



# BULLETIN

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The Finnish money market from  
the mid-1980s to the present day

First years of economic transition  
in the Baltics

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# The Finnish money market from the mid-1980s to the present day

by **Harri Lahdenperä**, Acting Head of Office  
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**T**he money market, ie the market for short-term funds, constitutes an important part of the financial markets. By popular definition, the money market consists of the wholesale market for debt instruments with an original maturity of up to twelve months and traded on market terms, together with the related derivative instruments. The most widely traded negotiable instruments in the Finnish money market are certificates of deposit (CDs) issued by the banks and the Bank of Finland, Treasury bills and commercial paper. Other major instruments are overnight deposits and repurchase agreements (repos). As far as money market derivatives are concerned, an extensive and well-developed market has emerged for forward rate agreements (FRAs).

A well-functioning money market emerged in Finland in the latter half of the 1980s and soon reached international proportions in terms of its size in relation to GDP (Table 1). However, the structure of the Finnish money market differs from that of money markets in many other countries in that the most liquid core of the market consists of bank CDs. Up to the beginning of the 1990s, Treasury bills were of only minor significance but in recent years Treasury bill issues have increased with the growth of the government budget deficit. Consequently, the market for Treasury bills has gradually become deeper and better organized. Though the liquidity of Treasury bills is rapidly improving it does not yet compare with that in the most highly developed money markets. The outstanding amount of commercial paper has been fairly large

but liquidity has been rather poor. The bulk of commercial paper is issued by bank-owned finance companies.

In 1986, money market investments totalled some FIM 40 billion and have subsequently risen to the present level of some FIM 140 billion (Chart 1). Bank CDs constitute the largest single component of the public's holdings of money market instruments. Treasury bills have, however, been the most rapidly growing component in recent years and the outstanding amount is approaching that of CDs. As far as the public's holdings of other money market instruments are concerned, the most important item is banks' other market funding, ie banks' on-balance sheet market-rate deposits other than CDs. By contrast, deposits with bank trust departments, which served as a major channel for intermediation of market-rate funds in the 1980s, are now only of marginal importance.

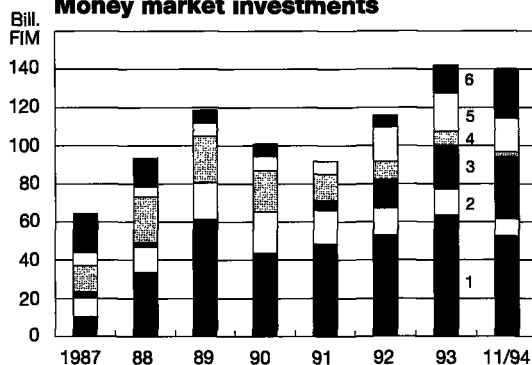
Table 1. Breakdown of negotiable instruments in the money markets of selected countries at the end of 1991<sup>1</sup>

	Finland	France	USA	Sweden	UK
	% of total				
Treasury bills	4.2	23.3	28.7	69.0	9.3
Bank bills	-	-	2.8	-	20.6
Certificates of deposit	73.5	59.5	27.4	1.0	66.1
Commercial paper	19.9	9.4	33.3	27.9	4.0
Other	2.4	-	7.8	2.1	-
Total as % of GDP	24.5	25.0	27.9	34.3	16.0

<sup>1</sup> Source: Alworth, J S and Borio, C E V, 'Commercial paper markets: a survey', *BIS Economic Papers*, No. 37, April 1993.

Chart 1.

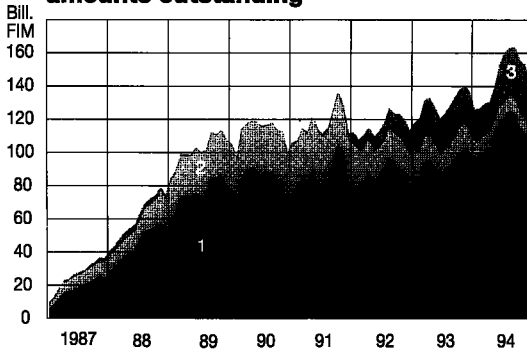
## Money market investments



1. Bank CDs (incl. bank CDs held by the government and the Bank of Finland)
2. Commercial paper and local authority paper
3. Treasury bills
4. Deposits with bank trust departments (incl. repos)
5. Banks' other market funding
6. Companies' forward currency sales to banks, net

**Chart 2.**

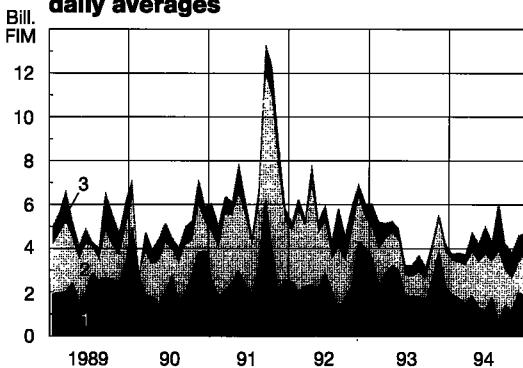
**Money market instruments, amounts outstanding**



1. Bank CDs (excl. Bank of Finland CDs)
2. Commercial paper
3. Treasury bills

**Chart 3.**

**Turnover in the interbank money market, daily averages**



1. Deposit-based interbank transactions
2. CD transactions
3. FRAs (purchase agreements)

**Development of the Finnish money market from the mid-1980s to the present day**

**Bank certificates of deposit<sup>2</sup>**

In the mid-1980s, the bulk of business in short-term, market-rate funds was still transacted in non-negotiable instruments. At that time, the main means available to banks for raising market-rate funds were loans intermediated through trust departments, repurchase agreements, covering loans raised in connection with forward exchange contracts and other market funding (see above). At the end of 1986, the public's holdings of money market instruments totalled some FIM 43 billion, of which negotiable instruments accounted for only some 10 per cent.

From the mid-1980s onwards, bank CDs quickly developed into the key money market instrument. In legal terms, a CD is a zero-coupon bearer debt instrument to the bearer of whom the bank pays the nominal value stated on the certificate on the maturity date. Originally, when CDs were physical documents, a minimum limit was imposed on their nominal value, which in practice was FIM 1 million. Under the present system based on book-entries, a CD's nominal value can be a smaller amount if necessary.

According to existing banking legislation, bank CDs could only be issued with the permission of the Ministry of Finance. Originally, the restriction was designed to prevent banks from issuing promissory notes comparable to banknotes. The first authorizations were granted at the beginning of 1982. Initially, the conditions imposed were rather strict. At the beginning of 1985, the conditions were eased and standardized. It was laid down that the maturity of CDs could range from a minimum of one month to a maximum of twelve months. At that time, there were still quite strict limits on the maximum amount of CDs that any one bank could issue but gradually these restrictions were relaxed. With the entry into force of the amended Deposit Banks Act at the beginning of 1991, the requirement of prior authorization for the issue of CDs was finally abolished.

A true interbank market did not emerge until 1986 when the Bank of Finland modified the call money market facility by introducing a differential between call money deposit and credit rates. In January 1987, the Bank of Finland freed bank CDs from the cash reserve requirement and, in March 1987, began to undertake market operations in CDs. At the same time, banks agreed on a common code of conduct and uniform pricing to be applied in trading in bank CDs. After these changes the volume and liquidity of CDs started to grow rapidly.

<sup>2</sup> See also Jarmo Kontulainen, 'The Market for Certificates of Deposit', *Financial Markets in Finland, Bank of Finland Bulletin Special Issue*, 1991.

In May 1987, the Bank of Finland started to calculate and publish HELIBOR (Helsinki interbank offered rate) rates, which quickly became key benchmark rates for lending. HELIBOR rates are calculated on the basis of the rates offered for CDs by the five largest banks at 1 pm daily. The maturities for HELIBOR are 1, 2, 3, 6, 9 and 12 months.

The CD market experienced its fastest expansion in the period from the beginning of 1987 to mid-1989 (Chart 2). By the end of June 1989, the outstanding amount of CDs (incl. Bank of Finland CDs) had risen to FIM 76.0 billion. A breakdown by final investor shows that banks held FIM 27.6 billion of this amount, the Bank of Finland FIM 15.4 billion, the government FIM 7.0 billion and the public FIM 26.0 billion. At the end of 1994, the outstanding amount of bank CDs was FIM 132.9 billion, of which FIM 50.9 billion worth was held by banks, FIM 39.9 billion by the government, FIM 41.8 billion by the public and only FIM 0.4 billion by the Bank of Finland.

For banks, CDs became both an important instrument for raising funds and a key investment vehicle in the interbank market. In interbank transactions, banks use CDs for investing their liquid funds and also in their liquidity and interest rate risk management. For companies, CDs provide a vehicle for investing cash funds at market rates. Other major investors in this market are pension insurance companies and the government, which has invested the bulk of its cash funds in bank and Bank of Finland CDs.

In addition to CDs, there is an active interbank market in short-term deposits and loans ('depos'). The most important of these are overnight deposits and one- and two-week deposits. For overnight deposits, the value date is the same as the trade date while for longer maturities, as too for CDs and other secondary market instruments, the lag between the trade date and the value date is normally two business days. In recent years, repos have been widely used as an instrument for short-term financing. A repo is a transaction whereby a bank sells a debt instrument (usually one issued by the government) held by it to another bank or investor and at the same time undertakes to repurchase it within a prespecified period for a price agreed upon at the time of the deal.

In addition to bank CDs, there is also a large outstanding amount of CDs issued by the Bank of Finland. The Bank of Finland started to use short-term negotiable debt instruments in its money market operations aimed at tightening liquidity in the second half of the 1980s but the amounts involved were only modest at the time. However, in 1993–1994, the outstanding amount of Bank of Finland CDs grew rapidly when the foreign exchange reserves grew and the Bank of Finland sterilized the consequent increase in liquidity by issuing CDs. At the end of 1994, the outstanding amount of Bank of Finland CDs stood at some FIM 35 billion.

Bank of Finland CDs are riskless, short-term debt instruments, which are also actively traded in the secondary market. However, in terms of the purposes for which they are used and their characteristics, they clearly differ from other money market instruments. Bank of Finland CDs are primarily a monetary policy instrument whereas other money market debt instruments are essentially used for intermediation of funds between investors and borrowers. As a rule, Bank of Finland CDs are issued with a maturity of one month.

At the end of the 1980s, daily turnover in the interbank money market had already risen to FIM 3–5 billion (Chart 3). In 1991, average daily turnover soared to FIM 6 billion but has subsequently fallen back to the level of FIM 3–5 billion. Figures on banks' transactions in CDs with customers have only been compiled since July 1994. Daily turnover in transactions with customers has been about half of the volume of interbank transactions.

### Treasury bills

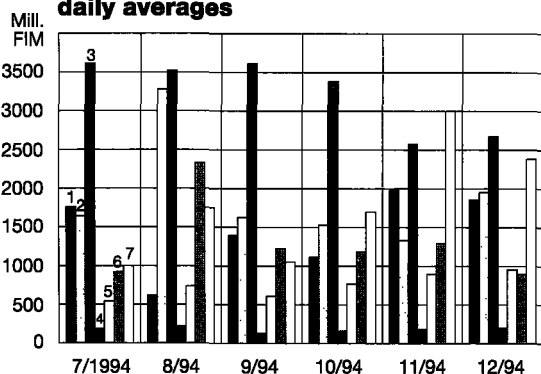
Up to the beginning of the 1990s, Treasury bills were issued on an irregular basis and in very small amounts. This was because of the central government's good financial position, as a consequence of which the government did not need to raise short-term debt. In 1991, however, the outstanding amount of Treasury bills started to rise along with the rapid growth of the budget deficit and the central government's borrowing requirement. By 1993, the outstanding amount of Treasury bills had risen to FIM 20–25 billion and by the latter half of 1994 to FIM 30–35 billion. The maximum permissible outstanding amount of Treasury bills is decided on annually by Parliament when it passes the government budget. Given this upper limit, the amount of Treasury bills outstanding at any one time depends on developments in the central government's borrowing requirement, the breakdown of central government borrowing, demand for Treasury bills and overall developments in the markets and market expectations.

In Finland, Treasury bills are issued by the State Treasury, which operates within limits laid down by the Ministry of Finance. Treasury bills are issued in weekly tenders (auctions) but can also be sold outside these tenders. Institutions designated by the State Treasury can participate in the tenders. As a rule, the majority of banks and those few securities firms which operate actively in the Finnish money market participate in the tenders. Treasury bills are usually issued in maturities of 1, 3, 6 and 12 months. At the beginning of each month, the State Treasury publishes the calendar for tenders over the next two months.

Like bank CDs, Treasury bills are zero-coupon discount bearer instruments. The maturity date for Treasury bills is a weekday in the middle of the month, ie Treasury bills have twelve maturity dates

**Chart 4.**

**Banks' money market transactions, daily averages**



1. Deposit-based interbank transactions and repos
2. Interbank transactions in CDs
3. Transactions in CDs with customers
4. Interbank transactions in Treasury bills
5. Transactions in Treasury bills with customers
6. FRAs, interbank transactions
7. FRAs, transactions with customers

a year. As regards maturity dates, the structure of the Treasury bill market differs from that of the market for bank CDs, which are issued on a continuous basis. The fact that maturity dates for Treasury bills are fixed at discrete intervals improves their liquidity since this means that only a few maturities are traded at any one time, thus enabling brokers to hold sufficiently large quantities in their trading portfolios. Therefore Treasury bills are well suited to a general market making system.

Treasury bills have so far accounted for a relatively small share of transactions in the interbank money market, with daily turnover (purchases) amounting to a maximum of a few hundred million markkaa. By contrast, banks' dealings in Treasury bills with customers have been steadily increasing, and at present the total volume of daily transactions (purchases and sales) varies from a few hundred million markkaa up to a few billion markkaa (Chart 4).

The yield differential between Treasury bills and bank CDs is determined largely on the basis of the liquidity and credit risks attached to these instruments. By international standards, the differential has been quite small in Finland. For instance, in the early 1990s, the yield differential for three-month maturities has tended to move within the range of 10–20 basis points. By contrast, in Sweden the yield differential between three-month Treasury bills and debt instruments issued by mortgage banks averaged 19 basis points and that between Treasury bills and bank CDs 36 basis points in the period from January 1990 to May 1992. The small size of the differential in Finland can be attributed

to the good liquidity of bank CDs. The risk rating of CDs has also been affected by the resolution adopted by Parliament in February 1992 on account of the banking crisis in Finland according to which the government guarantees the ability of banks to meet their commitments under all circumstances. However, in this respect the situation has *de facto* been very similar in all the Nordic countries.

#### Commercial paper

A market for commercial paper was launched in Finland in spring 1986. Underlying the introduction of the new instrument was the need to develop the short-term money market and to provide alternative sources of corporate financing.

Commercial paper is a zero-coupon bearer instrument. The interest paid by the borrower is determined on the basis of the difference between the issue price and nominal value. The ultimate cost for the issuer of commercial paper also includes issuance expenses charged by the bank acting as agent. The nominal value of commercial paper usually varies between FIM 1 and 10 million and the maturity ranges from one to twelve months.

Commercial paper may be issued carrying the credit risk of the issuer or it may be guaranteed by the bank managing the programme. In practice, commercial paper is only issued by large, well-known companies. Issues by small companies are hampered by the lack of a developed credit rating system. In the initial period following the inception of the commercial paper market, it was usual for banks to provide a guarantee for their programmes but nowadays guarantees are seldom used.

The liquidity of commercial paper can be improved by using syndication. However, in Finland an issue is usually arranged by one bank alone and the bank concerned may even take up the entire issue if necessary. For large loans two banks may act as arrangers.

The number of commercial paper programmes and the amount of commercial paper outstanding grew strongly in the last years of the 1980s (Chart 5). Programmes reached their peak in 1990–1991, when the total amount rose to more than FIM 70 billion. Programmes of bank subsidiaries, in practice bank-owned finance companies, accounted for about one-third of the total. The outstanding amount of commercial paper issued by bank subsidiaries accounted for some 60–70 per cent of the total amount of their programmes while for other issuers the corresponding share was only about one-quarter. At that time, the total amount of corporate paper outstanding was some FIM 30 billion (Chart 6).

In 1992–1994, both the total amount of corporate paper programmes and their average utilization fell markedly. At the end of 1994, programmes totalled some FIM 40 billion, of which bank subsid-

aries' programmes accounted for some FIM 10 billion. Paper issued by finance companies accounted for some 40 per cent of the total amount of their programmes while for other issuers this share was only just under 20 per cent. So, the total amount of corporate paper outstanding was only just over FIM 10 billion. The reduction in programmes and their use is mainly due to companies' improved liquidity and their efforts to run down their debt levels, poor liquidity in the market and uncertainty about the treatment of commercial paper with regard to stamp duty. The shrinking of the market has also led to a situation where banks no longer quote commercial paper on Reuters and Telerate, thus further weakening the information available on the price level of commercial paper.

Commercial paper is held by the same investors who hold other money market instruments, ie mainly banks, finance companies, funds of various kinds and liquid companies. To compensate for the bigger credit risk and poorer liquidity involved, commercial paper offers investors a better return than they can earn on Treasury bills or bank CDs. In 1990-1992, an average of one-third of all commercial paper was held in banks' portfolios but since then the share has fallen to about 10 per cent.

### Interest rate derivatives

A market for derivative instruments has also grown up on the basis of bank CDs. By using interest rate derivatives, the investor can protect himself against a fall in interest rates and the borrower against a rise. For the market operator they offer a way to take advantage of his perception of future interest rate movements. Trading in the derivatives market takes place in forward rate agreements (FRAs), interest rate options and swaps. Of these, the market for FRAs is the most developed. FRAs are either standardized contracts or contracts tailor-made to meet the customer's specific needs.

The contract periods for standardized FRAs are the three-month periods starting on the third Wednesday in March, June, September and December. The first day of each period is the fixing date, on which quotations for the period terminate. The maturity date is the last day of the period.

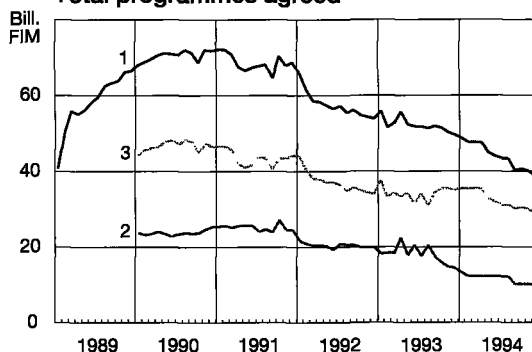
The underlying asset of an FRA is a notional CD. It is notional in the sense that at no time during the contract period does a CD transaction actually take place. The fixing rate for an FRA is the three-month HELIBOR on the fixing date. The present values of the CD calculated according to the contract (strike) rate of interest and the fixing rate are compared with each other on the fixing date.

The amount of FRAs outstanding fluctuates sharply at different points in the FRA period. Turnover is usually highest in the shortest FRA, the pricing of which is also the most efficient. Typically, the amount of FRAs outstanding in the interbank mar-

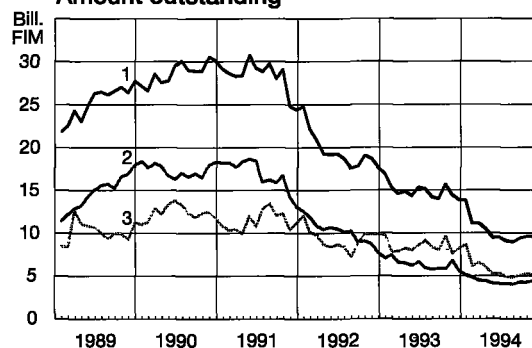
**Chart 5.**

### Commercial paper market

#### Total programmes agreed



#### Amount outstanding



1. Total
2. Bank subsidiaries
3. Other issuers

ket has been in the region of just under FIM 100 billion. When contracts with customers are included, the outstanding amount of FRAs varied between FIM 150-300 billion in the latter half of 1994.

### Infrastructure and code of conduct for money market dealings

Transactions in the major money market instruments in Finland, ie bank CDs and Treasury bills, are cleared and settled electronically at the Helsinki Money Market Center (HMMC). Inaugurated in 1989, it was assigned the task of providing confirmation, clearing and settlement services for its members in transactions in money market instruments and of replacing physical documents by computerized register entries. The HMMC calculates delivery and payment obligations for the various parties acting as intermediaries in transactions, while the payments themselves are effected through the Bank of Finland's current account system.

