



BULLETIN

BANK OF FINLAND

February 1997 Vol. 71 No. 2

Inflation forecasts and expectations

Central government borrowing and
cash management

Inflation forecasts and expectations

by Juhana Hukkinen and Antti Suvanto 3

Central government borrowing and cash management

by Kari Nars and Pekka Saarinen 7

Items:	Finland's balance of payments in 1996	
	Direct investment capital flows in 1996	
	Portfolio investment in Finland's	
	balance of payments in 1996	
	Publication of the Bank of Finland	12

Measures concerning monetary and foreign exchange policy and the financial markets	15
---	----

Finland in brief	16
------------------	----

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

Charts • List of charts on page	S29
---------------------------------	-----

BANK OF FINLAND BULLETIN

Publisher

Suomen Pankki – Finlands Bank

Mailing address:

P.O.Box 160,
FIN-00101 HELSINKI,
FINLAND**Editor-in-Chief**

Sirikka Hämäläinen

Editedby the Bank of Finland's
Publication and Language
Services

Phone:

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

ISSN 0784-6509

Printed by Libris Oy,
Helsinki 1997

WorldWideWeb:

<http://www.bof.fi>

Internet e-mail:

publications @bof.fi

x.400 e-mail:

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

Inflation forecasts and expectations

by **Juhana Hukkinen**, Economist
and **Antti Suvanto**, Head of Department
Economics Department
Bank of Finland

Since the Bank of Finland adopted a specific inflation target at the beginning of 1993, it has placed greater emphasis on inflation forecasting. Moreover, the Bank has become more candid about its own outlook for inflation. Inflation has declined faster than was generally anticipated. The Bank of Finland also underestimated the slowing of inflation, but its forecast error was somewhat smaller than those of other forecasters. Over the last couple years, consumer price changes in Finland have been among the smallest in the OECD countries. In an environment of low inflation, even small differences in inflation figures and forecasts tend to receive undue attention. The degree of inaccuracy in the measurement of inflation can sometimes be greater than the forecast error itself.

The inflation target

The Bank of Finland adopted its specific inflation target at the beginning of 1993, soon after the markka had been floated in autumn 1992 under the pressure of circumstances. At that time, the objective of reducing the inflation rate to 2 per cent by 1995 was announced. The inflation gauge chosen was the rate of change in the so-called indicator of underlying inflation (IUI). The IUI is derived from the consumer price index by removing the effects of housing-related capital costs, indirect taxes and subsidies.

The main reason for adopting the inflation target was that soon after the markka was floated it depreciated to a level considered unsustainable. In this situation, the Bank of Finland sought to ensure that the inevitable appreciation of the real exchange rate would be realized via nominal appreciation rather than inflation.

The markka was linked to the Exchange Rate Mechanism (ERM) of the European Monetary System in October 1996. ERM membership did not change the role of the inflation target within the Bank of Finland's monetary policy framework. Other ERM countries also aim at inflation targets that are well in accord with the Bank of Finland's policy.

Inflation forecasts

As part of the inflation targeting regime, the Bank of Finland began reporting more openly on its own inflation assessments. The Bank has already on a few

occasions published its forecast of the two-year inflation path. The first occasion was in October 1995 when the tender rate began to trend downward. Subsequently, the tender rate was lowered on several occasions, as the inflation outlook remained subdued.

Prior to setting the inflation target, the inflation rate had already slowed from 6 per cent in the early 1990s to about 3 per cent at the beginning of 1993 despite substantial depreciation of the markka (Chart 1). In spring 1993 the inflation forecasts for 1994 ranged between 3.5 and 5 per cent (Table). The forecasts, which failed to take into account the markka's substantial appreciation, signalled a moderate acceleration of inflation.

The rate of increase in consumer prices slowed to 2 per cent already in early 1994. In December 1994 the twelve-month rate of underlying inflation was 1.0 per cent and the twelve-month rate of

Chart 1.
Consumer prices



Table. Inflation forecasts

	1993		Outturn
	Previous year Spring	Autumn	
Bank of Finland	3.5	2.0	2.2
Ministry of Finance	6.1	3.5	
Research Institute of the Finnish Economy (ETLA)	2.5	2.5	
Labour Institute for Economic Research (PT)	..	..
Pellervo Economic Research Institute (PTT)	..	4.0	
	1994		
Bank of Finland	4.1	2.0	1.1
Ministry of Finance	3.5	2.5	
Research Institute of the Finnish Economy (ETLA)	4.5	3.5	
Labour Institute for Economic Research (PT)	5.0	3.0	
Pellervo Economic Research Institute (PTT)	..	..
	1995		
Bank of Finland	2.0	1.7	1.0
Ministry of Finance	2.5	2.0	
Research Institute of the Finnish Economy (ETLA)	2.5	2.0	
Labour Institute for Economic Research (PT)	2.5	..	
Pellervo Economic Research Institute (PTT)	..	2.5	
Consensus	3.0	2.5	
	1996		
Bank of Finland	3.1	2.2	0.6
Ministry of Finance	4.0	2.5	
Research Institute of the Finnish Economy (ETLA)	4.0	2.5	
Labour Institute for Economic Research (PT)	3-3.5	2-2.5	
Pellervo Economic Research Institute (PTT)	..	2.5	
Consensus	3.2	2.9	

change of the consumer price index 1.6 per cent. Forecasts made in autumn of the previous year overestimated inflation by 0.9–2.4 percentage points in respect of the whole year 1994. The Bank of Finland's forecast error was among the smallest of the forecast errors.

In autumn 1994 inflation was projected to accelerate again in 1995; consumer prices were forecasted to rise by 1.7–2.5 per cent. These forecasts had already taken into account the effects of the sizable decline in the food prices projected for 1995 as a result of Finland's entry into the European Union. The decline represented an anticipated change in the relative price of food and, therefore, could not as such be regarded as a sign of decelerating inflation.

Indeed, despite the prospective decline in food prices, inflation expectations started to rise sharply in 1994 and early 1995 in response to the econom-

ic recovery. This was clearly reflected in both survey responses and financial instrument pricing (Charts 2 and 3). Sizable nominal wage increases for 1995 agreed at union level also signalled rising inflation expectations. Wage pressures remained high in early 1995. At the same time, export prices started to rise sharply owing to a jump in world market prices of forest industry products.

Monetary policy recalibrated in light of higher inflation forecasts and accelerating inflation expectations. The tender rate was raised in three steps by 1 percentage point in total between December 1994 and June 1995. Although the rise in the tender rate was moderate, it served as a reminder of the fact that the central bank was serious about its inflation target and that the decisive factor for policy action was the prospective future (accelerating) inflation rather than the current (low) inflation.

According to various indicators, inflation expectations also faded very quickly after summer 1995. Monetary policy probably played a role in dampening inflation expectations, but at least equally important was the binding commitment of the new Government to cut government spending during its four-year term. Finally, two-year moderate pay settlement reached in autumn 1995 confirmed and at the same time reinforced the perception that inflation expectations had come down. This, together with the increased credibility of fiscal consolidation paved the way for a substantial easing of monetary policy from autumn 1995 onwards.

In autumn 1996 the rate of increase in consumer prices accelerated as anticipated because the effects of the previous year's considerable fall in food prices had disappeared. Nonetheless, the rise in prices in 1996 lagged behind the inflation rates generally forecasted in autumn of the previous year.

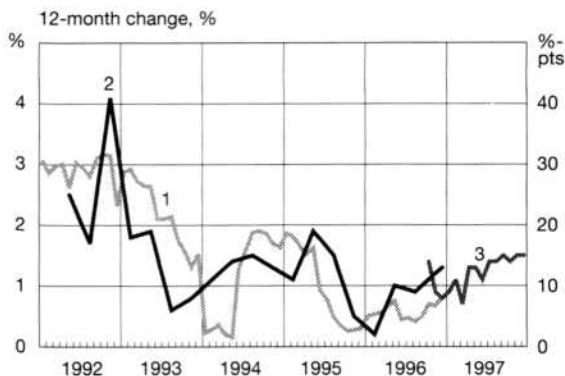
International consensus forecasts present a picture of sluggish adaptation of forecasts (Consensus forecasts published by Consensus Economics Inc.). Chart 4 show consensus forecasts of the annualized rate of change of Finnish consumer prices for 1996 and 1997. They also indicate the month of publication for each consensus forecast. For comparison, the Bank of Finland's forecasts for the rate of change in consumer prices are also given in the charts.

The charts show that in early 1995 an inflation rate of over 3 per cent was anticipated for 1996. The Bank of Finland changed its forecast after the autumn pay settlement. The inflation forecast was revised downward throughout the autumn and the early part of 1996. Consensus forecasts followed the trend with a lag.

The consensus forecast of early 1996 for Finland's inflation in 1997 was 2.5 per cent. At that time, the Bank of Finland, as well as most (publishing) Finnish forecasters, predicted a distinctly lower rate. The end-1996 forecasts for the following year had converged to the 1.5–2 per cent range.

Chart 2.

Consumer barometer CPI

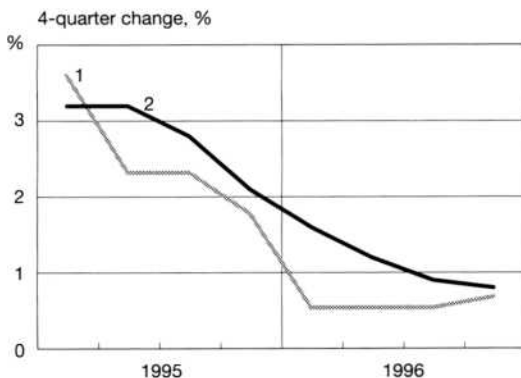


- 1. Actual (left scale)
- 2. Expected direction of change, balance (right scale)
- 3. Expected (left scale)

From late 1995 onwards, the consumer survey by Statistics Finland has reported on a monthly basis the expected rate of inflation over the following twelve months.

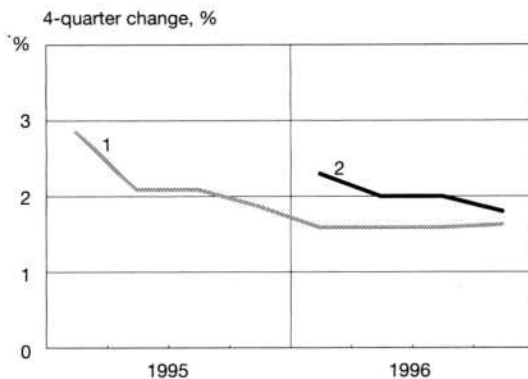
Chart 4.

Consumer price forecasts for 1996



- 1. Bank of Finland
- 2. Consensus

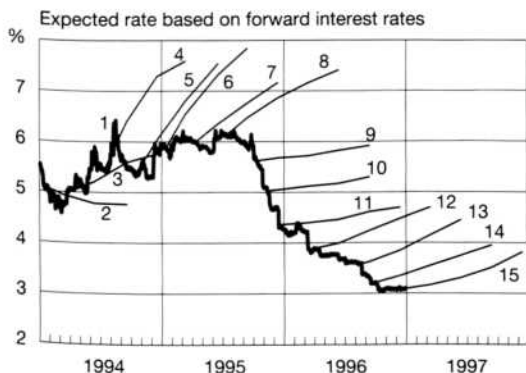
Consumer price forecasts for 1997



- 1. Bank of Finland
- 2. Consensus

Chart 3.

Actual and expected 3-month HELIBOR rate



- 1. 3-month HELIBOR
- 2. Expected rate 15.1.1994
- 3. " 15.4.1994
- 4. " 15.7.1994
- 5. " 14.10.1994
- 6. " 16.1.1995
- 7. " 13.4.1995
- 8. " 14.7.1995
- 9. " 13.10.1995
- 10. " 15.11.1995
- 11. " 20.12.1995
- 12. " 1.4.1996
- 13. " 16.8.1996
- 14. " 23.9.1996
- 15. " 31.12.1996

Factors underlying forecast errors

Upcoming inflation in Finland has been repeatedly overestimated in recent years. All forecasters have erred in the same direction, which should be adequate cause for some self-evaluation.

The Bank of Finland has undertaken an analysis of the factors behind inflation forecasting errors. Forecast errors for the years 1993–1994 were affected mainly by exchange rate assumptions. Most forecasting institutions then, as later, made the working assumption of a constant exchange rate. Their forecasts did not fully take into account the markka's rapid appreciation, which led to overestimates of import price changes. On the other hand, it appears that forecasters underestimated the severity of the recession and hence overestimated wage changes for those years.

Since 1994 the exchange rate has on average remained fairly stable and thus related assumptions are not causally connected to the forecast errors. Import price developments in 1995 and 1996 have however been somewhat more subdued than projected, which explains a small part of the forecast overshooting for those years.

Among the other factors has been the bigger-than-expected decline in food prices. Its effect was greatest in 1995. Prior to Finland's entry into the EU, the event was projected to generate a 7–8 per cent decline in food prices; the actual decline was about 10 per cent.

The rise in nominal wages in 1995 was quite substantial, given the continuing high unemployment. This was however corrected by the moderate pay settlement concluded in autumn 1995. Wage drift has during the past few years been clearly more restrained than usual. It is as yet too early to say whether this is due to slack in the labour market or to changes in labour market behaviour, ie the increased use of bonuses and flexible working hours in industry.

Finland is not the only country in which the pace of inflation deceleration has been underestimated. The deceleration has been faster than forecast in a number of countries, and it can be argued that low inflation worldwide is one of the factors which has contributed to low inflation expectations at home.

Inflation targeting and a floating exchange rate regime have probably helped the economy to adapt to the low-inflation environment. In 1993–1994 the appreciation of the markka removed a large part of potential inflationary pressures. Prior to this, foreign currency-denominated import prices had fallen markedly while the markka was depreciating. The tendency to price to market seems to have subsequently continued, although exchange rate fluctuations have been muted since 1994.

The floating exchange rate and low inflation have together enhanced competition and thereby price discipline. In a floating exchange rate environment, the importer is hesitant to pass through cost increases due to currency depreciation to sales prices, because the exchange rate changes may be only temporary and because in a low-inflation environment, price changes tend to be immediately perceived as changes in relative prices.

When inflation is very low, slight differences in inflation figures and forecasts seem large when the compared integers are small. Small forecast errors, unusual changes in individual components of the consumer price index and various types of measurement error become highly significant.

The method of calculating Finland's indicator of underlying inflation is subject to measurement problems, which derive inter alia from the definition of subsidies¹. The magnitude of this type of error for 1996 could be on the order of a half percentage point, which seems large in the context of 1 per cent inflation. In a low-inflation environment, inaccuracies in the measurement of various index-technical factors (eg quality) may be greater than the forecast error itself. These factors will be examined in Finland and elsewhere over the next few years.

14 February 1997

- Key words: inflation, inflation forecasts, forecast error, inflation expectations, monetary policy

¹ See Lehtonen M and Hukkinen J 'Different indices of consumer prices', Bank of Finland Bulletin, 1/97.

Central government borrowing and cash management

by **Kari Nars**, Director of Finance
and **Pekka Saarinen**, Budget Counsellor
Ministry of Finance

Until 1990 Finland generally adhered to cautious budgetary policies, with low deficits or even budgetary surpluses. The post-war traditionally dynamic economic growth performance of Finland generally ensured rapid growth of central government revenues, sufficient to cover mounting expenditures, particularly for large-scale infrastructure and welfare programmes. Thus, the government had little need (nor legal possibility) to borrow significant amounts in the markets or to develop large-scale wholesale government debt instruments.

In consequence, the public debt/GDP ratio (EMU basis) was still only 14.5 per cent in 1990. This was one of the lowest debt ratios in the OECD area and well below the average of the other Nordic countries.

In the early 1990s the Finnish economy experienced a severe economic shock leading to its deepest post-war recession. Finland's real GDP collapsed by 12 per cent over the period 1991–1993. This led to a major erosion of the revenue base while the effort to contain a decline in economic activity and employment precluded immediate sharp cuts in expenditures.

The ensuing massive budget deficits were financed via large increases in government borrowing, both domestic and foreign. This caused the debt/GDP ratio to surge to 60 per cent by end-1995.

However, since 1992–1993 Finnish governments have initiated unprecedented and ambitious expenditure cutting programmes, entailing budgetary savings of up to 11 per cent of GDP by 1999. Through these concerted efforts public sector deficits have been reduced from a peak of 12 per cent of GDP in 1992 to an estimated 1.4 per cent in 1997, well within the EMU criterion of 3 per cent. Annual central government net borrowing has been steadily compressed from about FIM 85 billion in 1993 to an estimated FIM 28 billion in 1997.

General financing strategy

The main objectives of central government financing strategy are to:

- adhere to prudent, risk-averse financing and debt management policies;
- actively develop domestic markets, increase domestic funding and reduce the prior dependence on foreign financing;

- follow a 'tight but right' loan pricing strategy;
- lengthen the average debt maturity and spread the refinancing risk;
- develop an active European medium-term note (EMTN) programme resulting in discrete opportunistic, low-cost financing;
- position Finland in major markets through successful benchmark loans;
- promote close investor relations through regular targeted roadshow programmes.

Besides the overriding objective of actively developing the domestic markets, an important debt management goal has been to extend the average maturity of government debt to the current five years for foreign debt (modified duration 3.6 years) and almost four years for domestic debt. The government is thus locking in historically favourable long-term borrowing rates and levelling out the refinancing risk over a long period.

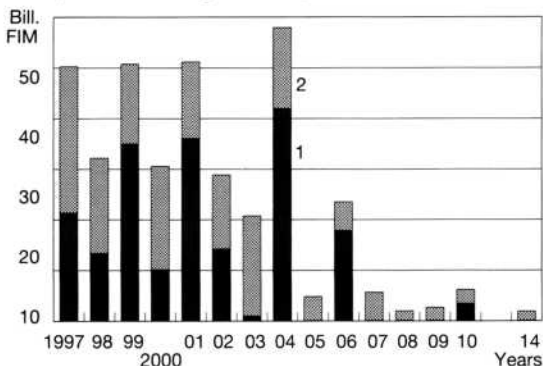
In order to avoid any snowballing rollover effect in debt servicing, the government has carefully avoided an excessively rapid expansion of its short-term domestic loan programmes. Moreover, it has refrained from assuming any foreign short-term liabilities whatsoever. For this reason, Finland has balanced its foreign debt profile over the medium and long term (Chart 1). Most of its recent international loans carry initial maturities of 8 to 30 years. Domestic tap-issue bonds have tenors of 1 to 13 years.

Foreign borrowing policies

When the government's financing needs increased sharply in the early 1990s, the limited size of the domestic markets and the then prevailing large current account deficit forced the government to finance most of the deficit in the international capital markets. Due to the insufficient absorptive capacity of the domestic capital markets, the share of foreign debt in total government debt peaked at a much higher level than in most OECD countries, 58 per cent in 1993. However, after the initial shock and in the wake of improving domestic saving-investment balance the thrust of government financing policy was focused sharply on developing the domestic capital markets. This facilitated a marked reduction of the foreign share of total debt, to 43 per cent by the end of 1996.

Chart 1.

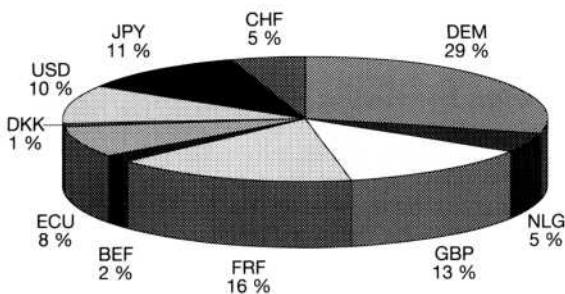
Government debt repayments, 1997-2014
(medium- and long-term debt)



1. Domestic
2. Foreign

Chart 2.

Government foreign debt by currency
End 1996, after swaps



In order to be able to cover the sudden massive financing needs of the early 1990s, the government was obliged to issue large amounts of benchmark bonds, particularly in the US dollar, yen, Deutschemark and French franc markets. In 1992 the Finnish government was the third largest borrower in the international capital markets, at the rate of USD 12.5 billion gross. Since that year the volume of foreign financing has dropped sharply. By 1996 it had fallen to only USD 3 billion gross (with practically no net foreign borrowing). By the end of 1996, the government's foreign debt was equivalent to USD 37.7 billion.

Internationally the government's borrowing policy has been to launch strategic benchmark issues which combine aggressive but sustainable pricing with significant investor demand in major market sectors. The first sovereign global US dollar deal was launched by Finland in 1992. Apart from large public issues, Finland has also completed a number of private placements, some of them under the EMTN programme. EMTN issues range from two to ten years, and the aim is to achieve rates substantially below Libor.

Currency risk, interest rate risk, liquidity risk, re-financing risk, and counterparty risk are the most significant risks that Finland's liability managers encounter. Debt management strategy is based on performance benchmarks with risk limits, which strengthen the awareness of risks and highlight the need for a systematic approach and mark-to-market measure of the liability portfolio.

Finland's foreign exchange risk is reduced by diversifying the currency composition of its liabilities in line with a benchmark portfolio. The currency composition of the government's benchmark is based on basket diversification (Chart 2). The relative weights in the benchmark are based on three elements: the export/import-weighted currency index, the ECU basket and efficient frontier analysis. Traditionally strong European currencies are the cornerstones for the debt. The Deutschemark block (including the Dutch guilder) accounts for more than 35 per cent of the portfolio. Finland allows a maximum of 25 per cent of the portfolio to be denominated in US dollars and yen.

Finland has been able to achieve a more favourable debt composition and to track the benchmark portfolio also through the active use of swaps. Of the government's foreign debt, over a third is swapped. Outstanding currency swaps at the end of 1996 totalled USD 11.8 billion and interest rate swaps USD 3.4 billion.

From time to time Finland has also bought back its own outstanding bonds from the markets, the main purposes being to even out refinancing bumps, to replace old debt with more cost-effective issues or to improve the trading performance.

Traditionally, Finland has borrowed on a fixed-rate basis. This facilitates the forecasting of debt servicing costs in the annual budget. A relatively

low proportion of Finland's foreign debt stock is floating-rate, currently some 15 per cent. With interest rates at historical lows, fixed-rate borrowing has recently been preferred. The effective cost of the government's foreign debt by end-1996 was 6.8 per cent, down from 10.7 per cent at end-1993. The total foreign debt of the government at end-1996 was equivalent to FIM 175 billion.

Finland's long-term foreign credit rating was upgraded to Aa1 by Moody's in January 1997. In December 1996 Standard & Poor's upgraded Finland to AA. The IBCA's rating for Finland is AA. In recent years, Finnish interest rate differentials have narrowed considerably (Chart 3), with smaller medium-term standard loans being priced at best at dollar Libor less 15–30 basis points. DEM 750 million in seven-year bonds was issued in February 1996 at a differential of 10 basis points over the comparable German benchmark bond, equivalent to a deep dollar sub-Libor cost.

Domestic borrowing policies

In its highly focused policy to actively develop the Finnish markka bond markets the Ministry of Finance has, in cooperation with the State Treasury and the Bank of Finland, established a well-functioning benchmark government bond market, a primary dealer system, regular bond auctions and a book-entry system for long-dated government bonds, as well as repo trading facilities. Outstanding benchmark bonds totalled FIM 125 billion (USD 27 billion) by the end of 1996.

The government utilizes three types of market-based instruments (Chart 4) in its domestic markka financing operations: Treasury bills, Yield bonds and Serial bonds.

Treasury bills are zero-interest bearer securities issued through regular auctions in book-entry form by the government. Their maturities vary between three and twelve months. The total stock of Treasury bills at the end of 1996 was about FIM 37 billion.

