



BULLETIN

SUOMEN PANKKI
FINLANDS BANK
HELSINKI

BANK OF FINLAND

June–July 1997 Vol. 71 Nos. 6–7

Inflation, monetary policy and
economic performance

The present situation of Finnish banks
and possible impacts of EMU

CONTENTS

| | |
|--|-----|
| Inflation, monetary policy and economic performance | 3 |
| The present situation of Finnish banks and possible impacts of EMU by Heikki Koskenkylä and Jukka Vesala | 8 |
| Item: Commemorative coin for the centenary of the birth of Paavo Nurmi | 13 |
| Measures concerning monetary and foreign exchange policy and the financial markets | 14 |
| Monetary policy instruments | 15 |
| Finland in brief | 18 |
| Statistics • List of tables on page | S1 |
| Charts • List of charts on page | S29 |

BANK OF FINLAND BULLETIN

Publisher

Suomen Pankki – Finlands Bank

Mailing address:

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

Editor-in-Chief

Sirkka Hämäläinen

Phone:

National (09) 1831
International +358 9 1831

Edited

by the Bank of Finland's
Publication and Language
Services

Telex: 121224 SPFBFI
Fax: +358 9 174872
Cables: SUOMENPANKKI

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

Printed by Libris Oy,
Helsinki 1997

ISSN 0784-6509

WorldWideWeb:

<http://www.bof.fi>

Internet e-mail:

publications@bof.fi

x.400 e-mail:

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

Inflation, monetary policy and economic performance

The Finnish economy appears to be performing well except with respect to unemployment. Growth of total output is forecast to accelerate to between 4 and 5 per cent. The economies of continental Europe are forecast to expand at only about half that rate. Finnish economic growth is broadly based. Besides exports, private consumption and private investment are increasing apace. Construction investment has also picked up. The current account is likely to continue to record surpluses. Inflation prospects are subdued, at least for the short run, although the risk that inflation could accelerate at some point has increased. Employment has been increasing at a rate of more than 2 per cent, but owing to an expanding workforce the unemployment rate is not declining as fast.

Rapid growth cannot alone eliminate unemployment. On the other hand, any disturbance to monetary conditions tends to slow the decline in unemployment even when the economy is growing rapidly. Therefore it is crucial that the present balanced performance of the economy should continue.

Rapid growth entails certain risks to a balanced economic performance: price stability may be disturbed so that growth becomes an engine of inflation, even before the economy reaches full utilization of capacity. Production and labour bottlenecks in certain sectors may boost inflation expectations and thus influence pricing behaviour also in sectors not subject to bottlenecks.

According to estimates of several international organizations, the output level in Finland is still somewhat below potential. This accords with estimates made at the Bank of Finland. The output gap is however narrowing rapidly. This means that more and more sectors of the economy will be bumping against capacity constraints, which will increase the likelihood of demand inflation. However, the risk of this scenario is smaller, the more friendly the environment toward capacity enhancing investment and the more flexible the labour market.

In the April issue of the Bulletin, it was estimated that cost and price developments would remain subdued and that inflation would stay within range of the 2 per cent target. Although the estimate is still in effect, the above-mentioned factors have increased the likelihood of an acceleration of inflation.

The Bank of Finland estimates that underlying inflation will accelerate to slightly over two per cent next year. The rise in the consumer price index (CPI) will be substantially greater, because the rise in housing prices will affect the index while the restraining effect of declining lending rates will disappear. A key element underlying the forecast that inflation will remain on target is the assumption that next year's pay settlements will be moderate and consistent with low inflation. While the current outlook does not portend a change in the stance of monetary policy, an increase in the probability that inflation will exceed the forecasted rate would force the central bank to consider monetary tightening.

Finnish money and foreign exchange markets stable

During the first half of the year, the Finnish markka has remained relatively stable, and it continues to be one of the strongest currencies in the exchange rate mechanism (ERM) of the European Union in terms of its central rates, despite the fact that after strengthening in winter, the markka has weakened slightly against the Deutschmark and so has moved somewhat closer to its DEM central rate during the spring.

Like many other currencies, the Finnish markka has continued to weaken against the US dollar. At the end of May, a dollar was worth FIM 5.15, ie about 50 pennia more than at the start of the year. Mainly because of dollar strengthening, the value of the markka in terms of the trade-weighted currency index has depreciated by about 3 per cent from the start of the year.

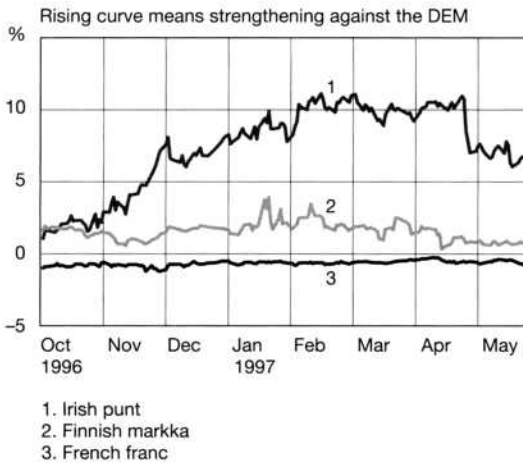
Finnish long-term rates have followed corresponding foreign rates. In April-May, the longest quoted rate declined slightly to 6.2 per cent, while the differential against the corresponding German rate narrowed again to 0.3-0.4 percentage point. Three-month forward rates have also fallen, which suggests that the market's earlier faint expectations of a tender rate hike have faded.

Stable conditions in the ERM

The likelihood that economic and monetary union (EMU) will be realized on schedule was reinforced at the start of April by a further expression of confidence coming out of an unofficial Ecofin Council

Chart 1.

Deviations of selected ERM currencies from their DEM central rates



meeting. However, an announcement at the end of April of early parliamentary elections in France raised some doubt about EMU progress. Results from the first round of the French elections had little impact on the money and foreign exchange markets. The franc weakened slightly and market interest rates rose to some extent.

The Irish punt has been the strongest currency in the ERM since the latter half of 1996. Around the end of April, the punt depreciated by almost 4 per cent against the Deutschmark after the Irish Minister for Finance stated that the punt's exchange rate should move closer to its DEM central rate (Chart 1). Even after the weakening, the Irish punt remains the strongest currency in the ERM. At the start of May the Central Bank of Ireland raised its monetary policy steering rate by 0.50 percentage point to 6.75 per cent. The rationale given for the monetary tightening was rapid economic growth and an increased threat of inflation.

In Spain and Portugal historically low inflation and a favourable inflation outlook led to an easing of monetary policy in April–May. The decisions on easing were also influenced by strengthening of the respective currencies within the ERM. In Italy too, a slowing of inflation has raised expectations of an interest rate cut.

Hike in UK base rate

Turning to non-ERM countries, an anticipated hike in the base lending rate was effected in the United Kingdom soon after the elections of 1 May. The rate was raised by 0.25 percentage point to 6.25 per cent. The move was justified by an increase in inflationary pressure stemming mainly from accelerating consumer demand and rising housing prices.

The base rate had previously been raised, by the same amount, in October 1996. The rate hike strengthened the pound sterling against the major currencies and lowered long-term interest rates by about 0.5 percentage point. The decline in UK interest rates was also influenced by the decline in corresponding US rates.

The new UK Government also increased the central bank's authority to influence interest rates. Previously, the Bank of England had served as monetary policy adviser to the Treasury, and decisions on interest rates had been the prerogative of the Chancellor of the Exchequer. Now the Bank was granted operational independence to set the base lending rate in accord with the Treasury-defined inflation target.

In the United States, the Federal Reserve's 0.25 percentage point interest rate hike at the end of March had been anticipated. The markets expected further monetary tightening to come out of the May meeting of the Federal Open Market Committee, but fresh data on the country's economic performance led the Committee to hold off for the time being.

In Japan the governor of the central bank stated in April that the objective of the country's monetary policy was economic recovery and hence that there was no immediate need to tighten monetary policy. On the other hand, there have been signs of upward pressure on Japanese interest rates since the Ministry of Finance assured the public that economic recovery had begun.

Exchange rate fluctuations outside the ERM

A G-7 meeting in late April warned in its communique that excessive exchange rate fluctuations could lead to trade imbalances. After the meeting, the US dollar appreciated to its strongest level in almost five years against the yen and to its strongest level in almost three years against the Deutschmark. Dollar strengthening was reinforced by expectations of further monetary policy tightening and a quick resolution of the US dispute on balancing the budget. Differences over interpretation of EMU criteria also contributed to dollar strengthening against the Deutschmark.

At the beginning of May, exchange rates of major currencies reversed course as expectations of rising interest rates abated in the United States and increased in Japan. The yen appreciated in the first half of May by about 9 per cent against the dollar and about 8 per cent against the Deutschmark.

DEM exchange rates for the Swedish krona and Norwegian krone recorded substantially larger changes than for the Finnish markka in April–May. The Norwegian krone depreciated by about 5 per cent while the Swedish krona gyrated against the Deutschmark. In April the krona was weakened by uncertainty about the Swedish position on EMU and by concern over lax fiscal policy.

Long-term rates falling in Europe and the United States

As a result of a decline in long-term rates in the United States, EU member states' interest rate differentials vis-à-vis Germany have narrowed (Chart 2). In May there was a marked fall especially in Spanish long-term rates, which are now on a par with corresponding Irish rates. The interest rate differential vis-à-vis Germany is about 0.7 percentage point.

In the United States expectations of further interest rate hikes by the Federal Reserve raised long-term rates at the start of April. However, around the end of April, US long-term rates started to decline as expectations of further monetary tightening abated. In Japan firmer expectations of a hike in interest rates have been reflected in market rates. In April–May the Japanese long-term rate rose by about 0.4 percentage point to 2.8 per cent.

Price rises accelerating in Finland

In April the Finnish consumer price index was 1 per cent above its year-earlier level (Chart 3). A slight acceleration in inflation has been anticipated for a long time. Between March and April, the index rose by an exceptionally large amount (0.5 per cent) because the rise in housing prices in the first quarter of 1997 was included in its entirety in the April index. The impact of housing prices on the twelve-month change in the CPI has until recently been partly offset by a declining trend in lending rates. However, this offsetting effect is now rapidly abating. In addition to housing-related costs, prices of beverages and tobacco and costs of health and medical care have also risen by more than 1 per cent. In other commodity groups, the twelve-month rise in prices has been slower than the overall rise in prices.

In March the indicator of underlying inflation (IUI) was only 0.1 per cent above its year-earlier level. The notable differences in changes in the IUI and the CPI are due to increases in the tax rate index and in capital costs of housing, both of which are excluded from the IUI. The trend in housing prices means that CPI inflation will stay above IUI inflation for the next several months.

According to the harmonized consumer price index, Finland's twelve-month inflation was 0.9 per cent in April. The importance of the index is increasing because it is used to measure compliance with EMU inflation criteria.

The subdued trend in prices during the early months of the year has been based on continued stability of foreign trade prices and producer prices in the manufacturing sector. Wage drift has also remained moderate. As regards foreign trade, the prices of certain raw materials imports have risen, whereas the price of crude oil has come down. On the export side, the downtrend in prices of pulp and paper industry products has come to a halt. Despite the strengthening of the US dollar, foreign

Chart 2.

Yields on 10-year government bonds



Chart 3.

Consumer prices



Chart 4.

Housing prices



trade prices are not expected to be subjected to notable upward pressure even later this year. Productivity growth in manufacturing will remain good, and thus we can anticipate continued stability in producer prices.

During the recession, production capacity in the construction industry declined. Individual bottlenecks will begin to appear as construction activity accelerates. This will be reflected in longer delivery times and upward pressure on prices. The overall price rise in the construction industry has nonetheless been moderate; in March the construction cost index was 2.1 per cent above its year-earlier level. Price developments in building materials have not however followed a consistent pattern. The prices of some products, such as sawn goods, have risen very rapidly, whereas prices of electrical equipment and plastic tubes have fallen. So far, the rise in the tender-price index for new structures has been quite moderate.

The sharp rise in housing prices was anticipated, which can be largely explained by the fall in the level of real interest rates (Chart 4). Real housing prices have risen to their level of the early 1980s, from which they started to soar in 1987. Along with the recovery of demand and prices, new housing construction has also picked up. Local price developments have varied, with prices rising mainly in rapidly growing areas.

Although the rise in housing prices as such cannot be considered a sign of a general pickup in inflation, it may influence inflation in the long run,

via inflation expectations as well as demand effects. However, no indications of this have yet been detected.

Wage developments have remained moderate under the currently valid agreements. With wage drift remaining moderate, wage developments have evened out across the different sectors. Owing to the very low inflation, real wages have risen apace.

In addition to demand pressures, next year's inflation will depend largely on future wage developments. Measures reducing structural unemployment are required in order to continue to avert labour market bottlenecks.

Production continues to expand at a rapid pace

Consumer confidence again reached a record high in April. Consumers estimated that the economic situation in Finland had improved further and that growth would continue, albeit at a slightly slower pace, during the next twelve months. Almost every second household considered the time propitious for making larger purchases.

According to Statistics Finland's monthly indicator, total output increased by 4.6 per cent in February 1997 compared with February 1996. Output expanded in agriculture and forestry at the same rate as total output; in construction the growth was slightly faster than for total output and in the retail sector slower.

Statistics Finland's workday-adjusted index showed a twelve-month growth rate for industrial output of 8.8 per cent in March. Manufacturing output grew even faster. The March figure for the growth rate was surprisingly high, especially considering that the comparative figure for March 1996 was already high. After a temporary deceleration in the early months of the year, output has returned to a path of robust growth. Growth had been especially brisk in the metal industry and in the wood and paper industries.

A survey of business confidence (incl. the construction sector) conducted by the Confederation of Finnish Industry and Employers indicated that business prospects have continued to improve in the first quarter of this year, although the previous peak of 1994 has not yet been reached. There was a slight increase also in an index of manufacturers' production expectations based on volumes of orders and stocks. Nor does there seem to be any threat to output growth on the horizon for the coming months: the quarter/quarter increase in the volume of manufacturing orders was the best so far in the 1990s.

According to Statistics Finland's workforce survey, the unemployment rate has fluctuated slightly above 15 per cent during the three first months of the year. The construction industry again recorded the highest unemployment rate, still almost one-third. The most important aspect in labour market

developments has however been the continuing steady growth in the number of employed persons, most notably in the service sector. The number of employed has grown by almost 2 per cent compared to last year.

The Ministry of Labour reported that the number of unemployed job-seekers continued to decline in April. The seasonally adjusted unemployment rate fell to 16.8 per cent. The acceleration of manufacturing output has also been reflected in a contraction in layoffs.

Current account surplus still large – central government deficit still a serious problem

The current account surplus for 1996 was 3.5 per cent of GDP. The surplus on the balance of trade, which was even bigger, offset in particular a substantial deficit on the investment income account. Breaking with historical precedent, Finland has embarked on an economic boom in the face of a current account surplus.

The current account will record a surplus again in 1997. The cumulated surplus for January–March amounted to FIM 3 billion. Despite the decrease in export prices and a slight increase in import prices, the surplus on the balance of trade amounted to almost three times the current account surplus. It is noteworthy that export prices rose in April on the previous month, partly owing to the strengthening of the dollar, whereas import prices decreased because of a fall in the price of crude oil. The services account was again almost in balance, but the deficit on the investment income account remained large owing to interest expenses on the external debt.

In early May, the finance ministers of the EU member states agreed unanimously that Finland is no longer plagued by an excessive public sector deficit. Despite this, the central government deficit continues to be a serious problem. According to the finance ministry's final accounting figures, the central government's revenue deficit decreased by

FIM 16 billion compared to the previous year, amounting to FIM 33 billion. At the end of 1996 the central government debt stood at almost FIM 400 billion or 69.5 per cent of GDP.

The central government's cash revenue grew by 13.5 per cent in 1996 compared to 1995. Receipts from income and wealth taxes grew by a fifth. Receipts from direct taxes were boosted by an increase in aggregate wages and large corporate tax revenue. Receipts from direct taxes were also influenced by the low comparison basis in 1995 (due to the payment of two tax refunds). Automobile tax revenue increased by a third. The central government's other income also increased considerably as a result of share sales by the government and early repayment of government housing loans.

The central government's cash expenditure (excl. financial transactions) grew sluggishly, by slightly over 1 per cent, in 1996 compared to 1995. It is estimated that spending cuts have reduced expenditure by about FIM 10 billion. Consumption expenditure grew by about 2 per cent in real terms. Expenditure on acquisitions of equipment by the defence forces grew by a fifth and pension expenditure also continued to grow in real terms. The number of staff decreased, but nominal staff expenditure remained unchanged. Transfer payments to households decreased as unemployment expenditure contracted. Transfer payments to municipalities also declined as a result of spending cuts. Interest expenditure continued to grow rapidly with the increase in central government debt.

30 May 1997

-
- Key words: inflation, monetary policy, economic performance.

The present situation of Finnish banks and possible impacts of EMU

by Heikki Koskenkylä, Head of Department and Jukka Vesala, Project Supervisor
Financial Markets Department
Bank of Finland

After weathering years of banking crisis, Finnish banks returned to profitability in 1996 (Table). The combined operating profits of banks in 1996 were nearly FIM 5 billion more than in 1995, and profits of all large banks increased. The 1995 results included a large loss (FIM 2.4 billion) booked early in the year by Kansallis-Osake-Pankki, prior to its merger with Union Bank of Finland to form Merita Bank. Combined operating profits in the banking sector have been positive since mid-1995. However, return on equity (ROE) was 7.5 per cent in 1996, a barely passing grade by international standards.

Last year's profits helped raise the combined solvency ratio of banks to 12.3 per cent. Indeed, the actual improvement in solvency was even greater, because the 1996 figure also includes for the first time market risks in the capital requirement in accord with an EU directive. Finnish deposit banks still owe FIM 6.6 billion granted by the government as capital support in 1992 to avoid a credit crunch. Without government capital support, the combined solvency of banks would be 10.6 per cent.

A reduction in loan losses improves results

Loan and guarantee losses in 1996 fell to about half the 1995 level – or about a fifth of their level at the peak of the banking crisis. The decline is mainly due to significant improvement in the quality of the lending stock of banks. Even though banks still booked massive loan losses in 1996, their exposure to credit risks has been reduced as firms have continued to enjoy healthy profitability and improved equity-to-debt ratios.

After a brief slowdown in the first half of 1996, Finnish economic growth surged ahead. This growth has shown up in the recovery in lending stock. Indeed, growth in total output accelerated to a more than five per cent annualized rate. The recovery of the lending stock was further helped by an approximately three-percentage-point fall in short-term market rates since mid-1995. The bulk of bank loans (about 70 per cent) is tied to short-term market rates, either directly or indirectly through prime rates quoted by individual banks.

While earlier reduction in nonperforming assets roughly matched the amount of booked loan losses, nonperforming assets were reduced in 1996 at a rate more than double the rate loan losses were booked. The banks also made substantial recoveries on claims previously booked as loan losses.

Nonperforming household loans have declined more slowly than corresponding corporate loans, in part due to Finland's persistent high unemployment. With an increasing share of payment defaults in the household sector, booked loan losses can be expected to decline. This is because the rescheduling of household loans is more common than rescheduling of corporate loans. Household loans

Table. Profitability of Finnish deposit banks* in billion FIM

| | 1992** | 1993** | 1994** | 1995** | 1996** |
|--|--------------|-------------|-------------|-------------|------------|
| Net income from financial operations | 10.7 | 13.0 | 13.7 | 12.4 | 11.1 |
| Other income | 9.5 | 9.7 | 8.6 | 8.2 | 10.4 |
| Total income | 20.2 | 22.7 | 22.3 | 20.6 | 21.5 |
| Operating expenses | 14.9 | 15.3 | 16.4 | 15.5 | 14.3 |
| Depreciation | 1.9 | 1.9 | 1.5 | 1.7 | 2.1 |
| PROFIT BEFORE LOAN AND GUARANTEE LOSSES | 3.4 | 5.5 | 4.4 | 3.4 | 5.1 |
| Loan and guarantee losses | 14.0 | 14.7 | 11.2 | 6.2 | 3.2 |
| OPERATING PROFIT/LOSS | -10.6 | -9.2 | -6.8 | -2.8 | 1.9 |
| Balance sheet total | 688.9 | 726.8 | 667.8 | 616.6 | 601.5 |
| Nonperforming assets, net | 38.1 | 35.9 | 25.4 | 19.6 | 12.3 |
| (BIS) risk-weighted assets and liabilities | 404.7 | 488.5 | 419.5 | 371.7 | 380.4 |
| Solvency, % (BIS) | 10.7 | 10.7 | 11.7 | 12.0 | 12.3 |

* Commercial banks as groups, Okobank and each of the cooperative banks as separate entities (compensation by the mutual insurance company of cooperative banks is entered as a decrease in loan losses and reimbursements by the security fund of cooperative banks as extraordinary income, which does not show up in the operating profit/loss).

** Excl. Siltapankki, Savings Bank of Finland (SBF) and Asset Management Company Arsenal Ltd.

Source: Financial Supervision Authority.

are often better collateralized and the collateral value of properties increases when, as currently, the housing market revives.

The ratio of nonperforming assets to the lending stock of banks still slightly exceeds the three per cent level considered as a normal ceiling. If economic conditions continue favourable, the three per cent level should be achieved before the end of this year.

Major downsizing cuts operating costs

All major banks have implemented major restructuring programmes. Compared to peak levels, staffing has been cut on average by about 40 per cent and the number of branches by more than 30 per cent (Chart 1). Indeed, no other industrialized nation has seen such radical downsizing of its banking sector. Merita Bank implemented the most extensive staff reductions and consolidation of its branch network as redundant functions of Kansallis-Osake-Pankki and Union Bank of Finland were eliminated after the merger.

It naturally takes time before restructuring lowers operating costs. Substantial nonrecurrent expenses were also incurred with the Merita Bank merger. Even so, bank operating costs were about FIM 2 billion less in 1996 than in 1994.

Income from financial operations down, total income boosted by securities trading

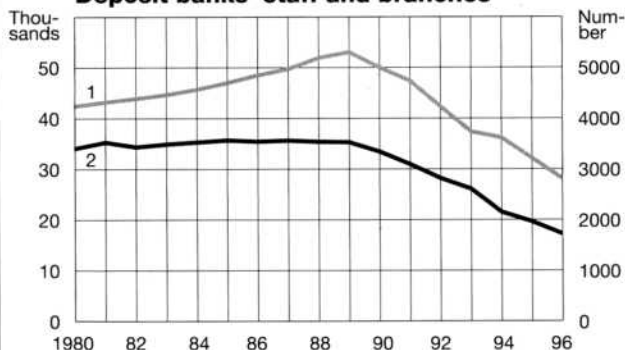
The annual net income of banks from financial operations decreased further in 1996 due to a shrinking lending stock and narrowing of the interest rate margin (Chart 2). In addition, banks paid FIM 300 million in interest on capital support from the state for the first time.

Narrowing of the interest rate margin has resulted from tightening competition over the supply of debt finance, particularly corporate loans (Chart 3), and from a fall in short-term market rates. The average interest rate on lending follows changes in market rates more closely than the average interest rate on deposits. This is due to interest rate linkages: almost a half of deposits in Finland are kept in tax-exempt transaction accounts where the interest rate does not immediately react to changes in market rates (Chart 4).

The net income of banks from financial operations was not longer falling at the end of 1996. The interest expenses of banks have fallen, because the share of low-yielding transaction accounts in bank funding has increased considerably, due to the lowering of interest rates and structural changes in deposit income taxation. All fixed-term deposits that still enjoy tax-exempt status will mature by the end of 1997. Banks have also lowered the rates of interest on transaction accounts. In addition, outstanding markka lending has started to increase as a result of a pickup in credit demand (Chart 5), and

Chart 1.

Deposit banks' staff and branches

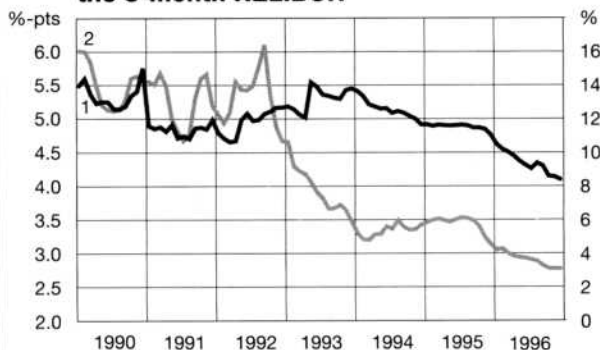


1. Staff (left scale)
2. Branches (right scale)

Source: Finnish Bankers' Association

Chart 2.

Bank lending - borrowing* margin and the 3-month HELIBOR

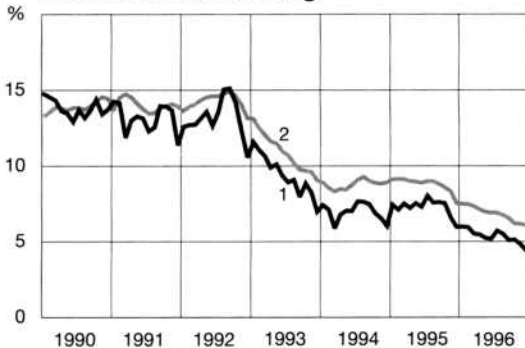


1. Lending-borrowing margin (left scale)
2. 3-month HELIBOR (right scale)

*Markka lending and borrowing stocks.

Chart 3.

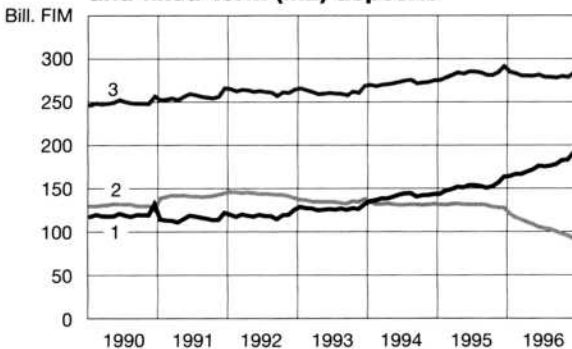
Banks' average rate on new corporate and household lending



- 1. Corporate lending, avg rate
- 2. Household lending, avg rate

Chart 4.

Deposit banks' markka transaction (M1) and fixed-term (M2) deposits



- 1. Transaction deposits
- 2. Fixed-term deposits
- 3. Total markka deposits

low-yielding assets and related financing costs have decreased. The rise in credit demand has been the most visible in housing loans, reflecting a recovery in the housing market.

