



# BULLETIN

BANK OF FINLAND

June–July 1993 Vol. 67 Nos. 6–7

---

Economic Developments and  
Economic Policy

The Bank of Finland's Inflation  
Target and the Outlook for  
Inflation over the Next Few Years

**Economic Developments and Economic Policy**

by Kari Puumanen

3

**The Bank of Finland's Inflation Target and the Outlook for Inflation over the Next Few Years**

by Pentti Pikkarainen and Timo Tyrväinen

8

Items:	Bank of Finland returns banks' cash reserve deposits	
	Termination of till-money credit facility	
	Publication of the Bank of Finland	13

Monetary and foreign exchange policy measures from July 1992 to June 1993	14
---	----

Finland in brief	18
------------------	----

Statistics • List of tables on page	S1
-------------------------------------	----

Charts • List of charts on page	S27
---------------------------------	-----

PUBLISHER

**SUOMEN PANKKI  
FINLANDS BANK**

P.O.Box 160,  
FIN-00101 HELSINKI,  
FINLAND

Telephone:  
National (90) 1831  
International + 358 0 1831

Telex: 121224 SPFB SF  
Telefax: 174872  
Cables: SUOMENPANKKI

**Editor-in-Chief**

Antero Arimo

**Editor**

Marja Hirvensalo-Niini

**Subscriptions**

Heli Virtanen

The contents of the Bulletin  
may be freely quoted,  
but due acknowledgement  
is requested.

ISSN 0784-6509

Printed by Uusimaa Oy,  
Porvoo 1993

# ECONOMIC DEVELOPMENTS AND ECONOMIC POLICY

by **Kari Puumanen**, Head of Department  
Economics Department  
Bank of Finland

**T**he divergent trends in economic developments in Finland were further accentuated during the first months of 1993. An upturn in total output has been delayed and unemployment has risen more sharply than expected. Exports have, however, continued to expand at a rapid pace and the trade balance has strengthened despite slackening demand in Finland's export markets. The financial balance of the economy has improved only slowly, however.

The markka's exchange rate weakened further during the winter months. This increased the costs of servicing foreign debt, thus slowing the elimination of the current account deficit and aggravating domestic debt problems. As this was accompanied by the continued deterioration in the terms of trade, there has been only a slow improvement in profitability and the financial position of exporters. At the same time, heavy unemployment, the erosion of the tax base and the banking crisis have sustained the rapid growth of public debt, thereby undermining confidence in economic policy and slowing the fall in interest rates. On the other hand, the recession has kept inflation low and prevented cost pressures generated by the depreciation of the markka from being passed through into prices.

In April-May, the weakening of the markka's exchange rate was reversed while market interest rates continued to fall. These developments, together with a marked rise in share prices during the spring, point to a gradual improvement in expectations concerning economic prospects. Economic developments in the

near term are, however, still subject to uncertainty.

## PAINFUL START TO EXPORT-LED GROWTH

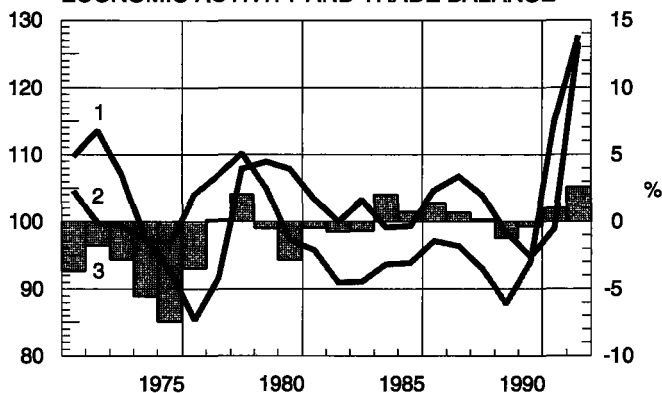
Compared with the behaviour of the economy in the past, some features of Finland's recent economic performance have been surprising. First, although the volume of exports *per se* has developed quite favourably, the strengthening of the trade account has so far been less than expected. Developments in the trade balance have been supported by the simultaneous effects of both a significant improvement in price competitiveness and a sharp change in Finland's relative cyclical position due to the fact

that the decline in the level of economic activity in Finland has been far greater than in other countries. On the basis of the interdependencies that previously prevailed in the economy, the expansion of net exports should have been appreciably stronger than has actually been the case (Chart 1).

The strengthening of the trade account has been partly hampered by the sharpening of competition caused by the international recession, which has made it difficult for Finland to gain new market shares both as regards exports and domestic production competing with imports. In fact, growth in the volume of market shares and net exports has been achieved only

CHART 1.

### PRICE COMPETITIVENESS, RELATIVE ECONOMIC ACTIVITY AND TRADE BALANCE



1. Price competitiveness\* (left scale)
2. Relative economic activity\*\* (right scale)
3. Trade balance, per cent of GDP (right scale)

\* Relative unit labour costs, ratio of competitor countries to Finland, in common currency, 1982 = 100

\*\* Difference in trend deviations in GDP, Finland's western trading partners minus Finland

at the expense of a substantial deterioration in the terms of trade, which, in turn, has slowed the improvement of the trade account and impeded the recovery of the profitability of domestic production and purchasing power in the domestic market.

Structural factors have also hindered the shift from the service-led growth of the 1980s to export- and manufacturing-led growth. In recent years, the commodity composition of Finnish exports has been unfavourable. The global overcapacity of the forest industries has slowed the recovery of forest product exports and of the engineering industries that manufacture machinery for the forest industries. The chemicals industry has likewise suffered from oversupply and consequently poor profitability. The regional distribution of world trade has also hindered the recovery of Finnish exports. Sluggish demand in Europe has forced Finnish exporters to look for new markets further afield. Thus, while the value of merchandise exports grew by a quarter altogether in the first

three months of this year, exports to EC countries increased by 10 per cent and exports to EFTA countries by only 4 per cent.

Structural problems have also been encountered in domestic production substituting for imports. The propensity to import has remained surprisingly high despite the sharp decline in domestic demand. Because of the narrow base of domestic production, it is often impossible to find Finnish substitutes for increasingly more expensive imported goods. Unfortunately, it seems that the fall in price competitiveness caused by the overheated economic conditions of the 1980s, together with the collapse of trade with the Soviet Union, has destroyed much of the productive capacity in Finland that would now be able to compete successfully and would be needed to maintain employment and quickly rectify the imbalance in the current account.

If the expansion of exports over the next few years is to be converted into a full-blown ex-

port-led recovery that would also create new jobs in sufficient numbers, the open sector will have to diversify its production structure. This calls for investments in new products and new branches, and requires good international competitiveness over the long term.

### INFLATION HAS REMAINED STABLE

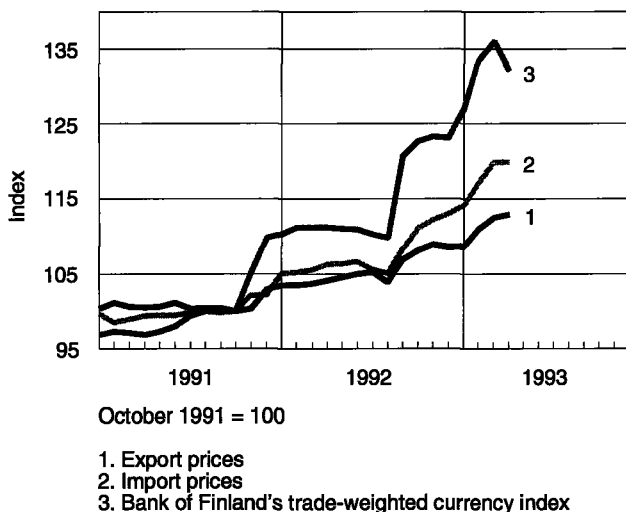
Another surprising – albeit positive – feature of economic performance has been that the sharp weakening of the exchange rate has had only a minor inflationary effect. On the basis of past experience with devaluations in Finland, it was to be expected that the weakening of the external value of the markka would inevitably lead to an acceleration in inflation.

The slump in demand and the heightening of competition have, however, led to a situation where the cost pressures generated by the rise in the value of foreign currencies in relation to the markka have not even been passed through in full into import prices; rather, both foreign manufacturers of goods and Finnish importers have had to lower their prices. While the value of foreign currencies in relation to the markka rose on average by just over 30 per cent from October 1991 to April 1993, import prices rose by only 20 per cent in markka terms over the same period (Chart 2). The marked fall in foreign-currency prices of imports has, for its part, curbed the rise in prices of competing domestic products. As the growth of labour costs has at the same time remained modest, the overall rise in consumer prices has been small.

In the longer term, part of the pent-up pressure to raise import prices is bound to be released, but it is unlikely that sales margins on imported goods will return to the level that prevailed in the overheated economic conditions of past years. A rise in import prices will help to shift demand towards domestic products and improve employment. Essentially, the maintenance of

CHART 2.

#### FOREIGN TRADE PRICES AND CURRENCY INDEX



low inflation only requires that domestic cost developments remain moderate.<sup>1</sup>

### THE DEBT PROBLEM

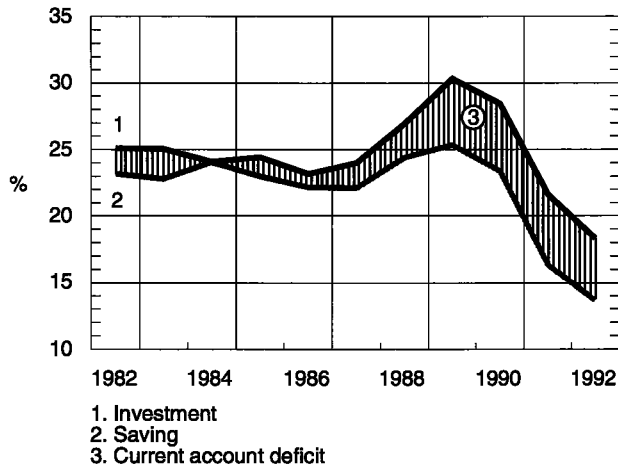
The room for manoeuvre in Finnish economic policy over the past few years has been severely restricted by the country's excessive foreign debt and, in particular, by the rapid growth of public debt. Foreign debt constitutes a stricter constraint on economic recovery as it reduces the opportunities for increasing domestic demand in general. The indebtedness of the central government, on the other hand, limits particularly the scope for stimulating the economy through fiscal policy. These constraints are, however, interdependent in many ways. The financial deficit of the general government sector is part of the financial deficit of the whole economy, ie the current account deficit, which, in turn, measures the rate of growth in Finland's foreign debt. If Finland had a small foreign debt and a current account that was in balance or in surplus, the room for manoeuvre in counter-cyclical policy would be greater in terms of central government indebtedness than it is judged to be at present.

In relation to debt servicing capacity, measured in terms of export earnings, Finland's net foreign debt is larger than in almost any other industrialized country. Net foreign debt is the sum of the net debts of the domestic sectors, ie companies, households and the public sector.

With the deepening and prolongation of the recession, the significance of indebtedness as one of the major reasons for Finland's economic problems has become increasingly evident. Both companies and households have reacted in a natural way to their debt problems: companies by sharply cutting

CHART 3.

### SAVING AND INVESTMENT RATIOS AND CURRENT ACCOUNT, PER CENT OF GDP



back their investments and households by increasing saving and postponing home and other purchases (Chart 3). Since most companies and households have simultaneously tried to reduce their debt levels by cutting spending, the consequence has been a fall in the general level of income. The economy now finds itself in a deflationary spiral, where efforts to reduce debts have succeeded only partly owing to a collapse in debt servicing capacity. This has been accompanied by a decrease in the level of economic activity and a sharp rise in unemployment and business failures.

### THE DILEMMA IN CENTRAL GOVERNMENT FINANCES

At the same time as the accumulation of debt in the economy as a whole has gradually slowed along with the narrowing in the current account deficit, there has been a sharp shift in the structure of debt between the private and public sectors. Whereas the public sector defi-

cit amounted to 9 per cent of GDP in 1992, the private sector's financial surplus, excluding exchange rate and other capital losses, amounted to more than 4 per cent of GDP. This year, the shift in the total debt of the economy from private to public debt – especially central government debt – has been even faster.

The central government deficit is due to the working of automatic stabilizers. While the recession has reduced the central government's tax revenue, outlays related to the management of unemployment have soared. The growth of central government debt during a recession is acceptable as such, because it helps to maintain the purchasing power of households and companies and thus alleviate the worst effects of recession. The steepness of the rise in central government debt has, however, become a problem in Finland.

Partly because of the depth of the recession and partly because of the comprehensive social security schemes that were introduced during prosperous

<sup>1</sup> The inflation outlook for the next few years and the Bank of Finland's inflation target are discussed in the article by Pentti Pikkarainen and Timo Tyrväinen in this issue of the Bulletin.

times in the past, the weakening effect on the central government's financial position caused by the operation of automatic stabilizers has been exceptionally strong. A totally new factor adding to the government's net financing requirement is the expenditure arising from safeguarding the solvency of the banking sector. The debt crisis in the economy also places other burdens on central government finances in the form, for instance, of delays in tax receipts due to payment disturbances and tax receipts lost because of bankruptcies.

The unprecedentedly rapid growth of Finland's central government debt – the debt amounted to 12 per cent of GDP at the end of 1990 and is estimated to rise to over 50 per cent by the end of this year – has in a short space of time eroded the scope for fostering economic recovery that had been created by the rapid economic growth and prudent government borrowing policy of the past decades. The debt spiral that now threatens central government finances has ruled out the active pursuit of counter-cyclical policy that would stimulate economic activity more effectively than the mere operation of automatic stabilizers. As, moreover, estimates of the economic outlook over the medium term indicate that economic growth and unemployment will not recover quickly even in the most favourable of circumstances and hence that the public sector deficit will become increasingly structural, special measures have had to be taken by the Government to improve the central government's financial position and thereby contain the growth of central government indebtedness.

The measures aimed at a permanent lowering of public expenditure are focused on the coming years, when it is assumed employment will be improving. But weaker-than-forecast developments in central government finances have also

6 forced the Government to intro-

duce certain quick-acting savings measures whose immediate impact has been to reduce domestic demand. The fiscal policy pursued has, however, increased the confidence of the financial markets and thus helped to bring down interest rates. Indeed, the specific aim of the authorities has been that demand management policy – ie the combined effect of fiscal and monetary policy – should not deepen the recession any further but rather promote faster economic recovery. Failure to take steps to curb the growth of central government debt could, in the worst case, have led to a situation where any disturbances in the supply of foreign financing would have caused a sharp tightening in monetary conditions, which, in turn, would have rapidly corrected the current account imbalance through an even deeper recession.

#### **DIFFICULT CHOICES IN MONETARY POLICY**

Last autumn, when Finland had to abandon the markka's fixed exchange rate as an intermediate target of monetary policy, there was a danger that inflation expectations and inflationary sentiment would emerge in the markets. To prevent this, the stance of monetary policy was kept unchanged after the markka's float, and the Bank of Finland announced that low inflation continued to be the ultimate objective of monetary policy. In February, the inflation target was made more explicit by announcing that the aim was to stabilize underlying inflation at the 2 per cent level by 1995.

As it has become increasingly certain that inflation will remain subdued, so the room for counter-cyclical action in monetary policy has expanded. At the same time, the deepening of the recession and the diminution in the scope for expansionary fiscal policy have served to underline the importance of bringing down interest rates.

Reflecting the combined effect of the fall in interest rates abroad, the Government's sav-

ing measures, the "zero" incomes agreement and the monetary policy pursued, interest rates have, in fact, declined significantly since last autumn. Short-term market interest rates are now at the average European level, which itself has come down with the easing of inflationary pressures in Europe, and, following the fall in market interest rates, the Bank of Finland's base rate has been cut three times by a total of 2.5 percentage points. Of course, a necessary condition for the fall in market rates has been that the recovery of exports and the narrowing in the current account deficit have maintained confidence that the growth of Finland's external indebtedness is slowing. On the other hand, while long-term rates have also declined, they are still above the average European level. This at least partly reflects uncertainty in the markets about future developments in the Finnish economy and the value of the markka.

In principle, under a floating exchange rate regime, monetary policy has more autonomy, with respect to the policies of other countries, for the pursuit of counter-cyclical goals than under a fixed exchange rate regime. Though the floating of the markka paved the way for a fall in interest rates from their earlier, excessively high level, which had been maintained by currency speculation, it has proved to be very difficult to pursue monetary and interest rate policy supporting economic recovery.

In Finland, the debt crisis and the markka's weakening became special factors limiting the efficacy of monetary policy. On the one hand, the high debt levels of the corporate and household sectors have attenuated and delayed the stimulative effect of lower interest rates on fixed investment and residential construction. On the other hand, the credit crunch and slump in investment activity of especially firms operating in the domestic sector has been exacerbated by the fact that their for-

■  
eign debt is denominated in foreign currencies. The rise in the value of foreign currencies has thus caused companies capital losses and increased their current financing costs.

Attempts have been made to link monetary policy aimed at bringing down interest rates to fiscal and incomes policy measures supporting the value of the markka. However, a further depreciation of the markka during the winter could not be avoided, and hence monetary policy has probably had only a minor influence on domestic demand so far. The fall in interest rates has

nevertheless been a welcome development both as regards containing the financial crisis beleaguering the economy, and as a necessary precondition for the recovery of investment.

The appreciation of the markka in April and again in May after a dispute between the Government and the unions had been resolved, points to some degree of improvement in market expectations. If these more favourable trends are maintained, there will also be more room in central bank policy to promote recovery. A force operating in the same direction will

be the probable easing of economic policies in other European countries, given that economic activity in most countries has been weaker than expected. The outlook for the rest of the year nonetheless remains very difficult both as concerns unemployment and the funding of central government finances.

7 June 1993

■

# THE BANK OF FINLAND'S INFLATION TARGET AND THE OUTLOOK FOR INFLATION OVER THE NEXT FEW YEARS

by Pentti Pikkarainen, PhD  
Central Bank Policy Department  
and Timo Tyrväinen, Lic Pol Sc  
Economics Department  
Bank of Finland

Irrespective of the exchange rate regime, the objective of monetary policy is the attainment of stable monetary conditions, an intrinsic part of which is a low and stable rate of inflation. An inflation target supports the goal of a low and stable level of interest rates. By committing itself to an inflation target the central bank seeks to promote the favourable development of the real economy, including the external balance. In connection with the lowering of the base rate in February the Bank of Finland announced an inflation target according to which the aim is to stabilize the 'underlying' rate of inflation at the level of two per cent by 1995. Given the bias present in price indices due to, for example, changes in the quality of commodities, the two per cent target is very close to zero inflation. On 31 March, the Government announced that it would support efforts to achieve the Bank of Finland's inflation target.

Central banks make use of various intermediate targets in endeavouring to attain the ultimate objective. The role of these intermediate targets is to indicate whether progress is being made towards the achievement of the ultimate objective. Under a fixed exchange rate regime the exchange rate itself is an intermediate target of monetary policy; in this case a link is sought with an environment of stable monetary conditions and low inflation.

By contrast, under a floating exchange rate regime the definition of intermediate targets is more difficult. Accordingly, many central banks do not publish intermediate targets but instead use (internally) various

8 monetary policy indicators,

such as monetary aggregates, credit expansion, interest rates and exchange rates, for this purpose. In addition, of course, central banks monitor extensively developments in the real economy as well as in prices and wages. This is also the policy that has been applied by the Bank of Finland during the time the markka has been floating. By announcing an inflation target in February the Bank of Finland decided to state its objectives explicitly. In doing so, the Bank also sought to support the credibility of monetary policy and to create room for the lowering of interest rates.

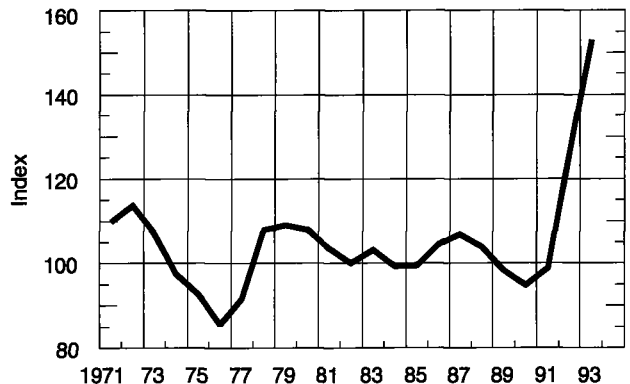
## COMMITMENT TO AN INFLATION TARGET IS AIMED AT ACHIEVING A LOW LEVEL OF INTEREST RATES

In comparison with past experience in the post-war period, Finland's relative price competitiveness is now exceptionally good as result of the major improvement that has occurred in the past two years (Chart 1).<sup>1</sup> This is due to a sharp decline in the external value of the markka – ie depreciation of the nominal exchange rate – and moderate pay agreements. Competitive-

<sup>1</sup> Relative price competitiveness is also called the real exchange rate. When relative price competitiveness is said to weaken (improve), this means that the real exchange rate strengthens (weakens).

CHART 1.

RELATIVE UNIT LABOUR COSTS, RATIO OF 14 COMPETITOR COUNTRIES TO FINLAND, IN COMMON CURRENCY, 1982 = 100



Rise in the index = improvement in Finland's price competitiveness



ness has also been boosted by improved productivity.

When, however, economic recovery gets under way and domestic demand starts to pick up, it will be difficult to maintain price competitiveness at its present level. This is because the real exchange rate is likely to strengthen (ie price competitiveness to weaken) as economic conditions improve. The strengthening of the real exchange rate can take place in two ways: either through an appreciation of the nominal exchange rate or through domestic costs increasing at a faster pace than the corresponding costs of competitor countries.

When the markka is floating, economic policy measures can be used to influence the way in which the real exchange rate strengthens, ie whether through an appreciation of the nominal exchange rate or through inflation. The aim of the Bank of Finland is to maintain price and cost stability as the economy recovers, thus allowing the nominal exchange rate to strengthen.

When expectations of a strengthening in the external value of the markka emerge, the interest rate differential in relation to other countries tends to narrow.<sup>2</sup> If, at the same time, there is a general commitment in economic policy to an inflation target, uncertainty about the economic policy stance diminishes. This, in turn, reduces the risk premium associated with Finland. Thus both expectations of an appreciation of the currency and a decrease in the risk premium help to pave the way for lower interest rates.

### **INDICATOR OF THE UNDERLYING RATE OF INFLATION**

Consumer price inflation is often used for measuring the progress made in attaining the ultimate monetary policy objective. For instance, the United Kingdom and Sweden have linked their inflation targets to developments in the consumer price index (CPI). But price indices may include elements which under certain conditions can obscure underlying inflation trends; this applies particularly to the Finnish CPI. The way in which public sector measures and the effect of house prices are reflected in the index are cases in point. In order to increase transparency and international comparability, the Bank of Finland has therefore constructed an indicator of the underlying rate of inflation which describes the underlying inflation in the economy 'better' than the CPI. This indicator is the CPI from which the effect of taxes, subsidies and housing-related capital costs (house prices and mortgage interest payments) has been removed. Although the indicator of underlying inflation plays a key role in the Bank of Finland's inflation monitoring, price developments, including asset prices and wages, in different sectors are also monitored extensively by the Bank.

The treatment of house prices in the CPI in Finland differs from the international practice. House prices affect the CPI through imputed depreciation included in housing costs. Depreciation is based on the value of the dwelling, which is related to its market price. This method places more emphasis on dwellings as investments rather than as a source of housing services. In addition, widely fluctuating house prices hamper international comparison. For these reasons, the item 'depreciation', which includes house prices, is excluded from the indicator of the underlying rate of inflation.

Mortgage interest payments also have an effect on the CPI as one element of housing costs.

Interest costs are measured by the average interest rate on outstanding housing loans, on which the Bank of Finland's measures have a strong and immediate impact. For example, reflecting developments in the base rate, the decline in interest rates on housing loans will reduce the rise in the CPI by over half a percentage point during the first six months of the current year.

If accelerating inflation makes it necessary to tighten monetary policy, the ensuing rise in interest rates will result in a rise in the CPI. This, however, is not a cogent argument for a further tightening of monetary policy. Thus there have been judged to be good grounds for excluding the item 'interest payments' contained in housing-related capital costs from the indicator of the underlying rate of inflation.

The government influences price developments through both indirect taxation and subsidies. The latter have been and continue to be a component subject to quite considerable changes. Changes in taxation also fall into the category of economic policy measures whose effects on prices do not warrant monetary measures in response. The indicator of the underlying inflation rate is calculated with the aid of the tax-rate index and the net price index (NPI). The effect of government measures on consumer prices is measured by the tax rate index, the various items of which are listed in Table 1. In the calculation of the tax rate index it is sometimes necessary to estimate how long it will take for a tax change, for which there is an estimate of its effect on annual revenue, to be passed through into consumer prices. For this reason, the indicator of the underlying rate of inflation seems to be rather susceptible to fluctuations. Consequently, monthly changes in the indicator can sometimes be difficult to interpret.

The NPI has been published since 1977, though it has not 9

<sup>2</sup> According to the interest rate parity of an open economy, domestic (nominal) interest rates are determined by the level of interest rates abroad, expected changes in the exchange rate and the risk premium. When the exchange rate is expected to appreciate (depreciate), the interest rate differential in relation to other countries tends to narrow (widen). When the risk premium grows, the interest rate differential tends to widen.

