IV	1 212	48	47	2 237	-245	2 039	52	3 351	1 207	-82	-141	170	1 154	2 179
1987*														
I	134	357	1 638	1 755	874	4 267	79	4 837	779	1 076	261	2 486	4 602	236
II	215	357	-443	1 529	1 260	2 346	-55	2 863	934	1 339	-144	55	2 184	680
III	24	357	-1 019	945	549	475	12	868	682	519	106	82	1 389	-520
IV	51	358	2 108	1 471	-157	3 422	55	3 886	1 346	360	-65	482	2 123	1 764
1988*														
I	64	6	-857	361	3 230	2 734	89	2 893	997	245	6	572	1 820	1 073
II	301	-212	1 171	2 356	1 599	5 126	-42	5 173	2 996	344	180	431	3 951	1 222
III	88	-43	-1 571	3 011	885	2 325	-19	2 351	1 661	375	89	380	2 505	-154
IV	382	67	-433	4 068	3 362	6 997	57	7 503	2 191	343	400	515	3 449	4 054
1989*														
I	-171	713	-141	5 951	2 199	8 009	42	8 593	1 442	1 680	1 395	1 057	5 574	3 019

During period	Basic balance	Short-term capital imports of authorized banks	Import liabilities and property re-exports related to exports	Imports of short-term capital (16+17)	Short-term capital exports of authorized banks	Export receipts of short-term property re-exports related to imports	Exports of short-term capital (19+20)	Other short-term capital incl. or- rers and omissions	Short-term capital account reserve (18-21+22)	Overall balance excl. reserve movements (15+23)	Change in central bank's foreign ex- change reserves (26+27)	Of which:	
												Convert- ible reserves	Tied reserves
	15	16	17	18	19	20	21	22	23	24	25	26	27
1984	5 730 ^f	16 080	944	17 024	13 614 ^f	-2 811	10 803 ^f	-2 676 ^f	3 545 ^f	9 275	-9 275	-10 142	867
1985	651 ^f	6 890	350	7 240	323 ^f	1 732	2 055 ^f	-2 092 ^f	3 093 ^f	3 744	-3 744	-3 729	-15
1986	-2 387 ^f	6 019	-3 796	2 222	9 933 ^f	-92	9 841 ^f	2 075	-5 544 ^f	-7 930	7 930	11 678	-3 748
1987*	-5 757	19 324	-665	18 659	-7 343	-183	-7 526	-4 692	21 493	15 736	-15 736	-17 817	2 081
1988*	-6 386	10 695	-1 161	9 535	5 970	453	6 423	3 457	6 569	183	-183	-517	334
1986													
IV	3 257	1 571	-1 609	-38	230	-31	199	-2 339	-2 576	681	-681	117	-798
1987*													
I	-2 023	3 682	1 076	4 757	-5 911	-118	-6 029	-2 527	8 259	6 236	-6 236	-7 020	785
II	-1 401	7 667	82	7 748	1 510	-118	1 392	1 281	7 638	6 237	-6 237	-5 569	-667
III	-1 439	8 738	-355	8 383	3 494	27	3 521	-2 787	2 076	637	-637	-2 407	1 771
IV	-893	-763	-1 468	-2 230	-6 436	27	-6 410	-659	3 520	2 627	-2 627	-2 820	193
1988*													
I	-1 911	6 501	-1 602	4 899	2 966	-802	2 164	1 516	4 251	2 341	-2 341	-1 295	-1 046
II	-2 300	11 731	539	12 270	4 363	-802	3 561	-1 692	7 018	4 718	-4 718	-4 662	-57
III	-4 613	-547	803	256	3 405	1 029	4 434	1 703	-2 475	-7 088	7 088	6 337	751
IV	2 438	-6 990	-901	-7 890	-4 764	1 029	-3 735	1 929	-2 226	212	-212	-897	685
1989*													
I	-431	8 165	-52	8 113	4 016	-540	3 476	-2 386	2 251	1 820	-1 820	-1 372	-449

6.3 FINLAND'S FOREIGN LIABILITIES AND ASSETS¹, MILL. FIM

End of period	Long-term liabilities							Long-term assets					Long-term debt, net (8-13)	
	Direct investment in Finland	Port-folio investment in Finland	Long-term credits			Other long-term capital	Total (1+2+6+7)	Direct investment abroad	Port-folio investment abroad	Long-term export credits	Other long-term capital	Total (9+10+11+12)		
			Central government	Authorized banks	Others									Total (3+4+5)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1984	2905	2013	24928	5960	37227	68116	512	73546	8689	..	8920	2097	19706	53840
1985	3274	6313	25678	6410	34276	66364	652	76603	10524	78	6539	3053	20194	56409
1986	4892	6959	26292	11992	32044	70330	739	82920	13727	567	5649	3685	23628	59292
1987*	5285	3964	27861	17365	33088	78314	830	88393	16651	2258	5239	6618	30766	57627
1988*	6112	3782	26011	27441	41787	95239	915	106048	24418	2500	5995	8514	41427	64621
1986														
IV	4892	6959	26292	11992	32044	70330	739	82920	13727	567	5649	3685	23628	59292
1987*														
I	5013	6572	27361	13447	31978	72787	818	85190	14166	691	5660	6105	26622	58568
II	5209	6578	26967	15024	33267	75259	763	87809	15347	1616	5527	6165	28655	59154
III	5213	6307	25679	15800	33472	74952	775	87247	15812	2253	5478	6229	29772	57475
IV	5285	3964	27861	17365	33088	78314	830	88393	16651	2258	5239	6618	30766	57627
1988*														
I	5308	3970	26637	17594	35884	80114	919	90311	17538	2348	5250	7142	32278	58033
II	5410	3758	28390	20464	38230	87083	877	97128	20928	2318	5629	7671	36546	60582
III	5521	3715	27007	23707	39278	89993	858	100087	22521	2437	5752	8082	38792	61295
IV	6112	3782	26011	27441	41787	95239	915	106048	24418	2500	5995	8514	41427	64621
1989*														
I	6233	7964	25357	32799	43289	101448	957	116602	25355	10978	8025	9590	53948	62654

End of period	Short-term liabilities				Short-term assets				Short-term liabilities, net (18-22)	Debt, net (14+23)	Debt service payments	Of which: repayments	Debt service ratio
	Bank of Finland's term liabilities	Short-term liabilities of authorized banks	Trade credits and other liabilities	Total (15+16+17)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits and other assets	Total (19+20+21)					
	15	16	17	18	19	20	21	22	23	24	25	26	27
1984	4562	55695	17988	78245	22912	43319	12804	79035	-790	53050	11586	4613	11.3
1985	4070	51374	17354	72798	25183	38775	18155	82113	-9314	47095	11287	4808	10.5
1986	3455	56881	13240	73575	16613	50613	18381	85608	-12032	47260	13462	6018	13.0
1987*	3362	73132	18256	94750	31134	44532	18726	94392	358	57985	14150	6516	13.2
1988*	3341	84433	19601	107376	32037	49533	20844	102415	4961	69582	14925	6479	12.5
1986													
IV	3455	56881	13240	73575	16613	50613	18381	85608	-12032	47260	3737	1890	12.8
1987*													
I	3521	59536	15714	78771	22482	45655	17829	85966	-7195	51373	3200	1411	12.7
II	3490	67208	15863	86561	28680	47579	18073	94332	-7771	51383	3994	1496	14.8
III	3607	75547	16500	95654	29291	50955	17836	98081	-2427	55048	2770	1217	10.2
IV	3362	73132	18256	94750	31134	44532	18726	94392	358	57985	4186	2392	15.1
1988*													
I	3467	79633	15546	98646	33515	48043	19030	100588	-1942	56091	3838	1773	14.3
II	3177	91364	16166	110707	39025	52666	18503	110193	513	61095	3495	1289	11.9
III	3539	90817	18774	113130	32750	56112	20755	109617	3512	64807	4022	2230	13.7
IV	3341	84433	19601	107376	32037	49533	20844	102415	4961	69582	3570	1187	10.6
1989*													
I	3278	91992	15940	111211	33376	48784	20110	102270	8940	71594	3467	1232	10.7

6.4 FINLAND'S LONG-TERM FOREIGN LIABILITIES AND ASSETS, BY SECTOR¹, MILL. FIM

End of period	Long-term liabilities					Long-term assets					Long-term liabilities, net (5-10)
	Corporate sector	Financial institutions	Central government	Local government	Total (1+2+3+4)	Corporate sector	Financial institutions	Central government	Other	Total (6+7+8+9)	
	1	2	3	4	5	6	7	8	9	10	11
1984	34012	13366	25440	728	73546	17624	222	1678	182	19706	53840
1985	35709	13980	26330	585	76603	17102	859	1955	279	20194	56409
1986	35210	20169	27031	509	82920	19209	1591	2309	520	23628	59292
1987*	32458	26734	28691	511	88393	23376	4007	2653	730	30766	57627
1988*	37733	40901	26926	489	106048	31038	6243	3101	1045	41427	64621
1986											
IV	35210	20169	27031	509	82920	19209	1591	2309	520	23628	59292
1987*											
I	34716	21814	28179	481	85190	19717	3876	2458	572	26622	58568
II	35601	24004	27730	474	87809	21633	3936	2465	621	28655	59154
III	35045	25209	26454	539	87247	22656	3919	2519	677	29772	57475
IV	32458	26734	28691	511	88393	23376	4007	2653	730	30766	57627
1988*											
I	34154	28097	27556	506	90311	24181	4458	2851	788	32278	58033
II	35900	31460	29267	503	97128	27817	4950	2887	893	36546	60582
III	36246	35469	27865	506	100087	29588	5285	2938	982	38792	61295
IV	37733	40901	26926	489	106048	31038	6243	3101	1045	41427	64621
1989*											
I	41793	47978	26314	515	116602	32275	16375	3299	1999	53948	62654

¹ Figures are not adjusted to the revised flow figures shown in table 6.2.