Historically, net income from securities transactions has constituted a relatively small source of additional income for banks, but actual amounts have fluctuated considerably from one year to the next. In 1996, net income from securities transactions was exceptionally good, up from FIM 0.5 billion in 1995 to about FIM 2.2 billion. The rise was especially helped by increased valuations of bond portfolios as long-term rates fell, and substantial gains from securities trading. Combined income from securities transactions in 1995 was considerably reduced by large trading losses posted by the New York branches of Kansallis-Osake-Pankki and Postipankki.

Commission and fee income also increased in 1996 by about 10 per cent to around FIM 5.1 billion, reflecting a pickup in economic activity and credit demand. Overall, the increase in other income was so substantial in 1996 that it more than offset the fall in net income from financial operations.

Strong economy keeps short-term outlook positive

The current outlook for the Finnish economy is bright with rapid growth expected to continue. Such conditions support recovery of the Finnish banking sector, and thereby provide an important opportunity to strengthen bank solvency.

Economic forecasts indicate credit demand should grow. Households now have more disposable income, building starts are up and housing prices are rising. While no distinct upward trend in credit demand has yet appeared, it can be assumed that continued recovery of the real estate market will give banks a chance to sell off some of the huge mass of housing acquired through foreclosure earlier in this decade.

A strong economy should also help cut loan losses, and bank operating expenses will continue to decrease as restructuring measures take full effect.

With credit risk now considerably lower than before the banking crisis, even economic performance, which was weaker than forecast, would not, under the present circumstances, affect the volume of loan losses as it did at the beginning of the 1990s. Should the economy falter, it would mostly hurt bank income and create pressures for banks to cut costs further. Increased competition also has the potential to harm bank profitability, especially in the retail banking sector, as it forces continued narrowing of the interest rate margin. Nevertheless, competition is probably here to stay, given the progress towards EU integration and greater foreign competition. Finnish banks may simply have to learn to live with narrower margins than they do today. The rapid growth of mutual funds and other

nondeposit funding may also increase bank funding costs to some extent.

Continuous adaptation as a way of life

Financial markets are experiencing a vast global transformation. In Europe, the further integration of the financial markets in Stage Three of EMU and the changeover to a single currency are notable. There are many other forces, of course, changing the face of banking – some more powerful than EMU. In any case, it is clear that banking sector will have to assess its operations, organizational structures and deployment of resources in yet a new light.

Technological development has had a major impact on banking. Further advances in information technology will continue to promote automation of financial services, and thus will obviate much of traditional banking. The traditional branch network has lost, and will continue to lose, competitive significance.

International financial services now provide large customers access to most of the world's wholesale money markets, stock markets, and derivative exchanges. Large banks act globally. By contrast, retail banking is still largely controlled by national financial institutions.

The deregulation of interest rates and capital flows in Finland during the latter half of the 1980s permanently altered the competitive environment, bringing with it many new market and operating risks as the business became more complex.

The banking sector will also face increasing competition from other business sectors intrudes. For example, insurance companies already offer services quite similar to bank services including savings schemes, private pension insurance and investment services. In many countries, retailers also compete with the banking sector, going so far as to establish banks of their own. Many large corporations have established their own finance companies, and telecoms in large nations now offer payment transfer services. Clearly, the comfortable dominance of domestic banks in the supply of financial services is under attack from all sides.

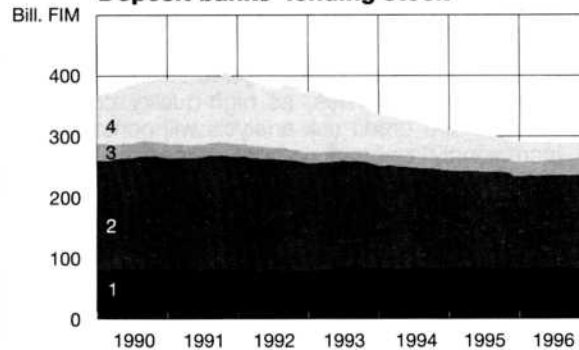
Single currency increases international competition

EMU will further integrate financial markets of the participating countries and consequently tighten competition. The effects of Stage Three of EMU will be felt first and most intensely in the wholesale banking sector and in corporate banking services.

With the changeover to the euro, national currencies (the main obstacle to easy universal access among EU Member States to each others' domestic money and bond markets) will disappear. In time, we can expect supranational integration of national payment and settlement systems and trading rules. At that point, we could speak of pan-European securities markets.

Chart 5.

Deposit banks' lending stock



1. Corporate lending
2. Household lending
3. Other lending
4. Foreign currency-denominated lending

The integration of the markets will boost the supply of alternative financial services and investment alternatives, because cross-border sales are facilitated by the elimination of foreign exchange and interest rate risks. Further, banks operating in integrated markets must seek to exploit scale advantages. Local banks will also face greater competition as large international banks enter the market. Customers can expect prices of financial services to fall, even while the quality and availability of such services increase.

Along with monetary union, the liquidity of the money and capital markets will grow substantially due to the increase in the number of financial instruments denominated in the same currency and the number of market participants trading in the same currency. Finnish investment in foreign securities will increase, as will foreign investment in Finland. Cross-border diversification of investment portfolios within the euro area will increase as currency risks diminish.

Issuers of securities and investors in smaller countries, in particular, will benefit from this development. A large, liquid and integrated capital market is likely to induce Finnish firms to finance their investments directly from the market through debt securities and equity issues. This will further decrease the demand for bank loans and increase the demand for investment bank services. In addition, the demand for credit ratings of firms will grow. In this area, the operations of domestic banks are like-

ly to increase, even in the face of ever-tightening competition from foreign institutions.

In the euro area, the pricing of credit risks becomes more important as other risks such as national currency risks and interest rate risks disappear. Banks will probably expand their own corporate analysis activities, as high-quality corporate analysis and credit risk analysis will constitute an increasingly important competitive capability. Competition among banks for financing of small and medium-sized firms will thus intensify, as large, well-known companies increasingly finance themselves directly from capital markets.

In retail banking, the domestic market (insurance companies, mutual funds and retail trade) will continue to generate the highest competition pressure in the short term. The changeover to euro will obviously facilitate operations of foreign banks in the retail banking market, although it is not necessarily a critical factor for their expansion. There are still many service-intensive products that require physical proximity to the customer. Rather than attempting to provide a broad slate of services, foreign players may go after the best-quality customers of local banks or offer only a standardized product slate. In the long term, the growth in foreign supply and new distribution and payment transfer technology may also have a substantial impact on retail banking. Young people readily adopt new approaches to banking, further facilitating change.

Efficiency in banking operations gains importance as competition stiffens, as only efficient banks will have the potential for profitable business. The efficiency of the Finnish banking sector has improved clearly over the last two years and has already reached the European average. However, other Nordic banks are clearly more efficient than Finnish banks. To stave off increased market penetration by these close-by competitors, Finnish banks must continue to work hard at improving their operational efficiency. This may involve further downsizing of staff and branch net-

works. On the other hand, efficiency gains require a continuous development of the skills of bank staff, which means that the share of expert staff in banks will grow.

The Finnish banking sector has undergone major restructuring, brought about not only by the banking crisis, but also through the push for greater operational efficiency and preparation for the competitive environment of the single European market. The contraction of the savings bank sector, the Merita merger and the regrouping of the cooperative banks all constitute major structural changes. Foreign banks have increased their operations in Finland, so far mainly in the wholesale and corporate banking sector.

From the point of view of regulation (including taxation) and supervision, EMU will increase the pressure for harmonization in Europe as well as globally. Differences in Member State legislation can easily lead to regulatory arbitrage, ie the shifting of the supply of services to less regulated and supervised environments. At the same time, the need for international cooperation among supervisory entities will increase. The increasing supply of financial services online and via dedicated networks presents a new important challenge for supervision. It is becoming increasingly important to strengthen corporate governance, ie the control mechanisms of the owners and market participants as business activities become more complicated and the opportunities for taking on risk increase.

5 May 1997

• Key words: banking, profitability, EMU

Item

Commemorative coin for the centenary of the birth of Paavo Nurmi

In celebration of Paavo Nurmi 100 years, the Mint of Finland Ltd has struck a silver coin designed by the sculptor Erkki Salmela. The denomination of the (legal tender) coin is FIM 100, and it was issued on 22 May 1997.

Paavo Nurmi – known as the flying Finn – was the king of the long-distance runners. He won nine gold medals and three silver medals in Olympic competition and set over 20 world records.

After his running career ended, Nurmi coached the outstanding Finnish long-distance running team at the 1936 Olympic Games in Berlin. Throughout the remainder of his life, Paavo Nurmi was a great fitness enthusiast and a successful businessman. He died in 1973.

A limited lot of up to 50 000 commemorative coins has been minted, as well as a special proof quality lot of up to 10 000 coins. The coin has a silver content of 925 o/oo, diameter of 35 mm and weight of 22 grams.

The reverse of the coin shows Paavo Nurmi running, with his legendary, expressionless face. The background is the face of a stopwatch, its hands showing the time for his mile run at the Stockholm stadium – 4 min. 10.4 sec. – as well as nine laurel leaves symbolizing his nine Olympic gold medals. The two woman gymnasts on the obverse symbolize Nurmi's ideal – complete control over one's body.

Foreign sales are handled by the Mint of Finland Ltd.



Measures concerning monetary and foreign exchange policy and the financial markets

1996

FEBRUARY

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

MARCH

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

MAY

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

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

JUNE

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

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

JULY

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

AUGUST

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

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

SEPTEMBER

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

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

OCTOBER

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

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

Monetary policy instruments – May 1997

The Bank of Finland's monetary policy objective is to stabilize the inflation rate at about 2 per cent. This corresponds to the price stability objectives of the major ERM countries. Finland joined the Exchange Rate Mechanism (ERM) of the European Monetary System (EMS) on 14 October 1996. In this regard, Finland's monetary policy remains unchanged, although membership underlines the importance of exchange rate stability. The central rate for the markka is FIM 5.85424 per ECU and the corresponding central rate against the Deutschmark is FIM 3.04. The Bank of Finland is responsible for ensuring that the markka remains within the ± 15 per cent fluctuation margin vis-à-vis the other ERM currencies.

The Bank of Finland's instruments of monetary policy comprise market operations, minimum reserve requirements imposed on the banks and the Bank of Finland's liquidity credit facility.

Through its market operations, the Bank of Finland can on its own initiative have an immediate impact on banks' liquidity, short-term market rates and the exchange rate. Money market operations are usually conducted via tenders. Changes in the tender rate have immediate effects on money market rates and through them on banks' lending and deposit rates. The Bank of Finland can also affect the exchange rate when this is deemed appropriate.

The minimum reserve requirement is used to affect both the demand for central bank financing and banks' lending possibilities. Because required reserves held at the central bank do not bear interest, the system also supports the central bank's profitability. Fulfilment of the reserve requirements on the basis of averaging facilitates banks' management of payment transactions.

The liquidity credit facility consists of liquidity credit granted by the Bank of Finland when needed and deposits of excess reserves at the Bank. The main function of this facility in respect of an individual bank is to safeguard its liquidity in the event of an unexpected change in liquidity conditions. The rates of interest on liquidity credit and excess reserves, which are decided by the central bank, usually form the upper and lower limits for the short-term market rates.

Banks wishing to participate in the Bank of Finland's money market operations and to gain access to the liquidity credit facility are required to have a current account at the Bank of Finland. By means of a current account, a bank is able to effect payment transactions with the Bank of Finland and other current account holders in a safe, efficient manner.

The base rate, which is set by the Bank of Finland and was formerly an important reference rate. It is however gradually being superseded by market rates and has hardly any practical importance in the determination of new lending and borrowing rates.

Minimum reserve system

By virtue of the Act on the Bank of Finland, a deposit bank or branch of a foreign credit institution which carries on deposit banking activities in Finland must hold non-interest-bearing reserves at the Bank of Finland. The maximum reserve requirement is 5 per cent of the mandatory

reserve holder's debt. The reserve requirement is calculated against the reserve base as at the last day of each calendar month. The reserve requirement based on the reserve base effective at the end of a given month must be met during the second calendar month following such effective date. Thus the lag between the effective date of the reserve base and the end of the corresponding reserve maintenance period is about 60 days.

The reserve requirement is graded according to the composition of a bank's funding so that the more liquid an item, the larger the reserve requirement. The reserve requirement on deposits payable on demand (ie liquid deposits) is 2 per cent, on other deposits 1.5 per cent and on other balance sheet items 1 per cent. At the end of April 1997, the sum total of required reserves was FIM 6.6 billion and the weighted average reserve requirement 1.7 per cent.

A bank with a current account at the Bank of Finland can meet its reserve requirements by maintaining the monthly average of its daily balances at least as high as the minimum reserve requirement. Thus banks may use funds in their current accounts for effecting payments so long as the average monthly balances meet their respective reserve requirements on the last banking day of each month. Banks that do not have a current account at the Bank of Finland or use another bank as their central bank deposit their reserves in special minimum reserve accounts at the Bank of Finland.

The minimum reserve requirement applies to the following banks:

Aktia Savings Bank Ltd
Bank of Åland Ltd
Banque Indosuez Helsinki Branch
Citibank International plc Finland Branch
Den Danske Bank Helsinki Branch
Gyllenberg Private Bank Oy
Interbank Ltd
Merita Bank Ltd
OP-Homebank Ltd
Okobank
Okopankki Oy, an Okobank subsidiary
Postipankki Ltd
Skandinaviska Enskilda Banken Helsinki Branch
Skopbank
Svenska Handelsbanken AB,
Branch Operation in Finland
Other cooperative banks and savings banks

Market operations

The Bank of Finland affects interest rates and exchange rates by means of market operations, ie by dealing in securities or foreign exchange assets with its selected counterparties.

Money market operations can be carried out in the form of either bilateral money market transactions or tenders. Tenders, in which the Bank of Finland lends money to the banks, are carried out via repurchase (repo) transactions. In order to drain liquidity from the banking system, ie collect deposits from banks, the Bank of Finland generally sells its own CDs via tenders.

In a volume tender, the Bank of Finland announces the tender rate in advance, and the banks submit bids for the volumes they wish to transact. In an interest rate tender, banks bid by both rate and volume, and the Bank of Finland's tender rate becomes the weighted average of accepted bids. The tender rate applies to one-month maturity and is expressed as an annual rate. Short-term market rates move in line with the tender rate. On 30 April the tender rate was 3.00 per cent.

The Bank of Finland may accept as money market counterparties credit institutions that are subject to minimum reserve requirements and which the Bank of Finland considers to be otherwise qualified to operate as counterparties. A counterparty is required to have a current account at the Bank of Finland and adequate technical facilities and to be an active and important money market participant. Counterparties in outright bilateral trades are also required to act as market makers¹ for money market instruments and to observe the money market rules and code of conduct. At its discretion, the Bank of Finland may also accept as counterparties market participants that are not subject to minimum reserve requirements.

The following banks have been accepted as counterparties for money market operations:

Aktia Savings Bank Ltd
Bank of Åland Ltd
Merita Bank Ltd
Okobank
Postipankki Ltd
Skandinaviska Enskilda Banken Helsinki Branch
Svenska Handelsbanken AB,
Branch Operation in Finland

Normally, the instruments accepted for the Bank of Finland's outright money market transactions are Treasury bills and Bank of Finland certificates of deposit. In special cases, other money market instruments can be approved for use in outright transactions.

Acceptable underlying assets for repo transactions comprise Bank of Finland CDs, benchmark government bonds, Treasury bills, notes issued by Asset Management Company Arsenal, and CDs issued by banks that operate as money market counterparties.

In repo transactions, haircuts are set according to issuer and maturity as follows:

| Issuer | | Short-term 12 months or less | Long-term over 12 months |
|-----------------|----------------------------|------------------------------------|--------------------------------|
| Bank of Finland | CDs | 0 % | |
| Government | Treasury bills | 0 % | |
| | Benchmark government bonds | 0 % | 5 % |
| Arsenal | Notes | 5 % | |
| Banks | CDs | 5 % | |

The Bank of Finland conducts foreign exchange operations with the banks primarily when it wants to influence the exchange rate. The Bank attempts to even out wide fluctuations in the exchange rate and, in the context of the ERM, it is responsible for keeping the markka's exchange

value against other ERM currencies within the allowed ± 15 per cent fluctuation margins. In addition, the Bank of Finland may convert currencies that the central government has borrowed from abroad into markkaa and sell foreign exchange to the central government as needed to service loans.

The Bank of Finland requires that its counterparties in foreign exchange operations act as market makers for the Finnish markka. The following banks have been accepted as counterparties for outright foreign exchange operations:

Merita Bank Ltd
Okobank
Postipankki Ltd
Skandinaviska Enskilda Banken Helsinki Branch
Svenska Handelsbanken AB,
Branch Operation in Finland

Liquidity credit facility

Upon application, the Bank of Finland may grant access to the liquidity credit facility to any credit institution which is subject to the minimum reserve requirement and has a current account at the Bank of Finland. The facility enables the credit institution to obtain liquidity credit or accrue interest on its excess reserve deposits at the Bank of Finland.

Liquidity credit must be fully collateralized and the applicable interest rate is tied to the Bank of Finland's tender rate. On 28 February the rate on liquidity credit was 5.00 per cent, ie the margin versus the tender rate was 2 percentage points. The maturity for liquidity credit may be 1, 7, 14, 21 or 28 days. The maturity and other terms and conditions are decided by the Bank of Finland. Since October 1992 the maturity has been 7 days.

If the monthly average of a bank's daily current account balances exceeds the bank's reserve requirement, the bank is considered to have excess reserves. The Bank of Finland may separately decide to pay interest on excess reserves; on 28 February the rate was 1.0 per cent.

The following banks have been granted access to the Bank of Finland's liquidity credit facility:

Aktia Savings Bank Ltd
Bank of Åland Ltd
Banque Indosuez Helsinki Branch
Citibank International plc Finland Branch
Den Danske Bank Helsinki Branch
Interbank Ltd
Merita Bank Ltd
Okobank
Postipankki Ltd
Skandinaviska Enskilda Banken Helsinki Branch
Svenska Handelsbanken AB,
Branch Operation in Finland
Skopbank

Current account system

The Bank of Finland's current account system is an essential part of the payment and clearing system in Finland. Payments effected in the system can be divided into three main types: (1) business transactions between the Bank of Finland and the banks, ie payments related to monetary policy and maintenance of the money supply, (2) interbank payments and (3) payments related to clearing and settlement systems, including cover for interbank settlement of trades effected via the Finnish Central Securities Depository.

Upon application, the Bank of Finland may open a current account for any Finnish or foreign credit institution

¹ Functioning as a market maker means that the counterparty is able to give binding buy/sell quotes on the securities or foreign currencies in question.

operating in Finland which is subject to minimum reserve requirements and which fulfils certain other requirements. The credit institution must be subject to supervision by the Financial Supervision Authority or to other comparable public supervision. It must meet the capital adequacy requirements laid down in the Credit Institutions Act and its own funds must amount to at least FIM 30 million. For special reasons, the Bank of Finland may at its discretion open current accounts for other institutions participating in the financial markets.

Upon application, the Bank of Finland may also grant an intraday credit limit on the current account of a credit institution subject to minimum reserve requirements if such account holder provides the Bank of Finland full collateral for the credit limit in accordance with the Bank's guidelines.

At the beginning of May 1997, the Bank of Finland abolished the application procedure for changes in intraday overdraft limits on current accounts. Credit institutions entitled to intraday credit can now change their limits by notifying the Bank of Finland of the requested limit and posting the necessary Bank-approved collateral. As a result, banks are able to manage their liquidity more flexibly in accord with their own needs.

Current account holders have workstations linked to the Bank of Finland's current account data base via a data communications network. Current account holders themselves effect payments to other current account holders via their workstations.

The following entities have a current account at the Bank of Finland:

Aktia Savings Bank Ltd
Asset Management Company Arsenal Ltd

Bank of Åland Ltd
Banque Indosuez Helsinki Branch
Citibank International plc Finland Branch
Den Danske Bank Helsinki Branch
Finnish Central Securities Depository Ltd
Finnish Export Credit Ltd
Gyllenberg Private Bank Oy
Interbank Ltd
Merita Bank Ltd
Okobank
Postipankki Ltd
Skandinaviska Enskilda Banken Helsinki Branch
Skopbank
SOM Ltd, Securities and Derivatives Exchange,
Clearing House
State Treasury
Svenska Handelsbanken AB,
Branch Operation in Finland

Base rate

The Parliamentary Supervisory Council decides on the Bank of Finland's base rate upon a proposal of the Board of the Bank of Finland. The base rate is used as a market reference rate. About 17 per cent of outstanding deposits and 17 per cent of lending is tied to the base rate, but only 2.0 per cent of new lending is tied to it (December 1996). As from 16 September 1996, the base rate has been 4.0 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 68 % 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 21° C (70° F) in July and -3° C (25° F) in February.

Finland has a population of 5 132 320 (31 December 1996) and an average population density of 17 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 532 053 inhabitants, Espoo (Esbo) 196 260, Tampere (Tammerfors) 186 026, Vantaa (Vanda) 168 778 and Turku (Åbo) 166 929.

There are two official languages: 93 % of the population speaks Finnish as its mother tongue and 5.7 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-Ugrian group of languages, which also includes Estonian and Hungarian.

Form of government

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

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

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

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

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

Finland is divided into 452 self-governing municipalities. Members of the municipal council are elected by universal suffrage for a period of four years.

International relations

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

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

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

The economy

Output and employment. Of the gross domestic product of FIM 478 billion in basic values in 1995, 2 % was generated in agriculture and fishing, 3 % in forestry, 29 % in industry, 5 % in construction, 11 % in trade, restaurants and hotels, 8 % in transport and communications, 3 % in finance and insurance, 20 % in other private services and 19 % by producers of government services. Of total employment of 2.1 million persons in 1996, 7.1 % were engaged in primary production, 27.6 % in industry and construction and 65.3 % in services.

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

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

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

Foreign trade. EU countries absorb the bulk of Finnish merchandise exports. In 1992-1996 their average share was 51.7 %. Over the same period, Finland's exports to other European countries (including Russia) accounted for 23.4 % and to the rest of the world for 24.9 %. The regional distribution of Finland's merchandise imports in the same period has been quite similar to that of exports: EU countries accounted for 51.4 %, other European countries for 24.7 % and the rest of the world for 23.9 %.

In 1996, the share of forest industry products in total merchandise exports was 30 %, the share of metal and engineering products 40 % and the share of other goods 30 %. 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 21 %.

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

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

Finance and banking

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

The Central Bank. The Bank of Finland (Suomen Pankki - Finlands Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Council, 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 Council, 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 1996). Finland has three major groups of deposit banks with a total of 1 447 offices. There are two big commercial banks with national branch networks and five smaller ones. The commercial banks have a total of 14 foreign branches, subsidiaries and associate banks and 18 representative offices abroad. There are 40 savings banks and 298 cooperative banks with their own extensive branch networks. In addition, four foreign banks have branches in Finland and nine foreign banks have representative offices.

Financial market. Of the total stock of FIM 685 billion in outstanding domestic credit at the end of September 1996, 49 % was provided by deposit banks, 5 % by insurance companies, 23 % by pension insurance institutions, 12 % by other credit institutions and 11 % by state and 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, 67 % of the instruments, which totalled approximately FIM 135 billion at end-1996, were bank certificates of deposit (including central bank paper). Other negotiable money market instruments consist of Treasury bills, commercial paper and local authority paper.

There are 71 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 285 billion (at end-1996). Domestic bonds and debentures in circulation at end-1996 totalled FIM 254 billion; government bonds made up 71 % of the total. Turnover on the Stock Exchange in 1996 amounted to FIM 102 billion; the share of shares and subscription rights in the total was approximately 99 %.