TABLE 1. TAXES AND SUBSIDIES IN THE TAX RATE INDEX  
(1985=100)

Tax	Percentage of total taxes, %
Sales tax	55.7
Surplus of Alko Ltd	13.5
Car tax	7.4
Tobacco tax	4.8
Fuel tax	4.3
Charges comparable to taxes in the CPI	2.9
Government's share of revenue from gambling games	2.9
Customs duties, import charges	2.4
Other taxes	6.1
<b>TOTAL</b>	<b>100.0</b>
Subsidy	Percentage of total subsidies, %
Primary product deduction	34.6
Subsidy to the State Railways	9.1
Farmers' holiday support	6.2
Milk price supplement	6.2
Farm-size supplement	5.4
Public transport services deficit	5.4
Other subsidies to industry	3.5
Subsidies for balancing agricultural production	3.4
Direct income subsidies to agriculture	5.3
Other subsidies	20.9
<b>TOTAL</b>	<b>100.0</b>

been widely used. It is calculated by combining the CPI and the tax rate index.<sup>3</sup> The difference between the indicator of underlying inflation and the NPI is that housing-related capital costs do not affect the former.

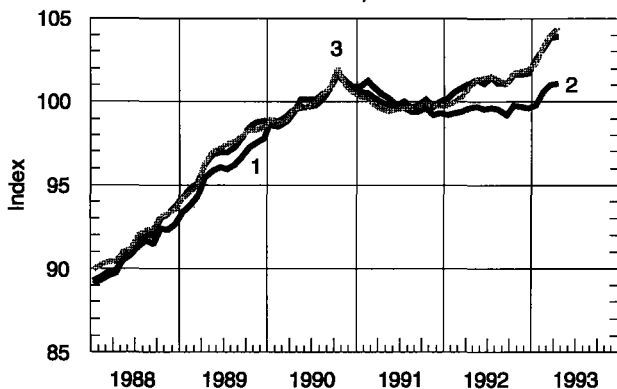
It has turned out to be quite difficult to totally exclude public sector charges from the CPI. For instance, the health centre charge and the real estate tax, which were introduced at the beginning of this year, will be reflected in both the CPI and the NPI. The former is expected to cause only a minor rise in consumer prices; the latter influences the indices through housing maintenance charges and it is difficult to disentangle it from other factors affecting the maintenance charge. The level and yield of the tax will only become apparent after a long lag. By contrast, the electricity tax, which was introduced at the beginning of this year, is visible in the tax rate index and thus its effect is excluded from the NPI.

In the calculation of the indicator of the underlying rate of inflation, taxes and subsidies are treated according to the same principle as in the NPI. So, an analysis of the effects of, for example, the public sector factors presented above will still be required in the future in articles like the present one.

Statistics Finland calculates developments in the indicator of the underlying rate of inflation and publishes them in connection with the CPI on the 15th of every month. The CPI describes prices in the previous month and the indicator of the underlying rate of inflation the situation a month earlier. The additional time lag is due to the calculation of the tax rate index. Developments in the index of the indicator of the underlying rate of inflation from the beginning of 1988

CHART 2.

PRICE INDICES FOR DOMESTIC MARKET COMMODITIES, 1990 = 100



1. Wholesale price index, domestic goods
2. Basic price index for domestic supply, domestic goods
3. Producer prices in manufacturing, domestic market goods

<sup>3</sup> At present, this is done by combining the 'new' CPI (1990=100) and the 'old' tax rate index (1985=100). Next autumn, Statistics Finland will complete the revision of the weight structure of the tax rate index to comply with the year 1990. Any inaccuracies in the calculation of the index during the transition phase are likely to be only minor.

until the present time are shown in Chart 3 and monthly index figures will henceforth be published by Statistics Finland.

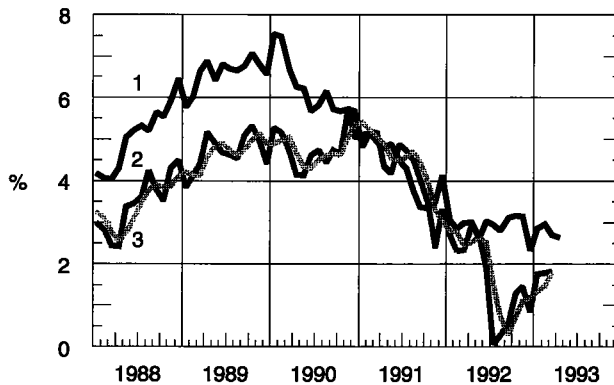
### DOMESTICALLY-GENERATED INFLATION IN 1990-92

As discussed above, the inflation target applies to the rise in the price level that results from domestic economic activity. As monetary policy is not – indeed cannot be – designed to influence fluctuations in international inflation, it is important to examine both imported and domestically produced commodities. In the CPI they are not taken into account separately, whereas in the producer price indices (wholesale price index, basic price index for domestic supply and producer price index for manufactured products<sup>4</sup>) this distinction is made.

Chart 2 shows that prices of domestic commodities already began to fall in the second half of 1990. The domestic component of the basic price index for domestic supply is still at a lower level than it was in autumn 1990, mainly because of the poor price developments for construction and related materials. The construction sector is not, however, included in the wholesale price index, which regained its autumn 1990 level at the end of last year. Wholesale prices have risen because of the tightening of indirect taxation, which does not affect the basic price index for domestic supply. On the other hand, the autumn 1991 devaluation raised the prices of imported inputs. This, together with public sector measures, is probably the rea-

CHART 3.

UNDERLYING INFLATION, PERCENTAGE CHANGE FROM CORRESPONDING MONTH OF PREVIOUS YEAR



1. Consumer prices
2. Indicator of underlying rate of inflation\*
3. 3-month moving average for indicator of underlying rate of inflation

\* Consumer price index, excl. effect of taxes, subsidies and housing-related capital costs (house prices plus mortgage interest payments)

son for the distinct upturn in the domestic components of manufactured products and the wholesale price index in early 1992.

### INFLATION IN 1993

During the first months of this year, the CPI has risen at an annual rate of just under 3 per cent. In April, the index rose by 0.4 per cent from the previous month and the 12-month rate of change slowed to 2.6 per cent. In March, the indicator of the underlying rate of inflation was still 1.8 percentage points<sup>5</sup> higher than a year earlier (Chart 3). As import prices have raised the price level by just over one per cent in the last twelve months, domestic 'private sector prices' have risen only slightly in the CPI.

Wage inflation has remained subdued. Wage drift is likely to stay at last year's level, ie at about one per cent. Wage drift is quite significant in the export

industries, whereas in sectors manufacturing products for the domestic market and in the service sectors it is negligible. In some sectors wage drift is negative. Even though indirect labour costs are rising, the rise in unit labour costs will remain modest this year.

Developments in producer prices partly predict changes in the CPI. The rise in the prices of domestic commodities that has taken place during the spring (Chart 2) is probably a consequence of the depreciation of the markka. The indirect effects of more expensive imported inputs have also begun to show up in producer prices of commodities manufactured in Finland and they will show up in consumer prices a little later, most probably in early autumn.

During the last few months, the 12-month rise in the indicator of the underlying rate of inflation has stayed at the level of 1-2 per cent. In July, the rate of increase will accelerate considerably. This is due to the fact that the effect of certain changes in subsidies that became effective at the beginning of 1992 and entered the tax rate index in July 11

<sup>4</sup> The producer price index for manufactured products describes developments in producer prices of products manufactured in Finland; taxes are not reflected in this index. The wholesale price index shows developments in purchase prices of products used in Finland inclusive of taxes by means of an index basket that includes agricultural and forestry products in addition to manufactured products. The basic price index for domestic supply measures purchase prices of products used in Finland exclusive of taxes. This index includes construction in addition to manufactured, agricultural and forestry products.

<sup>5</sup> In March, house prices and mortgage interest payments lowered the 12-month change in the CPI by some 1.2 percentage points while indirect taxes and subsidies increased it by some 2 percentage points.

TABLE 2. CONSUMER PRICES IN FINLAND, 1992-93

	1992	1993
Consumer price index, annual percentage change	2.9	3
Consumer price index, percentage points, December-to-December	2.3	3¼
of which:		
– import prices ("passed-through")	1¾	2
– indirect taxes and subsidies ("pressure")	2½	1½
– house prices	-1	-½
– mortgage interest payments	+¼	-¼
– other	-1	½
Memorandum items:		
Level of earnings	1.8	1
Unit labour costs	-2.9	¼

1992 will drop out of the 12-month comparison. Indeed, it seems that the indicator underestimated underlying inflation in the second half of 1992 and for the same reason it will overestimate developments in the second half of the current year. There will also be some variation in consumer prices as a result of fluctuations in relative import prices associated with exchange rate changes, even in circumstances where domestically-generated inflation will remain broadly unchanged.

The depressed state of domestic demand has suppressed the passthrough of import prices and public sector measures into consumer prices. However, as companies' profit margins were exceptionally large in 1990, their return to a more normal level does not require that the increase in import prices and indirect taxes be passed through in full into consumer prices.

House prices are expected to continue falling, though at a considerably slower pace. In addition, mortgage interest payments have started to fall along with the decline in interest rates. Consumer prices are expected to rise by 3 per cent on average this year and perhaps by slightly more in the course of the year. The forecast developments are shown in Table 2.

### INFLATION IN 1994-95

If the external value of the markka remains close to its present level, the rise in import prices in the period from the autumn 1991 devaluation to the end of the current year will be of the order of some 20 per cent. The direct effect of this on consumer prices is some 4 per cent. If inflation evolves in the current year as forecast in Table 2, the pressure related to the direct effects of past increases in import prices is unlikely to be shifted to 1994 to any significant extent.

The indirect effects of the rise in import prices will be gradually reflected in the price level. Even if this is taken into account, import prices are hardly likely to generate any major inflationary impulses in 1994-95. The planned VAT reform, on the other hand, would raise consumer prices by just over 1½ percentage points in 1994, which would cause the rate of increase in consumer prices to accelerate to over 4 per cent. Nonetheless, 'underlying inflation' – when the effect of changes in relative import prices is also taken into account – would not significantly exceed the 2 per cent level in 1994.

The rise in the level of earnings is likely to accelerate somewhat in 1994. This will increase price pressures to some extent. Companies' profit margins can also be expected to increase. On the other hand, the fall in interest rates will boost compa-

nies' profitability and help to ease price pressures.

There is nothing on the horizon to suggest that the Finnish economy will recover to the extent that it would lead to a rapid increase in inflationary pressures. The slump in domestic demand is so deep and the consequent underutilization of capacity so extensive that pressures for wage increases are likely to remain subdued for quite some time, unless the situation in the area of labour relations changes. A return to wage-wage competition would require a very rapid improvement in the macroeconomic situation. If continuing high unemployment does not dampen the wage demands of those who still have jobs, the chances of reducing unemployment will remain limited. In a polarized labour market, differential wage developments are quite likely to be the outcome in the longer run. However, the overall room for pay increases will be limited by the fact that unemployment will raise indirect labour costs as a result of higher unemployment and pension insurance contributions.

Developments in productivity affect wage and price pressures in many ways. If productivity improves sharply, demand for labour will grow only slightly. Wage pressures will remain low and there will be only minor increases in unit labour costs. If interest rates continue to fall, price pressures emanating from capital costs will decrease.

In the light of the above, Finland should have good chances to rebuild its economy in the coming years without the uncertainties caused by accelerating inflation, high interest rates and fluctuations in exchange rates. In conditions of low price inflation, even modest pay increases will reverse the decline in purchasing power.

7 June 1993

**BANK OF FINLAND  
RETURNS BANKS' CASH  
RESERVE DEPOSITS**

The Bank of Finland decided to return the banks' cash reserve deposits on 1 June 1993.

The current cash reserve agreement, which was concluded on 26 April 1990, has given rise to problems with the fall in interest rates in recent months. Under the agreement, the Bank of Finland pays interest on cash reserve deposits at a rate which is 3 percentage points below 3-month HELIBOR, but not less than 8 per cent. When short-term money market rates moved below 8 per cent, the cash reserve system started to function in a way which was contrary to the original purpose of the arrangement.

The decision to return the cash reserve deposits does not signify any change in monetary policy stance. As before, the Bank of Finland will use money market operations to regulate the liquidity of the banking system in line with monetary objectives.

In the spring, the Bank of Finland had discussions with the banks aimed at replacing the current cash reserve agreement with a more efficient minimum reserve system under which no interest would be paid on the banks' deposits. These negotiations did not, however, lead to an agreement.

A Government bill providing for the amendment of the Regulations for the Bank of Finland to this end is currently before Parliament.

**TERMINATION OF  
TILL-MONEY CREDIT  
FACILITY**

The Bank of Finland has decided to terminate its till-money credit agreements with the banks with effect from 30 June, when the till-money credits currently extended to the banks mature.

The facility was introduced in 1980 with the aim of reducing the transportation of cash to and fro between the banks and the Bank of Finland. Today, the distribution of currency to the banks is handled predominantly through the regional currency distribution system. This has rationalized currency distribution operations and averted the need for the unnecessary transportation of cash. Consequently, the till-money credit facility has lost its original meaning.

**PUBLICATION OF THE  
BANK OF FINLAND**

The following publication has appeared in series B:48: Markku Malkamäki, *Essays on Conditional Pricing of Finnish Stocks*, doctoral dissertation presented to the Faculty of Accounting and Industrial Management of the University of Vaasa, Helsinki 1993, 168 pp. ISBN 951-686-353-1, ISSN 0357-4776.

This doctoral dissertation, consisting of four articles, examines the pricing of Finnish shares, using dynamic estimation techniques, over the period 1972-1989. The author finds that the Capital Asset Pricing Model (CAPM), the most widely used in the world, is a useful tool to the investor in the Finnish stock market as well. Empirical findings to date, which have been based on share-specific estimation of (constant) risk over long periods of time, have generally resulted in a clear re-

jection of the model. Test results, however, are found to become favourable to the model when share-specific risk is modelled so as to allow for monthly variation in response to changes in the difference between share and market returns. The study also shows that the generally applied assumption of constant share-specific risk leads to loss of wealth when applied to the Finnish stock market. Dynamic risk estimates should be applied when programmes based on portfolio theory are used in the management of stock portfolios.

The dissertation also examines the dependencies between the stock markets of Finland, Sweden, Germany, the United Kingdom and the United States. In the long term these markets tend to move in the same direction, which reduces the benefits of diversification in a stock portfolio, assuming the investment horizon is long. For the short term, the Finnish stock market is predicted best on the basis of share returns in the German and UK markets. The Swedish stock market, in contrast to earlier claims, is not found to be very helpful in predicting the Finnish market.

In the final article of the dissertation, it is shown that about half of the predictability of volatility in returns on Finnish shares is attributable to rational causes, i.e. to predictable changes in CAPM risk parameters. In practical terms, this means that the Finnish stock market functions in a rational manner, despite the predictability of returns. On the other hand, the study shows that investors can benefit from the predictability of share returns to a greater extent in the Finnish stock market than, for example, in the US market. This result is not surprising given the fact that the US market is clearly more competitive than the Finnish market.

# MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM JULY 1992 TO JUNE 1993

1992

## JULY

**The system for regulating bank liquidity changes.** The Bank of Finland decides to replace the existing call money facility by a new system for regulating the supply of bank liquidity with effect from 1 July. The new system differs from that applied hitherto in that deposit and borrowing rates are closer to market interest rates and move in line with changes in market rates. In addition, the Bank of Finland may, at its discretion, extend the maturity of liquidity credit from one day up to four weeks.

**Central banks of Finland and EC countries strengthen cooperation.** The central banks of the European Communities and the Bank of Finland decide on 15 July to strengthen their monetary cooperation. The primary means of achieving this is a network of credits available whenever necessary to support the foreign exchange reserves.

## AUGUST

**Government offer of capital.** Fifty-three savings banks and four commercial banks (Kansallis-Osake-Pankki, Postipankki, Skopbank and STS-Bank) accept, by 14 August, the offer of capital made by the Government. The total amount of capital raised is FIM 4.6 billion.

## SEPTEMBER

**Floating of the markka.** On 8 September, the Bank of Finland

decides to temporarily float the markka because of continuing pressure against the currency in the foreign exchange market. The decision is taken with the consent of the Government in accordance with the Currency Act.

## OCTOBER

**Tax-exempt deposits.** On 16 October, the law on the tax relief of deposits and bonds is amended to grant tax-exempt status to 36-month fixed-rate deposits providing the interest rate on them is not more than the Bank of Finland's base rate less one percentage point and they are made between 1 September 1992 and 31 December 1993.

The tax-exempt status of 24-month deposits is extended to apply to deposits made up to the end of 1994.

**Cash reserve requirement.** The Bank of Finland raises the banks' cash reserve requirement from 3.7 per cent to 4.0 per cent of the cash reserve base at end-September.

**Termination of payments agreement.** The payments agreement between Finland and Bulgaria is terminated on 16 October. Immediately after this, the effecting of clearing payments is discontinued, the clearing accounts are closed and there is a changeover to the use of convertible currencies in trade between the two countries.

## NOVEMBER

**Amendment to the Currency Act.** On 13 November, section 2 of the Currency Act is amended so as to enable the Government,

on the basis of a proposal of the Bank of Finland, to authorize the Bank to abandon the limits on the markka's range of fluctuation for an indefinite period. In addition, the Government can cancel such authorization, after taking into consideration the conditions prevailing in the money and foreign exchange markets. Prior to making the decision, the Government must request the opinion of the Bank of Finland on the matter.

**Decision to continue the floating of the markka.** On 13 November, the Government, in accordance with the amendment to the Currency Act, decides to authorize the Bank of Finland to continue the floating of the markka.

**Letter of intent between the Government Guarantee Fund and Kansallis-Osake-Pankki.** On 24 November, Kansallis-Osake-Pankki buys the majority shareholding in STS-Bank Ltd from the STS Foundation. On the same date, the Government Guarantee Fund and Kansallis-Osake-Pankki sign a letter of intent on the establishment of an asset management company ("bad bank") for the management of STS-Bank's bad loans. The agreement is conditional on the Act on the Government Guarantee Fund being amended to permit the establishment of such a company.

**Cash reserve requirement.** The Bank of Finland raises the banks' cash reserve requirement from 4.0 per cent to 4.5 per cent of the cash reserve base at end-October.

**Till-money credits.** The Bank of Finland revises the base amounts, the share of banks' till-money holdings which is not

financed by the Bank of Finland under the till-money credit arrangement. The combined total of base amounts is raised to 20 per cent of currency in circulation with the public. The combined total of the banks' base amounts rises by FIM 597 million and amounts to FIM 1 791 million as from the last business day in November.

## DECEMBER

**Government offer of capital to banks.** Two commercial banks (Union Bank of Finland and Okobank), 14 savings banks and 57 cooperative banks accept, by 16 December, the offer of capital made by the Government. The total amount of capital raised in this context is FIM 3.3 billion.

**Government Guarantee Fund grants support to Skopbank and the Savings Bank of Finland.** The Government Guarantee Fund decides, on 22 December, to grant capital support totalling FIM 1.5 billion to Skopbank and, on 30 December, to grant capital support totalling FIM 4.7 billion to the Savings Bank of Finland.

**Cash reserve requirement.** The Bank of Finland raises the banks' cash reserve requirement from 4.5 per cent to 5.0 per cent of the cash reserve base at end-November.

1993

## JANUARY

**Base rate.** The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 9.5 per cent to 8.5 per cent with effect from 1 January.

**Cash reserve requirement.** The Bank of Finland raises the banks' cash reserve requirement from 5.0 per cent to 5.5 per cent of the cash reserve base at end-December.

**Interest on cash reserve deposits.** The Bank of Finland decides to lower the rate of interest paid on cash reserve deposits as from 1 January in

accordance with the current cash reserve agreement. The new interest rate will be 3 percentage points below three-month HELIBOR, however not less than 8 per cent.

**Swap agreement between the Nordic central banks.** The Nordic central banks decide to revise and substantially enlarge their agreement on short-term currency support, which has been in force since 1 January 1984. The revised agreement enters into force on 1 January for an indefinite period.

**New legislation on foreign ownership.** The 1939 Restriction Act is repealed at the end of December, and new legislation lifting the restrictions on foreign ownership of Finnish companies enters into force on 1 January. The new legislation also liberalizes the acquisition of real estate by foreigners.

## FEBRUARY

**Monetary policy.** The Bank of Finland specifies the guidelines in accordance with which monetary policy will be conducted over the next few years. The aim is to stabilize the rate of inflation, measured by the annual rise in consumer prices, permanently at two per cent by 1995. Inflation will be measured by the consumer price index; however, changes due to public charges, taxes and developments in housing prices will not be taken into account in monetary policy.

**Base rate.** The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 8.5 per cent to 7.5 per cent with effect from 15 February.

**Finnish State guarantees banks' operations.** On 23 February, Parliament unanimously approves a resolution requiring the Finnish State to guarantee that Finnish banks meet their commitments under all circumstances. At the same time, Parliament undertakes to grant the Government whatever funds and

powers might be necessary for this purpose.

## MARCH

**Organization of the Government Guarantee Fund.** The internal organization of the Government Guarantee Fund is changed on 11 March. The changes are designed to improve the Fund's prerequisites for providing bank support. The main changes are: (1) the board of management of the Fund comprises at most five members, at least one of whom represents the Ministry of Finance; the Parliamentary Supervisory Board of the Bank of Finland continues to function as the Fund's supervisory body and eg appoints the members of the board; (2) the Fund has a full-time manager and other necessary full-time staff; and (3) the Fund assists the Ministry of Finance in the preparation of decisions concerning the use of funds set aside for bank support in the state budget; the Government makes decisions on support measures.

## MAY

**Base rate.** The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 7.5 per cent to 7.0 per cent with effect from 17 May.

**Cash reserve requirement.** The Bank of Finland lowers the banks' cash reserve requirement from 5.5 per cent to 4.5 per cent of the cash reserve base at end-April.

**Maximum interest rate on transaction accounts.** Under the amendment to the law on income and wealth taxation, the maximum annual rate of interest payable on tax-exempt transaction accounts is lowered from 4.5 per cent to 2.5 per cent with effect from 6 May.

## JUNE

### **Cash reserve requirement.**

The Bank of Finland lowers the banks' cash reserve requirement from 4.5 per cent to zero (0) per cent of the cash reserve base at end-May and returns the banks' cash reserve deposits on 1 June 1993.

### **Termination of till-money credit facility.**

The Bank of Finland decides to terminate its till-money agreements with the banks *with effect from 30 June*, when the till-money credits currently extended to the banks mature.





## 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 5 055 700 (1 January 1993) and an average population density of 16.6 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 502 000 inhabitants, Espoo (Esbo) 178 850, Tampere (Tammerfors) 175 300, Turku (Åbo) 160 200 and Vantaa (Vanda) 159 300.

There are two official languages: 93.4 % of the population speaks Finnish as its mother tongue and 5.9 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-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 1988 to 1 March 1994, is Dr Mauno Koivisto.

Parliament, comprising 200 members, is elected by universal suffrage for a period of four years. Following the parliamentary elections of 1991, the seats of the various parties in Parliament are distributed as follows:

Centre Party 55; Social Democratic Party 48; National Coalition Party 40; Left-Wing Alliance 19; Swedish People's Party 12; The Greens 10; Christian

League 8; Rural Party 7; and Liberal Party of Finland 1.

Of the 17 ministerial posts in the present Government appointed in April 1991, 8 are held by the Centre Party, 6 by the National Coalition Party, 2 by the Swedish People's Party and 1 by the Christian League. The Prime Minister is Mr Esko Aho of the Centre Party.

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

## INTERNATIONAL RELATIONS

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

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. In spring 1992, Finland signed the agreement on the European Economic Area (EEA) between the member countries of EFTA and the European Community, and submitted her application for membership of the European Community. 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 co-operation 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 440 billion in basic values in 1991, 3 % was generated in agriculture and fishing, 2 % in forestry, 21 % in industry, 8 % in construction, 10 % in trade, restaurants and hotels, 8 % in transport and communications, 4 % in finance and insurance, 22 % in other private services and 21 % by producers of government services. Of total employment of 2.3 million persons in 1991, 8 % were

engaged in primary production, 29 % in industry and construction and 63 % in services.

In 1991, expenditure on the gross domestic product in purchasers' values amounted to FIM 503 billion and was distributed as follows: net exports -0.6 % (exports 21.8 %, imports -22.4 %), gross fixed capital formation 23 %, private consumption 55 % and government consumption 24 %. Finland's gross tax ratio (gross taxes in relation to GDP) was 37 % and the net tax ratio (net taxes in relation to GDP) 20 %, which is about the average for OECD 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 4.0 % in 1990-91. Finland's GDP per capita in 1991 was USD 24 800.

**Foreign trade.** OECD countries absorb the bulk of Finnish merchandise exports. In 1988-92, their share was, on average, 78.1 per cent, of which the share of EC countries was 47.7 percentage points and that of EFTA countries 20.2 percentage points. Over the same period, Finland's exports to East European countries (including the Soviet Union) accounted for 14.4 per cent and the rest of the world for 9.6 per cent. The regional distribution of Finland's merchandise imports has been quite similar to that of exports.

In 1992, the share of forest industry products in total merchandise exports was 38 %, the share of metal and engineering products 43 % and the share of other goods 19 %. Raw materials and intermediate goods (incl. crude oil) accounted for 62 % of merchandise imports, fuels for 4 %, investment goods for 14 % and consumption goods for 22 %.

**Forest resources.** Finland has fairly abundant forest resources, but only limited amounts of other raw materials. The growing stock comprises 1880 million cubic metres, of which 45 % is pine, 37 % spruce and 18 % broad-leaved species, chiefly birch.

The annual growth increment totals 79 million cubic metres and the total drain calculated on the basis of commercial fellings was 38 million cubic metres in 1992.

