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Statement by the Governor of
the Bank of Finland on
the occasion of the closing of
the accounts for 1995

Issues to the pricing of
transaction deposit accounts

**Statement on the occasion of
the closing of the accounts for 1995**

by Sirkka Hämäläinen 3

Issues in the pricing of transaction deposit accounts

by Juha Tarkka 5

Items: Survey on derivatives markets in spring 1995 8
Publication of the Bank of Finland

Measures concerning monetary and
foreign exchange policy and the financial markets 10

Finland in brief 12

Statistics • List of tables on page S1

Charts • List of charts on page S29

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Statement on the occasion of the closing of the accounts for 1995

by Dr **Sirkka Hämäläinen**,
Governor of the Bank of Finland

The commitment to economic discipline, which has a positive influence on monetary stability and sustainable growth, could be seen in many ways in the course of 1995. The Government's decisions on the consolidation of public finances and the moderate pay settlements reached in the autumn, along with the appreciation of the markka and a decline in food prices following Finland's EU membership, set the stage for a lowering of inflation expectations and a substantial easing of monetary policy.

Finland's total output growth of just over 4 per cent in 1995 ranked among the highest in Europe. However, the growth did slow markedly towards the end of the year. Exports continued to be the main contributor to output growth. On the whole, Finnish export markets expanded rapidly in 1995, but the pace decelerated in the latter half of the year, notably in Europe. The markets for forest industry products in particular weakened in the last few months of the year, albeit in part for reasons of a temporary nature.

The growth of domestic demand also continued at a fairly brisk pace, owing to private consumption and manufacturing investment. Nevertheless, the demand for job-creating services remained quite sluggish, as did the demand for housing. Because investment in the manufacturing sector was financed mainly with internally generated funds and because households and companies that focus on domestic markets continued to repay their debts, the demand for credit remained subdued. Sluggish demand for credit has in turn slowed the improvement in bank profitability.

Because of export growth and an improvement of about 10 per cent in the terms of trade, the current account recorded a sizable surplus last year. Declining export growth in volume terms and in particular a pickup in import volume growth in the latter part of the year signalled the end of the peak phase of foreign debt repayment and an increasing focus of domestic demand on imported goods and services and away from job-creating domestic output.

Inflation remained fairly subdued in 1995, mainly because of temporary factors. The appreciation of the markka led to a decrease in import prices, and there was a substantial fall in food prices following Finland's entry into the European Union.

In spite of robust economic growth, unemployment fell only slightly. Although employment increased to some extent in manufacturing, continued recession in the construction and service sectors proved to be a significant deterrent to the reduction of unemployment.

The first half of 1995 saw a continuation of the moderate tightening of monetary policy that had started in 1994 in response to the rise in long-term interest rates and the strengthening of inflation expectations in the course of 1994. The Bank of Finland raised the tender rate in February and in June by a total of 0.5 percentage point. This was done in response to increased price and cost pressures stemming from pay settlements reached in autumn 1994 and increases in export prices. By emphasizing its commitment to the objective of price stability, the Bank of Finland sought to prevent inflation expectations from spreading throughout the economy.

The narrowing of the differential between Finnish and international long-term interest rates pointed to a gradual dampening of inflation expectations as early as mid-year. Nonetheless, it was not until the tail end of the year that confidence among money and foreign exchange market participants in a stable economic performance improved to an extent sufficient to provide more room for monetary policy manoeuvrability. Confidence was boosted, in particular, by a moderate pay settlement covering a period of more than two years, which was reached in the autumn, as well as by decisions made on fiscal consolidation and cuts in nonwage labour costs. These measures helped to improve the outlook for achieving price stability, continued steady economic growth and increasing employment. The exchange rate remained stable and long-term interest rates declined further.

During the last quarter of the year, the Bank of Finland lowered the tender rate on four separate occasions, altogether by 1.75 percentage points, and at the end of the year the tender rate stood at 4.25 per cent. The base rate, too, was lowered twice, by 0.5 percentage point in all. In connection with the lowering of the tender rate, the Bank of Finland – in contrast to earlier practice – also published its outlook on inflation, which is the operational guide for monetary policy, as well as on the factors that influence the inflation outlook.

Growth prospects for the current year are still good, even though slackening growth in the export markets and fiscal stringency on the part of the central government may act to curb total output growth to some degree. Inflation will remain subdued in the next few years, although the temporary dampening factors will no longer exert any influence. This, together with the consolidation of central government finances, will create a good basis for maintaining a low level of interest rates.

One major and difficult challenge facing economic policy is to stimulate job-creating domestic demand in such a way as to sustain price competitiveness in the export sector and a surplus on the current account.

For 1996 the emphasis of employment policy must be on structural change and reform. Moderate pay developments, fiscal consolidation, low inflation, exchange rate stability and the resultant low level of interest rates are necessary but not sufficient conditions for a significant reduction in unemployment.

It is important that structural reform not be brushed aside in an excessive burst of optimism or artificial stimulation of consumer demand. The need for a continued surplus on the current account in order to reduce foreign indebtedness means that Finland will need a permanently higher saving rate than the average rate for the last twenty or thirty years. Improving employment within the confines of current-account restraints and the sensitivity of interest rates to inflation requires that domestic consumer goods and services become increasingly competitive relative to imported goods and foreign services. In addition to wage restraint, competitiveness can be improved by structural changes in taxation, income transfers and labour markets.

It should be emphasized that the need for continued discipline in economic policy, wage restraint and structural reform is imposed on Finland by its own needs and circumstances, not by the requirements of EU membership.

* * *

The financial result posted by the Bank of Finland for 1995 is weak, as has been the case in the last several preceding years. In the 1990s, the Bank has incurred major losses because of its participation in the management of the banking crisis and because of exchange rate losses stemming from wide fluctuations in the values of currencies in which the foreign exchange reserves are invested.

Extreme volatility in financial performance in connection with exchange rates and interest rates constitute an inevitable part of central banking in circumstances such as those that Finland has been facing in recent times. On the other hand, central bank participation in the management of a banking crisis in a capacity other than that of temporary lender of last resort is exceptional. In this case it was necessary, because at the onset of the banking crisis the government did not have the organizational and operational framework needed to manage the crisis. In this situation, the Bank of Finland was obliged to take over a large amount of real estate and other assets. Asset management companies now operating as the Sponda group were set up later to manage the assets. The ownership of companies involved in business and investment activities is not within the purview of a central bank.

Central bank participation in such matters is not consistent with the principle of central bank independence nor with Finland's obligations under its agreement with the EU. In fact, the Government has, on a proposal of the Parliamentary Supervisory Board, initiated measures aimed at transferring to government responsibility the assets and claims still held by the Bank of Finland as a result of the Skopbank takeover and compensating the Bank for the interest lost on capital tied up in the Skopbank operation. This decision means that all the asset management companies responsible for the final settlement of the banking crisis will be pooled together under government supervision.

10 January 1996

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- Keywords: economic growth, monetary policy, profitability

Issues in the pricing of transaction deposit accounts

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Liquid deposits held in various kinds of so-called transaction accounts are an essential part of the payment system. These deposits are also an important channel for financial intermediation, as they constitute a large part of the financial assets of the private sector. In Finland, for instance, about 54 per cent of bank deposits are held in transaction accounts, including 16 per cent of chequing account deposits (June 1995).

The pricing of transaction account deposits involves the determination of interest rates, transaction-based service charges and often also account maintenance fees, which are flat (often monthly) charges. Since the main part of banks' interest margin, at least in Finland, can be seen as originating from the reinvestment of transaction account deposits, the pricing of these products is highly significant for banks' financial performance.

Alternative theories which can be used to explain price formation in the market for transaction deposits are considered in a study published recently by the Bank of Finland¹. The motivation for the study derives from the observation that standard competitive price theory, in its basic form, is unable to explain some salient features of deposit pricing, in particular the concept of "implicit interest", ie the underpricing of transaction services and the concurrent relative lowness of interest rates on transaction deposits. Some of the issues raised in that study are reviewed in this article, supplemented with brief observations on actual deposit pricing practices.

Deposit pricing and deregulation

Earlier, when interest rate ceilings were applied to deposits in most countries, the practice of rewarding depositors by offering free banking services was an obvious case of "nonprice competition" due to regulation. However, a more satisfactory framework of analysis, applicable also to the case of unregulated pricing, clearly requires a multiproduct approach recognizing both deposit-taking and payment transmission activities as parallel parts of the deposit market.

Probably the first study of deposit markets which used a multiproduct approach was presented by Harry G. Johnson². His analysis was based on the assumptions of basic neoclassical price theory, namely efficient markets and competition. Writing before deregulation of deposit markets had really started, even in the USA, Johnson predicted that if deposit rates were deregulated, competition would put an end to the practice of implicit interest. Deposits would be paid market-related rates of interest, and bank services would be priced directly according to the marginal cost principle.

Johnson's analysis was not only a prediction but a recommendation as well. He pointed out that the practice of underpricing services induced wasteful use of resources in the production of bank services, while low deposit rates made it unnecessarily expensive for customers to maintain the level of liquidity needed in order to conduct their financial and consumption activities efficiently. Therefore, a shift to higher deposit rates and higher service charges would improve the overall efficiency of the economy.

The deregulation of financial markets in the USA began to affect transaction deposits at the end of the 1970s. Since then, actual developments in those countries where deposit pricing has been deregulated have not fully corroborated Johnson's predictions. Interest rates on transaction deposits continue to be relatively low compared to time deposits and money market funds, for example; and while banks in many countries have made attempts to increase service charges on payment transactions, these attempts have not been very successful. Even when service charges are generally applied, they are often waived for depositors with sufficiently large deposit balances.

In Finland, the transaction deposit market is among the last segments of financial markets where impediments to price competition have remained significant. The reason is taxation. Even after the extensive deregulation of bank interest rates in 1986, deposit interest has been taxfree provided the interest rate does not exceed a certain limit (presently, 2 per cent). Otherwise, a withhold-

¹ Juha Tarkka (1995) 'Approaches to Deposit Pricing, A Study in the Determination of Deposit Interest and Bank Service Charges'. Bank of Finland Studies E:2.

² Johnson, H.G. (1968) Problems of Efficiency in Monetary Management, *Journal of Political Economy* vol. 76, pp. 971-990.

ing tax on personal interest income is applied (28 per cent from the beginning of 1996). As a result, banks have offered depositors a choice of taxable high-interest accounts or taxfree accounts with a lower interest rate. The taxfree accounts have proven to be the more popular. Deposits on taxable transaction accounts, even though they currently bear an average interest rate of about 3.5 per cent, constitute only about 10 per cent of all personal transaction account deposits (as of September, 1995)³.

The Finnish banks started to raise their (previously negligible) transaction service charges in 1988, at a time when deposit rate competition was already anticipated. By the early 1990s, each bank had a rather sophisticated schedule of charges applicable to transaction accounts. At that time, the emerging pricing philosophy was based on the "user pays" principle, ie transaction-specific charges. Different prices were charged for different types of transactions, with preference being given to self-service and automated activities (debit cards, ATM transactions etc). Since 1992, most banks have started to offer service packages which allow the customer to make the normal transfers (paying of bills etc) free of activity-specific charges, for a flat monthly fee. These fees are now often waived for customers with a sufficiently large positive monthly balance (FIM 15 000 is a typical minimum).

Explaining deposit pricing

There are several possible ways to extend the basic competitive pricing theory so that the stylized facts of deposit pricing can be better explained. Three possibilities are considered below. These extensions are not necessarily mutually exclusive. Each of them however has different implications for banking efficiency and public policy.

One important factor which can shape banks' pricing practices is taxation of deposit interest. In most tax systems, interest income from deposits is taxable, whereas the benefit of free services – "implicit interest" – is not. When implicit interest is taxfree, banks find it profitable to compete for customers by offering them free services instead of paying explicit interest on transaction accounts. This is because customers do not like to receive taxable income only to use it to purchase services from the bank, if taxes can be reduced by lowering the deposit interest rate and supplying the services free of charge. It is advantageous for the bank to link the amount of free services offered to the amount of deposits held in the account.

The result of the tax asymmetry created by the typical income tax system is as if the bank service charges were deductible from interest income in determining the tax: there is thus an implicit tax subsidy on the production of depositor services. The

size of this subsidy is positively related to the tax rate on interest income. This tax asymmetry, it should be noted, exists only for personal taxation. In corporate taxation, which is based on profits, all expenses are deductible, including bank service charges. There is thus no tax-based incentive for corporations to trade lower interest income for lower service charges.

A Finnish specialty is the taxfree status granted to interest on transaction deposits if the interest rate applied is below a stipulated ceiling. It can be shown that this approach involves an even higher implicit subsidy on the production of bank services than does the general taxability of interest. The size of the implicit subsidy available to banks is again positively related to the ordinary income tax rate, and it is positively related to the ceiling on tax free deposit rates. When the ceiling approaches the net-of-tax rates on taxable deposits, the effective cost of bank services to the customer can be made to approach zero. In the limiting case, when the ceiling for taxfree deposits is equal to the net-of-tax rates on alternative taxable assets, the situation is as if the depositor's banking costs can be deducted from his or her income tax bill.

For public policy, the implication of the analysis outlined above is that the usual income tax system may encourage inefficient use of resources in banking because of the implicit subsidies involved. This inefficiency would result from increased use of the banks' payment transmission facilities for payments which under an efficient pricing system would be paid in cash or bundled into larger and less numerous transactions (eg annual instead of monthly payments). The extent of actual loss in efficiency depends, of course, on the price elasticity of the demand for transaction services. If this is small, the real distortion caused by the tax system will also be small.

Another interesting point regarding the effects of taxation on the efficiency of banking is that in the typical income tax system, imposing reserve requirements on deposit accounts may actually be efficiency improving. This is in contrast with the standard view which sees reserve requirements as an obviously distortionary tax on financial intermediation. If the tax system creates an implicit subsidy on transaction services, it can be shown that this can be corrected by setting costly reserve requirements on the transaction accounts of personal customers (ie those whose transactions are implicitly subsidized by the income tax system in the first place). In theory, the reserve requirement could be efficiency improving up to the point where the rate of reserve requirement equals the income tax rate.

Market power and pricing

One further reason for the complex pricing practices observed in the deposit market may be the imperfectness of competition. In deposit banking, imperfect competition could result from the difficul-

³ In the time deposit market, interest rate competition has been much more significant since the beginning of the 1990s.

ty experienced by customers in "shopping around" for the best deposit terms. There may be only one bank in the particular area where the customer is living, or, perhaps more realistically, there may be significant costs involved in changing one's deposit relationship from one bank to another. This kind of switching cost, if present, could give banks some market power vis-à-vis their customers. Technological progress is rapidly changing banks' retail distribution methods, and telebanking in particular is making geographical distance less and less relevant for contacts between banks and their customers. Therefore, switching costs may well emerge as the most important source of market power for deposit banks.

It is known that in industries where competition is less than perfect, where the clientele is heterogeneous and where products are not easily resold by one customer to another, price discrimination can be expected. Banking, particularly in respect to transaction accounts, seems to fulfil these criteria. Price discrimination – if practiced – would likely take the form of nonlinear pricing, which in fact is not uncommon in retail banking: making interest rates and service charges conditional on the account balance is a typical nonlinearity.

One of the issues which arise in the context of nonlinear pricing of bank services is whether cross subsidization – underpricing transaction services at the margin relative to their production cost – can be part of an optimal (profit-maximizing) pricing strategy. Under certain conditions, the answer seems to be in the affirmative. Imperfect competition may thus be one of the causes of the observed nonlinearities in the interest rate and service charge schedules applied by banks, and one of the causes of the frequent apparent underpricing of service charges as well.

"Free banking" as insurance

Finally, it should be noted that the underpricing of services can be seen as part of an insurance arrangement. If customers cannot forecast exactly how much banking services they will use in the future, they face so-called usage risk. Under such uncertainty, risk-averse customers prefer bank charges to be low or zero activity-based and in accordance with expected (as opposed to realized) servicing cost. This kind of charge is a kind of insurance premium. However, to set the premium, indicators of the expected service costs are needed. If the average account balance is forecastable and if it is a good indicator of the expected cost of servicing the account, the interest rate spread may constitute a competitively viable way of paying for the bank services. Fixed monthly fees may complement the interest rate spread for the same purpose.

Full insurance against usage risk could be provided by setting the transaction-specific service charges to zero. However, it is known that insurance arrangements generally suffer from moral

hazard effects which may prevent full insurance from being viable in a competitive market. In the banking context, moral hazard would mean the wasteful use of banking services under zero service charges. It is possible to show that as the use of bank services is price sensitive, usage risk on the part of risk-averse depositors may result in a competitive equilibrium where service charges are positive but lower than the then corresponding marginal costs. This kind of pricing would reduce the cost uncertainty faced by the depositors, while maintaining an incentive to use bank services in an economical way.

The interesting aspect of the insurance hypothesis of bank service pricing is that it suggests that the special features of bank pricing (such as low transaction-specific charges) are not necessarily due to regulation, taxation, or imperfectness of competition. There may also be factors at work which are an intrinsic part of the payment industry. It is however difficult to quantify the importance of the insurance effect on pricing.

Concluding remarks

Research on various factors which are potentially important for deposit pricing points to the conclusion that deviations from those marginal cost-based pricing principles which were advocated by Johnson and several other economists are not necessarily a product of regulation or a mere relic from the era of repressed deposit rate competition. This means that in so far as the observed deviations from the "Johnson norm" are signs of real inefficiency the reasons for economic inefficiency in banking are more varied than has generally been recognized. The sources of price distortion which were discussed above are likely to be persistent even in a deregulated environment.

From the point of view of banking policy, it is important to develop the current and still rather deficient understanding of the economics of deposit banking. The pricing practices which are viable in today's banking markets may be indicative of the degree of efficiency of banks' performance. It appears that in the future banking will be subject to rapid technological and structural change. The question of whether tying deposits and payment services together in some way is an effective pricing strategy also has a bearing on the future shape of the financial and payments industry in this changing environment, as well as on the role that banks will come to play in that industry.

2 January 1996

- Keywords: bank deposits, interest rates, service charges.

Survey on derivatives markets in spring 1995

Every three years, the Bank for International Settlements (BIS) conducts a survey of activity in national foreign exchange and derivatives markets in order to determine the size and structure of global foreign exchange and derivatives markets. In this connection, the Bank of Finland carried out a study of the financial institutions operating in Finland in spring 1995. Financial institutions were requested to provide data on the amounts of their foreign exchange and derivatives transactions in April and their outstanding contracts at the end of March. The results now being released concern the derivatives markets; the figures for foreign exchange transactions were published in September 1995.

Average daily turnover in derivatives markets FIM 25 billion. In April, the average daily turnover in derivatives transactions of financial institutions operating in Finland was FIM 25 billion in terms of notional principal amounts. Total turnover data have been adjusted to avoid double counting of trades between local financial institutions. Turnover was divided almost equally between foreign exchange and interest rate derivatives.

Average daily turnover in foreign exchange derivatives in April totalled FIM 12.7 billion. Turnover consisted mainly of foreign exchange swaps (87 per cent), while outright forwards accounted for 8 per cent and options for 5 per cent.

Average daily turnover in interest rate derivatives in April totalled FIM 12.6 billion in terms of notional principal amounts. Nearly half of turnover consisted of forward rate agreements (FRAs) and about one-third of interest rate futures. Interest rate options accounted for 9 per cent of average daily turnover and interest rate swaps for 5 per cent.

Finnish bank's counterparty most often a foreign bank. The bulk of the derivatives contracts entered into by financial institutions operating in Finland were with nonresident counterparties. In April 1995, 75 per cent of foreign exchange derivatives contracts were entered into with nonresident counterparties, mostly financial institutions. Only 8 per cent of the contracts were entered into between financial institutions operating in Finland.

On average, non-financial resident companies were counterparties to financial institutions in 17 per cent of foreign exchange derivatives transactions. Trading in foreign exchange derivatives in April focussed almost entirely on the OTC market; only 1 per cent of total turnover comprised exchange-traded contracts.

In April, 65 per cent of OTC contracts in interest rate derivatives were, on average, with nonresident financial institutions. About one-quarter of turnover was comprised of contracts between financial institutions operating in Finland and just under one-tenth of contracts with non-financial resident companies. By contrast, there were hardly any transactions in interest rate derivatives between financial institutions operating in Finland and nonresident companies. Unlike the currency derivatives market, a major part of turnover in interest rate derivatives in April was generated on derivatives exchanges. Of the interest rate derivatives contracts entered into in April 1995 by financial institutions operating in Finland, 44 per cent were exchange-traded, ie contracts in which the counterparty is always a clearing house operating either in connection with or separately from a derivatives exchange. A significant part of financial institutions' business in exchange-traded interest rate derivatives contracts was done on foreign derivatives exchanges. According to the survey, three-quarters of exchange-traded contracts consisted of interest rate futures and the rest of interest rate options.

