



# BULLETIN

BANK OF FINLAND

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Economic developments, inflation and  
monetary policy

Regulating the global financial market

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# Economic developments, inflation and monetary policy

Further progress has been made towards consolidating central government finances. The proposed cuts in public spending have increased market confidence in economic policy, and this has been reflected in both the money market and investment activity. Lower inflation expectations and a positive atmosphere in the labour market suggest that the importance of stable monetary conditions and a low rate of inflation has gained substantially wider understanding.

Domestic demand continued to rise in the second quarter. Preliminary figures indicate that private consumption grew by 4 to 5 per cent compared with the same period a year ago. The survey of consumer confidence carried out by Statistics Finland points to continued willingness to spend among households. Investment also showed further growth.

Investment continues to focus on machinery and equipment in manufacturing. Lack of capacity, together with continuing favourable market conditions, is sustaining interest in capacity expansion in many manufacturing companies. By contrast, production of new housing remains weak. Indicators do not point to any pick-up in demand for or production of housing in the near future, despite a general increase in optimism among households. Several long-term factors underlie the depressed state of the housing market. For instance, the more effective use of the existing housing stock as a result of an increase in rental housing has curbed demand for new housing.

Exports have continued to grow rapidly despite capacity constraints. The uncertainties in the international foreign exchange markets in the spring did not affect Finnish exports to any noticeable extent. The strengthening of the dollar and the Swedish krona over the last few weeks will substantially ease the marketing efforts of many exporting companies. The value of exports has also been boosted by a rise in paper prices; by contrast, increases in the prices of some other export products have been very modest. The prices of sawn goods have fallen markedly and production is already decreasing.

Total output continued to expand throughout the second quarter, albeit at a slightly slower pace owing, in part, to the levelling off in commercial fellings in the forestry sector. The monthly indicator

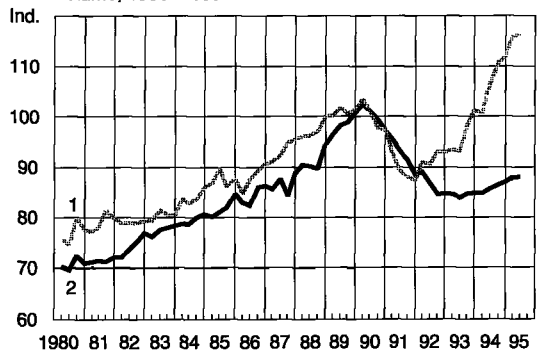
of total output increased by 3.8 per cent in the second quarter compared with the corresponding period a year ago. The main contribution to output growth is still coming from the manufacturing-led export sector, since output growth in the rest of the private sector has remained slow in spite of the recovery of consumption (Chart 1).

The recovery of domestic demand has not been strong enough to make rapid inroads into unemployment. The increase in the number of employed persons has been reflected more in the labour force participation rate than in the rate of unemployment. This is one reason why the fall in unemployment seems to have come to a halt in the last few months. In the nontradeables or sheltered sector of the economy, many companies, including banks, are continuing to shed labour, and employers in the trade sector have been unable to increase their labour force. Only in manufacturing has there been a clear increase in the number of employed. Consequently, there has been no easing in the plight of the long-term unemployed or the young in the labour market.

Chart 1.

## Output

Volume, 1990 = 100



1. Export sector (manufacturing, energy and forestry)  
2. Other private sector production

### **Sizeable current account surplus**

According to preliminary data, the current account posted a surplus of some FIM 8.3 billion in the first six months of the year, compared with a surplus of only FIM 2.7 billion in the same period a year ago. The surprisingly rapid growth of exports and the levelling off in the growth of imports in the first half of the year resulted in a widening of the trade surplus. A substantial improvement in the terms of trade has also strengthened the trade balance. As capital flows associated with interest payments and income transfers abroad were concentrated in the first part of the year, the current account surplus is likely to increase further towards the end of the year.

Temporary factors led to some weakening in central government finances in the first six months of the year. Income tax receipts decreased by 1.9 per cent in the first half of the year, compared with the same period a year ago, mainly because of tax refunds paid in February. Similarly, revenue from value-added tax fell owing to the retroactive payment of VAT refunds to service sector enterprises and the lengthening of the lag in the collection of VAT as a result of Finland's joining the EU. Other central government receipts increased by almost 35 per cent, in part because of income transfers from the EU.

The central government's net financing requirement for the first six months of the year amounted to FIM 47.8 billion, an increase of FIM 15.3 billion on the first half of 1994. At the end of June, the 12-month cumulative net financing requirement reached FIM 80 billion. In the latter half of the year, central government finances are expected to improve as the effects of the concentration of expenditure items in the early part of the year disappear. The net financing requirement is projected to decrease to about FIM 70 billion by the end of the year.

In its budget negotiations, the Government decided on the additional savings of FIM 5.5 billion for the period 1997–1999 that were included in the Government's programme published in the spring. The cuts cover unemployment benefits, state-aids to the local government sector, subsidies for the business sector and agriculture and defence expenditure.

The 1996 budget proposal stands at FIM 193 billion. One of the principal objectives of the budget is to halt the growth of central government debt, both through favourable developments in the economy and employment and the spending cuts to be effected over the next few years. In spite of rapid economic growth and the savings measures, the central government budget deficit is expected to remain fairly large. The budgeted net financing requirement is estimated to decrease to about FIM 40 billion, whereas the central government debt is estimated to rise to FIM 405 billion.

### **Food prices slow the rise in consumer prices**

The rates of both consumer price inflation and underlying inflation remained very low in the summer months. Owing to the strengthening of the markka, and also partly to the weakening of the dollar, import prices have not increased inflationary pressure to any notable extent. In July, import prices were even slightly lower than a year ago. With Finland's entry into the EU, increasing numbers of domestic products have had to compete with imported goods, in part because of the removal of protection at the border for domestically produced food. Consequently, domestic producers have had to take foreign competition into account in their pricing. Because of the increased supply of imported goods, any strengthening of the markka now has a more direct impact on consumer prices through a decrease in the prices of imported goods.

Competition within the trade sector has apparently increased, making it difficult for employers to pass on the costs of last autumn's wage increases to prices. According to labour force statistics, the trade sector has decreased its labour force after the wage increases.

The 12-month rate of change in consumer prices fell below 1 per cent in the summer because the effect of the rise in VAT last year dropped out of the comparison. If food and housing costs are eliminated, other prices have risen by 2.4 per cent on average since last year.

The indicator of underlying inflation rose by 0.2 per cent in the second quarter compared both with the first quarter and the corresponding period a year ago. A rise in the tax rate index in the second quarter slowed the rate of underlying inflation. If the one-off effect of the fall in food prices is eliminated, the 12-month rate of change in underlying inflation was slightly more than one percentage point in June.

With the exception of pulp and paper, producer prices have risen only slowly during the last few months. By contrast, export prices rose by 7 per cent in markka terms in July compared with the same period a year ago. Recently, export prices in the forest industries have risen very rapidly. Relative to overall price developments in industrialized countries, they are already at a higher level than during the boom of 1989. By contrast, both wholesale prices and import prices fell in July compared with their levels a year ago.

The rate of increase in wages accelerated in the second quarter. The index of wage and salary earnings rose by 4.6 per cent compared with the same period a year ago (Chart 2). If the agreement reached by the central labour market organizations is approved at union level, the effect of the pay settlements on costs will be 3 per cent on average next year. Consequently, the level of wage and salary earnings in the economy as a whole, including

wage drift, would rise by around 5 per cent next year, compared with nearly 5 per cent in the current year.

Of the asset prices that serve as leading indicators of inflation, house prices are still on a slight downward trend. The lengthening of sales lags implies that no price increases are to be expected in the near future. Households continue to be cautious about housing. After a surge earlier in the year, stumpage (standing timber) prices started to decline in June. A fall in the world market prices of sawn timber has also affected the prices of log wood. The willingness of forest owners to sell timber has nevertheless remained high, and so there do not seem to be any upward pressures on stumpage prices.

The moderate rise in prices in international markets, the strengthening of the markka and restraint in domestic pricing have all contributed towards a downward adjustment of last spring's estimates of the rate of increase in prices. Despite a slight acceleration, the 12-month change in underlying inflation is expected to stay below 2 per cent for the remaining part of the year. Given present exchange rates and moderate pay settlements, underlying inflation is likely to remain close to 2 per cent in the early months of next year, when the effects of the changes in food prices caused by entry into the EU will have dropped out of the index. The rise in consumer prices is, however, likely to accelerate at the beginning of next year because of increases in energy and tobacco taxes.

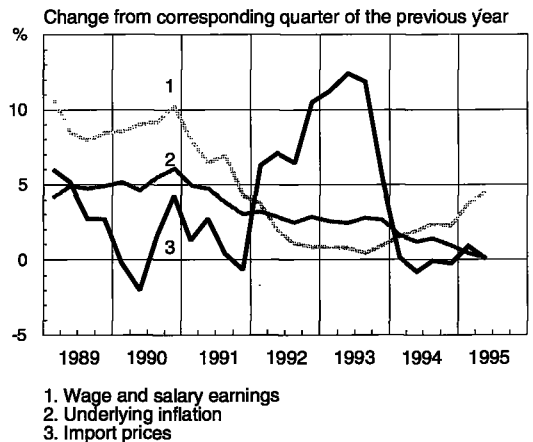
### **Strong confidence in economic policy has strengthened the markka**

After the financial crisis in Mexico, the international currency markets calmed down in the summer. The dollar is regaining its position as investment currency. At the beginning of August, the dollar started to appreciate rapidly against the major currencies. Dollar investments by Japanese investors were a key factor behind the strengthening of the dollar against the yen. Central banks in many countries supported the dollar. By mid-August, the dollar had strengthened by about 17 per cent against the yen and by about 7 per cent against the Deutschmark, compared with its low point in mid-April.

The appreciation of the dollar vis-à-vis the Deutschmark at the beginning of August was partly based on market expectations that the central bank of Germany would lower its key interest rates. At the end of August, the Bundesbank lowered both its discount rate and Lombard rate by half a percentage point, the former to 3.5 per cent and the latter to 5.5 per cent. One of the main reasons for cutting interest rates was the decrease in the monetary aggregate M3 in July. The cuts were also justified by the declining trend in inflation. Prior to this, the Bundesbank had already lowered its repo

**Chart 2.**

### **Inflation**



rate, which plays an important role in the implementation of monetary policy, on two separate occasions. After the rate cuts, the Deutschmark weakened against the dollar. Countries whose currencies are closely linked to the Deutschmark lowered their discount rates immediately after the Bundesbank's cut. The central banks of Austria, Belgium and Denmark cut their discount rates by 0.5 percentage point and the central bank of the Netherlands by 0.25 percentage point.

The weakening of the Deutschmark in relation to the dollar led to the strengthening of several European currencies in August. At the same time, investors resumed their interest in the currencies of countries with high interest rates. For instance, the Swedish krona strengthened in the summer against the Deutschmark and Swedish interest rates fell. In fact, several economic indicators in Sweden developed favourably in the summer.

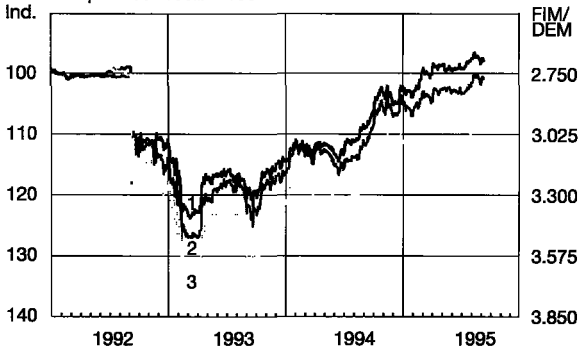
In July-August, movements in the value of the Finnish markka against the dollar and the Deutschmark were similar to those in many other European currencies. The markka strengthened by 3.2 per cent against the Deutschmark and by 1.8 per cent against the ECU. During the same period, the markka weakened by 2.7 per cent in relation to the dollar and by 2.0 per cent in relation to the Swedish krona. The trade-weighted value of the markka appreciated by 2.0 per cent (Chart 3).

The markka has strengthened at a steady pace, and this has helped to check the price pressures generated by foreign trade prices. The Bank of Finland has aimed at curbing any unduly sharp

**Chart 3.**

**External value of the markka**

7 September 1992 = 100

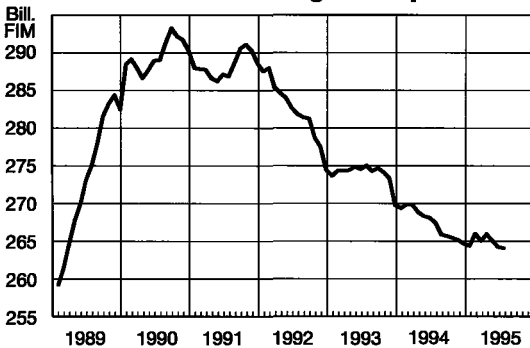


- 1. Trade-weighted currency index (left scale)
- 2. ECU (left scale)
- 3. Markka's exchange rate against the Deutschmark (right scale)

Rising curve indicates strengthening of the markka.

**Chart 4.**

**Banks' markka lending to the public**



fluctuations in the markka's exchange rate. In early August, the markka strengthened rapidly, mainly against the Deutschmark and the ECU.

In addition to the weakening of the Deutschmark, the smooth budget negotiations and increased optimism regarding the prospect of a moderate wage settlement have contributed to the appreciation of the markka. The credit rating agency Standard & Poor's provided its own impetus to the strengthening of the markka when it revised upwards its outlook for the Finnish government's foreign currency bonds. The change was based on the measures taken so far to consolidate central government finances.

Expectations concerning the strengthening of the markka were also reflected in a pick-up in foreign exchange transactions in August. Companies' foreign currency sales to banks increased to FIM 3.4 billion from their very low levels in the early summer. The hedging of export earnings in the forward exchange market also increased in August.

**Government refrains from foreign currency borrowing**

From 1991 to 1994, the government imported substantial amounts of capital, but since January 1995, it has raised hardly any new foreign currency loans. The government also intends to satisfy its borrowing needs in the second half of the year by placing debt in the domestic market as far as possible. The availability of funding in the domestic market has been good recently. For instance, in an auction of government serial bonds at the beginning of August, the State Treasury raised FIM 4.6 billion. The shift to markka borrowing has curbed the growth of liquidity in the money market, as the Bank of Finland no longer has to sterilize the additional liquidity originating from the government's capital imports by issuing new CDs.

Capital exports by the private sector amounted to FIM 4.2 billion in the January-July period. Finnish companies and financial institutions have continued to pay back their old foreign currency loans. Hence, the situation as regards foreign currency borrowing is the same as that for markka borrowing – there has been no pick-up in demand for loans.

Foreign investors' interest in Finnish shares increased in May-July, and shares were sold abroad to the value of FIM 4.8 billion in net terms. The bulk of the shares purchased by foreign investors consisted of Nokia shares. Foreign investors contributed to the rapid rise in the HEX all-share index in June. At the end of July, the total value of shares held by foreign investors amounted to about FIM 88 billion, which is 39 per cent of the total market capitalization of shares. At the end of July, the total value of shares and markka bonds in foreign investors' portfolios was FIM 105 billion, equivalent to about 40 per cent of Finland's net foreign debt.

The government's absence from the market for new foreign-currency loans and the strengthening of the markka against the reserve currencies kept the foreign currency reserves relatively stable in June-July. The Bank of Finland's outstanding forward currency contracts with banks were allowed to mature in July, as the foreign exchange reserves were decreasing. The foreign exchange reserves remained almost unchanged in August as well, amounting to FIM 51.7 billion at the end of the month.

### **Market interest rates falling**

Conditions in the Finnish money market were calm in midsummer. As in the foreign exchange market, the underlying positive tone in the money market continued. Movements in domestic interest rates were mainly caused by fluctuations in foreign interest rates.

The longest bond rate (the 9-year rate) rose to some extent in June, prompted by the rise in the Bank of Finland's tender rate and movements in foreign long-term interest rates, but returned to its previous level by the beginning of August. In midsummer, movements in long-term interest rates followed those in the corresponding German rates quite closely.

In August, interest rates moved lower under the influence of the cuts in the Bundesbank's key interest rates, and the good news regarding the Finnish budget negotiations and expectations of a moderate wage settlement. In June-August, Finnish long-term interest rates fell more than long-term rates in many other EU countries; for instance, the interest rate differential vis-à-vis the German long-term rate narrowed by about 0.5 percentage point in this period. At the end of August, the longest interest rate in Finland was about 1.5 percentage points higher than the corresponding German rate and about 2 percentage points lower than the corresponding Swedish rate. The longest Finnish interest rate is now about 8 per cent, ie slightly higher than the corresponding Danish and UK rates.

After the tender rate was raised at the beginning of June, short-term market interest rates remained virtually unchanged until the beginning of August, when they started to fall. Expectations about short-term rates were revised down sharply in the first half of August. Judging by forward rate agreements concluded at the end of August, the 3-month HELIBOR rate was expected to be about one percentage point lower in December than it was at the beginning of July.

### **Companies' demand for bank loans remains sluggish**

The outstanding amount of markka lending continued to decline in the summer (Chart 4). Demand for credit by firms and households has not shown any signs of picking up. Throughout the summer months, there was a slight downward trend in interest rates on new markka lending.

According to a survey of financing costs in manufacturing, companies intend to finance their increased investment activity by internally generated funds in the near future. Consequently, demand for markka loans will evidently continue weak in the future. Only one-fifth of manufacturing companies intend to finance their investment with borrowed funds over the next six months. The sluggish market for bank loans points to continuing adjustment pressures in the banking sector.

The growth of monetary aggregates has proceeded at a fairly steady rate and in line with expectations. In the first six months of the year, M1 grew by 7 per cent compared with the same period a year ago, and the 12-month growth of M2 was about 4 per cent. M3 remained unchanged or contracted slightly compared with the corresponding period a year earlier. M3 has fluctuated in line with changes in the amount of CDs held by the public. In June-July, CDs held by the public increased by about FIM 8 billion when the central government ran down its CD portfolio owing to a contraction in the government's cash position.

**Table. Short-term market interest rates (3-month), per cent**

	28 April	30 June	31 August
Germany	4.5	4.6	4.3
France	8.1	6.9	5.8
Belgium	5.4	4.7	4.4
UK	7.0	7.0	6.8
Italy	10.7	11.0	10.3
Denmark	6.9	6.7	5.7
Sweden	8.9	9.3	9.1
USA	6.2	6.0	5.9
Finland	5.9	6.2	6.0

**Long-term market interest rates (10 years), per cent**

	28 April	30 June	31 August
Germany	7.0	6.9	6.6
France	7.8	7.6	7.3
Belgium	7.8	7.5	7.2
UK	8.4	8.5	8.0
Italy	13.0	12.4	11.4
Denmark	8.6	8.5	8.0
Sweden	11.2	10.9	10.1
USA	7.0	6.2	6.3
Finland	9.0	8.8	8.0

***Pressures for tightening monetary policy are decreasing***

The successful budget negotiations, growing confidence in the likelihood of a moderate wage settlement, low inflation and a better-than-expected external balance have strengthened the markka and pushed market interest rates lower. The appreciation of the markka has checked the inflationary pressures generated by foreign trade prices and, at the same time, reduced the need to tighten interest rate policy. The tighter fiscal policy stance will have similar effects.

A moderate wage settlement is essential for the continuation of favourable market conditions. A

moderate and explicit labour market settlement and a more efficiently functioning labour market would reduce the uncertainty related to future developments in prices and hence increase the room for manoeuvre in monetary policy in the coming years.

12 September 1995



# **Regulating the global financial market<sup>1</sup>**

by **Kalevi Sorsa**  
Member of the Board  
Bank of Finland

## **Financial market volatility which cannot be fully justified by the underlying economic fundamentals is harmful**

As we all know, people are constantly seeking to enhance their welfare. Without taking a stand on whether this is good or bad, one can note that an increase in wealth and welfare seems to require economic growth, that is more investment, production and trade. Investment increases production capacity and potential output. Comparative advantages in resources, knowledge and experience induce people and nations to specialize and to trade with each other.

At the micro level there are always two parties in every transaction, essentially two persons or companies that are buying and selling something. These parties may speak different languages or live in different parts of the world. However, such differences should have nothing to do with the possibility or the price of a transaction; they do not call for restrictions or obstacles. Theoretically speaking, boundaries, which are erected, among other things, to collect money for public spending, to maintain uncompetitive economic structures or to restrain free mobility of information, are ultimately harmful to every party. Every step towards more efficient production or free trade is a step towards more growth, wealth and welfare.

In this sense every effort to remove obstacles to the free movement of commodities, labour or capital is desirable. Indeed, the General Agreement on Tariffs and Trade has been negotiated and the mobility of labour has been enhanced, for instance within the European Union; but the greatest advances have been made in the liberalization of financial markets. Innovations in new markets and institutions and in computing and communications technologies have contributed to an astonishingly rapid increase in financial transactions. Today, after 10 to 15 years of financial deregulation, we can consider the financial markets to be perfectly competitive. We have set a target and we have managed to achieve it. The case is closed. Or is it?

If we have liberalized the financial markets in order to increase trade, production and, ultimately, the welfare of people, why are we now discussing the possibility of reregulating the global financial markets? Does not unrestricted arbitrage ensure globally identical prices for a given asset? Does it not ensure effective pooling of risks? Does it not ensure that new saving is allocated to the world's most productive investment outlets?

It is easy to understand that the frequency of recent speculative attacks against major currencies, coupled with the view that in some cases the attacks could not be fully justified by the underlying economic fundamentals, has led to growing concern. Some commentators argue that the financial markets are dominated by short-term speculators whose collective actions may generate unnecessary volatility and move market rates away from levels consistent with underlying economic fundamentals. In the extreme case, this may distort the efficient functioning of those markets, as they contend.

Given all this, there have recently been demands for a return to tighter financial market supervision and control. For instance, the introduction of a non-interest-bearing deposit requirement on net foreign exchange positions and a tax on gross transactions have been proposed. When applied to a broad range of financial transactions, it is argued, these measures would raise the cost and, thus, reduce the volume of short-term speculative trading, which reflects only irrational investor behaviour. This should reduce excess volatility, encourage greater focus on the longer-term economic fundamentals and further improve the efficiency of the financial markets. The expectation is that rates or prices would more closely track fundamental values. With less volatility and risk, therefore, the cost of capital would be lower and investment spending higher and more efficiently allocated.

## **Only wide-ranging and tight multilateral capital controls are effective in reducing volatility**

If the solution to avoiding excess volatility is so straightforward, why have deposit requirements or transaction taxes not been widely introduced? One

<sup>1</sup> Based on a speech delivered to the 13th Session of the InterAction Council held in Tokyo on 22–26 May 1995.

reason is that only wide-ranging and tight multilateral capital controls are effective in reducing volatility. In other words, even if we had the will to reduce the volatility of the financial markets, we would no longer necessarily have the means to do so.

First, numerous innovations in computing and communications technologies, together with the considerable amount of time, money and human intelligence invested, have resulted in an ever-increasing number of exotic financial instruments. They are being developed to allow firms to operate internationally without exposing themselves to undue risk of exchange rate changes. Had there not been a demand for them, they would not have been developed in the first place. As always, history cannot be changed and useful innovations cannot be dis-innovated.

The idea and elegance of the new instruments is that one transaction can be mimicked by a combination of other transactions. As investors always try to avoid extra costs, they probably try to avoid the costs of a transaction tax or a deposit requirement as well. If the controls are not complete, investors can switch from taxed to non-taxed or from highly taxed to lightly taxed transactions. And furthermore, if taxes cannot be avoided by using existing instruments, they will be circumvented through the immediate development of new instruments.

For example, if spot exchange transactions are controlled by a transaction tax or a non-interest-bearing deposit requirement, speculators can always switch to derivatives, which offer a wide range of possibilities for taking a speculative position. Derivatives markets are linked to spot markets, and, in one way or another, speculation in a derivatives market can always be translated via arbitrage or hedging to the spot market. As a result, a tax can be avoided and the speculative activity remains unaffected.

The number of derivatives transactions has increased manyfold since the early days of the Chicago exchange. At the same time the entire financial system has been exposed to risks which are difficult to quantify. The Bank for International Settlements has issued guidelines among other things on risk management of derivatives trading. The BIS regulation, however, does not apply to non-banking institutions, which have played a significant role in the international securities and foreign exchange markets during the recent turbulent periods. In particular, some speculation-oriented hedge funds have been very active in using futures, options, swaps and forwards.