The HMMC started the clearing and settlement of bank CDs and Treasury bills at the end of April 1992, and all outstanding bank CDs and Treasury bills were transferred to the HMMC's clearing and settlement system in the course of 1993. The HMMC is currently testing the clearing and settlement of commercial paper and FRAs.

The activities and conduct of market participants and their supervision were initially based on the principle of self-regulation. At the time the money market was emerging, the Money Market Dealers' Association established a set of rules governing conduct and then, in 1989, it drew up ethical recommendations for dealings in the interbank market. The Bank of Finland collaborated closely in the drawing up of these recommendations.

More formal regulation of the money market by the authorities was introduced in the form of an agreement in April 1991 when the Bank of Finland and the banks operating in the money market signed an agreement on A Code of Conduct for Money Market Dealings.<sup>3</sup> The agreement is a general agreement which can be extended to cover any money market instruments; at that time it only laid down the basic principles to be applied to dealings between contracting parties in bank CDs and Treasury bills. In addition, the agreement includes regulations on market hours to be observed in money market dealings, generally accepted trading principles, acting as a market maker and the obligation to provide information. The parties to the agreement also set up an ethical committee for developing the code of conduct, for monitoring conduct in the market and for settling disputes concerning interpretation. The Bank of Finland appoints the chairman of this committee.

The Code of Conduct laid down that market hours were between 10 am and 3 pm on weekdays with the exception of Fridays when the market operated from 10 am to 1 pm. Gradually, however, the inherent development of the market led to trading

being extended to 4 pm daily with the exception of Fridays. Starting from the beginning of 1995, the Bank of Finland carries out its money market operations from 10 am to 4 pm on every weekday, if necessary; for all practical purposes, these are now the standard market hours. The extension of market hours reflects the growth of money market turnover as well as the increasing internationalization of markets, which has underlined the need to harmonize market hours so as to comply with the practice prevailing in Europe.

### **Future prospects**

Over the past ten years, the Finnish money market has acquired the characteristics of a developed market as far as its extent and turnover are concerned. At the end of 1994, the outstanding amount of negotiable money market instruments (excl. Bank of Finland CDs) exceeded FIM 150 billion. Money market instruments account for about one-fifth of all financial assets in the financial markets. Daily turnover in negotiable money market instruments moves in the range of some FIM 5–10 billion.

At present, the prospects for the Finnish money market appear bright for several reasons. A stronger economy and improving monetary stability together provide an environment conducive to its further development, particularly with regard to foreign investors. Trading volumes, in particular those of Treasury bills, are still growing. Following a substantial improvement in bank liquidity, banks' funding from the public in the form of CDs has decreased slightly; in spite of this, CDs are likely to maintain a dominant role as a funding and interbank instrument in the future. The number of participants in money market transactions is also increasing as new foreign banks and domestic and foreign securities firms expand their operations in the Finnish money market.

3 February 1995

<sup>3</sup> See Antti Suvanto, 'Regulation of the Interbank Market', *Bank of Finland Bulletin*, December 1991, Vol. 65 No. 12.



# First years of economic transition in the Baltics<sup>1</sup>

by **Pekka Sutela**, Special Adviser  
Unit for Eastern European Economies  
Bank of Finland

**T**hree years have elapsed since the final collapse of the Soviet Union. In that time, the three Baltic countries have undoubtedly succeeded better than the republics of the former Soviet Union (FSU) in abandoning the old, Soviet-type economic, social and political system. They have also advanced further along the road towards a market-based economy based on predominantly private property rights, a functioning parliamentary political process and a pluralist civil society. Clearly, much remains to be done before the self-proclaimed goal of becoming a modern European nation can be judged to have been achieved. Still, as the December 1994 Essen Summit of the European Union showed, the three Baltic countries have already taken their place as prospective members of the Union.

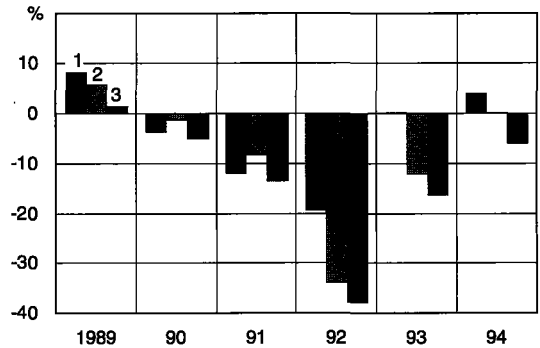
Just how far the Baltic countries have progressed can also be gauged from economic statistics. Four facts in particular stand out. After an exceptionally steep fall in statistically recorded production, economic activity is now recovering rapidly. This is not, however, necessarily reflected in published GDP figures (Chart 1). Second, all the three countries have, through the pursuit of stringent stabilization policies, succeeded in pushing monthly inflation down to low single-digit levels (Chart 2). Third, the Baltic currencies are not only credible and convertible but also remarkably stable (Chart 3). Fourth, these countries have managed surprisingly quickly to reorientate their trade away from total dependency on the FSU to a more regionally diversified pattern. And in the case of Estonia at least the European Union has overtaken Russia as the main trade partner (Chart 4).

## Similarities within diversity

Back in 1991-1992, the Baltic countries seemed to many an outside observer to be quite similar to each other. This perception quickly changed, however, when it was remembered that these countries had inherited widely varying linguistic, historical, cultural and even religious backgrounds. The pendulum swung, and soon any similarities between the three nations were seen by some observers to be simply remnants of the Soviet model imposed

**Chart 1.**

**Annual change in the volume of GDP in the Baltics, 1989 - 1994\*, per cent**

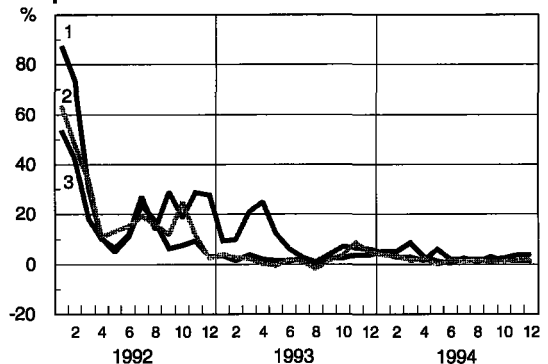


1. Estonia  
2. Latvia  
3. Lithuania

\* Estimate for 1994.

**Chart 2.**

**Monthly inflation in the Baltics, 1992 - 1994, per cent**

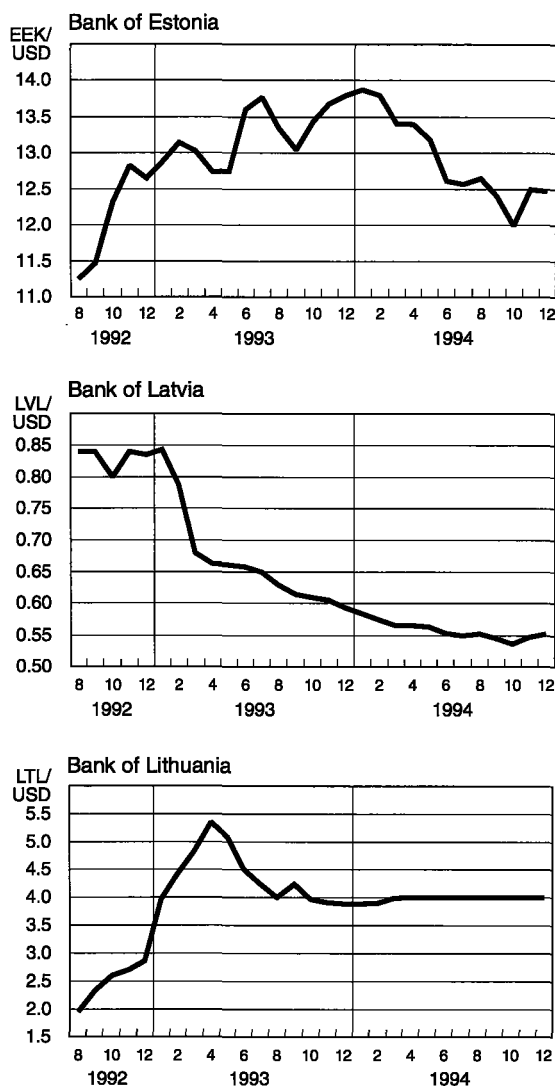


1. Estonia  
2. Latvia  
3. Lithuania

<sup>1</sup> This article is partly based on Lainela and Sutela (1994).

**Chart 3.**

**Exchange value of the US dollar in the Baltics (domestic currency / USD), August 1992 - December 1994**



decades ago. Seemingly contrasting initial policy decisions – particularly in monetary matters – even gave rise to scholarly discussions comparing the 'Estonian' and 'Latvian' models of transition.

There is no denying that these are three different countries, in most respects probably less alike than – for instance – the Nordic countries. But still the time may have come to re-emphasize the similarities. As will be seen below, the economic regimes in these countries have converged in some important respects; the countries are in a similar position vis-à-vis the European Union; and in spite of all the diversity, the performance of the group as a whole contrasts strongly with the FSU.

The problems of post-socialist statistics are well known and need no elaboration here. This is also true of the Baltic countries, though their statistics are widely regarded as serving as a model for the FSU countries. To take just one example of existing uncertainties, original estimates of the change in Estonian GDP in 1993 varied from plus 3 to minus 7 per cent. Later, the consensus range of minus 2 to plus 2 emerged. Even so, GDP estimates are probably more reliable than those concerning, for instance, foreign trade and capital movements.

Comparing the Baltic cases with the FSU countries is less than fully relevant in several respects. The Baltic countries have benefited from their geographical and cultural proximity to developed market economies. Because of their unfortunate history, they have received much sympathy and assistance, while the small size of their economies implies that the assistance received has really made a difference. Neither do the Balts suffer from the problems of national identity experienced in many FSU countries.

But on the other hand, the Baltic economies have been handicapped by exceptional terms of trade losses caused by an abrupt shift in the prices they pay for energy and other resources towards world market levels. They have also been hit by the sudden loss of FSU markets, sometimes made worse by the discriminatory trade practices adopted by Russia on political grounds.

### **The Baltic monetary regimes**

Tables 1 and 2 (adapted from Lainela and Sutela, 1995) sketch, with some probably unavoidable simplifications, the routes to sovereign currencies and the current monetary systems in the Baltics. Several conclusions arise.

Table 1 clearly demonstrates that the Estonian and Latvian ways of introducing national currencies did differ from each other in many respects. At the same time, the charts above indicate that the stabilization performance of both countries has been excellent. This has not been dependent on currency reforms alone. A more detailed discussion on the relative efficiency of Baltic monetary reforms is therefore warranted.

If the goal of a currency reform is to secure the use of the domestic currency as the sole money within the economy, Estonia certainly 'scores' higher than Latvia, where the use of foreign currencies is allowed. If, on the other hand, real interest rate differences are used as an indicator of the credibility of a currency, Estonia still probably comes out on top. Such comparisons are, however, complicated by short track records, by the impact of non-currency uncertainties on interest rates and also by somewhat different policy goals in different countries. The final conclusion has to be pragmatic; there is more than one way of doing the right thing.

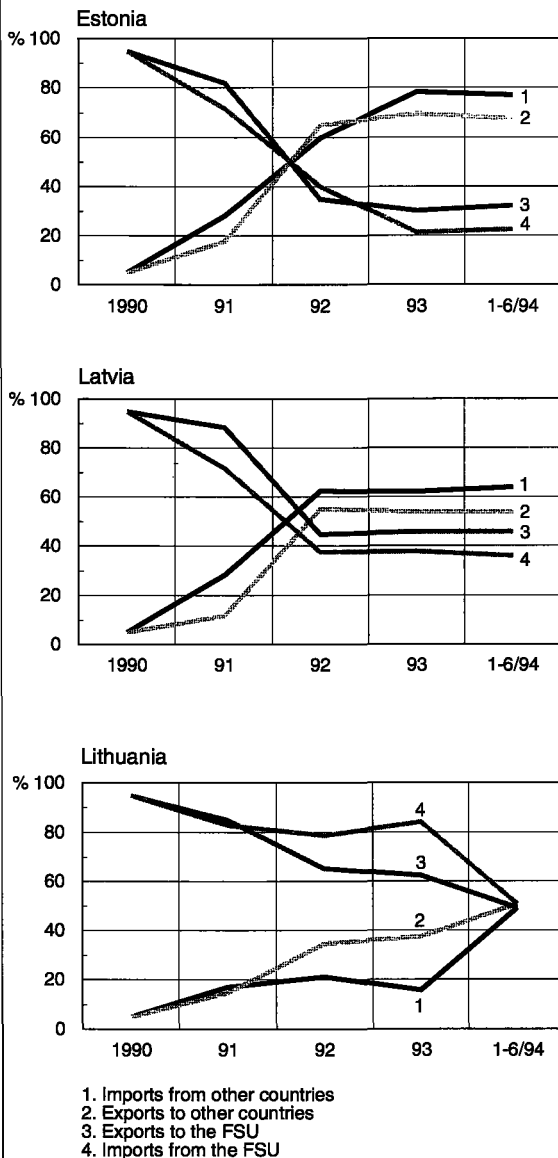
The second implication of Tables 1 and 2 is perhaps more interesting. If it is possible to distinguish between the Estonian and Latvian roads to currency sovereignty in 1992–1993, this is no longer really the case. The currency regimes in the Baltics have converged to fixed exchange rates, either through pegging (Latvia) or the introduction of some kind of currency board. Besides Estonia, Lithuania introduced a modified currency board in 1994. The central policy issue is no longer how to establish currency credibility and stability. Rather, the task now is to maintain exchange rate stability in the face of various pressures, probably the most important of which are domestic cost rises due primarily to wage pressure and the continued need for relative price adjustment in the presence of downward rigidities.

The nominal competitiveness of the Baltic states remains excellent. If one were to approach this issue by focusing on the relationship between the domestic cost level and the nominal exchange rate – that is, on real exchange rates – the simplest way to proceed would be to compare Baltic and benchmark wage levels, measured in USD at current exchange rates. Average monthly wages in the Baltic states vary from around USD 100 (Lithuania) to about USD 150 (Estonia and Latvia). International comparisons of real competitiveness are notoriously difficult, but if Central European post-socialist countries, with wage levels of USD 200–400, are assumed to be a suitable benchmark, one easily sees that Baltic domestic cost levels are not excessive given current exchange rates. For instance, in the case of Estonia underlying domestic inflation – that is inflation from which has been removed the effects of externally generated price pressure and various administrative cost increases – might be estimated to be currently running at only about 1 per cent a month. Some need for continued price adjustment remains, as domestic price ratios still often diverge from those obtaining in the world markets. Over a longer period inflation should approach German levels. It should, however, be also borne in mind that even now both Estonia's and Latvia's balance of payments is dependent on a continuing capital inflow.

The more immediate monetary problems may well lie elsewhere. As Table 2 shows, there is great

Chart 4.

**Trade reorientation in the Baltics: imports and exports as per cent of total imports and total exports, 1990 - January-June 1994**



**Table 1. The transition to national currencies in the Baltic countries**

	Withdrawal from the rouble zone	Conversion restrictions	Current restrictions on currency use	Introduction of final currency
Estonia	Early, immediate	Limit	Kroon the only currency from the beginning	Immediate
Latvia	Early, 3 months	No limit	Lats, roubles and hard currencies allowed	Gradual
Lithuania	Early, 5 months	No limit	Litas only <i>de jure</i> , hard currencies as well	Rapid

**Table 2. Monetary policies and institutions in the Baltic countries**

	Price liberalization and fiscal policy	Banking regulation	Central bank	Regime
Estonia	Almost complete, restrictive	Relatively strong	Autonomous, combines currency board, banking supervision and development of money markets	Fixed exchange rate, currency board, full reserve backing. Monetary policy is passive, little need for a central bank
Latvia	Almost complete, restrictive	Weak	Autonomous, few policy instruments. Banking supervision	Floating, recently pegged exchange rate
Lithuania	Imperfect, highly	Weak	Traditionally less autonomy. Now currency board. Banking supervision	Floating, recently fixed exchange rate, currency board

variation in the authorities' willingness and capability to manage and supervise the emerging financial systems. Combinations of strong capital inflow, bank portfolios of suspect quality and deficient regulatory and supervisory capabilities may well prove highly problematic. In these respects, Estonia seems to be better prepared than either Latvia or Lithuania.

### **Future prospects for the Baltics**

Some of the early research on the economic feasibility of Soviet republics as politically independent units casts a long shadow over the economic future of the Baltic states. Now the possibility of economic independence has also been proved beyond any reasonable doubt, though much still remains to be done to strengthen the states that have re-emerged. The crucial first steps of economic transformation have also been taken, and the results are highly encouraging.

A pessimist might argue that until now the Balts have simply benefited from various extraordinary circumstances which are unlikely to persist in the future. Foreign goodwill may not be forthcoming to the same degree as hitherto, especially if the Balts were to fail to sort out their relations with Russia and their minorities in an internationally acceptable way. Alternatively, the Balts might end up adopting the kind of misguided policy regimes that they had during the first period of independence. Either way, foreign capital inflows – so far exceptionally large in

relative terms – would be seriously endangered. Currently, however, such dangers seem remote.

The Baltic economic recovery may also be on a less strong footing than one might wish. The present large-scale trading in Russian resources is not a feasible long-term option. Neither should low wage levels be regarded as a competitive advantage worth maintaining indefinitely. The Latvian ambition to develop Riga into a regional financial centre clearly calls for stable institutions.

These doubts are not necessarily unfounded, though an ability to utilize even short-term opportunities is no negligible asset. Two visions have so far dominated Baltic debates on the future.

The first vision envisages the Baltic countries as a gateway between the West and Russia. Much of the infrastructure needed – harbours, railroads, roads etc – already exists, and Baltic knowledge of Russia is second to none. But on the other hand, Europe has several other aspiring Russian gateways as well, many Balts tend to take a rather pessimistic view of Russian developments, while many Russians tend to regard the Baltic countries as politically and economically risky transit routes. Generally, Russia prefers direct access to the use of gateways, while Balts are often wary of direct Russian investment in their countries.

The second vision builds upon the Baltic labour force. As in other European post-socialist countries, it is relatively well-educated and, for the time being, cheap. The cost advantage is eroding slowly, most notably in northern Estonia, which is a nat-

ural location for Finnish subcontracting because of its linguistic and geographical proximity. On the whole, it is an advantage that can be exploited for some years to come.

Low wages facilitate survival and adjustment, but they are not a long-term policy goal. In terms of natural resources, the Baltic countries can only boast farmland and forests. Agriculture in northern Europe hardly represents a competitive advantage, even with respect to Russian markets. Baltic forest industries are barely surviving, and this resource base has notably failed to attract foreign investment. To a degree, this is due to unclear future property relations, implying an inability to forecast supply patterns and thus cost levels.

All in all, some uncertainty surrounds the relative advantages of the Baltics in the future. On the one hand, this tends to frustrate any plans for selective industrial policies – plans that are in any case laden with dangers given the general weakness of the states involved. On the other hand, as has been seen in other European post-socialist states as well, government policies must concentrate on improving the general conditions for adaptation and entrepreneurship. At least in the absence of obvious relative advantages, competitive-

ness is not an industry-specific property. Almost any activities can be pursued well or less well.

From the Baltic point of view, this conclusion underlines the need to adopt stable institutions and organizations compatible with European standards. For outsiders, the importance of market access, cooperation and mobility of information must remain the first priority.

1 February 1995

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## Items

### **Budget for 1995 approved**

The central government budget for 1995 was approved by Parliament in January. Budgeted expenditure totals FIM 195.8 billion, only FIM 0.2 billion more than in the Government's original proposal.<sup>1</sup> The increase is partly due to the rejection of the Government bill tightening the entitlement rules for unemployment benefits. Some outlays have been revised downwards because of the appreciation of the markka during autumn 1994.

Tax receipts and other revenue (excluding net borrowing) total FIM 136 billion, which is FIM 1.5 billion more than originally planned. As a result of the changes in budgeted revenue and expenditure, the net borrowing requirement has fallen by FIM 1.3 billion and now amounts to FIM 59.8 billion.

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<sup>1</sup> See the article by Chris-Marie Rasi in the October 1994 issue of the Bulletin.

### **Merger of Kansallis-Osake-Pankki and Union Bank of Finland**

On 9 February, Kansallis-Osake-Pankki (KOP) and Union Bank of Finland (UBF) announced that the banks will merge in the course of 1995. Initially, the banks will operate as separate units, but within the same group. The new bank will have total assets of some FIM 300 billion and its capital ratio will be about 10 per cent.

KOP's current shareholders will have a stake of 42 per cent and the current shareholders of Unitas, the holding company for UBF, a stake of 58 per cent in the new bank. Under the terms agreed for the merger, three KOP shares will be exchanged for one share in Unitas, which will constitute the core of the new holding company.