**Energy.** In 1991, gross consumption of primary energy amounted to 30 Mtoe, of which industry accounted for 44 %, heating for 22 %, transportation for 14 % and other purposes for 20 %. The sources of primary energy in 1991 were as follows: oil 29 %, coal 12 %, nuclear power 15 %, hydro-electric power, peat and other indigenous

sources 30 %, others 14 %. Compared internationally (1990), Finland's consumption of 5.8 toe (OECD definition) per capita was 1.8 times higher than the average in European OECD countries. The self-sufficiency rate (including nuclear power) in Finland was 39 %, as compared with 60 % in western Europe on average.

## FINANCE AND BANKING

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

**The Central Bank.** The Bank of Finland (Suomen Pankki – Finlands Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Board, the nine members of which are entrusted with overall supervision of the Bank and certain specific decisions such as fixing the Bank's base rate and the limits for other rates. The Governor and a maximum of five other Members of the Board of Management are appointed by the President of the Republic. The Board manages all affairs not expressly entrusted to the Parliamentary Supervisory Board, including the terms of banks' central bank finance, open market operations, intervention in the foreign exchange market and determination of the external value of the currency within the fluctuation limits. 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 7 branch offices in other towns.

**Other banks** (31 December 1992). Finland has three major groups of deposit banks with a total of about 2 700 offices. There are three big commercial banks with national branch networks and ten smaller ones, two of which are foreign-owned. The commercial banks have a total of 29 foreign branches, subsidiaries and associate banks and 31 representative offices abroad. There are 41 savings banks and 310 cooperative banks with their own extensive branch networks. In addition, foreign banks have three branches and eight representative offices in Finland.

**Financial market.** Of the total stock of FIM 776 billion in outstanding domestic credit at the end of 1991, 62 % was provided by deposit banks 3 % by private mortgage banks, 17 % by insurance companies, 4 % by other private credit institutions, 4 % by public financial institutions and 9 % 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, 75 % of the instruments, which totalled approximately FIM 158 billion at end-1992, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds raised through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 63 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 64 billion (at end-1992). Two foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1992 totalled FIM 162 billion; government bonds made up 27 % of the total. Turnover on the Stock Exchange in 1992 amounted to FIM 26 billion; the share of shares and subscription rights in the total was approximately 40 %.



<b>1. THE BALANCE SHEET OF THE BANK OF FINLAND</b>	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
<b>2. THE BANK OF FINLAND'S OPERATIONS IN THE MONEY AND FOREIGN EXCHANGE MARKETS AND THE BANKS' FORWARD EXCHANGE POSITION</b>	S4
2.1 Bank's liquidity position at the Bank of Finland	S4
2.2 The Bank of Finland's cash reserve system	S4
2.3 The Bank of Finland's money market transactions	S4
2.4 The Bank of Finland's transactions in convertible currencies	S5
2.5 Forward exchange market	S5
<b>3. RATES OF INTEREST</b>	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 debentures	S7
<b>4. RATES OF EXCHANGE</b>	S8
4.1 Middle rates	S8
4.2 Markka value of the ECU and currency indices	S9
<b>5. OTHER DOMESTIC FINANCING</b>	S10
5.1 Bank funding from the public	S10
5.2 Bank lending to the public	S10
5.3 Money supply and monetary aggregates	S11
5.4 Liabilities and assets of the central government	S11
5.5 Markka bond market	S12
a) Issues	S12
b) Stock	S12
c) Turnover	S13
5.6 Helsinki Stock Exchange	S13
<b>6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS</b>	S14
6.1 Current account	S14
6.2 Capital account	S15
6.3 Finland's foreign liabilities and assets	S16
6.4 Finland's long-term foreign liabilities and assets by sector	S17
<b>7. FOREIGN TRADE</b>	S18
7.1 Exports, imports and the trade balance	S18
7.2 Foreign trade: indices of volume, unit value and terms of trade	S18
7.3 Foreign trade by main groups	S18
7.4 Foreign trade by regions and countries	S19
<b>8. DOMESTIC ECONOMIC DEVELOPMENTS</b>	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
<b>NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION</b>	S25

# 1. THE BALANCE SHEET OF THE BANK OF FINLAND

## 1.1 THE BALANCE SHEET OF THE BANK OF FINLAND,

MILL. FIM

	1992		1993		
	31 Dec.	7 May	14 May	21 May	31 May
<b>ASSETS</b>					
<b>Gold and foreign currency claims</b>	29 517	32 023	32 308	30 487	34 608
Gold	2 180	2 180	2 180	2 180	2 180
Special drawing rights	564	616	625	620	634
IMF reserve tranche	1 732	1 806	1 830	1 817	1 819
Convertible currencies	25 041	27 421	27 673	25 870	29 976
<b>Other foreign claims</b>	4 867	4 930	4 942	4 937	5 277
Markka subscription to Finland's IMF quota	4 464	4 515	4 515	4 515	4 862
Term credit	404	415	427	422	415
<b>Claims on financial institutions</b>	14 595	9 314	10 370	11 075	9 700
Liquidity credits	1 585	317	213	182	-
Certificates of deposit	3 930	2 266	3 289	4 033	2 836
Securities with repurchase commitments	4 408	2 385	2 523	2 523	2 523
Term credits	100	-	-	-	-
Till-money credits	2 872	2 747	2 747	2 747	2 750
Bonds	1 462	1 361	1 361	1 353	1 353
Other claims on financial institutions	238	238	238	238	238
<b>Claims on the public sector</b>	2 446	2 639	2 660	2 660	2 416
Treasury notes and bills	-	-	20	20	20
Loans to the Government Guarantee Fund	1 000	1 200	1 200	1 200	957
Total coinage	1 446	1 439	1 440	1 440	1 440
<b>Claims on corporations</b>	1 458	3 468	3 462	3 454	3 451
Financing of domestic deliveries (KTR)	747	661	654	647	643
Other claims on corporations	711	2 807	2 807	2 807	2 807
<b>Other assets</b>	10 925	8 447	8 447	8 446	7 951
Loans for stabilizing the money market	9 474	8 306	8 306	8 306	7 806
Accrued items	1 298	-	-	-	-
Other assets	153	141	141	140	145
<b>Capitalized expenditures and losses due to safeguarding the stability of the money market</b>	1 700	1 700	1 700	1 700	1 700
<b>Total</b>	<b>65 509</b>	<b>62 520</b>	<b>63 889</b>	<b>62 759</b>	<b>65 103</b>
<b>LIABILITIES</b>					
<b>Foreign currency liabilities</b>	101	272	272	189	198
Convertible currencies	101	272	272	189	198
<b>Other foreign liabilities</b>	7 764	5 615	5 630	5 622	5 969
IMF markka accounts	4 464	4 515	4 515	4 515	4 862
Allocations of special drawing rights	1 026	1 099	1 114	1 106	1 108
Other foreign liabilities	2 274	-	-	-	-
<b>Notes and coin in circulation</b>	14 508	13 805	13 680	13 810	13 870
Notes	13 209	12 516	12 392	12 521	12 576
Coin	1 299	1 289	1 289	1 289	1 293
<b>Certificates of deposit</b>	4 880	13 900	14 170	13 800	16 190
<b>Liabilities to financial institutions</b>	20 000	15 359	15 284	15 380	15 185
Call money deposits	2 135	759	685	781	3 395
Term deposits	4 700	-	-	-	-
Cash reserve deposits	13 165	14 599	14 599	14 599	11 790
Other liabilities to financial institutions	-	1	1	1	0
<b>Liabilities to the public sector</b>	90	59	469	64	64
Cheque accounts	72	3	413	9	9
Deposits of the Government Guarantee Fund	18	56	56	55	55
Other liabilities to the public sector	-	-	-	-	-
<b>Liabilities to corporations</b>	3 362	2 458	2 445	2 438	2 415
Deposits for investment and ship purchase	3 362	2 458	2 445	2 438	2 415
<b>Other liabilities</b>	4 399	158	153	152	153
Accrued items	4 242	-	-	-	-
Other liabilities	156	158	153	152	153
<b>Valuation account and reserves</b>	4 642	5 130	6 021	5 540	5 296
<b>Capital accounts</b>	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764
Profit/loss for the accounting year	-	-	-	-	-
<b>Total</b>	<b>65 509</b>	<b>62 520</b>	<b>63 889</b>	<b>62 759</b>	<b>65 103</b>

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

MILL. FIM

End of period	Foreign sector									Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible reserves, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net claims (10-11)
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1988</b>	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	- 775
<b>1989</b>	2 179	966	950	18 780	22 875	- 564	22 312	440	22 752	1 137	5 325	- 4 188
<b>1990</b>	2 180	791	783	33 451	37 205	- 882	36 324	- 364	35 960	1 314	1 321	- 7
<b>1991</b>	2 180	932	1 136	29 336	33 584	33	33 616	- 412	33 204	1 375	3	1 372
<b>1992</b>	2 180	564	1 732	24 940	29 416	-	29 416	- 2 897	26 519	2 446	90	2 356
<b>1992</b>												
<b>May</b>	2 180	1 045	1 235	27 547	32 007	17	32 025	- 545	31 480	1 397	4	1 393
<b>June</b>	2 180	1 007	1 200	26 724	31 111	14	31 125	- 538	30 587	2 920	4	2 916
<b>July</b>	2 180	942	1 280	27 033	31 435	8	31 443	- 526	30 917	2 904	4	2 900
<b>Aug.</b>	2 180	861	1 195	18 830	23 066	0	23 066	- 2 449	20 617	4 404	4	4 400
<b>Sept.</b>	2 180	1 001	1 328	22 470	26 979	- 7	26 970	- 11 206	15 764	8 480	38	8 442
<b>Oct.</b>	2 180	1 025	1 360	29 610	34 175	-	34 175	- 11 797	22 378	8 507	51	8 456
<b>Nov.</b>	2 180	552	1 908	33 474	38 114	-	38 114	- 2 858	35 256	1 466	6 173	- 4 707
<b>Dec.</b>	2 180	564	1 732	24 940	29 416	-	29 416	- 2 897	26 519	2 446	90	2 356
<b>1993</b>												
<b>Jan.</b>	2 180	595	1 829	27 247	31 851	-	31 852	- 661	31 191	2 449	92	2 357
<b>Feb.</b>	2 180	655	1 972	23 778	28 585	-	28 585	- 710	27 875	2 121	90	2 031
<b>March</b>	2 180	655	1 974	22 521	27 330	-	27 330	- 716	26 614	1 954	102	1 852
<b>April</b>	2 180	615	1 842	29 986	34 623	-	34 624	- 678	33 946	2 639	59	2 580
<b>May</b>	2 180	634	1 819	29 778	34 411	-	34 410	- 692	33 718	2 416	64	2 352

End of period	Domestic financial sector						Corporate sector				
	Term claims on deposit banks	Liquidity position of deposit banks, net <sup>1</sup>	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other claims on financial institutions, net	Net claims (13+14+15+16+17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19+20)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	13	14	15	16	17	18	19	20	21	22	23
<b>1988</b>	7 187	335	- 19 039	2 920	3 733	- 4 864	2 823	- 6 579	- 3 756	11 550	1 130
<b>1989</b>	33 230	- 531	- 25 506	3 310	2 248	12 751	2 000	- 10 604	- 8 604	13 129	-
<b>1990</b>	9 411	- 418	- 17 401	3 427	2 317	- 2 664	1 477	- 9 724	- 8 247	14 555	-
<b>1991</b>	11 882	- 2 206	- 10 361	3 528	2 003	4 846	1 086	- 6 854	- 5 768	14 528	8 880
<b>1992</b>	3 738	- 550	- 13 165	2 872	1 700	- 5 405	747	- 2 651	- 1 904	14 508	4 880
<b>1992</b>											
<b>May</b>	8 562	- 750	- 9 851	3 709	1 923	3 593	946	- 3 775	- 2 829	13 787	20 600
<b>June</b>	10 380	- 152	- 9 773	3 483	1 882	5 820	904	- 4 022	- 3 118	13 896	21 790
<b>July</b>	14 304	- 7 507	- 9 812	3 654	1 818	2 457	882	- 3 851	- 2 969	13 790	19 350
<b>Aug.</b>	15 914	- 13 405	- 9 772	3 534	1 794	- 1 935	861	- 3 527	- 2 666	13 562	6 930
<b>Sept.</b>	13 354	- 811	- 9 762	3 450	1 758	7 989	832	- 3 412	- 2 580	13 459	13 720
<b>Oct.</b>	5 520	- 219	- 10 421	3 432	1 748	60	807	- 3 315	- 2 508	13 493	12 540
<b>Nov.</b>	9 211	1 875	- 11 900	2 778	1 737	3 701	787	- 3 238	- 2 451	14 062	14 885
<b>Dec.</b>	3 738	- 550	- 13 165	2 872	1 700	- 5 405	747	- 2 651	- 1 904	14 508	4 880
<b>1993</b>											
<b>Jan.</b>	6 804	- 3 732	- 14 734	3 023	1 665	- 6 974	728	- 2 072	- 1 344	14 906	6 710
<b>Feb.</b>	7 448	- 690	- 14 806	3 511	1 639	- 2 898	710	- 1 915	- 1 205	13 840	7 220
<b>March</b>	8 069	142	- 14 698	2 994	1 626	- 1 867	686	- 1 808	- 1 122	13 720	10 270
<b>April</b>	2 688	- 815	- 14 599	2 747	1 608	- 8 371	662	- 1 744	- 1 082	13 834	13 490
<b>May</b>	5 359	- 3 395	- 11 790	2 750	1 591	- 5 485	643	392	1 035	13 870	16 190

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

## 2. THE BANK OF FINLAND'S OPERATIONS IN THE MONEY AND FOREIGN EXCHANGE MARKETS AND THE BANKS' FORWARD EXCHANGE POSITION

### 2.1 BANKS' LIQUIDITY POSITION AT THE BANK OF FINLAND, MILL. FIM

Average of daily observations	Call money deposits	Liquidity credits <sup>1</sup>	Liquidity position, net <sup>1</sup> (1-2)
	1	2	3
<b>1988</b>	621	127	494
<b>1989</b>	416	369	47
<b>1990</b>	806	132	674
<b>1991</b>	881	985	-103
<b>1992</b>	2 103	437	1 666
<b>1992</b>			
<b>May</b>	486	141	345
<b>June</b>	715	45	669
<b>July</b>	3 540	26	3 514
<b>Aug.</b>	8 895	0	8 894
<b>Sept.</b>	3 974	1 687	2 287
<b>Oct.</b>	2 191	876	1 314
<b>Nov.</b>	1 512	296	1 215
<b>Dec.</b>	1 193	640	553
<b>1993</b>			
<b>Jan.</b>	1 511	594	917
<b>Feb.</b>	1 305	23	1 282
<b>March</b>	416	1 008	-592
<b>April</b>	629	390	239
<b>May</b>	763	186	577

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

### 2.2 THE BANK OF FINLAND'S CASH RESERVE SYSTEM

End of period	Cash reserve requirement, %	Deposits, mill. FIM	Average rate of interest on deposits, during period, %
	1	2	3
<b>1988</b>	7.6	19 039	7.38
<b>1989</b>	9.1	25 506	7.00
<b>1990</b>	7.0	17 401	8.73
<b>1991</b>	4.0	10 361	10.11
<b>1992</b>	5.0	13 165	11.00
<b>1992</b>			
<b>June</b>	3.7	9 773	11.74
<b>July</b>	3.7	9 812	11.92
<b>Aug.</b>	3.7	9 772	13.09
<b>Sept.</b>	3.7	9 762	14.43
<b>Oct.</b>	4.0	10 421	11.38
<b>Nov.</b>	4.5	11 900	9.47
<b>Dec.</b>	5.0	13 165	8.66
<b>1993</b>			
<b>Jan.</b>	5.5	14 734	8.00
<b>Feb.</b>	5.5	14 806	8.00
<b>March</b>	5.5	14 698	8.00
<b>April</b>	5.5	14 599	8.00
<b>May</b>	4.5	11 790	8.00
<b>June</b>	-	-	-

### 2.3 THE BANK OF FINLAND'S MONEY MARKET TRANSACTIONS, MILL. FIM

During period	Purchases of money market instruments	Sales of money market instruments	Metered money market instruments, net	Money market transactions, net (1-2-3)
	1	2	3	4
<b>1988</b>	13 840	19 190	-16 850	11 500
<b>1989</b>	131 110	3 855	99 245	28 010
<b>1990</b>	163 326	26 379	160 797	-23 850
<b>1991</b>	109 568	30 380	81 969	-2 781
<b>1992</b>	76 230	137 940	-49 457	-12 253
<b>1992</b>				
<b>May</b>	6 630	15 240	1 930	-10 540
<b>June</b>	8 200	14 860	-6 600	-60
<b>July</b>	11 700	13 300	-9 798	8 198
<b>Aug.</b>	6 520	7 650	-14 659	13 529
<b>Sept.</b>	4 300	19 920	-5 930	-9 690
<b>Oct.</b>	1 760	10 740	-2 060	-6 920
<b>Nov.</b>	8 030	7 570	-1 980	2 440
<b>Dec.</b>	12 070	5 680	3 040	3 350
<b>1993</b>				
<b>Jan.</b>	5 490	5 400	3 890	-3 800
<b>Feb.</b>	6 500	8 340	-260	-1 580
<b>March</b>	10 470	12 750	4 660	-6 940
<b>April</b>	5 870	11 310	8 550	-13 990
<b>May</b>	4 250	21 140	-775	-16 115



## 2.4 THE BANK OF FINLAND'S TRANSACTIONS IN CONVERTIBLE CURRENCIES, MILL. FIM

During period	Intervention in the foreign exchange market			Spot transactions related to forward contracts, net	Central government's foreign exchange transactions, net
	Spot purchases	Spot sales	Forward exchange intervention - change in forward exchange position		
	1	2	3	4	5
<b>1991</b>	35 120	-69 940	-14 820	12 820	12 260
<b>1992</b>	20 870	-70 640	-1 650	390	45 060
<b>1992</b>					
<b>April</b>	2 960	-16 650	-2 790	1 650	6 040
<b>May</b>	4 690	-	500	-320	930
<b>June</b>	1 480	-2 380	2 530	3 390	5 370
<b>July</b>	470	-5 790	1 450	-1 590	3 760
<b>Aug.</b>	110	-17 700	-6 110	6 350	3 170
<b>Sept.</b>	-	-20 880	-14 860	11 610	2 800
<b>Oct.</b>	5 870	-	670	-2 210	3 510
<b>Nov.</b>	4 530	-	6 190	-6 610	13 020
<b>Dec.</b>	-	-2 990	5 100	-5 710	-1 200
<b>1993</b>					
<b>Jan.</b>	-	-9 390	-440	-580	12 660
<b>Feb.</b>	-	-8 830	3 600	-2 000	7 870
<b>March</b>	-	-7 470	-3 920	4 030	2 690
<b>April</b>	3 610	-3 010	4 510	-1 650	10 820

## 2.5 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					Total, net (3+4+5)
	Domestic companies			Foreign banks, net	Bank of Finland, net	
	Forward exchange bought by banks	Forward exchange sold by banks	Net (1-2)			
	1	2	3	4	5	6
<b>1988</b>	16 488	1 543	14 946	9 086	-377	23 654
<b>1989</b>	10 531	3 563	6 967	8 031	205	15 204
<b>1990</b>	11 609	4 979	6 631	10 100	-6 098	10 633
<b>1991</b>	33 004	36 352	-3 348	2 550	8 953	8 155
<b>1992</b>	39 195	32 939	6 256	-11 197	7 133	2 192
<b>1992</b>						
<b>April</b>	29 812	27 586	2 227	-423	5 815	7 619
<b>May</b>	29 457	24 458	4 999	408	5 531	10 938
<b>June</b>	28 942	28 750	192	4 412	807	5 411
<b>July</b>	27 567	29 494	-1 927	4 013	1 328	3 414
<b>Aug.</b>	25 399	34 767	-9 368	421	7 933	-1 014
<b>Sept.</b>	34 168	45 232	-11 065	-9 827	20 158	-734
<b>Oct.</b>	37 048	38 820	-1 771	-10 681	17 921	5 469
<b>Nov.</b>	40 986	35 550	5 436	-11 623	11 617	5 430
<b>Dec.</b>	39 195	32 939	6 256	-11 197	7 133	2 192
<b>1993</b>						
<b>Jan.</b>	35 125	32 711	2 414	-9 056	6 433	-209
<b>Feb.</b>	33 968	32 896	1 072	-8 308	2 585	-4 651
<b>March</b>	33 115	34 059	-944	-10 187	9 815	-1 316
<b>April</b>	36 298	33 616	2 682	-11 158	7 460	-1 016

### 3. RATES OF INTEREST

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

Average of daily observations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates		
		1 month	3 months	6 months	12 months	Liquidity credit rate <sup>1</sup>	Call money deposit rate	Base rate
	1	2	3	4	5	6	7	8
<b>1988</b>	8.47	9.77	9.97	10.16	10.50	11.50	7.04	7.63
<b>1989</b>	10.21	12.32	12.53	12.61	12.72	13.40	4.00	7.67
<b>1990</b>	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50
<b>1991</b>	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50
<b>1992</b>	13.32	13.49	13.27	13.08	12.96	14.90	7.41	9.17
<b>1992</b>								
<b>May</b>	14.39	14.05	13.73	13.28	13.10	15.00	4.00	9.50
<b>June</b>	13.58	13.58	13.70	13.83	13.76	15.00	4.00	9.50
<b>July</b>	13.47	13.45	13.96	14.19	14.07	14.37	12.13	9.50
<b>Aug.</b>	15.02	15.25	15.09	14.97	14.69	16.84	14.65	9.50
<b>Sept.</b>	16.65	17.79	16.41	15.29	14.71	19.15	13.43	9.50
<b>Oct.</b>	12.23	13.34	13.37	13.32	13.39	14.69	8.96	9.50
<b>Nov.</b>	10.66	11.04	11.50	11.63	11.72	12.03	8.03	9.50
<b>Dec.</b>	10.20	10.55	10.68	10.70	10.70	11.69	7.69	9.50
<b>1993</b>								
<b>Jan.</b>	10.20	10.53	10.64	10.63	10.57	11.49	7.49	8.50
<b>Feb.</b>	8.47	9.16	9.19	9.22	9.30	10.34	6.34	8.00
<b>March</b>	9.13	8.99	8.90	8.69	8.62	9.96	5.96	7.50
<b>April</b>	8.93	8.85	8.73	8.57	8.44	9.85	5.85	7.50
<b>May</b>	8.48	8.41	8.25	8.14	7.97	9.42	5.42	7.26

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

#### 3.2 THE BANK OF FINLAND'S LIQUIDITY FACILITY

	The Bank of Finland's tender rate, %	Liquidity credit: interest rate margin, %-points	Liquidity credit: maturity, days	Call money deposits: interest rate margin, %-points
	1	2	3	4
<b>1992</b>				
<b>July</b>	13.37	<b>July</b> +1.00	7	-1.00
<b>Aug.</b>	15.84	<b>Aug.</b> +1.00	14	-2.00
<b>Sept.</b>	18.15	<b>Sept.</b> +1.00	14	-5.00
<b>Oct.</b>	13.69	<b>Oct.</b> +1.00	7	-3.00
<b>Nov.</b>	11.03	<b>Nov.</b> +1.00	7	-3.00
<b>Dec.</b>	10.69	<b>Dec.</b> +1.00	7	-3.00
<b>1993</b>				
<b>Jan.</b>	10.49	<b>Jan.</b> +1.00	7	-3.00
<b>Feb.</b>	9.34	<b>Feb.</b> +1.00	7	-3.00
<b>March</b>	8.96	<b>March</b> +1.00	7	-3.00
<b>April</b>	8.85	<b>April</b> +1.00	7	-3.00
<b>May</b>	8.42	<b>May</b> +1.00	7	-3.00
12 May	8.59			
21 May	8.37			
24 May	8.30			
28 May	7.87			
31 May	7.88			

#### 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
<b>1988</b>	6.9	6.0	6.9
<b>1989</b>	9.3	8.4	9.3
<b>1990</b>	10.5	9.1	10.4
<b>1991</b>	10.1	8.5	9.9
<b>1992</b>	10.4	7.8	10.6
<b>1992</b>			
<b>May</b>	10.2	8.1	10.2
<b>June</b>	10.4	8.0	10.5
<b>July</b>	10.7	7.9	10.8
<b>Aug.</b>	10.9	8.0	11.1
<b>Sept.</b>	11.0	7.5	11.6
<b>Oct.</b>	10.3	7.2	11.1
<b>Nov.</b>	9.9	7.3	10.4
<b>Dec.</b>	10.3	7.2	10.9
<b>1993</b>			
<b>Jan.</b>	9.9	6.8	10.1
<b>Feb.</b>	9.9	6.6	9.6
<b>March</b>	9.3	6.4	9.2
<b>April</b>	8.6	6.3	8.9
<b>May</b>	7.9	6.1	7.9