Yield bonds are government issues in bearer form aimed at private individuals. They are bullet-type or annually redeemed fixed-interest bonds with interest paid annually. Maturities have varied from two to eight years. The bonds are quoted on the Helsinki Stock Exchange. Yield bonds are sold in banks, post offices and the State Treasury. The outstanding stock of yield bonds at the end of 1996 was FIM 31 billion.

Serial bonds constitute the government's most important financing instrument. They are bearer instruments issued in book-entry form. The five largest issues have the status of benchmark bonds. The shortest maturity is 1999 and the longest 2010. Serial bonds are aimed primarily at institutional investors, and are bullet-type fixed-interest bonds. They usually provide investors with reasonably good liquidity, particularly the 1999, 2001, 2004 and 2006 maturities. Typical daily turnovers in serial bonds fluctuate in the range of FIM 1–3 billion. Over half the turnover represents customer trades.

Chart 3.

Republic of Finland's international risk premium

Differential between RoF and US Treasury ten-year yields

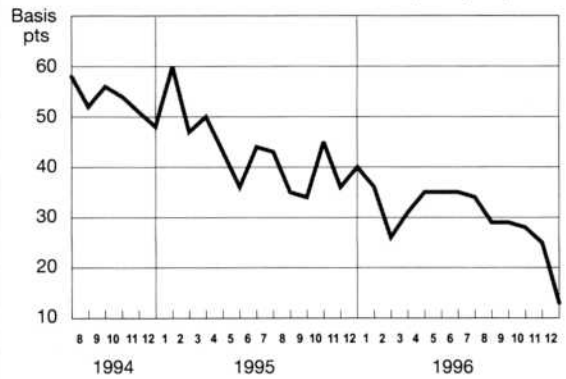
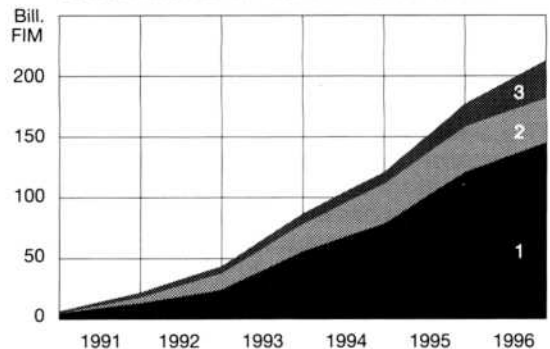


Chart 4.

Government FIM-denominated debt



1. Serial bonds, incl. housing
2. Treasury bills
3. Yield bonds

In the market for benchmark bonds, market makers are obliged to give binding two-way quotes to each other and binding bid quotes to other investors in the secondary market. Only the ten market makers (five Finnish banks and brokers, five foreign) are entitled to participate in the serial bond auctions. Even large deals can be transacted without affecting the price, since the largest outstanding stocks of individual benchmark issues are in the range of FIM 30–40 billion each. At the end of 1996 the total outstanding stock of serial bonds was FIM 131 billion.

Recent stronger interest by foreign investors in serial bonds has boosted their share to an estimated 15 per cent of the total outstanding amount. Another reflection of the growing foreign interest in Finnish bonds is that in 1996 they were included in the J.P. Morgan and Salomon Brothers international bond indices.

For domestic long-term issues, the government of Finland enjoys the highest (AAA) rating of both Standard & Poor's and (since January 1997) Moody's.

Institutional setting

The government's funding strategy is determined by the Ministry of Finance on the basis of a general loan authorization by Parliament and the Government. The practical work is handled by the Ministry's Financing Unit. Parliament's budget and loan authorization does not specify the relative shares of domestic and foreign borrowing. The Ministry itself handles all foreign financing operations and issues guidelines for domestic financing to the (subordinate) State Treasury and, in close cooperation with it, handles the domestic financing programmes. The Bank of Finland does not finance the government.

Parliament also authorizes the Council of State, and the latter in turn the Ministry of Finance, to carry out currency and interest rate swaps. The Minister of Finance approves swap transactions.

The basis for government cash management

In recent years the amount of the government's cash resources has been exceptionally large. The increase in cash resources is partly due to legal considerations and partly to budgeting practices related to balancing the central government budget. Within certain limits, government tax revenues and borrowing are entered in the budget on a cash basis. As a rule, government expenditure is estimated in the budget and entered in the final accounts on an accrual basis.

Transferable allocations are entered in the budget and government accounts as budgeted outlays, regardless of the amount actually paid out as cash expenditure during the fiscal year. Since the budgets must balance, any outstanding transferable allocations that are transferred to subsequent

fiscal years are financed on a cash basis during the year in which they are budgeted.

The government's cash includes some off-budget items. Among these are assets of government funds (eg the Fund for Development of Housing Conditions) and, due to existing tax collection procedures, certain other tax recipients (municipalities, the Social Insurance Institution and parishes).

For purposes of meeting the balanced budget requirement and enhancing the management of off-budget funds, the government's minimum cash balances as at the end of years 1993–1995 were as follows:

1993	1994	1995
Billion FIM		
31	32	29

The amount of government cash resources and the specific requirements can also be viewed from other perspectives. Fluctuations in the amount of cash have increased sharply, partly due to government indebtedness. Thus, in 1993–1995 the average monthly fluctuation in cash increased by nearly 25 per cent; the yearly fluctuation has also increased. Against this background, the fluctuations in cash were as follows:

	1993	1994	1995
Billion FIM			
Average monthly fluctuation	9.0	10.1	11.2
Range of fluctuation	36.3	36.1	33.2

Besides the normal monthly fluctuations, other reasons for the government's need to hold cash are the possibility of sudden disturbances in government borrowing due to disturbances in the capital market. The government must also obtain prior financing to cover its large individual debt servicing costs, which amounted to about FIM 150 billion in 1996 (including rollover of short-term debt).

Investing cash resources

Until early 1987 the investment of cash resources was strictly regulated by an agreement between the government and the Bank of Finland. Cash resources were invested exclusively by Postipankki. In 1987 a unit for the investment of cash resources was set up in the State Treasury under the Ministry of Finance. The unit began operating in spring 1988. Currently this unit handles nearly all government cash investments.

According to the State Budget Regulation, the Ministry of Finance is responsible for managing the investment of government cash resources. The practical operation is handled by the State Treasury and is overseen by the Ministry's Secretary of State.

The Ministry specifies the allowed investments and limits. Cash has generally been placed in certificates of deposit issued by Finnish financial institutions.

The State Treasury sets targets for the return on its cash investments, which are approved by the Ministry of Finance. The targets are expressed in relation to current market returns. Target fulfilment is monitored on a monthly basis.

The amount of cash resources and the State Treasury's share in the investments are shown in Chart 5.

Government cash management

The Ministry of Finance bases its management of cash resources and liquidity on its cash flow forecasts. The Ministry obtains estimates of daily and monthly cash inflows and outflows from government accounting offices responsible for payment flows. In 1992 the Ministry of Finance introduced an electronic cash management system, which allows the accounting offices to update the data on a real time basis. The monthly forecasts produced by the electronic cash management system are intended to ensure that cash resources are invested for sufficiently long periods so as to yield slightly higher interest returns (assuming the normal rising yield curve), while maintaining adequate liquidity. The monthly forecasts also generate preliminary estimates that are useful in setting timetables for government borrowing.

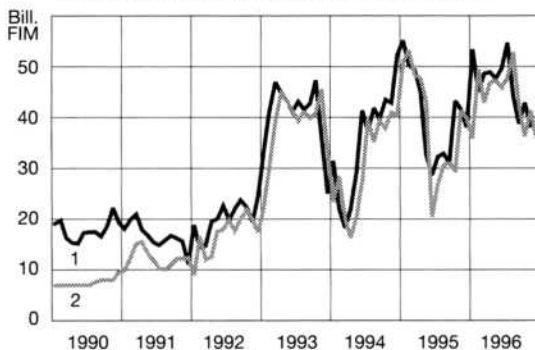
Future prospects

Finnish public borrowing is presently well under control, and annual financing requirements will continue to decline considerably in 1997 and 1998. Finland is actually one of the few EU countries whose public debt falls within the 60 per cent EMU limit. Finnish long-term domestic interest rates have fallen sharply in 1994-1996 and have recently varied between 0.3 and 0.6 percentage points above corresponding German rates.

Provided that Stage Three of EMU materializes as planned, the government's borrowing policies will be subject to major changes. It is anticipated that from 1 January 1999 all new issues of tradable government debt will be denominated in euro. Outstanding markka benchmark bonds will probably be redenominated in euro. In addition, the government's borrowing in some major non-EMU

Chart 5.

Central government cash resources



1. Total cash resources, bill. FIM
2. State Treasury holdings, bill. FIM

currencies, such as US dollars and yen, may decline.

The room for changes in the government's cash management procedures is likely to be more limited even in a Stage Three environment. However, if some relevant budgetary laws and practices can be changed, then, considering the increasingly efficient management of cash, it may be possible to lower the government's average cash requirements to some extent.

28 January 1997

- Key words: government financing, government cash management, public debt

Items

Finland's balance of payments in 1996

Current account. For 1996 the current account showed a surplus of FIM 19.2 billion. The trade balance registered a surplus of 43.6 billion or 7.7 per cent of GDP.

Merchandise trade. The value of exports grew by 5.2 per cent and the value of imports by 10 per cent.

Services. The net surplus on the services account was FIM 1.1 billion, as against a deficit of FIM 1.2 billion in 1995. The surplus on the transport account was FIM 6.0 billion. The FIM 3.2 billion deficit on the travel account reflected an increase of 0.3 billion. The other services account deficit was FIM 1.7 billion.

Investment income. Net outflows of investment income amounted to FIM 18.7 billion, which was the same as in 1995.

Current transfers and other items. Unrequited current transfers and other items showed a deficit of FIM 6.8 billion.

Capital account. The capital account, which includes unrequited capital transfers such as forgiven debts and aid from EU funds, was FIM 0.2 billion in 1996.

Financial account. Net exports of capital amounted to FIM 32.1 billion in 1996. Finnish direct investment abroad totalled FIM 16.3 billion in net terms. In the previous year, direct investment abroad had totalled FIM 7.3 billion. Foreign direct investment in Finland amounted to FIM 5.6 billion. Net capital exports in the form of portfolio investment amounted to FIM 12.2 billion in 1996. Other capital exports amounted to FIM 9.4 billion in net terms. The Bank of Finland's reserve assets decreased by FIM 14.1 billion. At the end of the year, the reserve assets amounted to FIM 36.4 billion.

Foreign direct investment in Finland amounted to 4.6 billion. Net capital exports in the form of portfolio investment amounted to 4.3 billion in 1995 against capital imports of FIM 38.3 billion in 1994. Other capital exports (incl. loans, trade credits and short-term items of banks) amounted to FIM 12.7 billion in net terms. The Bank of Finland's reserve assets decreased by FIM 1.5 billion. At the end of the year, the reserve assets amounted to FIM 48.9 billion.

Net international investment position. At the end of 1996 Finland's net international investment position showed a liability of FIM 246.2 billion, which was equivalent to 43.6 per cent of GDP. This represented an increase of FIM 14.8 billion from 1995. The increase was due to changes in share prices. The central government's share in the net liability position was FIM 183.7 billion.

Table. Finland's balance of payments in 1996

	1995	1996
	mill. FIM	
CURRENT ACCOUNT	23 331	19 234
Trade account		
(incl. adjustment items)	47 370	43 628
Services account	-1 207	1 080
Investment income	-18 800	-18 654
Current transfers and other items	-4 032	-6 819
CAPITAL ACCOUNT	281	234
FINANCIAL ACCOUNT		
Direct investment	-2 697	-10 713
Portfolio investment	-4 041	-12 231
Loans	-4 272	8 494
Trade credits	-5 055	-3 718
Other (incl. errors and omissions)	-9 026	-15 377
RESERVE ASSETS (increase -)	1 480	14 077

Direct investment capital flows in 1996

Internationalization of Finnish business firms accelerated.

In 1996 Finnish companies stepped up their international activities for the first time since the latter part of the 1980s. Their net exports of equity and loan capital to subsidiaries and associates abroad totalled FIM 15.7 billion. Capital exports amounted to FIM 9.7 billion more than in

1995; the outflow of loan capital in particular increased. In addition to financing acquisitions of foreign companies, exports of loan capital were largely related to intra-group loan arrangements, which in the early 1990s contributed notably to the outflow of direct investment capital from Finland. Capital exports of manufacturing companies amounted to FIM 9.4 billion. The major immediate host countries for Finnish direct investment abroad were Sweden (FIM 4.6 billion) and Germany (FIM 3 billion). Net dividend and interest income from foreign subsidiaries and associates amounted to FIM 3.1 billion (FIM 3.3 billion in 1995).

When the increase in the retained earnings of Finnish-owned companies in 1996, an estimated FIM 0.6 billion, is added to the net outflow of equity and loan capital, the result is a net outflow of direct investment capital of FIM 16.3 billion in the balance of payments¹ (FIM 7.3 billion in 1995). This represents about 3 per cent of GDP and about 35 per cent of companies' fixed investment in Finland.

Inflow of foreign capital to Finnish chemical companies.

In 1996 foreign companies invested equity capital in their Finnish subsidiaries and associates in the amount of FIM 4.3 billion in net terms. Since loan repayments amounted to FIM 1.3 billion, net imports of total investment capital amounted to FIM 3 billion (FIM 2 billion in 1995). FIM 2.2 billion was invested in acquisitions of chemical companies in Finland. The major immediate investor countries were the United Kingdom (FIM 2.9 billion) and Germany (FIM 1.3 billion). Dividend and interest payments to foreign investors amounted to FIM 2.6 billion in net terms (FIM 1.8 billion in 1995).

When the increase in the retained earnings of foreign companies in Finland, an estimated FIM 2.6 billion, is added to the net inflow of capital, the result is a net inflow of direct investment capital of FIM 5.6 billion in the balance of payments (FIM 4.6 billion in 1995).

Portfolio investment in Finland's balance of payments in 1996

Nonresidents' investments in Finnish securities.

In 1996 Finnish securities were sold to foreign investors to the value of FIM 325.7 billion, and their redemptions and repurchases amounted to FIM 319 billion. Hence, foreign investors invested FIM 6.7 billion in net terms in Finnish securities. In 1995 redemptions and repurchases of Finnish securities amounted to FIM 5.1 billion in net terms. At end-1996 nonresidents held FIM 353.4 billion worth of Finnish securities.

Foreign investors continued to show interest in Finnish shares throughout the year, except for December. In the course of 1996 there was a net capital inflow of FIM 8.9 billion, which exceeded the net inflow in the previous year by about FIM 200 million. At the end of 1996 the value of Finnish shares held by nonresidents stood at FIM 108.9 billion. During the year these holdings increased by FIM 45 billion, partly due to a sharp rise in share prices.

In 1996 redemptions and repurchases of foreign currency-denominated Finnish bonds amounted to FIM 10.9 billion in net terms. Bond issues aimed at foreign investors were undertaken by the central government and financial institutions. The central government raised FIM 10.6 billion in international bond markets, ie FIM 3.2 billion more than in 1995.

Secondary market transactions in markka-denominated bonds declined markedly toward the end of the year. Sales abroad of markka-denominated government bonds amounted to nearly FIM 7 billion in net terms in 1996. At the end of the year, nonresidents' holdings of Finnish markka-denominated bonds totalled FIM 26.5 billion, of which government bonds accounted for FIM 20.4 billion.

Residents' investments in foreign securities.

Investments of residents in foreign shares and bonds increased considerably in 1996. At the end of the year, residents held just over FIM 7 billion worth of foreign shares, ie double the value at end-1995. The value of foreign bonds held by residents totalled FIM 25 billion, while the corresponding value in 1995 was only FIM 9.6 billion. These investments have been made mainly by financial institutions and insurance companies.

Publication of the Bank of Finland

A new publication has appeared in the Bank of Finland economic studies' series.

Banks and the Finnish Credit Cycle 1986-1995 (E:7) by Vesa Vihriälä focuses on the role of deposit banks in the makings of the Finnish credit cycle of 1986-1995. A preliminary descriptive analysis suggests that banks' credit supply had a positive effect on credit growth in the boom period and a negative effect in the early 1990s. There are furthermore some indications that moral hazard of weak banks played a role in the expansion phase and that insufficient capital constrained lending later on, thus causing a credit crunch.

A theoretical model set up here suggests that one should examine the effects of both bank capital and costs of lending and also look at the issuance of subordinated debt as a means of testing the moral hazard and credit crunch hypotheses.

An empirical analysis of the behaviour of 483 cooperative and savings banks over the second

¹ Preliminary data on reinvested earnings in 1996 will be available in mid-August 1997.

half of the 1980s gives strong support to the moral hazard hypothesis. In particular, the aggregate credit supply of the savings banks would have been substantially less if their capital had been high enough to eliminate moral hazard incentives.

By contrast, almost no evidence of a credit crunch induced by weak bank capital is found in an analysis of 313 cooperative and savings bank in

1991 and 1992. Instead the effects of borrower creditworthiness and credit demand are underlined. Helsinki 1997. ISBN 951-686-537-2. ISSN 1238-1691.

- Keywords: credit crunch, moral hazard, capital regulation, banking crisis

Measures concerning monetary and foreign exchange policy and the financial markets

1996

FEBRUARY

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

MARCH

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

MAY

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

The Government takes over Sponda. On 23 May, the Finnish Government bought the entire share capital of Sponda Oy at a purchase price of FIM 1 232 million. The Bank of Finland originally set up Sponda Oy in 1991 to manage the real estate and equity assets transferred from Skopbank after the bank ran into severe liquidity and solvency problems.

JUNE

Currency Act amended. On 10 June, the amendments to the Currency Act enter into force. The amendments enable the joining of the markka to the EU Exchange Rate Mechanism (ERM).

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

JULY

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

AUGUST

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

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

SEPTEMBER

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

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

OCTOBER

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

Finland joins the ERM. Finland joins the EU Exchange Rate Mechanism (ERM) as of 14 October 1996.

Finland in brief

Land, climate and population

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

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

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

Form of government

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

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

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

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

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

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

International relations

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

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

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

The economy

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

In 1995, expenditure on the gross domestic product in purchasers' values amounted to FIM 546 billion and was distributed as follows: net exports 9 % (exports 38 %, imports -29 %), gross fixed capital formation 15 %, private consumption 54 % and government consumption 22 %. Finland's tax ratio (gross taxes including compulsory employment pension contributions relative to GDP) was 46.5 per cent, which is somewhat below the average for the Nordic countries.

Average annual (compounded) growth of real GDP was 4.7 % in the period 1950-59, 5.0 % in 1960-69,

3.7 % in 1970-79, 3.7 % in 1980-89 and 3.6 % in 1990-95. Finland's GDP per capita in 1995 was USD 24 500.

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

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

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

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

Finance and banking

Currency. Finland has had its own monetary system since 1865. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). From 1 November 1977 to 7 June 1991 the external value of the markka was officially expressed in terms of a trade-weighted currency index, which was permitted to fluctuate within a prescribed range (from 30 November 1988 the range was 6 percentage points). From 7 June 1991 to 7 September 1992, the markka was pegged to the European Currency Unit, the ECU. The fluctuation margins and the midpoint were set so as to correspond to the fluctuation margins and midpoint of the old currency index. The midpoint was first 4.87580 (FIM/ECU). Owing to the devaluation of the markka on 15 November 1991, the midpoint was increased to 5.55841 and the fluctuation limits to 5.39166 and 5.72516. On 8 September 1992, the fluctuation limits of the markka were abandoned and the markka was allowed to float. On 14 October 1996, the markka was joined to the Exchange Rate Mechanism (ERM) of the European Monetary System (EMS) at the central rate of 5.80661 per ECU. As from 25 November 1996 the ECU central rate is FIM 5.85424.

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

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

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

In the money market, 69 % of the instruments, which totalled approximately FIM 142 billion at end-1995, were bank certificates of deposit (including central bank paper). Other negotiable money market instruments consist of Treasury bills, commercial paper and local authority paper.

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

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

1. The balance sheet of the Bank of Finland

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

	1996		1997		
	31 Dec.	8 Jan.	15 Jan.	23 Jan.	31 Jan.
ASSETS					
Reserve assets	36 397	36 485	52 220	63 674	62 009
Gold	1 742	1 742	1 742	1 742	1 742
Special drawing rights	1 344	1 351	1 360	1 354	1 370
IMF reserve tranche	1 953	1 969	1 982	1 973	1 937
ECU-claim on the European Monetary Institute	2 541	2 548	2 544	2 535	2 528
Foreign exchange assets	28 817	28 874	44 591	56 069	54 432
Other foreign claims	3 853	3 853	3 853	3 853	3 911
Markka subscription to Finland's quota in the IMF	3 794	3 794	3 794	3 794	3 852
Share in the European Monetary Institute	59	59	59	59	59
Claims on financial institutions	13 497	14 466	13 394	13 394	16 113
Liquidity credits	—	—	—	—	—
Securities with repurchase commitments	11 626	12 595	11 558	11 558	14 277
Term credits	—	—	—	—	—
Bonds	196	196	180	180	180
Other claims on financial institutions	1 676	1 676	1 656	1 656	1 656
Claims on the public sector	1 906	1 906	1 906	1 907	1 907
Treasury bills	—	—	—	—	—
Bonds	—	—	—	—	—
Total coinage	1 906	1 906	1 906	1 907	1 907
Other claims on the public sector	—	—	—	—	—
Claims on corporations	2 266	2 265	2 265	2 265	2 265
Financing of domestic deliveries (KTR)	70	68	68	68	68
Other claims on corporations	2 197	2 197	2 197	2 197	2 197
Other assets	598	520	672	1 138	1 103
Accrued items	490	420	573	1 039	1 000
Other assets	108	99	99	99	103
Valuation account	—	—	—	—	—
Total	58 518	59 495	74 311	86 230	87 308
LIABILITIES					
Foreign liabilities	5 680	5 266	5 134	5 132	5 203
Allocations of special drawing rights	951	959	966	961	973
IMF markka accounts	3 794	3 794	3 794	3 794	3 853
Other foreign liabilities	934	513	374	376	378
Notes and coin in circulation	16 891	16 274	15 763	15 727	15 659
Notes	15 076	14 466	13 974	13 950	13 892
Coin	1 815	1 809	1 789	1 777	1 767
Certificates of deposit	15 530	15 530	20 480	48 250	47 370
Liabilities to financial institutions	8 329	10 190	20 554	4 375	6 583
Reserve deposits	6 829	8 689	19 054	2 875	5 082
Term deposits	—	—	—	—	—
Other liabilities to financial institutions	1 500	1 500	1 500	1 500	1 500
Liabilities to the public sector	—	—	—	—	—
Current accounts	—	—	—	—	—
Other liabilities to the public sector	—	—	—	—	—
Liabilities to corporations	574	532	433	408	400
Deposits for investment and ship purchase	574	532	433	408	400
Other liabilities to corporations	—	—	—	—	—
Other liabilities	220	185	177	179	164
Accrued items	193	153	153	154	125
Other liabilities	27	32	23	26	39
Valuation account	260	484	735	1 126	895
Provisions	5 270	5 270	5 270	5 270	5 270
Pension provision	1 516	1 516	1 516	1 516	1 516
Other provisions	3 754	3 754	3 754	3 754	3 754
Capital accounts	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764
Net earnings	—	—	—	—	—
Total	58 518	59 495	74 311	86 230	87 308