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

1. The balance sheet of the Bank of Finland

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

| | 1996 | | 1997 | | | |
|---|---------------|---------------|---------------|---------------|---------------|--|
| | 31 Dec. | 7 May | 15 May | 23 May | 30 May | |
| ASSETS | | | | | | |
| Reserve assets | 36 397 | 58 628 | 58 945 | 58 469 | 58 468 | |
| Gold | 1 742 | 1 742 | 1 742 | 1 742 | 1 742 | |
| Special drawing rights | 1 344 | 1 096 | 1 111 | 1 119 | 1 121 | |
| IMF reserve tranche | 1 953 | 1 990 | 1 989 | 1 995 | 1 998 | |
| ECU-claim on the European Monetary Institute | 2 541 | 4 004 | 4 006 | 4 007 | 4 000 | |
| Foreign exchange assets | 28 817 | 49 796 | 50 098 | 49 606 | 49 607 | |
| Other foreign claims | 3 853 | 3 946 | 3 946 | 3 946 | 3 946 | |
| Markka subscription to Finland's quota in the IMF | 3 794 | 3 886 | 3 886 | 3 886 | 3 886 | |
| Share in the European Monetary Institute | 59 | 60 | 60 | 60 | 60 | |
| Claims on financial institutions | 13 497 | 18 089 | 16 567 | 14 351 | 14 351 | |
| Liquidity credits | - | - | - | - | - | |
| Securities with repurchase commitments | 11 626 | 16 295 | 14 785 | 12 568 | 12 568 | |
| Term credits | - | - | - | - | - | |
| Bonds | 196 | 169 | 169 | 169 | 169 | |
| Other claims on financial institutions | 1 676 | 1 625 | 1 614 | 1 614 | 1 614 | |
| Claims on the public sector | 1 906 | 1 904 | 1 908 | 1 908 | 1 908 | |
| Treasury bills | - | - | - | - | - | |
| Bonds | - | - | - | - | - | |
| Total coinage | 1 906 | 1 904 | 1 908 | 1 908 | 1 908 | |
| Other claims on the public sector | - | - | - | - | - | |
| Claims on corporations | 2 266 | 1 917 | 1 912 | 1 909 | 1 909 | |
| Financing of domestic deliveries (KTR) | 70 | 50 | 46 | 42 | 42 | |
| Other claims on corporations | 2 197 | 1 866 | 1 866 | 1 866 | 1 866 | |
| Other assets | 598 | 1 051 | 894 | 881 | 915 | |
| Accrued items | 490 | 947 | 790 | 779 | 806 | |
| Other assets | 108 | 104 | 104 | 102 | 110 | |
| Valuation account | - | - | - | - | - | |
| Total | 58 518 | 85 535 | 84 172 | 81 464 | 81 497 | |
| LIABILITIES | | | | | | |
| Foreign liabilities | 5 680 | 5 127 | 5 159 | 5 214 | 5 213 | |
| Allocations of special drawing rights | 951 | 1 016 | 1 016 | 1 019 | 1 020 | |
| IMF markka accounts | 3 794 | 3 886 | 3 886 | 3 886 | 3 886 | |
| Other foreign liabilities | 934 | 225 | 257 | 309 | 306 | |
| Notes and coin in circulation | 16 891 | 16 077 | 15 975 | 15 996 | 16 068 | |
| Notes | 15 076 | 14 296 | 14 191 | 14 213 | 14 281 | |
| Coin | 1 815 | 1 781 | 1 784 | 1 784 | 1 787 | |
| Certificates of deposit | 15 530 | 41 700 | 38 100 | 34 290 | 34 760 | |
| Liabilities to financial institutions | 8 329 | 7 115 | 9 210 | 10 236 | 9 591 | |
| Reserve deposits | 6 829 | 5 615 | 7 710 | 8 736 | 8 091 | |
| Term deposits | - | - | - | - | - | |
| Other liabilities to financial institutions | 1 500 | 1 500 | 1 500 | 1 500 | 1 500 | |
| Liabilities to the public sector | - | - | - | - | - | |
| Current accounts | - | - | - | - | - | |
| Other liabilities to the public sector | - | - | - | - | - | |
| Liabilities to corporations | 574 | 211 | 205 | 201 | 197 | |
| Deposits for investment and ship purchase | 574 | 211 | 205 | 201 | 197 | |
| Other liabilities to corporations | - | - | - | - | - | |
| Other liabilities | 220 | 149 | 95 | 95 | 91 | |
| Accrued items | 193 | 115 | 67 | 67 | 62 | |
| Other liabilities | 27 | 34 | 28 | 28 | 28 | |
| Valuation account | 260 | 4 122 | 4 394 | 4 398 | 4 543 | |
| Provisions | 5 270 | 5 270 | 5 270 | 5 270 | 5 270 | |
| Pension provision | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | |
| Other provisions | 3 754 | 3 754 | 3 754 | 3 754 | 3 754 | |
| Capital accounts | 5 764 | 5 764 | 5 764 | 5 764 | 5 764 | |
| Primary capital | 5 000 | 5 000 | 5 000 | 5 000 | 5 000 | |
| Reserve fund | 764 | 764 | 764 | 764 | 764 | |
| Net earnings | - | - | - | - | - | |
| Total | 58 518 | 85 535 | 84 172 | 81 464 | 81 497 | |

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

| End of period | Foreign sector | | | | | | | Public sector | | | |
|---------------|----------------|------------------------|---------------------|--|-------------------------|----------------------------|-------------------|------------------|--------|-------------|-------------------|
| | Gold | Special drawing rights | IMF reserve tranche | ECU-claim on the European Monetary Institute | Foreign exchange assets | Reserve assets (1+2+3+4+5) | Other claims, net | Net claims (6+7) | Claims | Liabilities | Net claims (9-10) |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1992 | 2 180 | 564 | 1 732 | . | 25 041 | 29 517 | -2 998 | 26 519 | 2 446 | 90 | 2 356 |
| 1993 | 2 180 | 664 | 1 747 | . | 28 882 | 33 473 | -1 324 | 32 148 | 1 788 | 784 | 1 004 |
| 1994 | 2 180 | 1 537 | 1 354 | . | 47 672 | 52 743 | -1 114 | 51 629 | 1 806 | 93 | 1 713 |
| 1995 | 1 742 | 1 569 | 1 685 | 3 363 | 40 506 | 48 865 | -2 082 | 46 783 | 1 882 | 75 | 1 807 |
| 1996 | 1 742 | 1 344 | 1 953 | 2 541 | 28 817 | 36 397 | -1 826 | 34 571 | 1 906 | - | 1 906 |
| 1996 | | | | | | | | | | | |
| May | 1 742 | 1 474 | 1 953 | 3 002 | 27 814 | 35 985 | -1 725 | 34 260 | 6 670 | 0 | 6 670 |
| June | 1 742 | 1 243 | 1 908 | 2 964 | 26 851 | 34 707 | -2 015 | 32 692 | 6 460 | 0 | 6 460 |
| July | 1 742 | 1 187 | 1 880 | 2 642 | 26 402 | 33 854 | -2 066 | 31 788 | 6 460 | - | 6 460 |
| Aug. | 1 742 | 1 186 | 1 909 | 2 613 | 27 139 | 34 590 | -2 588 | 32 002 | 6 297 | - | 6 297 |
| Sept. | 1 742 | 1 412 | 1 928 | 2 614 | 27 619 | 35 315 | -1 774 | 33 541 | 5 998 | - | 5 998 |
| Oct. | 1 742 | 1 017 | 1 915 | 2 519 | 29 510 | 36 703 | -1 863 | 34 840 | 5 982 | - | 5 982 |
| Nov. | 1 742 | 1 044 | 1 945 | 2 541 | 29 713 | 36 985 | -2 088 | 34 897 | 5 987 | - | 5 987 |
| Dec. | 1 742 | 1 344 | 1 953 | 2 541 | 28 817 | 36 397 | -1 826 | 34 571 | 1 906 | - | 1 906 |
| 1997 | | | | | | | | | | | |
| Jan. | 1 742 | 1 370 | 1 937 | 2 528 | 54 432 | 62 009 | -1 292 | 60 717 | 1 907 | - | 1 907 |
| Feb. | 1 742 | 1 544 | 1 983 | 2 544 | 54 189 | 62 002 | -1 370 | 60 632 | 1 907 | - | 1 907 |
| March | 1 742 | 1 514 | 1 930 | 2 532 | 51 982 | 59 700 | -1 268 | 58 432 | 1 907 | - | 1 907 |
| April | 1 742 | 1 186 | 1 986 | 4 011 | 49 851 | 58 775 | -1 227 | 57 548 | 1 904 | - | 1 904 |
| May | 1 742 | 1 121 | 1 998 | 4 000 | 49 607 | 58 468 | -1 267 | 57 201 | 1 908 | - | 1 908 |

| End of period | Domestic financial sector | | | | Corporate sector | | | | |
|---------------|-----------------------------------|--|---|-----------------------|---|---------------------------------------|--------------------|-------------------------------|--|
| | Term claims on deposit banks, net | Reserve deposits of deposit banks ¹ | Other claims on financial institutions, net | Net claims (12+13+14) | Claims in the form of special financing | Special deposits and other items, net | Net claims (16+17) | Notes and coin in circulation | Out-standing CDs issued by the Bank of Finland |
| | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 1992 | 3 738 | -13 165 | 4 022 | -5 405 | 747 | -2 651 | -1 904 | 14 508 | 4 880 |
| 1993 | 7 337 | -6 398 | -463 | 476 | 496 | 720 | 1 216 | 14 994 | 14 837 |
| 1994 | 1 480 | -6 526 | -347 | -5 392 | 316 | 1 285 | 1 601 | 14 315 | 35 236 |
| 1995 | 7 076 | -15 676 | 655 | -7 945 | 185 | 1 706 | 1 891 | 15 611 | 27 090 |
| 1996 | 11 626 | -6 829 | 372 | 5 169 | 70 | 1 623 | 1 692 | 16 891 | 15 530 |
| 1996 | | | | | | | | | |
| May | 10 237 | -8 790 | 527 | 1 974 | 129 | 1 541 | 1 670 | 14 967 | 20 700 |
| June | 7 887 | -4 191 | 498 | 4 194 | 124 | 1 560 | 1 685 | 15 275 | 21 420 |
| July | 6 540 | -7 203 | 487 | -176 | 117 | 1 581 | 1 698 | 15 251 | 16 445 |
| Aug. | 9 988 | -5 400 | 472 | 5 060 | 108 | 1 592 | 1 700 | 15 201 | 21 920 |
| Sept. | 10 147 | -3 676 | 443 | 6 914 | 102 | 1 630 | 1 732 | 15 331 | 24 650 |
| Oct. | 10 683 | -5 131 | 394 | 5 946 | 92 | 1 662 | 1 754 | 15 296 | 24 920 |
| Nov. | 7 041 | -4 145 | 1 100 | 3 996 | 74 | 1 591 | 1 665 | 15 449 | 22 160 |
| Dec. | 11 626 | -6 829 | 372 | 5 169 | 70 | 1 623 | 1 692 | 16 891 | 15 530 |
| 1997 | | | | | | | | | |
| Jan. | 14 277 | -5 082 | 336 | 9 531 | 68 | 1 797 | 1 865 | 15 659 | 47 370 |
| Feb. | 12 104 | -1 404 | 324 | 11 024 | 63 | 1 856 | 1 918 | 15 590 | 47 520 |
| March | 18 158 | -10 649 | 319 | 7 828 | 59 | 1 919 | 1 978 | 16 131 | 41 950 |
| April | 17 070 | -6 717 | 294 | 10 647 | 50 | 1 784 | 1 834 | 16 064 | 41 700 |
| May | 12 568 | -8 091 | 283 | 4 760 | 42 | 1 669 | 1 712 | 16 068 | 34 760 |

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

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

| | Reserve requirement | | | Required reserves ¹ , mill. FIM | Excess reserves, mill. FIM | Total reserves, mill. FIM (4+5) | Liquidity credits, mill. FIM |
|-------|-------------------------------------|-------------------------|----------------------|---|-------------------------------|---------------------------------------|---------------------------------|
| | On deposits payable on demand, % | On other deposits, % | On other items, % | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1993 | 2.0 | 1.5 | 1.0 | 6 398 | . | . | 440 |
| 1994 | 2.0 | 1.5 | 1.0 | 6 526 | . | . | 14 |
| 1995 | I-IX X-XII | 1.5 | 1.0 | 6 557 | . | . | 123 |
| 1996 | 2.0 | 1.5 | 1.0 | 6 530 | 616 | 7 146 | 37 |
| | 2.0 | 1.5 | 1.0 | 6 652 | 440 | 7 092 | 121 |
| 1996 | | | | | | | |
| May | 2.0 | 1.5 | 1.0 | 6 624 | 105 | 6 730 | - |
| June | 2.0 | 1.5 | 1.0 | 6 689 | 481 | 7 171 | - |
| July | 2.0 | 1.5 | 1.0 | 6 728 | 139 | 6 868 | - |
| Aug. | 2.0 | 1.5 | 1.0 | 6 672 | 308 | 6 981 | 544 |
| Sept. | 2.0 | 1.5 | 1.0 | 6 636 | 1 634 | 8 270 | - |
| Oct. | 2.0 | 1.5 | 1.0 | 6 703 | 631 | 7 334 | - |
| Nov. | 2.0 | 1.5 | 1.0 | 6 596 | 136 | 6 732 | 233 |
| Dec. | 2.0 | 1.5 | 1.0 | 6 578 | 992 | 7 570 | 186 |
| 1997 | | | | | | | |
| Jan. | 2.0 | 1.5 | 1.0 | 6 560 | 423 | 6 983 | - |
| Feb. | 2.0 | 1.5 | 1.0 | 6 590 | 992 | 7 582 | - |
| March | 2.0 | 1.5 | 1.0 | 6 582 | 1 478 | 8 060 | - |
| April | 2.0 | 1.5 | 1.0 | 6 589 | 566 | 7 156 | 18 |
| May | 2.0 | 1.5 | 1.0 | 6 623 | 598 | 7 221 | - |

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

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

| During period | Purchases of money market instruments | Sales of money market instruments | Matured money market instruments, net | Money market transactions, net (1-2-3) |
|---------------|---------------------------------------|-----------------------------------|---------------------------------------|--|
| | 1 | 2 | 3 | 4 |
| 1992 | 76 230 | 137 940 | -60 417 | -1 293 |
| 1993 | 86 521 | 146 899 | -50 486 | -9 892 |
| 1994 | 35 540 | 351 820 | -295 165 | -21 115 |
| 1995 | 50 435 | 434 810 | -393 930 | 9 555 |
| 1996 | 94 080 | 250 980 | -190 562 | 33 662 |
| 1996 | | | | |
| May | 10 500 | 20 060 | -12 880 | 3 320 |
| June | 7 900 | 14 020 | -2 390 | -3 730 |
| July | 6 700 | 16 450 | -13 510 | 3 760 |
| Aug. | 14 800 | 21 920 | -9 892 | 2 772 |
| Sept. | 11 900 | 24 650 | -15 530 | 2 780 |
| Oct. | 10 600 | 24 920 | -12 030 | -2 290 |
| Nov. | 7 900 | 19 340 | -23 630 | 12 190 |
| Dec. | 12 650 | 15 530 | -6 430 | 3 550 |
| 1997 | | | | |
| Jan. | 17 100 | 47 370 | -2 780 | -27 490 |
| Feb. | 15 500 | 47 520 | -28 660 | -3 360 |
| March | 1 450 | 41 950 | -47 030 | 6 530 |
| April | 24 200 | 41 700 | -13 630 | -3 870 |
| May | 5 700 | 34 760 | -34 700 | 5 640 |

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

| During period | Intervention in the foreign exchange market | | | Spot transactions related to forward contracts, net | Central government's foreign exchange transactions, net |
|---------------|---|------------|---|---|---|
| | Spot purchases | Spot sales | Forward exchange intervention = change in forward exchange position | | |
| | 1 | 2 | 3 | 4 | 5 |
| 1992 | 20 050 | -70 640 | -1 650 | 390 | 45 060 |
| 1993 | 25 120 | -45 080 | 7 460 | -6 910 | 33 240 |
| 1994 | 20 930 | -12 900 | 9 060 | -8 930 | 24 660 |
| 1995 | 4 910 | -5 470 | -6 170 | 9 170 | -10 135 |
| 1996 | 7 360 | -7 320 | - | - | -13 868 |
| 1996 | | | | | |
| April | - | -1 100 | - | - | -1 710 |
| May | 1 200 | - | - | - | -6 230 |
| June | 240 | - | - | - | -720 |
| July | 60 | - | - | - | -50 |
| Aug. | 1 350 | - | - | - | -658 |
| Sept. | 2 310 | - | - | - | -2 210 |
| Oct. | 2 200 | - | - | - | -690 |
| Nov. | - | -480 | - | - | 30 |
| Dec. | - | - | - | - | -950 |
| 1997 | | | | | |
| Jan. | 38 340 | - | 12 620 | -12 260 | -250 |
| Feb. | - | - | 430 | - | -1 660 |
| March | 1 460 | -720 | -2 610 | 2 540 | -3 490 |
| April | - | -690 | -4 240 | 3 070 | -8 160 |

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

| Stock at end of period | Finnish banks' forward contracts | | | | | | Non-residents' forward contracts with Finnish customers (excl. Finnish banks) | | | The Bank of Finland's forward contracts | |
|------------------------|--|-------------------------------------|-----------|---|-------------------------------------|-----------|---|---|-------------------------------------|---|--------------------|
| | With Finnish customers (excl. Finnish banks) | | | With foreign customers | | | Total | | | | Net currency sales |
| | Currency purchases from Finnish customers | Currency sales to Finnish customers | Net (1-2) | Currency purchases from foreign customers | Currency sales to foreign customers | Net (4-5) | Net (3+6) | Currency purchases from Finnish customers | Currency sales to Finnish customers | Net (8-9) | Net currency sales |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | |
| 1992 | 39 195 | 32 939 | 6 256 | 21 142 | 32 339 | -11 197 | -4 941 | 1 614 | 1 929 | -315 | 7 133 |
| 1993 | 38 373 | 23 721 | 14 652 | 14 346 | 21 895 | -7 548 | 7 104 | 11 632 | 2 173 | 9 459 | 1 939 |
| 1994 | 51 096 | 22 093 | 29 003 | 19 236 | 32 791 | -13 555 | 15 448 | 18 372 | 4 780 | 13 592 | -6 080 |
| 1995 | 60 280 | 19 095 | 41 185 | 31 837 | 48 906 | -17 069 | 24 116 | 12 829 | 6 871 | 5 957 | - |
| 1996 | 53 520 | 21 793 | 31 726 | 44 068 | 72 021 | -27 953 | 3 773 | 15 871 | 6 908 | 8 963 | - |
| 1996 | | | | | | | | | | | |
| April | 65 120 | 29 781 | 35 340 | 42 328 | 63 860 | -21 532 | 13 808 | 15 326 | 8 836 | 6 490 | - |
| May | 63 924 | 29 718 | 34 206 | 43 553 | 66 290 | -22 737 | 11 469 | 17 851 | 8 327 | 9 525 | - |
| June | 60 709 | 27 714 | 32 995 | 43 406 | 61 302 | -17 896 | 15 099 | 16 731 | 8 494 | 8 237 | - |
| July | 57 388 | 27 873 | 29 514 | 42 949 | 62 681 | -19 733 | 9 781 | 16 977 | 8 127 | 8 849 | - |
| Aug. | 56 042 | 26 638 | 29 404 | 43 992 | 68 884 | -24 891 | 4 513 | 17 407 | 7 513 | 9 894 | - |
| Sept. | 54 160 | 23 422 | 30 738 | 46 476 | 69 507 | -23 031 | 7 707 | 18 761 | 7 536 | 11 225 | - |
| Oct. | 54 587 | 24 466 | 30 120 | 50 823 | 73 163 | -22 341 | 7 779 | 18 988 | 6 902 | 12 085 | - |
| Nov. | 53 072 | 22 459 | 30 614 | 51 554 | 76 001 | -24 446 | 6 168 | 18 476 | 7 649 | 10 827 | - |
| Dec. | 53 520 | 21 793 | 31 726 | 44 068 | 72 021 | -27 953 | 3 773 | 15 871 | 6 908 | 8 963 | - |
| 1997 | | | | | | | | | | | |
| Jan. | 61 066 | 21 103 | 39 964 | 61 130 | 72 501 | -11 371 | 28 593 | 18 219 | 5 597 | 12 622 | -12 185 |
| Feb. | 60 646 | 20 139 | 40 507 | 58 008 | 66 207 | -8 199 | 32 308 | 18 779 | 5 040 | 13 740 | -12 185 |
| March | 62 218 | 23 415 | 38 803 | 57 783 | 85 313 | -27 530 | 11 273 | 18 160 | 5 138 | 13 023 | -9 924 |
| April | 65 819 | 25 160 | 40 659 | 59 142 | 84 411 | -25 268 | 15 391 | 20 854 | 10 927 | 9 927 | -5 589 |

3. Rates of interest

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

| Average of daily observations | Interbank overnight rate | HELIBOR | | | | Bank of Finland rates | | |
|-------------------------------|--------------------------|---------|----------|----------|-----------|------------------------------------|----------------------------------|-----------|
| | | 1 month | 3 months | 6 months | 12 months | Liquidity credit rate ¹ | Excess-reserve rate ² | Base rate |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1992 | 13.32 | 13.49 | 13.27 | 13.08 | 12.96 | 14.90 | 7.41 | 9.17 |
| 1993 | 7.71 | 7.85 | 7.73 | 7.59 | 7.47 | 8.95 | 4.95 | 6.85 |
| 1994 | 4.38 | 5.11 | 5.35 | 5.78 | 6.33 | 7.11 | 3.11 | 5.27 |
| 1995 | 5.26 | 5.63 | 5.76 | 5.97 | 6.34 | 7.63 | 3.63 | 5.20 |
| 1996 | 3.66 | 3.58 | 3.63 | 3.74 | 3.99 | 5.57 | 1.57 | 4.38 |
| 1996 | | | | | | | | |
| May | 4.01 | 3.75 | 3.76 | 3.86 | 4.16 | 5.75 | 1.75 | 4.50 |
| June | 3.38 | 3.67 | 3.72 | 3.84 | 4.11 | 5.67 | 1.67 | 4.50 |
| July | 3.48 | 3.54 | 3.63 | 3.78 | 4.07 | 5.52 | 1.52 | 4.50 |
| Aug. | 3.94 | 3.45 | 3.54 | 3.70 | 4.00 | 5.43 | 1.43 | 4.50 |
| Sept. | 3.16 | 3.19 | 3.28 | 3.43 | 3.67 | 5.19 | 1.19 | 4.25 |
| Oct. | 3.11 | 3.04 | 3.10 | 3.20 | 3.40 | 5.03 | 1.03 | 4.00 |
| Nov. | 3.29 | 3.02 | 3.08 | 3.21 | 3.46 | 5.00 | 1.00 | 4.00 |
| Dec. | 3.11 | 3.02 | 3.08 | 3.20 | 3.40 | 5.00 | 1.00 | 4.00 |
| 1997 | | | | | | | | |
| Jan. | 2.68 | 3.02 | 3.07 | 3.16 | 3.34 | 5.00 | 1.00 | 4.00 |
| Feb. | 2.85 | 3.01 | 3.07 | 3.17 | 3.34 | 5.00 | 1.00 | 4.00 |
| March | 2.51 | 3.01 | 3.07 | 3.18 | 3.42 | 5.00 | 1.00 | 4.00 |
| April | 3.24 | 3.02 | 3.08 | 3.21 | 3.48 | 5.00 | 1.00 | 4.00 |
| May | 2.51 | 3.01 | 3.08 | 3.19 | 3.40 | 5.00 | 1.00 | 4.00 |

¹ Call money credit rate until 2 July 1992.

² Call money deposit rate until 2 October 1995.

3.2 The Bank of Finland's liquidity facility

| | The Bank of Finland's tender rate, % | | Liquidity credit: interest rate margin, %-points | Liquidity credit: maturity, days | Call money deposits: interest rate margin, %-points | Excess-reserve rate |
|-------------------|--------------------------------------|-----------|--|----------------------------------|---|---------------------|
| | | | 2 | 3 | 4 | 5 |
| 1992 ¹ | 13.85 | 1992 | +1.00 | 7 | -3.00 | . |
| 1993 | 7.87 | 1993 | +2.00 | 7 | -2.00 | . |
| 1994 | 5.11 | 1994 | +2.00 | 7 | -2.00 | . |
| 1995 | 5.63 | 1995 | +2.00 | 7 | . | 2.25 |
| 1996 | 3.57 | 1996 | +2.00 | 7 | . | 1.00 |
| 1996 | | 1996 | | | | |
| May | 3.75 | May | +2.00 | 7 | . | 1.75 |
| Jun. | 3.67 | Jun. | +2.00 | 7 | . | 1.60 |
| July | 3.52 | July | +2.00 | 7 | . | 1.50 |
| Aug. | 3.43 | Aug. | +2.00 | 7 | . | 1.25 |
| Sept. | 3.19 | Sept. | +2.00 | 7 | . | 1.10 |
| Oct. | 3.03 | Oct. | +2.00 | 7 | . | 1.00 |
| Nov. | 3.00 | Nov. | +2.00 | 7 | . | 1.00 |
| Dec. | 3.00 | Dec. | +2.00 | 7 | . | 1.00 |
| 1997 | | 1997 | | | | |
| Jan. | 3.00 | Jan. | +2.00 | 7 | . | 1.00 |
| Feb. | 3.00 | Feb. | +2.00 | 7 | . | 1.00 |
| March | 3.00 | March | +2.00 | 7 | . | 1.00 |
| April | 3.00 | April | +2.00 | 7 | . | 1.00 |
| May | 3.00 | May | +2.00 | 7 | . | 1.00 |
| 13.3.1996 | 3.75 | 13.3.1996 | . | . | . | 1.75 |
| 14.6.1996 | 3.60 | 14.6.1996 | . | . | . | 1.60 |
| 5.7.1996 | 3.50 | 5.7.1996 | . | . | . | 1.50 |
| 23.8.1996 | 3.25 | 23.8.1996 | . | . | . | 1.25 |
| 18.9.1996 | 3.10 | 18.9.1996 | . | . | . | 1.10 |
| 9.10.1996 | 3.00 | 9.10.1996 | . | . | . | 1.00 |

¹ July-December.

3.3 Weighted Eurorates and commercial ECU interest rate, per cent

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

3.4 Rates of interest applied by banks, per cent

| Average for period | Lending | | | | | Markka deposits and other markka funding | | | | | | |
|--------------------|--|-------------------|-------|--------------------|----------------------|--|---|---|---|--------------------------------------|---|--|
| | New credits | | | | Average lending rate | Of which: Commercial banks | 24-month tax-exempt deposits ¹ | 36-month tax-exempt deposits ¹ | Other tax-exempt deposits, max. rate of interest ¹ | Average rate of interest on deposits | Average rate of interest on other funding | Average rate of interest on markka funding |
| | Cheque account and postal giro credits | Bills of exchange | Loans | New lending, total | | | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| 1992 | 14.04 | 15.86 | 13.32 | 13.75 | 12.46 | 12.13 | 7.50 | 8.50 | 4.50 | 7.41 | 12.84 | 9.14 |
| 1993 | 9.69 | 13.55 | 9.40 | 9.75 | 10.20 | 9.92 | 3.50 | 4.50 | 2.00 | 4.78 | 8.86 | 6.15 |
| 1994 | 7.32 | 11.55 | 7.13 | 7.35 | 8.18 | 7.91 | 3.25 | 4.25 | 2.00 | 2.99 | 5.96 | 4.01 |
| 1995 | 7.85 | 11.33 | 7.30 | 7.46 | 8.04 | 7.75 | 2.75 | 3.75 | 2.00 | 3.13 | 6.29 | 4.08 |
| 1996 | 5.61 | 9.61 | 5.31 | 5.43 | 6.49 | 6.15 | 2.00 | 3.00 | 2.00 | 2.15 | 4.31 | 2.78 |
| 1996 | | | | | | | | | | | | |
| April | 4.83 | 8.19 | 5.71 | 5.75 | 6.77 | 6.43 | 2.50 | 3.50 | 2.00 | 2.32 | 4.71 | 2.99 |
| May | 5.96 | 9.19 | 5.59 | 5.73 | 6.64 | 6.30 | 2.50 | 3.50 | 2.00 | 2.27 | 4.59 | 2.97 |
| June | 5.31 | 10.66 | 5.35 | 5.44 | 6.55 | 6.20 | 2.50 | 3.50 | 2.00 | 2.23 | 4.10 | 2.79 |
| July | 6.26 | 9.78 | 5.48 | 5.63 | 6.48 | 6.12 | 2.50 | 3.50 | 2.00 | 2.21 | 4.29 | 2.81 |
| Aug. | 6.19 | 9.74 | 5.51 | 5.66 | 6.42 | 6.04 | 2.50 | 3.50 | 2.00 | 2.07 | 4.09 | 2.71 |
| Sept. | 6.24 | 9.95 | 4.92 | 5.06 | 6.23 | 5.87 | 2.00 | 3.00 | 2.00 | 1.93 | 3.92 | 2.52 |
| Oct. | 5.63 | 9.73 | 4.90 | 5.04 | 5.99 | 5.67 | 2.00 | 3.00 | 2.00 | 1.84 | 3.72 | 2.39 |
| Nov. | 5.12 | 9.58 | 4.87 | 4.98 | 5.94 | 5.62 | 2.00 | 3.00 | 2.00 | 1.80 | 3.77 | 2.38 |
| Dec. | 5.21 | 9.04 | 4.38 | 4.48 | 5.83 | 5.48 | 2.00 | 3.00 | 2.00 | 1.73 | 3.92 | 2.35 |
| 1997* | | | | | | | | | | | | |
| Jan. | 4.03 | 9.99 | 4.63 | 4.65 | 5.75 | 5.40 | 2.00 | . | 2.00 | 1.69 | .. | .. |
| Feb. | 5.59 | 10.01 | 4.67 | 4.79 | 5.70 | 5.36 | 2.00 | . | 2.00 | 1.61 | .. | .. |
| March | .. | .. | .. | 4.88 | 5.67 | 5.32 | 2.00 | . | 2.00 | 1.48 | .. | .. |
| April | .. | .. | .. | 4.62 | 5.63 | 5.27 | 2.00 | . | 2.00 | 1.45 | .. | .. |

¹ End of period.