Markka the most frequently used currency in derivatives contracts. The markka was one of the currencies involved in 50 per cent of all the foreign exchange derivatives contracts entered into in April. The most frequently used currency pair was FIM/USD. As regards interest rate derivatives, the markka was classified in the survey under the item 'Other', which recorded the highest share (66 per cent) for financial institutions operating in Finland. Thus, most of the trades entered into in April by financial institutions operating in Finland were interest rate derivatives based on markka rates.

Notional principal amount of outstanding derivatives contracts FIM 1183 billion. The total notional principal amount of all outstanding derivatives contracts entered into by financial institutions operating in Finland amounted to FIM 1183

billion at the end of March. Of the total, interest rate derivatives accounted for FIM 736 billion (62 per cent), foreign exchange derivatives for FIM 443 billion (37 per cent) and equity or stock index derivatives for FIM 4 billion (0.3 per cent). On the basis of outstanding contracts, financial institutions were more active in the OTC market than on derivatives exchanges. Some 90 per cent of the contracts outstanding at the end of March were OTC contracts.

Publication of the Bank of Finland

A new publication has appeared in the Bank of Finland's A series: *Finnish-Soviet Clearing Trade and Payment System: History and Lessons*, by Juhani Laurila (A:94). Throughout the entire post-war period up to 1990, the Bank of Finland acted on behalf of the Finnish state as keeper of the Finnish and Soviet clearing accounts. Because of continuous changes that took place in the operating environment beginning in the 1970s, which led to problems in the management of clearing payments and in the observance of clearing account conditions, the Bank of Finland was obliged to take a more active role in clearing management than had been originally planned.

This book discusses the reasons why the measures that were taken to deal with the imbalance in eastern trade and with problems regarding payments and financing proved to be inadequate.

The focus is on the clearing payment system and currency management. Trade issues are examined only to the extent necessary for understanding the problems of the payment system. The book also compares the Finnish-Soviet clearing system with other comparable bi- and multilateral payment systems.

Experience with Finnish-Soviet clearing supports the argument that international clearing payment systems promote trade only if they are strictly applied, as is generally the case only in an environment in which banking services and bi- or multi-centred convertible-currency trade are either non-existent or restricted. In order for a clearing system to function well, payments must generally be made on a cash rather than credit basis.

The book deals with the history, operational mechanisms and procedures of clearing systems, with special emphasis on the Finnish-Soviet system, and will hopefully prove to be a basic source in this field.

Helsinki 1995. 144 p. ISBN 951-686-469-4.

Measures concerning monetary and foreign exchange policy and the financial markets

1995

FEBRUARY

Tender rate. On 10 February, the Bank of Finland raises its tender rate from 5.50 per cent to 5.75 per cent.

MARCH

Increase in the capital of Asset Management Company Arsenal Ltd. On 23 March, the Government decides to raise the share capital of Asset Management Company Arsenal Ltd by FIM 8 billion. The capital injection is necessary to cover losses incurred during the year.

APRIL

Long-term reference rates. On 21 April, the Bank of Finland recommends that the three- and five-year reference rates calculated by it should no longer be used as reference rates for new loans.

JUNE

HELIBOR rates. As from 1 June, the method of calculating the HELIBOR rates is revised. As a rule, all the banks which have been accepted by the Bank of Finland as counterparties in its money market operations are taken into account in the calculation; the highest and lowest rates quoted for each maturity are omitted.

Counterparties in the Bank of Finland's money market operations and the instruments employed. On 1 June, the Bank of Finland revises the criteria applied in the selection of counterparties for its money market operations and accords priority status to risk-free securities.

Weekly repo auctions discontinued. On 1 June, the Bank of Finland discontinues the weekly tenders (repo auctions) which it arranges for market makers in benchmark government bonds.

Skopbank to be sold to Svenska Handelsbanken. On the proposal of the Government Guarantee Fund, the Government approves, on 2 June, an arrangement whereby the sound parts of Skopbank will be sold to the Swedish bank Svenska Handelsbanken. The deal involves mainly the parent bank Skopbank's good loans and

guarantees as well as the share capital of Industrialization Fund of Finland Ltd and SKOP Finance Ltd., which are part of the Skopbank group. Also included in the deal are Skopbank subsidiaries Finnish Real Estate Bank Ltd and the credit card company Aktiiviraha Oy.

Tender rate. On 9 June, the Bank of Finland raises its tender rate from 5.75 per cent to 6.00 per cent.

OCTOBER

The minimum reserve system. The Bank of Finland decides to revise the banks' minimum reserve system as from 2 October so that the minimum reserve requirement is henceforth based on a monthly average.

Tender rate. On 5 October, the Bank of Finland lowers its tender rate from 6.0 per cent to 5.5 per cent. In addition, the interest rate on banks' excess reserves is cut from 4.0 per cent to 3.5 per cent.

NOVEMBER

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

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

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

DECEMBER

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

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

1996

JANUARY

Reorganization of the responsibilities of the government and the Bank of Finland. On 9 January 1996, the Cabinet Economic Policy Committee took the following decisions in principle:
– responsibility for the Sponda group, which is owned by the Bank of Finland and which was set up to manage Skopbank's assets (real estate and shares), will be transferred to the Council of State

– the government will settle its coinage-related debt to the Bank of Finland in the amount of some FIM 2 billion.

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

The Government Guarantee Fund. On 9 January 1996, the Cabinet Economic Policy Committee decided to propose that the Government Guarantee Fund be transferred to the authority of the Council of State as from the beginning of April.

FEBRUARY

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

Finland in brief

Land, climate and population

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

Finland has a population of 5 098 427 (31 December 1994) and an average population density of 16.6 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 516 100 inhabitants, Espoo (Esbo) 186 600, Tampere (Tammerfors) 179 300, Vantaa (Vanda) 164 600 and Turku (Åbo) 162 300.

There are two official languages: 93.1 % 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 444 billion in basic values in 1994, 3 % was generated in agriculture and fishing, 3 % in forestry, 25 % in industry, 5 % in construction, 11 % in trade, restaurants and hotels, 9 % in transport and communications, 3 % in finance and insurance, 21 % in other private services and 20 % by producers of government services. Of total employment of 2.0 million persons in 1994, 8 % were engaged in primary production, 27 % in industry and construction and 65 % in services.

In 1994, expenditure on the gross domestic product in purchasers' values amounted to FIM 508 billion and was distributed as follows: net exports 6 % (exports 35.7 %, imports -29.5 %), gross fixed capital formation 14 %, private consumption 56 % and government consumption 22 %. Finland's tax ratio (gross taxes including compulsory employment pension contributions relative to GDP) was 47 per cent, which is somewhat below the average for the Nordic countries.

Average annual (compounded) growth of real GDP was 4.7 % in the period 1950-59, 5.0 % in 1960-69, 3.7 % in 1970-79, 3.7 % in 1980-89 and 3.6 % in 1990-94. Finland's GDP per capita in 1994 was USD 19 100.

Foreign trade. OECD countries absorb the bulk of Finnish merchandise exports. In 1990–94, their share was, on average, 78.3 %, of which the share of EC countries was 48.8 percentage points and that of EFTA countries 18.8 percentage points. Over the same period, Finland's exports to East European countries (including the Soviet Union/Russia) accounted for 9.9 % and the rest of the world for 11.8 %. The regional distribution of Finland's merchandise imports has been quite similar to that of exports.

In 1994, the share of forest industry products in total merchandise exports was 36 %, the share of metal and engineering products 44 % and the share of other goods 20 %. 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 1 910 million cubic metres, of which 45 % is pine, 37 % spruce and 18 % broad-leaved species, chiefly birch.

The annual growth increment totals 78 million cubic metres and the total drain was about 62 million cubic metres in 1994.

Energy. In 1994, gross consumption of primary energy amounted to 31.6 Mtoe, of which industry accounted for 46 %, heating for 22 %, transportation for 13 % and other purposes for 19 %. The sources of primary energy in 1993 were as follows: oil 28 %, coal 13 %, nuclear power 14 %, hydro-electric power, peat and other indigenous sources 31 %, others 14 %. Compared internationally (1993), Finland's consumption of 5.7 toe (OECD definition) per capita was 1.7 times higher than the average in European OECD countries. The self-sufficiency rate (including nuclear power) in Finland was 41 %, as compared with 62 % in western Europe on average.

Finance and banking

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

temporarily abandon the limits of the fluctuation range and allow the markka to float. On 13 November 1992, the Government, on the basis of the amended Currency Act, authorized the Bank of Finland to float the markka for an indefinite period.

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

Other banks (31 December 1994). Finland has three major groups of deposit banks with a total of about 2 149 offices. There are three big commercial banks with national branch networks and ten smaller ones. The commercial banks have a total of 27 foreign branches, subsidiaries and associate banks and 31 representative offices abroad. There are 40 savings banks and 302 cooperative banks with their own extensive branch networks. In addition, foreign banks have four branches and eight representative offices in Finland.

Financial market. Of the total stock of FIM 683 billion in outstanding domestic credit at the end of September 1994, 53 % was provided by deposit banks, 23 % by insurance companies, 5 % by other private credit institutions, 7 % 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, 77 % of the instruments, which totalled approximately FIM 174 billion at end-1994, 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 66 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 181 billion (at end-1994). Domestic bonds and debentures in circulation at end-1994 totalled FIM 200 billion; government bonds made up 47 % of the total. Turnover on the Stock Exchange in 1994 amounted to FIM 71 billion; the share of shares and subscription rights in the total was approximately 97 %.

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 Banks' liquidity position at the Bank of Finland	S4
2.2 The Bank of Finland's minimum reserve system	S4
2.3 The Bank of Finland's money market transactions	S4
2.4 The Bank of Finland's transactions in convertible currencies	S5
2.5 Forward exchange contracts	S5
3. Rates of interest	S6
3.1 Money market rates and rates applied by the Bank of Finland	S6
3.2 The Bank of Finland's liquidity facility	S6
3.3 Weighted Eurorates and commercial ECU interest rate	S6
3.4 Rates of interest applied by banks	S7
3.5 Yields on bonds and shares	S7
4. Rates of exchange	S8
4.1 Middle rates	S8
4.2 Markka value of the ECU and currency indices	S9
5. Other domestic financing	S10
5.1 Bank funding from the public	S10
5.2 Bank lending to the public	S10
5.3 Money supply and monetary aggregates	S11
5.4 Liabilities and assets of the central government	S11
5.5 Markka bond market	S12
a) Issues	S12
b) Stock	S12
c) Turnover	S13
5.6 Helsinki Stock Exchange	S13
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, unit value 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

	1994		1995		
	31 Dec.	8 Dec.	15 Dec.	22 Dec.	31 Dec.
ASSETS					
Gold and foreign currency claims	52 743	50 673	50 527	48 642	48 865
Gold	2 180	1 742	1 742	1 742	1 742
Special drawing rights	1 537	1 433	1 605	1 563	1 569
IMF reserve tranche	1 354	1 681	1 694	1 679	1 685
ECU-claim on the European Monetary Institute	.	3 300	3 320	3 339	3 363
Foreign currency claims	47 672	42 517	42 166	40 319	40 506
Other foreign claims	4 595	4 062	4 063	4 082	3 969
Markka subscription to Finland's quota in the IMF	4 595	4 005	4 005	4 024	3 911
Share in the European Monetary Institute	.	57	57	58	58
Claims on financial institutions	2 520	6 213	7 742	8 005	8 831
Liquidity credits	-	-	-	-	-
Certificates of deposit	443	-	-	-	-
Securities with repurchase commitments	1 037	5 246	6 778	7 076	7 076
Term credits	-	-	-	-	-
Bonds	802	454	451	417	417
Other claims on financial institutions	238	513	513	513	1 339
Claims on the public sector	1 806	1 831	1 847	1 863	1 882
Treasury bills	-	-	-	-	-
Total coinage	1 806	1 831	1 847	1 863	1 882
Claims on corporations	3 149	2 890	2 890	2 890	2 886
Financing of domestic deliveries (KTR)	316	190	190	190	185
Other claims on corporations	2 833	2 701	2 701	2 701	2 700
Other assets	6 524	5 551	5 525	5 512	5 645
Loans for stabilizing the money market	4 532	4 532	4 532	4 532	4 532
Accrued items	1 832	883	855	843	972
Other assets	159	136	138	138	141
Valuation account	-	1 701	1 418	1 180	643
Capitalized expenditures and losses due to safeguarding the stability of the money market	1 400	1 400	1 400	1 400	1 400
Total	72 737	74 321	75 411	73 573	74 121
LIABILITIES					
Foreign currency liabilities	130	1 199	1 147	1 221	1 214
Other foreign liabilities	5 579	4 919	4 926	4 947	4 837
IMF markka accounts	4 595	4 005	4 005	4 024	3 911
Allocations of special drawing rights	985	914	921	923	927
Other foreign liabilities	-	-	-	-	-
Notes and coin in circulation	14 315	14 861	16 121	15 969	15 611
Notes	12 675	13 146	14 391	14 232	13 868
Coin	1 640	1 715	1 729	1 738	1 743
Certificates of deposit	35 236	38 082	36 679	34 763	27 090
Liabilities to financial institutions	7 912	6 330	7 639	7 789	16 777
Minimum reserve deposits	6 526	6 055	7 364	7 514	15 676
Call money deposits	1 387	-	-	-	-
Term deposits	-	-	-	-	-
Other liabilities to financial institutions	-	275	275	275	1 101
Liabilities to the public sector	93	75	75	75	75
Cheque accounts	0	0	0	0	0
Deposits of the Government Guarantee Fund	93	75	75	75	75
Other liabilities to the public sector	-	-	-	-	-
Liabilities to corporations	1 548	1 046	1 025	1 008	994
Deposits for investment and ship purchase	1 548	1 046	1 025	1 008	994
Other liabilities	461	347	337	339	327
Accrued items	437	305	305	305	300
Other liabilities	24	41	33	35	27
Valuation account	-	-	-	-	-
Provisions	1 698	1 698	1 698	1 698	1 431
Pension provision	1 329	1 329	1 329	1 329	1 431
Other provisions	369	369	369	369	-
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	72 737	74 321	75 411	73 573	74 121

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 currency claims	Foreign exchange reserves (1+2+3+4+5)	Other claims, net	Net claims (6+7)	Claims	Liabilities	Net claims (9-10)
	1	2	3	4	5	6	7	8	9	10	11
1991	2 180	932	1 136	.	29 381	33 629	- 424	33 204	1 375	3	1 372
1992	2 180	564	1 732	.	25 041	29 517	-2 998	26 519	2 446	90	2 356
1993	2 180	664	1 747	.	28 882	33 473	-1 324	32 148	1 788	784	1 004
1994	2 180	1 537	1 354	.	47 672	52 743	-1 114	51 629	1 806	93	1 713
1995	1 742	1 569	1 685	3 363	40 506	48 865	-2 082	46 783	1 882	75	1 807
1994											
Dec.	2 180	1 537	1 354	.	47 672	52 743	-1 114	51 629	1 806	93	1 713
1995											
Jan.	1 742	1 370	1 366	3 700	46 627	54 805	-1 490	53 315	1 767	184	1 583
Feb.	1 742	1 775	1 326	3 606	45 608	54 058	-1 544	52 514	1 765	68	1 697
March	1 742	1 616	1 329	3 619	45 185	53 492	-1 149	52 343	1 763	68	1 695
April	1 742	1 295	1 290	3 460	42 535	50 321	-1 583	48 738	1 773	101	1 672
May	1 742	1 028	1 437	3 481	42 847	50 536	-1 644	48 892	1 772	194	1 578
June	1 742	1 278	1 425	3 477	43 484	51 407	-1 617	49 790	1 793	554	1 239
July	1 742	1 383	1 518	3 361	43 659	51 662	-1 945	49 717	1 797	53	1 744
Aug.	1 742	1 275	1 584	3 333	43 816	51 750	-1 902	49 848	1 804	56	1 748
Sept.	1 742	1 457	1 579	3 323	40 294	48 395	-1 829	46 566	1 797	76	1 721
Oct.	1 742	1 385	1 671	3 315	39 624	47 738	-1 954	45 784	1 801	76	1 725
Nov.	1 742	1 421	1 666	3 279	42 396	50 503	-2 113	48 390	1 819	75	1 744
Dec.	1 742	1 569	1 685	3 363	40 506	48 865	-2 082	46 783	1 882	75	1 807

End of period	Domestic financial sector					Corporate sector				
	Term claims on deposit banks, net	Liquidity position of deposit banks ¹	Minimum reserve deposits of deposit banks ¹	Other claims on financial institutions, net	Net claims ² (12+13+14+15)	Claims in the form of special financing	Special deposits and other items, net	Net claims (17+18)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	12	13	14	15	16	17	18	19	20	21
1991	11 882	-2 206	-10 361	5 531	4 846	1 086	-6 854	-5 768	14 528	8 880
1992	3 738	- 550	-13 165	4 572	-5 405	747	-2 651	-1 904	14 508	4 880
1993	7 337	-1 802	-6 398	1 339	476	496	720	1 216	14 994	14 837
1994	1 480	-1 387	-6 526	1 040	-5 392	316	1 285	1 601	14 315	35 236
1995	7 076	-15 676	-15 676	655	-7 945	185	1 706	1 891	15 611	27 090
1994										
Dec.	1 480	-1 387	-6 526	1 040	-5 392	316	1 285	1 601	14 315	35 236
1995										
Jan.	944	- 719	-6 511	1 003	-5 284	307	1 354	1 661	13 592	36 282
Feb.	2 328	-1 618	-6 521	947	-4 863	295	1 447	1 742	14 087	36 943
March	2 701	-1 048	-6 516	937	-3 926	285	1 501	1 786	13 846	37 991
April	2 922	-1 124	-6 798	906	-4 094	273	1 561	1 834	14 121	35 448
May	2 242	- 794	-6 523	886	-4 189	259	1 599	1 858	14 270	34 742
June	3 019	- 707	-6 646	852	-3 482	244	1 638	1 882	14 374	35 555
July	3 425	- 525	-6 765	829	-3 037	235	1 653	1 888	14 544	36 982
Aug.	3 053	- 624	-6 574	823	-3 322	224	1 669	1 893	14 325	36 809
Sept.	6 261	-672	-6 557	779	- 189	217	1 692	1 909	14 229	37 321
Oct.	6 178	-5 768	-5 768	728	1 138	202	1 752	1 954	14 129	37 596
Nov.	5 409	-7 011	-7 011	711	- 891	192	1 631	1 823	14 321	38 082
Dec.	7 076	-15 676	-15 676	655	-7 945	185	1 706	1 891	15 611	27 090

¹ From October 1995, the liquidity position of deposit banks largely consists of minimum reserve deposits (see also Table 2.1).

² From October 1995, net claims is the sum of columns 12, 13 and 15.

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

2.1 Banks' liquidity position

at the Bank of Finland, mill. FIM

Average of daily observations	Minimum reserve deposits	Call money deposits	Liquidity credits	Liquidity position, net
	1	2	3	4
1991	.	881	985	- 103
1992	.	2 103	437	1 666
1993	.	831	425	407
1994	.	1 393	10	1 383
1995	7 100	1 021	106	2 435
1994				
Dec.	.	1 160	0	1 160
1995				
Jan.	.	1 196	0	1 196
Feb.	.	1 210	4	1 206
March	.	1 750	0	1 750
April	.	853	0	853
May	.	833	2	831
June	.	607	30	577
July	.	803	0	803
Aug.	.	873	204	669
Sept.	.	1 067	922	146
Oct.	6 736	.	0	6 736
Nov.	6 632	.	110	6 522
Dec.	7 933	.	0	7 933

2.2 The Bank of Finland's minimum reserve system

End of period	Reserve requirement				Minimum reserve deposits, mill. FIM ¹	Excess reserves, mill. FIM ¹ (5-4)
	On deposits repayable on demand, %	On other deposits, %	On other items, %	Mill. FIM		
	1	2	3	4	5	6
1993	2.0	1.5	1.0	6 398	6 398	.
1994	2.0	1.5	1.0	6 526	6 526	.
1995 I-IX	2.0	1.5	1.0	6 557	6 557	.
1995 X-XII	2.0	1.5	1.0	6 530	7 146	616
1994						
Dec.	2.0	1.5	1.0	6 526	6 526	.
1995						
Jan.	2.0	1.5	1.0	6 511	6 511	.
Feb.	2.0	1.5	1.0	6 521	6 521	.
March	2.0	1.5	1.0	6 516	6 516	.
April	2.0	1.5	1.0	6 798	6 798	.
May	2.0	1.5	1.0	6 523	6 523	.
June	2.0	1.5	1.0	6 646	6 646	.
July	2.0	1.5	1.0	6 765	6 765	.
Aug.	2.0	1.5	1.0	6 574	6 574	.
Sept.	2.0	1.5	1.0	6 557	6 557	.
Oct.	2.0	1.5	1.0	6 557	6 697	140
Nov.	2.0	1.5	1.0	6 545	6 741	196
Dec.	2.0	1.5	1.0	6 487	7 999	1 512

¹ Daily averages as from 2 October 1995.

