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Finland joins the ERM

Terms and conditions governing
bank lending and funding rates

Investment activities of
insurance companies

Finland joins the ERM**Terms and conditions governing bank lending
and funding rates**

by Tapio Korhonen

3

Investment activities of insurance companies

by Pertti Pylkkönen

8

Measures concerning monetary and
foreign exchange policy and the financial markets

12

Finland in brief

14

Statistics • List of tables on page

S1

Charts • List of charts on page

S29

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Finland joins the EU exchange rate mechanism

After negotiations with other EU member states, Finland joined the Exchange Rate Mechanism (ERM) as of 14 October 1996. The central rate for the markka was set at FIM 5.80661 per ECU, the corresponding central rate against the Deutschemark being FIM 3.04. The agreed exchange rate level is close to the average level which has prevailed for the markka vis-à-vis major ERM currencies over the last couple years.

By joining the ERM, Finland strengthens its exchange rate policy cooperation with the other EU member states. Moreover, one of the necessary conditions for participation in the single currency is that the Member State has respected the normal fluctuation margins of the exchange rate mechanism without devaluing its currency for at least the last two years before the examination.

The performance of the Finnish economy and consistent economic policy have provided a foundation for stabilizing the external value of the markka. Progress toward economic balance has clearly continued over the last two years although the unemployment rate has declined more slowly than targeted. Conditions for attainment of the price stability objective are favourable, the economy's external indebtedness has diminished and interest rates have declined to the level prevailing in the major ERM countries. Efforts to curb the growth of central government debt have also been successful.

In February 1993 the Bank of Finland specified its monetary policy objective: to stabilize the inflation rate at about 2 per cent. This corresponds to the price stability objectives of the major ERM countries. In this regard, Finland's essential monetary policy stance remains unchanged even as it

joins the ERM, although entry does underline the importance of exchange rate stability.

The Bank of Finland is responsible for ensuring that the markka remains within the ERM's ± 15 per cent fluctuation margin vis-à-vis the other ERM currencies. Such a wide fluctuation range is important for deterring speculation, although in practice bilateral exchange rates will fluctuate within a substantially narrower range.

The agreed exchange rate level is consistent with both forecasts and the requirements that have been placed on our economic performance and competitiveness for the coming years. It is essential that both the consolidation of central government finances and the moderate cost trend continue.

If however the markka's external value should come under pressure, the exchange rate would have to be defended even if this requires the use of stern measures, in both monetary policy and the other parts of economic policy. In such a situation the Bank of Finland would be obliged to curb exchange rate fluctuations largely by effecting changes in short-term interest rates. Currency buying and selling can only temporarily restrain currency market pressure. In extreme situations other ERM central banks could assist in stemming pressure on the markka provided that Finland's economic policy stance were consistent with a stable exchange rate.

12 October 1996

Terms and conditions governing bank lending and funding rates

by **Tapio Korhonen**, Adviser
Monetary Policy Department
Bank of Finland

In recent years the base rate has been declining in importance as a key reference rate in banks' lending and funding operations. The base rate has been largely replaced by HELIBOR rates and banks' own prime rates. And we are likely to see further changes in the use of reference rates over the coming years. The entire interest rate network is becoming more 'privatized' and customers are finding that they have more and more options available to them. The remnants of market regulation are also disappearing, but the different authorities continue to monitor the interest rates that are applied by banks. Assuming Stage Three of the EMU materializes in the next few years and that Finland is an 'in', the reference rate system will come under even further pressure.

The base rate

The base rate is a purely administered reference rate which is set by the Parliamentary Supervisory Board on a proposal of the Board of the Bank of Finland. The base rate has a long history, having roots in the minimum discount and rediscount rates that the Bank of Finland has applied in supplying financing to the banks. The rate has been generally known as the base rate since 1971. The Bank of Finland abolished base-rate-tied credit quotas for banks from the beginning of 1984, and since then the base rate has not been used as a monetary policy tool in the context of central bank financing.

For decades – up to the 1980s – the base rate was practically the only rate used as a bank reference rate. The system was based on the tax-exemption of households' base-rate-tied deposits. Lending rates were also tied to the base rate, as was a large part of the other financing in the economy, such as lending by insurance companies. Moreover, when the Bank of Finland lowered the base rate, the action was referred to as 'a general lowering of interest rates'.

This is all history now. The dependence of deposit tax-exemption on the base rate has been gradually abandoned. In 1992 an upper limit on tax-exempt interest rates irrespective of applicable interest provisions was contained in the Act on Income and Wealth Tax. Since then, the banks have themselves widely set interest rates on transaction accounts below the upper limit, which is 2 per cent

at present. Forty per cent of bank deposits are currently held in transaction accounts (Chart 1). When tax-exempt fixed-term deposit accounts are dismantled by the end of 1997, base-rate-tied deposits will virtually disappear. Of new lending, only a few per cent is tied to the base rate; of the stock of lending, the share is still some 20 per cent (Chart 2).

The end of the tax-exemption of base-rate-tied deposits is undoubtedly the main reason for the base rate's decline in importance. On the other hand, it is difficult for an administered interest rate to maintain its position in an environment of free financial markets. Financing tied to such an interest rate will share the same fate as other administered-price products: if the price is set too low, there will be no supply; if too high, there will be no demand.

HELIBOR rates

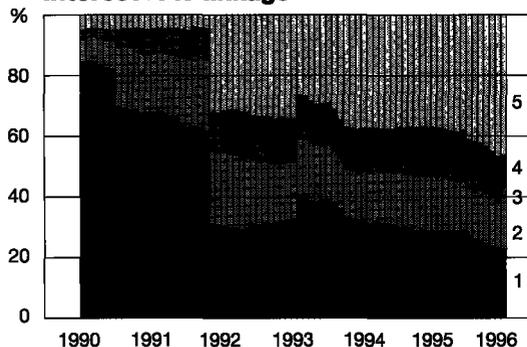
The liberalization of bank interest rates about ten years ago led to the emergence in the markets of a variety of reference rates. The quoting of HELIBOR rates started at the beginning of May 1987 (Chart 3). The use of HELIBOR rates increased rapidly in lending, and they soon became the most frequently applied reference rates. Nearly 40 per cent of outstanding bank lending is now tied to HELIBOR rates. In the beginning, it was the three-month rate that was predominantly used as a reference rate, but now it accounts for less than half of all HELIBOR-tied lending. Twelve-month rates expanded their share notably in 1993–1994, when the use of so-called long-term reference rates declined. Only just under ten per cent of deposits are HELIBOR-tied, but banks also have a large amount of certificates of deposit in circulation.

Serving as a model for HELIBOR rates – as for corresponding interest rates in other countries – are the interbank lending rates quoted in London, i.e. the LIBOR rates. The name 'HELIBOR' is derived from the initial letters of the words 'Helsinki interbank offered rates'. The corresponding funding rates, i.e. LIBID rates, have rarely been used as reference rates in Finland.

In Finland the HELIBOR rates are defined and published by the central bank, whereas in other countries market participants generally arrange for the quotation of corresponding interest rates. HELIBOR rates are calculated on the basis of

Chart 1.

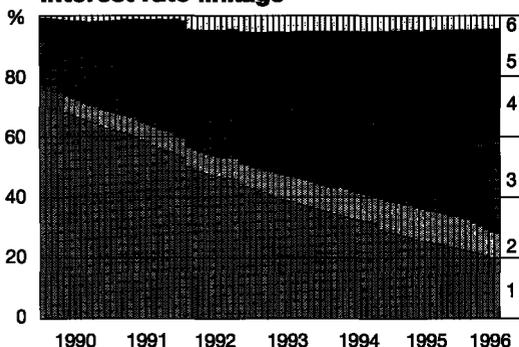
Banks' markka deposits by interest rate linkage



1. Tied to Bank of Finland's base rate
2. Fixed-rate
3. Tied to HELIBOR rates
4. Tied to prime rates
5. Other

Chart 2.

Banks' markka lending by interest rate linkage



1. Tied to Bank of Finland's base rate (and fixed-rate until April 1990)
2. Fixed-rate
3. Tied to HELIBOR rates
4. Tied to 3- and 5-year reference rates
5. Tied to prime rates
6. Other

prices quoted for certificates of deposit, which hold a dominant position in the Finnish money market. Of the quotations given by eligible banks (ie banks accepted by the Bank of Finland as money market counterparties) the lowest and the highest are omitted and the unweighted average is computed from the remaining quotations. Finnish interest rate quotations are based on the 365-day year, while many other countries apply the 360-day year, which means that HELIBOR rates are slightly 'overstated' in international comparisons. For example, to make an accurate comparison between HELIBOR and STIBOR (the equivalent rate quoted in Stockholm) the present HELIBOR rate of less than 4 per cent would have to be reduced by about 5 basis points.

Consequently, the HELIBOR rates are not – contrary to common knowledge – the Bank of Finland's HELIBOR rates. Nonetheless, the central bank does nowadays have a fairly direct influence on the one-month HELIBOR via the tenders it organizes for one-month liquidity, which it either provides to or withdraws from the banking system. Up until the latter part of 1994 the usual auction format was the variable-rate tender, in which the tender rate is formed on the basis of accepted bids or offers. Since December 1994 the Bank of Finland has generally arranged so-called volume tenders, in which it sets the tender rate itself. Interest rates on maturities longer than one month are influenced by market factors, eg expectations regarding inflation and economic policy as well as international interest rates. The further out one goes on the yield curve, the greater the impact of market forces.

Long-term reference rates

At the beginning of 1988 the Bank of Finland started to calculate long-term reference interest rates for maturities of three and five years. The procedure was initiated with the aim of stabilizing interest rates on housing loans as the base rate was losing its importance. The long-term reference rates were based on interest rate quotations for bonds with bank-risk status and hence were also pure market rates. The interest rates were however published only as monthly averages, which the banks considered a handicap from the viewpoint of their risk management operations.

The use of long-term reference rates expanded rapidly to account for some 15 per cent of the stock of bank lending. These reference rates remained very high for a number of years but declined sharply after 1992. As a consequence, borrowers were burdened for years with extremely high interest rates and thus many sought to repay their loans. In addition, the banking crisis led to the drying up of the market for bonds with bank-risk status, which also dampened banks' willingness to apply long-term reference rates.

Owing to the weakened basis for the interest rate quotation arrangement, the Bank of Finland recommended in April 1995 that the long-term ref-

erence rates calculated by the central bank no longer be applied to new agreements. These interest rates however continue to be published for the time being, as loans tied to them still account for just under a third of their peak volume. The Bank of Finland's recommendation was not intended to discourage the use of long-term reference rates in general.

Prime rates

In late 1989 the banks started to introduce their own prime rates. The Bank of Finland issued guidelines on prime rates, in which it indicated inter alia that it would publish certain bank-specific data on the use of prime rates. The increased publicity was aimed at ensuring greater competition and customer protection. Such data is provided in the Bank of Finland's monthly publication *Financial Markets*. Gradually, all the major banks and banking groups have adopted prime rates. The savings banks introduced from the start of 1996 an interest rate arrangement which is similar to the prime rate arrangement and calculated by a formula based directly on market rates.

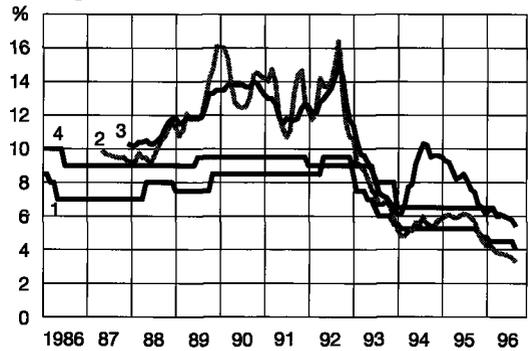
The prime rate system applied in Finland does not correspond closely to foreign models. Elsewhere, the prime rate serves as the lending rate for banks' best corporate customers; in Finland, the prime rate is actually only a separate bank-specific reference rate. On the whole, the prime rate is used very little as a reference rate for corporate lending but serves primarily as a reference rate for housing loans. Prime rates accord fairly closely with one- to three-year market interest rates (Chart 4). The spread between bank-specific prime rates has sometimes grown to more than a full percentage point, but more recently the spread has remained at a half percentage point. The prime rate is not the sole determinant of a customer's interest rate, which is also affected by a variety of margins applied by banks.

As banks have a fairly free hand in setting their prime rates, the Financial Supervision Authority initially required that a bank's prime-rate-tied lending and funding volumes be roughly of the same magnitude in order to prevent prime-rate decisions from directly influencing net interest income. This requirement has recently been abandoned because with all the banks using prime rates, competition is increasing to the benefit of the customer. The grounds for publishing bank-specific data have also become less compelling.

The prime rate currently serves as a reference rate in about a fourth of bank lending. It is the most frequently employed reference rate in lending to households, especially for housing loans (Chart 5). The bulk of prime-rate-tied financing is provided by Postipankki and the cooperative banks, which are the Finnish pioneers in the use of prime rates. The prime rate is used less in connection with deposits, as depositors have not generally wanted to commit

Chart 3.

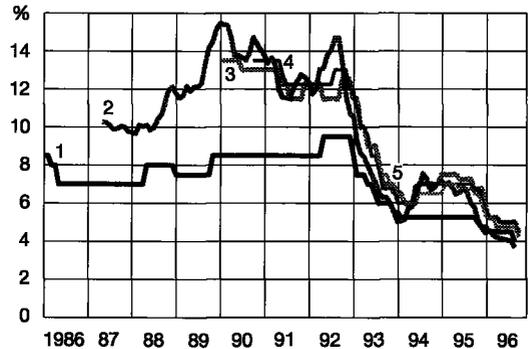
Key reference rates



1. Bank of Finland's base rate
2. 3-month HELIBOR rate
3. 3-year market rate
4. TEL-relending rate

Chart 4.

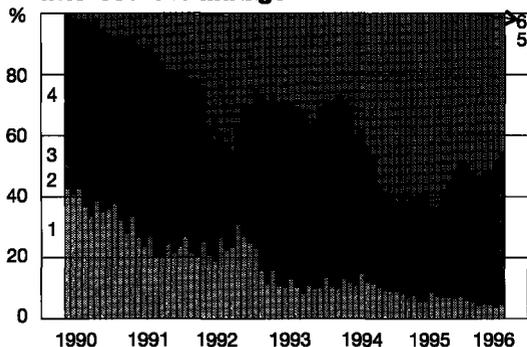
Prime rates and other reference rates



1. Bank of Finland's base rate
2. 12-month HELIBOR rate
3. PSP prime rate
4. OP prime rate
5. SYP/Merita prime rate

Chart 5.

Banks' new housing loans by interest rate linkage



1. Tied to Bank of Finland's base rate
2. Fixed-rate
3. Tied to HELIBOR rates
4. Tied to 3- and 5-year reference rates
5. Tied to prime rates
6. Other

themselves to it. The difference between prime-rate-tied lending and deposit volumes has been greatest for the cooperative banks.

Other reference rates

The banks have also applied other reference rates to a limited extent. The most significant special arrangement is associated with interest rates on government subsidized study loans. The average rate on outstanding bank deposits has since the early 1990s served as a reference rate for outstanding study loans, which currently amount to approximately FIM 9 billion. New study loans are now granted at market rates of interest but are backed by government guarantees.

The so-called TEL-rending rate connected with Finland's employment pension scheme plays an important role in nonbank reference rates. Apart from market-based lending, insurance companies relend premiums paid by companies for statutory pension insurance; the government administered TEL-rending rate is applied to these loans. This rate has generally been lower than comparable market rates, which has been possible because of system-wide regulation. Since April this year, the relending rate has been 6 per cent, ie about the same as the average rate on new bank lending.

Outlook for the future

In 1992 the Bank of Finland abrogated nearly all of its regulations concerning reference rates that had been in place throughout the era of regulation, thereby letting market forces freely determine interest rates. From the viewpoint of monetary policy, the importance of interest terms has diminished inter alia because large and medium-sized companies are able to flexibly apply interest rate derivatives to attain their desired reference rates. But interest terms are still important vis-à-vis lending to small companies and households. The wide application of HELIBOR and prime rates in such lending implies a fairly rapid pass-through of tender rate changes to borrowing costs. Extensive use of fixed interest rates and long-term reference rates would separate outstanding loans from the influence of interest rate policy.

It is likely that the application of reference rates will become increasingly flexible also as regards lending to households, so that customers will be able to choose among various combinations of interest rate level and degree of rate stability. There would still be a genuine need for long-term reference rates. And the use of fixed interest rates is also increasing; today they apply to about 10 per cent of bank lending. Nonetheless, it is unlikely that banks will be able to any appreciable extent to shift interest rate risk away from their customers.

Interest terms have recently been obscured by the extremely low level of deposit rates. In fact, most interest rates on transaction accounts are now only 0-1 per cent, and those on fixed-term deposits are 2-3 per cent. Interest rates on many accounts have dropped to zero and thus can no longer decline in line with respective reference rates. Consequently, some of the data on interest terms have become unreliable.

Interest terms are likely to undergo major changes if Finland adopts the EU's single currency. According to present plans, Stage Three of EMU will start as early as the beginning of 1999 for countries that meet the convergence criteria. In about three years after the start of Stage Three, markka-denominated financial claims would become euro-denominated claims. Accordingly, the bulk of the housing loans now being raised would then be handled in terms of euros instead of markkaa.

The main principle applicable to the euro changeover is that markka-denominated claims become euro-denominated with no change in interest rate and other terms. This change will be the more flexible, the closer markka rates are to the single currency rates. If the differential were large, efforts to change interest rate terms could pose problems for banks. Meeting the EMU convergence criteria, especially as regards the interest rate, is clearly of great importance to a smooth changeover.

With the introduction of Stage Three, most above-discussed reference rates will change not

only in terms of level but also in terms of definition – or they may even be abolished. It is clear for instance that Finland cannot conduct its own base rate policy in the context of EMU. The discontinuance of the base rate is associated with problems not only in the setting of lending and funding rates but also in connection with the use of the base rate for reference or accounting purposes under numerous Finnish laws. HELIBOR rates would probably be quoted only during the changeover period. Such local quotations would supposedly be replaced, both in Finland and elsewhere, by corresponding single currency rates available from

some major financial centre. Integration of the financial markets would also have an impact on reference rates, and in such an environment Finland's prime rate system might prove to be somewhat problematic.

22 August 1996

• Key words: reference rates, base rate, HELIBOR rates, prime rates

Investment activities of insurance companies

by **Pertti Pylkkönen**, Economist
Financial Markets Department
Bank of Finland

At the end of 1995 there were 56 insurance companies operating in Finland, of which 50 were domestic companies. Despite the large number of companies, the Finnish insurance market is highly centralized: almost 90 per cent of total annual premiums is collected by the four largest insurance groups.

Finnish insurance companies' total premium income amounted to over FIM 41 billion in 1995. Of this sum, various types of statutory insurance accounted for two-thirds. Over the longer term, the Finnish insurance sector has grown more rapidly than GDP. By 1995 the ratio of premium income to GDP had reached about 7 per cent compared to about 2 per cent in the early 1960s. The main factor underlying the growth of premium income is the statutory employment pension system of the private sector (TEL), in which premium income has risen at a faster rate than in other insurance categories.

All types of statutory employment pension funds have accumulated assets totalling about FIM 200 billion, of which the private sector TEL system accounts for FIM 170 billion. Consequently, employment pension funds constitute the core of Finnish insurance companies' investment activities, and they play a major role in the domestic financial markets as both lenders and investors¹.

Changes that have occurred in the operating environment of Finnish insurance companies are reflected in many ways in the structure of their investment activities. As a result of improved profitability, the corporate sector is now generating a financial surplus. Owing to this and the sluggish growth in investment, companies' demand for debt financing has declined considerably from earlier levels. This development has been reflected in a significant weakening of the demand for TEL-rending and investment loans.

To offset the contraction in corporate lending, insurance companies have had to seek new investment outlets. It has not however been easy to find domestic investment outlets that are suitable for insurance companies. For example, the solvency margin (capital) requirements applied to pension

insurance companies have prevented the companies from significantly increasing their share investments. And due to a prolonged slump in the real estate market, insurance companies have not been inclined to expand their real estate investments.

Owing to rapid growth of the public sector deficit, issues of government bonds increased sharply in the first half of the 1990s. As a result, government bonds have become practically the only available investment alternative for insurance companies. The shift of the current account to a surplus position contributed to an increased emphasis on domestic sources in the central government's financing operations. In recent years a substantial portion of the central government's new domestic financing has come from the insurance sector.

Lending

At the end of 1995, insurance institutions accounted for about a fourth of the economy's FIM 673 billion credit stock and for a third of the stock of lending to enterprises. The major portion of insurance companies' lending, about 90 per cent, is provided by institutions engaged in pension insurance. By the end of 1995 the share of negotiable instruments in the combined investment portfolio of insurance institutions had risen to about 60 per cent.

Up until recent years, pension insurance companies' investments were concentrated in TEL-rending and investment loans to enterprises. TEL-rending has been of particular importance.

The TEL-rending rate is an administered interest rate that has generally been lower than long-term market rates (Chart 1). However, owing to guarantee costs or opportunity costs connected with relending, the effective cost to the borrower has not always been competitive compared with other long-term financing². As regards the nominal interest rate, costs of loans under the TEL-rending system are the same for all borrowers. Borrower-related risks have not been reflected in the interest rate, as all borrowers have been required to post adequate collateral.