It must, of course, be remembered that although derivatives have facilitated speculation at low cost, they have on balance improved the stability of the financial system by unbundling and transferring risks to those entities best able to manage them. Needless to say, derivatives and other new financial instruments pose considerable

challenges to regulators and supervisors. They have prompted the authorities to consider profound changes in the way banks are supervised and regulated, as evidenced in the latest proposal addressing market risk and bank capital by the Basle Committee on Banking Supervision.

Secondly, our power to limit short-term speculative activity is restricted by the absence of simultaneously applied global measures. Even extensive controls covering every possible spot, forward or derivative transaction are ineffective if they are imposed only at the national level. National efforts to control capital mobility will cause an immediate shift of foreign exchange transactions across the border to another country or to some off-shore centre. As a result, the transactions are carried out by international banks or by the subsidiaries of national banks. Again, as in the case of limited regulation, controls are evaded and speculative activity remains unaffected. The ensuing growth of the eurocurrency market in the 1950s and 1960s serves as a good example of this effect.

Furthermore, if national controls are comprehensive enough to cover the operations of the subsidiaries of domestic banks, the only real result of the controls is that the transactions are carried out by other banks while the national banks are completely excluded from foreign exchange business.

Thus, in order to be effective multilateral controls should apply to all jurisdictions. A multilateral organization should be established to administer the global measures and to supervise national regulatory authorities. Such an organization should have the authority to levy sanctions on countries that fail to comply with the agreed measures. Although we have some encouraging examples of effective international organizations of this kind, the GATT for example, it is very doubtful whether it would be possible to agree on the measures, organizations and sanctions necessary to control the global financial markets. So far, the human capacity to develop imaginative financial instruments has proved to be unbeatable.

***Because of the resulting decrease in world trade and, hence national welfare, the real cost of effective control is high***

Another reason why deposit requirements or transaction taxes have not been widely used is that the real cost of effective control would be very high. Actually, even if we had all the necessary means to reduce the volatility of the financial markets – that is, extensive and tight multilateral capital controls – we would not necessarily want to use that power because of the real costs involved.

It is obvious that transaction taxes and deposit requirements would not only affect short-term speculative transactions, but also seriously limit longer-term financial operations associated with normal risk hedging against exchange rate changes

in foreign trade. Effective controls would increase operating and hedging costs for all economic agents. Some analysts even conclude that, in the absence of total regulation, controls would almost certainly be evaded by those for whom they were meant. The dead weight costs would instead fall on those involved in regular commercial transactions.

Since operators in foreign exchange would have no reason to carry the excess burden alone, a wider bid-ask spread would result and this would be borne by all investors, both short-term and long-term. Furthermore, effective controls would affect stock prices negatively since controls decrease the stream of income, on which the price of a security depends. This in turn would increase the cost of capital raised through issuing shares. An increase in the overall cost of capital would eventually reduce the volume of investment.

Thus, the only real result of reregulation of the financial markets would be a worldwide decrease in investment, production, trade, and hence in welfare. The results would be just the opposite of those intended. Furthermore, as the cost of capital would increase, the refinancing cost of debt would also increase, which would ultimately hit the indebted industrial countries and developing countries in particular.

***The most sensible way of reducing financial market volatility is to remove the causes of volatility by increasing coordination of global economic policy***

But if capital controls are not a viable alternative, what can be done to reduce excess volatility in the financial markets?

In Finland we have a saying that goes something like this: do not blame the mirror if there's something wrong with your face. Applying this to the present one could say: do not blame the spec-

ulator if you are not able to pursue sound economic policies. In other words, speculation and volatility in the financial markets are basically reflections of unsustainable economic policies at the national level and of uncoordinated economic policy at the international level. As we have seen lately, even the currencies of countries with sound fundamentals have been subject to speculative attacks. In such instances only international cooperation, for example in the form of unlimited intervention commitments, can provide the necessary safeguards.

At best, international cooperation should extend into the economic sphere. However, this is, as we all know, no easy task. Fortunately, we do not need 100 per cent participation of countries in economic policy coordination in order to achieve good results. If the major economic powers were able to agree on wide-ranging coordination in a credible way, the rest of the world would have every incentive to join in that cooperation and enjoy the benefits of the more stable economic environment that would result. To sum up, the most sensible and feasible way to reduce financial market volatility and remove the ground in which speculation thrives is to conduct economic policy aimed at stability at the national level and to develop the international economic cooperation that is lacking today.

# Items

## **Publications of the Bank of Finland**

Two publications have appeared in the Bank of Finland series E, both of them doctoral dissertations presented to the Faculty of Social Sciences of the University of Helsinki.

The doctoral dissertation of Juha Tarkka (E:2) is titled *Approaches to Deposit Pricing: A Study in the Determination of Deposit Interest and Bank Service Charges*. The point of departure for the study is the observation that general price theory, which is based on efficient competition and frictionless markets, is unable to explain some key features of the deposit markets, such as the widespread tendency of banks to underprice payment services in relation to their costs and the low rate of interest paid on transaction accounts in relation to money market interest rates. The author develops the theory of deposit pricing by examining the effects of taxability of deposit interest, uncertainty related to payment services and banks' market power (ie imperfect competition) on the pricing of transaction accounts.

The tax treatment of deposit interest has major implications for the preconditions for banking competition and the forms it takes. Since households do not have to pay tax on the use of underpriced bank services, the tax system contains a hidden subsidy on bank services. As a result, from the point of view of banks, free payment services linked to deposits are often a more efficient means of competition than taxable deposit interest. The higher the general tax rate on interest income, the greater is the distortionary effect of taxation on the supply of payment services.

The study shows that the hidden tax subsidy linked to the use of bank services is greater in a system where regulated tax-exempt interest is paid on deposits, as in Finland, than in a system where all interest paid on deposits is taxable. The higher the tax ceiling set for tax-exempt transaction accounts, the greater is the hidden subsidy. The

study also shows that the distortionary effect of the tax subsidy on deposit markets could in principle be offset by imposing a sufficiently high reserve requirement on transaction accounts.

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\* \* \*

The doctoral dissertation of Timo Tyrväinen (E:3) *Wage Determination, Taxes, and Employment: Evidence from Finland* assesses the effects of taxation on wages, labour costs and employment.

The taxes examined in this study are income taxes, employers' social security contributions and consumption taxes. These elements make up the tax wedge, which measures the amount by which the employer's real labour cost exceeds the employee's real take-home pay.

According to the evidence, the tax wedge affects the development of wages in Finland. The rule of thumb is that about half of any tightening of taxation persists in the form of higher labour costs. Similarly, about half of any tightening of taxation is reflected in a reduction in employees' real take-home pay.

Over the past ten years, taxation has been tightened considerably in Finland. The resulting increase in labour costs is probably in the region of 10 per cent, which has reduced the number of employed by several per cent. Since the effects of taxation are not realized immediately and the most recent tightening of taxation took place in 1993-94, the harmful effects of taxation are likely to add further to wage pressure over the next few years and impede the improvement of employment.

Shifting from one form of taxing labour to another does not offer a long-term solution. If the aim is to reduce the harmful effects of taxation on unemployment, then the overall level of taxes on labour should be lowered.

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# Measures concerning monetary and foreign exchange policy and the financial markets

1994

## NOVEMBER

**Banks' access to the Bank of Finland's current account and liquidity credit facilities.** At the beginning of November, the Bank of Finland modifies the conditions governing access by banks and other credit institutions to current account and liquidity credit facilities at the central bank. In addition, the partial collateralization requirement previously imposed on intraday credit limits is replaced by the requirement of full collateralization.

**Tax-exempt deposits.** On 18 November, Parliament approves an amendment of the law on the tax relief of deposits and bonds whereby the tax-exempt status of 24-month deposits is extended to apply to deposits made up to the end of 1995.

**The Bank of Finland decides to sign the EMS agreement without entry into the ERM.** On 23 November, the Bank of Finland decides to sign the agreements between the central banks of the EU member states on the European Monetary System (EMS) and Short-Term Monetary Support (STMS). The agreements will enter into force as of the date Finland's membership of the EU becomes effective. The Board of the Bank of Finland also decides to propose to the central banks of the EU member states that the existing bilateral swap agreements with EU central banks be terminated with effect from the date of entry into force of the EMS and STMS agreements.

## DECEMBER

**Tender rate.** On 9 December, the Bank of Finland raises its tender rate from 5.0 per cent to 5.5 per cent. The tender rate serves as a benchmark for short-term money market rates.

**Support to Skopbank.** On 21 December, the Government grants capital support to Skopbank by purchasing preferred capital certificates issued by Skopbank to the total value of FIM 450 million.

1995

## FEBRUARY

**Tender rate.** On 10 February, the Bank of Finland raises its tender rate from 5.5 per cent to 5.75 per cent.

## MARCH

**Increase in the capital of Asset Management Company Arsenal Ltd.** On 23 March, the Government decides to raise the share capital of Asset Management Company Arsenal Ltd by FIM 8 billion. The capital injection is necessary to cover losses incurred during the year.

## APRIL

**Long-term reference rates.** On 21 April, the Bank of Finland recommends that the three- and five-year reference rates calculated by it should no longer be used as reference rates for new loans.

## JUNE

**HELIBOR rates.** As from 1 June, the method of calculating the HELIBOR rates is revised. As a rule, all the banks which have been accepted by the Bank of Finland as counterparties in its money market operations are taken into account in the calculation; the highest and lowest rates quoted for each maturity are omitted.

### **Counterparties in the Bank of Finland's money market operations and the instruments employed.**

On 1 June 1995, the Bank of Finland revises the criteria applied in the selection of counterparties for its money market operations and accords priority status to risk-free securities.

**Weekly repo auctions discontinued.** On 1 June 1995, the Bank of Finland discontinues the weekly tenders (repo auctions) which it arranges for market makers in government benchmark bonds.

**Skopbank to be sold to Svenska Handelsbanken.** On the proposal of the Government Guarantee Fund, the Government approves, on 2 June 1995, an arrangement whereby the sound parts of Skopbank will be sold to the Swedish bank Svenska Handelsbanken. The deal involves mainly the parent bank Skopbank's good loans and

guarantees as well as the share capital of Industrialization Fund of Finland Ltd and SKOP Finance Ltd., which are part of the Skopbank group. Also included in the deal are Skopbank subsidiaries Finnish Real Estate Bank Ltd and the credit card company Aktiiviraha Oy.

**Tender rate.** On 9 June, the Bank of Finland raises its tender rate from 5.75 per cent to 6.00 per cent.

## OCTOBER

**The minimum reserve system.** The Bank of Finland decides to revise the banks' minimum reserve system as from October 1995 so that the minimum reserve requirement is based on a monthly average.



# Finland in brief

## Land, climate and population

Finland covers an area of more than 338 000 square kilometres. The total area is slowly increasing because of the steady uplift of the land since the last glacial era. The country shares frontiers with Sweden in the west, Norway in the north and Russia 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 5 098 427 (31 December 1994) and an average population density of 16.6 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 516 100 inhabitants, Espoo (Esbo) 186 600, Tampere (Tammerfors) 179 300, Vantaa (Vanda) 164 600 and Turku (Åbo) 162 300.

There are two official languages: 93.1 % of the population speaks Finnish as its mother tongue and 5.8 % 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 6 December 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, 1 March 1994 to 1 March 2000, is Mr Martti Ahtisaari.

Parliament, comprising 200 members, is elected by universal suffrage for a period of four years. Following the parliamentary elections of 1995, the seats of the various parties in Parliament are distributed as follows:

Social Democratic Party 63; Centre Party 44; National Coalition Party 39; Left Wing Alliance 22; Swedish People's Party 12; Green League 9; Christian League 7; Progressive Finnish Party 2; Rural Party 1; and Ecological Party 1.

Of the 18 ministerial posts in the present Government appointed in April 1995, 7 are held by the Social Democratic Party, 5 by the National Coalition Party, 2 by the Left Wing Alliance, 2 by the Swedish People's Party, 1 by the Green League and 1 by an expert with no party affiliation. The Prime Minister is Mr Paavo Lipponen of the Social Democratic Party.

Finland is divided into 455 self-governing municipalities. Members of the municipal council are elected by universal suffrage for a period of four years.

## International relations

Finland became a member of the BIS in 1930, the IMF in 1948, the IBRD in 1948, GATT in 1950, the UN in 1955, the Nordic Council in 1955, the IFC in 1956, IDA in 1960, EFTA in 1961, the ADB in 1966, the OECD in 1969, the IDB in 1977, the AfDB in 1982, the MIGA in 1988, the Council of Europe in 1989, the EBRD in 1991 and the EU in 1995.

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. The agreement on the European Economic Area (EEA) between the member countries of EFTA and the European Union came into effect at the beginning of 1994. Finland's negotiations to join the European Union were concluded in spring 1994. The accession treaty was signed in Corfu in June. In autumn 1994, a consultative referendum was held in which the majority of the voters (56.9 %) were in favour of membership. The Finnish Parliament ratified the accession treaty in November. The accession treaty having been ratified by each Member State, Finland became a member of the European Union on 1 January 1995. 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.

Finland's development cooperation programmes channel assistance via international organizations and, bilaterally, to a number of African, Asian and Latin American countries.

## The economy

**Output and employment.** Of the gross domestic product of FIM 444 billion in basic values in 1994, 3 % was generated in agriculture and fishing, 3 % in forestry, 25 % in industry, 5 % in construction, 11 % in trade, restaurants and hotels, 9 % in transport and communications, 3 % in finance and insurance, 21 % in other private services and 20 % by producers of government services. Of total employment of 2.0 million persons in 1994, 8 % were engaged in primary production, 27 % in industry and construction and 65 % in services.

In 1994, expenditure on the gross domestic product in purchasers' values amounted to FIM 508 billion and was distributed as follows: net exports 6 % (exports 35.7 %, imports -29.5 %), gross fixed capital formation 14 %, private consumption 56 % and government consumption 22 %. Finland's tax ratio (gross taxes including compulsory employment pension contributions relative to GDP) was 47 per cent, which is somewhat below the average for the Nordic countries.

Average annual (compounded) growth of real GDP was 4.7 % in the period 1950-59, 5.0 % in 1960-69, 3.7 % in 1970-79, 3.7 % in 1980-89 and 3.6 % in 1990-94. Finland's GDP per capita in 1994 was USD 19 100.



**Foreign trade.** OECD countries absorb the bulk of Finnish merchandise exports. In 1990–94, their share was, on average, 78.3 %, of which the share of EC countries was 48.8 percentage points and that of EFTA countries 18.8 percentage points. Over the same period, Finland's exports to East European countries (including the Soviet Union/Russia) accounted for 9.9 % and the rest of the world for 11.8 %. The regional distribution of Finland's merchandise imports has been quite similar to that of exports.

In 1994, the share of forest industry products in total merchandise exports was 36 %, the share of metal and engineering products 44 % and the share of other goods 20 %. Raw materials and intermediate goods (incl. crude oil) accounted for 60 % of merchandise imports, fuels for 5 %, investment goods for 14 % and consumption goods for 20 %.

**Forest resources.** Finland has fairly abundant forest resources, but only limited amounts of other raw materials. The growing stock comprises 1 910 million cubic metres, of which 45 % is pine, 37 % spruce and 18 % broad-leaved species, chiefly birch.

The annual growth increment totals 78 million cubic metres and the total drain was about 62 million cubic metres in 1994.

**Energy.** In 1993, gross consumption of primary energy amounted to 30 Mtoe, of which industry accounted for 45 %, heating for 22 %, transportation for 13 % and other purposes for 20 %. The sources of primary energy in 1993 were as follows: oil 28 %, coal 11 %, nuclear power 15 %, hydro-electric power, peat and other indigenous sources 32 %, others 14 %. Compared internationally (1992), Finland's consumption of 5.6 toe (OECD definition) per capita was 1.7 times higher than the average in European OECD countries. The self-sufficiency rate (including nuclear power) in Finland was 42 %, as compared with 61 % in western Europe on average.

## **Finance and banking**

**Currency.** Finland has had its own monetary system since 1865. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). From 1 November 1977 to 7 June 1991 the external value of the markka was officially expressed in terms of a trade-weighted currency index, which was permitted to fluctuate within a prescribed range (from 30 November 1988 the range was 6 percentage points). From 7 June 1991 to 7 September 1992, the markka was pegged to the European Currency Unit, the ECU. The fluctuation margins and the midpoint were set so as to correspond to the fluctuation margins and midpoint of the old currency index. The midpoint was first 4.87580 (FIM/ECU). Owing to the devaluation of the markka on 15 November 1991, the midpoint was increased to 5.55841 and the fluctuation limits to 5.39166 and 5.72516. On 8 September 1992, the Bank of Finland decided to

temporarily abandon the limits of the fluctuation range and allow the markka to float. On 13 November 1992, the Government, on the basis of the amended Currency Act, authorized the Bank of Finland to float the markka for an indefinite period.

**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 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 and open market operations in the money and foreign exchange market. 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 4 branch offices in other towns.

**Other banks** (31 December 1994). Finland has three major groups of deposit banks with a total of about 2 149 offices. There are three big commercial banks with national branch networks and ten smaller ones. The commercial banks have a total of 27 foreign branches, subsidiaries and associate banks and 31 representative offices abroad. There are 40 savings banks and 302 cooperative banks with their own extensive branch networks. In addition, foreign banks have four branches and eight representative offices in Finland.

**Financial market.** Of the total stock of FIM 683 billion in outstanding domestic credit at the end of September 1994, 53 % was provided by deposit banks, 23 % by insurance companies, 5 % by other private credit institutions, 7 % by public financial institutions and 12 % 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, 77 % of the instruments, which totalled approximately FIM 174 billion at end-1994, were bank certificates of deposit (including central bank paper). Other negotiable money market instruments consist of Treasury bills, commercial paper and local authority paper.

There are 66 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 181 billion (at end-1994). Domestic bonds and debentures in circulation at end-1994 totalled FIM 200 billion; government bonds made up 47 % of the total. Turnover on the Stock Exchange in 1994 amounted to FIM 71 billion; the share of shares and subscription rights in the total was approximately 97 %.



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# 1. The balance sheet of the Bank of Finland

## 1.1 The balance sheet of the Bank of Finland, mill. FIM

	1994		1995		
	31 Dec.	8 Aug.	15 Aug.	23 Aug.	31 Aug.
<b>ASSETS</b>					
<b>Gold and foreign currency claims</b>	52 743	51 204	51 209	51 451	51 750
Gold	2 180	1 742	1 742	1 742	1 742
Special drawing rights	1 537	1 290	1 288	1 272	1 275
IMF reserve tranche	1 354	1 503	1 499	1 580	1 584
ECU-claim on the European Monetary Institute	–	3 339	3 300	3 306	3 333
Foreign currency claims	47 672	43 329	43 380	43 551	43 816
<b>Other foreign claims</b>	4 595	4 254	4 253	4 188	4 189
Markka subscription to Finland's quota in the IMF	4 595	4 196	4 196	4 132	4 132
Share in the European Monetary Institute	–	57	57	57	57
<b>Claims on financial institutions</b>	2 520	5 057	3 876	4 004	3 876
Liquidity credits	–	812	–	128	–
Certificates of deposit	443	–	–	–	–
Securities with repurchase commitments	1 037	3 425	3 053	3 053	3 053
Term credits	–	–	–	–	–
Bonds	802	583	585	585	585
Other claims on financial institutions	238	238	238	238	238
<b>Claims on the public sector</b>	1 806	1 802	1 802	1 802	1 804
Treasury bills	–	–	–	–	–
Total coinage	1 806	1 802	1 802	1 802	1 804
<b>Claims on corporations</b>	3 149	3 091	3 086	3 080	3 080
Financing of domestic deliveries (KTR)	316	235	230	225	224
Other claims on corporations	2 833	2 856	2 856	2 856	2 856
<b>Other assets</b>	6 524	5 831	5 737	5 806	5 889
Loans for stabilizing the money market	4 532	4 532	4 532	4 532	4 532
Accrued items	1 832	1 137	1 042	1 116	1 197
Other assets	159	162	163	158	160
<b>Valuation account</b>	–	2 012	2 261	1 774	1 504
<b>Capitalized expenditures and losses due to safeguarding the stability of the money market</b>	1 400	1 400	1 400	1 400	1 400
<b>Total</b>	<b>72 737</b>	<b>74 651</b>	<b>73 622</b>	<b>73 505</b>	<b>73 493</b>
<b>LIABILITIES</b>					
<b>Foreign currency liabilities</b>	130	918	929	1 019	1 028
<b>Other foreign liabilities</b>	5 579	5 118	5 116	5 061	5 063
IMF markka accounts	4 595	4 196	4 196	4 132	4 132
Allocations of special drawing rights	985	922	919	929	931
Other foreign liabilities	–	–	–	–	–
<b>Notes and coin in circulation</b>	14 315	14 387	14 282	14 228	14 325
Notes	12 675	12 691	12 586	12 536	12 636
Coin	1 640	1 696	1 696	1 692	1 688
<b>Certificates of deposit</b>	35 236	36 703	36 371	36 609	36 809
<b>Liabilities to financial institutions</b>	7 912	8 435	7 846	7 516	7 198
Call money deposits	1 387	1 670	1 081	751	624
Term deposits	–	–	–	–	–
Minimum reserve deposits	6 526	6 765	6 765	6 765	6 574
Other liabilities to financial institutions	–	–	–	0	0
<b>Liabilities to the public sector</b>	93	54	54	54	56
Cheque accounts	0	1	1	0	0
Deposits of the Government Guarantee Fund	93	53	53	53	55
Other liabilities to the public sector	–	–	–	–	–
<b>Liabilities to corporations</b>	1 548	1 202	1 199	1 189	1 187
Deposits for investment and ship purchase	1 548	1 202	1 199	1 189	1 187
<b>Other liabilities</b>	461	373	364	368	366
Accrued items	437	336	336	337	336
Other liabilities	24	37	29	32	31
<b>Valuation account</b>	–	–	–	–	–
<b>Provisions</b>	1 698	1 698	1 698	1 698	1 698
Pension provision	1 329	1 329	1 329	1 329	1 329
Other provisions	369	369	369	369	369
<b>Capital accounts</b>	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764
Net earnings	–	–	–	–	–
<b>Total</b>	<b>72 737</b>	<b>74 651</b>	<b>73 622</b>	<b>73 505</b>	<b>73 493</b>

## 1.2 Time series for the balance sheet items of the Bank of Finland, mill. FIM

End of period	Foreign sector								Public sector		
	Gold	Special drawing rights	IMF reserve tranche	ECU-claim on the European Monetary Institute	Foreign currency claims	Foreign exchange reserves (1+2+3+4+5)	Other claims, net	Net claims (6+7)	Claims	Liabilities	Net claims (9-10)
	1	2	3	4	5	6	7	8	9	10	11
<b>1990</b>	2 180	791	783	.	33 478	37 232	-1 273	35 960	1 314	1 321	-7
<b>1991</b>	2 180	932	1 136	.	29 381	33 629	-424	33 204	1 375	3	1 372
<b>1992</b>	2 180	564	1 732	.	25 041	29 517	-2 998	26 519	2 446	90	2 356
<b>1993</b>	2 180	664	1 747	.	28 882	33 473	-1 324	32 148	1 788	784	1 004
<b>1994</b>	2 180	1 537	1 354	.	47 672	52 743	-1 114	51 629	1 806	93	1 713
<b>1994</b>											
<b>Aug.</b>	2 180	636	1 447	.	48 794	53 058	-1 249	51 809	1 817	71	1 746
<b>Sept.</b>	2 180	618	1 407	.	48 947	53 153	-1 178	51 975	1 847	60	1 787
<b>Oct.</b>	2 180	1 249	1 338	.	48 610	53 377	-1 139	52 238	1 864	115	1 749
<b>Nov.</b>	2 180	1 461	1 388	.	49 154	54 184	-1 121	53 063	1 872	51	1 821
<b>Dec.</b>	2 180	1 537	1 354	.	47 672	52 743	-1 114	51 629	1 806	93	1 713
<b>1995</b>											
<b>Jan.</b>	1 742	1 370	1 366	3 700	46 627	54 805	-1 490	53 315	1 767	184	1 583
<b>Feb.</b>	1 742	1 775	1 326	3 606	45 608	54 058	-1 544	52 514	1 765	68	1 697
<b>March</b>	1 742	1 616	1 329	3 619	45 185	53 492	-1 149	52 343	1 763	68	1 695
<b>April</b>	1 742	1 295	1 290	3 460	42 535	50 321	-1 583	48 738	1 773	101	1 672
<b>May</b>	1 742	1 028	1 437	3 481	42 847	50 536	-1 644	48 892	1 772	194	1 578
<b>June</b>	1 742	1 278	1 425	3 477	43 484	51 407	-1 617	49 790	1 793	554	1 239
<b>July</b>	1 742	1 383	1 518	3 361	43 659	51 662	-1 945	49 717	1 797	53	1 744
<b>Aug.</b>	1 742	1 275	1 584	3 333	43 816	51 750	-1 902	49 848	1 804	56	1 748
End of period	Domestic financial sector					Corporate sector					
	Term claims on deposit banks, net	Liquidity position of deposit banks <sup>1</sup>	Minimum reserve deposits of deposit banks <sup>2</sup>	Other claims on financial institutions, net	Net claims (12+13-14+15)	Claims in the form of special financing	Special deposits and other items, net	Net claims (17+18)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland	
	12	13	14	15	16	17	18	19	20	21	
<b>1990</b>	9 411	-418	-17 401	5 744	-2 665	1 477	-9 724	-8 247	14 555	0	
<b>1991</b>	11 882	-2 206	-10 361	5 531	4 846	1 086	-6 854	-5 768	14 528	8 880	
<b>1992</b>	3 738	-550	-13 165	4 572	-5 405	747	-2 651	-1 904	14 508	4 880	
<b>1993</b>	7 337	-1 802	-6 398	1 339	476	496	720	1 216	14 994	14 837	
<b>1994</b>	1 480	-1 387	-6 526	1 040	-5 392	316	1 285	1 601	14 315	35 236	
<b>1994</b>											
<b>Aug.</b>	4 557	-2 252	-6 602	1 120	-3 177	374	1 104	1 478	13 922	35 040	
<b>Sept.</b>	3 485	-1 421	-6 550	1 173	-3 313	360	1 124	1 484	13 906	36 856	
<b>Oct.</b>	1 829	-945	-7 029	1 111	-5 034	345	1 186	1 531	13 900	36 948	
<b>Nov.</b>	492	-2 026	-6 674	1 094	-7 113	331	1 222	1 553	13 776	34 406	
<b>Dec.</b>	1 480	-1 387	-6 526	1 040	-5 392	316	1 285	1 601	14 315	35 236	
<b>1995</b>											
<b>Jan.</b>	944	-719	-6 511	1 003	-5 284	307	1 354	1 661	13 592	36 282	
<b>Feb.</b>	2 328	-1 618	-6 521	947	-4 863	295	1 447	1 742	14 087	36 943	
<b>March</b>	2 701	-1 048	-6 516	937	-3 926	285	1 501	1 786	13 846	37 991	
<b>April</b>	2 922	-1 124	-6 798	906	-4 094	273	1 561	1 834	14 121	35 448	
<b>May</b>	2 242	-794	-6 523	886	-4 189	259	1 599	1 858	14 270	34 742	
<b>June</b>	3 019	-707	-6 646	852	-3 482	244	1 638	1 882	14 374	35 555	
<b>July</b>	3 425	-525	-6 765	829	-3 037	235	1 653	1 888	14 544	36 982	
<b>Aug.</b>	3 053	-624	-6 574	823	-3 322	224	1 669	1 893	14 325	36 809	

<sup>1</sup> Call money claims on deposit banks, net, until 2 July 1992.

