



# BULLETIN

BANK OF FINLAND

January 1998 Vol. 72 No. 1

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Statement on the occasion of  
the closing of the accounts for 1997

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internationalization of  
financial supervision

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## BANK OF FINLAND BULLETIN

**Publisher**

Suomen Pankki - Finlands Bank

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FIN-00101 HELSINKI,  
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**Edited**by the Bank of Finland's  
Publication and Language  
Services

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National (09) 1831  
International +358 9 1831The contents of the Bulletin  
may be freely quoted,  
but due acknowledgement  
is requested.Telex: 121224 SPFBFI  
Fax: +358 9 174872  
Cables: SUOMENPANKKI

ISSN 0784-6509

Printed by Libris Oy,  
Helsinki 1998

WorldWideWeb:

<http://www.bof.fi>

Internet email:

publications@bof.fi

x.400 email:

s=publications;p=bofnet;a=mailnet;c=fi

# Statement on the occasion of the closing of the accounts for 1997

by Dr Sirkka Hämäläinen,  
Governor of the Bank of Finland

The Finnish economy performed well in 1997, as growth continued at a robust pace and unemployment declined markedly. Inflation accelerated slightly but remained acceptable in terms of the target of about two per cent. The central government budget deficit was reduced substantially but was still large in light of present cyclical conditions. Despite a modest interest rate hike, monetary policy remained easy.

The rate of increase in consumer prices, which was only about 1 per cent in 1996, began to pick up in the course of 1997. Inflation pressures were reinforced by the disappearance of certain alleviating factors that had been present in 1996, vigorous economic growth and, in the first half of the year, a depreciation of the markka's external value as measured by the trade-weighted currency index. These pressures were especially evidenced by rises during the year in producer prices of goods aimed at domestic markets and in asset prices. At the end of the year, the twelve-month increase in consumer prices rose to about 2 per cent. However, the increase in the Bank of Finland's monetary policy gauge, the indicator of underlying inflation, remained slightly below 2 per cent.

Aggregate output increased by some 5 per cent in 1997 due to a pickup in exports and domestic demand. The recovery of construction activity from a record long and deep recession as well as a pickup in the services sector stemming from an increase in private consumption were reflected in an improvement in the employment situation. The reduction in the unemployment rate was however slowed by an increase in the working-age population.

The deficit of the general government sector, ie central and local governments and social security funds, declined and the EMU criteria for both the deficit and the debt were met. A reduction in the central government's budget deficit was achieved mainly by virtue of favourable economic conditions and, among other things, a sharp rise in revenue from taxes on corporate entities stemming partly from exceptional factors. For the whole general government sector, the impact of discretionary fiscal policy measures was roughly neutral.

Enterprises' profitability remained good in 1997, and they continued to solidify their capital base and hence their resistance to cyclical fluctuations.

Households' demand for new housing loans recovered markedly, but because many households simultaneously paid down their outstanding debts, the lending stock recorded only a modest increase. The economy's external indebtedness declined as the surplus on the current account increased on the prior year. Nonetheless, because of the rise in prices of Finnish shares held by nonresidents, Finland's net international investment position weakened, as in 1996.

Because of the favourable economic performance, conditions in the banking sector improved and the vigorous process of structural change among financial institutions continued inter alia in the form of various types of consolidation. Merita Bank and the Swedish Nordbanken were joined together as were Postipankki and Finnish Export Credit Ltd. The Finnish Central Securities Depository – formed via a combination of the Helsinki Money Market Center and the Securities Association – commenced operations at the start of the year, and stock market operations were centralized during the year. The financial system also experienced some decentralization in the splitting up of the cooperative banks into two groups.

The year 1997 saw a cautious turn of monetary policy in the direction of tightening. During the previous year the Bank of Finland had responded to an improved inflation outlook by lowering its tender rate to 3.0 per cent, matching the German Bundesbank's key policy rate. Because the growth rate of the Finnish economy had for several years been among the highest in Europe and the markka had depreciated markedly against the US dollar and pound sterling, inflation pressures and risks began to increase in the course of the year.

In June the Bank of Finland published a warning on the inflation risk and, because data that came in during the summer generally confirmed the view of a build-up in those factors that traditionally lead to rising prices, the Bank raised its tender rate by 0.25 percentage point on 15 September. The rate hike, being expected by the markets, was taken in stride. In October the Bundesbank also raised its key policy rate, which in turn fomented expectations of another rate hike in Finland. During the autumn months short-term market interest rates generally rose by about a half percentage point.

However, in the latter part of the year market interest rates and inflation expectations were curbed by a reduction in inflation risks that resulted from a moderate pay settlement and inter alia from a lowering of expectations regarding growth and prices due to the Asian crisis.

The foreign exchange markets remained calm throughout the year, except for a bout of turbulence in January. The disturbance began abroad, largely in connection with speculation on a strengthening of the Norwegian krone, and investors – mostly from outside Finland – also purchased large quantities of markkaa. In the course of a week, the Bank of Finland purchased foreign currency against the markka in the amount of some FIM 35 billion, after which the situation eased without any significant change in the markka's exchange rate. Although the purchases resulted in a substantial increase in the Bank of Finland's foreign reserve assets, this did not raise much concern because of the central government's scheduled sizable repayments on foreign loans. Toward yearend these repayments on fact reduced the stock of foreign reserve assets.

Throughout the year the markka remained among the stronger currencies in the EU's exchange rate mechanism (ERM) in terms of its central rate. As the year progressed, there was a firming of the markets' view that the current bilateral central rates of ERM currencies would be applied in the fixing of their euro rates. This resulted at yearend in a significant narrowing of the gap between the markka's market and central rates.

Preparations for the conduct of the single monetary policy in the EMU have been extensive and have tied up substantial resources in the Bank of Finland and in the banking system as well as elsewhere in the economy and society. From the standpoint of the country's payment systems, one of the key ongoing projects has been the preparation for joining the EU-wide real time payment system, TARGET. The Bank of Finland adopted the full collateral requirement for all credits that it grants to financial institutions, in line with EMU requirements. Preparations were also begun for the introduction of euro notes on 1 January 2002.

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The Council, meeting in the composition of Heads of State or Government, is scheduled to meet in May 1998 to make decisions, in accord with the Maastricht Treaty, concerning the countries that will enter Stage Three of EMU at the start of 1999 and the start-up of the European Central Bank on 1 July 1998. It is intended to decide on the euro conversion rates for effect on 1 January 1999 in connection with the selection of the countries. This will further reduce the leeway for national monetary policy manoeuvring during the transition phase. On 1 January 1999, when the Governing Council of the European Central Bank begins to conduct the sin-

gle monetary policy, there will be a changeover to a single monetary policy interest rate for the entire EMU area. National banknotes will continue to be used by the public as means of exchange until the year 2002 and national-currency-denominated assets will be gradually denominated in euro during the period 1 January 1999 – 1 January 2002.

One of the requirements of EMU has been that national legislation, particularly that pertaining to the central bank, be revised in line with EMU agreements. The new Act on the Bank of Finland, which entered into force at the start of 1998, fulfils the Maastricht Treaty requirements for Stage Two inter alia as regards central bank independence. However, additional legislative changes are needed for Stage Three that will enable the Bank of Finland to operate without prejudice to national legislation as a part of the European System of Central Banks.

After the changeover to the single currency on 1 January 1999, monetary policy for the euro area will be decided by all the governors of EMU-country central banks, together with the Executive Board of the ECB. The day-to-day operations of monetary policy will be carried out by the national central banks, including the Bank of Finland, to a large extent via current procedures and instruments. Member-country central banks will continue as national institutions playing a central role in respect to the functionality and stability of national payment and financial systems and will continue to maintain the national currency supplies.

Because the ECB Governing Council will operate in accord with the one-member-one-vote principle, in contrast to other EU decisionmaking bodies, the central banks in EMU countries will have a good opportunity to influence the single monetary policy. The Bank of Finland has taken this into account in setting a clear internal goal of becoming an active member of the European System of Central Banks on the basis of professionalism and its own areas of strength. It is important to emphasize that ECB monetary policy will be conducted in view of developments and needs across the entire euro area. Assuming Finland joins the EMU, one of the Bank of Finland's primary tasks will involve two-way flows between Finland and the ECB: analyses and information from Finland to the ECB for decisionmaking purposes and information on decisions and their rationale from the ECB to Finland.

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The Bank of Finland's financial results improved considerably in 1997. During the early years of the 1990s the Bank's capital had been eroded by poor financial results stemming from the banking crisis and disturbances in the currency markets. The improvement last year was due primarily to an appreciation of the key reserve currency, the US dollar. The gains resulting from exchange rate changes improved the financial result and strengthened

the Bank's capital via an increase in provisions. It should however be kept in mind that the improvement was based largely on valuation gains; a change of direction in exchange rates would cause losses.

In the context of EMU, there will be significant changes in the Bank of Finland's balance sheet and profit and loss account. The way in which income generated in connection with the single monetary policy, so-called monetary income, is to be calculated and allocated among EMU participant countries is defined in the Maastricht Treaty, but deci-

sions on the application of the Treaty will be made only after the ECB is established.

9 January 1998

- Key words: balance sheet, economic policy, inflation, statement, governor

# Means, strategies and internationalization of financial supervision

by **Kaarlo Jännäri**, Director General  
Financial Supervision Authority

**T**he objectives and priorities of financial market supervision differ across countries. Sometimes the objectives conflict to some extent with each other (eg protection of depositors vs debtors). However, there is general agreement that the ultimate purpose of supervision is to maintain the stability and reliability of the financial system. This in turn depends crucially on maintaining public confidence in the financial markets as well as on eliminating systemic risk or at least reducing the likelihood of realizing such risk.

Modern economies cannot function efficiently without reliable financial and payment systems. Thus, it is in the public interest to mould a legislative and supervisory framework that ensures maximum attainment of these objectives. Other generally defined objectives are system efficiency and competitiveness, elimination of market disturbances, promotion of competition, as well as protection of depositors, investors and banks' small customers (consumers).

In the tradition of the long period of regulation that followed the Second World War, supervision in Finland remained far into the 1980s for the most part legality control in the narrow sense of the term. When the financial markets and capital movements were liberalized, the situation changed profoundly. In an environment of free financial markets and a well-functioning market economy, lending can no longer be regulated and inflation cannot erode the real value of debts and deposits.

The various sectors of society were not fully aware of this fact, and the risks of borrowing were not well understood. Supervision of financial markets was not sufficiently efficient and the related legislation was not amended in light of the changed circumstances. At the start of the 1990s, Finland rushed from a spending spree into the worst depression and banking crisis of its peacetime history. In that connection, banking support and a parliamentary resolution on safeguarding stability of the financial system were concrete reflections of the vital importance of a stable financial system to the functioning of a modern society. At the same time, the interests of depositors, other creditors of banks and to some extent banks' owners were protected. Finally, the ensuring of stability and reliability were recognized as the primary objective of financial supervision.

## **From banking crisis to a new transitional phase**

Adaptation to a free operating environment has entailed profound changes in the banking environment and structures. The doors of every second Finnish bank branch have been closed for the last time and the number of bank employees has declined by more than a third, and the trend continues. The savings bank group shrank radically during the banking crisis. Union Bank of Finland and Kansallis-Osake-Pankki merged to form Merita Bank, the large majority of cooperative banks was amalgamated into a tighter group than before, and the state-owned companies Postipankki Ltd and Finnish Export Credit Ltd are slated to be grouped under joint management. Foreign banks, especially branches of Swedish and Danish banks, have begun in earnest to establish themselves in Finland. The latest major event was the announcement by Merita Bank and the Swedish Nordbanken of their intent to combine into the MeritaNordbanken group.

A marked heightening of competition is characteristic of the new transitional phase. Walls between institutional groups operating in the financial markets are crumbling. Cross-border provision of services is increasing due to new technology and integration. Sector overlap – ie the entry of financial institutions, insurance companies and retailers into each others' business areas – heightens competition. Stage Three of EMU and other aspects of internationalization compel these entities to innovate and seek strategic solutions, eg through alliances, in order to remain viable. The ongoing transition also means that the deposit guarantee, which in practice has been unlimited, will be limited to FIM 150 000.

## **Forms of regulation and supervision**

Regulation and supervision of credit institutions and capital markets refers above all to the overseeing of supervised entities' risk management systems and the stability of their internal activities, with a focus on assessment of internal control systems, risks and risk-bearing capacity. Moreover, supervisory authorities endeavour to facilitate market participants' efforts to promote stability themselves via market discipline, ie by requiring such entities to provide more comprehensive and detailed infor-

mation. Due to liberalization, economic regulation (or even control), which was usual in past years and influenced directly supervised entities' performance and activities, is vanishing or has already vanished as a means of supervision. Oversight through cooperation between the central bank and supervisory authorities is being established as one form of supervision and regulation. Such oversight concerns particularly the reliable functioning of payment and settlement systems and is intended to reduce the likelihood of systemic risk realization.

The extent of supervision and regulation varies from New Zealand's model, which is largely market-oriented and based on market discipline, to tight control by the authorities. An extreme form of the latter exists in countries where the banking sector is still marked by a high degree of state ownership with foreign exchange control and regulation of interest rates and credit. Perhaps the most essential issue concerning enhancement of supervision is how to strike the proper balance between market self-regulation and supervision by authorities.

### **Supervision by the Financial Supervision Authority and the strategy followed**

#### **From Banking Supervision Office to Financial Supervision Authority**

The banking crisis concretized the need for more efficient supervision of the financial system and mechanisms for ensuring stability. In 1992 the Government Guarantee Fund was established under the Ministry of Finance to handle problems associated with solvency and restructuring of banks. The Banking Supervision Office, which had functioned under the Ministry of Finance, was abolished in 1993 and replaced by the Financial Supervision Authority (FSA), which was administratively tied to the Bank of Finland. The FSA makes its supervisory decisions independently. The name 'Financial Supervision Authority' describes the nature of the activities better than 'Banking Supervision Office', because from 1987 enterprises operating in the securities markets have gradually joined banks on the list of supervised entities. The FSA's connection with the central bank makes it possible to use resources more efficiently than before. The independence of FSA decisionmaking is supported by its Board, which consists of the Director General of the FSA and representatives of the Bank of Finland, the Ministry of Finance, and the Insurance Department of the Ministry of Social Affairs and Health.

Having representatives from the Insurance Supervision of the Ministry of Social Affairs and Health on the FSA's Board facilitates supervisory cooperation across banking, securities and insurance markets. This cooperation has been intensified with the signing in June 1997 of a Memorandum of Understanding, defining the principles of cooperation.

### **FSA's strategic priorities**

The goal of FSA supervision is to promote stability of the financial markets and reliability of markets and supervised entities' operations. Moreover, the FSA constitutes part of the supervisory network that is needed for maintaining the stability and reliability of the EU's common market. The FSA aims at promoting development of supervised entities' internal systems of control and risk management as well as intensifying market self-regulation. The FSA's essential strategic priorities include market orientation, transparency, efficiency and effectiveness as well as cooperation with supervised entities and supervisory authorities in other countries, especially EU states.

Market orientation and transparency mean that in the future, supervised and publicly traded enterprises will be obliged to more actively disclose information on factors influencing their financial results. The FSA aims at narrowing the gap between the information reported by supervised entities for supervisory purposes and that which they are required to publish. At the same time, the FSA is working with other authorities and supervised entities to improve the quality of information provided by supervised entities eg in their annual accounts. In order to enhance the transparency of supervision, the publication of supervisory opinions is being increased and systematized.

To improve the efficiency of its resource allocation, the FSA is working to specify in more detail how often and with what precision different institutions and services should be supervised without compromising the objective of financial system stability. At the same time, the FSA is endeavouring to conduct its supervisory activities so as to make more effective use of supervised entities' own internal control systems. It should also be contemplated whether the competition and consumer issues in this field now fall more clearly within the purview of specialized authorities other than the FSA.

One of the FSA's concerns is to prevent Finnish regulation from becoming more stringent than that of the other EU countries. The FSA issues guidelines and regulations only if these are important and necessary for attainment of its own objectives and those of EU directives and legislation.

The approaching Stage Three of EMU calls for increasingly close cooperation between supervisors in EU member states. The heightening of competition is expected to bring about significant structural changes in the financial sector, at least in the long run. The FSA considers it important to anticipate changing circumstances, eg by preparing for the supervisory challenges presented by cross-border mergers and other combinations. One current example of this is the formation of the MeritaNordbanken group, which will require very concrete cooperation between the FSA and the Swedish supervisory authority, Finansinspektionen. According to EU principles of home state supervi-

sion, the main responsibility for this group will lie with the FSA, while Finansinspektionen is still responsible for supervision of the Sweden-based part of the group, Nordbanken Ab.

## **Future prospects and conclusions**

### **Limitation of the deposit guarantee and changes in the safety network**

A new law on the deposit guarantee fund and abolition of obligatory membership in existing guarantee funds entered into force at the start of 1998. The formerly unlimited deposit guarantee is now limited to FIM 150 000 per depositor per bank. Moreover, the so-called bank resolution passed by Parliament in 1993 will be abrogated later in 1998. The resolution states that: 'Parliament requires the Finnish State to guarantee that Finnish banks are able to meet their commitments on time under all circumstances. Whenever necessary, Parliament shall grant sufficient appropriations and powers to enable the Government to meet such commitments'. In the future it will be more important that a depositor consider carefully in which bank he wants to place his money. Therefore it is particularly important to improve the quality and quantity of published up-to-date information so that depositors will be adequately informed to make choices.

We must prepare for possible future situations in which an individual bank goes into liquidation and its depositors and other creditors and owners lose their money. We cannot always have recourse to the state, ie the taxpayer, and supervision can never be so comprehensive as to prevent all problems. For instance, a well-managed individual bank may be successful and profitable when the local economy is healthy. However, when the local economy encounters an exceptional recession – eg due to bankruptcy of the most important local employer, declining agriculture or other similar cause – the bank may fail or lose its vigour even under good management. Nor is it impossible that at some time in the future banks may be managed by those who prefer high risks to prudence and safety. If a bank goes bankrupt in such circumstances, its depositors will be compensated only to the extent of the deposit guarantee; other investors and owners may lose their entire investments.

Neither the Finnish FSA nor any supervisor in any other country can guarantee that an individual bank or other financial institution will not fail. In this respect the FSA could be compared to the police, although it does not otherwise wish to play such a role. Even though the police cannot prevent all crimes, criminality would certainly increase if we did not have them.

A bank's commercial decisions are always made by managers who are selected by the owners. The bank's auditors are responsible for ensuring, on behalf of the owners, that the annual accounts drawn up by management provide owners

and other interest groups with a true and fair view as to the bank's financial position and that the bank's governance, ie its management system, measures up to its task. Public supervision cannot and must not interfere in business decisions. The task of the supervisory authority is to control the observance of existing legislation aimed at maintenance of stability and to take the initiative when it considers that legislation is in need of revision so as to better ensure the stability and reliability of the markets. Yet, the supervisor cannot guarantee stability and, moreover, success in the financial sector is always a reflection of overall economic conditions. The more stable the path of the macroeconomy and the stance of economic policies, generally the more stable the financial and banking sector.

Also beyond Finland's borders, the trend in supervision philosophy is clearly toward monitoring the functionality of supervised entities' internal control systems. Another distinct focus is on the requirement of timely and sufficient market information. Investors are responsible for their own decisions, but it is important that we try to ensure that they have reliable information on which to base their decisions. That is one of the basic elements of a well-functioning market economy.

The FSA is also endeavouring to activate its own information policy and increase transparency. For these purposes the FSA makes use of technical developments and eg Internet, on which all legislation concerning the FSA as well as its guidelines and regulations are made available, as are summaries of its activities, press releases and news.

### **Internationalization**

Coordinated international cooperation between bank supervisors has long traditions. Nordic bank supervisors have cooperated for at least 73 years. In the last few decades the need for international cooperation has grown continuously. In 1974, when insolvency of the German bank Herstatt caused serious disturbances in international foreign exchange markets, the largest (G-10<sup>1</sup>) industrial countries intensified their cooperation in banking supervision by establishing the Basle Committee on Banking Supervision in connection with the Bank for International Settlements (BIS). The Committee initiated its work by preparing recommendations on principles for supervision of international banking and international supervisory cooperation (the so-called Basle Concordat). In the last decade the EU has been actively working to harmonize member states' legislation, building on the foundation laid by the Basle Committee. In this connection the EU has issued a number of directives. As a result, member states now have a common regulatory and supervisory framework defining the minimum level

<sup>1</sup> The G-10 countries, which actually number eleven, are the United States, Great Britain, Japan, Canada, France, Italy, the Netherlands, Germany, Belgium, Sweden and Switzerland.



of supervision. This framework is applied even more widely, at least among the industrial countries.