The merger represents a major restructuring of the Finnish banking sector and will, over time, enable substantial cost savings. The dismantling of overlapping operations will reduce the number of man-years now required by the two banks by 5 000–6 000 and the combined number of branches by 300–400.

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

1994

## JANUARY

### **Commencement of trade in bond forwards.**

In accordance with an agreement concluded between the Bank of Finland and the primary dealers, the latter begin trading in markka-denominated bond forward contracts on 24 January.

## FEBRUARY

**Base rate.** The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 5.5 per cent to 5.25 per cent with effect from 1 February.

## SEPTEMBER

**Increase in the capital of the asset management company Arsenal Ltd.** On 8 September, the Government decides to raise the share capital of the asset management company Arsenal Ltd by FIM 6 billion. The capital injection is necessary to cover losses incurred during the year.

## 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.

# 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 509 500 inhabitants, Espoo (Esbo) 182 500, Tampere (Tammerfors) 176 600, Vantaa (Vanda) 161 400 and Turku (Åbo) 160 500.

There are two official languages: 93.4 % of the population speaks Finnish as its mother tongue and 5.9 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-Ugric 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 1991, the seats of the various parties in Parliament were distributed as follows:

Centre Party 55; Social Democratic Party 48; National Coalition Party 40; Left-Wing Alliance 19; Swedish People's Party 12; The Greens 10; Christian League 8; Rural Party 7; and Liberal Party of Finland 1.

Of the 16 ministerial posts in the present Government 1991, 8 are held by the Centre Party, 6 by the National Coalition Party and 2 by the Swedish People's Party. The Prime Minister is Mr Esko Aho of the Centre Party.

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

## International relations

Finland 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 418 billion in basic values in 1993, 3 % was generated in agriculture and fishing, 2 % in forestry, 26.5 % in industry, 4.5 % in construction, 11 % in trade, restaurants and hotels, 8.5 % in transport and communications, 4 % in finance and insurance, 20.5 % in other private services and 20 % by producers of government services. Of total employment of 2.0 million persons in 1993, 8 % were engaged in primary production, 27 % in industry and construction and 65 % in services.

In 1993, expenditure on the gross domestic product in purchasers' values amounted to FIM 479 billion and was distributed as follows: net exports 5.5 % (exports 33.3 %, imports 27.8 %), gross fixed capital formation 15 %, private consumption 56.5 % and government consumption 23.5 %. 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 1990-93. Finland's GDP per capita in 1993 was USD 16 500.

**Foreign trade.** OECD countries absorb the bulk of Finnish merchandise exports. In 1989-93, their share was, on average, 78.5 %, of which the share of EC countries was 48.4 percentage points and that of EFTA countries 19.5 percentage points. Over the same period, Finland's exports to East European countries (including the Soviet Union/Russia) accounted for 12.6 % and the rest of the world for 10.7 %. The regional distribution of Finland's merchandise imports has been quite similar to that of exports.

In 1993, the share of forest industry products in total merchandise exports was 36 %, the share of metal and en-



gineering products 45 % and the share of other goods 19 %. Raw materials and intermediate goods (incl. crude oil) accounted for 59 % of merchandise imports, fuels for 5 %, investment goods for 15 % 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 1880 million cubic metres, of which 45 % is pine, 37 % spruce and 18 % broad-leaved species, chiefly birch.

The annual growth increment totals 79 million cubic metres and the total drain calculated on the basis of commercial fellings was 38 million cubic metres in 1993.

**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 %, hydroelectric 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 1993). Finland has three major groups of deposit banks with a total of about 2 640 offices. There are three big commercial banks with national branch networks and ten smaller ones, one of which is foreign-owned. The commercial banks have a total of 32 foreign branches, subsidiaries and associate banks and 31 representative offices abroad. There are 40 savings banks and 304 cooperative banks with their own extensive branch networks. In addition, foreign banks have three branches and eight representative offices in Finland.

**Financial market.** Of the total stock of FIM 716 billion in outstanding domestic credit at the end of 1993, 54 % was provided by deposit banks 21 % by insurance companies, 5 % by other private credit institutions, 8 % by public financial institutions and 11 % by the state, local authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 80 % of the instruments, which totalled approximately FIM 189 billion at end-1993, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds raised through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 58 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 136 billion (at end-1993). Domestic bonds and debentures in circulation at end-1993 totalled FIM 190 billion; government bonds made up 39 % of the total. Turnover on the Stock Exchange in 1993 amounted to FIM 106 billion; the share of shares and subscription rights in the total was approximately 44 %.



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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 Jan.	13 Jan.	23 Jan.	31 Jan.
<b>ASSETS</b>					
<b>Gold and foreign currency claims</b>	52 743	53 012	53 373	53 503	54 805
Gold	2 180	2 180	1 742	1 742	1 742
Special drawing rights	1 537	1 540	1 545	1 538	1 370
IMF reserve tranche	1 354	1 356	1 361	1 355	1 366
ECU- claim on the European Monetary Institute	-	-	3 645	3 665	3 700
Foreign currency claims	47 672	47 936	45 079	45 203	46 627
<b>Other foreign claims</b>	4 595	4 595	4 595	4 595	4 654
Markka subscription to Finland's quota in the IMF	4 595	4 595	4 595	4 595	4 595
Share in the European Monetary Institute	-	-	-	-	60
<b>Claims on financial institutions</b>	2 520	3 014	2 941	1 921	1 946
Liquidity credits	-	-	-	-	-
Certificates of deposit	443	443	443	445	445
Securities with repurchase commitments	1 037	1 541	1 468	474	499
Term credits	-	-	-	-	-
Bonds	802	792	792	765	765
Other claims on financial institutions	238	238	238	238	238
<b>Claims on the public sector</b>	1 806	1 806	1 811	1 811	1 767
Treasury bills	-	-	-	-	-
Total coinage	1 806	1 806	1 811	1 811	1 767
<b>Claims on corporations</b>	3 149	3 145	3 145	3 144	3 140
Financing of domestic deliveries (KTR)	316	311	311	311	307
Other claims on corporations	2 833	2 833	2 833	2 833	2 833
<b>Other assets</b>	6 524	6 513	6 538	5 976	5 895
Loans for stabilizing the money market	4 532	4 532	4 532	4 532	4 532
Accrued items	1 832	1 826	1 851	1 231	1 206
Other assets	159	155	154	213	157
<b>Valuation account</b>	-	-	-	-	-
<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>	72 737	73 484	73 801	72 350	73 607
<b>LIABILITIES</b>					
<b>Foreign currency liabilities</b>	130	744	566	561	556
<b>Other foreign liabilities</b>	5 579	5 581	5 585	5 580	5 588
IMF markka accounts	4 595	4 595	4 595	4 595	4 595
Allocations of special drawing rights	985	987	990	986	993
Other foreign liabilities	-	-	-	-	-
<b>Notes and coin in circulation</b>	14 315	14 028	13 787	13 716	13 592
Notes	12 675	12 398	12 165	12 101	11 979
Coin	1 640	1 630	1 622	1 615	1 613
<b>Certificates of deposit</b>	35 236	34 676	35 639	35 156	36 282
<b>Liabilities to financial institutions</b>	7 912	8 713	8 000	7 560	7 230
Call money deposits	1 387	2 187	1 475	1 035	719
Term deposits	-	-	-	-	-
Minimum reserve deposits	6 526	6 526	6 526	6 526	6 511
Other liabilities to financial institutions	-	0	-	0	0
<b>Liabilities to the public sector</b>	93	93	93	128	184
Cheque accounts	0	0	0	0	0
Deposits of the Government Guarantee Fund	93	92	92	128	184
Other liabilities to the public sector	-	-	-	-	-
<b>Liabilities to corporations</b>	1 548	1 527	1 517	1 511	1 479
Deposits for investment and ship purchase	1 548	1 527	1 517	1 511	1 479
<b>Other liabilities</b>	461	490	466	500	453
Accrued items	437	436	444	477	431
Other liabilities	24	54	23	23	22
<b>Valuation account</b>	-	170	687	176	782
<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>	72 737	73 484	73 801	72 350	73 607

## 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-claims on the European Monetary Institute	Foreign currency claims	Foreign exchange reserves (1+2+3+4)	Other claims, net	Net claims (5+6)	Claims	Liabilities	Net claims (8-9)
	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>Jan.</b>	2 180	645	1 697	-	36 652	41 174	-1 347	39 827	1 739	904	835
<b>Feb.</b>	2 180	657	1 676	-	42 067	46 580	-1 298	45 282	1 768	300	1 468
<b>March</b>	2 180	661	1 688	-	38 117	42 646	-1 257	41 389	1 793	251	1 542
<b>April</b>	2 180	650	1 597	-	37 197	41 623	-1 229	40 394	1 828	39	1 789
<b>May</b>	2 180	654	1 591	-	43 303	47 728	-1 207	46 521	1 827	61	1 766
<b>June</b>	2 180	650	1 514	-	48 364	52 708	-1 176	51 532	1 819	526	1 293
<b>July</b>	2 180	645	1 480	-	51 329	55 634	-1 261	54 373	1 823	84	1 739
<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

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 (11+12+13+14)	Claims in the form of special financing	Special deposits and other items, net	Net claims (16+17)	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>Jan.</b>	4 198	- 889	- 6 393	1 283	- 1 801	482	860	1 342	14 084	22 440
<b>Feb.</b>	1 802	- 426	- 6 346	1 250	- 3 720	466	950	1 416	13 855	26 290
<b>March</b>	3 842	- 1 083	- 6 276	1 241	- 2 276	449	1 003	1 452	14 194	23 435
<b>April</b>	2 093	- 483	- 6 411	1 220	- 3 581	431	1 014	1 445	13 927	21 695
<b>May</b>	3 208	- 485	- 6 360	1 197	- 2 441	413	1 034	1 447	14 164	28 412
<b>June</b>	2 684	- 536	- 6 446	1 162	- 3 137	397	1 066	1 463	14 355	32 108
<b>July</b>	2 488	- 796	- 6 467	1 126	- 3 649	386	1 081	1 467	14 176	35 985
<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

<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'	Liquidity position, net' (1-2)
	1	2	3
<b>1990</b>	806	132	674
<b>1991</b>	881	985	-103
<b>1992</b>	2 103	437	1 666
<b>1993</b>	831	425	407
<b>1994</b>	1 393	10	1 383
<b>1994</b>			
<b>Jan.</b>	933	105	828
<b>Feb.</b>	767	0	767
<b>March</b>	715	0	715
<b>April</b>	1 275	0	1 275
<b>May</b>	891	16	875
<b>June</b>	1 821	0	1 821
<b>July</b>	1 014	0	1 014
<b>Aug.</b>	2 575	0	2 575
<b>Sept.</b>	2 089	0	2 089
<b>Oct.</b>	1 442	0	1 442
<b>Nov.</b>	2 038	0	2 038
<b>Dec.</b>	1 160	0	1 160

**1995**  
**Jan.** 1 196 0 1 196

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

End of period	Reserve requirement			Cash reserve requirement, %	Deposits, mill. FIM
	On liquid deposits, %	On other deposits, %	On domestic debt capital, %		
	1	2	3	4	5
<b>1990</b>	.	.	.	7.0	17 401
<b>1991</b>	.	.	.	4.0	10 361
<b>1992</b>	.	.	.	5.0	13 165
<b>1993</b>	2.0	1.5	1.0	.	6 398
<b>1994</b>	2.0	1.5	1.0	.	6 526
<b>1994</b>					
<b>Jan.</b>	2.0	1.5	1.0	.	6 393
<b>Feb.</b>	2.0	1.5	1.0	.	6 346
<b>March</b>	2.0	1.5	1.0	.	6 276
<b>April</b>	2.0	1.5	1.0	.	6 411
<b>May</b>	2.0	1.5	1.0	.	6 360
<b>June</b>	2.0	1.5	1.0	.	6 446
<b>July</b>	2.0	1.5	1.0	.	6 467
<b>Aug.</b>	2.0	1.5	1.0	.	6 602
<b>Sept.</b>	2.0	1.5	1.0	.	6 550
<b>Oct.</b>	2.0	1.5	1.0	.	7 029
<b>Nov.</b>	2.0	1.5	1.0	.	6 674
<b>Dec.</b>	2.0	1.5	1.0	.	6 526

**1995**  
**Jan.** 2.0 1.5 1.0 . 6 511

<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
<b>1990</b>	163 326	26 379	160 797	-23 850
<b>1991</b>	109 568	30 380	81 969	-2 781
<b>1992</b>	76 230	137 940	-60 417	-1 293
<b>1993</b>	86 521	146 899	-50 486	-9 892
<b>1994</b>	35 540	351 820	-295 165	-21 115
<b>1994</b>				
<b>Jan.</b>	5 720	17 000	-3 130	-8 150
<b>Feb.</b>	3 940	19 430	-10 230	-5 260
<b>March</b>	5 770	22 180	-21 540	5 130
<b>April</b>	4 080	17 730	-13 435	-215
<b>May</b>	2 000	27 940	-20 790	-5 150
<b>June</b>	2 870	32 690	-24 980	-4 840
<b>July</b>	2 000	34 770	-29 180	-3 590
<b>Aug.</b>	5 140	35 040	-32 970	3 070
<b>Sept.</b>	590	36 860	-33 510	-2 760
<b>Oct.</b>	330	38 290	-36 210	-1 750
<b>Nov.</b>	1 630	35 210	-34 400	820
<b>Dec.</b>	1 470	34 680	-34 790	1 580
<b>1995</b>				
<b>Jan.</b>	2 580	36 050	-31 590	-1 880

## 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
<b>1991</b>	35 120	- 69 940	- 14 820	12 820	12 260
<b>1992</b>	20 050	- 70 640	- 1 650	390	45 060
<b>1993</b>	25 120	- 45 080	7 460	- 6 910	33 240
<b>1994</b>	20 930	- 12 900	9 060	- 8 930	24 660
<b>1993</b>					
<b>Dec.</b>	3 720	-	370	- 340	1 430
<b>1994</b>					
<b>Jan.</b>	12 550	-	2 720	- 2 680	- 1 490
<b>Feb.</b>	1 310	- 750	- 270	280	4 670
<b>March</b>	-	- 2 200	-	-	- 1 800
<b>April</b>	-	-	330	- 330	- 700
<b>May</b>	-	- 920	110	- 110	6 810
<b>June</b>	-	- 1 350	-	-	6 360
<b>July</b>	-	- 930	-	-	4 610
<b>Aug.</b>	-	- 4 270	- 2 960	2 990	- 530
<b>Sept.</b>	-	- 1 440	2 420	- 2 340	5 350
<b>Oct.</b>	5 110	- 220	5 070	- 5 090	2 280
<b>Nov.</b>	210	- 520	770	- 530	60
<b>Dec.</b>	1 750	- 300	870	- 1 120	- 960

## 2.5 Forward exchange contracts, mill. FIM

Stock at end of period	Finnish banks' forward contracts							Non-residents' forward contracts with Finnish customers (excl. Finnish banks)			
	With Finnish customers (excl. Finnish banks)			With foreign customers			With the Bank of Finland	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 forward purchases from the Bank of Finland	Net (3+6+7)	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net (9-10)
	1	2	3	4	5	6	7	8	9	10	11
<b>1990</b>	11 609	4 979	6 631	21 179	11 079	10 100	- 6 098	10 633	237	55	183
<b>1991</b>	33 004	36 352	- 3 348	40 056	37 505	2 550	8 953	8 155	1 404	645	759
<b>1992</b>	39 195	32 939	6 256	21 142	32 339	- 11 197	7 133	2 192	1 614	1 929	- 315
<b>1993</b>	38 373	23 721	14 652	14 346	21 895	- 7 548	1 939	9 043	11 632	2 173	9 459
<b>1994</b>	51 096	22 093	29 003	19 236	32 791	- 13 555	- 5 985	9 463	18 372	4 780	13 592
<b>1993</b>											
<b>Dec.</b>	38 373	23 721	14 652	14 346	21 895	- 7 548	1 939	9 043	11 632	2 173	9 459
<b>1994</b>											
<b>Jan.</b>	43 162	19 298	23 864	13 803	23 618	- 9 815	439	14 488	13 494	2 622	10 872
<b>Feb.</b>	41 288	16 030	25 258	17 043	23 240	- 6 197	489	19 550	14 542	2 903	11 639
<b>March</b>	42 814	16 519	26 295	18 003	24 476	- 6 473	489	20 311	14 280	2 599	11 682
<b>April</b>	40 494	15 128	25 366	15 807	22 872	- 7 065	135	18 436	16 236	4 104	12 133
<b>May</b>	40 529	13 887	26 643	17 151	25 046	- 7 894	0	18 749	15 321	3 859	11 462
<b>June</b>	41 191	15 124	26 067	18 939	25 421	- 6 481	0	19 586	15 155	4 417	10 739
<b>July</b>	40 536	16 619	23 917	17 436	27 166	- 9 730	0	14 187	14 746	4 000	10 746
<b>Aug.</b>	39 846	19 930	19 916	19 572	32 036	- 12 464	3 002	10 454	14 542	3 735	10 807
<b>Sept.</b>	40 197	20 368	19 829	18 637	29 261	- 10 624	671	9 876	14 177	3 389	10 788
<b>Oct.</b>	44 821	19 418	25 403	20 662	30 252	- 9 589	- 4 436	11 378	14 945	2 659	12 286
<b>Nov.</b>	46 460	21 508	24 952	18 515	28 808	- 10 293	- 4 980	9 679	16 058	4 036	12 023
<b>Dec.</b>	51 096	22 093	29 003	19 236	32 791	- 13 555	- 5 985	9 463	18 372	4 780	13 592

### 3. Rates of interest

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

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
<b>1990</b>	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50
<b>1991</b>	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50
<b>1992</b>	13.32	13.49	13.27	13.08	12.96	14.90	7.41	9.17
<b>1993</b>	7.71	7.85	7.73	7.59	7.47	8.95	4.95	6.85
<b>1994</b>	4.38	5.11	5.35	5.78	6.33	7.11	3.11	5.27
<b>1994</b>								
<b>Jan.</b>	5.63	5.38	5.19	5.05	5.01	7.44	3.44	5.50
<b>Feb.</b>	4.52	4.82	4.82	4.88	5.05	6.84	2.84	5.25
<b>March</b>	4.39	4.82	4.80	4.88	5.12	6.76	2.76	5.25
<b>April</b>	4.31	5.01	5.13	5.43	5.75	6.99	2.99	5.25
<b>May</b>	4.29	4.97	5.14	5.46	5.78	6.97	2.97	5.25
<b>June</b>	3.93	5.20	5.61	6.24	6.86	7.18	3.18	5.25
<b>July</b>	4.61	5.17	5.46	6.13	6.91	7.17	3.17	5.25
<b>Aug.</b>	3.91	5.35	5.96	6.77	7.54	7.32	3.32	5.25
<b>Sept.</b>	4.07	5.07	5.57	6.36	7.25	7.13	3.13	5.25
<b>Oct.</b>	4.10	5.07	5.39	5.82	6.69	7.08	3.08	5.25
<b>Nov.</b>	4.30	5.07	5.43	6.05	6.79	7.06	3.06	5.25
<b>Dec.</b>	4.57	5.41	5.70	6.18	7.02	7.38	3.38	5.25
<b>1995</b>								
<b>Jan.</b>	4.43	5.50	5.85	6.32	7.14	7.50	3.50	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
<b>1992<sup>1</sup></b>	13.85	<b>1992</b> +1.00	7
<b>1993</b>	7.87	<b>1993</b> +2.00	7
<b>1994</b>	5.11	<b>1994</b> +2.00	7
<b>1994</b>		<b>1994</b>	
<b>Jan.</b>	5.44	+2.00	7
<b>Feb.</b>	4.84	+2.00	7
<b>March</b>	4.76	+2.00	7
<b>April</b>	4.99	+2.00	7
<b>May</b>	4.97	+2.00	7
<b>June</b>	5.18	+2.00	7
<b>July</b>	5.17	+2.00	7
<b>Aug.</b>	5.32	+2.00	7
<b>Sept.</b>	5.13	+2.00	7
<b>Oct.</b>	5.08	+2.00	7
<b>Nov.</b>	5.06	+2.00	7
<b>Dec.</b>	5.38	+2.00	7
<b>1995</b>		<b>1995</b>	
<b>Jan.</b>	5.50	+2.00	7
02.01.1995	5.55		
04.01.1995	5.50		