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

End of period	Foreign sector								Public sector		
	Gold	Special drawing rights	IMF reserve tranche	ECU-claim on the European Monetary Institute	Foreign exchange assets	Reserve assets (1+2+3+4+5)	Other claims, net	Net claims (6+7)	Claims	Liabilities	Net claims (9-10)
	1	2	3	4	5	6	7	8	9	10	11
1992	2 180	564	1 732	.	25 041	29 517	-2 998	26 519	2 446	90	2 356
1993	2 180	664	1 747	.	28 882	33 473	-1 324	32 148	1 788	784	1 004
1994	2 180	1 537	1 354	.	47 672	52 743	-1 114	51 629	1 806	93	1 713
1995	1 742	1 569	1 685	3 363	40 506	48 865	-2 082	46 783	1 882	75	1 807
1996	1 742	1 344	1 953	2 541	28 817	36 397	-1 826	34 571	1 906	-	1 906
1996											
Jan.	1 742	1 174	1 716	3 337	36 023	43 993	-1 378	42 615	1 879	132	1 747
Feb.	1 742	1 061	1 767	3 376	37 832	45 778	-1 484	44 294	1 880	54	1 826
March	1 742	1 165	1 802	3 435	35 330	43 475	-1 364	42 111	1 874	40	1 834
April	1 742	1 401	1 864	3 070	33 986	42 063	-1 481	40 582	1 873	342	1 531
May	1 742	1 474	1 953	3 002	27 814	35 985	-1 725	34 260	6 670	0	6 670
June	1 742	1 243	1 908	2 964	26 851	34 707	-2 015	32 692	6 460	0	6 460
July	1 742	1 187	1 880	2 642	26 402	33 854	-2 066	31 788	6 460	-	6 460
Aug.	1 742	1 186	1 909	2 613	27 139	34 590	-2 588	32 002	6 297	-	6 297
Sept.	1 742	1 412	1 928	2 614	27 619	35 315	-1 774	33 541	5 998	-	5 998
Oct.	1 742	1 017	1 915	2 519	29 510	36 703	-1 863	34 840	5 982	-	5 982
Nov.	1 742	1 044	1 945	2 541	29 713	36 985	-2 088	34 897	5 987	-	5 987
Dec.	1 742	1 344	1 953	2 541	28 817	36 397	-1 826	34 571	1 906	-	1 906
1997											
Jan.	1 742	1 370	1 937	2 528	54 432	62 009	-1 292	60 717	1 907	-	1 907

End of period	Domestic financial sector				Corporate sector			Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	Term claims on deposit banks, net	Reserve deposits of deposit banks ¹	Other claims on financial institutions, net	Net claims (12+13+14)	Claims in the form of special financing	Special deposits and other items, net	Net claims (16+17)		
	12	13	14	15	16	17	18	19	20
1992	3 738	-13 165	4 022	-5 405	747	-2 651	-1 904	14 508	4 880
1993	7 337	-6 398	-463	476	496	720	1 216	14 994	14 837
1994	1 480	-6 526	-347	-5 392	316	1 285	1 601	14 315	35 236
1995	7 076	-15 676	655	-7 945	185	1 706	1 891	15 611	27 090
1996	11 626	-6 829	372	5 169	70	1 623	1 692	16 891	15 530
1996									
Jan.	3 182	-18 155	624	-14 349	170	1 756	1 926	14 293	16 743
Feb.	2 095	-8 092	2 046	-3 951	159	1 808	1 968	14 428	28 325
March	2 244	-6 564	598	-3 722	153	1 825	1 978	14 448	25 426
April	3 430	-8 831	304	-5 097	138	1 628	1 767	14 759	20 350
May	10 237	-8 790	527	1 974	129	1 541	1 670	14 967	20 700
June	7 887	-4 191	498	4 194	124	1 560	1 685	15 275	21 420
July	6 540	-7 203	487	-176	117	1 581	1 698	15 251	16 445
Aug.	9 988	-5 400	472	5 060	108	1 592	1 700	15 201	21 920
Sept.	10 147	-3 676	443	6 914	102	1 630	1 732	15 331	24 650
Oct.	10 683	-5 131	394	5 946	92	1 662	1 754	15 296	24 920
Nov.	7 041	-4 145	1 100	3 996	74	1 591	1 665	15 449	22 160
Dec.	11 626	-6 829	372	5 169	70	1 623	1 692	16 891	15 530
1997									
Jan.	14 277	-5 082	336	9 531	68	1 797	1 865	15 659	47 370

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

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

	Reserve requirement			Required reserves ¹ , mill. FIM	Excess reserves, mill. FIM	Total reserves, mill. FIM (4+5)	Liquidity credits, mill. FIM
	On deposits payable on demand, %	On other deposits, %	On other items, %				
	1	2	3	4	5	6	7
1993	2.0	1.5	1.0	6 398	.	.	440
1994	2.0	1.5	1.0	6 526	.	.	14
1995	I-IX 2.0	1.5	1.0	6 557	.	.	123
	X-XII 2.0	1.5	1.0	6 530	616	7 146	37
1996	2.0	1.5	1.0	6 652	440	7 092	121
1996							
Jan.	2.0	1.5	1.0	6 541	217	6 758	-
Feb.	2.0	1.5	1.0	6 681	251	6 932	50
March	2.0	1.5	1.0	6 699	240	6 939	278
April	2.0	1.5	1.0	6 672	148	6 821	153
May	2.0	1.5	1.0	6 624	105	6 730	-
June	2.0	1.5	1.0	6 689	481	7 171	-
July	2.0	1.5	1.0	6 728	139	6 868	-
Aug.	2.0	1.5	1.0	6 672	308	6 981	544
Sept.	2.0	1.5	1.0	6 636	1 634	8 270	-
Oct.	2.0	1.5	1.0	6 703	631	7 334	-
Nov.	2.0	1.5	1.0	6 596	136	6 732	233
Dec.	2.0	1.5	1.0	6 578	992	7 570	186
1997							
Jan.	2.0	1.5	1.0	6 560	423	6 983	-

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

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

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Money market transactions, net (1-2-3)
	1	2	3	4
1992	76 230	137 940	-60 417	-1 293
1993	86 521	146 899	-50 486	-9 892
1994	35 540	351 820	-295 165	-21 115
1995	50 435	434 810	-393 930	9 555
1996	94 080	250 980	-190 562	33 662
1996				
Jan.	3 250	26 000	-22 850	100
Feb.	2 100	27 420	-24 080	-1 240
March	2 280	24 350	-21 300	-770
April	3 500	16 320	-26 040	13 220
May	10 500	20 060	-12 880	3 320
June	7 900	14 020	-2 390	-3 730
July	6 700	16 450	-13 510	3 760
Aug.	14 800	21 920	-9 892	2 772
Sept.	11 900	24 650	-15 530	2 780
Oct.	10 600	24 920	-12 030	-2 290
Nov.	7 900	19 340	-23 630	12 190
Dec.	12 650	15 530	-6 430	3 550
1997				
Jan.	17 100	47 370	-2 780	-27 490

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

During period	Intervention in the foreign exchange market			Spot transactions related to forward contracts, net	Central government's foreign exchange transactions, net
	Spot purchases	Spot sales	Forward exchange intervention = change in forward exchange position		
	1	2	3	4	5
1992	20 050	-70 640	-1 650	390	45 060
1993	25 120	-45 080	7 460	-6 910	33 240
1994	20 930	-12 900	9 060	-8 930	24 660
1995	4 910	-5 470	-6 170	9 170	-10 135
1996	7 360	-7 320	-	-	-13 868
1995 Dec.	-	-820	-	-	-2 310
1996 Jan.	-	-3 970	-	-	-1 150
Feb.	-	-1 330	-	-	2 440
March	-	-440	-	-	-1 970
April	-	-1 100	-	-	-1 710
May	1 200	-	-	-	-6 230
June	240	-	-	-	-720
July	60	-	-	-	-50
Aug.	1 350	-	-	-	-658
Sept.	2 310	-	-	-	-2 210
Oct.	2 200	-	-	-	-690
Nov.	-	-480	-	-	30
Dec.	-	-	-	-	-950

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

Stock at end of period	Finnish banks' forward contracts						Non-residents' forward contracts with Finnish customers (excl. Finnish banks)			The Bank of Finland's forward contracts	
	With Finnish customers (excl. Finnish banks)			With foreign customers			Total				Net currency sales
	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net (1-2)	Currency purchases from foreign customers	Currency sales to foreign customers	Net (4-5)	Net (3+6)	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net (8-9)	Net currency sales
1	2	3	4	5	6	7	8	9	10	11	
1992	39 195	32 939	6 256	21 142	32 339	-11 197	-4 941	1 614	1 929	-315	7 133
1993	38 373	23 721	14 652	14 346	21 895	-7 548	7 104	11 632	2 173	9 459	1 939
1994	51 096	22 093	29 003	19 236	32 791	-13 555	15 448	18 372	4 780	13 592	-6 080
1995	60 280	19 095	41 185	31 837	48 906	-17 069	24 116	12 829	6 871	5 957	-
1996	53 520	21 793	31 726	44 068	72 021	-27 953	3 773	15 871	6 908	8 963	-
1995 Dec.	60 280	19 095	41 185	31 837	48 906	-17 069	24 116	12 829	6 871	5 957	-
1996 Jan.	62 881	24 416	38 465	38 155	61 008	-22 854	15 611	15 426	9 221	6 205	-
Feb.	69 329	29 225	40 105	44 599	67 131	-22 532	17 573	16 168	9 036	7 132	-
March	69 288	29 810	39 478	47 057	66 398	-19 341	20 137	15 413	8 400	7 013	-
April	65 120	29 781	35 340	42 328	63 860	-21 532	13 808	15 326	8 836	6 490	-
May	63 924	29 718	34 206	43 553	66 290	-22 737	11 469	17 851	8 327	9 525	-
June	60 709	27 714	32 995	43 406	61 302	-17 896	15 099	16 731	8 494	8 237	-
July	57 388	27 873	29 514	42 949	62 681	-19 733	9 781	16 977	8 127	8 849	-
Aug.	56 042	26 638	29 404	43 992	68 884	-24 891	4 513	17 407	7 513	9 894	-
Sept.	54 160	23 422	30 738	46 476	69 507	-23 031	7 707	18 761	7 536	11 225	-
Oct.	54 587	24 466	30 120	50 823	73 163	-22 341	7 779	18 988	6 902	12 085	-
Nov.	53 072	22 459	30 614	51 554	76 001	-24 446	6 168	18 476	7 649	10 827	-
Dec.	53 520	21 793	31 726	44 068	72 021	-27 953	3 773	15 871	6 908	8 963	-

3. Rates of interest

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

Average of daily observations	Interbank overnight rate	HELIBOR				Bank of Finland rates		
		1 month	3 months	6 months	12 months	Liquidity credit rate ¹	Excess-reserve rate ²	Base rate
	1	2	3	4	5	6	7	8
1992	13.32	13.49	13.27	13.08	12.96	14.90	7.41	9.17
1993	7.71	7.85	7.73	7.59	7.47	8.95	4.95	6.85
1994	4.38	5.11	5.35	5.78	6.33	7.11	3.11	5.27
1995	5.26	5.63	5.76	5.97	6.34	7.63	3.63	5.20
1996	3.66	3.58	3.63	3.74	3.99	5.57	1.57	4.38
1996								
Jan.	4.30	4.21	4.20	4.24	4.41	6.25	2.25	4.75
Feb.	4.05	4.27	4.28	4.33	4.58	6.25	2.25	4.50
March	3.83	3.95	4.01	4.12	4.36	5.94	1.94	4.50
April	3.91	3.77	3.82	3.95	4.21	5.75	1.75	4.50
May	4.01	3.75	3.76	3.86	4.16	5.75	1.75	4.50
June	3.38	3.67	3.72	3.84	4.11	5.67	1.67	4.50
July	3.48	3.54	3.63	3.78	4.07	5.52	1.52	4.50
Aug.	3.94	3.45	3.54	3.70	4.00	5.43	1.43	4.50
Sept.	3.16	3.19	3.28	3.43	3.67	5.19	1.19	4.25
Oct.	3.11	3.04	3.10	3.20	3.40	5.03	1.03	4.00
Nov.	3.29	3.02	3.08	3.21	3.46	5.00	1.00	4.00
Dec.	3.11	3.02	3.08	3.20	3.40	5.00	1.00	4.00
1997								
Jan.	2.68	3.02	3.07	3.16	3.34	5.00	1.00	4.00

¹ Call money credit rate until 2 July 1992.

² Call money deposit rate until 2 October 1995.

3.2 The Bank of Finland's liquidity facility

The Bank of Finland's tender rate, %	Liquidity credit: interest rate margin, %-points	Liquidity credit: maturity, days	Call money deposits: interest rate margin, %-points	Excess-reserve rate		
					1	5
1992 ¹	13.85	1992	+1.00	7	-3.00	
1993	7.87	1993	+2.00	7	-2.00	
1994	5.11	1994	+2.00	7	-2.00	
1995	5.63	1995	+2.00	7		2.25
1996	3.57	1996	+2.00	7		1.52
1996		1996				
Jan.	4.25	Jan.	+2.00	7		2.25
Feb.	4.25	Feb.	+2.00	7		2.25
March	3.94	March	+2.00	7		1.75
April	3.75	April	+2.00	7		1.75
May	3.75	May	+2.00	7		1.75
June	3.67	June	+2.00	7		1.60
July	3.52	July	+2.00	7		1.50
Aug.	3.43	Aug.	+2.00	7		1.25
Sept.	3.19	Sept.	+2.00	7		1.10
Oct.	3.03	Oct.	+2.00	7		1.00
Nov.	3.00	Nov.	+2.00	7		1.00
Dec.	3.00	Dec.	+2.00	7		1.00
1997		1997				
Jan.	3.00	Jan.	+2.00	7		1.00
13.3.1996	3.75	13.3.1996				1.75
14.6.1996	3.60	14.6.1996				1.60
5.7.1996	3.50	5.7.1996				1.50
23.8.1996	3.25	23.8.1996				1.25
18.9.1996	3.10	18.9.1996				1.10
9.10.1996	3.00	9.10.1996				1.00

¹ July-December.

3.3 Weighted Eurorates and commercial ECU interest rate, per cent

Average of daily observations	ECU	3 currencies	Commercial ECU
	1	2	3
1992	10.4	7.8	10.6
1993	8.0	5.9	8.1
1994	5.9	5.2	6.1
1995	5.9	5.2	6.0
1996	4.4	4.3	4.4
1996			
Jan.	4.8	4.5	4.9
Feb.	4.6	4.2	4.7
March	4.6	4.3	4.7
April	4.4	4.2	4.5
May	4.3	4.3	4.4
June	4.4	4.3	4.5
July	4.3	4.3	4.5
Aug.	4.3	4.2	4.4
Sept.	4.2	4.1	4.3
Oct.	4.1	4.1	4.2
Nov.	4.1	4.2	4.2
Dec.	4.1	4.3	4.2
1997			
Jan.	4.1	4.2	4.1

3.4 Rates of interest applied by banks, per cent

Average for period	Lending					Markka deposits and other markka funding						
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits ¹	36-month tax-exempt deposits ¹	Other tax-exempt deposits, max. rate of interest ¹	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markka funding
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total								
1	2	3	4	5	6	7	8	9	10	11	12	
1992	14.04	15.86	13.32	13.75	12.46	12.13	7.50	8.50	4.50	7.41	12.84	9.14
1993	9.69	13.55	9.40	9.75	10.20	9.92	3.50	4.50	2.00	4.78	8.86	6.15
1994	7.32	11.55	7.13	7.35	8.18	7.91	3.25	4.25	2.00	2.99	5.96	4.01
1995	7.85	11.33	7.30	7.46	8.04	7.75	2.75	3.75	2.00	3.13	6.29	4.08
1996	5.61	9.61	5.31	5.43	6.49	6.15	2.00	3.00	2.00	2.15	4.31	2.78
1995 Dec.	6.53	9.30	6.10	6.21	7.46	7.13	2.75	3.75	2.00	2.69	5.27	3.38
1996 Jan.	6.30	11.05	5.81	5.94	7.18	6.88	2.75	3.75	2.00	2.55	5.17	3.29
Feb.	5.79	9.32	6.04	6.08	6.99	6.70	2.50	3.50	2.00	2.44	4.98	3.15
March	5.13	10.78	5.93	5.99	6.88	6.57	2.50	3.50	2.00	2.37	4.63	3.00
April	4.83	8.19	5.71	5.75	6.77	6.43	2.50	3.50	2.00	2.32	4.71	2.99
May	5.96	9.19	5.59	5.73	6.64	6.30	2.50	3.50	2.00	2.27	4.59	2.97
June	5.31	10.66	5.35	5.44	6.55	6.20	2.50	3.50	2.00	2.23	4.10	2.79
July	6.26	9.78	5.48	5.63	6.48	6.12	2.50	3.50	2.00	2.21	4.29	2.81
Aug.	6.19	9.74	5.51	5.66	6.42	6.04	2.50	3.50	2.00	2.07	4.09	2.71
Sept.	6.24	9.95	4.92	5.06	6.23	5.87	2.00	3.00	2.00	1.93	3.92	2.52
Oct.	5.63	9.73	4.90	5.04	5.99	5.67	2.00	3.00	2.00	1.84	3.72	2.39
Nov.	5.12	9.58	4.87	4.98	5.94	5.62	2.00	3.00	2.00	1.80	3.77	2.38
Dec.	5.21	9.04	4.38	4.48	5.83	5.48	2.00	3.00	2.00	1.73	3.92	2.35

¹ End of period.

3.5 Yields on bonds and shares, per cent

Period	Bonds				Shares
	Reference rates calculated by the Bank of Finland		Taxable government bonds		Share yield
	3 years	5 years	5 years	10 years	
1	2	3	4	5	
1992	13.1	13.0	12.0	11.5 ¹	3.1
1993	8.5	8.9	8.2	8.8	1.8
1994	8.5	9.3	8.4	9.1	1.4
1995	8.2	8.9	7.9	8.8	2.6
1996	5.8	6.8	6.0	7.1	2.6
1995 Dec.	6.5	7.3	6.7	7.4	3.5
1996 Jan.	6.1	6.9	6.3	7.0	2.2
Feb.	6.4	7.3	6.9	7.7	2.1
March	6.4	7.5	6.8	7.7	3.0
April	6.1	7.2	6.5	7.5	3.0
May	6.1	7.4	6.5	7.4	2.4
June	6.0	7.2	6.3	7.2	2.4
July	5.9	6.9	6.2	7.1	2.4
Aug.	5.8	6.9	6.1	7.2	2.3
Sept.	5.4	6.5	5.6	6.9	2.8
Oct.	5.0	5.9	5.1	6.5	2.8
Nov.	5.0	5.9	5.1	6.5	2.7
Dec.	5.0	5.9	5.0	6.3	2.5

¹ November and December only.

4. Rates of exchange

4.1 Middle rates, FIM

Average of daily quotations	New York 1 USD	Montreal 1 CAD	London 1 GBP	Dublin 1 IEP	Stockholm 1 SEK	Oslo 1 NOK	Copenhagen 1 DKK	Reykjavik 1 ISK	Frankfurt am Main 1 DEM	Amsterdam 1 NLG	Brussels 1 BEF	Zurich 1 CHF
	1	2	3	4	5	6	7	8	9	10	11	12
1992	4.4835	3.706	7.875	7.636	0.7714	0.7222	0.7444	0.0778	2.8769	2.5552	0.1397	3.2000
1993	5.7189	4.434	8.582	8.371	0.7350	0.8059	0.8822	0.0846	3.4584	3.0787	0.1655	3.8706
1994	5.2184	3.824	7.982	7.799	0.6758	0.7393	0.8207	0.0745	3.2169	2.8684	0.1561	3.8179
1995	4.3658	3.181	6.891	6.999	0.6123	0.6889	0.7790	0.0674	3.0471	2.7202	0.1481	3.6941
1996	4.5905	3.367	7.164	7.345	0.6847	0.7111	0.7921	0.0689	3.0530	2.7247	0.1484	3.7211
1996												
Jan.	4.4425	3.251	6.797	7.032	0.6608	0.6923	0.7859	0.0673	3.0398	2.7145	0.1479	3.7670
Feb.	4.5520	3.309	6.991	7.200	0.6611	0.7107	0.8026	0.0687	3.1048	2.7725	0.1510	3.8076
March	4.6019	3.370	7.026	7.234	0.6836	0.7158	0.8062	0.0694	3.1140	2.7818	0.1515	3.8459
April	4.7313	3.482	7.169	7.402	0.7040	0.7285	0.8147	0.0709	3.1434	2.8109	0.1530	3.8805
May	4.7568	3.475	7.207	7.437	0.6996	0.7233	0.8038	0.0706	3.1028	2.7755	0.1509	3.7924
June	4.6713	3.420	7.204	7.398	0.6991	0.7153	0.7933	0.0695	3.0590	2.7310	0.1487	3.7172
July	4.5888	3.352	7.128	7.354	0.6909	0.7113	0.7910	0.0687	3.0495	2.7171	0.1480	3.7178
Aug.	4.4777	3.263	6.941	7.215	0.6765	0.6986	0.7816	0.0676	3.0210	2.6932	0.1466	3.7227
Sept.	4.5383	3.313	7.075	7.309	0.6834	0.7029	0.7826	0.0680	3.0145	2.6889	0.1464	3.6860
Oct.	4.5714	3.383	7.245	7.352	0.6925	0.7049	0.7803	0.0681	2.9918	2.6669	0.1452	3.6337
Nov.	4.5500	3.400	7.571	7.576	0.6869	0.7162	0.7839	0.0687	3.0106	2.6843	0.1461	3.5703
Dec.	4.6398	3.409	7.726	7.709	0.6799	0.7173	0.7809	0.0692	2.9883	2.6635	0.1450	3.4927
1997												
Jan.	4.7765	3.541	7.924	7.791	0.6764	0.7408	0.7803	0.0700	2.9754	2.6498	0.1443	3.4297

Average of daily quotations	Paris 1 FRF	Rome 1 ITL	Vienna 1 ATS	Lisbon 1 PTE	Madrid 1 ESP	Athens 1 GRD	Tallinn 1 EEK	Tokyo 1 JPY	Melbourne 1 AUD	ECU Commercial 1 XEU	SDR 1 XDR
	13	14	15	16	17	18	19	20	21	22	23
1992	0.8486	0.00364	0.4088	0.0332	0.0438	0.024	0.4060	0.03546	3.289	5.798	6.31546
1993	1.0096	0.00364	0.4916	0.0356	0.0451	0.025	0.4323	0.05168	3.885	6.685	7.98671
1994	0.9406	0.00324	0.4573	0.0314	0.0390	0.021	0.4021	0.05106	3.814	6.175	7.46629
1995	0.8748	0.00268	0.4331	0.0291	0.0350	0.0189	0.3809	0.04663	3.238	5.644	6.61879
1996	0.8978	0.00298	0.4340	0.0298	0.0363	0.0191	0.3816	0.04225	3.593	5.751	6.66357
1996											
Jan.	0.8878	0.00281	0.4323	0.0293	0.0361	0.0185	0.3800	0.04206	3.293	5.609	6.51994
Feb.	0.9028	0.00289	0.4414	0.0299	0.0368	0.0188	0.3881	0.04305	3.439	5.704	6.67427
March	0.9095	0.00294	0.4427	0.0301	0.0370	0.0190	0.3892	0.04346	3.549	5.772	6.72716
April	0.9262	0.00302	0.4470	0.0306	0.0377	0.0195	0.3929	0.04411	3.719	5.882	6.86087
May	0.9170	0.00306	0.4412	0.0302	0.0372	0.0196	0.3878	0.04474	3.790	5.844	6.87179
June	0.9026	0.00303	0.4348	0.0297	0.0363	0.0193	0.3824	0.04292	3.698	5.787	6.74035
July	0.9006	0.00301	0.4334	0.0297	0.0361	0.0193	0.3812	0.04200	3.622	5.762	6.65070
Aug.	0.8848	0.00295	0.4293	0.0294	0.0356	0.0189	0.3776	0.04153	3.506	5.683	6.52988
Sept.	0.8854	0.00299	0.4284	0.0295	0.0358	0.0190	0.3768	0.04132	3.598	5.714	6.57191
Oct.	0.8846	0.00300	0.4253	0.0296	0.0355	0.0191	0.3740	0.04071	3.620	5.731	6.58126
Nov.	0.8898	0.00301	0.4279	0.0298	0.0358	0.0191	0.3763	0.04052	3.625	5.782	6.60942
Dec.	0.8845	0.00304	0.4247	0.0296	0.0355	0.0189	0.3735	0.04075	3.702	5.767	6.67218
1997											
Jan.	0.8817	0.00305	0.4229	0.0298	0.0355	0.0190	0.3719	0.04051	3.712	5.777	6.75569