European integration is based on the principle that supervision will continue to be the responsibility of national authorities. Even though Finland's location and size compel it to be prepared to adapt to whatever unfolds, we can still influence international recommendations while they are being prepared in the EU institutions.

In considering supervision enhancement, we must be concerned with international cooperation not only within the EU but also otherwise. In this way, we will be able *inter alia* to reduce opportunities for avoiding supervision and to prepare for crisis management. In this respect it was significant that worldwide principles for banking supervision, based on the 25 principles for effective banking supervision<sup>2</sup> adopted by the Basle Committee, were approved in connection with the annual meeting of the World Bank and International Monetary Fund in September 1997. These principles concerned *inter alia* granting of authorization, supervisory methods, information exchange and international banking.

In 1996 the cooperative body for the capital markets, IOSCO<sup>3</sup>, the cooperation organization of insurance supervisors, IAIS<sup>4</sup>, and BIS established a joint organ (Joint Forum on Financial Conglomerates) for preparing rules concerning financial conglomerates. Thus, we hopefully anticipate that in the next few years a set of supervisory principles will be established on a global scale.

### Development of the financial markets and supervision

In recent years, much attention has been paid in Finland to sector overlap and cross-ownership between insurance institutions and banks, to the similarity between their investment activities, and to the increased significance of risk management in both banking and insurance activities. In summer 1997 the Ministry of Finance appointed a commissioner to make a proposal by 30 November 1997 on how to organize supervision and regulation so as to ensure efficient, effective and comprehensive super-

vision by authorities. The proposal was to take into account the supervisory consequences of technical advance and integrating markets, the changes that Stage Three of EMU will imply for the tasks of the Bank of Finland, as well as sector overlap and supervision of financial conglomerates.

In his report, published on 24 November 1997, the commissioner proposed that the FSA and the Insurance Supervision be combined into a single independent supervisory authority in the Prime Minister's Office. The report, while making an important contribution to the ongoing discussion on the direction in which supervision should move, represents only one of many viewpoints. It should be noted here that the FSA and the Insurance Supervision of the Ministry of Social Affairs and Health have adopted a joint Memorandum of Understanding, confirming their modes of cooperation in supervisory activities. The two parties will work to intensify such supervisory cooperation as referred to in the Memorandum of Understanding and to enhance it in accord with the needs of the international and domestic markets.

The most important issue here is not how supervision is arranged or in how many organizations or under which institutions. The essential goals are the efficiency and functionality of supervision, given the limits of available resources. The range of supervision models available across the globe differ rather sharply, even within the EU. Despite the principle of home state supervision, the changeover to the single European currency at the onset of Stage Three of EMU will increase the pressure for harmonization of supervision in the EU area, and it is difficult to imagine that the European Central Bank would not play an important role in this supervision. To function smoothly, the internal market needs a level playing field, even in respect of supervision. It would be to Finland's advantage to participate in this levelling rather than trying to construct overly extensive and complicated supervisory structures for its own small markets.

25 November 1997

<sup>2</sup> Basle Committee on Banking Supervision, *The Core Principles for Effective Banking Supervision*.

<sup>3</sup> International Organization of Securities Commissions (established in 1984).

<sup>4</sup> IAIS = International Association of Insurance Supervisors (established in 1992).

- Key words: Financial Supervision Authority, financial supervision, stability of the financial system

## Item

### **A Strengthened Commitment to Transition Studies**

The Bank of Finland continues to develop its resources in analysis and research of economies in transition. From the start of this year, the former Unit for Eastern European Economies has been renamed the Bank of Finland's Institute for Economies in Transition. In addition to the Institute's traditional monitoring activities and its well-established weekly report on Russian and Baltic economies, a new

monthly report on the Russian economy has just been launched. The Institute will increase the size of the research staff and deepen its contribution to the field of transition studies internationally. Emphasis will also be placed on expanding international co-operation and dissemination of analyses.

Dr Pekka Sutela now heads the Institute for Economies in Transition. Previously he was Professor in the Economics of Transition at the University of Helsinki and an advisor to the Board of the Bank of Finland.

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

1997

## SEPTEMBER

**Tender rate.** On 15 September, the Bank of Finland raises its tender rate from 3.00 per cent to 3.25 per cent. In addition, the interest rate on banks' excess reserves is raised from 1.00 per cent to 1.25 per cent.

## NOVEMBER

**Money market tenders.** As at 3 November, the Bank of Finland shortens the maturity applied in its money market tenders from one month to two weeks. The normal settlement day for these tenders will be the banking day following the trade day.

**Liquidity credit.** As at 3 November, the Bank of Finland shortens the maturity applied in its liquidity credit from seven days to one day. The Bank of Finland also abolishes the limits on collateralized liquidity credit.

# 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 68 % 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 21° C (70° F) in July and -3° C (25° F) in February.

Finland has a population of 5 132 320 (31 December 1996) and an average population density of 17 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 532 053 inhabitants, Espoo (Esbo) 196 260, Tampere (Tammerfors) 186 026, Vantaa (Vanda) 168 778 and Turku (Åbo) 166 929.

There are two official languages: 93 % of the population speaks Finnish as its mother tongue and 5.7 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-Ugrian group of languages, which also includes Estonian and Hungarian.

## Form of government

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

The legislative power of the country is exercised by Parliament and the President of the Republic. The supreme executive power is vested in the President, who is elected for a period of six years. The President for the current term, 1 March 1994 to 1 March 2000, is Mr Martti Ahtisaari.

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

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

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

Finland is divided into 452 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 500 billion in basic values in 1996, 2 % was generated in agriculture and fishing, 2 % in forestry, 26 % in industry, 6 % in construction, 11 % in trade, restaurants and hotels, 9 % in transport and communications, 4 % in finance and insurance, 21 % in other private services and 19 % by producers of government services. Of total employment of 2.1 million persons in 1996, 7.1 % were engaged in primary production, 27.6 % in industry and construction and 65.3 % in services.

In 1996, expenditure on the gross domestic product in purchasers' values amounted to FIM 574 billion and was distributed as follows: net exports 8 % (exports 38 %, imports -30 %), gross fixed capital formation 16 %, private consumption 54 % and government consumption 22 %. Finland's tax ratio (gross taxes including compulsory employment pension contributions relative to GDP) was 48.2 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 1990-96. Finland's GDP per capita in 1996 was USD 24 400.

**Foreign trade.** EU countries absorb the bulk of Finnish merchandise exports. In 1992-1996 their average share was 51.7 %. Over the same period, Finland's exports to other European countries (including Russia) accounted for 23.4 % and to the rest of the world for 24.9 %. The regional distribution of Finland's merchandise imports in the same period has been quite similar to that of exports: EU countries accounted for 51.4 %, other European countries for 24.7 % and the rest of the world for 23.9 %.

In 1996, the share of forest industry products in total merchandise exports was 30 %, the share of metal and engineering products 40 % and the share of other goods 30 %. 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 21 %.

**Forest resources.** Finland has fairly abundant forest resources but only limited amounts of other raw materials. The growing stock comprises 1 973 million cubic metres, of which 46 % is pine, 36 % spruce, 15 % birch and 3 % other broad-leaved species.

The annual growth increment totals 75.4 million cubic metres and the total drain was about 59 million cubic metres in 1996.

## 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 fluctuation limits of the markka were abandoned and the markka was allowed to float. On 14 October 1996, the markka was joined to the Exchange Rate Mechanism (ERM) of the European Monetary System (EMS) at the central rate of 5.80661 per ECU. As from 25 November 1996 the ECU central rate is FIM 5.85424.

**The Central Bank.** The Bank of Finland (Suomen Pankki - Finlands Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Council, 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 Council, 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 1996). Finland has three major groups of deposit banks with a total of 1 447 offices. There are two big commercial banks with national branch networks and five smaller ones. The commercial banks have a total of 14 foreign branches, subsidiaries and associate banks and 18 representative offices abroad. There are 40 savings banks and 298 cooperative banks with their own extensive branch networks. In addition, four foreign banks have branches in Finland and nine foreign banks have representative offices.

**Financial markets.** Of the total stock of FIM 712 billion in outstanding domestic credit at end-June 1997, 48 % was accounted for by deposit banks, 6 % by insurance companies, 23 % by pension insurance institutions, 12 % by other credit institutions and 11 % by state and local authorities and social security funds.

In the money market, 68 % of the instruments, which totalled approximately FIM 165 billion at end-June 1997, were bank certificates of deposit (including central bank paper). Other negotiable money market instruments consist of Treasury bills, commercial paper and local authority paper.

There are 75 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 371 billion (at end-June 1997). Domestic bonds and debentures in circulation at end-June 1997 totalled FIM 259 billion; government bonds made up 73 % of the total. Turnover on the Stock Exchange in 1996 amounted to FIM 102 billion; the share of shares and subscription rights in the total was about 99 %. In January-June 1997 share turnover amounted to FIM 82 billion.

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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

	1996		1997			
	31 Dec	8 Dec	15 Dec	23 Dec	31 Dec	
<b>ASSETS</b>						
<b>Reserve assets</b>	36 397	51 437	50 723	51 179	51 455	
Gold	1 742	1 742	1 742	1 742	1 742	
Special drawing rights	1 344	1 239	1 596	1 760	1 772	
IMF reserve tranche	1 953	2 281	2 272	3 015	3 036	
ECU-claim on the European Monetary Institute	2 541	4 071	4 057	4 076	4 078	
Foreign exchange assets	28 817	42 104	41 057	40 586	40 827	
<b>Other foreign claims</b>	3 853	3 951	3 950	3 224	3 342	
Markka subscription to Finland's quota in the IMF	3 794	3 890	3 890	3 163	3 281	
Share in the European Monetary Institute	59	61	60	61	61	
<b>Claims on financial institutions</b>	13 497	6 114	2 951	2 951	2 951	
Liquidity credits	-	-	-	-	-	
Securities with repurchase commitments	11 626	3 423	-	-	-	
Term credits	-	-	-	-	-	
Bonds	196	115	115	115	114	
Other claims on financial institutions	1 676	2 576	2 837	2 837	2 837	
<b>Claims on the public sector</b>	1 906	1 976	1 981	2 015	2 015	
Treasury bills	-	-	-	-	-	
Bonds	-	-	-	-	-	
Total coinage	1 906	1 976	1 981	2 015	2 015	
Other claims on the public sector	-	-	-	-	-	
<b>Claims on corporations</b>	2 266	1 762	1 762	1 762	1 762	
Financing of domestic deliveries (KTR)	70	26	26	26	26	
Other claims on corporations	2 197	1 736	1 736	1 736	1 736	
<b>Other assets</b>	598	604	557	559	635	
Accrued items	490	487	440	455	528	
Other assets	108	118	117	104	107	
<b>Valuation account</b>	-	-	-	-	-	
<b>Total</b>	<b>58 518</b>	<b>65 844</b>	<b>61 926</b>	<b>61 691</b>	<b>62 159</b>	
<b>LIABILITIES</b>						
<b>Foreign liabilities</b>	5 680	5 604	5 597	4 787	4 911	
Allocations of special drawing rights	951	1 036	1 032	1 039	1 046	
IMF markka accounts	3 794	3 890	3 890	3 163	3 281	
Other foreign liabilities	934	678	676	585	584	
<b>Notes and coin in circulation</b>	16 891	16 897	17 797	18 443	17 817	
Notes	15 076	15 061	15 946	16 557	15 923	
Coin	1 815	1 836	1 851	1 886	1 894	
<b>Certificates of deposit</b>	15 530	10 700	11 930	10 350	10 500	
<b>Liabilities to financial institutions</b>	8 329	14 804	9 110	10 163	10 681	
Reserve deposits	6 829	12 297	6 340	7 393	7 911	
Term deposits	-	-	-	-	-	
Other liabilities to financial institutions	1 500	2 508	2 770	2 770	2 770	
<b>Liabilities to the public sector</b>	-	-	-	-	-	
Current accounts	-	-	-	-	-	
Other liabilities to the public sector	-	-	-	-	-	
<b>Liabilities to corporations</b>	574	47	44	36	32	
Deposits for investment and ship purchase	574	47	44	36	32	
Other liabilities to corporations	-	-	-	-	-	
<b>Other liabilities</b>	220	65	57	58	55	
Accrued items	193	19	19	18	23	
Other liabilities	27	47	38	40	32	
<b>Valuation account</b>	260	6 692	6 356	6 821	258	
<b>Provisions</b>	5 270	5 270	5 270	5 270	12 140	
Pension provision	1 516	1 516	1 516	1 516	1 601	
Other provisions	3 754	3 754	3 754	3 754	10 540	
<b>Capital accounts</b>	5 764	5 764	5 764	5 764	5 764	
Primary capital	5 000	5 000	5 000	5 000	5 000	
Reserve fund	764	764	764	764	764	
Net earnings	-	-	-	-	-	
<b>Total</b>	<b>58 518</b>	<b>65 844</b>	<b>61 926</b>	<b>61 691</b>	<b>62 159</b>	

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

End of period	Foreign sector							Public sector			
	Gold	Special drawing rights	IMF reserve tranche	ECU-claim on the European Monetary Institute	Foreign exchange assets	Reserve assets (1+2+3+4+5)	Other claims, net	Net claims (6+7)	Claims	Liabilities	Net claims (9-10)
	1	2	3	4	5	6	7	8	9	10	11
1993	2 180	664	1 747		28 882	33 473	-1 324	32 148	1 788	784	1 004
1994	2 180	1 537	1 354		47 672	52 743	-1 114	51 629	1 806	93	1 713
1995	1 742	1 569	1 685	3 363	40 506	48 865	-2 082	46 783	1 882	75	1 807
1996	1 742	1 344	1 953	2 541	28 817	36 397	-1 826	34 571	1 906	-	1 906
1997	1 742	1 772	3 036	4 078	40 827	51 455	-1 569	49 886	2 015	-	2 015
1996 Dec	1 742	1 344	1 953	2 541	28 817	36 397	-1 826	34 571	1 906	-	1 906
1997 Jan	1 742	1 370	1 937	2 528	54 432	62 009	-1 292	60 717	1 907	-	1 907
Feb	1 742	1 544	1 983	2 544	54 189	62 002	-1 370	60 632	1 907	-	1 907
Mar	1 742	1 514	1 930	2 532	51 982	59 700	-1 268	58 432	1 907	-	1 907
Apr	1 742	1 186	1 986	4 011	49 851	58 775	-1 227	57 548	1 904	-	1 904
May	1 742	1 121	1 998	4 000	49 607	58 468	-1 267	57 201	1 908	-	1 908
Jun	1 742	1 100	1 963	3 984	50 322	59 111	-1 397	57 714	1 921	-	1 921
Jul	1 742	1 557	2 023	3 965	55 189	64 475	-1 533	62 942	1 921	-	1 921
Aug	1 742	1 711	2 031	3 978	54 008	63 470	-1 622	61 848	1 926	-	1 926
Sep	1 742	1 588	2 081	3 958	52 686	62 055	-1 750	60 305	1 939	-	1 939
Oct	1 742	1 489	2 068	4 031	54 754	64 085	-1 941	62 144	1 947	-	1 947
Nov	1 742	1 234	2 271	4 071	41 920	51 238	-2 256	48 982	1 955	-	1 955
Dec	1 742	1 772	3 036	4 078	40 827	51 455	-1 569	49 886	2 015	-	2 015

End of period	Domestic financial sector				Corporate sector				
	Term claims on deposit banks, net	Reserve deposits of deposit banks <sup>1</sup>	Other claims on financial institutions, net	Net claims (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
1993	3 738	-13 165	4 022	-5 405	747	-2 651	-1 904	14 508	4 880
1994	7 337	-6 398	-463	476	496	720	1 216	14 994	14 837
1995	1 480	-6 526	-347	-5 392	316	1 285	1 601	14 315	35 236
1996	7 076	-15 676	655	-7 945	185	1 706	1 891	15 611	27 090
1997	11 626	-6 829	372	5 169	70	1 623	1 692	16 891	15 530
1996 Dec	11 626	-6 829	372	5 169	70	1 623	1 692	16 891	15 530
1997 Jan	14 277	-5 082	336	9 531	68	1 797	1 865	15 659	47 370
Feb	12 104	-1 404	324	11 024	63	1 856	1 918	15 590	47 520
Mar	18 158	-10 649	319	7 828	59	1 919	1 978	16 131	41 950
Apr	17 070	-6 717	294	10 647	50	1 784	1 834	16 064	41 700
May	12 568	-8 091	283	4 760	42	1 669	1 712	16 068	34 760
Jun	9 558	-10 397	258	-581	42	1 695	1 738	16 315	29 110
Jul	10 575	-3 651	252	7 176	42	1 712	1 754	16 359	40 170
Aug	8 225	-12 522	252	-4 045	37	1 748	1 785	16 287	28 440
Sep	9 214	-4 458	226	4 982	33	1 767	1 800	16 046	36 760
Oct	15 103	-13 983	188	1 308	26	1 792	1 819	16 144	34 900
Nov	4 411	-11 612	184	-7 017	26	1 684	1 710	16 381	12 200
Dec	-	-7 911	181	-7 730	26	1 704	1 730	17 817	10 500



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

### 2.1 The Bank of Finland's minimum reserve system and standing facilities

	Reserve requirement			Required reserves <sup>1</sup> , mill. FIM	Excess reserves, mill. FIM	Total reserves, mill. FIM (4+5)	Liquidity credits, mill. FIM
	On deposits payable on demand, %	On other deposits, %	On other items, %				
	1	2	3	4	5	6	7
1993	2.0	1.5	1.0	6 398			440
1994	2.0	1.5	1.0	6 526			14
1995	2.0	1.5	1.0	6 557			123
	I-IX			6 530			37
	X-XII			6 652	616	7146	121
1996	2.0	1.5	1.0	6 717	440	7092	1
1997	2.0	1.5	1.0		747	7464	
Dec	2.0	1.5	1.0	6 578	992	7570	186
1997							
Jan	2.0	1.5	1.0	6 560	423	6983	-
Feb	2.0	1.5	1.0	6 590	992	7582	-
Mar	2.0	1.5	1.0	6 582	1478	8060	-
Apr	2.0	1.5	1.0	6 589	566	7156	18
May	2.0	1.5	1.0	6 623	598	7221	-
Jun	2.0	1.5	1.0	6 602 <sup>r</sup>	1165	7767 <sup>r</sup>	-
Jul	2.0	1.5	1.0	6 777 <sup>r</sup>	378	7155 <sup>r</sup>	-
Aug	2.0	1.5	1.0	6 803 <sup>r</sup>	626	7429 <sup>r</sup>	-
Sep	2.0	1.5	1.0	6 769 <sup>r</sup>	521	7290 <sup>r</sup>	-
Oct	2.0	1.5	1.0	6 799 <sup>r</sup>	1020	7818 <sup>r</sup>	-
Nov	2.0	1.5	1.0	6 911 <sup>r</sup>	892	7803 <sup>r</sup>	-
Dec	2.0	1.5	1.0	6 999	310	7309	-

<sup>1</sup> As of 2 October 1995, the minimum reserve requirement is fulfilled on an averaging basis; until 2 October 1996, end of month figures.