<sup>2</sup> Cash reserve deposits prior to 1 July 1993.

## 2. The Bank of Finland's operations in the money and foreign exchange markets and the banks' forward exchange position

### 2.1 Banks' liquidity position

at the Bank of Finland, mill. FIM

Average of daily observations	Call money deposits	Liquidity credits <sup>1</sup>	Liquidity position, net <sup>1</sup> (1-2)
	1	2	3
1990	806	132	674
1991	881	985	-103
1992	2 103	437	1 666
1993	831	425	407
1994	1 393	10	1 383
1994			
Aug.	2 575	0	2 575
Sept.	2 089	0	2 089
Oct.	1 442	0	1 442
Nov.	2 038	0	2 038
Dec.	1 160	0	1 160
1995			
Jan.	1 196	0	1 196
Feb.	1 210	4	1 206
March	1 750	0	1 750
April	853	0	853
May	833	2	831
June	607	30	577
July	803	0	803
Aug.	873	204	669

### 2.2 The Bank of Finland's minimum reserve system<sup>2</sup>

End of period	Reserve requirement			Cash reserve requirement, %	Deposits, mill. FIM Total
	On deposits repayable on demand, %	On other deposits, %	On other items, %		
	1	2	3	4	5
1990	.	.	.	7.0	17 401
1991	.	.	.	4.0	10 361
1992	.	.	.	5.0	13 165
1993	2.0	1.5	1.0	.	6 398
1994	2.0	1.5	1.0	.	6 526
1994					
Aug.	2.0	1.5	1.0	.	6 602
Sept.	2.0	1.5	1.0	.	6 550
Oct.	2.0	1.5	1.0	.	7 029
Nov.	2.0	1.5	1.0	.	6 674
Dec.	2.0	1.5	1.0	.	6 526
1995					
Jan.	2.0	1.5	1.0	.	6 511
Feb.	2.0	1.5	1.0	.	6 521
March	2.0	1.5	1.0	.	6 516
April	2.0	1.5	1.0	.	6 798
May	2.0	1.5	1.0	.	6 523
June	2.0	1.5	1.0	.	6 646
July	2.0	1.5	1.0	.	6 765
Aug.	2.0	1.5	1.0	.	6 574

<sup>1</sup> Call money credits and call money position until 2 July 1992.

<sup>2</sup> Cash reserve system prior to 1 July 1993.

### 2.3 The Bank of Finland's money market transactions, mill. FIM

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Money market transactions, net (1-2-3)
	1	2	3	4
1990	163 326	26 379	160 797	-23 850
1991	109 568	30 380	81 969	-2 781
1992	76 230	137 940	-60 417	-1 293
1993	86 521	146 899	-50 486	-9 892
1994	35 540	351 820	-295 165	-21 115
1994				
Aug.	5 140	35 040	-32 970	3 070
Sept.	590	36 860	-33 510	-2 760
Oct.	330	38 290	-36 210	-1 750
Nov.	1 630	35 210	-34 400	820
Dec.	1 470	34 680	-34 790	1 580
1995				
Jan.	2 580	36 050	-31 590	-1 880
Feb.	3 490	36 940	-34 710	1 260
March	4 260	40 440	-35 360	-820
April	2 400	34 970	-35 680	3 110
May	3 710	32 780	-28 590	-480
June	3 060	35 556	-32 401	-95
July	3 385	36 980	-32 530	-1 065
Aug.	3 040	36 810	-33 550	-220

## 2.4 The Bank of Finland's transactions in convertible currencies, mill. FIM

During period	Intervention in the foreign exchange market			Spot transactions related to forward contracts, net	Central government's foreign exchange transactions, net
	Spot purchases	Spot sales	Forward exchange intervention = change in forward exchange position		
	1	2	3	4	5
1991	35 120	-69 940	-14 820	12 820	12 260
1992	20 050	-70 640	-1 650	390	45 060
1993	25 120	-45 080	7 460	-6 910	33 240
1994	20 930	-12 900	9 060	-8 930	24 660
<b>1994</b>					
July	-	-930	-	-	4 610
Aug.	-	-4 270	-2 960	2 990	-530
Sept.	-	-1 440	2 420	-2 340	5 350
Oct.	5 110	-220	5 070	-5 090	2 280
Nov.	210	-520	770	-530	60
Dec.	1 750	-300	870	-1 120	-960
<b>1995</b>					
Jan.	-	-190	3 290	-3 260	4 360
Feb.	-	-90	-280	-90	720
March	-	-1 440	-1 710	1 350	-50
April	400	-	-2 650	6 290	-6 010
May	-	-	-1 230	1 300	-1 040
June	-	-	-1 120	1 110	-813
July	-	-	-2 470	2 450	-2 072

## 2.5 Forward exchange contracts between Finnish markkaa and other currencies, mill. FIM

Stock at end of period	Finnish banks' forward contracts						Non-residents' forward contracts with Finnish customers (excl. Finnish banks)			The Bank of Finland's forward contracts	
	With Finnish customers (excl. Finnish banks)			With foreign customers			Total				
	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net (1-2)	Currency purchases from foreign customers	Currency sales to foreign customers	Net (4-5)	Net (3+6)	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net (8-9)	Net currency sales
1	2	3	4	5	6	7	8	9	10	11	
1990	11 609	4 979	6 631	21 179	11 079	10 100	16 731	237	55	183	-6 098
1991	33 004	36 352	-3 348	40 056	37 505	2 550	-798	1 404	645	759	8 953
1992	39 195	32 939	6 256	21 142	32 339	-11 197	-4 941	1 614	1 929	-315	7 133
1993	38 373	23 721	14 652	14 346	21 895	-7 548	7 104	11 632	2 173	9 459	1 939
1994	51 096	22 093	29 003	19 236	32 791	-13 555	15 448	18 372	4 780	13 592	-6 080
<b>1994</b>											
July	40 536	16 619	23 917	17 436	27 166	-9 730	14 187	14 746	4 000	10 746	0
Aug.	39 846	19 930	19 916	19 572	32 036	-12 464	7 452	14 542	3 735	10 807	3 002
Sept.	40 197	20 368	19 829	18 637	29 261	-10 624	9 205	14 177	3 389	10 788	671
Oct.	44 821	19 418	25 403	20 662	30 252	-9 589	15 814	14 945	2 659	12 286	-4 436
Nov.	46 460	21 508	24 952	18 515	28 808	-10 293	14 659	16 058	4 036	12 023	-5 075
Dec.	51 096	22 093	29 003	19 236	32 791	-13 555	15 448	18 372	4 780	13 592	-6 080
<b>1995</b>											
Jan.	53 808	22 928	30 880	21 342	31 748	-10 407	20 473	19 972	4 698	15 274	-9 436
Feb.	54 500	23 006	31 494	21 161	36 433	-15 273	16 221	20 618	3 533	17 086	-9 485
March	57 611	25 712	31 899	23 283	36 466	-13 182	18 717	20 806	4 775	16 030	-8 055
April	57 779	24 331	33 447	22 063	33 135	-11 073	22 374	19 221	5 194	14 027	-4 909
May	59 058	24 236	34 822	23 178	33 876	-10 698	24 124	17 363	5 967	11 395	-3 562
June	56 010	21 745	34 265	22 744	36 052	-13 308	20 957	17 184	5 360	11 824	-2 461
July	54 311	20 649	33 662	22 825	33 288	-10 463	23 199	16 028	4 688	11 340	0

### 3. Rates of interest

#### 3.1 Money market rates and rates applied by the Bank of Finland, per cent

Average of daily observations	Interbank overnight rate	HELIBOR				Bank of Finland rates		
		1 month	3 months	6 months	12 months	Liquidity credit rate <sup>1</sup>	Call money deposit rate	Base rate
	1	2	3	4	5	6	7	8
1990	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50
1991	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50
1992	13.32	13.49	13.27	13.08	12.96	14.90	7.41	9.17
1993	7.71	7.85	7.73	7.59	7.47	8.95	4.95	6.85
1994	4.38	5.11	5.35	5.78	6.33	7.11	3.11	5.27
1994								
Aug.	3.91	5.35	5.96	6.77	7.54	7.32	3.32	5.25
Sept.	4.07	5.07	5.57	6.36	7.25	7.13	3.13	5.25
Oct.	4.10	5.07	5.39	5.82	6.69	7.08	3.08	5.25
Nov.	4.30	5.07	5.43	6.05	6.79	7.06	3.06	5.25
Dec.	4.57	5.41	5.70	6.18	7.02	7.38	3.38	5.25
1995								
Jan.	4.43	5.50	5.85	6.32	7.14	7.50	3.50	5.25
Feb.	5.27	5.71	5.99	6.32	6.97	7.66	3.66	5.25
March	4.66	5.78	6.06	6.48	7.07	7.75	3.75	5.25
April	5.00	5.75	5.97	6.31	6.82	7.75	3.75	5.25
May	5.06	5.72	5.87	6.06	6.45	7.75	3.75	5.25
June	5.77	5.93	6.02	6.21	6.57	7.93	3.93	5.25
July	5.40	5.97	6.13	6.40	6.80	8.00	4.00	5.25
Aug.	6.04	5.99	6.08	6.25	6.56	8.00	4.00	5.25

<sup>1</sup> Call money credit rate until 2 July 1992.

#### 3.2 The Bank of Finland's liquidity facility

The Bank of Finland's tender rate, %	Liquidity credit: interest rate margin, %-points	Liquidity credit: maturity, days	Call money deposits: interest rate margin, %-points	
1	2	3	4	
1992 <sup>1</sup>	13.85	+1.00	7	-3.00
1993	7.87	+2.00	7	-2.00
1994	5.11	+2.00	7	-2.00
1994				
Aug.	5.32	+2.00	7	-2.00
Sept.	5.13	+2.00	7	-2.00
Oct.	5.08	+2.00	7	-2.00
Nov.	5.06	+2.00	7	-2.00
Dec.	5.38	+2.00	7	-2.00
1995				
Jan.	5.50	+2.00	7	-2.00
Feb.	5.66	+2.00	7	-2.00
March	5.75	+2.00	7	-2.00
April	5.75	+2.00	7	-2.00
May	5.75	+2.00	7	-2.00
June	5.93	+2.00	7	-2.00
July	6.00	+2.00	7	-2.00
Aug.	6.00	+2.00	7	-2.00
09.06.1995	6.00			

#### 3.3 Weighted Eurorates and commercial ECU interest rate, per cent

Average of daily observations	ECU	3 currencies	Commercial ECU
	3 months		
	1	2	3
1990	10.5	9.1	10.4
1991	10.1	8.5	9.9
1992	10.4	7.8	10.6
1993	8.0	6.0	8.1
1994	5.9	5.2	6.1
1994			
Aug.	5.7	5.0	6.0
Sept.	5.8	5.2	5.9
Oct.	5.8	5.4	6.0
Nov.	5.8	5.5	5.9
Dec.	6.1	5.8	6.3
1995			
Jan.	6.0	5.6	6.3
Feb.	6.0	5.6	6.1
March	6.7	5.6	6.9
April	6.3	5.3	6.4
May	6.2	5.2	6.3
June	6.1	5.2	6.2
July	5.9	5.2	6.1
Aug.	5.7	5.1	5.9

<sup>1</sup> July-December.



### 3.4 Rates of interest applied by banks, per cent

Average for period	Lending						Markka deposits and other markka funding					
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits <sup>1</sup>	36-month tax-exempt deposits <sup>1</sup>	Other tax-exempt deposits, max. rate of interest <sup>1</sup>	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markka funding
	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	
<b>1990</b>	13.24	15.62	13.33	13.85	11.84	11.61	7.50	.	4.50	6.43	13.55	8.41
<b>1991</b>	13.63	15.88	13.40	13.84	12.08	11.80	7.50	.	4.50	7.10	13.22	8.97
<b>1992</b>	14.04	15.86	13.32	13.75	12.46	12.13	7.50	8.50	4.50	7.41	12.84	9.14
<b>1993</b>	9.69	13.55	9.40	9.75	10.20	9.92	3.50	4.50	2.00	4.78	8.86	6.15
<b>1994</b>	7.32	11.55	7.13	7.35	8.18	7.91	3.25	4.25	2.00	2.99	5.96	4.01
<b>1994</b>												
<b>July</b>	8.25	11.76	7.58	7.86	8.14	7.90	3.25	4.25	2.00	3.01	5.85	4.03
<b>Aug.</b>	8.37	11.80	7.81	8.04	8.20	7.97	3.25	4.25	2.00	3.05	5.98	4.11
<b>Sept.</b>	7.61	11.75	7.66	7.86	8.19	7.96	3.25	4.25	2.00	3.04	5.99	4.11
<b>Oct.</b>	8.26	11.61	7.28	7.49	8.15	7.91	3.25	4.25	2.00	3.05	6.10	4.10
<b>Nov.</b>	7.75	11.72	7.01	7.21	8.09	7.83	3.25	4.25	2.00	3.04	6.09	4.08
<b>Dec.</b>	7.62	10.69	6.44	6.71	8.05	7.76	3.25	4.25	2.00	3.11	6.17	4.10
<b>1995</b>												
<b>Jan.</b>	7.79	11.55	7.22	7.40	8.11	7.84	3.25	4.25	2.00	3.15	6.27	4.18
<b>Feb.</b>	8.46	11.54	7.29	7.50	8.11	7.83	3.25	4.25	2.00	3.17	6.33	4.18
<b>March</b>	8.40	11.58	7.62	7.80	8.16	7.89	3.25	4.25	2.00	3.22	6.41	4.22
<b>April</b>	7.80	11.39	7.54	7.68	8.17	7.90	3.25	4.25	2.00	3.23	6.45	4.23
<b>May</b>	8.15	11.52	7.54	7.71	8.16	7.89	3.25	4.25	2.00	3.23	6.45	4.23
<b>June</b>	8.13	11.61	7.43	7.60	8.14	7.85	3.25	4.25	2.00	3.21	6.53	4.13
<b>July</b>	9.68	11.63	7.81	8.00	8.16	7.87	3.25	4.25	2.00	3.22	6.54	4.15

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

### 3.5 Yields on bonds and shares, per cent

Period	Bonds				Shares
	Reference rates calculated by the Bank of Finland		Taxable government bonds		Share yield
	3 years	5 years	5 years	10 years	
	1	2	3	4	5
<b>1990</b>	13.7	13.5	13.3	.	4.0
<b>1991</b>	12.3	12.2	11.8	.	3.9
<b>1992</b>	13.1	13.0	12.0	11.5	3.1
<b>1993</b>	8.5	8.9	8.2	8.8	1.8
<b>1994</b>	8.5	9.3	8.4	9.0	1.4
<b>1994</b>					
<b>July</b>	9.7	10.4	9.3	9.9	1.5
<b>Aug.</b>	10.3	11.0	10.0	10.6	1.4
<b>Sept.</b>	10.2	11.0	9.9	10.5	1.4
<b>Oct.</b>	9.5	10.5	9.4	10.1	1.5
<b>Nov.</b>	9.6	10.5	9.5	10.2	1.5
<b>Dec.</b>	9.6	10.5	9.5	10.2	1.7
<b>1995</b>					
<b>Jan.</b>	9.5	10.3	9.4	10.2	1.3
<b>Feb.</b>	9.3	10.2	9.3	10.2	1.5
<b>March</b>	9.2	10.1	9.2	10.2	2.3
<b>April</b>	8.7	9.4	8.4	9.4	2.6
<b>May</b>	8.2	8.9	7.8	8.8	3.3
<b>June</b>	8.3	8.9	7.7	8.7	3.1
<b>July</b>	8.5	9.0	7.8	8.7	2.8

## 4. Rates of exchange

### 4.1 Middle rates, FIM

Average of daily quotations	New York 1 USD	Montreal 1 CAD	London 1 GBP	Dublin 1 IEP	Stockholm 1 SEK	Oslo 1 NOK	Copenhagen 1 DKK	Reykjavik 1 ISK	Frankfurt am Main 1 DEM	Amsterdam 1 NLG	Brussels 1 BEF	Zurich 1 CHF
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1990</b>	3.8233	3.277	6.808	6.325	0.6459	0.6110	0.6181	0.0656	2.3664	2.1002	0.1145	2.7576
<b>1991</b>	4.0457	3.533	7.131	6.511	0.6684	0.6236	0.6322	0.0684	2.4380	2.1634	0.1184	2.8208
<b>1992</b>	4.4835	3.706	7.875	7.636	0.7714	0.7222	0.7444	0.0778	2.8769	2.5552	0.1397	3.2000
<b>1993</b>	5.7189	4.434	8.582	8.371	0.7350	0.8059	0.8822	0.0846	3.4584	3.0787	0.1655	3.8706
<b>1994</b>	5.2184	3.824	7.982	7.799	0.6758	0.7393	0.8207	0.0745	3.2169	2.8684	0.1561	3.8179
<b>1994</b>												
<b>Aug.</b>	5.1384	3.728	7.927	7.826	0.6640	0.7490	0.8310	0.0749	3.2852	2.9259	0.1594	3.8980
<b>Sept.</b>	4.9691	3.669	7.767	7.667	0.6591	0.7303	0.8128	0.0731	3.2038	2.8578	0.1557	3.8447
<b>Oct.</b>	4.6761	3.464	7.506	7.416	0.6440	0.7061	0.7855	0.0697	3.0745	2.7443	0.1494	3.6959
<b>Nov.</b>	4.7172	3.458	7.500	7.385	0.6418	0.7015	0.7833	0.0699	3.0659	2.7353	0.1490	3.6448
<b>Dec.</b>	4.8455	3.488	7.554	7.435	0.6447	0.7068	0.7864	0.0704	3.0823	2.7528	0.1499	3.6450
<b>1995</b>												
<b>Jan.</b>	4.7358	3.352	7.458	7.375	0.6344	0.7071	0.7851	0.0698	3.0930	2.7591	0.1501	3.6782
<b>Feb.</b>	4.6433	3.315	7.300	7.256	0.6288	0.7041	0.7832	0.0697	3.0913	2.7576	0.1501	3.6526
<b>March</b>	4.3769	3.111	7.004	6.993	0.6021	0.6979	0.7770	0.0680	3.1138	2.7768	0.1509	3.7378
<b>April</b>	4.2650	3.096	6.862	6.948	0.5810	0.6889	0.7855	0.0676	3.0947	2.7641	0.1505	3.7580
<b>May</b>	4.3155	3.172	6.854	6.999	0.5919	0.6860	0.7832	0.0673	3.0663	2.7390	0.1490	3.6980
<b>June</b>	4.2983	3.120	6.853	7.004	0.5920	0.6891	0.7858	0.0678	3.0668	2.7406	0.1493	3.7104
<b>July</b>	4.2488	3.121	6.776	6.968	0.5917	0.6882	0.7852	0.0674	3.0587	2.7305	0.1488	3.6755
<b>Aug.</b>	4.3000	3.173	6.743	6.902	0.5949	0.6784	0.7680	0.0666	2.9773	2.6583	0.1448	3.5959

Average of daily quotations	Paris 1 FRF	Rome 1 ITL	Vienna 1 ATS	Lisbon 1 PTE	Madrid 1 ESP	Athens 1 GRD	Tallinn 1 EEK	Tokyo 1 JPY	Melbourne 1 AUD	ECU Commercial 1 XEU	SDR 1 XDR
	13	14	15	16	17	18	19	20	21	22	23
<b>1990</b>	0.7024	0.00319	0.3363	0.0268	0.0375			0.02647	2.988	4.864	5.18322
<b>1991</b>	0.7169	0.00326	0.3464	0.0280	0.0389	0.022		0.03008	3.152	5.003	5.52771
<b>1992</b>	0.8486	0.00364	0.4088	0.0332	0.0438	0.024	0.4060	0.03546	3.289	5.798	6.31546
<b>1993</b>	1.0096	0.00364	0.4916	0.0356	0.0451	0.025	0.4323	0.05168	3.885	6.685	7.98641
<b>1994</b>	0.9406	0.00324	0.4573	0.0314	0.0390	0.021	0.4021	0.05106	3.814	6.175	7.46629
<b>1994</b>											
<b>Aug.</b>	0.9589	0.00325	0.4669	0.0322	0.0396	0.0217	0.4107	0.05147	3.805	6.261	7.47292
<b>Sept.</b>	0.9367	0.00317	0.4552	0.0314	0.0386	0.0211	0.4005	0.05029	3.684	6.113	7.27337
<b>Oct.</b>	0.8983	0.00302	0.4369	0.0301	0.0370	0.0201	0.3843	0.04747	3.452	5.865	6.90651
<b>Nov.</b>	0.8930	0.00298	0.4355	0.0300	0.0368	0.0199	0.3832	0.04813	3.559	5.838	6.93950
<b>Dec.</b>	0.8949	0.00297	0.4379	0.0301	0.0366	0.0199	0.3853	0.04838	3.752	5.874	7.03528
<b>1995</b>											
<b>Jan.</b>	0.8946	0.00294	0.4396	0.0300	0.0357	0.0199	0.3866	0.04752	3.625	5.859	6.94337
<b>Feb.</b>	0.8889	0.00287	0.4393	0.0299	0.0356	0.0197	0.3864	0.04725	3.460	5.811	6.86328
<b>March</b>	0.8790	0.00259	0.4424	0.0296	0.0341	0.0192	0.3892	0.04833	3.216	5.700	6.72357
<b>April</b>	0.8814	0.00249	0.4398	0.0293	0.0343	0.0190	0.3868	0.05101	3.139	5.671	6.71986
<b>May</b>	0.8670	0.00261	0.4360	0.0291	0.0350	0.0189	0.3833	0.05078	3.143	5.647	6.72395
<b>June</b>	0.8736	0.00262	0.4362	0.0291	0.0353	0.0190	0.3833	0.05083	3.094	5.665	6.72042
<b>July</b>	0.8788	0.00264	0.4349	0.0291	0.0355	0.0189	0.3823	0.04871	3.088	5.662	6.61807
<b>Aug.</b>	0.8654	0.00268	0.4234	0.0287	0.0349	0.0185	0.3722	0.04547	3.186	5.569	6.49492