4.2 Markka value of the ECU and currency indices

Average of daily observations	Markka value of the ECU FIM/ECU	Currency indices, 1982=100	
		Trade-weighted currency index	Payments currency index
	1	2	3
1992	5.80140	116.4	115.7
1993	6.69420	132.4	136.0
1994	6.19108	123.2	125.5
1995	5.70936	111.6	111.6
1996	5.83028	115.3	115.6
1996			
Jan.	5.73809	112.7	112.9
Feb.	5.86385	115.0	115.3
March	5.89568	116.2	116.4
April	5.98143	118.3	118.8
May	5.93160	117.8	118.5
June	5.85380	116.3	116.8
July	5.82763	115.3	115.6
Aug.	5.74674	113.5	113.5
Sept.	5.76093	114.0	114.3
Oct.	5.75237	114.3	114.6
Nov.	5.81220	115.1	114.9
Dec.	5.79898	115.2	115.5
1997			
Jan.	5.80159	115.8	116.8

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

Average of daily observations	ECU	DEM	FRF	NLG	DKK	BEF	ESP	ATS	PTE	IEP	ITL
Central rate as of											
25 Nov. 1996	5.85424	3.04000	0.906422	2.69806	0.796976	0.147391	0.0357345	0.432094	0.029657	7.32960	0.00307071
	1	2	3	4	5	6	7	8	9	10	11
1995	-1.69	0.23	-3.48	0.82	-2.25	0.49	-2.02	0.24	-1.84	-4.52	..
1996	0.30	0.43	-0.95	0.99	-0.61	0.65	1.49	0.44	0.40	0.21	-3.07
1996											
Jan.	-1.18	-0.01	-2.06	0.61	-1.39	0.35	0.92	0.04	-1.16	-4.06	-8.64
Feb.	0.99	2.13	-0.40	2.76	0.71	2.43	3.07	2.16	0.69	-1.77	-5.78
March	1.53	2.43	0.34	3.10	1.15	2.79	3.50	2.46	1.46	-1.30	-4.13
April	3.01	3.40	2.19	4.18	2.23	3.81	5.44	3.45	3.20	0.98	-1.57
May	2.15	2.07	1.16	2.87	0.85	2.41	4.03	2.10	1.83	1.46	-0.50
June	0.81	0.62	-0.42	1.22	-0.47	0.90	1.46	0.62	0.16	0.94	-1.31
July	0.36	0.31	-0.64	0.71	-0.76	0.42	1.05	0.31	0.01	0.34	-2.08
Aug.	-1.03	-0.63	-2.38	-0.18	-1.93	-0.53	-0.34	-0.64	-0.79	-1.56	-3.83
Sept.	-0.79	-0.84	-2.32	-0.34	-1.80	-0.66	0.10	-0.85	-0.48	-0.28	-2.75
Oct.	-0.93	-1.58	-2.40	-1.16	-2.09	-1.46	-0.56	-1.58	-0.18	0.31	-2.35
Nov.	-0.10	-0.97	-1.84	-0.51	-1.64	-0.87	0.10	-0.98	0.43	3.36	-2.10
Dec.	-0.94	-1.70	-2.42	-1.28	-2.02	-1.63	-0.70	-1.71	-0.14	5.17	-1.16
1997											
Jan.	-0.90	-2.13	-2.73	-1.79	-2.10	-2.07	-0.78	-2.12	0.39	6.29	-0.74

5. Other domestic financing

5.1 Bank funding from the public, mill. FIM

End of period	Cheque and giro deposits	Transaction deposits	Time deposits	Other deposits	Markka deposits, total (1+2+3+4)	Foreign currency deposits	Total deposits (5+6)	Other funding	Total funding (7+8)
	1	2	3	4	5	6	7	8	9
1991	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
1992	34 832	88 526	114 771	21 218	259 347	14 626	273 973	65 557	339 530
1993	36 379	92 357	112 413	21 766	262 915	14 883	277 798	63 173	340 971
1994	41 200	99 691	108 922	19 838	269 650	12 774	282 424	44 228	326 651
1995	52 496	110 455	103 573	22 166	288 689	13 679	302 369	37 851	340 220
1995									
Oct.	47 040	104 602	105 406	21 553	278 602	12 247	290 849	64 497	355 346
Nov.	48 730	107 047	104 174	21 797	281 748	13 250	294 998	50 785	345 784
Dec.	52 496	110 455	103 573	22 166	288 689	13 679	302 369	37 851	340 220
1996									
Jan.	50 193	112 802	95 502	24 819	283 316	13 011	296 327	50 008	346 335
Feb.	51 099	114 843	92 250	23 683	281 875	14 184	296 059	38 431	334 490
March	47 991	117 400	88 821	24 714	278 925	13 951	292 876	41 906	334 782
April	49 678	118 933	85 792	24 883	279 285	14 896	294 181	43 472	337 653
May	50 828	120 374	82 945	25 001	279 148	15 399	294 547	46 802	341 349
June	51 768	123 948	77 415	27 669	280 800	13 816	294 617	43 867	338 483
July	52 124	123 834	74 292	28 971	279 221	13 735	292 955	42 524	335 479
Aug.	51 620	124 989	71 620	30 631	278 859	12 857	291 717	47 258	338 975
Sept.	53 393	124 484	67 629	31 956	277 462	13 706	291 168	53 697	344 865
Oct.	54 801	127 091	63 471	33 517	278 880	12 938	291 818	48 272	340 090

5.2 Bank lending to the public, mill. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markka lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
1991	18 037	4 712	262 859	285 609	107 714	393 323
1992	16 045	3 335	252 163	271 544	95 168	366 712
1993	14 217	2 223	248 406	264 846	66 931	331 777
1994	13 241	1 301	242 417	256 958	45 138	302 096
1995	12 348	901	235 074	248 323	32 252	280 575
1995						
Oct.	12 180	992	241 103	254 275	34 006	288 281
Nov.	12 283	943	240 332	253 558	32 926	286 484
Dec.	12 348	901	235 074	248 323	32 252	280 575
1996						
Jan.	12 013	792	234 240	247 046	32 406	279 452
Feb.	12 114	853	235 279	248 246	31 240	279 486
March	12 189	835	235 696	248 720	30 734	279 453
April	12 042	834	235 129	248 005	31 704	279 709
May	12 053	763	235 370	248 187	29 035	277 221
June	11 720	747	237 582	250 049	29 206	279 255
July	11 626	698	237 063	249 387	27 516	276 903
Aug.	11 784	685	238 001	250 471	26 540	277 011
Sept.	11 676	659	238 127	250 461	26 131	276 593
Oct.	11 429	640	238 905	250 974	25 311	276 285

5.3 Money supply, mill. FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	Monetary aggregates		
		Claims on the central government	Claims on the public	Total (2+3)		M ₁	M ₂ (1+4+5)	M ₃
	1	2	3	4	5	6	7	8
1991	-86 555	-6 516	470 852	464 336	-102 540	130 644	275 241	310 924
1992	-68 099	81	439 937	440 018	-97 909	134 829	274 011	310 733
1993	-25 989	1 848	403 742	405 589	-100 006	141 759	279 595	322 408
1994	12 844	6 092	365 712	371 804	-97 953	154 357	286 696	328 509
1995*	25 481	19 837	353 340	373 177	-94 870	175 921	303 788	329 820
1995*								
Dec.	25 481	19 837	353 340	373 177	-94 870	175 921	303 788	329 820
1996*								
Jan.	21 471	12 339	350 717	363 056	-87 920	175 684	296 607	331 664
Feb.	29 249	11 358	350 755	362 114	-96 312	178 534	295 050	326 921
March	29 809	12 658	350 873	363 531	-100 364	178 909	292 976	335 117
April	25 644	18 817	351 511	370 329	-103 109	181 799	292 864	327 546
May	24 810	19 008	349 775	368 783	-100 462	184 749	293 131	325 511
June	28 625	23 209	351 923	375 131	-108 995	189 332	294 761	328 990
July	36 492	24 318	349 162	373 481	-118 138	188 023	291 834	327 935
Aug.	34 402	25 936	349 733	375 669	-117 975	189 292	292 096	325 470
Sept.	33 218	15 243	349 521	364 764	-106 967	190 781	291 016	329 848
Oct.	31 312	17 873	349 742	367 615	-105 767	195 592	293 160	332 373
Nov.	36 768	16 834	350 532	367 366	-111 862	196 631	292 273	326 535
Dec.	..	..	..	..	..	204 834	297 291	325 473

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

End of period	Foreign currency-denominated debt			Markka-denominated debt					Total central government debt (3+8)	Out-standing lending	Cash funds
	Bonds	Other debt	Total (1+2)	Public bonds	Other long-term liabilities	Treasury notes and bills	Miscellaneous items	Total (4+5+6+7)			
	1	2	3	4	5	6	7	8	9	10	11
1992	100 244	6 143	106 387	40 578	13 555	14 762	..	68 895	175 282	61 671	19 781
1993	142 824	12 753	155 577	71 082	16 060	22 824	..	109 966	265 543	66 439	36 487
1994	160 587	15 975	176 562	93 008	17 100	33 153	..	143 261	319 823	67 658	43 012
1995	158 545	13 756	172 301	143 948	17 492	37 864	-5 609	193 695	365 996	66 855	41 878
1996	158 847	16 161	175 008	177 700	17 187	37 620	-5 354	227 425	402 433	..	..
1995											
Dec.	158 545	13 756	172 301	143 948	17 492	37 864	-5 609	193 695	365 996	66 855	41 878
1996											
Jan.	159 917	13 867	173 784	148 462	17 437	40 160	-5 670	200 389	374 173	67 194	38 351
Feb.	167 905	14 099	182 004	150 312	17 437	42 259	-5 682	204 326	386 330	67 257	53 668
March	168 150	14 304	182 454	150 650	17 909	44 939	-5 697	207 998	390 452	67 471	45 117
April	172 009	15 082	187 091	158 510	17 369	43 946	-5 298	214 724	401 815	67 576	48 628
May	162 738	14 670	177 408	163 861	17 369	46 049	-5 294	222 182	399 590	67 077	48 909
June	159 874	15 192	175 066	166 921	17 359	46 102	-5 324	225 176	400 242	66 754	48 626
July	158 676	15 699	174 375	171 787	17 220	44 668	-5 367	228 426	402 801	66 824	50 441
Aug.	156 801	15 491	172 292	177 586	17 220	45 698	-5 405	235 236	407 528	67 027	55 516
Sept.	156 467	15 694	172 161	167 234	17 219	46 627	-5 408	225 851	398 012	64 300	44 278
Oct.	157 132	15 908	173 040	172 555	17 219	40 147	-5 454	224 666	397 706	64 438	38 903
Nov.	159 449	16 292	175 741	174 696	17 198	36 909	-5 459	223 597	399 338	63 764	42 220
Dec.	158 847	16 161	175 008	177 700	17 187	37 620	-5 354	227 425	402 433	..	..

5.5 Markka bond market

A) Issues, mill. FIM

Reporting period	Corporations	Financial institutions	Central government	Local government	Others	Total (1+2+3+4+5)
	1	2	3	4	5	6
1992	6 984	15 043	12 965	2 674	4	37 671
1993	11 691	10 481	36 512	2 235	63	60 981
1994	4 053	9 899	31 553	593	-	46 099
1995	643	4 487	66 557	26	-	71 713
1996*	2 140	8 988	62 139	20	-	73 287
1995 Dec.	-	621	4 717	-	-	5 337
1996*						
Jan.	-	-	6 405	-	-	6 405
Feb.	-	339	1 899	-	-	2 238
March	-	467	2 661	-	-	3 128
April	850	212	7 887	-	-	8 949
May	540	3 090	6 351	-	-	9 980
June	-	522	3 847	20	-	4 390
July	-	-	4 876	-	-	4 876
Aug.	-	311	9 671	-	-	9 981
Sept.	-	560	5 373	-	-	5 933
Oct.	500	600	6 976	-	-	8 076
Nov.	250	1 458	2 656	-	-	4 364
Dec.	-	1 429	3 538	-	-	4 968

B) Stock, mill. FIM

Reporting period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
1	2	3	4	5	6	7	8	9	
1992	26 624	82 153	44 005	5 238	3 358	89 382	13 918	58 078	161 378
1993	32 459	73 893	73 682	6 884	2 009	119 552	10 391	58 984	188 927
1994	30 179	66 467	94 865	6 981	953	141 935	7 581	49 929	199 445
1995	26 480	55 223	145 177	5 814	357	186 799	5 034	41 218	233 051
1996*	25 245	44 656	179 419	4 362	140	219 863	2 956	31 003	253 822
1995 Dec.	26 480	55 223	145 177	5 814	357	186 799	5 034	41 218	233 051
1996*									
Jan.	26 039	53 393	149 692	5 814	357	190 594	4 521	40 180	235 295
Feb.	25 942	52 432	151 541	5 679	357	191 827	4 290	39 834	235 951
March	25 636	51 545	152 376	5 619	355	191 745	3 910	39 876	235 531
April	26 394	50 933	159 728	5 612	355	200 101	3 899	39 022	243 022
May	25 973	52 631	165 080	5 558	150	207 717	3 636	38 039	249 392
June	25 534	50 500	168 139	4 647	149	209 827	3 622	35 520	248 969
July	25 016	49 621	173 505	4 646	148	213 851	3 617	35 468	252 936
Aug.	24 756	49 370	179 304	4 638	148	219 536	3 360	35 320	258 216
Sept.	24 649	48 067	168 951	4 652	148	208 317	3 113	35 037	246 467
Oct.	25 184	46 793	174 273	4 642	145	213 851	2 974	34 212	251 037
Nov.	25 641	47 288	176 414	4 641	142	217 494	2 962	33 670	254 126
Dec.	25 245	44 656	179 419	4 362	140	219 863	2 956	31 003	253 822

C) Turnover¹, mill. FIM

During period	Interbank transactions	Transactions between banks and customers	Primary dealers' transactions in benchmark government bonds		
			Purchases from other primary dealers	Purchases from others	Sales to others
	1	2	3	4	5
1992	18 383	58 757	10 744	12 156	13 354
1993	47 803	246 104	42 945	95 647	117 489
1994	184 599	359 697	173 096	150 908	176 647
1995	147 037	436 052	133 357	190 069	215 879
1996	207 230	496 383	201 528	222 584	242 310
1996					
Jan.	22 987	59 858	22 069	26 431	29 781
Feb.	28 639	49 337	28 117	23 641	24 870
March	21 686	47 221	21 298	22 895	23 603
April	12 424	35 405	12 336	15 989	15 769
May	13 809	27 849	13 505	12 223	11 995
June	10 679	23 361	9 499	8 982	10 037
July	13 411	26 745	12 763	10 069	12 616
Aug.	13 452	50 597	12 908	22 320	22 356
Sept.	20 933	58 941	20 680	26 345	29 739
Oct.	26 602	52 158	26 298	25 293	26 064
Nov.	13 084	37 331	12 545	16 312	20 612
Dec.	9 524	27 581	9 510	12 084	14 868
1997					
Jan.	26 179	47 138	25 954	23 993	23 081

5.6 Helsinki Stock Exchange

Average of daily observations	Share prices										Turnover ¹ , mill. FIM		
	HEX index (28 Dec 1990=1000)										Shares and subscription rights	Bonds and debentures	Total
	All-share index	Banks and finance	Insurance	Trade	Construction	Forest industries	Metal and engineering	Telecommunications and electronics	Chemicals	Conglomerates			
1	2	3	4	5	6	7	8	9	10	11	12	13	
1992	772	425	467	-	-	1 123	1 206	-	-	890	10 277	15 377	25 654
1993	1 240	608	644	-	-	1 695	1 749	-	-	1 751	46 337	59 977	106 314
1994	1 847	719	802	-	-	2 284	2 675	-	-	3 068	68 671	2 147	70 818
1995	1 918	500	638	-	-	2 062	2 255	-	-	4 251	83 019	1 075	84 094
1996	2 032	460	820	-	-	2 040	2 564	-	-	5 681	101 265	541	101 806
1996													
Jan.	1 710	476	671	-	-	1 686	2 116	-	-	4 452	7 241	62	7 302
Feb.	1 810	472	735	-	-	1 796	2 267	-	-	4 798	8 238	51	8 289
March	1 851	458	776	-	-	1 951	2 330	-	-	5 051	7 758	54	7 812
April	1 867	412	747	-	-	2 040	2 399	-	-	5 188	7 940	32	7 972
May	1 995	418	754	-	-	2 095	2 622	-	-	5 532	10 860	42	10 902
June	2 019	408	787	-	-	2 079	2 616	-	-	5 627	7 681	36	7 717
July	2 002	400	779	-	-	2 174	2 588	-	-	5 815	5 885	17	5 902
Aug.	2 082	407	805	-	-	2 240	2 732	-	-	6 175	6 995	44	7 039
Sept.	2 131	401	862	-	-	2 188	2 778	-	-	6 125	7 204	49	7 253
Oct.	2 217	520	967	-	-	2 087	2 764	-	-	6 367	10 410	53	10 463
Nov.	2 317	573	977	-	-	2 017	2 744	-	-	6 442	10 676	39	10 715
Dec.	2 446	588	1 006	-	-	2 131	2 850	-	-	6 692	10 379	60	10 438
1997													
Jan.	2 674	633	1 197	1 997	1 007	2 246	2 995	1 121	836	6 633	16 271	95	16 366

¹ During period.

6. Balance of payments, foreign liabilities and assets

6.1 Current account, mill. FIM

During period	Exports of goods, fob	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account receipts (6+7+8)	Imports of goods, cif	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
1992	105 809	8 643	6 089	7 730	22 462	128 272	6 423	5 920	140 614	93 187	4 360	10 962	13 369
1993	132 550	10 430	7 079	9 379	26 888	159 438	6 137	6 506	172 080	101 559	5 646	9 237	17 008
1994	152 022	11 385	7 314	11 808	30 508	182 530	9 617	4 919	197 067	118 684	5 862	8 697	16 800
1995*	172 820	11 900	7 536	14 986	34 422	207 242	13 729	8 596	229 567	125 450	6 029	10 450	19 150
1996*	181 766	12 291	7 338	15 830	35 460	217 226	14 129	7 325	238 680	138 138	6 300	10 559	17 520
1994													
III	37 322	3 092	2 230	2 960	8 282	45 604	2 027	1 180	48 811	28 743	1 549	2 256	3 899
IV	41 832	2 728	1 700	3 360	7 788	49 620	3 025	1 260	53 905	35 716	1 563	2 291	4 721
1995*													
I	41 131	2 971	1 499	3 827	8 297	49 428	3 285	1 543	54 256	29 895	1 479	2 326	5 039
II	45 919	2 977	1 891	3 571	8 439	54 358	3 446	1 549	59 353	31 773	1 572	2 639	4 825
III	39 617	2 976	2 243	3 718	8 937	48 554	2 907	2 143	53 604	29 856	1 498	2 707	4 349
IV	46 154	2 976	1 903	3 870	8 749	54 903	4 092	3 360	62 355	33 926	1 481	2 779	4 937
1996*													
I	42 415	3 056	1 677	3 601	8 334	50 749	4 163	1 353	56 265	33 061	1 535	2 615	4 449
II	47 836	3 123	1 873	3 858	8 854	56 690	4 217	1 983	62 889	34 392	1 627	2 678	4 238
III	41 624	3 024	2 065	4 286	9 374	50 998	2 983	1 245	55 226	31 542	1 545	2 571	4 144
IV	49 891	3 089	1 724	4 085	8 897	58 788	2 766	2 744	64 299	39 145	1 593	2 696	4 689

During period	Services expenditure, total (11+12+13)	Imports of goods and services (10+14)	Investment expenditure	Transfers and other expenditure	Current account expenditure (15+16+17)	Trade account (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21+22)	Goods and services account (19+23)	Investment income, net (7-16)	Transfers and others, net (8-17)	Current account (24+25+26)=(9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1992	28 690	121 878	30 424	10 347	162 649	12 622	4 283	-4 873	-5 639	-6 228	6 394	-24 001	-4 428	-22 035
1993	31 891	133 450	34 580	10 390	178 421	30 991	4 784	-2 159	-7 629	-5 004	25 988	-28 443	-3 885	-6 340
1994	31 359	150 043	31 801	8 596	190 440	33 339	5 523	-1 382	-4 992	-851	32 487	-22 184	-3 676	6 627
1995*	35 629	161 080	32 529	12 627	206 236	47 370	5 870	-2 914	-4 164	-1 207	46 162	-18 800	-4 032	23 331
1996*	34 380	172 518	32 783	14 144	219 445	43 628	5 991	-3 221	-1 690	1 080	44 708	-18 654	-6 819	19 234
1994														
III	7 704	36 447	6 246	1 971	44 664	8 580	1 542	-26	-939	578	9 157	-4 220	-791	4 147
IV	8 575	44 291	7 399	1 984	53 673	6 117	1 166	-591	-1 361	-787	5 330	-4 375	-724	231
1995*														
I	8 844	38 739	9 295	2 825	50 858	11 235	1 492	-827	-1 212	-546	10 689	-6 009	-1 282	3 398
II	9 036	40 809	10 067	3 191	54 067	14 145	1 406	-748	-1 254	-597	13 549	-6 622	-1 641	5 286
III	8 554	38 410	6 630	3 205	48 244	9 761	1 478	-464	-631	383	10 144	-3 723	-1 061	5 360
IV	9 196	43 122	6 538	3 407	53 067	12 228	1 494	-875	-1 066	-447	11 781	-2 446	-47	9 287
1996*														
I	8 599	41 660	8 580	3 916	54 155	9 355	1 521	-938	-848	-265	9 089	-4 417	-2 563	2 110
II	8 543	42 934	10 775	3 768	57 476	13 445	1 496	-805	-380	311	13 756	-6 558	-1 785	5 413
III	8 260	39 801	6 671	2 961	49 433	10 083	1 478	-506	143	1 115	11 197	-3 689	-1 716	5 793
IV	8 979	48 123	6 757	3 500	58 380	10 747	1 496	-972	-605	-81	10 665	-3 991	-756	5 919