² One example of the opportunity cost of relending is the refunding of premiums to companies that do not use their right to borrow under the relending system. The amount of a refund depends on the pension insurance company's income from other investments.

¹ See the article 'Insurance companies in the Finnish financial markets' by Tapani Myllymäki in the August 1995 issue of the Bulletin.

The sectoral distribution of corporate loans granted by insurance companies has remained stable. About half of the volume of corporate loans has gone to manufacturing companies, especially to finance investments by the forest and metal industries; a third has gone into the financing of commerce, transportation and construction. In recent years, there has been a slight increase in lending to companies that provide services to the corporate sector.

TEL-relending volume has decreased rapidly since 1992, when the loan stock started to decline for the first time in the history of the employment pension system. As a consequence of the rigidity of the applied interest rate and the notable fall in both long-term interest rates and banks' corporate lending rates, the demand for corporate loans provided by insurance companies, especially pension insurance companies, has plummeted.

The maturity structure of insurance companies' new investment loans has fluctuated considerably over recent decades. Up until the mid-1970s the average maturity was about ten years. Towards the end of the 1970s the maturity structure shortened, and by the beginning of the 1980s the average maturity of new loans was less than 7 years. A rapid decrease in the share of long-term housing loans in the loan stock was one of the factors contributing to this development.

By contrast, the maturity structure of corporate loans started to lengthen after the liberalization of financial markets and capital movements. By the beginning of the 1990s, the average maturity of corporate loans had lengthened by a couple of years, as loans with a maturity of more than ten years already accounted for a third of total corporate lending.

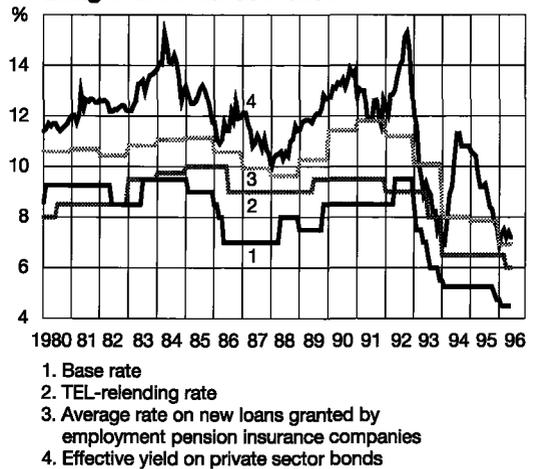
The sectoral distribution of promissory note loans varies somewhat depending on the type of insurance company. Like pension insurance companies, life insurance companies extend most of their markka loans to their corporate clients. Of life insurance companies' lending stock of nearly FIM 4 billion, corporate loans accounted for almost 75 per cent at the end of 1995; other lending focused almost entirely on housing and real estate loans. In the last couple of years, life insurance companies have done virtually no lending to the central government or other public sector entities.

For non-life insurance companies, lending to the corporate sector is of considerably less importance than for life insurance companies. At the end of 1995 corporate loans accounted for about a half of combined lending by non-life insurance companies and amounted to FIM 4.5 billion. Unlike life insurance companies, non-life insurance companies have also granted loans to financial institutions. Housing and real estate loans accounted for about a fourth of total lending.

Insurance companies' lending rates have traditionally been tied to the so-called TEL-relending

Chart 1.

Long-term interest rates



rate, which is administratively set by government authorities. In new loans, the share of market-tied fixed-rate loans is small. At present, practically no loans are tied to the Bank of Finland's base rate.

Investment in bonds

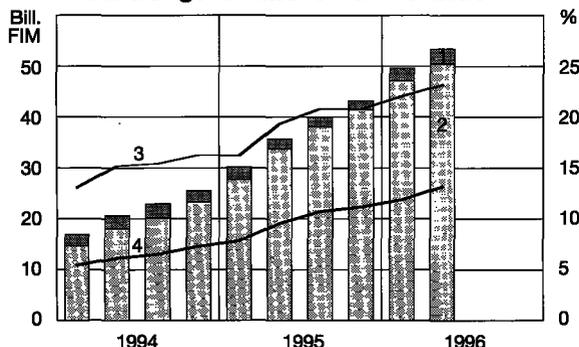
Bonds played a minor role in insurance companies' investment activities up until the early 1990s. In the 1970s and early 1980s, new bond investment focused almost entirely on government bonds, as the supply of private sector issues was small. The government bonds purchased by insurance companies were privately placed and were not quoted on the Helsinki Stock Exchange. When the supply of private sector bonds started to increase in the mid-1980s, insurance companies also increased their investments in corporate bonds. Nevertheless, the share of bonds in insurance company portfolios remained small while promissory note loans maintained a dominant position.

Starting in 1992 the relative share of bonds in insurance company portfolios began to increase rapidly. The bulk of new bond investment went into benchmark government bonds, but government housing bonds have also accounted for an appreciable share. Within a few years time, insurance companies have become the most important single investor category in the government bond markets.

By the end of 1995 bond investments by life, pension and non-life insurance companies had reached almost FIM 70 billion. Of this amount, government bonds accounted for FIM 57 billion.

Chart 2.

Pension insurance companies' investments in central government markka debt



1. Treasury bills, bill. FIM
2. Total investments, bill. FIM
3. Share of central government markka debt, %
4. Share of total central government debt, %

Table. Central government listed markka bonds by investor share, %

	1993	1994	1995
Banks	14	15	22
Insurance institutions	29	44	46
Other credit institutions	2	2	2
Foreign investors	28	12	10
Mutual funds	0	1	1
Households	20	16	15
Other	7	9	4
Central government listed markka bonds, stock in bill. FIM	74	95	145

Investment in markka-denominated government bonds by pension insurance companies amounted to FIM 41 billion at the end of 1995; of this, over FIM 6 billion consisted of government housing bonds. More than 10 per cent of total central government debt was held by pension insurance companies (Chart 2).

At the end of 1995 life insurance companies' investments in government bonds amounted to about FIM 10 billion; for non-life insurance companies the corresponding figure was some FIM 5 billion.

The table provides an estimated breakdown by investor category in holdings of long-term markka-denominated central government debt between 1993 and 1995. In the last few years different financial institutions have notably increased their investment in markka-denominated government bonds: by the end of 1995 financial institutions held about two-thirds of the stock of government bonds. Consequently, the relative shares of both foreign investors and the domestic nonfinancial sector have decreased.

Owing to the sluggish demand for credit, banks have also invested heavily in government bonds. The relative importance of foreign investors in the market for government markka bonds began to diminish in the first half of 1994 following a bout of interest rate turbulence in the international markets.

Investment in shares

Share investments are relatively unimportant (by international standards) in the portfolios of Finnish insurance companies. The pension insurance companies have always played an exceptionally modest role in the Finnish stock market; their combined investment portfolio accounts for only a few per cent of the market capitalization of the Helsinki Stock Exchange. At the end of 1995 pension insurance companies' share investments amounted to slightly more than FIM 6 billion, of which listed shares accounted for FIM 5 billion. The main reason for pension companies' relatively modest share investments is that their narrow solvency margins do not allow for large write-downs of share values.

The investment portfolios of life and non-life insurance companies are more heavily weighted with shares as compared to pension insurance company portfolios. All insurance companies combined own about 10 per cent of Finnish listed shares, which according to unofficial estimates is less than foreign insurance companies' and pension funds' holdings of shares listed on the Helsinki Stock Exchange.

Real estate investment

The total book value of real estate investments by insurance companies was nearly FIM 30 billion at the end of 1995. About half of their total real estate holdings were accounted for by pension insurance companies. Real estate investments by non-life insurance companies amounted to almost FIM 8 billion and those of life insurance companies to about FIM 6 billion.

The major part of insurance companies' real estate investments consists of industrial and business real estate. Residential real estate accounts for less than a fifth of total holdings. Pension insurance companies however have large residential holdings in their real estate portfolios.

The share of real estate investments in the portfolios of pension insurance companies is about the same as that of share investments, ie about 10 per

cent of total investments. In the portfolios of life and non-life insurance companies, the relative share of real estate is somewhat larger.

Foreign investment

Foreign investment by Finnish insurance companies has been modest by international standards; it was not until a couple of years ago, after lending to enterprises had started to decline, that these companies became actively involved in foreign investment. Pension insurance companies have invested in foreign bonds and shares to some extent. At the end of 1995 foreign investment by pension companies amounted to only about FIM 0.8 billion.

Foreign investment by life insurance companies amounted to nearly FIM 2 billion. Life insurance companies' international investments also consist mainly of bonds and shares.

Non-life insurance companies started earlier and have been more actively engaged in foreign investment. Over the last few years, foreign investment has accounted for more than 10 per cent of the aggregate investment activity of non-life insurance companies.

At the end of 1995 foreign investments of non-life insurance companies totalled about FIM 5 billion. These investments are concentrated in long-term interest-bearing instruments, but the companies have also invested in foreign shares.

Future prospects

The need to change the operational framework for Finnish pension insurance companies has been widely discussed in recent times. New approaches are being considered, among other things, for the management, ownership and investment activity of employment pension companies.

The need for changes has been discussed by several bodies appointed by the Ministry of Social Affairs and Health. Mr Matti Louekoski was assigned to prepare proposals for clarifying the legal provisions regarding the operating environment for employment pension companies. The resulting memorandum included a proposal that a separate law governing employment pension companies be enacted. The law should contain detailed provisions inter alia on the management of employment pension companies.

A working group headed by Mr Kari Puro, CEO of the pension insurance company Ilmarinen, was assigned the task of preparing the necessary proposals for structural reform of employment pension companies' investment activity, with the aim of upgrading it to meet the requirements of the market-based operating environment.

In addition to structural changes in domestic investment activity, Finnish insurance companies face the challenge of internationalizing their investment portfolios. The investment environment would change considerably with the onset of EMU. A wide single market area would add new exchange-rate-risk-free investment objects to the domestic offerings. The risks associated with securities investments would be easier to spread more widely than is possible in the Finnish capital markets alone.

20 September 1996

- Key words: institutional investors, insurance companies, pension funds

Measures concerning monetary and foreign exchange policy and the financial markets

1995

NOVEMBER

Base rate. The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 5.25 per cent to 5.00 per cent with effect from 1 November.

Tender rate. The Bank of Finland lowers its tender rate from 5.50 per cent to 5.00 per cent on 1 November and from 5.00 per cent to 4.75 per cent on 20 November. In addition, the interest rate on banks' excess reserves is cut from 3.50 per cent to 3.00 per cent on 1 November and from 3.00 per cent to 2.75 per cent on 20 November.

The Savings Bank of Finland – SBF and Siltapankki become asset management companies. The Ministry of Finance revokes the authorization of the Savings Bank of Finland and Siltapankki as from 30 November. In addition, Siltapankki is transferred to the Arsenal Group.

DECEMBER

Base rate. The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 5.00 per cent to 4.75 per cent with effect from 15 December.

Tender rate. On 19 December, the Bank of Finland lowers its tender rate from 4.75 per cent to 4.25 per cent. In addition, the interest rate on banks' excess reserves is cut from 2.75 per cent to 2.25 per cent.

1996

JANUARY

Reorganization of the responsibilities of the government and the Bank of Finland. On 9 January, the Cabinet Economic Policy Committee took the following decisions in principle:

- responsibility for the Sponda group, which is owned by the Bank of Finland and which was set up to manage Skopbank's assets (real estate and shares), will be transferred to the Council of State
- the government will settle its coinage-related debt to the Bank of Finland in the amount of some FIM 2 billion.

The required measures will be prepared in connection with the first supplementary budget for 1996.

The Government Guarantee Fund. On 9 January, the Cabinet Economic Policy Committee decides to propose that the Government Guarantee Fund be transferred to the authority of the Council of State as from the beginning of April.

FEBRUARY

Base rate. The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 4.75 per cent to 4.50 per cent with effect from 1 February.

MARCH

Tender rate. On 13 March, the Bank of Finland lowers its tender rate from 4.25 per cent to 3.75 per cent. In addition, the interest rate on banks' excess reserves is cut from 2.25 per cent to 1.75 per cent.

MAY

The Government Guarantee Fund moves to the Ministry of Finance. On 1 May, the Government Guarantee Fund ceased to operate as a separate unit and its employment contracts were allowed to expire. The Fund, which was previously subordinate to Parliament was made subordinate to the Government, operating in connection with the Ministry of Finance. Fund personnel were also transferred to the Ministry.

The Government takes over Sponda. On 23 May, the Finnish Government bought the entire share capital of Sponda Oy at a purchase price of FIM 1 248 million. The Bank of Finland originally set up Sponda Oy in 1991 to manage the real estate and equity assets transferred from Skopbank after the bank ran into severe liquidity and solvency problems.

JUNE

Tender rate. On 14 June, the Bank of Finland lowers its tender rate from 3.75 per cent to 3.60 per cent. In addition, the interest rate on banks' excess reserves is cut from 1.75 per cent to 1.60 per cent.

JULY

Tender rate. On 5 July, the Bank of Finland lowers its tender rate from 3.60 per cent to 3.50 per cent. In addition, the interest rate on banks' excess reserves is cut from 1.60 per cent to 1.50 per cent.

AUGUST

Bank of Finland's guidelines for credit institutions. On 1 August, the Bank of Finland issues its monetary policy-related guidelines for credit institutions as a complete set. The contents remain essentially unchanged.

Tender rate. On 23 August, the Bank of Finland lowers its tender rate from 3.50 per cent to 3.25 per cent. In addition, the interest rate on banks' excess reserves is cut from 1.50 per cent to 1.25 per cent.

SEPTEMBER

Base rate. The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 4.50 per cent to 4.00 per cent with effect from 16 September.

Tender rate. On 18 September, the Bank of Finland lowers its tender rate from 3.25 per cent to 3.10 per cent. In addition, the interest rate on banks' excess reserves is cut from 1.25 per cent to 1.10 per cent.

OCTOBER

Tender rate. On 9 October, the Bank of Finland lowers its tender rate from 3.10 per cent to 3.00 per cent. In addition, the interest rate on banks' excess reserves is cut from 1.10 per cent to 1.00 per cent.

Finland in brief

Land, climate and population

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

Finland has a population of 5 116 800 (31 December 1995) and an average population density of 16.6 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 525 000 inhabitants, Espoo (Esbo) 191 200, Tampere (Tammerfors) 182 700, Vantaa (Vanda) 166 500 and Turku (Åbo) 164 700.

There are two official languages: 92.9 % of the population speaks Finnish as its mother tongue and 5.8 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-Ugrian group of languages, which also includes Estonian and Hungarian.

Form of government

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

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

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

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

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

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

International relations

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

Having abolished most quantitative restrictions on foreign trade in 1957, Finland first took part in European free trade arrangements under the auspices of EFTA in 1961. Imports from the USSR were also progressively freed from customs duties. Finland's free trade agreement with the EEC entered into force in 1974 and agreements for the removal of trade barriers were concluded with several eastern European countries as well. The agreement on the European Economic Area (EEA) between the member countries of EFTA and the European Union came into effect at the beginning of 1994. Finland's negotiations to join the European Union were concluded in spring 1994. The accession treaty was signed in Corfu in June. In autumn 1994, a consultative referendum was held in which the majority of the voters (56.9 %) were in favour of membership. The Finnish Parliament ratified the accession treaty in November. The accession treaty having been ratified by each Member State, Finland became a member of the European Union on 1 January 1995. Citizens of the five Nordic countries, Denmark, Finland, Iceland, Norway and Sweden, have enjoyed a common labour market, a passport union and reciprocal social security benefits since the mid-1950s.

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

The economy

Output and employment. Of the gross domestic product of FIM 478 billion in basic values in 1995, 2 % was generated in agriculture and fishing, 3 % in forestry, 29 % in industry, 5 % in construction, 11 % in trade, restaurants and hotels, 8 % in transport and communications, 3 % in finance and insurance, 20 % in other private services and 19 % by producers of government services. Of total employment of 2.1 million persons in 1995, 7.6 % were engaged in primary production, 27.8 % in industry and construction and 64.6 % in services.

In 1995, expenditure on the gross domestic product in purchasers' values amounted to FIM 546 billion and was distributed as follows: net exports 9 % (exports 38 %, imports -29 %), gross fixed capital formation 15 %, private consumption 54 % and government consumption 22 %. Finland's tax ratio (gross taxes including compulsory employment pension contributions relative to GDP) was 46.5 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 1990-95. Finland's GDP per capita in 1995 was USD 24 500.

Foreign trade. EU countries absorb the bulk of Finnish merchandise exports. In 1991-1995 their average share was 51.0 %. Over the same period, Finland's exports to other European countries (including Russia) accounted for 25.4 % and to the rest of the world for 23.6 %. The regional distribution of Finland's merchandise imports in the same period has been quite similar to that of exports: EU countries accounted for 48.6 %, other European countries for 27.5 % and the rest of the world for 23.9 %.

In 1995, the share of forest industry products in total merchandise exports was 36 %, the share of metal and engineering products 36 % and the share of other goods 28 %. Raw materials and intermediate goods (incl. crude oil) accounted for 60 % of merchandise imports, fuels for 5 %, investment goods for 14 % and consumption goods for 20 %.

Forest resources. Finland has fairly abundant forest resources, but only limited amounts of other raw materials. The growing stock comprises 1 887 million cubic metres, of which 46 % is pine, 36 % spruce and 15 % broad-leaved species, chiefly birch.

The annual growth increment totals 77 million cubic metres and the total drain was about 62 million cubic metres in 1995.

Finance and banking

Currency. Finland has had its own monetary system since 1865. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). From 1 November 1977 to 7 June 1991 the external value of the markka was officially expressed in terms of a trade-weighted currency index, which was permitted to fluctuate within a prescribed range (from 30 November 1988 the range was 6 percentage points). From 7 June 1991 to 7 September 1992, the markka was pegged to the European Currency Unit, the ECU. The fluctuation margins and the midpoint were set so as to correspond to the fluctuation margins and midpoint of the old currency index. The midpoint was first 4.87580 (FIM/ECU). Owing to the devaluation of the markka on 15 November 1991, the midpoint was increased to 5.55841 and the fluctuation limits to 5.39166 and 5.72516. On 8 September 1992, the Bank of Finland decided to temporarily abandon the limits of the fluctuation range and allow the markka to float. On 13 November 1992, the Government, on the basis of the amended Currency Act, authorized the Bank of Finland to float the markka for an indefinite period.

The Central Bank. The Bank of Finland (Suomen Pankki - Finlands Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Board, the nine members of which are entrusted with overall supervision of the Bank and certain specific decisions such as fixing the Bank's base rate and the limits for other rates. The Governor and a maximum of five other Members of the Board are appointed by the President of the Republic. The Board manages all affairs not expressly entrusted to the Parliamentary Supervisory Board, including the terms of banks' central bank finance and open market operations in the money and foreign exchange market. The powers vested in the Bank and its independence of the Government make the Bank of Finland one of the world's stronger central banks. In practice, the Bank liaises closely with the Government, so as to coordinate economic policy. The Bank of Finland has a head office in Helsinki and 4 branch offices in other towns.

Other banks (31 December 1995). Finland has three major groups of deposit banks with a total of 1 953 offices. There are two big commercial banks with national branch networks and five smaller ones. The commercial banks have a total of 19 foreign branches, subsidiaries and associate banks and 21 representative offices abroad. There are 40 savings banks and 301 cooperative banks with their own extensive branch networks. In addition, foreign banks have four branches and nine representative offices in Finland.

Financial market. Of the total stock of FIM 679 billion in outstanding domestic credit at the end of September 1995, 50 % was provided by deposit banks, 26 % by insurance companies, 5 % by other private credit institutions, 6 % by public financial institutions and 12 % by the state, local authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 69 % of the instruments, which totalled approximately FIM 142 billion at end-1995, 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 73 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 191 billion (at end-1995). Domestic bonds and debentures in circulation at end-1995 totalled FIM 234 billion; government bonds made up 62 % of the total. Turnover on the Stock Exchange in 1995 amounted to FIM 84 billion; the share of shares and subscription rights in the total was approximately 99 %.