### 3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

Average for period	Lending						Markka deposits and other markka funding					
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits <sup>1</sup>	36-month tax-exempt deposits <sup>1</sup>	Other tax-exempt deposits, max. rate of interest <sup>1</sup>	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markka funding
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total								
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1988</b>	10.22	12.27	10.50	10.72	9.88	9.74	8.00	.	3.75	5.24	9.80	6.20
<b>1989</b>	12.97	13.47	11.58	12.07	10.56	10.40	7.50	.	4.50	5.67	11.92	7.37
<b>1990</b>	13.24	15.62	13.33	13.85	11.84	11.61	7.50	.	4.50	6.43	13.55	8.41
<b>1991</b>	13.63	15.88	13.40	13.84	12.08	11.80	7.50	.	4.50	7.10	13.22	8.97
<b>1992</b>	14.04	15.86	13.32	13.75	12.46	12.13	7.50	8.50	4.50	7.41	12.84	9.14
<b>1992</b>												
<b>April</b>	12.31	16.24	13.75	14.06	12.08	11.76	7.50	.	4.50	7.33	13.09	9.16
<b>May</b>	15.34	15.59	13.82	14.22	12.50	12.21	7.50	.	4.50	7.42	12.95	9.12
<b>June</b>	15.17	15.47	14.04	14.39	12.61	12.29	7.50	.	4.50	7.42	12.94	9.15
<b>July</b>	15.96	16.19	14.06	14.56	12.63	12.29	7.50	.	4.50	7.55	12.94	9.26
<b>Aug.</b>	16.21	16.56	14.33	14.81	12.81	12.52	7.50	.	4.50	7.71	13.64	9.68
<b>Sept.</b>	16.56	16.94	14.52	15.00	13.01	12.72	7.50	8.50	4.50	7.80	14.39	10.03
<b>Oct.</b>	16.70	16.29	13.76	14.29	12.87	12.43	7.50	8.50	4.50	7.66	13.11	9.41
<b>Nov.</b>	14.18	15.74	13.10	13.47	12.70	12.26	7.50	8.50	4.50	7.41	12.26	8.99
<b>Dec.</b>	12.63	14.99	11.64	11.98	12.34	11.93	7.50	8.50	4.50	7.06	11.78	8.62
<b>1993</b>												
<b>Jan.</b>	11.87	15.36	12.32	12.53	11.89	11.68	6.50	7.50	4.50	6.56	11.18	8.04
<b>Feb.</b>	12.07	14.78	11.34	11.68	11.33	11.15	5.50	6.50	4.50	6.05	10.51	7.53
<b>March</b>	11.35	14.50	10.93	11.29	11.07	10.84	5.50	6.50	4.50	5.87	10.04	7.30
<b>April</b>	10.82	14.23	10.29	10.60	10.89	10.62	5.50	6.50	4.50	5.74	9.72	7.11

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

### 3.5 YIELDS ON BONDS AND DEBENTURES, PER CENT

Period	Reference rates calculated by the Bank of Finland		Taxable government bonds		Taxable public issues	Taxfree public issues
	3 years	5 years	5 years	10 years		
	1	2	3	4	5	6
<b>1988</b>	10.7	10.8	10.6	.	10.6	7.8
<b>1989</b>	12.2	12.0	12.1	.	11.9	8.1
<b>1990</b>	13.7	13.5	13.2	.	13.3	9.2
<b>1991</b>	12.3	12.2	11.9	.	12.6	10.0
<b>1992</b>	13.1	13.0	12.1	11.5 <sup>1</sup>	13.8	9.9
<b>1992</b>						
<b>April</b>	12.8	12.7	11.9	.	12.8	9.8
<b>May</b>	13.0	12.9	11.8	.	13.0	9.8
<b>June</b>	13.3	13.2	12.2	.	14.2	10.2
<b>July</b>	13.6	13.3	12.1	.	14.1	10.5
<b>Aug.</b>	14.3	14.0	12.8	.	14.5	10.4
<b>Sept.</b>	15.0	14.7	13.3	.	15.3	10.1
<b>Oct.</b>	14.3	14.2	13.0	.	15.3	9.9
<b>Nov.</b>	12.8	12.9	12.0	12.0	14.7	9.4
<b>Dec.</b>	11.7	11.8	10.9	11.0	13.2	9.5
<b>1993</b>						
<b>Jan.</b>	11.4	11.6	10.7	10.9	12.2	8.6
<b>Feb.</b>	10.5	10.7	9.9	10.3	12.1	8.0
<b>March</b>	9.7	10.0	9.4	9.9	11.4	7.6
<b>April</b>	9.6	10.0	9.3	9.8	11.0	7.8

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

## 4. RATES OF EXCHANGE

### 4.1 MIDDLE RATES, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oslø	Copenhagen	Frankfurt aM	Amsterdam	Brussels	Zurich	Paris
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEF	1 CHF	1 FRF
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1988</b>	4.187	3.405	7.446	6.377	0.6829	0.6424	0.6220	2.3842	2.1185	0.11390	2.8631	0.7029
<b>1989</b>	4.290	3.624	7.032	6.082	0.6654	0.6213	0.5869	2.2818	2.0226	0.10890	2.6243	0.6725
<b>1990</b>	3.823	3.277	6.808	6.325	0.6459	0.6110	0.6181	2.3664	2.1002	0.11447	2.7576	0.7024
<b>1991</b>	4.046	3.533	7.131	6.511	0.6684	0.6236	0.6322	2.4380	2.1634	0.11841	2.8208	0.7169
<b>1992</b>	4.483	3.706	7.875	7.636	0.7714	0.7222	0.7444	2.8769	2.5552	0.13973	3.2000	0.8486
<b>1992</b>												
<b>May</b>	4.402	3.672	7.975	7.256	0.7540	0.6962	0.7033	2.7162	2.4129	0.13196	2.9529	0.8079
<b>June</b>	4.290	3.587	7.945	7.269	0.7544	0.6967	0.7069	2.7238	2.4178	0.13235	3.0051	0.8091
<b>July</b>	4.077	3.420	7.824	7.292	0.7545	0.6966	0.7107	2.7356	2.4261	0.13279	3.0576	0.8106
<b>Aug.</b>	3.985	3.350	7.734	7.289	0.7540	0.6962	0.7120	2.7462	2.4358	0.13328	3.0659	0.8096
<b>Sept.</b>	4.439	3.635	8.209	8.066	0.8271	0.7653	0.7904	3.0602	2.7170	0.14848	3.4724	0.8993
<b>Oct.</b>	4.695	3.771	7.791	8.340	0.8410	0.7774	0.8218	3.1725	2.8180	0.15398	3.5775	0.9350
<b>Nov.</b>	5.048	3.982	7.714	8.394	0.8140	0.7805	0.8263	3.1812	2.8281	0.15465	3.5330	0.9404
<b>Dec.</b>	5.136	4.034	7.969	8.570	0.7457	0.7710	0.8395	3.2477	2.8890	0.15784	3.6137	0.9526
<b>1993</b>												
<b>Jan.</b>	5.419	4.242	8.304	8.863	0.7475	0.7885	0.8699	3.3561	2.9850	0.16307	3.6685	0.9899
<b>Feb.</b>	5.830	4.622	8.387	8.641	0.7747	0.8352	0.9247	3.5526	3.1565	0.17228	3.8416	1.0488
<b>March</b>	5.972	4.790	8.716	8.810	0.7720	0.8527	0.9441	3.6258	3.2254	0.17604	3.9274	1.0673
<b>April</b>	5.597	4.435	8.646	8.551	0.7519	0.8268	0.9131	3.5076	3.1212	0.17038	3.8346	1.0371
<b>May</b>	5.479	4.317	8.493	8.321	0.7484	0.8067	0.8888	3.4137	3.0432	0.16604	3.7865	1.0126

Average of daily quotations	Rome	Vienna	Lisbon	Reykjavik	Madrid	Athens	Tullinn	Tokyo	Melbourne	ICU Commercial	SDR
	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 GRD	1 EEK	1 JPY	1 AUD	1 XEU	1 XDR
	13	14	15	16	17	18	19	20	21	22	23
<b>1988</b>	0.00322	0.3391	0.0291	0.0980	0.0359	..	..	0.03266	3.288	4.944	5.61826
<b>1989</b>	0.00313	0.3242	0.0273	0.0758	0.0362	..	..	0.03116	3.398	4.719	5.49375
<b>1990</b>	0.00319	0.3363	0.0268	0.0656	0.0375	..	..	0.02647	2.988	4.864	5.18345
<b>1991</b>	0.00326	0.3464	0.0280	0.0684	0.0389	0.0224	..	0.03008	3.152	5.003	5.53082
<b>1992</b>	0.00364	0.4088	0.0332	0.0778	0.0438	0.0235	0.4060	0.03546	3.289	5.798	6.31247
<b>1992</b>											
<b>May</b>	0.00361	0.3860	0.0326	0.0755	0.0434	0.0230	..	0.03369	3.328	5.581	6.11371
<b>June</b>	0.00360	0.3869	0.0328	0.0752	0.0433	0.0224	..	0.03381	3.246	5.583	6.05642
<b>July</b>	0.00361	0.3888	0.0323	0.0744	0.0430	0.0220	..	0.03245	3.039	5.585	5.88609
<b>Aug.</b>	0.00362	0.3901	0.0318	0.0739	0.0428	0.0220	..	0.03155	2.890	5.582	5.80390
<b>Sept.</b>	0.00380	0.4346	0.0348	0.0819	0.0455	0.0244	..	0.03620	3.208	6.092	6.46534
<b>Oct.</b>	0.00358	0.4509	0.0356	0.0838	0.0446	0.0243	..	0.03876	3.359	6.197	6.73373
<b>Nov.</b>	0.00370	0.4522	0.0357	0.0840	0.0444	0.0244	..	0.04075	3.483	6.247	7.00171
<b>Dec.</b>	0.00364	0.4615	0.0362	0.0817	0.0455	0.0246	0.4060	0.04141	3.542	6.359	7.13363
<b>1993</b>											
<b>Jan.</b>	0.00364	0.4771	0.0373	0.0849	0.0473	0.0251	0.4195	0.04333	3.652	6.576	7.46369
<b>Feb.</b>	0.00377	0.5049	0.0390	0.0898	0.0497	0.0267	0.4441	0.04824	3.970	6.904	7.99711
<b>March</b>	0.00375	0.5153	0.0392	0.0918	0.0507	0.0270	0.4532	0.05103	4.225	7.034	8.24353
<b>April</b>	0.00364	0.4985	0.0378	0.0886	0.0484	0.0256	0.4384	0.04982	3.985	6.830	7.90874
<b>May</b>	0.00371	0.4851	0.0362	0.0868	0.0453	0.0250	0.4267	0.04970	3.826	6.672	7.76351

S8

## 4.2 MARKKA VALUE OF THE ECU AND CURRENCY INDICES

Average of daily observations	Markka value of the ECU FIM/ECU	Currency indices, 1982=100		
		Trade-weighted currency index	Payments currency index	MERM index
	1	2	3	4
<b>1988</b>	4.96108	102.0	101.7	104.7
<b>1989</b>	4.73670	98.4	99.1	102.8
<b>1990</b>	4.85697	97.3	96.8	97.3
<b>1991</b>	5.00580	101.4	101.4	102.8
<b>1992</b>	5.80140	116.4	115.7	117.3
<b>1992</b>				
<b>May</b>	5.58167	112.7	112.2	113.6
<b>June</b>	5.58600	112.6	111.4	112.8
<b>July</b>	5.58744	111.9	109.6	110.3
<b>Aug.</b>	5.58723	111.5	108.8	109.1
<b>Sept.</b>	6.13433	122.6	120.0	120.8
<b>Oct.</b>	6.22713	124.6	123.6	125.3
<b>Nov.</b>	6.25533	125.2	126.2	129.2
<b>Dec.</b>	6.36242	125.0	126.8	129.8
<b>1993</b>				
<b>Jan.</b>	6.57212	128.9	131.3	134.7
<b>Feb.</b>	6.89952	135.6	138.8	143.9
<b>March</b>	7.03656	138.2	141.6	147.4
<b>April</b>	6.83031	134.0	136.2	141.6
<b>May</b>	6.67350	131.7	133.5	139.3

## 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
<b>1988</b>	25 473	76 958	121 670		224 102	4 643	228 745	28 844	257 589
<b>1989</b>	28 942	85 396	125 748		240 085	7 358	247 444	35 298	282 742
<b>1990</b>	30 953	96 176	124 930		252 058	6 818	258 876	38 835	297 711
<b>1991</b>	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
<b>1992</b>	34 832	88 526	114 771	21 218	259 347	14 626	273 973	65 557	339 530
<b>1992</b>									
<b>Feb.</b>	29 417	86 031	123 652	18 666	257 767	12 350	270 117	56 202	326 319
<b>March</b>	30 899	87 563	123 296	18 185	259 943	11 805	271 748	54 436	326 184
<b>April</b>	30 762	86 090	124 087	18 119	259 058	12 665	271 722	59 353	331 076
<b>May</b>	30 791	84 805	123 555	17 922	257 073	11 441	268 514	60 635	329 148
<b>June</b>	33 330	84 552	122 504	17 714	258 101	10 418	268 519	62 836	331 355
<b>July</b>	32 419	83 953	122 788	18 003	257 163	10 665	267 828	62 293	330 121
<b>Aug.</b>	33 067	83 283	122 056	17 976	256 381	11 525	267 906	60 054	327 961
<b>Sept.</b>	30 779	82 078	120 918	18 662	252 436	15 698	268 134	61 377	329 510
<b>Oct.</b>	34 447	82 734	119 726	19 659	256 566	15 429	271 995	59 666	331 661
<b>Nov.</b>	34 675	82 763	118 536	19 613	255 587	14 807	270 394	61 800	332 194
<b>Dec.</b>	34 832	88 526	114 771	21 218	259 347	14 626	273 973	65 557	339 530
<b>1993</b>									
<b>Jan.</b>	36 386	90 643	112 861	21 500	261 390	15 643	277 033	62 732 <sup>r</sup>	339 766
<b>Feb.</b>	34 514	90 871	111 873	21 643	258 901	16 995	275 896	67 225	343 122

### 5.2 BANK LENDING TO THE PUBLIC, MILL. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markka lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
<b>1988</b>	11 358	5 920	234 268	251 545	50 235	301 780
<b>1989</b>	15 270	5 650	257 768	278 688	73 176	351 864
<b>1990</b>	19 152	5 777	260 790	285 720	103 134	388 853
<b>1991</b>	18 037	4 712	262 859	285 609	107 714	393 323
<b>1992</b>	16 045	3 335	252 163	271 544	95 168	366 712
<b>1992</b>						
<b>Feb.</b>	17 650	4 099	262 813	284 563	105 703	390 266
<b>March</b>	17 215	3 996	260 983	282 194	102 701	384 895
<b>April</b>	17 407	3 927	259 782	281 116	101 104	382 220
<b>May</b>	17 403	3 916	259 295	280 613	99 035	379 649
<b>June</b>	17 344	3 899	257 990	279 234	96 635	375 869
<b>July</b>	16 959	3 848	257 777	278 583	95 334	373 917
<b>Aug.</b>	17 249	3 719	256 976	277 944	92 605	370 550
<b>Sept.</b>	17 366	3 610	256 359	277 335	103 654	380 989
<b>Oct.</b>	16 738	3 538	255 133	275 409	100 976	376 385
<b>Nov.</b>	16 545	3 449	254 411	274 405	101 162	375 567
<b>Dec.</b>	16 045	3 335	252 163	271 544	95 168	366 712
<b>1993</b>						
<b>Jan.</b>	15 948	3 017	251 227	270 192	96 543	366 735
<b>Feb.</b>	16 086	2 944	251 618	270 647	97 973	368 621

S10

### 5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL.FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M <sub>1</sub>	M <sub>2</sub> (1+4+5)	M <sub>3</sub>
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
<b>1988</b>	-40 670	-15 356	353 681	338 325	-63 387	111 259	234 268	256 947
<b>1989</b>	-59 049	-18 691	408 344	389 653	-79 084	124 295	251 519	272 603
<b>1990</b>	-82 881	-19 072	453 720	434 648	-85 385	141 524	266 383	291 045
<b>1991</b>	-86 555	-6 516	470 852	464 336	-102 540	130 644	275 241	310 924
<b>1992*</b>	-68 099	81	439 937	440 018	-97 909	134 829	274 011	310 733
<b>1992*</b>								
<b>April</b>	-83 331	-4 726	465 590	460 864	-104 416	127 554	273 117	315 983
<b>May</b>	-83 053	-4 327	463 477	459 151	-104 706	126 652	271 391	311 877
<b>June</b>	-75 847	-2 899	459 867	456 968	-108 783	128 496	272 338	314 149
<b>July</b>	-70 776	-3 718	457 463	453 745	-111 703	127 189	271 265	314 330
<b>Aug.</b>	-65 517	-1 835	456 178	454 342	-118 708	126 771	270 118	311 644
<b>Sept.</b>	-70 526	4 256	454 777	459 032	-122 318	123 157	266 188	307 307
<b>Oct.</b>	-66 406	5 737	451 432	457 170	-119 914	128 012	270 850	313 340
<b>Nov.</b>	-65 532	-8 253	448 726	440 473	-105 066	128 610	269 875	312 343
<b>Dec.</b>	-68 099	81	439 937	440 018	-97 909	134 829	274 011	310 733
<b>1993*</b>								
<b>Jan.</b>	-58 784	-103	441 263	441 160	-106 350	138 722	276 026	315 321
<b>Feb.</b>	-55 354	-997	443 883	442 886	-114 185	136 779	273 346	307 399
<b>March</b>	-52 886	-179	447 110	446 931	-123 051	135 990	270 994	311 305
<b>April</b>	..	..	..	..	..	134 025	268 614	308 393

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

End of period	Foreign currency-denominated debt				Markku-denominated debt				Total central government debt (4+8)	Out-standing lending	Cash funds
	Bonds	Other bonds and debentures	Long-term promissory notes	Total (1+2+3)	Public bonds	Other long-term liabilities	Treasury notes and bills	Total (5+6+7)			
	1	2	3	4	5	6	7	8	9	10	11
<b>1988</b>	20 202	1 804	4 273	26 279	24 243	5 272	2 290	31 805	58 084	41 011	15 858
<b>1989</b>	18 505	852	3 429	22 786	24 126	5 750	250	30 126	52 912	43 499	21 248
<b>1990</b>	20 917	732	3 144	24 793	23 982	8 263	-	32 245	57 038	48 121	23 114
<b>1991</b>	38 703	2 437	2 506	43 646	31 018	12 208	5 180	48 406	92 052	55 165	15 956
<b>1992</b>	100 244	3 669	2 474	106 387	40 578	13 555	14 762	68 895	175 282	63 517	19 781
<b>1992</b>											
<b>April</b>	53 972	2 837	2 383	59 192	32 814	11 614	7 257	51 685	110 877	58 103	17 029
<b>May</b>	55 006	2 861	2 376	60 243	33 881	11 460	8 257	53 598	113 841	58 649	21 068
<b>June</b>	60 146	3 099	2 166	65 411	34 316	11 460	10 384	56 160	121 571	59 244	20 284
<b>July</b>	63 957	3 063	1 641	68 661	35 193	11 460	10 658	57 311	125 972	59 810	22 293
<b>Aug.</b>	66 790	3 050	1 630	71 470	34 862	11 460	11 901	58 223	129 693	60 172	20 510
<b>Sept.</b>	79 848	3 579	2 209	85 636	36 152	11 460	12 193	59 805	145 441	60 940	21 269
<b>Oct.</b>	84 008	3 599	2 549	90 156	37 427	11 460	14 533	63 420	153 576	61 672	22 952
<b>Nov.</b>	85 971	3 704	2 599	92 274	38 928	11 460	14 716	65 104	157 378	61 743	22 448
<b>Dec.</b>	100 244	3 669	2 474	106 387	40 578	13 555	14 762	68 895	175 282	63 517	19 781
<b>1993</b>											
<b>Jan.</b>	116 428	7 343	2 607	126 378	41 597	13 555	16 900	72 052	198 430	55 762	22 958
<b>Feb.</b>	130 937	8 155	4 440	143 532	44 537	13 598	20 397	78 532	222 064	56 236	16 444
<b>March</b>	135 192	8 185	4 422	147 799	47 824	13 593	22 315	83 732	231 531	57 126	39 402
<b>April</b>	139 909	7 834	4 221	151 964	49 146	12 897	22 570	84 613	236 577	..	45 211

## 5.5 MARKKA BOND MARKET

### A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
<b>1988</b>	3 027	8 418	6 889	268	61	7 861	6 522	4 280	18 663
<b>1989</b>	4 204	11 022	5 717	233	13	11 146	2 997	7 046	21 189
<b>1990</b>	4 640	17 891	4 420	490	1 007	17 234	607	10 607	28 447
<b>1991</b>	7 277	25 737	11 073	1 320	-	30 160	-	15 247	45 407
<b>1992*</b>	6 984	15 122	12 965	2 674	4	23 936	-	13 812	37 749
<b>1992*</b>									
<b>April</b>	53	1 318	-	570	4	144	-	1 801	1 945
<b>May</b>	1 087	598	3 724	121	-	4 565	-	966	5 531
<b>June</b>	1 242	726	215	42	-	1 071	-	1 154	2 225
<b>July</b>	399	10	-	86	-	50	-	445	495
<b>Aug.</b>	18	1 445	175	20	-	1 620	-	38	1 657
<b>Sept.</b>	2	964	190	77	-	231	-	1 002	1 233
<b>Oct.</b>	1 371	692	2 966	208	-	3 307	-	1 930	5 237
<b>Nov.</b>	140	1 556	430	120	-	1 996	-	250	2 246
<b>Dec.</b>	1 065	4 559	-	600	-	2 178	-	4 046	6 224
<b>1993*</b>									
<b>Jan.</b>	624	747	1 766	276	-	2 473	-	940	3 412
<b>Feb.</b>	471	1 178	3 480	283	-	4 760	-	652	5 412
<b>March</b>	871	944	3 944	656	13	5 278	-	1 149	6 427
<b>April</b>	504	230	1 835	89	-	2 148	-	509	2 658

### B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
<b>1988</b>	19 195	42 892	28 953	1 413	292	32 028	30 054	30 663	92 745
<b>1989</b>	21 463	50 216	29 381	1 555	290	41 162	27 742	34 001	102 906
<b>1990</b>	23 522	59 756	28 812	1 756	1 298	52 273	22 970	39 902	115 145
<b>1991</b>	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
<b>1992*</b>	26 617	82 319	44 005	5 237	3 358	89 534	13 917	58 085	161 536
<b>1992*</b>									
<b>I</b>	26 650	77 864	36 796	3 555	3 724	80 892	15 977	51 720	148 589
<b>II</b>	26 383	80 295	37 744	4 306	3 721	83 427	15 314	53 707	152 449
<b>III</b>	26 079	80 658	39 579	4 457	3 720	86 058	14 329	54 106	154 493
<b>IV</b>	26 617	82 319	44 005	5 237	3 358	89 534	13 917	58 085	161 536
<b>1993*</b>									
<b>I</b>	27 751	82 188	51 244	6 092	3 029	98 524	12 097	59 683	170 304



## C) TURNOVER, MILL. FIM

During period	Interbank	Between banks and customers	Primary dealers' transactions in benchmark government bonds		
			Purchases from other primary dealers	Purchases from others	Sales to others
	1	2	3	4	5
<b>1988</b>	..	..	.	.	.
<b>1989</b>	6 500	9 660	.	.	.
<b>1990</b>	5 401	6 058	.	.	.
<b>1991</b>	3 343	29 134	.	.	.
<b>1992</b>	18 221	58 594	10 744	12 156	13 354
<b>1992</b>					
<b>May</b>	360	1 618	.	.	.
<b>June</b>	846	1 848	.	.	.
<b>July</b>	859	2 604	.	.	.
<b>Aug.</b>	3 756	5 058	3 574	2 130	1 798
<b>Sept.</b>	3 272	7 360	2 930	2 566	2 218
<b>Oct.</b>	1 918	8 934	1 600	2 059	3 171
<b>Nov.</b>	1 481	8 642	1 270	2 469	3 201
<b>Dec.</b>	1 460	8 073	1 370	2 932	2 966
<b>1993</b>					
<b>Jan.</b>	2 566	10 760	2 350	3 889	4 923
<b>Feb.</b>	2 762	14 290	2 690	4 909	7 933
<b>March</b>	3 760	15 481	3 400	5 482	8 300
<b>April</b>	2 073	12 289	1 840	4 409	7 048
<b>May</b>	2 165	14 069	2 114	4 977	8 328

## 5.6 HELSINKI STOCK EXCHANGE

Average of daily observations	Share prices									Turnover <sup>1</sup> , mill. FIM		
	HEX index (28 Dec., 1990=1000)									Shares and subscription rights	Bonds and debentures	Total
	All-share index	By ownership			By industry							
		Re-stricted	Non-re-stricted	Banks and finance	Insurance and investment	Manu-factur-ing	Of which:					
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1988</b>	1 692	1 727	1 473	1 825	1 371	1 705	1 591	1 629	2 013	31 734	5 718	37 452
<b>1989</b>	1 827	1 850	1 689	1 958	1 528	1 818	1 728	1 748	2 061	33 160	7 375	40 536
<b>1990</b>	1 330	1 322	1 393	1 260	1 182	1 374	1 435	1 281	1 472	15 521	4 550	20 071
<b>1991</b>	962	949	1 062	901	898	1 003	1 075	1 076	1 020	6 339	1 315	7 655
<b>1992</b>	772	759	868	425	467	942	1 123	1 206	890	10 277	15 377	25 654
<b>1992</b>												
<b>May</b>	849	838	929	542	538	1 014	1 202	1 317	950	674	104	778
<b>June</b>	788	776	877	411	474	972	1 182	1 298	904	606	511	1 118
<b>July</b>	722	710	811	345	425	901	1 082	1 210	835	406	902	1 308
<b>Aug.</b>	639	628	719	286	343	803	969	1 120	728	313	898	1 211
<b>Sept.</b>	576	564	667	205	250	750	944	1 085	653	614	1 449	2 062
<b>Oct.</b>	651	637	747	227	289	852	1 017	1 184	791	1 233	2 208	3 441
<b>Nov.</b>	809	796	905	344	429	1 033	1 184	1 311	1 012	1 474	2 562	4 037
<b>Dec.</b>	845	829	959	329	424	1 096	1 203	1 296	1 127	2 521	6 543	9 064
<b>1993</b>												
<b>Jan.</b>	875	.	.	314	422	1 143	1 158	1 331	1 214	1 803	4 114	5 917
<b>Feb.</b>	913	.	.	348	449	1 187	1 246	1 378	1 250	2 268	4 461	6 730
<b>March</b>	994	.	.	429	483	1 295	1 437	1 417	1 371	3 019	5 354	8 374
<b>April</b>	1 091	.	.	464	551	1 419	1 478	1 566	1 535	3 019	3 260	6 279
<b>May</b>	1 200	.	.	575	602	1 542	1 637	1 748	1 644	4 451	4 805	9 257

<sup>1</sup> During period.