6.2 Capital and financial account, mill. FIM

During period	Capital account, imports of capital	Financial account											Total (2+8+12)
		Direct investment in Finland	Portfolio investment in Finland					Other investment in Finland					
			Shares	Bonds	Of which: marka-denominated bonds	Money market instruments	Financial derivatives	Total (3+4+6+7)	Trade credits	Loans	Other capital	Total (9+10+11)	
1	2	3	4	5	6	7	8	9	10	11	12	13	
1992	0	1 822	397	39 309	-5 312	-1 791	..	37 915	3 639	2	-15 725	-12 084	27 653
1993	0	4 945	12 748	30 353	3 616	-4 382	..	38 719	4 467	5 457	-29 801	-19 877	23 787
1994	0	8 240	13 400	21 977	-5 783	-2 134	59	33 302	3 107	647	-1 392	2 361	43 903
1995*	487	4 642	8 734	-17 868	-3 634	1 421	2 588	-5 126	-1 216	-6 985	8 376	176	-307
1996*	574	5 596	8 937	-4 582	6 288	808	1 501	6 664	-3 329	12 775	-1 346	8 100	20 360
1994													
III	0	2 372	5 181	16 528	783	-2 119	-474	19 116	204	-1 363	-4 571	-5 729	15 759
IV	0	-1 005	1 426	-4 562	-3 283	-1 614	20	-4 729	4 366	4 678	545	9 589	3 855
1995*													
I	0	2 625	392	150	-1 423	-1 889	146	-1 200	-2 601	-333	8 549	5 615	7 040
II	0	-1 243	3 482	-9 335	-3 501	-974	523	-6 303	865	-3 206	-2 136	-4 477	-12 023
III	0	151	2 940	-2 503	933	1 618	1 079	3 134	-1 089	-3 192	-744	-5 025	-1 740
IV	487	3 109	1 920	-6 181	358	2 666	839	-756	1 609	-254	2 707	4 063	6 416
1996*													
I	0	1 743	1 216	2 635	1 155	502	1 119	5 472	-3 502	4 632	-552	578	7 793
II	0	709	6 143	-5 152	2 554	363	754	2 108	-702	4 717	-3 119	896	3 712
III	0	2 652	374	-4 841	277	-254	-180	-4 902	-86	2 516	4 371	6 800	4 550
IV	574	492	1 204	2 777	2 303	198	-192	3 987	961	911	-2 047	-174	4 304

During period	Capital account, exports of capital	Financial account											Errors and omissions	Change in central bank's reserve assets (in-crease -)
		Direct investment abroad	Portfolio investment abroad					Other investment abroad						
			Shares	Bonds	Money market instruments	Financial derivatives	Total (16+17+18+19)	Trade credits	Loans	Other capital	Total (21+22+23)			
14	15	16	17	18	19	20	21	22	23	24	25	26	27	
1992	0	-3 372	46	321	2 748	..	3 115	3 634	3 409	7 720	14 763	14 506	-293	9 180
1993	0	8 050	873	767	1 932	..	3 571	1 923	-839	9 576	10 660	22 282	6 055	-1 219
1994	0	22 447	434	-4 294	-855	-279	-4 994	1 213	-7 460	9 762	3 516	20 968	-4 058	-25 504
1995*	206	7 339	892	3 685	-5 492	-168	-1 084	3 839	-2 712	11 750	12 877	19 132	-5 652	1 480
1996*	340	16 309	3 278	15 424	364	-172	18 895	389	4 281	15 707	20 378	55 581	1 676	14 077
1994														
III	0	4 897	-41	-1 166	422	-53	-839	-153	-251	9 532	9 127	13 186	-2 799	-3 921
IV	0	7 341	19	768	2 956	2	3 745	1 724	-2 734	-3 522	-4 532	6 555	3 600	-1 132
1995*														
I	0	2 212	-128	1 757	-2 249	-48	-668	660	-1 234	9 695	9 121	10 665	1 918	-1 691
II	104	1 490	375	104	-2 798	31	-2 288	2 379	-150	-7 809	-5 580	-6 377	-824	1 288
III	0	1 027	461	28	521	-37	973	-132	1 044	3 431	4 343	6 343	1 131	1 592
IV	102	2 610	184	1 797	-967	-115	899	933	-2 373	6 433	4 993	8 502	-7 878	291
1996*														
I	61	5 391	577	4 019	2 424	-26	6 993	-605	2 416	6 458	8 269	20 654	3 558	7 254
II	0	6 670	1 041	3 041	162	71	4 315	716	-2 064	4 830	3 483	14 468	-3 115	8 457
III	0	3 751	729	4 169	-2 457	-51	2 389	-818	1 565	1 927	2 673	8 813	-400	-1 129
IV	279	497	932	4 195	235	-165	5 197	1 097	2 364	2 491	5 952	11 646	1 633	-505

6.3 Finland's international investment position, mill. FIM

Position at end of period	Liabilities												Total liabilities (1+7+12)
	Direct investment in Finland	Portfolio investment					Total (2+3+5+6)	Other investment				Total (8+9+10+11)	
		Shares	Bonds	Of which: markka-denominated bonds	Money market instruments	Financial derivatives		Trade credits	Loans	Currency and deposits	Other		
1	2	3	4	5	6	7	8	9	10	11	12	13	
1992	19 348	5 138	211 361	14 366	19 391	..	235 889	13 305	78 330	11 881	78 804	182 320	437 557
1993	24 391	30 375	266 269	27 402	14 995	-6 103	305 536	18 206	90 825	4 025	54 188	167 243	497 170
1994	31 846	60 558	258 823	22 285	10 309	-5 179	324 511	19 852	82 649	3 430	46 566	152 498	508 855
1995*	36 894	63 746	228 676	19 638	10 099	1 545	304 066	18 540	69 249	2 568	53 557	143 914	484 874
1996*	42 536	108 932	230 147	26 497	10 689	3 634	353 401	15 100	83 373	1 733	53 745	153 952	549 889
1994													
III	33 010	56 036	272 306	26 009	11 864	-5 704	334 501	15 539	79 730	3 752	47 152	146 174	513 685
IV	31 846	60 558	258 823	22 285	10 309	-5 179	324 511	19 852	82 649	3 430	46 566	152 498	508 855
1995*													
I	34 509	53 488	254 534	21 434	7 065	-5 996	309 092	17 218	79 143	3 369	53 433	153 163	496 764
II	33 386	79 430	243 399	18 054	5 577	-6 768	321 638	18 049	75 411	2 580	51 169	147 208	502 233
III	33 665	93 020	233 054	20 230	7 262	-520	332 815	16 930	68 882	2 364	50 032	138 208	504 688
IV	36 894	63 746	228 676	19 638	10 099	1 545	304 066	18 540	69 249	2 568	53 557	143 914	484 874
1996*													
I	38 701	68 674	241 179	20 771	11 192	2 424	323 468	14 975	77 934	1 518	55 412	149 838	512 007
II	39 414	80 962	234 442	23 965	11 126	3 099	329 629	14 344	81 836	1 939	51 588	149 707	518 750
III	42 030	91 198	225 433	23 766	11 286	2 948	330 865	14 024	82 365	1 742	55 621	153 752	526 647
IV	42 536	108 932	230 147	26 497	10 689	3 634	353 401	15 100	83 373	1 733	53 745	153 952	549 889

Position at end of period	Assets											Total assets (14+19+24)	
	Direct investment abroad	Portfolio investment					Total (15+16+17+18)	Other investment					Total (20+21+22+23)
		Shares	Bonds	Money market instruments	Financial derivatives	Trade credits		Loans	Currency and deposits	Other			
14	15	16	17	18	19	20	21	22	23	24	25		
1992	44 921	469	8 697	7 917	..	17 083	21 389	35 251	12 665	78 257	147 562	209 565	
1993	53 090	1 783	10 709	11 030	447	23 968	26 256	35 981	5 799	91 127	159 162	236 221	
1994	59 451	1 984	5 109	9 115	488	16 696	25 500	24 847	8 257	109 847	168 451	244 598	
1995*	66 150	3 216	9 619	2 736	177	15 748	28 358	20 381	7 290	115 543	171 571	253 469	
1996*	82 802	7 147	25 041	3 478	-21	35 645	29 482	25 826	5 908	124 017	185 233	303 680	
1994													
III	58 314	1 991	4 319	6 087	561	12 959	24 158	28 350	7 493	115 752	175 753	247 025	
IV	59 451	1 984	5 109	9 115	488	16 696	25 500	24 847	8 257	109 847	168 451	244 598	
1995*													
I	60 274	1 751	6 557	5 835	157	14 300	25 254	22 668	6 352	118 897	173 172	247 746	
II	61 007	2 158	6 930	2 977	115	12 180	27 440	22 142	5 915	108 686	164 183	237 370	
III	61 479	2 661	6 870	3 503	200	13 233	27 092	22 978	6 397	108 057	164 524	239 236	
IV	66 150	3 216	9 619	2 736	177	15 748	28 358	20 381	7 290	115 543	171 571	253 469	
1996*													
I	74 293	3 994	14 063	5 670	169	23 896	28 205	23 594	5 435	121 308	178 542	276 731	
II	79 836	5 009	16 834	5 842	93	27 778	29 053	21 499	5 523	118 075	174 150	281 765	
III	82 040	5 845	20 610	3 176	48	29 679	28 034	22 902	6 488	119 331	176 754	288 474	
IV	82 802	7 147	25 041	3 478	-21	35 645	29 482	25 826	5 908	124 017	185 233	303 680	

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

Position at end of period	Corporate sector	Households and nonprofit institutions	Banks	Bank of Finland	Other financial institutions	Central government	Local government	Net (1+2+3+4+5+6+7)	Net interest and dividend expenditure	Net interest and dividend expenditure in relation to current account receipts, %
	1	2	3	4	5	6	7	8	9	10
1992	33 761	-3 260	82 343	-27 546	28 283	112 064	2 347	227 992	19 011	13.5
1993	54 315	-3 436	45 658	-33 279	29 737	164 892	3 062	260 949	21 897	12.7
1994	82 428	-3 503	33 800	-52 606	21 931	179 113	3 093	264 257	20 296	10.3
1995*	71 574	-2 293	18 970	-47 708	13 297	174 481	3 085	231 405	17 490	7.6
1996*	109 492	-1 142	-13 719	-35 521	912	183 737	2 451	246 209	16 654	7.0
1994										
III	77 901	-3 564	34 039	-52 998	24 992	183 115	3 175	266 659	3 748	7.7
IV	82 428	-3 503	33 800	-52 606	21 931	179 113	3 093	264 257	3 903	7.2
1995*										
I	73 872	-3 359	23 396	-53 298	19 524	185 724	3 159	249 018	5 681	10.5
II	94 745	-3 495	27 092	-50 742	18 024	175 932	3 305	264 861	6 295	10.6
III	103 212	-3 599	20 558	-47 488	17 173	172 368	3 227	265 451	3 396	6.3
IV	71 574	-2 293	18 970	-47 708	13 297	174 481	3 085	231 405	2 118	3.4
1996*										
I	74 977	-2 512	4 719	-42 679	9 483	188 118	3 169	235 276	3 922	7.0
II	83 898	-2 605	-4 356	-33 647	5 394	185 184	3 118	236 986	6 063	9.6
III	93 174	-1 114	-5 707	-34 482	1 421	182 336	2 545	238 173	3 194	5.8
IV	109 492	-1 142	-13 719	-35 521	912	183 737	2 451	246 209	3 476	5.4

7. Foreign trade

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

During period	Exports, fob	Imports, cif	Balance (1-2)
	1	2	3
1992	107 463	94 947	12 516
1993	134 114	103 165	30 949
1994	154 164	120 612	33 552
1995*	176 021	128 556	47 465
1996*	185 418	141 487	43 931
1995*			
Dec.	15 331	11 080	4 251
1996*			
Jan.	13 208	10 374	2 834
Feb.	15 168	11 561	3 607
March	15 035	12 039	2 996
April	15 654	11 836	3 818
May	16 158	11 908	4 250
June	17 020	11 561	5 459
July	13 246	10 004	3 242
Aug.	14 307	10 539	3 768
Sept.	15 067	11 912	3 155
Oct.	16 800	13 107	3 693
Nov.	18 355	12 246	6 109
Dec.	15 400	14 400	1 000

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

Period	Volume (seasonally adjusted)		Prices		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1992	102.7	84.7	103.1	108.6	95.0
1993	120.6	83.6	109.7	119.6	91.7
1994	136.6	98.0	111.4	119.3	93.3
1995*	145.7	104.6	119.2	119.2	100.0
1996*	152.4	113.3	120.2	121.1	99.3
1995*					
Dec.	144.5	102.0	123.0	118.2	104.1
1996*					
Jan.	128.9	108.7	123.2	119.1	103.4
Feb.	151.5	116.4	122.4	119.3	102.6
March	142.2	111.3	123.2	120.4	102.3
April	150.9	109.4	122.5	122.2	100.2
May	154.8	110.6	121.8	121.8	100.0
June	167.7	112.9	121.3	121.6	99.8
July	136.6	105.5	119.6	121.8	98.2
Aug.	153.2	106.4	118.2	120.9	97.8
Sept.	151.3	115.9	117.6	121.6	96.7
Oct.	161.4	118.7	118.0	122.3	96.5
Nov.	176.8	113.7	117.8	120.8	97.5
Dec.	153.2	130.8	116.7	120.8	96.6

* See Notes and explanations to the statistical section.

7.3 Foreign trade by main groups, mill. FIM

During period	Exports by industries, fob					Imports by use of goods, cif				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
	1	2	3	4	5	6	7	8	9	10
1991	6 984	29 695	10 539	29 188	16 436	42 505	9 399	13 973	21 195	672
1992	7 892	32 587	12 172	35 741	19 071	49 514	9 745	13 348	20 826	1 514
1993	10 910	37 430	14 205	48 158	23 411	54 792	10 904	15 396	21 066	1 007
1994	14 198	41 249	15 725	55 895	27 097	66 156	11 687	17 227	24 684	858
1995*	13 451	48 754	15 877	69 336	28 603	71 397	9 685	19 660	25 514	2 300
1995*										
Nov.	1 190	3 987	1 268	6 871	2 691	5 948	898	2 503	2 197	269
Dec.	918	3 666	1 245	7 256	2 246	5 660	1 011	2 118	2 012	279
1996*										
Jan.	960	3 564	1 283	4 767	2 634	5 672	694	1 462	2 219	327
Feb.	940	3 619	1 238	6 636	2 735	5 734	876	2 008	2 623	320
March	1 012	4 137	1 469	5 432	2 985	6 270	700	1 863	2 782	424
April	1 127	3 777	1 515	6 104	3 131	5 955	1 059	1 780	2 603	439
May	1 192	3 765	1 866	5 761	3 574	6 315	1 058	1 675	2 415	445
June	1 073	3 538	1 473	8 060	2 876	6 136	816	1 910	2 224	475
July	820	3 524	1 418	4 877	2 607	4 805	1 199	1 126	2 260	614
Aug.	870	3 599	1 598	5 132	3 108	5 474	900	1 397	2 296	472
Sept.	1 032	3 440	1 449	6 108	3 038	5 923	1 219	1 636	2 554	580
Oct.	1 119	3 253	1 658	6 443	4 327	6 383	1 303	1 966	2 800	655
Nov.	1 139	3 743	1 642	9 034	2 797	6 184	1 340	1 924	2 583	215

7.4 Foreign trade by regions and countries

Region and country	Exports, fob				Imports, cif			
	1995*		November 1995–October 1996*		1995*		November 1995–October 1996*	
	Mill. FIM	Percentage share	Mill. FIM	12-month change calculated from 12-month moving total	Mill. FIM	Percentage share	Mill. FIM	12-month change calculated from 12-month moving total
	1	2	3	4	5	6	7	8
European Union ¹	101 538	57.7	99 866	-1.7	76 435	59.5	82 571	7.5
Austria	1 524	0.9	1 533	-2.1	1 629	1.3	1 546	-5.7
Belgium and Luxembourg	5 196	3.0	4 649	-7.6	3 754	2.9	3 957	3.2
Denmark	5 609	3.2	5 629	0.4	4 126	3.2	4 685	11.9
France	7 989	4.5	7 592	-8.0	5 198	4.0	5 906	11.5
Germany	23 639	13.4	22 516	-4.2	19 967	15.5	20 206	-1.0
Greece	950	0.5	959	0.4	342	0.3	368	5.5
Ireland	894	0.5	1 044	22.3	1 081	0.8	1 171	10.4
Italy	5 219	3.0	4 715	-10.8	5 111	4.0	5 581	7.6
Netherlands	7 423	4.2	7 080	-7.3	4 916	3.8	4 934	-1.8
Portugal	879	0.5	830	-9.4	1 053	0.8	1 057	-2.3
Spain	4 398	2.5	3 870	-11.2	1 669	1.3	1 914	12.7
Sweden	17 985	10.2	19 635	8.3	14 874	11.6	16 302	9.8
United Kingdom	18 276	10.4	18 461	0.8	10 608	8.3	12 501	17.8
Rest of Europe	27 829	15.8	31 687	12.0	21 879	17.0	22 187	-5.0
Of which:								
Estonia	4 125	2.3	4 852	19.0	1 561	1.2	1 599	2.6
Norway	5 279	3.0	5 143	-4.3	5 357	4.2	5 390	-5.9
Poland	2 256	1.3	2 506	2.4	1 374	1.1	1 200	-21.3
Russia	8 450	4.8	10 666	27.4	9 314	7.2	9 438	-6.6
Switzerland	2 291	1.3	2 095	-12.0	2 176	1.7	2 411	9.7
Non-European industrialized countries ²	20 020	11.4	20 909	6.6	19 253	15.0	20 007	2.1
Of which:								
Australia	2 330	1.3	1 964	-17.7	931	0.7	1 122	13.8
Japan	4 509	2.6	4 868	15.9	8 170	6.4	7 317	-14.6
U.S.A.	11 683	6.6	12 708	10.1	9 268	7.2	10 662	16.9
Dynamic Asian economies ³	12 296	7.0	13 099	9.6	6 491	5.0	6 308	-9.9
Of which:								
China	2 605	1.5	2 424	-7.0	1 722	1.3	2 014	9.4
Hong Kong	2 438	1.4	2 811	21.2	714	0.6	649	-21.2
South Korea	2 272	1.3	2 693	21.3	991	0.8	756	-26.0
Other countries	14 337	8.1	14 926	22.1	4 498	3.5	5 696	15.0
TOTAL	176 021	100.0	180 487	3.9	128 556	100.0	136 769	3.8
Of which:								
Africa	2 778	1.6	2 561	-6.1	625	0.5	826	12.9
Asia	23 884	13.6	26 669	22.3	16 062	12.5	15 654	-8.4
Central and South America	4 468	2.5	3 549	-18.6	2 406	1.9	2 697	-3.9
North America	12 910	7.3	13 757	7.8	10 103	7.9	11 515	15.2
Europe	129 367	73.5	131 553	1.3	98 315	76.5	104 758	4.6
Oceania	2 615	1.5	2 408	-9.6	1 044	0.8	1 322	24.8

¹ Including exports / imports to EU unspecified by country

² Australia, Canada, Japan, New Zealand, United States

³ China, Hong Kong, Malaysia, Singapore, South Korea, Taiwan, Thailand

8. Domestic economic developments

8.1 Supply and use of resources, mill. FIM, 1990 prices (seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
1991	260 031	111 256	93 722	17 243	-2 451	479 801	110 965	111 755	479 011
1992	247 363	108 799	75 338	16 899	4 534	452 933	122 059	112 989	462 003
1993	240 177	103 028	60 638	13 890	10 221	427 954	142 459	113 842	456 571
1994	244 761	102 728	60 543	14 107	22 236	444 375	161 376	128 411	477 340
1995*	253 935	104 456	67 261	13 717	22 095	461 464	176 157	138 948	498 673
1994*									
II	60 381	25 651	14 824	3 508	5 899	110 263	39 797	31 085	118 975
III	61 226	25 613	15 391	3 513	6 740	112 483	41 224	32 906	120 801
IV	62 140	25 918	15 905	3 574	8 188	115 725	42 233	36 053	121 905
1995*									
I	62 824	25 542	16 986	3 489	4 881	113 722	44 570	34 071	124 221
II	63 719	26 182	16 684	3 420	4 371	114 376	45 036	34 497	124 915
III	63 412	26 237	17 483	3 377	6 903	117 412	42 373	35 098	124 687
IV	63 980	26 495	16 108	3 431	5 940	115 954	44 178	35 282	124 850
1996*									
I	64 858	26 080	16 572	3 602	8 084	119 196	42 535	35 937	125 794
II	64 696	26 437	16 763	3 858	5 983	117 737	44 180	35 072	126 845
III	65 166	26 519	17 972	3 911	6 530	120 098	44 100	34 728	129 470

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

Period	Total industry	Mining and quarrying	Manu- facturing	Wood and paper industries	Metal and engineering industries	Other manu- facturing	Energy and water supply
	(100.0)	(1.3)	(89.6)	(16.8)	(31.3)	(41.5)	(9.1)
	1	2	3	4	5	6	7
1991	91.2	91.3	89.9	91.5	85.6	92.6	103.6
1992	92.4	88.4	91.4	94.6	91.1	90.2	103.0
1993	97.4	86.1	96.4	104.5	99.7	90.8	107.9
1994	108.5	96.2	108.1	117.0	119.5	95.8	114.3
1995	116.6	95.7	117.5	118.0	143.8	97.4	111.1
1995							
Nov.	117.1	90.9	117.8	108.8	150.4	96.5	110.3
Dec.	117.6	81.4	118.3	102.5	153.3	96.6	114.6
1996							
Jan.	115.9	90.4	116.2	110.2	146.7	97.3	119.1
Feb.	115.8	80.8	115.7	109.0	145.7	97.2	127.3
March	118.3	83.9	118.6	110.3	148.5	98.5	120.4
April	118.0	92.7	118.3	111.7	148.1	99.2	120.1
May	119.8	81.3	120.2	111.1	151.5	99.3	124.1
June	121.6	83.7	122.2	111.7	154.1	100.8	120.0
July	120.1	59.5	120.9	115.9	149.7	101.0	118.0
Aug.	120.0	158.8	120.0	116.9	150.8	100.1	117.0
Sept.	123.8	82.9	123.9	119.9	155.8	101.0	124.2
Oct.	124.1	84.8	124.2	120.4	157.4	100.9	129.0
Nov.	125.7	83.5	126.5	124.1	160.5	101.1	118.9

8.3 Indicators of domestic supply and demand, 1990=100 (seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
1991	82.9	92.7	81.6	75.6	79.0	90.0	86.1	93.9
1992	72.7	83.2	62.5	59.1	47.1	71.7	78.1	91.1
1993	68.8	78.4	46.7	48.5	32.7	48.9	72.9	89.8
1994	73.0	79.9	42.0	45.5	35.4	39.8	84.4	93.7
1995*	76.2	82.6	39.9	39.7	52.6	36.1	85.2	97.7
1994								
IV	80.5	75.2	42.4	43.5	43.9	40.2	97.4	95.7
1995*								
Nov.	84.0	78.5	..	..	..	..	..	98.6
Dec.	84.8	77.3	..	..	..	..	..	97.9
1995*								
I	82.2	75.4	41.0	44.1	47.9	35.3	83.8	97.7
II	82.5	75.2	41.3	42.6	57.4	36.4	83.9	97.4
III	82.0	76.6	39.5	37.9	53.3	37.4	84.2	97.5
IV	83.6	77.7	37.9	34.1	51.6	35.4	88.9	98.0
1996*								
Jan.	86.5	80.0	..	..	..	..	..	98.7
Feb.	85.0	79.7	..	..	..	..	..	98.3
March	82.9	74.0	..	..	..	..	..	97.5
April	85.1	79.8	..	..	..	..	..	98.7
May	85.6	77.1	..	..	..	..	..	99.8
June	82.1	72.3	..	..	..	..	..	99.7
July	88.1	81.1	..	..	..	..	..	100.5
Aug.	87.0	74.5	..	..	..	..	..	100.5
Sept.	84.2	76.1	..	..	..	..	..	101.9
Oct.	90.4	84.0	..	..	..	..	..	103.2
Nov.	88.9	77.3	..	..	..	..	..	102.8

8.4 Wages and prices, 1990=100

Period	Index of wage and salary earnings	By sectors			Consumer price index	Indicator of underlying inflation	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private	Of which: Manufacturing (SIC 3)	Public				Domestic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1991	106.4	106.4	106.1	106.4	104.3	104.1	100.0	99.8	100.8	99.4	98.5	99.8	102.2
1992	108.4	108.1	108.3	109.0	107.4	107.1	101.4	99.5	108.5	101.6	102.7	101.1	100.4
1993	109.2	108.8	110.0	110.1	109.7	109.9	104.8	100.8	119.3	105.5	109.2	103.9	100.7
1994	111.4	111.6	115.0	111.1	110.9	111.4	106.2	102.8	118.7	107.1	110.2	105.8	102.2
1995 ¹	116.6	117.5	123.1	114.7	112.0	111.3	106.9	103.8	118.5	110.8	118.0	107.7	103.5
1995 Dec.	..	..	..	..	111.8	111.0	105.7	102.5	117.4	112.1	121.5	108.1	103.2
1995 ¹ III	116.7	117.5	123.2	114.9	112.2	111.3	106.5	103.3	118.5	111.3	119.3	107.8	103.6
IV	119.1	119.9	125.4	117.3	112.0	111.2	105.8	102.6	117.5	112.0	121.4	108.0	103.3
1996 Jan.	..	..	..	..	112.0	110.8	106.2	102.0	118.4	112.4	121.6	108.5	102.1
Feb.	..	..	..	..	112.4	111.4	106.1	102.7	118.6	112.3	120.7	108.7	101.9
March	..	..	..	..	112.5	111.6	106.0	102.2	119.7	112.0	121.3	108.0	102.0
April	..	..	..	..	112.7	111.6	106.1	102.0	121.5	111.7	120.6	107.9	102.1
May	..	..	..	..	112.9	111.7	105.9	101.7	121.0	111.4	120.0	107.7	102.4
June	..	..	..	..	112.9	111.7	105.5	101.4	120.9	110.8	119.5	107.1	102.7
July	..	..	..	..	112.8	111.5	105.5	101.2	121.0	110.2	117.8	106.9	102.8
Aug.	..	..	..	..	112.6	111.1	105.4	101.3	120.2	109.7	116.4	106.8	103.1
Sept.	..	..	..	..	112.8	111.5	105.9	101.9	120.8	109.8	115.8	107.2	103.0
Oct.	..	..	..	..	113.0	111.7	106.4	102.5	120.8	110.2	116.2	107.6	103.1
Nov.	..	..	..	..	112.7	111.5	105.9	102.3	119.3	110.0	116.0	107.4	103.3
Dec.	..	..	..	..	112.7	..	106.3	102.7	119.3	110.1	115.5	107.8	103.4
1996 ¹ I	120.3	121.1	126.7	118.3	112.3	111.3	106.1	102.3	118.9	112.2	121.2	108.4	102.0
II	120.5	121.3	127.1	118.5	112.8	111.6	105.8	101.7	121.1	111.3	120.0	107.6	102.4
III	120.6	121.3	126.8	118.8	112.7	111.3	105.6	101.5	120.7	109.9	116.7	107.0	103.0

¹ Preliminary figures for columns 1-4.

