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Inflation expectations in  
Finnish survey data

Recent developments in the Finnish  
financial derivatives markets

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# Inflation expectations in Finnish survey data<sup>1</sup>

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**T**he inflationary experience of many countries over the past decade has underlined the importance of expectations. As a result, inflation analysis has increasingly focused on the role of expectations in the inflation process and on how policies affect the formation of expectations. Consequently, the methods of testing the formation of these expectations have also gained in importance.

In principle, there are two methods of deriving data on inflation expectations. First, expectations can be deduced indirectly from other economic variables, for example, forward interest rates. Second, expectations can be taken directly from tendency surveys in which respondents (firms, consumers, households, experts etc) are asked about their expectations concerning, for example, the price level in a future period. In the latter case neither complex economic models nor numerous assumptions are needed.

In Finland, there are three regularly published surveys which include questions on *ex post* perceptions and/or *ex ante* expectations of the direction of change in the general price level or in the inflation rate. The surveys are conducted by Statistics Finland, the Confederation of Finnish Industry and Employers and the national daily newspaper Helsingin Sanomat.<sup>2</sup>

## **Consumer survey of Statistics Finland**

The questionnaire used by Statistics Finland consists of four questions. In order to determine the degree of inflation awareness among consumers, respondents are first asked to indicate, in qualitative terms, whether the current level of consumer prices is much higher, somewhat higher, the same, somewhat lower or much lower as compared with twelve months ago. Next, they are given a limited number of intervals in percentage points and asked to choose the interval which, in their opinion,

includes the actual rate of price change for the past twelve months. Since May 1994, half of the respondents have been asked to give a point estimate of the perceived twelve-month percentage change in the rate of inflation.

Questions concerning expectations are constructed in the same way as those concerning perceptions except that the respondents are asked to consider consumer price changes over the next twelve months.

The first survey was carried out in November 1987. Up to May 1991, the surveys were conducted semiannually, in May and November. Since August 1991, the surveys have been conducted quarterly, in February, May, August and November.

## **Business survey of the Confederation of Finnish Industry and Employers**

The business survey conducted by the Confederation of Finnish Industry and Employers includes two questions concerning future price developments. The first survey was carried out in September 1984 and has subsequently been conducted quarterly in March, June, September and December. The sample consists of approximately 530 respondents representing the main manufacturing and construction industries. Nearly 140 similar surveys are conducted in more than 50 countries. In the European Union, the questionnaires have been harmonized and summarized results are published regularly.

Up till December 1993, respondents in manufacturing firms were asked to indicate, in qualitative terms, whether they expected the rise in the general price level, ie inflation, to accelerate, remain unchanged or slow down in the next quarter as compared with the current quarter. They were also asked the same question concerning the quarter following the next quarter. 'Don't know' responses were not allowed.

This method of monitoring inflation expectations had two major drawbacks, which gave rise to misunderstandings and severely reduced the reliability and usefulness of the data.

First, as the underlying price index was not explicitly defined, there was no way of knowing what the respondents' reference price index was. Although the pollster had the official consumer price index (CPI) in mind in formulating the questions, it was by no means clear that respondents had the

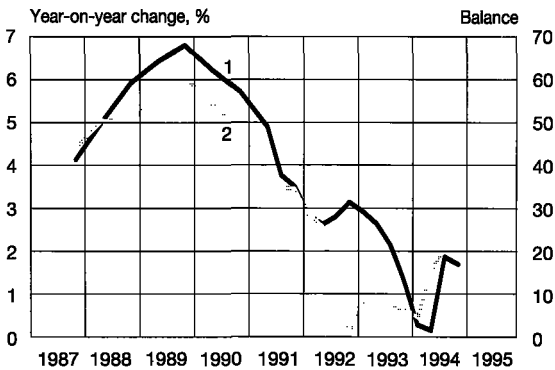
<sup>1</sup> For a more technical analysis, see Kuismanen, M and Spolander, M (1994), *Measuring Inflation Expectations in Finland - A Survey Data Approach*, *Bank of Finland Discussion Papers*, 21/94.

<sup>2</sup> In addition, one of the leading commercial banks, Kansallis-Osake-Pankki, has been conducting a survey on an irregular basis once or twice a year since 1990. This survey consists of a sample of approximately 400 treasury managers, who are asked to give a point estimate of the rate of inflation over the next twelve months.

## Chart 1.

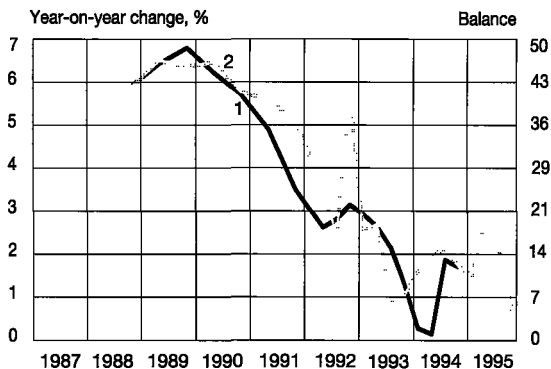
### Statistics Finland survey

#### Perceived and actual inflation rates (CPI)



1. Actual (left scale)  
2. Perceived (right scale)

#### Expected and actual inflation rates (CPI)



1. Actual (left scale)  
2. Expected (right scale)

same index in mind when answering the questions. Respondents were presumably acting as manufacturers rather than consumers. They may well have been thinking of prices that were important in their own particular sector. In the case of manufacturing firms this might have meant eg producer prices, wholesale prices or export prices.

Second, respondents could not tell from the questions to what underlying period the rate of inflation referred. This meant that respondents could choose the period, eg quarter-on-quarter or year-on-year inflation. As a consequence, the interpretations of the questions and, hence, the periods chosen certainly differed among individual respondents. Since the questions were open to various interpretations, it was difficult to draw any firm conclusions concerning expectations about changes in the overall rate of inflation.

Because of these shortcomings, the questionnaire was revised in March 1994. Respondents are now asked whether they expect the rise in the rate of inflation, as measured by consumer prices, to be higher, the same or lower in the next quarter as compared with the present quarter and in the corresponding quarter of the following year as compared with the present quarter. Respondents are also provided with data on the actual year-on-year rate of inflation in the current period. 'Don't know' responses are still not allowed. The new question emphasizes the desired reference index (consumer prices) and the reference period for the inflation rate (year-on-year), thus mitigating the problems associated with the old question.

### Consumer index survey of Helsingin Sanomat

In the survey conducted by the newspaper Helsingin Sanomat, respondents are asked to indicate, in qualitative terms, whether they expect prices to rise, remain the same or fall over the next six months. 'Don't know' responses are allowed.

The first survey was conducted in May 1980. Since January 1981, they have been conducted about once every six months, though the interval between successive surveys has not always been exactly six months<sup>3</sup>.

### Balance figures can be interpreted as inflation rates

In order to evaluate the forecasting value of the responses, the actual and expected time series data must be synchronized. For example, if respondents are asked to indicate how many per cent they expect consumer prices to change over the next twelve months, their answers must be compared with the actual year-on-year rate of inflation twelve months later. For example, in the Statistics Finland

<sup>3</sup> Consumer index surveys have been carried out by Helsingin Sanomat 30 times as follows: May 1980; January, June 1981-1984; January, June, December 1985; June 1986; January, June, December 1987; May, November 1988-1994.

survey, respondents were asked to give the expected year-on-year rate of inflation for May 1993 in May 1992. Hence, the actual year-on-year inflation rate had to be calculated for the same twelve-month period, ie from May 1992 to May 1993.

It seems logical to expect that the shares of answers expecting the price level to rise, remain unchanged or fall depend on how much higher the price level is expected to be on average. If, for example, the rise in the price level is expected to be larger than before, some of respondents who previously expected prices to fall now expect them to remain unchanged, and some who previously expected prices to remain unchanged now expect them to increase. Thus, the number of respondents in each of these three categories depends on the relative size of the increase in the price level, ie on the rate of inflation, and each share is associated with a certain rate of inflation<sup>4</sup>.

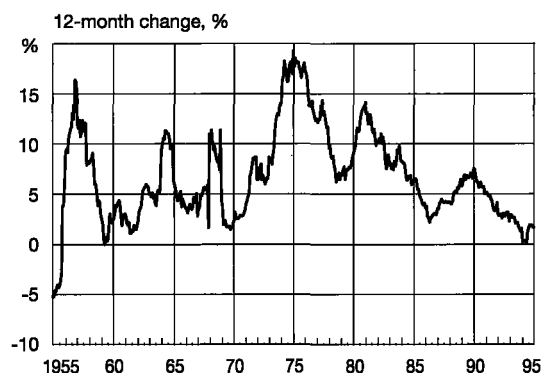
### **Unlike firms, consumers seem to capture the trend**

How well, then, do the surveys predict the future inflation rate? Let us look at the Statistics Finland data first. Chart 1 gives the perceived and expected observations and the respective actual rates of inflation. As can be seen in the upper panel of Chart 1, the respondents' perceptions followed the trend in the actual rate of inflation quite closely from the start of the survey until mid-1992. Since mid-1992, a large proportion of the respondents has been of the opinion that the consumer price level has stayed unchanged or has fallen even though the CPI rose by 2.9 per cent on average in 1992 and by 2.2 per cent in 1993. During the first half of 1994, the twelve-month increase in the CPI was at its lowest for 30 years (Chart 2). At the same time, the number of respondents who felt that consumer prices were at a higher level than twelve months earlier had increased.

One possible explanation for this is the change-over to value-added tax in June 1994. It seems that it was not until May 1994 that respondents realized that VAT would raise the price level in the near future. Evidently, some respondents had confused the dates and thought that VAT had already affected consumer prices. Studies in Finland and in other countries show that respondents are normally quite well aware of recent economic events that have had or might have an effect on consumer prices. Hence, the low balance figures after mid-1992 seem unreasonable. The markka's depreciation since its devaluation in November 1991 and floating in September 1992 clearly affected consumer prices and should have also affected respondents'

**Chart 2.**

### **Consumer price index**



perceptions about the rate of inflation over the preceding twelve months.

The effects of the introduction of VAT and the markka's depreciation can also be discerned in the lower panel of Chart 1, which shows expectations. VAT should have already affected expectations in August 1993 and not in May 1994 as seems to have been the case. Apparently, respondents were not able to deal rationally with the possible effects of VAT beforehand. It was not until they realized the existence and magnitude of these effects that they revised both their perceptions and expectations.

The effect of the devaluation in November 1991 is interesting. The November 1991 survey was conducted just after the devaluation. The possible effects of devaluation were the major issue in all the newspapers throughout the two-week survey period. On the basis of previous experience and experts' forecasts, respondents revised their expectations sharply upwards from the previous survey. At the risk of oversimplification, we can interpret perceptions and expectations in Chart 1 to mean that the respondents expected the twelve-month rate of inflation to accelerate from the prevailing rate of 3.5 per cent in November 1991 to 5.5 per cent in November 1992. When they realized that price changes were going to be much more moderate than they had envisaged, they revised their expectations downward to the original level in the February 1992 survey. Neither the floating of the markka in September 1992 nor the announcement of the 2 per cent inflation target by the Bank of Finland in February 1993 seems to have had any noticeable effect on respondents' expectations.

The sharp decline in the expected rate of inflation for the second half of 1995 is probably due to Finland's joining the EU. When Finland became a member of the EU at the beginning of this year, agricultural producer prices were lowered to the same level as producer prices in the EU. The reduction in producer prices and increasing import competition

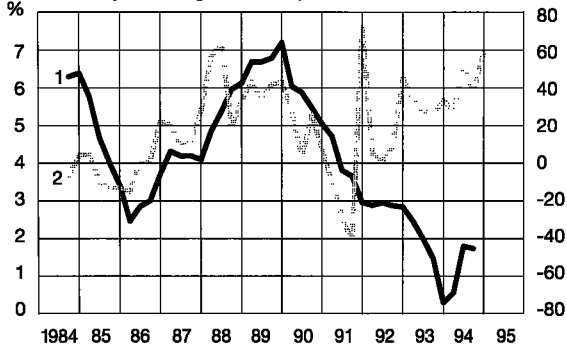
<sup>4</sup> The results are normally presented as a balance figure, ie as a weighted balance of the proportions of respondents in each category. The categories 'higher' and 'lower' are weighted +1 and -1, respectively, and the categories 'no change' and 'don't know' are both weighted zero. In the Statistics Finland survey, the additional categories of 'somewhat higher' and 'somewhat lower' have the respective weights of +1/2 and -1/2.

### Chart 3.

#### Confederation of Finnish Industry and Employers survey

##### Expected and actual inflation rates (CPI)

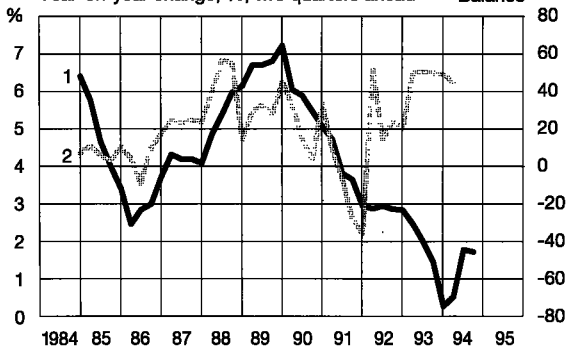
Year-on-year change, %, one quarter ahead Balance



1. Actual (left scale)
2. Expected (right scale)

##### Expected and actual inflation rates (CPI)

Year-on-year change, %, two quarters ahead Balance



1. Actual (left scale)
2. Expected (right scale)

are expected to be reflected quickly in consumer food prices. Consumers obviously expect these price reductions to be passed through into overall consumer prices in the course of this year. All in all, the balance figures seem to follow the trend quite closely.

Chart 3 shows expectations data derived from the survey of the Confederation of Finnish Industry and Employers matched with actual year-on-year rates of inflation, as measured by the CPI. The balance figures reflect expectations about the next quarter compared with the current quarter and for the quarter after next compared with the next quarter.

The data do not seem to predict the inflation rate very well. In the 1980s, the fluctuations in the balance figures match the actual year-on-year rates of inflation to some extent. For the 1990s, however, the match is poor. Furthermore, the match becomes even poorer as the time horizon extends to two quarters ahead. The firms covered by the survey have evidently expected there to be a surge in inflation at any moment. They seem to have had great difficulty in adapting themselves to decelerating rates of inflation.

One reason for this might be the depreciation of the markka, which also disturbed the balance figures in the survey data of Statistics Finland. Furthermore, firms seem to have had consistently stronger inflationary expectations than consumers. There again, respondents in firms might have been thinking of wholesale, producer or export prices rather than consumer prices when they answered the questionnaire. If we take into account the various deficiencies and limited forecasting power of the balance figures, the usefulness of the Confederation of Finnish Industry and Employers' data seems questionable.

In Chart 4, the balance figures for the six-month expectations data derived from the Helsingin Sanomat survey are matched with the actual six-month percentage change in the CPI. As can be seen, the data capture the trends and the turning points quite well. There are two major expectation errors, the first in January 1982 and the second in November 1991. The reason for the January 1982 expectation error, as manifested in July 1982, is unclear. The second error is due to the devaluation of the markka in November 1991. As in the case of the Statistics Finland data, the respondents quickly revised their expectations when they realized that the rate of inflation was not, in fact, picking up. The expected consumer price effects of EU membership are also clearly discernible in Chart 4.

#### ***Inflation is expected to remain subdued in 1995***

The final issue concerns the usefulness of survey data as an indicator of future consumer price inflation. Bearing in mind the ambiguities and deficiencies of the questionnaires, the answer is not clear. The track record of the survey conducted by the

Confederation of Finnish Industry and Employers' is poor. In the Helsingin Sanomat survey, respondents only give predictions for six months ahead. By contrast, the survey conducted by the Statistics Finland is tolerable both as regards its track record and the forecast time horizon. With the passage of time, data on balance figures and point estimates will accumulate, and the Statistics Finland data should prove useful in assessing consumer price developments over the coming twelve months.

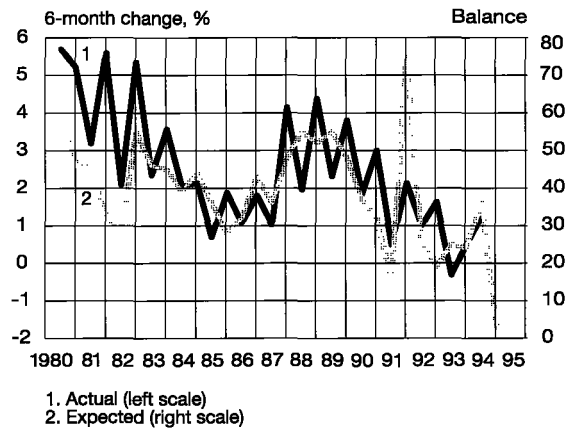
Looking at the inflation rates towards the end of this year, however, it is difficult to draw any firm conclusions on the basis of available survey data. Charts 1 and 4 do nevertheless point to the absence of inflation expectations. Falling consumer food prices and a stronger markka are expected to offset the pressures deriving from higher labour costs.

1 March 1995

### Chart 4.

#### Helsingin Sanomat survey

#### Expected and actual inflation rates



# Recent developments in the Finnish financial derivatives markets<sup>1</sup>

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Over the past ten years, the use of derivative instruments has increased substantially in international financial markets. Over-the-counter (OTC) markets operated by market participants have experienced particularly strong growth in recent years. The continued expansion in the use of derivative instruments is attributable to the growing need of market participants to hedge against various foreign exchange, interest rate, equity and commodity market risks. Derivatives markets offer a cheaper way of managing these risks than the corresponding cash markets. Other factors contributing to the strong growth of derivative trading include the globalization of investment, the securitization of banks' liabilities and rapid advances in information and telecommunications technology.

The development of Finnish derivatives markets has followed trends in international markets. However, trading in derivative products – with the exception of forward exchange contracts – did not start until fairly late in Finland because of the underdeveloped state of the country's financial markets. Moreover, the markets have grown more slowly than in many other countries with more developed financial markets. Developments in trading in derivative instruments have followed those in the markets for the underlying cash instruments.

Up to the mid-1980s, trading in derivative instruments was confined mainly to OTC forward exchange contracts offered by banks. Trading in derivative products based on shares started in 1987 along with the rapid expansion of the equity market and the commencement of operations by two derivatives exchanges in Finland. The Finnish Options Exchange (FOE) opened in autumn 1987 and the Finnish Options Market (FOM) in spring 1988. The year 1987 also saw the introduction of trading in forward rate agreements (FRAs) in the OTC market. As the Finnish financial markets are structured differently from those of many other countries, FRAs were initially based solely on certificates of deposit (CDs) issued by banks. Trading in interest rate derivatives based on benchmark government bonds did not start until 1994.

The OTC market accounts for a large share of the total volume of derivatives traded in Finland.

Currency and interest rate derivatives, in particular, are traded predominantly in the OTC market. By contrast, derivative contracts based on shares are traded only on exchanges but their share of the total volume of derivatives traded is minimal.

## **Trading in Finnish derivatives markets**

### **Derivatives exchanges**

In 1994, the volume of trading on Finland's two derivatives exchanges, the FOM and the FOE, grew markedly from the previous year, and the total number of contracts traded approached the peak levels of 1989 (Chart 1). Unlike on international derivatives exchanges, derivatives based on stock indices and shares have accounted for by far the largest share of turnover on the Finnish derivatives exchanges from the very beginning. Nevertheless, 1994 also witnessed a marked increase in the volumes of standardized currency and interest rate derivatives.

In the early 1990s, trading on the derivatives exchanges slackened in the wake of falling share prices and the general slowdown in economic activity. Low trading volumes led to specialization whereby trading in stock derivatives became concentrated on the FOM and trading in currency derivatives on the FOE. Over the past two years, however, competition between the derivatives exchanges for shares of the currency and interest rate derivatives business has intensified; in spite of this, trading in stock derivatives is still concentrated on the FOM. In 1994, stock index and stock derivatives accounted for some 93 per cent of total turnover on the FOM while currency derivatives accounted for some 71 per cent of total turnover on the FOE. It is also worth noting that turnover in interest rate derivatives on the FOM is based on benchmark government bonds<sup>2</sup> and that on the FOE mainly on bank CDs.

In 1994, the number of derivative contracts traded on the FOM passed the one million mark for the first time; this was more than twice the figure for 1993. FOX stock index derivatives were again the most traded product group on the FOM. However,

<sup>2</sup> Strictly speaking, the bulk of the transactions in markka-denominated bond forwards reported by the FOM consists of OTC trades which have been registered with the FOM's clearing house for clearing and collateral management.

<sup>1</sup> See also Pertti Pylkkönen, 'Derivatives markets in Finland', *Bank of Finland Bulletin*, April 1994, Vol. 68 No. 4.



the share of STOX options and futures has continued to grow and their combined turnover is already approaching that of index products. Turnover in interest rate derivatives consists entirely of markka-denominated bond forwards, the centralized clearing and settlement of which was begun by the FOM in spring 1994. Measured in terms of the number of contracts traded, the FOM's share of the total trading volume on Finnish derivatives exchanges was some 96 per cent in 1994.

In 1994, the bulk of trading in currency derivatives on the FOE was in DEM-based contracts while the bulk of trading in interest rate derivatives was in interest rate futures based on the three-month HELIBOR. The rise in short-term interest rates in the final months of the year led to a sharp increase in trading in these interest rate futures. Measured in terms of number of contracts options and futures were traded in roughly equal amounts on the FOE in 1994.

### OTC market

In Finland, by far the largest part of trading in derivative instruments takes place on the OTC market, which is dominated by banks with a market share of 90 per cent. At the end of 1994, outstanding derivative contracts entered into by Finnish banks amounted to FIM 2 048 billion measured in terms of notional principal amounts (Chart 2).<sup>3</sup> This represents an increase of 28 per cent from one year earlier. Interest rate derivatives accounted for 60 per cent of the total outstanding amount and currency derivatives for 40 per cent. The share of stock derivatives is negligible. A breakdown by derivative instrument reveals that forward contracts, with a share of some 71 per cent, are by far the most widely traded product in Finnish derivatives markets (Chart 2 and Table 1). Thus, the bulk of derivative instruments consists of basic products which have been traded in the markets for a fairly long time.

**Table 1. Derivative contracts entered into by banks, notional principal amounts outstanding on 31 December 1994, percentage breakdown**

	Currency derivatives %	Interest rate derivatives %	All derivatives %
Forwards	84.9	62.0	71.1
Swaps	12.2	26.4	20.6
Futures	—	6.9	4.2
Options	2.9	4.7	4.1
TOTAL	100	100	100

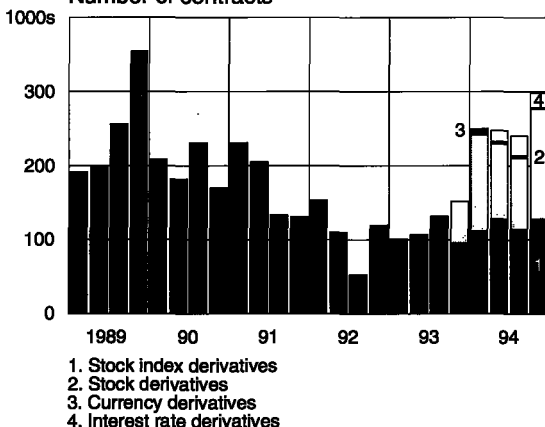
Source: Financial Supervision Authority

<sup>3</sup> It should be noted that these figures have not been adjusted for double counting, ie derivatives contracts between Finnish banks are included in them twice.