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

#### 3.3 Weighted Eurorates and commercial ECU interest rate, percent

Average of daily observations	ECU 3 currencies 3 months		
	1	2	3
<b>1990</b>	10.5	9.1	10.4
<b>1991</b>	10.1	8.5	9.9
<b>1992</b>	10.4	7.8	10.6
<b>1993</b>	8.0	6.0	8.1
<b>1994</b>	5.9	5.2	6.1
<b>1994</b>			
<b>Jan.</b>	6.3	5.1	6.4
<b>Feb.</b>	6.3	5.1	6.4
<b>March</b>	6.2	5.2	6.3
<b>April</b>	6.0	5.1	6.2
<b>May</b>	5.7	5.0	5.9
<b>June</b>	5.6	4.9	6.0
<b>July</b>	5.6	5.0	6.0
<b>Aug.</b>	5.7	5.0	6.0
<b>Sept.</b>	5.8	5.2	5.9
<b>Oct.</b>	5.8	5.4	6.0
<b>Nov.</b>	5.8	5.5	5.9
<b>Dec.</b>	6.1	5.8	6.3
<b>1995</b>			
<b>Jan.</b>	6.0	5.6	6.3



### 3.4 Rates of interest applied by banks, percent

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, on 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>1993</b>												
<b>Dec.</b>	8.83	11.55	7.32	7.62	8.85	8.48	3.50	4.50	2.00	3.33	6.94	4.55
<b>1994</b>												
<b>Jan.</b>	8.09	11.25	7.35	7.62	8.58	8.22	3.50	4.50	2.00	3.11	6.41	4.19
<b>Feb.</b>	8.25	11.92	7.14	7.46	8.34	7.97	3.25	4.25	2.00	2.93	5.95	3.92
<b>March</b>	4.99	11.73	6.73	6.78	8.17	7.79	3.25	4.25	2.00	2.88	5.77	3.85
<b>April</b>	7.29	11.68	6.87	7.10	8.12	7.91	3.25	4.25	2.00	2.88	5.79	3.85
<b>May</b>	7.63	11.66	7.18	7.43	8.08	7.87	3.25	4.25	2.00	2.88	5.67	3.86
<b>June</b>	7.19	11.70	7.25	7.44	8.09	7.88	3.25	4.25	2.00	2.89	5.77	3.92
<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

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

### 3.5 Yields on bonds and shares, percent

Period	Bonds				Shares		
	Reference rates calculated by the Bank of Finland		Taxable government bonds		Taxable public issues	Taxfree public issues	Share yield
	3 years	5 years	5 years	10 years			
	1	2	3	4	5	6	7
<b>1990</b>	13.7	13.5	13.2	.	13.3	9.2	4.0
<b>1991</b>	12.3	12.2	11.7	.	12.6	10.0	3.9
<b>1992</b>	13.1	13.0	12.0	11.5 <sup>1</sup>	13.8	9.9	3.1
<b>1993</b>	8.5	8.9	8.2	8.8	10.3	6.6	1.8
<b>1994</b>	8.5	9.3	8.4	9.0	8.7	5.3	1.4
<b>1993</b>							
<b>Dec.</b>	6.5	7.0	6.2	7.0	9.2	4.9	1.4
<b>1994</b>							
<b>Jan.</b>	6.1	6.6	5.8	6.5	7.8	4.7	1.1
<b>Feb.</b>	6.1	6.6	5.9	6.6	7.8	4.8	1.1
<b>March</b>	6.6	7.5	6.7	7.5	7.7	4.8	1.2
<b>April</b>	7.7	8.6	7.6	8.3	7.2	4.8	1.4
<b>May</b>	7.9	8.9	7.9	8.5	7.4	4.8	1.4
<b>June</b>	9.1	10.0	9.0	9.5	8.6	4.6	1.5
<b>July</b>	9.7	10.4	9.3	9.9	10.4	6.1	1.5
<b>Aug.</b>	10.3	11.0	10.0	10.6	8.8	5.2	1.4
<b>Sept.</b>	10.2	11.0	9.9	10.5	10.3	5.3	1.4
<b>Oct.</b>	9.5	10.5	9.4	10.1	10.5	6.5	1.5
<b>Nov.</b>	9.6	10.5	9.5	10.2	9.0	5.9	1.5
<b>Dec.</b>	9.6	10.5	9.5	10.2	9.4	6.2	1.7

<sup>1</sup> November and December only.

## 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	Copen- hagen 1 DKK	Frankfurt aM 1 DEM	Amster- dam 1 NLG	Brussels 1 BEF	Zurich 1 CHF	Paris 1 FRF
	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	2.3664	2.1002	0.1145	2.7576	0.7024
<b>1991</b>	4.0457	3.533	7.131	6.511	0.6684	0.6236	0.6322	2.4380	2.1634	0.1184	2.8208	0.7169
<b>1992</b>	4.4835	3.706	7.875	7.636	0.7714	0.7222	0.7444	2.8769	2.5552	0.1397	3.2000	0.8486
<b>1993</b>	5.7189	4.434	8.582	8.371	0.7350	0.8059	0.8822	3.4584	3.0787	0.1655	3.8706	1.0096
<b>1994</b>	5.2184	3.824	7.982	7.799	0.6758	0.7393	0.8207	3.2169	2.8684	0.1561	3.8179	0.9406
<b>1994</b>												
<b>Jan.</b>	5.6920	4.324	8.496	8.138	0.7001	0.7580	0.8407	3.2662	2.9173	0.1571	3.8683	0.9612
<b>Feb.</b>	5.5838	4.165	8.257	7.930	0.6992	0.7451	0.8245	3.2147	2.8669	0.1560	3.8297	0.9462
<b>March</b>	5.5326	4.057	8.248	7.932	0.6992	0.7530	0.8343	3.2688	2.9089	0.1586	3.8681	0.9591
<b>April</b>	5.4911	3.974	8.139	7.885	0.6965	0.7455	0.8246	3.2336	2.8795	0.1571	3.8174	0.9438
<b>May</b>	5.4072	3.918	8.134	7.956	0.7008	0.7529	0.8335	3.2629	2.9075	0.1585	3.8275	0.9531
<b>June</b>	5.4276	3.925	8.267	8.102	0.6945	0.7660	0.8486	3.3262	2.9676	0.1615	3.9399	0.9737
<b>July</b>	5.2014	3.762	8.036	7.939	0.6695	0.7573	0.8430	3.3120	2.9526	0.1607	3.9249	0.9666
<b>Aug.</b>	5.1384	3.728	7.927	7.826	0.6640	0.7490	0.8310	3.2852	2.9259	0.1594	3.8980	0.9589
<b>Sept.</b>	4.9691	3.669	7.767	7.667	0.6591	0.7303	0.8128	3.2038	2.8578	0.1557	3.8447	0.9367
<b>Oct.</b>	4.6761	3.464	7.506	7.416	0.6440	0.7061	0.7855	3.0745	2.7443	0.1494	3.6959	0.8983
<b>Nov.</b>	4.7172	3.458	7.500	7.385	0.6418	0.7015	0.7833	3.0659	2.7353	0.1490	3.6448	0.8930
<b>Dec.</b>	4.8455	3.488	7.554	7.435	0.6447	0.7068	0.7864	3.0823	2.7528	0.1499	3.6450	0.8949
<b>1995</b>												
<b>Jan.</b>	4.7358	3.352	7.458	7.375	0.6344	0.7071	0.7851	3.0930	2.7591	0.1501	3.6782	0.8946

Average of daily quotations	Rome 1 ITL	Vienna 1 ATS	Lisbon 1 PTE	Reykjavik 1 ISK	Madrid 1 ESP	Athens 1 GRD	Tallinn 1 EEK	Tokyo 1 JPY	Mel- bourne 1 AUD	ECU Commer- cial 1 XEU	SDR 1 XDR
	13	14	15	16	17	18	19	20	21	22	23
<b>1990</b>	0.00319	0.3363	0.0268	0.0656	0.0375	..	..	0.02647	2.988	4.864	5.18322
<b>1991</b>	0.00326	0.3464	0.0280	0.0684	0.0389	0.022	..	0.03008	3.152	5.003	5.52771
<b>1992</b>	0.00364	0.4088	0.0332	0.0778	0.0438	0.024	0.4060	0.03546	3.289	5.798	6.31546
<b>1993</b>	0.00364	0.4916	0.0356	0.0846	0.0451	0.025	0.4323	0.05168	3.885	6.685	7.98641
<b>1994</b>	0.00324	0.4573	0.0314	0.0745	0.0390	0.021	0.4021	0.05106	3.814	6.175	7.46629
<b>1994</b>											
<b>Jan.</b>	0.00335	0.4647	0.0323	0.0779	0.0398	0.023	0.4083	0.05109	3.962	6.339	7.81835
<b>Feb.</b>	0.00331	0.4573	0.0318	0.0764	0.0395	0.022	0.4018	0.05251	4.000	6.236	7.74733
<b>March</b>	0.00332	0.4647	0.0318	0.0767	0.0398	0.022	0.4086	0.05264	3.937	6.309	7.75651
<b>April</b>	0.00338	0.4597	0.0317	0.0761	0.0398	0.022	0.4042	0.05310	3.934	6.251	7.71250
<b>May</b>	0.00339	0.4639	0.0316	0.0762	0.0396	0.022	0.4079	0.05215	3.916	6.288	7.65245
<b>June</b>	0.00340	0.4729	0.0321	0.0772	0.0404	0.0221	0.4158	0.05281	3.981	6.398	7.74158
<b>July</b>	0.00332	0.4708	0.0322	0.0759	0.0401	0.0219	0.4140	0.05276	3.821	6.329	7.57829
<b>Aug.</b>	0.00325	0.4669	0.0322	0.0749	0.0396	0.0217	0.4107	0.05147	3.805	6.261	7.47292
<b>Sept.</b>	0.00317	0.4552	0.0314	0.0731	0.0386	0.0211	0.4005	0.05029	3.684	6.113	7.27337
<b>Oct.</b>	0.00302	0.4369	0.0301	0.0697	0.0370	0.0201	0.3843	0.04747	3.452	5.865	6.90651
<b>Nov.</b>	0.00298	0.4355	0.0300	0.0699	0.0368	0.0199	0.3832	0.04813	3.559	5.838	6.93950
<b>Dec.</b>	0.00297	0.4379	0.0301	0.0704	0.0366	0.0199	0.3853	0.04838	3.752	5.874	7.03528
<b>1995</b>											
<b>Jan.</b>	0.00294	0.4396	0.0300	0.0698	0.0357	0.0199	0.3866	0.04752	3.625	5.859	6.94337

#### 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>				
<b>Jan.</b>	6.34072	126.9	131.8	137.7
<b>Feb.</b>	6.23914	125.6	129.8	136.4
<b>March</b>	6.31275	126.5	130.2	136.6
<b>April</b>	6.25477	125.5	129.2	135.8
<b>May</b>	6.29981	125.9	129.0	135.3
<b>June</b>	6.41394	127.4	130.3	136.6
<b>July</b>	6.35263	125.2	127.2	133.6
<b>Aug.</b>	6.28705	123.8	125.8	131.9
<b>Sept.</b>	6.13918	121.3	122.7	128.7
<b>Oct.</b>	5.89314	116.5	117.2	122.6
<b>Nov.</b>	5.86886	116.3	117.3	122.9
<b>Dec.</b>	5.89101	117.0	118.8	124.2
<b>1995</b>				
<b>Jan.</b>	5.87972	115.9	117.5	122.6

## 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>1989</b>	28 942	85 396	125 748		240 085	7 358	247 444	35 298	282 742
<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>1993</b>									
<b>Nov.</b>	36 098	87 692	109 769	21 451	255 010	15 799	270 809	64 128	334 937
<b>Dec.</b>	36 379	92 357	112 413	21 766	262 915	14 883	277 798	63 173	340 971
<b>1994</b>									
<b>Jan.</b>	38 657	94 042	108 694	22 740	264 133	14 050	278 183	70 115	348 298
<b>Feb.</b>	37 462	96 507	106 185	22 548	262 702	12 324	275 027	68 874	343 901
<b>March</b>	38 058	97 847	105 867	22 734	264 506	13 201	277 708	72 348	350 056
<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	69 158	348 709
<b>Oct.</b>	41 393	98 519	107 168	20 272	267 352	14 479	281 832	67 743	349 575
<b>Nov.</b>	42 319	98 059	107 511	20 141	268 030	11 895	279 925	62 631	342 556

### 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>1989</b>	15 270	5 650	257 768	278 688	73 176	351 864
<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>1993</b>						
<b>Nov.</b>	14 872	2 664	250 554	268 090	73 810	341 899
<b>Dec.</b>	14 217	2 223	248 406	264 846	66 931	331 777
<b>1994</b>						
<b>Jan.</b>	14 081	2 248	247 259	263 587	64 220	327 807
<b>Feb.</b>	14 120	2 008	247 884	264 012	63 158	327 170
<b>March</b>	14 125	1 942	247 795	263 862	61 114	324 976
<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

### 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>1989</b>	- 59 049	- 18 691	408 344	389 653	- 79 084	124 295	251 519	272 603
<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>1993*</b>								
<b>Dec.</b>	- 25 989	1 848	403 742	405 589	- 100 006	141 759	279 595	322 408
<b>1994*</b>								
<b>Jan.</b>	- 23 257	57	399 446	399 503	- 96 011	145 301	280 234	328 482
<b>Feb.</b>	- 18 440	475	397 458	397 932	- 100 871	146 600	278 621	327 591
<b>March</b>	- 19 743	1 066	397 300	398 365	- 97 626	148 907	280 996	333 304
<b>April</b>	- 23 247	3 499	392 564	396 063	- 91 234	148 783	281 582	335 879
<b>May</b>	- 14 545	5 940	391 346	397 286	- 100 115	150 750	282 626	338 847
<b>June</b>	- 6 902	2 244	389 636	391 880	- 100 498	153 365	284 480	338 345
<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>	..	..	..	..	..	154 353	286 776	328 591

### 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>1989</b>	18 505	4 281	22 786	24 126	5 750	250	.	30 126	52 912	43 499	21 248
<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	64 233	36 487
<b>1993</b>											
<b>Dec.</b>	142 824	12 753	155 577	71 082	16 060	22 824	.	109 966	265 543	64 233	36 487
<b>1994</b>											
<b>Jan.</b>	140 312	10 565	150 877	72 215	18 260	19 629	.	110 104	260 981	64 706	24 095
<b>Feb.</b>	148 138	9 990	158 128	74 481	18 260	19 391	- 5 524	106 608	264 736	65 008	31 679
<b>March</b>	147 889	9 894	157 783	75 083	18 230	19 182	- 5 409	107 086	264 869	65 686	20 834
<b>April</b>	146 940	10 891	157 831	76 001	17 541	18 625	- 5 384	106 943	264 774	65 807	18 547
<b>May</b>	156 684	11 106	167 790	76 282	17 442	19 704	- 5 379	108 049	275 839	66 000	22 405
<b>June</b>	163 930	11 658	175 588	77 129	16 901	24 915	- 5 410	113 535	289 123	65 006	30 119
<b>July</b>	169 523	11 952	181 475	78 286	16 891	30 159	- 5 440	119 896	301 371	64 436	41 465
<b>Aug.</b>	165 170	11 698	176 868	79 587	16 870	28 551	- 5 485	119 523	296 391	64 697	37 525
<b>Sept.</b>	167 196	12 111	179 307	82 349	16 865	31 514	- 5 455	125 273	304 580	65 078	41 848
<b>Oct.</b>	160 626	15 042	175 668	84 786	16 865	31 666	- 5 487	127 830	303 498	65 253	39 910
<b>Nov.</b>	163 035	16 371	179 406	88 690	16 794	32 656	- 5 479	132 661	312 067	64 718	42 051
<b>Dec.</b>	160 587	15 975	176 562	93 008	17 100	33 153	- 5 945	137 316	313 878	..	..

## 5.5 Markka bond market

### A) Issues, mill. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
<b>1990</b>	4 640	17 891	4 420	490	1 007	17 234	607	10 607	28 447
<b>1991</b>	7 277	25 737	11 073	1 320	-	30 160	-	15 247	45 407
<b>1992</b>	6 984	15 043	12 965	2 674	4	23 858	-	13 812	37 671
<b>1993*</b>	11 691	10 481	36 512	2 235	63	49 973	-	11 456	60 981
<b>1994*</b>	4 122	10 092	31 553	593	-	46 360	-	-	46 360
<b>1993*</b>									
<b>Dec.</b>	477	1 898	600	205	-	3 179	-	266	3 179
<b>1994*</b>									
<b>Jan.</b>	-	2 250	2 216	45	-	4 511	-	-	4 511
<b>Feb.</b>	560	96	2 359	280	-	3 295	-	-	3 295
<b>March</b>	2 311	733	2 555	190	-	5 789	-	-	5 789
<b>April</b>	100	517	942	-	-	1 559	-	-	1 559
<b>May</b>	249	1 187	1 348	30	-	2 814	-	-	2 814
<b>June</b>	500	160	2 673	48	-	3 380	-	-	3 380
<b>July</b>	2	207	1 171	-	-	1 380	-	-	1 380
<b>Aug.</b>	-	1 721	2 410	-	-	4 131	-	-	4 131
<b>Sept.</b>	-	356	4 173	-	-	4 530	-	-	4 530
<b>Oct.</b>	-	1 075	3 044	-	-	4 120	-	-	4 120
<b>Nov.</b>	400	930	4 137	-	-	5 466	-	-	5 466
<b>Dec.</b>	-	861	4 525	-	-	5 385	-	-	5 385

### B) Stock, mill. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
<b>1990</b>	23 522	59 756	28 812	1 756	1 298	52 273	22 970	39 902	115 145
<b>1991</b>	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
<b>1992</b>	26 617	82 319	44 005	5 237	3 358	89 534	13 917	58 085	161 536
<b>1993*</b>	32 996	74 372	73 682	6 894	2 009	120 571	10 391	58 991	189 953
<b>1994*</b>	30 079	69 049	94 869	6 995	948	144 430	7 581	49 929	201 940
<b>1993*</b>									
<b>IV</b>	32 996	74 372	73 682	6 894	2 009	120 571	10 391	58 991	189 953
<b>1994*</b>									
<b>I</b>	34 235	72 084	77 676	7 255	1 007	126 390	8 898	56 969	192 258
<b>II</b>	33 236	71 920	78 990	7 297	964	130 760	8 584	53 063	192 407
<b>III</b>	31 117	70 899	84 211	7 134	963	135 008	7 848	51 468	194 324
<b>IV</b>	30 079	69 049	94 869	6 995	948	144 430	7 581	49 929	201 940

C) Turnover, mill. FIM

During period	Interbank	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>Jan.</b>	9 088	42 813	8 437	17 411	19 133
<b>Feb.</b>	14 921	42 809	12 427	16 883	18 485
<b>March</b>	35 674	60 298	32 256	28 635	28 693
<b>April</b>	25 078	39 647	23 300	17 241	17 960
<b>May</b>	10 772	21 650	9 731	8 753	10 958
<b>June</b>	14 719	21 105	14 132	8 225	11 496
<b>July</b>	5 247	13 956	5 081	4 961	7 745
<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

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 ownership			By industry								
		Re-restricted	Non-restricted	Banks and finance	Insurance and investment	Manufacturing	Forest industries	Of which: Metal and engineering	Conglomerates	10	11	12	
<b>1990</b>	1 332	1 324	1 393	1 263	1 185	1 376	1 436	1 282	1 474	15 521	4 550	20 071	
<b>1991</b>	962	949	1 062	901	898	1 003	1 075	1 076	1 021	6 339	1 315	7 655	
<b>1992</b>	772	759	868	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>Jan.</b>	1 797	.	.	870	952	2 315	2 357	2 733	2 537	8 781	276	9 057	
<b>Feb.</b>	1 917	.	.	942	1 011	2 462	2 410	2 982	2 704	6 395	558	6 953	
<b>March</b>	1 861	.	.	824	948	2 422	2 250	2 841	2 792	7 060	334	7 394	
<b>April</b>	1 815	.	.	771	914	2 377	2 189	2 689	2 818	4 849	107	4 956	
<b>May</b>	1 839	.	.	749	862	2 427	2 207	2 723	2 891	4 035	71	4 105	
<b>June</b>	1 708	.	.	676	726	2 271	2 113	2 526	2 732	3 719	49	3 768	
<b>July</b>	1 776	.	.	688	727	2 377	2 253	2 503	2 987	3 891	99	3 990	
<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	.	.	523	599	2 615	2 238	2 382	3 787	5 582	130	5 712	

<sup>1</sup> During period.