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

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Money market transactions, net (1-2-3)
	1	2	3	4
1991	109 568	30 380	81 969	-2 781
1992	76 230	137 940	-60 417	-1 293
1993	86 521	146 899	-50 486	-9 892
1994	35 540	351 820	-295 165	-21 115
1995	50 435	434 810	-393 930	9 555
1994				
Dec.	1 470	34 680	-34 790	1 580
1995				
Jan.	2 580	36 050	-31 590	-1 880
Feb.	3 490	36 940	-34 710	1 260
March	4 260	40 440	-35 360	-820
April	2 400	34 970	-35 680	3 110
May	3 710	32 780	-28 590	-480
June	3 060	35 560	-32 400	-100
July	3 385	36 980	-32 530	-1 065
Aug.	3 040	36 810	-33 550	-220
Sept.	9 350	37 350	-33 740	5 740
Oct.	5 380	37 610	-28 110	-4 120
Nov.	4 680	38 080	-30 380	-3 020
Dec.	5 100	31 240	-37 290	11 150

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

During period	Intervention in the foreign exchange market			Spot transactions related to forward contracts, net	Central government's foreign exchange transactions, net
	Spot purchases	Spot sales	Forward exchange intervention = change in forward exchange position		
	1	2	3	4	5
1991	35 120	-69 940	-14 820	12 820	12 260
1992	20 050	-70 640	-1 650	390	45 060
1993	25 120	-45 080	7 460	-6 910	33 240
1994	20 930	-12 900	9 060	-8 930	24 660
1994					
Nov.	210	- 520	770	- 530	60
Dec.	1 750	- 300	870	-1 120	- 960
1995					
Jan.	-	- 190	3 290	-3 260	4 360
Feb.	-	-90	- 280	-90	720
March	-	-1 440	-1 710	1 350	-50
April	400	-	-2 650	6 290	-6 010
May	-	-	-1 230	1 300	-1 040
June	-	-	-1 120	1 110	- 813
July	-	-	-2 470	2 450	-2 072
Aug.	4 000	- 780	3 510	-3 410	-70
Sept.	450	-1 970	- 100	-	-2 640
Oct.	-	- 180	- 830	860	- 330
Nov.	60	-	-2 580	2 570	120

2.5 Forward exchange contracts between Finnish markkaa 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)	
	1	2	3	4	5	6	7	8	9	10	11
1990	11 609	4 979	6 631	21 179	11 079	10 100	16 731	237	55	183	-6 098
1991	33 004	36 352	-3 348	40 056	37 505	2 550	- 798	1 404	645	759	8 953
1992	39 195	32 939	6 256	21 142	32 339	-11 197	-4 941	1 614	1 929	- 315	7 133
1993	38 373	23 721	14 652	14 346	21 895	-7 548	7 104	11 632	2 173	9 459	1 939
1994	51 096	22 093	29 003	19 236	32 791	-13 555	15 448	18 372	4 780	13 592	-6 080
1994											
Nov.	46 460	21 508	24 952	18 515	28 808	-10 293	14 659	16 058	4 036	12 023	-5 075
Dec.	51 096	22 093	29 003	19 236	32 791	-13 555	15 448	18 372	4 780	13 592	-6 080
1995											
Jan.	53 808	22 928	30 880	21 342	31 748	-10 407	20 473	19 972	4 698	15 274	-9 436
Feb.	54 500	23 006	31 494	21 161	36 433	-15 273	16 221	20 618	3 533	17 086	-9 485
March	57 611	25 712	31 899	23 283	36 466	-13 182	18 717	20 806	4 775	16 030	-8 055
April	57 779	24 331	33 447	22 063	33 135	-11 073	22 374	19 221	5 194	14 027	-4 909
May	59 058	24 236	34 822	23 178	33 876	-10 698	24 124	17 363	5 967	11 395	-3 562
June	56 010	21 745	34 265	22 744	36 052	-13 308	20 957	17 184	5 360	11 824	-2 461
July	54 311	20 649	33 662	22 825	33 288	-10 463	23 199	16 028	4 688	11 340	0
Aug.	58 236	19 237	39 000	24 721	37 101	-12 379	26 621	16 288	5 142	11 146	-3 416
Sept.	58 838	21 341	37 497	23 891	38 339	-14 448	23 049	13 840	6 002	7 838	-3 416
Oct.	56 689	20 187	36 503	25 509	39 525	-14 015	22 488	14 986	6 228	8 758	-2 572
Nov.	58 789	21 279	37 510	29 384	45 295	-15 911	21 599	15 154	6 539	8 615	0

3. Rates of interest

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

Average of daily observations	Interbank overnight rate	HELIBOR				Bank of Finland rates		
		1 month	3 months	6 months	12 months	Liquidity credit rate ¹	Excess-reserve rate ²	Base rate
	1	2	3	4	5	6	7	8
1991	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50
1992	13.32	13.49	13.27	13.08	12.96	14.90	7.41	9.17
1993	7.71	7.85	7.73	7.59	7.47	8.95	4.95	6.85
1994	4.38	5.11	5.35	5.78	6.33	7.11	3.11	5.27
1995	5.26	5.63	5.76	5.97	6.34	7.63	3.63	5.20
1994								
Dec.	4.57	5.41	5.70	6.18	7.02	7.38	3.38	5.25
1995								
Jan.	4.43	5.50	5.85	6.32	7.14	7.50	3.50	5.25
Feb.	5.27	5.71	5.99	6.32	6.97	7.66	3.66	5.25
March	4.66	5.78	6.06	6.48	7.07	7.75	3.75	5.25
April	5.00	5.75	5.97	6.31	6.82	7.75	3.75	5.25
May	5.06	5.72	5.87	6.06	6.45	7.75	3.75	5.25
June	5.77	5.93	6.02	6.21	6.57	7.93	3.93	5.25
July	5.40	5.97	6.13	6.40	6.80	8.00	4.00	5.25
Aug.	6.04	5.99	6.08	6.25	6.56	8.00	4.00	5.25
Sept.	6.20	5.97	5.95	5.97	6.04	8.00	4.00	5.25
Oct.	5.61	5.58	5.61	5.65	5.76	7.57	3.57	5.25
Nov.	4.90	4.90	4.93	4.99	5.11	6.90	2.90	5.00
Dec.	4.60	4.56	4.54	4.57	4.66	6.56	2.56	4.86

¹ Call money credit rate until 2 July 1992.

² Call money deposit rate until 2 October 1995.

3.2 The Bank of Finland's liquidity facility

The Bank of Finland's tender rate, %	Liquidity credit: interest rate margin, %-points	Liquidity credit: maturity, days	Call money deposits: interest rate margin, %-points	Excess-reserve rate		
1	2	3	4	5		
1992¹	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
1994		1994				
Dec.	5.38	Dec.	+2.00	7	-2.00	.
1995		1995				
Jan.	5.50	Jan.	+2.00	7	-2.00	.
Feb.	5.66	Feb.	+2.00	7	-2.00	.
March	5.75	March	+2.00	7	-2.00	.
April	5.75	April	+2.00	7	-2.00	.
May	5.75	May	+2.00	7	-2.00	.
June	5.93	June	+2.00	7	-2.00	.
July	6.00	July	+2.00	7	-2.00	.
Aug.	6.00	Aug.	+2.00	7	-2.00	.
Sept.	6.00	Sept.	+2.00	7	-2.00	.
Oct.	5.57	Oct.	+2.00	7	.	3.50
Nov.	4.90	Nov.	+2.00	7	.	2.75
Dec.	4.56	Dec.	+2.00	7	.	2.25
19.12.1995	4.25	19.12.1995				2.25

¹ July-December.

3.3 Weighted Eurorates and commercial ECU interest rate, per cent

Average of daily observations	ECU	3 currencies	Commercial ECU
	3 months		
	1	2	3
1991	10.1	8.5	9.9
1992	10.4	7.8	10.6
1993	8.0	6.0	8.1
1994	5.9	5.2	6.1
1995	5.9	5.2	6.0
1994			
Dec.	6.1	5.8	6.3
1995			
Jan.	6.0	5.6	6.3
Feb.	6.0	5.6	6.1
March	6.7	5.6	6.9
April	6.3	5.3	6.4
May	6.2	5.2	6.3
June	6.1	5.2	6.2
July	5.9	5.2	6.1
Aug.	5.7	5.1	5.9
Sept.	5.6	4.9	5.6
Oct.	5.7	4.9	5.8
Nov.	5.5	4.8	5.5
Dec.	5.3	4.7	5.3

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
1990	13.24	15.62	13.33	13.85	11.84	11.61	7.50	.	4.50	6.43	13.55	8.41
1991	13.63	15.88	13.40	13.84	12.08	11.80	7.50	.	4.50	7.10	13.22	8.97
1992	14.04	15.86	13.32	13.75	12.46	12.13	7.50	8.50	4.50	7.41	12.84	9.14
1993	9.69	13.55	9.40	9.75	10.20	9.92	3.50	4.50	2.00	4.78	8.86	6.15
1994	7.32	11.55	7.13	7.35	8.18	7.91	3.25	4.25	2.00	2.99	5.96	4.01
1994												
Nov.	7.75	11.72	7.01	7.21	8.09	7.83	3.25	4.25	2.00	3.04	6.09	4.08
Dec.	7.62	10.69	6.44	6.71	8.05	7.76	3.25	4.25	2.00	3.11	6.17	4.10
1995												
Jan.	7.79	11.55	7.22	7.40	8.11	7.84	3.25	4.25	2.00	3.15	6.27	4.18
Feb.	8.46	11.54	7.29	7.50	8.11	7.83	3.25	4.25	2.00	3.17	6.33	4.18
March	8.40	11.58	7.62	7.80	8.16	7.89	3.25	4.25	2.00	3.22	6.41	4.22
April	7.80	11.39	7.54	7.68	8.17	7.90	3.25	4.25	2.00	3.23	6.45	4.23
May	8.15	11.52	7.54	7.71	8.16	7.89	3.25	4.25	2.00	3.23	6.45	4.23
June	8.13	11.61	7.43	7.60	8.14	7.85	3.25	4.25	2.00	3.21	6.53	4.13
July	9.68	11.63	7.81	8.00	8.16	7.87	3.25	4.25	2.00	3.22	6.54	4.15
Aug.	8.98	11.58	7.80	7.98	8.14	7.84	3.25	4.25	2.00	3.21	6.52	4.16
Sept.	8.46	11.63	7.68	7.86	8.11	7.82	3.25	4.24	2.00	3.20	6.35	4.14
Oct.	7.73	11.56	7.28	7.43	7.98	7.68	3.25	4.25	2.00	3.09	6.19	4.03
Nov.	6.86	11.48	6.80	6.92	7.78	7.45	3.00	4.00	2.00	2.92	6.04	3.81

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
1990	13.7	13.5	13.3	.	4.0
1991	12.3	12.2	11.8	.	3.9
1992	13.1	13.0	12.0	11.5 ¹	3.1
1993	8.5	8.9	8.2	8.8	1.8
1994	8.5	9.3	8.4	9.0	1.4
1994					
Nov.	9.6	10.5	9.5	10.2	1.5
Dec.	9.6	10.5	9.5	10.2	1.7
1995					
Jan.	9.5	10.3	9.4	10.2	1.3
Feb.	9.3	10.2	9.3	10.2	1.5
March	9.2	10.1	9.2	10.2	2.3
April	8.7	9.4	8.4	9.4	2.6
May	8.2	8.9	7.8	8.8	3.3
June	8.3	8.9	7.7	8.7	3.1
July	8.5	9.0	7.8	8.7	2.8
Aug.	8.1	8.6	7.3	8.3	2.7
Sept.	7.6	8.1	7.2	8.0	2.6
Oct.	7.4	8.0	7.5	7.9	2.6
Nov.	6.7	7.5	7.0	7.5	3.1

¹ November and December only.

4. Rates of exchange

4.1 Middle rates, FIM

Average of daily quotations	New York 1 USD	Montreal 1 CAD	London 1 GBP	Dublin 1 IEP	Stockholm 1 SEK	Oslo 1 NOK	Copenhagen 1 DKK	Reykjavik 1 ISK	Frankfurt am Main 1 DEM	Amsterdam 1 NLG	Brussels 1 BEF	Zurich 1 CHF
	1	2	3	4	5	6	7	8	9	10	11	12
1991	4.0457	3.533	7.131	6.511	0.6684	0.6236	0.6322	0.0684	2.4380	2.1634	0.1184	2.8208
1992	4.4835	3.706	7.875	7.636	0.7714	0.7222	0.7444	0.0778	2.8769	2.5552	0.1397	3.2000
1993	5.7189	4.434	8.582	8.371	0.7350	0.8059	0.8822	0.0846	3.4584	3.0787	0.1655	3.8706
1994	5.2184	3.824	7.982	7.799	0.6758	0.7393	0.8207	0.0745	3.2169	2.8684	0.1561	3.8179
1995	4.3658	3.181	6.891	6.999	0.6123	0.6889	0.7790	0.0674	3.0471	2.7202	0.1481	3.6941
1994												
Dec.	4.8455	3.488	7.554	7.435	0.6447	0.7068	0.7864	0.0704	3.0823	2.7528	0.1499	3.6450
1995												
Jan.	4.7358	3.352	7.458	7.375	0.6344	0.7071	0.7851	0.0698	3.0930	2.7591	0.1501	3.6782
Feb.	4.6433	3.315	7.300	7.256	0.6288	0.7041	0.7832	0.0697	3.0913	2.7576	0.1501	3.6526
March	4.3769	3.111	7.004	6.993	0.6021	0.6979	0.7770	0.0680	3.1138	2.7768	0.1509	3.7378
April	4.2650	3.096	6.862	6.948	0.5810	0.6889	0.7855	0.0676	3.0947	2.7641	0.1505	3.7580
May	4.3155	3.172	6.854	6.999	0.5919	0.6860	0.7832	0.0673	3.0663	2.7390	0.1490	3.6980
June	4.2983	3.120	6.853	7.004	0.5920	0.6891	0.7858	0.0678	3.0668	2.7406	0.1493	3.7104
July	4.2488	3.121	6.776	6.968	0.5917	0.6882	0.7852	0.0674	3.0587	2.7305	0.1488	3.6755
Aug.	4.3000	3.173	6.743	6.902	0.5949	0.6784	0.7680	0.0666	2.9773	2.6583	0.1448	3.5959
Sept.	4.3717	3.240	6.810	6.953	0.6127	0.6829	0.7710	0.0665	2.9902	2.6693	0.1454	3.6750
Oct.	4.2696	3.174	6.738	6.890	0.6248	0.6845	0.7776	0.0661	3.0188	2.6953	0.1468	3.7265
Nov.	4.2400	3.134	6.629	6.814	0.6427	0.6785	0.7724	0.0656	2.9934	2.6724	0.1456	3.7109
Dec.	4.3351	3.165	6.669	6.893	0.6531	0.6822	0.7766	0.0663	3.0083	2.6866	0.1464	3.7246

Average of daily quotations	Paris 1 FRF	Rome 1 ITL	Vienna 1 ATS	Lisbon 1 PTE	Madrid 1 ESP	Athens 1 GRD	Tallinn 1 EEK	Tokyo 1 JPY	Melbourne 1 AUD	ECU Commercial 1 XEU	SDR 1 XDR
	13	14	15	16	17	18	19	20	21	22	23
1991	0.7169	0.00326	0.3464	0.0280	0.0389	0.022		0.03008	3.152	5.003	5.52771
1992	0.8486	0.00364	0.4088	0.0332	0.0438	0.024	0.4060	0.03546	3.289	5.798	6.31546
1993	1.0096	0.00364	0.4916	0.0356	0.0451	0.025	0.4323	0.05168	3.885	6.685	7.98641
1994	0.9406	0.00324	0.4573	0.0314	0.0390	0.0215	0.4021	0.05106	3.814	6.175	7.46629
1995	0.8748	0.00268	0.4331	0.0291	0.0350	0.0189	0.3809	0.04663	3.238	5.644	6.61196
1994											
Dec.	0.8949	0.00297	0.4379	0.0301	0.0366	0.0199	0.3853	0.04838	3.752	5.874	7.03528
1995											
Jan.	0.8946	0.00294	0.4396	0.0300	0.0357	0.0199	0.3866	0.04752	3.625	5.859	6.94337
Feb.	0.8889	0.00287	0.4393	0.0299	0.0356	0.0197	0.3864	0.04725	3.460	5.811	6.86328
March	0.8790	0.00259	0.4424	0.0296	0.0341	0.0192	0.3892	0.04833	3.216	5.700	6.72357
April	0.8814	0.00249	0.4398	0.0293	0.0343	0.0190	0.3868	0.05101	3.139	5.671	6.71986
May	0.8670	0.00261	0.4360	0.0291	0.0350	0.0189	0.3833	0.05078	3.143	5.647	6.72395
June	0.8736	0.00262	0.4362	0.0291	0.0353	0.0190	0.3833	0.05083	3.094	5.665	6.72042
July	0.8788	0.00264	0.4349	0.0291	0.0355	0.0189	0.3823	0.04871	3.088	5.662	6.61807
Aug.	0.8654	0.00268	0.4234	0.0287	0.0349	0.0185	0.3722	0.04547	3.186	5.569	6.49492
Sept.	0.8670	0.00271	0.4251	0.0287	0.0348	0.0186	0.3738	0.04353	3.298	5.580	6.40629
Oct.	0.8643	0.00266	0.4290	0.0287	0.0349	0.0184	0.3773	0.04242	3.237	5.546	6.39697
Nov.	0.8677	0.00266	0.4255	0.0285	0.0348	0.0181	0.3742	0.04162	3.160	5.496	6.33703
Dec.	0.8733	0.00272	0.4276	0.0287	0.0354	0.0182	0.3760	0.04258	3.213	5.530	6.43793

4.2 Markka value of the ECU and currency indices

Average of daily observations	Markka value of the ECU FIM/ECU	Currency indices, 1982=100	
		Trade-weighted currency index	Payments currency index
	1	2	3
1991	5.00580	101.4	101.4
1992	5.80140	116.4	115.7
1993	6.69420	132.4	136.0
1994	6.19108	123.2	125.5
1995	5.70936	111.6	111.5
1994			
Dec.	5.89101	117.0	118.4
1995			
Jan.	5.87972	115.9	117.1
Feb.	5.84352	114.9	115.8
March	5.76731	112.4	112.3
April	5.72937	111.2	110.5
May	5.70402	111.3	110.9
June	5.71859	111.5	110.8
July	5.71263	110.9	110.1
Aug.	5.60862	109.4	109.4
Sept.	5.63392	110.3	110.6
Oct.	5.64587	110.4	110.0
Nov.	5.61404	110.0	109.5
Dec.	5.65470	111.2	111.0

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
1990	30 953	96 176	124 930		252 058	6 818	258 876	38 835	297 711
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
1994									
Aug.	44 503	97 970	107 529	20 969	270 970	14 957	285 927	64 382	350 309
Sept.	40 588	97 976	107 427	20 722	266 712	12 839	279 551	56 424	335 974
Oct.	41 393	98 519	107 168	20 272	267 352	14 479	281 832	52 354	334 186
Nov.	42 319	98 059	107 511	20 141	268 030	11 895	279 925	46 810	326 735
Dec.	41 200	99 691	108 922	19 838	269 650	12 774	282 424	44 228	326 651
1995									
Jan.	41 912	100 114	109 274	19 729	271 028	11 588	282 616	37 173	319 788
Feb.	42 583	103 613	108 069	19 960	274 225	12 844	287 069	44 259	331 328
March	43 698	104 071	108 784	20 259	276 812	12 769	289 581	47 289	336 870
April	45 487	104 920	108 622	20 467	279 495	11 987	291 483	55 118	346 601
May	45 373	103 337	108 316	20 671	277 697	12 264	289 961	48 998	338 959
June	47 640	105 219	108 954	20 606	282 418	12 759	295 177	44 648	339 825
July	48 359	105 161	108 755	20 811	283 087	12 420	295 507	62 174	357 681
Aug.	46 983	105 397	108 792	20 795	281 966	12 488	294 454	62 337	356 791