## 4.2 Markka value of the ECU and currency indices

Average of daily observations	Markka value of the ECU FIM/ECU	Currency indices, 1982=100		
		Trade-weighted currency index	Payments currency index	MERM index
	1	2	3	4
<b>1990</b>	4.85697	97.3	96.8	97.3
<b>1991</b>	5.00580	101.4	101.4	102.8
<b>1992</b>	5.80140	116.4	115.7	117.3
<b>1993</b>	6.69420	132.4	136.1	141.8
<b>1994</b>	6.19108	123.2	125.8	131.8
<b>1994</b>				
Aug.	6.28705	123.8	125.8	131.9
Sept.	6.13918	121.3	122.7	128.7
Oct.	5.89314	116.5	117.2	122.6
Nov.	5.86886	116.3	117.3	122.9
Dec.	5.89101	117.0	118.8	124.2
<b>1995</b>				
Jan.	5.87972	115.9	117.5	122.6
Feb.	5.84352	114.9	116.2	121.3
March	5.76731	112.4	112.9	118.2
April	5.72937	111.2	111.1	117.4
May	5.70402	111.3	111.5	118.0
June	5.71859	111.5	111.4	117.9
July	5.71263	110.9	110.7	116.7
Aug.	5.60862	109.4	109.9	115.2

## 5. Other domestic financing

### 5.1 Bank funding from the public, mill. FIM

End of period	Cheque and giro deposits	Transaction deposits	Time deposits	Other deposits	Markka deposits, total (1+2+3+4)	Foreign currency deposits	Total deposits (5+6)	Other funding	Total funding (7+8)
	1	2	3	4	5	6	7	8	9
<b>1990</b>	30 953	96 176	124 930		252 058	6 818	258 876	38 835	297 711
<b>1991</b>	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
<b>1992</b>	34 832	88 526	114 771	21 218	259 347	14 626	273 973	65 557	339 530
<b>1993</b>	36 379	92 357	112 413	21 766	262 915	14 883	277 798	63 173	340 971
<b>1994</b>	41 200	99 691	108 922	19 838	269 650	12 774	282 424	44 228	326 651
<b>1994</b>									
<b>April</b>	38 242	98 146	106 551	22 748	265 687	13 574	279 261	75 636	354 897
<b>May</b>	41 132	97 145	106 163	22 337	266 778	14 281	281 059	75 753	356 811
<b>June</b>	42 094	98 377	105 973	21 679	268 123	14 353	282 476	72 209	354 685
<b>July</b>	43 391	98 775	106 511	21 391	270 067	16 517	286 584	70 634	357 218
<b>Aug.</b>	44 503	97 970	107 529	20 969	270 970	14 957	285 927	64 382	350 309
<b>Sept.</b>	40 588	97 976	107 427	20 722	266 712	12 839	279 551	56 424	335 974
<b>Oct.</b>	41 393	98 519	107 168	20 272	267 352	14 479	281 832	52 354	334 186
<b>Nov.</b>	42 319	98 059	107 511	20 141	268 030	11 895	279 925	46 810	326 735
<b>Dec.</b>	41 200	99 691	108 922	19 838	269 650	12 774	282 424	44 228	326 651
<b>1995</b>									
<b>Jan.</b>	41 912	100 114	109 274	19 729	271 028	11 588	282 616	37 173	319 788
<b>Feb.</b>	42 583	103 613	108 069	19 960	274 225	12 844	287 069	44 259	331 328
<b>March</b>	43 698	104 071	108 784	20 259	276 812	12 769	289 581	47 289	336 870
<b>April*</b>	45 487	104 920	108 622	20 467	279 495	11 987	291 483	55 118	346 601

### 5.2 Bank lending to the public, mill. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markka lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
<b>1990</b>	19 152	5 777	260 790	285 720	103 134	388 853
<b>1991</b>	18 037	4 712	262 859	285 609	107 714	393 323
<b>1992</b>	16 045	3 335	252 163	271 544	95 168	366 712
<b>1993</b>	14 217	2 223	248 406	264 846	66 931	331 777
<b>1994</b>	13 241	1 301	242 417	256 958	45 138	302 096
<b>1994</b>						
<b>April</b>	13 971	1 759	247 095	262 825	59 077	321 902
<b>May</b>	14 079	1 736	246 531	262 345	58 233	320 578
<b>June</b>	14 139	1 763	245 939	261 841	57 756	319 597
<b>July</b>	14 061	1 733	245 591	261 386	56 128	317 513
<b>Aug.</b>	13 859	1 680	244 474	260 013	53 977	313 990
<b>Sept.</b>	14 068	1 642	243 874	259 584	51 258	310 842
<b>Oct.</b>	13 583	1 594	244 191	259 368	47 775	307 143
<b>Nov.</b>	13 274	1 522	244 044	258 840	46 902	305 742
<b>Dec.</b>	13 241	1 301	242 417	256 958	45 138	302 096
<b>1995</b>						
<b>Jan.</b>	12 991	1 240	242 556	256 787	43 726	300 513
<b>Feb.</b>	12 951	1 190	242 803	256 944	42 579	299 523
<b>March</b>	12 797	1 157	242 000	255 954	42 316	298 270
<b>April*</b>	12 657	1 159	242 911	256 727	39 550	296 277

### 5.3 Money supply and monetary aggregates, mill. FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M <sub>1</sub>	M <sub>2</sub> (1+4+5)	M <sub>3</sub>
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
<b>1990</b>	-82 881	-19 072	453 720	434 648	-85 385	141 524	266 383	291 045
<b>1991</b>	-86 555	-6 516	470 852	464 336	-102 540	130 644	275 241	310 924
<b>1992</b>	-68 099	81	439 937	440 018	-97 909	134 829	274 011	310 733
<b>1993</b>	-25 989	1 848	403 742	405 589	-100 006	141 759	279 595	322 408
<b>1994*</b>	12 844	6 092	364 359	370 451	-96 600	154 357	286 696	328 509
<b>1994*</b>								
<b>July</b>	7 521	-880	387 027	386 147	-107 408	155 001	286 260	340 445
<b>Aug.</b>	4 260	655	383 389	384 044	-101 500	154 836	286 804	336 027
<b>Sept.</b>	12 224	-2 345	374 845	372 501	-102 004	151 193	282 721	333 572
<b>Oct.</b>	12 826	3 250	370 923	374 174	-103 332	152 568	283 668	335 896
<b>Nov.</b>	12 535	3 611	369 603	373 214	-101 461	152 745	284 288	331 096
<b>Dec.</b>	12 844	6 092	364 359	370 451	-96 600	154 357	286 696	328 509
<b>1995*</b>								
<b>Jan.</b>	..	..	..	..	..	153 993	285 771	325 743
<b>Feb.</b>	..	..	..	..	..	158 107	289 245	328 804
<b>March</b>	..	..	..	..	..	159 929	292 215	332 244
<b>April</b>	..	..	..	..	..	163 078	295 576	331 879
<b>May</b>	..	..	..	..	..	162 078	294 009	332 600
<b>June</b>	..	..	..	..	..	164 625	296 565	340 068
<b>July</b>	..	..	..	..	..	164 332	296 311	342 995

### 5.4 Liabilities and assets of the central government, mill. FIM

End of period	Foreign currency-denominated debt			Markka-denominated debt					Total central government debt (3+8)	Out-standing lending	Cash funds
	Bonds	Other debt	Total (1+2)	Public bonds	Other long-term liabilities	Treasury notes and bills	Miscellaneous items	Total (4+5+6+7)			
	1	2	3	4	5	6	7	8	9	10	11
<b>1990</b>	20 917	3 876	24 793	23 982	8 263	-	-	32 245	57 038	48 121	23 114
<b>1991</b>	38 703	4 943	43 646	31 018	12 208	5 180	-	48 406	92 052	55 165	15 956
<b>1992</b>	100 244	6 143	106 387	40 578	13 555	14 762	-	68 895	175 282	61 671	19 781
<b>1993</b>	142 824	12 753	155 577	71 082	16 060	22 824	-	109 966	265 543	66 439	36 487
<b>1994</b>	160 587	15 975	176 562	93 008	17 100	33 153	-5 945	137 316	313 878	66 851	43 012
<b>1994</b>											
<b>July</b>	169 523	11 952	181 475	78 286	16 891	30 159	-5 440	119 896	301 371	66 642	41 465
<b>Aug.</b>	165 170	11 698	176 868	79 587	16 870	28 551	-5 485	119 523	296 391	66 903	37 525
<b>Sept.</b>	167 196	12 111	179 307	82 349	16 865	31 514	-5 455	125 273	304 580	67 284	41 848
<b>Oct.</b>	160 626	15 042	175 668	84 786	16 865	31 666	-5 487	127 830	303 498	67 459	39 910
<b>Nov.</b>	163 035	16 371	179 406	88 690	16 794	32 656	-5 479	132 661	312 067	66 924	42 051
<b>Dec.</b>	160 587	15 975	176 562	93 008	17 100	33 153	-5 945	137 316	313 878	66 851	43 012
<b>1995</b>											
<b>Jan.</b>	167 765	16 137	183 902	96 649	17 080	38 658	-6 019	146 368	330 270	67 186	52 460
<b>Feb.</b>	165 516	15 884	181 400	105 442	17 080	37 320	-6 039	153 803	335 203	67 382	54 954
<b>March</b>	166 342	17 306	183 648	115 230	17 053	38 990	-6 041	165 232	348 880	67 593	47 978
<b>April</b>	163 779	14 335	178 114	119 148	16 433	41 596	-5 599	171 578	349 692	68 109	47 895
<b>May</b>	164 510	14 515	179 025	121 943	16 399	40 535	-5 585	173 292	352 317	67 767	43 954
<b>June</b>	164 086	14 555	178 641	122 461	15 788	36 529	-5 587	169 191	347 832	68 114	32 648
<b>July</b>	160 563	14 192	174 755	122 953	15 781	35 526	-5 627	168 633	343 388	..	30 029

## 5.5 Markka bond market

### A) Issues, mill. FIM

During period	Corporations	Financial institutions	Central government	Local government	Others	Total (1+2+3+4+5)
	1	2	3	4	5	6
1990	4 640	17 891	4 420	490	1 007	28 447
1991	7 277	25 737	11 073	1 320	-	45 407
1992	6 984	15 043	12 965	2 674	4	37 671
1993	11 691	10 481	36 512	2 235	63	60 981
1994*	4 053	9 899	31 553	593	-	46 099
1994*						
July	2	207	1 171	-	-	1 380
Aug.	-	1 721	2 410	-	-	4 131
Sept.	-	356	4 173	-	-	4 530
Oct.	-	1 042	3 044	-	-	4 087
Nov.	400	891	4 137	-	-	5 428
Dec.	-	663	4 525	-	-	5 187
1995*						
Jan.	100	333	5 109	-	-	5 542
Feb.	53	244	9 230	-	-	9 526
March	354	459	10 543	26	-	11 382
April	1	120	3 943	-	-	4 064
May	22	228	3 852	-	-	4 103
June	100	1 115	2 329	-	-	3 544
July	-	-	505	-	-	505

### B) Stock, mill. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1990	23 522	59 756	28 812	1 756	1 298	52 273	22 970	39 902	115 145
1991	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
1992	26 624	82 153	44 005	5 238	3 358	89 382	13 918	58 078	161 378
1993	32 459	73 893	73 682	6 884	2 009	119 552	10 391	58 984	188 927
1994*	30 179	66 467	94 865	6 981	953	141 935	7 581	49 929	199 445
1994*									
July	33 060	68 596	80 148	7 270	964	128 767	8 555	52 716	190 038
Aug.	32 156	69 291	81 448	7 126	964	130 413	8 190	52 382	190 985
Sept.	31 217	68 312	84 211	7 120	963	132 507	7 848	51 468	191 823
Oct.	30 278	68 293	86 648	7 110	953	134 732	7 616	50 934	193 282
Nov.	30 505	67 586	90 548	7 030	950	138 626	7 588	50 405	196 619
Dec.	30 179	66 467	94 865	6 981	953	141 935	7 581	49 929	199 445
1995*									
Jan.	29 808	66 232	98 507	6 879	953	145 960	6 946	49 473	202 379
Feb.	29 569	63 960	107 300	6 841	933	153 390	6 715	48 498	208 603
March	29 286	62 318	117 085	6 849	926	162 634	6 234	47 596	216 464
April	29 110	61 849	120 406	6 841	925	166 375	6 223	46 533	219 131
May	28 789	61 439	123 235	6 500	918	168 603	5 885	46 393	220 881
June	28 448	61 545	123 754	6 439	916	168 118	5 877	47 107	221 102
July	27 777	60 882	124 177	6 387	666	169 259	5 873	44 757	219 889

### C) Turnover, mill. FIM

During period	Interbank transactions	Transactions between banks and customers	Primary dealers' transactions in benchmark government bonds		
			Purchases from other primary dealers	Purchases from others	Sales to others
	1	2	3	4	5
<b>1990</b>	5 401	6 058			
<b>1991</b>	3 343	29 134			
<b>1992</b>	18 383	58 757	10 744	12 156	13 354
<b>1993</b>	47 803	246 104	42 945	95 647	117 489
<b>1994</b>	184 599	359 697	173 096	150 908	176 647
<b>1994</b>					
<b>Aug.</b>	23 000	22 271	22 791	10 728	10 987
<b>Sept.</b>	12 393	24 397	12 307	9 424	13 922
<b>Oct.</b>	13 514	29 003	13 361	12 045	14 624
<b>Nov.</b>	12 351	24 444	11 742	9 818	13 363
<b>Dec.</b>	7 842	17 304	7 531	6 784	9 281
<b>1995</b>					
<b>Jan.</b>	8 855	30 706	8 481	12 246	16 423
<b>Feb.</b>	7 716	28 452	7 287	10 833	14 291
<b>March</b>	14 858	35 736	11 622	14 835	19 126
<b>April</b>	16 904	32 257	14 802	12 917	15 353
<b>May</b>	12 869	39 905	10 693	16 951	17 208
<b>June</b>	14 530	33 598	12 355	14 317	14 300
<b>July</b>	5 792	17 266	5 681	7 115	9 607
<b>Aug.</b>	11 210	42 367	10 698	20 105	20 057

### 5.6 Helsinki Stock Exchange

Average of daily observations	Share prices							Turnover <sup>1</sup> , mill. FIM		
	HEX index (28 Dec., 1990=1000)							Shares and subscription rights	Bonds and debentures	Total
	All-share index	By industry								
		Banks and finance	Insurance and investment	Manufacturing	Of which:					
				Forest industries	Metal and engineering	Conglomerates				
	1	2	3	4	5	6	7	8	9	10
<b>1990</b>	1 332	1 263	1 185	1 376	1 436	1 282	1 474	15 521	4 550	20 071
<b>1991</b>	962	901	898	1 003	1 075	1 076	1 021	6 339	1 315	7 655
<b>1992</b>	772	425	467	943	1 123	1 206	890	10 277	15 377	25 654
<b>1993</b>	1 240	608	644	1 601	1 695	1 749	1 751	46 337	59 977	106 314
<b>1994</b>	1 847	719	802	2 464	2 284	2 675	3 068	68 671	2 147	70 818
<b>1994</b>										
<b>Aug.</b>	1 877	647	759	2 536	2 405	2 742	3 185	6 594	134	6 728
<b>Sept.</b>	1 908	652	697	2 601	2 513	2 738	3 336	4 856	132	4 988
<b>Oct.</b>	1 917	645	714	2 612	2 351	2 657	3 512	7 761	216	7 977
<b>Nov.</b>	1 908	604	694	2 617	2 207	2 568	3 672	5 629	102	5 731
<b>Dec.</b>	1 832	576	640	2 524	2 128	2 375	3 589	5 100	70	5 170
<b>1995</b>										
<b>Jan.</b>	1 869	524	598	2 616	2 224	2 381	3 788	5 582	130	5 712
<b>Feb.</b>	1 802	543	577	2 512	2 146	2 240	3 645	7 016	132	7 148
<b>March</b>	1 648	509	533	2 292	1 905	2 038	3 343	5 464	76	5 540
<b>April</b>	1 688	497	556	2 365	2 040	2 138	3 408	5 340	92	5 432
<b>May</b>	1 829	516	613	2 587	2 072	2 259	3 896	5 823	122	5 946
<b>June</b>	1 919	560	631	2 731	2 113	2 154	4 401	7 843	65	7 908
<b>July</b>	2 107	526	694	3 066	2 289	2 346	4 858	7 114	24	7 138
<b>Aug.</b>	2 155	506	709	3 149	2 218	2 347	4 832	7 010	56	7 066

<sup>1</sup> During period.

## 6. Balance of payments, foreign liabilities and assets

### 6.1 Current account, mill. FIM

During period	Exports of goods, fob	Trans- port 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, cif	Trans- port ex- penditure	Travel ex- penditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
1990	99 750	8 347	4 650	6 081	19 077	118 827	12 739	4 601	136 166	101 967	4 363	10 766	9 503
1991	91 100	7 508	5 044	5 636	18 189	109 289	10 003	5 336	124 628	86 348	3 974	11 089	11 011
1992	105 809	8 643	6 089	7 730	22 462	128 272	6 423	5 920	140 614	93 187	4 360	10 962	13 369
1993*	132 550	10 430	7 079	9 379	26 888	159 438	6 137	6 506	172 080	101 559	5 646	9 237	17 008
1994*	151 751	11 385	6 811	11 275	29 472	181 223	9 888	4 919	196 031	118 300	5 862	8 194	16 800
<b>1993*</b>													
I	31 016	2 366	1 351	2 778	6 495	37 511	1 862	1 470	40 844	25 715	1 303	2 401	4 445
II	32 625	2 646	1 763	2 281	6 690	39 315	1 753	1 756	42 824	24 818	1 351	2 276	4 015
III	32 116	2 832	2 203	2 102	7 138	39 253	1 250	1 584	42 088	23 992	1 473	2 242	4 206
IV	36 793	2 586	1 761	2 218	6 565	43 358	1 271	1 695	46 324	27 034	1 520	2 319	4 341
<b>1994*</b>													
I	34 382	2 663	1 425	2 707	6 795	41 177	1 682	1 289	44 149	24 767	1 295	1 899	4 213
II	38 486	2 902	1 747	2 517	7 166	45 652	3 331	1 190	50 173	29 458	1 455	2 038	3 967
III	37 322	3 092	2 076	2 828	7 996	45 318	1 998	1 180	48 496	28 743	1 549	2 102	3 899
IV	41 561	2 728	1 563	3 223	7 514	49 075	2 878	1 260	53 213	35 332	1 563	2 154	4 721
<b>1995*</b>													
I	41 956	2 733	1 388	3 772	7 893	49 849	3 559	1 716	55 124	30 031	1 479	2 271	4 717
II	46 100	3 042	1 772	3 369	8 184	54 284	3 943	1 694	59 921	33 400	1 434	2 696	4 457

During period	Services expenditure, total (11+12+13)	Imports of goods and services (10+14)	Investment expenditure	Transfers and other expenditure	Current account expenditure (15+16+17)	Trade account (1-10)	Trans- port (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21+22)	Goods and services account (19+23)	Investment income, net (7-16)	Transfers and others, net (8-17)	Current account (24+25+26)=- (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1990	24 632	126 599	26 973	9 107	162 680	-2 218	3 984	-6 117	-3 422	-5 555	-7 772	-14 234	-4 506	-26 513
1991	26 074	112 421	28 674	10 229	151 325	4 752	3 534	-6 044	-5 374	-7 885	-3 132	-18 671	-4 893	-26 696
1992	28 690	121 878	30 424	10 347	162 649	12 622	4 283	-4 873	-5 639	-6 228	6 394	-24 001	-4 428	-22 035
1993*	31 891	133 450	34 580	10 390	178 421	30 991	4 784	-2 159	-7 629	-5 004	25 988	-28 443	-3 885	-6 340
1994*	30 856	149 156	31 286	8 596	189 038	33 452	5 523	-1 382	-5 525	-1 384	32 067	-21 398	-3 676	6 993
<b>1993*</b>														
I	8 149	33 864	10 137	2 808	46 809	5 301	1 063	-1 049	-1 667	-1 654	3 648	-8 275	-1 338	-5 965
II	7 642	32 461	10 493	2 393	45 347	7 806	1 295	-512	-1 735	-952	6 854	-8 740	-637	-2 523
III	7 921	31 913	6 805	2 640	41 358	8 124	1 360	-39	-2 104	-783	7 341	-5 555	-1 055	730
IV	8 180	35 213	7 145	2 549	44 907	9 760	1 066	-558	-2 123	-1 615	8 145	-5 874	-854	1 417
<b>1994*</b>														
I	7 407	32 175	9 345	2 683	44 203	9 614	1 368	-474	-1 506	-612	9 002	-7 663	-1 393	-54
II	7 460	36 918	8 581	1 959	47 457	9 028	1 447	-291	-1 450	-294	8 734	-5 249	-769	2 716
III	7 550	36 293	6 159	1 971	44 423	8 580	1 542	-26	-1 071	446	9 025	-4 162	-791	4 073
IV	8 438	43 770	7 201	1 984	52 954	6 230	1 166	-591	-1 498	-924	5 306	-4 324	-724	258
<b>1995*</b>														
I	8 467	38 498	9 403	3 542	51 443	11 925	1 254	-883	-945	-574	11 351	-5 844	-1 826	3 681
II	8 587	41 987	10 299	2 941	55 227	12 700	1 609	-924	-1 088	-403	12 297	-6 356	-1 246	4 695



## 6.2 Capital and financial account, mill. FIM

During period	Imports of capital											Total (1+7+12)	
	Direct investment in Finland	Portfolio investment					Total (2+3+5+6)	Other investment					Total (8+9+10+11)
		Shares	Bonds	Of which: markka-denominated bonds	Money market instruments	Financial derivatives		Trade credits	Loans	Currency and deposits	Other		
1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>1990</b>	3 010	376	22 280	1 440	-923	..	21 733	1 156	16 635	-725	17 307	34 372	59 115
<b>1991</b>	-997	47	38 751	11 786	-4 511	..	34 287	-3 987	7 496	131	-9 737	-6 098	27 192
<b>1992</b>	1 822	397	39 309	-5 312	-1 791	..	37 915	3 639	2	1 690	-17 415	-12 084	27 653
<b>1993*</b>	4 945	12 748	30 353	3 616	-4 382	..	38 719	4 467	5 357	-5 347	-24 454	-19 977	23 687
<b>1994*</b>	8 403	13 400	21 977	-5 783	-1 565	-65	33 748	2 722	647	-232	-1 160	1 977	44 128
<b>1993*</b>													
I	439	1 405	15 542	320	-2 314	..	14 632	1 900	7 326	901	-8 593	1 533	16 604
II	927	1 515	16 269	3 420	-1 348	..	16 435	-196	815	-1 268	-6 612	-7 261	10 101
III	631	6 529	2 267	2 523	-2 755	..	6 041	-836	-1 495	1 671	-8 143	-8 803	-2 131
IV	2 948	3 300	-3 725	-2 646	2 036	..	1 611	3 599	-1 289	-6 650	-1 106	-5 446	-887
<b>1994*</b>													
I	3 893	4 389	4 669	526	-1 587	31	7 501	-908	-3 980	772	6 687	2 572	13 966
II	3 061	2 404	5 341	-3 808	3 118	268	11 132	-868	1 312	-1 748	-3 078	-4 383	9 810
III	2 362	5 181	16 528	783	-2 253	-383	19 073	177	-1 363	964	-5 534	-5 756	15 679
IV	-913	1 426	-4 562	-3 283	-843	20	-3 958	4 321	4 678	-220	765	9 544	4 673
<b>1995*</b>													
I	2 718	406	-1 530	-3 092	-1 976	234	-2 866	-2 113	-499	9	8 544	5 940	5 792
II	-1 081	3 099	-10 282	-4 126	-707	633	-7 257	410	-3 344	-766	-1 287	-4 987	-13 324