**Chart 1.**

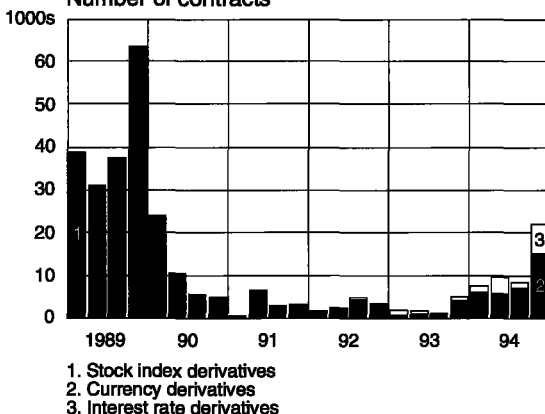
### Turnover in derivatives contracts

Finnish Options Market  
Number of contracts



Source: The Finnish Options Market.

Finnish Options Exchange  
Number of contracts

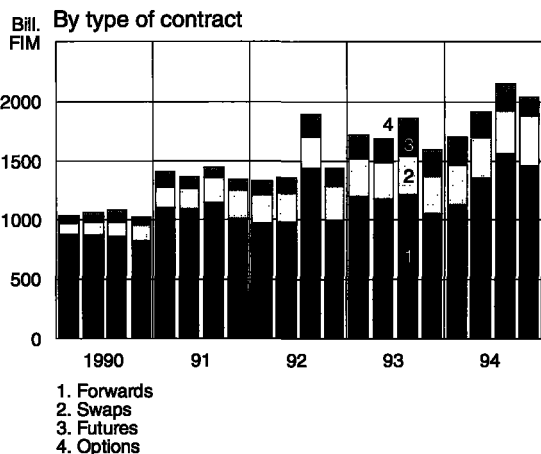
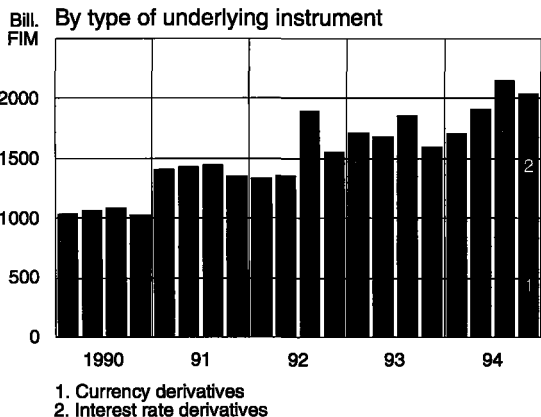


Source: The Finnish Options Exchange.

As Chart 2 illustrates, growth in the outstanding amount of derivatives in 1994 was almost entirely attributable to the growth in the volume of FRAs. The increased popularity of FRAs can largely be explained by the increase in interest rate volatility during 1994. The majority of markka-denominated FRAs are still based on the most liquid part of the Finnish financial markets, ie on CDs issued by banks. The outstanding amount of these FRAs, which tends to fluctuate sharply, moved in the range of FIM 150–300 billion in the latter half of 1994. The outstanding amount of Treasury bills has traditionally been small in Finland, and so far hardly any derivative contracts based on them have been traded. A major innovation in the Finnish financial markets in 1994 was the launching of trading in for-

**Chart 2.**

**Notional principal of derivatives contracts entered into by banks**



Source: Financial Supervision Authority

ward contracts based on benchmark government bonds.

**Bond forwards market**

Trading in bond forwards started in Finland in January 1994 following the signing by the Bank of Finland and the primary dealers in the benchmark government bond market of a market making agreement for bond forwards on 20 January 1994. Initially, the only underlying asset was the serial government bond 2/92 (1997) but, in April 1994, another underlying asset was introduced, the serial government bond 1/93 (2004). Even though trading takes mainly place in the OTC market<sup>4</sup>, fixed settlement dates have been agreed on for bond forwards: the third Wednesday in March, June, Sep-

tember and December. The Bank of Finland determines the fixing rate on the fixing date for each bond forward, which is five business days prior to the settlement date. Two forward periods are quoted in the market at any one time, and the standard trading unit has been set at FIM 10 million. By the end of 1994, the number of primary dealers in the bond forwards market had risen to nine, following the signing in the autumn of the agreement on the code of conduct for primary dealers by Alfred Berg Finland and Handelsbanken Finland. The other primary dealers are Kansallis-Osake-Pankki, Okobank, Postipankki, Skopbank, Union Bank of Finland, Evli Fixed Income Securities and Unibørs Securities.

The outstanding notional principal amount of bond forwards fluctuates substantially over the contract period. Thus, for example, the outstanding notional principal stood at FIM 15.5 billion on 31 December 1994 as against FIM 46.9 billion at the end of November (Chart 3). The average outstanding notional principal of bond forwards was running in the region of FIM 30 billion in the latter half of 1994. This compares with outstanding benchmark government bonds totalling FIM 69.3 billion at the end of 1994. Trading between primary dealers accounted for just over half of total turnover in the bond forwards market; the corresponding share in the cash market for benchmark bonds was about one-third in 1994.

The bond forwards market was launched with the aim of improving liquidity in the market for benchmark government bonds, ie improving market participants' opportunities to adjust their positions quickly and at reasonable cost. The proportion of total turnover in the cash market accounted for by the two benchmark bonds serving as the underlying for bond forward contracts diminished soon after trading in forwards started. This was to be expected because the opening of a new, alternative market was bound to attract some business away from the cash market in the short term. Towards the end of 1994, the relative shares of the underlying benchmark bonds in total turnover in the cash market returned closer to their earlier levels.

A rough measure of liquidity can be obtained by examining the ratio of secondary market trading to the outstanding amount of the security concerned. Measured in this way, the benchmark government bonds underlying bond forwards were the most liquid in 1994 (Table 2). It should be noted, however, that the benchmark bond maturing in 2004 was clearly the most liquid bond even before trading in bond forwards based on it was initiated. On the other hand, in 1993, the liquidity of the benchmark bond maturing in 1997 did not differ

<sup>4</sup> Both the FOM and FOE have included products corresponding to the standardized markka-denominated bond forwards traded in the OTC market in their product range.

significantly from other benchmark bonds but, in 1994, it seems to have improved distinctly after the opening of the bond forwards market. Consequently, the launching of trading in bond forwards can be judged to have improved the liquidity of the benchmark bonds selected as underlying instruments.

**Table 2. Benchmark government bonds: ratio of secondary market transactions to the outstanding amount<sup>5</sup>**

	1993	1994
Serial bond 2/93 (1996)	–	9.4
Serial bond 2/92 (1997)	7.3	12.1
Serial bond 1/92 (1999)	7.2	8.1
Housing bond 1/92 (2002)	8.6	8.2
Serial bond 1/93 (2004)	15.3	16.8

Relatively more bond forward contracts have been entered into on the basis of the benchmark bond maturing in 1997; in general, turnover (notional amount) in the forward market exceeded turnover in the cash market for this bond in the second half of 1994. At annual level, turnover in forwards based on the bond maturing in 1997 accounted for 78 per cent of turnover in the cash market, while the corresponding figure for the benchmark bond maturing in 2004 was 51 per cent (April to December).

### Risks in the Finnish derivatives markets

International derivatives markets have been overshadowed by the heavy losses incurred recently by some market participants in derivatives transactions. These events have led to heightened concern and uncertainty about the potential risks posed to the international financial system by the rapidly expanding derivatives markets.

The systemic risks typically referred to in connection with derivatives markets are the large volumes of derivatives transactions, concentration of derivatives business among a relatively small number of dealers, illiquidity of customized derivatives transactions, increased settlement risks, credit exposures undertaken by dealers and increased links between different market segments.<sup>6</sup>

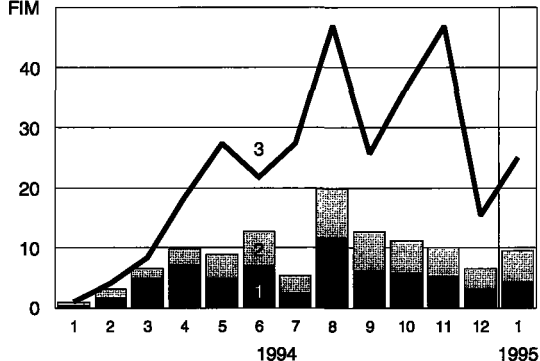
By international standards, volumes of derivatives transactions have so far been relatively small in Finland. The level of concentration in derivatives

<sup>5</sup> Transactions have been calculated in proportion to the average amount of benchmark bonds outstanding in the respective year. Both cash market transactions and bond forwards transactions have been included in secondary market transactions in serial bonds 2/92 (1997) and 1/93 (2004). The serial bond 2/93 (1996) was not accepted as a benchmark bond until June 1994; its turnover in the secondary market has been converted to annual turnover on the basis of its average monthly turnover.

<sup>6</sup> See eg Group of Thirty, *Derivatives: Practices and Principles*, July 1993, or US General Accounting Office: *Financial Derivatives, Actions Needed to Protect the Financial System*, May 1994.

**Chart 3.**

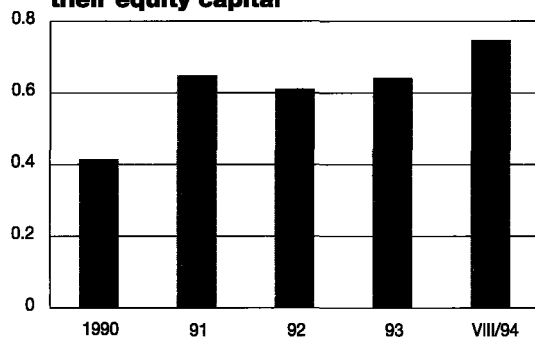
**Notional principal of bond forward contracts entered into by primary dealers**



1. Volume of contracts between primary dealers (purchases)
2. Volume of contracts with customers
3. Amount outstanding at end of month

**Chart 4.**

**Banks' credit exposures arising from derivatives contracts in relation to their equity capital**



Source: Financial Supervision Authority

trading is, however, rather high in Finland since the five largest banks still accounted for some 90 per cent of all derivatives transactions carried out by banks in 1994. In spite of this, the credit exposures incurred by banks in derivatives trading have so far remained at a fairly reasonable level and are clearly below the banks' combined equity capital (Chart 4). In Sweden, for example, the corresponding ratio already exceeded 2.0 at the end of 1993.<sup>7</sup> In 1994, banks' derivatives-related credit risks did not increase as quickly as the volumes of transactions because the growth of volumes was mainly due to interest rate derivatives of short maturity, and the credit risks related to these are relatively small.

<sup>7</sup> See, 'The Swedish derivatives market – size and systemic risks', *Sveriges Riksbank*, July 1994.

Interbank transactions account for a significant share of business in the derivatives markets in Finland. In addition, at the end of 1994, some 64 per cent of the counterparties to derivatives contracts entered into by banks were non-residents. This compares with some 73 per cent at the end of 1993. Thus the number of Finnish end-users in the market appears to be increasing. Nevertheless, the share of non-resident counterparties is likely to remain large in the future because, owing to the small size of the markets, Finnish banks cover a large proportion of their open positions arising from transactions with resident clients by entering into contracts with non-resident counterparties.

Settlement risks associated with trading in derivatives markets are at a fairly reasonable level since the largest trading volumes are still generated in the cash markets. Nevertheless, settlement risks related to OTC derivative transactions could be reduced further through centralized clearing of transactions and legally enforceable netting arrangements. In Finland, the FOM has provided centralized clearing services for OTC transactions in markka-denominated bond forwards since spring 1994. Centralized clearing of transactions permits multilateral netting of market participants' exposures and enhances collateral management. In 1994, markka-denominated bond forward contracts were cleared at the FOM to the value of some FIM 60 billion measured in terms of notional principal amounts. This represents some 56 per cent of total turnover in the bond forwards market.

In late 1994, the Helsinki Money Market Center also acquired the technical capacity for the centralized clearing of markka-denominated bond forwards. The introduction of this service has been delayed but the company aims to begin the centralized clearing of OTC bond forwards in spring 1995.

For the authorities, issues related to the derivatives markets have been gaining growing importance recently. In Finland, the derivatives activities of banks and securities firms are supervised by the Financial Supervision Authority. As part of its ongoing supervisory efforts, the Financial Supervision Authority is currently preparing a paper providing guidance on sound risk management of derivatives activities for use by Finnish credit institutions. It is hoped that these guidelines will facilitate further development of the institutions' internal risk management systems and thus promote stability in the financial system generally.

International cooperation aimed at improving the functioning of derivatives markets and enhancing their supervision takes place under the auspices of international bodies such as the BIS and within the EU. The Bank of Finland and the Financial Supervision Authority participate actively with other Finnish authorities in this international cooperation.

### **Future prospects**

Derivative trading volumes are likely to continue growing in Finland for some time to come. The rapid expansion of the export sector, in particular, is increasing the need of companies to use derivatives to hedge against risks arising from their business operations. The increased international volatility of bond markets suggests that trading in interest rate derivatives will remain brisk. In addition, it seems highly likely that derivatives based on government debt instruments will increase their share of the volume of interest rate derivatives traded in Finland because the central government's borrowing requirement will remain high over the next few years.

Mirroring international trends, trading in derivative instruments in Finland is likely to continue growing more rapidly in the OTC market than on the derivatives exchanges. However, the growth of trading on the latter cannot be expected to lag far behind as financial institutions operating as dealers in the OTC market will seek to use the derivatives exchanges to hedge their net exposures.

It is clear that competition in the provision of financial services will heighten in the years ahead both globally and within the EU, in particular. Consequently, the number of dealers participating in derivative trading in Finland is likely to grow as new foreign banks and Finnish and foreign securities firms expand their operations in the Finnish financial markets.

There are currently a number of projects in hand in Finland concerning the development of the infrastructure of the financial markets, some of which have a direct bearing on the functioning of the derivatives markets. These include plans for expanding the centralized clearing and settlement of OTC transactions, promoting repo transactions and securities lending and converting government bonds into book-entry securities.

2 March 1995

# Items

## Finland's balance of payments in 1994

**Current account.** Balance of payments data for 1994 point to an improvement in the external balance of the Finnish economy. According to preliminary data, the current account showed a surplus of FIM 5.6 billion in 1994 as against a deficit of FIM 4.7 billion in 1993.

**Goods.** Compiled on a balance of payments basis, the trade account posted a surplus of FIM 33.6 billion, which was some FIM 3 billion more than in 1993. The value of exports grew by 15 per cent and the value of imports by 17 per cent. A change in statistical periods in the foreign trade statistics caused by Finland's entry into the EU increased the value of imports by some FIM 3 billion and the value of exports by just under FIM 1 billion in 1994.

**Services.** The deficit on the services account shrank to FIM 2.2 billion, as against FIM 4.9 billion in 1993. The surplus on the transport account increased by FIM 0.6 billion, and amounted to FIM 5.5 billion. There was a marked improvement in the travel account. The deficit on the other services account decreased by FIM 1.3 billion.

**Investment income.** Payments of investment income abroad amounted to FIM 31.0 billion, while receipts of investment income from abroad totalled FIM 8.7

billion. The deficit on the investment income account was thus FIM 22.3 billion, a decrease of FIM 4.6 billion from 1993.

**Capital and financial account.** Net imports of capital amounted to FIM 19.9 billion in 1994. The central government imported capital totalling FIM 29.9 billion. Most of the central government's imports of capital occurred during the first part of the year.

Finnish direct investment abroad totalled FIM 19.7 billion in net terms. In the previous year, direct investment abroad had totalled FIM 9.5 billion. Foreign direct investment in Finland amounted to FIM 7.7 billion.

Net capital imports in the form of portfolio investment amounted to FIM 37.4 billion. Net sales of Finnish securities abroad amounted to FIM 31.4 billion, which was some FIM 7 billion less than in 1993. Other capital exports amounted to FIM 5.5 billion in net terms. The Bank of Finland's foreign exchange reserves increased by FIM 25.5 billion. At the end of the year, the foreign exchange reserves amounted to FIM 52.7 billion.

**Net international investment position.** At the end of 1994, Finland's net international investment position showed a debt of FIM 256.8 billion, which was equivalent to 50 per cent of GDP. Net foreign debt decreased by FIM 8.0 billion in the course of the year, of which was FIM 6.0 billion due to exchange rate changes and other valuation factors. The central government's share of net foreign debt was FIM 179.5 billion.

Table. Finland's balance of payments in 1994

	1993	1994
	FIM mill.	
Trade account (incl. adjustment items)	30 991	33 553
Services account	-4 894	-2 164
Investment income	-26 956	-22 306
Unrequited transfers and other items	-3 885	-3 506
<b>CURRENT ACCOUNT</b>	<b>-4 744</b>	<b>5 578</b>
Direct investment	-4 592	-11 964
Portfolio investment	35 147	37 378
Loans	6 196	6 758
Trade credits	2 544	485
Other (incl. errors and omissions)	-33 332	-12 713
<b>FOREIGN EXCHANGE RESERVES</b> (increase -)	<b>-1 219</b>	<b>-25 504</b>

## Direct investment capital flows in 1994

**Finnish direct investment abroad.** In 1994, Finnish companies exported capital to subsidiaries and associates abroad totalling FIM 21.2 billion in net terms (as against FIM 14.5 billion in 1993). Of this amount, investment in equity capital accounted for FIM 9.8 billion, drawings of loans for FIM 3.1 billion and redemptions of loans raised through foreign subsidiaries for FIM 8.3 billion.

When the sum of FIM 1.5 billion, the amount by which the retained earnings of Finnish-owned companies are estimated to have decreased in 1994, is

deducted from the net outflow of equity and loan capital, there was a net direct investment capital outflow of FIM 19.7 billion in the balance of payments. This represents 3.8 per cent of GDP and 49 per cent of companies' fixed investment in Finland. Dividend and interest income from foreign subsidiaries and associates amounted to FIM 2.6 billion in net terms.

Eighty per cent of the net outflow of equity and loan capital went to EU countries (member states in 1994). The net export of capital by manufacturing companies totalled FIM 16.7 billion, the main capital-exporting sectors being the metal and engineering and the chemical industries.

**Foreign direct investment in Finland.** In 1994, foreign companies imported equity and loan capital to subsidiaries and associates in Finland totalled FIM 6.8 billion in net terms (as against FIM 4.8 billion in 1993). When to this amount is added the sum of FIM 0.9 billion, the amount by which the retained earnings of foreign companies in Finland are estimated to have increased in 1994, there was a net direct investment capital inflow of FIM 7.7 billion in the balance of payments in net terms. Dividend and interest payments to foreign investors amounted to FIM 1.3 billion in net terms.

Of the net direct investment inflow, 80 per cent came from the Nordic countries. Direct investment in manufacturing companies totalled FIM 5.2 billion.

### **Portfolio investment in Finland's balance of payments in 1994**

Net sales of Finnish securities abroad amounted to FIM 31.4 billion last year, which was some FIM 7 billion less than in 1993. Foreign investors continued to show interest in Finnish shares, whereas markka-denominated bonds were repurchased from abroad in net terms. At the end of the year, foreign investors held about FIM 80 billion worth of Finnish shares and markka-denominated bonds. Holdings of foreign securities by Finnish investors totalled FIM 5.8 billion.

**Shares.** Finnish shares sold abroad directly in connection with new issues or through the secondary market totalled FIM 38.6 billion while repurchases totalled FIM 25.4 billion. Hence, there was net inflow of capital of FIM 13.2 billion, about the same amount as in 1993. At the end of the year, non-residents held more than FIM 60 billion worth of Finnish shares. The doubling of the stock in the course of the year was in part due to the sharp rise in the prices of conglomerates' shares.

**Bonds.** Net sales of Finnish bonds abroad amounted to FIM 20.1 billion, which was some FIM 10 billion less than in the previous year. Only the central government and financial institutions issued bonds targeted at foreign investors. The central government raised FIM 39.2 billion in the international markets, which was some FIM 3 billion less than in 1993.

The rise in long-term rates of interest during the year was reflected in the secondary market for markka-denominated government bonds. For the year as a whole, sales of markka-denominated government bonds amounted to FIM 171 billion and repurchases to FIM 179.7 billion. Thus, repurchases exceeded sales by FIM 8.7 billion. At the end of the year, non-residents' holdings of markka-denominated bonds totalled FIM 19 billion, of which government bonds accounted for FIM 10.7 billion.

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

1994

## JANUARY

### **Commencement of trade in bond forwards.**

In accordance with an agreement concluded between the Bank of Finland and the primary dealers, the latter begin trading in markka-denominated bond forward contracts on 24 January.

## FEBRUARY

**Base rate.** The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 5.5 per cent to 5.25 per cent with effect from 1 February.

## SEPTEMBER

### **Increase in the capital of the asset management company Arsenal Ltd.**

On 8 September, the Government decides to raise the share capital of the asset management company Arsenal Ltd by FIM 6 billion. The capital injection is necessary to cover losses incurred during the year.

## NOVEMBER

### **Banks' access to the Bank of Finland's current account and liquidity credit facilities.**

At the beginning of November, the Bank of Finland modifies the conditions governing access by banks and other credit institutions to current account and liquidity credit facilities at the central bank. In addition, the partial collateralization requirement previously imposed on intraday credit limits is replaced by the requirement of full collateralization.

**Tax-exempt deposits.** On 18 November, Parliament approves an amendment of the law on

the tax relief of deposits and bonds whereby the tax-exempt status of 24-month deposits is extended to apply to deposits made up to the end of 1995.

**The Bank of Finland decides to sign the EMS agreement without entry into the ERM.** On 23 November, the Bank of Finland decides to sign the agreements between the central banks of the EU member states on the European Monetary System (EMS) and Short-Term Monetary Support (STMS). The agreements will enter into force as of the date Finland's membership of the EU becomes effective. The Board of the Bank of Finland also decides to propose to the central banks of the EU member states that the existing bilateral swap agreements with EU central banks be terminated with effect from the date of entry into force of the EMS and STMS agreements.

## DECEMBER

**Tender rate.** On 9 December, the Bank of Finland raises its tender rate from 5.0 per cent to 5.5 per cent. The tender rate serves as a benchmark for short-term money market rates.

**Support to Skopbank.** On 21 December, the Government grants capital support to Skopbank by purchasing preferred capital certificates issued by Skopbank to the total value of FIM 450 million.

1995

## FEBRUARY

**Tender rate.** On 10 February, the Bank of Finland raises its tender rate from 5.5 per cent to 5.75 per cent.

# Finland in brief

## Land, climate and population

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

Finland has a population of 5 098 427 (31 December 1994) and an average population density of 16.6 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 509 500 inhabitants, Espoo (Esbo) 182 500, Tampere (Tammerfors) 176 600, Vantaa (Vanda) 161 400 and Turku (Åbo) 160 500.

There are two official languages: 93.4 % of the population speaks Finnish as its mother tongue and 5.9 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-Ugrian group of languages, which also includes Estonian and Hungarian.

## Form of government

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

The legislative power of the country is exercised by Parliament and the President of the Republic. The supreme executive power is vested in the President, who is elected for a period of six years. The President for the current term, 1 March 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 1991, the seats of the various parties in Parliament are distributed as follows:

Centre Party 55; Social Democratic Party 48; National Coalition Party 40; Left-Wing Alliance 19; Swedish People's Party 12; The Greens 10; Christian League 8; Rural Party 7; and Liberal Party of Finland 1.

Of the 16 ministerial posts in the present Government appointed in April 1991, 8 are held by the Centre Party, 6 by the National Coalition Party and 2 by the Swedish People's Party. The Prime Minister is Mr Esko Aho of the Centre Party.

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

## International relations

Finland became a member of the BIS in 1930, the IMF in 1948, the IBRD in 1948, GATT in 1950, the UN in 1955, the Nordic Council in 1955, the IFC in 1956, IDA in 1960, EFTA in 1961, the ADB in 1966, the OECD in 1969, the IDB in 1977, the AfDB in 1982, the MIGA in 1988, 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 418 billion in basic values in 1993, 3 % was generated in agriculture and fishing, 2 % in forestry, 26.5 % in industry, 4.5 % in construction, 11 % in trade, restaurants and hotels, 8.5 % in transport and communications, 4 % in finance and insurance, 20.5 % in other private services and 20 % by producers of government services. Of total employment of 2.0 million persons in 1993, 8 % were engaged in primary production, 27 % in industry and construction and 65 % in services.