3.5 Yields on bonds and shares, per cent

| Period | Bonds | | | | Shares |
|--------|---|---------|--------------------------|-------------------|-------------|
| | Reference rates calculated by the Bank of Finland | | Taxable government bonds | | Share yield |
| | 3 years | 5 years | 5 years | 10 years | |
| 1 | 2 | 3 | 4 | 5 | |
| 1992 | 13.1 | 13.0 | 12.0 | 11.5 ¹ | 2.5 |
| 1993 | 8.5 | 8.9 | 8.2 | 8.8 | 1.2 |
| 1994 | 8.5 | 9.3 | 8.4 | 9.1 | 1.0 |
| 1995 | 8.2 | 8.9 | 7.9 | 8.8 | 2.4 |
| 1996 | 5.8 | 6.8 | 6.0 | 7.1 | 2.1 |
| 1996 | | | | | |
| April | 6.1 | 7.2 | 6.5 | 7.5 | 2.7 |
| May | 6.1 | 7.4 | 6.5 | 7.4 | 1.9 |
| June | 6.0 | 7.2 | 6.3 | 7.2 | 1.9 |
| July | 5.9 | 6.9 | 6.2 | 7.1 | 1.9 |
| Aug. | 5.8 | 6.9 | 6.1 | 7.2 | 1.8 |
| Sept. | 5.4 | 6.5 | 5.6 | 6.9 | 2.4 |
| Oct. | 5.0 | 5.9 | 5.1 | 6.5 | 2.4 |
| Nov. | 5.0 | 5.9 | 5.1 | 6.5 | 2.3 |
| Dec. | 5.0 | 5.9 | 5.0 | 6.3 | 2.2 |
| 1997 | | | | | |
| Jan. | 4.8 | 5.7 | 4.8 | 6.1 | 2.2 |
| Feb. | 4.7 | 5.5 | 4.6 | 5.9 | 1.8 |
| March | 4.8 | 5.6 | 4.8 | 6.1 | 2.1 |
| April | 5.0 | 5.8 | 5.0 | 6.4 | 2.3 |

¹ November and December only.

4. Rates of exchange

4.1 Middle rates, FIM

| Average of daily quotations | New York | Montreal | London | Dublin | Stockholm | Oslo | Copenhagen | Reykjavik | Frankfurt am Main | Amsterdam | Brussels | Zurich |
|-----------------------------|----------|----------|--------|--------|-----------|--------|------------|-----------|-------------------|-----------|----------|--------|
| | 1 USD | 1 CAD | 1 GBP | 1 IEP | 1 SEK | 1 NOK | 1 DKK | 1 ISK | 1 DEM | 1 NLG | 1 BEF | 1 CHF |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 1992 | 4.4835 | 3.706 | 7.875 | 7.636 | 0.7714 | 0.7222 | 0.7444 | 0.0778 | 2.8769 | 2.5552 | 0.1397 | 3.2000 |
| 1993 | 5.7189 | 4.434 | 8.582 | 8.371 | 0.7350 | 0.8059 | 0.8822 | 0.0846 | 3.4584 | 3.0787 | 0.1655 | 3.8706 |
| 1994 | 5.2184 | 3.824 | 7.982 | 7.799 | 0.6758 | 0.7393 | 0.8207 | 0.0745 | 3.2169 | 2.8684 | 0.1561 | 3.8179 |
| 1995 | 4.3658 | 3.181 | 6.891 | 6.999 | 0.6123 | 0.6889 | 0.7790 | 0.0674 | 3.0471 | 2.7202 | 0.1481 | 3.6941 |
| 1996 | 4.5905 | 3.367 | 7.164 | 7.345 | 0.6847 | 0.7111 | 0.7921 | 0.0689 | 3.0530 | 2.7247 | 0.1484 | 3.7211 |
| 1996 | | | | | | | | | | | | |
| May | 4.7568 | 3.475 | 7.207 | 7.437 | 0.6996 | 0.7233 | 0.8038 | 0.0706 | 3.1028 | 2.7755 | 0.1509 | 3.7924 |
| June | 4.6713 | 3.420 | 7.204 | 7.398 | 0.6991 | 0.7153 | 0.7933 | 0.0695 | 3.0590 | 2.7310 | 0.1487 | 3.7172 |
| July | 4.5888 | 3.352 | 7.128 | 7.354 | 0.6909 | 0.7113 | 0.7910 | 0.0687 | 3.0495 | 2.7171 | 0.1480 | 3.7178 |
| Aug. | 4.4777 | 3.263 | 6.941 | 7.215 | 0.6765 | 0.6986 | 0.7816 | 0.0676 | 3.0210 | 2.6932 | 0.1466 | 3.7227 |
| Sept. | 4.5383 | 3.313 | 7.075 | 7.309 | 0.6834 | 0.7029 | 0.7826 | 0.0680 | 3.0145 | 2.6889 | 0.1464 | 3.6860 |
| Oct. | 4.5714 | 3.383 | 7.245 | 7.352 | 0.6925 | 0.7049 | 0.7803 | 0.0681 | 2.9918 | 2.6669 | 0.1452 | 3.6337 |
| Nov. | 4.5500 | 3.400 | 7.571 | 7.576 | 0.6869 | 0.7162 | 0.7839 | 0.0687 | 3.0106 | 2.6843 | 0.1461 | 3.5703 |
| Dec. | 4.6398 | 3.409 | 7.726 | 7.709 | 0.6799 | 0.7173 | 0.7809 | 0.0692 | 2.9883 | 2.6635 | 0.1450 | 3.4927 |
| 1997 | | | | | | | | | | | | |
| Jan. | 4.7765 | 3.541 | 7.924 | 7.791 | 0.6764 | 0.7408 | 0.7803 | 0.0700 | 2.9754 | 2.6498 | 0.1443 | 3.4297 |
| Feb. | 4.9757 | 3.672 | 8.089 | 7.898 | 0.6720 | 0.7508 | 0.7794 | 0.0707 | 2.9729 | 2.6468 | 0.1441 | 3.4264 |
| March | 5.0716 | 3.702 | 8.141 | 7.932 | 0.6622 | 0.7448 | 0.7834 | 0.0713 | 2.9886 | 2.6558 | 0.1448 | 3.4601 |
| April | 5.1307 | 3.681 | 8.360 | 7.965 | 0.6678 | 0.7360 | 0.7876 | 0.0721 | 3.0003 | 2.6680 | 0.1454 | 3.5109 |
| May | 5.1337 | 3.722 | 8.382 | 7.780 | 0.6694 | 0.7271 | 0.7922 | 0.0729 | 3.0169 | 2.6825 | 0.1462 | 3.5903 |

| Average of daily quotations | Paris | Rome | Vienna | Lisbon | Madrid | Athens | Tallinn | Tokyo | Melbourne | ECU Commercial | SDR |
|-----------------------------|--------|---------|--------|--------|--------|--------|---------|---------|-----------|----------------|---------|
| | 1 FRF | 1 ITL | 1 ATS | 1 PTE | 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 |
| 1992 | 0.8486 | 0.00364 | 0.4088 | 0.0332 | 0.0438 | 0.024 | 0.4060 | 0.03546 | 3.289 | 5.798 | 6.31546 |
| 1993 | 1.0096 | 0.00364 | 0.4916 | 0.0356 | 0.0451 | 0.025 | 0.4323 | 0.05168 | 3.885 | 6.685 | 7.98671 |
| 1994 | 0.9406 | 0.00324 | 0.4573 | 0.0314 | 0.0390 | 0.0215 | 0.4021 | 0.05106 | 3.814 | 6.175 | 7.46629 |
| 1995 | 0.8748 | 0.00268 | 0.4331 | 0.0291 | 0.0350 | 0.0189 | 0.3809 | 0.04663 | 3.238 | 5.644 | 6.61879 |
| 1996 | 0.8978 | 0.00298 | 0.4340 | 0.0298 | 0.0363 | 0.0191 | 0.3816 | 0.04225 | 3.593 | 5.751 | 6.66357 |
| 1996 | | | | | | | | | | | |
| May | 0.9170 | 0.00306 | 0.4412 | 0.0302 | 0.0372 | 0.0196 | 0.3878 | 0.04474 | 3.790 | 5.844 | 6.87179 |
| June | 0.9026 | 0.00303 | 0.4348 | 0.0297 | 0.0363 | 0.0193 | 0.3824 | 0.04292 | 3.698 | 5.787 | 6.74035 |
| July | 0.9006 | 0.00301 | 0.4334 | 0.0297 | 0.0361 | 0.0193 | 0.3812 | 0.04200 | 3.622 | 5.762 | 6.65070 |
| Aug. | 0.8848 | 0.00295 | 0.4293 | 0.0294 | 0.0356 | 0.0189 | 0.3776 | 0.04153 | 3.506 | 5.683 | 6.52988 |
| Sept. | 0.8854 | 0.00299 | 0.4284 | 0.0295 | 0.0358 | 0.0190 | 0.3768 | 0.04132 | 3.598 | 5.714 | 6.57191 |
| Oct. | 0.8846 | 0.00300 | 0.4253 | 0.0296 | 0.0355 | 0.0191 | 0.3740 | 0.04071 | 3.620 | 5.731 | 6.58126 |
| Nov. | 0.8898 | 0.00301 | 0.4279 | 0.0298 | 0.0358 | 0.0191 | 0.3763 | 0.04052 | 3.625 | 5.782 | 6.60942 |
| Dec. | 0.8845 | 0.00304 | 0.4247 | 0.0296 | 0.0355 | 0.0189 | 0.3735 | 0.04075 | 3.702 | 5.767 | 6.67218 |
| 1997 | | | | | | | | | | | |
| Jan. | 0.8817 | 0.00305 | 0.4229 | 0.0298 | 0.0355 | 0.0190 | 0.3719 | 0.04051 | 3.712 | 5.777 | 6.75569 |
| Feb. | 0.8806 | 0.00301 | 0.4225 | 0.0296 | 0.0351 | 0.0190 | 0.3716 | 0.04048 | 3.818 | 5.771 | 6.88718 |
| March | 0.8859 | 0.00299 | 0.4246 | 0.0297 | 0.0352 | 0.0190 | 0.3736 | 0.04138 | 3.998 | 5.801 | 6.98562 |
| April | 0.8908 | 0.00303 | 0.4263 | 0.0299 | 0.0356 | 0.0190 | 0.3750 | 0.04086 | 3.997 | 5.853 | 7.03636 |
| May | 0.8945 | 0.00305 | 0.4286 | 0.0299 | 0.0357 | 0.0189 | 0.3771 | 0.04335 | 3.975 | 5.880 | 7.12016 |

4.2 Markka value of the ECU and currency indices

| Average of daily observations | Markka value of the ECU FIM/ECU | Currency indices, 1982=100 | |
|-------------------------------|---------------------------------|-------------------------------|-------------------------|
| | | Trade-weighted currency index | Payments currency index |
| | 1 | 2 | 3 |
| 1992 | 5.80140 | 116.4 | 115.7 |
| 1993 | 6.69420 | 132.4 | 136.0 |
| 1994 | 6.19108 | 123.2 | 125.5 |
| 1995 | 5.70936 | 111.6 | 111.6 |
| 1996 | 5.83028 | 115.3 | 115.8 |
| 1996 | | | |
| May | 5.93160 | 117.8 | 118.8 |
| June | 5.85380 | 116.3 | 117.1 |
| July | 5.82763 | 115.3 | 115.8 |
| Aug. | 5.74674 | 113.5 | 113.6 |
| Sept. | 5.76093 | 114.0 | 114.5 |
| Oct. | 5.75237 | 114.3 | 114.9 |
| Nov. | 5.81220 | 115.1 | 115.2 |
| Dec. | 5.79898 | 115.2 | 115.9 |
| 1997 | | | |
| Jan. | 5.80159 | 115.8 | 117.4 |
| Feb. | 5.80357 | 116.4 | 119.4 |
| March | 5.82954 | 116.8 | 120.5 |
| April | 5.87626 | 117.8 | 121.6 |
| May | 5.90366 | 118.6 | 122.1 |

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

| Average of daily observations | ECU | DEM | FRF | NLG | DKK | BEF | ESP | ATS | PTE | IEP | ITL |
|---------------------------------|---------|---------|----------|---------|----------|----------|-----------|----------|----------|---------|------------|
| Central rate as of 25 Nov. 1996 | 5.85424 | 3.04000 | 0.906422 | 2.69806 | 0.796976 | 0.147391 | 0.0357345 | 0.432094 | 0.029657 | 7.32960 | 0.00307071 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1995 | -1.69 | 0.23 | -3.48 | 0.82 | -2.25 | 0.49 | -2.02 | 0.24 | -1.84 | -4.52 | .. |
| 1996 | 0.30 | 0.43 | -0.95 | 0.99 | -0.61 | 0.65 | 1.49 | 0.44 | 0.40 | 0.21 | -3.07 |
| 1996 | | | | | | | | | | | |
| May | 2.15 | 2.07 | 1.16 | 2.87 | 0.85 | 2.41 | 4.03 | 2.10 | 1.83 | 1.46 | -0.50 |
| June | 0.81 | 0.62 | -0.42 | 1.22 | -0.47 | 0.90 | 1.46 | 0.62 | 0.16 | 0.94 | -1.31 |
| July | 0.36 | 0.31 | -0.64 | 0.71 | -0.76 | 0.42 | 1.05 | 0.31 | 0.01 | 0.34 | -2.08 |
| Aug. | -1.03 | -0.63 | -2.38 | -0.18 | -1.93 | -0.53 | -0.34 | -0.64 | -0.79 | -1.56 | -3.83 |
| Sept. | -0.79 | -0.84 | -2.32 | -0.34 | -1.80 | -0.66 | 0.10 | -0.85 | -0.48 | -0.28 | -2.75 |
| Oct. | -0.93 | -1.58 | -2.40 | -1.16 | -2.09 | -1.46 | -0.56 | -1.58 | -0.18 | 0.31 | -2.35 |
| Nov. | -0.10 | -0.97 | -1.84 | -0.51 | -1.64 | -0.87 | 0.10 | -0.98 | 0.43 | 3.36 | -2.10 |
| Dec. | -0.94 | -1.70 | -2.42 | -1.28 | -2.02 | -1.63 | -0.70 | -1.71 | -0.14 | 5.17 | -1.16 |
| 1997 | | | | | | | | | | | |
| Jan. | -0.90 | -2.13 | -2.73 | -1.79 | -2.10 | -2.07 | -0.78 | -2.12 | 0.39 | 6.29 | -0.74 |
| Feb. | -0.87 | -2.21 | -2.85 | -1.90 | -2.20 | -2.26 | -1.79 | -2.23 | -0.21 | 7.76 | -2.04 |
| March | -0.42 | -1.69 | -2.27 | -1.57 | -1.70 | -1.73 | -1.45 | -1.73 | 0.29 | 8.22 | -2.53 |
| April | 0.38 | -1.31 | -1.73 | -1.12 | -1.18 | -1.34 | -0.52 | -1.34 | 0.88 | 8.67 | -1.31 |
| May | 0.84 | -0.76 | -1.31 | -0.58 | -0.60 | -0.84 | 0.02 | -0.80 | 0.97 | 6.14 | -0.53 |

5. Other domestic financing

5.1 Bank funding from the public, mill. FIM

| End of period | Cheque and giro deposits | Transaction deposits | Time deposits | Other deposits | Markka deposits, total (1+2+3+4) | Foreign currency deposits | Total deposits (5+6) | Other funding | Total funding (7+8) |
|---------------|--------------------------|----------------------|---------------|----------------|----------------------------------|---------------------------|----------------------|---------------|---------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1992 | 34 832 | 88 526 | 114 771 | 21 218 | 259 347 | 14 626 | 273 973 | 65 557 | 339 530 |
| 1993 | 36 379 | 92 357 | 112 413 | 21 766 | 262 915 | 14 883 | 277 798 | 63 173 | 340 971 |
| 1994 | 41 200 | 99 691 | 108 922 | 19 838 | 269 650 | 12 774 | 282 424 | 44 228 | 326 651 |
| 1995 | 52 496 | 110 455 | 103 573 | 22 166 | 288 689 | 13 679 | 302 369 | 37 851 | 340 220 |
| 1996 | 58 016 | 131 632 | 49 827 | 45 963 | 285 438 | 12 358 | 297 796 | 40 315 | 338 111 |
| 1995 | | | | | | | | | |
| Dec. | 52 496 | 110 455 | 103 573 | 22 166 | 288 689 | 13 679 | 302 369 | 37 851 | 340 220 |
| 1996 | | | | | | | | | |
| Jan. | 49 611 | 112 796 | 95 511 | 25 399 | 283 316 | 13 011 | 296 327 | 50 008 | 346 335 |
| Feb. | 50 458 | 114 837 | 92 259 | 24 321 | 281 875 | 14 184 | 296 059 | 38 431 | 334 490 |
| March | 47 744 | 117 393 | 88 832 | 24 956 | 278 925 | 13 951 | 292 876 | 41 906 | 334 782 |
| April | 48 998 | 118 926 | 85 803 | 25 557 | 279 285 | 14 896 | 294 182 | 43 472 | 337 653 |
| May | 49 759 | 120 368 | 82 956 | 26 065 | 279 148 | 15 399 | 294 547 | 46 802 | 341 349 |
| June | 50 372 | 123 941 | 77 448 | 29 039 | 280 800 | 13 816 | 294 617 | 43 867 | 338 483 |
| July | 49 770 | 123 827 | 74 304 | 31 319 | 279 221 | 13 735 | 292 955 | 42 524 | 335 479 |
| Aug. | 49 632 | 124 983 | 71 631 | 32 613 | 278 859 | 12 857 | 291 717 | 47 258 | 338 975 |
| Sept. | 51 578 | 124 477 | 67 805 | 33 601 | 277 462 | 13 706 | 291 168 | 53 697 | 344 865 |
| Oct. | 53 460 | 127 084 | 63 616 | 34 720 | 278 880 | 12 938 | 291 818 | 48 272 | 340 090 |
| Nov. | 52 682 | 128 841 | 59 728 | 35 853 | 277 104 | 12 050 | 289 154 | 47 988 | 337 142 |
| Dec. | 58 016 | 131 632 | 49 827 | 45 963 | 285 438 | 12 358 | 297 796 | 40 315 | 338 111 |

5.2 Bank lending to the public, mill. FIM

| End of period | Cheque account and postal giro credits | Bills of exchange | Loans | Markka lending, total (1+2+3) | Foreign currency credits | Total lending (4+5) |
|---------------|--|-------------------|---------|-------------------------------|--------------------------|---------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 1992 | 16 045 | 3 335 | 252 163 | 271 544 | 95 168 | 366 712 |
| 1993 | 14 217 | 2 223 | 248 406 | 264 846 | 66 931 | 331 777 |
| 1994 | 13 241 | 1 301 | 242 417 | 256 958 | 45 138 | 302 096 |
| 1995 | 12 348 | 901 | 235 074 | 248 323 | 32 252 | 280 575 |
| 1996 | 11 712 | 628 | 238 839 | 251 179 | 23 302 | 274 481 |
| 1995 | | | | | | |
| Dec. | 12 348 | 901 | 235 074 | 248 323 | 32 252 | 280 575 |
| 1996 | | | | | | |
| Jan. | 12 150 | 792 | 234 104 | 247 046 | 32 406 | 279 452 |
| Feb. | 12 182 | 853 | 235 211 | 248 246 | 31 240 | 279 486 |
| March | 12 262 | 835 | 235 623 | 248 719 | 30 734 | 279 453 |
| April | 12 142 | 834 | 235 029 | 248 005 | 31 704 | 279 709 |
| May | 12 117 | 763 | 235 306 | 248 187 | 29 035 | 277 221 |
| June | 11 936 | 747 | 237 366 | 250 049 | 29 206 | 279 255 |
| July | 11 722 | 698 | 236 967 | 249 387 | 27 516 | 276 903 |
| Aug. | 11 872 | 685 | 237 913 | 250 471 | 26 540 | 277 011 |
| Sept. | 11 803 | 659 | 237 999 | 250 462 | 26 131 | 276 593 |
| Oct. | 11 522 | 640 | 238 811 | 250 974 | 25 311 | 276 285 |
| Nov. | 11 725 | 616 | 239 174 | 251 515 | 24 736 | 276 251 |
| Dec. | 11 712 | 628 | 238 839 | 251 179 | 23 302 | 274 481 |

5.3 Money supply, mill. FIM

| End of period | Foreign assets, net | Domestic credit | | | Other items, net | Monetary aggregates | | |
|---------------|---------------------|----------------------------------|----------------------|-------------|------------------|---------------------|------------------------|----------------|
| | | Claims on the central government | Claims on the public | Total (2+3) | | M ₁ | M ₂ (1+4+5) | M ₃ |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1992 | -68 099 | 81 | 439 937 | 440 018 | -97 909 | 134 829 | 274 011 | 310 733 |
| 1993 | -25 989 | 1 848 | 403 742 | 405 589 | -100 006 | 141 759 | 279 595 | 322 408 |
| 1994 | 12 844 | 6 092 | 365 712 | 371 804 | -97 953 | 154 357 | 286 696 | 328 509 |
| 1995 | 25 481 | 19 837 | 353 340 | 373 177 | -94 870 | 175 921 | 303 788 | 329 820 |
| 1996 * | 40 638 | 12 821 | 350 230 | 363 052 | -106 399 | 204 834 | 297 291 | 325 473 |
| 1996 * | | | | | | | | |
| April | 25 644 | 18 817 | 351 511 | 370 329 | -103 109 | 181 799 | 292 864 | 327 546 |
| May | 24 810 | 19 008 | 349 775 | 368 783 | -100 462 | 184 749 | 293 131 | 325 511 |
| June | 28 625 | 23 209 | 351 923 | 375 131 | -108 995 | 189 332 | 294 761 | 328 990 |
| July | 36 492 | 24 318 | 349 162 | 373 481 | -118 138 | 188 023 | 291 834 | 327 935 |
| Aug. | 34 402 | 25 936 | 349 733 | 375 669 | -117 975 | 189 292 | 292 096 | 325 470 |
| Sept. | 33 218 | 15 243 | 349 521 | 364 764 | -106 967 | 190 781 | 291 016 | 329 848 |
| Oct. | 31 312 | 17 873 | 349 742 | 367 615 | -105 768 | 195 621 | 293 160 | 332 372 |
| Nov. | 36 768 | 16 834 | 350 532 | 367 366 | -111 862 | 196 631 | 292 273 | 326 535 |
| Dec. | 40 638 | 12 821 | 350 230 | 363 052 | -106 399 | 204 834 | 297 291 | 325 473 |
| 1997 * | | | | | | | | |
| Jan. | 48 892 | 14 383 | 346 071 | 360 453 | -111 047 | 206 956 | 298 298 | 339 801 |
| Feb. | 53 133 | 9 786 | 348 551 | 358 337 | -118 570 | 200 605 | 292 901 | 328 095 |
| March | 54 490 | 7 783 | 347 242 | 355 025 | -110 349 | 205 786 | 299 167 | 338 118 |
| April | .. | .. | .. | .. | .. | 202 075 | 295 757 | 338 709 |

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

| End of period | Foreign currency-denominated debt | | | Markka-denominated debt | | | | | Total central government debt (3+8) | Out-standing lending | Cash funds |
|---------------|-----------------------------------|------------|-------------|-------------------------|-----------------------------|--------------------------|---------------------|-----------------|-------------------------------------|----------------------|------------|
| | Bonds | Other debt | Total (1+2) | Public bonds | Other long-term liabilities | Treasury notes and bills | Miscellaneous items | Total (4+5+6+7) | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1992 | 100 244 | 6 143 | 106 387 | 40 578 | 13 555 | 14 762 | .. | 68 895 | 175 282 | 61 671 | 19 781 |
| 1993 | 142 824 | 12 753 | 155 577 | 71 082 | 16 060 | 22 824 | .. | 109 966 | 265 543 | 66 439 | 36 487 |
| 1994 | 160 587 | 15 975 | 176 562 | 93 008 | 17 100 | 33 153 | -5 945 | 137 316 | 313 878 | 67 658 | 43 012 |
| 1995 | 158 545 | 13 756 | 172 301 | 143 948 | 17 492 | 37 864 | -5 609 | 193 695 | 365 996 | 66 855 | 41 878 |
| 1996 | 158 847 | 16 161 | 175 008 | 177 700 | 17 187 | 37 620 | -5 354 | 227 425 | 402 433 | 64 316 | 38 369 |
| 1996 | | | | | | | | | | | |
| April | 172 009 | 15 082 | 187 091 | 158 510 | 17 369 | 43 946 | -5 298 | 214 724 | 401 815 | 67 576 | 48 628 |
| May | 162 738 | 14 670 | 177 408 | 163 861 | 17 369 | 46 049 | -5 294 | 222 182 | 399 590 | 67 077 | 48 909 |
| June | 159 874 | 15 192 | 175 066 | 166 921 | 17 359 | 46 102 | -5 324 | 225 176 | 400 242 | 66 754 | 48 626 |
| July | 158 676 | 15 699 | 174 375 | 171 787 | 17 220 | 44 668 | -5 367 | 228 426 | 402 801 | 66 824 | 50 441 |
| Aug. | 156 801 | 15 491 | 172 292 | 177 586 | 17 220 | 45 698 | -5 405 | 235 236 | 407 528 | 67 027 | 55 516 |
| Sept. | 156 467 | 15 694 | 172 161 | 167 234 | 17 219 | 46 627 | -5 408 | 225 851 | 398 012 | 64 300 | 44 278 |
| Oct. | 157 132 | 15 908 | 173 040 | 172 555 | 17 219 | 40 147 | -5 454 | 224 666 | 397 706 | 64 438 | 38 903 |
| Nov. | 159 449 | 16 292 | 175 741 | 174 696 | 17 198 | 36 909 | -5 459 | 223 597 | 399 338 | 63 764 | 42 220 |
| Dec. | 158 847 | 16 161 | 175 008 | 177 700 | 17 187 | 37 620 | -5 354 | 227 425 | 402 433 | 64 316 | 38 369 |
| 1997 | | | | | | | | | | | |
| Jan. | 159 222 | 20 920 | 180 142 | 180 261 | 17 187 | 40 506 | -5 405 | 232 821 | 412 963 | .. | 38 322 |
| Feb. | 162 085 | 21 502 | 183 587 | 183 752 | 17 187 | 43 932 | -5 417 | 239 652 | 423 239 | .. | 51 137 |
| March | 158 001 | 21 195 | 179 196 | 187 972 | 17 149 | 43 821 | -5 440 | 243 739 | 422 935 | .. | 44 839 |
| April | 155 575 | 21 828 | 177 403 | 192 178 | 16 865 | 43 658 | -5 107 | 247 781 | 425 184 | .. | .. |