7. FOREIGN TRADE¹

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

During period	Exports, f.o.b.	Imports, c.i.f.	Balance (1-2)
	1	2	3
1984	80904	74682	6222
1985	84028	81520	2508
1986	82579	77601	4978
1987	85516	82807	2709
1988*	92902	92118	784
1988*			
April	7580	7502	78
May	8675	8249	426
June	6709	7657	-948
July	6404	7014	-610
Aug.	7198	8332	-1134
Sept.	8406	8645	-239
Oct.	8587	8351	236
Nov.	9904	8113	1791
Dec.	8514	8354	160
1989*			
Jan.	8261	8248	13
Feb.	8251	7598	653
March	8803	8699	104
April	8931	8344	587

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

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1984	114	98	134	131	102
1985	115	104	138	135	102
1986	116	110	135	121	111
1987	117	119	138	119	116
1988*	122	129	145	122	119
1988*					
1986					
III	116	119	138	120	116
IV	128	115	136	121	112
1987					
I	114	113	136	120	113
II	120	120	137	119	115
III	116	116	140	121	115
IV	119	126	140	119	117
1988*					
I	114	114	140	119	117
II	123	133	141	121	116
III	114	133	147	124	118
IV	136	136	150	125	120

7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, f.o.b.					Imports by use of goods, c.i.f.				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods	Other goods	
	1	2	3	4	5	6	7	8	9	10
1984	7145	23573	10176	22998	17012	35162	16900	10993	11454	173
1985	6728	25030	9803	24412	18055	38676	17770	11675	12967	432
1986	6947	24600	7858	26115	17059	39292	10070	12898	15069	272
1987	7470	27058	7770	26230	16988	40961	9619	14138	17478	611
1988*	7567	30474	8450	29225	17186	45934	7389	17274	20828	693
1988*										
April	672	2369	639	2652	1248	3732	543	1343	1877	7
May	735	2459	734	3241	1506	4144	672	1465	1957	11
June	626	2270	599	1889	1325	3734	729	1588	1578	28
July	537	2340	628	1758	1141	3385	643	1334	1576	76
Aug.	545	2649	647	1920	1437	4120	732	1457	1954	69
Sept.	611	2865	781	2503	1646	3990	852	1939	1853	11
Oct.	690	2751	800	2749	1597	4168	632	1577	1922	52
Nov.	686	2851	730	3972	1665	4227	492	1369	1858	167
Dec.	751	2788	799	2673	1503	4154	586	1704	1701	209
1989*										
Jan	600	2578	810	2645	1628	4348	408	1519	1893	80
Feb.	604	2621	832	2704	1490	3830	515	1315	1912	26
March	624	2953	760	2775	1691	4363	569	1496	2248	23
April	661	2728	673	3309	1560	4095	532	1624	1962	131

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1988		1989* January-April		1988		1989* January-April	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period on the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
	1	2	3	4	5	6	7	8
All OECD countries	69 766	75.1	25 648	17.3	71 296	77.4	26 192	20.0
OECD Europe	60 456	65.1	21 971	14.6	57 589	62.5	21 272	21.4
Of which:								
Austria	940	1.0	357	26.0	1 140	1.2	409	18.6
Belgium and Luxembourg	1 830	2.0	728	14.4	2 332	2.5	938	34.3
Denmark	3 292	3.5	1 137	6.0	2 699	2.9	975	21.1
France	4 954	5.3	1 840	7.3	3 757	4.1	1 291	9.8
Federal Republic of Germany	10 089	10.9	3 575	10.4	15 540	16.9	5 869	23.0
Italy	2 520	2.7	1 046	29.7	4 095	4.4	1 540	19.5
Netherlands	3 394	3.7	1 330	18.1	2 988	3.2	1 069	14.4
Norway	3 243	3.5	971	-8.6	2 182	2.4	780	15.5
Spain	1 447	1.6	580	29.4	1 023	1.1	392	20.1
Sweden	13 172	14.2	4 909	25.4	12 269	13.3	4 611	27.2
Switzerland	1 594	1.7	542	0.5	1 718	1.9	575	13.7
United Kingdom	12 120	13.0	4 312	16.3	6 220	6.8	2 205	18.8
Other OECD	9 310	10.0	3 677	36.8	13 707	14.9	4 920	14.2
Of which:								
Canada	1 125	1.2	506	94.7	658	0.7	307	67.8
Japan	1 681	1.8	720	42.8	6 799	7.4	2 494	11.4
United States	5 361	5.8	1 961	19.9	5 820	6.3	1 990	11.3
CMEA countries	15 408	16.6	6 099	23.1	13 553	14.7	4 312	19.8
Of which:								
Soviet Union	13 910	15.0	5 504	20.8	11 153	12.1	3 406	16.1
Developing countries	6 990	7.5	2 194	35.8	6 068	6.6	2 069	23.1
OPEC countries	1 486	1.6	484	18.5	589	0.6	102	-41.1
Other	5 504	5.9	1 710	41.7	5 479	5.9	1 967	30.4
Other countries	738	0.8	305	8.6	1 201	1.3	316	6.8
TOTAL	92 902	100.0	34 246	19.3	92 118	100.0	32 889	20.0
Of which:								
EEC countries	41 117	44.3	15 076	14.0	40 103	43.5	14 795	20.2
EFTA countries	19 088	20.5	6 820	16.5	17 397	18.9	6 441	24.1

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

8. DOMESTIC ECONOMIC DEVELOPMENTS

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

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
1984	176038	64872	67584	10202	-1327	317369	96993	88857	325505
1985	181664	68218	69599	10453	3610	333544	98173	94893	336824
1986	189113	70325	69329	10738	3255	342760	99498	97795	344463
1987*	198828	73444	72126	11529	7023	362950	101181	106569	357562
1988*	208698	75888	80589	11864	9574	386613	105462	117365	374710
1986									
III	47642	17737	17795	2847	1896	87916	26247	26846	87317
IV	47741	17898	17519	2783	-9	85932	26518	24842	87608
1987*									
I	48595	18069	17631	2825	1726	88847	25296	26422	87722
II	49581	18277	18152	2723	1434	90167	25698	25830	90034
III	49789	18475	17856	3028	257	89406	26105	26470	89041
IV	50863	18623	18486	2953	3606	94530	24082	27847	90765
1988*									
I	51465	18684	19152	2861	2069	94230	25884	28013	92101
II	51625	18896	19734	2848	3136	96238	26235	29459	93015
III	52695	19083	20809	3078	3144	98809	25890	31065	93634
IV	52913	19225	20895	3077	1226	97336	27453	28829	95961

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
1984	96.1	118.7	96.6	101.7	92.5	97.5	111.2
1985	100.4	99.8	100.4	100.1	100.6	100.3	100.2
1986	101.9	102.8	102.0	102.3	103.0	101.2	100.4
1987	106.5	100.9	106.5	107.4	108.3	104.9	107.1
1988*	110.2	119.1	110.6	114.3	115.1	105.8	105.6
1988*							
March	107.0	99.9	107.7	111.3	105.9	106.4	102.8
April	109.2	109.9	109.4	112.8	113.8	105.4	107.1
May	109.7	136.4	110.1	109.4	113.7	107.8	102.1
June	111.6	174.4	110.9	113.0	115.9	106.3	105.8
July	108.7	149.0	109.6	110.4	119.0	103.6	92.4
Aug.	109.1	107.8	109.3	112.8	113.8	104.5	107.4
Sept.	111.7	110.6	112.3	116.7	118.4	106.0	106.1
Oct.	112.2	108.4	112.5	118.2	118.6	105.8	109.1
Nov.	113.4	115.4	113.2	120.7	120.0	105.0	114.7
Dec.	111.9	114.5	111.4	120.2	116.6	103.3	116.8
1989*							
Jan.	110.9	122.3	112.6	118.5	118.2	105.8	99.5
Feb.	112.6	121.8	114.2	117.9	117.9	110.2	100.2
March	113.6	125.0	114.8	120.8	119.4	107.7	102.8

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
1984	97.2	96.8	101.8	104.1	112.8	96.2	98.6	96.9
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	104.7	102.5	94.0	88.4	99.9	99.5	105.2	101.8
1987*	111.3	107.7	95.6	89.0	101.0	102.6	113.8	106.3
1988*	117.0	113.2	108.6	106.4	112.2	108.3	135.5	110.0
1987*								
IV	113.2	109.5	96.2	85.5	96.9	105.1	120.9	107.4
1988*								
Feb.	113.6	110.9	..	..	..	..	..	108.7
March	112.6	114.2	..	..	..	..	..	108.3
April	116.3	108.7	..	..	..	..	..	107.9
May	111.8	114.7	..	..	..	..	..	109.5
June	115.8	111.1	..	..	..	..	..	109.7
July	117.2	110.5	..	..	..	..	..	109.9
Aug.	118.3	116.6	..	..	..	..	..	110.8
Sept.	122.4	111.2	..	..	..	..	..	111.5
Oct.	120.0	115.3	..	..	..	..	..	111.2
Nov.	118.5	117.6	..	..	..	..	..	112.7
Dec.	122.5	114.7	..	..	..	..	..	112.0
I	113.7	112.5	104.4	92.3	112.5	113.7	112.2	108.2
II	114.6	111.5	104.2	101.8	102.4	110.6	138.6	109.0
III	119.3	112.8	108.6	110.4	105.0	102.0	139.4	110.7
IV	120.3	115.9	117.0	121.0	128.9	106.8	141.8	112.0
1989*								
Jan.	116.7	121.6	..	..	..	..	..	112.8
Feb.	124.1	118.4	..	..	..	..	..	112.5