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
1990	19 152	5 777	260 790	285 720	103 134	388 853
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
1994						
Aug.	13 859	1 680	244 474	260 013	53 977	313 990
Sept.	14 068	1 642	243 874	259 584	51 258	310 842
Oct.	13 583	1 594	244 191	259 368	47 775	307 143
Nov.	13 274	1 522	244 044	258 840	46 902	305 742
Dec.	13 241	1 301	242 417	256 958	45 138	302 096
1995						
Jan.	12 991	1 240	242 556	256 787	43 726	300 513
Feb.	12 951	1 190	242 803	256 944	42 579	299 523
March	12 797	1 157	242 000	255 954	42 316	298 270
April	12 657	1 159	242 911	256 727	39 550	296 277
May	12 448	1 145	242 338	255 930	38 260	294 190
June	12 216	1 070	241 834	255 120	37 831	292 951
July	11 845	1 074	242 045	254 963	36 353	291 316
Aug.	11 860	1 058	242 323	255 242	36 230	291 472

5.3 Money supply and monetary aggregates, mill. FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M ₁	M ₂ (1+4+5)	M ₃
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
1990	-82 881	-19 072	453 720	434 648	-85 385	141 524	266 383	291 045
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	364 359	370 451	-96 600	154 357	286 696	328 509
1994*								
Nov.	12 535	3 611	369 603	373 214	-101 461	152 745	284 288	331 096
Dec.	12 844	6 092	364 359	370 451	-96 600	154 357	286 696	328 509
1995*								
Jan.	..	..	..	..	..	153 993	285 771	325 743
Feb.	..	..	..	..	..	158 107	289 245	328 804
March	..	..	..	..	..	159 929	292 215	332 244
April	..	..	..	..	..	163 101	295 579	331 882
May	..	..	..	..	..	162 089	294 022	332 613
June	..	..	..	..	..	164 865	296 555	340 057
July	..	..	..	..	..	164 621	296 313	342 997
Aug.	..	..	..	..	..	163 475	295 227	337 391
Sept.	..	..	..	..	..	161 646	292 667	338 042
Oct.	..	..	..	..	..	163 296	292 334	334 382
Nov.	..	..	..	..	..	167 783	295 871	328 101

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
1990	20 917	3 876	24 793	23 982	8 263	-	.	32 245	57 038	48 121	23 114
1991	38 703	4 943	43 646	31 018	12 208	5 180	.	48 406	92 052	55 165	15 956
1992	100 244	6 143	106 387	40 578	13 555	14 762	.	68 895	175 282	61 671	19 781
1993	142 824	12 753	155 577	71 082	16 060	22 824	.	109 966	265 543	66 439	36 487
1994	160 587	15 975	176 562	93 008	17 100	33 153	-5 945	137 316	313 878	66 851	43 012
1994											
Nov.	163 035	16 371	179 406	88 690	16 794	32 656	-5 479	132 661	312 067	66 924	42 051
Dec.	160 587	15 975	176 562	93 008	17 100	33 153	-5 945	137 316	313 878	66 851	43 012
1995											
Jan.	167 765	16 137	183 902	96 649	17 080	38 658	-6 019	146 368	330 270	67 186	52 460
Feb.	165 516	15 884	181 400	105 442	17 080	37 320	-6 039	153 803	335 203	67 382	54 954
March	166 342	17 306	183 648	115 230	17 053	38 990	-6 041	165 232	348 880	67 593	47 978
April	163 779	14 335	178 114	119 148	16 433	41 596	-5 599	171 578	349 692	68 109	47 895
May	164 510	14 515	179 025	121 943	16 399	40 535	-5 585	173 292	352 317	67 767	43 954
June	164 086	14 555	178 641	122 461	15 788	36 529	-5 587	169 191	347 832	68 114	32 648
July	160 563	14 192	174 755	122 953	15 781	35 526	-5 627	168 633	343 388	67 947	30 029
Aug.	159 404	13 799	173 203	129 417	17 531	34 804	-5 641	176 111	349 314	67 971	31 864
Sept.	159 093	13 532	172 625	134 142	17 530	31 525	-5 649	177 552	350 177	68 426	35 250
Oct.	158 207	14 100	172 307	134 673	17 530	34 287	-5 692	180 798	353 105	68 584	32 117
Nov.	156 263	14 145	170 408	139 244	17 503	38 769	-5 675	189 841	360 249	..	45 082

5.5 Markka bond market

A) Issues, mill. FIM

During period	Corporations	Financial institutions	Central government	Local government	Others	Total (1+2+3+4+5)
	1	2	3	4	5	6
1990	4 640	17 891	4 420	490	1 007	28 447
1991	7 277	25 737	11 073	1 320	-	45 407
1992	6 984	15 043	12 965	2 674	4	37 671
1993	11 691	10 481	36 512	2 235	63	60 981
1994*	4 053	9 899	31 553	593	-	46 099
1994*						
Nov.	400	891	4 137	-	-	5 428
Dec.	-	663	4 525	-	-	5 187
1995*						
Jan.	100	333	5 109	-	-	5 542
Feb.	53	244	9 230	-	-	9 526
March	354	459	10 543	26	-	11 382
April	1	118	3 943	-	-	4 061
May	22	228	3 852	-	-	4 103
June	100	1 115	2 329	-	-	3 544
July	-	-	505	-	-	505
Aug.	1	101	6 796	-	-	6 898
Sept.	110	1 980	9 752	-	-	11 842
Oct.	-	150	5 020	-	-	5 170
Nov.	-	600	4 761	-	-	5 361

B) Stock, mill. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5+6+7+8) = (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
1990	23 522	59 756	28 812	1 756	1 298	52 273	22 970	39 902	115 145
1991	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
1992	26 624	82 153	44 005	5 238	3 358	89 382	13 918	58 078	161 378
1993	32 459	73 893	73 682	6 884	2 009	119 552	10 391	58 984	188 927
1994*	30 179	66 467	94 865	6 981	953	141 935	7 581	49 929	199 445
1994*									
Nov.	30 505	67 586	90 548	7 030	950	138 626	7 588	50 405	196 619
Dec.	30 179	66 467	94 865	6 981	953	141 935	7 581	49 929	199 445
1995*									
Jan.	29 808	66 232	98 507	6 879	953	145 960	6 946	49 473	202 379
Feb.	29 569	63 945	107 300	6 841	933	153 376	6 715	48 498	208 588
March	29 286	62 312	117 085	6 849	926	162 629	6 234	47 596	216 458
April	29 110	61 856	120 406	6 841	925	166 382	6 223	46 533	219 138
May	28 789	61 418	123 166	6 500	918	168 582	5 885	46 324	220 791
June	28 448	61 539	123 685	6 439	916	169 327	5 877	45 823	221 027
July	27 777	60 876	124 177	6 387	666	169 253	5 873	44 757	219 889
Aug.	27 557	59 771	130 640	6 378	666	174 867	5 545	44 600	225 012
Sept.	27 635	60 015	135 365	7 372	665	181 295	5 251	44 506	231 052
Oct.	27 602	59 561	135 897	7 463	363	181 435	5 058	44 393	230 886
Nov.	27 233	57 647	140 404	7 462	359	184 619	4 976	43 510	233 105

C) *Turnover, mill. FIM*

During period	Interbank transactions	Transactions between banks and customers	Primary dealers' transactions in benchmark government bonds		
			Purchases from other primary dealers	Purchases from others	Sales to others
	1	2	3	4	5
1991	3 343	29 134			
1992	18 383	58 757	10 744	12 156	13 354
1993	47 803	246 104	42 945	95 647	117 489
1994	184 599	359 697	173 096	150 908	176 647
1995	147 037	436 052	133 357	190 069	215 879
1994					
Dec.	7 842	17 304	7 531	6 784	9 281
1995					
Jan.	8 855	30 706	8 481	12 246	16 423
Feb.	7 716	28 452	7 287	10 833	14 291
March	14 858	35 736	11 622	14 835	19 126
April	16 904	32 257	14 802	12 917	15 353
May	12 869	39 905	10 693	16 951	17 208
June	14 530	33 598	12 355	14 317	14 300
July	5 792	17 266	5 681	7 115	9 607
Aug.	11 210	42 367	10 698	20 105	20 057
Sept.	19 708	50 201	18 676	22 799	24 815
Oct.	11 843	40 102	11 615	17 944	21 776
Nov.	10 782	40 739	10 060	18 386	21 090
Dec.	11 970	44 723	11 387	21 621	21 833

5.6 *Helsinki Stock Exchange*

Average of daily observations	Share prices							Turnover ¹ , mill. FIM		
	HEX index (28 Dec., 1990=1000)							Shares and sub- scrip- tion rights	Bonds and debentures	Total
	All-share index	By industry								
		Banks and finance	Insurance and investment	Manu- facturing	Of which:					
				Forest industries	Metal and engineering	Conglom- erates				
	1	2	3	4	5	6	7	8	9	10
1991	962	901	898	1 003	1 075	1 076	1 021	6 339	1 315	7 655
1992	772	425	467	943	1 123	1 206	890	10 277	15 377	25 654
1993	1 240	608	644	1 601	1 695	1 749	1 751	46 337	59 977	106 314
1994	1 847	719	802	2 464	2 284	2 675	3 068	68 671	2 147	70 818
1995	1 918	500	638	2 741	2 062	2 255	4 251	83 019	1 075	84 094
1994										
Dec.	1 832	576	640	2 524	2 128	2 375	3 589	5 100	70	5 170
1995										
Jan.	1 869	524	598	2 616	2 224	2 381	3 788	5 582	130	5 712
Feb.	1 802	543	577	2 512	2 146	2 240	3 645	7 016	132	7 148
March	1 648	509	533	2 292	1 905	2 038	3 343	5 464	76	5 540
April	1 688	497	556	2 365	2 040	2 138	3 408	5 340	92	5 432
May	1 829	516	613	2 587	2 072	2 259	3 896	5 823	122	5 946
June	1 919	560	631	2 731	2 113	2 154	4 401	7 843	65	7 908
July	2 107	526	694	3 066	2 289	2 346	4 858	7 114	24	7 138
Aug.	2 155	506	709	3 149	2 218	2 443	4 832	7 010	56	7 066
Sept.	2 231	504	751	3 276	2 176	2 492	5 045	8 649	59	8 708
Oct.	2 031	455	688	2 955	1 967	2 309	4 716	8 721	60	8 781
Nov.	1 887	417	657	2 708	1 807	2 105	4 478	6 942	132	7 074
Dec.	1 777	437	635	2 496	1 740	2 109	4 448	7 515	126	7 641

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
1990	99 750	8 347	4 650	6 081	19 077	118 827	12 739	4 601	136 166	101 967	4 363	10 766	9 503
1991	91 100	7 508	5 044	5 636	18 189	109 289	10 003	5 336	124 628	86 348	3 974	11 089	11 011
1992	105 809	8 643	6 089	7 730	22 462	128 272	6 423	5 920	140 614	93 187	4 360	10 962	13 369
1993	132 550	10 430	7 079	9 379	26 888	159 438	6 137	6 506	172 080	101 559	5 646	9 237	17 008
1994*	151 751	11 385	7 314	11 808	30 508	182 259	9 617	4 919	196 796	118 300	5 862	8 697	16 800
1993													
I	31 016	2 366	1 351	2 778	6 495	37 511	1 862	1 470	40 844	25 715	1 303	2 401	4 445
II	32 625	2 646	1 763	2 281	6 690	39 315	1 753	1 756	42 824	24 818	1 351	2 276	4 015
III	32 116	2 832	2 203	2 102	7 138	39 253	1 250	1 584	42 088	23 992	1 473	2 242	4 206
IV	36 793	2 586	1 761	2 218	6 565	43 358	1 271	1 695	46 324	27 034	1 520	2 319	4 341
1994*													
I	34 382	2 663	1 524	2 839	7 026	41 408	1 764	1 289	44 462	24 767	1 295	1 998	4 213
II	38 486	2 902	1 860	2 649	7 411	45 897	2 802	1 190	49 889	29 458	1 455	2 151	3 967
III	37 322	3 092	2 230	2 960	8 282	45 604	2 027	1 180	48 811	28 743	1 549	2 256	3 899
IV	41 561	2 728	1 700	3 360	7 788	49 349	3 025	1 260	53 634	35 332	1 563	2 291	4 721
1995*													
I	40 657	2 729	1 523	4 016	8 269	48 926	3 527	1 611	54 064	29 106	1 479	2 340	4 741
II	45 148	3 044	1 914	3 678	8 636	53 784	3 734	1 608	59 125	31 422	1 565	2 653	4 662
III	40 500	3 337	2 244	3 681	9 262	49 762	2 980	2 193	54 935	32 100	1 643	2 703	3 957

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
1990	24 632	126 599	26 973	9 107	162 680	-2 218	3 984	-6 117	-3 422	-5 555	-7 772	-14 234	-4 506	-26 513
1991	26 074	112 421	28 674	10 229	151 325	4 752	3 534	-6 044	-5 374	-7 885	-3 132	-18 671	-4 893	-26 696
1992	28 690	121 878	30 424	10 347	162 649	12 622	4 283	-4 873	-5 639	-6 228	6 394	-24 001	-4 428	-22 035
1993	31 891	133 450	34 580	10 390	178 421	30 991	4 784	-2 159	-7 629	-5 004	25 988	-28 443	-3 885	-6 340
1994*	31 359	149 659	31 801	8 596	190 056	33 452	5 523	-1 382	-4 992	-851	32 600	-22 184	-3 676	6 740
1993														
I	8 149	33 864	10 137	2 808	46 809	5 301	1 063	-1 049	-1 667	-1 654	3 648	-8 275	-1 338	-5 965
II	7 642	32 461	10 493	2 393	45 347	7 806	1 295	-512	-1 735	-952	6 854	-8 740	-637	-2 523
III	7 921	31 913	6 805	2 640	41 358	8 124	1 360	-39	-2 104	-783	7 341	-5 555	-1 055	730
IV	8 180	35 213	7 145	2 549	44 907	9 760	1 066	-558	-2 123	-1 615	8 145	-5 874	-854	1 417
1994*														
I	7 506	32 274	9 423	2 683	44 380	9 614	1 368	-474	-1 374	-480	9 134	-7 659	-1 393	82
II	7 573	37 031	8 733	1 959	47 722	9 028	1 447	-291	-1 318	-162	8 866	-5 930	-769	2 167
III	7 704	36 447	6 246	1 971	44 664	8 580	1 542	-26	-939	578	9 157	-4 220	-791	4 147
IV	8 575	43 907	7 399	1 984	53 289	6 230	1 166	-591	-1 361	-787	5 443	-4 375	-724	344
1995*														
I	8 560	37 666	9 450	3 455	50 572	11 551	1 250	-817	-724	-291	11 260	-5 924	-1 844	3 492
II	8 879	40 301	10 232	3 095	53 628	13 726	1 480	-739	-984	-243	13 483	-6 498	-1 487	5 498
III	8 304	40 404	6 764	2 861	50 029	8 400	1 693	-459	-276	958	9 358	-3 785	-668	4 906

6.2 Capital and financial account, mill. FIM

During period	Imports of capital												Total (1+7+12)	
	Direct investment in Finland	Portfolio investment					Other investment							
		Shares	Bonds	Of which: marka-denominated bonds	Money market instruments	Financial derivatives	Total (2+3+5+6)	Trade credits	Loans	Currency and deposits	Other	Total (8+9+10+11)		
1	2	3	4	5	6	7	8	9	10	11	12	13		
1990	3 010	376	22 280	1 440	-923	..	21 733	1 156	16 635	-725	17 307	34 372	59 115	
1991	-997	47	38 751	11 786	-4 511	..	34 287	-3 987	7 496	131	-9 737	-6 098	27 192	
1992	1 822	397	39 309	-5 312	-1 791	..	37 915	3 639	2	1 690	-17 415	-12 084	27 653	
1993	4 945	12 748	30 353	3 616	-4 382	..	38 719	4 467	5 357	-5 347	-24 454	-19 977	23 687	
1994*	8 240	13 400	21 977	-5 783	-1 565	-65	33 748	2 722	647	-232	-1 160	1 977	43 965	
1993														
I	439	1 405	15 542	320	-2 314	..	14 632	1 900	7 326	901	-8 593	1 533	16 604	
II	927	1 515	16 269	3 420	-1 348	..	16 435	-196	815	-1 268	-6 612	-7 261	10 101	
III	631	6 529	2 267	2 523	-2 755	..	6 041	-836	-1 495	1 671	-8 143	-8 803	-2 131	
IV	2 948	3 300	-3 725	-2 646	2 036	..	1 611	3 599	-1 289	-6 650	-1 106	-5 446	-887	
1994*														
I	3 844	4 389	4 669	526	-1 587	31	7 501	-908	-3 980	772	6 687	2 572	13 917	
II	3 029	2 404	5 341	-3 808	3 118	268	11 132	-868	1 312	-1 748	-3 078	-4 383	9 778	
III	2 372	5 181	16 528	783	-2 253	-383	19 073	177	-1 363	964	-5 534	-5 756	15 689	
IV	-1 005	1 426	-4 562	-3 283	-843	20	-3 958	4 321	4 678	-220	765	9 544	4 581	
1995*														
I	2 573	392	150	-1 432	-1 976	184	-1 250	-2 622	-484	9	8 540	5 443	6 766	
II	-1 177	3 466	-9 431	-3 556	-724	633	-6 056	843	-3 266	-766	-1 369	-4 559	-11 792	
III	84	3 580	-2 161	1 275	1 378	843	3 640	-984	-3 108	-200	-1 231	-5 523	-1 798	
During period	Exports of capital												Errors and omissions	Change in central bank's reserve assets (increase -)
Direct investment abroad	Portfolio investment					Other investment					Total (14+19+24)			
	Shares	Bonds	Money market instruments	Financial derivatives	Total (15+16+17+18)	Trade credits	Loans	Currency and deposits	Other	Total (20+21+22+23)		25			26	27
14	15	16	17	18	19	20	21	22	23	24	25	26	27	
1990	10 353	2	575	1 171	..	1 748	-1 565	2 953	935	-3 480	-1 157	10 944	-6 240	-15 417
1991	-501	-369	-3	1 499	..	1 128	-726	2 341	1 054	6 587	9 256	9 883	2 012	7 375
1992	-3 372	46	321	2 748	..	3 115	3 634	3 409	3 745	3 259	14 048	13 790	-1 008	9 180
1993	8 050	873	767	1 932	..	3 571	1 923	-839	-6 063	14 698	9 720	21 341	5 214	-1 219
1994*	22 447	-43	-4 702	-859	-276	-5 881	2 435	-7 460	1 856	5 826	2 657	19 224	-5 977	-25 504
1993														
I	614	158	2 823	-577	..	2 404	1 623	-726	-1 516	15 515	14 896	17 914	1 689	5 586
II	709	2	-1 095	-972	..	-2 065	518	-185	247	-3 766	-3 186	-4 543	-1 437	-10 684
III	-845	77	-841	3 975	..	3 211	-190	-1 008	1 514	9 514	9 829	12 195	2 577	11 019
IV	7 572	636	-120	-494	..	21	-28	1 081	-6 308	-6 564	-11 819	-4 226	2 385	-7 141
1994*														
I	5 401	43	-662	211	-201	-609	-1 294	-1 849	2 612	-5 814	-6 345	-1 553	-5 273	-10 279
II	4 808	-68	-3 273	-4 446	-27	-7 814	1 735	-2 625	-460	6 191	4 841	1 835	63	-10 172
III	4 897	-18	-1 173	420	-52	-824	-414	-251	-268	9 847	8 914	12 987	-2 928	-3 921
IV	7 341	0	407	2 956	4	3 367	2 408	-2 734	-28	-4 399	-4 753	5 955	2 162	-1 132
1995*														
I	1 764	-217	1 609	-2 244	-48	-900	929	-1 234	-2 174	11 503	9 025	9 888	1 322	-1 691
II	1 714	7	-129	-2 838	31	-2 929	2 369	-150	-427	-7 437	-5 645	-6 860	-1 854	1 288
III	1 316	3	-124	542	-35	385	-608	1 044	957	2 836	4 229	5 930	1 231	1 592

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	
1990	18 651	5 052	95 530	6 385	23 856	..	124 438	13 915	51 937	7 969	89 662	163 483	306 572
1991	17 443	4 149	141 055	19 036	22 079	..	167 283	9 532	68 892	8 555	84 036	171 015	355 741
1992	19 348	5 138	211 361	14 366	19 391	..	235 889	13 305	78 330	11 880	78 804	182 320	437 557
1993	24 391	30 375	263 864	26 288	14 995	-6 103	303 131	18 206	93 124	4 025	54 188	169 543	497 064
1994*	31 846	60 558	256 499	21 252	10 450	-6 877	320 630	20 527	84 826	3 430	46 566	155 350	507 826
1993													
I	19 812	8 121	253 159	16 281	17 007	..	278 287	15 193	96 786	13 135	76 093	201 207	499 306
II	20 763	11 901	254 886	21 118	15 573	..	282 360	14 897	93 408	11 461	67 494	187 260	490 383
III	21 418	22 725	265 540	23 460	13 090	..	301 355	14 091	95 327	13 276	61 106	183 799	506 573
IV	24 391	30 375	263 864	26 288	14 995	-6 103	303 131	18 206	93 124	4 025	54 188	169 543	497 064
1994*													
I	27 918	39 079	266 672	28 950	12 244	-8 855	309 140	17 116	87 372	4 724	58 746	167 958	505 016
II	30 846	42 719	269 689	22 831	15 286	-8 809	318 885	16 230	88 589	2 964	55 420	163 203	512 934
III	33 010	56 036	269 901	24 895	11 909	-7 591	330 255	16 277	81 907	3 752	47 152	149 088	512 353
IV	31 846	60 558	256 499	21 252	10 450	-6 877	320 630	20 527	84 826	3 430	46 566	155 350	507 826
1995*													
I	34 300	53 488	252 618	20 319	7 222	-7 563	305 765	17 830	81 170	3 369	53 433	155 801	495 866
II	33 083	79 430	241 326	16 939	5 965	-8 304	318 418	18 641	77 377	2 580	51 169	149 767	501 267
III	33 137	93 020	230 971	19 116	7 644	-1 975	329 660	17 610	70 943	2 364	49 344	140 262	503 058