5.5 Markka bond market

A) Issues, mill. FIM

| During period | Corporations | Financial institutions | Central government | Local government | Others | Total (1+2+3+4+5) |
|---------------|--------------|------------------------|--------------------|------------------|--------|-------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 1992 | 6 984 | 15 043 | 12 965 | 2 674 | 4 | 37 671 |
| 1993 | 11 691 | 10 481 | 36 512 | 2 235 | 63 | 60 981 |
| 1994 | 4 053 | 9 899 | 31 553 | 593 | - | 46 099 |
| 1995 | 643 | 4 487 | 66 557 | 26 | - | 71 713 |
| 1996* | 2 292 | 9 154 | 62 139 | 20 | - | 73 605 |
| 1996* | | | | | | |
| April | 850 | 212 | 7 887 | - | - | 8 949 |
| May | 572 | 3 090 | 6 351 | - | - | 10 012 |
| June | - | 522 | 3 847 | 20 | - | 4 390 |
| July | - | - | 4 876 | - | - | 4 876 |
| Aug. | - | 306 | 9 671 | - | - | 9 977 |
| Sept. | 20 | 770 | 5 373 | - | - | 6 163 |
| Oct. | 600 | 600 | 6 976 | - | - | 8 176 |
| Nov. | 250 | 1 411 | 2 656 | - | - | 4 316 |
| Dec. | - | 1 429 | 3 538 | - | - | 4 968 |
| 1997* | | | | | | |
| Jan. | - | 372 | 4 608 | - | - | 4 790 |
| Feb. | 417 | 432 | 4 836 | - | - | 5 685 |
| March | 75 | 1 170 | 4 660 | - | - | 5 903 |
| April | - | 988 | 4 258 | - | - | 5 246 |

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 | |
| 1992 | 26 624 | 82 153 | 44 005 | 5 238 | 3 358 | 89 382 | 13 918 | 58 078 | 161 378 |
| 1993 | 32 459 | 73 893 | 73 682 | 6 884 | 2 009 | 119 552 | 10 391 | 58 984 | 188 927 |
| 1994 | 30 179 | 66 467 | 94 865 | 6 981 | 953 | 141 935 | 7 581 | 49 929 | 199 445 |
| 1995 | 26 480 | 55 223 | 145 177 | 5 814 | 357 | 186 799 | 5 034 | 41 218 | 233 051 |
| 1996* | 25 245 | 44 656 | 179 419 | 4 362 | 140 | 219 863 | 2 956 | 31 003 | 253 822 |
| 1996* | | | | | | | | | |
| April | 26 394 | 50 739 | 159 728 | 5 612 | 355 | 199 907 | 3 899 | 39 022 | 242 828 |
| May | 25 973 | 52 413 | 165 080 | 5 558 | 150 | 207 499 | 3 636 | 38 039 | 249 174 |
| June | 25 534 | 50 254 | 168 139 | 4 647 | 149 | 209 581 | 3 622 | 35 520 | 248 723 |
| July | 25 016 | 49 375 | 173 505 | 4 646 | 148 | 213 605 | 3 617 | 35 468 | 252 690 |
| Aug. | 24 756 | 49 075 | 179 304 | 4 638 | 148 | 219 241 | 3 360 | 35 320 | 257 921 |
| Sept. | 24 649 | 48 067 | 168 951 | 4 652 | 148 | 208 317 | 3 113 | 35 037 | 246 467 |
| Oct. | 25 184 | 46 793 | 174 273 | 4 642 | 145 | 213 851 | 2 974 | 34 212 | 251 037 |
| Nov. | 25 641 | 47 288 | 176 414 | 4 641 | 142 | 217 494 | 2 962 | 33 670 | 254 126 |
| Dec. | 25 245 | 44 656 | 179 419 | 4 362 | 140 | 219 863 | 2 956 | 31 003 | 253 822 |
| 1997* | | | | | | | | | |
| Jan. | 25 091 | 43 814 | 181 980 | 4 357 | 140 | 222 769 | 2 614 | 29 999 | 255 382 |
| Feb. | 24 727 | 41 827 | 185 472 | 4 302 | 140 | 226 058 | 2 393 | 28 017 | 256 468 |
| March | 25 514 | 43 257 | 189 688 | 4 126 | 99 | 231 672 | 2 118 | 28 894 | 262 684 |
| April | 25 462 | 44 214 | 193 517 | 4 126 | 99 | 236 936 | 2 107 | 28 375 | 267 418 |

C) Turnover, mill. FIM

| During period | Interbank transactions | Transactions between banks and customers | Primary dealers' transactions in benchmark government bonds | | |
|---------------|------------------------|--|---|-----------------------|-----------------|
| | | | Purchases from other primary dealers | Purchases from others | Sales to others |
| | 1 | 2 | 3 | 4 | 5 |
| 1992 | 18 383 | 58 757 | 10 744 | 12 156 | 13 354 |
| 1993 | 47 803 | 246 104 | 42 945 | 95 647 | 117 489 |
| 1994 | 184 599 | 359 697 | 173 096 | 150 908 | 176 647 |
| 1995 | 147 037 | 436 052 | 133 357 | 190 069 | 215 879 |
| 1996 | 207 230 | 496 383 | 201 528 | 222 584 | 242 310 |
| 1996 | | | | | |
| May | 13 809 | 27 849 | 13 505 | 12 223 | 11 995 |
| June | 10 679 | 23 361 | 9 499 | 8 982 | 10 037 |
| July | 13 411 | 26 745 | 12 763 | 10 069 | 12 616 |
| Aug. | 13 452 | 50 597 | 12 908 | 22 320 | 22 356 |
| Sept. | 20 933 | 58 941 | 20 680 | 26 345 | 29 739 |
| Oct. | 26 602 | 52 158 | 26 298 | 25 293 | 26 064 |
| Nov. | 13 084 | 37 331 | 12 545 | 16 312 | 20 612 |
| Dec. | 9 524 | 27 581 | 9 510 | 12 084 | 14 868 |
| 1997 | | | | | |
| Jan. | 26 179 | 47 138 | 25 954 | 23 993 | 23 081 |
| Feb. | 12 722 | 32 173 | 12 586 | 13 762 | 18 477 |
| March | 25 187 | 44 696 | 24 965 | 20 852 | 24 048 |
| April | 18 713 | 37 831 | 18 425 | 17 110 | 21 183 |
| May | 14 413 | 37 556 | 14 193 | 16 206 | 21 661 |

5.6 Helsinki Stock Exchange

| Average of daily observations | Share prices | | | | | | | | | | Turnover ¹ , mill. FIM | | |
|-------------------------------|------------------------------|-------------------|-----------|-------|--------------|-------------------|-----------------------|------------------------------------|-----------|---------------|-----------------------------------|----------------------|---------|
| | HEX index (28 Dec 1990=1000) | | | | | | | | | | Shares and subscription rights | Bonds and debentures | Total |
| | All-share index | Banks and finance | Insurance | Trade | Construction | Forest industries | Metal and engineering | Telecommunications and electronics | Chemicals | Conglomerates | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | |
| 1992 | 772 | 425 | 467 | - | - | 1 123 | 1 206 | - | - | 890 | 10 277 | 15 377 | 25 654 |
| 1993 | 1 240 | 608 | 644 | - | - | 1 695 | 1 749 | - | - | 1 751 | 46 337 | 59 977 | 106 314 |
| 1994 | 1 847 | 719 | 802 | - | - | 2 284 | 2 675 | - | - | 3 068 | 68 671 | 2 147 | 70 818 |
| 1995 | 1 918 | 500 | 638 | - | - | 2 062 | 2 255 | - | - | 4 251 | 83 019 | 1 075 | 84 094 |
| 1996 | 2 032 | 460 | 820 | - | - | 2 040 | 2 564 | - | - | 5 681 | 101 265 | 541 | 101 806 |
| 1996 | | | | | | | | | | | | | |
| May | 1 995 | 418 | 754 | - | - | 2 095 | 2 622 | - | - | 5 532 | 10 860 | 42 | 10 902 |
| June | 2 019 | 408 | 787 | - | - | 2 079 | 2 616 | - | - | 5 627 | 7 681 | 36 | 7 717 |
| July | 2 002 | 400 | 779 | - | - | 2 174 | 2 588 | - | - | 5 815 | 5 885 | 17 | 5 902 |
| Aug. | 2 082 | 407 | 805 | - | - | 2 240 | 2 732 | - | - | 6 175 | 6 995 | 44 | 7 039 |
| Sept. | 2 131 | 401 | 862 | - | - | 2 188 | 2 778 | - | - | 6 125 | 7 204 | 49 | 7 253 |
| Oct. | 2 217 | 520 | 967 | - | - | 2 087 | 2 764 | - | - | 6 367 | 10 410 | 53 | 10 463 |
| Nov. | 2 317 | 573 | 977 | - | - | 2 017 | 2 744 | - | - | 6 442 | 10 676 | 39 | 10 715 |
| Dec. | 2 446 | 588 | 1 006 | - | - | 2 131 | 2 850 | - | - | 6 692 | 10 379 | 60 | 10 438 |
| 1997 | | | | | | | | | | | | | |
| Jan. | 2 674 | 633 | 1 183 | 1 995 | 1 001 | 2 241 | 2 984 | 1 107 | 834 | 6 605 | 16 271 | 95 | 16 366 |
| Feb. | 2 850 | 714 | 1 384 | 2 180 | 1 021 | 2 349 | 3 232 | 1 151 | 894 | 6 862 | 15 554 | 43 | 15 597 |
| March | 2 907 | 723 | 1 365 | 2 215 | 1 041 | 2 521 | 3 336 | 1 140 | 891 | 7 228 | 10 786 | 26 | 10 811 |
| April | 2 826 | 654 | 1 357 | 2 200 | 1 017 | 2 487 | 3 276 | 1 100 | 877 | 7 148 | 12 401 | 43 | 12 444 |
| May | 3 045 | 705 | 1 420 | 2 272 | 1 015 | 2 713 | 3 481 | 1 241 | 922 | 7 887 | 12 254 | 24 | 12 278 |

¹ During period.

6. Balance of payments, foreign liabilities and assets

6.1 Current account, mill. FIM

| During period | Exports of goods, fob | 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, cif | Trans-port ex-pen-diture | Travel ex-pen-diture | Other services ex-pen-diture |
|---------------|-----------------------|---------------------|-----------------|-------------------------|----------------------------------|-------------------------------------|--------------------|-----------------------------|----------------------------------|-----------------------|--------------------------|----------------------|------------------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 1992 | 105 809 | 8 643 | 6 089 | 7 730 | 22 462 | 128 272 | 6 423 | 5 920 | 140 614 | 93 187 | 4 360 | 10 962 | 13 369 |
| 1993 | 132 550 | 10 430 | 7 079 | 9 379 | 26 888 | 159 438 | 6 137 | 6 506 | 172 080 | 101 559 | 5 646 | 9 237 | 17 008 |
| 1994 | 152 022 | 11 385 | 7 314 | 11 808 | 30 508 | 182 530 | 9 617 | 4 919 | 197 067 | 118 684 | 5 862 | 8 697 | 16 800 |
| 1995* | 172 820 | 11 900 | 7 536 | 14 986 | 34 422 | 207 242 | 13 729 | 8 596 | 229 567 | 125 450 | 6 029 | 10 450 | 19 150 |
| 1996* | 181 764 | 12 291 | 7 338 | 15 830 | 35 460 | 217 224 | 14 129 | 7 325 | 238 678 | 137 342 | 6 300 | 10 559 | 17 520 |
| 1994 | | | | | | | | | | | | | |
| IV | 41 832 | 2 728 | 1 700 | 3 360 | 7 788 | 49 620 | 3 025 | 1 260 | 53 905 | 35 716 | 1 563 | 2 291 | 4 721 |
| 1995* | | | | | | | | | | | | | |
| I | 41 131 | 2 971 | 1 499 | 3 827 | 8 297 | 49 428 | 3 285 | 1 543 | 54 256 | 29 895 | 1 479 | 2 326 | 5 039 |
| II | 45 919 | 2 977 | 1 891 | 3 571 | 8 439 | 54 358 | 3 446 | 1 549 | 59 353 | 31 773 | 1 572 | 2 639 | 4 825 |
| III | 39 617 | 2 976 | 2 243 | 3 718 | 8 937 | 48 554 | 2 907 | 2 143 | 53 604 | 29 856 | 1 498 | 2 707 | 4 349 |
| IV | 46 154 | 2 976 | 1 903 | 3 870 | 8 749 | 54 903 | 4 092 | 3 360 | 62 355 | 33 926 | 1 481 | 2 779 | 4 937 |
| 1996* | | | | | | | | | | | | | |
| I | 42 605 | 3 056 | 1 677 | 3 601 | 8 334 | 50 939 | 4 163 | 1 353 | 56 455 | 33 359 | 1 535 | 2 615 | 4 449 |
| II | 47 949 | 3 123 | 1 873 | 3 858 | 8 854 | 56 803 | 4 217 | 1 983 | 63 002 | 34 520 | 1 627 | 2 678 | 4 238 |
| III | 41 737 | 3 024 | 2 065 | 4 286 | 9 374 | 51 111 | 2 983 | 1 245 | 55 339 | 31 789 | 1 545 | 2 571 | 4 144 |
| IV | 49 473 | 3 089 | 1 724 | 4 085 | 8 897 | 58 370 | 2 766 | 2 744 | 63 881 | 37 676 | 1 593 | 2 696 | 4 689 |
| 1997* | | | | | | | | | | | | | |
| I | 44 506 | 3 317 | 1 518 | 3 509 | 8 344 | 52 849 | 3 393 | 1 990 | 58 232 | 34 142 | 1 659 | 2 369 | 4 524 |

| During period | Services ex-pen-diture, total (11+12 +13) | Imports of goods and services (10+14) | Invest-ment ex-pen-diture | Trans-fers and other ex-pen-diture | Current account ex-pen-diture (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)= (9-18) |
|---------------|---|---------------------------------------|---------------------------|------------------------------------|---|----------------------|-------------------|---------------|-----------------------|------------------------------|------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|
| | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 1992 | 28 690 | 121 878 | 30 424 | 10 347 | 162 649 | 12 622 | 4 283 | -4 873 | -5 639 | -6 228 | 6 394 | -24 001 | -4 428 | -22 035 |
| 1993 | 31 891 | 133 450 | 34 580 | 10 390 | 178 421 | 30 991 | 4 784 | -2 159 | -7 629 | -5 004 | 25 988 | -28 443 | -3 885 | -6 340 |
| 1994 | 31 359 | 150 043 | 31 801 | 8 596 | 190 440 | 33 339 | 5 523 | -1 382 | -4 992 | -851 | 32 487 | -22 184 | -3 676 | 6 627 |
| 1995* | 35 629 | 161 080 | 32 529 | 12 627 | 206 236 | 47 370 | 5 870 | -2 914 | -4 164 | -1 207 | 46 162 | -18 800 | -4 032 | 23 331 |
| 1996* | 34 380 | 171 722 | 32 783 | 14 144 | 218 649 | 44 422 | 5 991 | -3 221 | -1 690 | 1 080 | 45 502 | -18 654 | -6 819 | 20 028 |
| 1994 | | | | | | | | | | | | | | |
| IV | 8 575 | 44 291 | 7 399 | 1 984 | 53 673 | 6 117 | 1 166 | -591 | -1 361 | -787 | 5 330 | -4 375 | -724 | 231 |
| 1995* | | | | | | | | | | | | | | |
| I | 8 844 | 38 739 | 9 295 | 2 825 | 50 858 | 11 235 | 1 492 | -827 | -1 212 | -546 | 10 689 | -6 009 | -1 282 | 3 398 |
| II | 9 036 | 40 809 | 10 067 | 3 191 | 54 067 | 14 145 | 1 406 | -748 | -1 254 | -597 | 13 549 | -6 622 | -1 641 | 5 286 |
| III | 8 554 | 38 410 | 6 630 | 3 205 | 48 244 | 9 761 | 1 478 | -464 | -631 | 383 | 10 144 | -3 723 | -1 061 | 5 360 |
| IV | 9 196 | 43 122 | 6 538 | 3 407 | 53 067 | 12 228 | 1 494 | -875 | -1 066 | -447 | 11 781 | -2 446 | -47 | 9 287 |
| 1996* | | | | | | | | | | | | | | |
| I | 8 599 | 41 958 | 8 580 | 3 916 | 54 453 | 9 247 | 1 521 | -938 | -848 | -265 | 8 981 | -4 417 | -2 563 | 2 002 |
| II | 8 543 | 43 062 | 10 775 | 3 768 | 57 604 | 13 430 | 1 496 | -805 | -380 | 311 | 13 741 | -6 558 | -1 785 | 5 398 |
| III | 8 260 | 40 048 | 6 671 | 2 961 | 49 680 | 9 949 | 1 478 | -506 | 143 | 1 115 | 11 063 | -3 689 | -1 716 | 5 659 |
| IV | 8 979 | 46 654 | 6 757 | 3 500 | 56 911 | 11 798 | 1 496 | -972 | -605 | -81 | 11 716 | -3 991 | -756 | 6 970 |
| 1997* | | | | | | | | | | | | | | |
| I | 8 552 | 42 694 | 8 317 | 4 183 | 55 194 | 10 364 | 1 657 | -851 | -1 015 | -208 | 10 155 | -4 923 | -2 194 | 3 038 |

6.2 Capital and financial account, mill. FIM

| During period | Capital account, imports of capital | Financial account | | | | | | | | | | | Total (2+8+12) |
|---------------|-------------------------------------|------------------------------|---------------------------------|---------|------------------------------------|--------------------------|-----------------------|-----------------|-----------------------------|--------|---------------|-----------------|----------------|
| | | Direct investment in Finland | Portfolio investment in Finland | | | | | | Other investment in Finland | | | | |
| | | | Shares | Bonds | Of which: markka denominated bonds | Money market instruments | Financial derivatives | Total (3+4+6+7) | Trade credits | Loans | Other capital | Total (9+10+11) | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | |
| 1992 | 0 | 1 822 | 397 | 39 309 | -5 312 | -1 791 | .. | 37 915 | 3 639 | 2 | -15 725 | -12 084 | 27 653 |
| 1993 | 0 | 4 945 | 12 748 | 30 353 | 3 616 | -4 382 | .. | 38 719 | 4 467 | 5 457 | -29 801 | -19 877 | 23 787 |
| 1994 | 0 | 8 240 | 13 400 | 21 977 | -5 783 | -2 134 | 59 | 33 302 | 3 107 | 647 | -1 392 | 2 361 | 43 903 |
| 1995* | 487 | 4 642 | 8 734 | -17 868 | -3 634 | 1 421 | 2 588 | -5 126 | -1 216 | -6 985 | 8 376 | 176 | -307 |
| 1996* | 574 | 5 596 | 8 937 | -4 582 | 6 288 | 808 | 1 501 | 6 664 | -3 329 | 12 775 | -1 346 | 8 100 | 20 360 |
| 1994 IV | 0 | -1 005 | 1 426 | -4 562 | -3 283 | -1 614 | 20 | -4 729 | 4 366 | 4 678 | 545 | 9 589 | 3 855 |
| 1995* I | 0 | 2 625 | 392 | 150 | -1 423 | -1 889 | 146 | -1 200 | -2 601 | -333 | 8 549 | 5 615 | 7 040 |
| II | 0 | -1 243 | 3 482 | -9 335 | -3 501 | -974 | 523 | -6 303 | 865 | -3 206 | -2 136 | -4 477 | -12 023 |
| III | 0 | 151 | 2 940 | -2 503 | 933 | 1 618 | 1 079 | 3 134 | -1 089 | -3 192 | -744 | -5 025 | -1 740 |
| IV | 487 | 3 109 | 1 920 | -6 181 | 358 | 2 666 | 839 | -756 | 1 609 | -254 | 2 707 | 4 063 | 6 416 |
| 1996* I | 0 | 1 743 | 1 216 | 2 635 | 1 155 | 502 | 1 119 | 5 472 | -3 502 | 4 632 | -552 | 578 | 7 793 |
| II | 0 | 709 | 6 143 | -5 152 | 2 554 | 363 | 754 | 2 108 | -702 | 4 717 | -3 119 | 896 | 3 712 |
| III | 0 | 2 652 | 374 | -4 841 | 277 | -254 | -180 | -4 902 | -86 | 2 516 | 4 371 | 6 800 | 4 550 |
| IV | 574 | 492 | 1 204 | 2 777 | 2 303 | 198 | -192 | 3 987 | 961 | 911 | -2 047 | -174 | 4 304 |
| 1997* I | 0 | 2 002 | 5 121 | 4 000 | 846 | 1 584 | -86 | 10 618 | -907 | 6 549 | 16 218 | 21 860 | 34 480 |

| During period | Capital account, exports of capital | Financial account | | | | | | | | | | | Errors and omissions | | |
|---------------|-------------------------------------|--------------------------|-----------------------------|--------|--------------------------|-----------------------|---------------------|---------------|-------------------------|---------------|------------------|--------|----------------------|------------------|--|
| | | Direct investment abroad | Portfolio investment abroad | | | | | | Other investment abroad | | | | | Total (15+20+24) | Change in central bank's reserve assets (increase -) |
| | | | Shares | Bonds | Money market instruments | Financial derivatives | Total (16+17+18+19) | Trade credits | Loans | Other capital | Total (21+22+23) | | | | |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | | |
| 1992 | 0 | -3 372 | 46 | 321 | 2 748 | .. | 3 115 | 3 634 | 3 409 | 7 720 | 14 763 | 14 506 | 9 180 | -293 | |
| 1993 | 0 | 8 050 | 873 | 767 | 1 932 | .. | 3 571 | 1 923 | -839 | 9 576 | 10 660 | 22 282 | -1 219 | 6 055 | |
| 1994 | 0 | 22 447 | 434 | -4 294 | -855 | -279 | -4 994 | 1 213 | -7 460 | 9 762 | 3 516 | 20 968 | -25 504 | -4 058 | |
| 1995* | 206 | 7 339 | 892 | 3 685 | -5 492 | -168 | -1 084 | 3 839 | -2 712 | 11 750 | 12 877 | 19 132 | 1 480 | -5 652 | |
| 1996* | 340 | 16 309 | 3 278 | 15 424 | 364 | -172 | 18 895 | 389 | 4 281 | 15 704 | 20 375 | 55 579 | 14 075 | 884 | |
| 1994 IV | 0 | 7 341 | 19 | 768 | 2 956 | 2 | 3 745 | 1 724 | -2 734 | -3 522 | -4 532 | 6 555 | -1 132 | 3 600 | |
| 1995* I | 0 | 2 212 | -128 | 1 757 | -2 249 | -48 | -668 | 660 | -1 234 | 9 695 | 9 121 | 10 665 | -1 691 | 1 918 | |
| II | 104 | 1 490 | 375 | 104 | -2 798 | 31 | -2 288 | 2 379 | -150 | -7 809 | -5 580 | -6 377 | 1 288 | -824 | |
| III | 0 | 1 027 | 461 | 28 | 521 | -37 | 973 | -132 | 1 044 | 3 431 | 4 343 | 6 343 | 1 592 | 1 131 | |
| IV | 102 | 2 610 | 184 | 1 797 | -967 | -115 | 899 | 933 | -2 373 | 6 433 | 4 993 | 8 502 | 291 | -7 878 | |
| 1996* I | 61 | 5 391 | 577 | 4 019 | 2 424 | -26 | 6 993 | -605 | 2 416 | 6 458 | 8 269 | 20 654 | 7 254 | 3 666 | |
| II | 0 | 6 670 | 1 041 | 3 041 | 162 | 71 | 4 315 | 716 | -2 064 | 4 830 | 3 483 | 14 468 | 8 457 | -3 100 | |
| III | 0 | 3 751 | 729 | 4 169 | -2 457 | -51 | 2 389 | -818 | 1 565 | 1 924 | 2 671 | 8 811 | -1 132 | -264 | |
| IV | 279 | 497 | 932 | 4 195 | 235 | -165 | 5 197 | 1 097 | 2 364 | 2 491 | 5 952 | 11 646 | -505 | 582 | |
| 1997* I | 0 | 2 507 | 847 | 4 504 | 4 250 | -30 | 9 571 | 877 | 3 248 | -3 905 | 220 | 12 298 | -22 134 | -3 086 | |