8.5 Labour, employment and unemployment (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) ÷ (6+7+8)	By industrial status			By industry			Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agriculture, forestry and fishing	Mining, manufacturing and energy supply	Other industries			
									1000 persons		
%											
1000 persons											
	1	2	3	4	5	6	7	8	9	10	
1992	66.1	2 502	2 174	325	1 849	187	453	1 534	328	13.1	
1993	65.3	2 484	2 041	312	1 729	173	424	1 444	444	17.9	
1994	64.8	2 480	2 024	312	1 712	167	426	1 430	456	18.4	
1995	65.1	2 497	2 068	304	1 764	158	456	1 454	430	17.2	
1996	65.0	2 503	2 096	302	1 794	148	459	1 489	408	16.3	
1995											
Dec.	64.9	2 493	2 070	296	1 774	149	460	1 460	423	17.1	
1996											
Jan.	65.3	2 511	2 094	305	1 789	152	468	1 474	418	16.9	
Feb.	65.1	2 503	2 089	309	1 780	155	458	1 476	415	16.8	
March	65.1	2 502	2 083	299	1 784	148	461	1 474	413	16.6	
April	65.4	2 518	2 107	309	1 798	153	468	1 486	407	16.2	
May	65.1	2 506	2 089	302	1 787	149	451	1 488	424	16.9	
June	64.7	2 490	2 073	294	1 779	137	453	1 483	420	16.8	
July	64.7	2 496	2 094	305	1 789	146	462	1 487	411	16.2	
Aug.	65.4	2 520	2 104	307	1 797	144	453	1 507	416	16.5	
Sept.	64.4	2 479	2 090	296	1 793	141	443	1 506	387	15.6	
Oct.	64.8	2 498	2 102	294	1 808	148	465	1 489	390	15.5	
Nov.	65.4	2 522	2 116	302	1 814	150	467	1 499	403	16.1	
Dec.	64.7	2 496	2 108	302	1 806	143	453	1 512	386	15.6	

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
1991	41 054	73 251	1 136	19 182	134 624	4 442	139 069	45 085	101 220	42 297	55 160
1992	34 312	69 541	1 512	21 251	126 616	5 054	131 669	49 291	105 184	42 990	59 180
1993	31 667	67 291	1 443	28 823	129 224	7 366	136 593	46 880	108 608	42 720	63 535
1994	34 588	68 124	1 792	24 095	128 599	7 308	135 900	48 750	108 155	40 388	65 519
1995	40 092	66 902	1 720	35 837	144 550	7 923	152 473	51 446	113 644	39 481	67 514
1995											
Nov.	4 994	5 973	74	2 838	13 879	2 165	16 044	4 514	9 696	2 768	6 481
Dec.	5 347	5 549	60	5 700	16 657	598	17 254	5 846	10 189	3 292	6 954
1996											
Jan.	3 735	7 182	110	3 792	14 818	165	14 983	3 930	12 283	2 974	7 880
Feb.	3 693	7 341	1 089	3 784	15 907	233	16 141	4 064	7 922	2 839	4 692
March	5 458	5 992	150	1 841	13 441	137	13 578	4 486	9 261	3 475	5 194
April	3 590	5 237	58	4 006	12 891	3 469	16 360	4 154	9 517	2 945	5 752
May	3 016	5 805	75	2 979	11 876	843	12 719	4 095	8 753	2 996	5 189
June	3 435	5 863	72	5 222	14 592	850	15 443	5 032	8 952	2 863	5 459
July	3 817	6 187	59	2 003	12 067	323	12 390	5 036	8 707	2 891	5 151
Aug.	3 766	6 125	59	2 483	12 433	219	12 652	3 913	6 090	1 476	4 505
Sept.	3 481	6 391	57	2 526	12 455	3 261	15 716	4 579	8 030	2 747	4 913
Oct.	3 590	6 542	58	3 602	13 792	329	14 121	4 205	10 912	2 995	7 040
Nov.	4 260	6 049	91	3 216	13 616	1 113	14 729	4 068	7 922	2 301	5 158
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)		
	12	13	14	15	16	17	18	19	20		
1991	5 370	6 368	158 044	13 328	171 372	-23 420	-32 304	25 659	-6 645		
1992	5 042	8 499	168 016	35 501	203 516	-41 400	-71 847	70 691	-1 155		
1993	4 306	18 076	177 870	19 753	197 623	-48 646	-61 030	84 036	23 009		
1994	3 737	22 281	182 923	17 886	200 760	-54 324	-64 860	73 193	8 336		
1995	3 208	26 336	194 635	16 765	211 399	-50 085	-58 926	54 071	-4 854		
1995											
Nov.	315	1 113	15 638	590	16 228	-1 759	-184	8 689	8 505		
Dec.	603	2 089	18 726	-159	18 567	-2 070	-1 313	1 905	593		
1996											
Jan.	151	5 235	21 599	623	22 221	-6 781	-7 238	6 755	-484		
Feb.	260	1 544	13 790	454	14 243	2 118	1 897	10 359	12 256		
March	185	4 560	18 491	393	18 884	-5 050	-5 306	760	-4 546		
April	175	2 759	16 605	3 605	20 210	-3 714	-3 850	6 544	2 694		
May	207	1 291	14 346	770	15 117	-2 470	-2 398	2 496	98		
June	219	3 060	17 262	2 075	19 338	-2 670	-3 895	3 503	-392		
July	316	1 154	15 214	437	15 651	-3 147	-3 261	3 900	639		
Aug.	334	1 090	11 427	457	11 884	1 006	768	6 829	7 597		
Sept.	290	4 787	17 686	586	18 272	-5 231	-2 556	-10 228	-12 784		
Oct.	369	1 832	17 318	489	17 807	-3 526	-3 686	-258	-3 943		
Nov.	260	963	13 213	479	13 693	403	1 036	-138	898		

Notes and explanations to the statistical section

General

Source

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

Symbols used

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

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

Notes and explanations to tables

1 The balance sheet of the Bank of Finland

Table 1.2 Domestic financial sector. Term claims on deposit banks, net (Column 12) = bank certificates of deposit held by the Bank of Finland + securities with repurchase commitments + term credits - term deposits. Other claims on financial institutions, net (Column 14) = till-money credits to deposit banks (until May 1993) + bonds + other claims on financial institutions + liquidity credits - call money deposits (until September 1995) - other liabilities to financial institutions.

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

Table 2.1 From 2 October 1995, banks fulfil their minimum reserve requirement as a monthly average of deposits. From October 1995, the requirement and deposits are shown for the month during which the requirement is to be fulfilled. Before deposits were shown for the previous month, because deposits were matched with the requirement on the last banking day of that month. The requirement is determined on the basis of the reserve base two months earlier (up to September 1995 one month earlier). The reserve base was changed on 31 March 1995 to comply with the new balance sheet format. Liquidity credits (Column 7): see explanations, Table 3.2.

Table 2.2 Money market instruments are the instruments used by the Bank of Finland in its money market operations. Matured money market instruments, net, comprise both instruments purchased and sold. Money market transactions are recorded according to trade dates.

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

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

Table 2.4 The markka value of forward contracts is given.

3 Rates of interest

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

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

Credit institutions which are subject to the minimum reserve requirement and maintain a current account with the Bank of Finland may obtain liquidity credit to cover overdrafts and to fulfil their minimum reserve requirement. They can obtain liquidity credit with a maturity of 1 day, 7 days, 14 days, 21 days or 28 days. The maturity of liquidity credit is determined by the Bank of Finland. The rate of interest on liquidity credit is obtained by adding together the Bank of Finland's tender rate and the interest rate margin for liquidity credit. The call money deposit rate in use prior to October 1995 was obtained by subtracting the interest rate margin for call money deposits from the Bank of Finland's tender rate. Since 2 October 1995, the monthly average of a bank's call money deposits exceeding the minimum reserve requirement has been treated as excess reserve. The interest rate paid on excess reserves is determined separately by the Bank of Finland. The values for maturity and interest rate margins are the last values recorded in each period.

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

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

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

Table 3.5 Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted daily by the five largest banks. The yields on five-year and ten-year government bonds (Columns 3 and 4) are calculated by the Bank of Finland as averages of the bid rates quoted daily by the primary dealers. The five-year yield is based on quotations for a fixed-rate bullet serial bond (1/94, 15 September 1994 – 15 September 2001). As from 9 August 1996 the ten-year yield is based on quotations for a fixed-rate bullet serial bond (1/96, 18 Apr 1996–2006). The share yield (Column 5) is the weighted effective yield on shares quoted on the Helsinki Stock Exchange. Source: Statistics Finland.

4 Rates of exchange

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

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

5 Other domestic financing

Table 5.1 Source: Statistics Finland. The public comprises households and non-profit institutions, enterprises

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

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

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

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

Table 5.5 Source: Table A: Financial Supervision from the beginning of 1994. Table B: Statistics Finland from the beginning of 1991. Tables A and B include markka-denominated bonds issued by Finnish issuers in Finland and abroad as well as those issued by foreign issuers in Finland. Table C includes transactions in markka-denominat-

ed bonds outside the Helsinki Stock Exchange. Interbank transactions (Column 1) and transactions (purchases and sales) between banks and customers (Column 2) are transactions by primary dealers and banks entitled to central bank financing. As from 14 July 1995 the following act as primary dealers: Alfred Berg Pankkiiriliike Oy, Evli Fixed Income Securities, Goldman Sachs International, Merita Bank, Okobank, Postipankki, Skandinaviska Enskilda Banken, Svenska Handelsbanken AB (publ), Branch Operation in Finland and Unibank A/S. Purchases from and sales to others (Columns 4 and 5) consist of transactions in benchmark government bonds between primary dealers and other parties. Other parties refer to all parties that are not primary dealers. Bank of Finland releases data daily (page SPFI on Reuters and page 20981 on Telerate) on the trading in benchmark government bonds among primary dealers and between primary dealers and their customers.

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

6 Balance of payments, foreign liabilities and assets

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

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

Table 6.2 The capital account (Columns 1 and 14) reflects unrequited capital transfers such as forgiven debts and aid from EU funds. Financial derivatives include payments arising from currency and interest rate swaps related to loans, ie outstanding loans are recorded according to the original loan contract. Medium-term notes (MTNs) are included under bonds (Columns 4 and 17). The category other investment (Columns 9–12 and 21–24) covers transactions related to trade credits, loans, currency and deposits and other assets and liabilities. Transactions in assets and liabilities related to short- and long-term supplier credits and advance payments related to imports and exports are recorded under trade credits (Columns 9 and 21). The item 'Other capital' (Columns 11 and 23) includes transactions in currency and deposits and short- and long-term assets and liabilities of different sectors not covered by any of the items above. In addition, this category includes changes in the central government's subscriptions to and quotas in international organizations

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

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

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

7 Foreign trade

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

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

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

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

8 Domestic economic developments

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

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

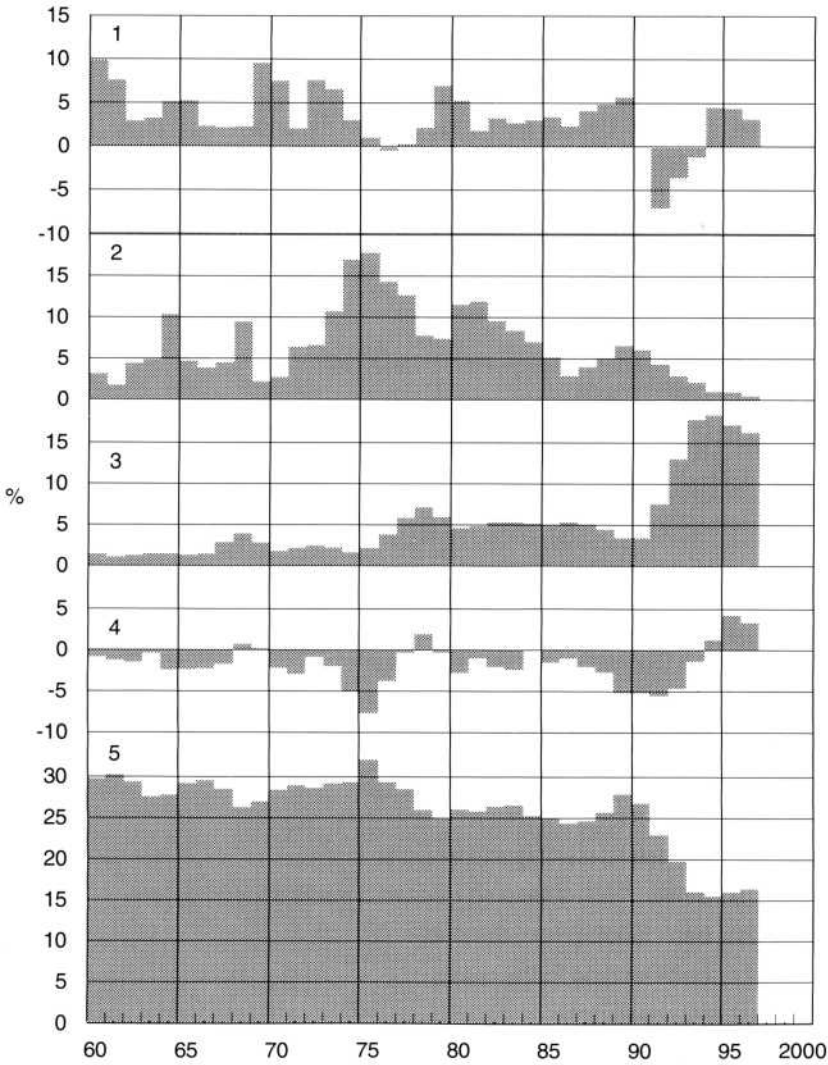
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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

Table 8.6 Source: Ministry of Finance.

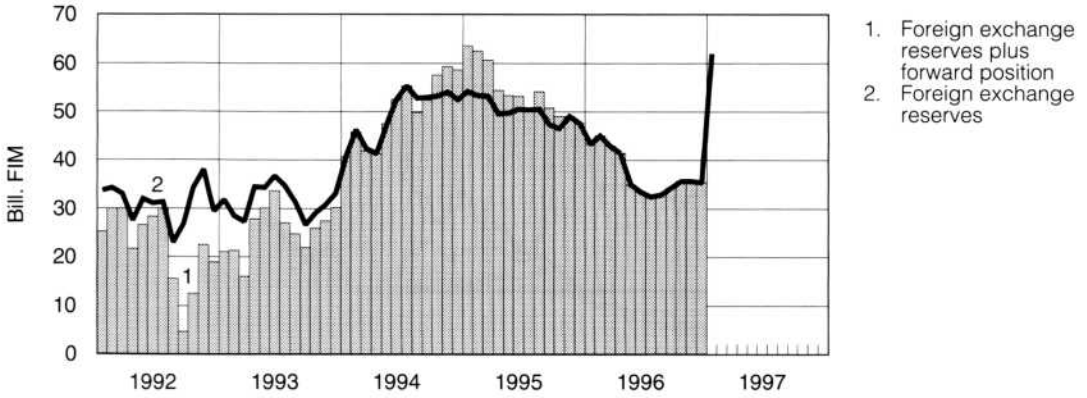
1. Long-term indicators	S30
2. The Bank of Finland's foreign exchange reserves and forward position	S31
3. Forward market	S31
4. Rates of interest set by the Bank of Finland	S31
5. Banks' liquidity position at the Bank of Finland	S32
6. Liquidity management interest rates	S32
7. HELIBOR rates of interest, daily	S32
8. HELIBOR interest rates, monthly	S33
9. Bond yields	S33
10. Differential between Finnish and German interest rates	S33
11. Differential between German and selected EU-countries' 10-year interest rates	S34
12. ERM exchange rates: deviation from DEM central parity	S34
13. ERM exchange rates: deviation from DEM central parity	S34
14. Bank of Finland currency index and markka value of the ECU	S35
15. Daily spot rates for the markka against the Deutschemark and US dollar	S35
16. Daily spot rates for the markka against the pound sterling and Swedish krona	S35
17. Monthly spot rates for the markka against the Deutschemark and US dollar	S36
18. Monthly spot rates for the markka against the pound sterling and Swedish krona	S36
19. Banks' markka lending rates and markka funding rates	S36
20. Bank funding from the public	S37
21. Bank lending to the public	S37
22. Money supply	S37
23. Current account	S38
24. Net interest and dividend expenditure	S38
25. Balance of payments	S39
26. Finland's net international investment position	S39
27. Foreign trade	S40
28. Foreign trade: prices and terms of trade	S40
29. Finland's export performance	S40
30. Production	S41
31. Fixed investment	S41
32. Employment and the unemployment rate	S42
33. Prices and wages	S42
34. Central government finances	S43
35. Central government debt	S43

1. Long-term indicators

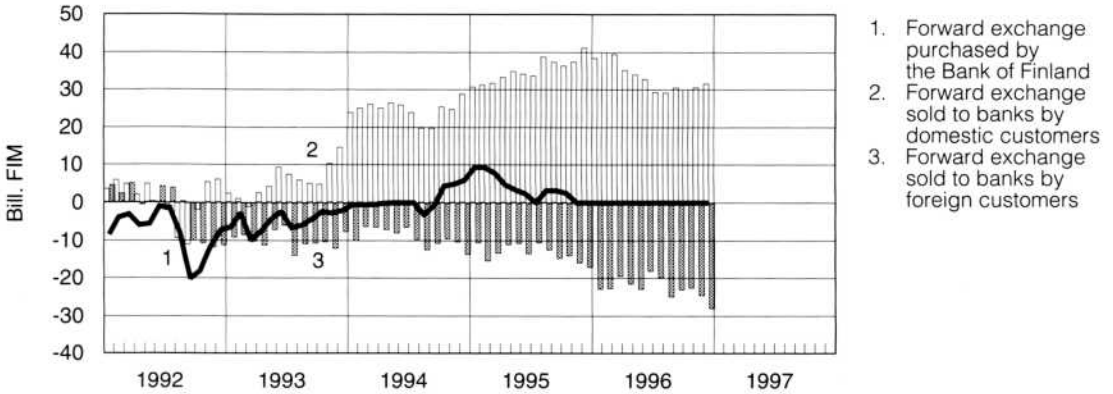


1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

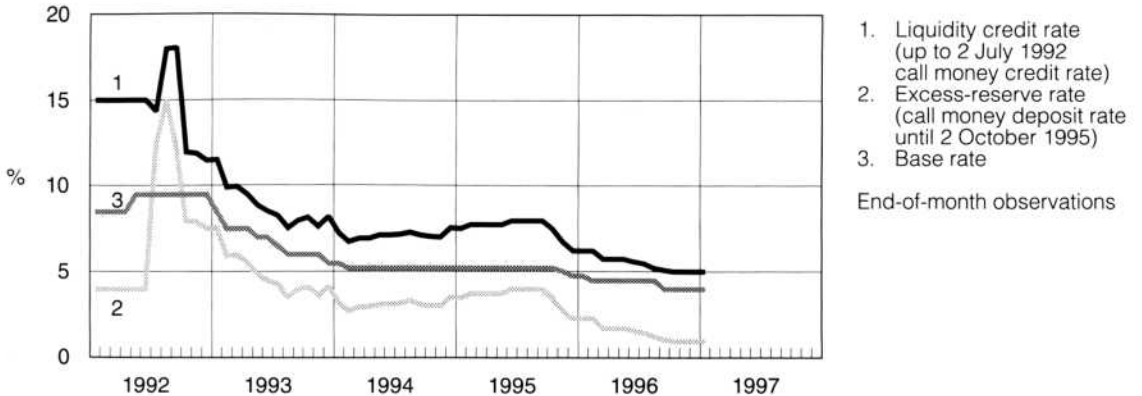
2. The Bank of Finland's foreign exchange reserves and forward position