8.4 WAGES AND PRICES, 1985=100

Period	Index of wage and salary earnings	By sectors					Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private Total	Of which: Manufacturing (SIC 3)	Central government	Local government	Non-profit institutions			Domestic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1984	92.2	92.0	92.9	92.6	92.8	92.1	95.1	95.3	94.8	97.1	96.0	98.1	95.1	94.6
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	106.9	106.7	106.2	106.6	107.8	107.2	102.9	97.0	98.6	91.0	96.5	96.7	96.4	104.3
1987¹	114.4	114.5	113.4	115.7	113.4	115.2	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
1988¹	124.7	124.5	122.7	128.7	122.4	127.5	112.6	101.5	104.9	89.1	101.7	103.8	100.7	116.3
1987¹														
IV	116.6	116.8	115.2	117.3	115.0	117.8	108.3	98.8	101.6	88.4	98.4	99.2	98.0	110.6
1988¹														
April	..	..	..	..	..	..	111.4	99.9	103.1	88.3	100.1	101.5	99.4	115.0
May	..	..	..	..	..	..	112.3	100.9	104.1	89.3	100.8	102.6	100.0	116.2
June	..	..	..	..	..	..	112.9	101.3	104.7	89.1	101.1	103.1	100.2	116.6
July	..	..	..	..	..	..	112.9	102.0	105.4	89.6	102.1	104.3	101.1	117.0
Aug.	..	..	..	..	..	..	113.1	102.4	105.8	90.3	102.7	105.5	101.4	117.5
Sept.	..	..	..	..	..	..	114.2	102.4	105.7	90.0	102.9	105.7	101.5	118.7
Oct.	..	..	..	..	..	..	114.3	103.2	106.9	89.7	103.8	107.0	102.3	119.2
Nov.	..	..	..	..	..	..	114.5	103.5	107.2	89.8	103.9	106.9	102.5	119.8
Dec.	..	..	..	..	..	..	115.4	104.0	107.7	90.5	104.3	107.4	102.8	119.9
I	118.8	118.4	116.9	122.7	117.1	121.8	110.1	99.5	102.7	87.7	99.5	100.4	99.1	112.0
II	125.3	125.0	123.4	130.1	122.7	129.1	112.2	100.7	104.0	88.9	100.7	102.4	99.9	115.9
III	126.2	126.1	124.0	130.1	124.0	129.2	113.4	102.3	105.6	90.0	102.6	105.2	101.3	117.7
IV	128.3	128.4	126.4	132.0	125.6	129.9	114.7	103.6	107.3	90.0	104.0	107.1	102.5	119.6
1989¹														
Jan.	..	..	..	..	..	..	116.0	104.8	108.4	91.7	105.2	108.4	103.6	121.6
Feb.	..	..	..	..	..	..	116.6	105.5	109.0	92.4	105.8	109.6	103.9	121.9
March	..	..	..	..	..	..	117.9	105.9	109.3	93.4	106.3	110.2	104.4	123.4
April	..	..	..	..	..	..	119.1	107.0	110.6	93.6	107.1	109.9	105.8	124.3

¹Preliminary figures for columns 1-6.

8.5 LABOUR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry				Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction	Service industries		
%											
1000 persons											
	1	2	3	4	5	6	7	8	9	10	11
1984	68.9	2546	2414	378	2035	294	600	183	1337	132	5.2
1985	69.2	2566	2437	361	2076	280	597	178	1380	129	5.0
1986	69.1	2569	2431	359	2071	266	589	185	1391	138	5.4
1987	68.6	2554	2423	372	2051	251	569	184	1419	130	5.1
1988	68.4	2546	2431	368	2062	238	553	188	1452	116	4.5
1988											
March	68.5	2546	2426	370	2056	239	559	182	1445	120	4.7
April	68.3	2540	2424	369	2056	241	553	194	1437	116	4.6
May	68.3	2540	2415	369	2046	243	546	178	1449	125	4.9
June	68.7	2557	2440	368	2072	232	552	195	1462	117	4.6
July	68.5	2547	2431	366	2065	229	552	200	1450	115	4.5
Aug.	68.0	2531	2409	354	2055	245	562	174	1428	121	4.8
Sept.	68.4	2545	2438	368	2070	231	538	201	1468	107	4.2
Oct.	68.7	2554	2448	375	2072	225	544	201	1478	106	4.1
Nov.	68.6	2553	2438	360	2077	231	559	166	1481	115	4.5
Dec.	68.2	2539	2436	370	2065	234	550	196	1456	103	4.1
1989											
Jan.	69.0	2567	2479	370	2109	224	553	204	1497	88	3.4
Feb.	69.1	2573	2483	368	2115	236	548	182	1517	90	3.5
March	68.0	2530	2444	364	2081	232	553	215	1444	86	3.4

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

During period	Revenue								Expenditure				
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Borrowing	Total revenue (7+8)	Consumption	Transfers and subsidies	Of which:	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1984	22 526	42 737	598	9 711	75 572	1 894	77 466	10 752	88 218	22 155	44 333	18 444	24 836
1985	25 750	47 578	546	10 415	84 290	2 071	86 361	11 189	97 550	24 835	49 269	21 183	26 866
1986	28 079	51 733	323	11 640	91 774	2 209	93 983	14 744	108 727	26 354	52 845	23 215	28 131
1987	29 454	57 312	455	12 437	99 658	2 482	102 139	17 484	119 623	29 419	59 498	26 456	30 964
1988	35 339	66 348	473	13 629	115 789	2 557	118 346	12 809	131 154	32 266	65 502	29 757	33 108
1987													
Dec.	1 995	7 294	65	1 454	10 809	680	11 488	1 496	12 984	2 731	5 271	2 239	2 720
1988													
Jan.	2 495	3 188	12	958	6 654	21	6 674	1 680	8 354	2 367	5 494	2 221	3 145
Feb.	2 203	6 490	38	837	9 568	53	9 622	1 017	10 639	2 449	6 390	2 304	3 948
March	3 084	4 470	49	998	8 601	96	8 698	1 291	9 989	2 520	5 301	2 325	2 552
April	3 203	4 517	44	1 122	8 886	85	8 971	2 089	11 060	2 341	4 958	2 682	2 141
May	2 659	5 470	21	1 787	9 936	302	10 238	834	11 072	2 760	6 409	2 640	3 405
June	2 994	5 733	46	1 012	9 785	132	9 917	1 490	11 407	2 842	5 368	2 755	2 376
July	3 488	5 896	35	871	10 290	70	10 360	109	10 469	3 191	4 617	2 370	2 090
Aug.	3 333	6 295	62	1 022	10 712	488	11 200	589	11 789	2 607	5 279	2 361	2 801
Sept.	2 811	5 242	23	896	8 972	145	9 117	1 667	10 784	2 665	4 689	2 359	2 211
Oct.	3 052	5 247	41	1 294	9 634	234	9 868	657	10 525	2 759	5 088	2 487	2 451
Nov.	2 900	6 315	45	1 277	10 536	394	10 931	355	11 286	2 753	6 717	2 711	3 846
Dec.	3 116	7 486	57	1 555	12 214	537	12 751	1 031	13 781	3 012	5 193	2 542	2 142

During period	Expenditure						Financial balance				
	Fixed investment	Other expenditure	Expenditure before financial transactions (10+11+14+15)	Lending and other financial investment	Expenditure before redemptions of state debt (16+17)	Redemptions of state debt	Total expenditure, (18+19)	Revenue surplus (5-16)	Net borrowing requirement (7-18)	Gross borrowing requirement (7-20)	Cash surplus (9-20)
	14	15	16	17	18	19	20	21	22	23	24
1984	5 455	4 220	76 162	4 717	80 878	5 552	86 430	-590	-3 412	-8 964	1 788
1985	5 700	4 936	84 739	4 982	89 722	7 682	97 404	-449	-3 361	-11 043	145
1986	6 111	5 058	90 368	4 913	95 281	10 541	105 822	1 406	-1 298	-11 839	2 905
1987	7 089	4 732	100 738	5 672	106 410	9 880	116 289	-1 080	-4 270	-14 150	3 334
1988	7 565	5 614	110 946	6 529	117 476	10 956	128 432	4 842	870	-10 086	2 723
1987											
Dec.	878	-6	8 874	483	9 357	109	9 466	1 935	2 131	2 022	3 518
1988											
Jan.	502	764	9 127	372	9 499	1 279	10 778	-2 473	-2 824	-4 103	-2 423
Feb.	535	324	9 699	397	10 096	512	10 608	-130	-474	-986	31
March	641	833	9 296	427	9 723	825	10 548	-694	-1 025	-1 850	-559
April	492	617	8 407	341	8 747	674	9 421	479	224	-450	1 639
May	690	760	10 619	623	11 242	1 044	12 286	-684	-1 004	-2 048	-1 214
June	660	317	9 186	603	9 789	818	10 607	598	128	-690	800
July	568	112	8 487	467	8 954	787	9 741	1 803	1 406	619	728
Aug.	609	478	8 972	450	9 422	1 177	10 599	1 740	1 778	601	1 190
Sept.	772	445	8 570	1 623	10 193	866	11 059	402	-1 076	-1 942	-275
Oct.	642	558	9 047	483	9 531	672	10 203	587	337	-335	322
Nov.	645	199	10 313	428	10 741	1 594	12 335	223	190	-1 404	-1 049
Dec.	811	208	9 224	316	9 540	708	10 248	2 990	3 211	2 503	3 533

NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

GENERAL

Source

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

Symbols used

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

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

NOTES AND EXPLANATIONS TO TABLES

1 THE BALANCE SHEET OF THE BANK OF FINLAND

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

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

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

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

term liabilities from February to July 1987.