### 2.2 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
1993	86 521	146 899	-50 486	-9 892
1994	35 540	351 820	-295 165	-21 115
1995	50 435	434 810	-393 930	9 555
1996	94 080	250 980	-190 562	33 662
1997	128 220	422 500	-294 770	490
1996				
Dec	12 650	15 530	-6 430	3 550
1997				
Jan	17 100	47 370	-2 780	-27 490
Feb	15 500	47 520	-28 660	-3 360
Mar	1 450	41 950	-47 030	6 530
Apr	24 200	41 700	-13 630	-3 870
May	5 700	34 760	-34 700	5 640
Jun	9 600	32 760	-22 160	-1 000
Jul	10 420	36 520	-22 950	-3 150
Aug	8 350	30 260	-26 320	4 410
Sep	12 300	34 630	-23 120	790
Oct	12 200	36 900	-28 830	4 130
Nov	11 400	15 700	-18 480	14 180
Dec	0	22 430	-26 110	3 680

### 2.3 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
1992	20 050	-70 640	-1 650	390	45 060
1993	25 120	-45 080	7 460	-6 910	33 240
1994	20 930	-12 900	9 060	-8 930	24 660
1995	4 910	-5 470	-6 170	9 170	-10 135
1996	7 360	-7 320	-	-	-13 868
1996					
Nov	-	-480	-	-	30
Dec	-	-	-	-	-950
1997					
Jan	38 340	-	12 620	-12 260	-250
Feb	-	-	430	-	-1 660
Mar	1 460	-720	-2 610	2 540	-3 490
Apr	-	-690	-4 240	3 070	-8 160
May	-	-60	-100	-	-930
Jun	2 880	-	70	-	-870
Jul	4 940	-	-1 310	6 300	-3 560
Aug	-	-	-70	-	-670
Sep	-	-	-70	-	-1 240
Oct	-	-	-3 160	3 100	-800
Nov	-	-	-1 560	1 560	-15 300

### 2.4 Forward exchange contracts between Finnish markka and other currencies, mill. FIM

Stock at end of period	Finnish banks' forward contracts						Non-residents' forward contracts with Finnish customers (excl. Finnish banks)			The Bank of Finland's forward contracts	
	With Finnish customers (excl. Finnish banks)			With foreign customers			Total				Net currency sales
	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net (1-2)	Currency purchases from foreign customers	Currency sales to foreign customers	Net (4-5)	Net (3+6)	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net (8-9)	Net currency sales
1	2	3	4	5	6	7	8	9	10	11	
1992	39 195	32 939	6 256	21 142	32 339	-11 197	-4 941	1 614	1 929	-315	7 133
1993	38 373	23 721	14 652	14 346	21 895	-7 548	7 104	11 632	2 173	9 459	1 939
1994	51 096	22 093	29 003	19 236	32 791	-13 555	15 448	18 372	4 780	13 592	-6 080
1995	60 280	19 095	41 185	31 837	48 906	-17 069	24 116	12 829	6 871	5 957	-
1996	53 520	21 793	31 726	44 068	72 021	-27 953	3 773	15 871	6 908	8 963	-
1996											
Nov	53 072	22 459	30 614	51 554	76 001	-24 446	6 168	18 476	7 649	10 827	-
Dec	53 520	21 793	31 726	44 068	72 021	-27 953	3 773	15 871	6 908	8 963	-
1997											
Jan	61 066	21 103	39 964	61 130	72 501	-11 371	28 593	18 219	5 597	12 622	-12 185
Feb	60 646	20 139	40 507	58 008	66 207	-8 199	32 308	18 779	5 040	13 740	-12 185
Mar	62 218	23 415	38 803	57 783	85 313	-27 530	11 273	18 160	5 138	13 023	-9 924
Apr	65 819	25 160	40 659	59 142	84 411	-25 268	15 391	20 854	10 927	9 927	-5 589
May	65 324	25 735	39 588	53 735	82 076	-28 340	11 248	22 115	9 477	12 638	-5 589
Jun	65 886	30 056	35 830	58 688	83 157	-24 468	11 362	24 007	12 681	11 326	-5 589
Jul	71 933	31 074	40 859	55 146	83 978	-28 831	12 028	30 797	14 976	15 821	-4 690
Aug	74 387	33 124	41 263	60 935	99 872	-38 936	2 327	28 558	17 323	11 235	-4 690
Sep	69 721	36 411	33 310	68 654	93 287	-24 632	8 678	24 439	16 998	7 441	-4 690
Oct	68 258	37 917	30 340	92 393	116 191	-23 798	6 542	24 034	19 297	4 737	-15 78
Nov	68 813	36 778	32 035	93 566	115 303	-21 737	10 298	28 528	17 234	11 294	-

### 3. Rates of interest

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

Average of daily observations	Interbank overnight rate	HELIBOR					Bank of Finland rates		
		1 month	3 months	6 months	12 months	Liquidity credit rate	Excess-reserve rate <sup>1</sup>	Base rate	
		1	2	3	4	5	6	7	8
1993	7.71	7.85	7.73	7.59	7.47	8.95	4.95	6.85	
1994	4.38	5.11	5.35	5.78	6.33	7.11	3.11	5.27	
1995	5.26	5.63	5.76	5.97	6.34	7.63	3.63	5.20	
1996	3.66	3.58	3.63	3.74	3.99	5.57	1.57	4.38	
1997	2.87	3.10	3.23	3.41	3.69	5.07	1.07	4.00	
1996 Dec	3.11	3.02	3.08	3.20	3.40	5.00	1.00	4.00	
1997 Jan	2.68	3.02	3.07	3.16	3.34	5.00	1.00	4.00	
1997 Feb	2.85	3.01	3.07	3.17	3.34	5.00	1.00	4.00	
1997 Mar	2.51	3.01	3.07	3.18	3.42	5.00	1.00	4.00	
1997 Apr	3.24	3.02	3.08	3.21	3.48	5.00	1.00	4.00	
1997 May	2.51	3.01	3.08	3.19	3.40	5.00	1.00	4.00	
1997 Jun	2.76	3.00	3.07	3.19	3.42	5.00	1.00	4.00	
1997 Jul	2.85	3.00	3.08	3.22	3.50	5.00	1.00	4.00	
1997 Aug	3.02	3.01	3.13	3.31	3.68	5.00	1.00	4.00	
1997 Sep	3.06	3.15	3.31	3.52	3.89	5.14	1.14	4.00	
1997 Oct	2.75	3.29	3.57	3.91	4.26	5.25	1.25	4.00	
1997 Nov	2.90	3.35	3.65	4.00	4.32	5.25	1.25	4.00	
1997 Dec	3.20	3.31	3.60	3.87	4.18	5.25	1.25	4.00	

<sup>1</sup> Call money deposit rate until 2 October 1995.

#### 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	Excess-reserve rate
1	2	3	4	5
1993	7.87	1993 +2.00	7	-2.00
1994	5.11	1994 +2.00	7	-2.00
1995	5.63	1995 +2.00	7	2.25
1996	3.57	1996 +2.00	7	1.00
1997	3.07	1997 +2.00	1	1.25
1996 Dec	3.00	1996 Dec +2.00	7	1.00
1997 Jan	3.00	1997 Jan +2.00	7	1.00
1997 Feb	3.00	1997 Feb +2.00	7	1.00
1997 Mar	3.00	1997 Mar +2.00	7	1.00
1997 Apr	3.00	1997 Apr +2.00	7	1.00
1997 May	3.00	1997 May +2.00	7	1.00
1997 Jun	3.00	1997 Jun +2.00	7	1.00
1997 Jul	3.00	1997 Jul +2.00	7	1.00
1997 Aug	3.00	1997 Aug +2.00	7	1.00
1997 Sep	3.14	1997 Sep +2.00	7	1.25
1997 Oct	3.25	1997 Oct +2.00	7	1.25
1997 Nov	3.25	1997 Nov +2.00	1	1.25
1997 Dec	3.25	1997 Dec +2.00	1	1.25
13.3.1996	3.75	13.3.1996		1.75
14.6.1996	3.60	14.6.1996		1.60
5.7.1996	3.50	5.7.1996		1.50
23.8.1996	3.25	23.8.1996		1.25
18.9.1996	3.10	18.9.1996		1.10
9.10.1996	3.00	9.10.1996		1.00
15.9.1997	3.25	15.9.1997		1.25

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

Average of daily observations	ECU	3 currencies	Commercial ECU
	3 months		
	1	2	3
1993	8.0	5.9	8.1
1994	5.9	5.2	6.1
1995	5.9	5.2	6.0
1996	4.4	4.3	4.4
1997	4.3	4.4	4.3
1996 Dec	4.1	4.3	4.2
1997 Jan	4.1	4.2	4.1
1997 Feb	4.1	4.2	4.1
1997 Mar	4.2	4.3	4.3
1997 Apr	4.1	4.4	4.2
1997 May	4.1	4.3	4.2
1997 Jun	4.1	4.3	4.2
1997 Jul	4.2	4.3	4.2
1997 Aug	4.3	4.4	4.4
1997 Sep	4.3	4.5	4.3
1997 Oct	4.5	4.6	4.5
1997 Nov	4.6	4.8	4.6
1997 Dec	4.5	4.8	4.5

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

Average for period	Lending						Markka deposits and other markka funding					
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits <sup>1</sup>	36-month tax-exempt deposits <sup>1</sup>	Other tax-exempt deposits, max. rate of interest <sup>1</sup>	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markka funding
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total								
	1	2	3	4	5	6	7	8	9	10	11	12
1992	14.04	15.86	13.32	13.75	12.46	2.13	7.50	8.50	4.50	7.41	12.84	9.14
1993	9.69	13.55	9.40	9.75	10.20	9.92	3.50	4.50	2.00	4.78	8.86	6.15
1994	7.32	11.55	7.13	7.35	8.18	7.91	3.25	4.25	2.00	2.99	5.96	4.01
1995	7.85	11.33	7.30	7.46	8.04	7.75	2.75	3.75	2.00	3.13	6.29	4.08
1996	5.61	9.61	5.31	5.43	6.49	6.15	2.00	3.00	2.00	2.15	4.31	2.78
1996												
Nov	5.12	9.58	4.87	4.98	5.94	5.62	2.00	3.00	2.00	1.80	3.77	2.38
Dec	5.21	9.04	4.38	4.48	5.83	5.48	2.00	3.00	2.00	1.73	3.92	2.35
1997												
Jan	4.03	9.99	4.63	4.65	5.75	5.39	2.00	.	2.00	1.69	..	..
Feb	5.59	10.01	4.67	4.79	5.70	5.35	2.00	.	2.00	1.61	..	..
Mar	5.51	9.97	4.78	4.91	5.67	5.32	2.00	.	2.00	1.48	..	..
Apr	6.03	9.68	4.53	4.64	5.65	5.29	2.00	.	2.00	1.47	..	..
May	5.25	9.83	4.85	4.96	5.62	5.27	2.00	.	2.00	1.45	..	..
Jun	5.46	9.31	4.84	4.93	5.59	5.24	2.00	.	2.00	1.43	..	..
Jul	5.45	9.69	4.43	4.53	5.57	5.21	2.00	.	2.00	1.42	..	..
Aug	4.17	9.77	4.75	4.80	5.54	5.18	2.00	.	2.00	1.42	..	..
Sep	4.99	9.42	4.69	4.77	5.57	5.22	2.00	.	2.00	1.42	..	..
Oct	4.09	9.70	4.95	4.97	5.61	5.27	2.00	.	2.00	1.44	..	..
Nov	6.06	9.52	4.98	5.08	5.67	5.35	2.00	.	2.00	1.43	..	..

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

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

Period	Bonds				Shares
	Reference rates calculated by the Bank of Finland		Taxable government bonds		Share yield
	3 years	5 years	5 years	10 years	
	1	2	3	4	5
1992					
1993	13.1	13.0	12.0	11.5 <sup>1</sup>	2.5
1994	8.5	8.9	8.2	8.8	1.2
1995	8.5	9.3	8.4	9.1	1.0
1996	8.2	8.9	7.9	8.8	2.4
	5.8	6.8	6.0	7.1	2.1
1996					
Nov	5.0	5.9	5.1	6.5	2.3
Dec	5.0	5.9	5.0	6.3	2.2
1997					
Jan					
Feb	4.8	5.7	4.8	6.1	2.2
Mar	4.7	5.5	4.6	5.9	1.8
Apr	4.8	5.6	4.8	6.1	2.1
May	5.0	5.8	5.0	6.4	2.3
Jun	4.9	5.7	4.8	6.2	2.2
Jul	4.9	5.7	4.8	6.1	2.1
Aug	4.9	5.6	4.7	5.9	2.0
Sep	5.0	5.7	4.9	5.9	2.0
Oct	5.2	5.8	4.9	5.8	2.0
Nov	5.3	5.9	5.1	5.7	1.9
	5.4	5.9	5.1	5.8	2.0

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

## 4. Rates of exchange

### 4.1 Middle rates, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oslo	Copenhagen	Reykjavik	Frankfurt am Main	Amsterdam	Brussels	Zurich
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 ISK	1 DEM	1 NLG	1 BEF	1 CHF
	1	2	3	4	5	6	7	8	9	10	11	12
1993	5.7189	4.434	8.582	8.371	0.7350	0.8059	0.8822	0.0846	3.4584	3.0787	0.1655	3.8706
1994	5.2184	3.824	7.982	7.799	0.6758	0.7393	0.8207	0.0745	3.2169	2.8684	0.1561	3.8179
1995	4.3658	3.181	6.891	6.999	0.6123	0.6889	0.7790	0.0674	3.0471	2.7202	0.1481	3.6941
1996	4.5905	3.367	7.164	7.345	0.6847	0.7111	0.7921	0.0689	3.0530	2.7247	0.1484	3.7211
1997	5.1944	3.753	8.506	7.871	0.6799	0.7339	0.7859	0.0732	2.9939	2.6603	0.1451	3.5785
1996 Dec	4.6398	3.409	7.726	7.709	0.6799	0.7173	0.7809	0.0692	2.9883	2.6635	0.1450	3.4927
1997 Jan	4.7765	3.541	7.924	7.791	0.6764	0.7408	0.7803	0.0700	2.9754	2.6498	0.1443	3.4297
Feb	4.9757	3.672	8.089	7.898	0.6720	0.7508	0.7794	0.0707	2.9729	2.6468	0.1441	3.4264
Mar	5.0716	3.702	8.141	7.932	0.6622	0.7448	0.7834	0.0713	2.9886	2.6558	0.1448	3.4601
Apr	5.1307	3.681	8.360	7.965	0.6678	0.7360	0.7876	0.0721	3.0003	2.6680	0.1454	3.5109
May	5.1337	3.722	8.382	7.780	0.6694	0.7271	0.7922	0.0729	3.0169	2.6825	0.1462	3.5903
Jun	5.1732	3.737	8.503	7.797	0.6680	0.7177	0.7869	0.0735	2.9966	2.6637	0.1452	3.5881
Jul	5.3051	3.854	8.869	7.942	0.6793	0.7134	0.7783	0.0747	2.9641	2.6325	0.1436	3.5832
Aug	5.5097	3.967	8.838	8.004	0.6891	0.7221	0.7850	0.0759	2.9903	2.6550	0.1448	3.6380
Sep	5.3561	3.862	8.571	7.931	0.6954	0.7318	0.7862	0.0747	2.9932	2.6579	0.1450	3.6364
Oct	5.2695	3.803	8.595	7.730	0.6958	0.7444	0.7874	0.0737	2.9981	2.6613	0.1454	3.6278
Nov	5.2205	3.696	8.809	7.844	0.6902	0.7395	0.7916	0.0735	3.0130	2.6731	0.1461	3.7093
Dec	5.3714	3.768	8.925	7.830	0.6899	0.7413	0.7934	0.0749	3.0220	2.6817	0.1465	3.7327

Average of daily quotations	Paris	Rome	Vienna	Lisbon	Madrid	Athens	Tallinn	Tokyo	Melbourne	Seoul	ECU Commercial 1 XEU	SDR 1 XDR
	1 FRF	1 ITL	1 ATS	1 PTE	1 ESP	1 GRD	1 EEK	1 JPY	1 AUD	1 KRW	23	24
	13	14	15	16	17	18	19	20	21	22		
1993	1.0096	0.00364	0.4916	0.0356	0.0451	0.025	0.4060	0.05168	3.885	..	6.685	7.98671
1994	0.9406	0.00324	0.4573	0.0314	0.0390	0.0215	0.4021	0.05106	3.814	..	6.175	7.46629
1995	0.8748	0.00268	0.4331	0.0291	0.0350	0.0189	0.3809	0.04663	3.238	..	5.644	6.61879
1996	0.8978	0.00298	0.4340	0.0298	0.0363	0.0191	0.3816	0.04225	3.593	..	5.751	6.66357
1997	0.8894	0.00305	0.4255	0.0296	0.0355	0.0190	0.3742	0.04303	3.859	..	5.864	7.14420
1996 Dec	0.8845	0.00304	0.4247	0.0296	0.0355	0.0189	0.3735	0.04075	3.702	..	5.767	6.67218
1997 Jan	0.8817	0.00305	0.4229	0.0298	0.0355	0.0190	0.3719	0.04051	3.712	..	5.777	6.75569
Feb	0.8806	0.00301	0.4225	0.0296	0.0351	0.0190	0.3716	0.04048	3.818	..	5.771	6.88718
Mar	0.8859	0.00299	0.4246	0.0297	0.0352	0.0190	0.3736	0.04138	3.998	..	5.801	6.98562
Apr	0.8908	0.00303	0.4263	0.0299	0.0356	0.0190	0.3750	0.04086	3.997	..	5.853	7.03636
May	0.8945	0.00305	0.4286	0.0299	0.0357	0.0189	0.3771	0.04335	3.975	..	5.880	7.12016
Jun	0.8878	0.00305	0.4258	0.0297	0.0355	0.0189	0.3745	0.04527	3.902	..	5.855	7.19320
Jul	0.8785	0.00304	0.4213	0.0293	0.0351	0.0189	0.3705	0.04609	3.939	0.00596	5.846	7.30859
Aug	0.8873	0.00306	0.4250	0.0295	0.0354	0.0191	0.3738	0.04672	4.085	0.00614	5.886	7.45951
Sep	0.8904	0.00307	0.4254	0.0295	0.0355	0.0190	0.3741	0.04434	3.876	0.00589	5.872	7.28131
Oct	0.8936	0.00306	0.4260	0.0294	0.0355	0.0190	0.3748	0.04355	3.800	0.00569	5.891	7.21962
Nov	0.9000	0.00308	0.4281	0.0295	0.0357	0.0192	0.3766	0.04172	3.630	0.00507	5.961	7.17348
Dec	0.9028	0.00308	0.4295	0.0296	0.0357	0.0192	0.3777	0.04152	3.562	0.00368	5.980	7.27353

## 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
	1	2	3
1993	6.69420	132.4	136.0
1994	6.19108	123.2	125.5
1995	5.70936	111.6	111.6
1996	5.83028	115.3	115.8
1997	5.88125	118.4	122.6
1996 Dec	5.79898	115.2	115.9
1997 Jan	5.80159	115.8	117.4
Feb	5.80357	116.4	119.4
Mar	5.82954	116.8	120.5
Apr	5.87626	117.8	121.5
May	5.90366	118.6	122.1
Jun	5.88180	118.7	122.4
Jul	5.86447	119.0	123.8
Aug	5.90587	120.4	126.4
Sep	5.89038	119.5	124.7
Oct	5.89974	119.4	123.9
Nov	5.94676	119.4	123.7
Dec	5.97130	119.5	125.4

## 4.3 Deviations of ERM currencies' markka rates from central rates, per cent

Average of daily observations	ECU	DEM	FRF	NLG	DKK	BEF	ESP	ATS	PTE	IEP	ITL
Central rate as of 25 Nov. 1996	5.85424	3.04000	0.906422	2.69806	0.796976	0.147391	0.0357345	0.432094	0.029657	7.32960	0.00307071
	1	2	3	4	5	6	7	8	9	10	11
1995	-1.69	0.23	-3.48	0.82	-2.25	0.49	-2.02	0.24	-1.84	-4.52	..
1996	0.30	0.43	-0.95	0.99	-0.61	0.65	1.49	0.44	0.40	0.21	-3.07
1997	0.46	-1.52	-1.88	-1.40	-1.39	-1.56	-0.78	-1.53	-0.12	7.38	-0.72
1996 Dec	-0.94	-1.70	-2.42	-1.28	-2.02	-1.63	-0.70	-1.71	-0.14	5.17	-1.16
1997 Jan	-0.90	-2.13	-2.73	-1.79	-2.10	-2.07	-0.78	-2.12	0.39	6.29	-0.74
Feb	-0.87	-2.21	-2.85	-1.90	-2.20	-2.26	-1.79	-2.23	-0.21	7.76	-2.04
Mar	-0.42	-1.69	-2.27	-1.57	-1.70	-1.73	-1.45	-1.73	0.29	8.22	-2.53
Apr	0.38	-1.31	-1.73	-1.12	-1.18	-1.34	-0.52	-1.34	0.88	8.67	-1.31
May	0.84	-0.76	-1.31	-0.58	-0.60	-0.84	0.02	-0.80	0.97	6.14	-0.53
Jun	0.47	-1.43	-2.06	-1.27	-1.26	-1.49	-0.74	-1.45	0.01	6.37	-0.61
Jul	0.17	-2.50	-3.08	-2.43	-2.35	-2.58	-1.65	-2.50	-1.04	8.36	-0.86
Aug	0.88	-1.64	-2.11	-1.60	-1.50	-1.74	-0.92	-1.65	-0.47	9.20	-0.30
Sep	0.62	-1.54	-1.77	-1.49	-1.36	-1.62	-0.73	-1.56	-0.59	8.20	-0.11
Oct	0.78	-1.38	-1.41	-1.36	-1.20	-1.38	-0.63	-1.40	-0.75	5.47	-0.29
Nov	1.58	-0.89	-0.71	-0.92	-0.67	-0.89	-0.18	-0.92	-0.46	7.02	0.14
Dec	2.00	-0.59	-0.40	-0.61	-0.45	-0.62	0.03	-0.59	-0.26	6.83	0.40