In 1993, expenditure on the gross domestic product in purchasers' values amounted to FIM 479 billion and was distributed as follows: net exports 5.5 % (exports 33.3 %, imports -27.8 %), gross fixed capital formation 15 %, private consumption 56.5 % and government consumption 23.5 %. 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 1990-93. Finland's GDP per capita in 1993 was USD 16 500.

**Foreign trade.** OECD countries absorb the bulk of Finnish merchandise exports. In 1989-93, their share was, on average, 78.5 %, of which the share of EC countries was 48.4 percentage points and that of EFTA countries 19.5 percentage points. Over the same period, Finland's exports to East European countries (including the Soviet Union/Russia) accounted for 12.6 % and the rest of the world for 10.7 %. The regional distribution of Finland's merchandise imports has been quite similar to that of exports.

In 1993, the share of forest industry products in total merchandise exports was 36 %, the share of metal and en-



gineering products 45 % and the share of other goods 19 %. Raw materials and intermediate goods (incl. crude oil) accounted for 59 % of merchandise imports, fuels for 5 %, investment goods for 15 % and consumption goods for 20 %.

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

The annual growth increment totals 79 million cubic metres and the total drain calculated on the basis of commercial fellings was 38 million cubic metres in 1993.

**Energy.** In 1993, gross consumption of primary energy amounted to 30 Mtoe, of which industry accounted for 45 %, heating for 22 %, transportation for 13 % and other purposes for 20 %. The sources of primary energy in 1993 were as follows: oil 28 %, coal 11 %, nuclear power 15 %, hydro-electric power, peat and other indigenous sources 32 %, others 14 %. Compared internationally (1992), Finland's consumption of 5.6 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 42 %, as compared with 61 % 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 1993). Finland has three major groups of deposit banks with a total of about 2 640 offices. There are three big commercial banks with national branch networks and ten smaller ones, one of which is foreign-owned. The commercial banks have a total of 32 foreign branches, subsidiaries and associate banks and 31 representative offices abroad. There are 40 savings banks and 304 cooperative banks with their own extensive branch networks. In addition, foreign banks have three branches and eight representative offices in Finland.

**Financial market.** Of the total stock of FIM 716 billion in outstanding domestic credit at the end of 1993, 54 % was provided by deposit banks, 21 % by insurance companies, 5 % by other private credit institutions, 8 % by public financial institutions and 11 % 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, 80 % of the instruments, which totalled approximately FIM 189 billion at end-1993, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds raised through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 58 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 136 billion (at end-1993). Domestic bonds and debentures in circulation at end-1993 totalled FIM 190 billion; government bonds made up 39 % of the total. Turnover on the Stock Exchange in 1993 amounted to FIM 106 billion; the share of shares and subscription rights in the total was approximately 44 %.





## Visiting Scholars Programme

### BANK OF FINLAND

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**T**he Bank of Finland welcomes applications from foreign scholars for a post under the Bank's Visiting Scholars Programme at the Research Department during 1995. The department is willing to consider both short and longer-term (up to one year) visits.

**A** visiting scholar would be expected to conduct research on a subject mainly in the field of monetary / financial economics and policy. The research report could be published in the Bank's publication series. The scholar would also normally be expected to give comments and advice on other research work conducted at the Bank.

**R**emuneration for visiting scholars will be commensurate with the research experience of the selected applicant.

**P**ersons interested in applying are invited to write to the Head of the Research Department, enclosing a CV and specifying their academic and research background, suggestions for research topics and required salary.

The address is:

**Research Department  
BANK OF FINLAND  
P.O.Box 160  
FIN-00101 Helsinki, Finland**



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# 1. The balance sheet of the Bank of Finland

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

	1994		1995		
	31 Dec.	8 Feb.	18 Feb.	23 Feb.	28 Feb.
<b>ASSETS</b>					
<b>Gold and foreign currency claims</b>	52 743	55 852	54 766	53 925	54 058
Gold	2 180	1 742	1 742	1 742	1 742
Special drawing rights	1 537	1 805	1 803	1 789	1 775
IMF reserve tranche	1 354	1 357	1 347	1 336	1 326
ECU-claim on the European Monetary Institute	.	3 648	3 627	3 604	3 606
Foreign currency claims	47 672	47 299	46 246	45 453	45 608
<b>Other foreign claims</b>	4 595	4 654	4 654	4 653	4 653
Markka subscription to Finland's quota in the IMF	4 595	4 595	4 595	4 595	4 595
Share in the European Monetary Institute	.	60	59	59	59
<b>Claims on financial institutions</b>	2 520	3 036	3 289	3 274	3 275
Liquidity credits	—	—	14	—	—
Certificates of deposit	443	446	446	447	447
Securities with repurchase commitments	1 037	1 634	1 882	1 881	1 881
Term credits	—	—	—	—	—
Bonds	802	718	709	709	709
Other claims on financial institutions	238	238	238	238	238
<b>Claims on the public sector</b>	1 806	1 767	1 767	1 767	1 765
Treasury bills	—	—	—	—	—
Total coinage	1 806	1 767	1 767	1 767	1 765
<b>Claims on corporations</b>	3 149	3 140	3 134	3 128	3 128
Financing of domestic deliveries (KTR)	316	307	300	295	295
Other claims on corporations	2 833	2 833	2 833	2 833	2 833
<b>Other assets</b>	6 524	5 875	5 852	5 864	5 823
Loans for stabilizing the money market	4 532	4 532	4 532	4 532	4 532
Accrued items	1 832	1 191	1 167	1 179	1 113
Other assets	159	152	153	154	178
<b>Valuation account</b>	—	—	397	1028	877
<b>Capitalized expenditures and losses due to safeguarding the stability of the money market</b>	1 400	1 400	1 400	1 400	1 400
<b>Total</b>	<b>72 737</b>	<b>75 724</b>	<b>75 259</b>	<b>75 041</b>	<b>74 980</b>
<b>LIABILITIES</b>					
<b>Foreign currency liabilities</b>	130	677	682	654	638
<b>Other foreign liabilities</b>	5 579	5 582	5 575	5 567	5 559
IMF markka accounts	4 595	4 595	4 595	4 595	4 595
Allocations of special drawing rights	985	987	980	972	965
Other foreign liabilities	—	—	—	—	—
<b>Notes and coin in circulation</b>	14 315	14 880	14 692	14 269	14 087
Notes	12 675	13 255	13 063	12 641	12 451
Coin	1 640	1 625	1 629	1 629	1 635
<b>Certificates of deposit</b>	35 236	37 449	36 673	36 581	36 943
<b>Liabilities to financial institutions</b>	7 912	6 706	8 043	8 250	8 138
Call money deposits	1 387	195	1 532	1 738	1 618
Term deposits	—	—	—	—	—
Minimum reserve deposits	6 526	6 511	6 511	6 511	6 521
Other liabilities to financial institutions	—	0	—	0	—
<b>Liabilities to the public sector</b>	93	768	68	68	68
Cheque accounts	0	0	0	0	0
Deposits of the Government Guarantee Fund	93	768	68	68	68
Other liabilities to the public sector	—	—	—	—	—
<b>Liabilities to corporations</b>	1 548	1 463	1 450	1 422	1 386
Deposits for investment and ship purchase	1 548	1 463	1 450	1 422	1 386
<b>Other liabilities</b>	461	481	615	767	700
Accrued items	437	452	592	740	676
Other liabilities	24	29	24	27	24
<b>Valuation account</b>	—	256	—	—	—
<b>Provisions</b>	1 698	1 698	1 698	1 698	1 698
Pension provision	1 329	1 329	1 329	1 329	1 329
Other provisions	369	369	369	369	369
<b>Capital accounts</b>	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764
Net earnings	—	—	—	—	—
<b>Total</b>	<b>72 737</b>	<b>75 724</b>	<b>75 259</b>	<b>75 041</b>	<b>74 980</b>

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

End of period	Foreign sector								Public sector		
	Gold	Special drawing rights	IMF reserve tranche	ECU-claim on the European Monetary Institute	Foreign 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
<b>1990</b>	2 180	791	783	.	33 478	37 232	-1 273	35 960	1 314	1 321	-7
<b>1991</b>	2 180	932	1 136	.	29 381	33 629	-424	33 204	1 375	3	1 372
<b>1992</b>	2 180	564	1 732	.	25 041	29 517	-2 998	26 519	2 446	90	2 356
<b>1993</b>	2 180	664	1 747	.	28 882	33 473	-1 324	32 148	1 788	784	1 004
<b>1994</b>	2 180	1 537	1 354	.	47 672	52 743	-1 114	51 629	1 806	93	1 713
<b>1994</b>											
<b>Feb.</b>	2 180	657	1 676	.	42 067	46 580	-1 298	45 282	1 768	300	1 468
<b>March</b>	2 180	661	1 688	.	38 117	42 646	-1 257	41 389	1 793	251	1 542
<b>April</b>	2 180	650	1 597	.	37 197	41 623	-1 229	40 394	1 828	39	1 789
<b>May</b>	2 180	654	1 591	.	43 303	47 728	-1 207	46 521	1 827	61	1 766
<b>June</b>	2 180	650	1 514	.	48 364	52 708	-1 176	51 532	1 819	526	1 293
<b>July</b>	2 180	645	1 480	.	51 329	55 634	-1 261	54 373	1 823	84	1 739
<b>Aug.</b>	2 180	636	1 447	.	48 794	53 058	-1 249	51 809	1 817	71	1 746
<b>Sept.</b>	2 180	618	1 407	.	48 947	53 153	-1 178	51 975	1 847	60	1 787
<b>Oct.</b>	2 180	1 249	1 338	.	48 610	53 377	-1 139	52 238	1 864	115	1 749
<b>Nov.</b>	2 180	1 461	1 388	.	49 154	54 184	-1 121	53 063	1 872	51	1 821
<b>Dec.</b>	2 180	1 537	1 354	.	47 672	52 743	-1 114	51 629	1 806	93	1 713
<b>1995</b>											
<b>Jan.</b>	1 742	1 370	1 366	3 700	46 627	54 805	-1 490	53 315	1 767	184	1 583
<b>Feb.</b>	1 742	1 775	1 326	3 606	45 608	54 058	-1 544	52 514	1 765	68	1 697

End of period	Domestic financial sector					Corporate sector				
	Term claims on deposit banks, net	Liquidity position of deposit banks <sup>1</sup>	Minimum reserve deposits of deposit banks <sup>2</sup>	Other claims on financial institutions, net	Net claims (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
<b>1990</b>	9 411	-418	-17 401	5 744	-2 665	1 477	-9 724	-8 247	14 555	0
<b>1991</b>	11 882	-2 206	-10 361	5 531	4 846	1 086	-6 854	-5 768	14 528	8 880
<b>1992</b>	3 738	-550	-13 165	4 572	-5 405	747	-2 651	-1 904	14 508	4 880
<b>1993</b>	7 337	-1 802	-6 398	1 339	476	496	720	1 216	14 994	14 837
<b>1994</b>	1 480	-1 387	-6 526	1 040	-5 392	316	1 285	1 601	14 315	35 236
<b>1994</b>										
<b>Feb.</b>	1 802	-426	-6 346	1 250	-3 720	466	950	1 416	13 855	26 290
<b>March</b>	3 842	-1 083	-6 276	1 241	-2 276	449	1 003	1 452	14 194	23 435
<b>April</b>	2 093	-483	-6 411	1 220	-3 581	431	1 014	1 445	13 927	21 695
<b>May</b>	3 208	-485	-6 360	1 197	-2 441	413	1 034	1 447	14 164	28 412
<b>June</b>	2 684	-536	-6 446	1 162	-3 137	397	1 066	1 463	14 355	32 108
<b>July</b>	2 488	-796	-6 467	1 126	-3 649	386	1 081	1 467	14 176	35 985
<b>Aug.</b>	4 557	-2 252	-6 602	1 120	-3 177	374	1 104	1 478	13 922	35 040
<b>Sept.</b>	3 485	-1 421	-6 550	1 173	-3 313	360	1 124	1 484	13 906	36 856
<b>Oct.</b>	1 829	-945	-7 029	1 111	-5 034	345	1 186	1 531	13 900	36 948
<b>Nov.</b>	492	-2 026	-6 674	1 094	-7 113	331	1 222	1 553	13 776	34 406
<b>Dec.</b>	1 480	-1 387	-6 526	1 040	-5 392	316	1 285	1 601	14 315	35 236
<b>1995</b>										
<b>Jan.</b>	944	-719	-6 511	1 003	-5 284	307	1 354	1 661	13 592	36 282
<b>Feb.</b>	2 328	-1 618	-6 521	947	-4 863	295	1 447	1 742	14 087	36 943

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

<sup>2</sup> Cash reserve deposits prior to 1 July 1993.

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

### 2.1 Banks' liquidity position at the Bank of Finland, mill. FIM

Average of daily observations	Call money deposits	Liquidity credits <sup>1</sup>	Liquidity position, net <sup>1</sup> (1-2)
	1	2	3
<b>1990</b>	806	132	674
<b>1991</b>	881	985	- 103
<b>1992</b>	2 103	437	1 666
<b>1993</b>	831	425	407
<b>1994</b>	1 393	10	1 383
<b>1994</b>			
<b>Feb.</b>	767	0	767
<b>March</b>	715	0	715
<b>April</b>	1 275	0	1 275
<b>May</b>	891	16	875
<b>June</b>	1 821	0	1 821
<b>July</b>	1 014	0	1 014
<b>Aug.</b>	2 575	0	2 575
<b>Sept.</b>	2 089	0	2 089
<b>Oct.</b>	1 442	0	1 442
<b>Nov.</b>	2 038	0	2 038
<b>Dec.</b>	1 160	0	1 160
<b>1995</b>			
<b>Jan.</b>	1 196	0	1 196
<b>Feb.</b>	1 210	4	1 206

### 2.2 The Bank of Finland's minimum reserve system<sup>2</sup>

End of period	Reserve requirement			Cash reserve requirement, %	Deposits, mill. FIM Total
	On liquid deposits, %	On other deposits, %	On domestic debt capital, %		
	1	2	3	4	5
<b>1990</b>	.	.	.	7.0	17 401
<b>1991</b>	.	.	.	4.0	10 361
<b>1992</b>	.	.	.	5.0	13 165
<b>1993</b>	2.0	1.5	1.0	.	6 398
<b>1994</b>	2.0	1.5	1.0	.	6 526
<b>1994</b>					
<b>Feb.</b>	2.0	1.5	1.0	.	6 346
<b>March</b>	2.0	1.5	1.0	.	6 276
<b>April</b>	2.0	1.5	1.0	.	6 411
<b>May</b>	2.0	1.5	1.0	.	6 360
<b>June</b>	2.0	1.5	1.0	.	6 446
<b>July</b>	2.0	1.5	1.0	.	6 467
<b>Aug.</b>	2.0	1.5	1.0	.	6 602
<b>Sept.</b>	2.0	1.5	1.0	.	6 550
<b>Oct.</b>	2.0	1.5	1.0	.	7 029
<b>Nov.</b>	2.0	1.5	1.0	.	6 674
<b>Dec.</b>	2.0	1.5	1.0	.	6 526
<b>1995</b>					
<b>Jan.</b>	2.0	1.5	1.0	.	6 511
<b>Feb.</b>	2.0	1.5	1.0	.	6 521

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

<sup>2</sup> Cash reserve system prior to 1 July 1993.

### 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
<b>1990</b>	163 326	26 379	160 797	- 23 850
<b>1991</b>	109 568	30 380	81 969	- 2 781
<b>1992</b>	76 230	137 940	- 60 417	- 1 293
<b>1993</b>	86 521	146 899	- 50 486	- 9 892
<b>1994</b>	35 540	351 820	- 295 165	- 21 115
<b>1994</b>				
<b>Feb.</b>	3 940	19 430	- 10 230	- 5 260
<b>March</b>	5 770	22 180	- 21 540	5 130
<b>April</b>	4 080	17 730	- 13 435	- 215
<b>May</b>	2 000	27 940	- 20 790	- 5 150
<b>June</b>	2 870	32 690	- 24 980	- 4 840
<b>July</b>	2 000	34 770	- 29 180	- 3 590
<b>Aug.</b>	5 140	35 040	- 32 970	3 070
<b>Sept.</b>	590	36 860	- 33 510	- 2 760
<b>Oct.</b>	330	38 290	- 36 210	- 1 750
<b>Nov.</b>	1 630	35 210	- 34 400	820
<b>Dec.</b>	1 470	34 680	- 34 790	1 580
<b>1995</b>				
<b>Jan.</b>	2 580	36 050	- 31 590	- 1 880
<b>Feb.</b>	3 490	36 940	- 34 710	1 260



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

During period	Intervention in the foreign exchange market			Spot transactions related to forward contracts, net	Central government's foreign exchange transactions, net
	Spot purchases	Spot sales	Forward exchange intervention = change in forward exchange position		
	1	2	3	4	5
<b>1991</b>	35 120	- 69 940	- 14 820	12 820	12 260
<b>1992</b>	20 050	- 70 640	- 1 650	390	45 060
<b>1993</b>	25 120	- 45 080	7 460	- 6 910	33 240
<b>1994</b>	20 930	- 12 900	9 060	- 8 930	24 660
<b>1994</b>					
<b>Jan.</b>	12 550	-	2 720	- 2 680	- 1 490
<b>Feb.</b>	1 310	- 750	- 270	280	4 670
<b>March</b>	-	- 2 200	-	-	- 1 800
<b>April</b>	-	-	330	- 330	- 700
<b>May</b>	-	- 920	110	- 110	6 810
<b>June</b>	-	- 1 350	-	-	6 360
<b>July</b>	-	- 930	-	-	4 610
<b>Aug.</b>	-	- 4 270	- 2 960	2 990	- 530
<b>Sept.</b>	-	- 1 440	2 420	- 2 340	5 350
<b>Oct.</b>	5 110	- 220	5 070	- 5 090	2 280
<b>Nov.</b>	210	- 520	770	- 530	60
<b>Dec.</b>	1 750	- 300	870	- 1 120	- 960
<b>1995</b>					
<b>Jan.</b>	-	-	3 290	- 3 260	4 140

## 2.5 Forward exchange contracts, mill. FIM

Stock at end of period	Finnish banks' forward contracts							Non-residents' forward contracts with Finnish customers (excl. Finnish banks)			
	With Finnish customers (excl. Finnish banks)			With foreign customers			With the Bank of Finland	Total			
	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net (1-2)	Currency purchases from foreign customers	Currency sales to foreign customers	Net (4-5)	Net forward purchases from the Bank of Finland	Net (3+6+7)	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net (9-10)
	1	2	3	4	5	6	7	8	9	10	11
<b>1990</b>	11 609	4 979	6 631	21 179	11 079	10 100	- 6 098	10 633	237	55	183
<b>1991</b>	33 004	36 352	- 3 348	40 056	37 505	2 550	8 953	8 155	1 404	645	759
<b>1992</b>	39 195	32 939	6 256	21 142	32 339	- 11 197	7 133	2 192	1 614	1 929	- 315
<b>1993</b>	38 373	23 721	14 652	14 346	21 895	- 7 548	1 939	9 043	11 632	2 173	9 459
<b>1994</b>	51 096	22 093	29 003	19 236	32 791	- 13 555	- 5 985	9 463	18 372	4 780	13 592
<b>1994</b>											
<b>Jan.</b>	43 162	19 298	23 864	13 803	23 618	- 9 815	439	14 488	13 494	2 622	10 872
<b>Feb.</b>	41 288	16 030	25 258	17 043	23 240	- 6 197	489	19 550	14 542	2 903	11 639
<b>March</b>	42 814	16 519	26 295	18 003	24 476	- 6 473	489	20 311	14 280	2 599	11 682
<b>April</b>	40 494	15 128	25 366	15 807	22 872	- 7 065	135	18 436	16 236	4 104	12 133
<b>May</b>	40 529	13 887	26 643	17 151	25 046	- 7 894	0	18 749	15 321	3 859	11 462
<b>June</b>	41 191	15 124	26 067	18 939	25 421	- 6 481	0	19 586	15 155	4 417	10 739
<b>July</b>	40 536	16 619	23 917	17 436	27 166	- 9 730	0	14 187	14 746	4 000	10 746
<b>Aug.</b>	39 846	19 930	19 916	19 572	32 036	- 12 464	3 002	10 454	14 542	3 735	10 807
<b>Sept.</b>	40 197	20 368	19 829	18 637	29 261	- 10 624	671	9 876	14 177	3 389	10 788
<b>Oct.</b>	44 821	19 418	25 403	20 662	30 252	- 9 589	- 4 436	11 378	14 945	2 659	12 286
<b>Nov.</b>	46 460	21 508	24 952	18 515	28 808	- 10 293	- 4 980	9 679	16 058	4 036	12 023
<b>Dec.</b>	51 096	22 093	29 003	19 236	32 791	- 13 555	- 5 985	9 463	18 372	4 780	13 592
<b>1995</b>											
<b>Jan.</b>	53 808	22 928	30 880	21 342	31 748	- 10 407	- 9 341	11 132	19 972	4 698	15 274

### 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 <sup>1</sup>	Call money deposit rate	Base rate
	1	2	3	4	5	6	7	8
<b>1990</b>	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50
<b>1991</b>	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50
<b>1992</b>	13.32	13.49	13.27	13.08	12.96	14.90	7.41	9.17
<b>1993</b>	7.71	7.85	7.73	7.59	7.47	8.95	4.95	6.85
<b>1994</b>	4.38	5.11	5.35	5.78	6.33	7.11	3.11	5.27
<b>1994</b>								
<b>Feb.</b>	4.52	4.82	4.82	4.88	5.05	6.84	2.84	5.25
<b>March</b>	4.39	4.82	4.80	4.88	5.12	6.76	2.76	5.25
<b>April</b>	4.31	5.01	5.13	5.43	5.75	6.99	2.99	5.25
<b>May</b>	4.29	4.97	5.14	5.46	5.78	6.97	2.97	5.25
<b>June</b>	3.93	5.20	5.61	6.24	6.86	7.18	3.18	5.25
<b>July</b>	4.61	5.17	5.46	6.13	6.91	7.17	3.17	5.25
<b>Aug.</b>	3.91	5.35	5.96	6.77	7.54	7.32	3.32	5.25
<b>Sept.</b>	4.07	5.07	5.57	6.36	7.25	7.13	3.13	5.25
<b>Oct.</b>	4.10	5.07	5.39	5.82	6.69	7.08	3.08	5.25
<b>Nov.</b>	4.30	5.07	5.43	6.05	6.79	7.06	3.06	5.25
<b>Dec.</b>	4.57	5.41	5.70	6.18	7.02	7.38	3.38	5.25
<b>1995</b>								
<b>Jan.</b>	4.43	5.50	5.85	6.32	7.14	7.50	3.50	5.25
<b>Feb.</b>	5.27	5.71	5.99	6.32	6.97	7.66	3.66	5.25

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

#### 3.2 The Bank of Finland's liquidity facility

The Bank of Finland's tender rate, %	Liquidity credit: interest rate margin, %-points	Liquidity credit: maturity, days	Call money deposits: interest rate margin, %-points	Average of daily observations		
				1	2	3
<b>1992</b> <sup>1</sup>	13.85					
<b>1993</b>	7.87	+2.00	7	-2.00		
<b>1994</b>	5.11	+2.00	7	-2.00		
<b>1994</b>						
<b>Feb.</b>	4.84	+2.00	7	-2.00		
<b>March</b>	4.76	+2.00	7	-2.00		
<b>April</b>	4.99	+2.00	7	-2.00		
<b>May</b>	4.97	+2.00	7	-2.00		
<b>June</b>	5.18	+2.00	7	-2.00		
<b>July</b>	5.17	+2.00	7	-2.00		
<b>Aug.</b>	5.32	+2.00	7	-2.00		
<b>Sept.</b>	5.13	+2.00	7	-2.00		
<b>Oct.</b>	5.08	+2.00	7	-2.00		
<b>Nov.</b>	5.06	+2.00	7	-2.00		
<b>Dec.</b>	5.38	+2.00	7	-2.00		
<b>1995</b>						
<b>Jan.</b>	5.50	+2.00	7	-2.00		
<b>Feb.</b>	5.66	+2.00	7	-2.00		
01.02.1995	5.50					
10.02.1995	5.75					

<sup>1</sup> July - December.