During period	Exports of capital											Errors and omissions	Change in central bank's reserve assets (in-c increase -)		
	Direct investment abroad	Portfolio investment					Total (15+16+17+18)	Trade credits	Other investment					Total (20+21+22+23)	
		Shares	Bonds	Money market instruments	Financial derivatives	Loans			Currency and deposits	Other					
14	15	16	17	18	19	20	21	22	23	24	25	26	27		
<b>1990</b>	10 353	2	575	1 171	..	1 748	-1 565	2 953	935	-3 480	-1 157	10 944	-6 240	-15 417	
<b>1991</b>	-501	-369	-3	1 499	..	1 128	-726	2 341	1 054	6 587	9 256	9 883	2 012	7 375	
<b>1992</b>	-3 372	46	321	2 748	..	3 115	3 634	3 409	3 745	3 259	14 048	13 790	-1 008	9 180	
<b>1993*</b>	8 050	873	767	1 932	..	3 571	1 923	-839	-6 063	14 698	9 720	21 341	5 214	-1 219	
<b>1994*</b>	20 887	-43	-4 702	-859	-276	-5 881	2 435	-7 460	1 856	5 826	2 657	17 664	-7 952	-25 504	
<b>1993*</b>															
I	614	158	2 823	-577	..	2 404	1 623	-726	-1 516	15 515	14 896	17 914	1 689	5 586	
II	709	2	-1 095	-972	..	-2 065	518	-185	247	-3 766	-3 186	-4 543	-1 437	-10 684	
III	-845	77	-841	3 975	..	3 211	-190	-1 008	1 514	9 514	9 829	12 195	2 577	11 019	
IV	7 572	636	-120	-494	..	21	-28	1 081	-6 308	-6 564	-11 819	-4 226	2 385	-7 141	
<b>1994*</b>															
I	5 378	43	-662	211	-201	-609	-1 294	-1 849	2 612	-5 814	-6 345	-1 576	-5 209	-10 279	
II	5 506	-68	-3 273	-4 446	-27	-7 814	1 735	-2 625	-460	6 191	4 841	2 533	180	-10 172	
III	4 500	-18	-1 173	420	-52	-824	-414	-251	-268	9 847	8 914	12 590	-3 241	-3 921	
IV	5 503	0	407	2 956	4	3 367	2 408	-2 734	-28	-4 399	-4 753	4 117	318	-1 132	
<b>1995*</b>															
I	1 735	-217	1 609	-2 244	-98	-950	983	-1 210	-2 174	11 503	9 103	9 887	2 105	-1 691	
II	1 531	177	-323	-3 138	81	-3 203	2 157	-341	-477	-7 399	-6 060	-7 732	-390	1 288	

### 6.3 Finland's international investment position, mill. FIM

Position at end of period	Liabilities												Total liabilities (1+7+12)
	Direct investment in Finland	Portfolio investment					Other investment						
		Shares	Bonds	Of which: markka-denominated bonds	Money market instruments	Financial derivatives	Total (2+3+5+6)	Trade credits	Loans	Currency and deposits	Other	Total (8+9+10+11)	
1	2	3	4	5	6	7	8	9	10	11	12	13	
1990	18 651	5 052	95 530	6 385	23 856	..	124 438	13 915	51 937	7 969	89 662	163 483	306 572
1991	17 443	4 149	141 055	19 036	22 079	..	167 283	9 532	68 892	8 555	84 036	171 015	355 741
1992	19 348	5 138	211 361	14 366	19 391	..	235 889	13 305	78 330	11 880	78 804	182 320	437 557
1993*	24 391	30 375	263 864	26 288	14 995	-6 103	303 131	18 206	93 124	4 025	54 188	169 543	497 064
1994*	32 173	60 558	256 275	21 028	10 450	-6 877	320 406	20 527	84 826	3 430	46 566	155 350	507 929
1993*													
I	19 812	8 121	253 159	16 281	17 007	..	278 287	15 193	96 786	13 135	76 093	201 207	499 306
II	20 763	11 901	254 886	21 118	15 573	..	282 360	14 897	93 408	11 461	67 494	187 260	490 383
III	21 418	22 725	265 540	23 460	13 090	..	301 355	14 091	95 327	13 276	61 106	183 799	506 573
IV	24 391	30 375	263 864	26 288	14 995	-6 103	303 131	18 206	93 124	4 025	54 188	169 543	497 064
1994*													
I	27 791	39 079	266 672	28 950	12 244	-8 855	309 140	17 116	87 372	4 724	58 746	167 958	504 889
II	30 864	42 719	269 689	22 831	15 286	-8 809	318 885	16 230	88 589	2 964	55 420	163 203	512 952
III	33 131	56 036	269 901	24 895	11 909	-7 591	330 255	16 277	81 907	3 752	47 152	149 088	512 474
IV	32 173	60 558	256 275	21 028	10 450	-6 877	320 406	20 527	84 826	3 430	46 566	155 350	507 929
1995*													
I	34 772	53 488	252 116	19 837	7 222	-7 526	305 300	18 199	82 765	3 369	53 418	157 751	497 824
II	33 653	79 430	240 801	16 203	5 965	-8 329	317 867	18 576	78 969	2 580	51 237	151 362	502 882

Position at end of period	Assets												Total assets (14+19+24)
	Direct investment abroad	Portfolio investment					Other investment						
		Shares	Bonds	Money market instruments	Financial derivatives	Total (15+16+17+18)	Trade credits	Loans	Currency and deposits	Other	Total (20+21+22+23)		
14	15	16	17	18	19	20	21	22	23	24	25		
1990	40 800	762	6 447	2 173	..	9 383	16 549	24 825	5 726	65 754	112 854	163 037	
1991	44 823	426	7 004	4 154	..	11 584	16 388	28 504	7 647	72 498	125 037	181 444	
1992	44 921	469	8 697	7 917	..	17 083	21 389	35 251	12 665	76 647	145 952	207 955	
1993*	53 090	1 285	10 706	11 028	446	23 465	26 350	35 981	5 701	88 579	156 611	233 166	
1994*	67 314	1 034	4 751	9 115	487	15 388	26 678	24 847	7 055	106 465	165 046	247 748	
1993*													
I	51 575	676	11 952	7 766	..	20 394	23 664	36 976	12 275	92 392	165 307	237 277	
II	47 722	671	10 801	6 627	..	18 099	23 888	34 148	12 159	97 321	167 516	233 337	
III	48 332	759	10 074	10 689	..	21 522	23 857	34 208	13 929	98 044	170 039	239 893	
IV	53 090	1 285	10 706	11 028	446	23 465	26 350	35 981	5 701	88 579	156 611	233 166	
1994*													
I	57 925	1 236	9 576	10 910	622	22 343	24 718	32 788	8 107	90 621	156 234	236 502	
II	63 578	1 146	5 953	6 338	550	13 987	26 392	29 981	7 449	105 988	169 811	247 376	
III	65 251	1 055	4 311	6 087	561	12 014	24 682	28 350	6 955	112 579	172 566	249 831	
IV	67 314	1 034	4 751	9 115	487	15 388	26 678	24 847	7 055	106 465	165 046	247 748	
1995*													
I	68 416	672	5 485	5 768	119	12 044	27 850	22 692	4 989	115 389	170 920	251 380	
II	69 090	850	5 407	2 507	114	8 878	29 797	22 175	4 562	105 126	161 660	239 627	

6.4 Finland's net international investment position (liabilities less assets), by sector, mill. FIM

Position at end of period	Corporate sector	Banks	Bank of Finland	Other financial institutions	Central government	Local government	Net (1+2+3+4+5+6)	Net interest and dividend expenditure	Net interest and dividend expenditure in relation to current account receipts, %
	1	2	3	4	5	6	7	8	9
<b>1990</b>	34 853	110 111	-36 700	9 910	24 751	610	143 535	13 130	9.7
<b>1991</b>	28 483	107 434	-34 046	18 960	52 748	719	174 298	15 671	12.7
<b>1992</b>	30 501	82 343	-27 546	28 283	113 674	2 347	229 602	19 011	13.6
<b>1993*</b>	51 382	45 658	-33 279	29 737	167 444	2 956	263 898	21 897	12.8
<b>1994*</b>	74 111	31 978	-52 606	21 194	182 517	2 987	260 182	19 498	10.2
<b>1993*</b>									
<b>I</b>	35 201	65 514	-27 782	29 660	156 500	2 937	262 029	6 640	16.3
<b>II</b>	37 584	61 511	-37 288	27 269	165 160	2 810	257 046	7 103	16.6
<b>III</b>	45 851	44 622	-27 318	27 224	173 332	2 967	266 680	3 918	9.3
<b>IV</b>	51 382	45 658	-33 279	29 737	167 444	2 956	263 898	4 237	9.1
<b>1994*</b>									
<b>I</b>	59 637	51 321	-42 504	27 617	169 083	3 233	268 387	7 188	16.3
<b>II</b>	58 444	50 407	-52 617	24 973	181 120	3 248	265 576	4 774	9.5
<b>III</b>	69 660	32 687	-52 998	23 923	186 302	3 069	262 643	3 687	7.6
<b>IV</b>	74 111	31 978	-52 606	21 194	182 517	2 987	260 182	3 849	7.2
<b>1995*</b>									
<b>I</b>	66 204	21 435	-53 298	20 046	189 003	3 053	246 444	5 619	10.2
<b>II</b>	87 410	25 085	-50 742	19 026	179 276	3 199	263 255	6 131	10.2

## 7. Foreign trade

### 7.1 Exports, imports and the trade balance, mill. FIM

During period	Exports, fob	Imports, cif	Balance (1-2)
	1	2	3
1990	101 327	103 027	-1 700
1991	92 842	87 744	5 098
1992	107 463	94 947	12 516
1993*	134 112	103 167	30 945
1994*	153 859	120 200	33 659
1994*			
July	13 131	9 179	3 952
Aug.	11 557	9 884	1 673
Sept.	13 165	10 162	3 003
Oct.	13 397	10 087	3 310
Nov.	13 982	10 968	3 014
Dec. <sup>1</sup>	14 713	14 757	-44
1995* <sup>1</sup>			
Jan.	12 956	7 931	5 025
Feb.	13 700	10 400	3 300
March	15 300	11 700	3 600
April	15 000	10 600	4 400
May	14 800	12 000	2 800
June	16 300	10 800	5 500
July	12 600	9 600	3 000

<sup>1</sup> See Notes and explanations to the statistical section.

### 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
1990	125	138	154	128	120
1991	114	115	154	131	118
1992	124	112	164	145	113
1993	147	109	172	163	106
1994*	166	130	175	158	111
1992					
III	117	102	163	142	115
IV	133	116	171	154	111
1993					
I	135	108	176	165	106
II	143	105	174	165	105
III	141	101	174	165	105
IV	165	116	170	161	105
1994*					
I	155	107	170	161	106
II	168	129	175	158	111
III	161	124	178	161	111
IV	180	156	176	158	112

### 7.3 Foreign trade by main groups, mill. FIM

During period	Exports by industries, fob					Imports by use of goods, cif				
	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
								Investment goods	Consumer goods	
	1	2	3	4	5	6	7	8	9	10
1990	7 811	31 658	9 540	35 493	16 825	49 210	9 829	19 364	23 888	736
1991	6 984	29 695	10 539	29 188	16 436	42 505	9 399	13 973	21 195	672
1992	7 892	32 587	12 172	35 741	19 071	49 514	9 745	13 348	20 826	1 514
1993	10 910	37 430	14 205	48 158	23 409	54 792	10 904	15 396	21 066	1 009
1994*	14 114	41 300	15 639	55 558	27 248	65 899	11 628	17 147	24 606	920
1994*										
Jan.	980	3 012	1 295	4 308	2 286	4 538	698	1 205	1 821	60
Feb.	1 018	3 060	1 060	3 741	2 029	4 229	608	925	1 621	33
March	1 026	3 623	1 248	4 061	2 166	5 198	752	1 314	2 206	45
April	1 165	3 487	1 156	4 338	2 197	4 823	968	1 662	1 913	49
May	1 431	3 506	1 511	4 538	2 371	6 075	1 290	1 317	2 232	15
June	1 318	3 358	1 289	4 882	2 458	5 513	867	1 192	1 950	77
July	1 015	3 287	1 315	5 802	1 712	4 823	955	1 227	1 792	382
Aug.	935	3 437	1 258	3 816	2 111	5 419	1 029	1 386	2 031	19
Sept.	1 313	3 586	1 354	4 320	2 592	5 656	1 054	1 384	2 027	41
Oct.	1 268	3 566	1 313	4 937	2 313	5 645	803	1 485	2 051	103
Nov.	1 357	3 719	1 453	4 968	2 485	6 191	1 012	1 557	2 180	28
Dec.	1 290	3 662	1 400	5 883	2 478	7 790	1 597	2 492	2 783	95
1995* <sup>1</sup>										
Jan.	1 203	4 133	1 171	4 464	1 985	4 796	377	1 113	1 557	88

## 7.4 Foreign trade by regions and countries

Region and country	Exports, fob				Imports, cif			
	1994*		1995* January		1994*		1995* January	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
1	2	3	4	5	6	7	8	
<b>All OECD countries</b>	115 277	74.9	..	..	93 014	77.4	..	..
<b>OECD Europe</b>	97 873	63.6	8 352	11.0	74 466	62.0	5 219	2.0
Of which:								
Austria	1 597	1.0	137.0	28.5	1 347	1.1	97.0	11.9
Belgium and Luxembourg	3 457	2.2	468	59.5	3 284	2.7	277	-0.1
Denmark	5 283	3.4	445	-20.1	3 661	3.0	258	-1.7
France	7 774	5.1	620	7.9	4 902	4.1	362	-1.8
Germany	20 662	13.4	1 724	12.0	17 713	14.7	1 304	10.5
Italy	4 591	3.0	573	73.7	4 660	3.9	299	10.0
Netherlands	7 866	5.1	668	-2.8	4 339	3.6	349	14.7
Norway	4 862	3.2	377	0.8	5 745	4.8	332	-28.1
Spain	3 547	2.3	385	56.3	1 576	1.3	111	-25.5
Sweden	16 818	10.9	1 116	-7.8	12 522	10.4	963	16.8
Switzerland	2 325	1.5	184	-2.9	2 105	1.8	132	-9.0
United Kingdom	15 907	10.3	1 419	26.2	10 004	8.3	570	-9.0
<b>Other OECD</b>	17 404	11.3	..	..	18 548	15.4	..	..
Of which:								
Canada	1 031	0.7	72	1.8	837	0.7	55	-14.7
Japan	3 174	2.1	276	49.1	7 809	6.5	442	-23.7
United States	11 033	7.2	861	16.7	9 163	7.6	561	-14.7
<b>Non-OECD European countries</b>	18 428	12.0	1 206	-16.5	14 970	12.5	837	-5.0
Of which:								
Russia	7 994	5.2	496	-34.7	10 661	8.9	624	-4.4
<b>Other countries</b>	20 154	13.1	..	..	12 216	10.2	..	..
Of which:								
<b>OPEC countries</b>	2 446	1.6	..	..	590	0.5	..	..
<b>TOTAL</b>	153 859	100.0	12 956	9.0	120 200	100.0	7 931	-4.6
Of which:								
<b>EC countries</b>	71 489	46.5	7 898	15.2	52 447	43.6	4 823	7.4
<b>EFTA countries</b>	25 725	16.7	578	1.7	21 812	18.1	464	-24.0

## 8. Domestic economic developments

### 8.1 Supply and use of resources, mill. FIM, 1990 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					
1990	269 754	108 535	121 858	17 286	5 769	523 202	118 828	126 600	515 430
1991	260 031	111 256	93 722	17 243	-2 451	479 801	110 965	111 755	479 011
1992	247 363	108 799	75 338	16 899	4 534	452 933	122 059	112 989	462 003
1993	240 177	103 028	60 638	13 890	10 131	427 864	142 459	113 752	456 571
1994*	244 493	102 385	60 362	12 519	23 113	442 872	160 294	128 104	475 062
1992									
IV	61 186	26 977	16 447	4 272	2 455	111 337	31 512	27 982	114 867
1993									
I	60 030	25 941	16 011	3 619	2 576	108 177	34 749	29 706	113 220
II	59 750	25 846	15 491	3 390	826	105 303	34 402	26 843	112 862
III	59 814	25 778	14 666	3 574	3 277	107 109	36 273	28 642	114 740
IV	60 583	25 463	14 470	3 307	3 452	107 275	37 035	28 561	115 749
1994*									
I	60 928	25 418	14 588	3 271	1 984	106 189	37 782	28 299	115 672
II	60 600	25 551	14 542	3 191	5 376	109 260	39 982	30 971	118 271
III	61 062	25 500	15 483	3 049	6 879	111 973	41 053	32 892	120 134
IV	61 903	25 916	15 749	3 008	8 874	115 450	41 477	35 942	120 985
1995*									
I	62 880	25 312	16 156	2 951	7 082	114 381	43 409	35 004	122 786

### 8.2 Volume of industrial production, 1990=100 (seasonally adjusted figures)

Period	Total industry	Mining and quarrying	Manu- facturing	Wood and paper industries	Metal and engineering industries	Other manu- facturing	Energy and water supply
	(100.0)	(1.3)	(89.6)	(16.8)	(31.3)	(41.5)	(9.1)
	1	2	3	4	5	6	7
1990	100.2	99.8	100.2	100.1	100.4	100.1	100.0
1991	91.2	91.3	89.9	91.5	85.6	92.6	103.6
1992	92.4	88.4	91.4	94.6	91.1	90.2	103.0
1993	97.4	86.1	96.4	104.5	99.7	90.8	107.9
1994*	107.9	111.9	107.1	114.4	118.5	95.4	115.6
1994*							
June	108.4	110.7	107.5	115.2	118.0	96.4	118.6
July	108.6	171.7	106.7	117.0	114.6	96.8	114.3
Aug.	108.9	157.2	107.1	114.9	117.1	95.5	122.1
Sept.	111.3	119.3	110.9	115.8	129.7	96.7	117.0
Oct.	112.4	105.6	112.6	116.7	130.2	97.6	113.7
Nov.	112.4	106.0	112.6	115.2	132.0	97.7	111.3
Dec.	111.6	101.7	111.5	119.0	128.7	96.2	114.2
1995*							
Jan.	114.0	84.3	114.4	118.8	134.0	97.5	113.1
Feb.	114.8	88.6	115.9	120.7	134.8	99.5	107.0
March	117.1	89.6	118.0	120.3	137.4	99.3	111.1
April	115.8	85.8	116.3	119.5	138.8	97.7	113.7
May	116.7	62.2	117.6	119.6	144.3	96.8	115.5
June	116.3	82.7	116.9	118.8	140.3	98.3	115.1

### 8.3 Indicators of domestic supply and demand, 1985=100 (seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
<b>1990</b>	119.9	111.6	127.3	124.8	161.7	122.1	144.6	117.5
<b>1991</b>	99.4	103.5	103.9	94.4	127.7	109.9	102.1	110.3
<b>1992</b>	87.2	92.9	79.5	73.8	76.2	87.5	84.5	107.0
<b>1993</b>	82.5	87.6	59.5	60.5	52.9	59.8	83.2	105.5
<b>1994*</b>	87.6	89.3	53.5	55.1	57.2	48.7	97.3	109.8
<b>1994*</b>								
<b>May</b>	89.5	90.2	..	..	..	..	..	110.0
<b>June</b>	88.0	89.4	..	..	..	..	..	109.6
<b>July</b>	87.0	86.9	..	..	..	..	..	109.3
<b>Aug.</b>	90.8	89.2	..	..	..	..	..	110.0
<b>Sept.</b>	90.8	90.9	..	..	..	..	..	110.8
<b>Oct.</b>	89.3	88.9	..	..	..	..	..	111.8
<b>Nov.</b>	91.8	89.7	..	..	..	..	..	111.8
<b>Dec.</b>	90.4	91.1	..	..	..	..	..	112.6
<b>1994*</b>								
<b>I</b>	83.5	89.3	54.5	59.7	40.7	51.2	73.8	107.5
<b>II</b>	86.7	88.8	51.3	55.7	49.8	45.6	97.8	109.7
<b>III</b>	89.5	89.0	53.8	53.4	66.7	46.9	84.4	110.0
<b>IV</b>	90.5	89.9	54.3	51.5	70.6	50.6	132.9	112.1
<b>1995*</b>								
<b>Jan.</b>	90.1	93.4	..	..	..	..	..	114.5
<b>Feb.</b>	91.1	93.4	..	..	..	..	..	114.3
<b>March</b>	89.4	91.5	..	..	..	..	..	115.9
<b>April</b>	84.9	90.5	..	..	..	..	..	114.6
<b>May</b>	94.0	94.9	..	..	..	..	..	114.7
<b>1995*</b>								
<b>I</b>	90.2	92.8	49.1	53.4	65.8	37.4	..	114.9

## 8.4 Wages and prices, 1990=100

Period	Index of wage and salary earnings	By sectors			Consumer price index	Indicator of underlying inflation	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private	Of which: Manufacturing (SIC 3)	Public				Domestic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1990</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>1991</b>	106.4	106.4	106.1	106.4	104.3	104.1	100.0	99.8	100.8	99.4	98.5	99.8	102.2
<b>1992</b>	108.4	108.1	108.3	109.0	107.4	107.1	101.4	99.5	108.5	101.6	102.7	101.1	100.4
<b>1993<sup>1</sup></b>	109.2	108.8	110.0	110.1	109.7	109.9	104.8	100.8	119.3	105.5	109.2	103.9	100.7
<b>1994<sup>1</sup></b>	111.5	111.6	115.0	111.3	110.9	111.4	106.2	102.8	118.7	107.1	110.1	105.8	102.2
<b>1994</b>													
<b>July</b>	..	..	..	..	111.4	111.5	106.6	103.1	119.3	107.7	110.9	106.3	102.1
<b>Aug.</b>	..	..	..	..	111.6	111.7	106.8	103.3	119.5	108.2	112.0	106.5	102.4
<b>Sept.</b>	..	..	..	..	111.8	112.0	107.0	103.7	119.3	108.4	112.0	106.8	102.5
<b>Oct.</b>	..	..	..	..	111.9	112.1	107.1	104.0	118.2	108.4	111.0	107.3	102.9
<b>Nov.</b>	..	..	..	..	111.6	111.7	107.1	104.1	118.5	108.4	111.3	107.2	102.9
<b>Dec.</b>	..	..	..	..	111.5	111.7	107.2	104.3	118.0	108.7	111.5	107.4	102.8
<b>1994<sup>1</sup></b>													
<b>II</b>	111.2	111.3	114.6	111.1	110.6	111.3	105.9	102.3	119.3	106.4	109.1	105.2	101.9
<b>III</b>	111.5	111.7	115.3	111.3	111.6	111.7	106.8	103.4	119.4	108.1	111.6	106.5	102.3
<b>IV</b>	112.5	112.9	116.9	112.0	111.7	111.8	107.1	104.1	118.2	108.5	111.3	107.3	102.9
<b>1995</b>													
<b>Jan.</b>	..	..	..	..	111.4	110.8	107.0	104.1	117.8	109.1	113.2	107.3	103.2
<b>Feb.</b>	..	..	..	..	111.8	111.5	107.5	104.2	119.5	109.5	114.7	107.2	103.6
<b>March</b>	..	..	..	..	111.8	111.4	107.5	104.4	119.1	109.4	114.6	107.1	103.5
<b>April</b>	..	..	..	..	111.9	111.5	108.0	104.9	119.2	110.1	116.0	107.5	103.7
<b>May</b>	..	..	..	..	112.0	111.4	108.3	105.2	119.5	110.8	117.6	107.8	103.6
<b>June</b>	..	..	..	..	112.4	111.5	108.1	105.2	119.1	110.8	117.9	107.8	103.5
<b>July</b>	..	..	..	..	112.3	..	107.8	104.9	118.5	110.9	118.7	107.6	103.6
<b>1995<sup>1</sup></b>													
<b>I</b>	114.7	115.8	121.2	113.1	111.7	111.2	107.3	104.2	118.8	109.3	114.2	107.2	103.4
<b>II</b>	116.3	117.3	123.5	114.7	112.1	111.5	108.1	105.1	119.3	110.6	117.2	107.7	103.6

<sup>1</sup> Preliminary figures for columns 1-4.