6.3 Finland's international investment position, mill. FIM

| Position at end of period | Liabilities | | | | | | | | | | | | Total liabilities (1+7+12) |
|---------------------------|------------------------------|----------------------|---------|------------------------------------|--------------------------|-----------------------|------------------|---------------|--------|-----------------------|--------|-------------------|----------------------------|
| | Direct investment in Finland | Portfolio investment | | | | | Other investment | | | | | Total (8+9+10+11) | |
| | | Shares | Bonds | Of which: markka-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 | |
| 1992 | 19 348 | 5 138 | 211 361 | 14 366 | 19 391 | .. | 235 889 | 13 305 | 78 330 | 11 881 | 78 804 | 182 320 | 437 557 |
| 1993 | 24 391 | 30 375 | 266 269 | 27 402 | 14 995 | -6 103 | 305 536 | 18 206 | 90 825 | 4 025 | 54 188 | 167 243 | 497 170 |
| 1994 | 31 846 | 60 558 | 258 823 | 22 285 | 10 309 | -5 179 | 324 511 | 19 852 | 82 649 | 3 430 | 46 566 | 152 498 | 508 855 |
| 1995* | 36 894 | 63 746 | 228 676 | 19 638 | 10 099 | 1 545 | 304 066 | 18 540 | 69 249 | 2 568 | 53 557 | 143 914 | 484 874 |
| 1996* | 42 536 | 108 932 | 230 147 | 26 497 | 10 689 | 3 634 | 353 401 | 15 100 | 83 373 | 1 733 | 53 745 | 153 952 | 549 889 |
| 1994 IV | 31 846 | 60 558 | 258 823 | 22 285 | 10 309 | -5 179 | 324 511 | 19 852 | 82 649 | 3 430 | 46 566 | 152 498 | 508 855 |
| 1995* I | 34 509 | 53 488 | 254 534 | 21 434 | 7 065 | -5 996 | 309 092 | 17 218 | 79 143 | 3 369 | 53 433 | 153 163 | 496 764 |
| II | 33 386 | 79 430 | 243 399 | 18 054 | 5 577 | -6 768 | 321 638 | 18 049 | 75 411 | 2 580 | 51 169 | 147 208 | 502 233 |
| III | 33 665 | 93 020 | 233 054 | 20 230 | 7 262 | -520 | 332 815 | 16 930 | 68 882 | 2 364 | 50 032 | 138 208 | 504 688 |
| IV | 36 894 | 63 746 | 228 676 | 19 638 | 10 099 | 1 545 | 304 066 | 18 540 | 69 249 | 2 568 | 53 557 | 143 914 | 484 874 |
| 1996* I | 38 701 | 68 674 | 241 179 | 20 771 | 11 192 | 2 424 | 323 468 | 14 975 | 77 934 | 1 518 | 55 412 | 149 838 | 512 007 |
| II | 39 414 | 80 962 | 234 442 | 23 965 | 11 126 | 3 099 | 329 629 | 14 344 | 81 836 | 1 939 | 51 588 | 149 707 | 518 750 |
| III | 42 030 | 91 198 | 225 433 | 23 766 | 11 286 | 2 948 | 330 865 | 14 024 | 82 365 | 1 742 | 55 621 | 153 752 | 526 647 |
| IV | 42 536 | 108 932 | 230 147 | 26 497 | 10 689 | 3 634 | 353 401 | 15 100 | 83 373 | 1 733 | 53 745 | 153 952 | 549 889 |
| 1997* I | 44 533 | 129 824 | 240 786 | 27 707 | 11 972 | 2 816 | 385 398 | 13 687 | 90 798 | 2 677 | 70 762 | 177 924 | 607 855 |

| Position at end of period | Assets | | | | | | | | | | | | Total assets (14+19+24) |
|---------------------------|--------------------------|----------------------|--------|--------------------------|-----------------------|---------------------|------------------|--------|-----------------------|---------|---------|---------------------|-------------------------|
| | Direct investment abroad | Portfolio investment | | | | | Other investment | | | | | Total (20+21+22+23) | |
| | | Shares | Bonds | Money market instruments | Financial derivatives | Total (15+16+17+18) | Trade credits | Loans | Currency and deposits | Other | | | |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | | |
| 1992 | 44 921 | 469 | 8 697 | 7 917 | .. | 17 083 | 21 389 | 35 251 | 12 665 | 78 257 | 147 562 | 209 565 | |
| 1993 | 53 090 | 1 783 | 10 709 | 11 030 | 447 | 23 968 | 26 256 | 35 981 | 5 799 | 91 127 | 159 162 | 236 221 | |
| 1994 | 59 451 | 1 984 | 5 109 | 9 115 | 488 | 16 696 | 25 500 | 24 847 | 8 257 | 109 847 | 168 451 | 244 598 | |
| 1995* | 66 150 | 3 216 | 9 619 | 2 736 | 177 | 15 748 | 28 358 | 20 381 | 7 290 | 115 543 | 171 571 | 253 469 | |
| 1996* | 82 802 | 7 147 | 25 041 | 3 478 | -21 | 35 645 | 29 482 | 25 826 | 5 908 | 124 017 | 185 233 | 303 680 | |
| 1994 IV | 59 451 | 1 984 | 5 109 | 9 115 | 488 | 16 696 | 25 500 | 24 847 | 8 257 | 109 847 | 168 451 | 244 598 | |
| 1995* I | 60 274 | 1 751 | 6 557 | 5 835 | 157 | 14 300 | 25 254 | 22 668 | 6 352 | 118 897 | 173 172 | 247 746 | |
| II | 61 007 | 2 158 | 6 930 | 2 977 | 115 | 12 180 | 27 440 | 22 142 | 5 915 | 108 686 | 164 183 | 237 370 | |
| III | 61 479 | 2 661 | 6 870 | 3 503 | 200 | 13 233 | 27 092 | 22 978 | 6 397 | 108 057 | 164 524 | 239 236 | |
| IV | 66 150 | 3 216 | 9 619 | 2 736 | 177 | 15 748 | 28 358 | 20 381 | 7 290 | 115 543 | 171 571 | 253 469 | |
| 1996* I | 74 293 | 3 994 | 14 063 | 5 670 | 169 | 23 896 | 28 205 | 23 594 | 5 435 | 121 308 | 178 542 | 276 731 | |
| II | 79 836 | 5 009 | 16 834 | 5 842 | 93 | 27 778 | 29 053 | 21 499 | 5 523 | 118 075 | 174 150 | 281 765 | |
| III | 82 040 | 5 845 | 20 610 | 3 176 | 48 | 29 679 | 28 034 | 22 902 | 6 488 | 119 331 | 176 754 | 288 474 | |
| IV | 82 802 | 7 147 | 25 041 | 3 478 | -21 | 35 645 | 29 482 | 25 826 | 5 908 | 124 017 | 185 233 | 303 680 | |
| 1997* I | 86 246 | 8 577 | 30 418 | 7 556 | 130 | 46 681 | 26 330 | 29 438 | 5 979 | 146 220 | 207 966 | 340 894 | |

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

| Position at end of period | Corporate sector | Households and nonprofit institutions | Banks | Bank of Finland | Other financial institutions | Central government | Local government | Net (1+2+3+4+5+6+7) | Net interest and dividend expenditure | Net interest and dividend expenditure in relation to current account receipts, % |
|---------------------------|------------------|---------------------------------------|---------|-----------------|------------------------------|--------------------|------------------|---------------------|---------------------------------------|--|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1992 | 33 761 | -3 260 | 82 343 | -27 546 | 28 283 | 112 064 | 2 347 | 227 992 | 19 011 | 13.5 |
| 1993 | 54 315 | -3 436 | 45 658 | -33 279 | 29 737 | 164 892 | 3 062 | 260 949 | 21 897 | 12.7 |
| 1994 | 82 428 | -3 503 | 33 800 | -52 606 | 21 931 | 179 113 | 3 093 | 264 257 | 20 296 | 10.3 |
| 1995* | 71 574 | -2 293 | 18 970 | -47 708 | 13 297 | 174 481 | 3 085 | 231 405 | 17 490 | 7.6 |
| 1996* | 109 492 | -1 142 | -13 719 | -35 521 | 912 | 183 737 | 2 451 | 246 209 | 16 654 | 7.0 |
| 1994 | | | | | | | | | | |
| IV | 82 428 | -3 503 | 33 800 | -52 606 | 21 931 | 179 113 | 3 093 | 264 257 | 3 903 | 7.2 |
| 1995* | | | | | | | | | | |
| I | 73 872 | -3 359 | 23 396 | -53 298 | 19 524 | 185 724 | 3 159 | 249 018 | 5 681 | 10.5 |
| II | 94 745 | -3 495 | 27 092 | -50 742 | 18 024 | 175 932 | 3 305 | 264 861 | 6 295 | 10.6 |
| III | 103 212 | -3 599 | 20 558 | -47 488 | 17 173 | 172 368 | 3 227 | 265 451 | 3 396 | 6.3 |
| IV | 71 574 | -2 293 | 18 970 | -47 708 | 13 297 | 174 481 | 3 085 | 231 405 | 2 118 | 3.4 |
| 1996* | | | | | | | | | | |
| I | 74 977 | -2 512 | 4 719 | -42 679 | 9 483 | 188 118 | 3 169 | 235 276 | 3 922 | 6.9 |
| II | 83 898 | -2 605 | -4 356 | -33 647 | 5 394 | 185 184 | 3 118 | 236 986 | 6 063 | 9.6 |
| III | 93 174 | -1 114 | -5 707 | -34 482 | 1 421 | 182 336 | 2 545 | 238 173 | 3 194 | 5.8 |
| IV | 109 492 | -1 142 | -13 719 | -35 521 | 912 | 183 737 | 2 451 | 246 209 | 3 476 | 5.4 |
| 1997* | | | | | | | | | | |
| I | 131 761 | -1 251 | 5 398 | -59 420 | -1 065 | 189 139 | 2 399 | 266 961 | 4 818 | 8.3 |

7. Foreign trade

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

| During period | Exports, fob | Imports, cif | Balance (1-2) |
|---------------|--------------|--------------|---------------|
| | 1 | 2 | 3 |
| 1992 | 107 463 | 94 947 | 12 516 |
| 1993 | 134 114 | 103 165 | 30 949 |
| 1994 | 154 164 | 120 612 | 33 552 |
| 1995 | 176 021 | 128 556 | 47 465 |
| 1996* | 185 798 | 140 996 | 44 802 |
| 1996* | | | |
| March | 15 075 | 12 105 | 2 970 |
| April | 15 710 | 11 913 | 3 797 |
| May | 16 175 | 11 931 | 4 244 |
| June | 17 060 | 11 589 | 5 471 |
| July | 13 292 | 10 058 | 3 234 |
| Aug. | 14 338 | 10 685 | 3 653 |
| Sept. | 15 103 | 11 959 | 3 144 |
| Oct. | 16 990 | 13 289 | 3 701 |
| Nov. | 18 910 | 12 536 | 6 374 |
| Dec. | 14 619 | 12 764 | 1 855 |
| 1997* | | | |
| Jan. | 15 102 | 11 169 | 3 933 |
| Feb. | 14 437 | 11 430 | 3 007 |
| March | 16 000 | 12 500 | 3 500 |

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

| Period | Volume (seasonally adjusted) | | Prices | | Terms of trade |
|--------|------------------------------|---------|---------|---------|----------------|
| | Exports | Imports | Exports | Imports | |
| | 1 | 2 | 3 | 4 | |
| 1992 | 102.7 | 84.7 | 103.1 | 108.6 | 95.0 |
| 1993 | 120.6 | 83.6 | 109.7 | 119.6 | 91.7 |
| 1994 | 136.5 | 98.0 | 111.4 | 119.3 | 93.3 |
| 1995 | 145.7 | 104.6 | 119.2 | 119.2 | 100.0 |
| 1996* | 152.7 | 112.9 | 120.2 | 121.1 | 99.3 |
| 1996* | | | | | |
| March | 141.8 | 112.0 | 123.2 | 120.4 | 102.3 |
| April | 148.9 | 110.2 | 122.5 | 122.2 | 100.2 |
| May | 153.4 | 110.8 | 121.8 | 121.8 | 100.0 |
| June | 165.3 | 113.2 | 121.3 | 121.6 | 99.8 |
| July | 140.0 | 105.7 | 119.6 | 121.8 | 98.2 |
| Aug. | 155.0 | 107.3 | 118.2 | 120.9 | 97.8 |
| Sept. | 151.8 | 115.7 | 117.6 | 121.6 | 96.7 |
| Oct. | 162.5 | 119.6 | 118.0 | 122.3 | 96.5 |
| Nov. | 177.7 | 114.9 | 117.8 | 120.8 | 97.5 |
| Dec. | 148.7 | 118.2 | 116.7 | 120.8 | 96.6 |
| 1997* | | | | | |
| Jan. | 159.3 | 114.3 | 116.6 | 121.6 | 95.9 |
| Feb. | 153.7 | 113.8 | 115.9 | 121.3 | 95.5 |
| March | 160.9 | 115.1 | 115.5 | 121.1 | 95.4 |

7.3 Foreign trade by main groups, mill. FIM

| During period | Exports by industries, fob | | | | | Imports by use of goods, cif | | | | |
|---------------|----------------------------|-------------------------|----------------------------|---|-------------|---------------------------------|---------------------------------|------------------|----------------|-------------|
| | Wood industry products | Paper industry products | Chemical industry products | Metal and engineering industry products | Other goods | Raw materials (excl. crude oil) | Crude oil, fuels and lubricants | Finished goods | | Other goods |
| | | | | | | | | Investment goods | Consumer goods | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1992 | 7 892 | 32 587 | 12 172 | 35 741 | 19 071 | 49 514 | 9 745 | 13 348 | 20 826 | 1 514 |
| 1993 | 10 910 | 37 430 | 14 205 | 48 158 | 23 411 | 54 792 | 10 904 | 15 396 | 21 066 | 1 007 |
| 1994 | 14 198 | 41 249 | 15 725 | 55 895 | 27 097 | 66 156 | 11 687 | 17 227 | 24 684 | 858 |
| 1995 | 13 451 | 48 754 | 15 877 | 69 336 | 28 603 | 71 397 | 9 685 | 19 660 | 25 514 | 2 300 |
| 1996* | 12 256 | 43 385 | 18 005 | 74 884 | 37 268 | 70 783 | 12 570 | 21 058 | 29 886 | 6 699 |
| 1996* | | | | | | | | | | |
| Feb. | 940 | 3 619 | 1 238 | 6 636 | 2 768 | 5 734 | 876 | 2 032 | 2 653 | 346 |
| March | 1 012 | 4 137 | 1 469 | 5 432 | 3 025 | 6 270 | 700 | 1 863 | 2 782 | 490 |
| April | 1 127 | 3 777 | 1 515 | 6 104 | 3 187 | 5 955 | 1 059 | 1 780 | 2 603 | 516 |
| May | 1 192 | 3 765 | 1 866 | 5 761 | 3 591 | 6 315 | 1 058 | 1 675 | 2 415 | 468 |
| June | 1 073 | 3 538 | 1 473 | 8 060 | 2 916 | 6 136 | 816 | 1 910 | 2 224 | 503 |
| July | 820 | 3 524 | 1 418 | 4 877 | 2 653 | 4 805 | 1 199 | 1 126 | 2 260 | 668 |
| Aug. | 870 | 3 599 | 1 598 | 5 132 | 3 139 | 5 474 | 900 | 1 397 | 2 296 | 618 |
| Sept. | 1 032 | 3 440 | 1 449 | 6 108 | 3 074 | 5 923 | 1 219 | 1 636 | 2 554 | 627 |
| Oct. | 1 119 | 3 253 | 1 658 | 6 443 | 4 517 | 6 383 | 1 303 | 1 966 | 2 800 | 837 |
| Nov. | 1 139 | 3 743 | 1 642 | 9 034 | 3 352 | 6 184 | 1 340 | 1 924 | 2 583 | 505 |
| Dec. | 972 | 3 426 | 1 396 | 6 530 | 2 295 | 5 932 | 1 406 | 2 311 | 2 527 | 588 |
| 1997* | | | | | | | | | | |
| Jan. | 1 096 | 3 600 | 1 497 | 5 886 | 3 023 | 5 512 | 1 295 | 1 618 | 2 468 | 276 |
| Feb. | 1 115 | 3 571 | 1 657 | 5 590 | 2 504 | 5 956 | 992 | 1 592 | 2 687 | 203 |

7.4 Foreign trade by regions and countries

| Region and country | Exports, fob | | | | Imports, cif | | | |
|---|--------------|------------------|------------------------|---|--------------|------------------|------------------------|---|
| | 1996* | | March 1996 – Feb. 1997 | | 1996* | | March 1996 – Feb. 1997 | |
| | Mill. FIM | Percentage share | Mill. FIM | 12-month change calculated from 12-month moving total | Mill. FIM | Percentage share | Mill. FIM | 12-month change calculated from 12-month moving total |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | |
| European Union ¹ | 101 339 | 54.5 | 102 413 | 0.9 | 84 999 | 60.3 | 85 030 | 9.0 |
| Austria | 1 610 | 0.9 | 1 664 | 10.3 | 1 556 | 1.1 | 1 506 | -9.0 |
| Belgium and Luxembourg | 4 692 | 2.5 | 4 799 | -4.8 | 4 136 | 2.9 | 4 147 | 12.6 |
| Denmark | 5 679 | 3.1 | 5 640 | -0.8 | 4 950 | 3.5 | 4 977 | 17.9 |
| France | 7 856 | 4.2 | 7 811 | -4.3 | 6 349 | 4.5 | 6 383 | 19.2 |
| Germany | 22 451 | 12.1 | 22 586 | -3.1 | 21 269 | 15.1 | 21 269 | 6.5 |
| Greece | 959 | 0.5 | 1 025 | 14.9 | 366 | 0.3 | 364 | 4.9 |
| Ireland | 1 096 | 0.6 | 1 140 | 19.4 | 1 154 | 0.8 | 1 133 | 1.1 |
| Italy | 4 768 | 2.6 | 4 949 | -1.9 | 5 732 | 4.1 | 5 658 | 6.7 |
| Netherlands | 7 372 | 4.0 | 7 573 | 4.5 | 4 999 | 3.5 | 5 139 | 4.8 |
| Portugal | 913 | 0.5 | 944 | 10.8 | 1 026 | 0.7 | 1 023 | -3.9 |
| Spain | 3 978 | 2.1 | 4 163 | -2.4 | 1 958 | 1.4 | 1 916 | 8.9 |
| Sweden | 19 799 | 10.7 | 19 893 | 7.5 | 16 749 | 11.9 | 16 745 | 9.1 |
| United Kingdom | 18 980 | 10.2 | 19 025 | 3.3 | 12 437 | 8.8 | 12 396 | 13.1 |
| Rest of Europe | 33 567 | 18.1 | 34 237 | 19.6 | 24 383 | 17.3 | 25 102 | 14.3 |
| Of which: | | | | | | | | |
| Estonia | 5 097 | 2.7 | 5 224 | 22.5 | 1 672 | 1.2 | 1 694 | 3.6 |
| Norway | 5 283 | 2.8 | 5 315 | -0.4 | 5 889 | 4.2 | 6 277 | 20.7 |
| Poland | 2 713 | 1.5 | 2 911 | 30.0 | 1 305 | 0.9 | 1 364 | -1.9 |
| Russia | 11 373 | 6.1 | 11 639 | 31.4 | 10 280 | 7.3 | 10 573 | 13.4 |
| Switzerland | 2 089 | 1.1 | 2 056 | -10.0 | 2 428 | 1.7 | 2 413 | 9.6 |
| Non-European industrialized countries ² | 23 030 | 12.4 | 22 029 | 4.2 | 19 833 | 14.1 | 19 172 | -5.6 |
| Of which: | | | | | | | | |
| Australia | 2 045 | 1.1 | 2 057 | -10.7 | 1 239 | 0.9 | 1 174 | 13.7 |
| Japan | 4 844 | 2.6 | 4 679 | -1.4 | 7 311 | 5.2 | 7 244 | -12.5 |
| U.S.A. | 14 761 | 7.9 | 13 847 | 9.9 | 10 387 | 7.4 | 9 840 | -2.5 |
| Dynamic Asian economies ³ | 13 833 | 7.4 | 13 949 | 13.2 | 6 514 | 4.6 | 6 468 | -1.4 |
| Of which: | | | | | | | | |
| China | 2 707 | 1.5 | 2 855 | 15.9 | 2 088 | 1.5 | 2 134 | 20.1 |
| Hong Kong | 3 037 | 1.6 | 2 992 | 18.3 | 693 | 0.5 | 699 | 2.2 |
| South Korea | 2 723 | 1.5 | 2 685 | 15.4 | 792 | 0.6 | 751 | -26.1 |
| Other countries | 14 030 | 7.6 | 14 183 | -1.7 | 5 267 | 3.7 | 5 656 | 25.1 |
| TOTAL | 185 798 | 100.0 | 186 811 | 4.9 | 140 996 | 100.0 | 141 428 | 7.7 |
| Of which: | | | | | | | | |
| Africa | 2 554 | 1.4 | 2 598 | -1.9 | 937 | 0.7 | 931 | 44.0 |
| Asia | 27 484 | 14.8 | 27 583 | 13.2 | 16 196 | 11.5 | 16 292 | -0.3 |
| Central and South America | 3 075 | 1.7 | 3 063 | -63.9 | 2 750 | 2.0 | 2 851 | 34.0 |
| North America | 15 825 | 8.5 | 14 974 | 8.4 | 11 229 | 8.0 | 10 694 | -2.3 |
| Europe | 134 906 | 72.6 | 136 650 | 5.0 | 109 383 | 77.6 | 110 132 | 10.2 |
| Oceania | 2 491 | 1.3 | 2 513 | -2.7 | 1 457 | 1.0 | 1 404 | 22.7 |

¹ Including exports / imports to EU unspecified by country.

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

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

8. Domestic economic developments

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

| Period | Consumption expenditure | | Fixed investment | | Change in stocks, incl. statistical discrepancy | Domestic demand (1+2+3+4+5) | Exports | Imports | GDP (6+7-8) |
|--------|-------------------------|---------|------------------|--------|---|-----------------------------|---------|---------|-------------|
| | Private | Public | Private | Public | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1992 | 247 363 | 108 799 | 75 338 | 16 899 | 4 534 | 452 933 | 122 059 | 112 989 | 462 003 |
| 1993 | 240 177 | 103 028 | 60 638 | 13 890 | 10 221 | 427 954 | 142 459 | 113 842 | 456 571 |
| 1994 | 244 761 | 102 728 | 60 543 | 14 107 | 22 236 | 444 375 | 161 376 | 128 411 | 477 340 |
| 1995* | 253 935 | 104 456 | 67 261 | 13 717 | 22 051 | 461 420 | 174 580 | 137 327 | 498 673 |
| 1996* | 262 377 | 107 478 | 71 741 | 13 726 | 22 058 | 477 380 | 181 221 | 143 445 | 515 156 |
| 1994* | | | | | | | | | |
| III | 61 315 | 25 614 | 15 395 | 3 492 | 6 463 | 112 279 | 41 642 | 32 983 | 120 938 |
| IV | 62 125 | 25 945 | 15 970 | 3 554 | 8 110 | 115 704 | 41 954 | 35 896 | 121 762 |
| 1995* | | | | | | | | | |
| I | 62 707 | 25 546 | 16 875 | 3 510 | 5 299 | 113 937 | 44 000 | 33 725 | 124 212 |
| II | 63 761 | 26 140 | 16 677 | 3 448 | 4 492 | 114 518 | 44 585 | 34 168 | 124 935 |
| III | 63 552 | 26 243 | 17 463 | 3 351 | 6 461 | 117 070 | 42 553 | 34 723 | 124 900 |
| IV | 63 915 | 26 527 | 16 246 | 3 408 | 5 799 | 115 895 | 43 442 | 34 711 | 124 626 |
| 1996* | | | | | | | | | |
| I | 65 048 | 26 478 | 17 081 | 3 376 | 7 190 | 119 173 | 42 841 | 35 918 | 126 096 |
| II | 65 015 | 26 827 | 17 343 | 3 481 | 4 532 | 117 198 | 45 058 | 35 214 | 127 042 |
| III | 65 704 | 26 979 | 18 628 | 3 488 | 5 341 | 120 140 | 45 254 | 35 263 | 130 131 |
| IV | 66 610 | 27 194 | 18 689 | 3 381 | 4 995 | 120 869 | 48 068 | 37 050 | 131 887 |

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

| Period | Total Industry | Mining and quarrying | Manu- facturing | Wood and paper industries | Metal and engineering industries | Other manu- facturing | Energy and water supply |
|--------|----------------|----------------------|--------------------|---------------------------|----------------------------------|--------------------------|-------------------------|
| | (100.0) | (1.3) | (89.6) | (16.8) | (31.3) | (41.5) | (9.1) |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1992 | 92.4 | 88.4 | 91.4 | 94.6 | 91.1 | 90.2 | 103.0 |
| 1993 | 97.4 | 86.1 | 96.4 | 104.5 | 99.7 | 90.8 | 107.9 |
| 1994 | 108.5 | 96.2 | 108.1 | 117.0 | 119.5 | 95.8 | 114.3 |
| 1995* | 116.6 | 95.7 | 117.5 | 118.0 | 143.8 | 97.4 | 111.1 |
| 1996* | 120.9 | 88.1 | 121.3 | 115.3 | 153.1 | 99.8 | 121.8 |
| 1996* | | | | | | | |
| March | 118.0 | 83.5 | 118.2 | 110.0 | 148.4 | 98.2 | 119.7 |
| April | 117.9 | 92.6 | 118.2 | 111.9 | 148.7 | 98.8 | 118.6 |
| May | 119.8 | 81.2 | 120.2 | 111.4 | 151.2 | 99.2 | 124.7 |
| June | 121.5 | 83.6 | 122.1 | 112.2 | 153.3 | 100.7 | 120.4 |
| July | 120.2 | 56.7 | 121.0 | 116.0 | 151.0 | 100.9 | 121.7 |
| Aug. | 120.1 | 158.7 | 120.2 | 117.4 | 151.8 | 100.0 | 121.2 |
| Sept. | 123.6 | 82.8 | 123.8 | 120.1 | 155.4 | 100.9 | 125.4 |
| Oct. | 124.1 | 84.7 | 124.2 | 120.8 | 157.2 | 100.9 | 127.1 |
| Nov. | 125.6 | 83.5 | 126.4 | 124.0 | 159.6 | 101.1 | 119.5 |
| Dec. | 127.1 | 78.2 | 127.8 | 121.0 | 161.2 | 102.4 | 124.1 |
| 1997* | | | | | | | |
| Jan. | 125.7 | 85.3 | 126.0 | 126.4 | 159.7 | 102.3 | 129.5 |
| Feb. | 125.4 | 90.0 | 126.2 | 125.5 | 159.9 | 103.1 | 124.5 |
| March | 128.4 | 95.4 | 129.2 | 127.6 | 162.7 | 103.5 | 123.1 |