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

Average of daily observations	ECU	3 currencies		Commercial ECU
		1	2	
<b>1990</b>	10.5	9.1	10.4	
<b>1991</b>	10.1	8.5	9.9	
<b>1992</b>	10.4	7.8	10.6	
<b>1993</b>	8.0	6.0	8.1	
<b>1994</b>	5.9	5.2	6.1	
<b>1994</b>				
<b>Feb.</b>	6.3	5.1	6.4	
<b>March</b>	6.2	5.2	6.3	
<b>April</b>	6.0	5.1	6.2	
<b>May</b>	5.7	5.0	5.9	
<b>June</b>	5.6	4.9	6.0	
<b>July</b>	5.6	5.0	6.0	
<b>Aug.</b>	5.7	5.0	6.0	
<b>Sept.</b>	5.8	5.2	5.9	
<b>Oct.</b>	5.8	5.4	6.0	
<b>Nov.</b>	5.8	5.5	5.9	
<b>Dec.</b>	6.1	5.8	6.3	
<b>1995</b>				
<b>Jan.</b>	6.0	5.6	6.3	
<b>Feb.</b>	6.0	5.6	6.1	

### 3.4 Rates of interest applied by banks, percent

Average for period	Lending						Markka deposits and other markka funding					
	New credits				Average leading rate	Of which: Commercial banks	24-month tax-exempt deposits <sup>1</sup>	36-month tax-exempt deposits <sup>1</sup>	Other tax-exempt deposits, max. rate of interest <sup>1</sup>	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markka funding
	Cheque account and post-al giro credits	Bills of exchange	Loans	New lending, total								
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1990</b>	13.24	15.62	13.33	13.85	11.84	11.61	7.50	.	4.50	6.43	13.55	8.41
<b>1991</b>	13.63	15.88	13.40	13.84	12.08	11.80	7.50	.	4.50	7.10	13.22	8.97
<b>1992</b>	14.04	15.86	13.32	13.75	12.46	12.13	7.50	8.50	4.50	7.41	12.84	9.14
<b>1993</b>	9.69	13.55	9.40	9.75	10.20	9.92	3.50	4.50	2.00	4.78	8.86	6.15
<b>1994</b>	7.32	11.55	7.13	7.35	8.18	7.91	3.25	4.25	2.00	2.99	5.96	4.01
<b>1994</b>												
<b>Jan.</b>	8.09	11.25	7.35	7.62	8.58	8.22	3.50	4.50	2.00	3.11	6.41	4.19
<b>Feb.</b>	8.25	11.92	7.14	7.46	8.34	7.97	3.25	4.25	2.00	2.93	5.95	3.92
<b>March</b>	4.99	11.73	6.73	6.78	8.17	7.79	3.25	4.25	2.00	2.88	5.77	3.85
<b>April</b>	7.29	11.68	6.87	7.10	8.12	7.91	3.25	4.25	2.00	2.88	5.79	3.85
<b>May</b>	7.63	11.66	7.18	7.43	8.08	7.87	3.25	4.25	2.00	2.88	5.67	3.86
<b>June</b>	7.19	11.70	7.25	7.44	8.09	7.88	3.25	4.25	2.00	2.89	5.77	3.92
<b>July</b>	8.25	11.76	7.58	7.86	8.14	7.90	3.25	4.25	2.00	3.01	5.85	4.03
<b>Aug.</b>	8.37	11.80	7.81	8.04	8.20	7.97	3.25	4.25	2.00	3.05	5.98	4.11
<b>Sept.</b>	7.61	11.75	7.66	7.86	8.19	7.96	3.25	4.25	2.00	3.04	5.99	4.11
<b>Oct.</b>	8.26	11.61	7.28	7.49	8.15	7.91	3.25	4.25	2.00	3.05	6.10	4.10
<b>Nov.</b>	7.75	11.72	7.01	7.21	8.09	7.83	3.25	4.25	2.00	3.04	6.09	4.08
<b>Dec.</b>	7.62	10.69	6.44	6.71	8.05	7.76	3.25	4.25	2.00	3.11	6.17	4.10
<b>1995</b>												
<b>Jan.</b>	7.79	11.55	7.22	7.40	8.11	7.84	3.25	4.25	2.00	3.15	6.27	4.18

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

### 3.5 Yields on bonds and shares, percent

Period	Bond				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	
<b>1990</b>		13.7	13.5	13.3	.	4.0
<b>1991</b>		12.3	12.2	11.8	.	3.9
<b>1992</b>		13.1	13.0	12.0	11.5 <sup>1</sup>	3.1
<b>1993</b>		8.5	8.9	8.2	8.8	1.8
<b>1994</b>		8.5	9.3	8.4	9.0	1.4
<b>1994</b>						
<b>Jan.</b>		6.1	6.6	5.8	6.5	1.1
<b>Feb.</b>		6.1	6.6	5.9	6.6	1.1
<b>March</b>		6.6	7.5	6.7	7.5	1.2
<b>April</b>		7.7	8.6	7.6	8.3	1.4
<b>May</b>		7.9	8.9	7.9	8.5	1.4
<b>June</b>		9.1	10.0	9.0	9.5	1.5
<b>July</b>		9.7	10.4	9.3	9.9	1.5
<b>Aug.</b>		10.3	11.0	10.0	10.6	1.4
<b>Sept.</b>		10.2	11.0	9.9	10.5	1.4
<b>Oct.</b>		9.5	10.5	9.4	10.1	1.5
<b>Nov.</b>		9.6	10.5	9.5	10.2	1.5
<b>Dec.</b>		9.6	10.5	9.5	10.2	1.7
<b>1995</b>						
<b>Jan.</b>		9.5	10.3	9.4	10.2	1.3

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

## 4. Rates of exchange

### 4.1 Middle rates, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oslø	Copenhagen	Frankfurt aM	Amsterdam	Brussels	Zurich	Paris
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEF	1 CHF	1 FRF
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1990</b>	3.8233	3.277	6.808	6.325	0.6459	0.6110	0.6181	2.3664	2.1002	0.1145	2.7576	0.7024
<b>1991</b>	4.0457	3.533	7.131	6.511	0.6684	0.6236	0.6322	2.4380	2.1634	0.1184	2.8208	0.7169
<b>1992</b>	4.4835	3.706	7.875	7.636	0.7714	0.7222	0.7444	2.8769	2.5552	0.1397	3.2000	0.8486
<b>1993</b>	5.7189	4.434	8.582	8.371	0.7350	0.8059	0.8822	3.4584	3.0787	0.1655	3.8706	1.0096
<b>1994</b>	5.2184	3.824	7.982	7.799	0.6758	0.7393	0.8207	3.2169	2.8684	0.1561	3.8179	0.9406
<b>1994</b>												
<b>Feb.</b>	5.5838	4.165	8.257	7.930	0.6992	0.7451	0.8245	3.2147	2.8669	0.1560	3.8297	0.9462
<b>March</b>	5.5326	4.057	8.248	7.932	0.6992	0.7530	0.8343	3.2688	2.9089	0.1586	3.8681	0.9591
<b>April</b>	5.4911	3.974	8.139	7.885	0.6965	0.7455	0.8246	3.2336	2.8795	0.1571	3.8174	0.9438
<b>May</b>	5.4072	3.918	8.134	7.956	0.7008	0.7529	0.8335	3.2629	2.9075	0.1585	3.8275	0.9531
<b>June</b>	5.4276	3.925	8.267	8.102	0.6945	0.7660	0.8486	3.3262	2.9676	0.1615	3.9399	0.9737
<b>July</b>	5.2014	3.762	8.036	7.939	0.6695	0.7573	0.8430	3.3120	2.9526	0.1607	3.9249	0.9666
<b>Aug.</b>	5.1384	3.728	7.927	7.826	0.6640	0.7490	0.8310	3.2852	2.9259	0.1594	3.8980	0.9589
<b>Sept.</b>	4.9691	3.669	7.767	7.667	0.6591	0.7303	0.8128	3.2038	2.8578	0.1557	3.8447	0.9367
<b>Oct.</b>	4.6761	3.464	7.506	7.416	0.6440	0.7061	0.7855	3.0745	2.7443	0.1494	3.6959	0.8983
<b>Nov.</b>	4.7172	3.458	7.500	7.385	0.6418	0.7015	0.7833	3.0659	2.7353	0.1490	3.6448	0.8930
<b>Dec.</b>	4.8455	3.488	7.554	7.435	0.6447	0.7068	0.7864	3.0823	2.7528	0.1499	3.6450	0.8949
<b>1995</b>												
<b>Jan.</b>	4.7358	3.352	7.458	7.375	0.6344	0.7071	0.7851	3.0930	2.7591	0.1501	3.6782	0.8946
<b>Feb.</b>	4.6433	3.315	7.300	7.256	0.6288	0.7041	0.7832	3.0913	2.7576	0.1501	3.6526	0.8889

Average of daily quotations	Rome	Vienna	Lisbon	Reykjavik	Madrid	Athens	Tullinn	Tokyo	Melbourne	ECU Commercial	SDR
	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 GRD	1 EEK	1 JPY	1 AUD	1 XEU	1 XDR
	13	14	15	16	17	18	19	20	21	22	23
<b>1990</b>	0.00319	0.3363	0.0268	0.0656	0.0375	..	.	0.02647	2.988	4.864	5.18322
<b>1991</b>	0.00326	0.3464	0.0280	0.0684	0.0389	0.022	.	0.03008	3.152	5.003	5.52771
<b>1992</b>	0.00364	0.4088	0.0332	0.0778	0.0438	0.024	0.4060	0.03546	3.289	5.798	6.31546
<b>1993</b>	0.00364	0.4916	0.0356	0.0846	0.0451	0.025	0.4323	0.05168	3.885	6.685	7.98641
<b>1994</b>	0.00324	0.4573	0.0314	0.0745	0.0390	0.021	0.4021	0.05106	3.814	6.175	7.46629
<b>1994</b>											
<b>Feb.</b>	0.00331	0.4573	0.0318	0.0764	0.0395	0.022	0.4018	0.05251	4.000	6.236	7.74733
<b>March</b>	0.00332	0.4647	0.0318	0.0767	0.0398	0.022	0.4086	0.05264	3.937	6.309	7.75651
<b>April</b>	0.00338	0.4597	0.0317	0.0761	0.0398	0.022	0.4042	0.05310	3.934	6.251	7.71250
<b>May</b>	0.00339	0.4639	0.0316	0.0762	0.0396	0.022	0.4079	0.05215	3.916	6.288	7.65245
<b>June</b>	0.00340	0.4729	0.0321	0.0772	0.0404	0.0221	0.4158	0.05281	3.981	6.398	7.74158
<b>July</b>	0.00332	0.4708	0.0322	0.0759	0.0401	0.0219	0.4140	0.05276	3.821	6.329	7.57829
<b>Aug.</b>	0.00325	0.4669	0.0322	0.0749	0.0396	0.0217	0.4107	0.05147	3.805	6.261	7.47292
<b>Sept.</b>	0.00317	0.4552	0.0314	0.0731	0.0386	0.0211	0.4005	0.05029	3.684	6.113	7.27337
<b>Oct.</b>	0.00302	0.4369	0.0301	0.0697	0.0370	0.0201	0.3843	0.04747	3.452	5.865	6.90651
<b>Nov.</b>	0.00298	0.4355	0.0300	0.0699	0.0368	0.0199	0.3832	0.04813	3.559	5.838	6.93950
<b>Dec.</b>	0.00297	0.4379	0.0301	0.0704	0.0366	0.0199	0.3853	0.04838	3.752	5.874	7.03528
<b>1995</b>											
<b>Jan.</b>	0.00294	0.4396	0.0300	0.0698	0.0357	0.0199	0.3866	0.04752	3.625	5.859	6.94337
<b>Feb.</b>	0.00287	0.4393	0.0299	0.0697	0.0356	0.0197	0.3864	0.04725	3.460	5.811	6.86328

## 4.2 Markka value of the ECU and currency indices

Average of daily observations	Markka value of the ECU	Currency indices, 1992=100		
	FIM/ECU	Trade-weighted currency index	Payments currency index	MERK index
	1	2	3	4
<b>1990</b>	4.85697	97.3	96.8	97.3
<b>1991</b>	5.00580	101.4	101.4	102.8
<b>1992</b>	5.80140	116.4	115.7	117.3
<b>1993</b>	6.69420	132.4	136.1	141.8
<b>1994</b>	6.19108	123.2	125.8	131.8
<b>1994</b>				
<b>Feb.</b>	6.23914	125.6	129.8	136.4
<b>March</b>	6.31275	126.5	130.2	136.6
<b>April</b>	6.25477	125.5	129.2	135.8
<b>May</b>	6.29981	125.9	129.0	135.3
<b>June</b>	6.41394	127.4	130.3	136.6
<b>July</b>	6.35263	125.2	127.2	133.6
<b>Aug.</b>	6.28705	123.8	125.8	131.9
<b>Sept.</b>	6.13918	121.3	122.7	128.7
<b>Oct.</b>	5.89314	116.5	117.2	122.6
<b>Nov.</b>	5.86886	116.3	117.3	122.9
<b>Dec.</b>	5.89101	117.0	118.8	124.2
<b>1995</b>				
<b>Jan.</b>	5.87972	115.9	117.5	122.6
<b>Feb.</b>	5.84352	114.9	116.2	121.3

## 5. Other domestic financing

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

End of period	Cheque and giro deposits	Transaction deposits	Time deposits	Other deposits	Markku deposits, total (1+2+3+4)	Foreign currency deposits	Total deposits (5+6)	Other funding	Total funding (7+8)
	1	2	3	4	5	6	7	8	9
<b>1989</b>	28 942	85 396	125 748		240 085	7 358	247 444	35 298	282 742
<b>1990</b>	30 953	96 176	124 930		252 058	6 818	258 876	38 835	297 711
<b>1991</b>	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
<b>1992</b>	34 832	88 526	114 771	21 218	259 347	14 626	273 973	65 557	339 530
<b>1993</b>	36 379	92 357	112 413	21 766	262 915	14 883	277 798	63 173	340 971
<b>1993</b>									
<b>Nov.</b>	36 098	87 692	109 769	21 451	255 010	15 799	270 809	64 128	334 937
<b>Dec.</b>	36 379	92 357	112 413	21 766	262 915	14 883	277 798	63 173	340 971
<b>1994</b>									
<b>Jan.</b>	38 657	94 042	108 694	22 740	264 133	14 050	278 183	70 115	348 298
<b>Feb.</b>	37 462	96 507	106 185	22 548	262 702	12 324	275 027	68 874	343 901
<b>March</b>	38 058	97 847	105 867	22 734	264 506	13 201	277 708	72 348	350 056
<b>April</b>	38 242	98 146	106 551	22 748	265 687	13 574	279 261	75 636	354 897
<b>May</b>	41 132	97 145	106 163	22 337	266 778	14 281	281 059	75 753	356 811
<b>June</b>	42 094	98 377	105 973	21 679	268 123	14 353	282 476	72 209	354 685
<b>July</b>	43 391	98 775	106 511	21 391	270 067	16 517	286 584	70 634	357 218
<b>Aug.</b>	44 503	97 970	107 529	20 969	270 970	14 957	285 927	64 382	350 309
<b>Sept.</b>	40 588	97 976	107 427	20 722	266 712	12 839	279 551	69 158	348 709
<b>Oct.</b>	41 393	98 519	107 168	20 272	267 352	14 479	281 832	67 743	349 575
<b>Nov.</b>	42 319	98 059	107 511	20 141	268 030	11 895	279 925	62 631	342 556

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

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markku lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
<b>1989</b>	15 270	5 650	257 768	278 688	73 176	351 864
<b>1990</b>	19 152	5 777	260 790	285 720	103 134	388 853
<b>1991</b>	18 037	4 712	262 859	285 609	107 714	393 323
<b>1992</b>	16 045	3 335	252 163	271 544	95 168	366 712
<b>1993</b>	14 217	2 223	248 406	264 846	66 931	331 777
<b>1993</b>						
<b>Nov.</b>	14 872	2 664	250 554	268 090	73 810	341 899
<b>Dec.</b>	14 217	2 223	248 406	264 846	66 931	331 777
<b>1994</b>						
<b>Jan.</b>	14 081	2 248	247 259	263 587	64 220	327 807
<b>Feb.</b>	14 120	2 008	247 884	264 012	63 158	327 170
<b>March</b>	14 125	1 942	247 795	263 862	61 114	324 976
<b>April</b>	13 971	1 759	247 095	262 825	59 077	321 902
<b>May</b>	14 079	1 736	246 531	262 345	58 233	320 578
<b>June</b>	14 139	1 763	245 939	261 841	57 756	319 597
<b>July</b>	14 061	1 733	245 591	261 386	56 128	317 513
<b>Aug.</b>	13 859	1 680	244 474	260 013	53 977	313 990
<b>Sept.</b>	14 068	1 642	243 874	259 584	51 258	310 842
<b>Oct.</b>	13 583	1 594	244 191	259 368	47 775	307 143
<b>Nov.</b>	13 274	1 522	244 044	258 840	46 902	305 742

### 5.3 Money supply and monetary aggregates, mill. FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M <sub>1</sub>	M <sub>2</sub> (1+4+5)	M <sub>3</sub>
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
<b>1990</b>	- 82 881	- 19 072	453 720	434 648	- 85 385	141 524	266 383	291 045
<b>1991</b>	- 86 555	- 6 516	470 852	464 336	- 102 540	130 644	275 241	310 924
<b>1992</b>	- 68 099	81	439 937	440 018	- 97 909	134 829	274 011	310 733
<b>1993</b>	- 25 989	1 848	403 742	405 589	- 100 006	141 759	279 595	322 408
<b>1994*</b>	14 047	3 394	365 836	369 230	- 96 501	154 353	286 776	328 591
<b>1994*</b>								
<b>Jan.</b>	- 23 257	57	399 446	399 503	- 96 011	145 301	280 234	328 482
<b>Feb.</b>	- 18 440	475	397 458	397 932	- 100 871	146 600	278 621	327 591
<b>March</b>	- 19 743	1 066	397 300	398 365	- 97 626	148 907	280 996	333 304
<b>April</b>	- 23 247	3 499	392 564	396 063	- 91 234	148 783	281 582	335 879
<b>May</b>	- 14 545	5 940	391 346	397 286	- 100 115	150 750	282 626	338 847
<b>June</b>	- 6 902	2 244	389 636	391 880	- 100 498	153 365	284 480	338 345
<b>July</b>	7 521	- 880	387 027	386 147	- 107 408	155 001	286 260	340 445
<b>Aug.</b>	4 260	655	383 389	384 044	- 101 500	154 836	286 804	336 027
<b>Sept.</b>	12 224	- 2 345	374 845	372 501	- 102 004	151 193	282 721	333 572
<b>Oct.</b>	12 826	3 250	370 923	374 174	- 103 332	152 568	283 668	335 896
<b>Nov.</b>	12 535	3 611	369 603	373 214	- 101 461	152 745	284 288	331 096
<b>Dec.</b>	14 047	3 394	365 836	369 230	- 96 501	154 353	286 776	328 591
<b>1995*</b>								
<b>Jan.</b>	..	..	..	..	..	153 970	285 767	325 740

### 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
<b>1990</b>	20 917	3 876	24 793	23 982	8 263	-	.	32 245	57 038	48 121	23 114
<b>1991</b>	38 703	4 943	43 646	31 018	12 208	5 180	.	48 406	92 052	55 165	15 956
<b>1992</b>	100 244	6 143	106 387	40 578	13 555	14 762	.	68 895	175 282	61 671	19 781
<b>1993</b>	142 824	12 753	155 577	71 082	16 060	22 824	.	109 966	265 543	66 439	36 487
<b>1994</b>	160 587	15 975	176 562	93 008	17 100	33 153	- 5 945	137 316	313 878	..	..
<b>1994</b>											
<b>Jan.</b>	140 312	10 565	150 877	72 215	18 260	19 629	.	110 104	260 981	64 706	24 095
<b>Feb.</b>	148 138	9 990	158 128	74 481	18 260	19 391	- 5 524	106 608	264 736	65 008	31 679
<b>March</b>	147 889	9 894	157 783	75 083	18 230	19 182	- 5 409	107 086	264 869	65 686	20 834
<b>April</b>	146 940	10 891	157 831	76 001	17 541	18 625	- 5 384	106 943	264 774	65 807	18 547
<b>May</b>	156 684	11 106	167 790	76 282	17 442	19 704	- 5 379	108 049	275 839	66 000	22 405
<b>June</b>	163 930	11 658	175 588	77 129	16 901	24 915	- 5 410	113 535	289 123	65 006	30 119
<b>July</b>	169 523	11 952	181 475	78 286	16 891	30 159	- 5 440	119 896	301 371	64 436	41 465
<b>Aug.</b>	165 170	11 698	176 868	79 587	16 870	28 551	- 5 485	119 523	296 391	64 697	37 525
<b>Sept.</b>	167 196	12 111	179 307	82 349	16 865	31 514	- 5 455	125 273	304 580	65 078	41 848
<b>Oct.</b>	160 626	15 042	175 668	84 786	16 865	31 666	- 5 487	127 830	303 498	65 253	39 910
<b>Nov.</b>	163 035	16 371	179 406	88 690	16 794	32 656	- 5 479	132 661	312 067	64 718	42 051
<b>Dec.</b>	160 587	15 975	176 562	93 008	17 100	33 153	- 5 945	137 316	313 878	..	..
<b>1995</b>											
<b>Jan.</b>	167 765	13 137	183 902	96 649	17 080	38 658	- 6 019	146 368	330 270	..	..