## 5. Financial markets and money supply

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

End of period	Tax-exempt			Subject to withholding tax			Other taxable			Markka deposits, total (4+7+10)	Foreign currency deposits (12)	Other markka funding (13)	Total funding (11+12+13)	
	Cheque and trans- actions accounts	Time deposits	Other deposits	Total (1+2+3)	Cheque and trans- actions accounts	Other deposits	Total (5+6)	Cheque and trans- actions accounts	Other deposits					Total (8+9)
	1	2	3	4	5	6	7	8	9					10
1992	84 316	55 387	1 393	141 096	12 144	67 492	79 636	28 882	14 862	43 743	264 476	15 679	54 494	334 649
1993	88 881	66 361	1 457	156 699	10 360	51 943	62 303	32 098	17 664	49 762	268 764	15 788	62 599	347 151
1994	96 796	63 329	1 895	162 021	9 467	47 908	57 375	37 279	18 739	56 018	275 414	13 332	58 067	346 813
1995	106 997	63 599	2 611	173 207	10 916	45 529	56 445	45 558	16 163	61 721	291 373	14 843	50 675	356 891
1996	132 113	29 672	27 140	188 926	10 746	25 207	35 953	48 329	10 438	58 767	283 646	12 495	55 046	351 187
1996														
Nov	128 438	37 075	19 100	184 612	10 669	28 342	39 011	44 262	11 125	55 387	279 010	12 199	56 905	348 113
Dec	132 113	<u>29 672</u>	<u>27 140</u>	188 926	10 746	25 207	35 953	48 329	10 438	58 767	283 646	12 495	55 046	351 187
1997*														
Jan	132 906	45 917	12 758	191 581	11 730	21 897	33 627	49 009	10 769	59 778	284 986	12 234	55 065	352 284
Feb	131 106	48 529	13 234	192 869	11 273	20 165	31 438	44 822	10 368	55 189	279 497	12 043	60 346	351 885
Mar	132 054	50 024	13 824	195 902	11 512	19 201	30 713	48 803	9 973	58 775	285 390	11 876	66 039	363 306
Apr	133 313	50 984	15 063	199 360	8 525	16 990	25 515	46 969	10 294	57 263	282 139	10 794	66 369	359 302
May	134 300	51 556	15 254	201 111	8 771	16 450	25 222	50 048	10 116	60 164	286 497	11 900	69 938	368 335
Jun	134 432	52 104	15 364	201 900	8 548	15 788	24 336	52 499	9 558	62 057	288 293	12 094	63 175	363 561
Jul	135 230	52 563	15 484	203 277	8 252	15 059	23 311	49 515	9 541	59 056	285 645	11 480	74 487	371 612
Aug	136 678	52 854	15 575	205 107	8 207	14 379	22 586	48 581	9 569	58 150	285 843	11 434	73 195	370 472
Sep	134 963	53 793	14 845	203 602	8 277	14 162	22 439	49 347	9 239	58 587	284 627	12 458	77 982	375 067
Oct	135 800	51 832	16 358	203 990	8 482	14 102	22 584	51 018	9 275	60 293	286 867	12 254	82 490	381 611
Nov	137 885	50 911	16 516	205 312	7 798	14 078	21 876	51 174	9 123	60 297	287 485	12 079	66 002	365 566

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

End of period	Non-financial corporations	Financial and insurance institutions (excl. banks)	General government (excl. central government)	Non-profit institutions	Households	Foreign sector	Markka-lending, total (1+2+3+4+5+6)	Foreign currency lending	Total lending (7+8)
1992	77 261	9 280	4 724	14 845	180 396	65	286 570	98 724	385 294
1993	83 285	9 304	4 036	12 802	171 540	103	281 070	69 819	350 889
1994	81 130	11 121	3 367	13 016	162 913	124	271 670	47 078	318 748
1995	78 601	13 045	2 918	12 645	155 990	253	263 452	33 124	296 575
1996	82 894	18 554	3 052	13 088	152 594	119	270 301	24 130	294 430
1996									
Nov	82 377	18 655	2 676	13 101	153 611	119	270 539	25 691	296 230
Dec	<u>82 894</u>	<u>18 554</u>	<u>3 052</u>	<u>13 088</u>	<u>152 594</u>	<u>119</u>	<u>270 301</u>	<u>24 130</u>	<u>294 430</u>
1997*									
Jan	77 954	14 434	2 946	13 132	151 419	.	259 885	19 284	279 169
Feb	79 050	15 224	3 014	13 197	151 542	.	262 027	20 276	282 303
Mar	79 043	15 757	2 956	13 160	151 711	.	262 627	18 834	281 461
Apr	79 582	16 409	2 979	13 213	151 866	.	264 049	18 707	282 756
May	79 532	17 233	3 031	13 154	152 515	.	265 466	18 491	283 956
Jun	79 240	17 409	2 973	13 214	152 671	.	265 507	17 709	283 215
Jul	78 977	17 866	2 964	13 294	153 460	.	266 562	17 318	283 879
Aug	78 637	19 006	2 976	13 467	154 484	.	268 570	16 802	285 371
Sep	78 597	19 613	3 071	13 617	155 001	.	269 898	16 378	286 276
Oct	78 392	20 566	3 055	13 573	155 563	.	271 147	18 314	289 461
Nov	76 557	21 218	3 215	13 709	156 001	.	270 699	16 928	287 627

### 5.3 Money supply, mill. FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	Monetary aggregates		
		Claims on the central government	Claims on the public	Total (2+3)		M <sub>1</sub>	M <sub>2</sub> (1+4+5)	M <sub>3</sub>
	1	2	3	4	5	6	7	8
1992	-68 099	81	439 937	440 018	-97 909	134 829	274 011	310 733
1993	-25 989	1 848	403 742	405 589	-100 006	141 759	279 595	322 408
1994	12 844	6 092	365 712	371 804	-97 953	154 357	286 696	328 509
1995	25 481	19 837	353 340	373 177	-94 870	175 921	303 788	329 820
1996	40 638	12 821	350 230	363 052	-106 399	204 834	297 291	325 473
1996								
Nov	36 768	16 834	350 532	367 366	-111 862	196 631	292 273	326 535
Dec	40 638	12 821	350 230	363 052	-106 399	204 834	297 291	325 473
1997*								
Jan	53 240	14 975	335 976	350 951	-105 893	206 956	298 298	339 801
Feb	56 614	9 887	338 163	348 050	-111 763	200 605	292 901	328 095
Mar	56 842	10 209	337 213	347 421	-105 201	206 040	299 062	338 407
Apr	58 658	14 411	337 724	352 134	-115 138	202 323	295 654	340 840
May	63 106	16 769	338 988	355 757	-118 574	206 912	300 289	349 640
Jun	73 782	3 256	337 432	340 689	-112 576	209 080	301 894	350 332
Jul	73 668	6 226	337 876	344 102	-118 495	206 628	299 276	353 820
Aug	72 438	5 162	339 432	344 594	-117 191	207 465	299 841	348 202
Sep	87 296	3 686	340 221	343 906	-133 073	206 090	298 129	350 548
Oct	83 287	5 621	342 934	348 555	-131 097	209 178	300 745	353 649
Nov	..	..	..	..	..	210 932	301 561	345 464

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

End of period	Foreign currency-denominated debt			Markka-denominated debt					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
1993	142 824	12 753	155 577	71 082	16 060	22 824	-9 700	100 266	255 843	66 439	36 487
1994	160 587	15 975	176 562	93 008	17 100	33 153	-12 300	130 961	307 523	67 658	43 012
1995	158 545	13 756	172 301	143 948	17 492	37 864	-12 300	187 004	359 305	66 855	41 878
1996	158 847	16 161	175 008	177 700	17 187	37 620	-12 300	220 479	395 487	64 316	38 369
1997	142 717	25 839	168 556	214 876	16 545	30 388	-12 300	249 745	418 301	..	..
1996											
Dec	158 847	16 161	175 008	177 700	17 187	37 620	-12 300	220 479	395 487	64 316	38 369
1997											
Jan	159 222	20 920	180 142	180 261	17 187	40 506	-12 300	225 926	406 068	64 637	38 322
Feb	162 085	21 502	183 587	183 752	17 187	43 932	-12 300	232 769	416 356	64 957	51 137
Mar	158 001	21 195	179 196	187 972	17 149	43 821	-12 300	236 879	416 075	65 096	44 839
Apr	155 575	21 828	177 403	192 178	16 865	43 658	-12 300	240 588	417 991	66 479	41 543
May	155 880	23 054	178 934	194 126	16 865	44 045	-12 300	242 923	421 857	65 951	46 841
Jun	159 454	24 635	184 089	186 952	16 581	42 797	-12 300	234 248	418 337	65 979	37 376
Jul	156 183	25 261	181 444	190 450	16 574	44 522	-12 300	239 533	420 977	65 569	37 195
Aug	155 814	24 994	180 808	192 441	16 574	41 545	-12 417	238 430	419 238	65 716	37 233
Sep	154 425	25 586	180 011	202 789	16 573	39 063	-12 417	246 215	426 226	66 004	48 389
Oct	154 826	25 462	180 288	204 172	16 573	34 599	-12 417	243 193	423 481	66 151	48 685
Nov	141 898	25 597	167 495	216 455	16 557	34 458	-12 417	255 279	422 774	..	42 539
Dec	142 717	25 839	168 556	214 876	16 545	30 388	-12 417	249 628	418 184	..	..



## 5.5 Markka bond market

### A) Issues, mill. FIM

During period	Corporations	Financial institutions	Central government	Local government	Others	Total (1+2+3+4+5)
	1	2	3	4	5	6
1992	6 984	15 043	12 965	2 674	4	37 671
1993	11 691	10 481	36 512	2 235	63	60 981
1994	4 053	9 899	31 553	593	-	46 099
1995	643	4 487	66 557	26	-	71 713
1996*	3 213	9 074	62 139	20	-	74 447
1996*						
Nov	1 109	1 392	2 656	-	-	5 157
Dec	63	1 412	3 538	-	-	5 013
1997*						
Jan	-	377	4 608	-	-	4 985
Feb	417	432	4 836	-	-	5 685
Mar	75	1 380	4 660	-	-	6 115
Apr	6	988	4 258	-	-	5 252
May	-	1 071	2 201	-	-	3 276
Jun	451	289	5 472	-	-	6 212
Jul	-	-	3 508	-	-	3 508
Aug	-	425	3 375	-	-	3 800
Sep	1 070	1 454	10 431	-	-	12 955
Oct	1	650	7 424	-	-	8 074
Nov	553	1 446	6 393	-	-	8 392

### 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
1992	26 624	82 153	44 005	5 238	3 358	89 382	13 918	58 078	161 378
1993	32 459	73 893	73 682	6 884	2 009	119 552	10 391	58 984	188 927
1994	30 179	66 467	94 865	6 981	953	141 935	7 581	49 929	199 445
1995	26 480	55 223	145 177	5 814	357	186 799	5 034	41 218	233 051
1996*	25 245	44 656	179 419	4 362	140	219 863	2 956	31 003	253 822
1996*									
Nov	25 641	47 288	176 414	4 641	142	217 494	2 962	33 670	254 126
Dec	25 245	44 656	179 419	4 362	140	219 863	2 956	31 003	253 822
1997*									
Jan	25 091	43 814	181 980	4 357	140	222 769	2 614	29 999	255 382
Feb	24 727	41 827	185 472	4 302	140	226 058	2 393	28 017	256 468
Mar	25 514	43 257	189 688	4 126	99	231 672	2 118	28 894	262 684
Apr	25 462	44 214	193 517	4 126	99	236 936	2 107	28 375	267 418
May	24 336	43 819	195 466	3 977	93	238 090	1 842	27 759	267 691
Jun	23 872	42 300	188 292	3 943	91	229 911	1 833	26 754	258 498
Jul	23 402	41 461	191 789	3 932	91	232 715	1 829	26 131	260 675
Aug	23 103	41 564	193 780	3 924	91	234 752	1 663	26 047	262 462
Sep	23 844	42 915	204 128	3 918	90	247 500	1 477	25 918	274 895
Oct	23 433	43 068	205 511	3 910	88	248 820	1 366	25 824	276 010
Nov	23 709	44 123	217 794	3 860	86	262 709	1 349	25 514	289 572

### C) Turnover, mill. FIM

During period	Primary dealers' transactions in benchmark government bonds		
	Purchases from other primary dealers	Purchases from customers	Sales to customers
	1	2	3
1993	42 945	95 647	117 489
1994	173 096	150 908	176 647
1995	133 357	190 069	215 879
1996	201 528	222 584	242 310
1997	258 634	264 994	291 056
1996 Dec	9 510	12 084	14 868
1997 Jan	25 954	23 993	23 081
Feb	12 586	13 762	18 477
Mar	24 965	20 852	24 048
Apr	18 425	17 110	21 183
May	14 193	16 206	21 661
Jun	15 845	20 317 <sup>f</sup>	23 502
Jul	17 873	23 428	27 905
Aug	21 752	25 146	25 637
Sep	28 032	34 507	37 825
Oct	40 705	33 503 <sup>f</sup>	31 670
Nov	17 106	19 655	19 411
Dec	21 198	16 515	16 656

### 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	Banks and finance	Insurance	Trade	Construction	Forest industries	Metal and engineering	Telecommunications and electronics	Chemicals	Conglomerates			
1	2	3	4	5	6	7	8	9	10	11	12	13	
1993	1 240	608	644	-	-	1 695	1 749	-	-	1 751	46 337	59 977	106 314
1994	1 847	719	802	-	-	2 284	2 675	-	-	3 068	68 671	2 147	70 818
1995	1 918	500	638	-	-	2 062	2 255	-	-	4 251	83 019	1 075	84 094
1996	2 032	460	820	-	-	2 040	2 564	-	-	5 681	101 265	541	101 806
1997	3 207	822	1 576	2 255	1 006	2 712	3 408	1 416	900	7 477	186 088	488	186 576
1996 Dec	2 446	588	1 006	-	-	2 131	2 850	-	-	6 692	10 379	60	10 438
1997 Jan	2 674	633	1 183	2 047	1 001	2 241	2 984	1 107	834	6 605	16 271	95	16 366
Feb	2 850	714	1 384	2 180	1 021	2 349	3 232	1 151	894	6 862	15 554	43	15 597
Mar	2 907	723	1 365	2 215	1 041	2 521	3 336	1 140	891	7 228	10 786	26	10 811
Apr	2 826	654	1 357	2 200	1 017	2 487	3 276	1 100	877	7 148	12 401	43	12 444
May	3 045	705	1 420	2 272	1 015	2 713	3 481	1 241	922	7 887	12 254	24	12 278
Jun	3 135	679	1 442	2 362	1 031	2 732	3 574	1 334	926	7 927	14 405	28	14 433
Jul	3 432	839	1 590	2 361	1 064	2 919	3 768	1 565	929	7 849	15 708	28	15 736
Aug	3 530	898	1 581	2 301	1 022	3 001	3 692	1 672	913	7 705	15 325	46	15 371
Sep	3 480	883	1 627	2 209	989	3 001	3 543	1 662	885	7 445	15 719	43	15 762
Oct	3 733	1 016	1 921	2 268	994	3 204	3 607	1 833	926	7 689	24 739	33	24 772
Nov	3 448	1 022	1 925	2 279	946	2 737	3 231	1 631	901	7 593	15 163	27	15 190
Dec	3 303	1 080	2 105	2 370	926	2 508	3 065	1 449	900	7 757	17 764	53	17 817

<sup>1</sup> During period.

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

### 6.1 Current account, mill. FIM

During period	Exports of goods, fob	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account receipts (6+7+8)	Imports of goods, cif	Transport expenditure	Travel expenditure	Other services expenditure	
	1	2	3	4	5	6	7	8	9	10	11	12	13	
1992	105 809	8 643	6 089	7 730	22 462	128 272	6 423	5 920	140 614	93 187	4 360	10 962	13 369	
1993	132 550	10 430	7 079	9 379	26 888	159 438	6 137	6 506	172 080	101 559	5 646	9 237	17 008	
1994	152 022	11 385	7 314	11 808	30 508	182 530	9 617	4 919	197 067	118 684	5 862	8 697	16 800	
1995	172 820	11 900	7 536	14 986	34 422	207 242	12 929	8 596	228 767	125 450	6 029	10 450	19 150	
1996*	182 436	12 404	7 338	15 315	35 057	217 493	15 375	7 698	240 566	138 106	5 529	10 559	16 921	
1995														
I	41 131	2 971	1 499	3 827	8 297	49 428	3 085	1 543	54 056	29 895	1 479	2 326	5 039	
II	45 919	2 977	1 891	3 571	8 439	54 358	3 246	1 549	59 153	31 773	1 572	2 639	4 825	
III	39 617	2 976	2 243	3 718	8 937	48 554	2 707	2 143	53 404	29 856	1 498	2 707	4 349	
IV	46 154	2 976	1 903	3 870	8 749	54 903	3 892	3 360	62 155	33 926	1 481	2 779	4 937	
1996*														
I	42 631	2 997	1 677	3 473	8 146	50 777	4 242	1 446	56 466	33 495	1 382	2 615	4 299	
II	48 126	3 128	1 873	3 729	8 730	56 856	4 511	2 076	63 443	34 519	1 367	2 678	4 088	
III	41 925	3 252	2 065	4 158	9 474	51 399	3 110	1 339	55 848	31 989	1 402	2 571	3 994	
IV	49 754	3 027	1 724	3 955	8 706	58 460	3 512	2 837	64 809	38 102	1 377	2 696	4 540	
1997*														
I	46 007	3 183	1 589	3 358	8 130	54 136	3 494	2 127	59 758	35 568	1 500	2 471	4 214	
II	52 335	3 324	2 047	4 043	9 414	61 749	5 125	2 482	69 356	39 110	1 482	2 744	4 281	
III	51 635	3 456	2 296	3 950	9 702	61 336	4 872	1 876	68 084	37 830	1 521	2 645	3 861	
During period	Services expenditure, total (11+12+13)	Imports of goods and services (10+14)	Investment expenditure	Transfers and other expenditure	Current account expenditure (15+16+17)	Trade account (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21+22)	Goods and services account (19+23)	Investment income, net (7-16)	Transfers and other, net (8-17)	Current account (24+25+26) = (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1992	28 690	121 878	30 424	10 347	162 649	12 622	4 283	-4 873	-5 639	-6 228	6 394	-24 001	-4 428	-22 035
1993	31 891	133 450	34 580	10 390	178 421	30 991	4 784	-2 159	-7 629	-5 004	25 988	-28 443	-3 885	-6 340
1994	31 359	150 043	31 801	8 596	190 440	33 339	5 523	-1 382	-4 992	-851	32 487	-22 184	-3 676	6 627
1995	35 629	161 080	32 529	12 627	206 237	47 370	5 870	-2 914	-4 164	-1 207	46 162	-19 600	-4 032	22 531
1996*	33 009	171 115	32 900	14 520	218 535	44 330	6 875	-3 221	-1 606	2 048	46 378	-17 525	-6 821	22 031
1995														
I	8 844	38 739	9 295	2 825	50 858	11 235	1 492	-827	-1 212	-546	10 689	-6 209	-1 282	3 198
II	9 036	40 809	10 067	3 191	54 067	14 145	1 406	-748	-1 254	-597	13 549	-6 822	-1 641	5 086
III	8 554	38 410	6 630	3 205	48 244	9 761	1 478	-464	-631	383	10 144	-3 923	-1 061	5 160
IV	9 196	43 122	6 538	3 407	53 067	12 228	1 494	-875	-1 066	-447	11 781	-2 646	-47	9 087
1996*														
I	8 296	41 792	8 529	4 010	54 331	9 136	1 614	-938	-827	-151	8 985	-4 287	-2 563	2 135
II	8 133	42 652	10 773	3 862	57 267	13 607	1 761	-805	-358	598	14 204	-6 262	-1 786	6 157
III	7 966	39 956	6 556	3 055	49 567	9 936	1 850	-506	164	1 508	11 444	-3 447	-1 716	6 280
IV	8 613	46 715	7 042	3 593	57 350	11 652	1 650	-972	-585	93	11 745	-3 530	-756	7 459
1997*														
I	8 185	43 753	8 409	4 381	56 544	10 439	1 683	-883	-855	-55	10 383	-4 915	-2 254	3 214
II	8 507	47 617	10 431	3 373	61 422	13 225	1 842	-697	-238	907	14 132	-5 306	-891	7 934
III	8 027	45 857	7 221	3 684	56 762	13 805	1 935	-349	88	1 674	15 479	-2 349	-1 808	11 322