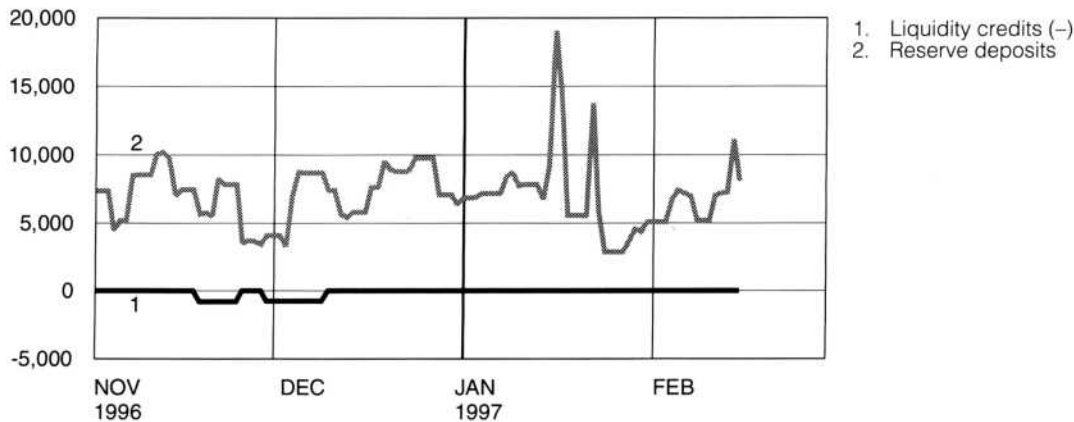
3. Forward market



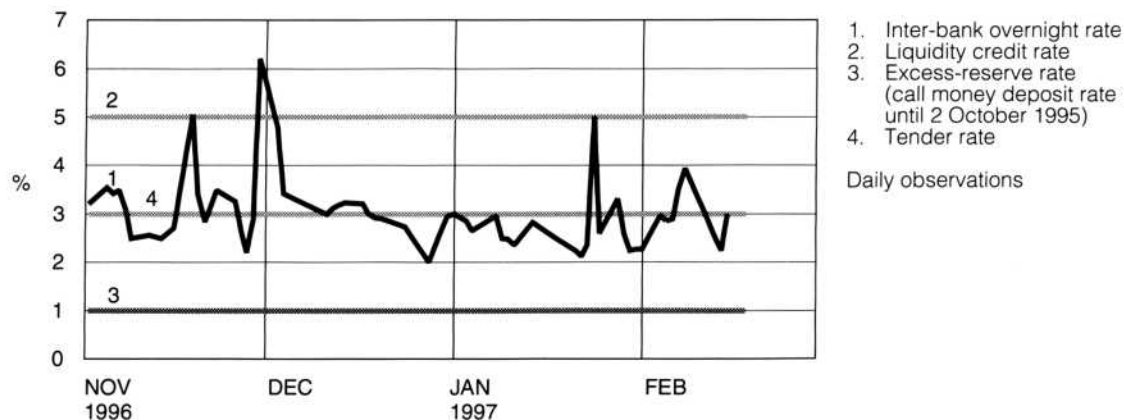
4. Rates of interest set by the Bank of Finland



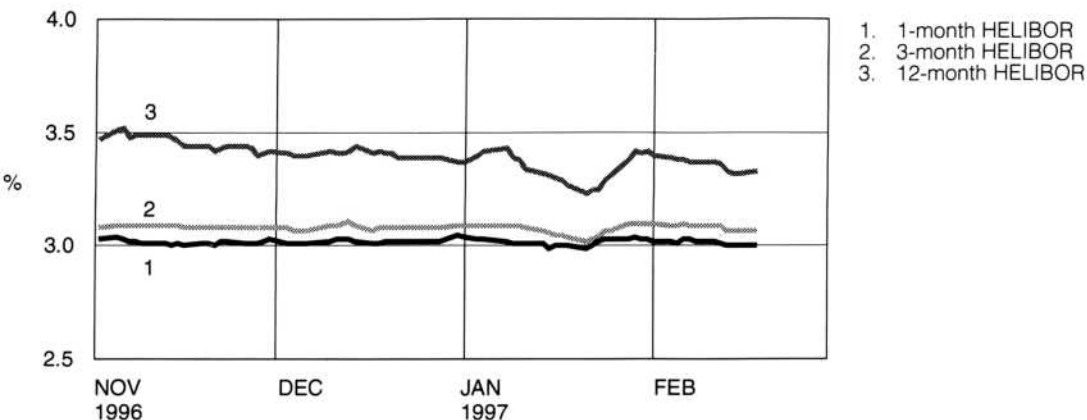
5. Banks' liquidity position at the Bank of Finland



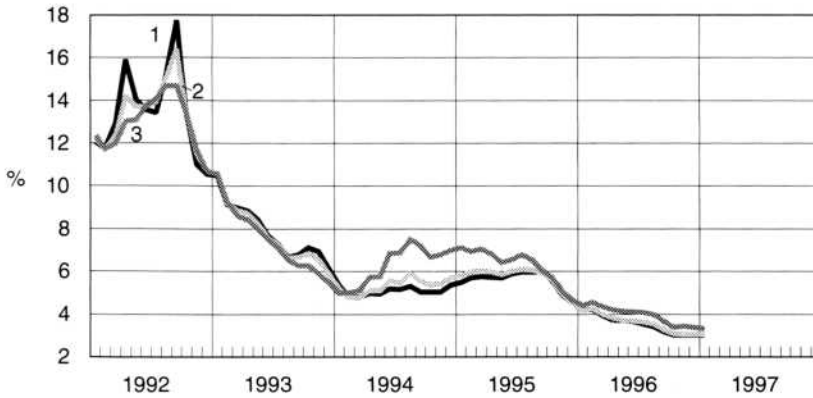
6. Liquidity management interest rates



7. HELIBOR rates of interest, daily

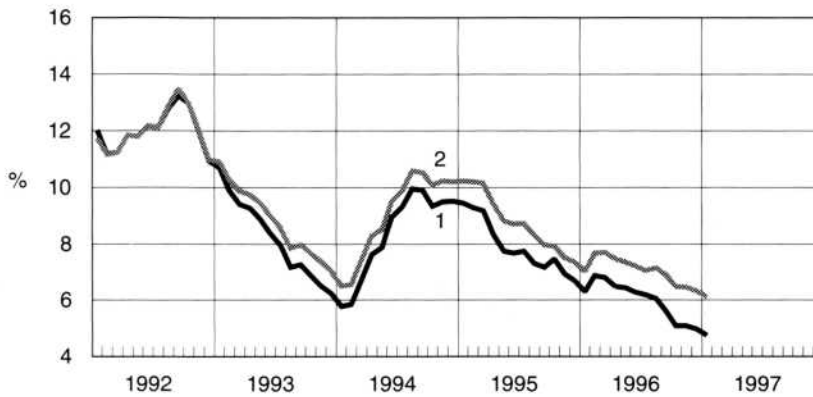


8. HELIBOR interest rates, monthly



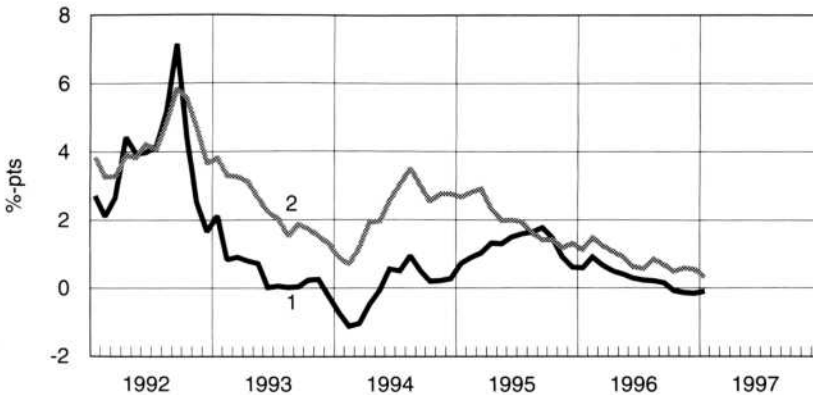
1. 1-month HELIBOR
2. 3-month HELIBOR
3. 12-month HELIBOR

9. Bond yields



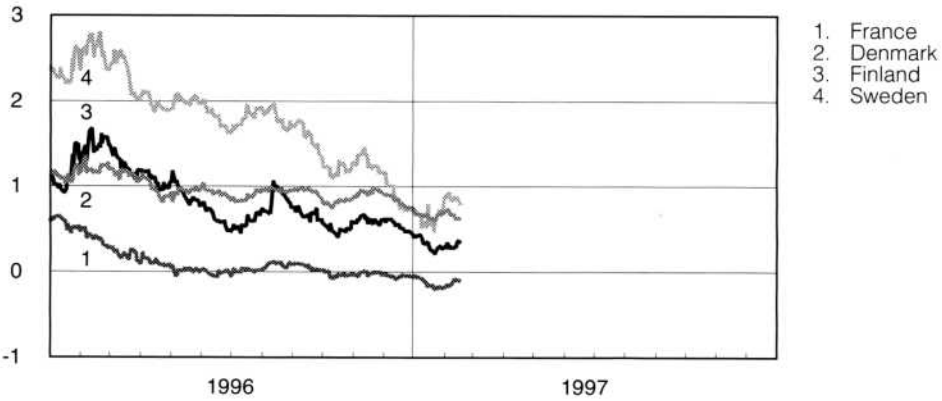
1. Yield on 5-year government bonds
2. Yield on 10-year government bonds

10. Differential between Finnish and German interest rates

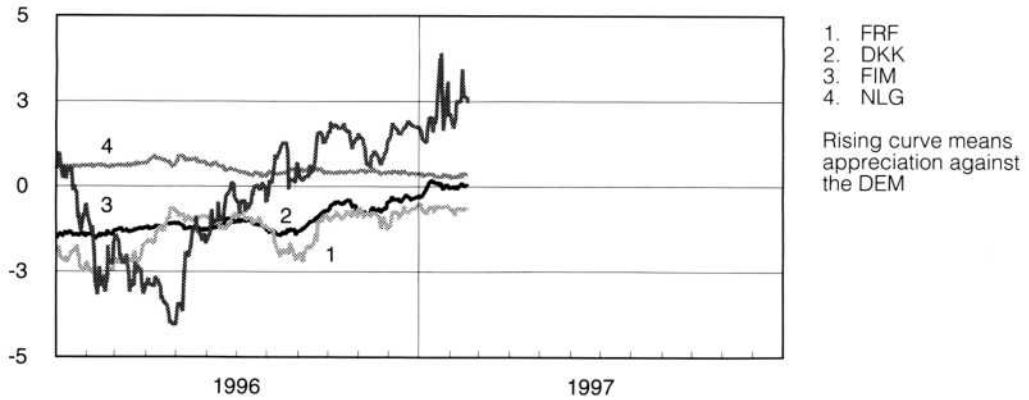


1. 3-month HELIBOR minus 3-month DEM eurorate
2. 10-year Finnish government bond yield minus 10-year German government bond yield

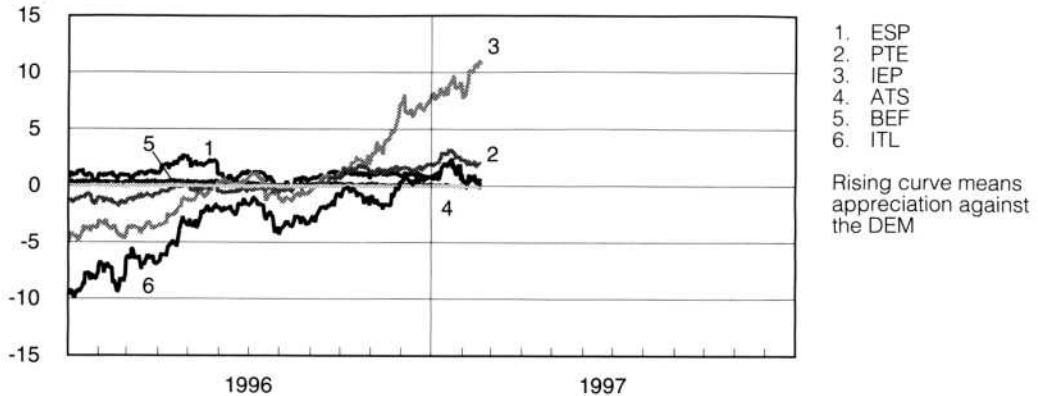
11. Differential between German and selected EU-countries' 10-year interest rates



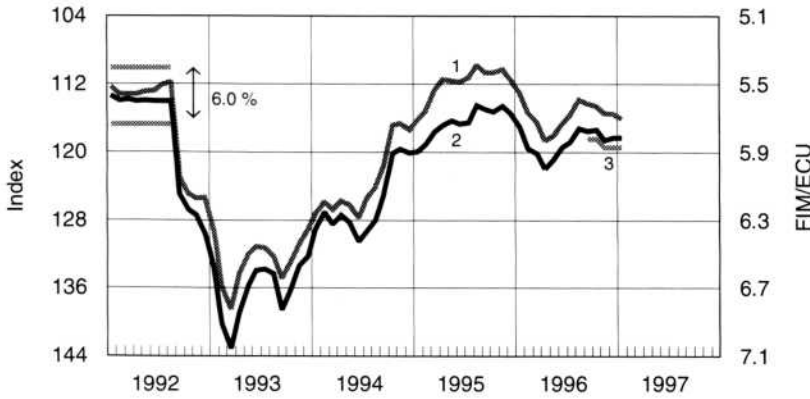
12. ERM exchange rates: deviation from DEM central parity



13. ERM exchange rates: deviation from DEM central parity

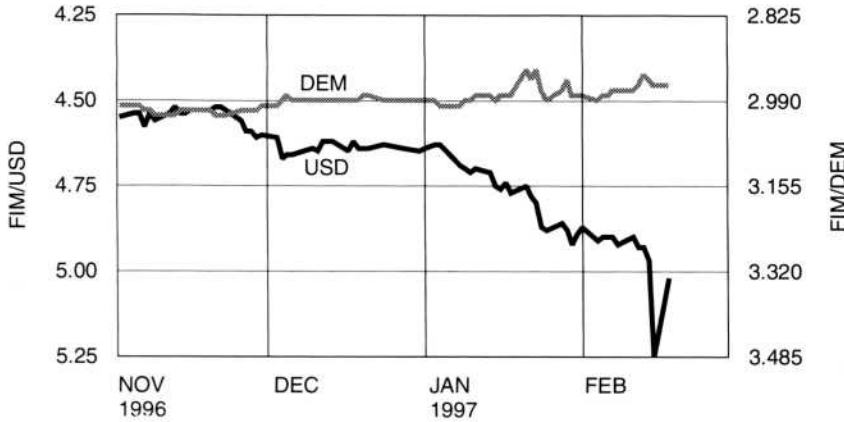


14. Bank of Finland currency index and markka value of the ECU



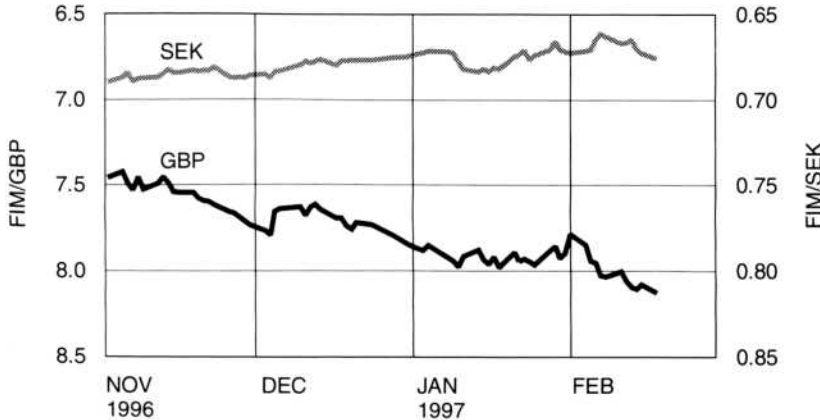
1. Bank of Finland currency index, 1982 = 100 (left scale)
2. Markka value of the ECU from 7 June 1991 (right scale)
3. ECU central rate from 14 October 1996 (right scale)

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



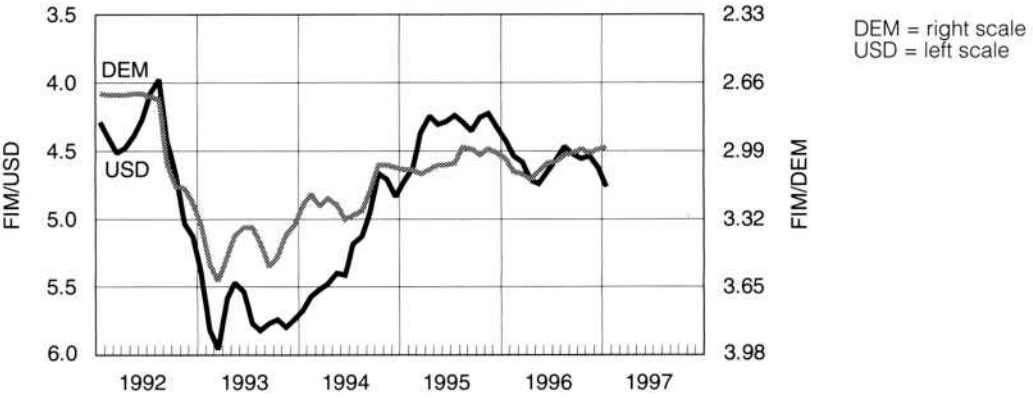
- Middle rates
DEM = right scale
USD = left scale

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

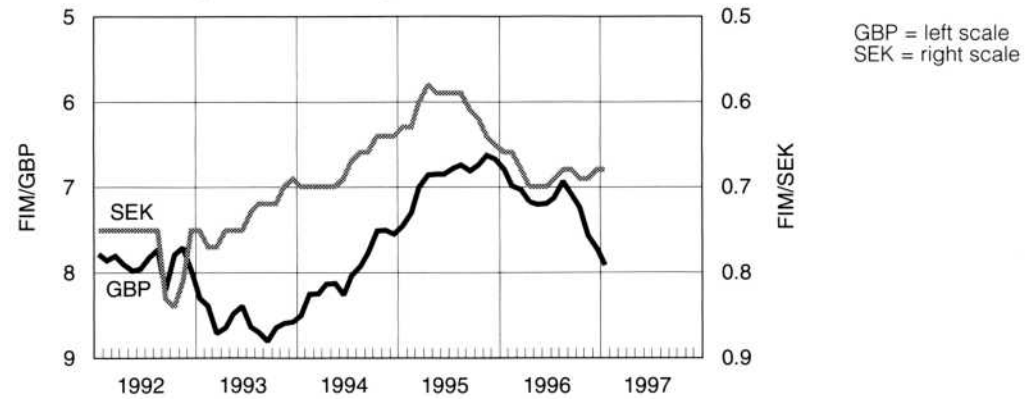


- Middle rates
GBP = left scale
SEK = right scale

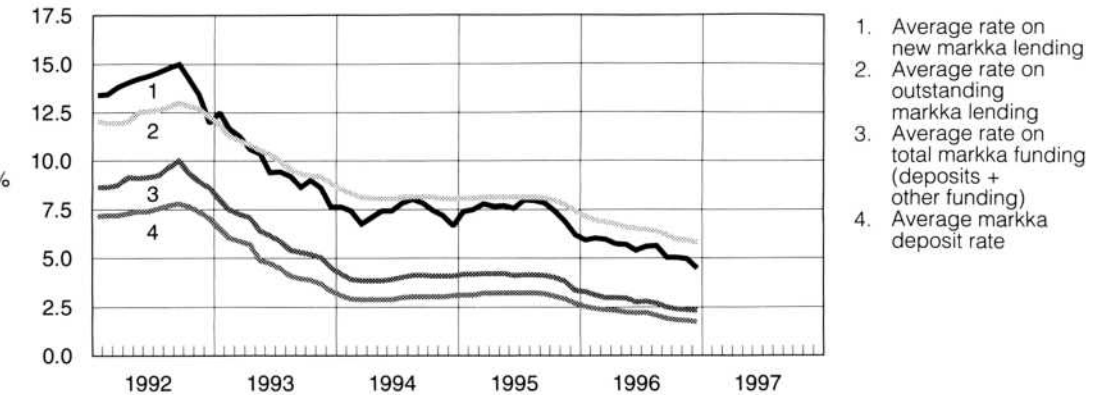
17. Monthly spot rates for the markka against the Deutschemark and US dollar



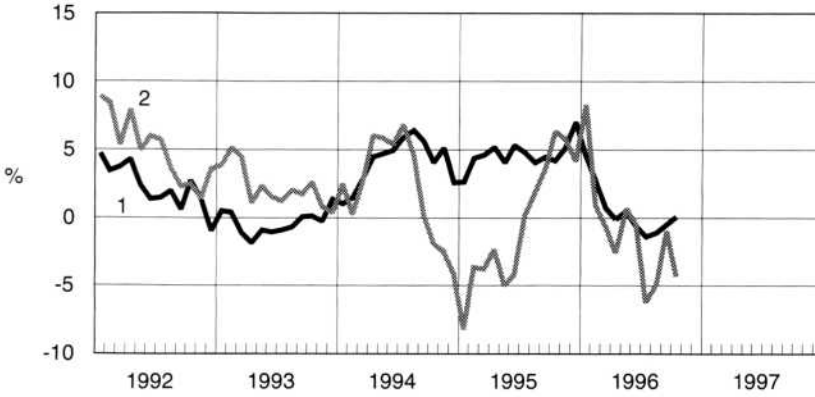
18. Monthly spot rates for the markka against the pound sterling and Swedish krona