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

### 6.1 Current account, *mill.FIM*

During period	Exports of goods, feb	Trans- port receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Invest- ment income	Trans- fers and other income	Current account receipts (6+7+8)	Imports of goods, cif	Trans- port ex- pend- iture	Travel ex- pend- iture	Other services ex- pend- iture
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1989</b>	98 265	7 662	4 497	6 277	18 436	116 701	10 212	3 779	130 692	104 400	3 869	8 969	8 759
<b>1990</b>	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
<b>1991</b>	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
<b>1992</b>	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
<b>1993*</b>	132 550	10 430	7 079	9 379	26 888	159 438	7 624	6 506	173 567	101 559	5 537	9 237	17 008
<b>1992</b>													
<b>I</b>	24 783	2 002	1 159	1 702	4 863	29 645	2 301	1 367	33 313	22 698	1 001	2 725	3 422
<b>II</b>	26 452	2 152	1 493	1 681	5 326	31 778	1 269	1 374	34 421	24 180	1 064	2 813	3 039
<b>III</b>	24 820	2 323	1 958	1 923	6 203	31 023	1 204	1 480	33 707	20 677	1 119	2 853	3 242
<b>IV</b>	29 754	2 167	1 480	2 424	6 071	35 825	1 649	1 699	39 173	25 632	1 176	2 572	3 666
<b>1993*</b>													
<b>I</b>	31 016	2 366	1 351	2 778	6 495	37 511	2 233	1 470	41 215	25 715	1 279	2 401	4 445
<b>II</b>	32 625	2 646	1 763	2 281	6 690	39 315	2 125	1 756	43 196	24 818	1 325	2 276	4 015
<b>III</b>	32 116	2 832	2 203	2 102	7 138	39 253	1 622	1 584	42 460	23 992	1 444	2 242	4 206
<b>IV</b>	36 793	2 586	1 761	2 218	6 565	43 358	1 643	1 695	46 696	27 034	1 489	2 319	4 341
<b>1994*</b>													
<b>I</b>	34 536	2 602	1 425	2 444	6 471	41 006	1 974	1 597	44 577	24 852	1 314	1 899	4 233
<b>II</b>	38 519	2 923	1 740	2 172	6 835	45 354	3 673	1 496	50 523	29 488	1 483	2 036	3 974
<b>III</b>	37 405	3 127	2 063	2 523	7 713	45 118	2 618	1 498	49 234	28 866	1 425	2 097	3 836

During period	Services ex- pend- iture, total (11+12+13)	Imports of goods and services (10+14)	Invest- ment ex- pend- iture	Trans- fers and other ex- pend- iture	Current account ex- pend- iture (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 ser- vices account (19+23)	Invest- ment income, net (7-16)	Trans- fers 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
<b>1989</b>	21 596	125 996	21 882	7 689	155 566	- 6 134	3 793	- 4 471	- 2 482	- 3 160	- 9 294	- 11 670	- 3 910	- 24 874
<b>1990</b>	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
<b>1991</b>	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
<b>1992</b>	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
<b>1993*</b>	31 782	133 341	34 580	10 390	178 311	30 991	4 893	- 2 159	- 7 629	- 4 894	26 097	- 26 956	- 3 885	- 4 744
<b>1992</b>														
<b>I</b>	7 148	29 845	8 435	3 124	41 405	2 085	1 001	- 1 566	- 1 720	- 2 285	- 200	- 6 134	- 1 758	- 8 092
<b>II</b>	6 916	31 096	7 400	2 381	40 877	2 272	1 087	- 1 320	- 1 358	- 1 590	682	- 6 131	- 1 007	- 6 456
<b>III</b>	7 214	27 891	6 765	2 402	37 058	4 143	1 204	- 895	- 1 319	- 1 011	3 132	- 5 561	- 922	- 3 351
<b>IV</b>	7 413	33 045	7 824	2 440	43 309	4 122	991	- 1 092	- 1 241	- 1 342	2 780	- 6 174	- 741	- 4 136
<b>1993*</b>														
<b>I</b>	8 125	33 840	10 137	2 808	46 785	5 301	1 087	- 1 049	- 1 667	- 1 630	3 672	- 7 904	- 1 338	- 5 570
<b>II</b>	7 616	32 434	10 493	2 393	45 321	7 806	1 322	- 512	- 1 735	- 926	6 881	- 8 368	- 637	- 2 124
<b>III</b>	7 892	31 884	6 805	2 640	41 330	8 124	1 388	- 39	- 2 104	- 755	7 369	- 5 183	- 1 055	1 131
<b>IV</b>	8 149	35 183	7 145	2 549	44 876	9 760	1 097	- 558	- 2 123	- 1 584	8 175	- 5 502	- 854	1 820
<b>1994*</b>														
<b>I</b>	7 446	32 298	9 181	2 948	44 427	9 684	1 288	- 474	- 1 789	- 976	8 708	- 7 207	- 1 351	150
<b>II</b>	7 494	36 982	8 523	2 223	47 728	9 031	1 439	- 296	- 1 802	- 659	8 372	- 4 850	- 727	2 795
<b>III</b>	7 359	36 225	6 173	2 247	44 646	8 539	1 702	- 34	- 1 314	354	8 893	- 3 555	- 750	4 588



## 6.2 Capital and financial account, mill. FIM

During period	Imports of capital												Total (1+7+12)
	Direct investment in Finland	Portfolio investment					Other investment					Total (8+9+10+11)	
		Shares	Bonds	Of which market denominated bonds	Money market instruments	Financial derivatives	Total (2+3+5+6)	Trade credits	Loans	Currentcy and deposits	Other		
1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>1989</b>	2 095	1 309	13 447	-214	1 329	..	16 085	1 445	10 807	406	4 696	17 355	35 535
<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>1992*</b>													
<b>I</b>	563	199	4 102	-1 545	1 244	..	5 545	385	111	-1 050	952	398	6 506
<b>II</b>	74	145	13 023	114	-3 179	..	9 990	-678	-395	801	-5 471	-5 743	4 321
<b>III</b>	340	6	5 474	-2 712	-485	..	4 995	2 755	16	828	648	4 248	9 583
<b>IV</b>	845	47	16 710	-1 169	629	..	17 386	1 178	270	1 110	-13 544	-10 986	7 244
<b>1993*</b>													
<b>I</b>	439	1 405	15 542	320	-2 314	..	14 632	1 900	7 326	901	-8 593	1 533	16 604
<b>II</b>	927	1 515	16 269	3 420	-1 348	..	16 435	-196	815	-1 268	-6 612	-7 261	10 101
<b>III</b>	631	6 529	2 267	2 523	-2 755	..	6 041	-836	-1 495	1 671	-8 143	-8 803	-2 131
<b>IV</b>	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>													
<b>I</b>	3 664	4 389	3 196	-944	-2 101	31	5 515	-879	-3 980	772	6 665	2 578	11 757
<b>II</b>	3 010	2 292	6 906	-2 244	3 074	272	12 544	-852	1 258	-1 748	-3 077	-4 420	11 134
<b>III</b>	2 242	5 181	16 297	552	-2 036	-499	18 943	364	-1 257	964	-5 536	-5 465	15 720

During period	Exports of capital												Errors and omissions	Change in central bank's reserve assets (increase-)
	Direct investment abroad	Portfolio investment					Other investment					Total (16+19+24)		
		Shares	Bonds	Money market instruments	Financial derivatives	Total (15+16+17+18)	Trade credits	Loans	Currentcy and deposits	Other	Total (20+21+22+23)			
14	15	16	17	18	19	20	21	22	23	24	25	26	27	
<b>1989</b>	12 715	264	-84	87	..	267	567	5 155	116	1 831	7 669	20 650	5 457	4 532
<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>	9 537	873	767	1 932	..	3 571	1 923	-839	-6 063	14 698	9 720	22 828	5 104	-1 219
<b>1992*</b>														
<b>I</b>	-581	27	155	91	..	273	835	1 229	2 528	-4 078	515	206	170	1 623
<b>II</b>	-1 544	-19	1 161	-1 490	..	-348	-314	-807	522	-439	-1 038	-2 931	-1 810	1 015
<b>III</b>	-552	13	-895	786	..	-96	1 313	553	2 619	3 501	7 986	7 338	-4 944	6 051
<b>IV</b>	-695	25	-100	3 361	..	3 286	1 799	2 435	-1 924	4 276	6 586	9 177	5 577	492
<b>1993*</b>														
<b>I</b>	985	158	2 823	-577	..	2 404	1 623	-726	-1 516	15 515	14 896	18 285	1 665	5 586
<b>II</b>	1 081	2	-1 095	-972	..	-2 065	518	-185	247	-3 766	-3 186	-4 171	-1 464	-10 684
<b>III</b>	-473	77	-841	3 975	..	3 211	-190	-1 008	1 514	9 514	9 829	12 567	2 549	11 019
<b>IV</b>	7 944	636	-120	-494	..	21	-28	1 081	-6 308	-6 564	-11 819	-3 854	2 354	-7 141
<b>1994*</b>														
<b>I</b>	5 333	43	-662	211	-201	-609	-1 329	-1 279	2 612	-5 779	-5 774	-1 050	-2 679	-10 279
<b>II</b>	4 788	-68	-3 273	-4 446	-27	-7 814	1 737	-1 349	-460	6 181	6 110	3 084	-672	-10 172
<b>III</b>	4 385	-18	-1 231	420	-52	-881	-437	-1 110	-268	9 875	9 060	12 563	-3 824	-3 921

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

Position at end of period	Liabilities												
	Direct investment in Finland	Portfolio investment					Other investment					Total liabilities (1+7+12)	
		Shares	Bonds	Of which: market noted 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	
<b>1989</b>	16 093	8 146	74 167	3 906	4 050	..	86 363	14 064	40 210	870	92 620	147 764	250 220
<b>1990</b>	18 651	5 052	95 530	6 385	23 856	..	124 438	13 915	51 937	7 969	89 662	163 483	306 572
<b>1991</b>	17 443	4 149	141 055	19 036	22 079	..	167 283	9 532	68 892	8 555	84 036	171 015	355 741
<b>1992*</b>	19 348	5 138	211 361	14 366	19 391	..	235 889	13 305	78 330	11 880	78 804	182 320	437 557
<b>1993*</b>	24 391	30 375	265 571	27 149	15 034	- 6 103	304 877	18 206	91 380	4 025	55 478	169 089	498 356
<b>1992*</b>													
<b>I</b>	18 027	4 279	150 644	17 366	15 612	..	170 535	9 868	69 353	7 607	96 351	183 178	371 740
<b>II</b>	18 122	4 083	160 415	17 851	18 160	..	182 658	9 219	66 741	8 275	81 099	165 333	366 113
<b>III</b>	18 483	3 367	184 851	15 547	18 023	..	206 242	12 019	72 530	9 942	89 639	184 130	408 855
<b>IV</b>	19 348	5 138	211 361	14 366	19 391	..	235 889	13 305	78 330	11 880	78 804	182 320	437 557
<b>1993*</b>													
<b>I</b>	19 812	8 121	253 159	16 281	17 007	..	278 287	15 193	97 042	13 135	76 093	201 462	499 561
<b>II</b>	20 763	11 901	254 886	21 118	15 573	..	282 360	14 897	93 680	11 461	67 494	187 532	490 654
<b>III</b>	21 418	22 725	265 540	23 460	13 090	..	301 355	14 091	95 614	13 276	61 106	184 087	506 860
<b>IV</b>	24 391	30 375	265 571	27 149	15 034	- 6 103	304 877	18 206	91 380	4 025	55 478	169 089	498 356
<b>1994*</b>													
<b>I</b>	27 562	39 079	266 694	28 087	12 244	- 8 855	309 162	17 145	85 626	4 724	60 047	167 543	504 267
<b>II</b>	30 584	42 719	272 980	24 622	15 286	- 7 931	323 054	16 275	86 792	2 964	56 729	162 759	516 398
<b>III</b>	32 731	56 036	272 703	26 697	11 851	- 6 893	333 697	16 532	80 213	3 752	48 448	148 946	515 373

Position at end of period	Assets											
	Direct investment abroad	Portfolio investment					Other investment					Total assets (14+19+24)
		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	
<b>1989</b>	32 221	388	7 292	1 576	..	9 256	22 320	20 060	748	59 372	102 500	143 977
<b>1990</b>	40 800	762	6 447	2 173	..	9 383	16 549	24 825	5 726	65 754	112 854	163 037
<b>1991</b>	44 823	426	7 004	4 154	..	11 584	16 388	28 504	7 647	72 498	125 037	181 444
<b>1992*</b>	44 921	469	8 697	7 917	..	17 083	21 389	35 251	12 665	76 647	145 952	207 955
<b>1993*</b>	54 577	1 285	10 706	11 028	446	23 465	26 350	34 018	5 701	89 301	155 370	233 412
<b>1992*</b>												
<b>I</b>	43 876	428	7 472	4 550	..	12 450	17 401	30 223	10 193	68 559	126 376	182 702
<b>II</b>	41 966	408	8 681	2 881	..	11 970	17 034	28 128	10 558	65 437	121 157	175 094
<b>III</b>	45 982	442	8 176	4 032	..	12 650	18 898	30 676	14 188	68 323	132 085	190 718
<b>IV</b>	44 921	469	8 697	7 917	..	17 083	21 389	35 251	12 665	76 647	145 952	207 955
<b>1993*</b>												
<b>I</b>	51 946	676	11 952	7 766	..	20 394	23 664	36 976	12 275	92 392	165 307	237 648
<b>II</b>	48 465	671	10 801	6 627	..	18 099	23 888	34 148	12 159	97 321	167 516	234 080
<b>III</b>	49 447	759	10 074	10 689	..	21 522	23 857	34 208	13 929	98 044	170 039	241 008
<b>IV</b>	54 577	1 285	10 706	11 028	446	23 465	26 350	34 018	5 701	89 301	155 370	233 412
<b>1994*</b>												
<b>I</b>	59 366	1 296	9 576	10 910	622	22 403	24 479	31 396	8 107	91 319	155 301	237 070
<b>II</b>	64 301	1 211	5 953	6 338	550	14 052	26 155	29 866	7 449	106 714	170 183	248 536
<b>III</b>	65 883	1 116	4 175	6 087	561	11 939	24 480	28 376	6 957	113 281	173 094	250 916

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>1989</b>	24 142	88 931	- 23 561	- 3 108	19 264	575	106 243	10 453	8.0
<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>	49 897	48 189	- 33 279	29 737	167 444	2 956	264 944	21 897	12.7
<b>1992*</b>									
<b>I</b>	28 610	110 668	- 33 471	20 750	60 859	1 623	189 038	4 887	14.7
<b>II</b>	28 737	94 368	- 31 437	21 931	75 717	1 703	191 019	4 883	14.2
<b>III</b>	30 741	83 775	- 16 715	24 364	94 016	1 958	218 138	4 314	12.8
<b>IV</b>	30 501	82 343	- 27 546	28 283	113 674	2 347	229 602	4 926	12.6
<b>1993*</b>									
<b>I</b>	35 085	65 514	- 27 782	29 660	156 500	2 937	261 914	6 640	16.1
<b>II</b>	37 112	61 511	- 37 288	27 269	165 160	2 810	256 574	7 103	16.4
<b>III</b>	45 024	44 622	- 27 318	27 224	173 332	2 967	265 852	3 918	9.2
<b>IV</b>	49 897	48 189	- 33 279	29 737	167 444	2 956	264 944	4 237	9.1
<b>1994*</b>									
<b>I</b>	58 950	53 526	- 42 504	27 717	166 274	3 233	267 196	6 607	14.8
<b>II</b>	58 214	52 727	- 52 617	25 280	181 009	3 248	267 861	4 250	8.4
<b>III</b>	70 192	34 296	- 52 998	24 271	185 627	3 069	264 457	2 955	6.0

## 7. Foreign trade

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

During period	Exports, feb	Imports, cif	Balance (1-2)
	1	2	3
<b>1989</b>	99 784	105 516	- 5 732
<b>1990</b>	101 327	103 027	- 1 700
<b>1991</b>	92 842	87 744	5 098
<b>1992</b>	107 463	94 947	12 516
<b>1993*</b>	133 927	103 078	30 849
<b>1993*</b>			
<b>Nov.</b>	12 402	9 522	2 880
<b>Dec.</b>	10 880	9 473	1 407
<b>1994*</b>			
<b>Jan.</b>	11 888	8 324	3 563
<b>Feb.</b>	10 917	7 423	3 493
<b>March</b>	12 133	9 520	2 612
<b>April</b>	12 352	9 417	2 934
<b>May</b>	13 374	10 933	2 440
<b>June</b>	13 314	9 603	3 710
<b>July</b>	13 142	9 169	3 972
<b>Aug.</b>	11 567	9 877	1 689
<b>Sept.</b>	13 119	10 126	2 993
<b>Oct.</b>	13 373	10 080	3 293
<b>Nov.</b>	13 949	10 948	3 001

### 7.2 Foreign trade: indices of volume, unit value and terms of trade, 1980=100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
<b>1989</b>	121	144	156	126	123
<b>1990</b>	125	138	154	128	120
<b>1991</b>	114	115	154	131	118
<b>1992</b>	124	112	164	145	113
<b>1993</b>	147	109	172	163	106
<b>1992</b>					
<b>II</b>	125	118	162	143	113
<b>III</b>	117	102	163	142	115
<b>IV</b>	133	116	171	154	111
<b>1993</b>					
<b>I</b>	135	108	176	165	106
<b>II</b>	143	105	174	165	105
<b>III</b>	141	101	174	165	105
<b>IV</b>	165	116	170	161	105
<b>1994*</b>					
<b>I</b>	155	107	170	161	106
<b>II</b>	168	129	175	158	111
<b>III</b>	161	124	178	161	111

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

During period	Exports by industries, feb					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
	1	2	3	4	5	6	7	8	9	10
<b>1989</b>	7 416	32 513	8 844	32 682	18 329	51 786	8 310	20 606	24 055	759
<b>1990</b>	7 811	31 658	9 540	35 493	16 825	49 210	9 829	19 364	23 888	736
<b>1991</b>	6 984	29 695	10 539	29 188	16 436	42 505	9 399	13 973	21 195	672
<b>1992</b>	7 892	32 587	12 172	35 741	19 071	49 514	9 745	13 348	20 826	1 514
<b>1993*</b>	10 889	37 410	14 192	48 099	23 337	54 778	10 911	15 337	21 045	1 007
<b>1993*</b>										
<b>Nov.</b>	1 068	3 300	1 361	4 486	2 187	4 977	1 255	1 287	1 949	54
<b>Dec.</b>	964	2 954	1 069	3 766	2 127	5 013	1 113	1 356	1 895	96
<b>1994*</b>										
<b>Jan.</b>	978	3 009	1 282	4 272	2 347	4 537	693	1 206	1 820	68
<b>Feb.</b>	1 018	3 060	1 060	3 741	2 038	4 229	608	925	1 621	40
<b>March</b>	1 026	3 623	1 248	4 061	2 175	5 198	752	1 314	2 206	50
<b>April</b>	1 165	3 487	1 156	4 338	2 206	4 823	968	1 662	1 913	51
<b>May</b>	1 431	3 506	1 511	4 538	2 388	6 075	1 290	1 317	2 232	19
<b>June</b>	1 318	3 358	1 289	4 882	2 467	5 513	867	1 192	1 950	81
<b>July</b>	1 015	3 287	1 315	5 802	1 723	4 823	955	1 227	1 792	372
<b>Aug.</b>	935	3 437	1 258	3 816	2 121	5 419	1 029	1 386	2 031	12
<b>Sept.</b>	1 313	3 586	1 354	4 320	2 546	5 656	1 054	1 384	2 027	5
<b>Oct.</b>	1 268	3 566	1 313	4 937	2 289	5 645	803	1 485	2 051	96
<b>Nov.</b>	1 357	3 719	1 453	4 968	2 452	6 191	1 012	1 557	2 180	8