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

| Period | Volume of wholesale trade | Volume of retail trade | Volume of construction of buildings | Of which: | | Imports of investment goods | Monthly GDP indicator |
|--------|---------------------------|------------------------|-------------------------------------|-----------------------|----------------------|-----------------------------|-----------------------|
| | | | | Residential buildings | Industrial buildings | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1992 | 72.7 | 83.0 | 59.9 | 57.3 | 44.8 | 78.1 | 91.1 |
| 1993 | 68.5 | 78.1 | 46.9 | 47.2 | 35.6 | 72.9 | 89.9 |
| 1994 | 73.0 | 79.7 | 42.2 | 45.1 | 35.2 | 84.4 | 93.7 |
| 1995* | 76.2 | 82.6 | 42.0 | 41.1 | 49.9 | 88.5 | 97.7 |
| 1996* | 77.8 | 86.0 | 43.9 | 38.5 | 55.6 | 102.8 | 100.6 |
| 1996* | | | | | | | |
| March | 82.7 | 73.8 | 42.5 | 41.7 | 52.1 | 105.0 | 97.6 |
| April | 85.1 | 79.9 | 42.7 | 41.0 | 52.5 | 100.1 | 98.7 |
| May | 85.9 | 77.5 | 42.6 | 39.0 | 52.6 | 100.8 | 99.9 |
| June | 82.7 | 72.9 | 42.9 | 36.9 | 50.3 | 100.0 | 99.7 |
| July | 87.3 | 79.4 | 43.9 | 35.3 | 51.9 | 98.6 | 100.9 |
| Aug. | 86.8 | 75.3 | 43.7 | 32.9 | 52.2 | 95.2 | 100.8 |
| Sept. | 85.1 | 76.9 | 45.3 | 34.8 | 52.2 | 103.9 | 102.3 |
| Oct. | 89.3 | 81.3 | 45.7 | 37.4 | 51.7 | 110.6 | 103.5 |
| Nov. | 88.3 | 77.7 | 46.3 | 41.1 | 51.8 | 105.6 | 103.0 |
| Dec. | 88.2 | 79.7 | 47.7 | 45.6 | 53.5 | 109.9 | 103.9 |
| 1997* | | | | | | | |
| Jan. | 89.6 | 81.8 | 46.7 | 46.9 | 58.9 | 105.6 | 104.0 |
| Feb. | 86.3 | 78.4 | 47.5 | 49.7 | 58.5 | 108.4 | 103.3 |
| March | 84.0 | 73.7 | 48.2 | 51.7 | 59.8 | .. | 103.6 |

8.4 Wages and prices, 1990=100

| Period | Index of wage and salary earnings | By sectors | | | Consumer price index | Indicator of underlying inflation | Basic price index for domestic supply | By origin | | Producer price index for manufacturing | By marketing area | | Building cost index |
|-------------------|-----------------------------------|------------|---------------------------------|--------|----------------------|-----------------------------------|---------------------------------------|------------------------|------------------------|--|------------------------|-------------------------|---------------------|
| | | Private | Of which: Manufacturing (SIC 3) | Public | | | | Domes- tic goods | Import- ed goods | | Export- ed goods | Home market goods | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 1992 | 108.4 | 108.1 | 108.3 | 109.0 | 107.4 | 107.1 | 101.4 | 99.5 | 108.5 | 101.6 | 102.7 | 101.1 | 100.4 |
| 1993 | 109.2 | 108.8 | 110.0 | 110.1 | 109.7 | 109.9 | 104.8 | 100.8 | 119.3 | 105.5 | 109.2 | 103.9 | 100.7 |
| 1994 | 111.4 | 111.6 | 115.0 | 111.1 | 110.9 | 111.4 | 106.2 | 102.8 | 118.7 | 107.1 | 110.2 | 105.8 | 102.2 |
| 1995 | 116.6 | 117.4 | 123.1 | 114.7 | 112.0 | 111.3 | 106.9 | 103.8 | 118.5 | 110.8 | 118.0 | 107.7 | 103.5 |
| 1996 ¹ | 121.1 | 121.8 | 127.5 | 119.2 | 112.6 | 111.4 | 105.9 | 102.0 | 120.1 | 110.9 | 118.5 | 107.6 | 102.7 |
| 1996 | | | | | | | | | | | | | |
| April | .. | .. | .. | .. | 112.7 | 111.6 | 106.1 | 102.0 | 121.5 | 111.7 | 120.6 | 107.9 | 102.1 |
| May | .. | .. | .. | .. | 112.9 | 111.7 | 105.9 | 101.7 | 121.0 | 111.4 | 120.0 | 107.7 | 102.4 |
| June | .. | .. | .. | .. | 112.9 | 111.7 | 105.5 | 101.4 | 120.9 | 110.8 | 119.5 | 107.1 | 102.7 |
| July | .. | .. | .. | .. | 112.8 | 111.5 | 105.5 | 101.2 | 121.0 | 110.2 | 117.8 | 106.9 | 102.8 |
| Aug. | .. | .. | .. | .. | 112.6 | 111.1 | 105.4 | 101.3 | 120.2 | 109.7 | 116.4 | 106.8 | 103.1 |
| Sept. | .. | .. | .. | .. | 112.8 | 111.5 | 105.9 | 101.9 | 120.8 | 109.8 | 115.8 | 107.2 | 103.0 |
| Oct. | .. | .. | .. | .. | 113.0 | 111.7 | 106.4 | 102.5 | 120.8 | 110.2 | 116.2 | 107.6 | 103.1 |
| Nov. | .. | .. | .. | .. | 112.7 | 111.5 | 105.9 | 102.3 | 119.3 | 110.0 | 116.0 | 107.4 | 103.3 |
| Dec. | .. | .. | .. | .. | 112.7 | 111.5 | 106.3 | 102.7 | 119.3 | 110.1 | 115.5 | 107.8 | 103.4 |
| 1996 ¹ | | | | | | | | | | | | | |
| I | 120.3 | 121.1 | 126.8 | 118.3 | 112.3 | 111.3 | 106.1 | 102.3 | 118.9 | 112.2 | 121.2 | 108.4 | 102.0 |
| II | 120.6 | 121.4 | 127.1 | 118.6 | 112.8 | 111.6 | 105.8 | 101.7 | 121.1 | 111.3 | 120.0 | 107.6 | 102.4 |
| III | 120.7 | 121.4 | 127.0 | 118.9 | 112.7 | 111.3 | 105.6 | 101.5 | 120.7 | 109.9 | 116.7 | 107.0 | 103.0 |
| IV | 123.1 | 123.9 | 130.3 | 121.4 | 112.8 | 111.6 | 106.2 | 102.5 | 119.8 | 110.1 | 115.9 | 107.6 | 103.3 |
| 1997 | | | | | | | | | | | | | |
| Jan. | .. | .. | .. | .. | 112.6 | 111.1 | 106.5 | 102.6 | 120.1 | 110.1 | 115.3 | 107.7 | 103.7 |
| Feb. | .. | .. | .. | .. | 112.8 | 111.3 | 106.7 | 103.2 | 119.8 | 110.2 | 115.0 | 108.1 | 103.7 |
| March | .. | .. | .. | .. | 113.2 | 111.7 | 106.7 | 103.2 | 119.6 | 110.2 | 114.5 | 108.3 | 104.1 |
| April | .. | .. | .. | .. | 113.8 | .. | 106.6 | 103.2 | 119.3 | 110.4 | 115.2 | 108.4 | 104.4 |
| 1997 ¹ | | | | | | | | | | | | | |
| I | 123.5 | 124.3 | 130.8 | 121.7 | 112.9 | 111.4 | 106.6 | 103.0 | 119.8 | 110.2 | 114.9 | 108.0 | 103.8 |

¹ Preliminary figures for columns 1-4.

8.5 Labour, employment and unemployment (seasonally adjusted figures)

| Period | Labour force participation rate among 15-74 year olds | Labour force | Total employment (4+5) = (6+7+8) | By industrial status | | | By industry | | | Unemployed | Unemployment rate |
|--------|---|--------------|----------------------------------|----------------------|-------------------------|------------------------------------|---|------------------|-----|------------|-------------------|
| | | | | Self-employed | Wage and salary earners | Agri-culture, forestry and fishing | Mining, manufacturing and energy supply | Other industries | | | |
| | % | | | 1000 persons | | | | | | % | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| 1992 | 66.1 | 2 502 | 2 174 | 325 | 1 849 | 187 | 453 | 1 534 | 328 | 13.1 | |
| 1993 | 65.3 | 2 484 | 2 041 | 312 | 1 729 | 173 | 424 | 1 444 | 444 | 17.9 | |
| 1994 | 64.8 | 2 480 | 2 024 | 312 | 1 712 | 167 | 426 | 1 430 | 456 | 18.4 | |
| 1995 | 65.1 | 2 497 | 2 068 | 304 | 1 764 | 158 | 456 | 1 454 | 430 | 17.2 | |
| 1996* | 65.0 | 2 503 | 2 096 | 302 | 1 794 | 148 | 459 | 1 489 | 408 | 16.3 | |
| 1996* | | | | | | | | | | | |
| April | 65.1 | 2 563 | 2 167 | 367 | 1 799 | 174 | 472 | 1 520 | 397 | 15.5 | |
| May | 65.1 | 2 541 | 2 138 | 352 | 1 786 | 174 | 452 | 1 512 | 403 | 16.2 | |
| June | 64.7 | 2 517 | 2 123 | 344 | 1 779 | 172 | 454 | 1 497 | 394 | 16.2 | |
| July | 64.8 | 2 536 | 2 142 | 354 | 1 788 | 167 | 467 | 1 508 | 394 | 15.5 | |
| Aug. | 65.5 | 2 557 | 2 154 | 357 | 1 797 | 165 | 456 | 1 533 | 404 | 15.9 | |
| Sept. | 64.5 | 2 527 | 2 137 | 343 | 1 794 | 168 | 441 | 1 528 | 390 | 14.7 | |
| Oct. | 64.9 | 2 541 | 2 151 | 342 | 1 809 | 167 | 469 | 1 516 | 390 | 15.2 | |
| Nov. | 65.6 | 2 560 | 2 164 | 349 | 1 815 | 166 | 469 | 1 529 | 396 | 15.5 | |
| Dec. | 64.9 | 2 542 | 2 154 | 346 | 1 808 | 163 | 453 | 1 538 | 388 | 15.1 | |
| 1997* | | | | | | | | | | | |
| Jan. | 65.3 | 2 538 | 2 146 | 328 | 1 818 | 160 | 460 | 1 526 | 392 | 15.5 | |
| Feb. | 65.8 | 2 557 | 2 165 | 340 | 1 825 | 160 | 469 | 1 536 | 392 | 15.2 | |
| March | 65.9 | 2 559 | 2 163 | 329 | 1 833 | 158 | 456 | 1 549 | 397 | 15.5 | |
| April | 66.4 | 2 537 | 2 133 | 302 | 1 830 | 156 | 458 | 1 518 | 404 | 16.1 | |

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 |
| 1992 | 34 312 | 69 541 | 1 512 | 21 251 | 126 616 | 5 054 | 131 669 | 49 291 | 105 184 | 42 990 | 59 180 |
| 1993 | 31 667 | 67 291 | 1 443 | 28 823 | 129 224 | 7 366 | 136 593 | 46 880 | 108 608 | 42 720 | 63 535 |
| 1994 | 34 588 | 68 124 | 1 792 | 24 095 | 128 599 | 7 308 | 135 900 | 48 750 | 108 155 | 40 388 | 65 519 |
| 1995 | 40 092 | 66 902 | 1 720 | 35 837 | 144 550 | 7 923 | 152 473 | 51 446 | 113 644 | 39 481 | 67 514 |
| 1996 | 48 357 | 73 943 | 1 947 | 39 778 | 164 024 | 9 893 | 173 918 | 53 696 | 110 039 | 33 199 | 69 533 |
| 1996 | | | | | | | | | | | |
| March | 5 458 | 5 992 | 150 | 1 841 | 13 441 | 137 | 13 578 | 4 486 | 9 261 | 3 475 | 5 194 |
| April | 3 590 | 5 237 | 58 | 4 006 | 12 891 | 3 469 | 16 360 | 4 154 | 9 517 | 2 945 | 5 752 |
| May | 3 016 | 5 805 | 75 | 2 979 | 11 876 | 843 | 12 719 | 4 095 | 8 753 | 2 996 | 5 189 |
| June | 3 435 | 5 863 | 72 | 5 222 | 14 592 | 850 | 15 443 | 5 032 | 8 952 | 2 863 | 5 459 |
| July | 3 817 | 6 187 | 59 | 2 003 | 12 067 | 323 | 12 390 | 5 036 | 8 707 | 2 891 | 5 151 |
| Aug. | 3 766 | 6 125 | 59 | 2 483 | 12 433 | 219 | 12 652 | 3 913 | 6 090 | 1 476 | 4 505 |
| Sept. | 3 481 | 6 391 | 57 | 2 526 | 12 455 | 3 261 | 15 716 | 4 579 | 8 030 | 2 747 | 4 913 |
| Oct. | 3 590 | 6 542 | 58 | 3 602 | 13 792 | 329 | 14 121 | 4 205 | 10 912 | 2 995 | 7 040 |
| Nov. | 4 260 | 6 049 | 91 | 3 216 | 13 616 | 1 113 | 14 729 | 4 068 | 7 922 | 2 301 | 5 158 |
| Dec. | 6 515 | 5 228 | 69 | 4 324 | 16 136 | -1 050 | 15 087 | 6 133 | 11 691 | 2 698 | 8 599 |
| 1997 | | | | | | | | | | | |
| Jan. | 3 070 | 6 448 | 121 | 3 151 | 12 790 | 48 | 12 839 | 3 875 | 11 713 | 3 518 | 6 429 |
| Feb. | 3 984 | 5 292 | 63 | 3 363 | 12 702 | 37 | 12 739 | 3 649 | 8 393 | 3 467 | 4 437 |
| March | 6 173 | 8 768 | 353 | 2 692 | 17 986 | 213 | 18 199 | 4 753 | 8 779 | 3 719 | 4 702 |

| 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) |
| | | | | | | | | | |
| 1992 | 5 042 | 8 499 | 168 016 | 35 501 | 203 516 | -41 400 | -71 847 | 70 691 | -1 155 |
| 1993 | 4 306 | 18 076 | 177 870 | 19 753 | 197 623 | -48 646 | -61 030 | 84 036 | 23 009 |
| 1994 | 3 737 | 22 281 | 182 923 | 17 886 | 200 760 | -54 324 | -64 860 | 73 193 | 8 336 |
| 1995 | 3 208 | 26 336 | 194 635 | 16 765 | 211 399 | -50 085 | -58 926 | 54 071 | -4 854 |
| 1996 | 3 325 | 29 911 | 196 972 | 13 756 | 210 747 | -32 947 | -36 828 | 33 845 | -2 983 |
| 1996 | | | | | | | | | |
| March | 185 | 4 560 | 18 491 | 393 | 18 884 | -5 050 | -5 306 | 760 | -4 546 |
| April | 175 | 2 759 | 16 605 | 3 605 | 20 210 | -3 714 | -3 850 | 6 544 | 2 694 |
| May | 207 | 1 291 | 14 346 | 770 | 15 117 | -2 470 | -2 398 | 2 496 | 98 |
| June | 219 | 3 060 | 17 262 | 2 075 | 19 338 | -2 670 | -3 895 | 3 503 | -392 |
| July | 316 | 1 154 | 15 214 | 437 | 15 651 | -3 147 | -3 261 | 3 900 | 639 |
| Aug. | 334 | 1 090 | 11 427 | 457 | 11 884 | 1 006 | 768 | 6 829 | 7 597 |
| Sept. | 290 | 4 787 | 17 686 | 586 | 18 272 | -5 231 | -2 556 | -10 228 | -12 784 |
| Oct. | 369 | 1 832 | 17 318 | 489 | 17 807 | -3 526 | -3 686 | -258 | -3 943 |
| Nov. | 260 | 963 | 13 213 | 479 | 13 693 | 403 | 1 036 | -191 | 846 |
| Dec. | 560 | 1 637 | 20 021 | 3 388 | 23 426 | -3 885 | -8 339 | 3 375 | -4 965 |
| 1997 | | | | | | | | | |
| Jan. | 131 | 5 180 | 20 899 | 538 | 21 437 | -8 109 | -8 598 | 9 507 | 909 |
| Feb. | 221 | 663 | 12 926 | 421 | 13 347 | -224 | -608 | 7 344 | 6 736 |
| March | 164 | 4 660 | 18 356 | 425 | 18 780 | -370 | -581 | 1 203 | 622 |

Notes and explanations to the statistical section

General

Source

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

Symbols used

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

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

Notes and explanations to tables

1 The balance sheet of the Bank of Finland

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

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

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

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

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

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

Table 2.4 The markka value of forward contracts is given.

3 Rates of interest

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

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

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

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

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

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

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

4 Rates of exchange

Table 4.2 FIM/ECU (Column 1): The markka value of the ECU is calculated as the sum of the dollar amounts of the currencies in the ECU valued at current market rates quoted daily at noon Finnish time. The markka was floated on 8 September 1992, continuing until 14 October 1996, when it was joined to the EU's Exchange Rate Mechanism (ERM) at the central rate of 5.80661 per ECU. As from 25 November 1996 the ECU central rate is FIM 5.85424. Trade-weighted currency index (Column 2): The weights are moving averages of the shares of (currently) 14 countries in Finland's foreign merchandise trade (only convertible currencies are included). The payments currency index (Column 3): The weights are moving averages of shares of payments currencies (14 convertible currencies) in Finland's foreign trade.

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

5 Other domestic financing

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

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

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

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

Table 5.4 Source: State Treasury Office. Other foreign currency-denominated debt (Column 2) consists of other bonds and debentures and long-term promissory notes. Other bonds and debentures are so-called private 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.

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

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

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

6 Balance of payments, foreign liabilities and assets

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

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

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

gory includes changes in the central government's subscriptions to and quotas in international organizations as well as transactions in the Bank of Finland's short- and long-term assets and liabilities (excl. reserve items). The most important sub-item under the item 'other capital' comprises banks' other short-term assets and liabilities (in practice interbank deposits). The central bank's reserve assets (Column 26) comprise gold, special drawing rights (SDRs), the reserve position in the IMF, ECU-claim on the EMI and foreign exchange assets. A negative figure implies an increase in reserves.

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

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

7 Foreign trade

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

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

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

8 Domestic economic developments

Tables 8.1–8.5 Source: Statistics Finland. Seasonal adjustment is done 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.

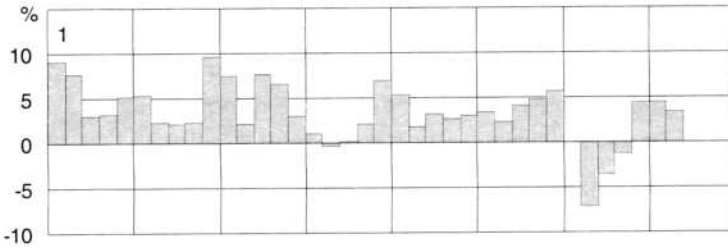
Table 8.3 The indices of wholesale and retail trade (Columns 1 and 2) are seasonally adjusted by Statistics Finland. The monthly GDP indicator (Column 7) is a weighted index of 11 readily available output indicators for various industries.

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

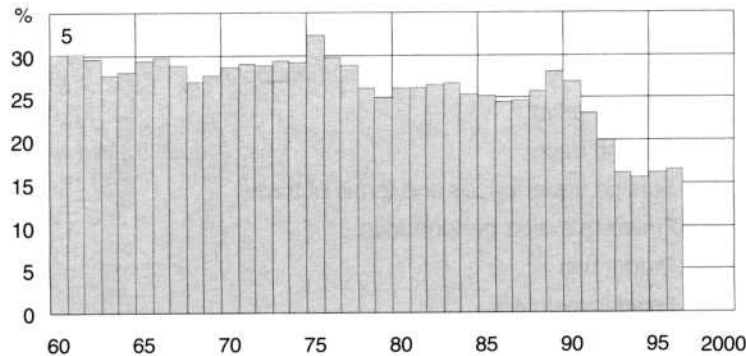
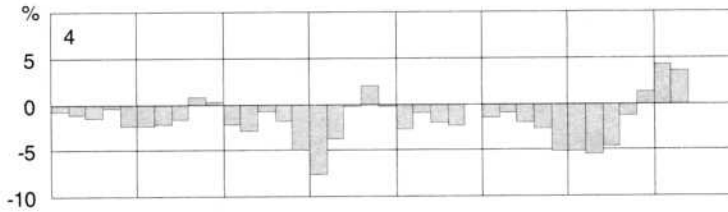
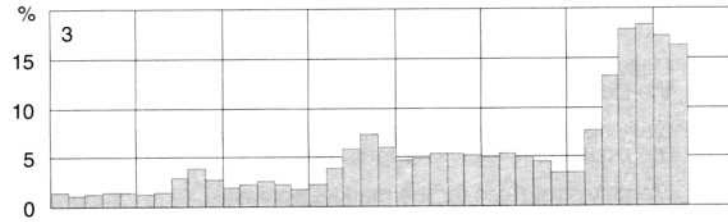
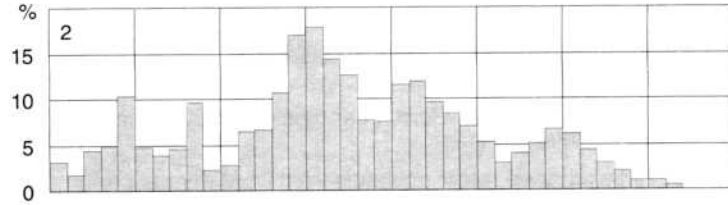
Table 8.6 Source: Ministry of Finance.

| | |
|--|-----|
| 1. Long-term indicators | S30 |
| 2. The Bank of Finland's foreign exchange reserves and forward position | S31 |
| 3. Forward market | S31 |
| 4. Rates of interest set by the Bank of Finland | S31 |
| 5. Banks' liquidity position at the Bank of Finland | S32 |
| 6. Liquidity management interest rates | S32 |
| 7. HELIBOR rates of interest, daily | S32 |
| 8. HELIBOR interest rates, monthly | S33 |
| 9. Bond yields | S33 |
| 10. Differential between Finnish and German interest rates | S33 |
| 11. Differential between German and selected EU-countries' 10-year interest rates | S34 |
| 12. ERM exchange rates: deviation from DEM central parity | S34 |
| 13. ERM exchange rates: deviation from DEM central parity | S34 |
| 14. Bank of Finland currency index and markka value of the ECU | S35 |
| 15. Daily spot rates for the markka against the Deutschemark and US dollar | S35 |
| 16. Daily spot rates for the markka against the pound sterling and Swedish krona | S35 |
| 17. Monthly spot rates for the markka against the Deutschemark and US dollar | S36 |
| 18. Monthly spot rates for the markka against the pound sterling and Swedish krona | S36 |
| 19. Banks' markka lending rates and markka funding rates | S36 |
| 20. Bank funding from the public | S37 |
| 21. Bank lending to the public | S37 |
| 22. Money supply | S37 |
| 23. Current account | S38 |
| 24. Balance of payments | S39 |
| 25. Net interest and dividend expenditure | S40 |
| 26. Finland's net international investment position | S40 |
| 27. Share market | S40 |
| 28. Foreign trade | S41 |
| 29. Foreign trade: prices and terms of trade | S41 |
| 30. Finland's export performance | S41 |
| 31. Production | S42 |
| 32. Fixed investment | S42 |
| 33. Employment and the unemployment rate | S43 |
| 34. Prices and wages | S43 |
| 35. Central government finances | S44 |
| 36. Central government debt | S44 |

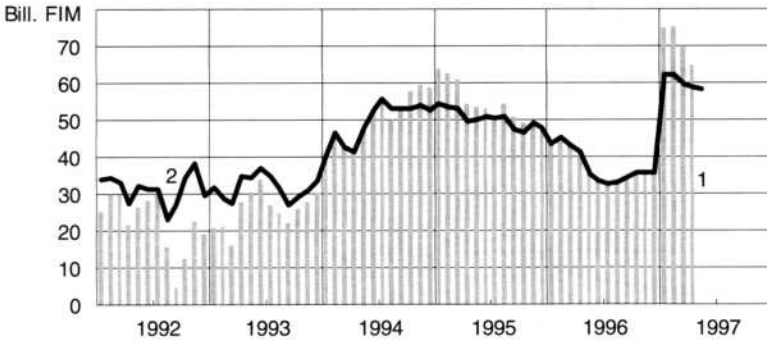
1. Long-term indicators



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

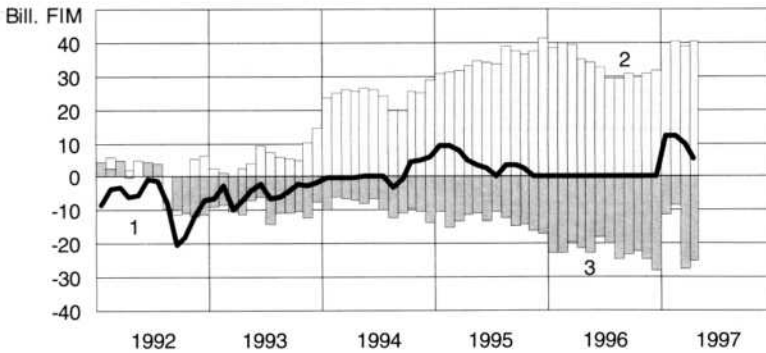


2. The Bank of Finland's foreign exchange reserves and forward position



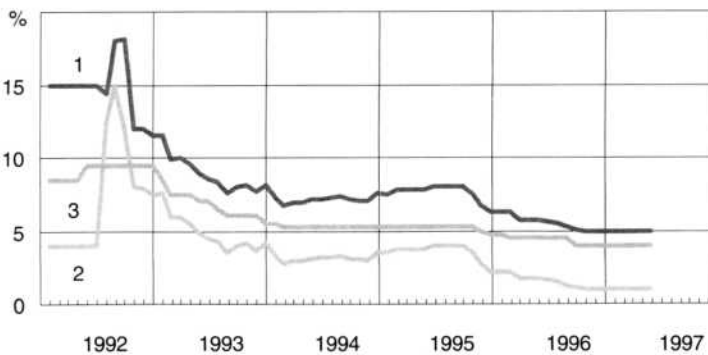
1. Foreign exchange reserves plus forward position
2. Foreign exchange reserves

3. Forward market



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

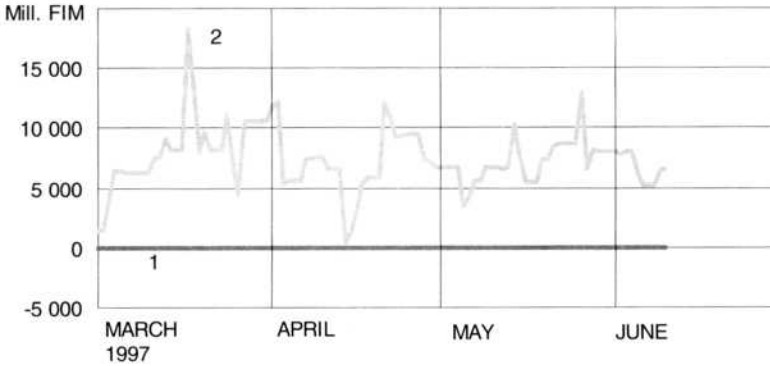
4. Rates of interest set by the Bank of Finland