1. The balance sheet of the Bank of Finland	S2
1.1 The balance sheet of the Bank of Finland	S2
1.2 Time series for the balance sheet items of the Bank of Finland	S3
2. The Bank of Finland's operations in the money and foreign exchange markets and the banks' forward exchange position	S4
2.1 The Bank of Finland's minimum reserve system and standing facilities	S4
2.2 The Bank of Finland's money market transactions	S4
2.3 The Bank of Finland's transactions in convertible currencies	S5
2.4 Forward exchange contracts	S5
3. Rates of interest	S6
3.1 Money market rates and rates applied by the Bank of Finland	S6
3.2 The Bank of Finland's liquidity facility	S6
3.3 Weighted Eurorates and commercial ECU interest rate	S6
3.4 Rates of interest applied by banks	S7
3.5 Yields on bonds and shares	S7
4. Rates of exchange	S8
4.1 Middle rates	S8
4.2 Markka value of the ECU and currency indices	S9
5. Other domestic financing	S10
5.1 Bank funding from the public	S10
5.2 Bank lending to the public	S10
5.3 Money supply	S11
5.4 Liabilities and assets of the central government	S11
5.5 Markka bond market	S12
a) Issues	S12
b) Stock	S12
c) Turnover	S13
5.6 Helsinki Stock Exchange	S13
6. Balance of payments, foreign liabilities and assets	S14
6.1 Current account	S14
6.2 Capital and financial account	S15
6.3 Finland's international investment position	S16
6.4 Finland's net international investment position (liabilities less assets), by sector	S17
7. Foreign trade	S18
7.1 Exports, imports and the trade balance	S18
7.2 Foreign trade: indices of volume, prices and terms of trade	S18
7.3 Foreign trade by main groups	S18
7.4 Foreign trade by regions and countries	S19
8. Domestic economic developments	S20
8.1 Supply and use of resources	S20
8.2 Volume of industrial production	S20
8.3 Indicators of domestic supply and demand	S21
8.4 Wages and prices	S22
8.5 Labour, employment and unemployment	S23
8.6 Central government finances: revenue, expenditure and financial balance	S24
Notes and explanations to the statistical section	S25

1. The balance sheet of the Bank of Finland

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

	1995		1996		
	31 Dec.	6 Sept.	13 Sept.	23 Sept.	30 Sept.
ASSETS					
Reserve assets	48 865	34 874	34 486	35 327	35 315
Gold	1 742	1 742	1 742	1 742	1 742
Special drawing rights	1 569	1 156	1 160	1 417	1 412
IMF reserve tranche	1 685	1 916	1 926	1 918	1 928
ECU-claim on the European Monetary Institute	3 363	2 629	2 633	2 608	2 614
Foreign exchange assets	40 506	27 430	27 025	27 643	27 619
Other foreign claims	3 969	4 054	4 054	4 053	4 053
Markka subscription to Finland's quota in the IMF	3 911	3 995	3 995	3 995	3 995
Share in the European Monetary Institute	58	59	59	58	58
Claims on financial institutions	8 831	16 558	16 544	15 484	12 089
Liquidity credits	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Securities with repurchase commitments	7 076	14 585	14 585	13 541	10 147
Term credits	-	-	-	-	-
Bonds	417	249	236	224	224
Other claims on financial institutions	1 339	1 723	1 723	1 719	1 719
Claims on the public sector	1 882	6 297	6 297	6 299	5 998
Treasury bills	-	-	-	-	-
Bonds	-	-	-	-	-
Total coinage	1 882	1 877	1 877	1 879	1 882
Loans for stabilizing the money market	-	3 572	3 572	3 572	3 268
Other claims on the public sector	-	848	848	848	848
Claims on corporations	2 886	2 432	2 432	2 432	2 429
Financing of domestic deliveries (KTR)	185	105	105	105	102
Other claims on corporations	2 700	2 327	2 327	2 327	2 327
Other assets	5 645	567	628	665	644
Loans for stabilizing the money market	4 532	-	-	-	-
Accrued items	972	453	513	550	535
Other assets	141	114	115	115	109
Valuation account	643	-	-	-	-
Capitalized expenditures and losses due to safeguarding the stability of the money market	1 400	1 400	1 400	1 400	1 400
Total	74 121	66 181	65 840	65 660	61 928
LIABILITIES					
Foreign currency liabilities	1 214	819	1 222	885	891
Other foreign liabilities	4 837	4 930	4 935	4 931	4 936
IMF markka accounts	3 911	3 995	3 995	3 995	3 995
Allocations of special drawing rights	927	935	939	936	940
Other foreign liabilities	-	-	-	-	-
Notes and coin in circulation	15 611	15 240	15 251	15 256	15 331
Notes	13 868	13 489	13 499	13 504	13 582
Coin	1 743	1 751	1 752	1 752	1 750
Certificates of deposit	27 090	23 650	21 480	24 650	24 650
Liabilities to financial institutions	16 777	10 675	11 875	9 155	5 176
Reserve deposits	15 676	9 174	10 375	7 655	3 676
Term deposits	-	-	-	-	-
Other liabilities to financial institutions	1 101	1 500	1 500	1 500	1 500
Liabilities to the public sector	75	-	-	-	-
Cheque accounts	0	-	-	-	-
Deposits of the Government Guarantee Fund	75	-	-	-	-
Other liabilities to the public sector	-	-	-	-	-
Liabilities to corporations	994	726	718	704	697
Deposits for investment and ship purchase	994	726	718	704	697
Other liabilities to corporations	-	-	-	-	-
Other liabilities	327	284	254	255	243
Accrued items	300	244	219	218	208
Other liabilities	27	39	35	36	35
Valuation account	-	2 662	2 910	2 629	2 809
Provisions	1 431	1 431	1 431	1 431	1 431
Pension provision	1 431	1 431	1 431	1 431	1 431
Other provisions	-	-	-	-	-
Capital accounts	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	-	-	-	-	-
Total	74 121	66 181	65 840	65 660	61 928

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
1991	2 180	932	1 136	.	29 381	33 629	- 424	33 204	1 375	3	1 372
1992	2 180	564	1 732	.	25 041	29 517	-2 998	26 519	2 446	90	2 356
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
1995											
Sept.	1 742	1 457	1 579	3 323	40 294	48 395	-1 829	46 566	1 797	76	1 721
Oct.	1 742	1 385	1 671	3 315	39 624	47 738	-1 954	45 784	1 801	76	1 725
Nov.	1 742	1 421	1 666	3 279	42 396	50 503	-2 113	48 390	1 819	75	1 744
Dec.	1 742	1 569	1 685	3 363	40 506	48 865	-2 082	46 783	1 882	75	1 807
1996											
Jan.	1 742	1 174	1 716	3 337	36 023	43 993	-1 378	42 615	1 879	132	1 747
Feb.	1 742	1 061	1 767	3 376	37 832	45 778	-1 484	44 294	1 880	54	1 826
March	1 742	1 165	1 802	3 435	35 330	43 475	-1 364	42 111	1 874	40	1 834
April	1 742	1 401	1 864	3 070	33 986	42 063	-1 481	40 582	1 873	342	1 531
May	1 742	1 474	1 953	3 002	27 814	35 985	-1 725	34 260	6 670	0	6 670
June	1 742	1 243	1 908	2 964	26 851	34 707	-2 015	32 692	6 460	0	6 460
July	1 742	1 187	1 880	2 642	26 402	33 854	-2 066	31 788	6 460	0	6 460
Aug.	1 742	1 186	1 909	2 613	27 139	34 590	-2 588	32 002	6 297	-	6 297
Sept.	1 742	1 412	1 928	2 614	27 619	35 315	-1 774	33 541	5 998	-	5 998

End of period	Domestic financial sector				Corporate sector				
	Term claims on deposit banks, net	Reserve deposits of deposit banks ¹	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
1991	11 882	-10 361	3 325	4 846	1 086	-6 854	-5 768	14 528	8 880
1992	3 738	-13 165	4 022	-5 405	747	-2 651	-1 904	14 508	4 880
1993	7 337	-6 398	-463	476	496	720	1 216	14 994	14 837
1994	1 480	-6 526	-347	-5 392	316	1 285	1 601	14 315	35 236
1995	7 076	-15 676	655	-7 945	185	1 706	1 891	15 611	27 090
1995									
Sept.	6 261	-6 557	107	-189	217	1 692	1 909	14 229	37 321
Oct.	6 178	-5 768	728	1 138	202	1 752	1 954	14 129	37 596
Nov.	5 409	-7 011	711	-891	192	1 631	1 823	14 321	38 082
Dec.	7 076	-15 676	655	-7 945	185	1 706	1 891	15 611	27 090
1996									
Jan.	3 182	-18 155	624	-14 349	170	1 756	1 926	14 293	16 743
Feb.	2 095	-8 092	2 046	-3 951	159	1 808	1 968	14 428	28 325
March	2 244	-6 564	598	-3 722	153	1 825	1 978	14 448	25 426
April	3 430	-8 831	304	-5 097	138	1 628	1 767	14 759	20 350
May	10 237	-8 790	527	1 974	129	1 541	1 670	14 967	20 700
June	7 887	-4 191	498	4 194	124	1 560	1 685	15 275	21 420
July	6 540	-7 203	487	-176	117	1 581	1 698	15 251	16 445
Aug.	9 988	-5 400	472	5 060	108	1 592	1 700	15 201	21 920
Sept.	10 147	-3 676	443	6 914	102	1 630	1 732	15 331	24 650

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 ¹ , 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 I-IX	2.0	1.5	1.0	6 557	.	.	123
X-XII	2.0	1.5	1.0	6 530	616	7 146	37
1995							
Sept.	2.0	1.5	1.0	6 557	.	.	857
Oct.	2.0	1.5	1.0	6 557	140	6 697	0
Nov.	2.0	1.5	1.0	6 545	196	6 741	112
Dec.	2.0	1.5	1.0	6 487	1 512	7 999	0
1996							
Jan.	2.0	1.5	1.0	6 541	217	6 758	0
Feb.	2.0	1.5	1.0	6 681	251	6 932	50
March	2.0	1.5	1.0	6 699	240	6 939	278
April	2.0	1.5	1.0	6 672	148	6 821	153
May	2.0	1.5	1.0	6 624	105	6 730	0
June	2.0	1.5	1.0	6 689	481	7 171	0
July	2.0	1.5	1.0	6 728	139	6 868	0
Aug.	2.0	1.5	1.0	6 672	308	6 981	544
Sept.	2.0	1.5	1.0	6 636	1 634	8 270	0

¹ As of 2 October 1995, the minimum reserve requirement is fulfilled on an averaging basis; until 2 October 1995, 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
1991	109 568	30 380	81 969	-2 781
1992	76 230	137 940	-60 417	-1 293
1993	86 521	146 899	-50 486	-9 892
1994	35 540	351 820	-295 165	-21 115
1995	50 435	434 810	-393 930	9 555
1995				
Sept.	9 350	37 350	-33 740	5 740
Oct.	5 380	37 610	-28 110	-4 120
Nov.	4 680	38 080	-30 380	-3 020
Dec.	5 100	31 240	-37 290	11 150
1996				
Jan.	3 250	26 000	-22 850	100
Feb.	2 100	27 420	-24 080	-1 240
March	2 280	24 350	-21 300	-770
April	3 500	16 320	-26 040	13 220
May	10 500	20 060	-12 880	3 320
June	7 900	14 020	-2 390	-3 730
July	6 700	16 450	-13 510	3 760
Aug.	14 800	21 920	-9 892	2 772
Sept.	11 900	24 650	-15 530	2 780

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
1991	35 120	-69 940	-14 820	12 820	12 260
1992	20 050	-70 640	-1 650	390	45 060
1993	25 120	-45 080	7 460	-6 910	33 240
1994	20 930	-12 900	9 060	-8 930	24 660
1995	4 910	-5 960	-6 170	9 170	-9 645
1995					
Aug.	4 000	-780	3 510	-3 410	-70
Sept.	450	-1 970	-100	-	-2 640
Oct.	-	-180	-830	860	-330
Nov.	60	-	-2 580	2 570	120
Dec.	-	-820	-	-	-2 310
1996					
Jan.	-	-3 970	-	-	-1 150
Feb.	-	-1 330	-	-	2 440
March	-	-440	-	-	-1 970
April	-	-1 100	-	-	-1 710
May	1 200	-	-	-	-6 230
June	240	-	-	-	-720
July	60	-	-	-	-50
Aug.	1 350	-	-	-	-658

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				
	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	
1991	33 004	36 352	-3 348	40 056	37 505	2 550	- 798	1 404	645	759	8 953
1992	39 195	32 939	6 256	21 142	32 339	-11 197	-4 941	1 614	1 929	- 315	7 133
1993	38 373	23 721	14 652	14 346	21 895	-7 548	7 104	11 632	2 173	9 459	1 939
1994	51 096	22 093	29 003	19 236	32 791	-13 555	15 448	18 372	4 780	13 592	-6 080
1995	60 280	19 095	41 185	31 837	48 906	-17 069	24 116	12 829	6 871	5 957	0
1995											
Aug.	58 236	19 237	39 000	24 721	37 101	-12 379	26 621	16 288	5 142	11 146	-3 416
Sept.	58 838	21 341	37 497	23 891	38 339	-14 448	23 049	13 741	6 046	7 695	-3 416
Oct.	56 689	20 187	36 503	25 509	39 525	-14 015	22 488	14 986	6 228	8 758	-2 572
Nov.	58 789	21 279	37 510	29 384	45 295	-15 911	21 599	15 154	6 539	8 615	0
Dec.	60 280	19 095	41 185	31 837	48 906	-17 069	24 116	12 829	6 871	5 957	0
1996											
Jan.	62 881	24 416	38 465	38 155	61 008	-22 854	15 611	15 426	9 221	6 205	0
Feb.	69 329	29 225	40 105	44 599	67 131	-22 532	17 573	16 168	9 036	7 132	0
March	69 288	29 810	39 478	47 057	66 398	-19 341	20 137	15 413	8 400	7 013	0
April	65 120	29 781	35 340	42 328	63 860	-21 532	13 808	15 326	8 836	6 490	0
May	63 924	29 718	34 206	43 553	66 290	-22 737	11 469	17 851	8 327	9 525	0
June	60 709	27 714	32 995	43 406	61 302	-17 896	15 099	16 731	8 494	8 237	0
July	57 388	27 873	29 514	42 949	62 681	-19 733	9 781	16 977	8 127	8 849	0
Aug.	56 042	26 638	29 404	43 992	68 884	-24 891	4 513	17 407	7 513	9 894	0

3. Rates of interest

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

Average of daily observations	Interbank overnight rate	HELIBOR				Bank of Finland rates		
		1 month	3 months	6 months	12 months	Liquidity credit rate ¹	Excess-reserve rate ²	Base rate
	1	2	3	4	5	6	7	8
1991	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50
1992	13.32	13.49	13.27	13.08	12.96	14.90	7.41	9.17
1993	7.71	7.85	7.73	7.59	7.47	8.95	4.95	6.85
1994	4.38	5.11	5.35	5.78	6.33	7.11	3.11	5.27
1995	5.26	5.63	5.76	5.97	6.34	7.63	3.63	5.20
1995								
Sept.	6.20	5.97	5.95	5.97	6.04	8.00	4.00	5.25
Oct.	5.61	5.58	5.61	5.65	5.76	7.57	3.57	5.25
Nov.	4.90	4.90	4.93	4.99	5.11	6.90	2.90	5.00
Dec.	4.60	4.56	4.54	4.57	4.66	6.56	2.56	4.86
1996								
Jan.	4.30	4.21	4.20	4.24	4.41	6.25	2.25	4.75
Feb.	4.05	4.27	4.28	4.33	4.58	6.25	2.25	4.50
March	3.83	3.95	4.01	4.12	4.36	5.94	1.94	4.50
April	3.91	3.76	3.82	3.95	4.21	5.75	1.75	4.50
May	4.01	3.75	3.76	3.86	4.16	5.75	1.75	4.50
June	3.38	3.67	3.72	3.84	4.11	5.67	1.67	4.50
July	3.48	3.54	3.63	3.78	4.07	5.52	1.52	4.50
Aug.	3.94	3.45	3.54	3.70	4.00	5.43	1.43	4.50
Sept.	3.16	3.19	3.28	3.43	3.67	5.19	1.19	4.25

¹ Call money credit rate until 2 July 1992.

² 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		
1992 ¹	13.85	1992	+1.00	7	-3.00	.
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
1995		1995				
Sept.	6.00	Sept.	+2.00	7	-2.00	.
Oct.	5.57	Oct.	+2.00	7	.	3.50
Nov.	4.90	Nov.	+2.00	7	.	2.75
Dec.	4.56	Dec.	+2.00	7	.	2.25
1996		1996				
Jan.	4.25	Jan.	+2.00	7	.	2.25
Feb.	4.25	Feb.	+2.00	7	.	2.25
March	3.94	March	+2.00	7	.	1.75
April	3.75	April	+2.00	7	.	1.75
May	3.75	May	+2.00	7	.	1.75
June	3.67	June	+2.00	7	.	1.60
July	3.52	July	+2.00	7	.	1.50
Aug.	3.43	Aug.	+2.00	7	.	1.25
Sept.	3.19	Sept.	+2.00	7	.	1.10
13.03.1996	3.75	13.03.1996				1.75
14.06.1996	3.60	14.06.1996				1.60
05.07.1996	3.50	05.07.1996				1.50
23.08.1996	3.25	23.08.1996				1.25
18.09.1996	3.10	18.09.1996				1.10

¹ July-December.

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
1991	10.1	8.5	9.9
1992	10.4	7.8	10.6
1993	8.0	5.9	8.1
1994	5.9	5.2	6.1
1995	5.9	5.2	6.0
1995			
Sept.	5.6	4.9	5.6
Oct.	5.7	4.9	5.8
Nov.	5.5	4.8	5.5
Dec.	5.3	4.7	5.3
1996			
Jan.	4.8	4.5	4.9
Feb.	4.6	4.2	4.7
March	4.6	4.3	4.7
April	4.4	4.2	4.5
May	4.3	4.3	4.4
June	4.4	4.3	4.5
July	4.3	4.3	4.5
Aug.	4.3	4.2	4.4
Sept.	4.2	4.1	4.3

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 ¹	36-month tax-exempt deposits ¹	Other tax-exempt deposits, max. rate of interest ¹	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	
1991	13.63	15.88	13.40	13.84	12.08	11.80	7.50		4.50	7.10	13.22	8.97
1992	14.04	15.86	13.32	13.75	12.46	12.13	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
1995												
Aug.	8.98	11.58	7.80	7.98	8.14	7.84	3.25	4.25	2.00	3.21	6.52	4.16
Sept.	8.46	11.63	7.68	7.86	8.11	7.82	3.25	4.25	2.00	3.20	6.35	4.14
Oct.	7.73	11.56	7.28	7.43	7.98	7.68	3.25	4.25	2.00	3.09	6.19	4.03
Nov.	6.86	11.48	6.80	6.92	7.78	7.45	3.00	4.00	2.00	2.92	6.04	3.81
Dec.	6.53	9.30	6.10	6.21	7.46	7.13	2.75	3.75	2.00	2.69	5.27	3.38
1996												
Jan.	6.30	11.05	5.81	5.94	7.18	6.88	2.75	3.75	2.00	2.55	5.17	3.29
Feb.	5.79	9.32	6.04	6.08	6.99	6.70	2.50	3.50	2.00	2.44	4.98	3.15
March	5.13	10.78	5.93	5.99	6.88	6.57	2.50	3.50	2.00	2.37	4.63	3.00
April	4.83	8.19	5.71	5.75	6.77	6.43	2.50	3.50	2.00	2.32	4.71	2.99
May	5.96	9.19	5.59	5.73	6.64	6.30	2.50	3.50	2.00	2.27	4.59	2.97
June	5.31	10.66	5.35	5.44	6.55	6.20	2.50	3.50	2.00	2.23	4.10	2.79
July	6.26	9.78	5.48	5.63	6.48	6.12	2.50	3.50	2.00	2.21	4.29	2.81
Aug.	6.19	9.74	5.51	5.66	6.42	6.04	2.50	3.50	2.00	2.07	4.09	2.71

¹ 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
1991	12.3	12.2	11.8		3.9
1992	13.1	13.0	12.0	11.5 ¹	3.1
1993	8.5	8.9	8.2	8.8	1.8
1994	8.5	9.3	8.4	9.0	1.4
1995	8.2	8.9	7.9	8.8	2.6
1995					
Aug.	8.1	8.6	7.3	8.3	2.7
Sept.	7.6	8.1	7.2	8.0	2.6
Oct.	7.4	8.0	7.5	7.9	2.6
Nov.	6.7	7.5	7.0	7.5	3.1
Dec.	6.5	7.3	6.7	7.4	3.5
1996					
Jan.	6.1	6.9	6.3	7.0	2.2
Feb.	6.4	7.3	6.9	7.7	2.1
March	6.4	7.5	6.8	7.7	3.0
April	6.1	7.2	6.5	7.5	3.0
May	6.1	7.4	6.5	7.4	2.4
June	6.0	7.2	6.3	7.2	2.4
July	5.9	6.9	6.2	7.1	2.4
Aug.	5.8	6.9	6.1	7.2	2.3

¹ November and December only.