## 6.2 Capital and financial account, mill. FIM

During period	Capital account, imports of capital	Financial account											Total (2+8+12)
		Direct investment in Finland	Portfolio investment in Finland					Other investment in Finland					
			Shares	Bonds	Of which: markka denominated bonds	Money market instruments	Financial derivatives	Total (3+4+6+7)	Trade credits	Loans	Other capital	Total (9+10+11)	
1	2	3	4	5	6	7	8	9	10	11	12	13	
1992	0	1 822	397	39 309	-5 312	-1 791	..	37 915	3 639	2	-15 725	-12 084	27 653
1993	0	4 945	12 748	30 353	3 616	-4 382	..	38 719	4 467	5 457	-29 801	-19 877	23 787
1994	0	8 240	13 400	21 977	-5 783	-2 134	59	33 302	3 107	647	-1 392	2 361	43 903
1995	487	4 642	8 734	-17 868	-3 634	1 421	2 588	-5 125	-1 216	-6 985	8 376	176	-307
1996*	596	5 093	8 937	-4 624	6 250	1 016	1 501	6 830	-3 383	12 737	-1 347	8 006	19 929
1995													
I	0	2 625	392	150	-1 423	-1 889	146	-1 200	-2 601	-333	8 549	5 615	7 040
II	0	-1 243	3 482	-9 335	-3 501	-974	523	-6 303	865	-3 206	-2 136	-4 477	-12 023
III	0	151	2 940	-2 503	932	1 618	1 079	3 134	-1 089	-3 192	-744	-5 025	-1 740
IV	487	3 109	1 920	-6 181	358	2 666	839	-756	1 609	-254	2 707	4 063	6 416
1996*													
I	0	1 759	1 216	2 635	1 155	-502	1 119	5 472	-3 416	4 632	-552	665	7 895
II	0	486	6 143	-5 184	2 516	363	754	2 076	-735	4 717	-3 119	863	3 425
III	0	2 522	374	-4 841	277	-254	-180	-4 902	-42	2 516	4 371	6 844	4 463
IV	596	326	1 204	2 766	2 303	406	-192	4 185	809	872	-2 048	-366	4 145
1997*													
I	0	2 336	5 121	4 146	972	1 919	-94	11 091	-822	6 608	16 033	21 819	35 246
II	0	2 638	7 579	5 234	9 562	-1 551	28	11 291	-1 731	3 193	-7 089	-5 627	8 302
III	0	567	3 460	328	7 497	-1 437	438	2 788	851	5 026	5 264	11 142	14 497

During period	Capital account, exports of capital	Financial account											Errors and omissions	
		Direct investment abroad	Portfolio investment abroad					Other investment abroad				Total (15+20+24)		Change in central bank's reserve assets (increase -)
			Shares	Bonds	Money market instruments	Financial derivatives	Total (16+17+18+19)	Trade credits	Loans	Other capital	Total (21+22+23)			
14	15	16	17	18	19	20	21	22	23	24	25	26	27	
1992	0	-3 372	46	321	2 748	..	3 115	3 634	3 409	7 720	14 763	14 506	9 180	-293
1993	0	8 050	873	767	1 932	..	3 571	1 923	-839	9 576	10 660	22 282	-1 219	6 055
1994	0	22 447	434	-4 294	-855	-279	-4 994	1 213	-7 460	9 762	3 516	20 968	-25 504	-4 058
1995	206	6 539	892	3 685	-5 492	-168	-1 084	3 839	-2 712	11 750	12 877	18 332	1 480	-5 652
1996*	340	16 516	3 250	15 455	364	-172	18 897	982	4 523	15 927	21 431	56 845	14 075	554
1995														
I	0	2 012	-128	1 757	-2 249	-48	-668	660	-1 234	9 695	9 121	10 465	-1 691	1 918
II	104	1 290	375	104	-2 798	31	-2 288	2 379	-150	-7 809	-5 580	-6 577	1 288	-824
III	0	827	461	28	521	-37	973	-132	1 044	3 431	4 343	6 143	1 592	1 131
IV	102	2 410	184	1 797	-967	-115	899	933	-2 373	6 433	4 993	8 302	291	-7 878
1996*														
I	61	5 508	567	4 019	2 424	-26	6 983	-670	2 416	6 458	8 205	20 696	7 254	3 473
II	0	6 798	1 041	3 041	162	71	4 315	779	-2 064	4 834	3 549	14 662	8 457	-3 377
III	0	3 793	728	4 179	-2 457	-51	2 399	-792	1 565	1 927	2 700	8 892	-1 132	-721
IV	279	417	914	4 216	235	-166	5 200	1 665	2 606	2 708	6 979	12 595	-505	1 179
1997*														
I	0	2 363	847	4 504	4 250	-30	9 571	918	3 245	-3 259	904	12 838	-22 134	-3 489
II	0	6 076	1 979	4 847	-2 650	230	4 406	189	1 127	7 425	8 741	19 223	3 031	-43
III	0	3 557	1 287	611	-3 004	52	-1 054	886	13 980	5 450	20 316	22 819	-2 968	-32

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

Position at end of period	Liabilities												Total liabilities (1+7+12)
	Direct investment in Finland	Portfolio investment					Total (2+3+5+6)	Other investment					
		Shares	Bonds	Of which: markka denominated bonds	Money market instruments	Financial derivatives		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	
1992	19 348	5 138	211 361	14 366	19 391	..	235 889	13 305	78 330	11 881	78 804	182 320	437 557
1993	24 391	30 375	266 269	27 402	14 995	-6 103	305 536	18 206	90 825	4 025	54 188	167 243	497 170
1994	31 846	60 558	258 823	22 285	10 309	-5 179	324 511	19 852	82 649	3 430	46 566	152 498	508 855
1995	36 894	63 746	228 676	19 638	10 099	1 545	304 066	18 540	69 249	2 568	53 557	143 914	484 874
1996*	40 854	108 932	229 919	26 284	10 888	3 634	353 373	14 863	83 295	1 733	53 745	153 636	547 863
1995													
I	34 509	53 488	254 534	21 434	7 065	-5 996	309 092	17 218	79 143	3 369	53 433	153 163	496 764
II	33 386	79 430	243 399	18 054	5 577	-6 768	321 638	18 049	75 411	2 580	51 169	147 208	502 233
III	33 665	93 020	233 054	20 230	7 262	-520	332 815	16 930	68 882	2 364	50 032	138 208	504 688
IV	36 894	63 746	228 676	19 638	10 099	1 545	304 066	18 540	69 249	2 568	53 557	143 914	484 874
1996*													
I	38 422	68 674	241 085	20 699	11 192	2 424	323 375	14 873	77 934	1 518	55 412	149 737	511 533
II	38 616	80 962	234 317	23 855	11 126	3 099	329 504	14 214	81 836	1 939	51 588	149 577	517 697
III	40 808	91 198	225 308	23 656	11 286	2 948	330 740	13 940	82 365	1 742	55 621	153 668	525 216
IV	40 854	108 932	229 919	26 284	10 888	3 634	353 373	14 863	83 295	1 733	53 745	153 636	547 863
1997*													
I	43 185	129 824	240 686	27 607	12 751	2 789	386 050	13 794	90 724	2 624	70 541	177 683	606 918
II	45 859	162 713	254 126	37 564	11 501	1 003	429 343	12 092	97 074	2 870	64 439	176 475	651 678
III	46 423	201 959	255 444	45 286	9 196	2 637	469 236	12 962	102 165	2 737	69 819	187 683	703 342

Position at end of period	Assets											Total assets (14+19+24)	
	Direct investment abroad	Portfolio investment					Total (15+16+17+18)	Other investment					
		Shares	Bonds	Money market instruments	Financial derivatives	Trade credits		Loans	Currency and deposits	Other	Total (20+21+22+23)		
14	15	16	17	18	19	20	21	22	23	24	25		
1992	44 921	469	8 697	7 917	..	17 083	21 389	35 251	12 665	78 257	147 562	209 565	
1993	53 090	1 783	10 709	11 030	447	23 968	26 256	35 981	5 799	91 127	159 162	236 221	
1994	59 451	1 984	5 109	9 115	488	16 696	25 500	24 847	8 257	109 847	168 451	244 598	
1995	65 350	3 216	9 619	2 736	177	15 748	28 358	20 381	7 290	115 543	171 571	252 669	
1996*	82 038	7 124	25 077	3 478	-21	35 657	29 929	25 438	5 895	124 523	185 785	303 480	
1995													
I	60 074	1 751	6 557	5 835	157	14 300	25 254	22 668	6 352	118 897	173 172	247 546	
II	60 607	2 158	6 930	2 977	115	12 180	27 440	22 142	5 915	108 686	164 183	236 971	
III	60 880	2 661	6 870	3 503	200	13 233	27 092	22 978	6 397	108 057	164 524	238 637	
IV	65 350	3 216	9 619	2 736	177	15 748	28 358	20 381	7 290	115 543	171 571	252 669	
1996*													
I	73 551	3 984	14 063	5 670	169	23 886	27 980	23 594	5 435	121 308	178 317	275 754	
II	79 164	4 999	16 834	5 842	93	27 768	28 892	21 499	5 523	118 075	173 989	280 922	
III	81 377	5 835	20 620	3 176	48	29 679	27 902	22 873	6 488	119 331	176 594	287 650	
IV	82 038	7 124	25 077	3 478	-21	35 657	29 929	25 438	5 895	124 523	185 785	303 480	
1997*													
I	85 335	8 543	30 418	7 556	128	46 645	26 384	29 411	6 060	147 402	209 257	341 237	
II	93 336	11 548	36 412	5 173	522	53 655	26 969	31 180	7 010	155 538	220 696	367 687	
III	98 182	13 269	37 226	2 303	725	53 522	28 010	45 410	5 473	166 399	245 292	396 997	

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

Position at end of period	Corporate sector	Households and nonprofit institutions	Banks	Bank of Finland	Other financial institutions	Central government	Local government	Net (1+2+3+4+5+6+7)	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	10
1992	33 761	-3 260	82 343	-27 546	28 283	112 064	2 347	227 992	19 011	13.5
1993	54 315	-3 436	45 658	-33 279	29 737	164 892	3 062	260 949	21 897	12.7
1994	82 428	-3 503	33 800	-52 606	21 931	179 113	3 093	264 257	20 296	10.3
1995	72 374	-2 293	18 970	-47 708	13 297	174 481	3 085	232 205	17 490	7.6
1996*	107 522	-1 132	-14 420	-35 522	1 785	183 703	2 448	244 382	16 477	6.8
1995										
I	74 072	-3 359	23 396	-53 298	19 524	185 724	3 159	249 218	5 681	10.5
II	95 145	-3 495	27 092	-50 742	18 024	175 932	3 305	265 261	6 295	10.6
III	103 812	-3 599	20 558	-47 488	17 173	172 368	3 227	266 051	3 396	6.4
IV	72 374	-2 293	18 970	-47 708	13 297	174 481	3 085	232 205	2 118	3.4
1996*										
I	75 429	-2 502	4 613	-42 679	9 630	188 118	3 169	235 779	4 025	7.1
II	83 595	-2 595	-4 569	-33 647	5 689	185 184	3 118	236 776	6 000	9.5
III	92 415	-1 104	-6 027	-34 482	1 893	182 336	2 535	237 566	3 185	5.7
IV	107 522	-1 132	-14 420	-35 522	1 785	183 703	2 448	244 382	3 268	5.0
1997*										
I	130 496	-1 241	4 389	-59 120	-242	189 002	2 396	265 681	4 810	8.0
II	159 260	-1 283	-12 481	-58 737	-4 144	198 979	2 396	283 991	5 201	7.5
III	192 102	-1 480	-19 818	-61 333	-5 573	199 993	2 456	306 346	2 244	3.3

## 7. Foreign trade

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

During period	Exports, fob	Imports, cif	Balance (1-2)
	1	2	3
1992	107 463	94 947	12 516
1993	134 114	103 165	30 949
1994	154 164	120 612	33 552
1995	176 021	128 556	47 465
1996*	185 798	140 996	44 802
1996*			
Oct	17 008	13 391	3 617
Nov	18 977	12 646	6 331
Dec	14 744	12 968	1 776
1997*			
Jan	15 402	11 494	3 908
Feb	15 054	12 008	3 046
Mar	16 725	13 095	3 630
Apr	18 839	14 259	4 580
May	17 416	12 677	4 739
Jun	17 254	13 203	4 051
Jul	18 104	12 260	5 844
Aug	16 108	12 135	3 973
Sep	18 597	14 464	4 133
Oct	19 700	15 000	4 700

### 7.2 Foreign trade: indices of volume, prices and terms of trade, 1990=100

Period	Volume (seasonally adjusted)		Prices		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1992	102.7	84.7	103.1	108.6	95.0
1993	120.6	83.6	109.7	119.6	91.7
1994	136.5	98.0	111.4	119.3	93.3
1995	145.7	104.6	119.2	119.2	100.0
1996*	152.7	112.9	120.2	121.1	99.3
1996*					
Oct	162.9	119.8	118.0	122.3	96.5
Nov	179.0	116.4	117.8	120.8	97.5
Dec	150.9	120.5	116.7	120.8	96.6
1997*					
Jan	163.2	118.0	116.6	121.6	95.9
Feb	160.4	119.2	115.9	121.3	95.5
Mar	168.7	121.1	115.5	121.1	95.4
Apr	186.1	131.2	116.2	120.8	96.2
May	173.8	119.3	116.2	122.3	95.0
Jun	174.9	127.9	116.3	121.9	95.4
Jul	188.9	125.6	117.2	123.6	94.8
Aug	174.0	121.2	118.5	123.5	96.0
Sep	184.9	135.7	118.7	123.3	96.3
Oct	185.5	133.1	120.7	123.8	97.5

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

During period	Exports by industries, fob					Imports by use of goods, cif				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
	1	2	3	4	5	6	7	8	9	10
1992	7 892	32 587	12 172	35 741	19 071	49 514	9 745	13 348	20 826	1 514
1993	10 910	37 430	14 205	48 158	23 411	54 792	10 904	15 396	21 066	1 007
1994	14 198	41 249	15 725	55 895	27 097	66 156	11 687	17 227	24 684	858
1995	13 451	48 754	15 877	69 336	28 603	71 397	9 685	19 660	25 514	2 300
1996*	12 256	43 385	18 005	74 884	37 268	70 783	12 570	21 058	29 886	6 699
1996*										
Sep	1 050	3 513	1 495	6 475	2 639	6 150	1 242	1 733	2 683	209
Oct	1 263	4 098	1 728	6 982	2 937	6 683	1 402	2 167	2 911	228
Nov	1 278	3 764	1 710	9 336	2 889	6 383	1 398	2 012	2 650	203
Dec	977	3 445	1 403	6 599	2 320	6 063	1 413	2 325	2 564	603
1997*										
Jan	1 117	3 803	1 552	6 186	2 744	5 704	1 306	1 719	2 576	189
Feb	1 130	3 611	1 706	5 945	2 662	6 230	1 044	1 658	2 833	243
Mar	1 257	3 827	1 547	7 331	2 763	6 965	805	1 991	2 991	343
Apr	1 351	4 221	1 912	8 254	3 101	7 619	942	2 065	3 105	528
May	1 434	4 138	1 780	6 959	3 105	6 932	1 067	1 760	2 685	233
Jun	1 293	3 691	1 684	7 664	2 922	7 329	1 051	1 921	2 623	279
Jul	1 188	4 253	1 651	8 508	2 504	6 373	1 151	1 713	2 794	229
Aug	926	4 275	1 644	6 593	2 670	6 832	767	1 676	2 630	230
Sep	1 443	4 386	1 659	8 057	3 052	7 439	1 060	2 162	3 120	683

## 7.4 Foreign trade by regions and countries

Region and country	Exports, fob				Imports, cif			
	1996*		Oct 1996 – Sep 1997		1996*		Oct 1996 – Sep 1997	
	Mill. FIM	Percentage share	Mill. FIM	12-month change calculated from 12-month moving total	Mill. FIM	Percentage share	Mill. FIM	12-month change calculated from 12-month moving total
1	2	3	4	5	6	7	8	
<b>European Union<sup>1</sup></b>	101 490	54.5	108 497	7.4	85 511	60.3	90 860	9.8
Austria	1 614	0.9	1 849	20.7	1 560	1.1	1 615	2.2
Belgium and Luxembourg	4 692	2.5	4 684	-1.7	4 146	2.9	4 166	6.5
Denmark	5 652	3.0	6 336	12.4	4 964	3.5	5 220	12.5
France	7 863	4.2	8 421	9.2	6 366	4.5	7 389	26.3
Germany	22 516	12.1	22 440	-3.0	21 344	15.1	22 658	10.8
Greece	963	0.5	1 109	19.5	367	0.3	379	3.8
Ireland	1 096	0.6	1 427	39.8	1 157	0.8	1 224	4.7
Italy	4 772	2.6	5 888	23.1	5 762	4.1	6 100	9.2
Netherlands	7 377	4.0	8 366	16.0	5 074	3.6	5 719	15.0
Portugal	914	0.5	1 127	38.3	1 035	0.7	1 171	12.0
Spain	3 979	2.1	4 389	12.0	1 963	1.4	2 178	21.2
Sweden	19 937	10.7	20 570	5.1	16 911	11.9	18 397	12.2
United Kingdom	19 010	10.2	20 693	11.1	12 540	8.8	12 266	-2.2
<b>Rest of Europe</b>	33 415	17.9	39 281	22.6	23 702	16.7	27 588	24.4
Of which:								
Estonia	5 097	2.7	6 174	28.4	1 672	1.2	2 041	27.5
Norway	5 322	2.9	6 129	17.7	5 783	4.1	6 245	21.0
Poland	2 713	1.5	3 506	43.6	1 305	0.9	1 783	22.2
Russia	11 373	6.1	13 654	28.6	10 280	7.3	12 509	33.4
Switzerland	2 099	1.1	2 055	-2.6	2 434	1.7	2 548	4.9
<b>Non-European industrialized countries<sup>2</sup></b>	23 030	12.4	24 287	13.3	19 826	14.0	21 283	3.8
Of which:								
Australia	2 045	1.1	2 593	25.0	1 239	0.9	1 064	-12.7
Japan	4 844	2.6	4 163	-17.8	7 311	5.2	8 151	7.4
U.S.A.	14 761	7.9	15 334	18.9	10 380	7.3	11 029	2.1
<b>Dynamic Asian economies<sup>3</sup></b>	13 833	7.4	15 448	17.7	6 514	4.6	6 908	6.6
Of which:								
China	2 707	1.5	3 268	27.1	2 088	1.5	2 633	33.1
Hong Kong	3 037	1.6	3 296	23.0	693	0.5	633	-6.9
South Korea	2 723	1.5	2 520	-6.9	792	0.6	701	-19.3
<b>Other countries</b>	14 568	7.8	16 293	5.7	6 166	4.4	7 708	40.1
<b>TOTAL</b>	186 336	100.0	203 805	11.6	141 720	100.0	154 348	12.3
Of which:								
Africa	2 554	1.4	2 870	11.7	937	0.7	1 163	41.6
Asia	27 484	14.7	29 582	9.1	16 139	11.4	18 119	13.5
Central and South America	3 075	1.7	3 431	-31.8	2 750	1.9	3 310	44.3
North America	15 825	8.5	17 181	22.8	11 222	7.9	12 003	3.1
Europe	134 906	72.4	147 777	11.3	109 214	77.1	118 448	12.9
Oceania	2 491	1.3	2 964	18.3	1 457	1.0	1 305	-9.4

<sup>1</sup> Including exports / imports to EU unspecified by country.

<sup>2</sup> Australia, Canada, Japan, New Zealand, United States.