## 7.4 Foreign trade by regions and countries

Region and country	Exports, fob				Imports, cif			
	1993 *		1994 * January - November		1993 *		1994 * January - November	
	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>	102 135	76.3	104 660	11.0	81 607	79.2	81 668	10.0
<b>OECD Europe</b>	86 513	64.6	88 678	11.2	66 956	65.0	65 643	7.8
Of which:								
Austria	1 427	1.1	1 468	9.8	1 179	1.1	1 194	13.3
Belgium and Luxembourg	2 955	2.2	3 118	15.4	3 008	2.9	2 887	6.6
Denmark	4 479	3.3	4 822	16.8	3 231	3.1	3 224	8.1
France	7 114	5.3	7 015	7.9	4 716	4.6	4 350	2.1
Germany	17 628	13.2	18 733	15.5	16 901	16.4	15 591	0.7
Italy	4 350	3.2	4 162	3.2	3 811	3.7	4 184	21.1
Netherlands	6 729	5.0	7 155	16.2	3 847	3.7	3 850	8.8
Norway	4 277	3.2	4 402	13.0	5 010	4.9	4 947	10.4
Spain	3 263	2.4	3 179	3.8	1 245	1.2	1 400	27.1
Sweden	14 855	11.1	15 195	10.9	10 531	10.2	11 055	16.2
Switzerland	2 111	1.6	2 104	7.3	2 044	2.0	1 890	0.6
United Kingdom	14 020	10.5	14 454	11.0	9 160	8.9	8 757	5.2
<b>Other OECD</b>	15 622	11.7	15 982	9.7	14 651	14.2	16 024	19.7
Of which:								
Canada	1 075	0.8	946	- 6.8	724	0.7	715	7.1
Japan	2 187	1.6	2 869	44.3	5 958	5.8	6 655	22.4
United States	10 506	7.8	10 240	3.6	7 498	7.3	8 035	17.6
<b>Non-OECD European countries</b>	12 679	9.5	16 391	46.6	11 207	10.9	13 050	28.5
Of which:								
Russia	6 051	4.5	7 182	38.2	7 813	7.6	9 241	29.5
<b>Other countries</b>	19 113	14.3	18 108	2.7	10 264	10.0	10 716	16.2
Of which:								
<b>OPEC countries</b>	3 266	2.4	2 258	- 24.6	542	0.5	504	17.0
<b>TOTAL</b>	133 927	100.0	139 159	13.0	103 078	100.0	105 433	12.6
Of which:								
<b>EC countries</b>	62 850	46.9	64 819	11.9	47 974	46.5	46 312	5.9
<b>EFTA countries</b>	22 799	17.0	23 284	10.8	18 831	18.3	19 164	12.8

## 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					
<b>1989</b>	269 879	104 526	129 905	15 149	5 975	525 434	117 241	127 311	515 364
<b>1990</b>	269 754	108 535	121 858	17 286	5 769	523 202	118 828	126 600	515 430
<b>1991</b>	260 031	111 256	93 722	17 243	- 2 451	479 801	110 965	111 755	479 011
<b>1992</b>	247 363	108 799	75 338	16 899	4 534	452 933	122 059	112 989	462 003
<b>1993*</b>	237 793	103 004	61 105	13 959	10 064	425 925	142 459	113 752	454 632
<b>1992</b>									
<b>II</b>	61 884	27 267	20 146	4 377	202	113 876	30 299	28 725	115 450
<b>III</b>	61 470	27 118	18 088	4 076	979	111 731	30 636	27 580	114 787
<b>IV</b>	61 081	27 032	16 406	4 264	2 241	111 024	31 431	27 859	114 596
<b>1993*</b>									
<b>I</b>	59 869	25 940	16 015	3 642	2 713	108 179	34 737	29 764	113 152
<b>II</b>	59 251	25 836	15 363	3 442	1 252	105 144	34 514	27 041	112 617
<b>III</b>	58 962	25 666	15 013	3 539	3 272	106 452	36 320	28 565	114 207
<b>IV</b>	59 711	25 562	14 714	3 336	2 827	106 150	36 888	28 382	114 656
<b>1994*</b>									
<b>I</b>	60 802	25 197	15 651	3 254	1 261	106 165	37 739	28 351	115 553
<b>II</b>	60 013	25 075	16 113	3 108	4 608	108 917	40 035	31 193	117 759
<b>III</b>	60 423	24 879	16 825	3 005	5 757	110 889	40 873	32 372	119 390

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

Period	Total industry	Mining and quarrying	Manufacturing	Wood and paper industries	Metal and engineering industries	Other manufacturing	Energy and water supply
	(100.0)	(1.3)	(89.6)	(16.8)	(31.3)	(41.3)	(9.1)
	1	2	3	4	5	6	7
<b>1989</b>	100.3	101.9	100.5	102.3	99.6	100.8	97.9
<b>1990</b>	100.2	99.8	100.2	100.1	100.4	100.1	100.0
<b>1991</b>	91.2	91.3	89.9	91.5	85.6	92.6	103.6
<b>1992</b>	92.4	88.4	91.4	94.6	91.1	90.2	103.0
<b>1993*</b>	97.1	85.8	96.2	104.3	99.4	90.4	107.9
<b>1993*</b>							
<b>Nov.</b>	101.2	83.4	100.3	109.3	104.9	93.7	109.7
<b>Dec.</b>	101.8	84.9	100.6	109.4	106.9	93.1	113.1
<b>1994*</b>							
<b>Jan.</b>	102.1	81.9	101.2	112.1	103.5	93.7	113.0
<b>Feb.</b>	103.0	74.9	101.5	109.6	109.6	93.1	119.2
<b>March</b>	103.3	82.0	102.3	112.2	112.3	88.9	116.2
<b>April</b>	105.4	86.7	105.0	112.8	112.6	96.2	114.5
<b>May</b>	107.9	85.2	106.2	114.1	116.9	96.7	116.1
<b>June</b>	107.9	101.0	107.5	114.7	116.4	97.9	117.4
<b>July</b>	108.5	220.2	106.0	118.7	111.2	96.9	113.1
<b>Aug.</b>	107.6	175.0	105.3	113.9	114.2	94.5	125.7
<b>Sept.</b>	112.4	101.4	112.3	115.8	131.0	96.6	118.7
<b>Oct.</b>	113.7	84.8	114.3	117.8	135.3	97.2	113.2
<b>Nov.</b>	112.4	85.5	113.0	114.1	133.6	97.6	108.1

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>1989</b>	124.2	117.0	130.3	132.9	137.6	125.2	161.4	116.7
<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>1993*</b>								
<b>Nov.</b>	83.2	86.9	..	..	..	..	..	107.1
<b>Dec.</b>	84.0	88.9	..	..	..	..	..	107.6
<b>1993*</b>								
<b>III</b>	83.0	85.6	59.3	56.0	47.8	59.3	60.7	105.2
<b>IV</b>	82.6	87.3	56.7	55.2	61.5	51.4	79.1	106.8
<b>1994*</b>								
<b>Jan.</b>	82.5	88.6	..	..	..	..	..	107.2
<b>Feb.</b>	83.6	89.1	..	..	..	..	..	107.5
<b>March</b>	83.9	92.5	..	..	..	..	..	109.0
<b>April</b>	82.2	87.6	..	..	..	..	..	109.6
<b>May</b>	89.4	90.9	..	..	..	..	..	110.6
<b>June</b>	88.2	89.6	..	..	..	..	..	109.6
<b>July</b>	85.7	85.0	..	..	..	..	..	109.8
<b>Aug.</b>	92.5	88.9	..	..	..	..	..	110.1
<b>Sept.</b>	90.4	91.1	..	..	..	..	..	110.8
<b>Oct.</b>	87.3	87.6	..	..	..	..	..	111.9
<b>Nov.</b>	92.6	89.9	..	..	..	..	..	111.4
<b>1994*</b>								
<b>I</b>	83.4	90.1	53.7	59.7	40.3	50.2	73.8	107.9
<b>II</b>	86.6	89.4	48.1	54.9	42.2	44.8	97.8	110.0
<b>III</b>	89.5	88.3	52.5	50.8	68.3	44.8	84.4	110.2

### 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>	111.0	110.9	114.6	111.2	110.9	111.4	106.2	102.8	118.7	107.1	110.1	105.8	102.2
<b>1993</b>													
<b>Dec.</b>	..	..	..	..	109.7	110.6	104.5	100.8	118.2	105.2	109.2	103.5	100.8
<b>1993<sup>1</sup></b>													
<b>IV</b>	109.9	109.6	111.5	110.7	109.8	110.7	104.7	101.0	118.5	105.6	109.6	103.9	100.9
<b>1994</b>													
<b>Jan.</b>	..	..	..	..	109.4	110.3	104.8	101.2	117.8	105.5	109.4	103.9	101.6
<b>Feb.</b>	..	..	..	..	109.8	110.8	105.1	101.7	117.4	105.5	108.4	104.3	101.6
<b>March</b>	..	..	..	..	110.0	111.0	105.4	101.9	118.1	105.7	108.0	104.7	101.7
<b>April</b>	..	..	..	..	110.2	111.3	105.8	102.1	119.2	105.8	108.0	104.8	101.7
<b>May</b>	..	..	..	..	110.3	111.3	105.8	102.2	119.1	106.4	109.0	105.2	101.9
<b>June</b>	..	..	..	..	111.3	111.3	106.1	102.5	119.5	107.0	110.3	105.6	102.2
<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>I</b>	110.5	110.3	113.1	110.9	109.7	110.7	105.1	101.6	117.8	105.6	108.6	104.3	101.6
<b>II</b>	110.9	110.8	114.4	111.0	110.6	111.3	105.9	102.3	119.3	106.4	109.1	105.2	101.9
<b>III</b>	111.0	111.0	114.9	111.2	111.6	111.7	106.8	103.4	119.4	108.1	111.6	106.5	102.3
<b>IV</b>	111.5	111.6	116.0	111.6	111.7	111.8	107.1	104.1	118.2	108.5	111.3	107.3	102.9

<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>1993</b>												
<b>Dec.</b>	65.2	2 484	2 011	318	1 693	172	419	112	1 309	473	19.0	
<b>1994</b>												
<b>Jan.</b>	64.8	2 470	1 993	354	1 638	170	409	116	1 298	477	19.3	
<b>Feb.</b>	65.4	2 493	2 029	299	1 730	170	419	111	1 328	465	18.6	
<b>March</b>	65.2	2 488	2 014	315	1 699	167	423	108	1 317	474	19.1	
<b>April</b>	64.7	2 471	2 002	313	1 689	166	420	112	1 304	468	18.9	
<b>May</b>	64.9	2 482	2 017	311	1 706	168	420	116	1 315	464	18.7	
<b>June</b>	64.9	2 483	2 027	317	1 710	172	422	104	1 330	456	18.4	
<b>July</b>	64.6	2 472	2 011	305	1 706	165	422	120	1 304	461	18.6	
<b>Aug.</b>	64.6	2 471	2 026	307	1 719	169	431	114	1 313	445	18.0	
<b>Sept.</b>	65.0	2 490	2 041	312	1 729	170	444	112	1 315	449	18.0	
<b>Oct.</b>	64.8	2 482	2 040	301	1 739	161	436	121	1 322	442	17.8	
<b>Nov.</b>	64.6	2 474	2 038	305	1 733	167	432	111	1 328	437	17.6	
<b>Dec.</b>	64.8	2 483	2 049	304	1 745	164	437	117	1 331	435	17.5	

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

mill. FIM, cash flow basis

During period	Revenue							Expenditure			
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
										Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11
<b>1989</b>	39 397	76 458	471	15 990	132 316	3 926	136 241	35 082	72 008	33 244	35 715
<b>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>1993</b>											
<b>Nov.</b>	2 736	5 757	147	2 672	11 312	2 638	13 952	3 708	9 371	3 437	5 820
<b>Dec.</b>	2 078	6 543	115	5 142	13 878	759	14 637	4 256	10 357	3 609	6 318
<b>1994</b>											
<b>Jan.</b>	2 827	6 024	67	1 857	10 775	27	10 802	3 699	9 936	3 118	6 609
<b>Feb.</b>	2 757	5 500	115	1 770	10 142	83	10 224	3 090	8 334	3 084	4 939
<b>March</b>	3 774	4 727	100	2 283	10 884	2 382	13 265	4 097	9 474	3 521	5 820
<b>April</b>	2 374	5 134	100	1 945	9 553	208	9 759	3 320	9 049	3 849	5 068
<b>May</b>	2 567	5 970	98	2 717	11 352	241	11 592	3 633	8 999	3 684	5 166
<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

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>1989</b>	8 393	5 343	120 826	7 566	128 390	11 490	7 851	- 4 009	3 842
<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>1993</b>									
<b>Nov.</b>	349	771	14 199	767	14 966	- 2 887	- 1 014	1 230	216
<b>Dec.</b>	477	1 744	16 834	2 491	19 325	- 2 956	- 4 688	91	- 4 596
<b>1994</b>									
<b>Jan.</b>	187	3 336	17 158	545	17 703	- 6 383	- 6 901	519	- 6 383
<b>Feb.</b>	224	1 202	12 850	631	13 482	- 2 708	- 3 258	7 659	4 402
<b>March</b>	245	3 120	16 936	3 111	20 047	- 6 052	- 6 782	- 41	- 6 823
<b>April</b>	227	2 081	14 677	1 434	16 112	- 5 124	- 6 353	789	- 5 563
<b>May</b>	257	1 438	14 327	717	15 045	- 2 975	- 3 453	9 209	5 756
<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

# 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 11) = 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. The cash reserve figures for 1989 include the additional deposit requirement of 1.1 per cent under the supplementary cash reserve agreement in force at the time, together with the corresponding non-interest-bearing deposits of FIM 3 159 million.

**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 ex-

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

**Table 3.2** The 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 de-

posits (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 yield on taxable public issues (Column 5) is calculated as the arithmetic mean of yields on fixed-rate ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued by all issuers except the central government with a remaining maturity of between 3 and 6 years. The yield on taxfree public issues (Column 6) is calculated as the arithmetic mean of yields on fixed-rate public bonds with a remaining maturity of between 4 and 5 years. The Bank of Finland calculates the yields for columns 5 and 6 once a week on the basis of the trading quotations of the Helsinki Stock Exchange. Monthly observations are the averages of weekly observations and annual observations the averages of monthly observations. The share yield (Column 7) 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. fi-

ancial 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 longterm promissory notes. Other bonds and debentures are so-called private placements; 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 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 the banks entitled to central bank financing. As from 5 September 1994 the following act as primary dealers: Evli Fixed Income Securities, Goldman Sachs International, Handelsbanken Finland, Kansallis-Osake-Pankki, Okobank, Postipankki, Skopbank, Union Bank of Finland and Unibors Securities. The primary dealers' quotes are published daily (page JVKD on Reuters). 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.

**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 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, ie 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 drawings 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 7.2** 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, ie 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.

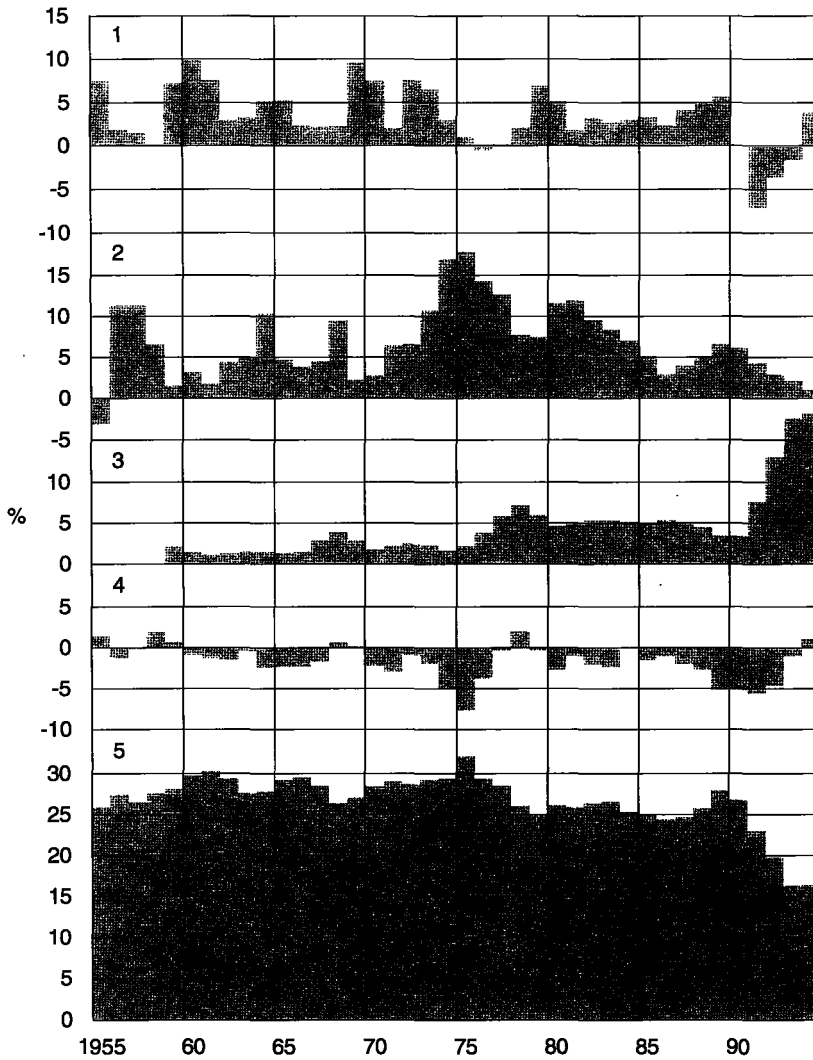
**Table 8.4** The indicator of underlying inflation (Column 6) is the consumer price index from which the effect of indirect taxes, subsidies and housing-related capital costs (house prices and mortgage interest payments) has been removed (see the article by Pentti Pikkarainen and Timo Tyrväinen in the 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
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15. Monthly spot rates for the markka against the pound sterling and the Swedish krona	S35
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20. Current account	S37
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22. Balance of payments	S38
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28. Fixed investment	S40
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30. Prices and wages	S41
31. Central government finances	S42
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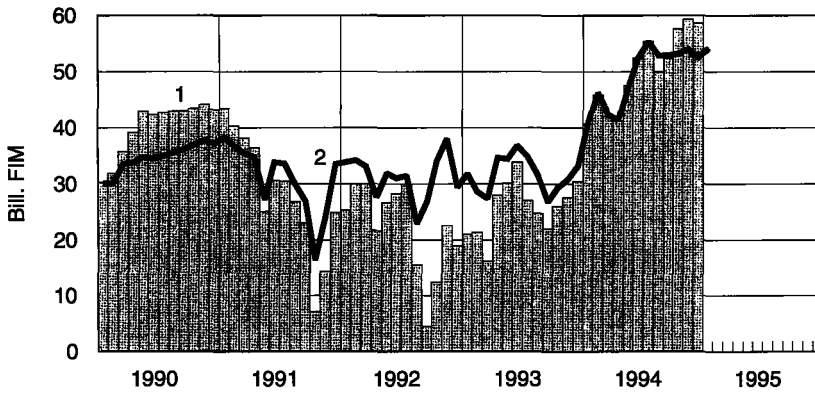
# 1. LONG-TERM INDICATORS



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

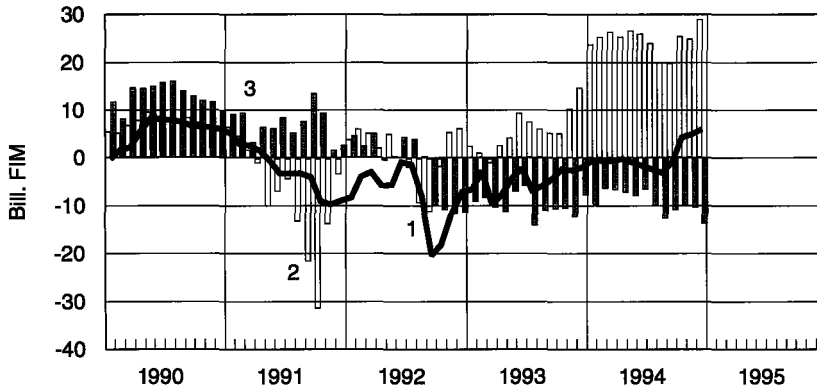


2. THE BANK OF FINLAND'S FOREIGN EXCHANGE RESERVES AND FORWARD POSITION



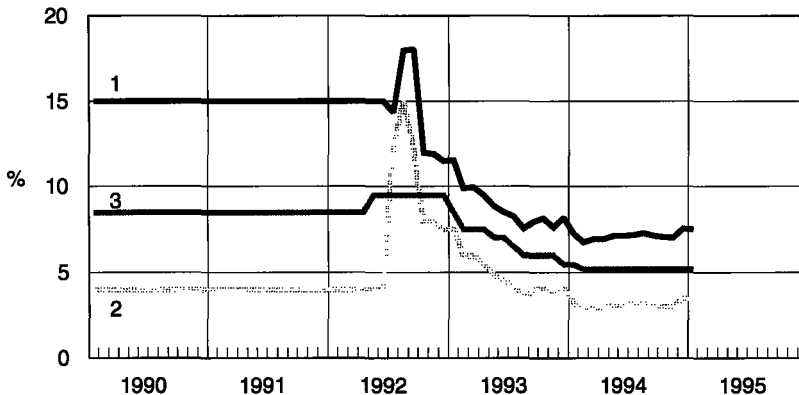
1. Foreign exchange reserves plus forward position
2. Foreign exchange reserves