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		
1990	40 800	762	6 447	2 173	..	9 383	16 549	24 825	5 726	65 754	112 854	163 037	
1991	44 823	426	7 004	4 154	..	11 584	16 388	28 504	7 647	72 498	125 037	181 444	
1992	44 921	469	8 697	7 917	..	17 083	21 389	35 251	12 665	76 647	145 952	207 955	
1993	53 090	1 285	10 706	11 028	446	23 465	26 350	35 981	5 701	88 579	156 611	233 166	
1994*	59 451	1 034	4 751	9 115	487	15 388	26 678	24 847	7 055	106 465	165 046	239 885	
1993													
I	51 575	676	11 952	7 766	..	20 394	23 664	36 976	12 275	92 392	165 307	237 277	
II	47 722	671	10 801	6 627	..	18 099	23 888	34 148	12 159	97 321	167 516	233 337	
III	48 332	759	10 074	10 689	..	21 522	23 857	34 208	13 929	98 044	170 039	239 893	
IV	53 090	1 285	10 706	11 028	446	23 465	26 350	35 981	5 701	88 579	156 611	233 166	
1994*													
I	54 424	1 236	9 576	10 910	622	22 343	24 718	32 788	8 107	90 621	156 234	233 001	
II	58 238	1 146	5 953	6 338	550	13 987	26 392	29 981	7 449	105 988	169 811	242 036	
III	58 314	1 055	4 311	6 087	561	12 014	24 682	28 350	6 955	112 579	172 566	242 894	
IV	59 451	1 034	4 751	9 115	487	15 388	26 678	24 847	7 055	106 465	165 046	239 885	
1995*													
I	59 709	672	5 485	5 768	156	12 081	27 297	22 668	4 985	115 389	170 339	242 129	
II	60 651	680	5 597	2 807	114	9 198	29 456	22 142	4 602	105 086	161 286	231 135	
III	61 601	710	4 965	3 291	199	9 164	28 630	22 983	5 568	104 338	161 518	232 284	

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

Position at end of period	Corporate sector	Banks	Bank of Finland	Other financial institutions	Central government	Local government	Net (1+2+3+4+5+6)	Net interest and dividend expenditure	Net interest and dividend expenditure in relation to current account receipts, %
	1	2	3	4	5	6	7	8	9
1990	34 853	110 111	-36 700	9 910	24 751	610	143 535	13 130	9.7
1991	28 483	107 434	-34 046	18 960	52 748	719	174 298	15 671	12.7
1992	30 501	82 343	-27 546	28 283	113 674	2 347	229 602	19 011	13.6
1993	51 382	45 658	-33 279	29 737	167 444	2 956	263 898	21 897	12.8
1994*	78 640	34 022	-52 606	22 381	182 517	2 987	267 942	20 296	10.5
1993									
I	35 201	65 514	-27 782	29 660	156 500	2 937	262 029	6 640	16.3
II	37 584	61 511	-37 288	27 269	165 160	2 810	257 046	7 103	16.6
III	45 851	44 622	-27 318	27 224	173 332	2 967	266 680	3 918	9.3
IV	51 382	45 658	-33 279	29 737	167 444	2 956	263 898	4 237	9.1
1994*									
I	61 203	52 013	-42 504	28 987	169 083	3 233	272 015	7 187	16.2
II	61 566	51 328	-52 617	26 252	181 120	3 248	270 898	5 458	10.9
III	73 884	34 084	-52 998	25 118	186 302	3 069	269 459	3 748	7.7
IV	78 640	34 022	-52 606	22 381	182 517	2 987	267 942	3 903	7.3
1995*									
I	70 091	23 473	-53 298	21 155	189 262	3 053	253 737	5 699	10.5
II	90 848	27 199	-50 742	20 053	179 575	3 199	270 132	6 273	10.4
III	99 533	19 699	-47 488	19 981	176 029	3 022	270 775	3 560	6.5

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
1990	101 327	103 027	-1 700
1991	92 842	87 744	5 098
1992	107 463	94 947	12 516
1993	134 112	103 167	30 945
1994*	154 163	120 611	33 552
1994*			
Nov.	13 994	10 979	3 015
Dec. ¹	14 993	15 105	-112
1995**			
Jan.	13 217	8 990	4 227
Feb.	13 015	9 684	3 331
March	15 104	10 976	4 128
April	14 444	10 469	3 975
May	14 730	10 404	4 326
June	16 300	10 800	5 500
July	12 600	9 600	3 000
Aug.	13 300	11 300	2 000
Sept.	14 600	11 200	3 400
Oct.	14 800	12 600	2 200
Nov.	15 200	12 200	3 000

¹ See Notes and explanations to the statistical section.

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

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1990	125	138	154	128	120
1991	114	115	154	131	118
1992	124	112	164	145	113
1993	147	109	172	163	106
1994*	166	130	175	158	111
1992					
III	117	102	163	142	115
IV	133	116	171	154	111
1993					
I	135	108	176	165	106
II	143	105	174	165	105
III	141	101	174	165	105
IV	165	116	170	161	105
1994*					
I	155	107	170	161	106
II	168	129	175	158	111
III	161	124	178	161	111
IV	180	156	176	158	112

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
1990	7 811	31 658	9 540	35 493	16 825	49 210	9 829	19 364	23 888	736
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	23 409	54 792	10 904	15 396	21 066	1 009
1994*	14 114	41 300	15 639	55 558	27 248	65 899	11 628	17 147	24 606	920
1994*										
May	1 446	3 506	1 514	4 543	2 348	6 059	1 312	1 317	2 232	9
June	1 318	3 358	1 289	4 862	2 458	5 513	867	1 192	1 950	77
July	1 015	3 287	1 315	5 802	1 712	4 823	955	1 227	1 792	382
Aug.	935	3 437	1 258	3 816	2 111	5 419	1 029	1 386	2 031	19
Sept.	1 313	3 586	1 354	4 320	2 592	5 656	1 054	1 384	2 027	41
Oct.	1 268	3 566	1 313	4 937	2 313	5 645	803	1 485	2 051	103
Nov.	1 357	3 719	1 453	4 968	2 485	6 191	1 012	1 557	2 180	28
Dec.	1 290	3 662	1 400	5 883	2 478	7 790	1 597	2 492	2 783	95
1995*										
Jan.	1 235	4 376	1 230	4 725	1 651	5 255	419	1 278	1 769	269
Feb.	1 164	2 650	1 132	4 864	3 205	5 366	331	1 313	1 946	728
March	1 298	4 184	1 328	5 548	2 746	6 203	515	1 508	2 362	388
April	1 255	3 946	1 229	5 772	2 242	5 717	718	1 367	1 987	680
May	1 193	4 105	1 304	5 834	2 294	6 100	633	1 555	1 922	194

7.4 Foreign trade by regions and countries

Region and country	Exports, fob				Imports, cif			
	1994 ¹		June 1994 – May 1995 [*]		1994 ¹		June 1994 – May 1995 [*]	
	Mill. FIM	Percentage share	Mill. FIM	Year-on-year change calculated from 12-month moving total	Mill. FIM	Percentage share	Mill. FIM	Year-on-year change calculated from 12-month moving total
	1	2	3	4	5	6	7	8
All OECD countries	115 625	75.0	121 772	14.5	93 195	77.3	96 883	16.4
EU	71 562	46.4	94 908	15.3	52 567	43.6	70 697	17.4
Austria	1 600	1.0	1 920	31.3	1 349	1.1	1 461	19.8
Belgium and Luxembourg	3 461	2.2	4 266	39.0	3 291	2.7	3 559	13.6
Denmark	5 287	3.4	5 468	11.0	3 668	3.0	3 868	15.5
France	7 784	5.0	7 830	4.9	4 911	4.1	5 129	8.3
Germany	20 678	13.4	21 773	16.9	17 736	14.7	19 155	21.7
Greece	893	0.6	888	7.4	328	0.3	306	6.3
Ireland	708	0.5	708	0.6	896	0.7	965	33.9
Italy	4 605	3.0	5 058	21.7	4 685	3.9	4 916	21.9
Netherlands	7 874	5.1	7 825	10.0	4 352	3.6	4 653	17.8
Portugal	805	0.5	884	7.8	1 092	0.9	1 077	4.9
Spain	3 550	2.3	4 014	34.3	1 587	1.3	1 558	11.9
Sweden	16 846	10.9	17 234	11.1	12 576	10.4	13 843	25.0
United Kingdom	15 917	10.3	17 040	16.3	10 021	8.3	10 206	6.7
Other OECD countries	44 063	28.6	26 865	11.9	40 628	33.7	26 186	13.6
Of which:								
Australia	1 963	1.3	2 182	25.8	694	0.6	736	61.2
Canada	1 035	0.7	1 172	18.5	839	0.7	817	8.8
Japan	3 186	2.1	3 539	35.7	7 838	6.5	8 135	28.8
Norway	4 881	3.2	5 158	14.1	5 761	4.8	5 491	3.6
Switzerland	2 325	1.5	2 381	8.0	2 109	1.7	2 149	4.0
United States	11 037	7.2	11 653	9.8	9 202	7.6	8 773	13.2
Other countries	38 538	25.0	42 286	23.7	27 416	22.7	99 343	20.9
Of which:								
Estonia	3 381	2.2	3 674	43.9	1 127	0.9	1 342	60.7
Czech republic	855	0.6	842	44.4	438	0.4	458	16.3
Hungary	1 163	0.8	1 154	35.3	410	0.3	418	29.1
Poland	2 551	1.7	2 583	23.7	1 549	1.3	1 509	12.0
Russia	8 029	5.2	7 927	10.1	10 697	8.9	11 019	38.7
China	2 261	1.5	2 621	54.9	1 830	1.5	1 800	15.4
Hongkong	1 827	1.2	2 127	66.1	840	0.7	872	31.5
Korea	2 124	1.4	2 217	40.6	916	0.8	940	29.9
Malaysia	824	0.5	850	8.7	909	0.8	954	27.1
Singapore	1 440	0.9	1 406	17.1	631	0.5	634	9.5
Thailand	1 103	0.7	1 546	23.4	516	0.4	516	22.3
Taiwan	766	0.5	839	4.4	1 146	1.0	1 164	12.6
Brazil	569	0.4	733	53.1	907	0.8	785	26.1
TOTAL	154 163	100.0	164 058	16.8	120 612	100.0	125 529	19.3
Of which:								
Africa	2 650	1.7	2 511	-3.7	774	0.6	749	2.3
The Americas	14 561	9.4	16 541	19.6	13 101	10.9	12 395	12.9
Asia	18 274	11.9	19 894	16.9	16 171	13.4	16 517	21.9
Europe	116 505	75.6	122 677	16.7	89 697	74.4	94 989	19.7
Oceania	2 174	1.4	2 433	25.1	868	0.7	879	12.8

¹ In 1994 Sweden and Austria were not EU members.

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
1990	269 754	108 535	121 858	17 286	5 769	523 202	118 828	126 600	515 430
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*	244 558	103 931	60 445	13 893	20 520	443 347	161 134	127 893	476 588
1993									
II	59 500	25 791	15 513	3 358	1 289	105 451	34 330	26 821	112 960
III	59 857	25 738	14 735	3 592	3 365	107 287	36 199	28 548	114 938
IV	60 670	25 560	14 579	3 318	2 825	106 952	37 202	28 368	115 786
1994*									
I	61 097	25 683	14 316	3 536	1 664	106 296	37 977	28 785	115 488
II	60 262	25 901	14 599	3 531	5 415	109 708	40 135	30 972	118 871
III	61 195	25 909	15 623	3 464	6 038	112 229	41 120	32 506	120 843
IV	62 004	26 438	15 907	3 362	7 403	115 114	41 902	35 630	121 386
1995*									
I	63 147	25 582	17 403	3 054	4 578	113 764	43 473	33 533	123 704
II	63 849	26 158	17 009	2 959	4 273	114 248	44 700	34 775	124 173
III	63 903	26 179	17 502	2 860	7 202	117 646	42 853	36 054	124 445

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
1990	100.2	99.8	100.2	100.1	100.4	100.1	100.0
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*	107.9	96.1	107.4	115.5	118.4	95.8	114.3
1994*							
Oct.	112.5	93.4	112.9	117.8	129.9	98.1	112.3
Nov.	112.5	95.3	113.1	116.3	132.0	98.1	110.0
Dec.	111.8	91.3	111.9	120.1	129.0	96.5	112.9
1995*							
Jan.	114.0	82.5	114.4	118.7	134.0	97.6	113.1
Feb.	114.7	87.6	115.9	120.6	135.1	99.5	106.9
March	116.9	88.7	117.8	120.2	137.4	99.1	111.2
April	115.9	83.7	116.4	119.4	138.9	97.8	113.5
May	116.7	67.2	117.6	119.4	144.0	97.1	115.3
June	116.4	82.4	117.2	118.7	141.2	98.0	114.3
July	114.2	90.8	114.5	125.8	129.2	98.8	117.8
Aug.	117.0	158.1	116.7	120.7	139.1	96.7	112.8
Sept.	117.0	98.3	118.3	115.1	152.1	96.3	108.0
Oct.	113.9	99.5	115.3	109.1	143.9	96.4	103.5

8.3 Indicators of domestic supply and demand, 1985=100 (seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
1990	119.9	111.6	127.3	124.8	161.7	122.1	144.6	117.5
1991	99.4	103.5	103.9	94.4	127.7	109.9	102.1	110.3
1992	87.2	92.9	79.5	73.8	76.2	87.5	84.5	107.0
1993	82.5	87.6	59.5	60.5	52.9	59.8	83.2	105.5
1994*	87.6	89.3	53.5	56.7	57.2	48.7	97.3	109.8
1994*								
Sept.	90.7	91.1	..	..	..	..	..	110.9
Oct.	89.1	89.0	..	..	..	..	..	112.0
Nov.	91.6	89.9	..	..	..	..	..	111.9
Dec.	90.4	91.3	..	..	..	..	..	112.5
1994*								
III	89.4	89.1	54.1	57.8	64.4	47.9	84.4	110.3
IV	90.4	90.1	53.7	53.1	71.0	48.9	132.9	112.1
1995*								
Jan.	90.2	92.8	..	..	..	..	..	114.2
Feb.	91.0	93.3	..	..	..	..	..	113.8
March	90.1	91.5	..	..	..	..	..	115.4
April	87.7	92.2	..	..	..	..	..	114.3
May	91.6	94.1	..	..	..	..	..	114.4
June	89.8	92.7	..	..	..	..	..	113.4
July	90.5	87.8	..	..	..	..	..	113.0
Aug.	95.4	90.6	..	..	..	..	..	114.7
Sept.	89.9	94.1	..	..	..	..	..	114.6
1995*								
I	90.4	92.5	52.5	54.5	79.3	42.2	..	114.5
II	89.7	93.0	54.5	56.0	95.1	44.4	..	114.0
III	91.9	90.8	49.5	46.4	88.3	43.4	..	114.1

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				Domes-tic goods	Import-ed goods		Export-ed goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1990	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
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
1994¹	111.4	111.6	114.9	111.1	110.9	111.4	106.2	102.8	118.7	107.1	110.1	105.8	102.2
1994													
Nov.	..	..	..	..	111.6	111.7	107.1	104.1	118.5	108.4	111.3	107.2	102.9
Dec.	..	..	..	..	111.5	111.7	107.2	104.3	118.0	108.7	111.5	107.4	102.8
1994¹													
III	111.5	111.7	115.3	111.1	111.6	111.7	106.8	103.4	119.4	108.1	111.6	106.5	102.3
IV	112.4	112.8	116.7	111.4	111.7	111.8	107.1	104.1	118.2	108.5	111.3	107.3	102.9
1995													
Jan.	..	..	..	..	111.4	110.8	107.0	104.1	117.8	109.1	113.2	107.3	103.2
Feb.	..	..	..	..	111.8	111.5	107.5	104.2	119.5	109.5	114.7	107.2	103.6
March	..	..	..	..	111.8	111.4	107.5	104.4	119.1	109.4	114.6	107.1	103.5
April	..	..	..	..	111.9	111.5	108.0	104.9	119.2	110.1	116.0	107.5	103.7
May	..	..	..	..	112.0	111.4	108.3	105.2	119.5	110.8	117.6	107.8	103.6
June	..	..	..	..	112.4	111.5	108.1	105.2	119.1	110.8	117.9	107.8	103.5
July	..	..	..	..	112.3	111.4	107.8	104.9	118.5	110.9	118.7	107.6	103.6
Aug.	..	..	..	..	112.1	111.2	105.8	102.4	118.5	111.1	118.9	107.8	103.6
Sept.	..	..	..	..	112.2	111.3	106.0	102.7	118.4	111.8	120.4	108.1	103.7
Oct.	..	..	..	..	112.2	111.4	105.9	102.7	117.7	112.1	121.3	108.1	103.4
Nov.	..	..	..	..	111.9	..	105.7	102.5	117.4	111.9	121.4	107.9	103.2
1995¹													
I	114.6	115.6	121.0	112.5	111.7	111.2	107.3	104.2	118.8	109.3	114.2	107.2	103.4
II	116.0	116.8	122.9	114.2	112.1	111.5	108.1	105.1	119.3	110.6	117.2	107.7	103.6
III	116.4	117.3	122.9	114.7	112.2	111.3	106.5	103.3	118.5	111.3	119.3	107.8	103.6

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+9)	By industrial status		By industry			Unemployed	Unemployment rate	
				Self-employed	Wage and salary earners	Agri-culture and forestry	Industry	Con-struction			Service industries
	%			1000 persons							%
	1	2	3	4	5	6	7	8	9	10	11
1990	68.4	2556	2467	360	2108	207	556	205	1500	88	3.4
1991	67.4	2533	2340	340	2000	197	502	179	1461	193	7.6
1992	66.1	2502	2174	325	1849	188	454	150	1382	328	13.1
1993	65.3	2484	2041	312	1729	173	423	124	1319	444	17.9
1994	64.8	2480	2024	312	1712	167	426	113	1317	456	18.4
1994											
Nov.	64.6	2477	2040	310	1730	167	439	111	1324	436	17.6
Dec.	64.9	2487	2051	308	1743	164	438	118	1331	436	17.5
1995											
Jan.	64.8	2483	2045	299	1746	162	445	123	1314	439	17.7
Feb.	64.5	2473	2048	290	1758	164	436	119	1329	424	17.2
March	64.9	2488	2069	296	1774	161	452	125	1332	419	16.8
April	65.3	2505	2067	302	1765	160	455	125	1327	438	17.5
May	65.5	2512	2068	312	1756	164	454	114	1335	445	17.7
June	65.2	2505	2073	305	1768	162	462	122	1327	432	17.2
July	65.6	2518	2079	301	1778	152	466	119	1342	439	17.4
Aug.	64.8	2488	2065	313	1752	161	451	120	1333	423	17.0
Sept.	65.0	2498	2077	305	1772	159	452	119	1348	421	16.9
Oct.	65.4	2511	2087	308	1779	154	486	120	1326	424	16.9
Nov.	65.1	2502	2079	305	1774	157	461	122	1340	423	16.9

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
1990	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
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
1994											
Oct.	2 736	5 834	101	1 243	9 914	228	10 141	3 859	11 109	3 138	7 867
Nov.	2 632	5 608	72	1 956	10 268	975	11 243	4 013	8 368	3 164	5 009
Dec.	3 490	5 710	113	3 766	13 079	484	13 563	7 273	7 912	3 648	3 942
1995											
Jan.	2 850	6 369	80	1 059	10 358	31	10 388	3 190	9 872	3 099	5 712
Feb.	- 924	6 038	93	3 238	8 445	62	8 507	4 109	7 744	3 020	4 092
March	4 153	3 485	30	2 688	10 356	171	10 528	4 627	11 724	3 410	8 061
April	3 055	5 675	59	3 621	12 410	2 738	15 147	4 162	10 804	4 578	5 480
May	4 352	5 120	58	3 588	13 118	713	13 832	4 240	11 641	4 358	6 634
June	3 068	4 755	958	2 619	11 400	87	11 486	4 581	10 309	3 382	6 293
July	3 578	5 996	52	1 851	11 477	481	11 958	4 686	7 838	3 104	4 126
Aug.	3 365	6 294	142	2 654	12 455	173	12 628	3 668	6 995	2 256	4 253
Sept.	3 014	5 827	63	3 228	12 132	299	12 431	3 732	8 566	3 104	4 942
Oct.	3 237	5 825	51	2 752	11 865	405	12 270	4 090	8 265	3 110	4 484

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)
1990	5 962	4 927	133 614	9 319	142 934	5 737	678	1 201	1 879
1991	5 370	6 368	158 044	13 328	171 372	-23 420	-32 304	25 659	-6 645
1992	5 042	8 499	168 016	35 501	203 516	-41 400	-71 847	70 691	-1 155
1993	4 306	18 076	177 870	19 753	197 623	-48 646	-61 030	84 036	23 009
1994	3 737	22 358	183 000	17 886	200 760	-54 401	-64 860	73 193	8 336
1994									
Oct.	314	1 705	16 987	555	17 541	-7 073	-7 400	4 430	-2 969
Nov.	344	1 060	13 785	587	14 372	-3 517	-3 129	5 473	2 344
Dec.	625	1 718	17 528	2 155	19 683	-4 449	-6 120	5 236	- 884
1995									
Jan.	180	4 018	17 260	407	17 668	-6 902	-7 280	13 669	6 389
Feb.	244	1 367	13 464	647	14 111	-5 019	-5 604	9 435	3 832
March	187	3 601	20 139	443	20 583	-9 783	-10 055	12 242	2 186
April	158	2 007	17 131	7 292	24 423	-4 721	-9 276	2 225	-7 051
May	218	1 445	17 544	2 454	19 999	-4 426	-6 167	1 719	-4 448
June	262	3 222	18 374	2 487	20 861	-6 974	-9 375	-3 851	-13 226
July	258	1 361	14 143	707	14 851	-2 666	-2 893	-1 344	-4 236
Aug.	223	784	11 670	468	12 140	785	488	5 741	6 230
Sept.	227	3 574	16 099	814	16 913	-3 967	-4 482	1 450	-3 033
Oct.	332	1 755	14 442	614	15 056	-2 577	-2 786	2 191	- 595

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. Liquidity position of deposit banks (Column 13): see explanation to Table 2.1. Other claims on financial institutions, net (Column 15) = till-money credits to deposit banks (until May 1993) + bonds + other claims on financial institutions – other liabilities to financial institutions.