<sup>3</sup> China, Hong Kong, Malaysia, Singapore, South Korea, Taiwan, Thailand.



## 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	5	6	7	8	9
1992	247 363	108 799	75 338	16 899	4 534	452 933	122 059	112 989	462 003
1993	240 177	103 028	60 638	13 890	10 221	427 954	142 459	113 842	456 571
1994	244 761	102 728	60 543	14 107	22 236	444 375	161 376	128 411	477 340
1995	255 968	104 645	69 718	13 338	20 568	464 237	174 580	137 327	501 490
1996*	265 673	108 272	75 262	14 742	17 399	481 348	181 447	143 300	519 495
1995*									
I	63 337	25 582	17 455	3 451	4 843	114 668	44 212	33 793	125 087
II	64 142	26 203	17 195	3 299	4 159	114 998	44 501	34 113	125 386
III	63 962	26 276	17 985	3 222	6 250	117 695	42 343	34 586	125 452
IV	64 527	26 584	17 083	3 366	5 316	116 876	43 524	34 835	125 565
1996*									
I	66 070	26 634	18 097	3 559	6 265	120 625	43 156	36 220	127 561
II	65 805	27 081	18 271	3 659	3 082	117 898	45 073	34 989	127 982
III	66 405	27 169	19 327	3 769	4 316	120 986	45 301	35 292	130 995
IV	67 393	27 388	19 567	3 755	3 736	121 839	47 917	36 799	132 957
1997*									
I	67 179	26 675	18 992	3 754	4 739	121 339	48 085	37 352	132 072
II	67 641	27 084	20 515	4 049	6 247	125 536	50 294	39 129	136 701
III	68 292	27 162	21 420	3 934	5 025	125 833	52 763	39 841	138 755

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

Period	Total industry	Mining and quarrying	Manu- facturing	Wood and paper industries	Metal and engineering industries	Other manu- facturing	Energy and water supply
	(100.0)	(1.3)	(89.6)	(16.8)	(31.3)	(41.5)	(9.1)
	1	2	3	4	5	6	7
1992	92.4	88.4	91.4	94.6	91.1	90.2	103.0
1993	97.4	86.1	96.4	104.5	99.7	90.8	107.9
1994	108.5	96.2	108.1	117.0	119.5	95.8	114.3
1995	117.0	93.9	117.8	117.4	145.7	96.9	112.4
1996*	121.4	87.2	121.7	114.6	155.1	99.3	123.3
1996*							
Oct	124.3	85.8	124.3	120.1	158.8	100.1	128.3
Nov	126.1	85.1	126.8	123.3	162.0	100.6	121.1
Dec	127.8	79.3	128.4	120.3	163.8	101.8	125.5
1997*							
Jan	126.1	86.2	126.3	125.9	162.1	101.6	130.5
Feb	125.7	90.0	126.6	125.2	162.5	102.1	125.3
Mar	129.0	96.0	129.9	127.5	166.1	102.4	123.8
Apr	128.5	94.5	129.5	128.0	167.5	101.6	124.2
May	128.4	81.7	130.0	130.9	167.6	101.6	121.0
Jun	130.5	123.8	131.9	130.3	170.5	102.2	116.9
Jul	131.9	125.9	133.2	130.7	172.7	103.7	120.3
Aug	130.4	120.0	132.0	135.2	173.3	101.5	121.3
Sep	130.3	103.2	132.0	133.5	175.2	99.2	116.8
Oct	132.7	96.3	134.3	133.9	177.4	101.5	120.6

8.3 Indicators of domestic supply and demand, 1990=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 GDP indicator
				Residential buildings	Industrial buildings		
	1	2	3	4	5	6	7
1992	72.7	83.0	59.9	57.3	44.8	78.1	91.1
1993	68.5	78.1	46.9	47.2	35.6	72.9	89.9
1994	73.0	79.7	42.2	45.1	35.2	84.4	93.7
1995	76.2	82.6	42.0	41.1	49.9	88.5	97.7
1996*	77.8	86.0	43.9	38.5	55.6	102.8	100.6
1996*							
Oct	89.3	81.5	45.1	37.6	51.8	114.3	103.1
Nov	87.9	77.4	46.1	41.3	51.9	108.2	102.9
Dec	87.4	78.9	47.6	45.7	53.8	112.4	103.9
1997*							
Jan	88.5						
Feb	87.0	80.3	48.3	49.4	58.2	110.9	104.0
Mar	85.9	78.6	49.3	51.6	59.7	114.0	103.5
Apr	89.4	77.1	49.6	52.8	60.6	110.9	104.3
May	88.4	84.9	51.7	54.4	61.8	120.3	106.2
Jun	89.3	79.9	51.8	52.5	63.3	112.2	105.2
Jul	91.3	83.5	52.7	52.6	62.1	116.3	106.4
Aug	89.2	86.2	54.3	52.0	63.4	119.3	107.6
Sep	91.9	78.8	55.4	52.1	63.7	110.5	106.9
Oct	94.1	88.0	57.0	53.8	63.2	124.7	108.0
		88.4	57.4	55.1	62.4	..	108.6

## 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
1992	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
1993	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
1994	111.4	111.6	115.0	111.1	110.9	111.4	106.2	102.8	118.7	107.1	110.2	105.8	102.2
1995	116.6	117.4	123.1	114.7	112.0	111.3	106.9	103.8	118.5	110.8	118.0	107.7	103.5
1996 <sup>1</sup>	121.1	121.8	127.5	119.2	112.6	111.4	105.9	102.0	120.1	110.9	118.5	107.6	102.7
1996													
Nov	..	..	..	..	112.7	111.5	105.9	102.3	119.3	110.0	116.0	107.4	103.3
Dec	..	..	..	..	112.7	111.5	106.3	102.7	119.3	110.1	115.5	107.8	103.4
1996 <sup>1</sup>													
III	120.7	121.4	127.0	118.9	112.7	111.3	105.6	101.5	120.7	109.9	116.7	107.0	103.0
IV	123.2	123.9	130.3	121.4	112.8	111.6	106.2	102.5	119.8	110.1	115.9	107.6	103.3
1997													
Jan	..	..	..	..	112.6	111.1	106.5	102.6	120.1	110.1	115.3	107.7	103.7
Feb	..	..	..	..	112.8	111.3	106.7	103.2	119.8	110.2	115.0	108.1	103.7
Mar	..	..	..	..	113.2	111.7	106.7	103.2	119.6	110.2	114.5	108.3	104.1
Apr	..	..	..	..	113.8	112.0	106.6	103.2	119.3	110.4	115.2	108.4	104.4
May	..	..	..	..	114.0	112.3	107.3	103.6	120.8	110.7	115.2	108.7	104.8
Jun	..	..	..	..	114.2	112.5	107.4	103.9	120.5	111.0	115.4	109.1	105.2
Jul	..	..	..	..	114.2	112.3	107.9	104.1	122.1	111.4	116.3	109.3	105.5
Aug	..	..	..	..	114.4	112.5	108.2	104.5	122.0	112.2	117.6	109.9	106.0
Sep	..	..	..	..	114.6	112.8	108.4	104.8	121.8	112.3	117.8	110.0	106.1
Oct	..	..	..	..	114.9	113.1	108.7	105.0	122.3	113.0	119.8	110.0	106.3
Nov	..	..	..	..	114.8	..	108.5	104.9	121.7	112.8	119.2	110.0	106.2
1997 <sup>1</sup>													
I	123.5	124.3	130.8	121.7	112.9	111.4	106.6	103.0	119.8	110.2	114.9	108.0	103.8
II	123.5	124.3	130.7	121.8	114.0	112.2	107.1	103.6	120.2	110.7	115.3	108.7	104.8
III	123.6	124.3	130.6	122.1	114.4	112.5	108.2	104.5	122.0	112.0	117.2	109.7	105.9

<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)	By industrial status			By industry			Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agriculture, forestry and fishing	Mining, manufacturing and energy supply	Other industries			
									1000 persons		
%											%
	1	2	3	4	5	6	7	8	9	10	
1992	66.1	2 502	2 174	325	1 849	187	453	1 534	328	13.1	
1993	65.3	2 484	2 041	312	1 729	173	424	1 444	444	17.9	
1994	64.8	2 480	2 024	312	1 712	167	426	1 430	456	18.4	
1995	65.1	2 497	2 068	304	1 764	158	456	1 454	430	17.2	
1996*	65.0	2 503	2 096	302	1 794	148	459	1 489	408	16.3	
1996*											
Nov	65.8	2 545	2 148	326	1 822	169	473	1 506	397	15.6	
Dec	65.3	2 528	2 139	324	1 815	155	451	1 532	389	15.3	
1997*											
Jan	65.4	2 524	2 133	314	1 819	153	461	1 520	391	15.4	
Feb	65.8	2 542	2 154	327	1 827	160	469	1 525	389	15.3	
Mar	65.8	2 543	2 154	320	1 835	150	457	1 548	388	15.3	
Apr	65.7	2 546	2 158	326	1 831	160	460	1 538	388	15.4	
May	66.3	2 551	2 169	323	1 847	153	462	1 554	381	15.1	
Jun	66.0	2 549	2 178	331	1 847	157	455	1 566	371	14.6	
Jul	65.0	2 524	2 167	327	1 840	155	462	1 551	357	13.9	
Aug	65.4	2 534	2 177	329	1 848	149	475	1 552	357	14.1	
Sep	65.6	2 533	2 175	319	1 856	144	460	1 570	358	14.1	
Oct	65.3	2 519	2 172	326	1 845	155	455	1 562	347	13.7	
Nov	65.6	2 527	2 186	331	1 855	147	440	1 600	340	13.5	

## 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
1992	34 312	69 541	1 512	21 251	126 616	5 054	131 669	49 291	105 184	42 990	59 180
1993	31 667	67 291	1 443	28 823	129 224	7 366	136 593	46 880	108 608	42 720	63 535
1994	34 588	68 124	1 792	24 095	128 599	7 308	135 900	48 750	108 155	40 388	65 519
1995	40 092	66 902	1 720	35 837	144 550	7 923	152 473	51 446	113 644	39 481	67 514
1996	48 357	73 943	1 947	39 778	164 024	9 893	173 918	53 696	110 039	33 199	69 533
1996											
Oct	3 590	6 542	58	3 602	13 792	329	14 121	4 205	10 912	2 995	7 040
Nov	4 260	6 049	91	3 216	13 616	1 113	14 729	4 068	7 922	2 301	5 158
Dec	6 515	5 228	69	4 324	16 136	-1 050	15 087	6 133	11 691	2 698	8 599
1997											
Jan	3 070	6 448	121	3 151	12 790	48	12 839	3 875	11 713	3 518	6 429
Feb	3 984	5 292	63	3 363	12 702	37	12 739	3 649	8 393	3 467	4 437
Mar	6 173	8 768	353	2 692	17 986	213	18 199	4 753	8 779	3 719	4 702
Apr	3 808	5 040	219	3 072	12 139	3 262	15 401	4 102	10 571	4 062	5 786
May	5 929	6 399	179	4 036	16 543	1 030	17 573	4 199	8 482	3 687	4 223
Jun	3 928	6 110	260	2 619	12 917	551	13 468	5 440	9 483	3 447	5 304
Jul	4 133	6 519	273	1 522	12 447	1 270	13 717	4 888	1 531	-2 955	3 794
Aug	4 034	6 841	181	1 590	12 646	339	12 985	3 975	6 801	1 363	4 855
Sep	3 869	6 859	178	3 857	14 763	251	15 014	4 611	7 596	2 413	4 575
Oct	3 744	6 392	1 407	1 839	13 382	506	13 888	4 037	9 934	2 409	6 971

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)
1992	5 042	8 499	168 016	35 501	203 516	-41 400	-71 847	70 691	-1 155
1993	4 306	18 076	177 870	19 753	197 623	-48 646	-61 030	84 036	23 009
1994	3 737	22 281	182 923	17 886	200 760	-54 324	-64 860	73 193	8 336
1995	3 208	26 336	194 635	16 765	211 399	-50 085	-58 926	54 071	-4 854
1996	3 325	29 911	196 972	13 756	210 747	-32 947	-36 828	33 845	-2 983
1996									
Oct	369	1 832	17 318	489	17 807	-3 526	-3 686	-258	-3 943
Nov	260	963	13 213	479	13 693	403	1 036	-191	846
Dec	560	1 637	20 021	3 388	23 426	-3 885	-8 339	3 375	-4 965
1997									
Jan	131	5 180	20 899	538	21 437	-8 109	-8 598	9 507	909
Feb	221	663	12 926	421	13 347	-224	-608	7 344	6 736
Mar	164	4 660	18 356	425	18 780	-370	-581	1 203	622
Apr	193	3 094	17 960	4 670	22 630	-5 821	-7 229	-2 609	-9 837
May	377	752	13 810	739	14 549	2 733	3 024	3 167	6 191
Jun	203	2 121	17 247	708	17 954	-4 330	-4 486	-3 959	-8 445
Jul	328	1 750	8 497	921	9 417	3 950	4 300	209	4 509
Aug	253	286	11 315	494	11 809	1 331	1 176	-987	189
Sep	326	2 860	15 393	641	16 034	-630	-1 020	8 777	7 757
Oct	297	1 957	16 225	682	16 906	-2 843	-3 018	-3 021	-6 039

# Notes and explanations to the statistical section

## General

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

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

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

## Notes and explanations to tables

### 1 The balance sheet of the Bank of Finland

**Table 1.2** Domestic financial sector. Term claims on deposit banks, net (Column 12) = bank certificates of deposit held by the Bank of Finland + securities with repurchase commitments + term credits - term deposits. Other claims on financial institutions, net (Column 14) = till-money credits to deposit banks (until May 1993) + bonds + other claims on financial institutions + liquidity credits - call money deposits (until September 1995) - 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** From 2 October 1995, banks fulfil their minimum reserve requirement as a monthly average of deposits. From October 1995, the requirement and deposits are shown for the month during which the requirement is to be fulfilled. Before deposits were shown for the previous month, because deposits were matched with the requirement on the last banking day of that month. The requirement is determined on the basis of the reserve base two months earlier (up to September 1995 one month earlier). The reserve base was changed on 31 March 1995 to comply with the new balance sheet format. Liquidity credits (Column 7): see explanations, Table 3.2.

**Table 2.2** 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 2.3** Foreign exchange transactions are recorded according to trade dates. In addition to spot transactions (Columns 1, 2, 4 and 5) the Bank of Finland's foreign exchange reserves are affected by interest payment and by changes in both the prices of securities and exchange rates. Spot transactions related to forward contracts (Column 4) refer to the combined effects on the foreign

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

**Table 2.4** The markka value of forward contracts is given.

## 3 Rates of interest

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

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

Credit institutions which are subject to the minimum reserve requirement and maintain a current account with the Bank of Finland may obtain liquidity credit to cover overdrafts and to fulfil their minimum reserve requirement. They can obtain liquidity credit 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 in use prior to October 1995 was obtained by subtracting the interest rate margin for call money deposits from the Bank of Finland's tender rate. Since 2 October 1995, the monthly average of a bank's call money deposits exceeding the minimum reserve requirement has been treated as excess reserve. The interest rate paid on excess reserves is determined separately by the Bank of Finland. The values for maturity and interest rate margins are the last values recorded in each period.

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

**Table 3.4** Lending. New credits (Columns 1-4): rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts. Annual rates are arithmetic average of monthly observations until 1987 after which they are weighted by loan amounts. Average lending rates (Columns 5 and 6) are all weighted by

loan amounts. As from January 1989, the loans of Postipankki Ltd have been included in the commercial banks' outstanding stock of loans, *Deposits*. 24-month and 36-month tax-exempt deposits (Columns 7 and 8): from May (September) 1992, 24-month (36-month) deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less two percentage points (one percentage point). In the period from January 1989 to April 1992, 24-month deposits (Column 7) were tax-exempt if they carried a rate of interest which was at most the Bank of Finland's base rate less one percentage point. Other tax-exempt deposits (Column 9): in the period from January 1989 to April 1992, deposits other than 24-month deposits were tax-exempt if they carried a rate of interest which was at most the Bank of Finland's base rate less 4 percentage points. From May 1992, deposits other than 24-month or 36-month deposits are tax-exempt if they carry a maximum rate of interest as prescribed by law. The maximum rate was first set at 4.5 per cent. From 6 May 1993 it has been 2.5 per cent. All markka deposits (Column 10): the stock of deposits comprises all markka deposits by the public. The monthly and annual average rates of interest are weighted by deposit amounts. Other funding (Column 11): CDs outstanding + promissory notes + bonds. The average rate of interest is weighted by amounts. Total markka funding (Column 12); markka deposits by the public + banks' other markka funding. The rate of interest is weighted by amounts.

**Table 3.5** Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted daily by the five largest banks. The yields on five-year and ten-year government bonds (Columns 3 and 4) are calculated by the Bank of Finland as averages of the bid rates quoted daily by the primary dealers. The five-year yield is based on quotations for a fixed-rate bullet serial bond (1/94, 15 Sep 1994 – 15 Sep 2001). As from 24 November 1997 the ten-year yield is based on quotations for a fixed-rate bullet serial bond (1/97, 25 Apr 1997–2008). The share yield (Column 5) is the weighted effective yield on shares quoted on the Helsinki Stock Exchange. Source: Statistics Finland.

#### 4 Rates of exchange

**Table 4.2** FIM/ECU (Column 1): The markka value of the ECU is calculated as the sum of the dollar amounts of the currencies in the ECU valued at current market rates quoted daily at noon Finnish time. The markka was floated on 8 September 1992, continuing until 14 October 1996, when it was joined to the EU's Exchange Rate Mechanism (ERM) at the central rate of 5.80661 per ECU. As from 25 November 1996 the ECU central rate is FIM 5.85424. Trade-weighted currency index (Column 2): The weights are moving averages of the shares of (currently) 16 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 (16 convertible currencies) in Finland's foreign trade.

**Table 4.3** The table shows the deviations of the markka's market exchange rate (markka value of the foreign currency) as a percentage of the ERM central rate for each currency. A plus (+) indicates that the markka is weaker than its central rate value against the other currency; the intervention limit is (central rate) +16.121 per cent. A minus (-) indicates that the markka is stronger than its central rate value against the other currency; the intervention limit is (central rate) -13.881 per cent.

#### 5 Financial markets and money supply

**Table 5.1** The public comprises all entities except the central government, deposit banks and the Bank of Fin-

land. Markka deposits are classified according to tax treatment. The tax status (exempt vs subject to withholding tax) of deposits held by households and estates is determined by the rate of interest. Time deposits that are tax-exempt under income tax law (maximum interest rate: 2 per cent) were transferred in connection with a statistical revision from other deposits (column 3) to time deposits (column 2) at the start of 1997. The remaining traditional 24- and 36-month tax-exempt deposits matured in 1996 and 1997 as the law on deposits tax relief expired. The withholding tax is a final tax collected at source by banks in connection with the payment of interest. Deposits under 'Other taxable' (columns 8–10) are held by entities other than households and estates, ie mostly by enterprises and local governments, and interest earned on them is taxed as ordinary income. Other markka funding (column 13) comprises CDs issued by banks, money market promissory notes and repo sales. The figures for bank CDs include only CDs held by entities other than banks, the Bank of Finland and the central government.

**Table 5.2** The public comprises all entities except the central government, deposit banks and the Bank of Finland. Loans granted from central government funds are not included in markka lending. Banks' markka lending to the foreign sector (column 6) comprises foreign economic units located in Finland, eg foreign embassies, consulates and units of international organizations. As from 1 Jan 1997 lending to these entities is no longer included in domestic lending, pursuant to the new classification of institutional sectors. The breaks in series at end-1996 are due to the statistical revision. Since the revision, these columns do not include lending by foreign branches of Finnish deposit banks nor do columns 1–7 and 9 any longer include bonds, debentures and other bearer instruments held by banks and classified as investment assets.