4. Rates of exchange

4.1 Middle rates, FIM

Average of daily quotations	New York 1 USD	Montreal 1 CAD	London 1 GBP	Dublin 1 IEP	Stockholm 1 SEK	Oslo 1 NOK	Copenhagen 1 DKK	Reykjavik 1 ISK	Frankfurt am Main 1 DEM	Amsterdam 1 NLG	Brussels 1 BEF	Zurich 1 CHF
	1	2	3	4	5	6	7	8	9	10	11	12
1991	4.0457	3.534	7.131	6.511	0.6684	0.6236	0.6322	0.0684	2.4380	2.1634	0.1184	2.8208
1992	4.4835	3.706	7.875	7.636	0.7714	0.7222	0.7444	0.0778	2.8769	2.5552	0.1397	3.2000
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
1995												
Sept.	4.3717	3.240	6.810	6.953	0.6127	0.6829	0.7710	0.0665	2.9902	2.6693	0.1454	3.6750
Oct.	4.2696	3.174	6.738	6.890	0.6248	0.6845	0.7776	0.0661	3.0188	2.6953	0.1468	3.7265
Nov.	4.2400	3.134	6.629	6.814	0.6427	0.6785	0.7724	0.0656	2.9934	2.6724	0.1456	3.7109
Dec.	4.3351	3.165	6.669	6.893	0.6531	0.6822	0.7766	0.0663	3.0083	2.6866	0.1464	3.7246
1996												
Jan.	4.4425	3.251	6.797	7.032	0.6608	0.6923	0.7859	0.0673	3.0398	2.7145	0.1479	3.7670
Feb.	4.5520	3.309	6.991	7.200	0.6611	0.7107	0.8026	0.0687	3.1048	2.7725	0.1510	3.8076
March	4.6019	3.370	7.026	7.234	0.6836	0.7158	0.8062	0.0694	3.1140	2.7818	0.1515	3.8459
April	4.7313	3.482	7.169	7.402	0.7040	0.7285	0.8147	0.0709	3.1434	2.8109	0.1530	3.8805
May	4.7568	3.475	7.207	7.437	0.6996	0.7233	0.8038	0.0706	3.1028	2.7755	0.1509	3.7924
June	4.6713	3.420	7.204	7.398	0.6991	0.7153	0.7933	0.0695	3.0590	2.7310	0.1487	3.7172
July	4.5888	3.352	7.128	7.354	0.6909	0.7113	0.7910	0.0687	3.0495	2.7171	0.1480	3.7178
Aug.	4.4777	3.263	6.941	7.215	0.6765	0.6986	0.7816	0.0676	3.0210	2.6932	0.1466	3.7227
Sept.	4.5383	3.313	7.075	7.309	0.6834	0.7029	0.7826	0.0680	3.0145	2.6889	0.1464	3.6860

Average of daily quotations	Paris 1 FRF	Rome 1 ITL	Vienna 1 ATS	Lisbon 1 PTE	Madrid 1 ESP	Athens 1 GRD	Tallinn 1 EEK	Tokyo 1 JPY	Melbourne 1 AUD	ECU Commercial 1 XEU	SDR 1 XDR
	13	14	15	16	17	18	19	20	21	22	23
1991	0.7169	0.00326	0.3464	0.0280	0.0389	0.022		0.03008	3.152	5.003	5.52771
1992	0.8486	0.00364	0.4088	0.0332	0.0438	0.024	0.4060	0.03546	3.289	5.798	6.31546
1993	1.0096	0.00364	0.4916	0.0356	0.0451	0.025	0.4323	0.05168	3.885	6.685	7.98641
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	6.61196
1995											
Sept.	0.8670	0.00271	0.4251	0.0287	0.0348	0.0186	0.3738	0.04353	3.298	5.580	6.40629
Oct.	0.8643	0.00266	0.4290	0.0287	0.0349	0.0184	0.3773	0.04242	3.237	5.546	6.39697
Nov.	0.8677	0.00266	0.4255	0.0285	0.0348	0.0181	0.3742	0.04162	3.160	5.496	6.33703
Dec.	0.8733	0.00272	0.4276	0.0287	0.0354	0.0182	0.3760	0.04258	3.213	5.530	6.43793
1996											
Jan.	0.8878	0.00281	0.4323	0.0293	0.0361	0.0185	0.3800	0.04206	3.293	5.609	6.51994
Feb.	0.9028	0.00289	0.4414	0.0299	0.0368	0.0188	0.3881	0.04305	3.439	5.704	6.67427
March	0.9095	0.00294	0.4427	0.0301	0.0370	0.0190	0.3892	0.04346	3.549	5.772	6.72716
April	0.9262	0.00302	0.4470	0.0306	0.0377	0.0195	0.3929	0.04411	3.719	5.882	6.86087
May	0.9170	0.00306	0.4412	0.0302	0.0372	0.0196	0.3878	0.04474	3.790	5.844	6.87179
June	0.9026	0.00303	0.4348	0.0297	0.0363	0.0193	0.3824	0.04292	3.698	5.787	6.74035
July	0.9006	0.00301	0.4334	0.0297	0.0361	0.0193	0.3812	0.04200	3.622	5.762	6.65070
Aug.	0.8848	0.00295	0.4293	0.0294	0.0356	0.0189	0.3776	0.04153	3.506	5.683	6.52988
Sept.	0.8854	0.00299	0.4284	0.0295	0.0358	0.0190	0.3768	0.04132	3.598	5.714	6.57191

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
1991	5.00580	101.4	101.4
1992	5.80140	116.4	115.7
1993	6.69420	132.4	136.0
1994	6.19108	123.2	125.5
1995	5.70936	111.6	111.6
1995			
Sept.	5.63392	110.3	110.6
Oct.	5.64587	110.4	110.0
Nov.	5.61404	110.0	109.5
Dec.	5.65470	111.2	111.0
1996			
Jan.	5.73809	112.7	112.9
Feb.	5.86385	115.0	115.3
March	5.89568	116.2	116.4
April	5.98143	118.3	118.8
May	5.93160	117.8	118.5
June	5.85380	116.3	116.8
July	5.82763	115.3	115.6
Aug.	5.74674	113.5	113.5
Sept.	5.76093	114.0	114.3

5. Other domestic financing

5.1 Bank funding from the public, mill. FIM

End of period	Cheque and giro deposits	Transaction deposits	Time deposits	Other deposits	Markka deposits, total (1+2+3+4)	Foreign currency deposits	Total deposits (5+6)	Other funding	Total funding (7+8)
	1	2	3	4	5	6	7	8	9
1991	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
1992	34 832	88 526	114 771	21 218	259 347	14 626	273 973	65 557	339 530
1993	36 379	92 357	112 413	21 766	262 915	14 883	277 798	63 173	340 971
1994	41 200	99 691	108 922	19 838	269 650	12 774	282 424	44 228	326 651
1995	52 496	110 455	103 573	22 166	288 689	13 679	302 369	37 851	340 220
1995									
May	45 373	103 337	108 316	20 671	277 697	12 264	289 961	48 998	338 959
June	47 640	105 219	108 954	20 606	282 418	12 759	295 177	44 648	339 825
July	48 359	105 161	108 755	20 811	283 087	12 420	295 507	62 174	357 681
Aug.	46 983	105 397	108 792	20 795	281 966	12 488	294 454	62 337	356 791
Sept.	44 089	105 789	108 047	20 852	278 776	12 165	290 941	57 174	348 115
Oct.	47 040	104 602	105 406	21 553	278 602	12 247	290 849	64 497	355 346
Nov.	48 730	107 047	104 174	21 797	281 748	13 250	294 998	50 785	345 784
Dec.	52 496	110 455	103 573	22 166	288 689	13 679	302 369	37 851	340 220
1996									
Jan.	50 193	112 802	95 502	24 819	283 316	13 011	296 327	50 008	346 335
Feb.	51 099	114 843	92 250	23 683	281 875	14 184	296 059	38 431	334 490
March	47 991	117 400	88 821	24 714	278 925	13 951	292 876	41 906	334 782
April	49 678	118 933	85 792	24 883	279 285	14 896	294 181	43 472	337 653
May	50 828	120 374	82 945	25 001	279 148	15 399	294 547	46 802	341 349

5.2 Bank lending to the public, mill. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markka lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
1991	18 037	4 712	262 859	285 609	107 714	393 323
1992	16 045	3 335	252 163	271 544	95 168	366 712
1993	14 217	2 223	248 406	264 846	66 931	331 777
1994	13 241	1 301	242 417	256 958	45 138	302 096
1995	12 348	901	235 074	248 323	32 252	280 575
1995						
May	12 448	1 145	242 338	255 930	38 260	294 190
June	12 216	1 070	241 834	255 120	37 831	292 951
July	11 845	1 074	242 045	254 963	36 353	291 316
Aug.	11 860	1 058	242 323	255 242	36 230	291 472
Sept.	12 317	1 004	241 909	255 230	35 166	290 396
Oct.	12 180	992	241 103	254 275	34 006	288 281
Nov.	12 283	943	240 328	253 554	32 926	286 480
Dec.	12 348	901	235 074	248 323	32 252	280 575
1996						
Jan.	12 013	792	234 240	247 046	32 406	279 452
Feb.	12 114	853	235 279	248 246	31 240	279 486
March	12 189	835	235 696	248 720	30 734	279 453
April	12 042	834	235 129	248 005	31 704	279 709
May	12 053	763	235 370	248 187	29 035	277 221

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 ₁	M ₂ (1+4+5)	M ₃
	1	2	3	4	5	6	7	8
1991	-86 555	-6 516	470 852	464 336	-102 540	130 644	275 241	310 924
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
1995*								
Aug.	22 843	15 953	369 481	385 434	-113 050	163 475	295 227	337 391
Sept.	25 915	18 486	367 613	386 098	-119 347	161 659	292 667	338 041
Oct.	28 085	20 208	365 657	385 865	-121 619	163 287	292 331	334 378
Nov.	26 219	16 770	363 830	380 600	-110 948	167 812	295 871	328 102
Dec.	25 481	19 837	353 340	373 177	-94 870	175 921	303 788	329 820
1996*								
Jan.	21 471	12 339	350 717	363 056	-87 920	175 684	296 607	331 664
Feb.	29 249	11 358	350 755	362 114	-96 312	178 534	295 050	326 921
March	29 809	12 658	350 873	363 531	-100 364	178 909	292 976	335 117
April	25 644	18 817	351 511	370 329	-103 109	181 799	292 864	327 546
May	24 810	19 008	349 775	368 783	-100 462	184 749	293 131	325 511
June	28 625	23 451	351 923	375 373	-109 237	189 305	294 761	328 990
July	36 492	24 561	349 162	373 723	-118 379	187 996	291 835	327 936
Aug.	..	..	..	..	..	189 264	292 098	325 671

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

End of period	Foreign currency-denominated debt			Markka-denominated debt				Total central government debt (3+8)	Out-standing lending	Cash funds	
	Bonds	Other debt	Total (1+2)	Public bonds	Other long-term liabilities	Treasury notes and bills	Miscellaneous items				Total (4+5+6+7)
	1	2	3	4	5	6	7	8	9	10	11
1991	38 703	4 943	43 646	31 018	12 208	5 180	.	48 406	92 052	55 165	15 956
1992	100 244	6 143	106 387	40 578	13 555	14 762	.	68 895	175 282	61 671	19 781
1993	142 824	12 753	155 577	71 082	16 060	22 824	.	109 966	265 543	66 439	36 487
1994	160 587	15 975	176 562	93 008	17 100	33 153	-5 945	137 316	313 878	67 658	43 012
1995	158 545	13 756	172 301	143 948	17 492	37 864	-5 609	193 695	365 996	66 855	41 878
1995											
Aug.	159 404	13 799	173 203	129 417	17 531	34 804	-5 641	176 111	349 314	68 779	31 864
Sept.	159 093	13 532	172 625	134 142	17 530	31 529	-5 649	177 552	350 177	69 233	35 250
Oct.	158 207	14 100	172 307	134 673	17 530	34 287	-5 692	180 798	353 105	69 390	32 117
Nov.	156 263	14 145	170 408	139 244	17 503	38 769	-5 675	189 841	360 249	67 749	45 082
Dec.	158 545	13 756	172 301	143 948	17 492	37 864	-5 609	193 695	365 996	66 855	41 878
1996											
Jan.	159 917	13 867	173 784	148 462	17 437	40 160	-5 670	200 389	374 173	67 194	38 351
Feb.	167 905	14 099	182 004	150 312	17 437	42 259	-5 682	204 326	386 330	67 257	53 668
March	168 150	14 304	182 454	150 650	17 909	45 136	-5 697	207 998	390 452	67 471	45 117
April	172 009	15 082	187 091	158 510	17 369	44 143	-5 298	214 724	401 815	67 576	48 628
May	162 738	14 670	177 408	163 861	17 369	46 167	-5 294	222 182	399 590	67 077	48 909
June	159 874	15 192	175 066	166 921	17 359	46 220	-5 324	225 176	400 242	66 754	48 626
July	158 676	15 699	174 375	171 787	17 220	44 786	-5 367	228 426	402 801	66 824	50 441
Aug.	156 801	15 491	172 292	177 586	17 220	44 985	-5 405	235 236	407 528	..	55 516

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
1991	7 277	25 737	11 073	1 320	—	45 407
1992	6 984	15 043	12 965	2 674	4	37 671
1993	11 691	10 481	36 512	2 235	63	60 981
1994	4 053	9 899	31 553	593	—	46 099
1995*	643	4 881	66 557	26	—	72 107
1995*						
Aug.	1	105	6 796	—	—	6 902
Sept.	110	1 696	9 752	—	—	11 557
Oct.	—	150	5 020	—	—	5 170
Nov.	—	204	4 761	—	—	4 965
Dec.	—	410	4 717	—	—	5 126
1996*						
Jan.	—	—	6 405	—	—	6 405
Feb.	—	157	1 899	—	—	2 056
March	—	467	2 661	—	—	3 128
April	850	—	7 887	—	—	8 737
May	540	3 154	6 351	—	—	10 044
June	—	522	3 847	—	—	4 370
July	—	—	4 876	—	—	4 876
Aug.	—	360	9 671	—	—	10 031

B) Stock, mill. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1991	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
1992	26 624	82 153	44 005	5 238	3 358	89 382	13 918	58 078	161 378
1993	32 459	73 893	73 682	6 884	2 009	119 552	10 391	58 984	188 927
1994	30 179	66 467	94 865	6 981	953	141 935	7 581	49 929	199 445
1995	26 468	55 166	145 177	6 914	357	187 830	5 034	41 218	234 082
1995									
Aug.	27 557	59 771	130 640	6 378	666	174 867	5 545	44 600	225 012
Sept.	27 635	60 015	135 365	7 372	665	181 295	5 251	44 506	231 052
Oct.	27 602	59 561	135 897	7 463	363	181 435	5 058	44 393	230 886
Nov.	27 233	57 647	140 404	7 462	359	184 619	4 976	43 510	233 105
Dec.	26 468	55 166	145 177	6 914	357	187 830	5 034	41 218	234 082
1996									
Jan.	26 039	53 393	149 692	5 814	357	190 594	4 521	40 180	235 295
Feb.	25 942	52 432	151 541	5 679	357	191 827	4 290	39 834	235 951
March	25 636	51 545	152 376	5 619	355	191 745	3 910	39 876	235 531
April	26 394	50 933	159 728	5 612	355	200 101	3 899	39 022	243 022
May	25 973	52 631	165 080	5 558	150	207 717	3 636	38 039	249 392
June	25 534	50 500	168 139	4 647	149	209 827	3 622	35 520	248 969
July	25 016	49 621	173 505	4 646	148	213 851	3 617	35 468	252 936
Aug.	24 756	49 370	179 304	4 638	148	219 536	3 360	35 320	258 216

C) *Turnover, mill. FIM*

During period	Interbank transactions	Transactions between banks and customers	Primary dealers' transactions in benchmark government bonds		
			Purchases from other primary dealers	Purchases from others	Sales to others
	1	2	3	4	5
1991	3 343	29 134			
1992	18 383	58 757	10 744	12 156	13 354
1993	47 803	246 104	42 945	95 647	117 489
1994	184 599	359 697	173 096	150 908	176 647
1995	147 037	436 052	133 357	190 069	215 879
1995					
Sept.	19 708	50 201	18 676	22 799	24 815
Oct.	11 843	40 102	11 615	17 944	21 776
Nov.	10 782	40 739	10 060	18 386	21 090
Dec.	11 970	44 723	11 387	21 621	21 833
1996					
Jan.	22 987	59 858	22 069	26 431	29 781
Feb.	28 639	49 337	28 117	23 641	24 870
March	21 686	47 221	21 298	22 895	23 603
April	12 424	35 405	12 336	15 989	15 769
May	13 809	27 849	13 505	12 223	11 995
June	10 679	23 361	9 499	8 982	10 037
July	13 411	26 745	12 763	10 069	12 616
Aug.	13 452	50 597	12 908	22 320	22 356
Sept.	20 933	58 941	20 680	26 345	29 739

5.6 *Helsinki Stock Exchange*

Average of daily observations	Share prices							Turnover ¹ , mill. FIM		
	HEX index (28 Dec., 1990=1000)							Shares and subscription rights	Bonds and debentures	Total
	All-share index	By industry								
		Banks and finance	Insurance and investment	Manufacturing	Of which:					
				Forest industries	Metal and engineering	Conglomerates				
	1	2	3	4	5	6	7	8	9	10
1991	962	901	898	1 003	1 075	1 076	1 021	6 339	1 315	7 655
1992	772	425	467	943	1 123	1 206	890	10 277	15 377	25 654
1993	1 240	608	644	1 601	1 695	1 749	1 751	46 337	59 977	106 314
1994	1 847	719	802	2 464	2 284	2 675	3 068	68 671	2 147	70 818
1995	1 918	500	638	2 741	2 062	2 255	4 251	83 019	1 075	84 094
1995										
Sept.	2 231	504	751	3 276	2 176	2 492	5 045	8 649	59	8 708
Oct.	2 031	455	688	2 955	1 967	2 309	4 716	8 721	60	8 781
Nov.	1 887	417	657	2 708	1 807	2 105	4 478	6 942	132	7 074
Dec.	1 769	437	635	2 496	1 740	2 109	4 448	7 515	126	7 641
1996										
Jan.	1 710	476	671	2 363	1 686	2 116	4 452	7 241	62	7 302
Feb.	1 810	472	735	2 507	1 796	2 267	4 798	8 238	51	8 289
March	1 851	458	776	2 568	1 951	2 330	5 051	7 758	54	7 812
April	1 867	412	747	2 618	2 040	2 399	5 188	7 940	32	7 972
May	1 995	418	754	2 820	2 095	2 622	5 532	10 860	42	10 902
June	2 019	408	787	2 851	2 079	2 616	5 627	7 681	36	7 717
July	2 002	400	779	2 819	2 174	2 588	5 815	5 885	17	5 902
Aug.	2 082	407	805	2 945	2 240	2 732	6 175	6 995	44	7 039
Sept.	2 131	401	862	3 012	2 188	2 778	6 125	7 204	49	7 253

¹ 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
1991	91 100	7 508	5 044	5 636	18 189	109 289	10 003	5 336	124 628	86 348	3 974	11 089	11 011
1992	105 809	8 643	6 089	7 730	22 462	128 272	6 423	5 920	140 614	93 187	4 360	10 962	13 369
1993	132 550	10 430	7 079	9 379	26 888	159 438	6 137	6 506	172 080	101 559	5 646	9 237	17 008
1994*	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*	172 728	11 890	7 536	15 366	34 793	207 521	13 106	8 659	229 286	124 512	6 027	10 450	19 150
1994*													
I	34 382	2 663	1 524	2 839	7 026	41 408	1 764	1 289	44 462	24 767	1 295	1 998	4 213
II	38 486	2 902	1 860	2 649	7 411	45 897	2 802	1 190	49 889	29 458	1 455	2 151	3 967
III	37 322	3 092	2 230	2 960	8 282	45 604	2 027	1 180	48 811	28 743	1 549	2 256	3 899
IV	41 832	2 728	1 700	3 360	7 788	49 620	3 025	1 260	53 905	35 716	1 563	2 291	4 721
1995*													
I	41 156	2 949	1 499	3 956	8 405	49 561	3 298	1 499	54 358	29 708	1 462	2 326	5 039
II	45 973	3 005	1 891	3 654	8 550	54 523	3 435	1 505	59 463	31 724	1 548	2 639	4 825
III	39 599	3 014	2 243	3 802	9 059	48 658	2 891	2 099	53 647	29 547	1 581	2 707	4 349
IV	46 000	2 922	1 903	3 954	8 779	54 779	3 483	3 555	61 817	33 533	1 437	2 779	4 937
1996*													
I	41 146	2 895	1 679	3 539	8 112	49 258	3 920	1 634	54 813	32 304	1 521	2 590	4 314
II	46 192	3 121	1 983	3 535	8 638	54 830	3 221	1 846	59 898	32 554	1 587	2 834	3 935

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 others, net (8-17)	Current account (24+25+26) = (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1991	26 074	112 421	28 674	10 229	151 325	4 752	3 534	-6 044	-5 374	-7 885	-3 132	-18 671	-4 893	-26 696
1992	28 690	121 878	30 424	10 347	162 649	12 622	4 283	-4 873	-5 639	-6 228	6 394	-24 001	-4 428	-22 035
1993	31 891	133 450	34 580	10 390	178 421	30 991	4 784	-2 159	-7 629	-5 004	25 988	-28 443	-3 885	-6 340
1994*	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*	35 628	160 140	32 080	12 606	204 826	48 216	5 863	-2 914	-3 784	-835	47 381	-18 974	-3 947	24 460
1994*														
I	7 506	32 274	9 423	2 683	44 380	9 614	1 368	-474	-1 374	-480	9 134	-7 659	-1 393	82
II	7 573	37 031	8 733	1 959	47 722	9 028	1 447	-291	-1 318	-162	8 866	-5 930	-769	2 167
III	7 704	36 447	6 246	1 971	44 664	8 580	1 542	-26	-939	578	9 157	-4 220	-791	4 147
IV	8 575	44 291	7 399	1 984	53 673	6 117	1 166	-591	-1 361	-787	5 330	-4 375	-724	231
1995*														
I	8 827	38 535	9 205	2 814	50 554	11 448	1 487	-827	-1 082	-422	11 026	-5 906	-1 316	3 804
II	9 012	40 736	9 972	3 180	53 888	14 249	1 458	-748	-1 171	-461	13 788	-6 538	-1 675	5 575
III	8 637	38 184	6 536	3 194	47 914	10 052	1 433	-464	-548	422	10 474	-3 645	-1 095	5 734
IV	9 152	42 685	6 368	3 417	52 470	12 467	1 485	-875	-983	-373	12 094	-2 885	138	9 347
1996*														
I	8 426	40 729	8 034	4 204	52 967	8 843	1 373	-911	-776	-313	8 529	-4 113	-2 570	1 846
II	8 356	40 909	10 213	4 093	55 215	13 639	1 534	-851	-400	282	13 921	-6 992	-2 246	4 683