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

Table 2.1 Minimum reserve deposits (Column 1): See explanations to Table 2.2. Liquidity credits (Column 3): see explanations to Table 3.2. Liquidity position, net (Column 4) is obtained by subtracting Column 3 from Column 1.

Table 2.2 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.

Table 2.3 Money market instruments are the instruments used by the Bank of Finland in its money market operations. Matured money market instruments, net, comprise both instruments purchased and sold. Money market transactions are recorded according to trade dates.

Table 2.4 Foreign exchange transactions are recorded according to trade dates. In addition to spot transactions (Columns 1, 2, 4 and 5) the Bank of Finland's foreign 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 2.5 The markka value of forward contracts is given.

3 Rates of interest

Table 3.1 The interbank overnight rate (Column 1) is weighted using amounts of interbank deposits as weights. 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.

Banks with access to central bank financing can obtain liquidity credit from the Bank of Finland 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. From 2 October 1995, 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 Posti-

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

Table 3.5 Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted daily by the five largest banks. The yields on five-year and ten-year government bonds (Columns 3 and 4) are calculated by the Bank of Finland as averages of the bid rates quoted daily by the primary dealers. The five-year yield is based on quotations for a fixed-rate bullet serial bond (1/94, 15 September 1994 – 15 September 2001). The ten-year yield is based on quotations for a fixed-rate bullet housing bond (1/92, 15 March 1992 – 15 March 2002). As from 1 June 1993, the ten-year yield is based on quotations for a fixed-rate bullet serial bond (1/93, 15 March 1993 – 15 March 2004). The share yield (Column 5) is the weighted effective yield on shares quoted on the Helsinki Stock Exchange. Source: Statistics Finland.

4 Rates of exchange

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

5 Other domestic financing

Table 5.1 Source: Statistics Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and the local government sector. The table is based on new classifications of Statistics Finland applied since March 1991. Series before March 1991 have been reclassified by the Bank of Finland to conform with the present table, except for columns 3 and 4 where disaggregation was not possible and combined figures are shown. Time deposits (Column 3) consist of all fixed-term deposits. Other deposits (Column 4) include mainly investment accounts with no specific time-period. Other funding (Column 8) comprises CDs, promissory

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

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

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

Table 5.4 Source: State Treasury Office. Other foreign currency-denominated debt (Column 2) consists of other bonds and debentures and long-term promissory notes. Other bonds and debentures are so-called private placings; long-term promissory notes are bank loans. Miscellaneous items (Column 7) include, inter alia, the liability for coinage (total coinage), promissory notes given to international financial organizations and, as a minus item, the liability to the State Pension Fund. Outstanding lending (Column 10) comprises the stock of loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main part of the latter is reserved for covering transferable allocations budgeted in previous years (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and Pekka Saarinen in the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 8.1 billion at the end of 1988.

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

Fixed Income Securities, Goldman Sachs International, Merita Bank, Okobank, Postipankki, Skandinaviska Enskilda Banken, Svenska Handelsbanken AB (publ), Branch Operation in Finland and Unibank A/S. Purchases from and sales to others (Columns 4 and 5) consist of transactions in benchmark government bonds between primary dealers and other parties. Other parties refer to all parties that are not primary dealers. Bank of Finland releases data daily (page SPFI on Reuters and page 20981 on Telerate) on the trading in benchmark government bonds among primary dealers and between primary dealers and their customers.

Table 5.6 Source: The Helsinki Stock Exchange.

6 Balance of payments, foreign liabilities and assets

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

Tables 6.2-6.4 Since the beginning of 1994, the former capital account of Finland's balance of payments has been compiled according to the IMF's new recommendations (IMF Balance of Payments Manual, Fifth Edition, 1993). As a result of the new classification, the contents of many of the items in the capital and financial account have been revised to some extent. In the same context, a number of other revisions and clarifications have been made. The main changes are listed below.

Table 6.2 Short-term foreign exchange transfers related to cash management flows between direct investors and their direct investment enterprises are classified as direct investment (Columns 1 and 14). Loans received by resident direct investors from group 'in-house' finance companies located abroad (intra-group loans) are also classified as direct investment (Column 14). Money market instruments are classified as portfolio investment (Columns 5 and 17). Premiums and margin payments arising from transactions in financial derivatives are included as a new item under portfolio investment (Columns 6 and 18). Financial derivatives also include payments arising from currency and interest rate swaps related to loans, i.e. outstanding loans are recorded according to the original loan contract. Medium-term notes (MTNs) are included under bonds (Columns 3 and 16). The category other investment (Columns 8-12 and 20-24) covers transactions related to trade credits, loans, currency and deposits and other assets and liabilities. Transactions in assets and liabilities related to short- and long-term supplier credits and advance payments related to imports and exports are recorded under trade credits (Columns 8 and 20). The item 'Other' (Columns 11 and 23) includes transactions in short- and long-term assets and liabilities of different sectors not covered by any of the items above. In addition, this category includes changes in the central government's subscriptions to and quotas in international organizations as well as transactions in the Bank of

Finland's short- and long-term assets and liabilities (excl. reserve items). The most important sub-item under the item 'other' comprises banks' other short-term assets and liabilities (in practice interbank deposits). The central bank's reserve assets (Column 27) comprise gold, special 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. All tables refer to foreign trade in goods.

Table 7.1 The exceptionally large foreign trade figures for December 1994 are largely due to a one-off timing change in the compilation of foreign trade statistics caused by Finland's entry into the EU. This increased the value of imports by some FIM 3 billion and the value of exports by just under FIM 1 billion.

The trade figures for June - November 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.

Table 7.2 The volume indices (Columns 1 and 2) are calculated according to the Paasche formula and the unit value indices (Columns 3 and 4) according to the Laspeyres formula. The terms of trade (Column 5) is the ratio of the export unit value index to the import unit value index multiplied by one hundred.

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

8 Domestic economic developments

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

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

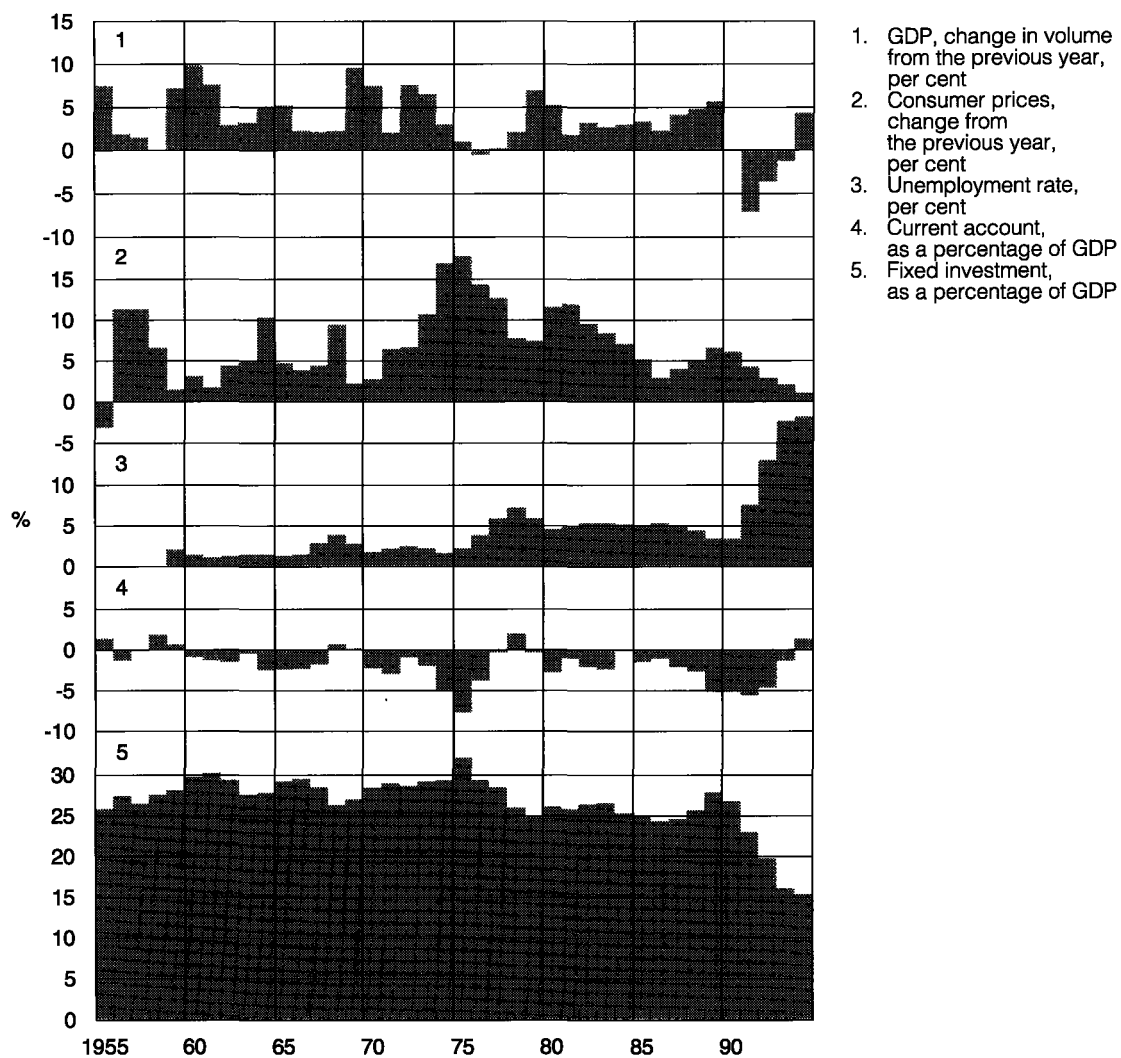
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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.

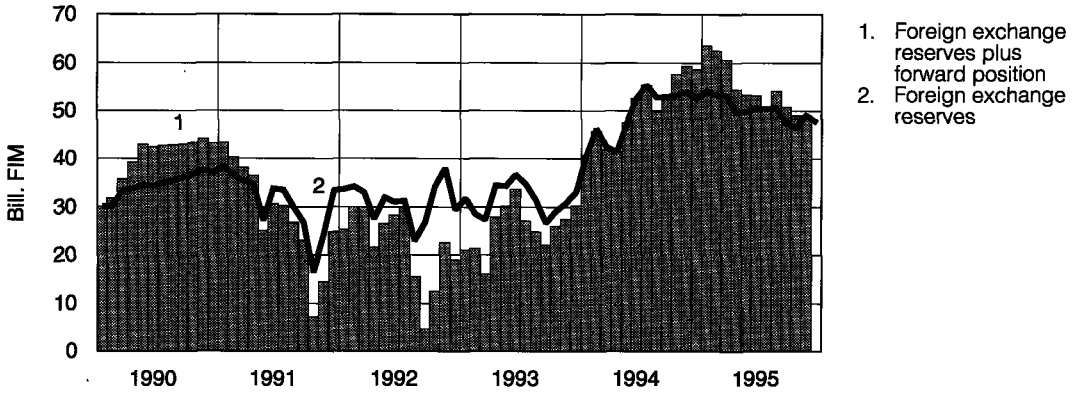
Table 8.6 Source: Ministry of Finance.

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 with the Bank of Finland	S32
6. Liquidity management interest rates	S32
7. HELIBOR rates of interest, daily	S32
8. HELIBOR rates of interest, monthly	S33
9. Differential between Finnish and German interest rates	S33
10. Yields on bonds	S33
11. Bank of Finland currency index and the markka value of the ECU	S34
12. Daily spot rates for the markka against the Deutschmark and the US dollar	S34
13. Daily spot rates for the markka against the pound sterling and the Swedish krona	S34
14. Monthly spot rates for the markka against the Deutschmark and the US dollar	S35
15. Monthly spot rates for the markka against the pound sterling and the Swedish krona	S35
16. Banks' markka lending rates and markka funding rates	S35
17. Bank funding from the public	S36
18. Bank lending to the public	S36
19. Money supply	S36
20. Current account	S37
21. Net interest and dividend expenditure	S37
22. Balance of payments	S38
23. Finland's net international investment position	S38
24. Foreign trade	S39
25. Foreign trade: prices and terms of trade	S39
26. Finland's export performance	S39
27. Production	S40
28. Fixed investment	S40
29. Employment and the unemployment rate	S41
30. Prices and wages	S41
31. Central government finances	S42
32. Central government debt	S42

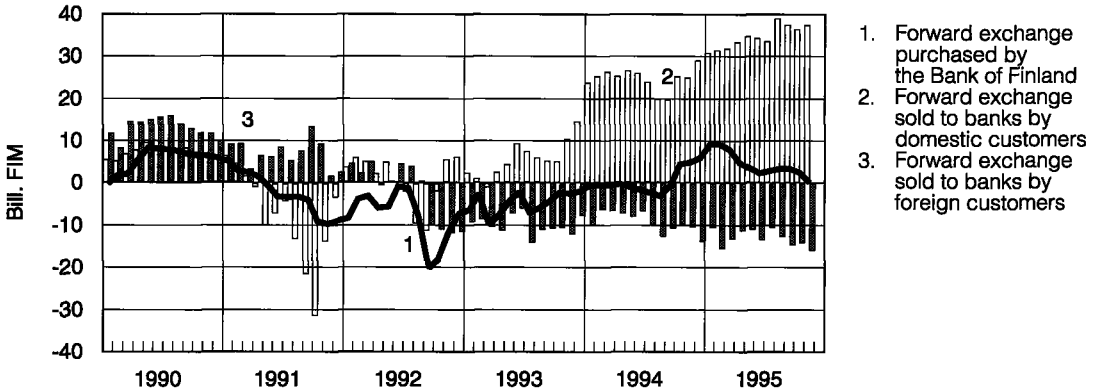
1. Long-term indicators



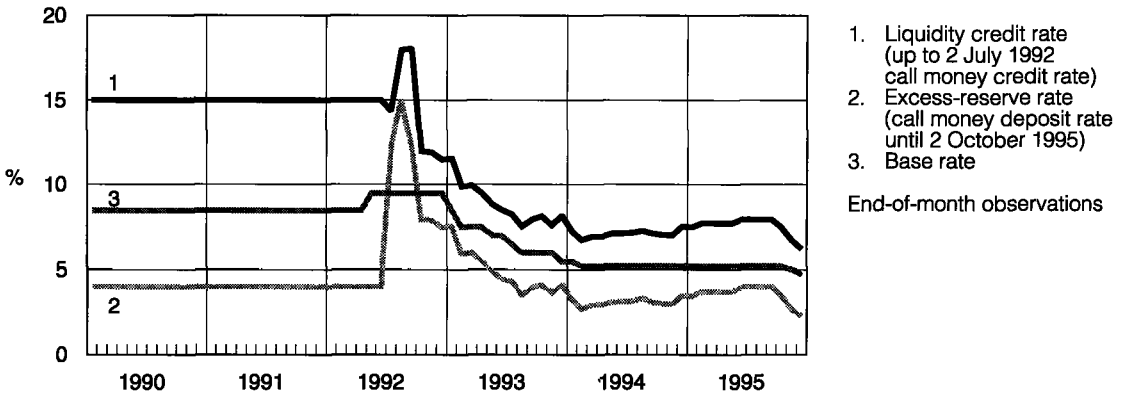
2. The Bank of Finland's foreign exchange reserves and forward position



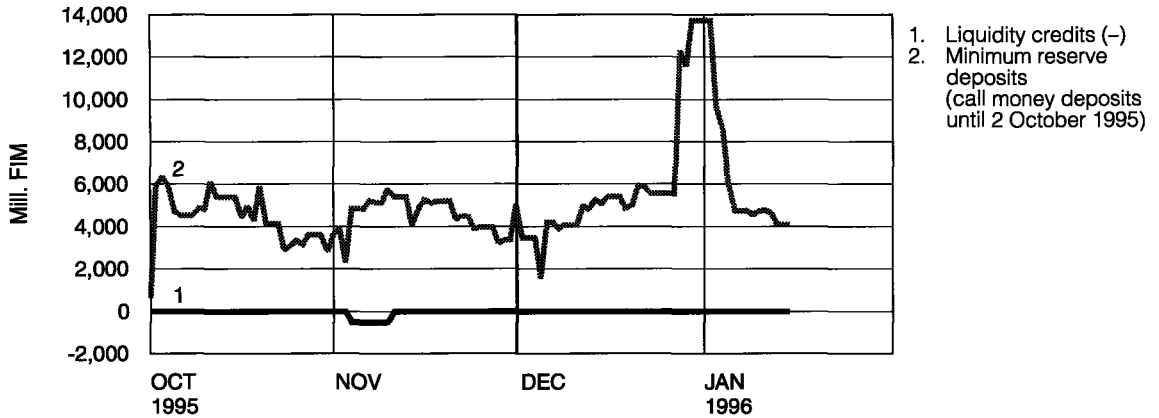
3. Forward market



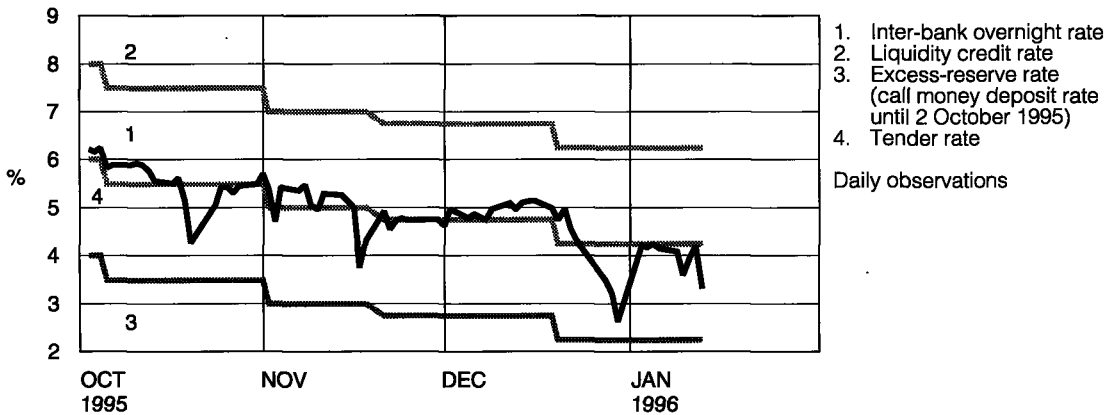
4. Rates of interest set by the Bank of Finland