## 8.5 Labour, employment and unemployment (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry				Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction	Service industries		
	%			1000 persons							%
	1	2	3	4	5	6	7	8	9	10	11
<b>1990</b>	68.4	2 556	2 467	360	2 108	207	556	205	1 500	88	3.4
<b>1991</b>	67.4	2 533	2 340	340	2 000	197	502	179	1 461	193	7.6
<b>1992</b>	66.1	2 502	2 174	325	1 849	188	454	150	1 382	328	13.1
<b>1993</b>	65.3	2 484	2 041	312	1 729	173	423	124	1 319	444	17.9
<b>1994</b>	64.8	2 480	2 024	312	1 712	167	426	113	1 317	456	18.4
<b>1994</b>											
<b>July</b>	64.4	2 464	2 007	308	1 698	168	421	121	1 296	458	18.6
<b>Aug.</b>	64.6	2 472	2 027	312	1 714	169	430	114	1 314	445	18.0
<b>Sept.</b>	65.0	2 492	2 042	318	1 724	172	439	113	1 317	450	18.1
<b>Oct.</b>	64.8	2 483	2 041	306	1 735	160	435	122	1 324	442	17.8
<b>Nov.</b>	64.6	2 475	2 038	308	1 730	168	433	112	1 324	437	17.7
<b>Dec.</b>	64.9	2 487	2 050	308	1 742	164	438	118	1 330	437	17.6
<b>1995</b>											
<b>Jan.</b>	64.8	2 485	2 046	300	1 746	162	445	123	1 316	440	17.7
<b>Feb.</b>	64.5	2 475	2 048	289	1 760	164	435	119	1 331	426	17.2
<b>March</b>	64.9	2 490	2 069	293	1 777	160	454	124	1 331	420	16.9
<b>April</b>	65.3	2 507	2 069	292	1 777	159	458	123	1 328	438	17.5
<b>May</b>	65.5	2 512	2 070	312	1 758	164	455	115	1 336	442	17.6
<b>June</b>	65.3	2 508	2 077	308	1 769	162	466	123	1 327	431	17.2
<b>July</b>	65.7	2 521	2 085	308	1 776	149	470	120	1 346	437	17.3

## 8.6 Central government finances: revenue, expenditure and financial balance,

mill FIM, cash flow basis

During period	Revenue						Expenditure				
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
										Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11
<b>1990</b>	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
<b>1991</b>	41 054	73 251	1 136	19 182	134 624	4 442	139 069	45 085	101 220	42 297	55 160
<b>1992</b>	34 312	69 541	1 512	21 251	126 616	5 054	131 669	49 291	105 184	42 990	59 180
<b>1993</b>	31 667	67 291	1 443	28 823	129 224	7 366	136 593	46 880	108 608	42 720	63 535
<b>1994</b>	34 588	68 124	1 792	24 095	128 599	7 308	135 900	48 750	108 155	40 388	65 519
<b>1994</b>											
<b>June</b>	2 786	5 511	524	1 977	10 798	1 503	12 300	4 654	9 930	3 725	6 028
<b>July</b>	3 059	5 980	237	1 756	11 032	898	11 929	4 200	8 475	3 195	5 083
<b>Aug.</b>	2 915	6 837	138	1 336	11 226	198	11 424	3 046	8 170	3 115	4 806
<b>Sept.</b>	2 671	5 289	127	1 489	9 576	81	9 658	3 866	8 399	3 147	5 182
<b>Oct.</b>	2 736	5 834	101	1 243	9 914	228	10 141	3 859	11 109	3 138	7 867
<b>Nov.</b>	2 632	5 608	72	1 956	10 268	975	11 243	4 013	8 368	3 164	5 009
<b>Dec.</b>	3 490	5 710	113	3 766	13 079	484	13 563	7 273	7 912	3 648	3 942
<b>1995</b>											
<b>Jan.</b>	2 850	6 369	80	1 059	10 358	31	10 388	3 190	9 872	3 099	5 712
<b>Feb.</b>	-924	6 038	93	3 238	8 445	62	8 507	4 109	7 744	3 020	4 092
<b>March</b>	4 153	3 485	30	2 688	10 356	171	10 528	4 627	11 724	3 410	8 061
<b>April</b>	3 055	5 675	59	3 621	12 410	2 738	15 147	4 162	10 804	4 578	5 480
<b>May</b>	4 352	5 120	58	3 588	13 118	713	13 832	4 240	11 641	4 358	6 634
<b>June</b>	3 068	4 755	958	2 619	11 400	87	11 486	4 581	10 309	3 382	6 293

During period	Expenditure					Financial balance			
	Fixed investment	Other expenditure	Expenditure before financial transactions (8+9+12+13)	Lending and other financial investment	Expenditure before redemptions of state debt (14+15)	Revenue surplus (5-14)	Net borrowing requirement (7-16)	Net borrowing	Cash surplus (18+19)
<b>1990</b>	5 962	4 927	133 614	9 319	142 934	5 737	678	1 201	1 879
<b>1991</b>	5 370	6 368	158 044	13 328	171 372	-23 420	-32 304	25 659	-6 645
<b>1992</b>	5 042	8 499	168 016	35 501	203 516	-41 400	-71 847	70 691	-1 155
<b>1993</b>	4 306	18 076	177 870	19 753	197 623	-48 646	-61 030	84 036	23 009
<b>1994</b>	3 737	22 358	183 000	17 886	200 760	-54 401	-64 860	73 193	8 336
<b>1994</b>									
<b>June</b>	342	2 424	17 350	663	18 013	-6 552	-5 713	13 429	7 716
<b>July</b>	353	1 181	14 209	365	14 575	-3 177	-2 646	14 635	11 990
<b>Aug.</b>	298	1 216	12 730	633	13 363	-1 504	-1 939	-1 348	-3 287
<b>Sept.</b>	321	1 748	14 334	6 490	20 824	-4 758	-11 166	13 203	2 037
<b>Oct.</b>	314	1 705	16 987	555	17 541	-7 073	-7 400	4 430	-2 969
<b>Nov.</b>	344	1 060	13 785	587	14 372	-3 517	-3 129	5 473	2 344
<b>Dec.</b>	625	1 718	17 528	2 155	19 683	-4 449	-6 120	5 236	-884
<b>1995</b>									
<b>Jan.</b>	180	4 018	17 260	407	17 668	-6 902	-7 280	13 669	6 389
<b>Feb.</b>	244	1 367	13 464	647	14 111	-5 019	-5 604	9 435	3 832
<b>March</b>	187	3 601	20 139	443	20 583	-9 783	-10 055	12 242	2 186
<b>April</b>	158	2 007	17 131	7 292	24 423	-4 721	-9 276	2 225	-7 051
<b>May</b>	218	1 445	17 544	2 454	19 999	-4 426	-6 167	1 719	-4 448
<b>June</b>	262	3 222	18 374	2 487	20 861	-6 974	-9 375	-3 851	-13 226

# 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 claims on deposit banks, net (Column 12) = bank certificates of deposit held by the Bank of Finland + securities with repurchase commitments + term credits – term deposits. Liquidity position of deposit banks (Column 13): see explanation to Table 2.1. Other claims on financial institutions, net (Column 15) = till-money credits to deposit banks (until May 1993) + bonds + other claims on financial institutions – other liabilities to financial institutions.

### 2 The Bank of Finland's operations in the money and foreign exchange markets and the banks' forward exchange position

**Table 2.1** Banks with access to central bank financing can make call money deposits with the Bank of Finland without limit. They can also obtain liquidity credit with a maturity of 1 day, 7 days, 14 days, 21 days or 28 days. The maturity is determined by the Bank of Finland.

**Table 2.2** The minimum reserve requirement is reported for the month by the end of which the deposit must be made with the Bank of Finland. The requirement is determined on the basis of the reserve base for the previous month. No interest is paid on minimum reserve deposits.

**Table 2.3** Money market instruments are the instruments used by the Bank of Finland in its money market operations. Matured money market instruments, net, comprise both instruments purchased and sold. Money market transactions are recorded according to trade dates.

**Table 2.4** Foreign exchange transactions are recorded according to trade dates. In addition to spot transactions (Columns 1, 2, 4 and 5) the Bank of Finland's foreign exchange reserves are affected by interest payment and by changes in both the prices of securities and exchange rates. Spot transactions related to forward contracts (Column 4) refer to the combined effects on the foreign

exchange reserves of forward transactions in the form of swaps and maturing forward transactions. The central government's foreign exchange transactions (Column 5) comprise transactions related to drawings and redemptions of government loans and associated interest payments.

**Table 2.5** The markka value of forward contracts is given.

### 3 Rates of interest

**Table 3.1** The interbank overnight rate (Column 1) is weighted using amounts of interbank deposits as weights. Since 1 June 1995, HELIBOR rates (Helsinki Interbank Offered Rate) (Columns 2–5) have been calculated on the basis of the bid rates (offered rates for funds) quoted for their own certificates of deposit by all the banks that have been accepted by the Bank of Finland as counterparties in money market operations. An additional condition is that a bank gives regular quotations. The highest and lowest rates quoted for each maturity are omitted and an arithmetic average calculated for the remaining rates. The quotations are taken daily at 1 p.m.

**Table 3.2** The Bank of Finland's tender rate (Column 1) is determined in tenders held by the Bank of Finland, in which the banks are asked to make bids or offers for money market instruments with a maturity of one month. The tender rate is the weighted average of accepted bids or offers, expressed as a simple annual interest rate. If, when requesting bids or offers, the Bank of Finland announces an acceptable interest rate (fixed-rate tender), the tender rate is the same as the rate announced by the Bank. The monthly and annual values for the tender rate are the arithmetic means of calendar day figures.

Banks with access to central bank financing can make call money deposits with the Bank of Finland without limit. In addition, they can obtain liquidity credit from the Bank of Finland with a maturity of 1 day, 7 days, 14 days, 21 days or 28 days. The maturity of liquidity credit is determined by the Bank of Finland. The rate of interest on liquidity credit is obtained by adding together the Bank of Finland's tender rate and the interest rate margin for liquidity credit. The call money deposit rate is obtained by subtracting the interest rate margin for call money deposits from the Bank of Finland's tender rate. The monthly and annual values for maturity and interest rate margins are the last values recorded in each month or year.

**Table 3.3** The rates shown are based on the lending rates quoted for the respective currencies in the Euro-market. ECU (Column 1): the weights of the ECU basket. 3 currencies (Column 2): DEM 60, USD 30 and GBP 10 per cent.

**Table 3.4** *Lending.* New credits (Columns 1–4): rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts. Annual rates are arithmetic average of monthly observations until 1987 after which they are weighted by loan amounts. Average lending rates (Columns 5 and 6) are all weighted by loan amounts. As from January 1989, the loans of Postipankki Ltd have been included in the commercial banks' outstanding stock of loans. *Deposits.* 24-month and 36-month tax-exempt deposits (Columns 7 and 8): from May

(September) 1992, 24-month (36-month) deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less two percentage points (one percentage point). In the period from January 1989 to April 1992, 24-month deposits (Column 7) were tax-exempt if they carried a rate of interest which was at most the Bank of Finland's base rate less one percentage point. Other tax-exempt deposits (Column 9): in the period from January 1989 to April 1992, deposits other than 24-month deposits were tax-exempt if they carried a rate of interest which was at most the Bank of Finland's base rate less 4 percentage points. From May 1992, deposits other than 24-month or 36-month deposits are tax-exempt if they carry a maximum rate of interest as prescribed by law. The maximum rate was first set at 4.5 per cent. From 6 May 1993 it has been 2.5 per cent. All markka deposits (- Column 10): the stock of deposits comprises all markka deposits by the public. The monthly and annual average rates of interest are weighted by deposit amounts. Other funding (Column 11): CDs outstanding + promissory notes + bonds. The average rate of interest is weighted by amounts. Total markka funding (Column 12); markka deposits by the public + banks' other markka funding. The rate of interest is weighted by amounts.

**Table 3.5** Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted daily by the five largest banks. Yields on taxable government bonds (Columns 3 and 4) are calculated by the Bank of Finland in a similar fashion. Until January 1992, the yield on 5-year taxable government bonds (Column 3) was calculated on a bullet bond due on 15 March 1994 with a coupon rate of 13 per cent. From February 1992 onwards the yield is calculated on a bullet bond due on 15 January 1999 with a coupon rate of 11 per cent. Until June 1993, the yield on 10-year taxable government bonds (Column 4) is calculated on a housing bond (bullet) due on 15 March 2002 with a coupon rate of 10.75 per cent. From July 1993 onwards the yield is calculated on a bullet bond due on 15 March 2004 with a coupon rate of 9.50 per cent. The share yield (Column 5) is the weighted effective yield on shares quoted on the Helsinki Stock Exchange. Source: Statistics Finland.

#### 4 Rates of exchange

**Table 4.2** FIM/ECU (Column 1): The markka value of the ECU is calculated as the sum of the dollar amounts of the currencies in the ECU valued at current market rates, for which daily quotations at noon Finnish time are used. Since 8 September 1992 the markka has been floating. Trade-weighted currency index (Column 2): The weights are moving averages of the shares of (currently) 14 countries in Finland's foreign merchandise trade (only convertible currencies are included). The payments currency index (Column 3): The weights are moving averages of shares of payments currencies (14 convertible currencies) in Finland's foreign trade. The MERM index (Column 4): The weights are fixed 1977 weights computed on the basis of the IMF's world trade model; 14 currencies are included in this index.

#### 5 Other domestic financing

**Table 5.1** Source: Statistics Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and the local government sector. The table is based on new classifications of Statistics Finland applied since March 1991. Series before March 1991 have been reclassified by the Bank of Finland to conform with the present table, except for columns 3 and 4 where disaggregation was not possible and combined

figures are shown. Time deposits (Column 3) consist of all fixed-term deposits. Other deposits (Column 4) include mainly investment accounts with no specific time-period. Other funding (Column 8) comprises CDs, promissory notes and bonds. The figures for banks' holdings of CDs issued by other banks, as well as the CD holdings of the Bank of Finland and the central government have been netted out; netting out is done by the Bank of Finland. Hence, this column includes some liabilities held by entities not covered by the above definition of the public.

**Table 5.2** Source: Statistics 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. foreign claims of banks' foreign branches) - the Bank of Finland's foreign liabilities - banks' foreign liabilities (incl. - foreign liabilities of 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 granted from state funds through banks. 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 (incl. private sector time deposits with the Bank of Finland) + capital accounts of deposit banks + unclassified assets and liabilities of deposit banks, net (bank debentures, bank CDs held by the public, other market funding and foreign currency deposits by the public).  $M_1$  (Column 6) = currency in circulation - banks' till money + markka cheque and postal giro account deposits and transactions account deposits held by the public.  $M_2$  (Column 7) =  $M_1$  + quasi-money (markka time deposits held by the public, excl. deposits with the Bank of Finland).  $M_3$  (Column 8) =  $M_2$  + bank CDs held by the public.

**Table 5.4** Source: State Treasury Office. Other foreign currency-denominated debt (Column 2) consists of other bonds and debentures and long-term promissory notes. Other bonds and debentures are so-called private placings; long-term promissory notes are bank loans. Miscellaneous items (Column 7) include, inter alia, the liability for coinage (total coinage), promissory notes given to international financial organizations and, as a minus item, the liability to the State Pension Fund. Outstanding lending (Column 10) comprises the stock of loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main part of the latter is reserved for covering transferable allocations budgeted in previous years (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and Pekka Saarinen in the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 8.1 billion at the end of 1988.

**Table 5.5** Source: Table A: Financial Supervision from the beginning of 1994. Table B: Statistics Finland from the beginning of 1991. Tables A and B include markka-denominated bonds issued by Finnish issuers in Finland and abroad as well as those issued by foreign issuers in Finland. Table C includes transactions in markka-denominated bonds outside the Helsinki Stock Exchange. Interbank transactions (Column 1) and transactions (purchases and

sales) between banks and customers (Column 2) are transactions by primary dealers and banks entitled to central bank financing. As from 14 July 1995 the following act as primary dealers: Alfred Berg Pankkiirliike Oy, Evli Fixed Income Securities, Goldman Sachs International, Handelsbanken Finland, Merita Bank, Okobank, Postipankki, Skandinaviska Enskilda Banken and Unibank A/S. Purchases from and sales to others (Columns 4 and 5) consist of transactions in benchmark government bonds between primary dealers and other parties. Other parties refer to all parties that are not primary dealers. Bank of Finland releases data daily (page SPFI on Reuters and page 20981 on Telerate) on the trading in benchmark government bonds among primary dealers and between primary dealers and their customers.

**Table 5.6** Source: The Helsinki Stock Exchange.

## 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. The trade figures for 1995 have been estimated on the basis of a survey of firms carried out by the Bank of Finland. The official foreign trade statistics published by the Board of Customs are delayed owing to changes in statistical systems caused by Finland's entry into the EU. The figures for investment income and expenditure (Columns 7 and 16) include reinvested earnings on direct investment. Preliminary data on reinvested earnings in the previous year have been included in the current account figures. (The annual figure is divided evenly between quarterly figures.)

**Tables 6.2-6.4** Since the beginning of 1994, the former capital account of Finland's balance of payments has been compiled according to the IMF's new recommendations (IMF Balance of Payments Manual, Fifth Edition, 1993). As a result of the new classification, the contents of many of the items in the capital and financial account have been revised to some extent. In the same context, a number of other revisions and clarifications have been made. The main changes are listed below.

**Table 6.2** Short-term foreign exchange transfers related to cash management flows between direct investors and their direct investment enterprises are classified as direct investment (Columns 1 and 14). Loans received by resident direct investors from group 'in-house' finance companies located abroad (intra-group loans) are also classified as direct investment (Column 14). Money market instruments are classified as portfolio investment (Columns 5 and 17). Premiums and margin payments arising from transactions in financial derivatives are included as a new item under portfolio investment (Columns 6 and 18). Financial derivatives also include payments arising from currency and interest rate swaps related to loans, i.e. outstanding loans are recorded according to the original loan contract. Medium-term notes (MTNs) are included under bonds (Columns 3 and 16). The category other investment (Columns 8-12 and 20-24) covers transactions related to trade credits, loans, currency and deposits and other assets and liabilities. Transactions in assets and liabilities related to short- and long-term supplier credits and advance payments related to imports and exports are recorded under trade credits (Columns 8 and 20). The item 'Other' (Columns 11 and 23) includes transactions in short- and long-term assets and liabilities of different sectors not covered by any of the items above. In addition, this category includes changes in the central

government's subscriptions to and quotas in international organizations as well as transactions in the Bank of Finland's short- and long-term assets and liabilities (excl. reserve items). The most important sub-item under the item 'other' comprises banks' other short-term assets and liabilities (in practice interbank deposits). The central bank's reserve assets (Column 27) comprise gold, special drawing rights (SDRs), the reserve position in the IMF and convertible currency claims. A negative figure implies an increase in reserves.

**Table 6.3** The data are classified as in Table 6.2. The items have been translated into markkaa using the spot rates for each date; thus the figures include the impact of changes in exchange rates.

**Table 6.4** This contains data on Finland's net international investment position (liabilities less assets) classified by sector.

## 7 Foreign trade

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

**Table 7.1** The exceptionally large foreign trade figures for December 1994 are largely due to a one-off timing change in the compilation of foreign trade statistics caused by Finland's entry into the EU. This increased the value of imports by some FIM 3 billion and the value of exports by just under FIM 1 billion.

The trade figures for February-July 1995 have been estimated on the basis of a survey of firms carried out by the Bank of Finland. The official foreign trade statistics published by the Board of Customs are delayed owing to changes in statistical systems caused by Finland's entry into the EU.

**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: Statistics Finland. Seasonal adjustment is carried out by the Bank of Finland.

**Table 8.2** The indices of industrial production are adjusted for the number of working days in each month. This causes in small differences the annual averages from the corresponding unadjusted figures. For this reason the indices for 1990 also differ marginally from conventional base-year figures, i.e. 100.0.

**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.

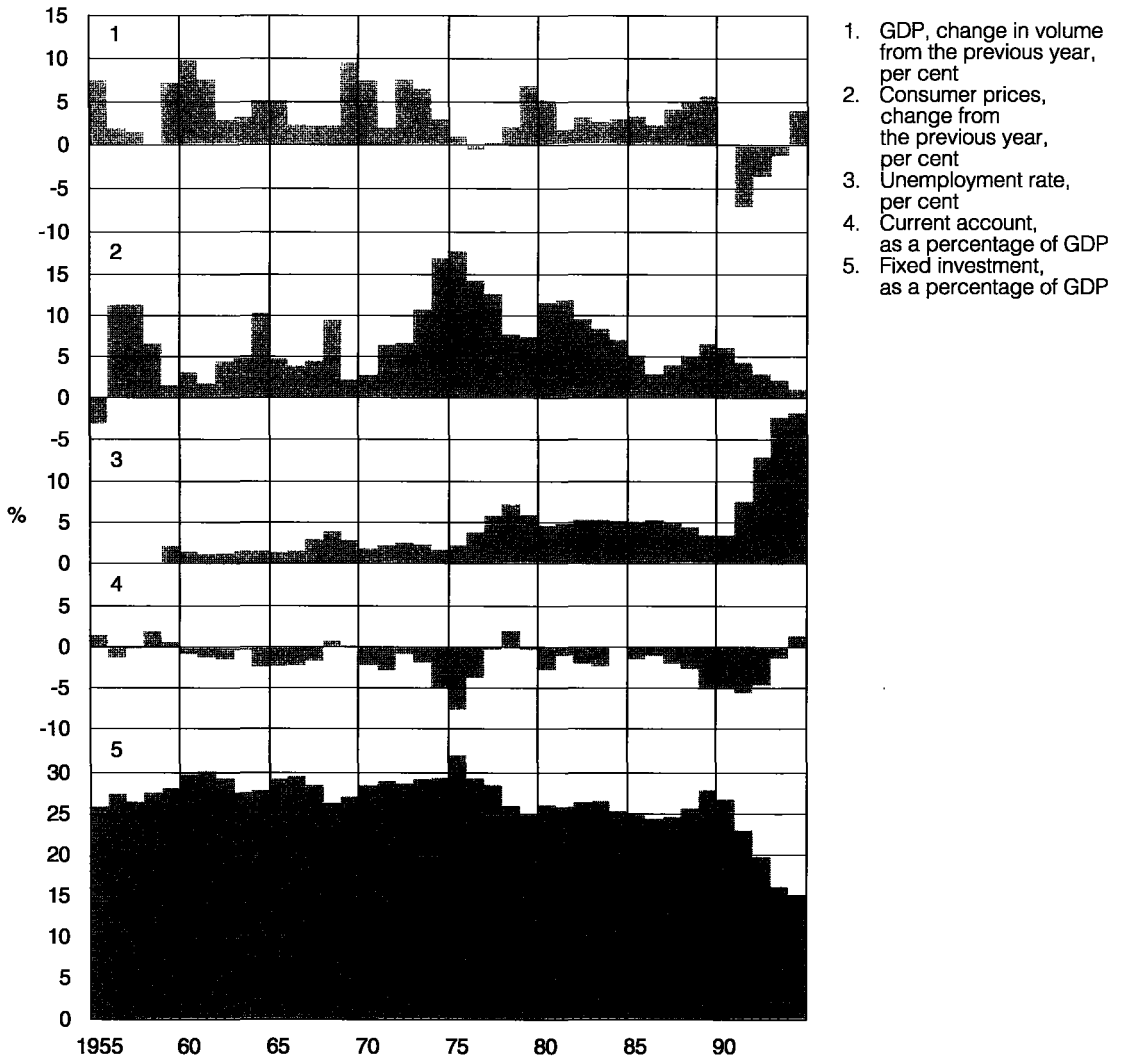
**Table 8.4** The indicator of underlying inflation (Column 6) is the consumer price index from which the effect of indirect taxes, subsidies and housing-related capital costs (house prices and mortgage interest payments) has been removed (see the article by Pentti Pikkariainen and Timo Tyrväinen in the June - July 1993 issue of the Bulletin). Statistics Finland calculates the indicator and publishes it together with the consumer price index on the 15th of every month (or the next business day). It is lagged by one month in comparison with the consumer price index.