3 RATES OF INTEREST

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

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

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

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

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

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

4 RATES OF EXCHANGE

Table 4.2 The weights of the Bank of Finland currency index (Column 1) are moving averages of the shares of countries in Finland's merchandise export and import trade. The index comprises 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 10) comprises the stock of central loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main part of the latter

is reserved for covering transferable allocations budgeted in previous years (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and Pekka Saarinen in the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 7.7 billion at the end of 1986.

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

6 BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

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

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

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

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

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

7 FOREIGN TRADE

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

On January 1, 1988, the new international harmonized commodity description and coding system was introduced in the compilation of the official foreign trade statistics. Because of the changeover, the trade value figures in the customs statistics are exceptionally high for December 1987 and exceptionally low for January 1988 as compared with the old system. For the sake of comparability, the customs statistics figures for December 1987 and January 1988 have been adjusted in the Bulletin to comply with the old system. For this reason the total trade values for 1987 as a whole also differ from the customs statistics. The Bulletin follows the same practice as in the balance of payments statistics. Adjustments have been made to all value and volume figures for exports and imports. Unit values correspond to those of the customs statistics. The adjustments have been made by the Economics Department of the Bank of Finland.

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

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

8 DOMESTIC ECONOMIC DEVELOPMENTS

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

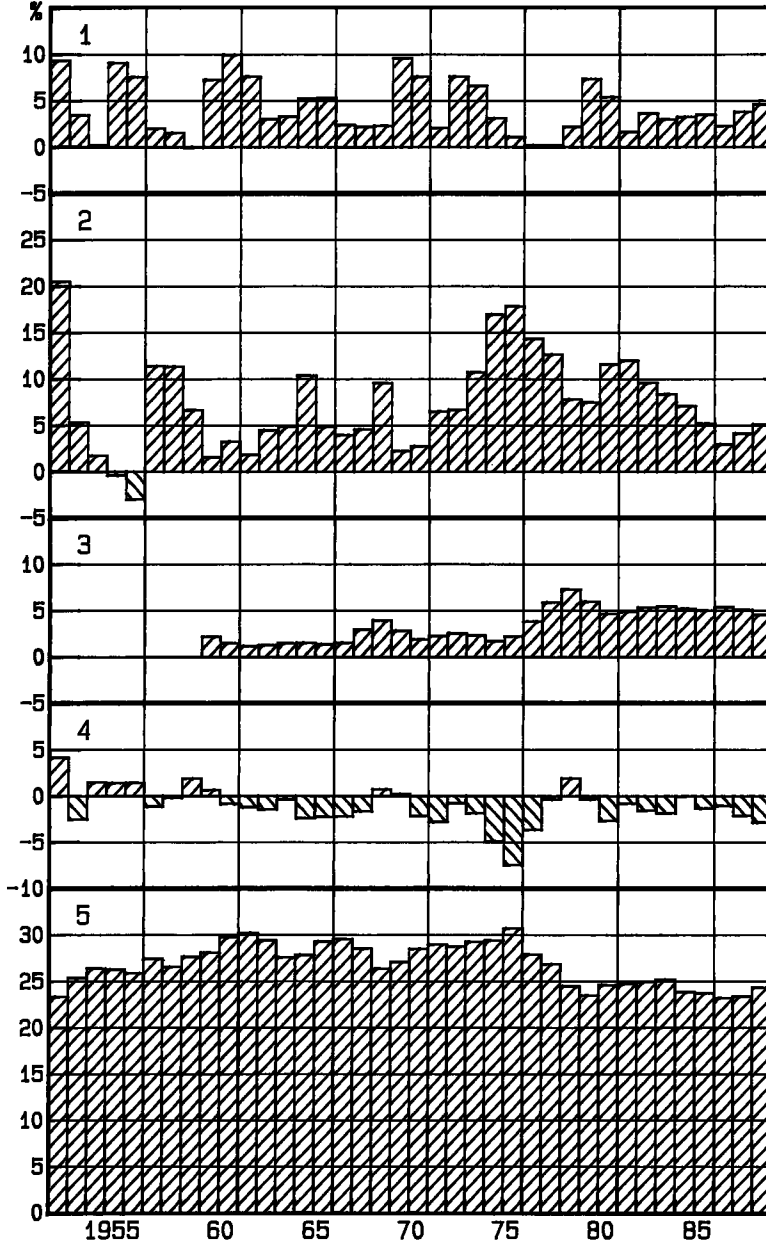
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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

Table 8.6 Source: Ministry of Finance.

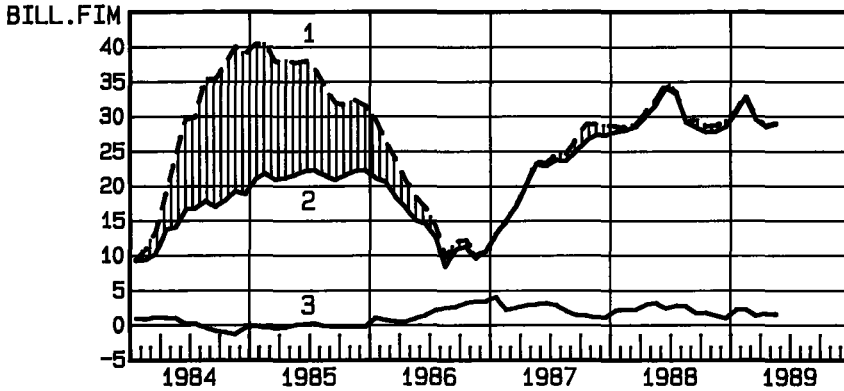
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Banks' central bank position	S29
5. Overnight rates	S30
6. HELIBOR rates of interest	S30
7. Rates of interest applied by the Bank of Finland	S30
8. 3-month covered Eurodollar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

1. LONG-TERM INDICATORS



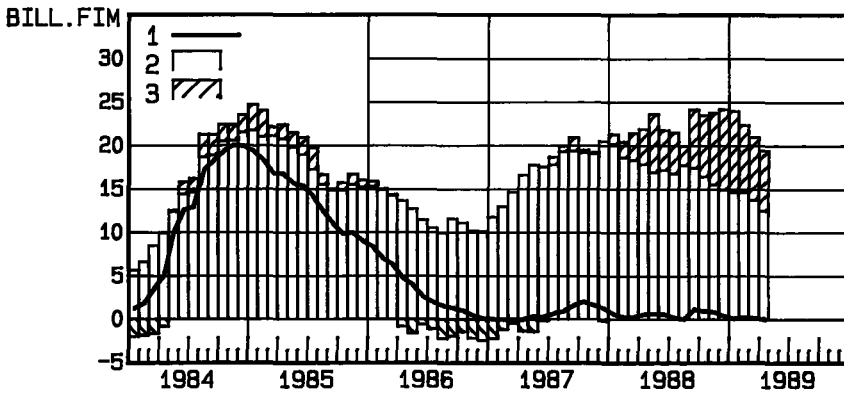
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



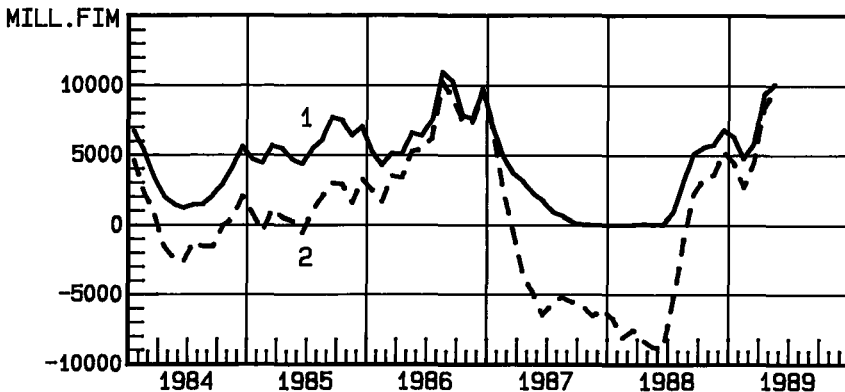
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves
3. Tied currencies

3. FORWARD MARKET



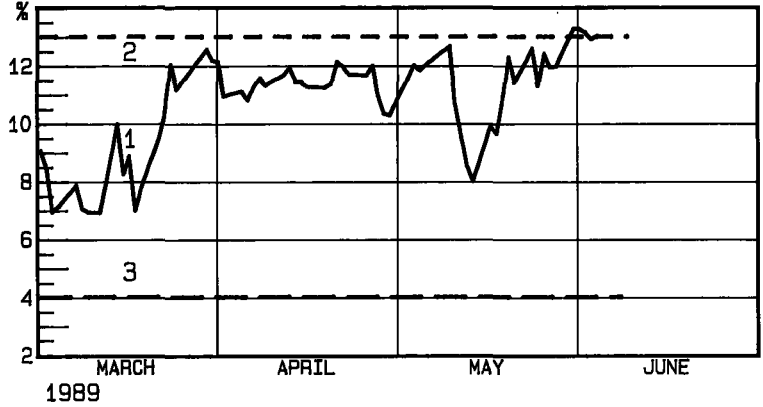
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