## 5.5 Markka bond market

### A) Issues, mill. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
<b>1990</b>	4 640	17 891	4 420	490	1 007	17 234	607	10 607	28 447
<b>1991</b>	7 277	25 737	11 073	1 320	–	30 160	–	15 247	45 407
<b>1992</b>	6 984	15 043	12 965	2 674	4	23 858	–	13 812	37 671
<b>1993*</b>	11 691	10 481	36 512	2 235	63	49 973	–	11 456	60 981
<b>1994*</b>	4 053	10 156	31 553	593	–	46 356	–	–	46 356
<b>1994*</b>									
<b>Jan.</b>	–	2 250	2 216	45	–	4 511	–	–	4 511
<b>Feb.</b>	560	96	2 359	280	–	3 295	–	–	3 295
<b>March</b>	2 311	733	2 555	190	–	5 789	–	–	5 789
<b>April</b>	100	510	942	–	–	1 552	–	–	1 552
<b>May</b>	181	1 270	1 348	30	–	2 829	–	–	2 829
<b>June</b>	500	160	2 673	48	–	3 380	–	–	3 380
<b>July</b>	2	207	1 171	–	–	1 380	–	–	1 380
<b>Aug.</b>	–	1 721	2 410	–	–	4 131	–	–	4 131
<b>Sept.</b>	–	356	4 173	–	–	4 530	–	–	4 530
<b>Oct.</b>	–	1 063	3 044	–	–	4 107	–	–	4 107
<b>Nov.</b>	400	930	4 137	–	–	5 466	–	–	5 466
<b>Dec.</b>	–	861	4 525	–	–	5 385	–	–	5 385
<b>1995*</b>									
<b>Jan.</b>	100	358	5 109	–	–	5 567	–	–	5 567

### B) Stock, mill. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
<b>1990</b>	23 522	59 756	28 812	1 756	1 298	52 273	22 970	39 902	115 145
<b>1991</b>	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
<b>1992</b>	26 617	82 319	44 005	5 237	3 358	89 534	13 917	58 085	161 536
<b>1993*</b>	32 996	74 372	73 682	6 894	2 009	120 571	10 391	58 991	189 953
<b>1994*</b>	30 180	66 724	94 866	6 981	948	142 188	7 582	49 929	199 699
<b>1993*</b>									
<b>IV</b>	32 996	74 372	73 682	6 894	2 009	120 571	10 391	58 991	189 953
<b>1994*</b>									
<b>I</b>	34 235	72 084	77 676	7 255	1 007	126 390	8 898	56 969	192 258
<b>II</b>	33 236	71 920	78 990	7 297	964	130 760	8 584	53 063	192 407
<b>III</b>	31 117	70 899	84 211	7 134	963	135 008	7 848	51 468	194 324
<b>IV</b>	30 180	66 724	94 866	6 981	948	142 188	7 582	49 929	199 699



C) Turnover, mill. FIM

During period	Interbank	Between banks and customers	Primary dealers' transactions in benchmark government bonds		
			Purchases from other primary dealers	Purchases from others	Sales to others
	1	2	3	4	5
<b>1990</b>	5 401	6 058	.	.	.
<b>1991</b>	3 343	29 134	.	.	.
<b>1992</b>	18 383	58 757	10 744	12 156	13 354
<b>1993</b>	47 803	246 104	42 945	95 647	117 489
<b>1994</b>	184 599	359 697	173 096	150 908	176 647
<b>1994</b>					
<b>Feb.</b>	14 921	42 809	12 427	16 883	18 485
<b>March</b>	35 674	60 298	32 256	28 635	28 693
<b>April</b>	25 078	39 647	23 300	17 241	17 960
<b>May</b>	10 772	21 650	9 731	8 753	10 958
<b>June</b>	14 719	21 105	14 132	8 225	11 496
<b>July</b>	5 247	13 956	5 081	4 961	7 745
<b>Aug.</b>	23 000	22 271	22 791	10 728	10 987
<b>Sept.</b>	12 393	24 397	12 307	9 424	13 922
<b>Oct.</b>	13 514	29 003	13 361	12 045	14 624
<b>Nov.</b>	12 351	24 444	11 742	9 818	13 363
<b>Dec.</b>	7 842	17 304	7 531	6 784	9 281
<b>1995</b>					
<b>Jan.</b>	8 855	30 706	8 481	12 246	16 423
<b>Feb.</b>	7 716	28 452	7 287	10 833	14 291

5.6 Helsinki Stock Exchange

Average of daily observations	Share prices									Turnover <sup>1</sup> , mill. FIM		
	HEX index (28 Dec., 1990=1000)									Shares and sub- scrip- tion rights	Bonds and debentures	Total
	All-share index	By ownership		By industry								
		Re- stricted	Non- re- stricted	Banks and finance	Insurance and investment	Manufacturing	Of which:					
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1990</b>	1 332	1 324	1 393	1 263	1 185	1 376	1 436	1 282	1 474	15 521	4 550	20 071
<b>1991</b>	962	949	1 062	901	898	1 003	1 075	1 076	1 021	6 339	1 315	7 655
<b>1992</b>	772	759	868	425	467	943	1 123	1 206	890	10 277	15 377	25 654
<b>1993</b>	1 240	.	.	608	644	1 601	1 695	1 749	1 751	46 337	59 977	106 314
<b>1994</b>	1 847	.	.	719	802	2 464	2 284	2 675	3 068	68 671	2 147	70 818
<b>1994</b>												
<b>Feb.</b>	1 917	.	.	942	1 011	2 462	2 410	2 982	2 704	6 395	558	6 953
<b>March</b>	1 861	.	.	824	948	2 422	2 250	2 841	2 792	7 060	334	7 394
<b>April</b>	1 815	.	.	771	914	2 377	2 189	2 689	2 818	4 849	107	4 956
<b>May</b>	1 839	.	.	749	862	2 427	2 207	2 723	2 891	4 035	71	4 105
<b>June</b>	1 708	.	.	676	726	2 271	2 113	2 526	2 732	3 719	49	3 768
<b>July</b>	1 776	.	.	688	727	2 377	2 253	2 503	2 987	3 891	99	3 990
<b>Aug.</b>	1 877	.	.	647	759	2 536	2 405	2 742	3 185	6 594	134	6 728
<b>Sept.</b>	1 908	.	.	652	697	2 601	2 513	2 738	3 336	4 856	132	4 988
<b>Oct.</b>	1 917	.	.	645	714	2 612	2 351	2 657	3 512	7 761	216	7 977
<b>Nov.</b>	1 908	.	.	604	694	2 617	2 207	2 568	3 672	5 629	102	5 731
<b>Dec.</b>	1 832	.	.	576	640	2 524	2 128	2 375	3 589	5 100	70	5 170
<b>1995</b>												
<b>Jan.</b>	1 869	.	.	524	598	2 616	2 224	2 381	3 788	5 582	130	5 712
<b>Feb.</b>	1 802	.	.	543	577	2 512	2 146	2 240	3 645	7 016	132	7 148

<sup>1</sup> During period.

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

### 6.1 Current account, mill.FIM

During period	Exports of goods, feb	Trans- port receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Invest- ment income	Trans- fers and other income	Current account receipts (6+7+8)	Imports of goods, dif	Trans- port ex- pend- iture	Travel ex- pend- iture	Other services ex- pend- iture
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1990</b>	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
<b>1991</b>	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
<b>1992</b>	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
<b>1993*</b>	132 550	10 430	7 079	9 379	26 888	159 438	7 624	6 506	173 567	101 559	5 537	9 237	17 008
<b>1994*</b>	152 192	11 414	6 811	10 802	29 027	181 219	8 700	5 715	195 634	118 638	5 884	8 189	17 116
<b>1992</b>													
<b>III</b>	24 820	2 323	1 958	1 923	6 203	31 023	1 204	1 480	33 707	20 677	1 119	2 853	3 242
<b>IV</b>	29 754	2 167	1 480	2 424	6 071	35 825	1 649	1 699	39 173	25 632	1 176	2 572	3 666
<b>1993*</b>													
<b>I</b>	31 016	2 366	1 351	2 778	6 495	37 511	2 233	1 470	41 215	25 715	1 279	2 401	4 445
<b>II</b>	32 625	2 646	1 763	2 281	6 690	39 315	2 125	1 756	43 196	24 818	1 325	2 276	4 015
<b>III</b>	32 116	2 832	2 203	2 102	7 138	39 253	1 622	1 584	42 460	23 992	1 444	2 242	4 206
<b>IV</b>	36 793	2 586	1 761	2 218	6 565	43 358	1 643	1 695	46 696	27 034	1 489	2 319	4 341
<b>1994*</b>													
<b>I</b>	34 536	2 602	1 425	2 587	6 614	41 150	1 382	1 469	44 001	24 852	1 314	1 899	4 234
<b>II</b>	38 519	2 923	1 747	2 380	7 049	45 569	3 031	1 370	49 970	29 488	1 483	2 038	3 994
<b>III</b>	37 405	3 127	2 075	2 789	7 991	45 396	1 721	1 372	48 490	28 866	1 525	2 101	4 130
<b>IV</b>	41 732	2 763	1 563	3 046	7 372	49 105	2 565	1 503	53 173	35 433	1 562	2 151	4 758

During period	Services ex- pend- iture, total (11+12 +13)	Imports of goods and services (10+14)	Invest- ment ex- pend- iture	Trans- fers and other ex- pend- iture	Current account ex- pend- iture (15+16 +17)	Trade account (1-10)	Trans- port (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21 +22)	Goods and services account (19+23)	Invest- ment income, net (7-16)	Trans- fers and others, net (8-17)	Current account (24+25 +26)=
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
<b>1990</b>	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
<b>1991</b>	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
<b>1992</b>	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
<b>1993*</b>	31 782	133 341	34 580	10 390	178 311	30 991	4 893	-2 159	-7 629	-4 894	26 097	-26 956	-3 885	-4 744
<b>1994*</b>	31 189	149 827	31 007	9 222	190 056	33 554	5 530	-1 378	-6 314	-2 162	31 392	-22 307	-3 507	5 578
<b>1992</b>														
<b>III</b>	7 214	27 891	6 765	2 402	37 058	4 143	1 204	-895	-1 319	-1 011	3 132	-5 561	-922	-3 351
<b>IV</b>	7 413	33 045	7 824	2 440	43 309	4 122	991	-1 092	-1 241	-1 342	2 780	-6 174	-741	-4 136
<b>1993*</b>														
<b>I</b>	8 125	33 840	10 137	2 808	46 785	5 301	1 087	-1 049	-1 667	-1 630	3 672	-7 904	-1 338	-5 570
<b>II</b>	7 616	32 434	10 493	2 393	45 321	7 806	1 322	-512	-1 735	-926	6 881	-8 368	-637	-2 124
<b>III</b>	7 892	31 884	6 805	2 640	41 330	8 124	1 388	-39	-2 104	-755	7 369	-5 183	-1 055	1 131
<b>IV</b>	8 149	35 183	7 145	2 549	44 876	9 760	1 097	-558	-2 123	-1 584	8 175	-5 502	-854	1 820
<b>1994*</b>														
<b>I</b>	7 447	32 298	9 163	2 834	44 295	9 684	1 288	-474	-1 646	-833	8 851	-7 781	-1 365	-294
<b>II</b>	7 516	37 004	8 521	2 110	47 634	9 031	1 439	-291	-1 614	-466	8 565	-5 490	-739	2 336
<b>III</b>	7 756	36 622	6 141	2 119	44 882	8 539	1 602	-25	-1 342	235	8 775	-4 420	-747	3 607
<b>IV</b>	8 471	43 904	7 181	2 160	53 245	6 300	1 200	-587	-1 712	-1 099	5 201	-4 616	-656	-72

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					Total (8+9+10+11)	
		Shares	Bonds	Of which: market-denominated bonds	Money market instruments	Financial derivatives	Total (2+3+5+6)	Trade credits	Loans	Currency and deposits	Other		
1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>1990</b>	3 010	376	22 280	1 440	- 923	..	21 733	1 156	16 635	- 725	17 307	34 372	59 115
<b>1991</b>	- 997	47	38 751	11 786	- 4 511	..	34 287	- 3 987	7 496	131	- 9 737	- 6 098	27 192
<b>1992</b>	1 822	397	39 309	- 5 312	- 1 791	..	37 915	3 639	2	1 690	- 17 415	- 12 084	27 653
<b>1993*</b>	4 945	12 748	30 353	3 616	- 4 382	..	38 719	4 467	5 357	- 5 347	- 24 454	- 19 977	23 687
<b>1994*</b>	7 703	13 206	20 075	- 7 681	- 1 507	- 373	31 402	2 829	492	- 232	- 1 164	1 924	41 029
<b>1992</b>													
<b>III</b>	340	6	5 474	- 2 712	- 485	..	4 995	2 755	16	828	648	4 248	9 583
<b>IV</b>	845	47	16 710	- 1 169	629	..	17 386	1 178	270	1 110	- 13 544	- 10 986	7 244
<b>1993*</b>													
<b>I</b>	439	1 405	15 542	320	- 2 314	..	14 632	1 900	7 326	901	- 8 593	1 533	16 604
<b>II</b>	927	1 515	16 269	3 420	- 1 348	..	16 435	- 196	815	- 1 268	- 6 612	- 7 261	10 101
<b>III</b>	631	6 529	2 267	2 523	- 2 755	..	6 041	- 836	- 1 495	1 671	- 8 143	- 8 803	- 2 131
<b>IV</b>	2 948	3 300	- 3 725	- 2 646	2 036	..	1 611	3 599	- 1 289	- 6 650	- 1 106	- 5 446	- 887
<b>1994*</b>													
<b>I</b>	3 718	4 389	4 079	- 61	- 1 609	31	6 889	- 882	- 3 980	772	6 665	2 575	13 182
<b>II</b>	2 886	2 404	5 501	- 3 649	3 084	268	11 258	- 868	1 255	- 1 748	- 3 077	- 4 439	9 705
<b>III</b>	2 187	5 181	15 869	124	- 2 185	- 383	18 482	183	- 1 314	964	- 5 536	- 5 704	14 965
<b>IV</b>	- 1 088	1 232	- 5 374	- 4 095	- 798	- 288	- 5 227	4 397	4 531	- 220	784	9 492	3 177

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)			
14	15	16	17	18	19	20	21	22	23	24	25	26	27	
<b>1990</b>	10 353	2	575	1 171	..	1 748	- 1 565	2 953	935	- 3 480	- 1 157	10 944	- 6 240	- 15 417
<b>1991</b>	- 501	- 369	- 3	1 499	..	1 128	- 726	2 341	1 054	6 587	9 256	9 883	2 012	7 375
<b>1992</b>	- 3 372	46	321	2 748	..	3 115	3 634	3 409	3 745	3 259	14 048	13 790	- 1 008	9 180
<b>1993*</b>	9 537	873	767	1 932	..	3 571	1 923	- 839	- 6 063	14 698	9 720	22 828	5 104	- 1 219
<b>1994*</b>	19 687	- 10	- 4 783	- 907	- 276	- 5 976	2 343	- 6 267	1 854	5 896	3 826	17 537	- 3 565	- 25 504
<b>1992</b>														
<b>III</b>	- 552	13	- 895	786	..	- 96	1 313	553	2 619	3 501	7 986	7 338	- 4 944	6 051
<b>IV</b>	- 695	25	- 100	3 361	..	3 286	1 799	2 435	- 1 924	4 276	6 586	9 177	5 577	492
<b>1993*</b>														
<b>I</b>	985	158	2 823	- 577	..	2 404	1 623	- 726	- 1 516	15 515	14 896	18 285	1 665	5 586
<b>II</b>	1 081	2	- 1 095	- 972	..	- 2 065	518	- 185	247	- 3 766	- 3 186	- 4 171	- 1 464	- 10 684
<b>III</b>	- 473	77	- 841	3 975	..	3 211	- 190	- 1 008	1 514	9 514	9 829	12 567	2 549	11 019
<b>IV</b>	7 944	636	- 120	- 494	..	21	- 28	1 081	- 6 308	- 6 564	- 11 819	- 3 854	2 354	- 7 141
<b>1994*</b>														
<b>I</b>	5 078	43	- 662	211	- 201	- 609	- 1 329	- 1 279	2 612	- 5 779	- 5 774	- 1 306	- 3 914	- 10 279
<b>II</b>	5 206	- 68	- 3 273	- 4 446	- 27	- 7 814	1 742	- 1 358	- 460	6 181	6 105	3 497	1 628	- 10 172
<b>III</b>	4 200	- 18	- 1 173	420	- 52	- 824	- 444	- 126	- 268	9 875	9 037	12 413	- 2 239	- 3 921
<b>IV</b>	5 203	33	326	2 908	4	3 271	2 374	- 3 504	- 30	- 4 381	- 5 541	2 933	960	- 1 132

6.3 Finland's international investment position, mill. FIM

Position at end of period	Liabilities												
	Direct investment in Finland	Portfolio investment					Total (2+3+5+6)	Other investment				Total (8+9+10+11)	Total Liabilities (1+7+12)
		Shares	Bonds	Of which: market 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	
<b>1990</b>	18 651	5 052	95 530	6 385	23 856	..	124 438	13 915	51 937	7 969	89 662	163 483	306 572
<b>1991</b>	17 443	4 149	141 055	19 036	22 079	..	167 283	9 532	68 892	8 555	84 036	171 015	355 741
<b>1992</b>	19 348	5 138	211 361	14 366	19 391	..	235 889	13 305	78 330	11 880	78 804	182 320	437 557
<b>1993*</b>	24 391	30 375	265 610	26 288	14 995	- 6 103	304 877	18 206	91 378	4 025	55 478	169 087	498 354
<b>1994*</b>	31 473	60 558	256 005	19 012	10 466	- 6 877	320 152	20 635	83 003	3 430	47 917	154 985	506 610
<b>1992</b>													
<b>III</b>	18 483	3 367	184 851	15 547	18 023	..	206 242	12 019	72 530	9 942	89 639	184 130	408 855
<b>IV</b>	19 348	5 138	211 361	14 366	19 391	..	235 889	13 305	78 330	11 880	78 804	182 320	437 557
<b>1993*</b>													
<b>I</b>	19 812	8 121	253 159	16 281	17 007	..	278 287	15 193	96 786	13 135	76 093	201 207	499 306
<b>II</b>	20 763	11 901	254 886	21 118	15 573	..	282 360	14 897	93 408	11 461	67 494	187 260	490 383
<b>III</b>	21 418	22 725	265 540	23 460	13 090	..	301 355	14 091	95 327	13 276	61 106	183 799	506 573
<b>IV</b>	24 391	30 375	265 610	26 288	14 995	- 6 103	304 877	18 206	91 378	4 025	55 478	169 087	498 354
<b>1994*</b>													
<b>I</b>	27 616	39 079	265 290	25 822	12 244	- 8 855	307 758	17 142	85 626	4 724	60 047	167 540	502 914
<b>II</b>	30 514	42 719	271 376	22 182	15 286	- 8 809	320 572	16 256	86 786	2 964	56 729	162 735	513 821
<b>III</b>	32 606	56 036	269 909	23 157	11 909	- 7 591	330 263	16 309	80 153	3 752	48 447	148 661	511 530
<b>IV</b>	31 473	60 558	256 005	19 012	10 466	- 6 877	320 152	20 635	83 003	3 430	47 917	154 985	506 610

Position at end of period	Assets												
	Direct investment abroad	Portfolio investment					Total (15+16+17+18)	Other investment				Total (20+21+22+23)	Total assets (14+19+24)
		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		
<b>1990</b>	40 800	762	6 447	2 173	..	9 383	16 549	24 825	5 726	65 754	112 854	163 037	
<b>1991</b>	44 823	426	7 004	4 154	..	11 584	16 388	28 504	7 647	72 498	125 037	181 444	
<b>1992</b>	44 921	469	8 697	7 917	..	17 083	21 389	35 251	12 665	76 647	145 952	207 955	
<b>1993*</b>	54 577	1 285	10 706	11 028	446	23 465	26 350	34 018	5 701	89 301	155 370	233 412	
<b>1994*</b>	69 601	1 129	4 681	9 070	487	15 367	26 431	24 077	7 055	107 254	164 817	249 786	
<b>1992</b>													
<b>III</b>	45 982	442	8 176	4 032	..	12 650	18 898	30 676	14 188	68 323	132 085	190 718	
<b>IV</b>	44 921	469	8 697	7 917	..	17 083	21 389	35 251	12 665	76 647	145 952	207 955	
<b>1993*</b>													
<b>I</b>	51 946	676	11 952	7 766	..	20 394	23 664	36 976	12 275	92 392	165 307	237 648	
<b>II</b>	48 465	671	10 801	6 627	..	18 099	23 888	34 148	12 159	97 321	167 516	234 080	
<b>III</b>	49 447	759	10 074	10 689	..	21 522	23 857	34 208	13 929	98 044	170 039	241 008	
<b>IV</b>	54 577	1 285	10 706	11 028	446	23 465	26 350	34 018	5 701	89 301	155 370	233 412	
<b>1994*</b>													
<b>I</b>	59 112	1 296	9 576	10 910	622	22 403	24 479	31 396	8 107	91 319	155 301	236 816	
<b>II</b>	64 465	1 211	5 953	6 338	550	14 052	26 159	29 856	7 449	106 714	170 178	248 695	
<b>III</b>	65 838	1 116	4 311	6 087	561	12 075	24 435	28 350	6 955	113 275	173 016	250 929	
<b>IV</b>	69 601	1 129	4 681	9 070	487	15 367	26 431	24 077	7 055	107 254	164 817	249 786	

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
<b>1990</b>	34 853	110 111	- 36 700	9 910	24 751	610	143 535	13 130	9.7
<b>1991</b>	28 483	107 434	- 34 046	18 960	52 748	719	174 298	15 671	12.7
<b>1992</b>	30 501	82 343	- 27 546	28 283	113 674	2 347	229 602	19 011	13.6
<b>1993*</b>	49 895	48 189	- 33 279	29 737	167 444	2 956	264 942	21 897	12.7
<b>1994*</b>	72 086	33 579	- 52 606	21 262	179 516	2 987	256 825	19 907	10.4
<b>1992</b>									
<b>III</b>	30 741	83 775	- 16 715	24 364	94 016	1 958	218 138	4 314	12.8
<b>IV</b>	30 501	82 343	- 27 546	28 283	113 674	2 347	229 602	4 926	12.6
<b>1993*</b>									
<b>I</b>	34 830	65 514	- 27 782	29 660	156 500	2 937	261 658	6 640	16.1
<b>II</b>	36 841	61 511	- 37 288	27 269	165 160	2 810	256 303	7 103	16.4
<b>III</b>	44 736	44 622	- 27 318	27 224	173 332	2 967	265 565	3 918	9.2
<b>IV</b>	49 895	48 189	- 33 279	29 737	167 444	2 956	264 942	4 237	9.1
<b>1994*</b>									
<b>I</b>	58 654	53 523	- 42 504	27 617	165 574	3 233	266 097	7 181	16.3
<b>II</b>	57 567	51 846	- 52 617	24 973	180 109	3 248	265 126	4 890	9.8
<b>III</b>	69 474	33 505	- 52 998	23 923	183 627	3 069	260 600	3 820	7.9
<b>IV</b>	72 086	33 579	- 52 606	21 262	179 516	2 987	256 825	4 016	7.6

## 7. Foreign trade

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

During period	Exports, feb	Imports, cif	Balance (1-2)
	1	2	3
<b>1990</b>	101 327	103 027	- 1 700
<b>1991</b>	92 842	87 744	5 098
<b>1992</b>	107 463	94 947	12 516
<b>1993*</b>	133 927	103 078	30 945
<b>1994*</b>	153 859	120 200	33 659
<b>1993*</b>			
<b>Dec.</b>	10 880	9 473	1 407
<b>1994*</b>			
<b>Jan.</b>	11 881	8 317	3 564
<b>Feb.</b>	10 908	7 416	3 492
<b>March</b>	12 124	9 515	2 609
<b>April</b>	12 343	9 415	2 928
<b>May</b>	13 366	10 929	2 437
<b>June</b>	13 305	9 599	3 706
<b>July</b>	13 131	9 174	3 957
<b>Aug.</b>	11 557	9 883	1 674
<b>Sept.</b>	13 165	10 146	3 019
<b>Oct.</b>	13 397	10 085	3 312
<b>Nov.</b>	13 982	10 954	3 028
<b>Dec.</b>	14 699	14 766	- 67