**Table 5.3** Foreign assets, net (Column 1) = the Bank of Finland's foreign claims + banks' foreign claims (incl. foreign claims of banks' foreign branches) – the Bank of Finland's foreign liabilities – banks' foreign liabilities (incl. foreign liabilities of banks' foreign branches). *Domestic credit*. Claims on the central government, net (Column 2) = the Bank of Finland's claims on the central government + banks' claims on the central government – the central government's deposits with the Bank of Finland and Postipankki – loans granted from state funds through banks. Claims on the public (incl. local government), (Column 3) = the Bank of Finland's claims on the private sector + banks' claims on the private sector (loans to the public, bonds and debentures (excl. government bonds and bank debentures), claims on other financial institutions, shares held by banks). Other items, net (Column 5) = capital accounts and other items of the Bank of Finland (incl. private sector time deposits with the Bank of Finland) + capital accounts of deposit banks + unclassified assets and liabilities of deposit banks, net (bank debentures, bank CDs held by the public, other market funding and foreign currency deposits by the public).  $M_1$  (Column 6) = currency in circulation – banks' till money + markka cheque and postal giro account deposits and transactions account deposits held by the public.  $M_2$  (Column 7) =  $M_1$  + quasi-money (markka time deposits held by the public, excl. deposits with the Bank of Finland).  $M_3$  (Column 8) =  $M_2$  + bank CDs held by the public.

**Table 5.4** Source: State Treasury Office. Other foreign currency-denominated debt (Column 2) consists of other bonds and debentures and long-term promissory notes. Other bonds and debentures are so-called private placements; long-term promissory notes are bank loans. Miscellaneous items (Column 7) consist of two minus items, the liability to the State Pension Fund and the liability to the State Fund for Nuclear Waste Disposal, which are

intragovernmental debts. In the September 1997 issue of the Bulletin, columns 7, 8 and 9 were retroactively revised for the whole period shown. 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.

**Table 5.5** Sources: Table A: Financial Supervision from the beginning of 1994. Table B: Statistics Finland. Table C: Finnish Central Securities Depository from 1 August 1997. 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. As from 15 January 1997 the following act as primary dealers: Alfred Berg Finland, Den Danske Bank, Evli Fixed Income Securities, Goldman Sachs International, Merita Bank, Okobank, Postipankki, Skandinaviska Enskilda Banken, Svenska Handelsbanken AB (publ) and Unibank A/S. Customers include all parties other than primary dealers.

**Table 5.6** Source: The Helsinki Stock Exchange. The table has been expanded to take into account the change in the Helsinki Stock Exchange classification of listed companies as from the start of 1997. Column 3 now includes only insurance.

## 6 Balance of payments, foreign liabilities and assets

**Table 6.1** The figures for the trade and goods and services accounts are compiled in accordance with the System of National Accounts. The trade figures for 1995 have been estimated on the basis of a survey of firms carried out by the Bank of Finland. The official foreign trade statistics published by the Board of Customs are delayed owing to changes in statistical systems caused by Finland's entry into the EU. The figures for investment income and expenditure (Columns 7 and 16) include reinvested earnings on direct investment. Preliminary data on reinvested earnings in the previous year have been included in the current account figures. (The annual figure is divided evenly between quarterly figures.)

**Tables 6.2-6.4** Since the beginning of 1994, the former capital account of Finland's balance of payments has been compiled according to the IMF's new recommendations (IMF Balance of Payments Manual, Fifth Edition, 1993).

**Table 6.2** The capital account (Columns 1 and 14) reflects unrequited capital transfers such as forgiven debts and aid from EU funds. Financial derivatives 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 4 and 17). The category other investment (Columns 9-12 and 21-24) 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 9 and 21). The item 'Other capital' (Columns 11 and 23) in-

cludes transactions in currency and deposits and 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 capital' comprises banks' other short-term assets and liabilities (in practice interbank deposits). The central bank's reserve assets (Column 26) comprise gold, special drawing rights (SDRs), the reserve position in the IMF, ECU-claim on the EMI and foreign exchange assets. 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 (except for table 7.2). All tables refer to foreign trade in goods.

**Table 7.2** The volume indices (Columns 1 and 2) are calculated from the export and the import values, deflated by the price indices (Columns 3 and 4). Deflation and seasonal adjustments are carried out by the Bank of Finland. The export and the import price indices are provided by Statistics Finland. The terms of trade (Column 5) is the ratio of the export price index to the import price index, multiplied by 100.

**Table 7.4** In addition to all EU countries, those countries are listed whose shares of Finland's exports are at least 1 per cent.

## 8 Domestic economic developments

**Tables 8.1-8.5** Source: Statistics Finland. Seasonal adjustment is done 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 indices of wholesale and retail trade (Columns 1 and 2) are seasonally adjusted by Statistics Finland. The monthly GDP indicator (Column 7) is a weighted index of 11 readily available output indicators for various industries.

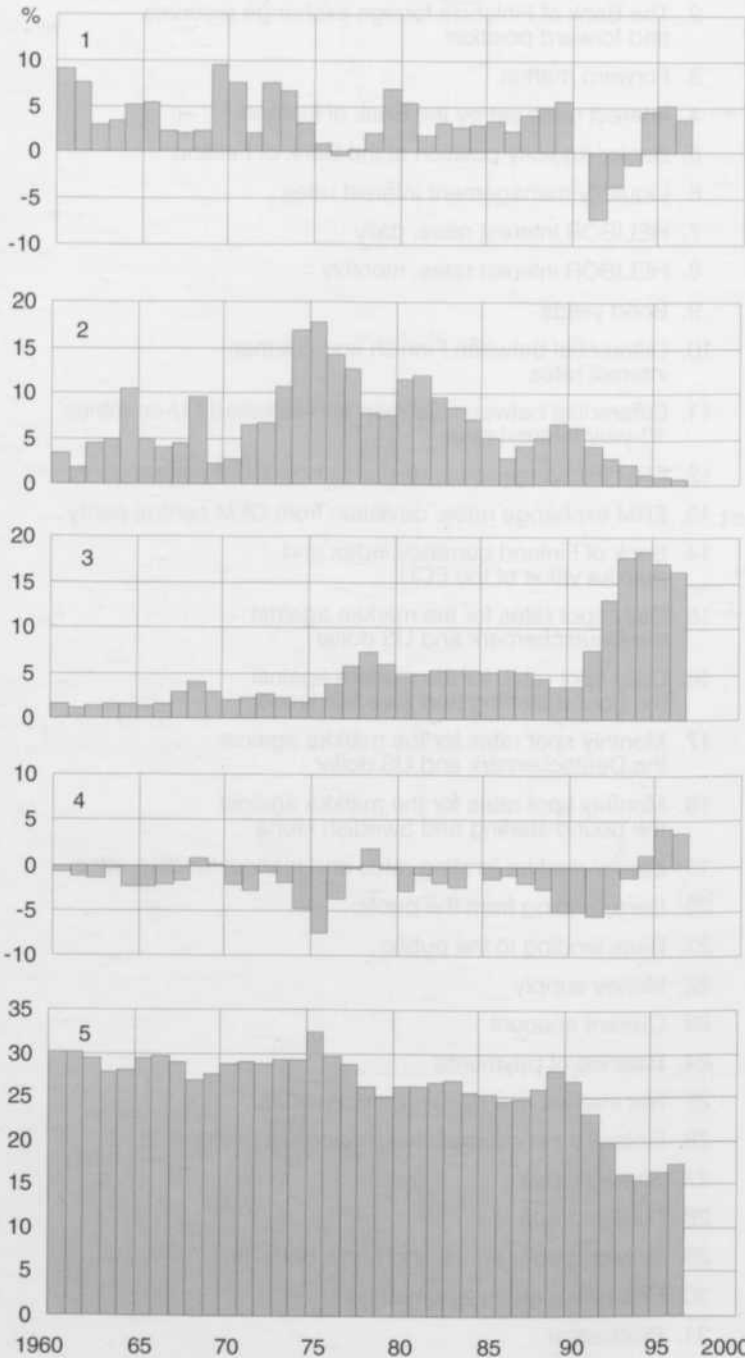
**Table 8.4** The indicator of underlying inflation (Column 6) is the consumer price index from which the effect of indirect taxes, subsidies and housing-related capital costs (house prices and mortgage interest payments) has been removed (see the article by Pentti Pikkarainen and Timo Tyrväinen in the 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.



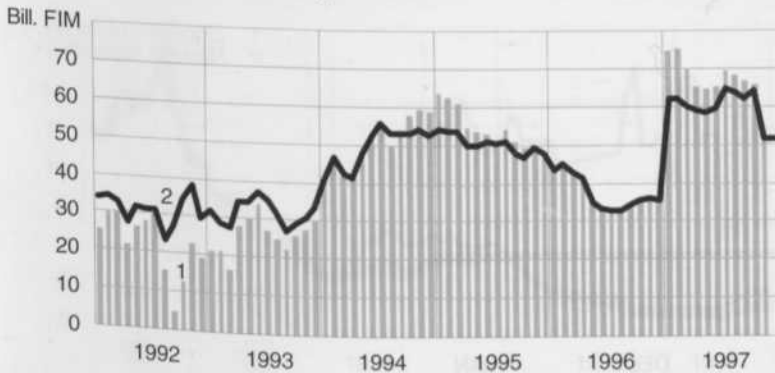
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36. Central government debt	S44

## 1. Long-term indicators



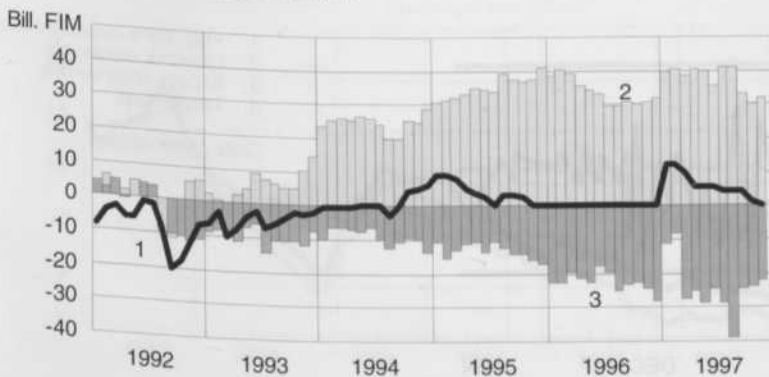
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



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

## 3. Forward market



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

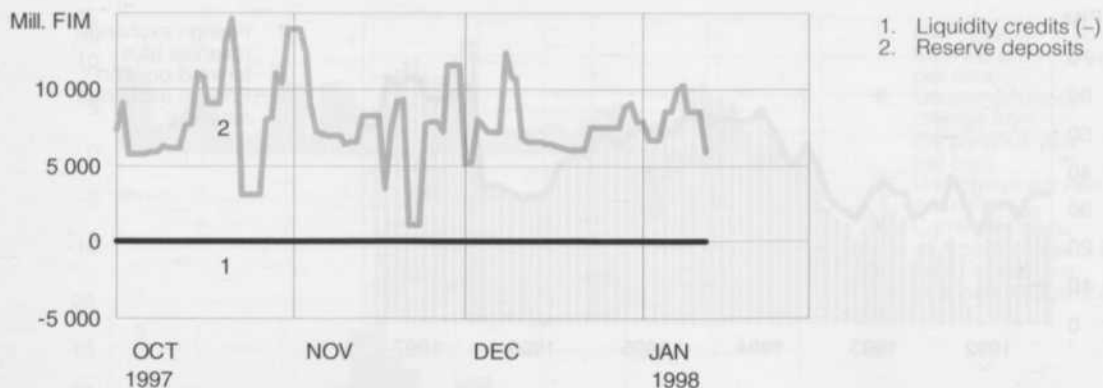
## 4. Rates of interest set by the Bank of Finland



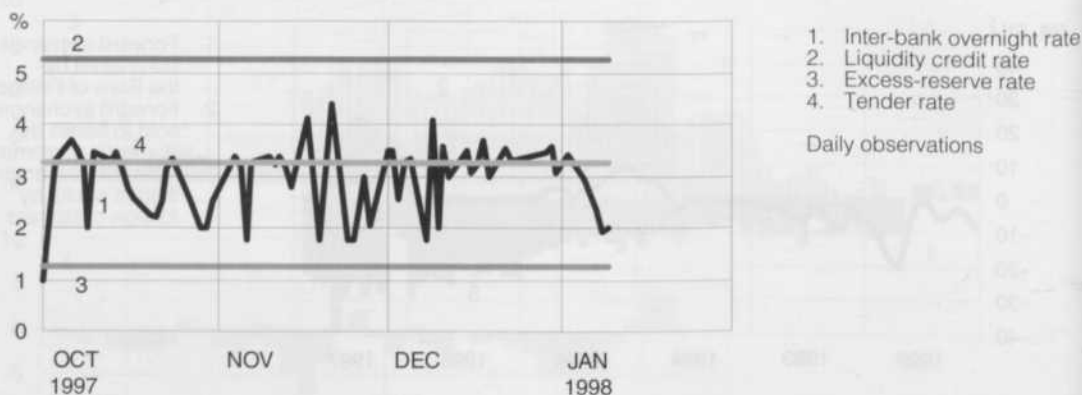
1. Liquidity credit rate (up to 2 July 1992 call money credit rate)
2. Excess-reserve rate (call money deposit rate until 2 October 1995)
3. Base rate

End-of-month observations

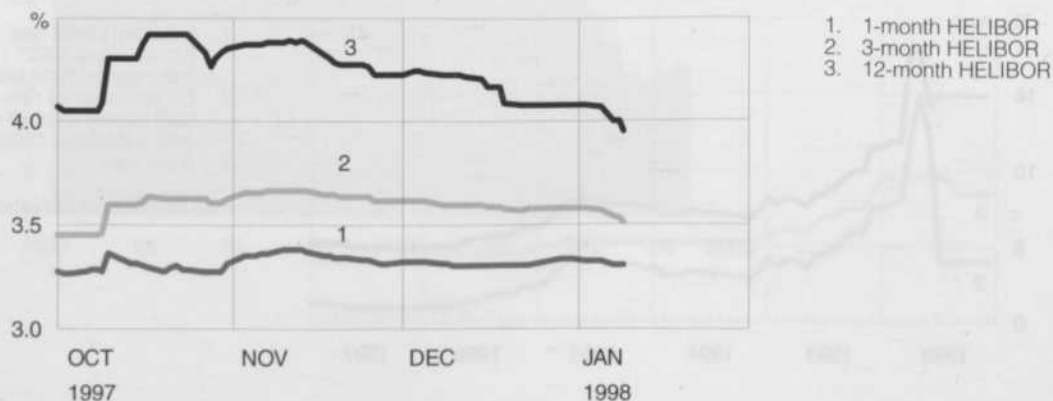
## 5. Banks' liquidity position at the Bank of Finland



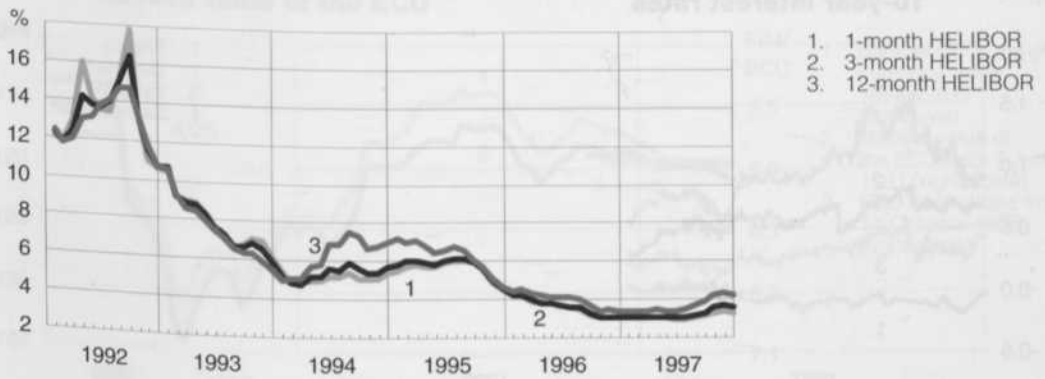
## 6. Liquidity management interest rates



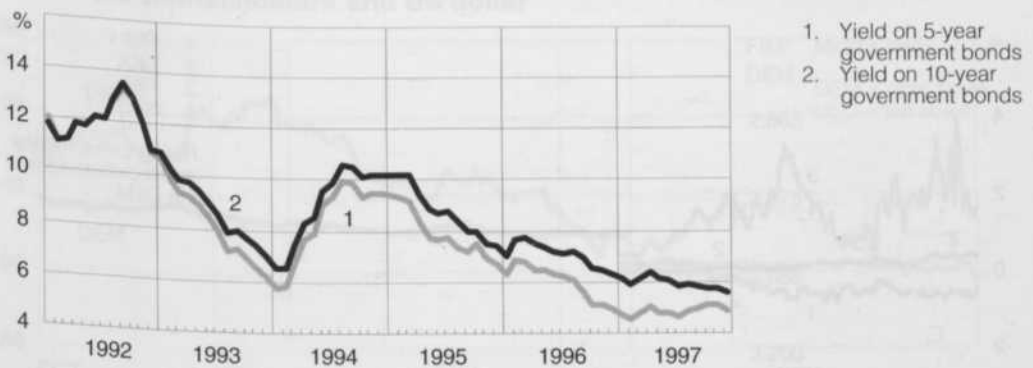
## 7. HELIBOR interest rates, daily



### 8. HELIBOR interest rates, monthly



### 9. Bond yields



### 10. Differential between Finnish and German interest rates



### 11. Differential between German and selected EU-countries' 10-year interest rates



### 12. ERM exchange rates: deviation from DEM central parity



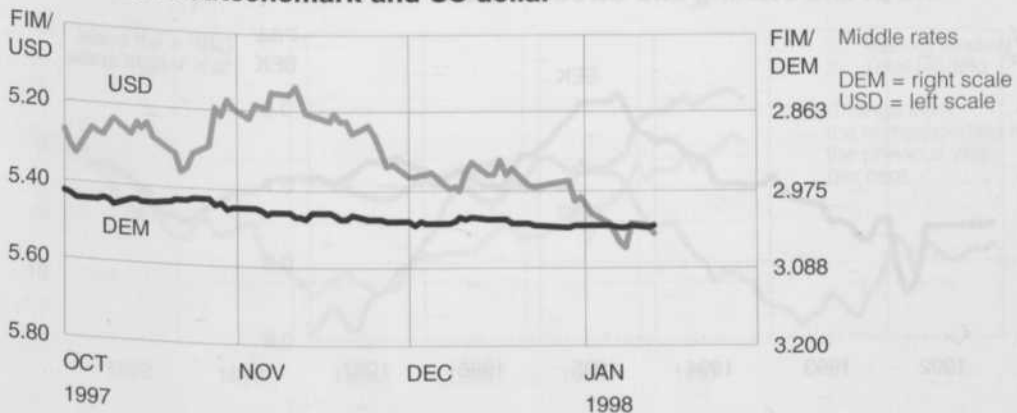
### 13. ERM exchange rates: deviation from DEM central parity



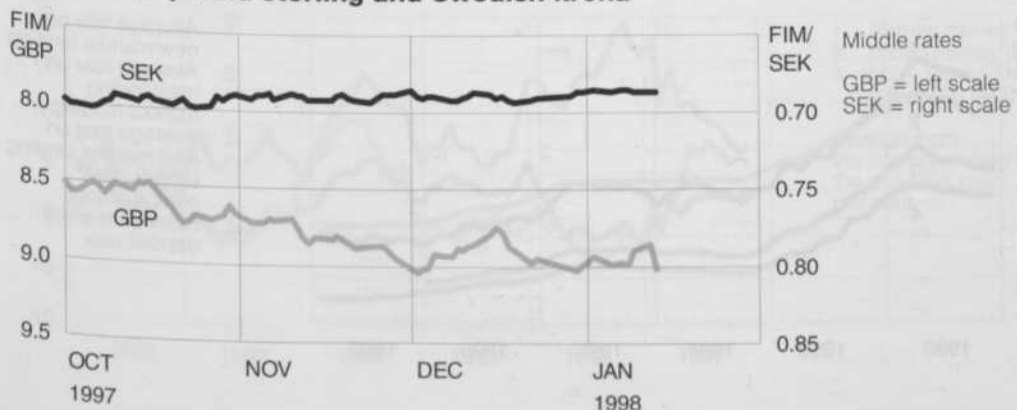
**14. Bank of Finland currency index and markka value of the ECU**