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: marka-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	
1991	0	-997	47	38 751	11 786	-4 511	..	34 287	-3 987	7 496	-9 606	-6 098	27 192
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	-65	33 179	2 732	647	-1 392	1 987	43 405
1995*	300	4 006	8 734	-17 868	-3 634	1 421	2 357	-5 357	-1 370	-6 985	8 376	22	-1 329
1994*													
I	0	3 844	4 389	4 669	526	-1 665	31	7 423	-908	-3 980	7 459	2 572	13 839
II	0	3 029	2 404	5 341	-3 808	3 264	268	11 278	-868	1 312	-4 826	-4 383	9 924
III	0	2 372	5 181	16 528	783	-2 119	-383	19 207	177	-1 363	-4 571	-5 756	15 823
IV	0	-1 005	1 426	-4 562	-3 283	-1 614	20	-4 729	4 330	4 678	545	9 554	3 819
1995*													
I	0	2 516	392	150	-1 423	-1 889	146	-1 200	-2 623	-333	8 549	5 593	6 908
II	0	-1 330	3 482	-9 335	-3 501	-974	523	-6 303	844	-3 206	-2 136	-4 498	-12 131
III	0	88	2 940	-2 503	932	1 618	1 079	3 134	-1 025	-3 192	-744	-4 961	-1 738
IV	300	2 732	1 920	-6 181	358	2 666	608	-987	1 434	-254	2 707	3 888	5 633
1996*													
I	0	1 670	1 216	2 777	1 297	452	974	5 419	-3 781	4 742	-716	246	7 334
II	0	978	6 113	-4 920	2 816	354	754	2 301	-813	3 778	-2 698	267	3 547

During period	Capital account, exports of capital	Financial account											Errors and omissions	Change in central bank's reserve assets (increase -)
		Direct investment abroad	Portfolio investment abroad					Other investment abroad				Total (15+20+24)		
			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	
1991	299	-501	-369	-3	1 499	..	1 128	-726	2 341	7 570	9 184	9 810	2 239	7 375
1992	0	-3 372	46	321	2 748	..	3 115	3 634	3 409	7 720	14 763	14 506	-293	9 180
1993	0	8 050	873	767	1 932	..	3 571	1 923	-839	9 576	10 660	22 282	6 055	-1 219
1994*	0	22 447	291	-4 625	-855	-279	-5 469	1 213	-7 460	9 762	3 516	20 494	-4 034	-25 504
1995*	206	6 624	521	2 994	-5 492	-165	-2 143	2 766	-2 712	11 750	11 804	16 285	-8 420	1 480
1994*														
I	0	5 401	356	-558	215	-202	-188	-1 958	-1 849	-2 327	-6 135	-922	-4 563	-10 279
II	0	4 808	-41	-3 337	-4 448	-27	-7 854	1 600	-2 625	6 080	5 055	2 009	91	-10 172
III	0	4 897	-45	-1 166	422	-53	-842	-153	-251	9 532	9 127	13 182	-2 867	-3 921
IV	0	7 341	20	437	2 956	2	3 415	1 724	-2 734	-3 522	-4 532	6 225	3 305	-1 132
1995*														
I	0	2 147	-139	1 472	-2 249	-45	-961	700	-1 234	9 695	9 161	10 347	1 325	-1 691
II	104	1 309	106	-80	-2 798	31	-2 741	2 419	-150	-7 809	-5 540	-6 971	-1 599	1 288
III	0	1 086	443	-108	521	-37	819	-174	1 044	3 431	4 301	6 206	618	1 592
IV	102	2 082	111	1 711	-967	-115	740	-179	-2 373	6 433	3 882	6 704	-8 764	291
1996*														
I	0	4 966	550	3 731	2 424	-26	6 679	-551	2 416	6 050	7 916	19 561	3 126	7 254
II	0	5 319	941	2 424	-21	71	3 415	504	-2 008	6 057	4 554	13 288	-3 399	8 457

6.3 Finland's international investment position, mill. FIM

Position at end of period	Liabilities												Total liabilities (1+7+12)
	Direct investment in Finland	Portfolio investment					Other investment						
		Shares	Bonds	Of which: markka denominated bonds	Money market instruments	Financial derivatives	Total (2+3+5+6)	Trade credits	Loans	Currency and deposits	Other	Total (8+9+10+11)	
1	2	3	4	5	6	7	8	9	10	11	12	13	
1991	17 443	4 149	141 055	19 036	22 079	..	167 283	9 532	68 892	8 555	84 036	171 015	355 741
1992	19 348	5 138	211 361	14 366	19 391	..	235 889	13 305	78 330	11 880	78 804	182 320	437 557
1993	24 391	30 375	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	-6 877	322 814	20 465	82 649	3 430	46 566	153 111	507 771
1995*	35 666	63 746	228 676	19 638	10 099	1 368	303 889	18 931	69 249	2 568	53 557	144 305	483 861
1994*													
I	27 918	39 079	269 077	30 065	12 245	-8 855	311 546	17 029	85 196	4 724	58 746	165 694	505 158
II	30 846	42 719	272 094	23 945	15 286	-8 809	321 290	16 143	86 412	2 964	55 420	160 939	513 075
III	33 010	56 036	272 306	26 009	11 864	-7 591	332 615	16 190	79 730	3 752	47 152	146 825	512 449
IV	31 846	60 558	258 823	22 285	10 309	-6 877	322 814	20 465	82 649	3 430	46 566	153 111	507 771
1995*													
I	34 243	53 488	254 534	21 433	7 065	-5 996	309 092	17 766	79 143	3 369	53 433	153 711	497 046
II	32 873	79 430	243 399	18 054	5 577	-6 768	321 638	18 578	75 411	2 580	51 169	147 738	502 249
III	32 931	93 020	233 054	20 230	7 262	-520	332 815	17 506	68 882	2 364	50 032	138 784	504 530
IV	35 666	63 746	228 676	19 638	10 099	1 368	303 889	18 931	69 249	2 568	53 557	144 305	483 861
1996*													
I	37 398	68 674	241 179	20 771	11 192	2 115	323 159	15 316	78 043	1 518	55 503	150 380	510 937
II	38 382	80 962	234 498	24 015	11 125	2 848	329 434	14 563	81 024	1 939	52 193	149 718	517 534

Position at end of period	Assets											Total assets (14+19+24)
	Direct investment abroad	Portfolio investment					Other investment					
		Shares	Bonds	Money market instruments	Financial derivatives	Total (15+16+17+18)	Trade credits	Loans	Currency and deposits	Other	Total (20+21+22+23)	
14	15	16	17	18	19	20	21	22	23	24	25	
1991	44 823	426	7 004	4 154	..	11 584	16 388	28 504	7 647	73 392	125 931	182 338
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	1 866	4 778	9 115	488	16 246	25 500	24 847	8 257	109 847	168 451	244 148
1995*	64 756	2 638	8 489	2 736	180	14 043	27 923	20 974	7 290	115 606	171 793	250 592
1994*												
I	54 424	2 047	9 576	10 911	622	23 156	23 989	32 788	8 842	93 378	158 996	236 575
II	58 238	1 984	5 961	6 339	550	14 834	25 551	29 981	8 300	108 953	172 785	245 857
III	58 314	1 866	4 319	6 087	561	12 833	24 158	28 350	7 493	115 752	175 753	246 900
IV	59 451	1 866	4 778	9 115	488	16 246	25 500	24 847	8 257	109 847	168 451	244 148
1995*												
I	60 188	1 581	5 868	5 835	160	13 444	25 960	22 668	6 352	118 897	173 878	247 510
II	60 718	1 704	6 057	2 977	118	10 857	28 185	22 142	5 915	108 686	164 929	236 503
III	61 224	2 175	5 826	3 503	203	11 706	27 797	22 978	6 397	108 057	165 228	238 158
IV	64 756	2 638	8 489	2 736	180	14 043	27 923	20 974	7 290	115 606	171 793	250 592
1996*												
I	72 395	3 351	12 645	5 670	172	21 838	28 016	24 224	5 347	120 945	178 532	272 766
II	76 655	4 259	14 804	5 660	96	24 819	28 717	22 159	5 458	118 307	174 642	276 117

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
1991	31 277	-2 794	107 434	-34 046	18 960	51 854	719	173 403	15 671	12.7
1992	33 761	-3 260	82 343	-27 546	28 283	112 064	2 347	227 992	19 011	13.6
1993	54 315	-3 436	45 658	-33 279	29 737	164 892	3 062	260 949	21 897	12.8
1994*	81 344	-3 503	33 800	-52 606	22 381	179 113	3 093	263 623	20 296	10.5
1995*	74 033	-2 296	17 576	-47 708	14 098	174 481	3 085	233 269	18 074	7.9
1994*										
I	64 119	-3 692	52 014	-42 504	28 987	166 321	3 339	268 583	7 187	16.2
II	64 536	-3 781	51 328	-52 617	26 252	178 145	3 354	267 218	5 458	10.9
III	76 665	-3 564	34 039	-52 998	25 117	183 115	3 175	265 550	3 748	7.7
IV	81 344	-3 503	33 800	-52 606	22 381	179 113	3 093	263 623	3 903	7.2
1995*										
I	74 056	-3 362	23 055	-53 298	20 202	185 724	3 159	249 536	5 681	10.5
II	95 345	-3 498	26 416	-50 742	18 988	175 932	3 305	265 746	6 313	10.6
III	104 168	-3 602	19 542	-47 488	18 156	172 368	3 227	266 372	3 420	6.4
IV	74 033	-2 296	17 576	-47 708	14 098	174 481	3 085	233 269	2 660	4.3
1996*										
I	77 974	-2 510	3 108	-42 679	10 470	188 489	3 318	238 171	3 663	6.7
II	87 761	-2 604	-6 180	-33 647	7 264	185 555	3 268	241 417	6 542	10.7

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
1991	92 842	87 744	5 098
1992	107 463	94 947	12 516
1993	134 114	103 165	30 949
1994	154 164	120 612	33 552
1995*	174 660	126 330	48 330
1995*			
Aug.	13 408	10 135	3 273
Sept.	15 033	10 447	4 586
Oct.	15 553	11 628	3 925
Nov.	15 848	11 734	4 114
Dec.	15 082	10 630	4 452
1996*			
Jan.	13 010	10 347	2 664
Feb.	14 866	11 552	3 315
March	14 648	11 888	2 761
April	14 986	11 607	3 380
May	14 970	10 384	4 586
June	15 829	10 007	5 822
July	13 400	9 600	3 800
Aug.	13 800	10 300	3 500

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
1991	93.1	84.4	98.5	100.9	97.6
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*	144.5	102.7	119.2	119.2	100.0
1995*					
Aug.	142.1	101.9	120.0	119.2	100.7
Sept.	145.7	103.9	121.6	119.2	102.0
Oct.	143.1	109.0	122.6	118.4	103.5
Nov.	146.1	109.0	122.7	118.1	103.9
Dec.	141.8	101.4	123.0	118.2	104.1
1996*					
Jan.	124.7	105.6	123.2	119.1	103.4
Feb.	146.1	113.6	122.4	119.3	102.6
March	136.1	106.8	123.2	120.4	102.3
April	141.6	103.1	122.5	122.2	100.2
May	143.4	97.7	121.8	121.8	100.0
June	156.3	99.7	121.3	121.6	99.8
July	137.7	100.1	119.6	121.8	98.2
Aug.	147.9	102.1	118.2	120.9	97.8

* See Notes and explanations to the statistical section.

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
	1	2	3	4	5	6	7	8	9	10
1991	6 984	29 695	10 539	29 188	16 436	42 505	9 399	13 973	21 195	672
1992	7 892	32 587	12 172	35 741	19 071	49 514	9 745	13 348	20 826	1 514
1993	10 910	37 430	14 205	48 158	23 411	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*	13 337	48 680	15 891	68 309	28 443	70 074	9 451	19 323	25 182	2 301
1995*										
May	1 200	4 208	1 357	5 756	2 350	6 287	854	1 607	2 024	194
June	1 255	4 296	1 593	7 108	2 712	6 169	620	1 409	1 968	216
July	739	4 051	1 184	3 877	1 790	5 230	810	1 259	1 949	171
Aug.	895	4 309	1 226	4 537	2 441	5 738	841	1 365	2 020	171
Sept.	1 073	4 339	1 378	5 606	2 637	5 949	672	1 450	2 162	214
Oct.	1 116	3 989	1 436	6 503	2 509	6 099	845	2 079	2 391	214
Nov.	1 169	3 984	1 258	6 759	2 678	5 832	883	2 491	2 258	270
Dec.	897	3 663	1 234	7 059	2 229	5 439	913	2 044	1 954	280
1996*										
Jan.	957	3 561	1 281	4 622	2 463	5 654	694	1 452	2 205	156
Feb.	935	3 619	1 242	6 464	2 480	5 679	876	1 998	2 608	205
March	1 006	4 135	1 469	5 299	2 613	6 198	697	1 831	2 767	209
April	1 121	3 761	1 515	5 956	2 507	5 840	1 054	1 734	2 580	213
May	1 184	3 739	1 702	5 578	3 138	6 110	696	1 632	2 330	206

7.4 Foreign trade by regions and countries

Region and country	Exports, fob				Imports, cif			
	1995*		June 1995–May 1996*		1995*		June 1995–May 1996*	
	Mill. FIM	Percentage share	Mill. FIM	Year-on-year change calculated from 12-month moving total	Mill. FIM	Percentage share	Mill. FIM	Year-on-year change calculated from 12-month moving total
	1	2	3	4	5	6	7	8
All OECD countries	127 724	73.1	128 972	4.5	99 982	79.1	105 817	7.1
EU	100 511	57.5	98 482	3.3	75 614	59.9	78 351	10.0
Austria	1 495	0.9	1 435	-12.9	1 550	1.2	1 547	5.4
Belgium and Luxembourg	5 189	3.0	4 923	14.2	3 719	2.9	3 726	1.9
Denmark	5 564	3.2	5 407	-1.1	4 100	3.2	4 371	12.4
France	7 970	4.6	7 951	0.7	5 151	4.1	5 479	6.2
Germany	23 491	13.4	22 420	1.3	19 718	15.6	19 595	0.9
Greece	944	0.5	890	0.4	342	0.3	354	15.4
Ireland	864	0.5	949	31.7	1 072	0.8	1 126	16.0
Italy	4 934	2.8	4 543	-10.4	5 090	4.0	5 443	11.1
Netherlands	7 376	4.2	7 249	-7.9	4 791	3.8	4 737	1.0
Portugal	869	0.5	829	-5.6	1 052	0.8	1 082	0.6
Spain	4 395	2.5	3 961	-1.6	1 652	1.3	1 792	14.7
Sweden	17 694	10.1	18 545	7.1	14 755	11.7	15 504	12.1
United Kingdom	18 169	10.4	17 787	4.1	10 515	8.3	11 242	9.0
Other OECD countries	27 213	15.6	30 490	14.4	24 368	19.3	27 466	-13.5
Of which:								
Australia	2 330	1.3	2 194	0.5	930	0.7	1 189	62.3
Canada	1 223	0.7	1 174	0.1	810	0.6	850	3.6
Japan	4 495	2.6	5 064	42.6	7 939	6.3	7 607	-7.7
Norway	5 229	3.0	5 123	-0.9	5 236	4.1	4 914	-14.2
Switzerland	2 277	1.3	2 199	-7.8	2 142	1.7	2 257	4.5
United States	11 664	6.7	13 131	12.5	8 976	7.1	10 158	14.9
Other countries	46 936	26.9	47 037	13.9	26 349	20.9	24 335	-13.5
Of which:								
Estonia	4 117	2.4	4 362	18.0	1 535	1.2	1 559	15.5
Czech Republic	774	0.4	934	10.8	458	0.4	474	2.9
Hungary	799	0.5	738	-36.1	337	0.3	357	-14.8
Poland	2 251	1.3	2 142	-17.4	1 366	1.1	1 348	-13.8
Russia	8 441	4.8	9 519	20.0	9 013	7.1	8 778	-21.0
China	2 602	1.5	2 273	-14.0	1 702	1.3	1 816	-0.1
Hongkong	2 434	1.4	2 551	19.9	699	0.6	604	-30.8
Korea	2 251	1.3	2 367	6.5	962	0.8	914	-3.8
Malaysia	994	0.6	889	4.2	837	0.7	635	-33.7
Singapore	1 438	0.8	1 733	23.2	572	0.5	498	-21.5
Thailand	1 640	0.9	1 366	-11.7	486	0.4	560	7.7
Taiwan	903	0.5	954	13.4	1 098	0.9	1 175	0.4
Brazil	829	0.5	783	6.8	491	0.4	532	-35.1
TOTAL	174 660	100.0	176 009	6.9	126 331	100.0	130 152	2.5
Of which:								
Africa	2 761	1.6	2 646	1.9	600	0.5	684	-12.2
The Americas	17 354	9.9	17 719	7.0	12 098	9.6	13 341	5.5
Asia	23 694	13.6	25 410	27.1	15 665	12.4	15 428	-7.7
Europe	128 236	73.4	127 620	3.6	96 967	76.8	99 282	3.5
Oceania	2 615	1.5	2 480	1.9	1 001	0.8	1 266	44.4

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
1991	260 031	111 256	93 722	17 243	-2 451	479 801	110 965	111 755	479 011
1992	247 363	108 799	75 338	16 899	4 534	452 933	122 059	112 989	462 003
1993	240 177	103 028	60 638	13 890	10 221	427 954	142 459	113 842	456 571
1994	244 761	102 728	60 543	14 107	21 555	443 694	161 376	128 411	476 659
1995*	254 112	104 059	67 120	13 253	20 109	458 653	174 773	136 520	496 906
1994*									
I	61 019	25 591	14 411	3 491	1 445	105 957	38 021	28 428	115 550
II	60 358	25 628	14 724	3 540	6 086	110 336	39 666	31 252	118 750
III	61 236	25 577	15 445	3 526	6 277	112 061	41 282	32 785	120 558
IV	62 148	25 932	15 963	3 550	7 747	115 340	42 407	35 946	121 801
1995*									
I	62 861	25 524	16 930	3 369	4 655	113 339	44 033	33 547	123 825
II	63 722	26 039	16 511	3 342	4 322	113 936	44 613	34 357	124 192
III	63 485	26 071	17 544	3 258	6 286	116 644	42 100	34 163	124 581
IV	64 044	26 425	16 135	3 284	4 846	114 734	44 027	34 453	124 308
1996*									
I	64 908	26 065	17 021	3 523	7 808	119 325	41 308	35 029	125 604
II	64 650	26 278	16 737	3 506	3 104	114 275	44 313	32 610	125 978

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
1991	91.2	91.3	89.9	91.5	85.6	92.6	103.6
1992	92.4	88.4	91.4	94.6	91.1	90.2	103.0
1993	97.4	86.1	96.4	104.5	99.7	90.8	107.9
1994	108.5	96.2	108.1	117.0	119.5	95.8	114.3
1995	116.6	95.7	117.5	118.0	143.8	97.4	111.1
1995							
July	115.8	117.6	116.4	122.5	134.9	97.9	108.2
Aug.	117.0	180.1	117.1	120.6	145.0	96.9	106.1
Sept.	117.8	91.1	118.7	117.1	148.6	96.6	107.2
Oct.	116.3	86.8	117.4	112.4	147.5	97.0	107.2
Nov.	117.5	89.6	118.5	110.0	152.0	96.4	110.2
Dec.	117.7	81.6	118.4	102.6	154.2	96.5	114.6
1996							
Jan.	115.9	89.1	116.2	110.5	146.6	97.4	119.1
Feb.	115.6	80.8	115.4	109.1	145.4	96.9	127.3
March	118.3	82.9	118.7	110.5	148.8	98.2	120.4
April	118.0	91.9	118.3	111.7	147.9	99.2	120.0
May	119.9	79.7	120.5	110.6	151.9	99.5	124.0
June	121.5	84.7	122.3	111.2	154.2	101.0	119.9
July	120.2	61.0	121.0	114.3	149.3	101.4	117.9