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

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

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

During period	Exports by industries, feb					Imports by use of goods, cif				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
	1	2	3	4	5	6	7	8	9	10
<b>1990</b>	7 811	31 658	9 540	35 493	16 825	49 210	9 829	19 364	23 888	736
<b>1991</b>	6 984	29 695	10 539	29 188	16 436	42 505	9 399	13 973	21 195	672
<b>1992</b>	7 892	32 587	12 172	35 741	19 071	49 514	9 745	13 348	20 826	1 514
<b>1993*</b>	10 910	37 430	14 205	48 158	23 409	54 792	10 904	15 396	21 066	1 009
<b>1994*</b>	14 114	41 300	15 639	55 558	27 248	65 899	11 628	17 147	24 606	920
<b>1993*</b>										
<b>Dec.</b>	968	2 963	1 074	3 799	2 076	5 027	1 099	1 356	1 895	96
<b>1994*</b>										
<b>Jan.</b>	978	3 009	1 282	4 272	2 340	4 537	693	1 206	1 820	61
<b>Feb.</b>	1 018	3 060	1 060	3 741	2 029	4 229	608	925	1 621	33
<b>March</b>	1 026	3 623	1 248	4 061	2 166	5 198	752	1 314	2 206	45
<b>April</b>	1 165	3 487	1 156	4 338	2 197	4 823	968	1 662	1 913	49
<b>May</b>	1 431	3 506	1 511	4 538	2 380	6 075	1 290	1 317	2 232	15
<b>June</b>	1 318	3 358	1 289	4 882	2 458	5 513	867	1 192	1 950	77
<b>July</b>	1 015	3 287	1 315	5 802	1 712	4 823	955	1 227	1 792	377
<b>Aug.</b>	935	3 437	1 258	3 816	2 111	5 419	1 029	1 386	2 031	18
<b>Sept.</b>	1 313	3 586	1 354	4 320	2 592	5 656	1 054	1 384	2 027	25
<b>Oct.</b>	1 268	3 566	1 313	4 937	2 313	5 645	803	1 485	2 051	101
<b>Nov.</b>	1 357	3 719	1 453	4 968	2 485	6 191	1 012	1 557	2 180	14
<b>Dec.</b>	1 290	3 662	1 400	5 883	2 464	7 790	1 597	2 492	2 783	104

## 7.4 Foreign trade by regions and countries

Region and country	Exports, fob				Imports, cif			
	1993 *		1994 *		1993 *		1994 *	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
	1	2	3	4	5	6	7	8
<b>All OECD countries</b>	102 135	76.3	115 277	12.9	81 607	79.2	93 014	14.0
<b>OECD Europe</b>	86 513	64.6	97 873	13.1	66 956	65.0	74 466	11.2
Of which:								
Austria	1 427	1.1	1 597	11.9	1 179	1.1	1 347	14.3
Belgium and Luxembourg	2 955	2.2	3 457	17.0	3 008	2.9	3 284	9.2
Denmark	4 479	3.3	5 283	17.9	3 231	3.1	3 661	13.3
France	7 114	5.3	7 774	9.3	4 716	4.6	4 902	3.9
Germany	17 628	13.2	20 662	17.2	16 901	16.4	17 713	4.8
Italy	4 350	3.2	4 591	5.5	3 811	3.7	4 660	22.3
Netherlands	6 729	5.0	7 866	16.9	3 847	3.7	4 339	12.8
Norway	4 277	3.2	4 862	13.7	5 010	4.9	5 745	14.7
Spain	3 263	2.4	3 547	8.7	1 245	1.2	1 576	26.6
Sweden	14 855	11.1	16 818	13.2	10 531	10.2	12 522	18.9
Switzerland	2 111	1.6	2 325	10.1	2 044	2.0	2 105	3.0
United Kingdom	14 020	10.5	15 907	13.5	9 160	8.9	10 004	9.2
<b>Other OECD</b>	15 622	11.7	17 404	11.4	14 651	14.2	18 548	26.6
Of which:								
Canada	1 075	0.8	1 031	- 4.0	724	0.7	837	15.7
Japan	2 187	1.6	3 174	45.1	5 958	5.8	7 809	31.1
United States	10 506	7.8	11 033	5.0	7 498	7.3	9 163	22.2
<b>Non-OECD European countries</b>	12 679	9.5	18 428	45.3	11 207	10.9	14 970	33.6
Of which:								
Russia	6 051	4.5	7 994	32.1	7 813	7.6	10 661	36.5
<b>Other countries</b>	19 113	14.3	20 153	5.4	10 264	10.0	12 215	19.0
Of which:								
<b>OPEC countries</b>	3 266	2.4	2 446	- 25.1	542	0.5	590	9.0
<b>TOTAL</b>	133 927	100.0	153 858	14.9	103 078	100.0	120 199	16.6
Of which:								
<b>EC countries</b>	62 850	46.9	71 489	13.7	47 974	46.5	52 447	9.3
<b>EFTA countries</b>	22 799	17.0	25 725	12.8	18 831	18.3	21 812	15.8

## 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
<b>1989</b>	269 879	104 526	129 905	15 149	5 975	525 434	117 241	127 311	515 364
<b>1990</b>	269 754	108 535	121 858	17 286	5 769	523 202	118 828	126 600	515 430
<b>1991</b>	260 031	111 256	93 722	17 243	-2 451	479 801	110 965	111 755	479 011
<b>1992</b>	247 363	108 799	75 338	16 899	4 534	452 933	122 059	112 989	462 003
<b>1993*</b>	237 793	103 004	61 105	13 959	10 064	425 925	142 459	113 752	454 632
<b>1992</b>									
<b>II</b>	61 884	27 267	20 146	4 377	202	113 876	30 299	28 725	115 450
<b>III</b>	61 470	27 118	18 088	4 076	979	111 731	30 636	27 580	114 787
<b>IV</b>	61 081	27 032	16 406	4 264	2 241	111 024	31 431	27 859	114 596
<b>1993*</b>									
<b>I</b>	59 869	25 940	16 015	3 642	2 713	108 179	34 737	29 764	113 152
<b>II</b>	59 251	25 836	15 363	3 442	1 252	105 144	34 514	27 041	112 617
<b>III</b>	58 962	25 666	15 013	3 539	3 272	106 452	36 320	28 565	114 207
<b>IV</b>	59 711	25 562	14 714	3 336	2 827	106 150	36 888	28 382	114 656
<b>1994*</b>									
<b>I</b>	60 802	25 197	15 651	3 254	1 261	106 165	37 739	28 351	115 553
<b>II</b>	60 013	25 075	16 113	3 108	4 608	108 917	40 035	31 193	117 759
<b>III</b>	60 423	24 879	16 825	3 005	5 757	110 889	40 873	32 372	119 390

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

Period	Total industry	Mining and quarrying	Manufacturing	Wood and paper industries	Metal and engineering industries	Other manufacturing	Energy and water supply
	(100.0)	(1.3)	(89.6)	(16.8)	(31.3)	(41.5)	(9.1)
	1	2	3	4	5	6	7
<b>1990</b>	100.2	99.8	100.2	100.1	100.4	100.1	100.0
<b>1991</b>	91.2	91.3	89.9	91.5	85.6	92.6	103.6
<b>1992</b>	92.4	88.4	91.4	94.6	91.1	90.2	103.0
<b>1993*</b>	97.1	85.8	96.2	104.3	99.4	90.4	107.9
<b>1994*</b>	107.9	111.9	107.1	114.4	118.5	95.4	115.6
<b>1993*</b>							
<b>Dec.</b>	102.3	82.6	101.5	108.1	107.5	94.0	111.8
<b>1994*</b>							
<b>Jan.</b>	102.1	84.0	101.3	111.6	103.4	94.0	112.2
<b>Feb.</b>	102.9	80.0	101.5	109.6	108.8	93.1	118.5
<b>March</b>	103.1	91.9	102.1	111.8	111.6	88.5	115.9
<b>April</b>	105.1	100.7	104.4	112.7	111.3	95.7	114.5
<b>May</b>	108.0	101.6	106.0	114.3	115.9	96.4	116.3
<b>June</b>	107.9	120.7	107.1	115.3	116.1	96.7	118.0
<b>July</b>	108.5	182.1	106.6	117.3	113.5	96.7	114.7
<b>Aug.</b>	108.9	166.7	107.1	115.3	118.7	95.4	122.6
<b>Sept.</b>	111.3	123.8	110.9	116.1	129.7	96.5	117.5
<b>Oct.</b>	112.6	104.8	112.8	116.9	131.2	97.3	113.8
<b>Nov.</b>	112.5	99.9	112.8	115.0	133.7	97.5	110.7
<b>Dec.</b>	111.5	86.6	111.7	118.2	129.0	95.7	112.9



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

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
<b>1989</b>	124.2	117.0	130.3	132.9	137.6	125.2	161.4	116.7
<b>1990</b>	119.9	111.6	127.3	124.8	161.7	122.1	144.6	117.5
<b>1991</b>	99.4	103.5	103.9	94.4	127.7	109.9	102.1	110.3
<b>1992</b>	87.2	92.9	79.5	73.8	76.2	87.5	84.5	107.0
<b>1993*</b>	82.5	87.6	59.5	60.5	52.9	59.8	83.2	105.5
<b>1993*</b>								
<b>Nov.</b>	83.2	86.9	..	..	..	..	..	107.2
<b>Dec.</b>	84.0	88.9	..	..	..	..	..	107.7
<b>1993*</b>								
<b>III</b>	83.0	85.6	59.3	56.0	47.8	59.3	60.7	105.1
<b>IV</b>	82.6	87.3	56.7	55.2	61.5	51.4	79.1	106.8
<b>1994*</b>								
<b>Jan.</b>	82.5	88.6	..	..	..	..	..	107.1
<b>Feb.</b>	83.6	89.1	..	..	..	..	..	107.3
<b>March</b>	83.9	92.5	..	..	..	..	..	108.9
<b>April</b>	82.2	87.6	..	..	..	..	..	109.5
<b>May</b>	89.4	90.9	..	..	..	..	..	110.5
<b>June</b>	88.2	89.6	..	..	..	..	..	109.5
<b>July</b>	85.7	85.0	..	..	..	..	..	109.6
<b>Aug.</b>	92.5	88.9	..	..	..	..	..	110.0
<b>Sept.</b>	90.4	91.1	..	..	..	..	..	110.6
<b>Oct.</b>	87.3	87.6	..	..	..	..	..	111.8
<b>Nov.</b>	92.6	89.9	..	..	..	..	..	111.6
<b>1994*</b>								
<b>I</b>	83.4	90.1	53.7	59.7	40.3	50.2	73.8	107.8
<b>II</b>	86.6	89.4	48.1	54.9	42.2	44.8	97.8	109.8
<b>III</b>	89.5	88.3	52.5	50.8	68.3	44.8	84.4	110.1

## 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		Imported goods	Exported goods		Home market goods
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1990</b>	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
<b>1991</b>	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
<b>1992</b>	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
<b>1993<sup>1</sup></b>	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
<b>1994<sup>1</sup></b>	111.0	110.9	114.6	111.2	110.9	111.4	106.2	102.8	118.7	107.1	110.1	105.8	102.2
<b>1993<sup>1</sup></b>													
<b>IV</b>	109.9	109.6	111.5	110.7	109.8	110.7	104.7	101.0	118.5	105.6	109.6	103.9	100.9
<b>1994</b>													
<b>Jan.</b>	..	..	..	..	109.4	110.3	104.8	101.2	117.8	105.5	109.4	103.9	101.6
<b>Feb.</b>	..	..	..	..	109.8	110.8	105.1	101.7	117.4	105.5	108.4	104.3	101.6
<b>March</b>	..	..	..	..	110.0	111.0	105.4	101.9	118.1	105.7	108.0	104.7	101.7
<b>April</b>	..	..	..	..	110.2	111.3	105.8	102.1	119.2	105.8	108.0	104.8	101.7
<b>May</b>	..	..	..	..	110.3	111.3	105.8	102.2	119.1	106.4	109.0	105.2	101.9
<b>June</b>	..	..	..	..	111.3	111.3	106.1	102.5	119.5	107.0	110.3	105.6	102.2
<b>July</b>	..	..	..	..	111.4	111.5	106.6	103.1	119.3	107.7	110.9	106.3	102.1
<b>Aug.</b>	..	..	..	..	111.6	111.7	106.8	103.3	119.5	108.2	112.0	106.5	102.4
<b>Sept.</b>	..	..	..	..	111.8	112.0	107.0	103.7	119.3	108.4	112.0	106.8	102.5
<b>Oct.</b>	..	..	..	..	111.9	112.1	107.1	104.0	118.2	108.4	111.0	107.3	102.9
<b>Nov.</b>	..	..	..	..	111.6	111.7	107.1	104.1	118.5	108.4	111.3	107.2	102.9
<b>Dec.</b>	..	..	..	..	111.5	111.7	107.2	104.3	118.0	108.7	111.5	107.4	102.8
<b>1994<sup>1</sup></b>													
<b>I</b>	110.4	110.3	113.1	110.9	109.7	110.7	105.1	101.6	117.8	105.6	108.6	104.3	101.6
<b>II</b>	110.9	110.9	114.4	111.0	110.6	111.3	105.9	102.3	119.3	106.4	109.1	105.2	101.9
<b>III</b>	111.1	111.0	114.9	111.2	111.6	111.7	106.8	103.4	119.4	108.1	111.6	106.5	102.3
<b>IV</b>	111.5	111.6	116.0	111.6	111.7	111.8	107.1	104.1	118.2	108.5	111.3	107.3	102.9
<b>1995</b>													
<b>Jan.</b>	..	..	..	..	111.4	..	107.0	104.1	117.8	109.1	113.2	107.3	103.2

<sup>1</sup> Preliminary figures for columns 1-4.

8.5 Labour, employment and unemployment (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry			Unemployed	Unemployment rate		
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction			Service industries	
		1000 persons										
	%	1	2	3	4	5	6	7	8	9	10	11
<b>1990</b>	68.4	2 556	2 467	360	2 108	207	556	205	1 500	88	3.4	
<b>1991</b>	67.4	2 533	2 340	340	2 000	197	502	179	1 461	193	7.6	
<b>1992</b>	66.1	2 502	2 174	325	1 849	188	454	150	1 382	328	13.1	
<b>1993</b>	65.3	2 484	2 041	312	1 729	173	423	124	1 319	444	17.9	
<b>1994</b>	64.8	2 480	2 024	312	1 712	167	426	113	1 317	456	18.4	
<b>1994</b>												
<b>Jan.</b>	64.7	2 467	1 993	345	1 648	171	409	114	1 300	474	19.2	
<b>Feb.</b>	65.4	2 494	2 030	301	1 729	170	420	111	1 328	464	18.6	
<b>March</b>	65.2	2 488	2 014	315	1 699	166	422	109	1 316	474	19.1	
<b>April</b>	64.7	2 470	2 002	313	1 689	165	420	112	1 305	468	19.0	
<b>May</b>	64.9	2 483	2 018	311	1 707	167	420	113	1 317	465	18.7	
<b>June</b>	64.9	2 484	2 026	314	1 712	173	423	108	1 323	458	18.4	
<b>July</b>	64.6	2 472	2 009	302	1 707	164	423	118	1 304	463	18.7	
<b>Aug.</b>	64.6	2 472	2 027	306	1 720	168	431	114	1 314	445	18.0	
<b>Sept.</b>	65.0	2 491	2 041	312	1 729	171	440	114	1 315	450	18.1	
<b>Oct.</b>	64.8	2 481	2 040	303	1 737	160	435	119	1 326	441	17.8	
<b>Nov.</b>	64.5	2 473	2 037	309	1 728	168	433	113	1 324	436	17.6	
<b>Dec.</b>	64.8	2 483	2 048	311	1 738	164	437	118	1 329	434	17.5	
<b>1995</b>												
<b>Jan.</b>	64.7	2 482	2 046	341	1 704	162	444	120	1 319	436	17.6	

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

mill. FIM, cash flow basis

During period	Revenue						Expenditure				
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
										Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11
<b>1989</b>	39 397	76 458	471	15 990	132 316	3 926	136 241	35 082	72 008	33 244	35 715
<b>1990</b>	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
<b>1991</b>	41 054	73 251	1 136	19 182	134 624	4 442	139 069	45 085	101 220	42 297	55 160
<b>1992</b>	34 312	69 541	1 512	21 251	126 616	5 054	131 669	49 291	105 184	42 990	59 180
<b>1993</b>	31 667	67 291	1 443	28 823	129 224	7 366	136 593	46 880	108 608	42 720	63 535
<b>1993</b>											
<b>Nov.</b>	2 736	5 757	147	2 672	11 312	2 638	13 952	3 708	9 371	3 437	5 820
<b>Dec.</b>	2 078	6 543	115	5 142	13 878	759	14 637	4 256	10 357	3 609	6 318
<b>1994</b>											
<b>Jan.</b>	2 827	6 024	67	1 857	10 775	27	10 802	3 699	9 936	3 118	6 609
<b>Feb.</b>	2 757	5 500	115	1 770	10 142	83	10 224	3 090	8 334	3 084	4 939
<b>March</b>	3 774	4 727	100	2 283	10 884	2 382	13 265	4 097	9 474	3 521	5 820
<b>April</b>	2 374	5 134	100	1 945	9 553	208	9 759	3 320	9 049	3 849	5 068
<b>May</b>	2 567	5 970	98	2 717	11 352	241	11 592	3 633	8 999	3 684	5 166
<b>June</b>	2 786	5 511	524	1 977	10 798	1 503	12 300	4 654	9 930	3 725	6 028
<b>July</b>	3 059	5 980	237	1 756	11 032	898	11 929	4 200	8 475	3 195	5 083
<b>Aug.</b>	2 915	6 837	138	1 336	11 226	198	11 424	3 046	8 170	3 115	4 806
<b>Sept.</b>	2 671	5 289	127	1 489	9 576	81	9 658	3 866	8 399	3 147	5 182
<b>Oct.</b>	2 736	5 834	101	1 243	9 914	228	10 141	3 859	11 109	3 138	7 867
<b>Nov.</b>	2 632	5 608	72	1 956	10 268	975	11 243	4 013	8 368	3 164	5 009

During period	Expenditure					Financial balance			
	Fixed investment	Other expenditure	Expenditure before financial transactions (8+9+12+13)	Lending and other financial investment	Expenditure before redemptions of state debt (14+15)	Revenue surplus (5-14)	Net borrowing requirement (7-16)	Net borrowing	Cash surplus (18+19)
<b>1989</b>	8 393	5 343	120 826	7 566	128 390	11 490	7 851	- 4 009	3 842
<b>1990</b>	5 962	4 927	133 614	9 319	142 934	5 737	678	1 201	1 879
<b>1991</b>	5 370	6 368	158 044	13 328	171 372	- 23 420	- 32 304	25 659	- 6 645
<b>1992</b>	5 042	8 499	168 016	35 501	203 516	- 41 400	- 71 847	70 691	- 1 155
<b>1993</b>	4 306	18 076	177 870	19 753	197 623	- 48 646	- 61 030	84 036	23 009
<b>1993</b>									
<b>Nov.</b>	349	771	14 199	767	14 966	- 2 887	- 1 014	1 230	216
<b>Dec.</b>	477	1 744	16 834	2 491	19 325	- 2 956	- 4 688	91	- 4 596
<b>1994</b>									
<b>Jan.</b>	187	3 336	17 158	545	17 703	- 6 383	- 6 901	519	- 6 383
<b>Feb.</b>	224	1 202	12 850	631	13 482	- 2 708	- 3 258	7 659	4 402
<b>March</b>	245	3 120	16 936	3 111	20 047	- 6 052	- 6 782	- 41	- 6 823
<b>April</b>	227	2 081	14 677	1 434	16 112	- 5 124	- 6 353	789	- 5 563
<b>May</b>	257	1 438	14 327	717	15 045	- 2 975	- 3 453	9 209	5 756
<b>June</b>	342	2 424	17 350	663	18 013	- 6 552	- 5 713	13 429	7 716
<b>July</b>	353	1 181	14 209	365	14 575	- 3 177	- 2 646	14 635	11 990
<b>Aug.</b>	298	1 216	12 730	633	13 363	- 1 504	- 1 939	- 1 348	- 3 287
<b>Sept.</b>	321	1 748	14 334	6 490	20 824	- 4 758	- 11 166	13 203	2 037
<b>Oct.</b>	314	1 705	16 987	555	17 541	- 7 073	- 7 400	4 430	- 2 969
<b>Nov.</b>	344	1 060	13 785	587	14 372	- 3 517	- 3 129	5 473	2 344

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

**Table 2.2** The minimum reserve requirement is reported for the month by the end of which the deposit must be made with the Bank of Finland. The requirement is determined on the basis of the reserve base for the previous month. No interest is paid on minimum reserve deposits. The cash reserve figures for 1989 include the additional deposit requirement of 1.1 per cent under the supplementary cash reserve agreement in force at the time, together with the corresponding non-interest-bearing deposits of FIM 3 159 million.

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

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

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

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

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

**Table 3.4 Lending.** New credits (Columns 1–4): rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts. Annual rates are arithmetic average of monthly observations until 1987 after which they are weighted by loan amounts. Average lending rates (Columns 5 and 6) are all weighted by loan amounts. As from January 1989, the loans of Postipankki Ltd have been included in the commercial banks' outstanding stock of loans. *Deposits.* 24-month and 36-month tax-exempt deposits (Columns 7 and 8): from May (September) 1992, 24-month (36-month) deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less two percentage points (one percentage point). In the period from January 1989 to April 1992, 24-month de-

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

**Table 3.5** Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted daily by the five largest banks. Yields on taxable government bonds (Columns 3 and 4) are calculated by the Bank of Finland in a similar fashion. Until January 1992, the yield on 5-year taxable government bonds (Column 3) was calculated on a bullet bond due on 15 March 1994 with a coupon rate of 13 per cent. From February 1992 onwards the yield is calculated on a bullet bond due on 15 January 1999 with a coupon rate of 11 per cent. Until June 1993, the yield on 10-year taxable government bonds (Column 4) is calculated on a housing bond (bullet) due on 15 March 2002 with a coupon rate of 10.75 per cent. From July 1993 onwards the yield is calculated on a bullet bond due on 15 March 2004 with a coupon rate of 9.50 per cent. 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. The MERM index (Column 4): The weights are fixed 1977 weights computed on the basis of the IMF's world trade model; 14 currencies are included in this index.

#### 5 Other domestic financing

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

liabilities held by entities not covered by the above definition of the public.

**Table 5.2** Source: Statistics Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and local government. Foreign currency credits (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 B: Statistics Finland from the beginning of 1991. Tables A and B include markka-denominated bonds issued by Finnish issuers in Finland and abroad as well as those issued by foreign issuers in Finland. Table C includes transactions in markka-denominated bonds outside the Helsinki Stock Exchange. Interbank transactions (Column 1) and transactions (purchases and sales) between banks and customers (Column 2) are transactions by the banks entitled to central bank financing. As from 5 September 1994 the following act as primary dealers: Evli Fixed Income Securities, Goldman Sachs International, Handelsbanken Finland, Kansallis-Osake-Pankki, Okobank, Postipankki, Skopbank, Union Bank of Finland and Unibors Securities. The primary dealers' quotes are published daily (page JVKD on Reuters). Purchases from and sales to others (Columns 4 and 5) consist of transactions in benchmark government bonds between primary

dealers and other parties. Other parties refer to all parties that are not primary dealers.

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

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

**Table 6.1** The figures for the trade and goods and services accounts are compiled in accordance with the System of National Accounts. The figures for investment income and expenditure (Columns 7 and 16) include reinvested earnings on direct investment. Preliminary data on reinvested earnings in the previous year have been included in the current account figures. (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, ie 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 drawings 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 7.2** The volume indices (Columns 1 and 2) are calculated according to the Paasche formula and the unit value indices (Columns 3 and 4) according to the Laspeyres formula. The terms of trade (Column 5) is the ratio of the export unit value index to the import unit value index multiplied by one hundred.