**15. Daily spot rates for the markka against the Deutschemark and US dollar**



**16. Daily spot rates for the markka against the pound sterling and Swedish krona**



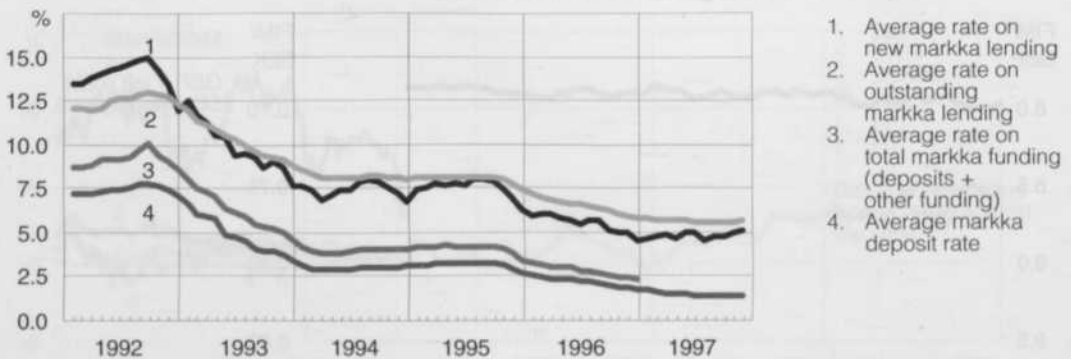
**17. Monthly spot rates for the markka against the Deutschemerk and US dollar**



**18. Monthly spot rates for the markka against the pound sterling and Swedish krona**



**19. Banks' markka lending rates and markka funding rates**





## 20. Bank funding from the public



1. Markka deposits
2. Total funding

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

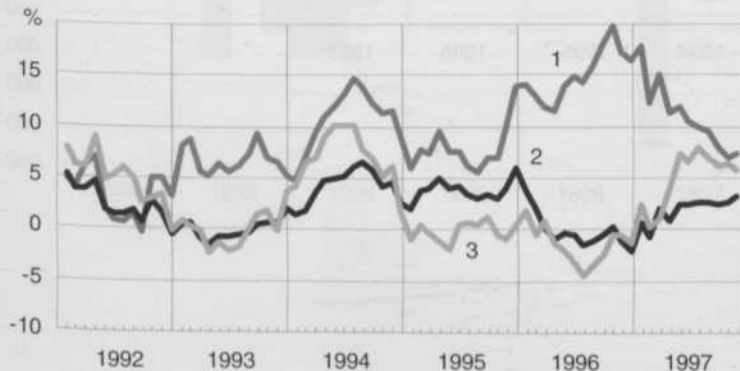
## 21. Bank lending to the public



1. Markka lending
2. Total lending

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

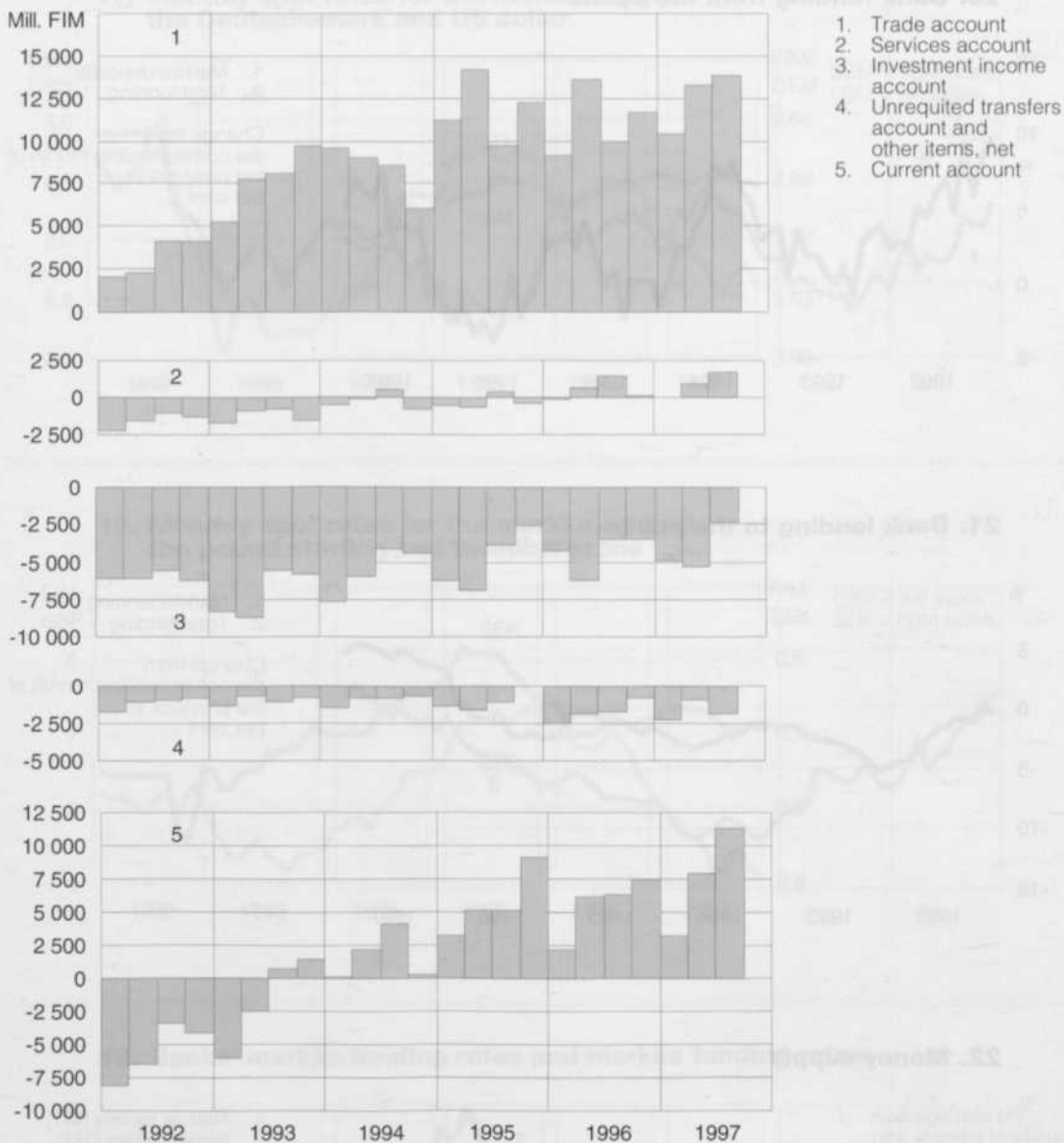
## 22. Money supply



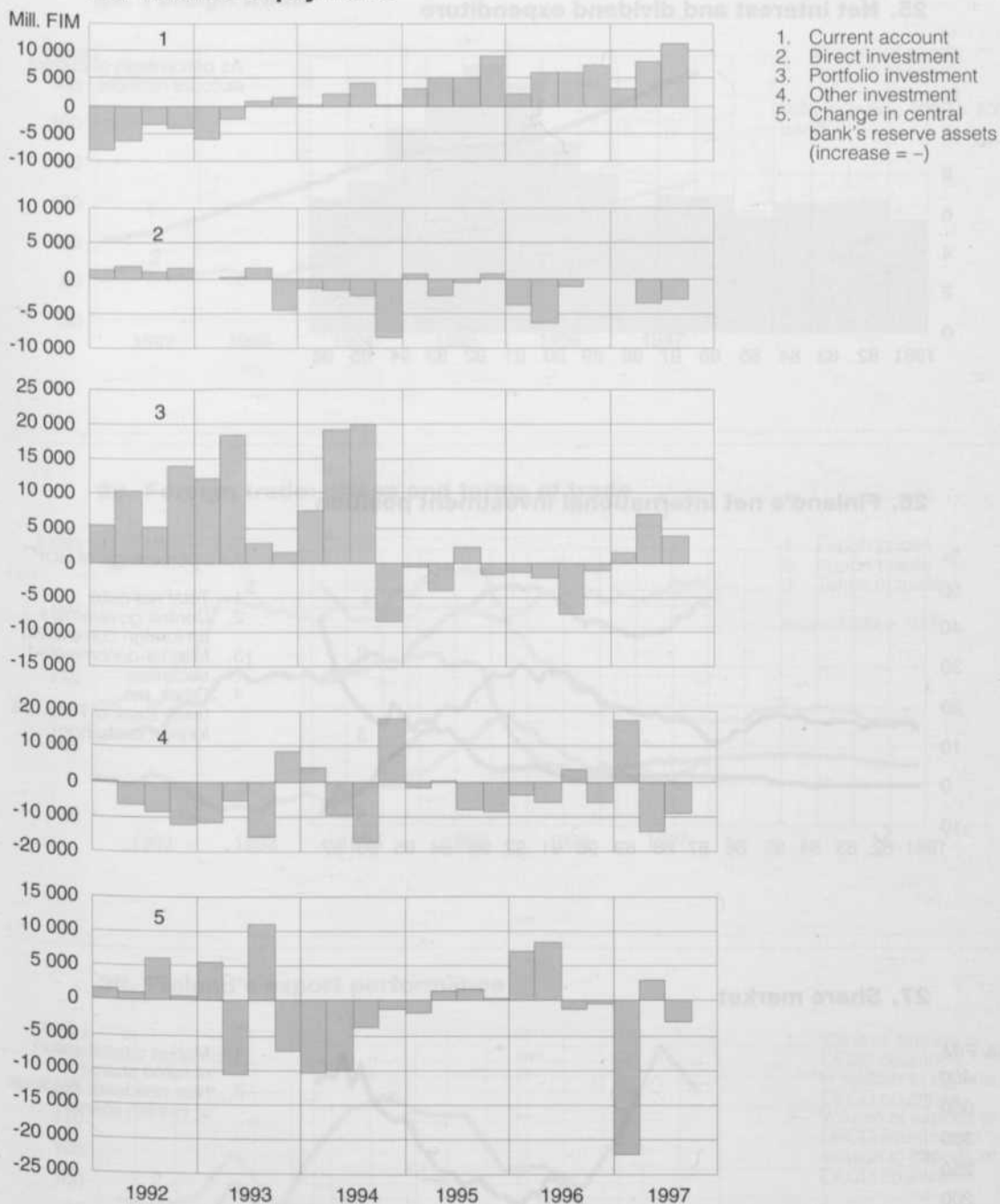
1. Narrow money (M1)
2. Broad money (M2)
3. M2 + bank CDs held by the public (M3)

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

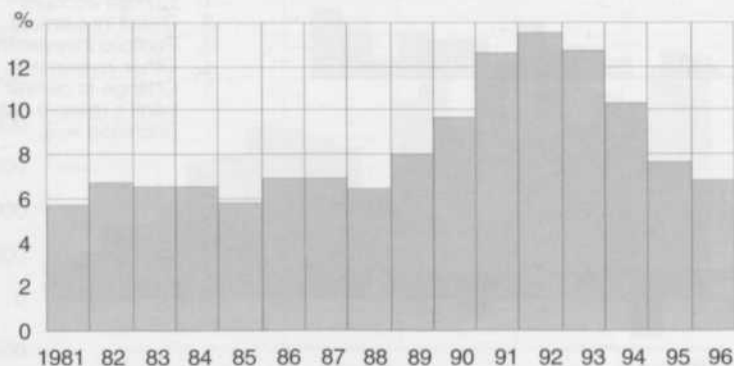
## 23. Current account



## 24. Balance of payments

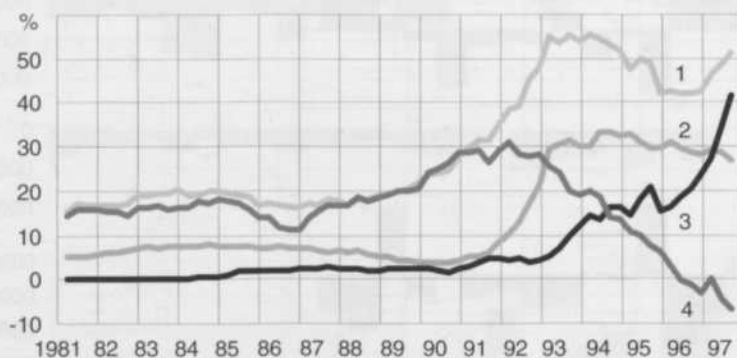


## 25. Net interest and dividend expenditure



As percentage of current account receipts

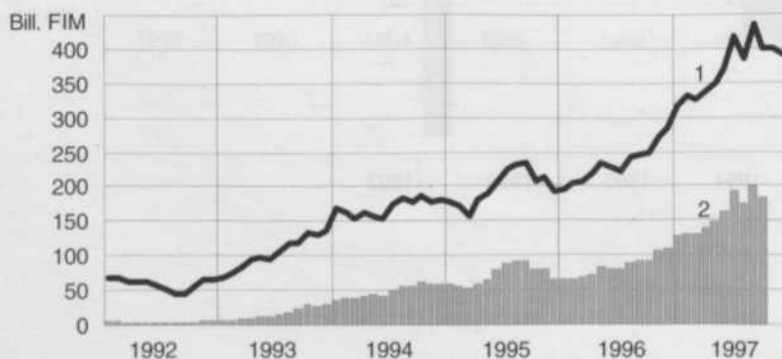
## 26. Finland's net international investment position



As a percentage of GDP

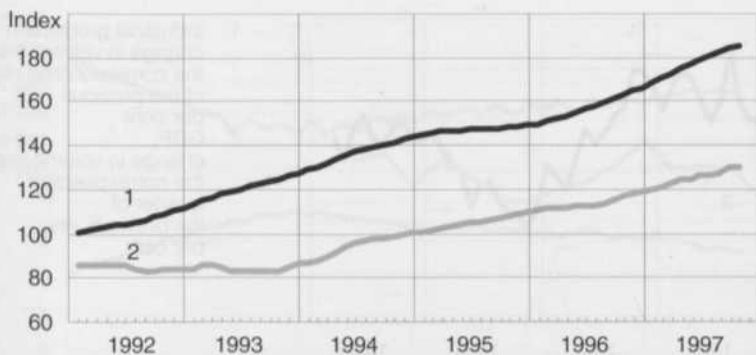
1. Total net debt
2. Central government (in foreign currencies)
3. Markka-denominated securities
4. Other, net (excl. Bank of Finland's foreign exchange)

## 27. Share market



1. Market capitalization of listed shares
2. Non-residents' holdings of Finnish shares

## 28. Foreign trade



1. Exports of goods
2. Imports of goods

Volume index, 1990 = 100, trend

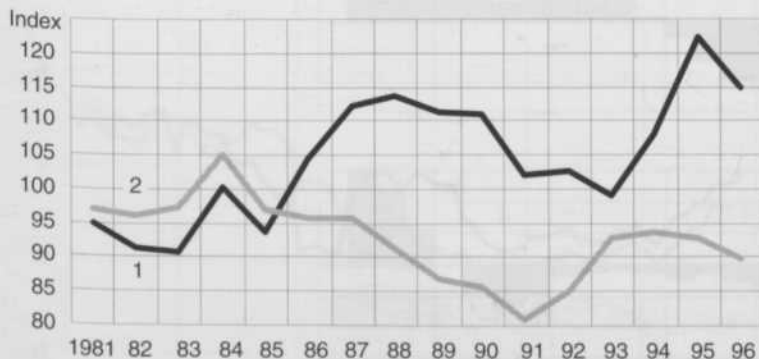
## 29. Foreign trade: prices and terms of trade



1. Export prices
2. Import prices
3. Terms of trade

Index 1990 = 100

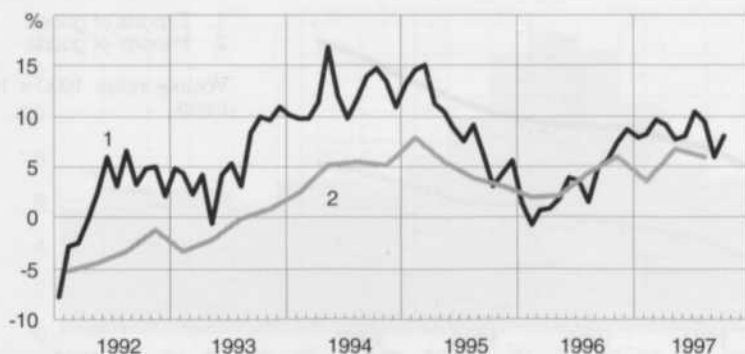
## 30. Finland's export performance



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

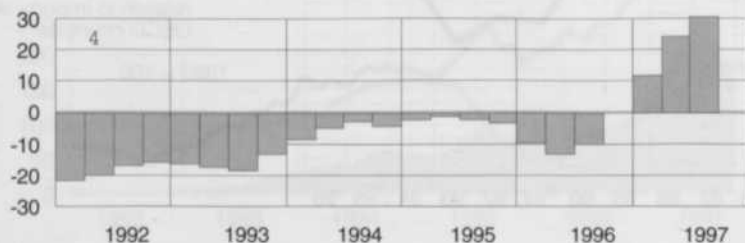
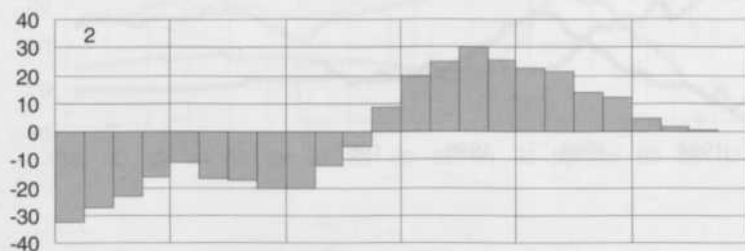
1980 = 100

### 31. 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

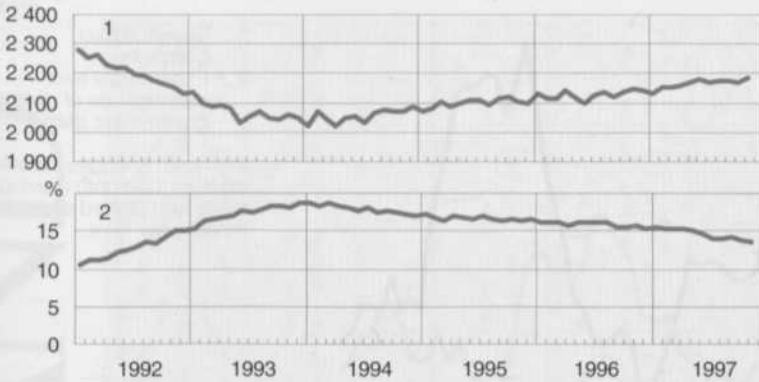
### 32. Fixed investment



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

Four-quarter volume change calculated from four-quarter moving totals and plotted at the last quarter, per cent

### 33. Employment and the unemployment rate



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

### 34. 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

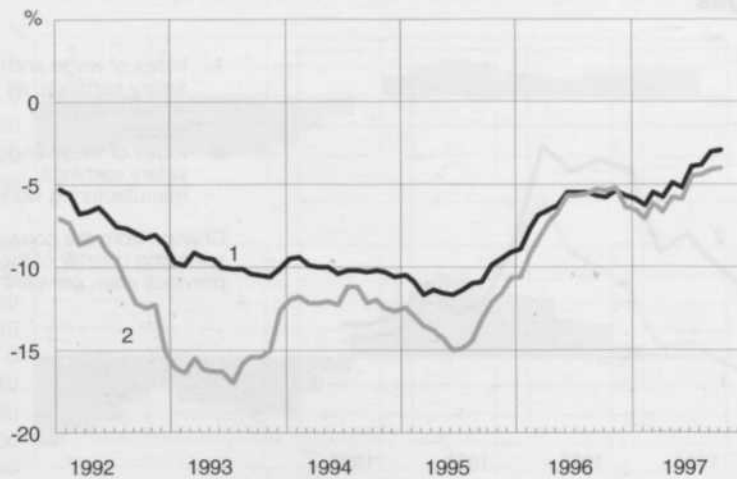
### 35. Central government finances



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

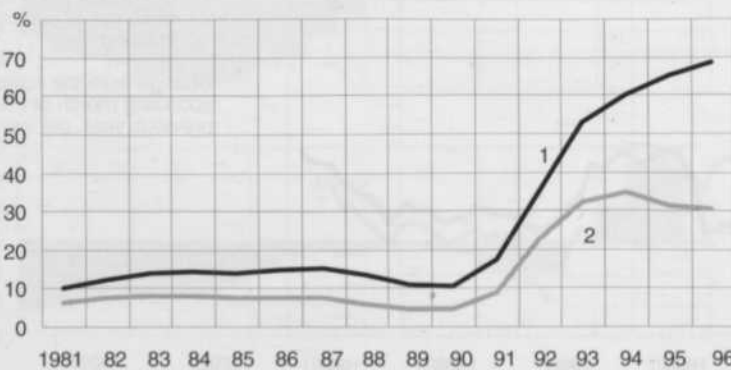
### 35. Fixed investment



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

### 36. Central government debt



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

As a percentage of GDP