4. BANKS' CENTRAL BANK POSITION



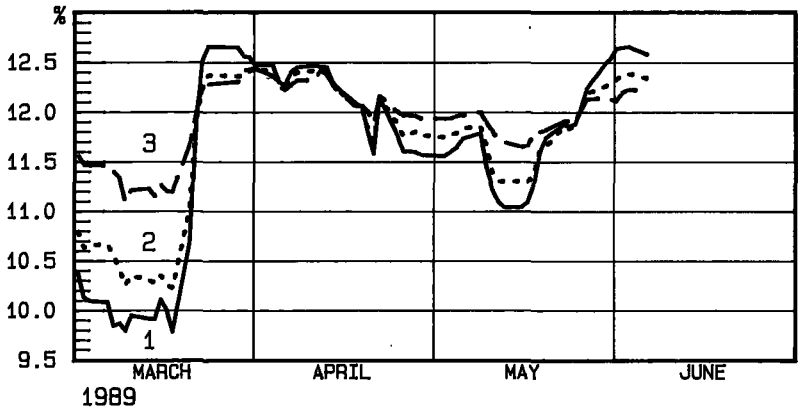
1. Gross debt to the Bank of Finland
2. Net debt to the Bank of Finland (excl. cash reserve deposits)

5. OVERNIGHT RATES



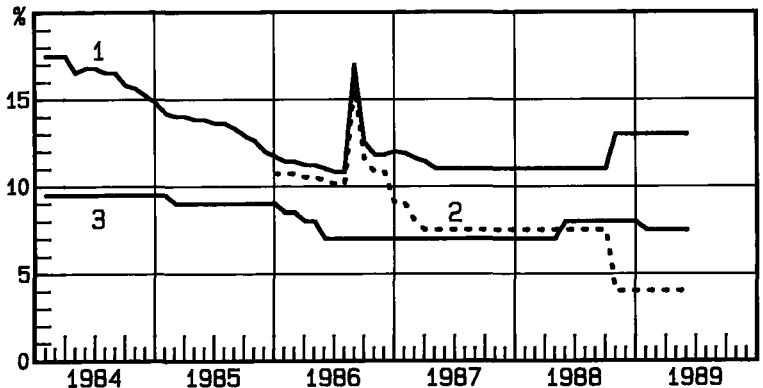
- 1. Inter-bank overnight rate
 - 2. Call money credit rate
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



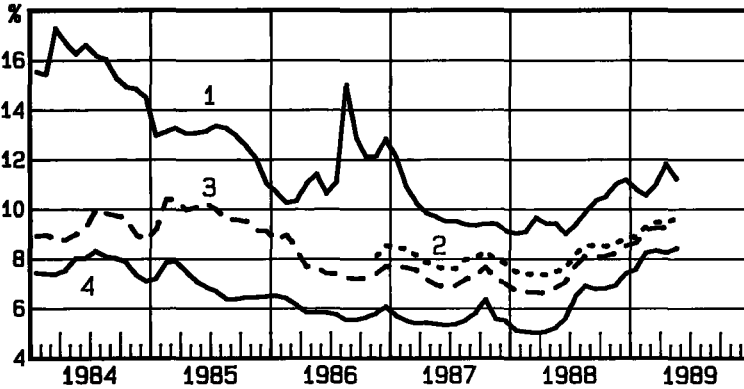
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Daily observations

7. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



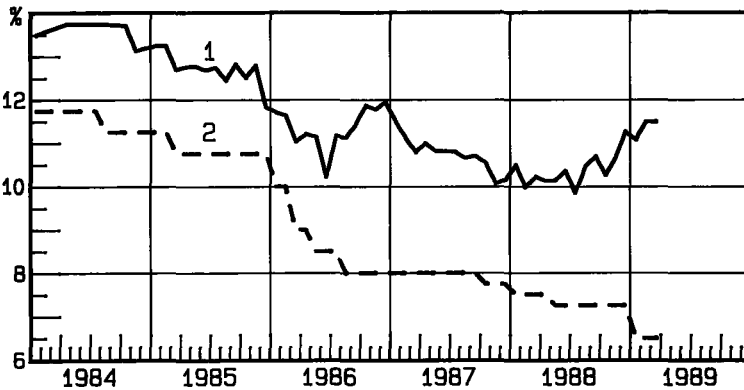
- 1. Call money credit rate
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

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



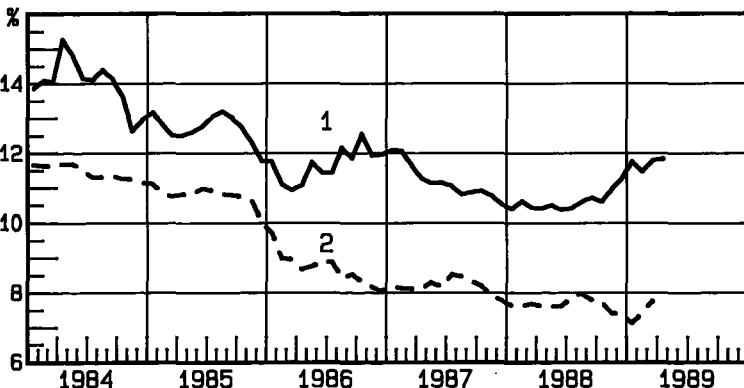
- 1. Covered Eurodollar rate
- 2. 12-currency basket rate
- 3. 8-currency basket rate
- 4. 3-currency basket rate

9. RATES ON NEW ISSUES OF BONDS AND DEBENTURES



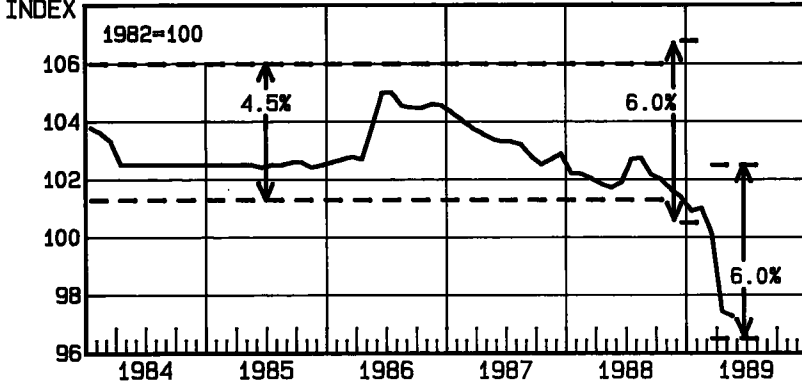
- 1. Rates on new fixed-rate debentures
- 2. Rates on new 10-year tax-free government bonds

10. SECONDARY MARKET RATES ON BONDS AND DEBENTURES



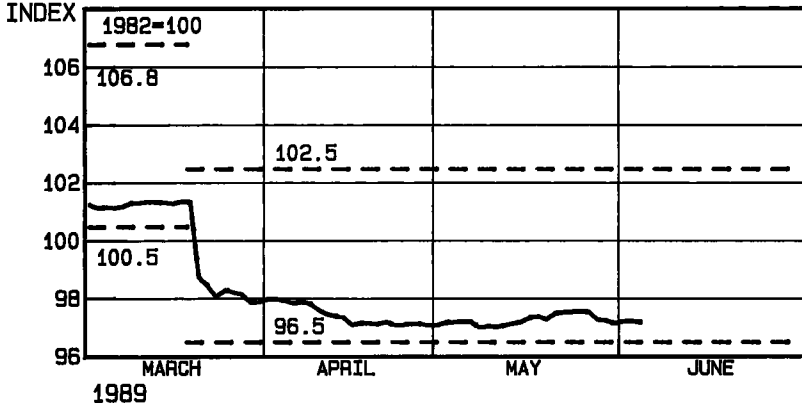
- 1. Secondary market rate on (3-6 year) fixed-rate debentures
- 2. Secondary market rate on (9-10 year) taxfree government bonds

11. BANK OF FINLAND CURRENCY INDEX



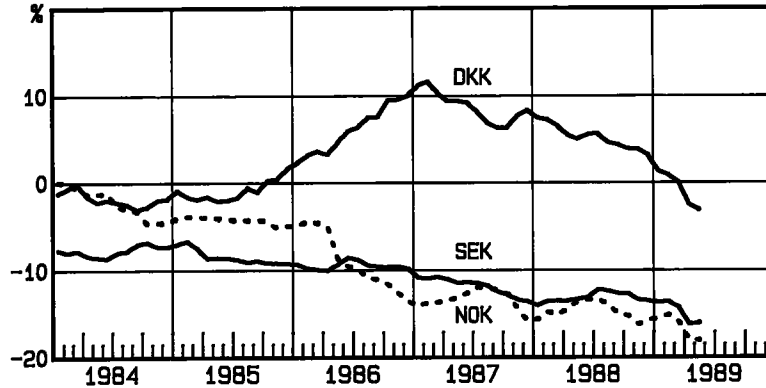
4.5 % and 6.0 % = fluctuation range of the index
Monthly averages

12. BANK OF FINLAND CURRENCY INDEX



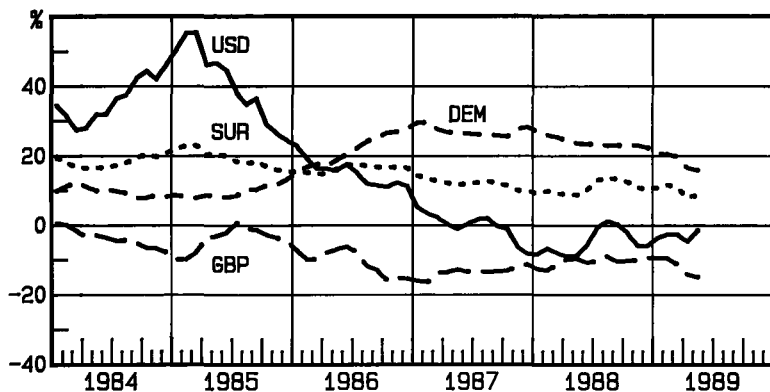
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