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

## **8 Domestic economic developments**

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

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

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

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

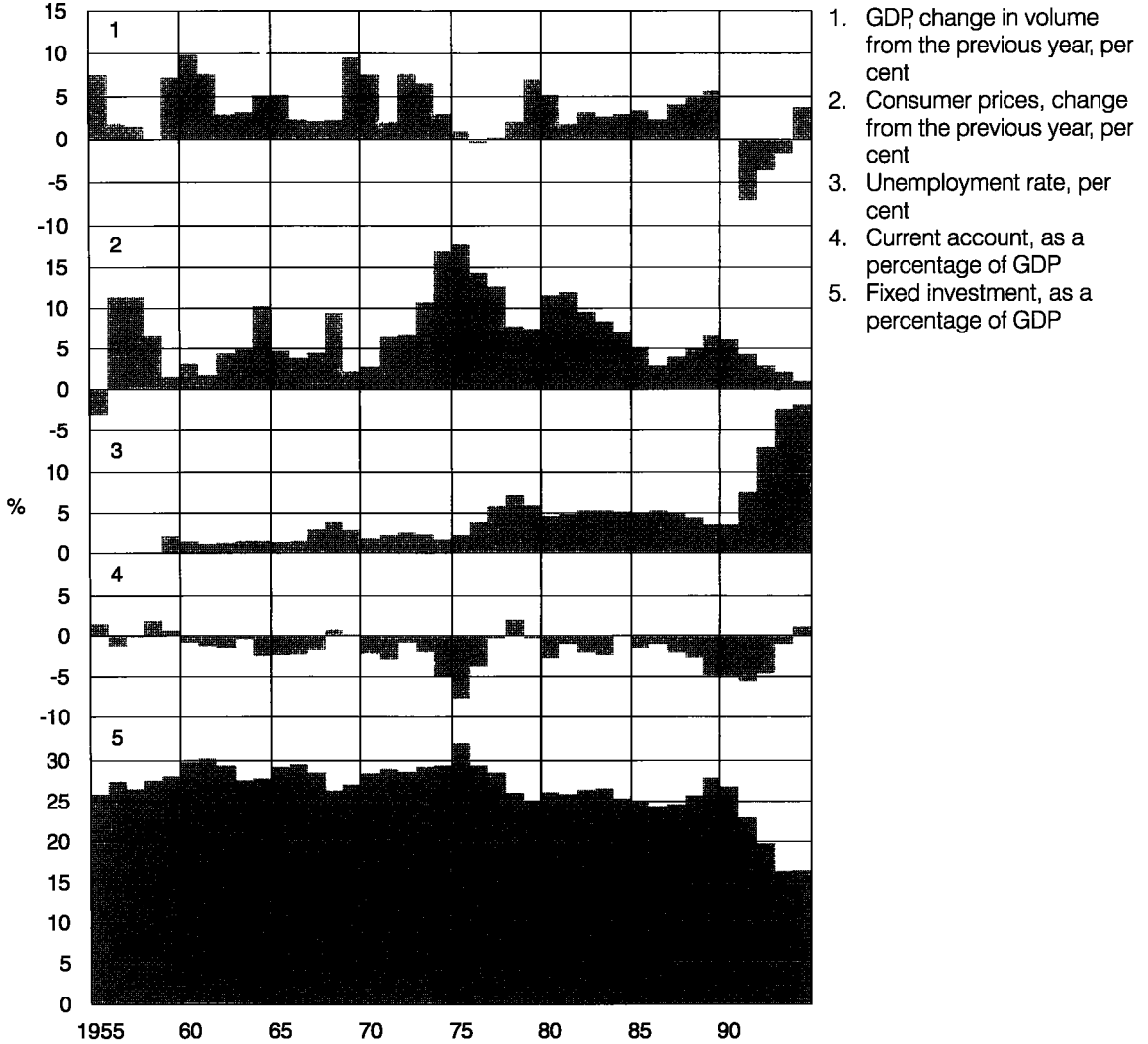
**Table 8.6** Source: Ministry of Finance.





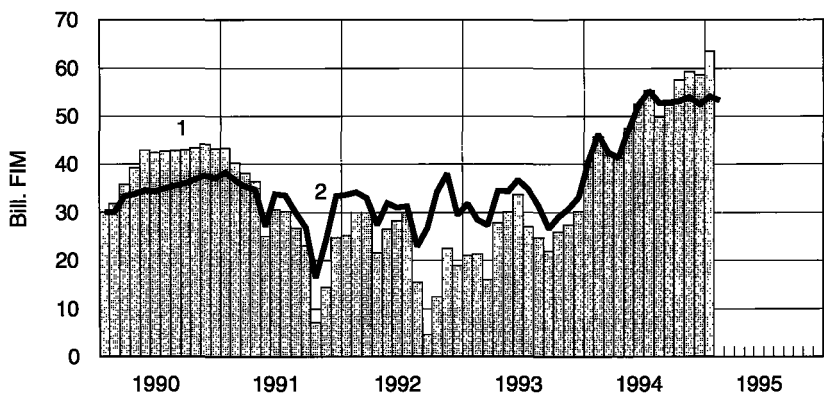
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1. LONG-TERM INDICATORS



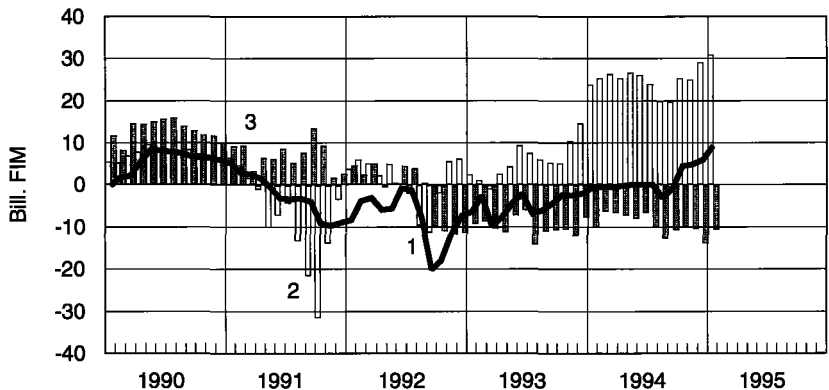
- 1. GDP, change in volume from the previous year, per cent
- 2. Consumer prices, change from the previous year, per cent
- 3. Unemployment rate, per cent
- 4. Current account, as a percentage of GDP
- 5. Fixed investment, as a percentage of GDP

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



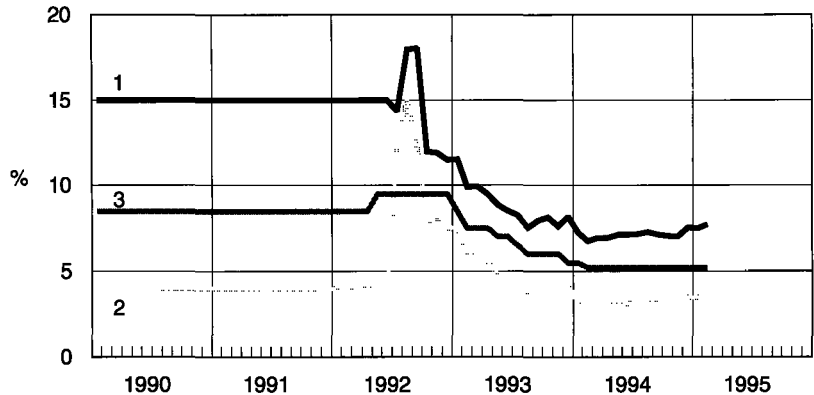
- 1. Foreign exchange reserves plus forward position
- 2. Foreign exchange reserves

3. FORWARD MARKET



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

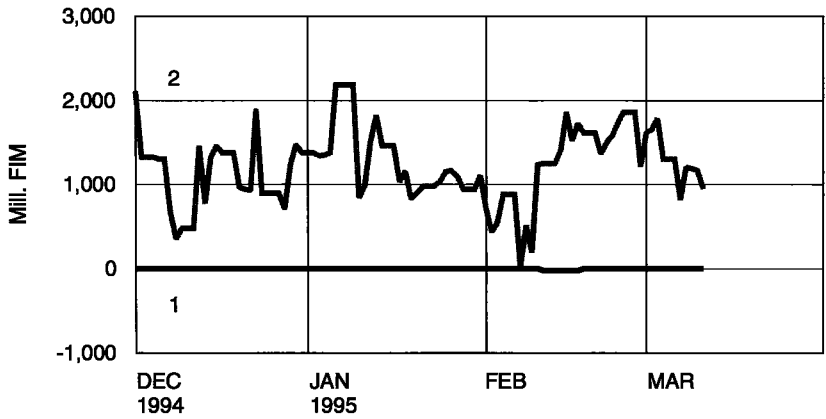
4. RATES OF INTEREST SET BY THE BANK OF FINLAND



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

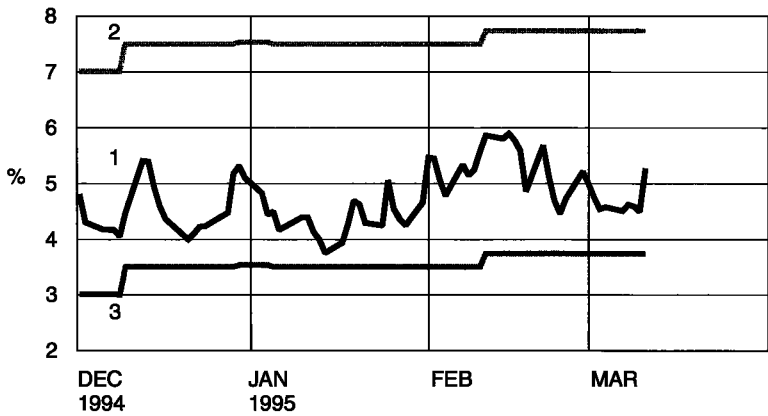
End-of-month observations

5. BANKS' LIQUIDITY POSITION WITH THE BANK OF FINLAND



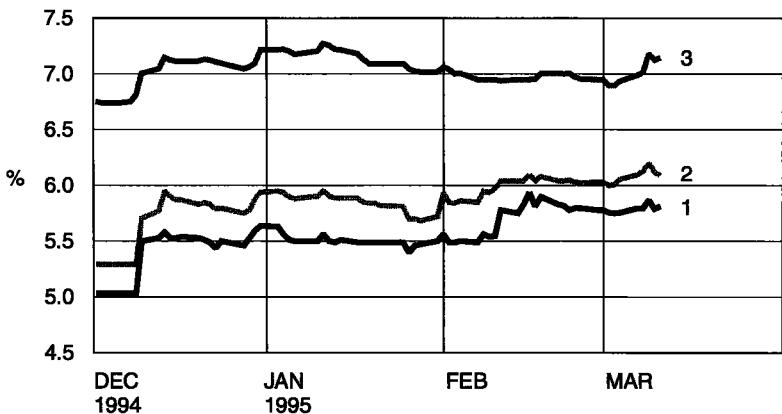
- 1. Liquidity credits (-)
- 2. Call money deposits

6. LIQUIDITY MANAGEMENT INTEREST RATES



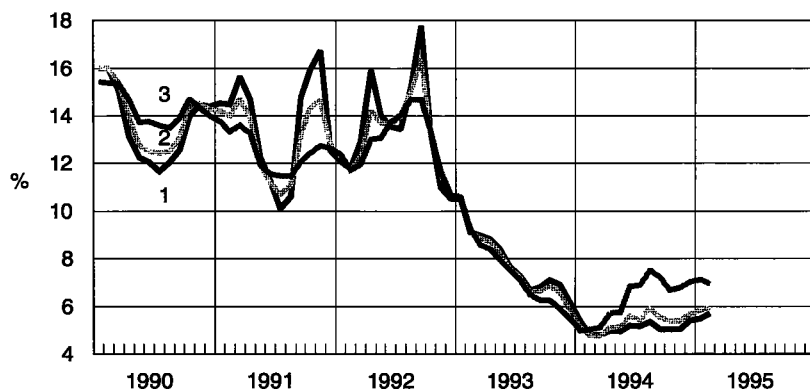
- 1. Inter-bank overnight rate
  - 2. Liquidity credit rate
  - 3. Call money deposit rate
- Daily observations

7. HELIBOR RATES OF INTEREST, DAILY



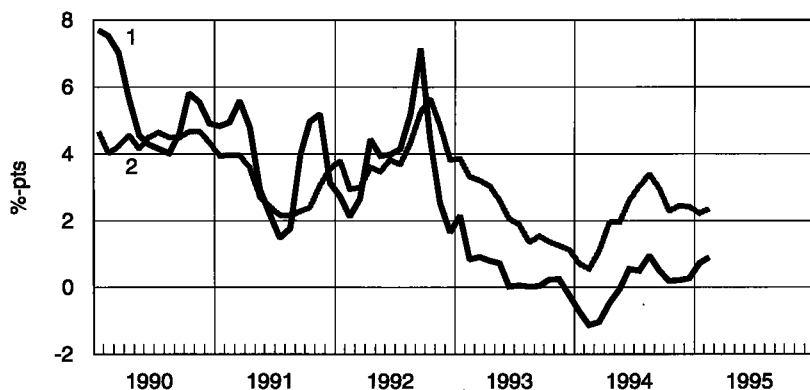
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

8. HELIBOR RATES OF INTEREST, MONTHLY



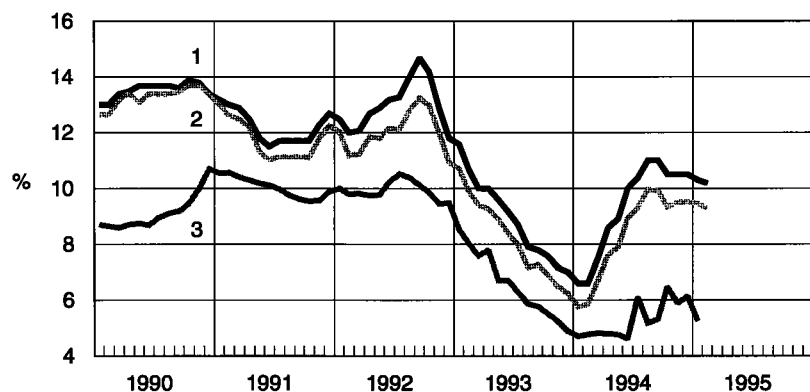
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

9. DIFFERENTIAL BETWEEN FINNISH AND GERMAN INTEREST RATES



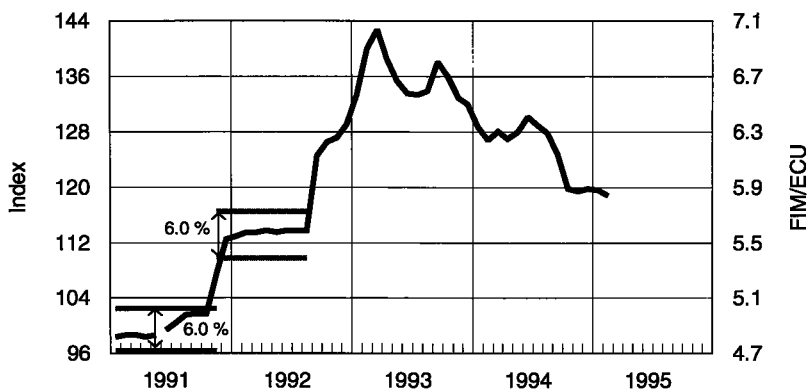
- 1. 3-month HELIBOR *minus* 3-month DEM eurorate
- 2. 5-year Finnish government bond yield *minus* 5-year German government bond yield

10. YIELDS ON BONDS



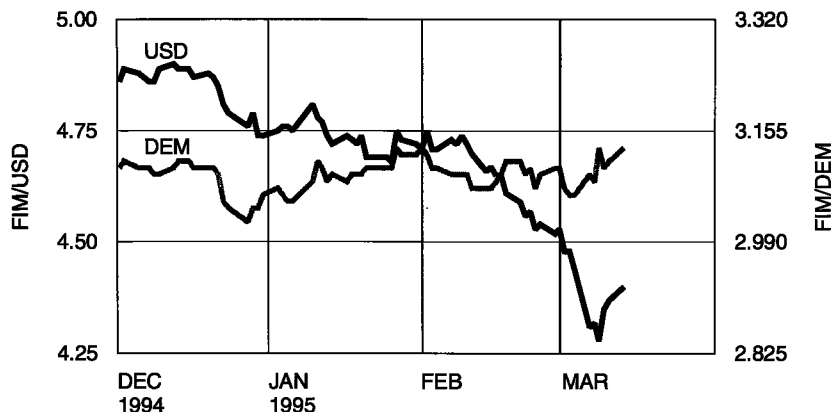
- 1. Bank of Finland's 5-year reference rate
- 2. Yield on (4-5 year) taxable government bonds
- 3. Yield on (4-5 year) taxfree government bonds

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



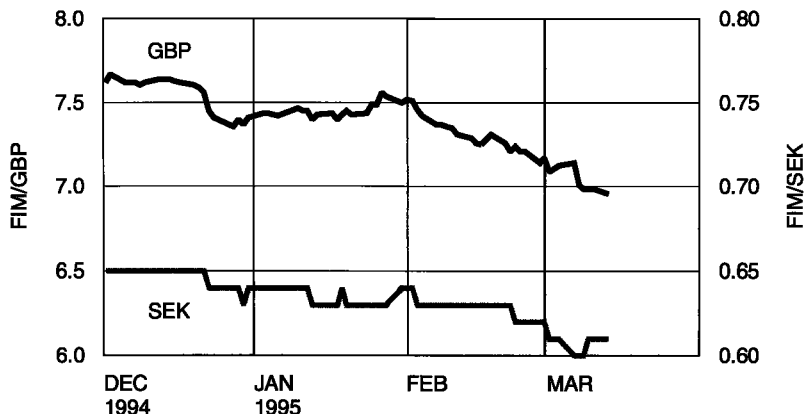
Until 7 June 1991, the Bank of Finland currency index. From 7 June 1991, the markka's exchange rate against the ECU, the fluctuation limits of which were 4.72953–5.02207 in the period 7 June – 14 November 1991, and 5.39166–5.72516 in the period 15 November 1991 – 7 September 1992. Since 8 September 1992,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

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



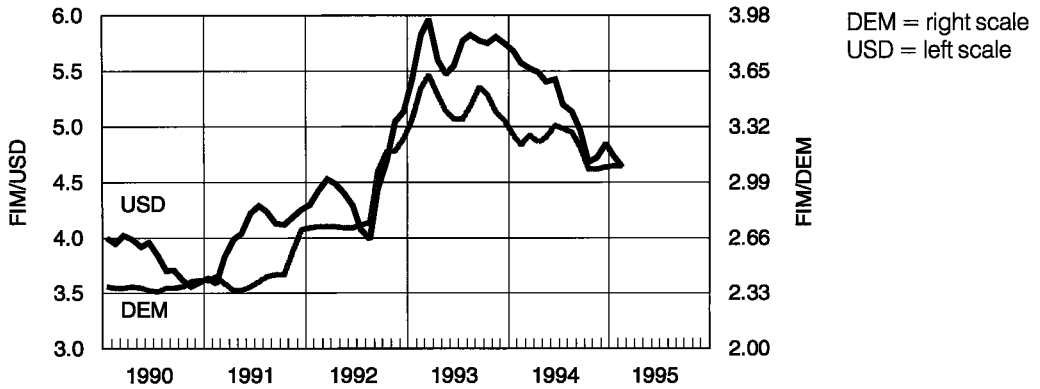
Middle rates  
DEM = right scale  
USD = left scale

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

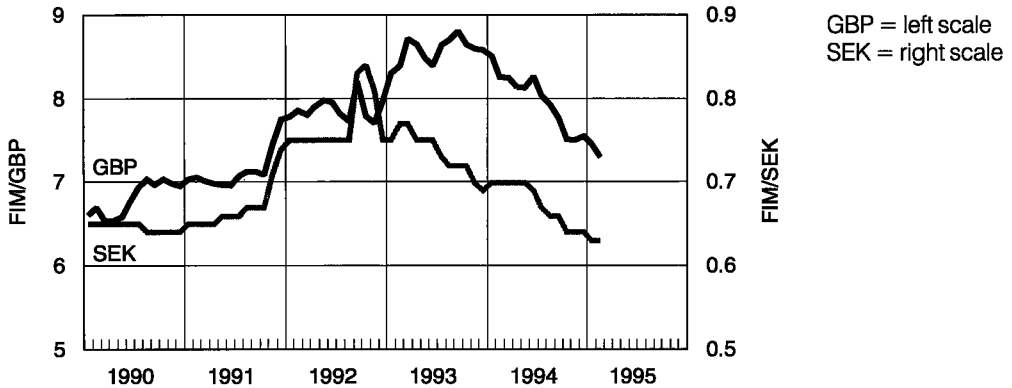


Middle rates  
GBP = left scale  
SEK = right scale

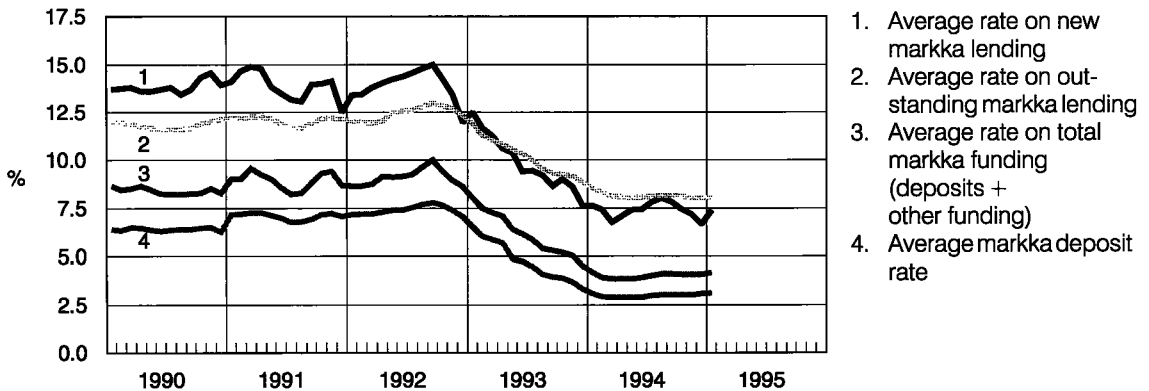
14. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE DEUTSCHMARK AND THE US DOLLAR



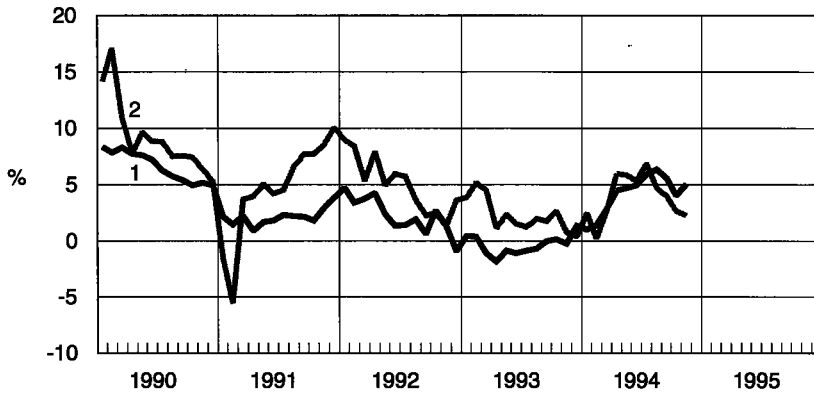
15. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE POUND STERLING AND THE SWEDISH KRONA