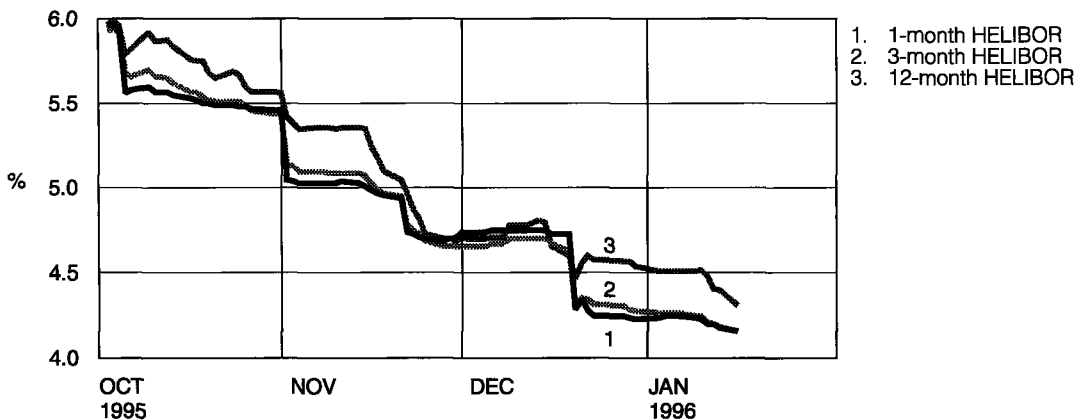
5. Banks' liquidity position at the Bank of Finland



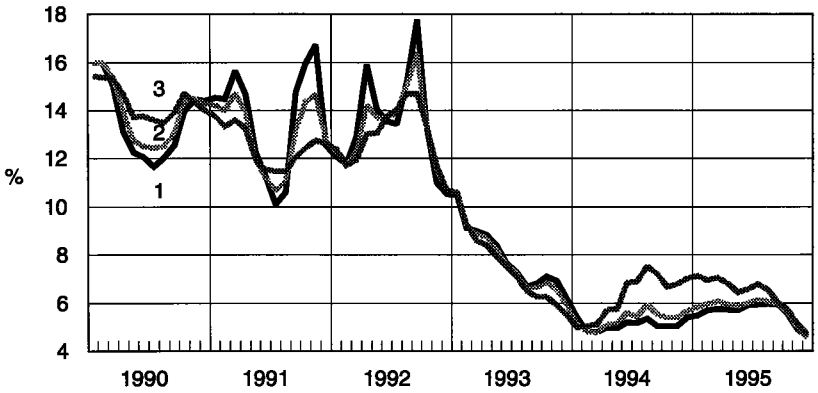
6. Liquidity management interest rates



7. HELIBOR rates of interest, daily

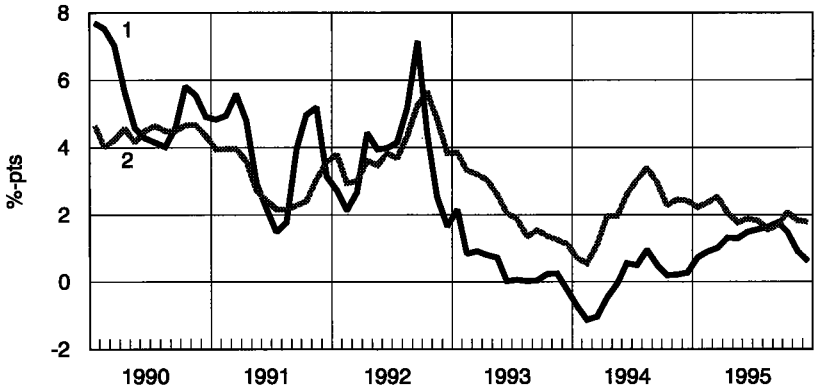


8. HELIBOR rates of interest, monthly



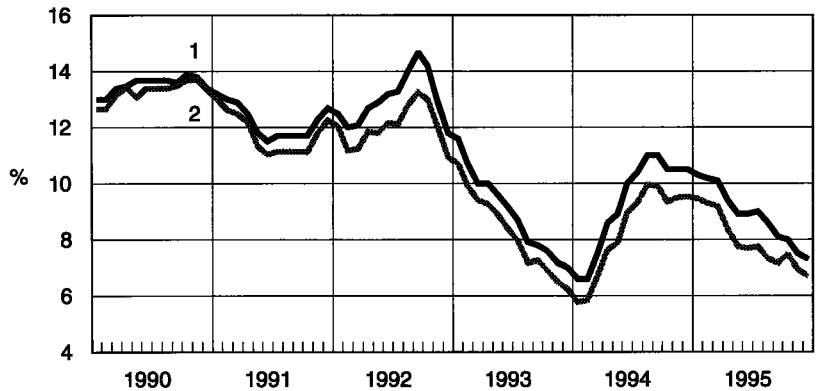
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

9. Differential between Finnish and German interest rates



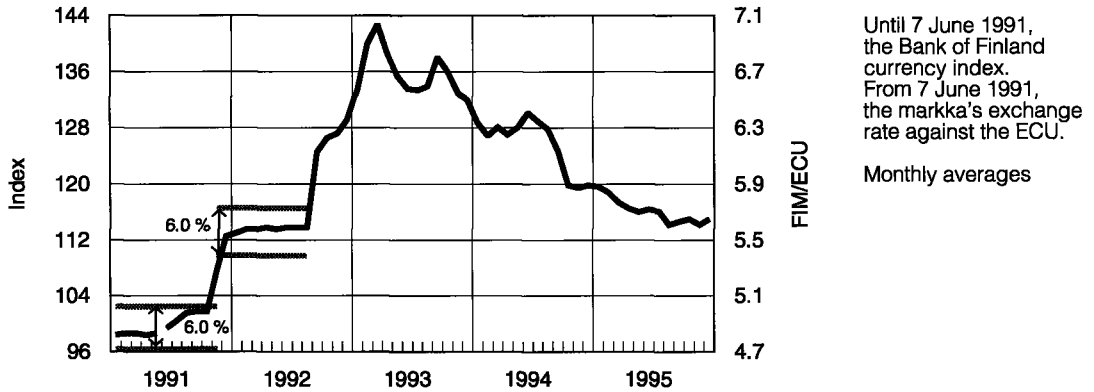
- 1. 3-month HELIBOR minus 3-month DEM eurorate
- 2. 5-year Finnish government bond yield minus 5-year German government bond yield

10. Bond yields

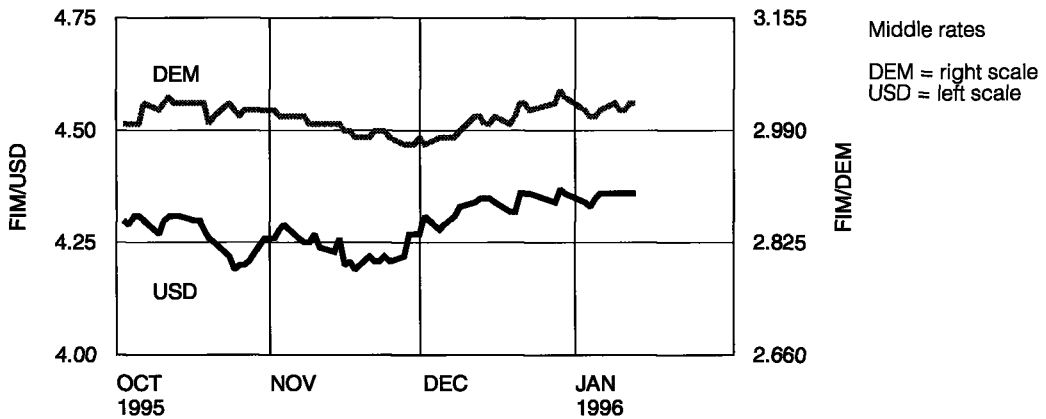


- 1. Bank of Finland's 5-year reference rate
- 2. Yield on (4-5 year) taxable government bonds

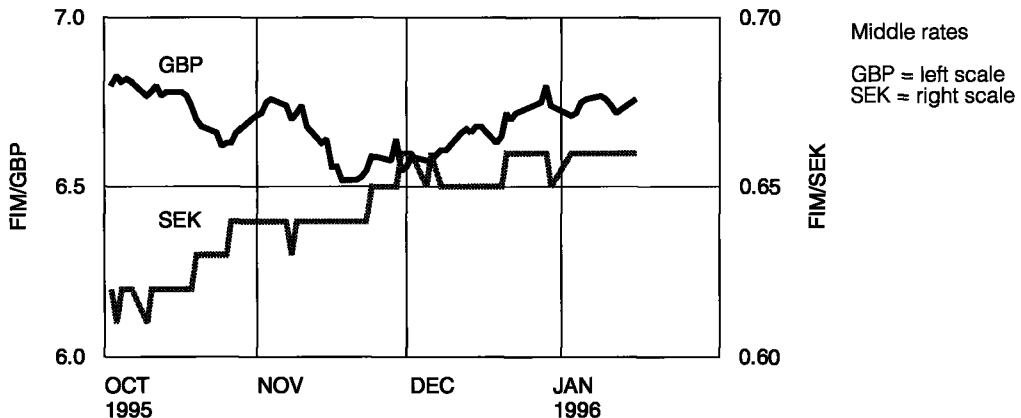
11. Bank of Finland currency index and the markka value of the ECU



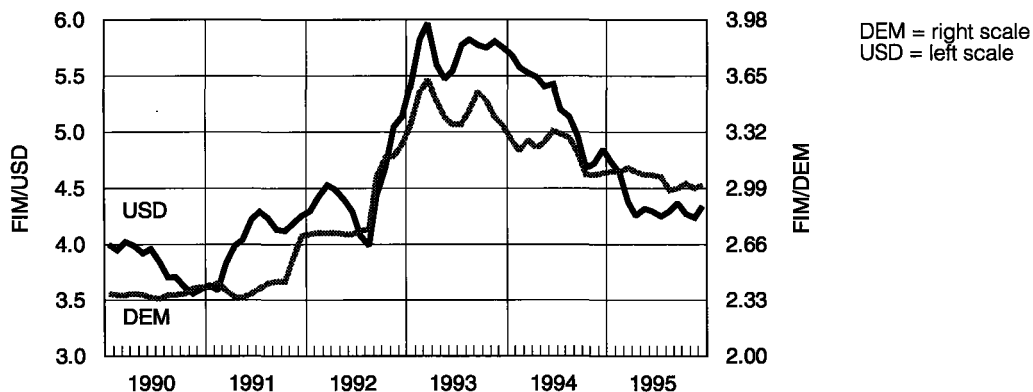
12. Daily spot rates for the markka against the Deutschmark and the US dollar



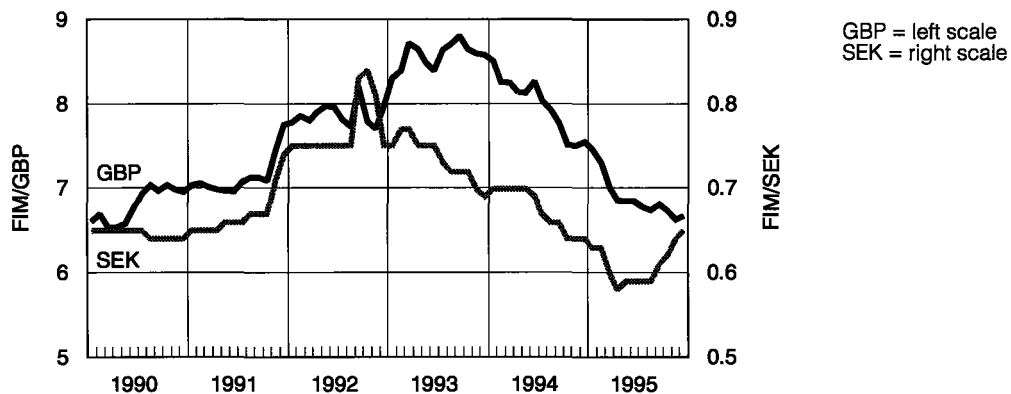
13. Daily spot rates for the markka against the pound sterling and the Swedish krona



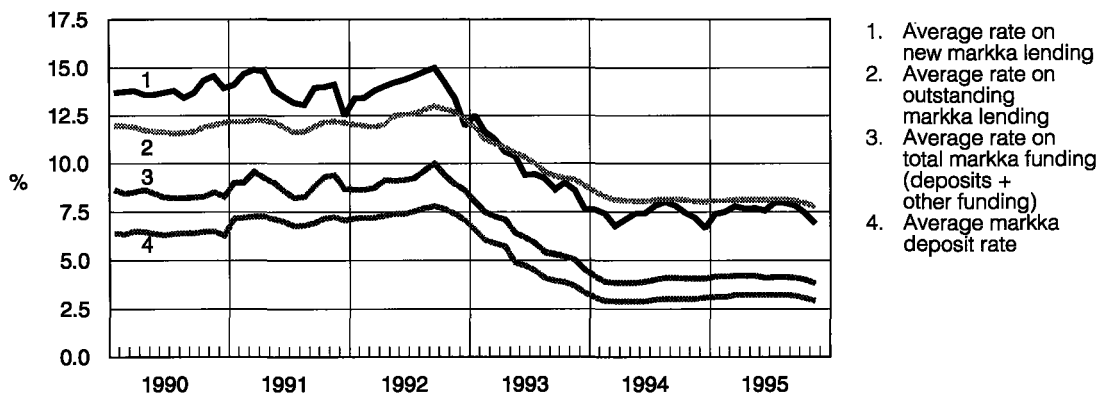
14. Monthly spot rates for the markka against the Deutschmark and the US dollar



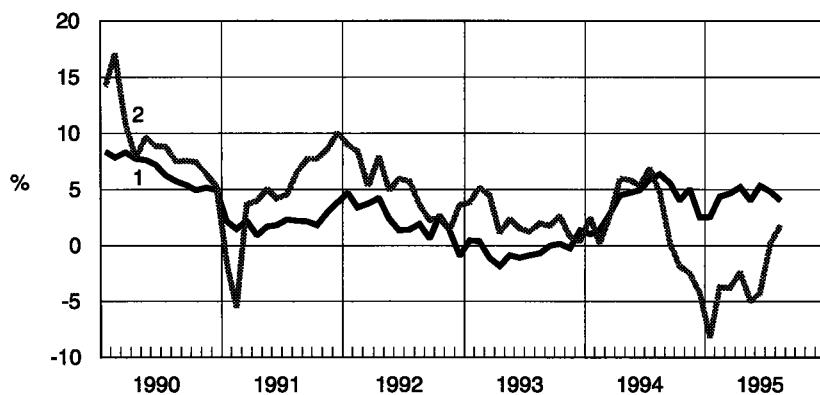
15. Monthly spot rates for the markka against the pound sterling and the Swedish krona



16. Banks' markka lending rates and markka funding rates



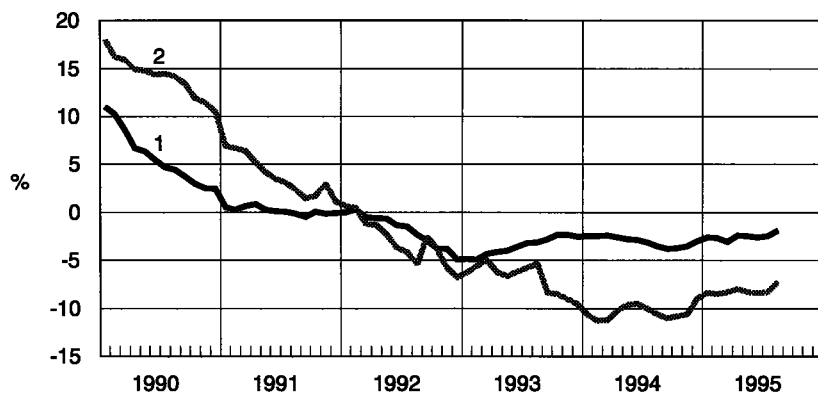
17. Bank funding from the public



1. Markka deposits
2. Total funding

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

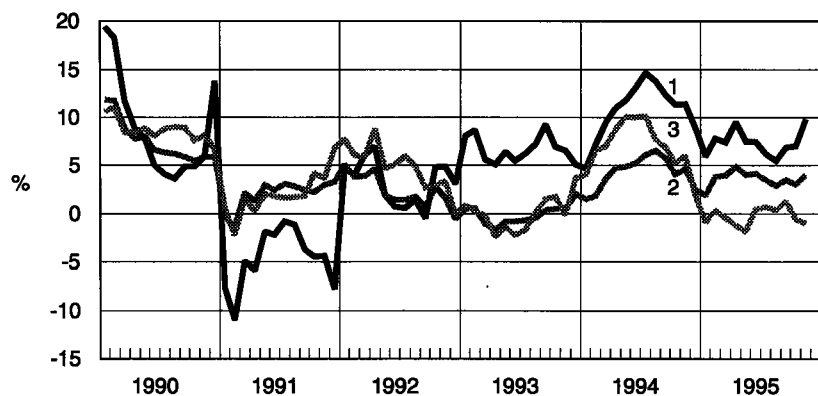
18. Bank lending to the public



1. Markka lending
2. Total lending

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

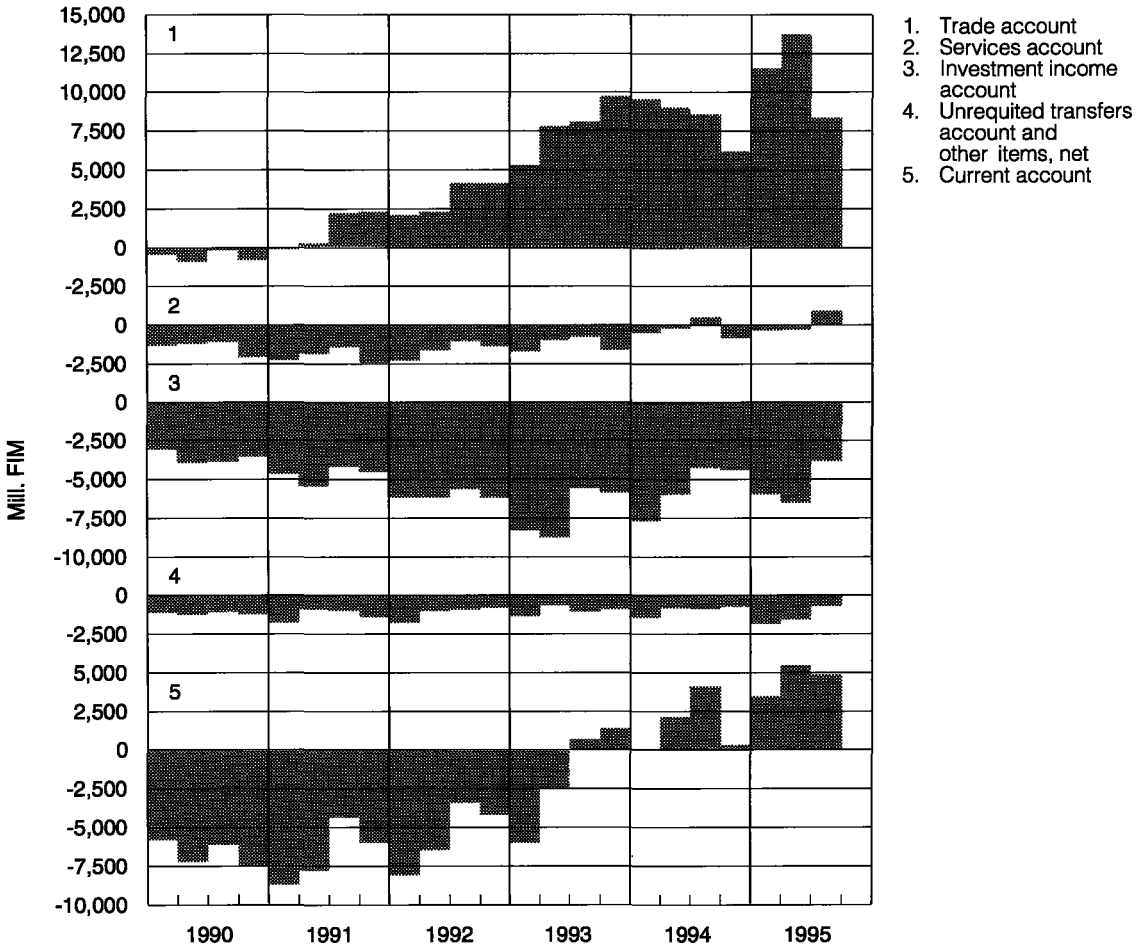
19. Money supply



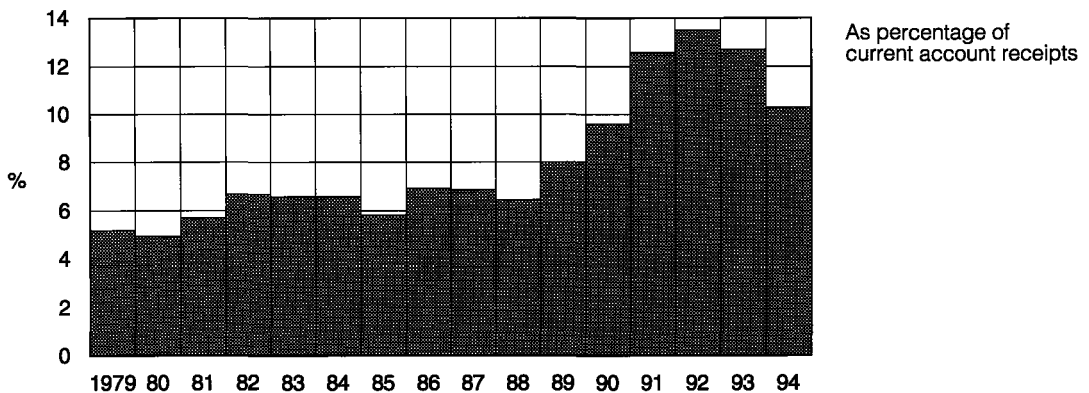
1. Narrow money (M1)
2. Broad money (M2)
3. M2 + bank CDs held by the public (M3)