# 6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

## 6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, feb	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, cit	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1988</b>	91 313	7 026	4 280	6 132	17 438	108 750	9 377	4 415	122 543	91 232	3 338	7 907	7 390
<b>1989</b>	98 265	7 662	4 497	6 277	18 436	116 701	10 212	3 652	130 565	104 400	3 869	8 969	8 759
<b>1990</b>	99 750	8 347	4 650	6 081	19 077	118 827	12 739	4 461	136 027	101 967	4 363	10 766	9 503
<b>1991*</b>	91 100	7 508	5 044	5 636	18 189	109 289	10 003	5 120	124 412	86 348	3 974	11 089	11 011
<b>1992*</b>	105 627	8 134	6 087	7 735	21 956	127 583	6 994	5 640	140 217	93 478	4 173	10 962	13 325
<b>1990</b>													
<b>IV</b>	26 010	2 078	1 188	1 728	4 994	31 004	3 642	1 130	35 776	26 765	1 277	2 760	2 974
<b>1991*</b>													
<b>I</b>	21 947	1 759	915	1 462	4 136	26 084	3 022	1 242	30 348	22 015	968	2 592	2 833
<b>II</b>	21 204	1 850	1 256	1 282	4 389	25 593	2 376	1 323	29 293	20 895	1 019	2 583	2 599
<b>III</b>	22 749	2 030	1 629	1 274	4 932	27 681	2 557	1 233	31 471	20 526	1 020	2 899	2 439
<b>IV</b>	25 199	1 869	1 244	1 618	4 731	29 931	2 047	1 322	33 300	22 912	967	3 014	3 139
<b>1992*</b>													
<b>I</b>	24 736	1 836	1 159	1 791	4 786	29 522	2 494	1 329	33 345	22 760	1 000	2 725	3 427
<b>II</b>	26 404	2 045	1 492	1 782	5 319	31 723	1 484	1 332	34 539	24 239	1 033	2 813	3 027
<b>III</b>	24 774	2 253	1 957	1 873	6 083	30 857	1 405	1 427	33 689	20 736	1 069	2 853	3 223
<b>IV</b>	29 713	2 000	1 479	2 290	5 769	35 482	1 611	1 552	38 645	25 743	1 071	2 571	3 648
<b>1993*</b>													
<b>I</b>	30 844	2 007	1 211	2 502	5 720	36 564	2 098	1 597	40 259	25 569	1 018	2 198	4 195

During period	Services expenditure, total (11+12+13)	Imports of goods and services (10+14)	Investment expenditure	Transfers and other expenditure	Current account deficit (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
<b>1988</b>	18 634	109 866	17 033	6 975	133 874	80	3 689	-3 627	-1 258	-1 196	-1 116	-7 656	-2 560	-11 331
<b>1989</b>	21 596	125 996	21 882	7 561	155 439	-6 134	3 793	-4 471	-2 482	-3 160	-9 294	-11 670	-3 910	-24 874
<b>1990</b>	24 632	126 599	26 973	8 967	162 540	-2 218	3 984	-6 117	-3 422	-5 555	-7 772	-14 234	-4 506	-26 513
<b>1991*</b>	26 074	112 421	28 674	10 013	151 108	4 752	3 534	-6 044	-5 374	-7 885	-3 132	-18 671	-4 893	-26 696
<b>1992*</b>	28 459	121 938	30 763	10 292	162 994	12 149	3 961	-4 875	-5 590	-6 503	5 646	-23 770	-4 653	-22 777
<b>1990</b>														
<b>IV</b>	7 011	33 776	7 141	2 289	43 206	-755	801	-1 572	-1 246	-2 017	-2 772	-3 499	-1 159	-7 430
<b>1991*</b>														
<b>I</b>	6 394	28 408	7 642	2 973	39 023	-67	791	-1 677	-1 371	-2 257	-2 325	-4 620	-1 731	-8 676
<b>II</b>	6 201	27 096	7 805	2 161	37 063	309	831	-1 326	-1 317	-1 812	-1 503	-5 429	-838	-7 771
<b>III</b>	6 358	26 884	6 716	2 190	35 790	2 223	1 010	-1 270	-1 165	-1 425	797	-4 159	-957	-4 319
<b>IV</b>	7 121	30 033	6 510	2 689	39 232	2 288	902	-1 770	-1 521	-2 389	-102	-4 463	-1 367	-5 931
<b>1992*</b>														
<b>I</b>	7 152	29 912	8 357	3 167	41 437	1 975	836	-1 566	-1 636	-2 366	-391	-5 864	-1 837	-8 092
<b>II</b>	6 872	31 111	7 661	2 418	41 190	2 166	1 012	-1 320	-1 245	-1 553	612	-6 177	-1 086	-6 651
<b>III</b>	7 145	27 881	6 914	2 421	37 215	4 038	1 184	-896	-1 350	-1 062	2 976	-5 508	-994	-3 526
<b>IV</b>	7 290	33 034	7 831	2 288	43 152	3 970	929	-1 092	-1 359	-1 521	2 448	-6 220	-736	-4 508
<b>1993*</b>														
<b>I</b>	7 412	32 981	10 326	3 167	46 475	5 275	989	-988	-1 693	-1 692	3 583	-8 228	-1 570	-6 216

## 6.2 CAPITAL ACCOUNT<sup>1</sup>, MILL. FIM

During period	Imports of long-term capital					Exports of long-term capital					Long-term capital account (8-10)	Basic balance
	Direct investment in Finland	Portfolio investment in Finland	Loans	Other long-term capital	Total (1+2+3+4)	Direct investment abroad	Portfolio investment abroad	Loans	Other long-term capital	Total (5+7+8+9)		
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1988</b>	2 218	14 355	3 062	85	19 720	10 919	1 248	3 931	292	16 390	3 331	- 8 001
<b>1989</b>	2 095	14 756	8 608	79	25 538	13 327	180	5 323	273	19 103	6 435	-18 439
<b>1990</b>	3 010	22 656	19 674	169	45 509	12 471	577	- 499	294	12 843	32 666	6 153
<b>1991*</b>	- 997	37 285	14 883	521	51 692	4 303	- 372	815	101	4 847	46 846	20 149
<b>1992*</b>	807	36 618	5 951	- 233	43 143	4 369	221	3 472	304	8 366	34 777	12 000
<b>1990</b>												
<b>IV</b>	2 024	6 330	3 261	103	11 718	5 054	416	- 1 348	128	4 250	7 468	38
<b>1991*</b>												
<b>I</b>	116	7 883	3 994	- 258	11 735	1 199	- 16	33	165	1 380	10 355	1 679
<b>II</b>	99	16 050	4 888	481	21 518	1 171	- 433	556	- 19	1 275	20 243	12 472
<b>III</b>	- 435	10 416	2 747	- 32	12 697	1 330	434	- 521	- 2	1 242	11 455	7 136
<b>IV</b>	- 777	2 937	3 253	330	5 743	603	- 356	747	- 44	950	4 793	- 1 138
<b>1992*</b>												
<b>I</b>	464	4 023	- 160	263	4 590	1 613	182	615	273	2 683	1 907	- 6 185
<b>II</b>	35	12 934	428	- 321	13 076	156	1 142	123	187	1 608	11 468	4 817
<b>III</b>	- 49	5 306	726	139	6 122	1 018	- 968	1 121	182	1 353	4 770	1 243
<b>IV</b>	357	14 354	4 957	- 314	19 354	1 582	- 134	1 612	- 337	2 722	16 632	12 124
<b>1993*</b>												
<b>I</b>	151	16 270	9 232	- 384	25 269	1 497	2 915	- 692	- 106	3 614	21 655	15 439

During period	Imports of short-term capital				Exports of short-term capital				Errors and omissions	Short-term capital account (16-20+21)	Overall balance excl. reserve movements (12+22)	Change in central bank's foreign exchange reserves
	Short-term capital imports of authorized banks	Trade credits	Other short-term capital	Total (13+14+15)	Short-term capital exports of authorized banks	Trade credits	Other short-term capital	Total (17+18+19)				
	13	14	15	16	17	18	19	20	21	22	23	24
<b>1988</b>	10 950	- 399	- 811	9 740	2 331	644	1 995	4 971	3 415	8 183	183	- 183
<b>1989</b>	4 285	1 627	3 679	9 592	1 462	475	710	2 647	5 533	12 478	- 5 961	5 961
<b>1990</b>	16 258	1 119	- 1 357	16 020	- 2 290	- 1 254	1 244	- 2 300	- 9 381	8 939	15 092	- 15 092
<b>1991*</b>	- 13 133	817	- 1 301	- 13 617	6 261	981	3 285	10 527	- 2 410	- 26 553	- 6 404	6 404
<b>1992*</b>	- 28 310	8 198	10 454	- 9 659	- 567	4 232	6 593	10 258	- 1 332	- 21 249	- 9 249	9 249
<b>1990</b>												
<b>IV</b>	- 11 196	- 6	- 1 088	- 12 290	- 13 404	- 34	- 467	- 13 905	- 241	1 374	1 412	- 1 412
<b>1991*</b>												
<b>I</b>	18 038	- 1 035	2 367	19 370	22 472	- 618	3 978	25 831	1 680	- 4 781	- 3 102	3 102
<b>II</b>	- 10 815	3	- 605	- 11 416	515	- 482	1 970	2 003	- 1 274	- 14 693	- 2 221	2 221
<b>III</b>	- 16 261	392	- 583	- 16 453	- 3 091	1 049	1 869	- 174	2 237	- 14 042	- 6 905	6 905
<b>IV</b>	- 4 094	1 456	- 2 481	- 5 118	- 13 635	1 033	- 4 531	- 17 133	- 5 053	6 962	5 824	- 5 824
<b>1992*</b>												
<b>I</b>	- 2 010	306	3 490	1 786	- 4 134	975	1 723	- 1 435	1 323	4 543	- 1 641	1 641
<b>II</b>	- 9 527	4 056	416	- 5 056	- 1 612	1 192	- 3 403	- 3 823	- 4 634	- 5 866	- 1 049	1 049
<b>III</b>	- 11 092	1 537	12 295	2 740	6 064	305	176	6 545	- 3 603	- 7 409	- 6 165	6 165
<b>IV</b>	- 5 681	2 299	- 5 747	- 9 129	- 885	1 761	8 096	8 972	5 583	- 12 518	- 394	394
<b>1993*</b>												
<b>I</b>	- 3 922	265	- 5 922	- 9 579	18 341	1 376	- 1 256	18 461	6 907	- 21 133	- 5 694	5 694

<sup>1</sup> Capital account data are based on surveys as from the beginning of 1991. The resulting figures conform more closely to the IMF's recommendations.

### 6.3 FINLAND'S FOREIGN LIABILITIES AND ASSETS, MILL. FIM

End of period	Long-term liabilities					Long-term assets					Long-term debt, net (5-10)
	Direct investment in Finland	Portfolio investment in Finland	Loans	Other long-term capital	Total (1+2+3+4)	Direct investment abroad	Portfolio investment abroad	Loans	Other long-term capital	Total (6+7+8+9)	
	1	2	3	4	5	6	7	8	9	10	11
<b>1988</b>	12 673	68 957	33 117	915	115 662	24 199	8 223	19 417	2 484	54 323	61 339
<b>1989</b>	16 093	82 313	40 110	994	139 510	33 234	7 680	24 572	2 757	68 243	71 267
<b>1990</b>	18 651	98 399	51 744	4 630	173 424	43 931	7 184	25 595	5 487	82 196	91 228
<b>1991*</b>	17 443	143 668	75 794	4 492	241 398	53 285	7 451	27 612	6 161	94 509	146 889
<b>1992*</b>	18 250	209 627	94 948	5 277	328 101	65 840	9 050	33 754	7 649	116 293	211 808
<b>1990</b>											
<b>IV</b>	18 651	98 399	51 744	4 630	173 424	43 931	7 184	25 595	5 487	82 196	91 228
<b>1991*</b>											
<b>I</b>	18 714	110 275	60 239	3 411	192 639	45 383	7 333	25 798	5 914	84 428	108 211
<b>II</b>	18 760	126 771	66 420	3 916	215 867	46 808	6 945	26 813	6 061	86 628	129 239
<b>III</b>	18 273	132 480	68 747	3 922	223 422	48 391	7 414	25 747	5 934	87 486	135 935
<b>IV</b>	17 443	143 668	75 794	4 492	241 398	53 285	7 451	27 612	6 161	94 509	146 889
<b>1992*</b>											
<b>I</b>	17 907	150 914	77 893	4 810	251 524	54 898	7 922	28 885	6 738	98 444	153 080
<b>II</b>	17 942	160 361	76 151	4 427	258 880	55 054	9 110	27 736	6 648	98 548	160 333
<b>III</b>	17 893	183 761	85 221	5 039	291 913	64 258	8 553	30 709	7 397	110 917	180 996
<b>IV</b>	18 250	209 627	94 948	5 277	328 101	65 840	9 050	33 754	7 649	116 293	211 808
<b>1993*</b>											
<b>I</b>	18 401	252 938	114 726	5 277	391 342	73 981	12 295	35 310	8 323	129 909	261 433

End of period	Short-term liabilities					Short-term assets					Short-term liabilities, net (16-21)	Debt, net (11+22)	Net interest and dividend expenditure in relation to current account receipts	Net interest and dividend expenditure in relation to current account receipts
	Bank of Finland's short-term liabilities	Short-term liabilities of authorized banks	Trade credits	Other short-term liabilities	Total (12+13+14+15)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits	Other short-term assets	Total (17+18+19+20)				
	12	13	14	15	16	17	18	19	20	21	22	23	24	25
<b>1988</b>	3 341	83 828	11 070	9 039	107 278	32 037	32 108	16 041	4 789	84 975	22 303	83 642	7 933	6.5
<b>1989</b>	3 558	88 751	12 697	12 883	117 889	25 113	33 569	16 516	5 666	80 864	37 024	108 291	10 453	8.0
<b>1990</b>	3 922	106 548	13 466	13 864	137 801	39 506	27 190	14 372	6 608	87 676	50 125	141 353	13 130	9.7
<b>1991*</b>	3 149	100 837	14 233	14 703	132 921	35 922	36 727	15 940	10 545	99 134	33 787	180 675	15 734	12.7
<b>1992*</b>	7 849	86 895	22 549	22 254	139 546	33 966	43 534	21 229	16 698	115 427	24 119	235 926	20 170	14.4
<b>1990</b>														
<b>IV</b>	3 922	106 548	13 466	13 864	137 801	39 506	27 190	14 372	6 608	87 676	50 125	141 353	3 223	9.0
<b>1991*</b>														
<b>I</b>	3 399	127 305	12 323	17 232	160 259	37 748	48 792	13 824	11 336	111 700	48 559	156 770	3 886	12.8
<b>II</b>	2 889	117 997	12 318	17 498	150 702	36 023	50 406	13 362	13 721	113 513	37 189	166 429	4 695	16.0
<b>III</b>	2 826	100 908	12 710	16 703	133 147	29 006	47 064	14 416	15 121	105 606	27 541	163 477	3 424	10.9
<b>IV</b>	3 149	100 837	14 233	14 703	132 921	35 922	36 727	15 940	10 545	99 134	33 787	180 675	3 729	11.2
<b>1992*</b>														
<b>I</b>	3 185	102 919	14 506	18 439	139 048	35 429	32 960	17 080	12 765	98 234	40 814	193 894	4 964	14.9
<b>II</b>	3 242	91 661	18 587	18 157	131 646	33 516	32 786	18 221	8 932	93 455	38 192	198 524	5 277	15.3
<b>III</b>	14 067	88 898	20 147	21 248	144 360	29 484	43 316	19 015	9 585	101 400	42 959	223 956	4 608	13.7
<b>IV</b>	7 849	86 895	22 549	22 254	139 546	33 966	43 534	21 229	16 698	115 427	24 119	235 926	5 320	13.8
<b>1993*</b>														
<b>I</b>	5 836	88 666	22 791	19 607	136 901	31 998	63 292	23 282	16 337	134 909	1 992	263 425	7 328	18.2

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

End of period	Long-term liabilities					Long-term assets					Long-term liabilities, net (6-12)		
	Corporate sector	Banks	Other financial institutions	Central government	Other	Total (1+2+3+4+5)	Corporate sector	Banks	Other financial institutions	Central government		Other	Total (7+8+9+10+11)
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1988</b>	46 471	27 427	14 339	26 926	499	115 662	25 093	21 607	3 573	3 101	949	54 323	61 339
<b>1989</b>	58 009	40 199	17 665	23 063	574	139 510	34 828	26 048	2 313	3 517	1 537	68 243	71 267
<b>1990</b>	65 553	56 394	21 694	29 174	610	173 424	45 372	28 423	2 075	4 279	2 047	82 196	91 228
<b>1991*</b>	79 217	69 460	35 623	56 377	721	241 398	57 223	27 619	2 121	4 752	2 794	94 509	146 889
<b>1992*</b>	90 956	67 611	49 135	118 081	2 319	328 101	73 583	30 708	3 079	5 627	3 296	116 293	211 808
<b>1990</b>													
<b>IV</b>	65 553	56 394	21 694	29 174	610	173 424	45 372	28 423	2 075	4 279	2 047	82 196	91 228
<b>1991*</b>													
<b>I</b>	71 192	58 071	26 529	36 123	724	192 639	47 370	28 015	2 140	4 651	2 252	84 428	108 211
<b>II</b>	76 952	66 196	33 210	38 814	696	215 867	49 580	27 523	2 122	5 040	2 362	86 628	129 239
<b>III</b>	76 907	67 268	34 193	44 332	723	223 422	51 317	26 843	2 138	4 655	2 534	87 486	135 935
<b>IV</b>	79 217	69 460	35 623	56 377	721	241 398	57 223	27 619	2 121	4 752	2 794	94 509	146 889
<b>1992*</b>													
<b>I</b>	80 758	67 742	36 029	65 370	1 624	251 524	59 372	28 516	2 298	5 367	2 890	98 444	153 080
<b>II</b>	78 744	62 218	37 681	78 534	1 703	258 880	60 041	28 119	2 290	5 147	2 951	98 548	160 333
<b>III</b>	85 291	66 652	39 127	98 824	2 020	291 913	69 286	30 385	2 451	5 528	3 268	110 917	180 996
<b>IV</b>	90 956	67 611	49 135	118 081	2 319	328 101	73 583	30 708	3 079	5 627	3 296	116 293	211 808
<b>1993*</b>													
<b>I</b>	101 643	70 232	54 493	162 000	2 974	391 342	81 592	35 165	3 179	6 259	3 714	129 909	261 433

## 7. FOREIGN TRADE

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

During period	Exports, feb	Imports, cif	Balance (1-2)
	1	2	3
<b>1988</b>	92 902	92 118	784
<b>1989</b>	99 784	105 516	- 5 732
<b>1990</b>	101 327	103 027	- 1 700
<b>1991</b>	92 842	87 744	5 098
<b>1992*</b>	107 471	94 988	12 483
<b>1992*</b>			
<b>April</b>	8 741	8 430	311
<b>May</b>	9 098	8 094	1 004
<b>June</b>	9 019	8 097	922
<b>July</b>	7 972	6 754	1 218
<b>Aug.</b>	7 615	6 871	744
<b>Sept.</b>	9 658	7 489	2 169
<b>Oct.</b>	10 200	8 756	1 444
<b>Nov.</b>	10 532	8 740	1 792
<b>Dec.</b>	9 441	8 613	828
<b>1993*</b>			
<b>Jan.</b>	9 433	6 564	2 870
<b>Feb.</b>	10 434	9 031	1 404
<b>March</b>	11 445	10 368	1 077
<b>April</b>	11 350	9 658	1 692

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

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
<b>1988</b>	121	130	145	122	119
<b>1989</b>	121	144	156	126	123
<b>1990</b>	125	138	154	128	120
<b>1991</b>	114	115	154	131	118
<b>1992*</b>	124	112	164	145	113
<b>1992*</b>					
<b>1990</b>					
<b>III</b>	114	124	155	129	120
<b>IV</b>	130	139	154	133	116
<b>1991</b>					
<b>I</b>	110	117	154	131	118
<b>II</b>	107	112	153	130	118
<b>III</b>	113	109	156	132	119
<b>IV</b>	124	118	157	135	116
<b>1992*</b>					
<b>I</b>	118	112	162	142	114
<b>II</b>	125	118	162	143	113
<b>III</b>	117	102	163	142	115
<b>IV</b>	133	116	171	154	111

### 7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, feb					Imports by use of goods, cif				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
	1	2	3	4	5	6	7	8	9	10
<b>1988</b>	7 567	30 474	8 450	29 225	17 186	45 791	7 533	17 274	20 828	692
<b>1989</b>	7 416	32 513	8 844	32 682	18 329	51 786	8 310	20 606	24 055	759
<b>1990</b>	7 811	31 658	9 540	35 493	16 825	49 210	9 829	19 364	23 888	736
<b>1991</b>	6 984	29 695	10 539	29 188	16 436	42 505	9 399	13 973	21 195	672
<b>1992*</b>	7 892	32 587	12 172	35 741	19 079	49 514	9 745	13 348	20 826	1 555
<b>1992*</b>										
<b>April</b>	746	2 798	1 068	2 571	1 558	4 300	710	1 401	1 902	117
<b>May</b>	712	2 567	1 074	3 183	1 562	4 118	909	1 429	1 610	28
<b>June</b>	679	2 643	967	3 155	1 575	4 548	742	1 162	1 538	107
<b>July</b>	504	2 393	761	3 122	1 192	3 463	776	907	1 538	70
<b>Aug.</b>	530	2 336	919	2 335	1 495	3 660	690	752	1 552	217
<b>Sept.</b>	687	2 914	1 026	3 244	1 787	4 129	546	903	1 789	122
<b>Oct.</b>	797	3 186	1 027	3 331	1 859	4 498	1 064	1 199	1 890	105
<b>Nov.</b>	770	3 010	1 205	3 789	1 758	4 809	1 058	1 039	1 755	79
<b>Dec.</b>	644	2 949	870	3 421	1 557	4 280	1 300	1 122	1 534	377
<b>1993*</b>										
<b>Jan.</b>	706	2 677	1 048	3 253	1 749	3 683	547	884	1 390	60
<b>Feb.</b>	776	3 069	1 134	3 259	2 196	4 347	1 095	1 661	1 850	78
<b>March</b>	898	3 438	1 213	3 914	1 982	4 650	889	2 841	1 917	71
<b>April</b>	964	3 403	1 306	3 747	1 930	5 438	705	1 345	2 065	105

## 7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, feb				Imports, cif			
	1992*		1993*		1992*		1993*	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
	1	2	3	4	5	6	7	8
<b>All OECD countries</b>	88 347	82.2	23 680	12.9	75 180	79.1	20 943	11.8
<b>OECD Europe</b>	78 566	73.1	20 663	8.8	62 972	66.3	17 081	9.1
Of which:								
Austria	1 368	1.3	347	5.1	1 162	1.2	257	- 3.1
Belgium and Luxembourg	2 785	2.6	764	8.2	2 688	2.8	625	- 5.9
Denmark	3 858	3.6	1 065	10.9	3 192	3.4	740	- 5.3
France	7 204	6.7	1 684	- 14.5	4 382	4.6	1 062	- 0.1
Germany	16 806	15.6	4 376	5.5	16 085	16.9	5 342	38.4
Italy	4 302	4.0	1 217	20.5	3 425	3.6	868	- 4.4
Netherlands	5 628	5.2	1 674	27.0	3 458	3.6	927	9.3
Norway	3 775	3.5	913	1.3	3 825	4.0	1 424	74.4
Spain	2 842	2.6	721	7.5	1 167	1.2	324	- 12.5
Sweden	13 771	12.8	3 464	5.0	11 133	11.7	2 364	- 14.3
Switzerland	1 921	1.8	478	- 0.4	1 842	1.9	455	- 4.8
United Kingdom	11 519	10.7	3 144	22.1	8 213	8.6	2 075	- 5.3
<b>Other OECD</b>	9 781	9.1	3 017	52.9	12 209	12.9	3 862	25.6
Of which:								
Canada	751	0.7	257	86.0	616	0.6	141	2.9
Japan	1 370	1.3	409	7.8	5 202	5.5	1 432	8.6
United States	6 365	5.9	1 947	63.2	5 792	6.1	2 208	48.5
<b>Non-OECD European countries</b>	7 310	6.8	2 391	31.8	9 681	10.2	2 622	29.6
Of which:								
Russia	3 020	2.8	1 099	..	6 725	7.1	1 962	..
<b>Other countries</b>	11 814	11.0	5 241	117.3	10 127	10.7	2 397	0.2
Of which:								
<b>OPEC countries</b>	1 927	1.8	593	60.1	1 497	1.6	67	- 63.0
<b>TOTAL</b>	107 471	100.0	31 312	24.3	94 988	100.0	25 962	12.2
Of which:								
<b>EC countries</b>	57 150	53.2	15 201	9.7	44 801	47.2	12 528	11.0
<b>EFTA countries</b>	20 959	19.5	5 227	3.9	18 033	19.0	4 517	4.1