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 indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
1991	82.9	92.6	81.6	75.6	79.0	90.0	86.1	93.9
1992	72.7	83.2	62.5	59.1	47.1	71.7	78.1	91.1
1993	68.8	78.4	46.7	48.5	32.7	48.9	72.9	89.9
1994	73.0	79.9	42.0	45.5	35.4	39.8	84.4	93.7
1995*	76.2	82.6	39.9	39.7	52.6	36.1	85.2	97.7
1994								
IV	80.7	75.2	42.4	43.5	43.9	40.2	97.4	95.7
1995*								
July	76.1	80.6	..	..	..	..	..	96.6
Aug.	78.2	81.9	..	..	..	..	..	98.0
Sept.	75.4	83.4	..	..	..	..	..	97.9
Oct.	77.5	82.1	..	..	..	..	..	97.9
Nov.	78.5	84.0	..	..	..	..	..	98.5
Dec.	77.4	84.8	..	..	..	..	..	97.9
1995*								
I	75.4	82.3	41.0	44.1	47.9	35.3	83.8	97.6
II	75.2	82.6	41.3	42.6	57.4	36.4	83.9	97.4
III	76.6	82.0	39.5	37.9	53.3	37.4	84.2	97.5
IV	77.8	83.6	37.9	34.1	51.6	35.4	88.9	98.1
1996*								
Jan.	80.0	86.4	..	..	..	..	..	98.5
Feb.	79.7	85.0	..	..	..	..	..	98.2
March	74.0	82.9	..	..	..	..	..	97.5
April	79.8	85.1	..	..	..	..	..	98.6
May	77.1	85.6	..	..	..	..	..	99.7
June	72.3	82.1	..	..	..	..	..	99.6
July	81.1	88.1	..	..	..	..	..	100.4

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 (SIC3)	Public				Domestic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1991	106.4	106.4	106.1	106.4	104.3	104.1	100.0	99.8	100.8	99.4	98.5	99.8	102.2
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	110.1	105.8	102.2
1995 ¹	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
1995													
Aug.	..	..	..	..	112.1	111.2	105.8	102.4	118.5	111.1	118.9	107.8	103.6
Sept.	..	..	..	..	112.2	111.3	106.0	102.7	118.4	111.8	120.4	108.1	103.7
Oct.	..	..	..	..	112.2	111.4	105.9	102.7	117.7	112.1	121.3	108.1	103.4
Nov.	..	..	..	..	111.9	111.1	105.7	102.5	117.4	111.9	121.4	107.9	103.2
Dec.	..	..	..	..	111.8	111.0	105.7	102.5	117.4	112.1	121.5	108.1	103.2
1995 ¹													
II	116.0	116.8	122.8	114.2	112.1	111.5	108.1	105.1	119.3	110.6	117.2	107.7	103.6
III	116.7	117.5	123.2	114.9	112.2	111.3	106.5	103.3	118.5	111.3	119.3	107.8	103.6
IV	119.1	119.9	125.4	117.2	112.0	111.2	105.8	102.6	117.5	112.0	121.4	108.0	103.3
1996													
Jan.	..	..	..	..	112.0	110.8	106.2	102.0	118.4	112.4	121.6	108.5	102.1
Feb.	..	..	..	..	112.4	111.4	106.1	102.7	118.6	112.3	120.7	108.7	101.9
March	..	..	..	..	112.5	111.6	106.0	102.2	119.7	112.0	121.3	108.0	102.0
April	..	..	..	..	112.7	111.6	106.1	102.0	121.5	111.7	120.6	107.9	102.1
May	..	..	..	..	112.9	111.7	105.9	101.7	121.0	111.4	120.0	107.7	102.4
June	..	..	..	..	112.9	111.7	105.5	101.4	120.9	110.8	119.5	107.1	102.7
July	..	..	..	..	112.8	111.5	105.5	101.2	121.0	110.2	117.8	106.9	102.8
Aug.	..	..	..	..	112.6	..	105.4	101.3	120.2	109.7	116.4	106.8	103.1
1996 ¹													
I	120.3	121.1	126.7	118.3	112.3	111.3	106.1	102.3	118.9	112.2	121.2	108.4	102.0
II	120.5	121.3	127.1	118.4	112.8	111.6	105.8	101.7	121.1	111.3	120.0	107.6	102.4

¹ 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		
										%	
										%	
										%	
1991	67.4	2 533	2 340	340	2 000	197	502	1 640	193	7.6	
1992	66.1	2 502	2 174	325	1 849	188	454	1 534	328	13.1	
1993	65.3	2 484	2 041	312	1 729	173	423	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	
1995											
Aug.	64.6	2 481	2 061	309	1 752	161	450	1 451	420	16.8	
Sept.	65.0	2 496	2 075	303	1 773	158	446	1 471	416	16.8	
Oct.	65.3	2 509	2 086	306	1 781	155	487	1 445	418	16.7	
Nov.	65.1	2 499	2 078	306	1 771	156	454	1 468	419	16.9	
Dec.	64.8	2 490	2 070	295	1 775	151	460	1 459	421	17.1	
1996											
Jan.	65.4	2 512	2 095	305	1 790	152	469	1 473	418	16.9	
Feb.	65.1	2 504	2 089	309	1 780	154	457	1 478	414	16.8	
March	65.1	2 503	2 083	299	1 784	149	461	1 473	413	16.6	
April	65.5	2 519	2 107	309	1 798	153	470	1 484	407	16.2	
May	65.1	2 507	2 089	303	1 786	149	451	1 488	425	16.9	
June	64.8	2 492	2 073	295	1 778	140	455	1 479	424	16.8	
July	64.8	2 498	2 094	307	1 787	147	466	1 481	415	16.2	
Aug.	65.5	2 522	2 103	308	1 795	145	457	1 502	419	16.5	

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

mill FIM, cash flow basis

During period	Revenue							Expenditure			
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
	1	2	3	4	5	6	7	8	9	Local government	Other domestic sectors
1991	41 054	73 251	1 136	19 182	134 624	4 442	139 069	45 085	101 220	42 297	55 160
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
1995											
July	3 579	5 996	52	1 851	11 477	481	11 958	4 686	7 838	3 104	4 126
Aug.	3 365	6 294	142	2 654	12 455	173	12 628	3 668	6 995	2 256	4 254
Sept.	3 015	5 826	63	3 228	12 131	299	12 431	3 732	8 566	3 104	4 942
Oct.	3 237	5 825	51	2 752	11 865	405	12 270	4 090	8 265	3 110	4 484
Nov.	4 994	5 973	74	2 838	13 879	2 165	16 044	4 514	9 696	2 768	6 481
Dec.	5 347	5 549	60	5 700	16 657	598	17 254	5 846	10 189	3 292	6 954
1996											
Jan.	3 735	7 182	110	3 792	14 818	165	14 983	3 930	12 283	2 974	7 880
Feb.	3 693	7 341	1 089	3 784	15 907	233	16 141	4 064	7 922	2 839	4 692
March	5 458	5 992	150	1 841	13 441	137	13 578	4 486	9 261	3 475	5 194
April	3 590	5 237	58	4 298	13 184	3 469	16 653	4 154	9 517	2 945	5 752
May	3 016	5 805	75	2 979	11 876	843	12 719	4 095	8 753	2 996	5 189
June	3 435	5 863	72	5 222	14 592	850	15 443	5 032	8 952	2 863	5 459
July	3 817	6 187	59	2 003	12 067	323	12 390	5 036	8 707	2 891	5 151
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 (7-18)	Net borrowing	Cash surplus (18+19)		
	12	13	14	15	16	17	18	19	20		
1991	5 370	6 368	158 044	13 328	171 372	-23 420	-32 304	25 659	-6 645		
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	22 358	183 000	17 886	200 760	-54 401	-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		
1995											
July	258	1 361	14 143	707	14 851	-2 666	-2 892	-1 344	-4 236		
Aug.	223	784	11 671	469	12 140	784	488	5 741	6 230		
Sept.	227	3 574	16 100	813	16 913	-3 968	-4 483	1 450	-3 033		
Oct.	332	1 755	14 442	613	15 056	-2 578	-2 786	2 191	-595		
Nov.	315	1 113	15 638	590	16 228	-1 759	-184	8 689	8 505		
Dec.	603	2 089	18 726	-159	18 567	-2 070	-1 313	1 905	593		
1996											
Jan.	151	5 235	21 599	623	22 221	-6 781	-7 238	6 755	-484		
Feb.	260	1 544	13 790	454	14 243	2 117	1 897	10 359	12 256		
March	185	4 560	18 491	393	18 884	-5 050	-5 306	760	-4 546		
April	175	2 759	16 605	3 605	20 210	-3 421	-3 557	6 544	2 987		
May	207	1 291	14 346	770	15 117	-2 470	-2 398	2 496	98		
June	219	3 060	17 262	2 075	19 338	-2 670	-3 895	3 503	-392		
July	316	1 154	15 214	437	15 651	-3 147	-3 261	3 900	639		

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 September 1994 – 15 September 2001). The ten-year yield is based on quotations for a fixed-rate bullet housing bond (1/92, 15 March 1992 – 15 March 2002). As from 1 June 1993, the ten-year yield is based on quotations for a fixed-rate bullet serial bond (1/93, 15 March 1993 – 15 March 2004). The share yield (Column 5) is the weighted effective yield on shares quoted on the Helsinki Stock Exchange. Source: Statistics Finland.

4 Rates of exchange

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

5 Other domestic financing

Table 5.1 Source: Statistics Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and the local government sector. The table is based on new classifications of Statistics Finland applied since March 1991. Series before March 1991 have been reclassified by the Bank of Finland to conform with the present table, except for columns 3 and 4 where disaggregation was not possible and combined figures are shown. Time deposits (Column 3) consist of all fixed-term deposits. Other deposits (Column 4) include mainly investment accounts with no specific time-period.

Other funding (Column 8) comprises CDs, promissory notes and bonds. The figures for banks' holdings of CDs issued by other banks, as well as the CD holdings of the Bank of Finland and the central government have been netted out; netting out is done by the Bank of Finland. Hence, this column includes some liabilities held by entities not covered by the above definition of the public.

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

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

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

Table 5.5 Source: Table A: Financial Supervision from the beginning of 1994. Table B: Statistics Finland from the beginning of 1991. Tables A and B include markka-denominated bonds issued by Finnish issuers in Finland and abroad as well as those issued by foreign issuers in Finland. Table C includes transactions in markka-denominated bonds outside the Helsinki Stock Exchange. Interbank transactions (Column 1) and transactions (purchases and sales) between banks and customers (Column 2) are transactions by primary dealers and banks entitled to central bank financing. As from 14 July 1995 the following act as primary dealers: Alfred Berg Pankkiiriliike Oy, Evli Fixed Income Securities, Goldman Sachs International, Merita Bank, Okobank, Postipankki, Skandinaviska Enskilda Banken, Svenska Handelsbanken AB (publ), Branch

Operation in Finland and Unibank A/S. Purchases from and sales to others (Columns 4 and 5) consist of transactions in benchmark government bonds between primary dealers and other parties. Other parties refer to all parties that are not primary dealers. Bank of Finland releases data daily (page SPFI on Reuters and page 20981 on Telerate) on the trading in benchmark government bonds among primary dealers and between primary dealers and their customers.

Table 5.6 Source: The Helsinki Stock Exchange.

6 Balance of payments, foreign liabilities and assets

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

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

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) includes 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 27) comprise gold, special drawing rights

(SDRs), the reserve position in the IMF and convertible currency claims. A negative figure implies an increase in reserves.

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

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

7 Foreign trade

Source: The National Board of Customs (except for table 7.2). All tables refer to foreign trade in goods.

Table 7.1 The trade figures for July–August 1996 have been estimated on the basis of a survey of firms carried out by the Bank of Finland. The official foreign trade statistics published by the Board of Customs are delayed owing to changes in statistical systems caused by Finland's entry into the EU.

Table 7.2 The volume indices (Columns 1 and 2) are calculated 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 combined shares of Finland's exports and imports are at least 1 per cent.

8 Domestic economic developments

Tables 8.1–8.5 Source: Statistics Finland. Seasonal adjustment is carried out by the Bank of Finland.

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

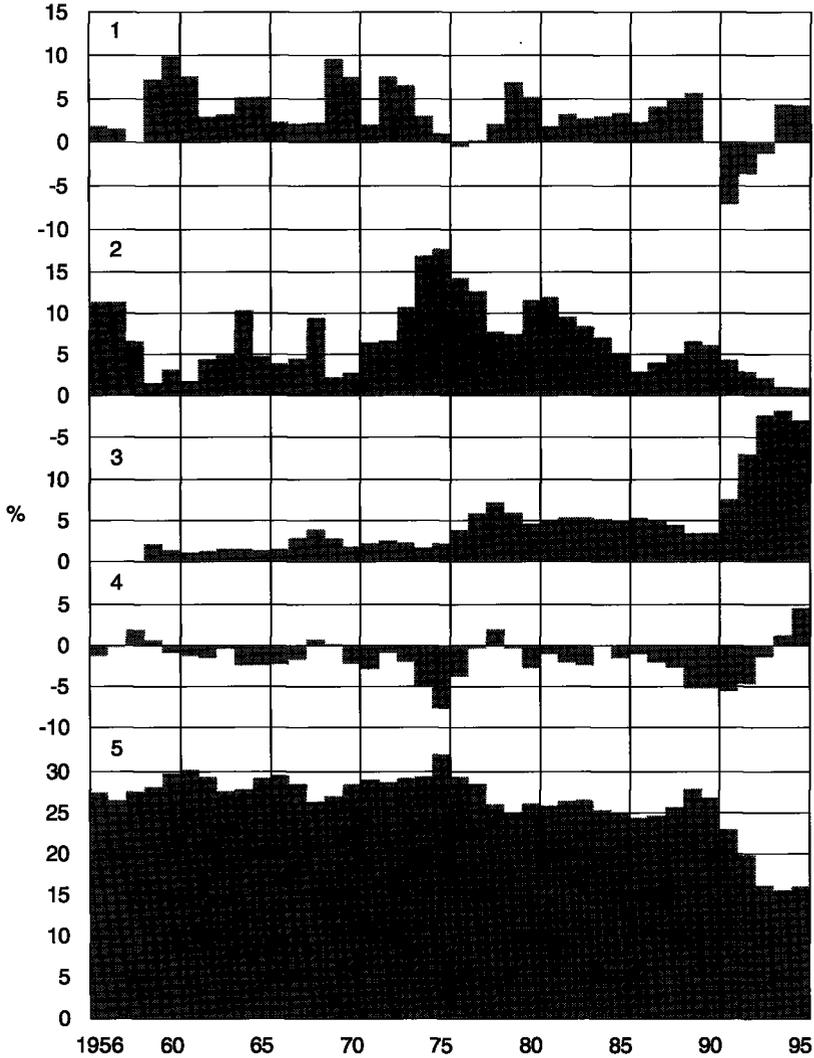
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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

Table 8.6 Source: Ministry of Finance.

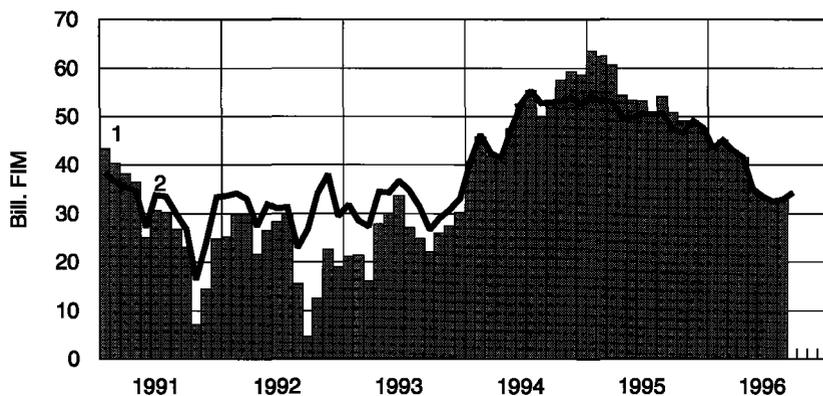
1. Long-term indicators	S30
2. The Bank of Finland's foreign exchange reserves and forward position	S31
3. Forward market	S31
4. Rates of interest set by the Bank of Finland	S31
5. Banks' liquidity position at the Bank of Finland	S32
6. Liquidity management interest rates	S32
7. HELIBOR rates of interest,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

1. Long-term indicators



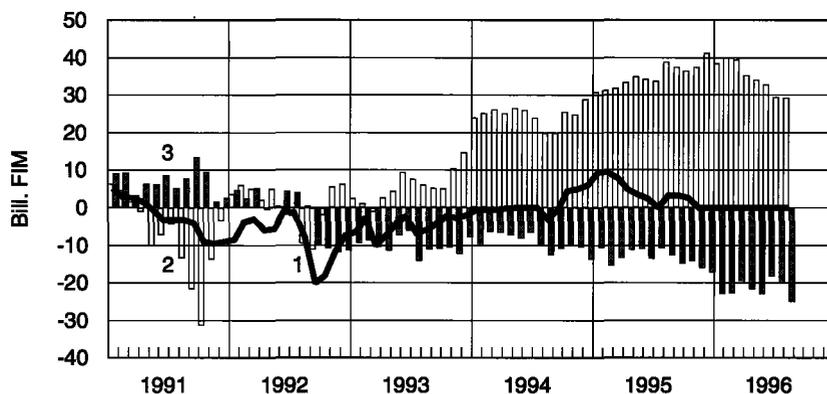
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



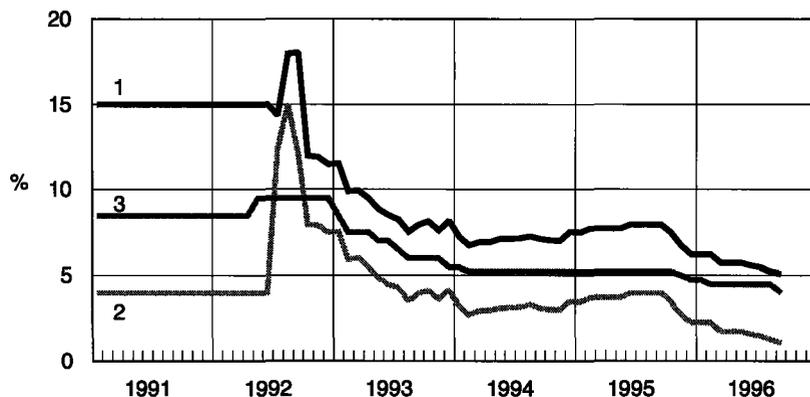
1. Foreign exchange reserves plus forward position
2. Foreign exchange reserves

3. Forward market



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

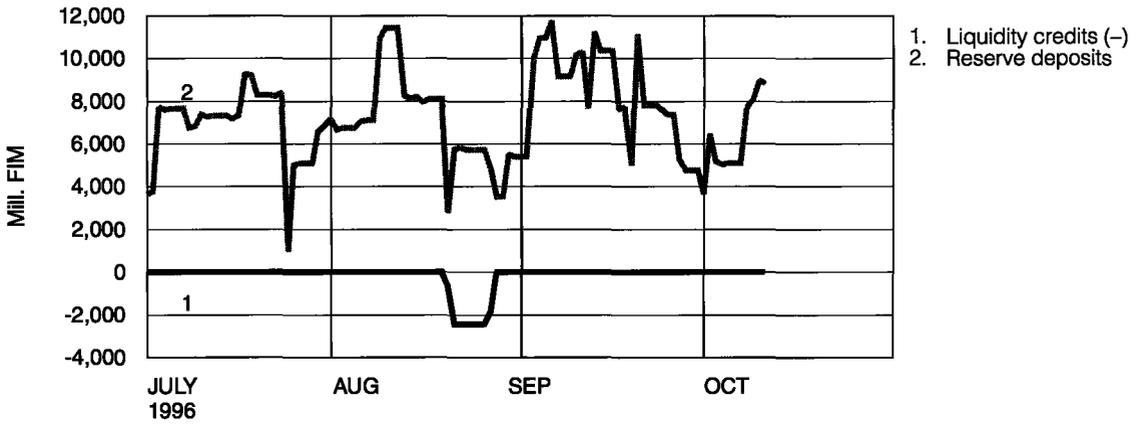
4. Rates of interest set by the Bank of Finland



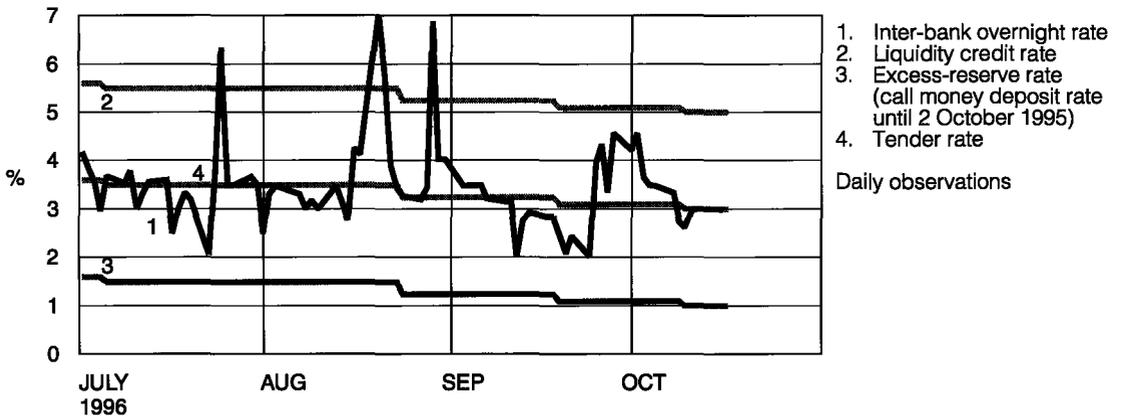
1. Liquidity credit rate (up to 2 July 1992 call money credit rate)
2. Excess-reserve rate (call money deposit rate until 2 October 1995)
3. Base rate