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

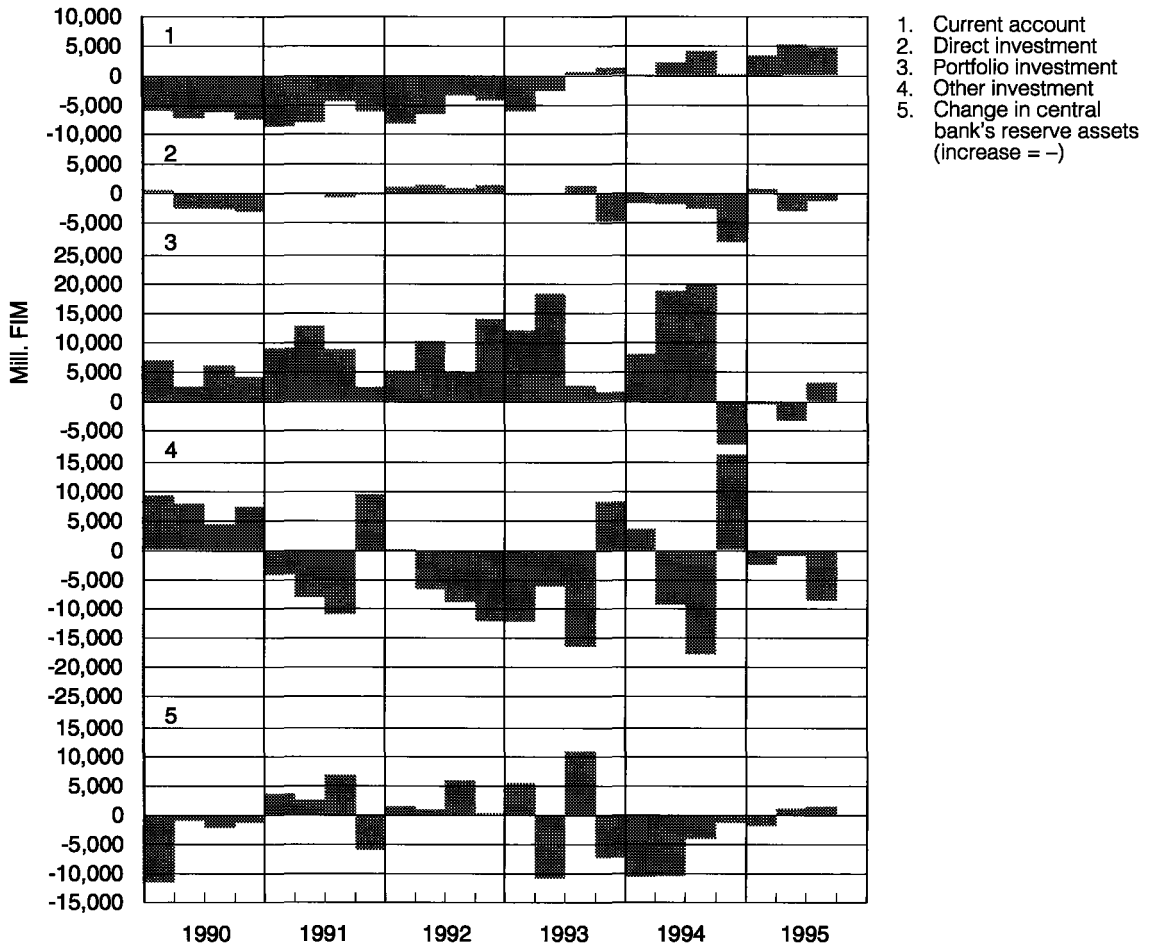
20. Current account



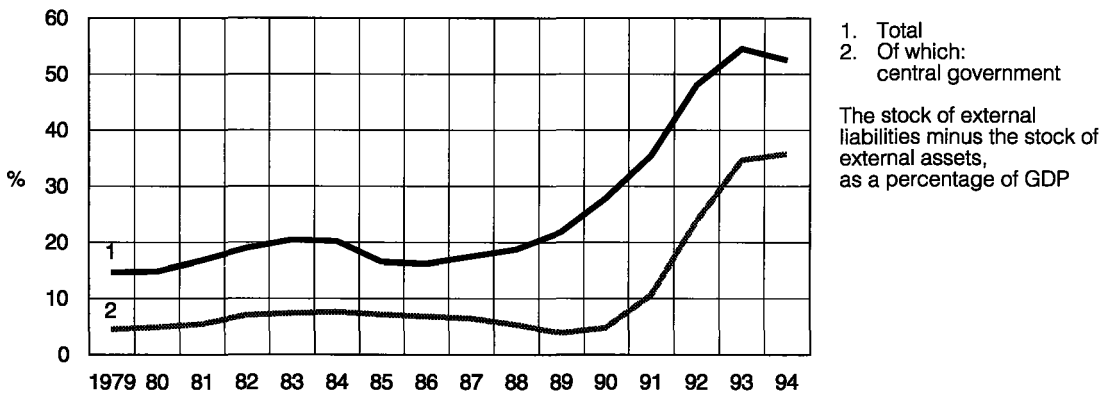
21. Net interest and dividend expenditure



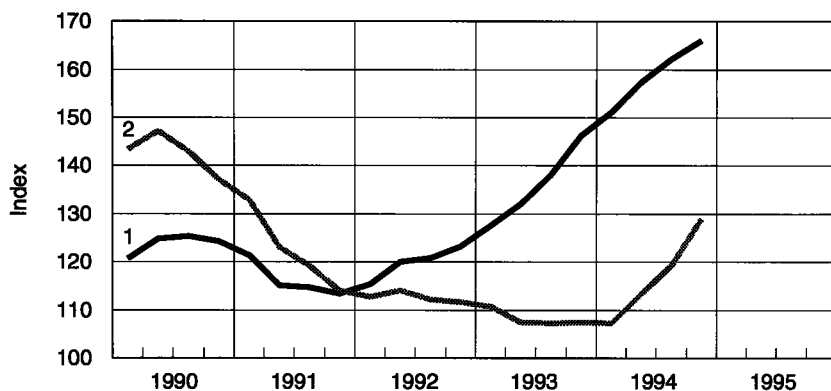
22. Balance of payments



23. Finland's net international investment position



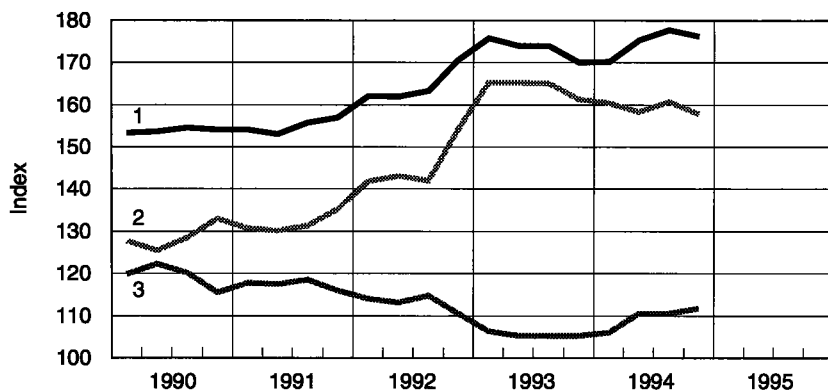
24. Foreign trade



1. Total exports
2. Total imports

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

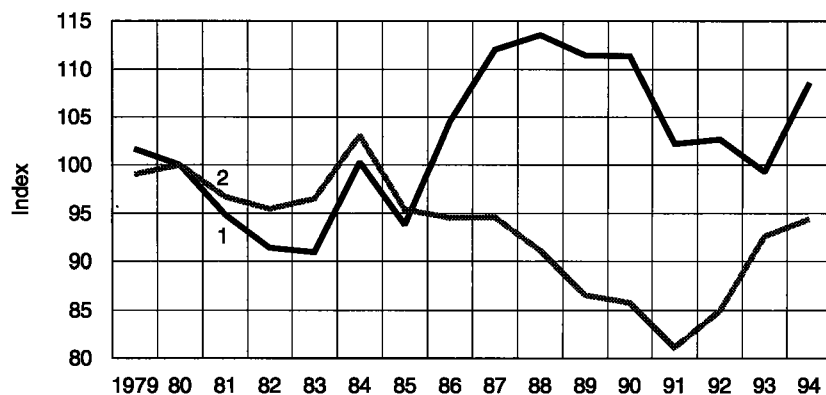
25. Foreign trade: prices and terms of trade



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

1980 = 100

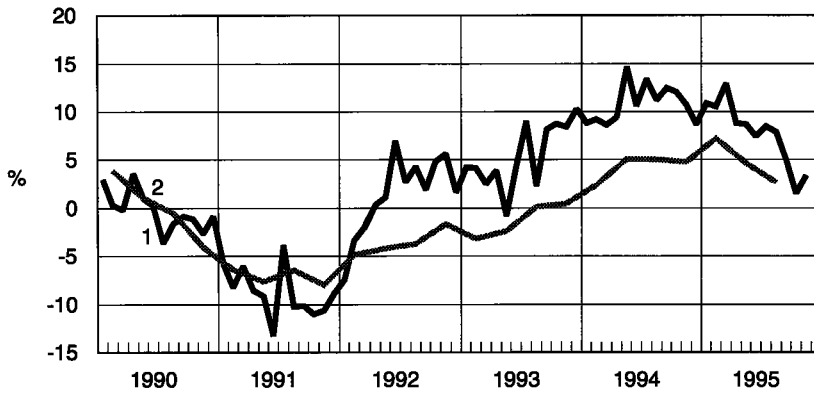
26. Finland's export performance



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

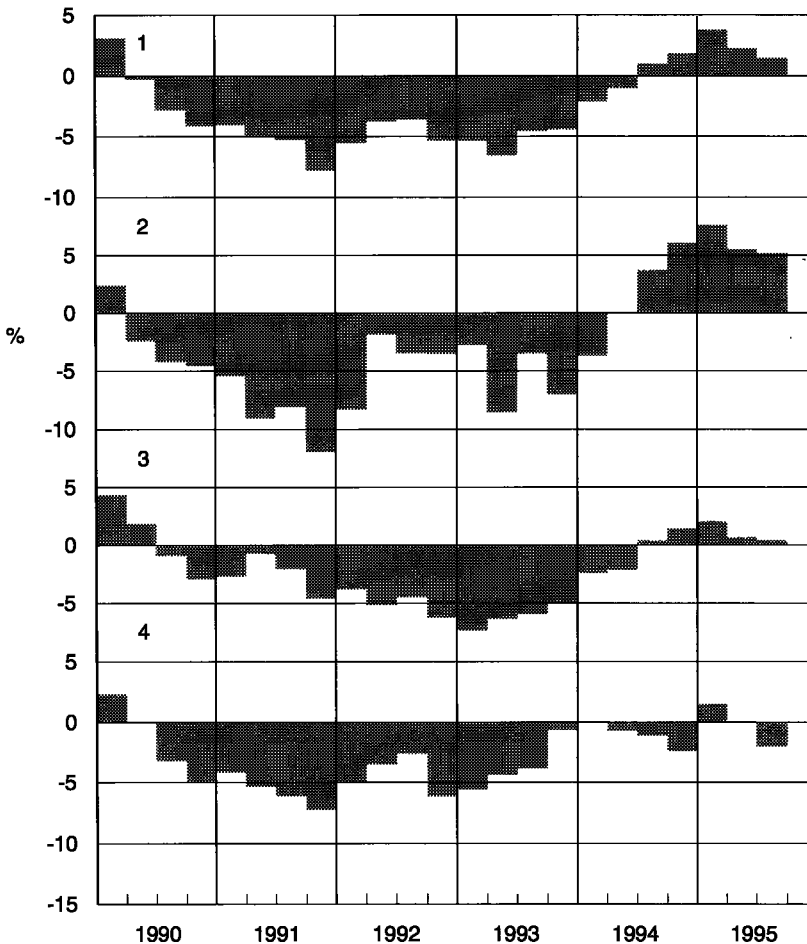
1980 = 100

27. Production



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

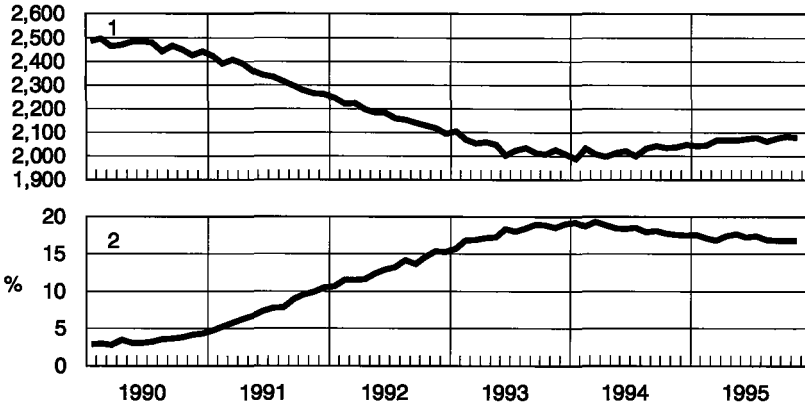
28. Fixed investment



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

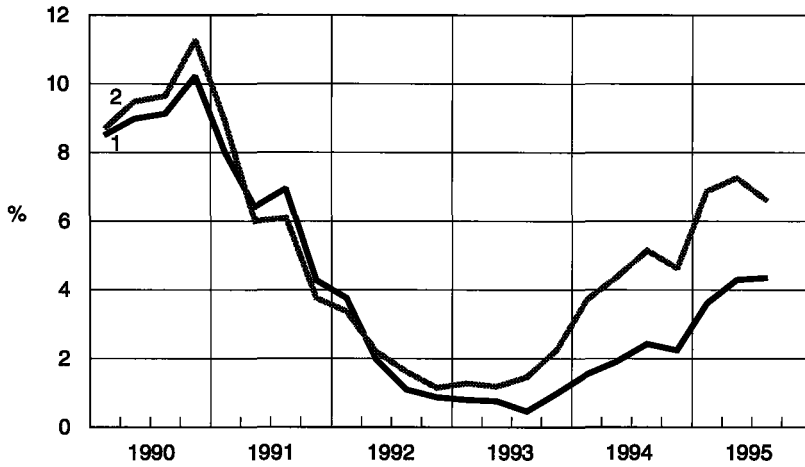
Volume changes calculated from four-quarter moving totals and plotted at the last quarter, per cent

29. Employment and unemployment rate



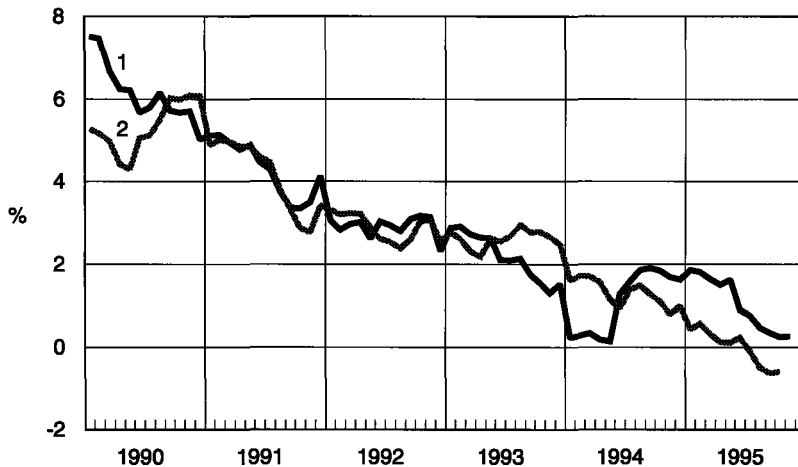
1. Employment, 1000 persons
2. Unemployment rate, per cent

30. Prices and wages



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

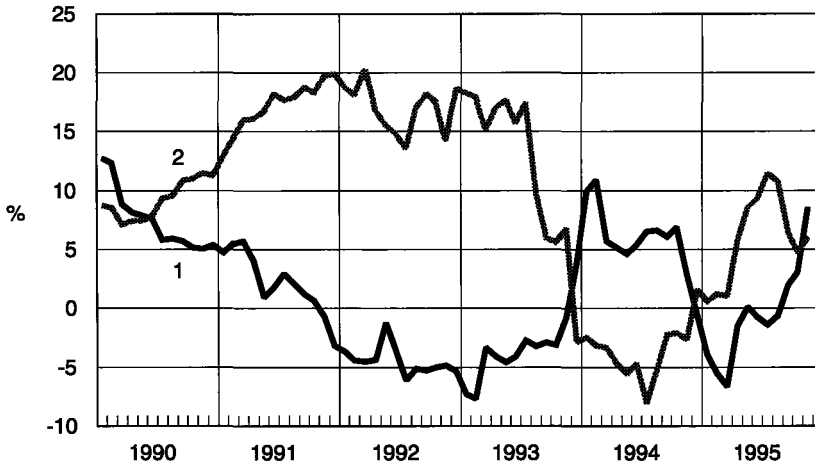
Change from the corresponding quarter of the previous year, per cent



1. Consumer price index
2. Indicator of underlying inflation

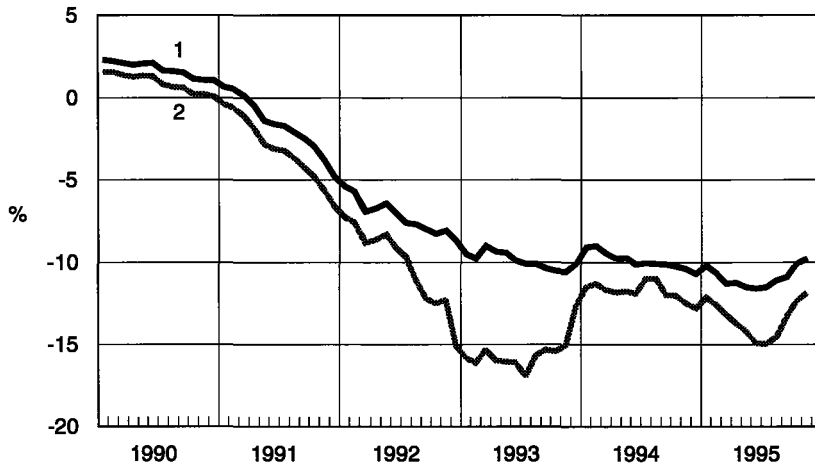
Change from the corresponding month of the previous year, per cent

31. Central government finances



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

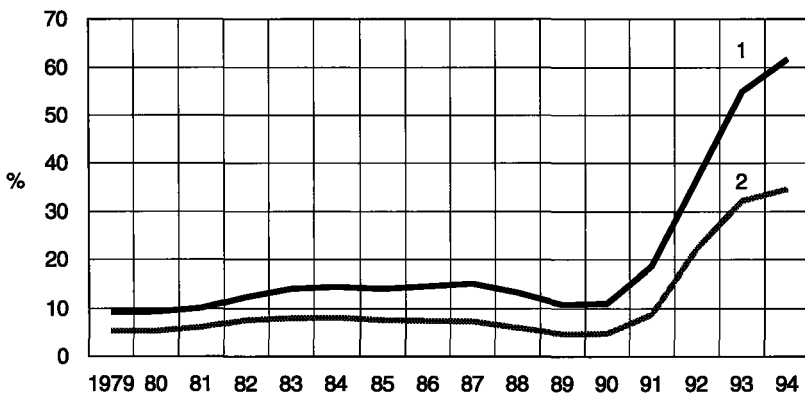
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



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

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

32. Central government debt



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

As a percentage of GDP

BANK OF FINLAND

1 January 1996

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