## 8. DOMESTIC ECONOMIC DEVELOPMENTS

### 8.1 SUPPLY AND USE OF RESOURCES, MILL. FIM, 1985 PRICES

(seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
<b>1988</b>	209 956	75 190	81 839	11 446	9 062	387 493	105 897	118 405	374 985
<b>1989</b>	218 775	77 117	95 178	11 234	14 056	416 360	107 552	128 834	395 078
<b>1990</b>	219 293	80 525	88 429	12 720	13 992	414 959	109 236	127 735	396 460
<b>1991*</b>	211 181	82 338	68 465	12 701	6 723	381 408	101 932	112 277	371 063
<b>1992*</b>	199 052	82 250	57 944	11 533	8 486	359 265	111 186	112 755	357 696
<b>1990</b>									
<b>III</b>	54 798	20 203	21 081	3 123	3 569	102 774	26 534	30 373	98 935
<b>IV</b>	54 187	20 314	21 187	3 183	3 409	102 281	26 327	30 909	97 699
<b>1991*</b>									
<b>I</b>	53 328	20 426	19 487	3 150	2 829	99 220	25 261	29 529	94 951
<b>II</b>	52 957	20 540	17 089	3 526	1 685	95 796	24 272	27 117	92 951
<b>III</b>	52 830	20 637	16 181	3 181	784	93 613	26 721	28 182	92 152
<b>IV</b>	52 067	20 735	15 708	2 845	1 424	92 778	25 678	27 448	91 009
<b>1992*</b>									
<b>I</b>	51 229	20 444	15 375	2 995	1 557	91 601	27 243	28 675	90 170
<b>II</b>	49 790	20 533	15 203	2 995	2 132	90 653	28 296	29 126	89 822
<b>III</b>	49 442	20 600	14 411	2 746	2 232	89 430	27 406	27 392	89 443
<b>IV</b>	48 591	20 674	12 955	2 797	2 565	87 582	28 241	27 562	88 261

### 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
<b>1988</b>	97.1	94.1	97.1	98.7	93.8	99.0	97.5
<b>1989</b>	100.3	101.9	100.5	102.3	99.6	100.8	97.9
<b>1990</b>	100.2	99.8	100.2	100.1	100.4	100.1	100.0
<b>1991*</b>	90.4	90.6	89.1	90.6	85.0	91.5	103.7
<b>1992*</b>	92.5	100.9	91.2	94.3	91.0	90.1	103.6
<b>1992*</b>							
<b>March</b>	92.2	99.0	89.7	94.7	91.6	89.3	102.7
<b>April</b>	93.1	96.4	89.9	91.8	92.9	90.9	104.3
<b>May</b>	93.4	124.6	90.8	96.7	90.9	91.4	97.2
<b>June</b>	95.6	168.7	91.6	95.4	94.3	91.4	99.8
<b>July</b>	93.6	103.0	100.5	90.8	97.5	92.8	97.4
<b>Aug.</b>	93.7	89.6	93.0	96.3	95.7	90.2	99.8
<b>Sept.</b>	92.2	96.2	91.6	96.5	89.8	89.3	102.3
<b>Oct.</b>	93.1	80.7	91.5	95.4	89.7	91.6	112.4
<b>Nov.</b>	93.0	88.3	92.5	96.8	89.2	89.5	113.8
<b>Dec.</b>	90.3	77.5	87.9	94.9	87.6	87.8	110.8
<b>1993*</b>							
<b>Jan.</b>	93.6	88.8	92.6	105.4	93.4	86.9	105.2
<b>Feb.</b>	95.1	86.0	92.7	97.5	96.9	88.9	105.0
<b>S20 March</b>	95.1	89.3	91.9	99.5	98.6	87.4	111.7



### 8.3 INDICATORS OF DOMESTIC SUPPLY AND DEMAND, 1985=100

(seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
<b>1988</b>	116.7	113.0	108.6	106.0	113.4	110.6	135.0	110.6
<b>1989</b>	124.2	117.0	130.3	132.9	137.6	125.2	161.4	115.3
<b>1990</b>	119.9	111.7	127.3	124.8	161.7	122.1	144.6	116.5
<b>1991*</b>	101.2	103.9	103.9	94.4	127.7	109.9	102.1	110.7
<b>1992*</b>	87.9	93.8	79.5	72.9	76.9	86.6	84.3	108.1
<b>1991*</b>								
<b>IV</b>	95.3	101.9	89.9	78.2	97.7	100.8	110.6	108.8
<b>1992*</b>								
<b>Feb.</b>	88.6	98.9	..	..	..	..	..	108.2
<b>March</b>	91.9	97.2	..	..	..	..	..	109.5
<b>April</b>	89.4	96.4	..	..	..	..	..	108.2
<b>May</b>	83.5	93.2	..	..	..	..	..	107.5
<b>June</b>	95.3	94.4	..	..	..	..	..	108.9
<b>July</b>	89.9	92.0	..	..	..	..	..	109.0
<b>Aug.</b>	83.1	89.5	..	..	..	..	..	107.3
<b>Sept.</b>	87.2	93.4	..	..	..	..	..	107.8
<b>Oct.</b>	84.8	91.2	..	..	..	..	..	107.0
<b>Nov.</b>	81.4	85.8	..	..	..	..	..	107.6
<b>Dec.</b>	82.2	89.3	..	..	..	..	..	107.5
<b>I</b>	92.5	100.2	88.2	82.9	92.5	96.5	87.4	108.6
<b>II</b>	89.4	94.7	83.9	81.7	78.1	91.6	106.2	108.2
<b>III</b>	86.7	91.6	81.9	75.0	85.0	83.5	63.9	108.0
<b>IV</b>	82.8	88.8	67.9	53.9	52.3	74.7	79.6	107.4
<b>1993*</b>								
<b>Jan.</b>	74.5	86.6	..	..	..	..	..	107.4
<b>Feb.</b>	82.3	94.0	..	..	..	..	..	108.6

## 8.4 WAGES AND PRICES, 1985=100

Period	Index of wage and salary earnings	By sectors					Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private Total	Of which: Manufacturing (SIC3)	Central government	Local government	Non-profit institutions			Domestic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>1988</b>	124.7	124.6	122.7	128.8	122.0	128.0	112.6	101.5	104.9	89.1	101.7	103.8	100.7	116.3
<b>1989</b>	135.7	136.5	133.8	137.4	132.1	137.1	120.0	107.3	111.3	92.6	107.8	110.5	106.4	125.5
<b>1990</b>	148.2	148.8	146.8	149.8	144.7	150.0	127.3	110.9	115.7	93.6	110.0	110.4	109.8	134.5
<b>1991<sup>1</sup></b>	157.6	158.3	156.2	157.9	154.8	158.9	132.6	111.2	115.8	94.2	109.9	108.7	110.4	137.3
<b>1992<sup>1</sup></b>	160.5	160.8	159.7	161.1	158.6	162.4	136.0	112.4	115.6	100.9	112.6	113.4	112.3	134.9
<b>1991<sup>1</sup></b>														
<b>IV</b>	159.6	160.1	158.3	159.9	157.3	161.4	133.6	111.1	115.4	95.6	110.3	109.0	110.8	137.3
<b>1992<sup>1</sup></b>														
<b>April</b>	..	..	..	..	..	..	135.9	112.3	115.8	99.8	112.0	112.0	112.0	135.5
<b>May</b>	..	..	..	..	..	..	136.0	112.3	115.7	99.9	112.5	112.6	112.4	134.8
<b>June</b>	..	..	..	..	..	..	136.3	112.3	115.7	100.0	112.8	113.2	112.6	133.7
<b>July</b>	..	..	..	..	..	..	136.1	112.2	115.9	99.0	112.9	113.2	112.8	134.0
<b>Aug.</b>	..	..	..	..	..	..	135.9	112.0	115.7	98.6	112.4	111.8	112.7	133.7
<b>Sept.</b>	..	..	..	..	..	..	136.4	112.2	115.2	101.3	113.2	115.0	112.3	134.5
<b>Oct.</b>	..	..	..	..	..	..	136.9	113.3	115.7	104.3	113.8	115.9	112.8	134.7
<b>Nov.</b>	..	..	..	..	..	..	137.1	113.4	115.5	105.5	114.1	116.7	112.8	134.4
<b>Dec.</b>	..	..	..	..	..	..	136.8	113.4	115.5	105.9	114.0	115.9	113.0	134.0
<b>I</b>	160.0	160.5	159.3	160.5	158.0	161.8	135.0	111.9	115.5	98.9	111.3	111.6	111.2	136.5
<b>II</b>	160.6	161.1	160.2	160.9	158.4	162.3	136.1	112.3	115.7	99.9	112.4	112.6	112.3	134.7
<b>III</b>	160.3	160.6	159.2	161.3	158.6	162.6	136.2	112.2	115.6	99.6	112.8	113.3	112.6	134.0
<b>IV</b>	160.9	161.1	160.0	161.6	159.5	163.0	136.9	113.4	115.6	105.2	113.9	116.2	112.9	134.3
<b>1993<sup>1</sup></b>														
<b>Jan.</b>	..	..	..	..	..	..	138.2	113.9	115.8	107.1	114.4	116.5	113.4	134.7
<b>Feb.</b>	..	..	..	..	..	..	138.6	115.3	116.6	109.8	115.9	118.9	114.5	134.8
<b>March</b>	..	..	..	..	..	..	138.8	116.2	117.1	112.4	116.9	120.5	115.2	134.7
<b>April</b>	..	..	..	..	..	..	139.3	116.4	117.3	112.4	117.4	121.0	115.7	135.2

<sup>1</sup> Preliminary figures for columns 1—6.

## 8.5 LABOUR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds %	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status			By industry			Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agri-culture and forestry	Industry	Con-struction	Service industries		
		1000 persons									%
	1	2	3	4	5	6	7	8	9	10	11
<b>1988</b>	68.4	2 546	2 431	368	2 062	238	553	188	1 452	116	4.6
<b>1989</b>	68.7	2 559	2 470	367	2 104	218	561	199	1 492	89	3.5
<b>1990</b>	68.4	2 556	2 467	360	2 108	207	556	205	1 500	88	3.4
<b>1991</b>	67.4	2 533	2 340	340	2 000	197	502	179	1 461	193	7.6
<b>1992</b>	66.1	2 502	2 174	325	1 849	188	454	150	1 382	328	13.1
<b>1992</b>											
<b>April</b>	65.8	2 487	2 192	325	1 868	185	456	151	1 401	294	11.8
<b>May</b>	66.1	2 501	2 192	332	1 859	189	453	154	1 396	310	12.4
<b>June</b>	66.3	2 508	2 188	331	1 857	191	454	156	1 387	321	12.8
<b>July</b>	65.8	2 491	2 164	326	1 838	186	453	146	1 380	327	13.1
<b>Aug.</b>	66.5	2 518	2 164	330	1 834	187	445	151	1 381	354	14.0
<b>Sept.</b>	65.6	2 488	2 145	320	1 825	186	455	150	1 355	343	13.8
<b>Oct.</b>	66.0	2 499	2 134	319	1 815	181	453	132	1 367	365	14.6
<b>Nov.</b>	66.2	2 508	2 123	314	1 809	177	440	141	1 365	384	15.3
<b>Dec.</b>	65.3	2 477	2 093	310	1 783	181	435	135	1 342	384	15.5
<b>1993</b>											
<b>Jan.</b>	65.7	2 493	2 089	305	1 784	178	436	125	1 349	404	16.2
<b>Feb.</b>	65.8	2 493	2 073	315	1 758	171	423	129	1 351	420	16.8
<b>March</b>	65.2	2 475	2 049	311	1 738	181	429	131	1 308	426	17.2
<b>April</b>	65.4	2 487	2 053	320	1 733	180	425	129	1 318	434	17.5

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

During period	Revenue							Expenditure			
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
										Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11
<b>1988</b>	35 339	66 348	473	13 629	115 789	2 557	118 346	32 266	65 502	29 757	33 108
<b>1989</b>	39 397	76 458	471	15 990	132 316	3 926	136 241	35 082	72 008	33 244	35 715
<b>1990</b>	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
<b>1991</b>	41 054	73 251	1 136	19 182	134 624	4 442	139 069	45 085	101 220	42 297	55 160
<b>1992</b>	34 312	69 541	1 512	21 251	126 616	5 054	131 669	49 207	105 184	42 990	59 180
<b>1992</b>											
<b>March</b>	- 420	5 048	227	2 355	7 210	2 041	9 251	3 889	9 055	3 808	4 542
<b>April</b>	4 629	5 583	119	2 373	12 704	83	12 787	4 022	9 590	3 818	5 394
<b>May</b>	3 068	5 722	131	2 012	10 933	32	10 965	3 782	9 010	3 658	5 183
<b>June</b>	4 310	5 615	135	2 097	12 157	339	12 496	4 390	8 760	4 005	4 514
<b>July</b>	3 662	6 074	275	1 234	11 245	78	11 323	5 073	7 975	3 469	4 319
<b>Aug.</b>	3 422	5 938	130	1 528	11 018	393	11 411	3 483	8 170	3 413	4 553
<b>Sept.</b>	3 091	5 663	117	1 510	10 381	137	10 517	3 887	8 179	3 440	4 575
<b>Oct.</b>	2 896	5 336	136	1 448	9 816	187	10 003	4 169	9 599	3 498	5 933
<b>Nov.</b>	2 984	5 925	110	1 751	10 770	704	11 474	3 806	9 072	3 463	5 492
<b>Dec.</b>	853	6 371	- 50	2 978	10 152	1 043	11 195	4 395	9 323	3 671	5 263
<b>1993</b>											
<b>Jan.</b>	- 560	6 049	70	919	6 478	15	6 493	4 129	9 084	3 230	5 701
<b>Feb.</b>	3 730	4 594	240	1 257	9 821	113	9 934	3 869	7 807	3 347	4 273
<b>March</b>	2 456	6 354	127	3 496	12 433	2 119	14 552	4 145	9 295	3 698	5 440

During period	Expenditure					Financial balance			
	Fixed investment	Other expenditure	Expenditure before financial transactions (8+9+12+13)	Lending and other financial investment	Expenditure before redemptions of state debt (14+15)	Revenue surplus (5-14)	Net borrowing requirement (7-16)	Net borrowing	Cash surplus (18+19)
<b>1988</b>	7 565	5 614	110 946	6 529	117 476	4 842	870	2 417	3 287
<b>1989</b>	8 393	5 343	120 826	7 566	128 390	11 490	7 851	- 4 009	3 842
<b>1990</b>	5 962	4 927	133 614	9 319	142 934	5 737	678	1 201	1 879
<b>1991</b>	5 370	6 368	158 044	13 328	171 372	- 23 420	- 32 304	25 659	- 6 645
<b>1992</b>	5 042	8 499	167 932	35 501	203 433	- 41 316	- 71 764	70 691	- 1 071
<b>1992</b>									
<b>March</b>	378	1 355	14 676	3 305	17 981	- 7 466	- 8 730	3 545	- 5 185
<b>April</b>	394	684	14 690	683	15 374	- 1 986	- 2 587	5 474	2 887
<b>May</b>	400	366	13 558	826	14 385	- 2 625	- 3 420	3 216	- 203
<b>June</b>	476	1 006	14 632	2 574	17 205	- 2 475	- 4 709	8 162	3 453
<b>July</b>	398	479	13 925	683	14 608	- 2 680	- 3 285	5 185	1 900
<b>Aug.</b>	387	331	12 371	7 005	19 375	- 1 353	- 7 964	4 133	- 3 831
<b>Sept.</b>	442	816	13 324	4 950	18 275	- 2 943	- 7 758	5 267	- 2 491
<b>Oct.</b>	439	1 229	15 436	937	16 373	- 5 620	- 6 370	8 365	1 995
<b>Nov.</b>	410	102	13 390	1 010	14 400	- 2 620	- 2 926	15 124	12 199
<b>Dec.</b>	664	1 117	15 499	11 897	27 396	- 5 347	- 16 201	3 174	- 13 027
<b>1993</b>									
<b>Jan.</b>	261	1 691	15 165	662	15 826	- 8 687	- 9 333	16 891	7 558
<b>Feb.</b>	290	842	12 808	1 289	14 097	- 2 987	- 4 163	15 636	11 473
<b>March</b>	313	2 248	16 001	3 211	19 211	- 3 568	- 4 659	9 245	4 586

# 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 (Column 13) = bank certificates of deposit held by the Bank of Finland + securities with repurchase commitments. Liquidity position of deposit banks, net (Column 14): see explanation to Table 2.1. Other claims on financial institutions, net (Column 17) = bonds + other claims on financial institutions - other liabilities to financial institutions. *Corporate sector.* Special deposits and other items, net (Column 20) = bonds: other + other claims on corporations - deposits for investment and ship purchase - other liabilities to corporations.

### 2 THE BANK OF FINLAND'S OPERATIONS IN THE MONEY AND FOREIGN EXCHANGE MARKETS AND THE BANK'S FORWARD EXCHANGE POSITION

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

**Table 2.2** The cash reserve requirement is reported for the month by the end of which the deposit must be made with the Bank of Finland. The requirement is announced at the end of the previous month and is determined on the basis of the cash reserve base for that month. The rate of interest paid on cash reserve deposits is 3 percentage points less than three-month HELIBOR (from April to December 1992 2 percentage points) but at least 8 per cent. The figures for 1989 include the additional deposit requirement of 1.1 per cent under the supplementary cash reserve agreement in force at the time, together with the corresponding non-interest-bearing deposits of FIM 3 159 million.

**Table 2.3** Money market instruments are the instruments used by the Bank of Finland in its money market opera-

tions. Matured money market instruments, net, comprise both instruments purchased and sold. Money market transactions are recorded according to trade dates.

**Table 2.4** Foreign exchange transactions are recorded according to trade dates. In addition to spot transactions (Columns 1, 2, 4 and 5) the Bank of Finland's foreign exchange reserves are affected by interest payments and by changes in both the prices of securities and exchange rates. Spot transactions related to forward contracts (Column 4) refer to the combined effects on the foreign exchange reserves of forward transactions in the form of swaps and maturing forward transactions. The central government's foreign exchange transactions (Column 5) comprise transactions related to drawings and redemptions of government loans and associated interest payments.

**Table 2.5** As from the beginning of 1990, the statistics on the forward exchange market are based on data on individual contracts against the Finnish markka as reported by banks (excluding Columns 5 and 6). The statistics cover all authorized banks and contracts. The rates of exchange used in the statistics are the forward rates on the contract date.

### 3 RATES OF INTEREST

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

**Table 3.2** The 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 figure for the tender rate is the arithmetic average of calendar day figures.

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

**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 averages of monthly observations until 1987 after which they are weighted by loan amounts. Average lending rates (Columns 5 and 6) are all weighted by loan amounts. As from January 1989, the loans of Postipankki Ltd have been included in the commercial banks' outstanding stock of loans. **Deposits.** 24-month and 36-month tax-exempt deposits (Columns 7 and 8): from May (September) 1992, 24-month (36-month) deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less two percentage points (one percentage point). In the period from January 1989 to April 1992, 24-month deposits (Column 7) were tax-exempt if they carried a rate of interest which was at most the Bank of Finland's base rate less one percentage point. Other tax-exempt deposits (Column 9): in the period from January 1989 to April 1992, deposits other than 24-month deposits were tax-exempt if they carried a rate of interest which was at most the Bank of Finland's base rate less 4 percentage points. From May 1992, deposits other than 24-month or 36-month deposits are tax-exempt if they carry a maximum rate of interest as prescribed by law. The maximum rate was first set at 4.5 per cent. From 6 May 1993 it has been 2.5 per cent. All markka deposits (Column 10): the stock of deposits comprises all markka deposits by the public. The monthly and annual average rates of interest are weighted by deposit amounts. Other funding (Column 11): CDs outstanding + promissory notes + bonds. The average rate of interest is weighted by amounts. Total markka funding (Column 12); markka deposits by the public + banks' other markka funding. The rate of interest is weighted by amounts.

**Table 3.5** Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted daily by the five largest banks. Yields on taxable government bonds (Columns 3 and 4) are calculated by the Bank of Finland in a similar fashion. Until January 1992, the yield on 5-year taxable government bonds (Column 3) was calculated on a bullet bond due on 15 March 1994 with a coupon rate of 13 per cent. From February 1992 onwards the yield is calculated on a bullet bond due on 15 January 1999 with a coupon rate of 11 per cent. The yield on 10-year taxable government bonds (Column 4) is calculated on a housing bond (bullet) due on 15 March 2002 with a coupon rate of 10.75 per cent. The yield on taxable public issues (Column 5) is calculated as the arithmetic mean of yields on fixed-rate ordinary bonds, debentures S25

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

#### 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. The midpoint was FIM 4.87580 from 7 June to 14 November 1991, and FIM 5.55841 from 15 November 1991 to 7 September 1992, and the fluctuation limits were  $\pm 3$  per cent around the midpoint. Since 8 September 1992 the markka has been floating. Trade-weighted currency index (Column 2): The weights are moving averages of the shares of (currently) 14 countries in Finland's foreign merchandise trade (only convertible currencies are included). The payments currency index (Column 3): The weights are moving averages of shares of payments currencies (14 convertible currencies) in Finland's foreign trade. The MERM index (Column 4): The weights are fixed 1977 weights computed on the basis of the IMF's world trade model; 14 currencies are included in this index.

#### 5 OTHER DOMESTIC FINANCING

**Table 5.1 Source:** Statistics Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and the local government sector. The table is based on new classifications of Statistics Finland applied since March 1991. Series before March 1991 have been reclassified by the Bank of Finland to conform with the present table, except for columns 3 and 4 where disaggregation was not possible and combined figures are shown. Time deposits (Column 3) consist of all fixed-term deposits. Other deposits (Column 4) include mainly investment accounts with no specific time-period. Other funding (Column 8) comprises CDs, promissory notes and bonds. The figures for banks' holdings of CDs issued by other banks, as well as the CD holdings of the Bank of Finland and the central government have been netted out; netting out is done by the Bank of Finland. Hence, this column includes some liabilities held by entities not covered by the above definition of the public.

**Table 5.2 Source:** Statistics Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and local government. Foreign currency credits (Col-

umn 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 bonds and debentures (Column 2) are so-called private placings. Long-term promissory notes (Column 3) are bank loans. Outstanding lending (Column 10) comprises the stock of loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main part of the latter is reserved for covering transferable allocations budgeted in previous years (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and Pekka Saarinen in the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 8.1 billion at the end of 1988.

**Table 5.5 Source:** Table B: Statistics Finland from the beginning of 1991. Tables A and B include markka-denominated bonds issued by Finnish issuers in Finland and abroad as well as those issued by foreign issuers in Finland. Table C includes transactions in markka-denominated bonds outside the Helsinki Stock Exchange. Interbank transactions (Column 1) and transactions (purchases and sales) between banks and customers (Column 2) are transactions by the banks entitled to central bank financing. The State Treasury and the five largest banks (KOP, Okobank, Postipankki, Skopbank and Union Bank of Finland)

agreed on a market making arrangement for benchmark government bonds with effect from 1 August 1992. Evli Securities Ltd was accepted as primary dealer with effect from 1 May 1993. The primary dealers' quotes are published daily (page JVKD on Reuters). Purchases from and sales to others (Columns 4 and 5) consist of transactions in benchmark government bonds between primary dealers and other parties. Other parties refer to all parties that are not primary dealers.

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

#### 6 BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

**Table 6.1** The figures for the trade and goods and services accounts are compiled in accordance with the System of National Accounts. The figures for investment income and expenditure (Columns 7 and 16) include reinvested earnings on direct investment. Preliminary data on reinvested earnings in the previous year have been included in the current account figures annually from the September issue of the Bulletin. (The annual figure is divided evenly between quarterly figures.)

**Table 6.2** Columns 1-5: Net change in long-term liabilities. Columns 6-10: Net change in long-term assets. Portfolio investment in Finland (Column 2) and abroad (Column 7) (marketable instruments): Primary and secondary market transactions in securities. Loans (Column 3) (non-marketable instruments): Financial loans, import credits, prepayments related to exports and leasing credits. Other long-term capital (Column 4): Finland's subscriptions to international financial institutions paid in the form of promissory notes + long-term deposit liabilities of banks + other long-term liabilities of central government, banks and other financial institutions. Loans (Column 8): Financial loans, development credits, export credits, prepayments related to imports and leasing credits. Other long-term capital (Column 9): Finland's subscriptions to international financial institutions + long-term deposits of banks + other long-term assets of central government, banks and other financial institutions.

**Table 6.3** Net foreign debt (Columns 1-23) at the end of a period is classified in the same way as the corresponding data on changes in the capital account (Table 6.2). The items included in net foreign debt have been translated into markkaa using the spot rates for each date. Thus the figures include the impact of changes in exchange rates.

**Table 6.4** The sectoral figures for short-term foreign liabilities and assets correspond to the figures shown in Columns 12-22 of Table 6.3.

#### 7 FOREIGN TRADE

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

**Table 7.2** The volume indices (Columns 1 and 2) are calculated according to the Paasche formula and the unit value indices (Columns 3 and 4) according to the Laspeyres formula.

The terms of trade (Column 5) is the ratio of the export unit value index to the import unit value index multiplied by one hundred.