3. FORWARD MARKET



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

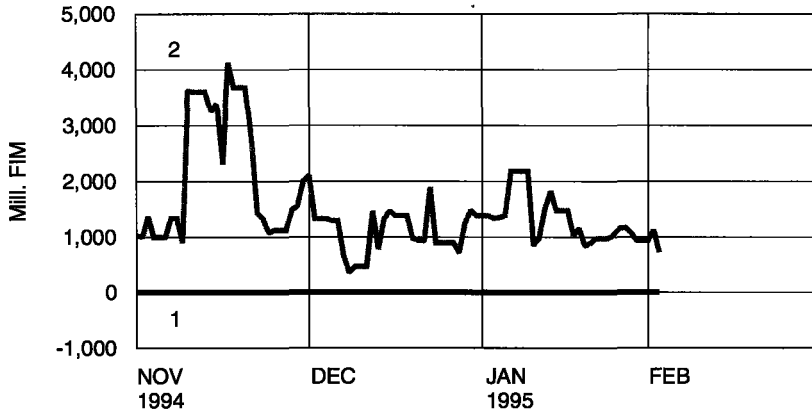
4. RATES OF INTEREST SET BY THE BANK OF FINLAND



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

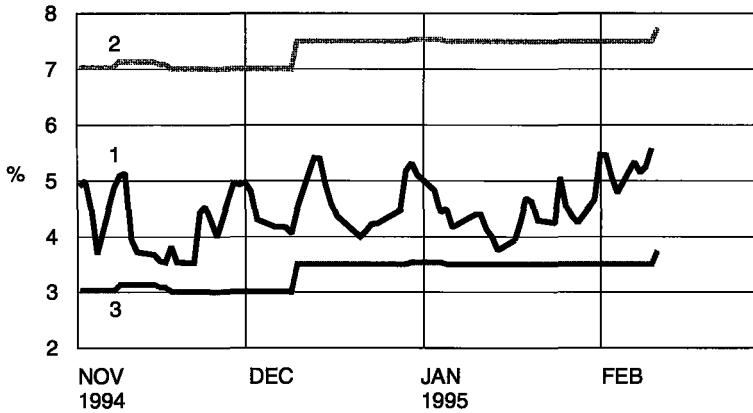
End-of-month observations

5. BANKS' LIQUIDITY POSITION WITH THE BANK OF FINLAND



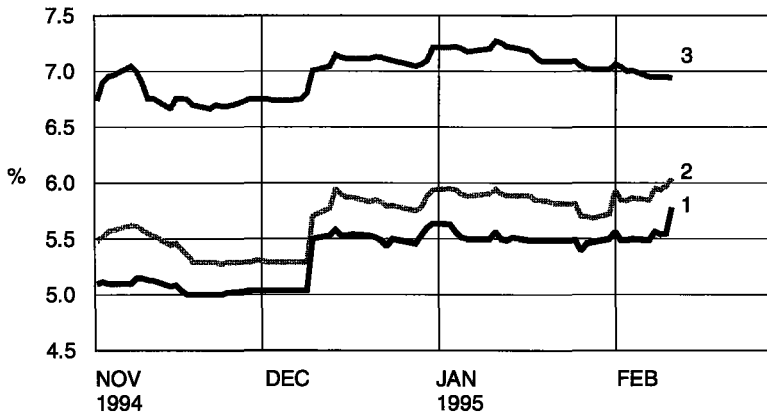
- 1. Liquidity credits (-)
- 2. Call money deposits

6. LIQUIDITY MANAGEMENT INTEREST RATES



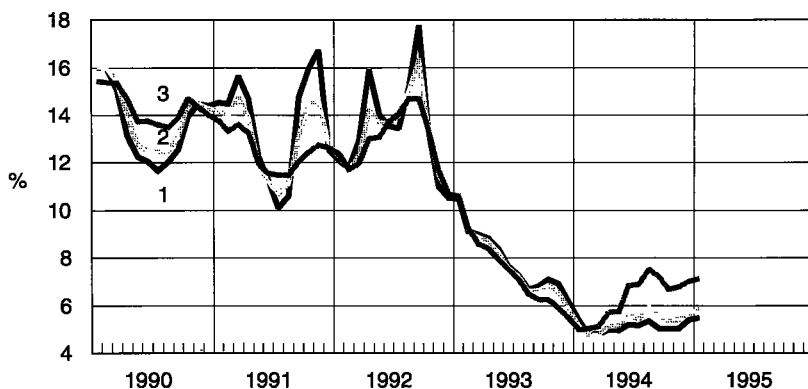
- 1. Inter-bank overnight rate
  - 2. Liquidity credit rate
  - 3. Call money deposit rate
- Daily observations

7. HELIBOR RATES OF INTEREST, DAILY



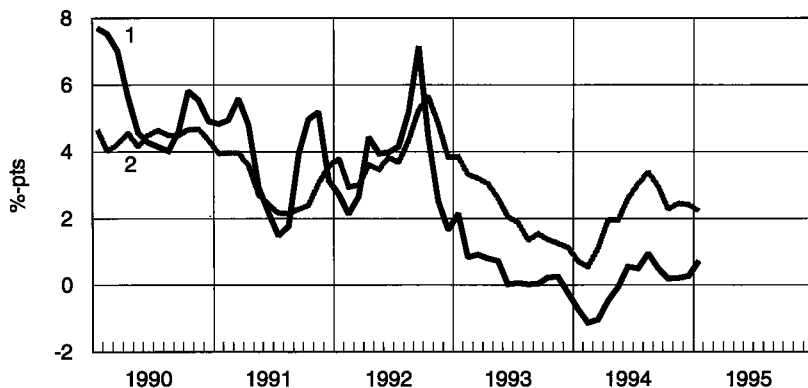
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

8. HELIBOR RATES OF INTEREST, MONTHLY



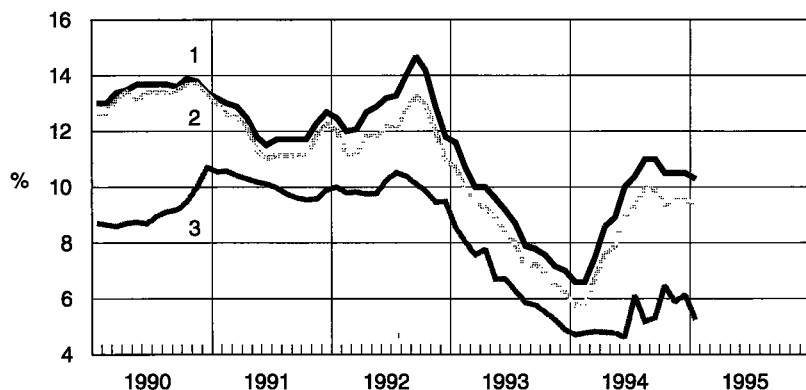
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

9. DIFFERENTIAL BETWEEN FINNISH AND GERMAN INTEREST RATES



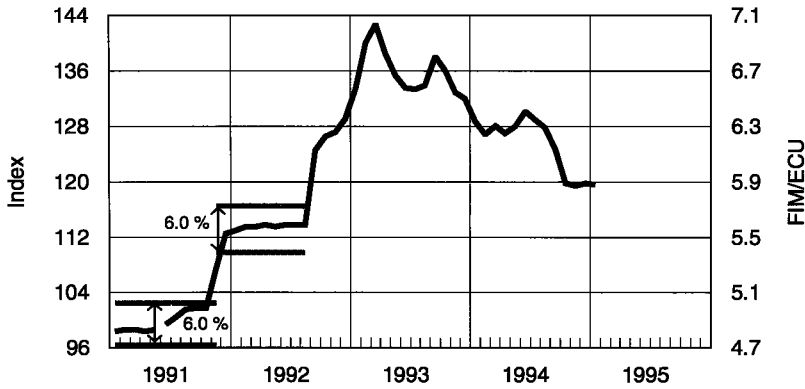
- 1. 3-month HELIBOR *minus* 3-month DEM eurorate
- 2. 5-year Finnish government bond yield *minus* 5-year German government bond yield

10. YIELDS ON BONDS



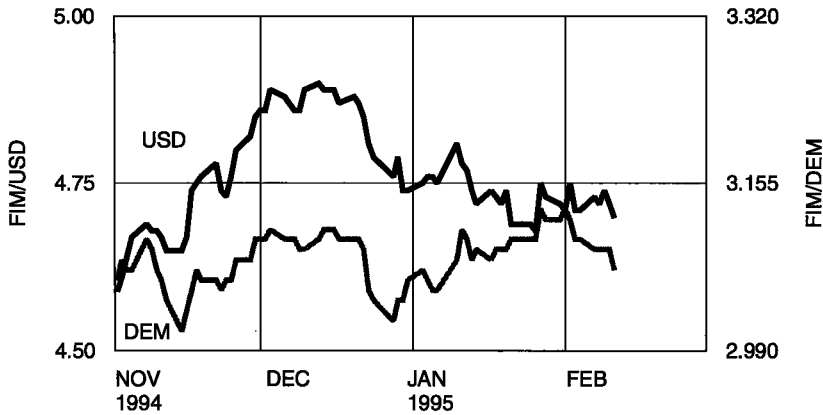
- 1. Bank of Finland's 5-year reference rate
- 2. Yield on (4-5 year) taxable government bonds
- 3. Yield on (4-5 year) taxfree government bonds

11. BANK OF FINLAND CURRENCY INDEX AND THE MARKKA VALUE OF THE ECU



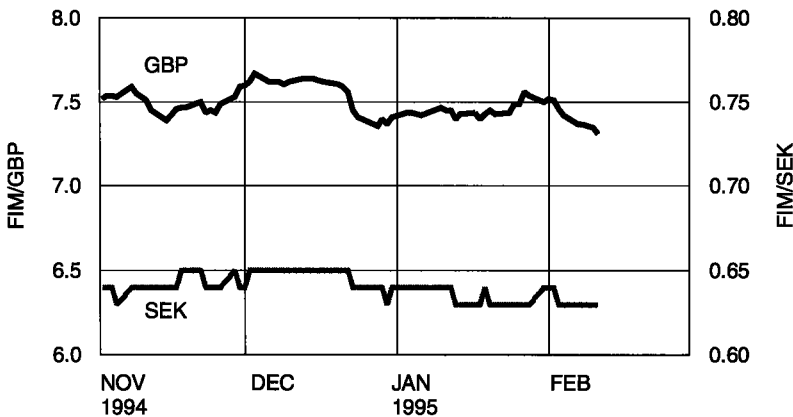
Until 7 June 1991, the Bank of Finland currency index. From 7 June 1991, the markka's exchange rate against the ECU, the fluctuation limits of which were 4.72953–5.02207 in the period 7 June – 14 November 1991, and 5.39166–5.72516 in the period 15 November 1991 – 7 September 1992. Since 8 September 1992, the limits have been temporarily abandoned.  
Monthly averages

12. DAILY SPOT RATES FOR THE MARKKA AGAINST THE DEUTSCHMARK AND THE US DOLLAR



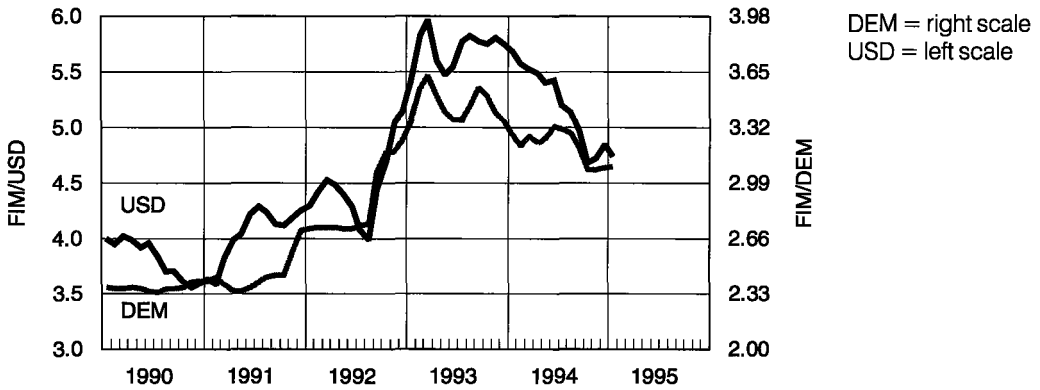
Middle rates  
DEM = right scale  
USD = left scale

13. DAILY SPOT RATES FOR THE MARKKA AGAINST THE POUND STERLING AND THE SWEDISH KRONA

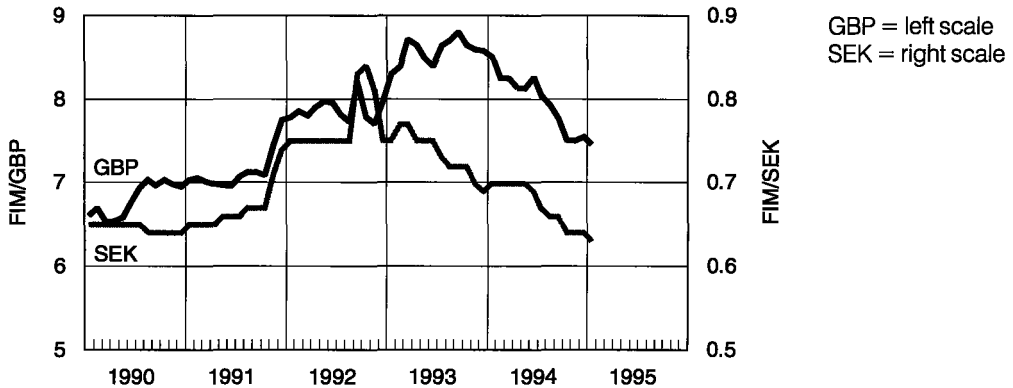


Middle rates  
GBP = left scale  
SEK = right scale

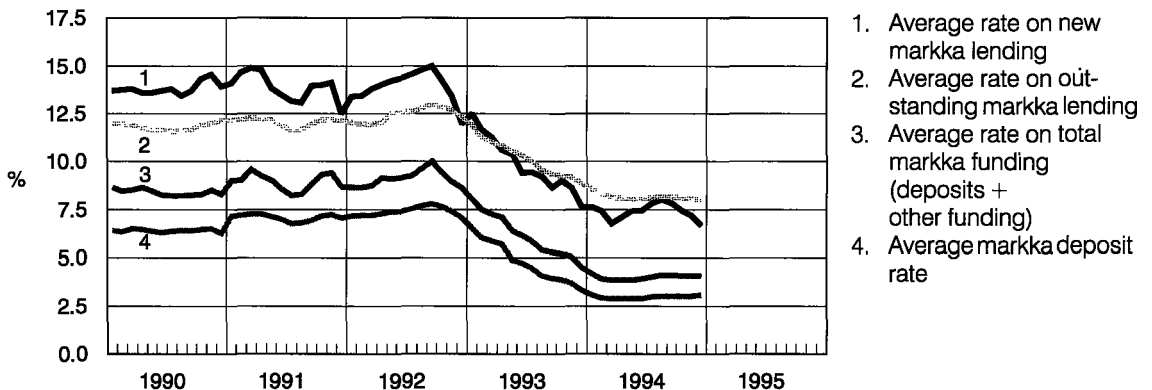
14. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE DEUTSCHMARK AND THE US DOLLAR



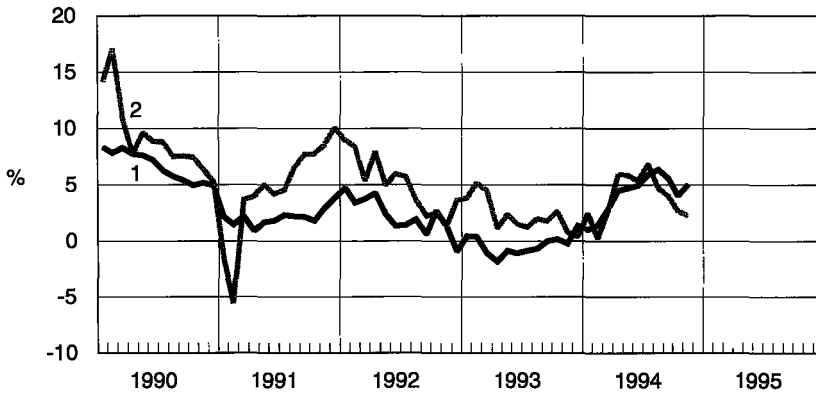
15. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE POUND STERLING AND THE SWEDISH KRONA



16. BANKS' MARKKA LENDING RATES AND MARKKA FUNDING RATES



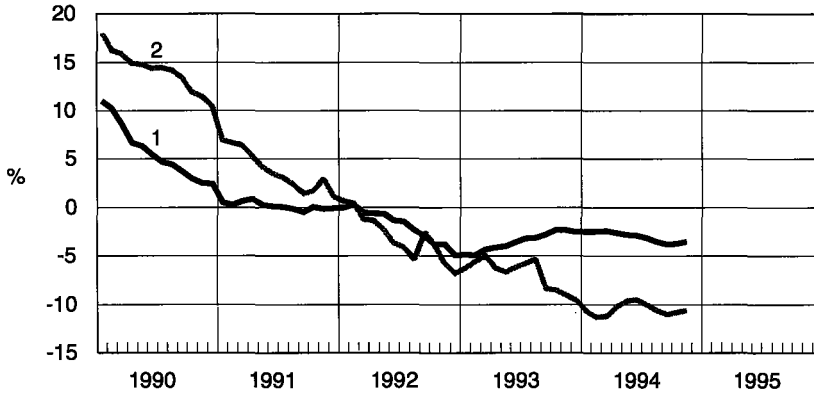
17. BANK FUNDING FROM THE PUBLIC



- 1. Markka deposits
- 2. Total funding

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

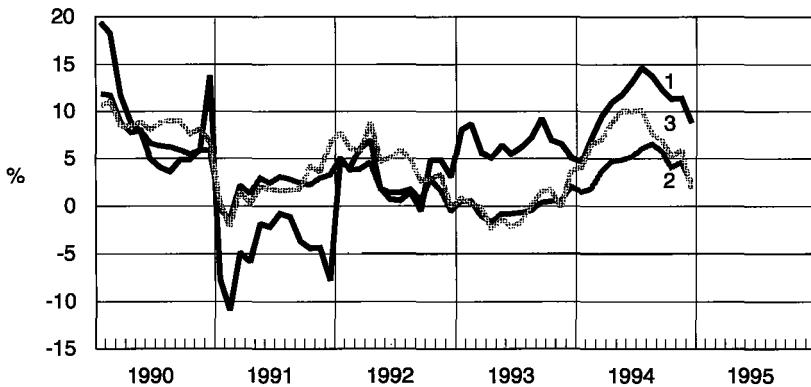
18. BANK LENDING TO THE PUBLIC



- 1. Markka lending
- 2. Total lending

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

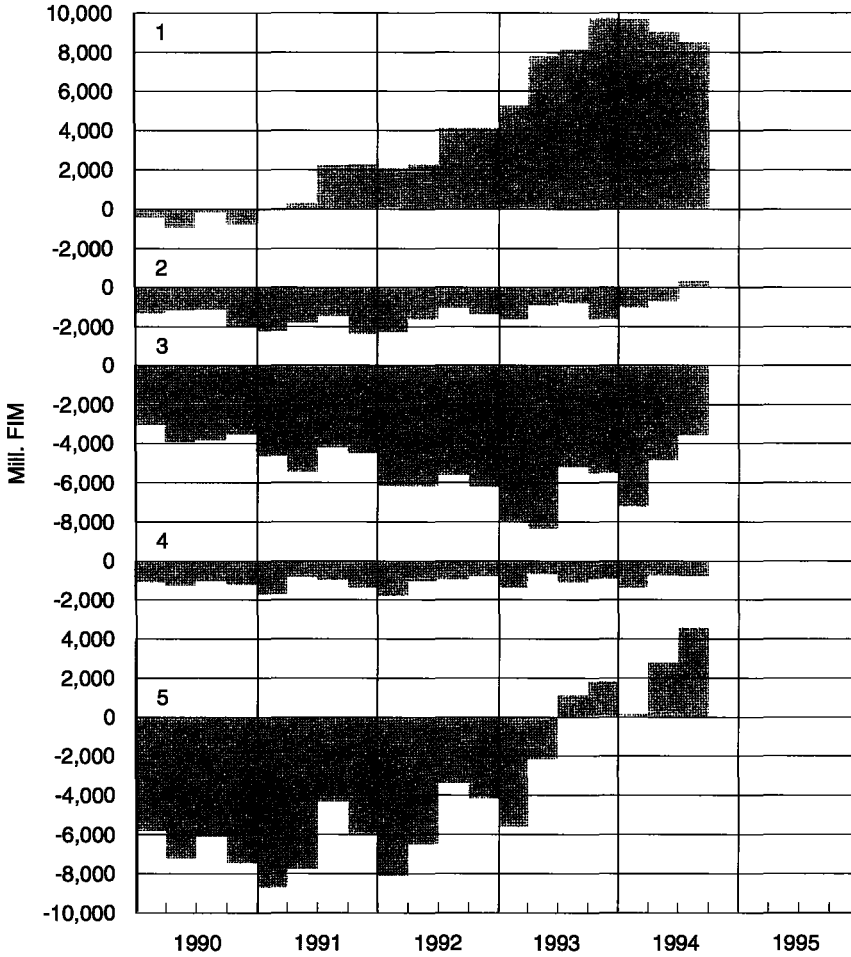
19. MONEY SUPPLY



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

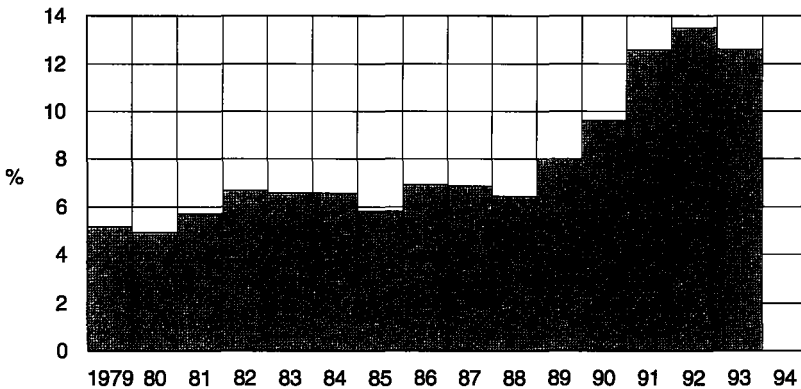
Change from the corresponding month of the previous year, per cent