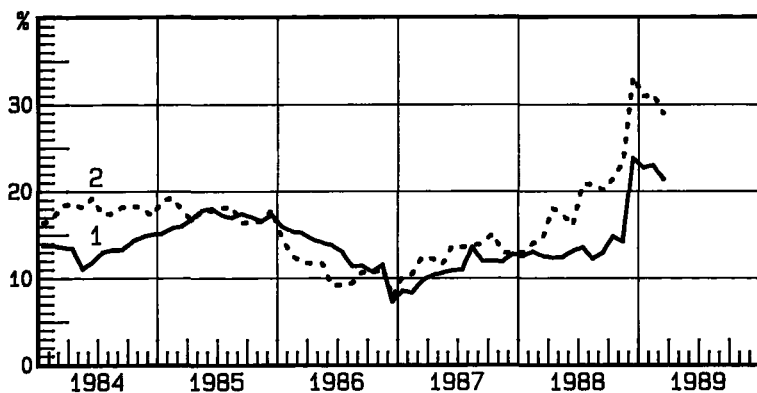
Monthly changes in marka selling rates calculated from the average rates for January 1982

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



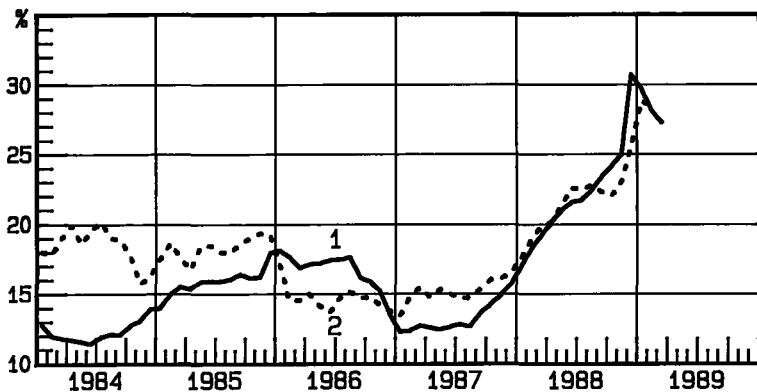
Monthly changes in markka selling rates calculated from the average rates for January 1982

15. BANK DEPOSITS FROM THE PUBLIC



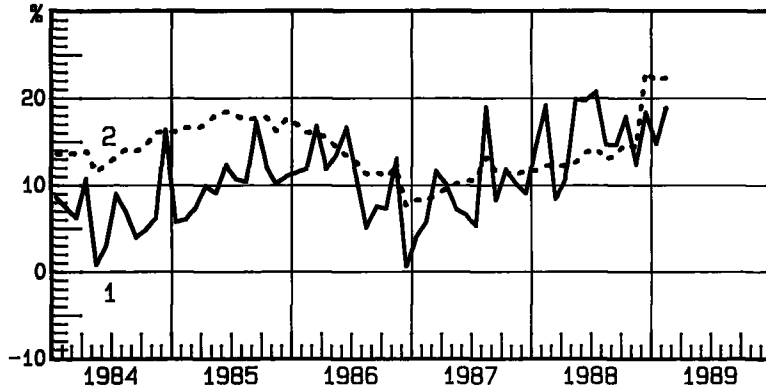
1. Regulated deposits
2. Total deposits
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



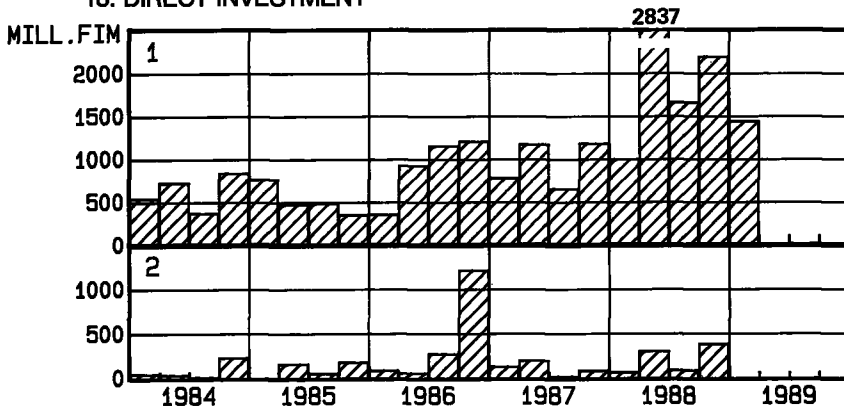
1. Markka lending
2. Total lending
Change from the corresponding month of the previous year, per cent

17. MONEY SUPPLY



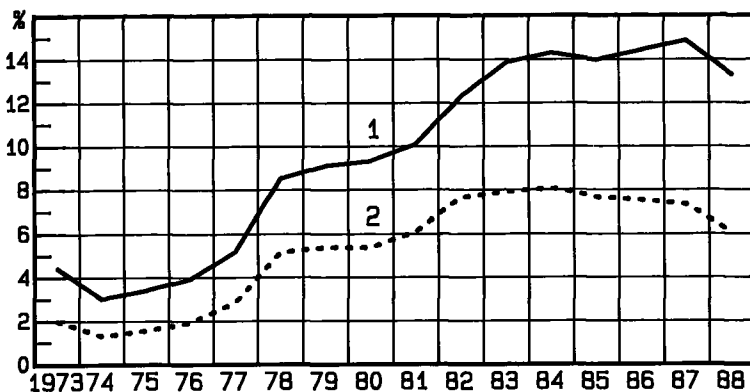
1. Narrow money supply (M1)
 2. Broad money supply (M2)
- Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