End-of-month observations

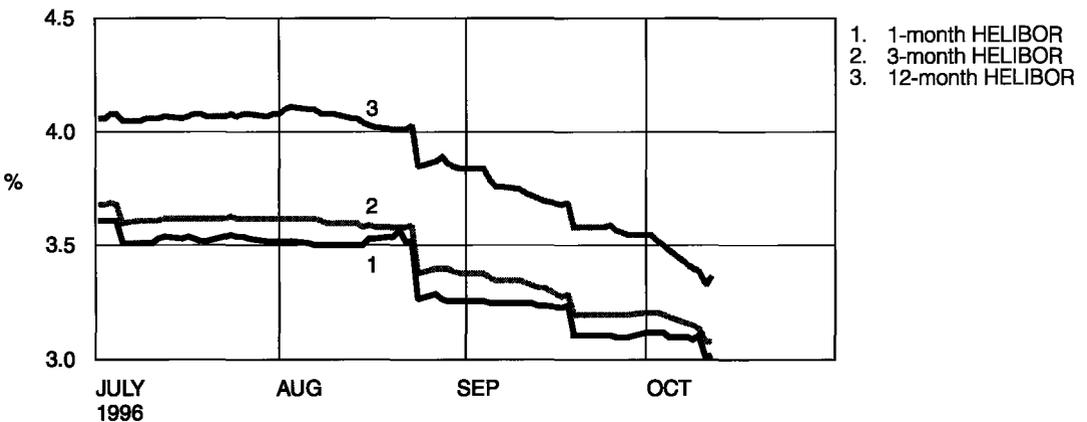
5. Banks' liquidity position at the Bank of Finland



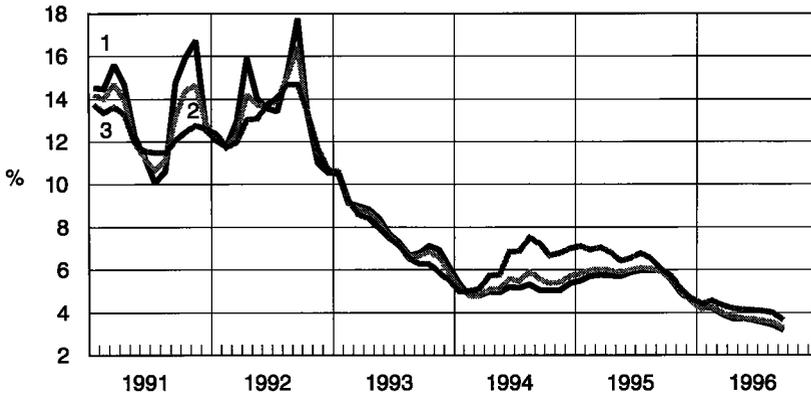
6. Liquidity management interest rates



7. HELIBOR rates of interest, daily

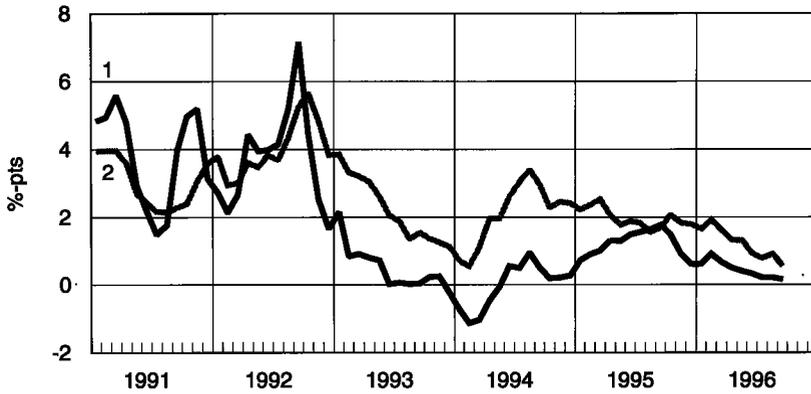


8. HELIBOR rates of interest, monthly



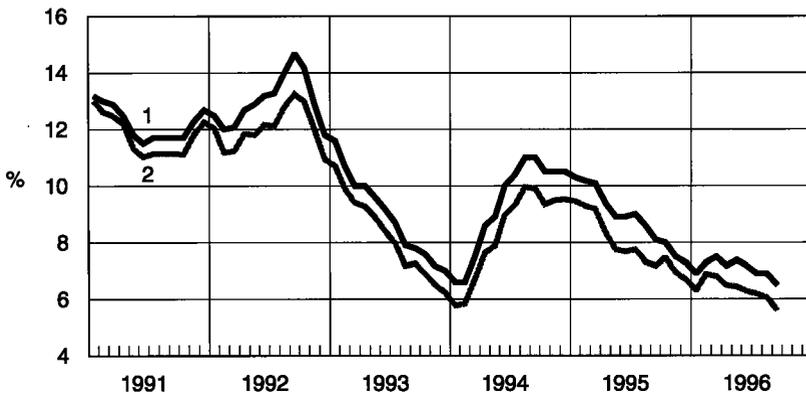
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

9. Differential between Finnish and German interest rates



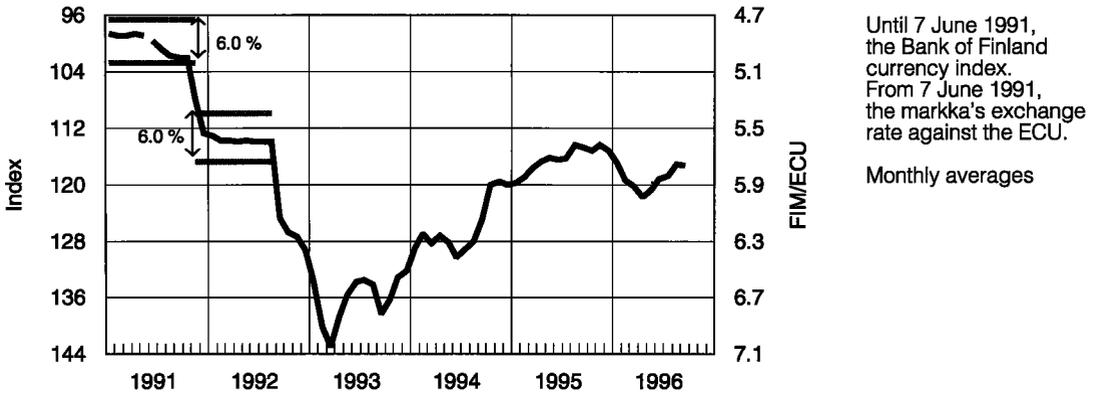
- 1. 3-month HELIBOR minus 3-month DEM eurorate
- 2. 5-year Finnish government bond yield minus 5-year German government bond yield

10. Bond yields

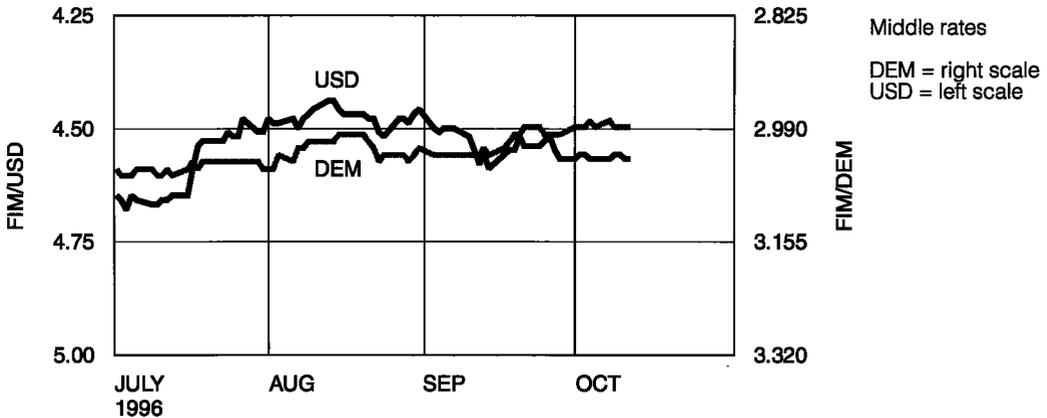


- 1. Bank of Finland's 5-year reference rate
- 2. Yield on (4-5 year) taxable government bonds

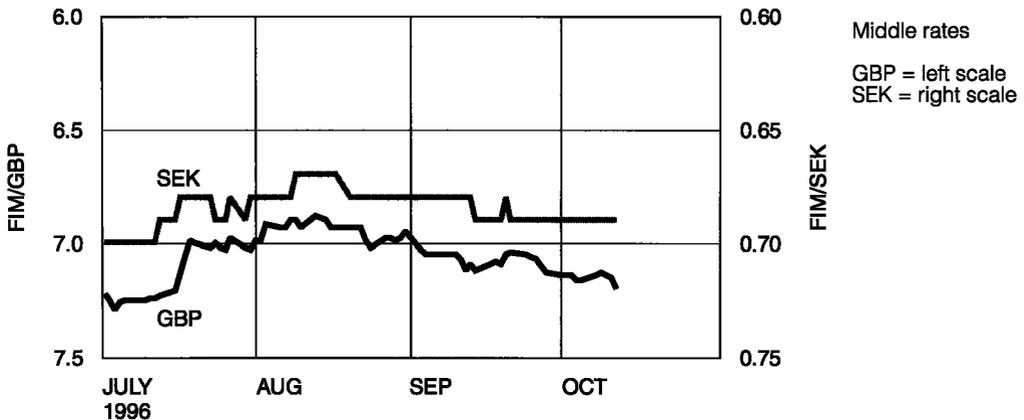
11. Bank of Finland currency index and the markka value of the ECU



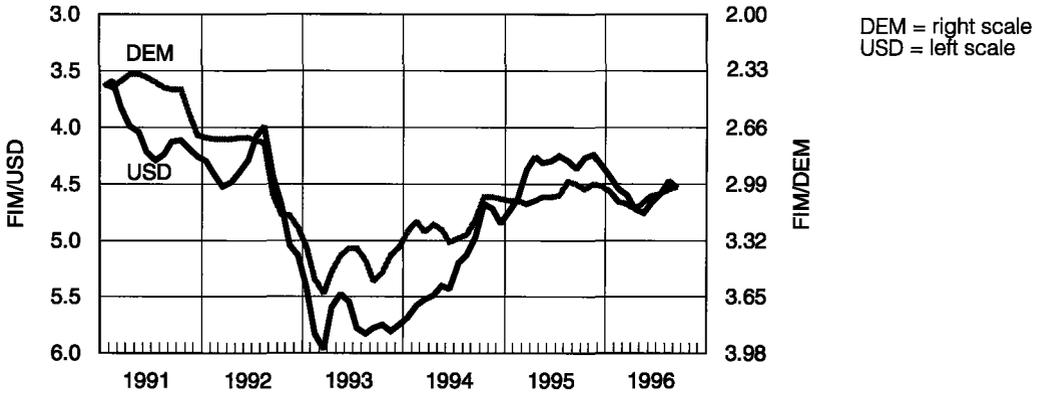
12. Daily spot rates for the markka against the Deutschemark and the US dollar



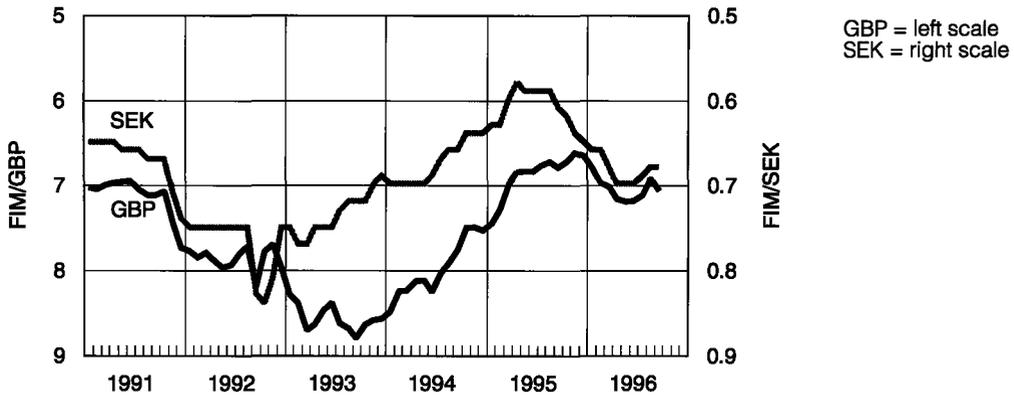
13. Daily spot rates for the markka against the pound sterling and the Swedish krona



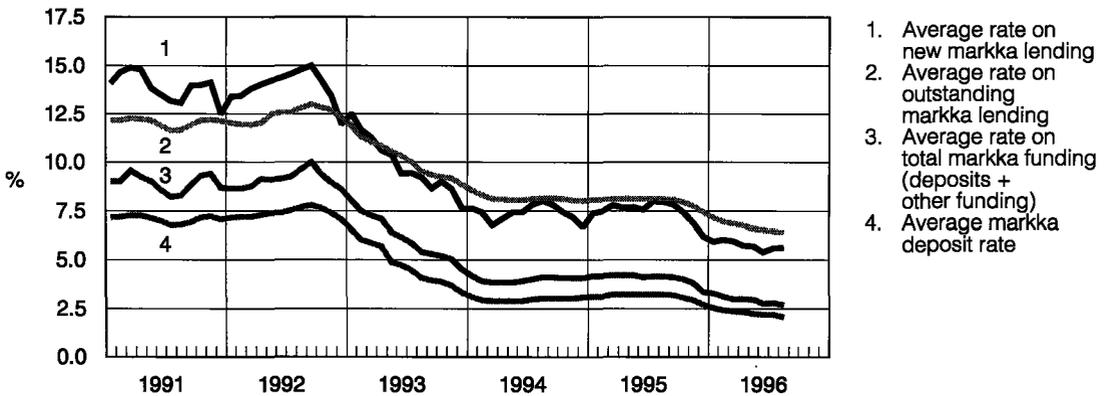
14. Monthly spot rates for the markka against the Deutschemark and the US dollar



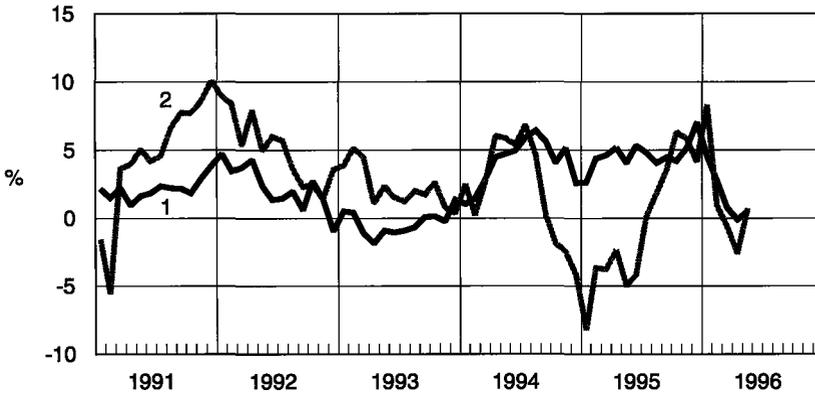
15. Monthly spot rates for the markka against the pound sterling and the Swedish krona



16. Banks' markka lending rates and markka funding rates



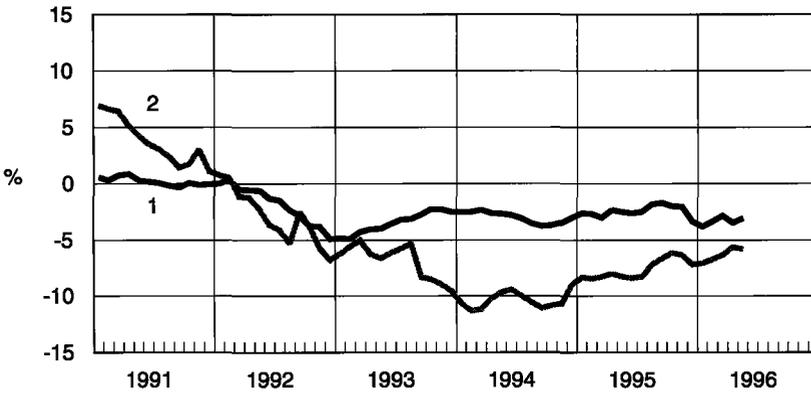
17. Bank funding from the public



- 1. Markka deposits
- 2. Total funding

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

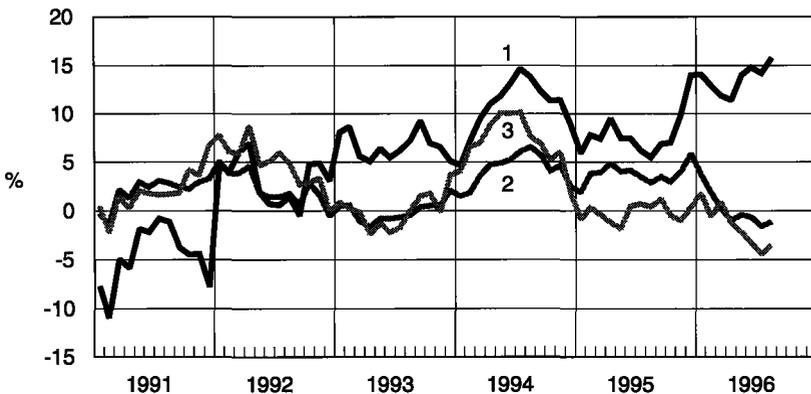
18. Bank lending to the public



- 1. Markka lending
- 2. Total lending

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

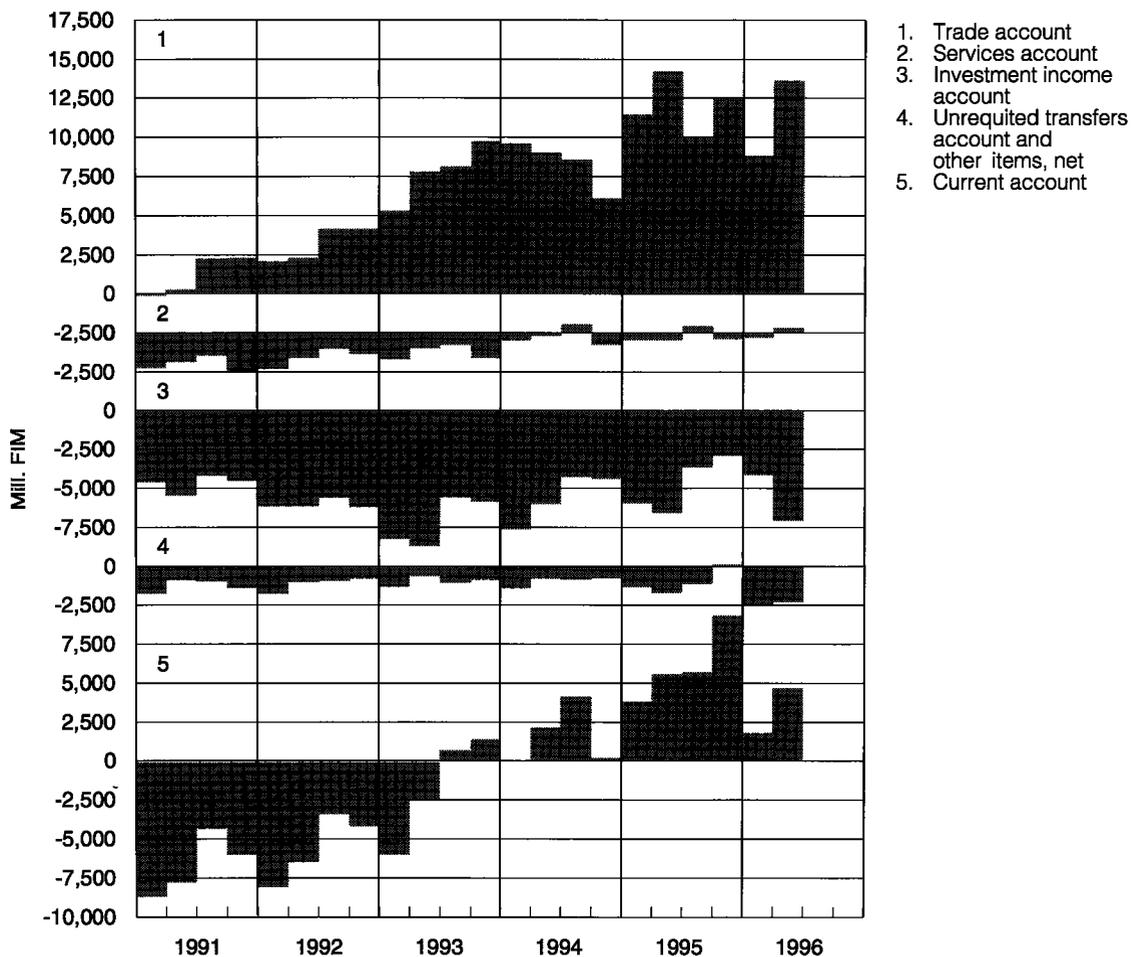
19. Money supply



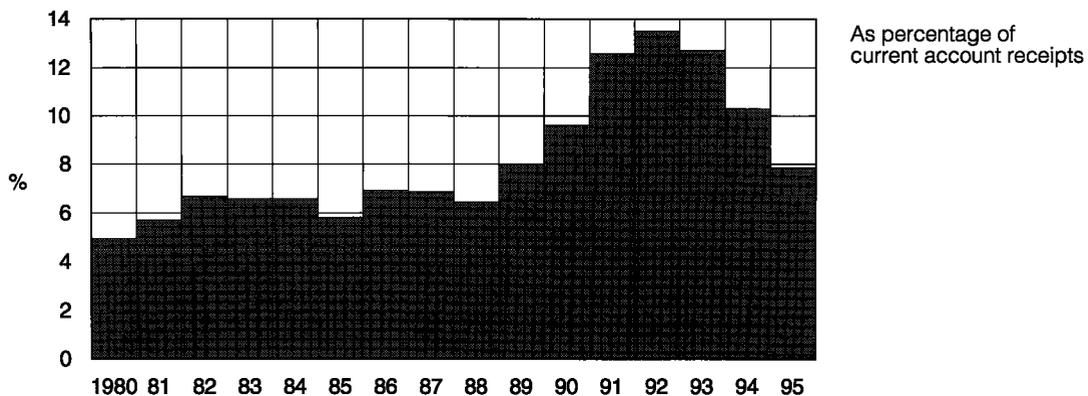
- 1. Narrow money (M1)
- 2. Broad money (M2)
- 3. M2 + bank CDs held by the public (M3)