20. CURRENT ACCOUNT



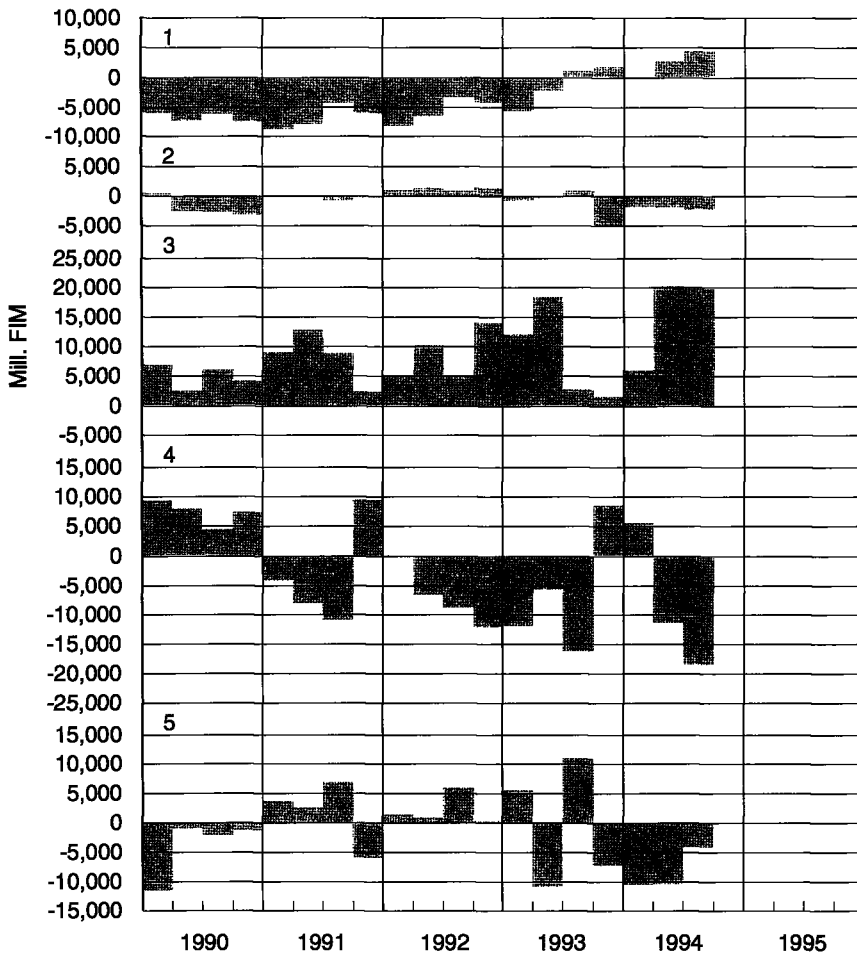
1. Trade account
2. Services account
3. Investment income account
4. Unrequited transfers account and other items, net
5. Current account

21. NET INTEREST AND DIVIDEND EXPENDITURE



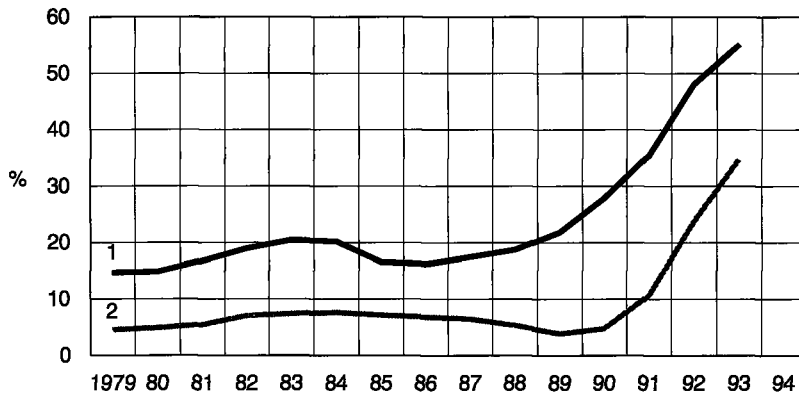
As a percentage of current account receipts

## 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

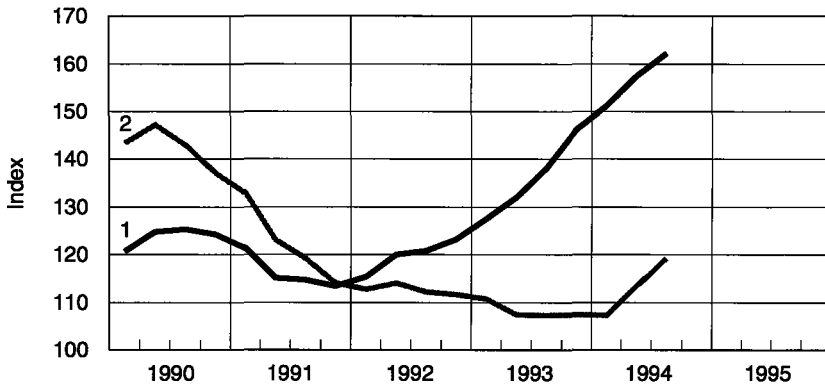


1. Total
2. Of which: central government

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



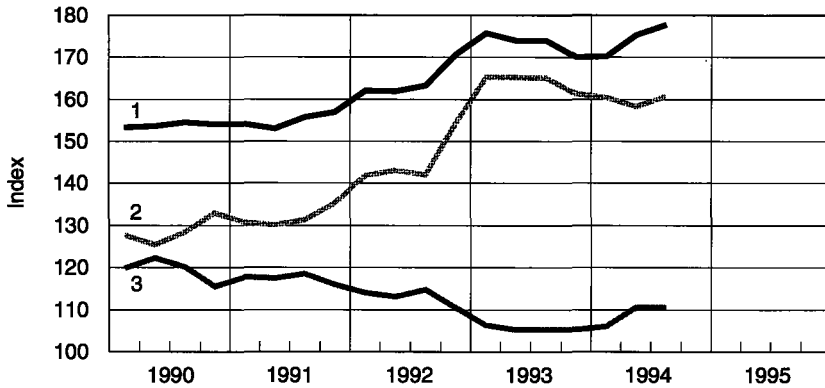
24. FOREIGN TRADE



1. Total exports
2. Total imports

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

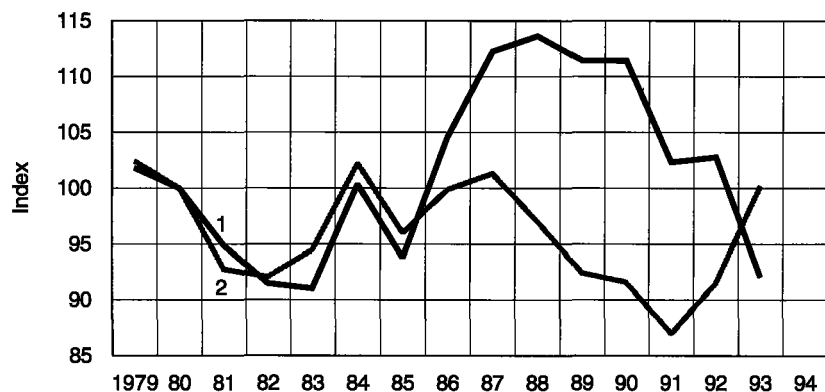
25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



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

1980 = 100

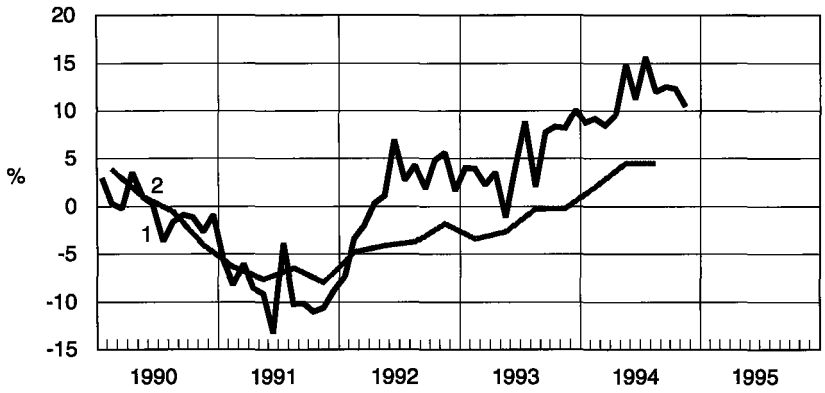
26. FINLAND'S EXPORT PERFORMANCE



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

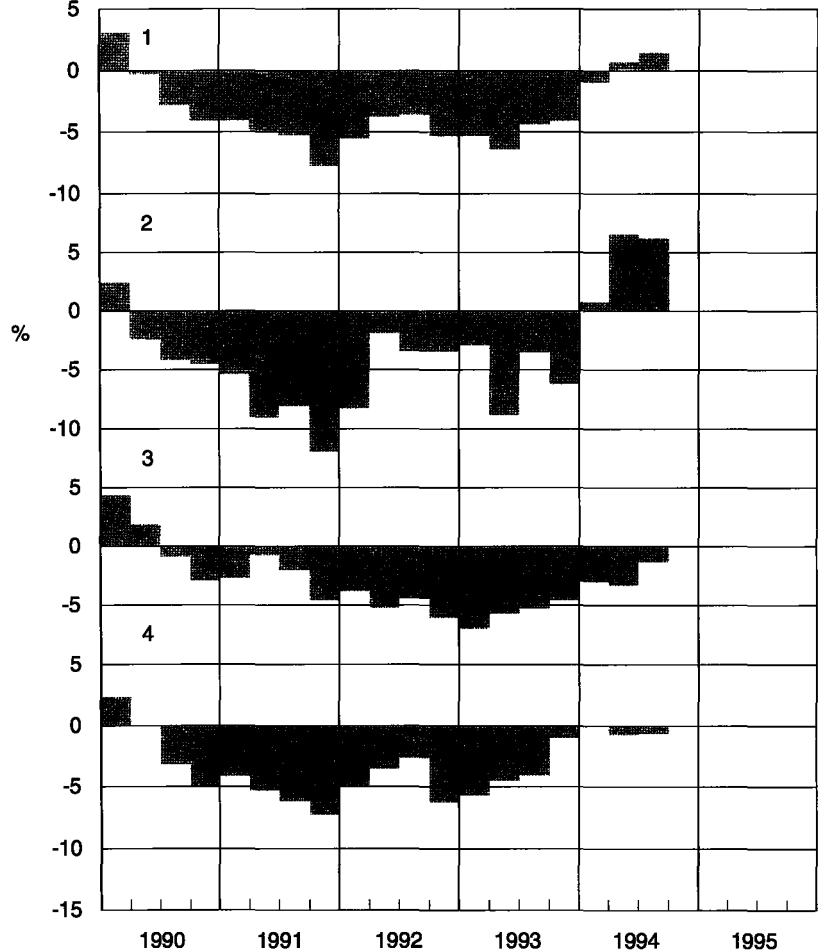
1980 = 100

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

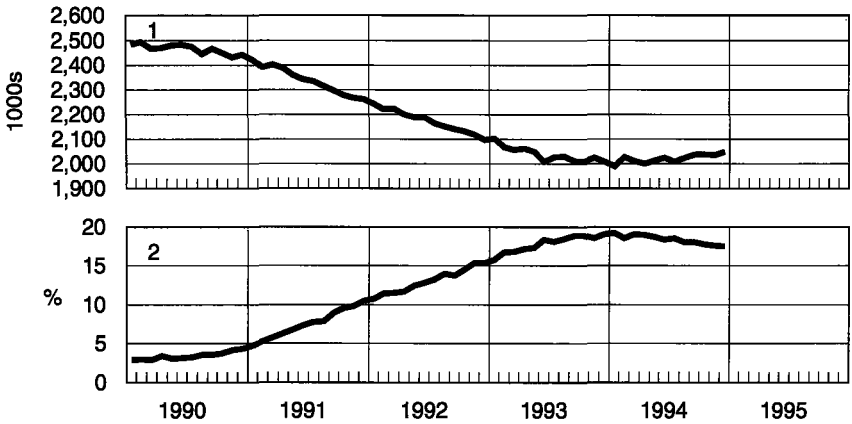
28. FIXED INVESTMENT



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

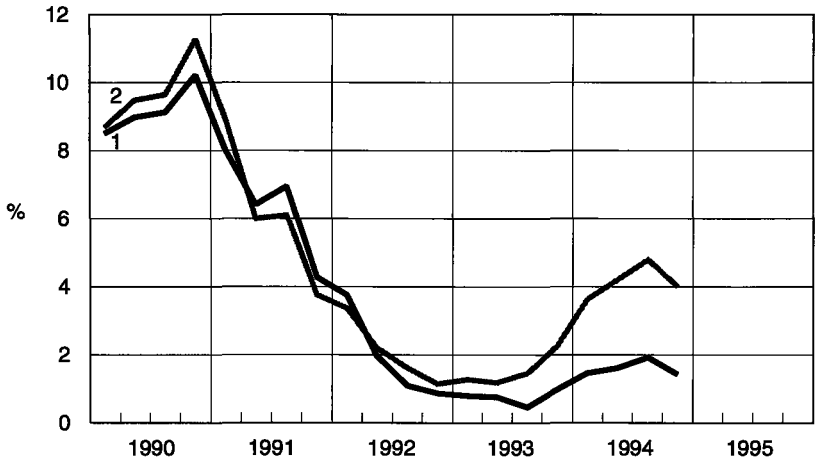
Volume changes calculated from four-quarter moving totals and plotted at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE



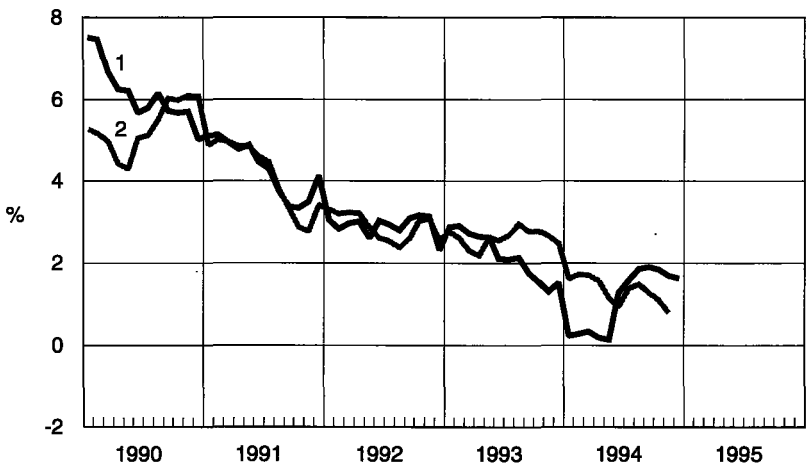
- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

30. PRICES AND WAGES



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

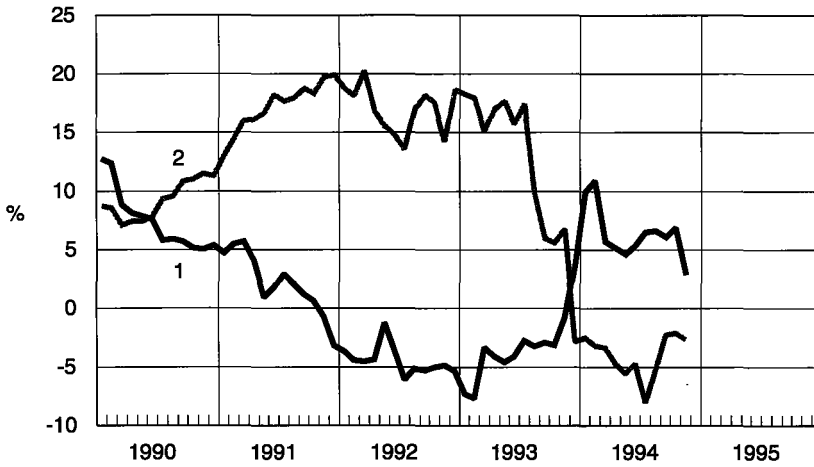
Change from the corresponding quarter of the previous year, per cent



- 1. Consumer price index
- 2. Indicator of underlying inflation

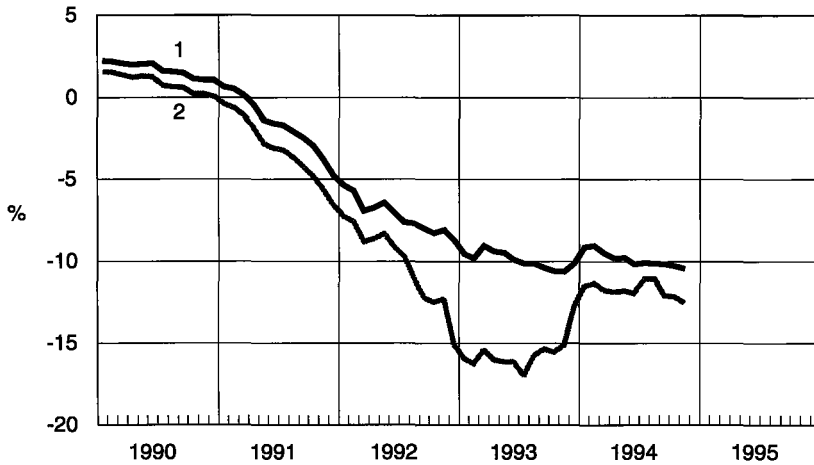
Change from the corresponding month of the previous year, per cent

### 31. CENTRAL GOVERNMENT FINANCES



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

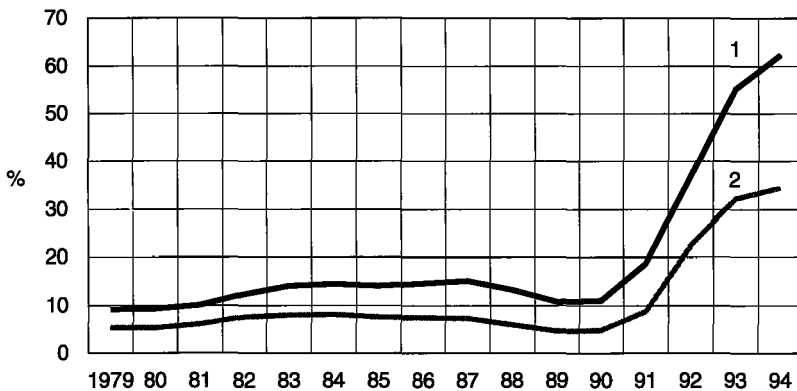
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



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

30 June 1994

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**SETEC OY** (Security Printing House fully owned by the Bank of Finland)

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VELI TARVAINEN, Managing Director

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