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

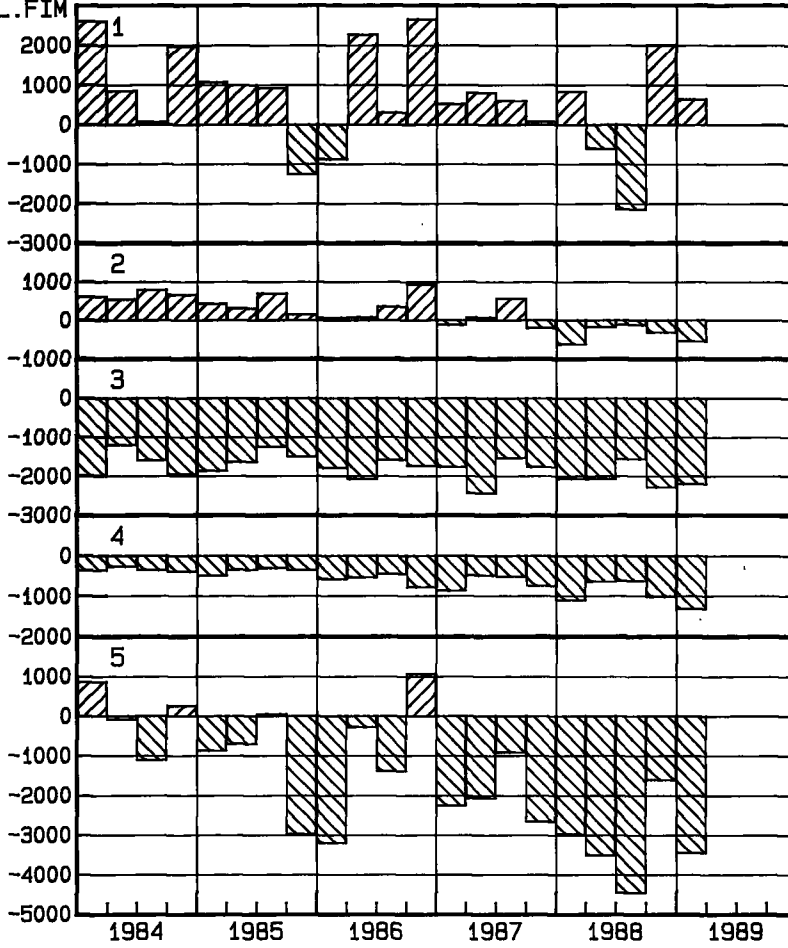
19. CENTRAL GOVERNMENT DEBT



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

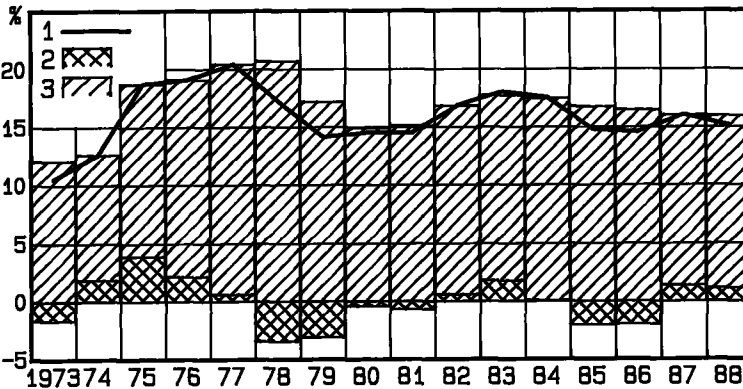
20. CURRENT ACCOUNT

MILL. FIM



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

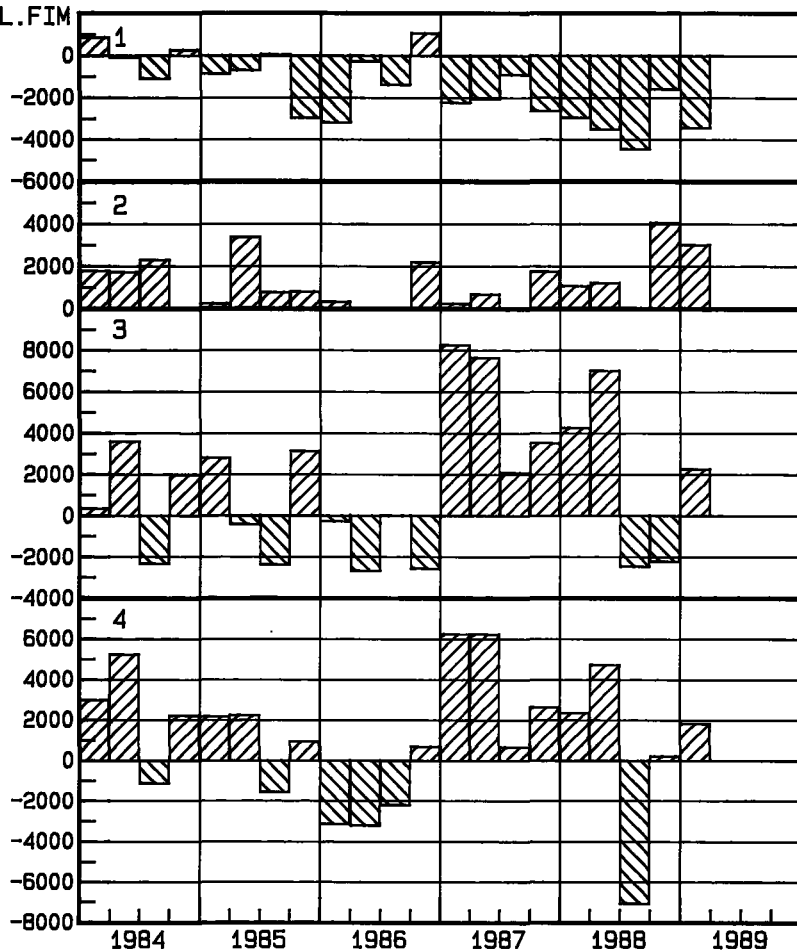
21. FOREIGN DEBT



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

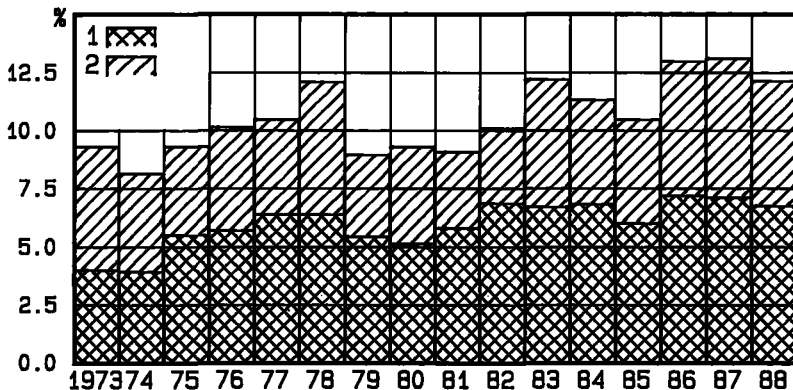
22. BALANCE OF PAYMENTS

MILL. FIM



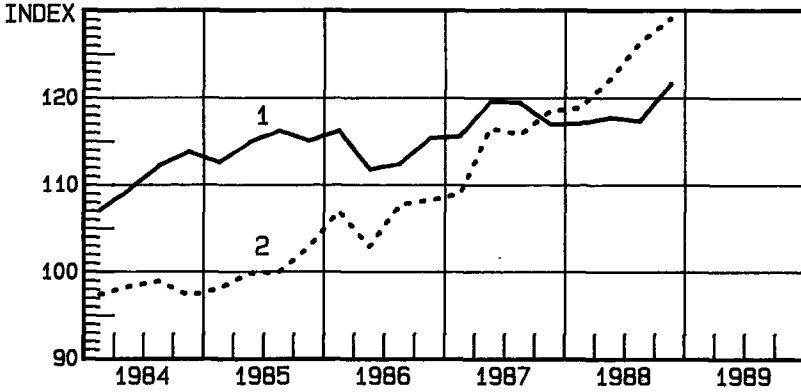
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance = change in the foreign exchange reserves of the Bank of Finland

23. DEBT SERVICE RATIO



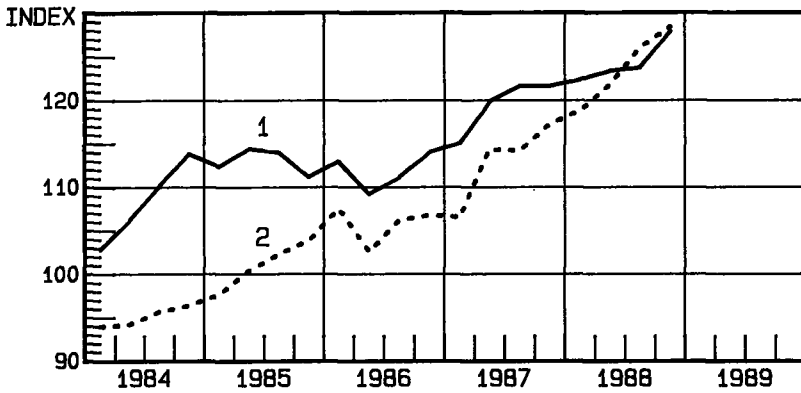
1. Interest payments
 2. Redemptions
- As a percentage of current account earnings

24. FOREIGN TRADE



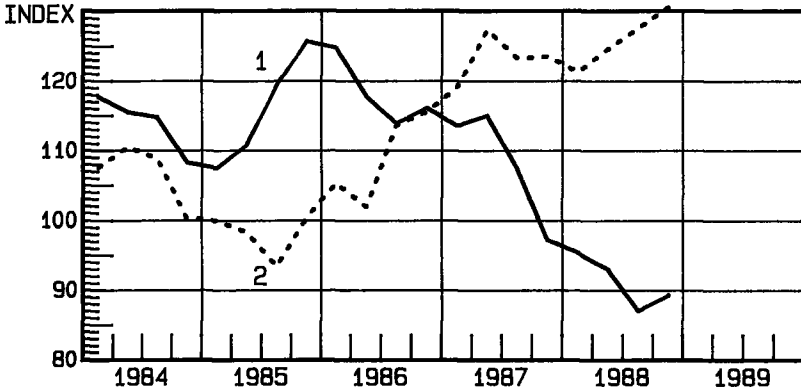
1. Total exports
2. Total imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

25. WESTERN TRADE



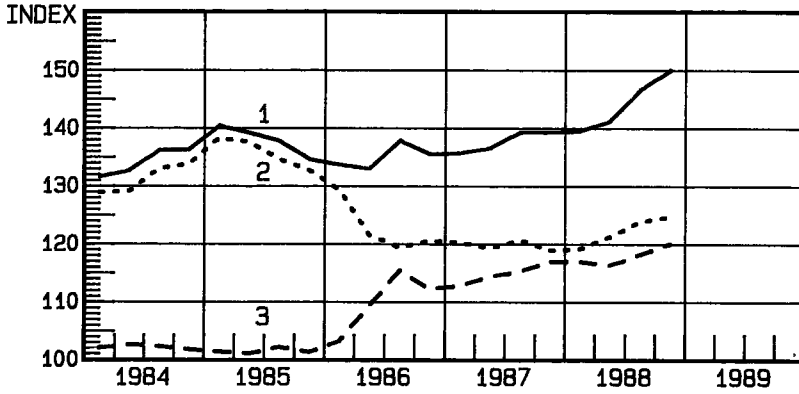
1. Western exports
2. Western imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

26. BILATERAL TRADE



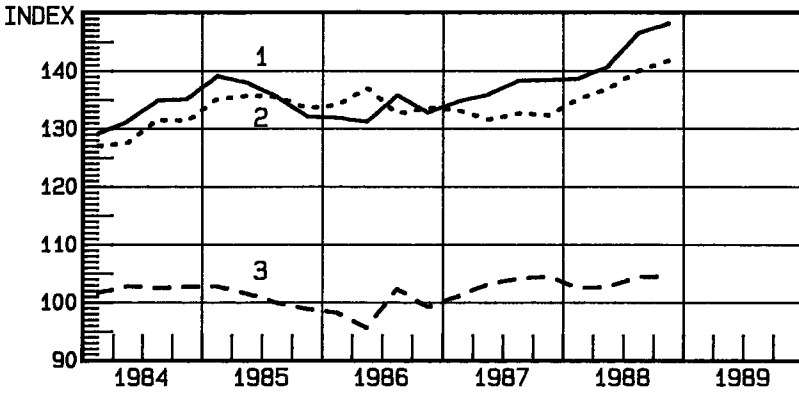
1. Bilateral exports
2. Bilateral imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

27. FOREIGN TRADE: PRICES AND TERMS OF TRADE



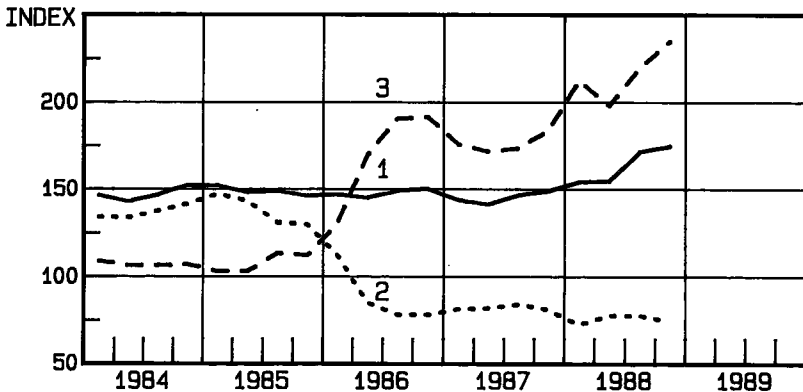
- 1. Unit value index of exports
 - 2. Unit value index of imports
 - 3. Terms of trade
- 1980 = 100