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

## 8 DOMESTIC ECONOMIC DEVELOPMENTS

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

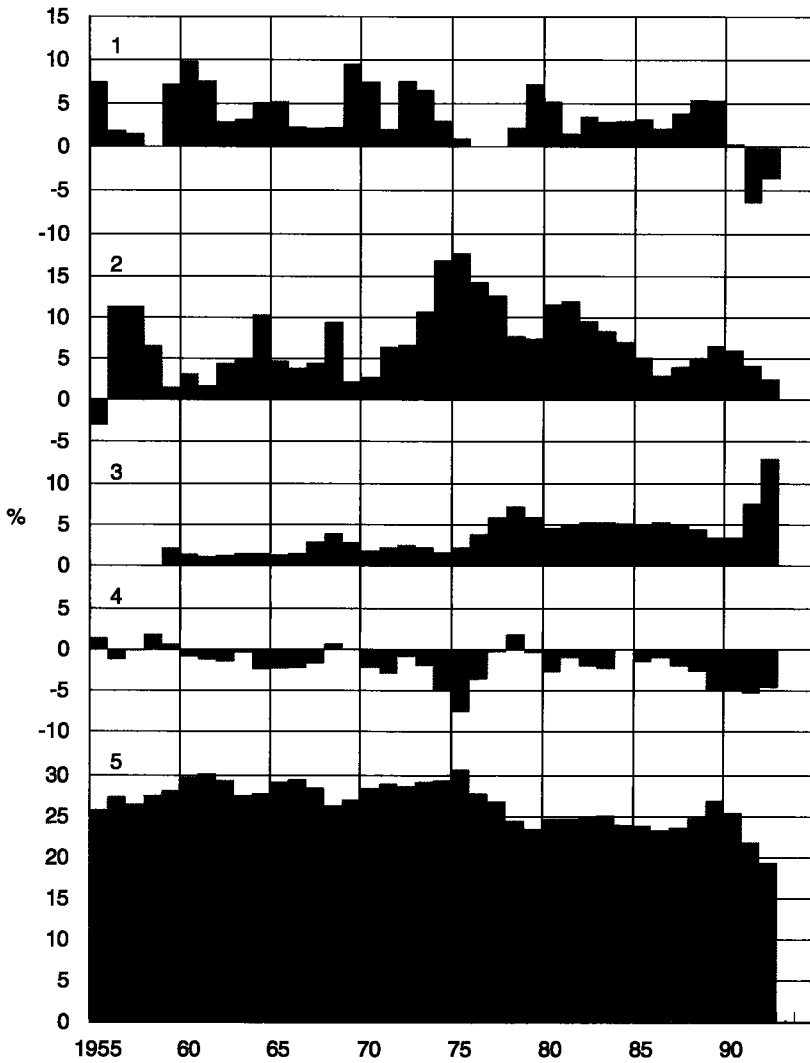
**Table 8.3** The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

**Table 8.4** The consumer price index (Column 7) was revised as from January 1988. Both the weights and the methods of calculation were changed (see the item in the March 1988 issue of the Bulletin). The base year is 1985.

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

1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Rates of interest applied by the Bank of Finland	S29
5. Banks' liquidity position with the Bank of Finland	S30
6. Liquidity management interest rates	S30
7. HELIBOR rates of interest, daily	S30
8. HELIBOR rates of interest, monthly	S31
9. Differential between Finnish and German interest rates	S31
10. Yields on bonds	S31
11. Bank of Finland currency index and the markka value of the ECU	S32
12. Daily spot rates for the markka against the Deutschmark and the US dollar	S32
13. Daily spot rates for the markka against the pound sterling and the Swedish krona	S32
14. Monthly spot rates for the markka against the Deutschmark and the US dollar	S33
15. Monthly spot rates for the markka against the pound sterling and the Swedish krona	S33
16. Banks' markka lending rates and markka funding rates	S33
17. Bank funding from the public	S34
18. Bank lending to the public	S34
19. Money supply	S34
20. Current account	S35
21. Net interest and dividend expenditure	S35
22. Balance of payments	S36
23. Foreign debt	S36
24. Foreign trade	S37
25. Foreign trade: prices and terms of trade	S37
26. Finland's export performance	S37
27. Production	S38
28. Fixed investment	S38
29. Employment and the unemployment rate	S39
30. Prices and wages	S39
31. Central government finances	S40

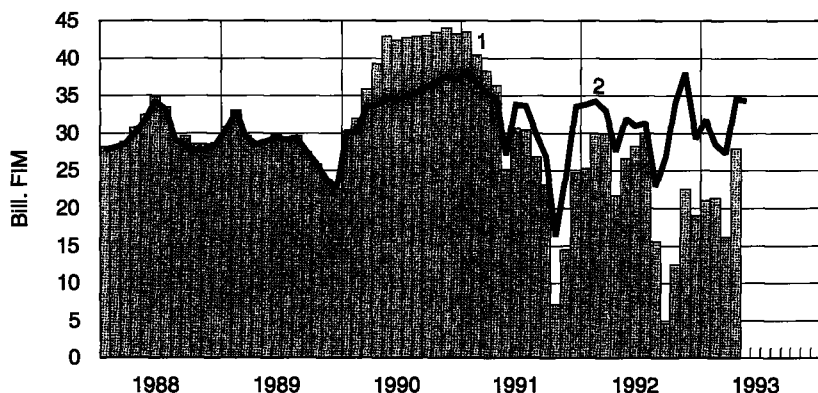
# 1. LONG-TERM INDICATORS



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

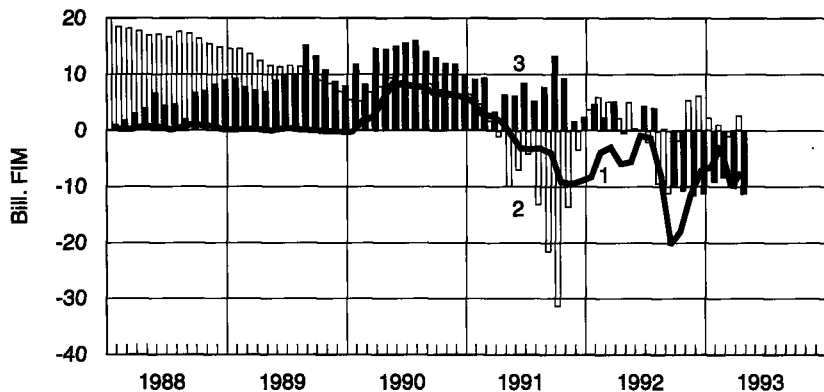


## 2. THE BANK OF FINLAND'S FOREIGN EXCHANGE RESERVES AND FORWARD POSITION



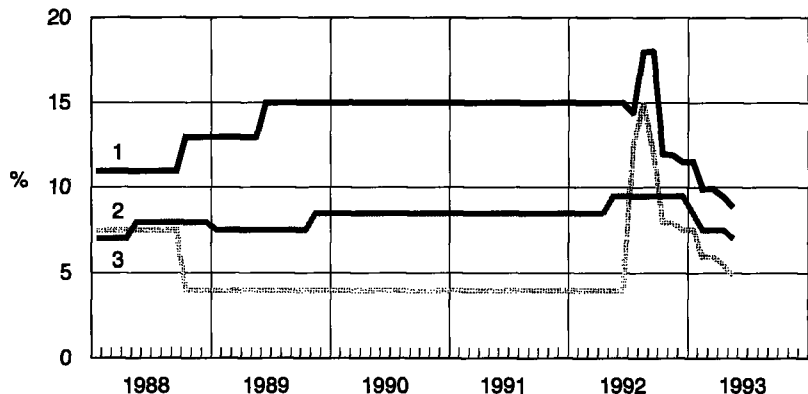
1. Foreign exchange reserves plus forward position
2. Foreign exchange reserves

## 3. FORWARD MARKET



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

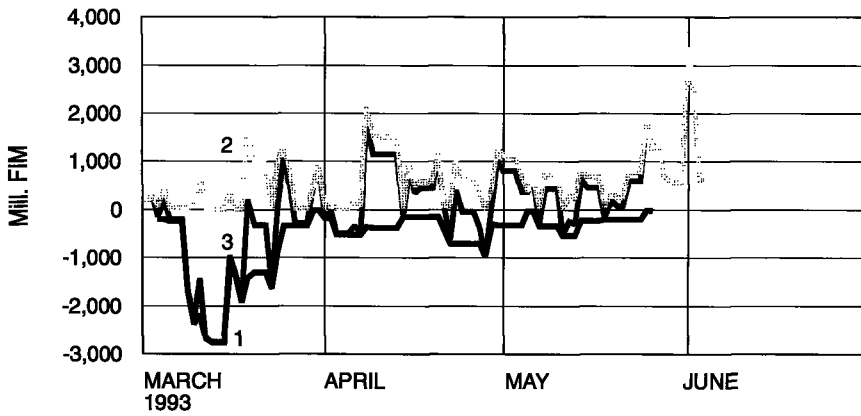
## 4. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



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

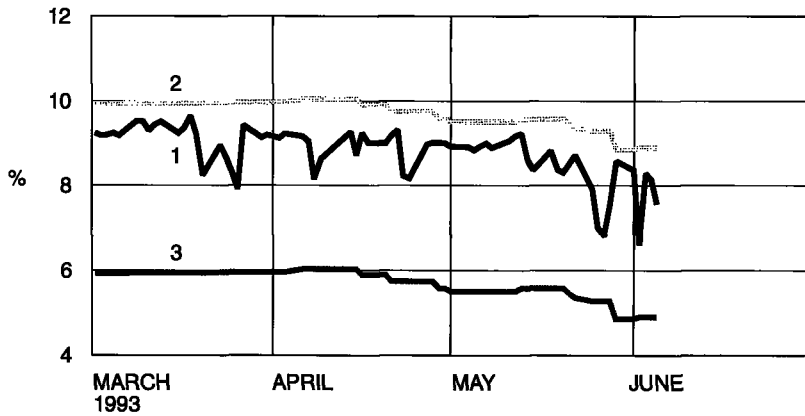
End-of-month observations

5. BANKS' LIQUIDITY POSITION WITH THE BANK OF FINLAND



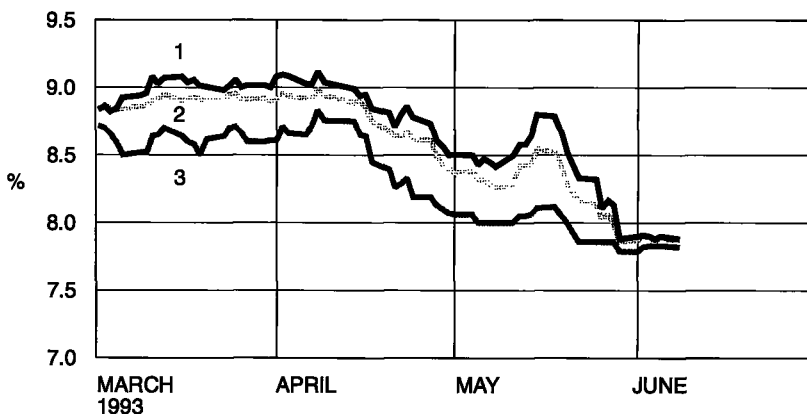
- 1. Liquidity credits (-)
- 2. Call money deposits
- 3. Net

6. LIQUIDITY MANAGEMENT INTEREST RATES



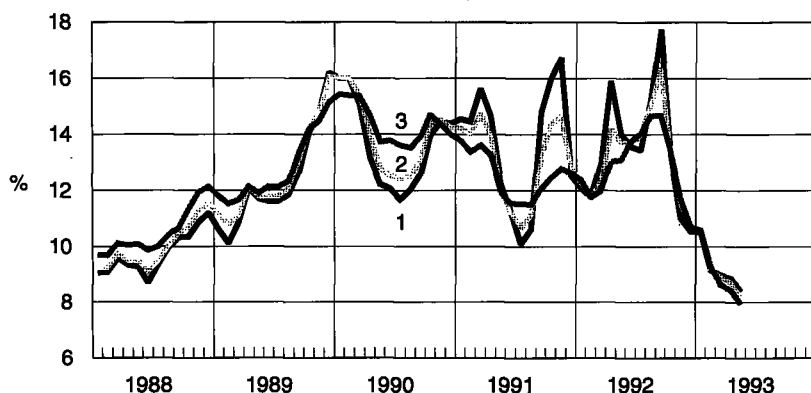
- 1. Inter-bank overnight rate
  - 2. Liquidity credit rate
  - 3. Call money deposit rate
- Daily observations

7. HELIBOR RATES OF INTEREST, DAILY



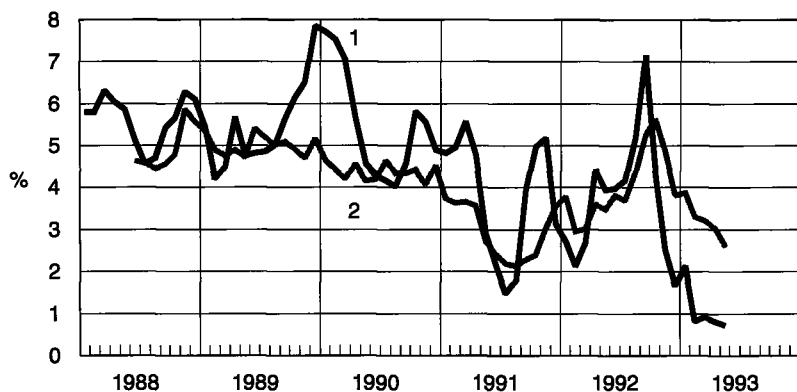
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

### 8. HELIBOR RATES OF INTEREST, MONTHLY



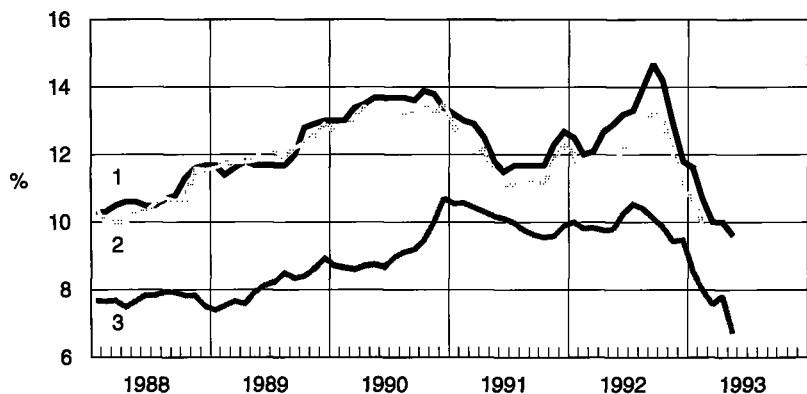
1. 1-month HELIBOR
2. 3-month HELIBOR
3. 12-month HELIBOR

### 9. DIFFERENTIAL BETWEEN FINNISH AND GERMAN INTEREST RATES



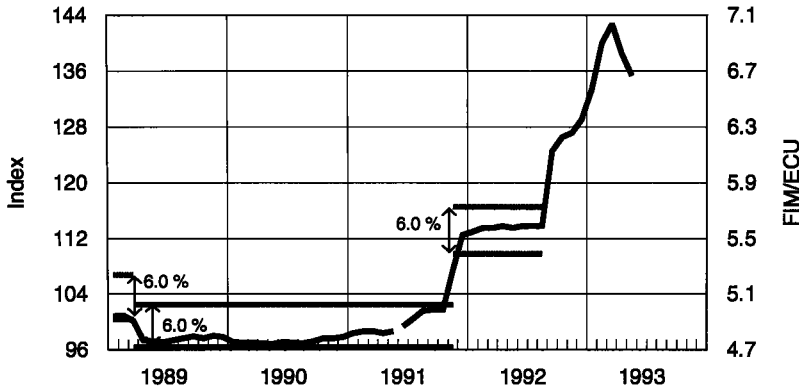
1. 3-month HELIBOR *minus* 3-month DEM eurorate
2. 5-year Finnish government bond yield *minus* 5-year German government bond yield

### 10. YIELDS ON BONDS



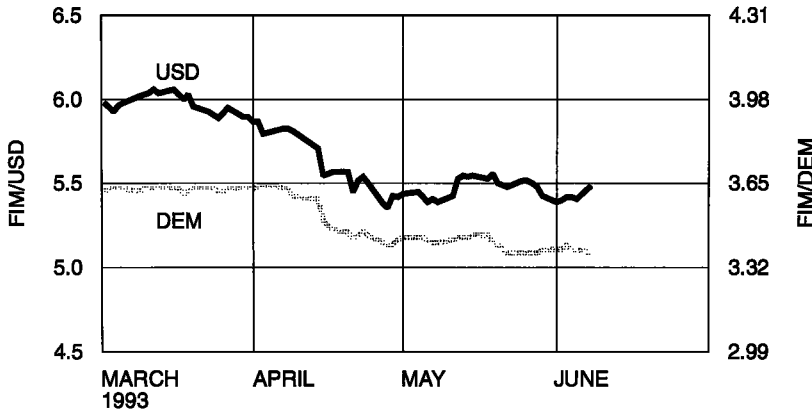
1. Bank of Finland's 5-year reference rate
2. Until April 1991, yield on (4-5 year) taxable government bonds  
Since May 1991, yield on government bond due on 15 March 1996, coupon rate 11.75 per cent
3. Yield on (4-5 year) tax-free government bonds

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



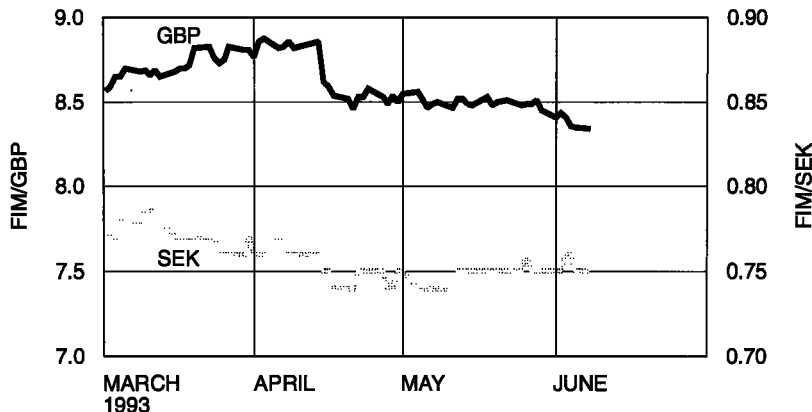
Until 7 June 1991, the Bank of Finland currency index. From 7 June 1991, the markka's exchange rate against the ECU, the fluctuation limits of which were 4.72953–5.02207 in the period 7 June – 14 November 1991, and 5.39166–5.72516 in the period 15 November 1991 – 7 September 1992. Since 8 September 1992,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

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



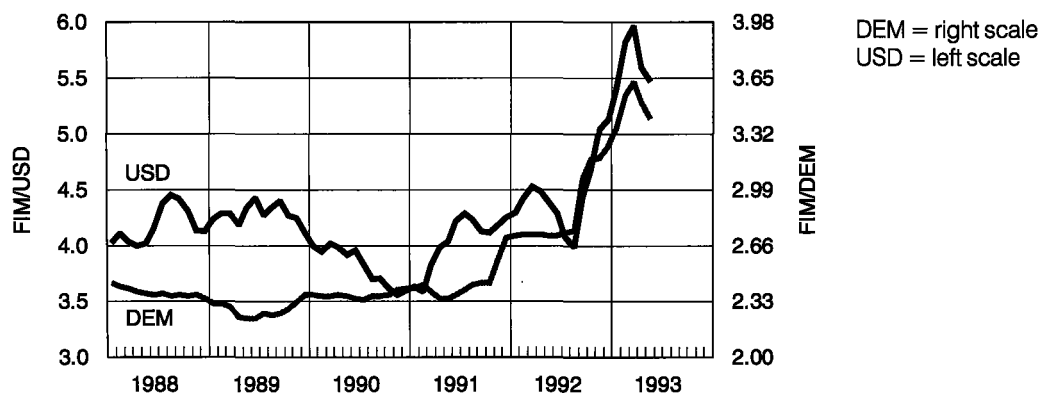
Middle rates  
DEM = right scale  
USD = left scale

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

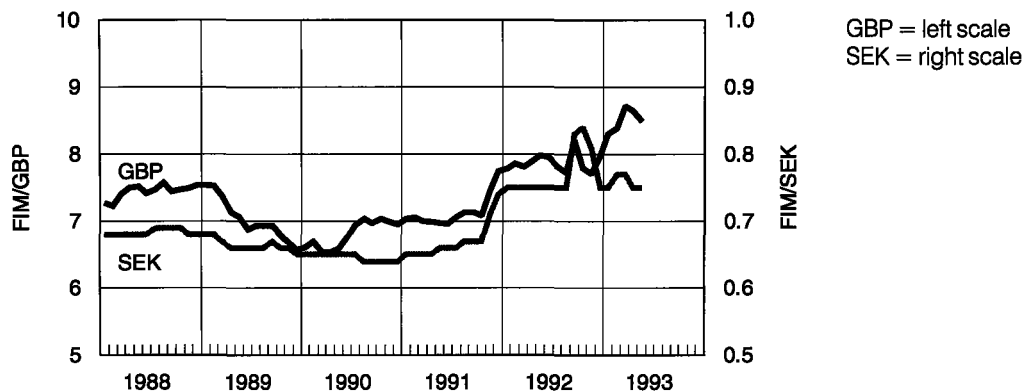


Middle rates  
GBP = left scale  
SEK = right scale

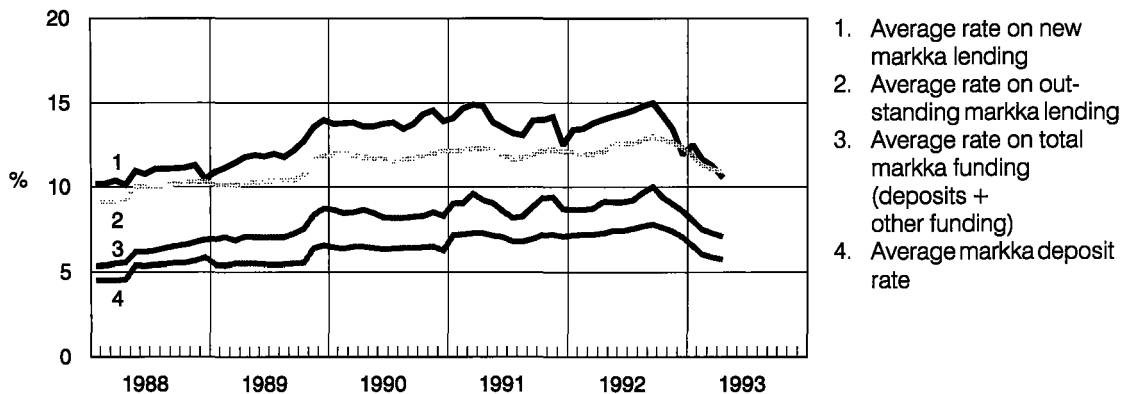
14. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE DEUTSCHMARK AND THE US DOLLAR



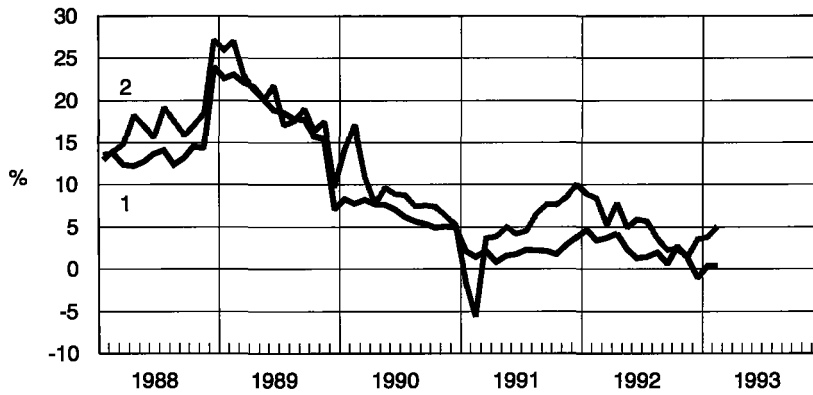
15. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE POUND STERLING AND THE SWEDISH KRONA