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



1. Long-term indicators	S30
2. The Bank of Finland's foreign exchange reserves and forward position	S31
3. Forward market	S31
4. Rates of interest set by the Bank of Finland	S31
5. Banks' liquidity position with the Bank of Finland	S32
6. Liquidity management interest rates	S32
7. HELIBOR rates of interest, daily	S32
8. HELIBOR rates of interest, monthly	S33
9. Differential between Finnish and German interest rates	S33
10. Yields on bonds	S33
11. Bank of Finland currency index and the markka value of the ECU	S34
12. Daily spot rates for the markka against the Deutschmark and the US dollar	S34
13. Daily spot rates for the markka against the pound sterling and the Swedish krona	S34
14. Monthly spot rates for the markka against the Deutschmark and the US dollar	S35
15. Monthly spot rates for the markka against the pound sterling and the Swedish krona	S35
16. Banks' markka lending rates and markka funding rates	S35
17. Bank funding from the public	S36
18. Bank lending to the public	S36
19. Money supply	S36
20. Current account	S37
21. Net interest and dividend expenditure	S37
22. Balance of payments	S38
23. Finland's net international investment position	S38
24. Foreign trade	S39
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27. Production	S40
28. Fixed investment	S40
29. Employment and the unemployment rate	S41
30. Prices and wages	S41
31. Central government finances	S42
32. Central government debt	S42

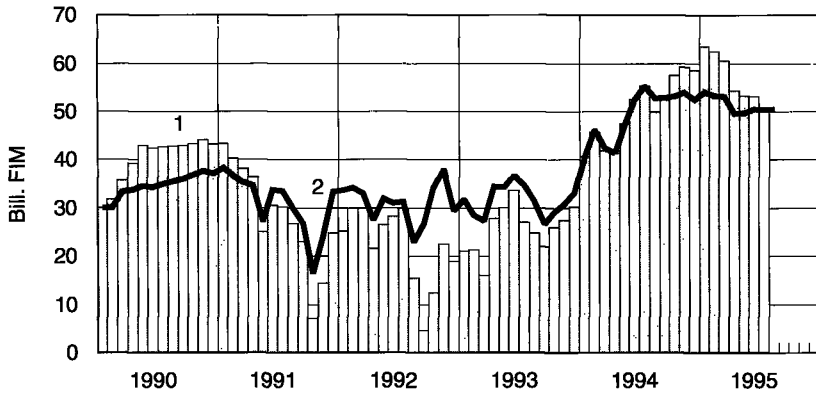
## 1. Long-term indicators



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

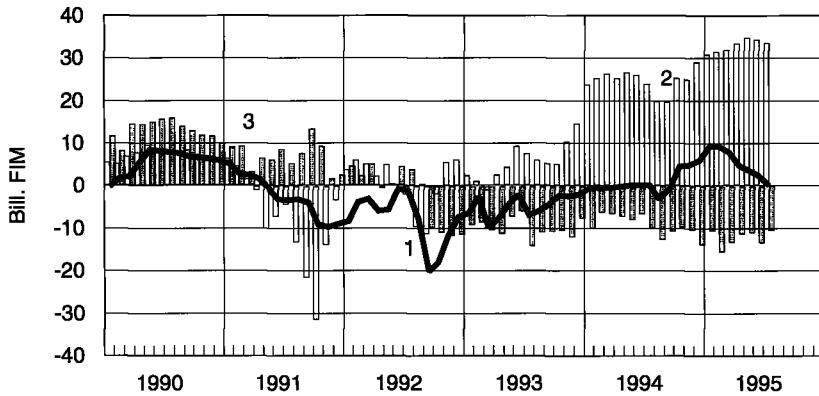


## 2. The Bank of Finland's foreign exchange reserves and forward position



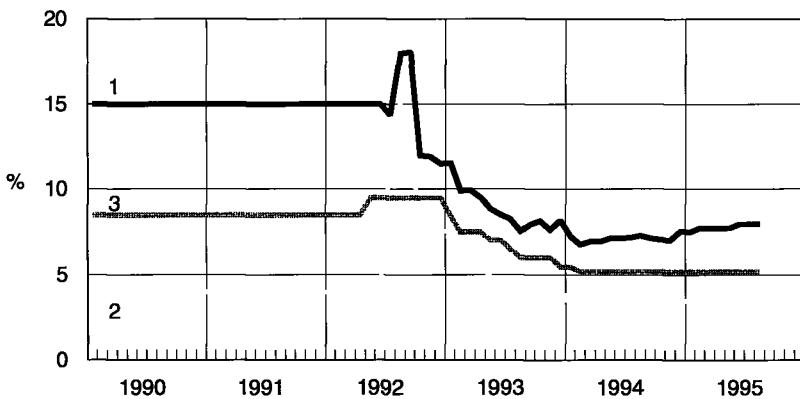
1. Foreign exchange reserves plus forward position
2. Foreign exchange reserves

## 3. Forward market



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

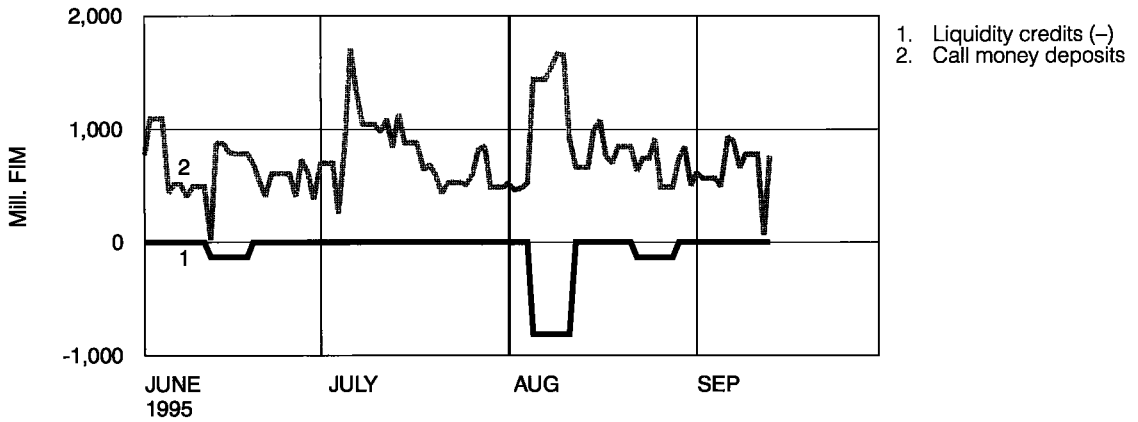
## 4. Rates of interest set by the Bank of Finland



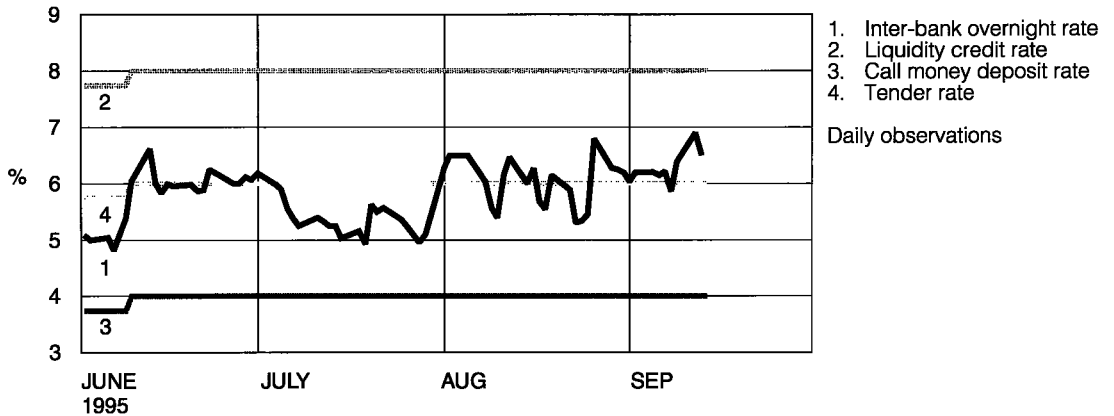
1. Liquidity credit rate (up to 2 July 1992 call money credit rate)
2. Call money deposit rate
3. Base rate

End-of-month observations

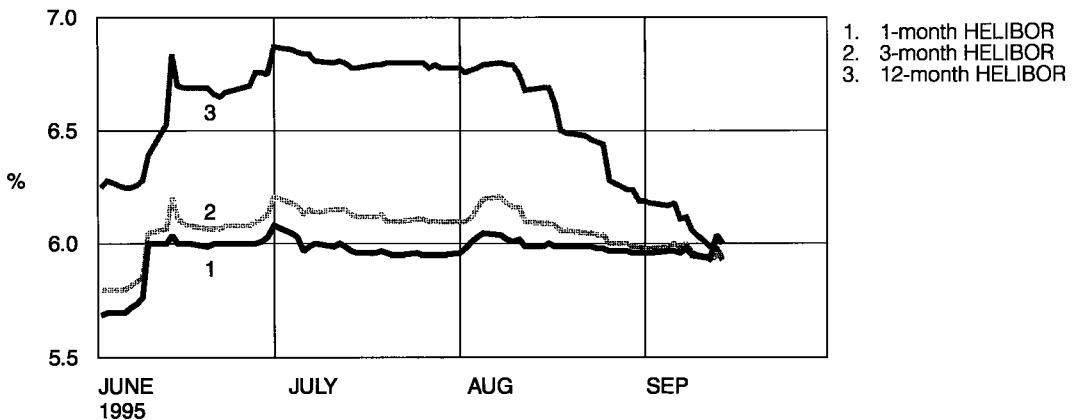
### 5. Bank's liquidity position at the Bank of Finland



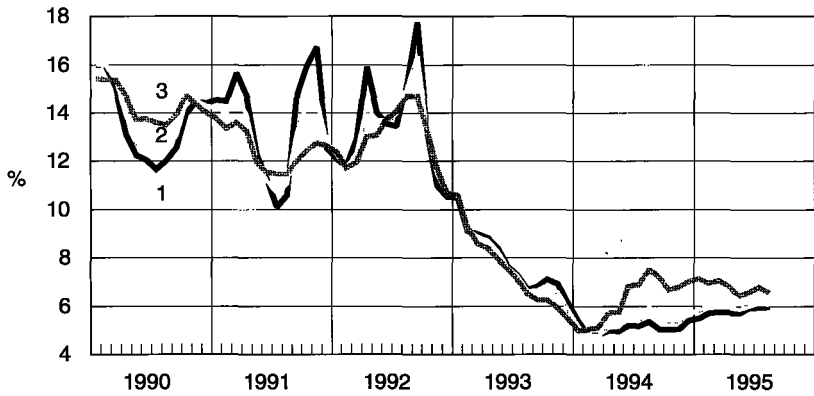
### 6. Liquidity management interest rates



### 7. HELIBOR rates of interest, daily

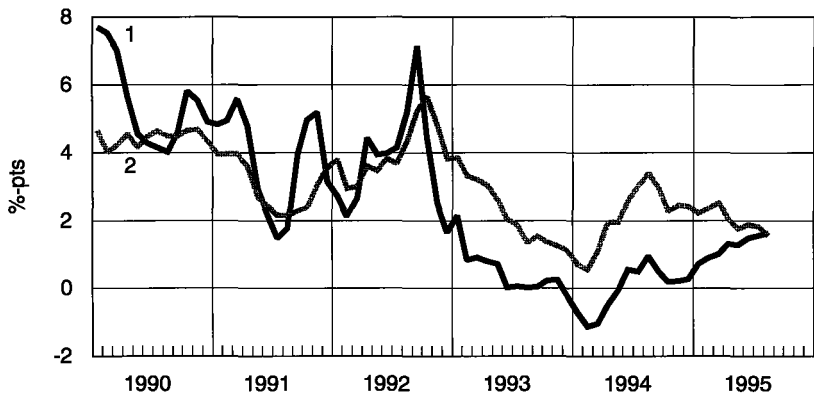


## 8. HELIBOR rates of interest, monthly



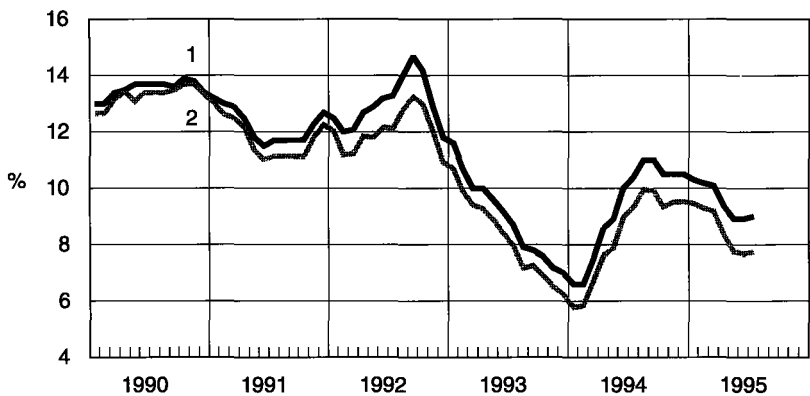
1. 1-month HELIBOR
2. 3-month HELIBOR
3. 12-month HELIBOR

## 9. Differential between Finnish and German interest rates



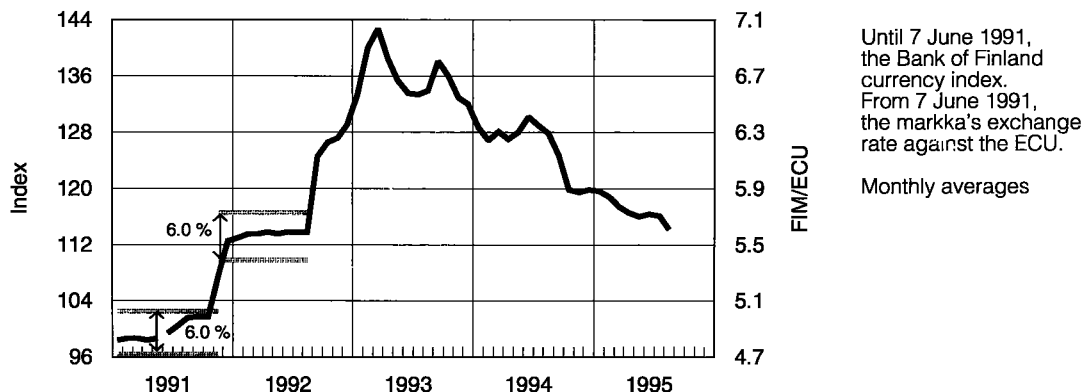
1. 3-month HELIBOR minus 3-month DEM eurorate
2. 5-year Finnish government bond yield minus 5-year German government bond yield

## 10. Bond yields

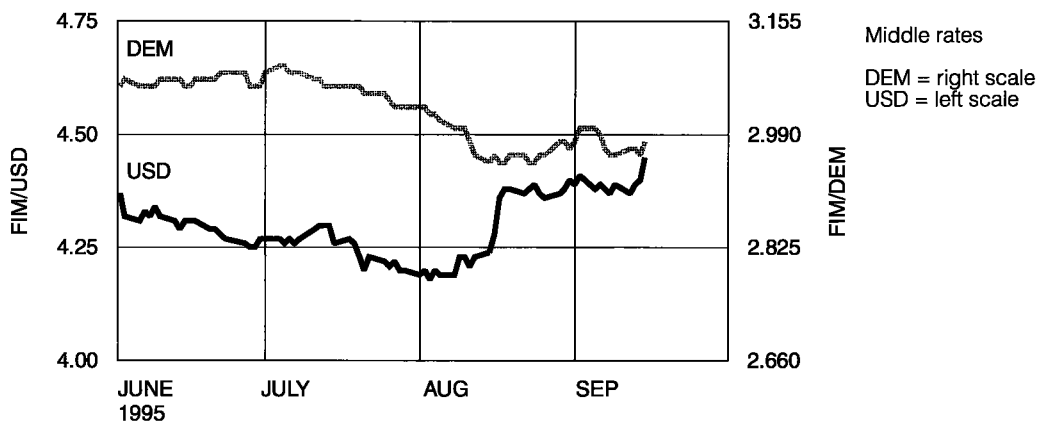


1. Bank of Finland's 5-year reference rate
2. Yield on (4-5 year) taxable government bonds

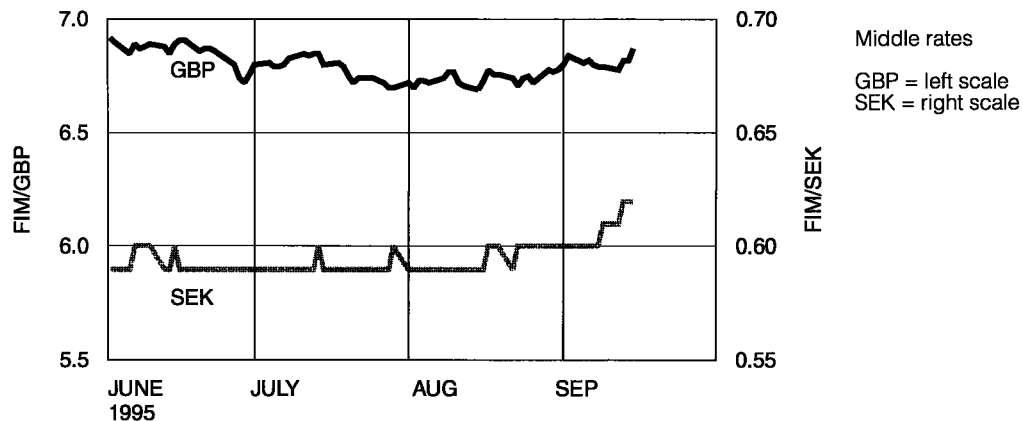
### 11. Bank of Finland currency index and the markka value of the ECU



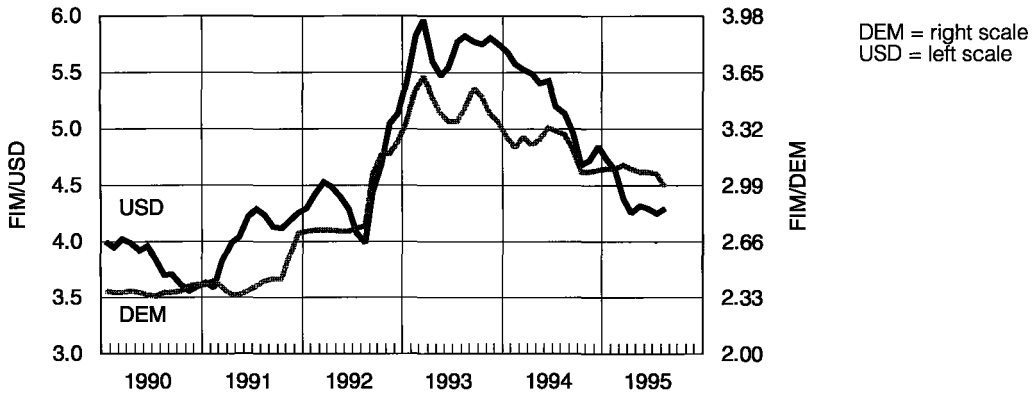
### 12. Daily spot rates for the markka against the Deutschmark and the US dollar



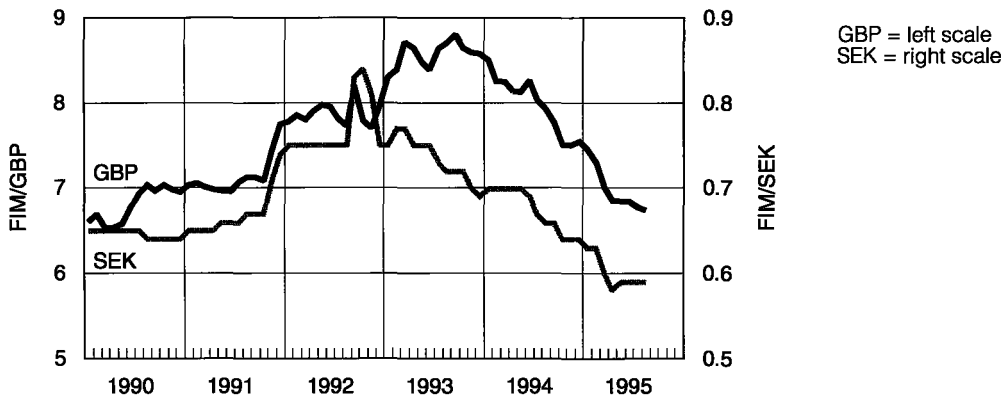
### 13. Daily spot rates for the markka against the pound sterling and the Swedish krona



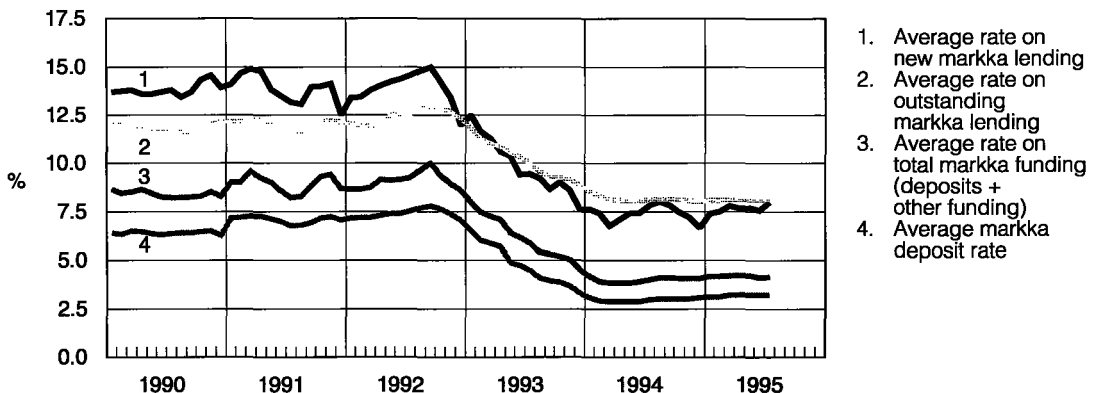
### 14. Monthly spot rates for the markka against the Deutschmark and the US dollar



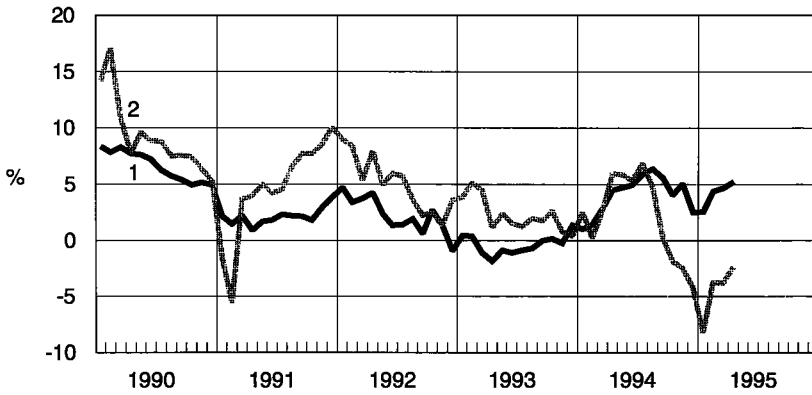
### 15. Monthly spot rates for the markka against the pound sterling and the Swedish krona