16. BANKS' MARKKA LENDING RATES AND MARKKA FUNDING RATES



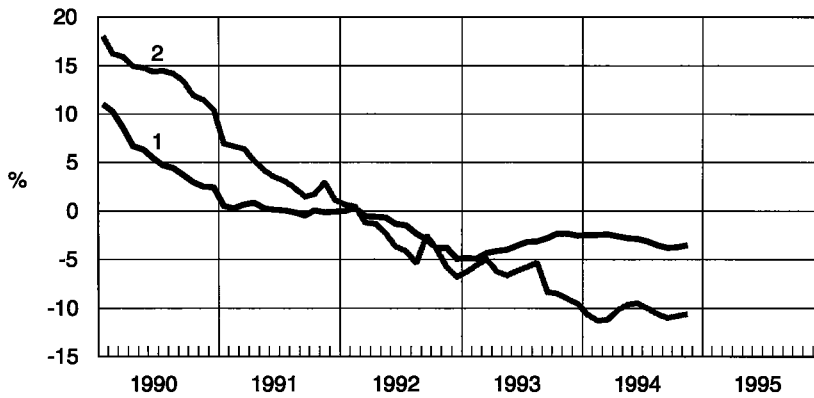
17. BANK FUNDING FROM THE PUBLIC



- 1. Markka deposits
- 2. Total funding

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

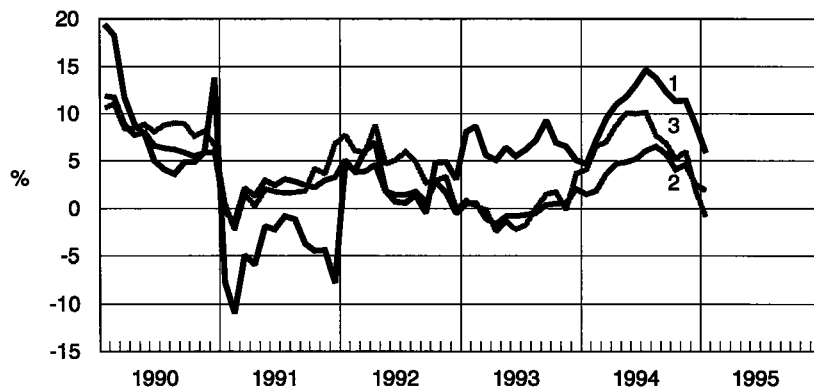
18. BANK LENDING TO THE PUBLIC



- 1. Markka lending
- 2. Total lending

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

19. MONEY SUPPLY

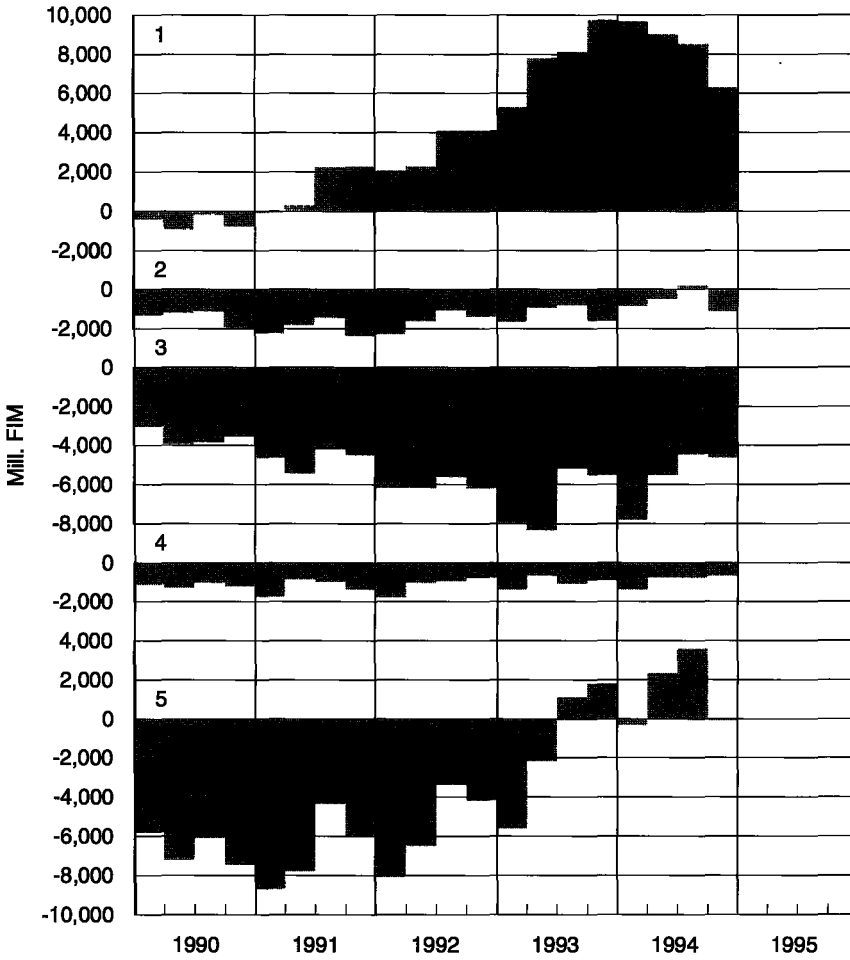


- 1. Narrow money (M1)
- 2. Broad money (M2)
- 3. M2 + bank CDs held by the public (M3)

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

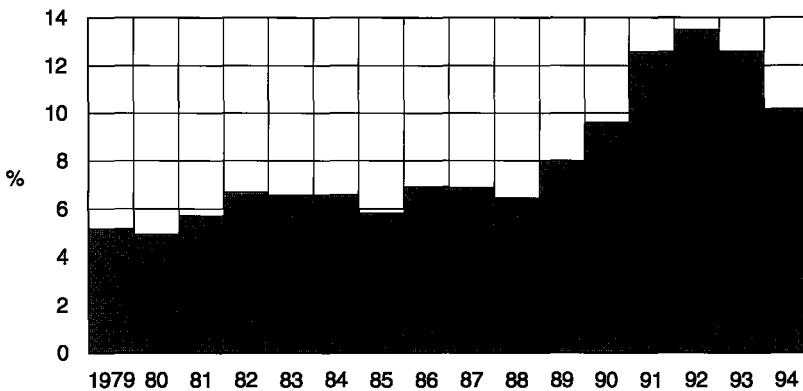


20. CURRENT ACCOUNT



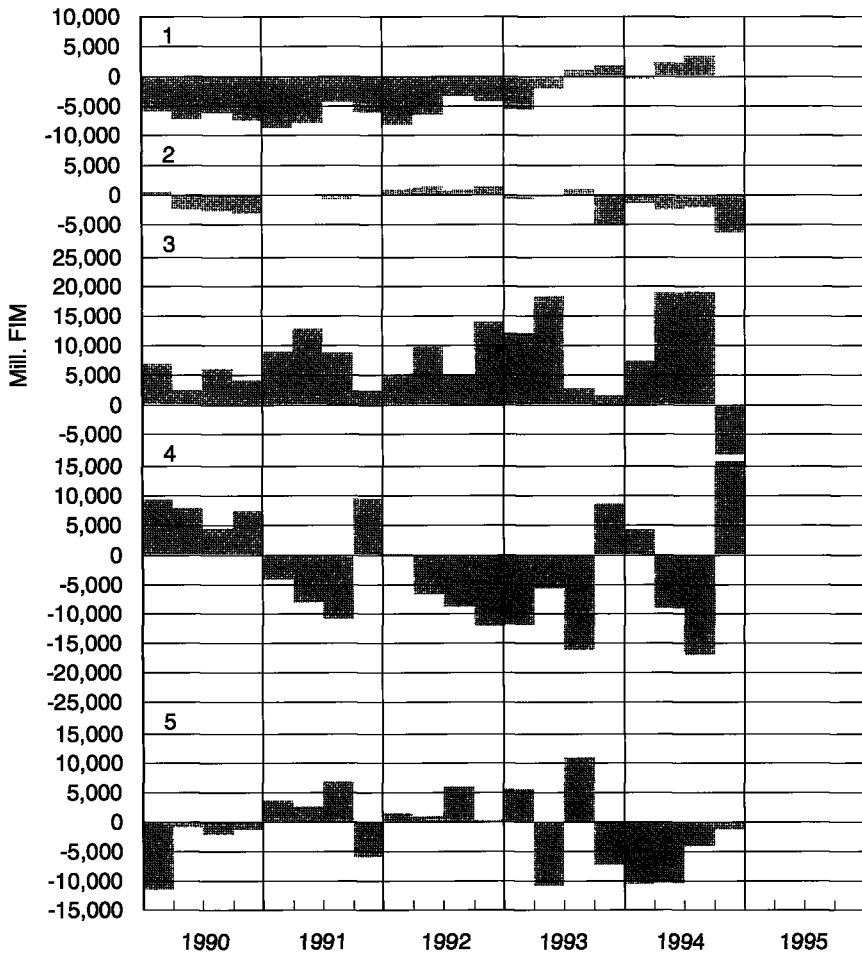
- 1. Trade account
- 2. Services account
- 3. Investment income account
- 4. Unrequited transfers account and other items, net
- 5. Current account

21. NET INTEREST AND DIVIDEND EXPENDITURE



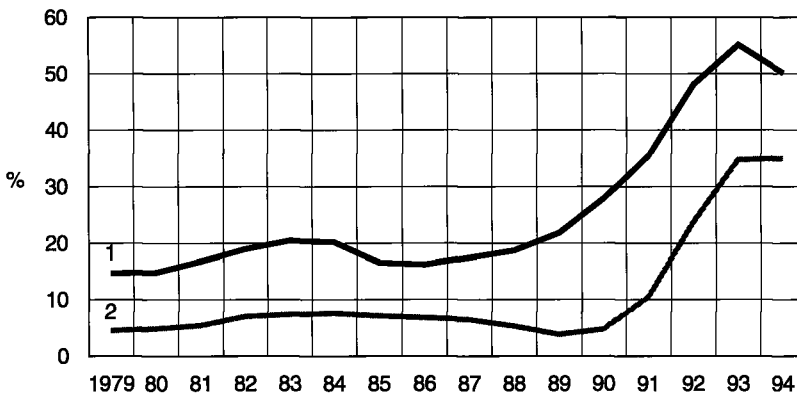
As a percentage of current account receipts

## 22. BALANCE OF PAYMENTS



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

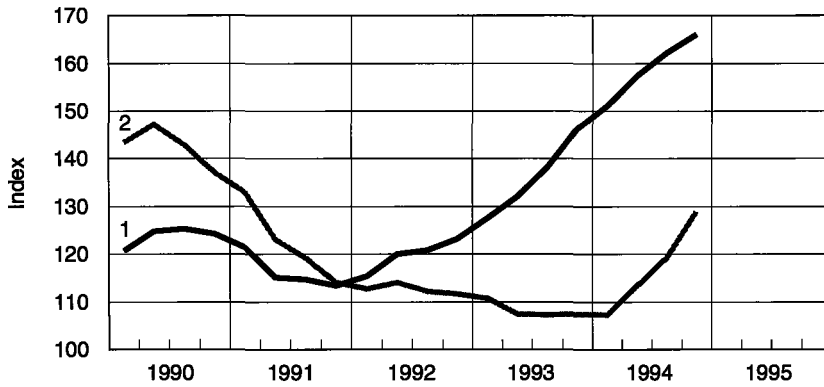
## 23. FINLAND'S NET INTERNATIONAL INVESTMENT POSITION



1. Total
2. Of which: central government

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

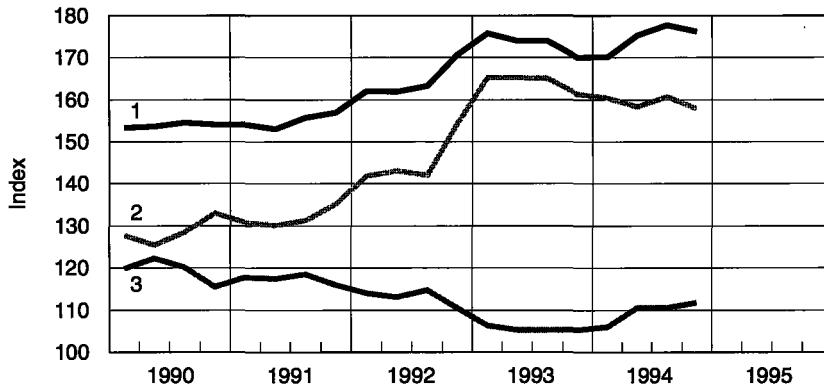
## 24. FOREIGN TRADE



1. Total exports
2. Total imports

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

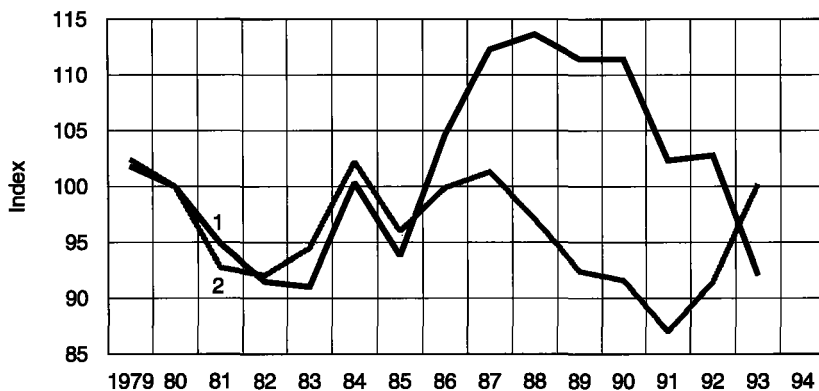
## 25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



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

1980 = 100

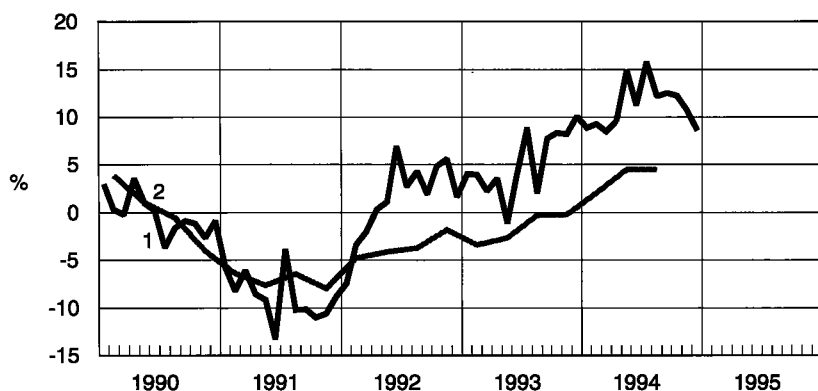
## 26. FINLAND'S EXPORT PERFORMANCE



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

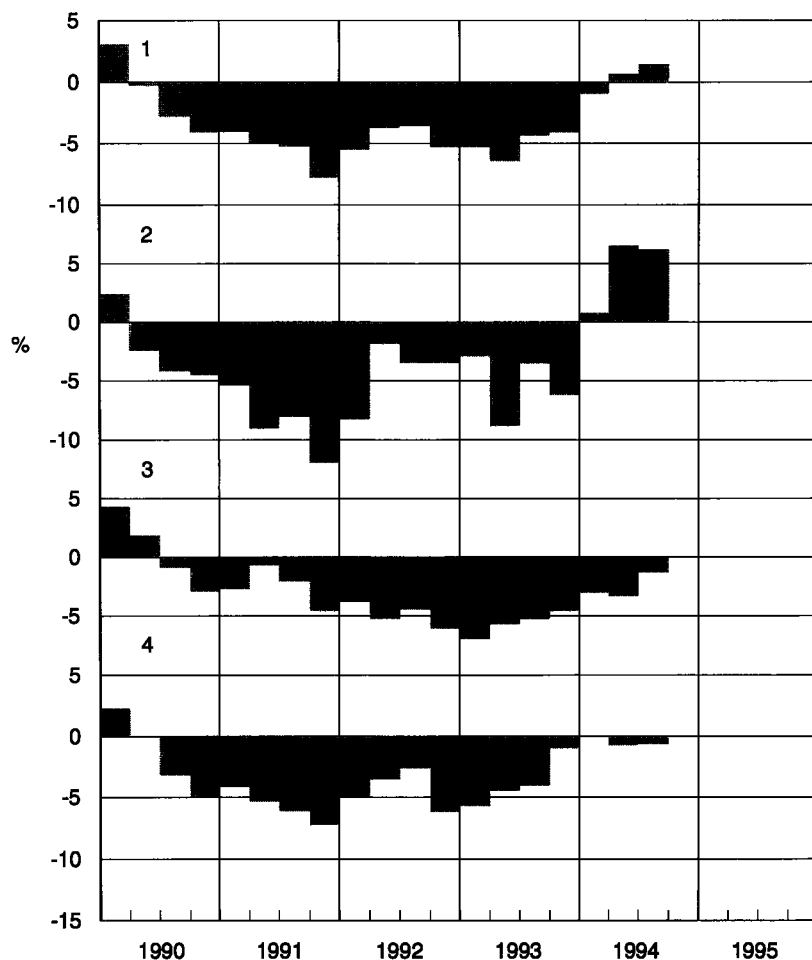
1980 = 100

### 27. PRODUCTION



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

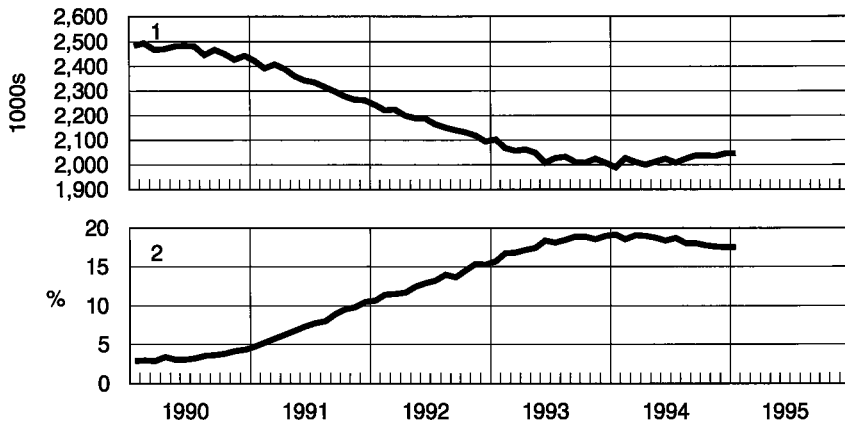
### 28. FIXED INVESTMENT



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

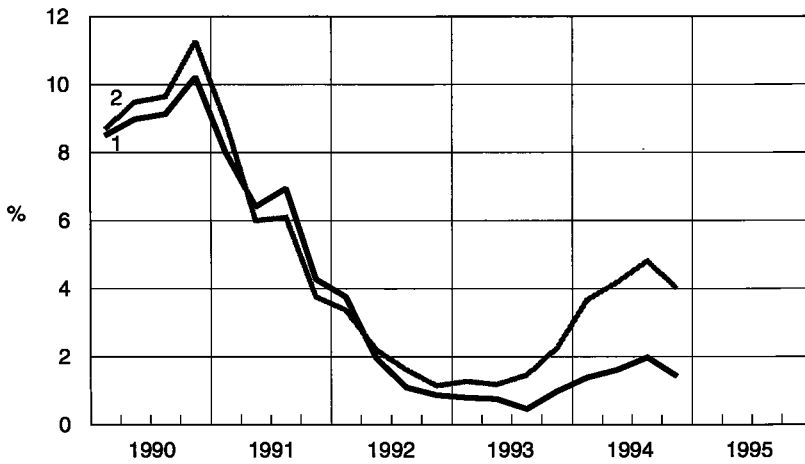
Volume changes calculated from four-quarter moving totals and plotted at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE



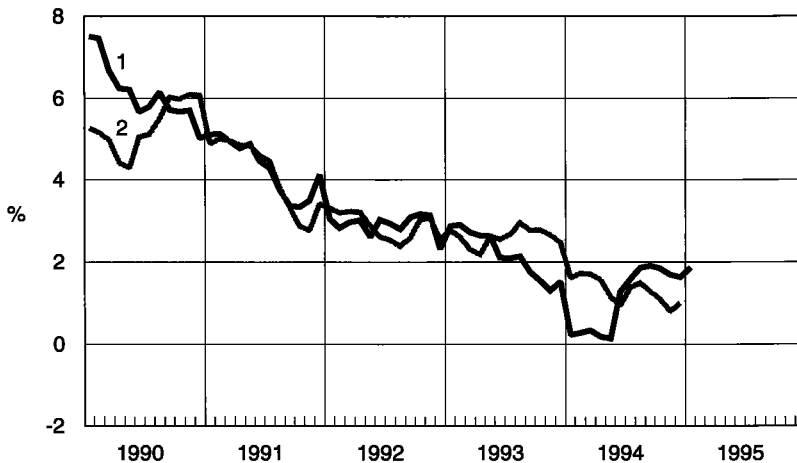
- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

30. PRICES AND WAGES



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

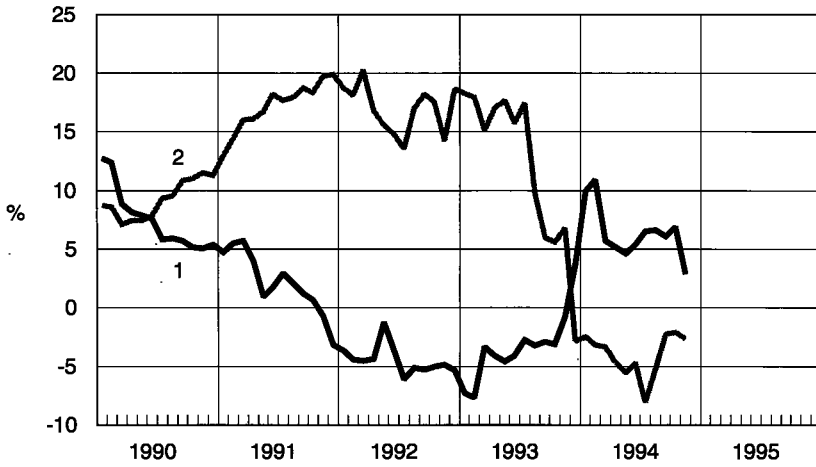
Change from the corresponding quarter of the previous year, per cent



- 1. Consumer price index
- 2. Indicator of underlying inflation

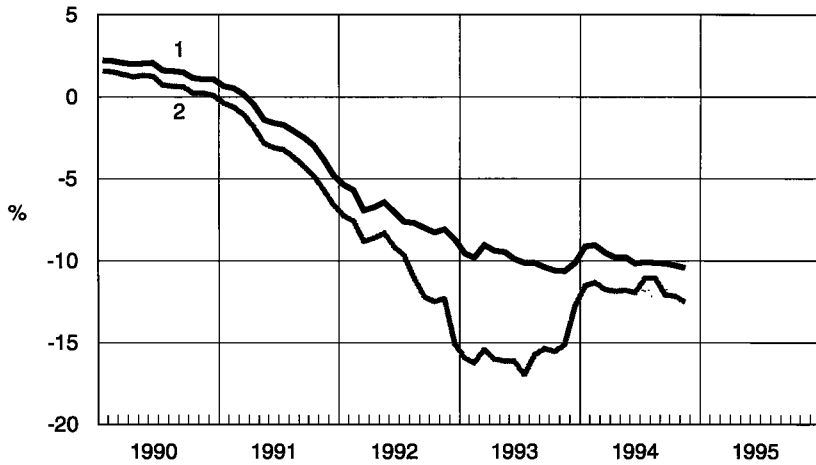
Change from the corresponding month of the previous year, per cent

31. CENTRAL GOVERNMENT FINANCES



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

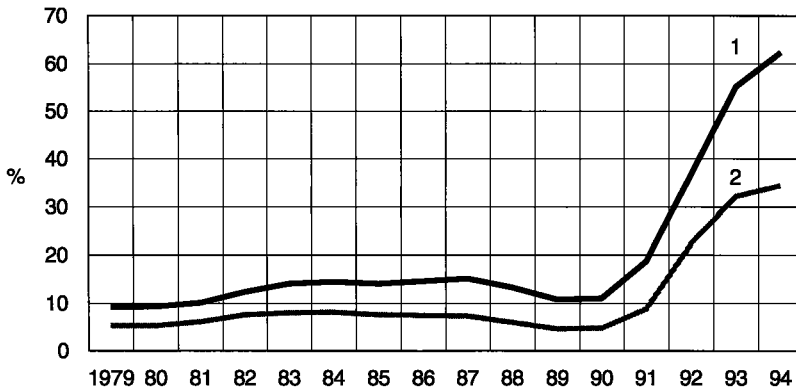
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



- 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

30 June 1994

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VELI TARVAINEN, Managing Director

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