16. BANKS' MARKKA LENDING RATES AND MARKKA FUNDING RATES



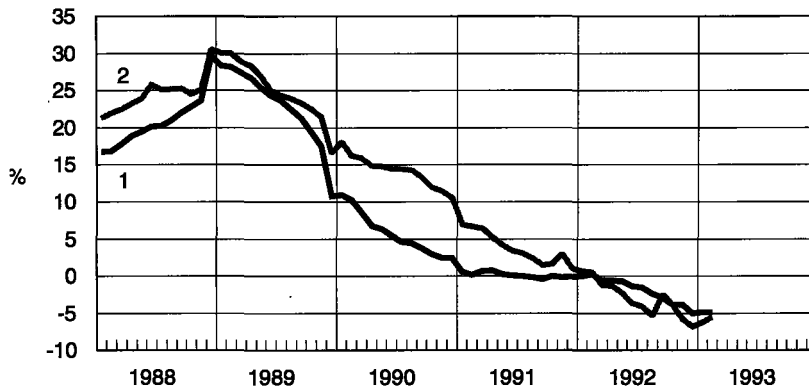
### 17. BANK FUNDING FROM THE PUBLIC



- 1. Markka deposits
- 2. Total funding

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

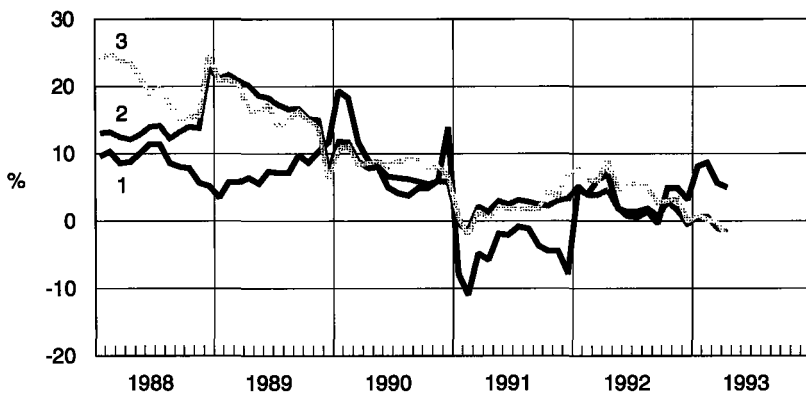
### 18. BANK LENDING TO THE PUBLIC



- 1. Markka lending
- 2. Total lending

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

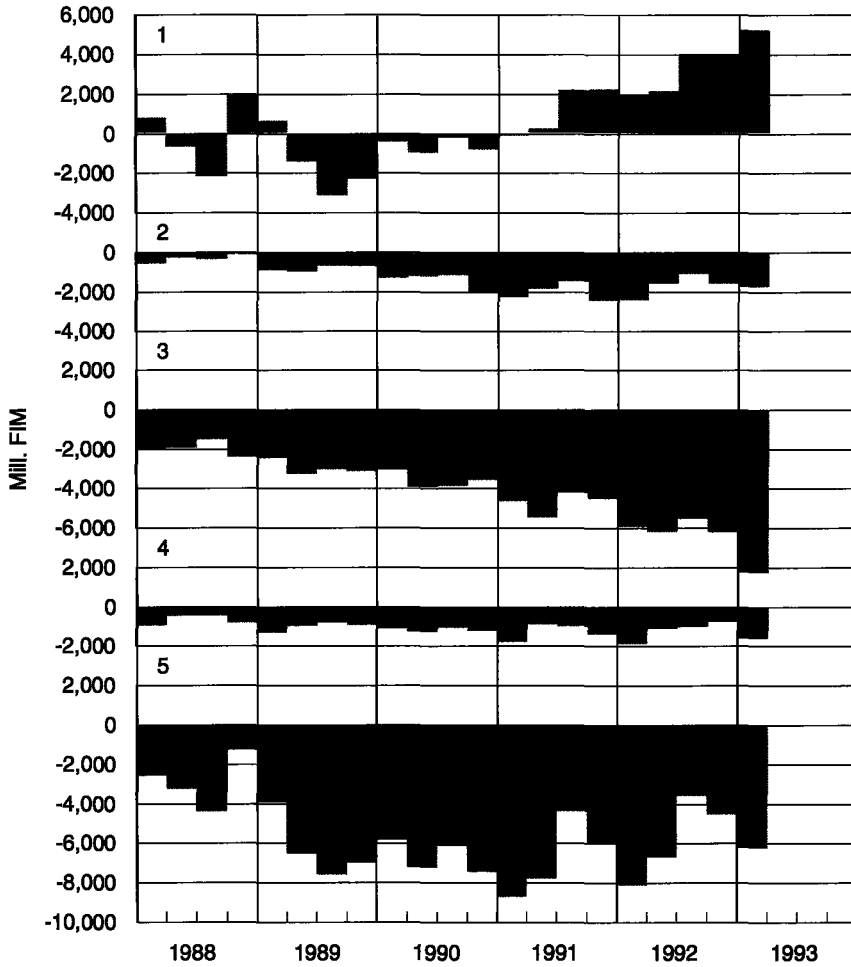
### 19. MONEY SUPPLY



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

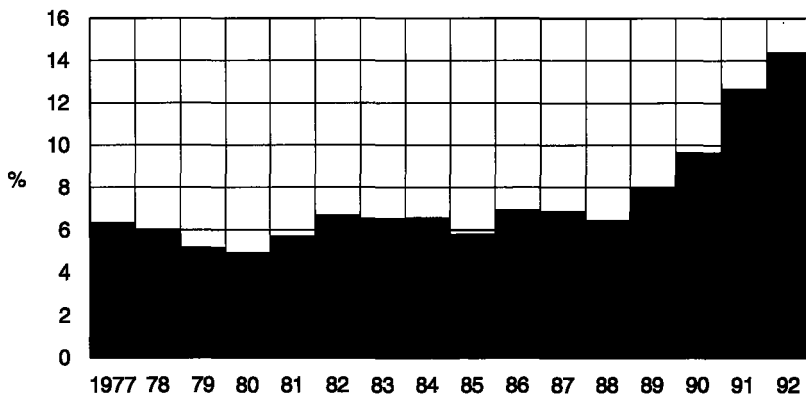
Change from the corresponding month of the previous year, per cent

20. CURRENT ACCOUNT



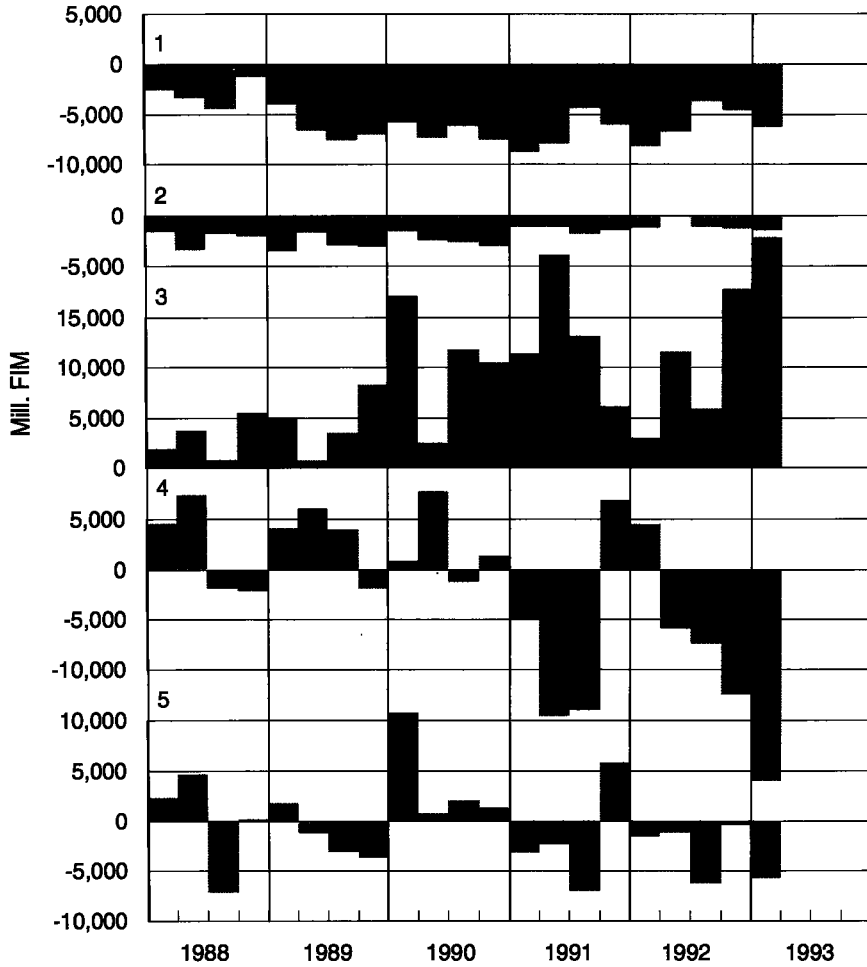
- 1. Trade account
- 2. Services account
- 3. Investment income account
- 4. Unrequited transfers account and other items, net
- 5. Current account

21. NET INTEREST AND DIVIDEND EXPENDITURE



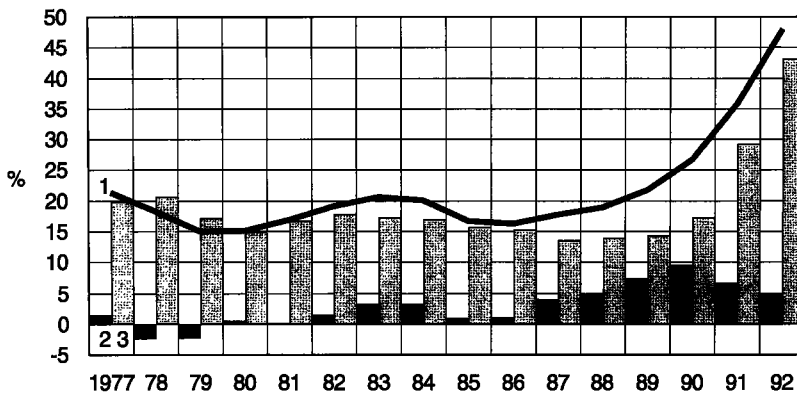
As a percentage of current account receipts

## 22. BALANCE OF PAYMENTS



1. Current account
2. Direct investment
3. Other long-term capital account
4. Short-term capital account
5. Overall balance = change in the foreign exchange reserves of the Bank of Finland

## 23. FOREIGN DEBT

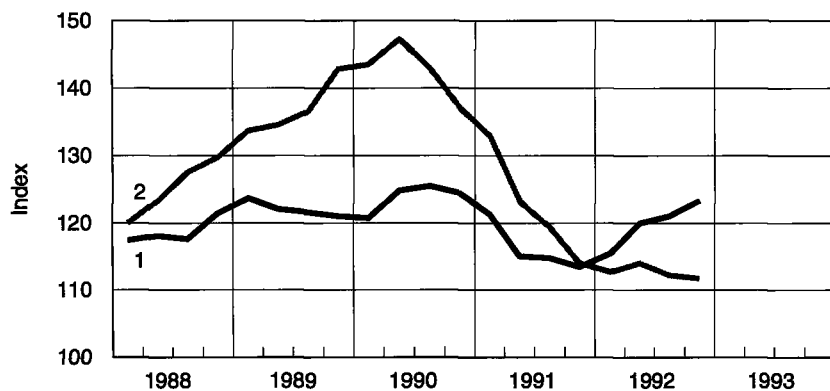


1. Total foreign net debt
2. Short-term net debt
3. Long-term net debt

As a percentage of GDP



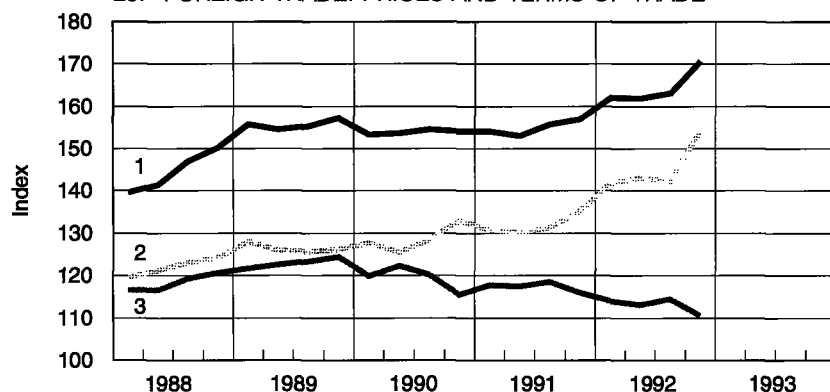
## 24. FOREIGN TRADE



1. Total exports
2. Total imports

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

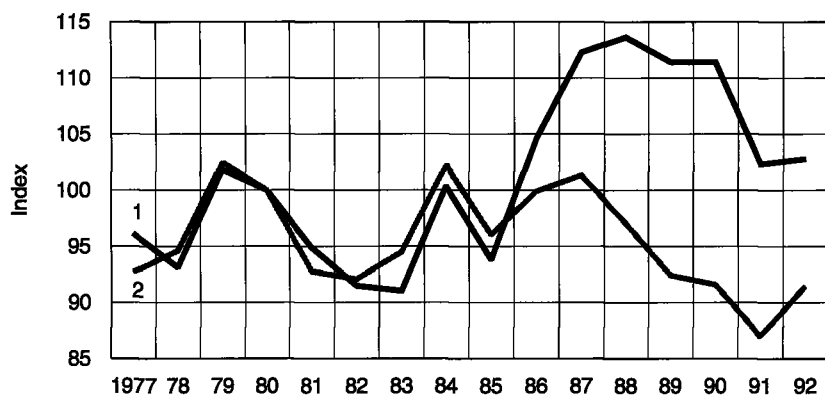
## 25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



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

1980 = 100

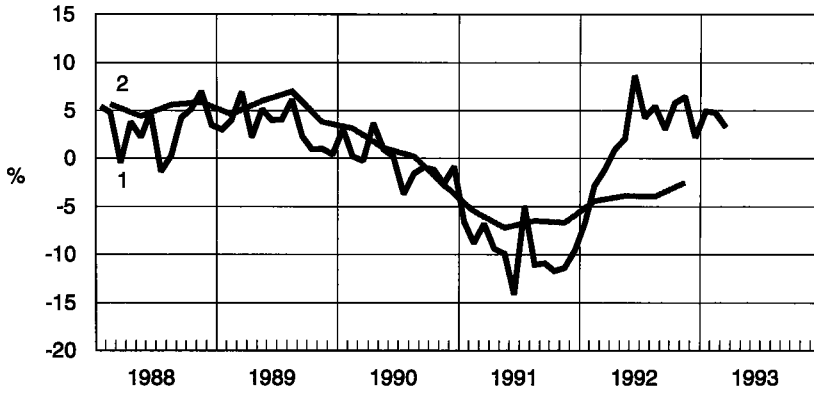
## 26. FINLAND'S EXPORT PERFORMANCE



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

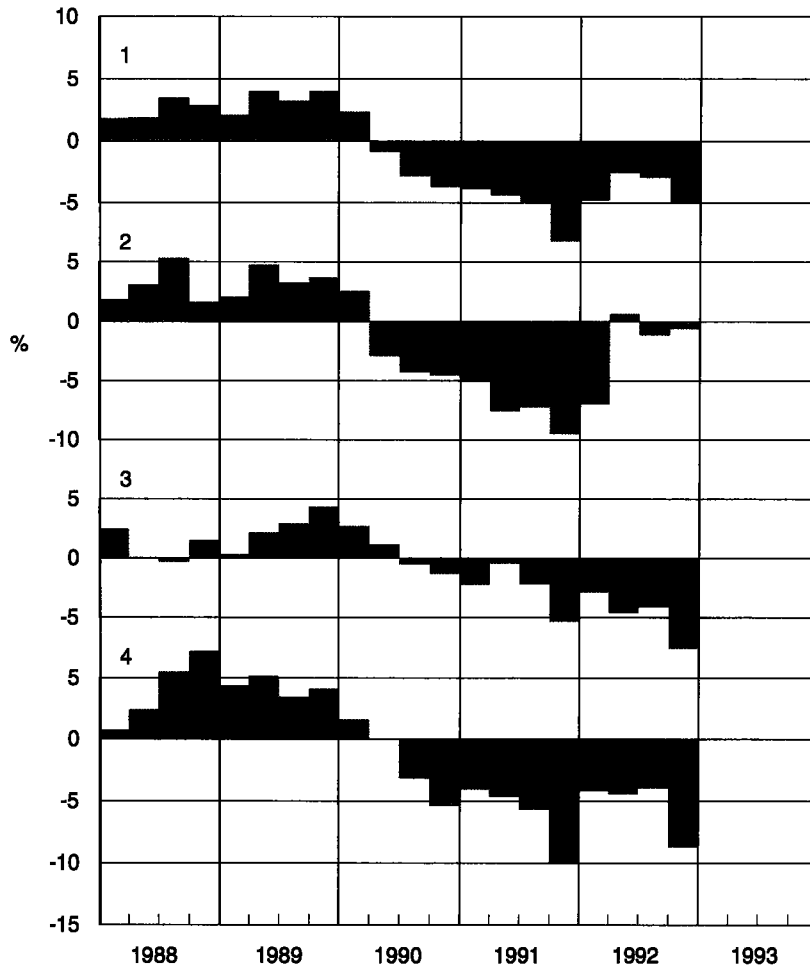
1980 = 100

### 27. PRODUCTION



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

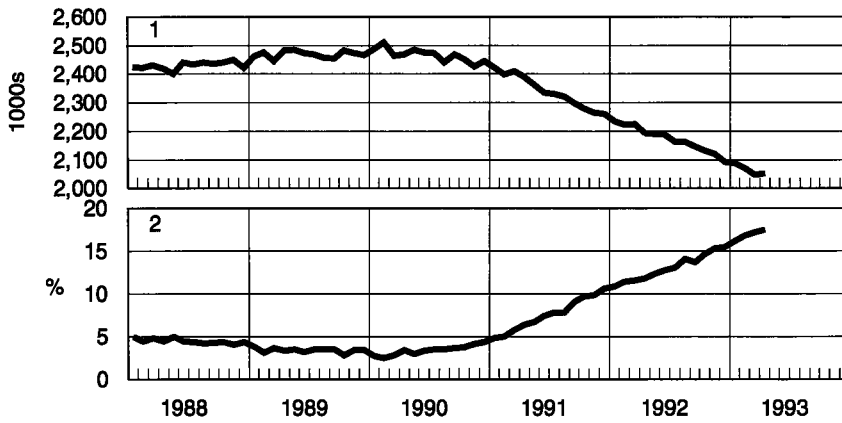
### 28. FIXED INVESTMENT



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

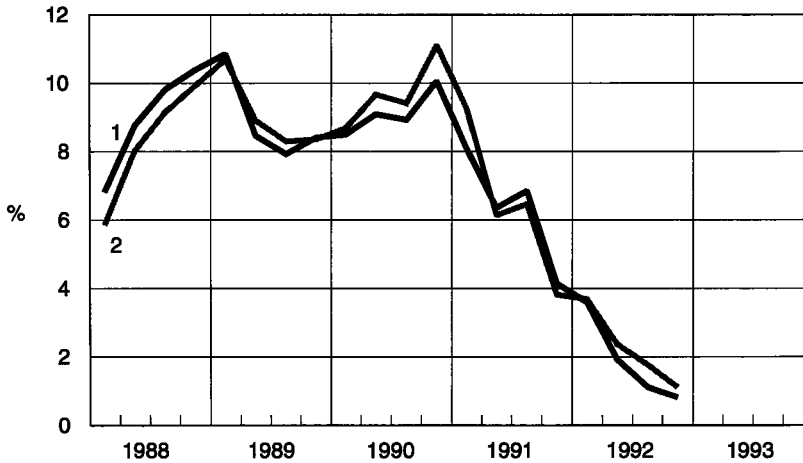
Volume changes calculated from four-quarter moving totals and plotted at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE



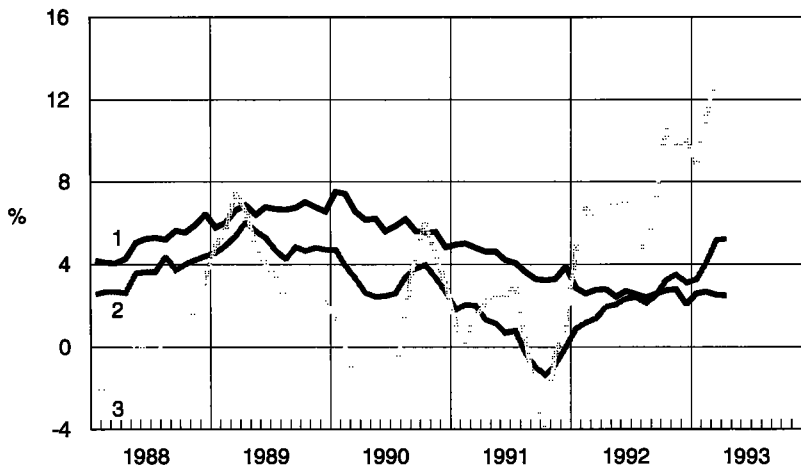
1. Employment, 1000 persons
2. Unemployment rate, per cent

30. PRICES AND WAGES



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

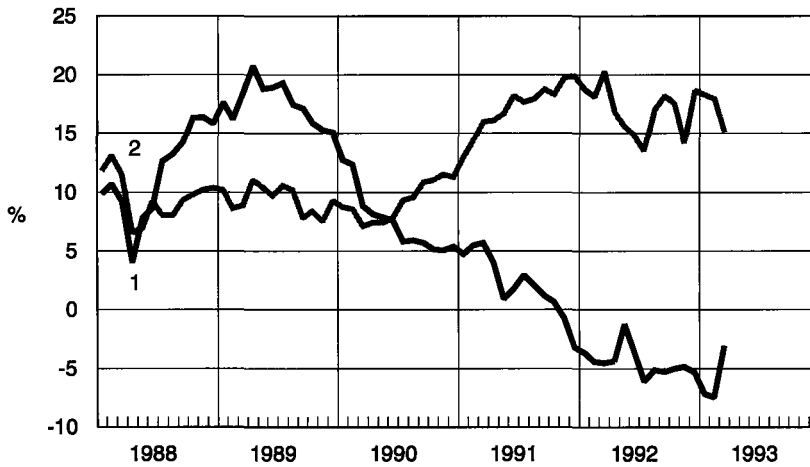
Change from the corresponding quarter of the previous year, per cent



1. Consumer price index
2. Wholesale price index
3. Import price index

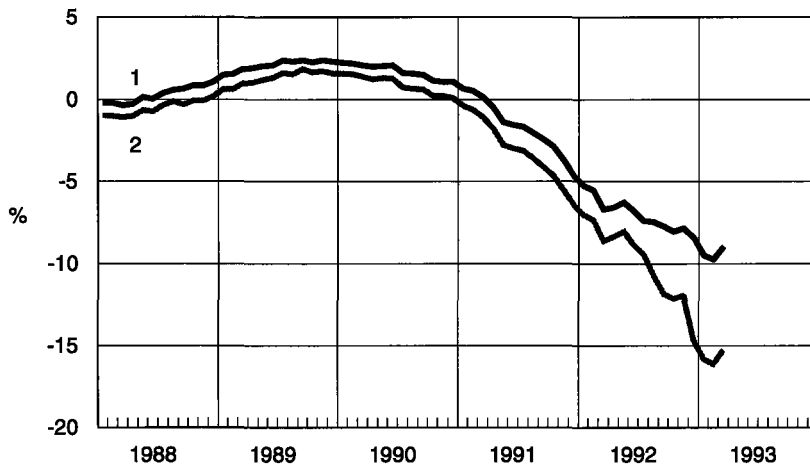
Change from the corresponding month of the previous year, per cent

### 31. CENTRAL GOVERNMENT FINANCES



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

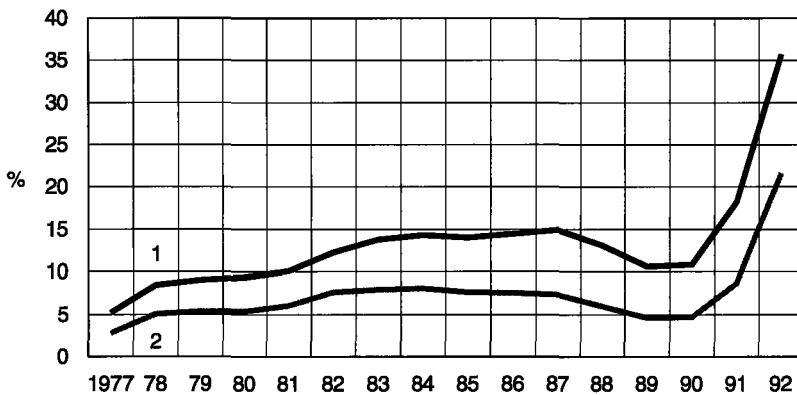
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



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

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

### 32. CENTRAL GOVERNMENT DEBT



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

As a percentage of GDP

# BANK OF FINLAND

1 June 1993

---

## THE PARLIAMENTARY SUPERVISORY BOARD

---

PENTTI MÄKI-HAKOLA, Chairman  
JUSSI RANTA, Vice Chairman  
SEPPO KÄÄRIÄINEN

ANNELI JÄÄTTEENMÄKI  
TUULIKKI HÄMÄLÄINEN

ESKO SEPPÄNEN  
MAURI MIETTINEN

JÖRN DONNER  
KALEVI MATTILA

---

## THE BOARD OF MANAGEMENT

---

SIRKKA HÄMÄLÄINEN, Chairman

HARRI HOLKERI

KALEVI SORSA

ESKO OLLILA

MATTI VANHALA

---

## DIRECTOR

---

PENTTI KOIVIKKO

---

## UNITS

---

Accounting Department OSSI LEPPÄNEN

Legal Affairs ARNO LINDGREN

Administration Department URPO LEVO,  
Building Manager BENGT PALMROOS

Market Operations Department MARKUS FOGELHOLM

Central Bank Policy Department JOHNNY ÅKERHOLM

Payments and Settlement Department RAIMO HYVÄRINEN

Data Processing Department JUHANI RAPELI  
(ad interim)

Payment Instruments Department ANTTI HEINONEN

Economics Department KARI PUUMANEN

Personnel Department ANTON MÄKELÄ,  
Project Manager ANNELI SOINI

Financial Markets Department

Publication Services ANTERO ARIMO (acting head)

KAIJU KALLIO (ad interim),  
Advisers: PETER NYBERG, RALF PAULI

Research Department HEIKKI KOSKENKYLÄ

Information ANTTI JUUSELA

Security JYRKI AHVONEN

Internal Audit Department TIMO MÄNNISTÖ

Statistical Services Department ESA OJANEN

Unit for Eastern European Economies KARI PEKONEN

---

Management Secretarial Staff HEIKKI T. HÄMÄLÄINEN,  
Secretary to the Parliamentary Supervisory  
Board and the Board of Management

---

## BRANCH OFFICES

---

Jyväskylä, Kuopio, Lahti, Oulu, Tampere, Turku, Vaasa

---

## SETEC OY

---

VELI TARVAINEN, Managing Director

---