### 16. Banks' markka lending rates and markka funding rates



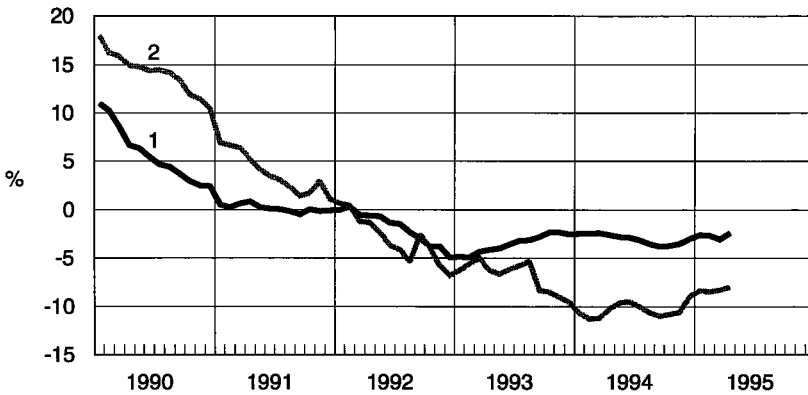
### 17. Bank funding from the public



- 1. Markka deposits
- 2. Total funding

Change from the corresponding month of the previous year, per cent

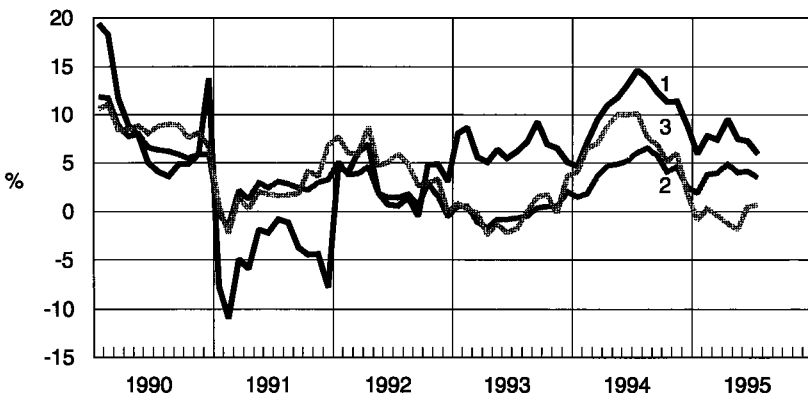
### 18. Bank lending to the public



- 1. Markka lending
- 2. Total lending

Change from the corresponding month of the previous year, per cent

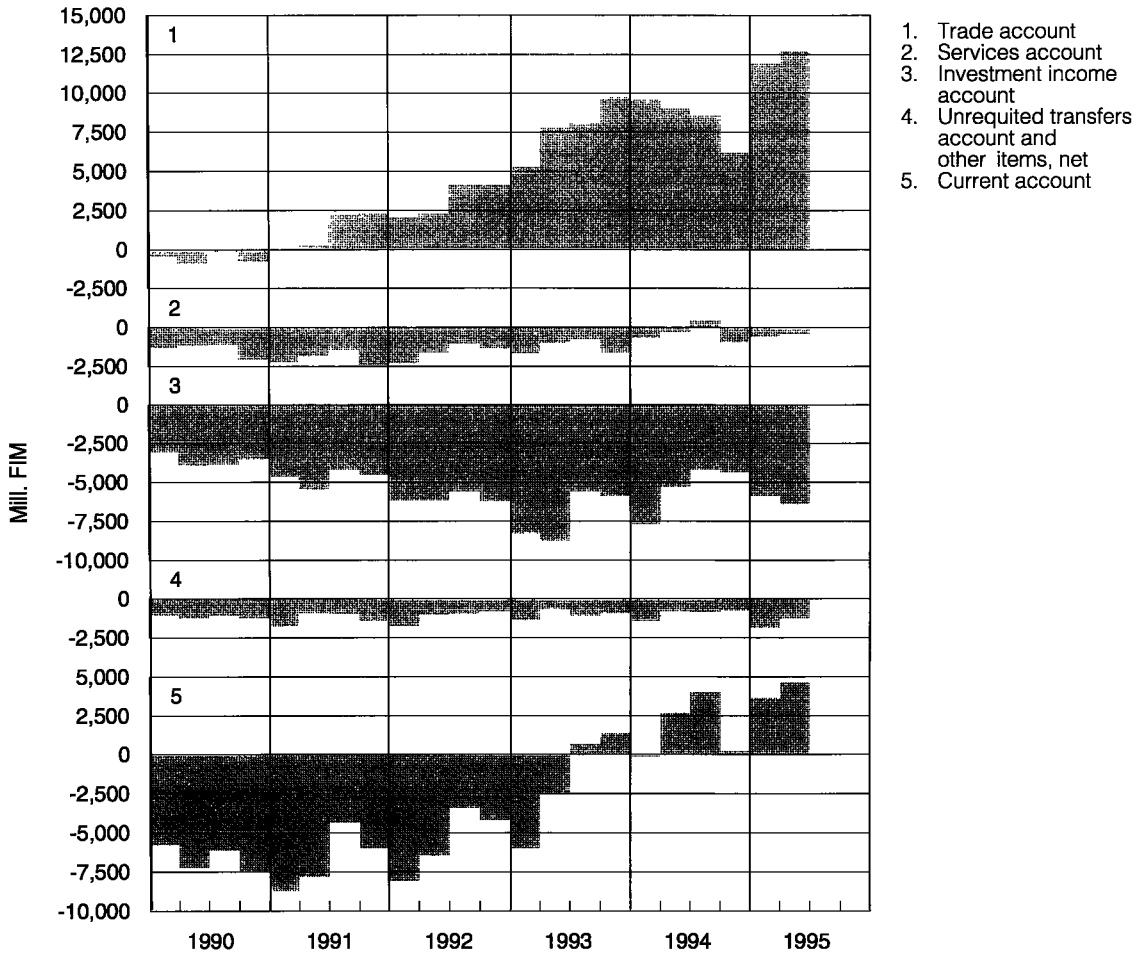
### 19. Money supply



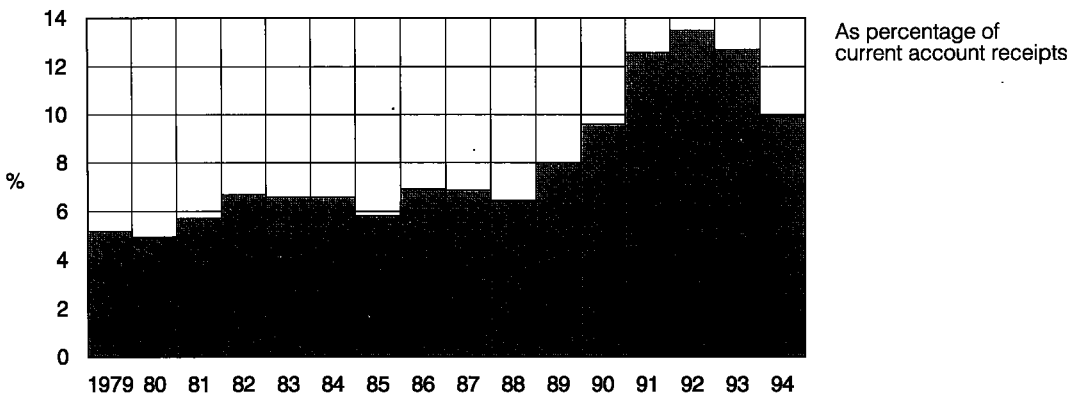
- 1. Narrow money (M1)
- 2. Broad money (M2)
- 3. M2 + bank CDs held by the public (M3)

Change from the corresponding month of the previous year, per cent

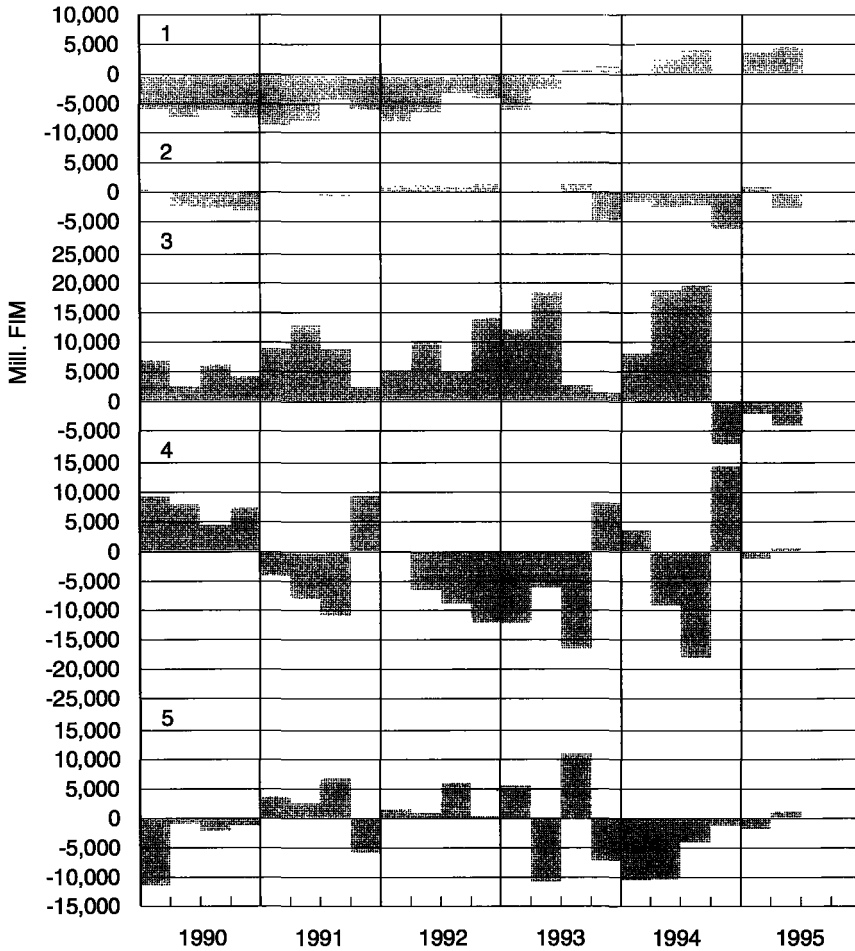
## 20. Current account



## 21. Net interest and dividend expenditure

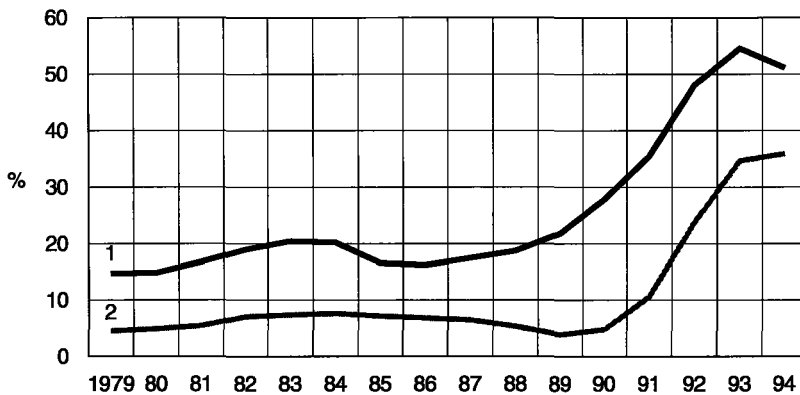


## 22. Balance of payments



1. Current account
2. Direct investment
3. Portfolio investment
4. Other investment
5. Change in central bank's reserve assets (increase = -)

## 23. Finland's net international investment position

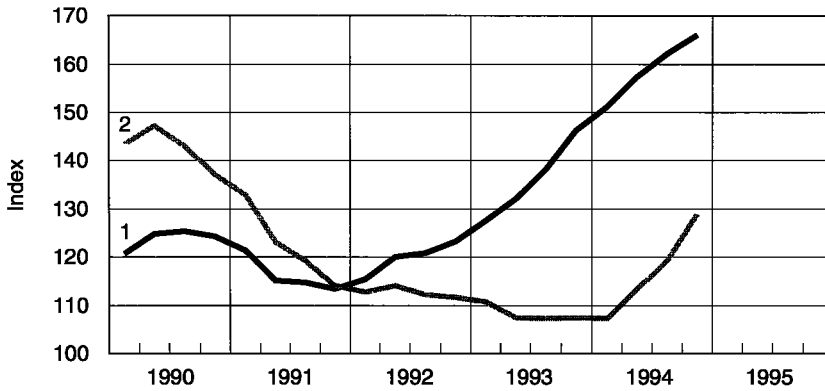


1. Total
2. Of which:  
central government

The stock of external liabilities minus the stock of external assets, as a percentage of GDP



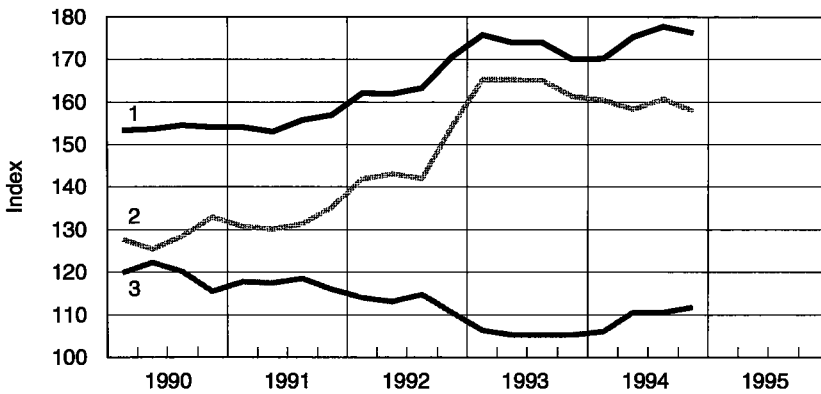
## 24. Foreign trade



1. Total exports
2. Total imports

Volume index, 1980 = 100, four-quarter moving average plotted at the last quarter

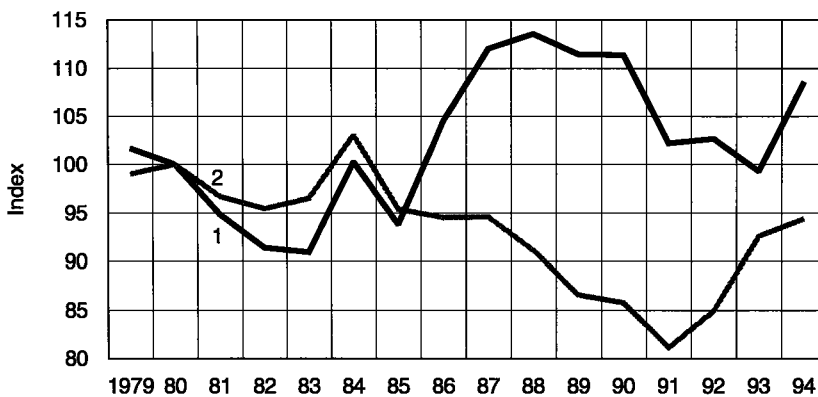
## 25. Foreign trade: prices and terms of trade



1. Unit value index of exports
2. Unit value index of imports
3. Terms of trade

1980 = 100

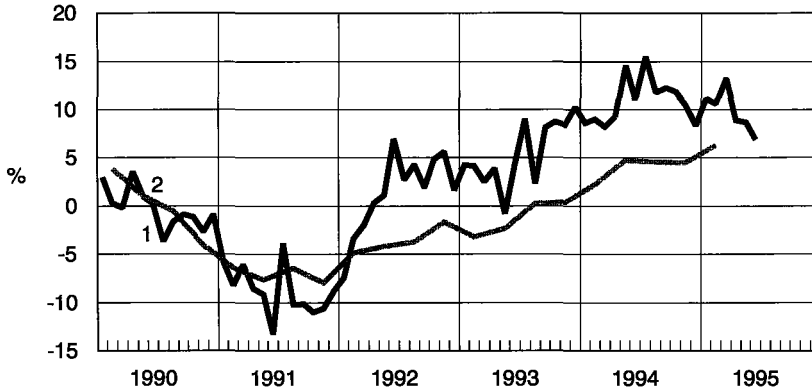
## 26. Finland's export performance



1. Value of exports to OECD countries in relation to imports of OECD countries
2. Volume of exports to OECD countries in relation to imports of OECD countries

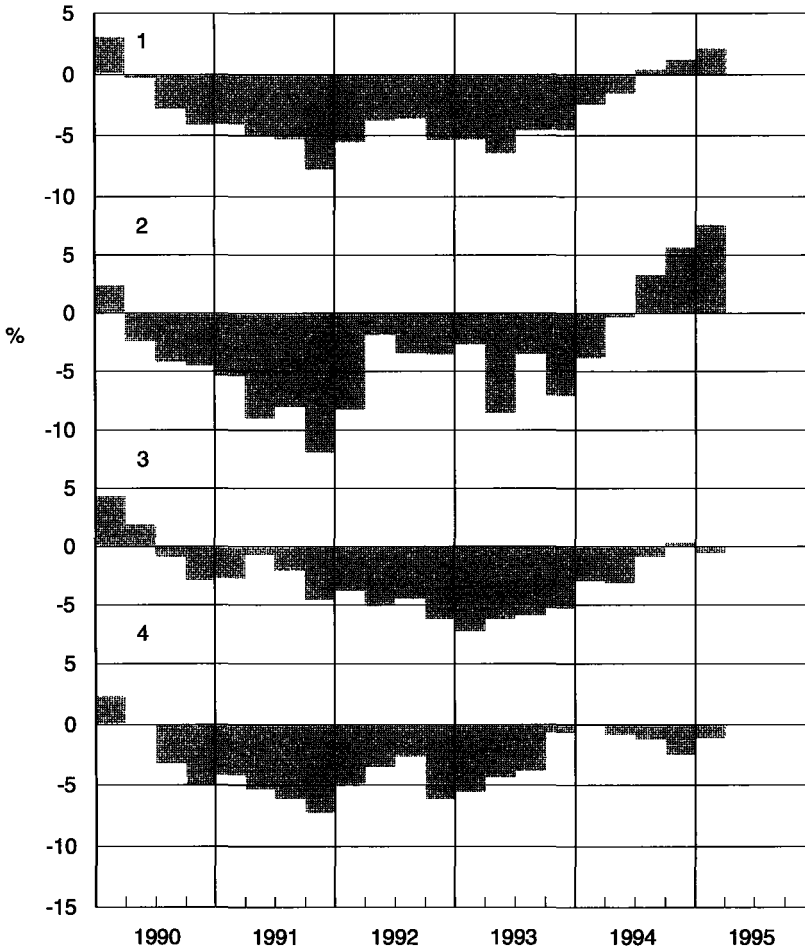
1980 = 100

## 27. Production



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

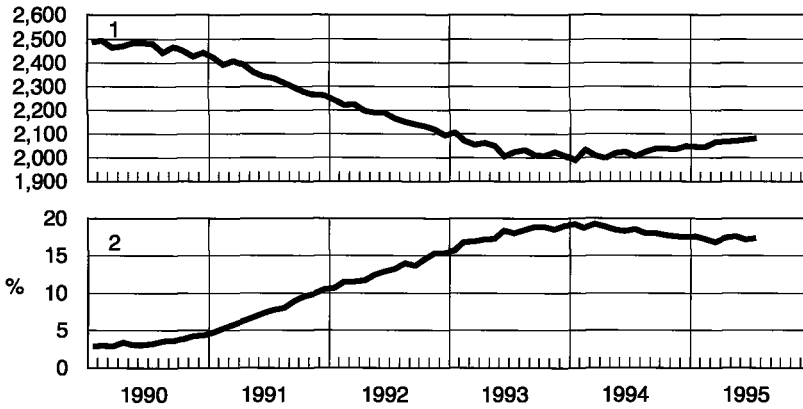
## 28. Fixed investment



1. Total fixed investment
2. Investment in machinery and equipment
3. Building investment, excl. residential buildings
4. Residential buildings

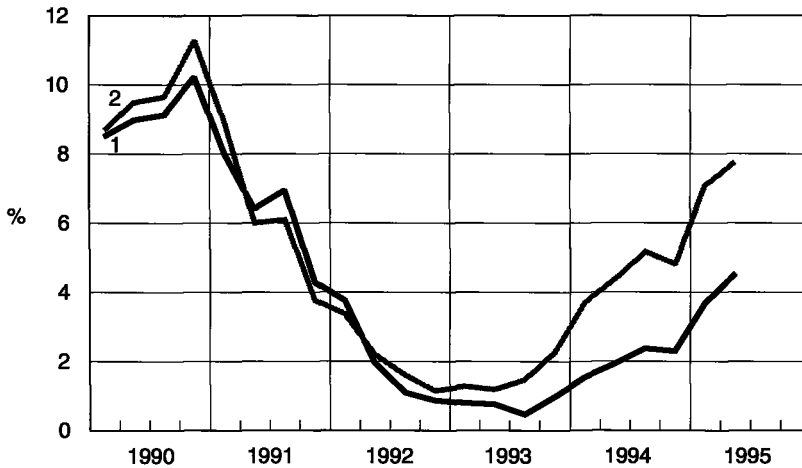
Volume changes calculated from four-quarter moving totals and plotted at the last quarter, per cent

## 29. Employment and unemployment rate



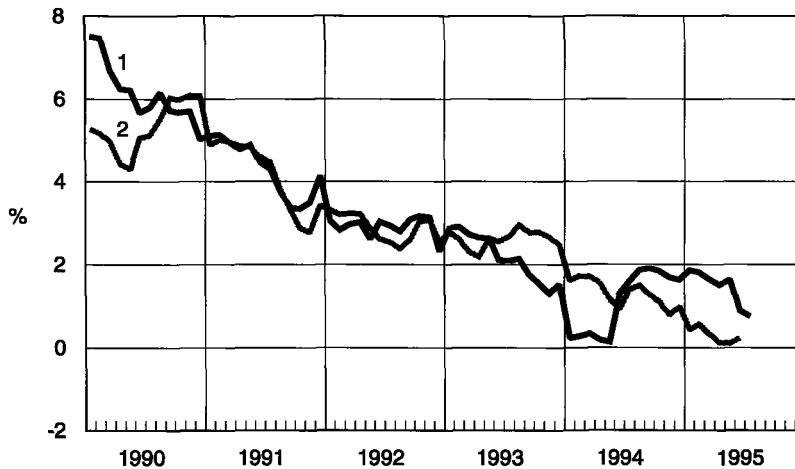
1. Employment, 1000 persons
2. Unemployment rate, per cent

## 30. Prices and wages



1. Index of wage and salary earnings, all wage and salary earners
2. Index of wage and salary earnings, manufacturing workers

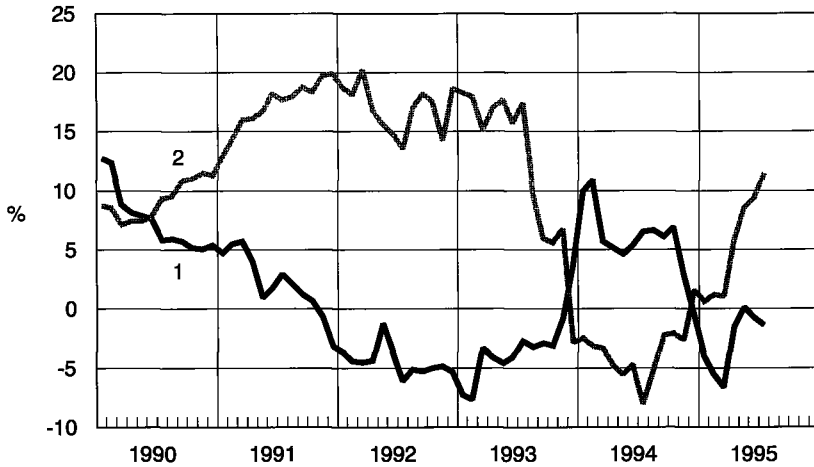
Change from the corresponding quarter of the previous year, per cent



1. Consumer price index
2. Indicator of underlying inflation

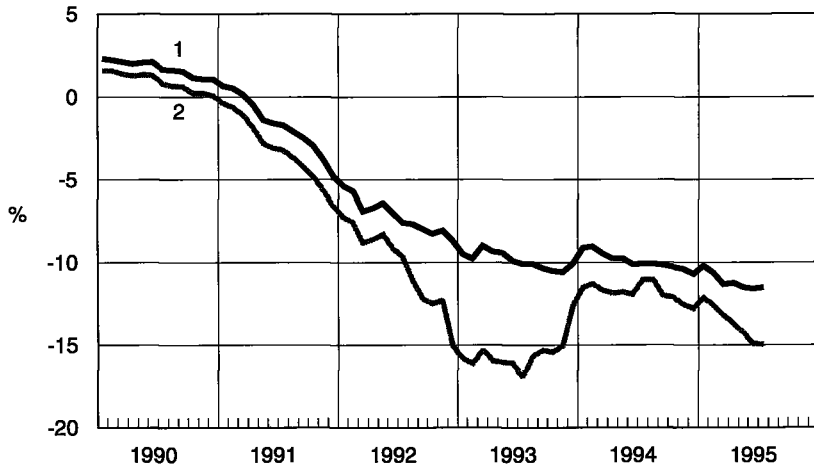
Change from the corresponding month of the previous year, per cent

### 31. Central government finances



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

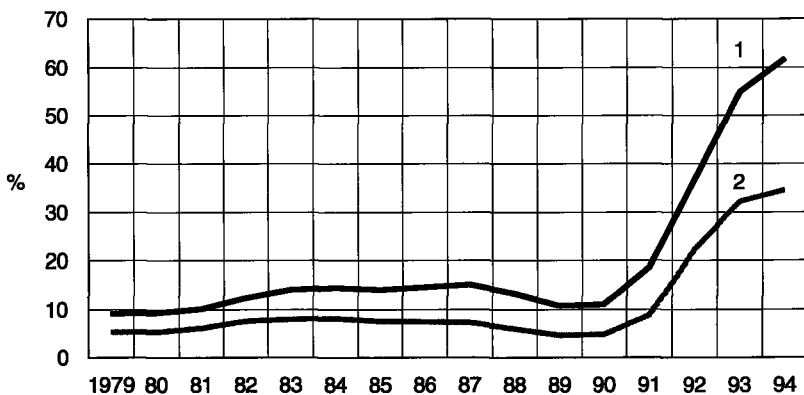
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



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

12-month moving total as a percentage of GDP, plotted at the last month

### 32. Central government debt



1. Total debt
2. Of which: foreign currency-denominated debt

As a percentage of GDP

# BANK OF FINLAND

1 September 1995

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KIMMO SASI  
TUULIKKI HÄMÄLÄINEN  
MAURI PEKKARINEN

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ESKO OLLILA

MATTI VANHALA

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Administration URPO LEVO

Data Processing PERTTI SIMOLA

Economics MARTTI LEHTONEN,  
in addition to own duties

Financial Markets KAARLO JÄNNÄRI,  
Advisers to the Board: HEIKKI KOSKENKYLÄ,  
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and the Board of Management

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VELI TARVAINEN, Managing Director

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