19. Banks' markka lending rates and markka funding rates



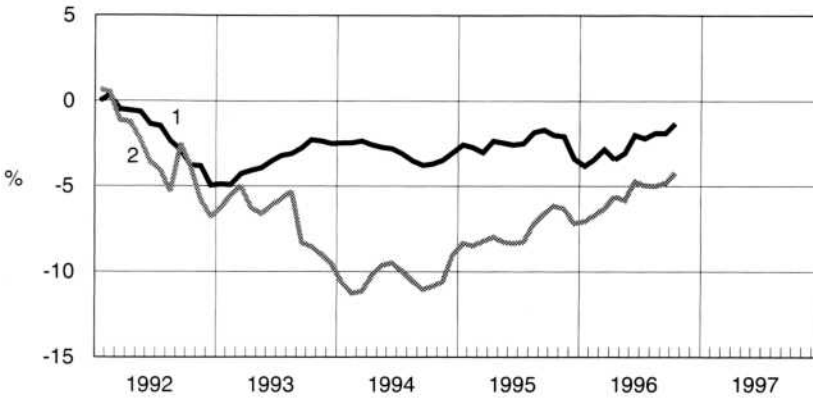
20. Bank funding from the public



1. Markka deposits
2. Total funding

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

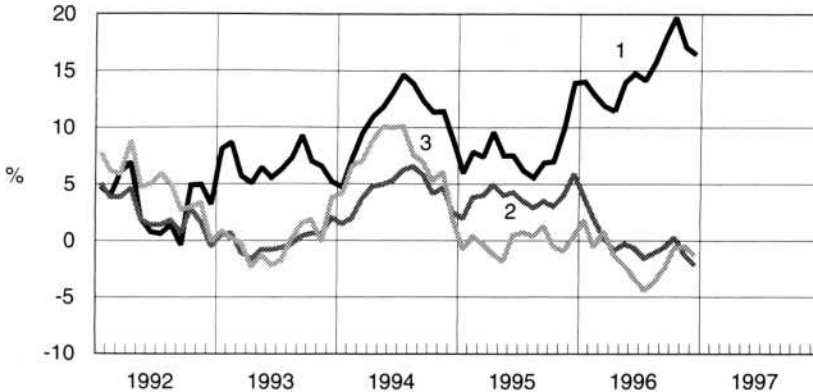
21. Bank lending to the public



1. Markka lending
2. Total lending

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

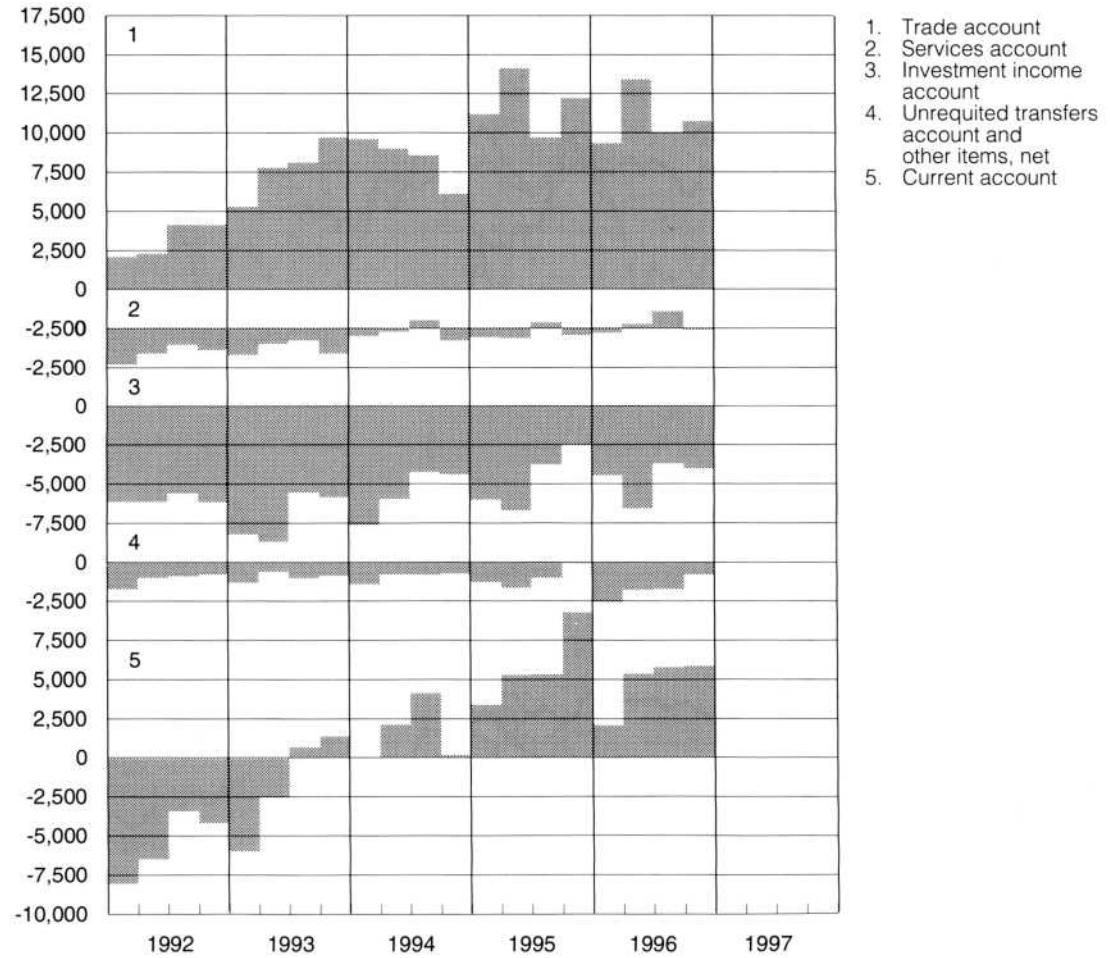
22. Money supply



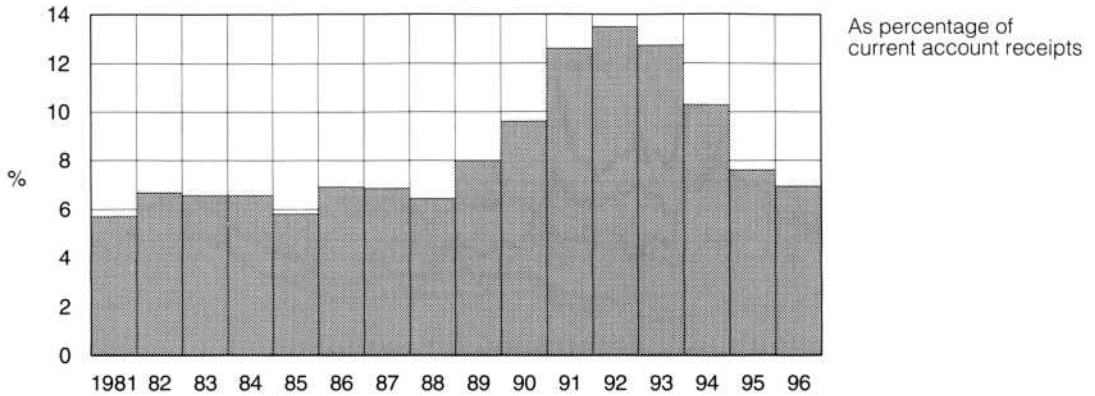
1. Narrow money (M1)
2. Broad money (M2)
3. M2 + bank CDs held by the public (M3)

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

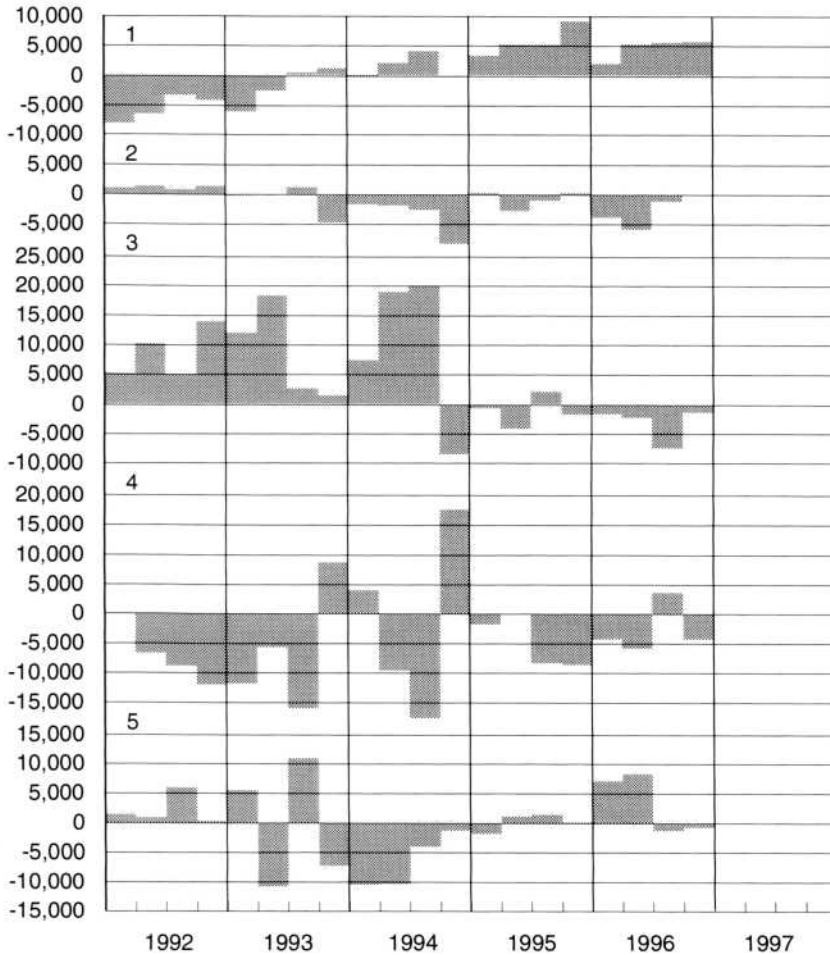
23. Current account



24. Net interest and dividend expenditure

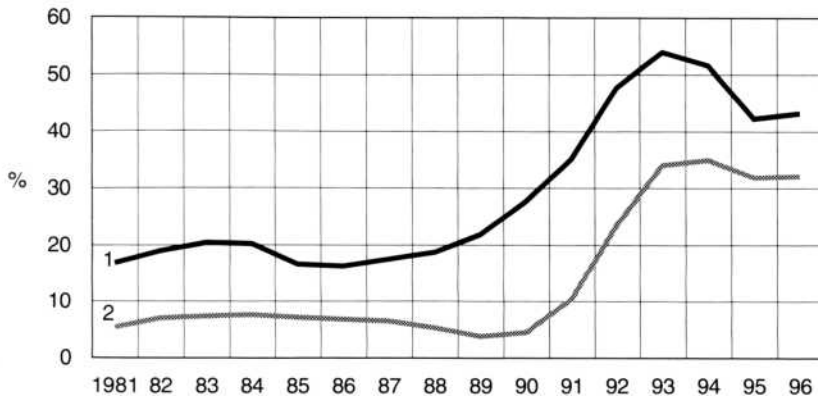


25. Balance of payments



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

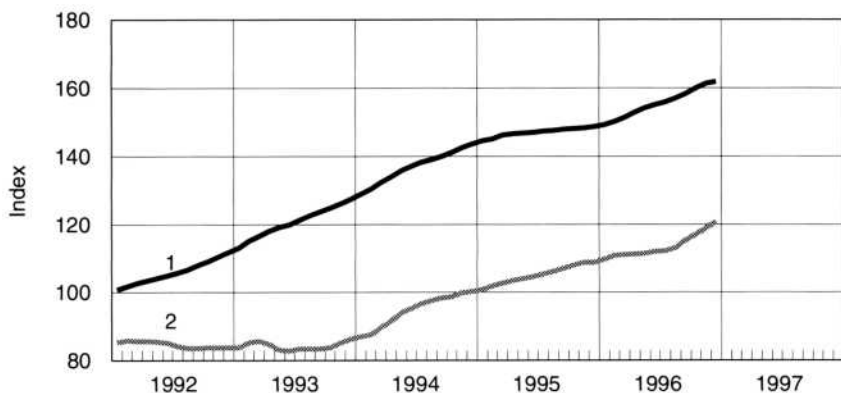
26. Finland's net international investment position



1. Total
2. Of which: central government

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

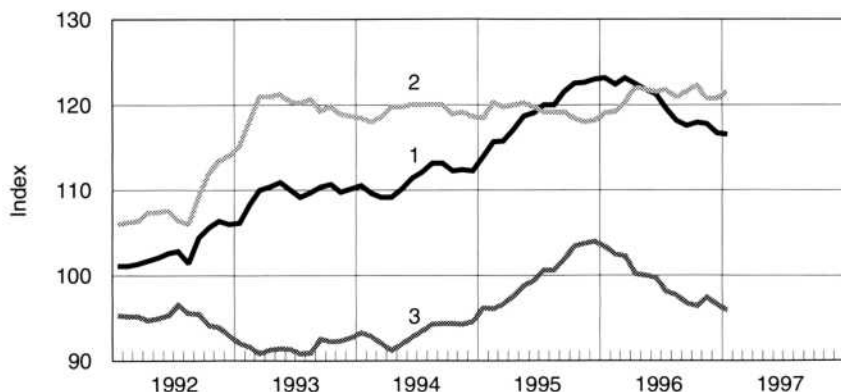
27. Foreign trade



1. Exports of goods
2. Imports of goods

Volume index, 1990 = 100, trend

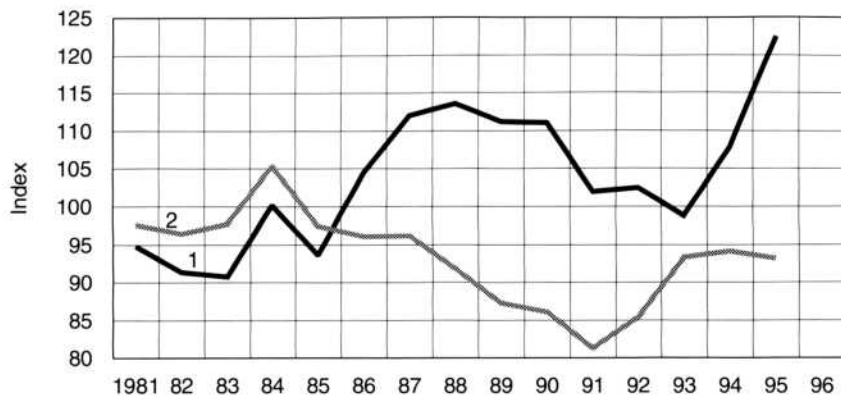
28. Foreign trade: prices and terms of trade



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

Index 1990 = 100

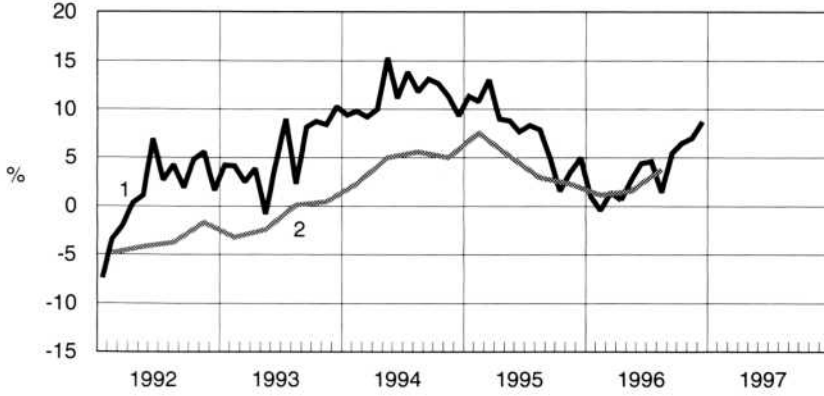
29. Finland's export performance



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

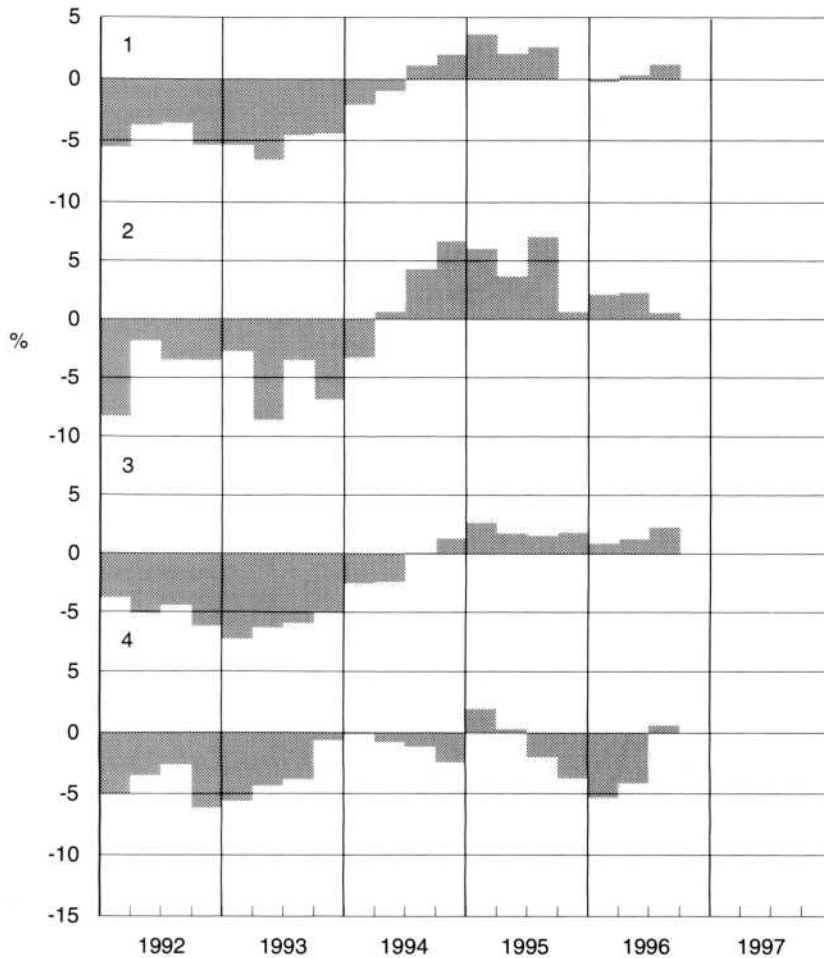
1980 = 100

30. 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

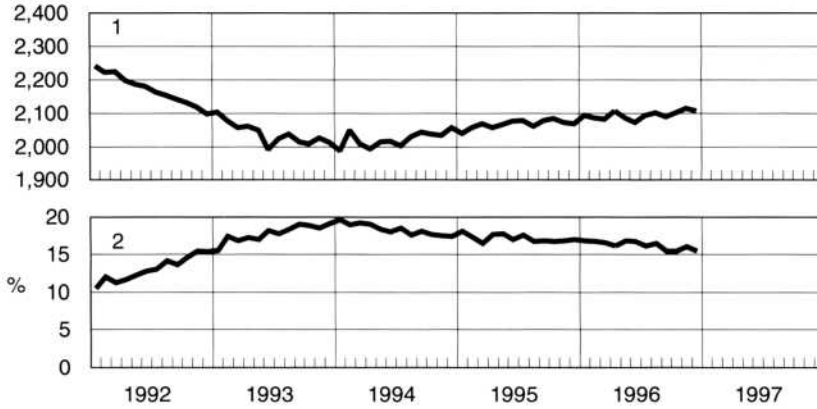
31. Fixed investment



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

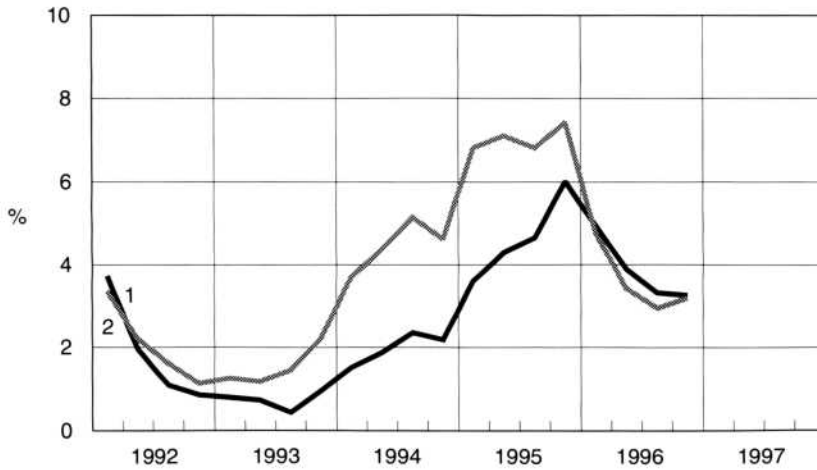
Volume changes calculated from four-quarter moving totals and plotted at the last quarter, per cent

32. Employment and the unemployment rate



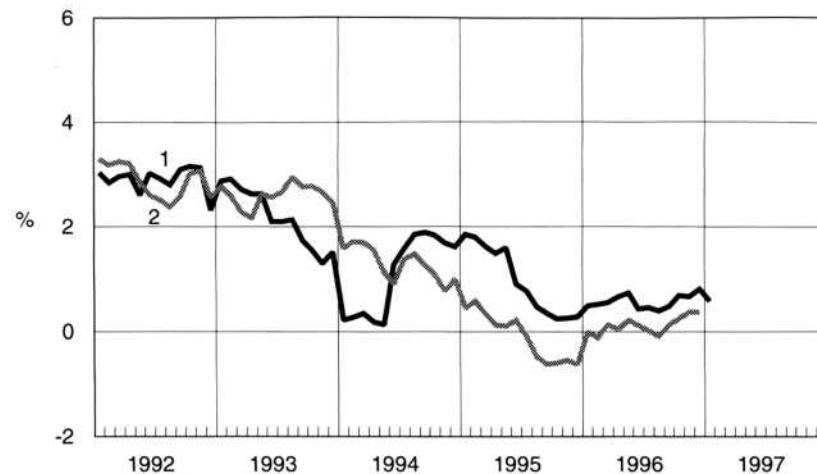
1. Employment, 1000 persons
2. Unemployment rate, per cent

33. Prices and wages



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

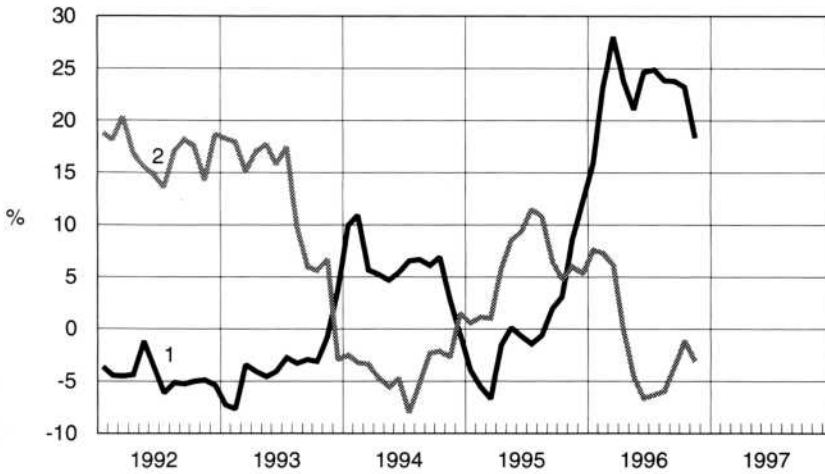
Change from the corresponding quarter of the previous year, per cent



1. Consumer price index
2. Indicator of underlying inflation

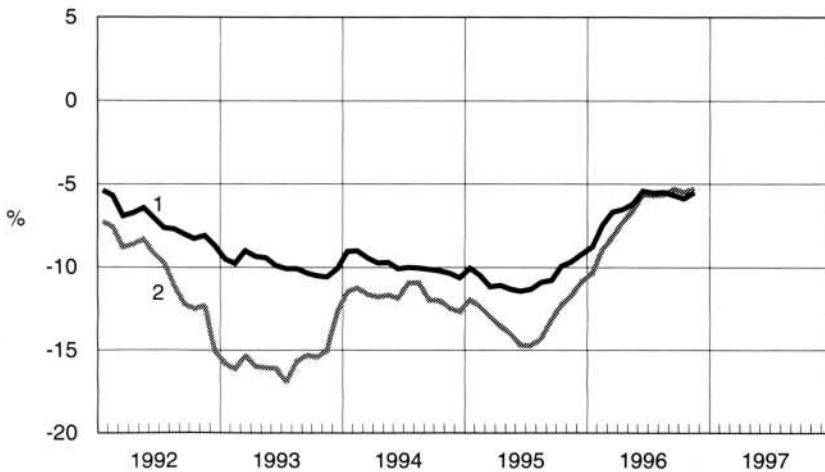
Change from the corresponding month of the previous year, per cent

34. Central government finances



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

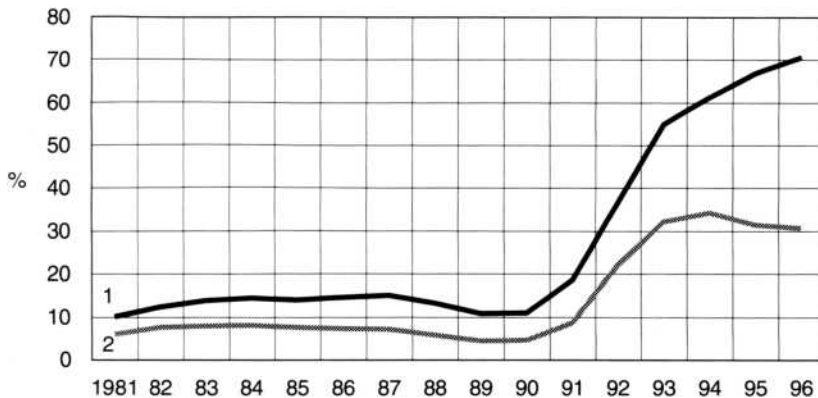
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



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

35. Central government debt



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

As a percentage of GDP