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

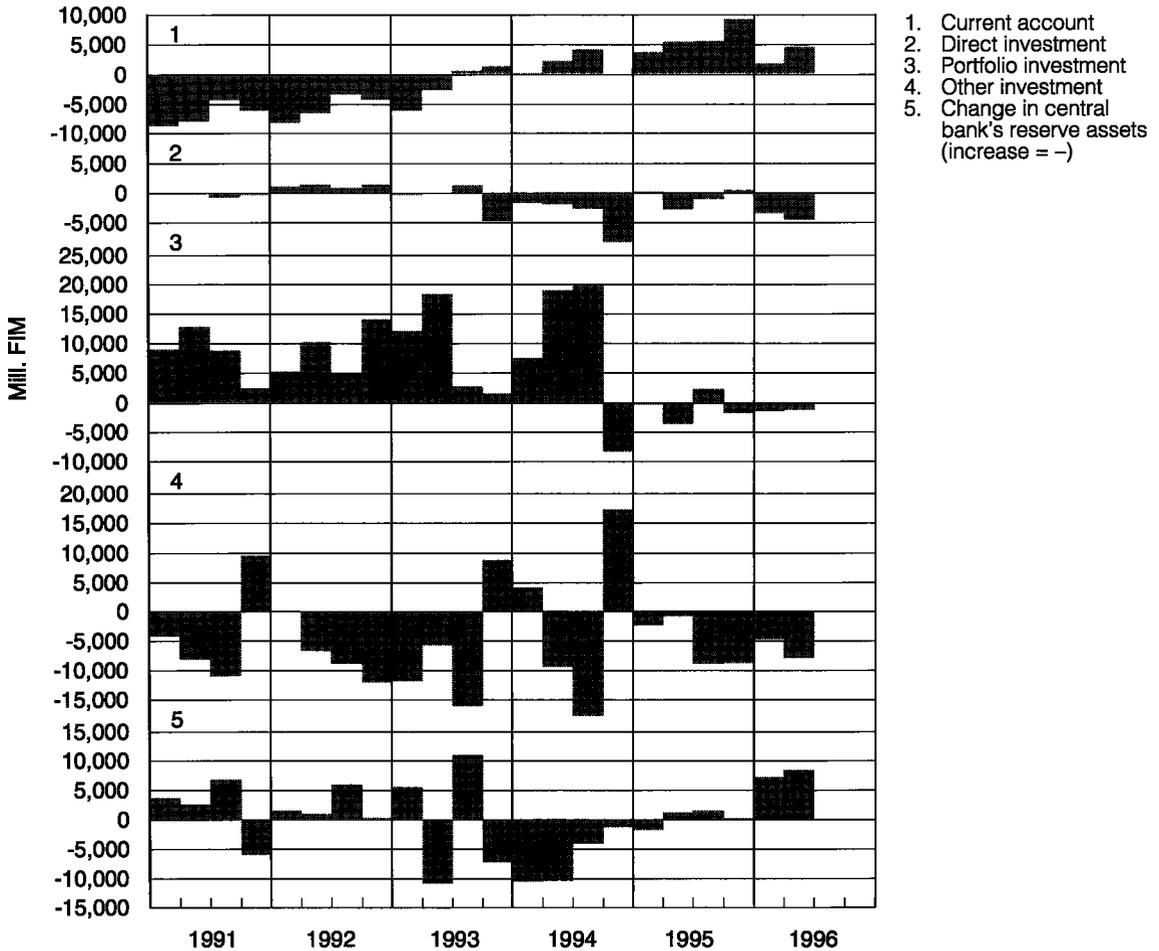
20. Current account



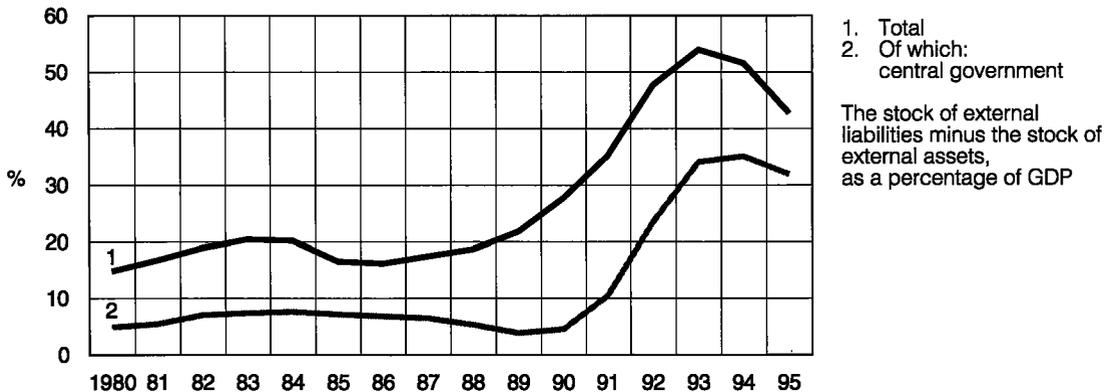
21. Net interest and dividend expenditure



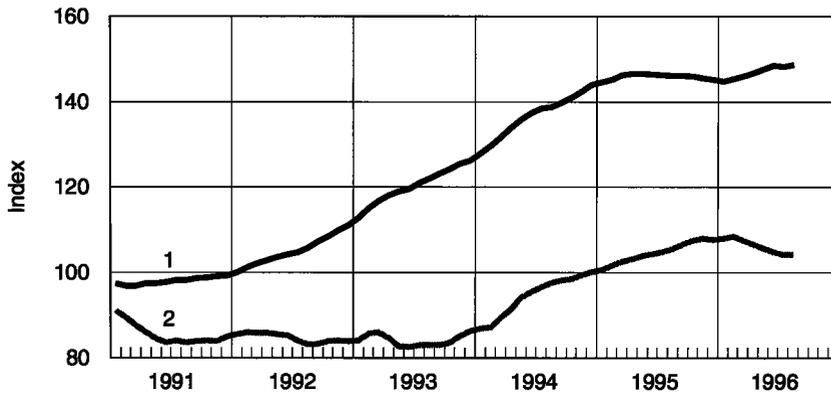
22. Balance of payments



23. Finland's net international investment position



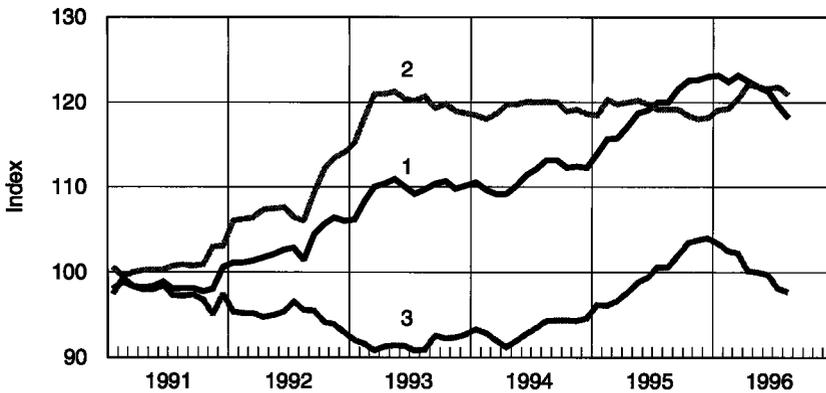
24. Foreign trade



1. Exports of goods
2. Imports of goods

Volume index, 1990 = 100, trend

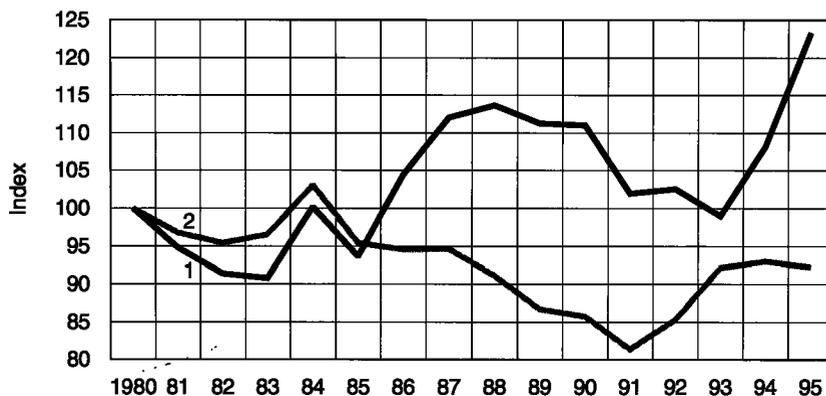
25. Foreign trade: prices and terms of trade



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

Index 1990 = 100

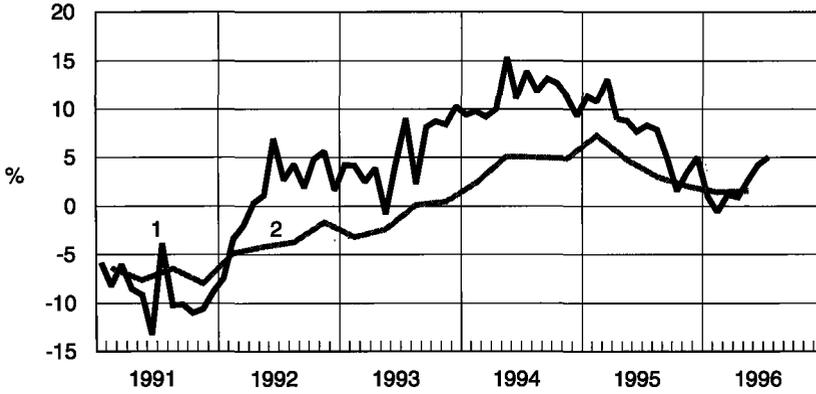
26. Finland's export performance



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

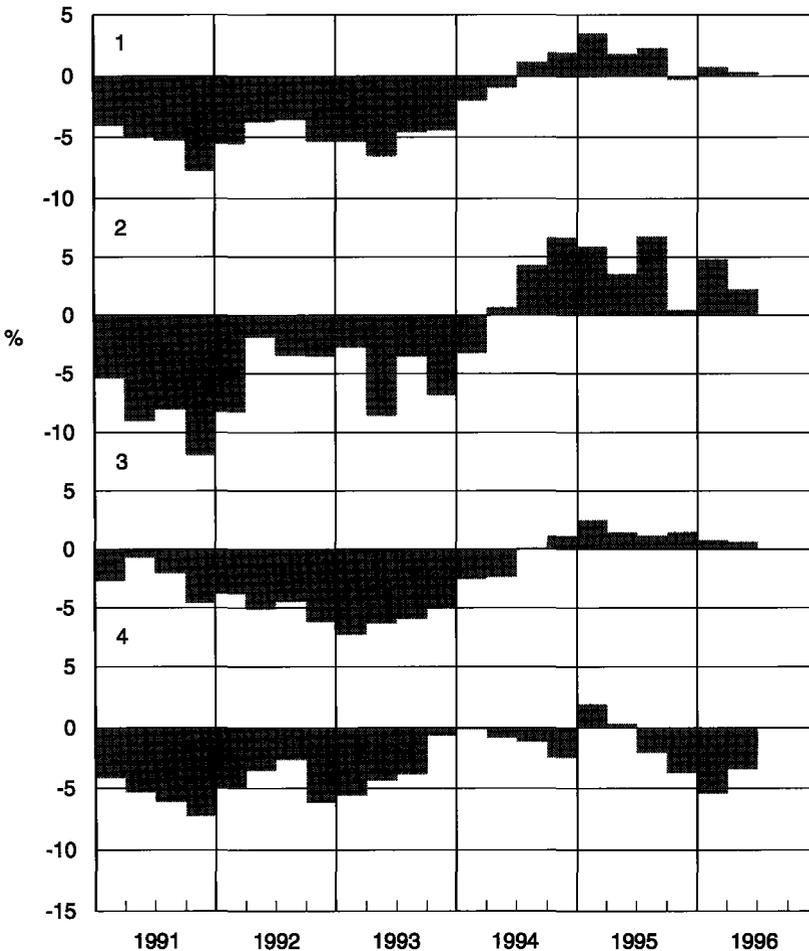
1980 = 100

27. Production



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

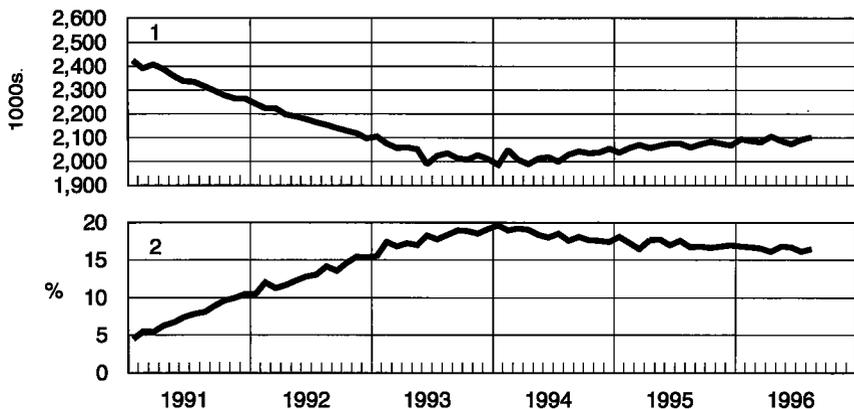
28. Fixed investment



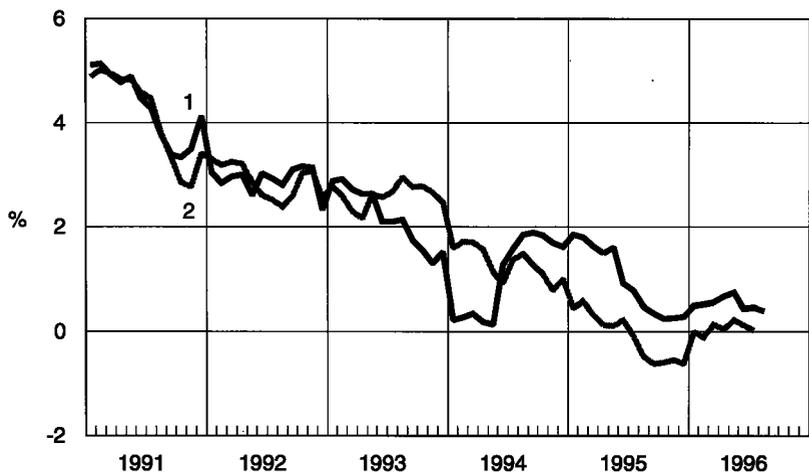
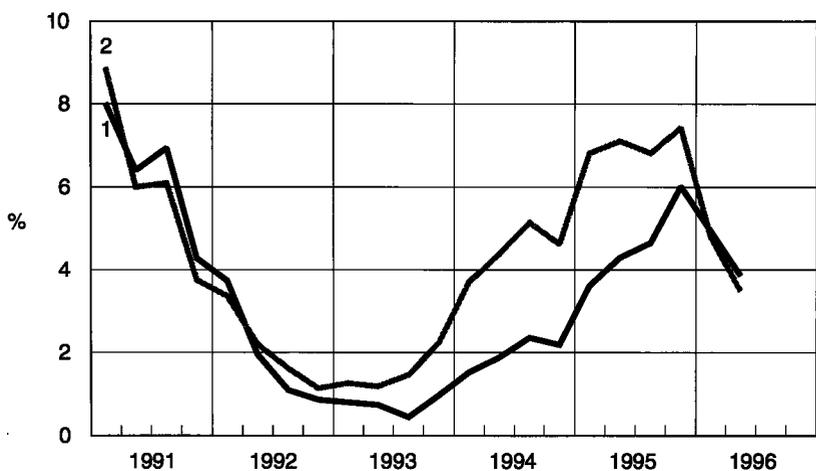
1. Total fixed investment
2. Investment in machinery and equipment
3. Building investment, excl. residential buildings
4. Residential buildings

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

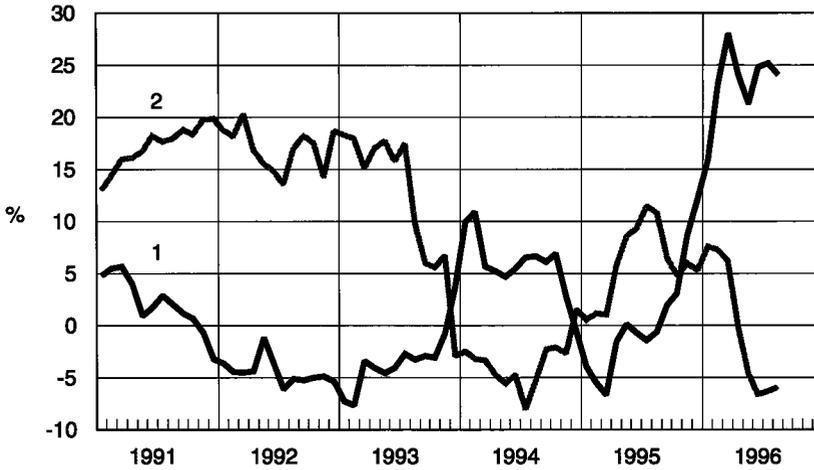
29. Employment and unemployment rate



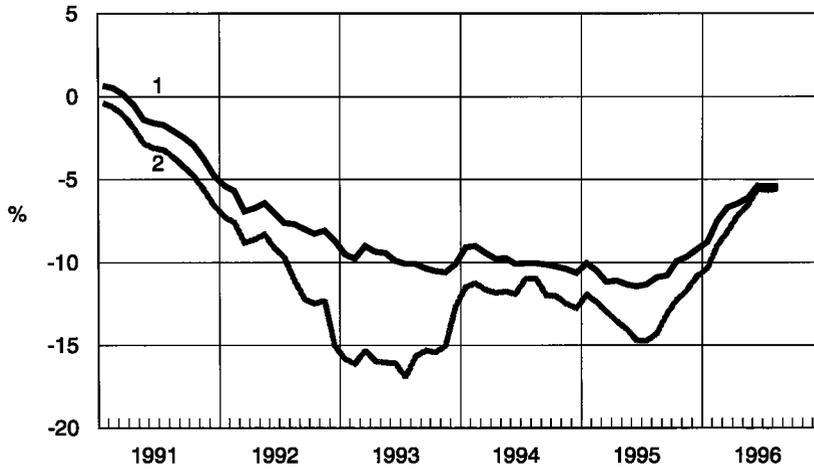
30. Prices and wages



31. Central government finances

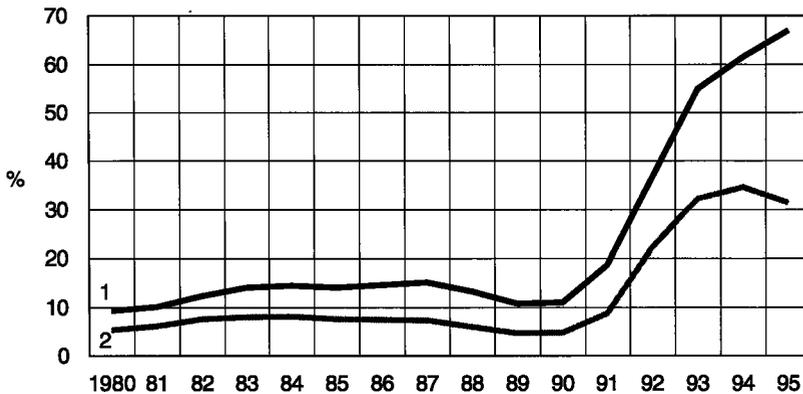


1. Revenue excl. borrowing
 2. Expenditure excl. redemptions of central government debt
- 12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



1. Revenue surplus (revenue less expenditure excl. financial transactions) (surplus = +)
 2. Net borrowing requirement (net borrowing = -)
- 12-month moving total as a percentage of GDP, plotted at the last month

32. Central government debt



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

BANK OF FINLAND

15 October 1996

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