28. WESTERN TRADE: PRICES AND TERMS OF TRADE



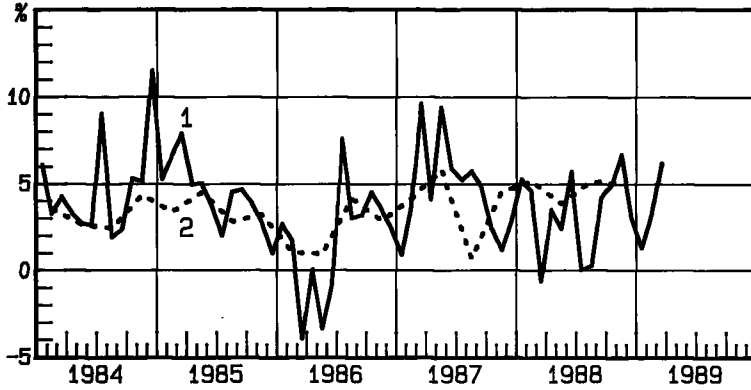
- 1. Unit value index of western exports
 - 2. Unit value index of western imports
 - 3. Terms of trade in western trade
- 1980 = 100

29. BILATERAL TRADE: PRICES AND TERMS OF TRADE



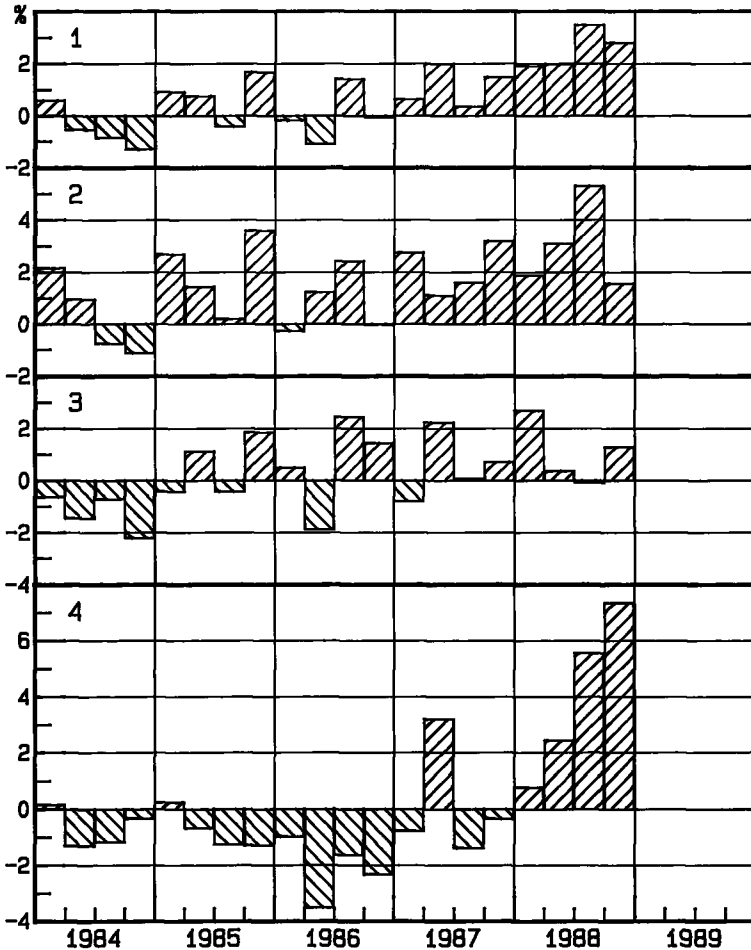
- 1. Unit value index of bilateral exports
 - 2. Unit value index of bilateral imports
 - 3. Terms of trade in bilateral trade
- 1980 = 100

30. PRODUCTION



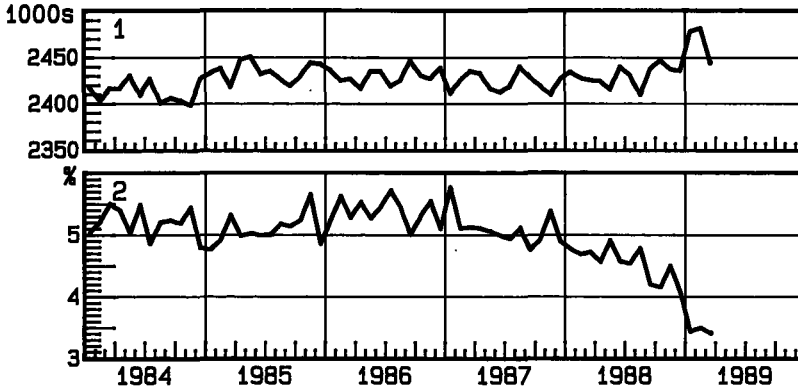
1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

31. FIXED INVESTMENT



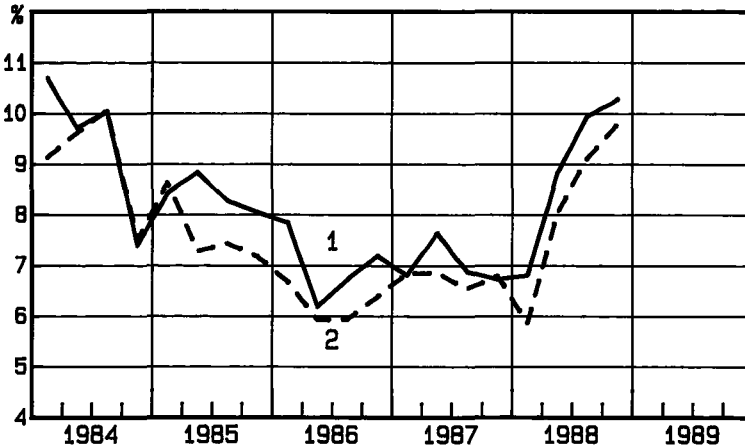
1. Total fixed investment
 2. Investment in machinery and equipment
 3. Building investment, excl. residential buildings
 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

32. EMPLOYMENT AND THE UNEMPLOYMENT RATE

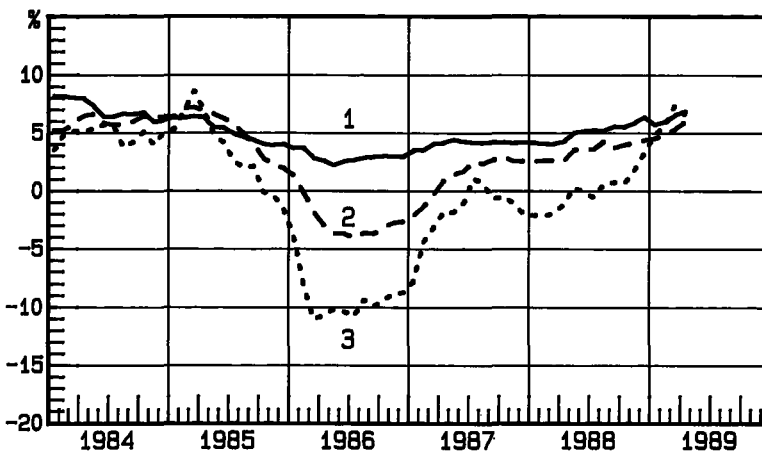


1. Employment, 1000 persons
2. Unemployment rate, per cent

33. PRICES AND WAGES

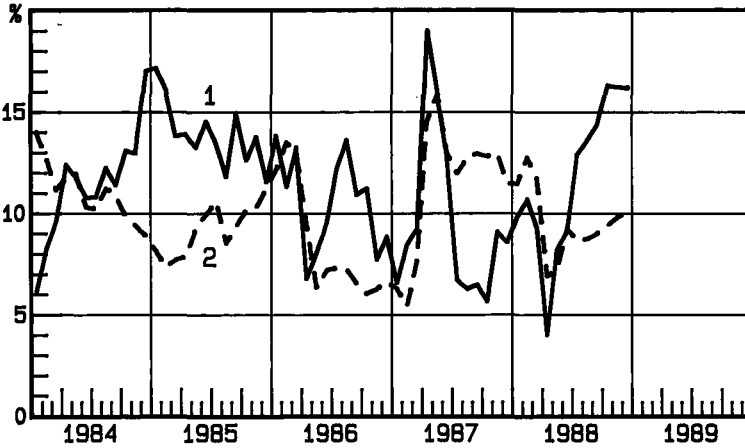


1. Index of wage and salary earnings, all wage and salary earners
 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



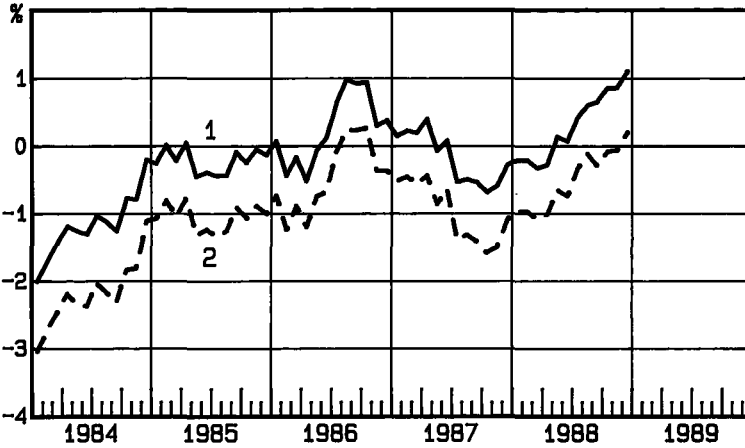
1. Consumer price index
 2. Wholesale price index
 3. Import price index
- Change from the corresponding month of the previous year

34. CENTRAL GOVERNMENT FINANCES



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

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



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

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

BANK OF FINLAND

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