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

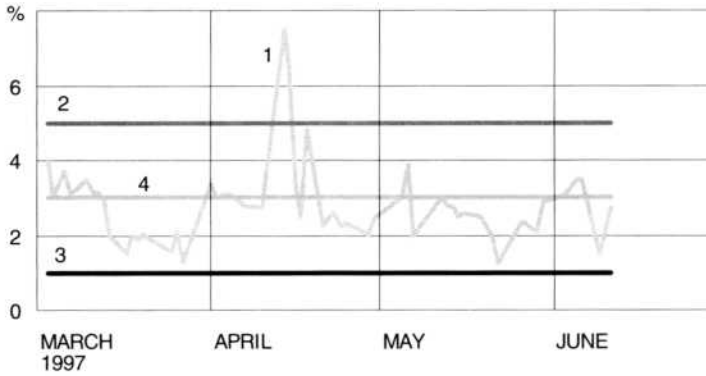
End-of-month observations

5. Banks' liquidity position at the Bank of Finland



1. Liquidity credits (-)
2. Reserve deposits

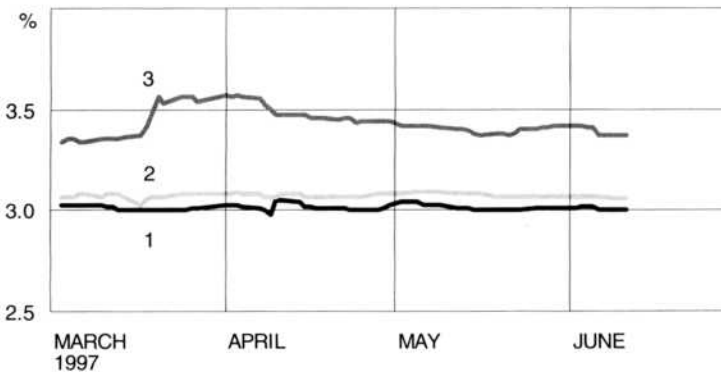
6. Liquidity management interest rates



1. Inter-bank overnight rate
2. Liquidity credit rate
3. Excess-reserve rate
4. Tender rate

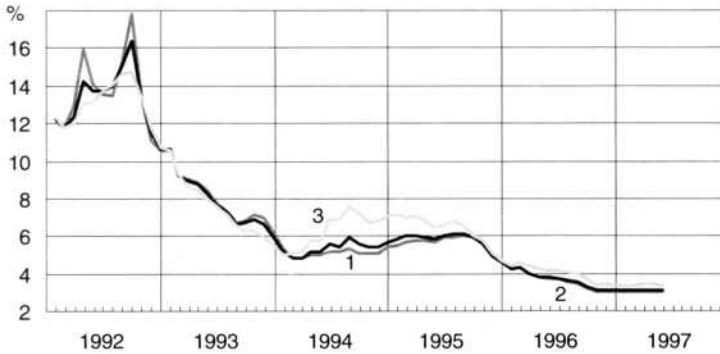
Daily observations

7. HELIBOR rates of interest, daily



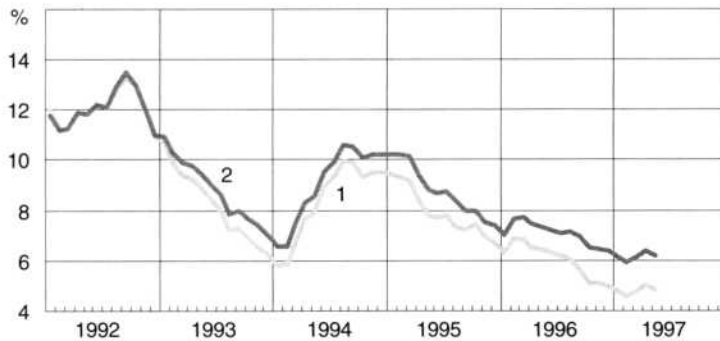
1. 1-month HELIBOR
2. 3-month HELIBOR
3. 12-month HELIBOR

8. HELIBOR interest rates, monthly



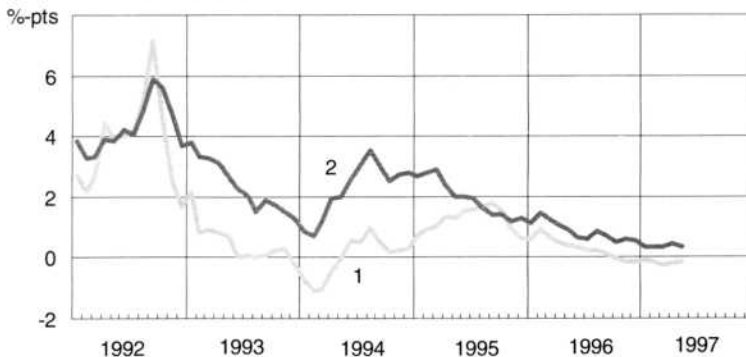
1. 1-month HELIBOR
2. 3-month HELIBOR
3. 12-month HELIBOR

9. Bond yields



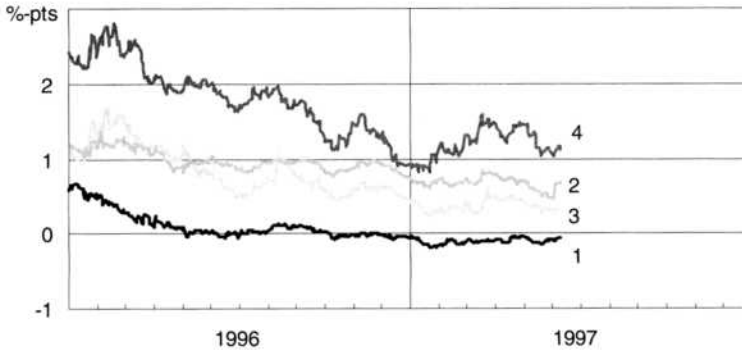
1. Yield on 5-year government bonds
2. Yield on 10-year government bonds

10. Differential between Finnish and German interest rates



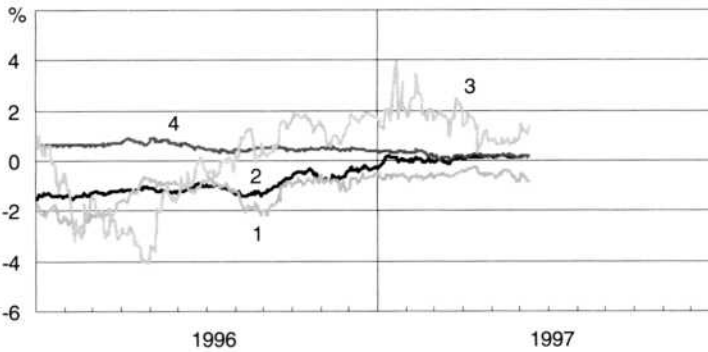
1. 3-month HELIBOR minus 3-month DEM eurorate
2. 10-year Finnish government bond yield minus 10-year German government bond yield

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



- 1. France
- 2. Denmark
- 3. Finland
- 4. Sweden

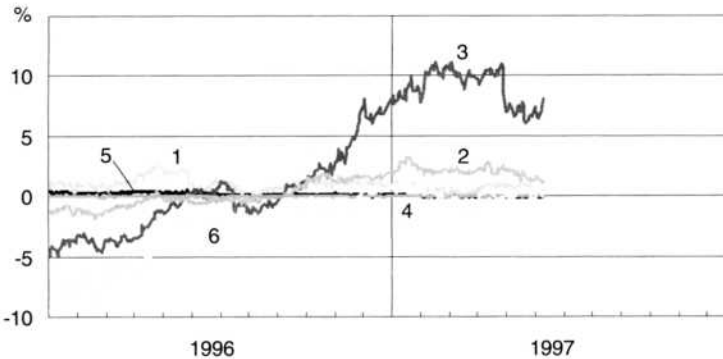
12. ERM exchange rates: deviation from DEM central parity



- 1. FRF
- 2. DKK
- 3. FIM
- 4. NLG

Rising curve means appreciation against the DEM

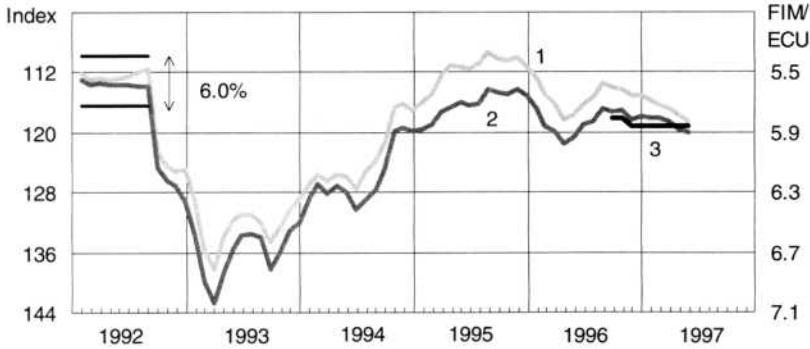
13. ERM exchange rates: deviation from DEM central parity



- 1. ESP
- 2. PTE
- 3. IEP
- 4. ATS
- 5. BEF
- 6. ITL

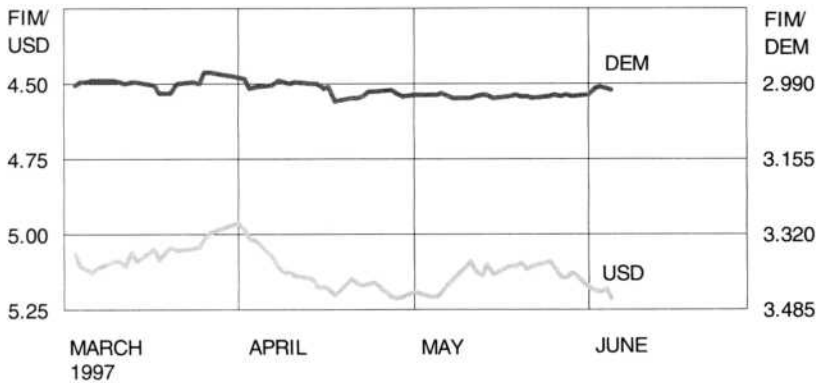
Rising curve means appreciation against the DEM

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



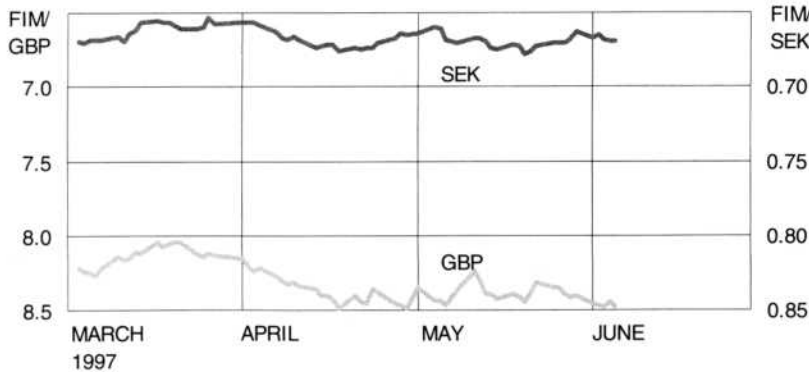
1. Bank of Finland currency index, 1982 = 100 (left scale)
2. Markka value of the ECU from 7 June 1991 (right scale)
3. ECU central rate from 14 October 1996 (right scale)

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



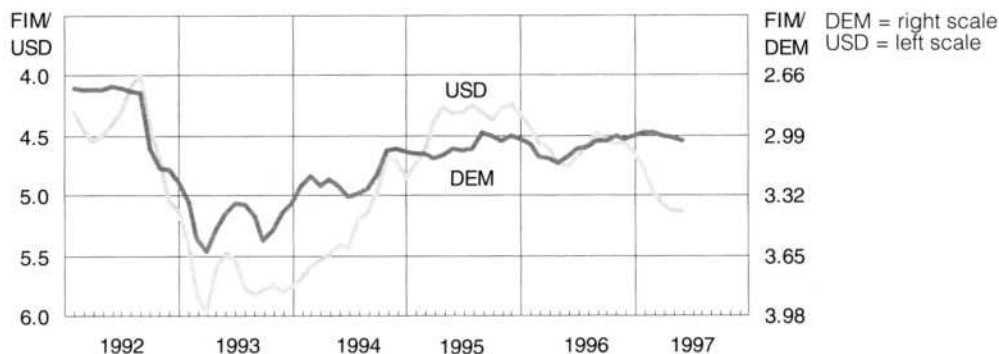
- Middle rates
 DEM = right scale
 USD = left scale

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

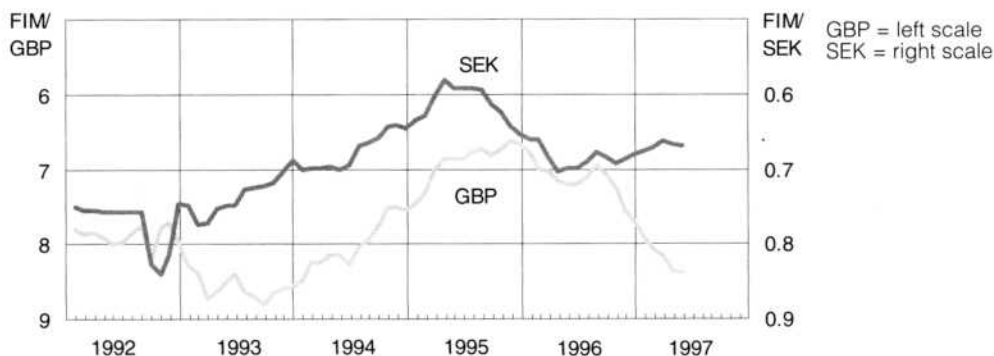


- Middle rates
 GBP = left scale
 SEK = right scale

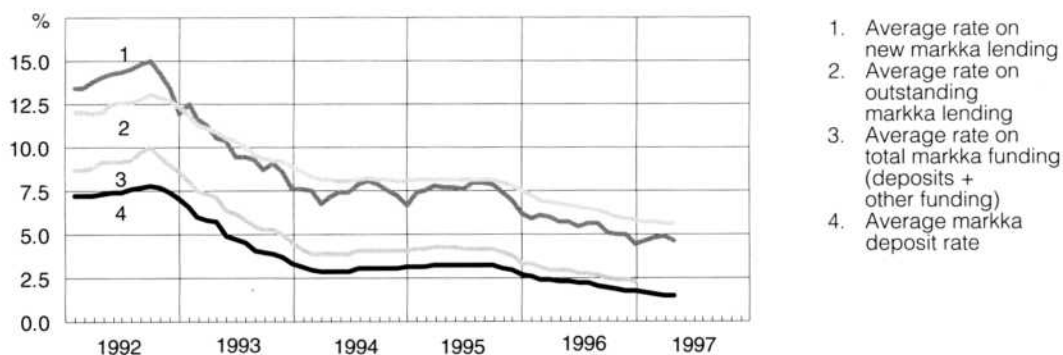
17. Monthly spot rates for the markka against the Deutschemark and US dollar



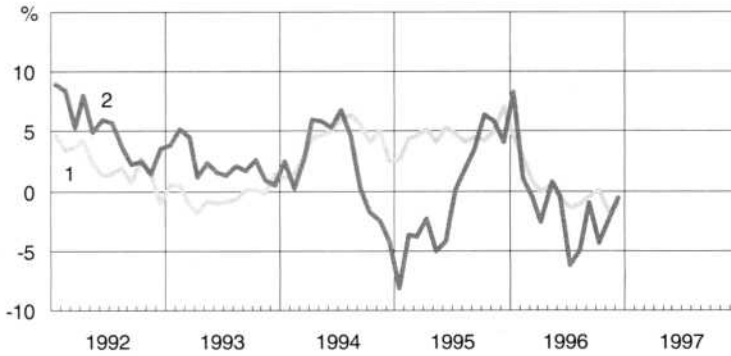
18. Monthly spot rates for the markka against the pound sterling and Swedish krona



19. Banks' markka lending rates and markka funding rates



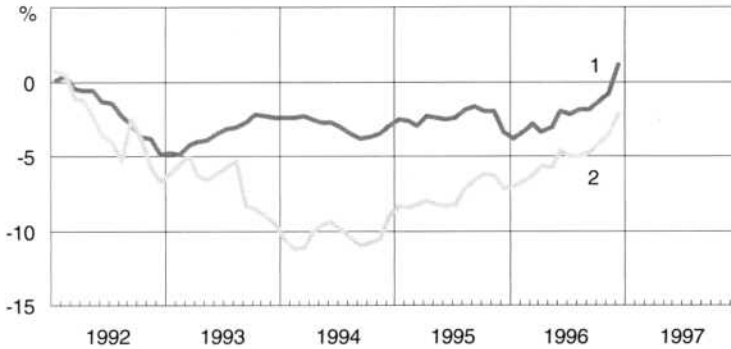
20. Bank funding from the public



1. Markka deposits
2. Total funding

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

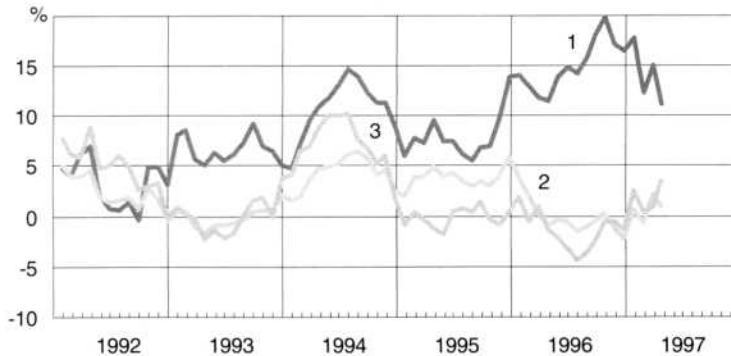
21. Bank lending to the public



1. Markka lending
2. Total lending

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

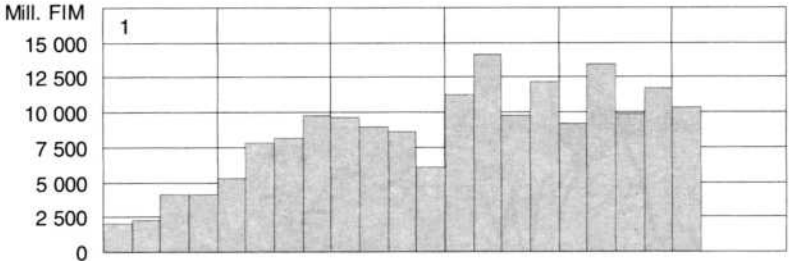
22. Money supply



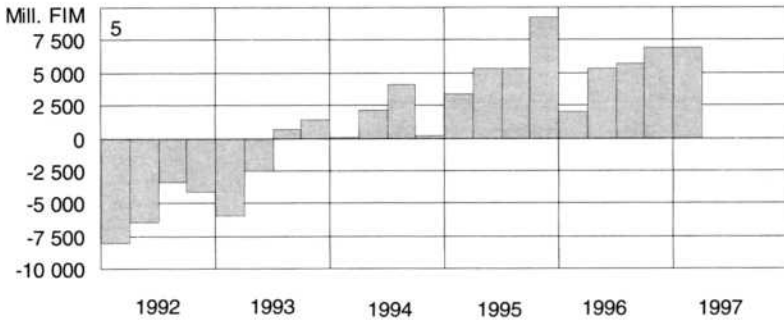
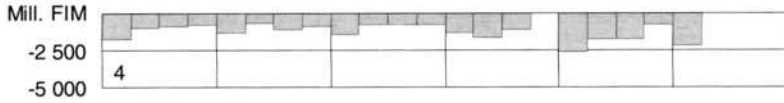
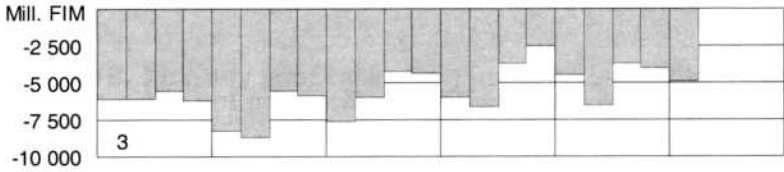
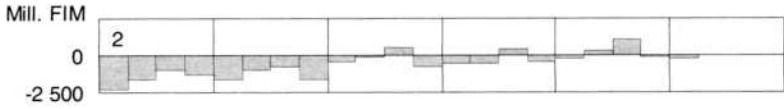
1. Narrow money (M1)
2. Broad money (M2)
3. M2 + bank CDs held by the public (M3)

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

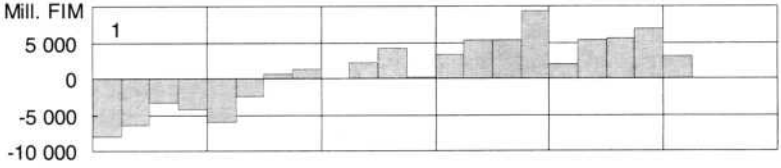
23. Current account



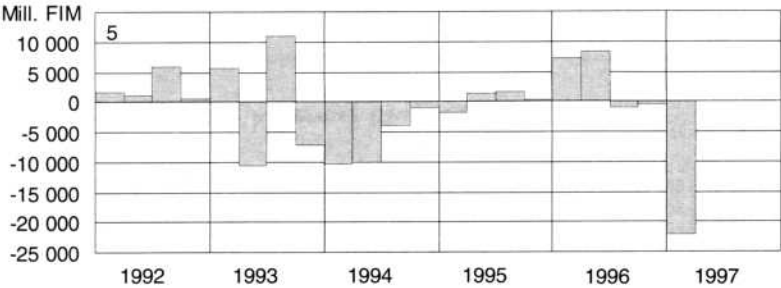
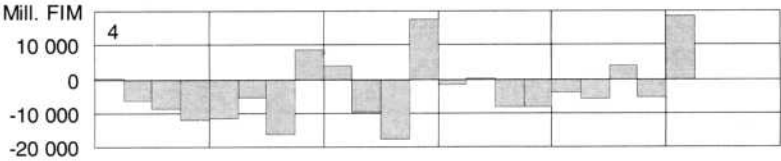
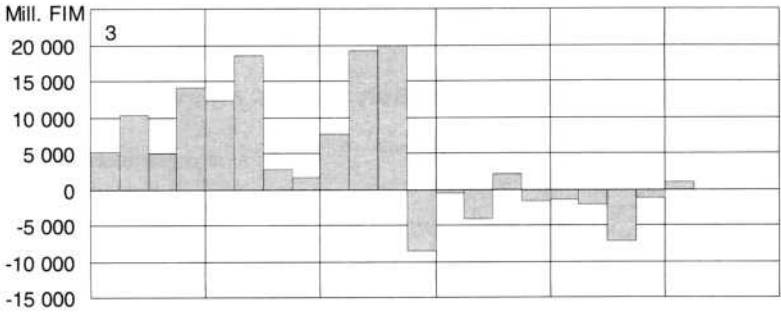
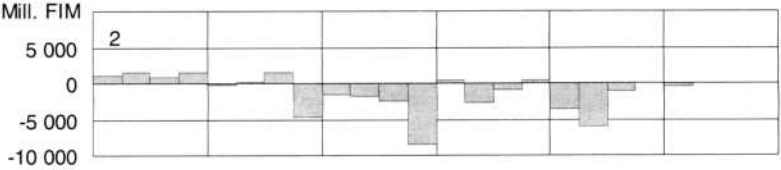
1. Trade account
2. Services account
3. Investment income account
4. Unrequited transfers account and other items, net
5. Current account



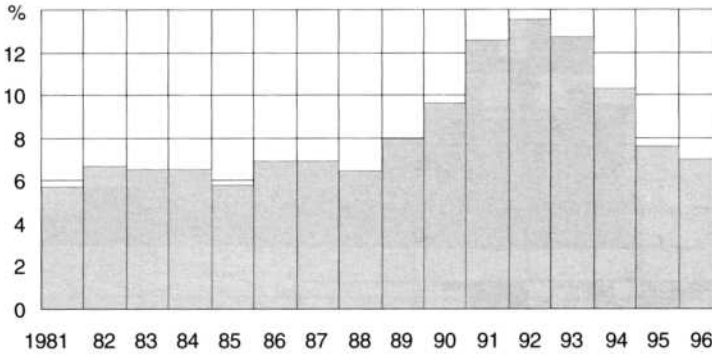
24. Balance of payments



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

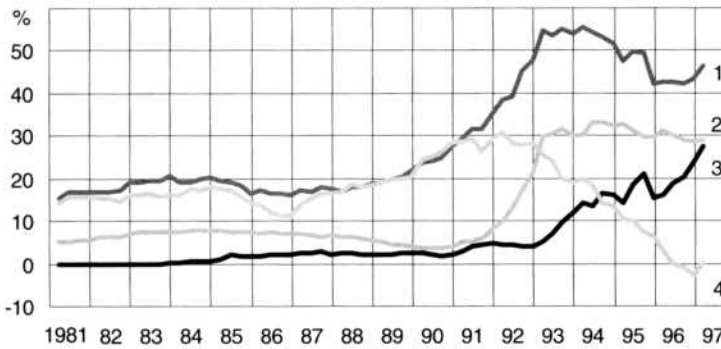


25. Net interest and dividend expenditure



As percentage of current account receipts

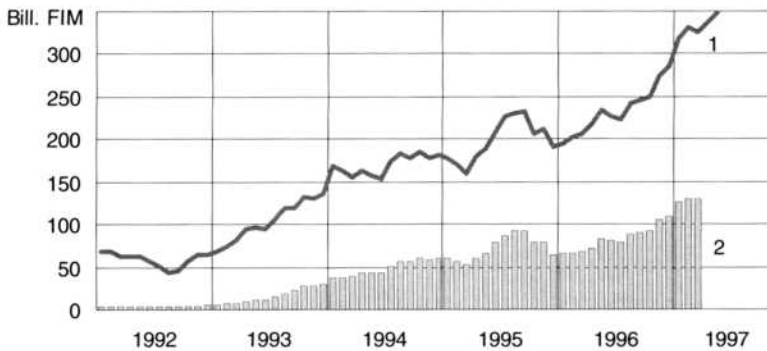
26. Finland's net international investment position



As a percentage of GDP

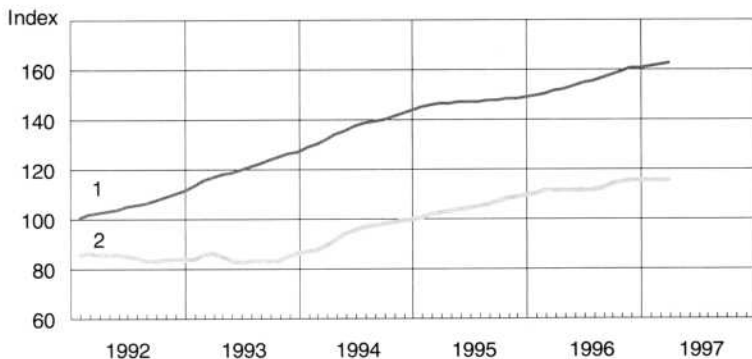
1. Total net debt
2. Central government (in foreign currencies)
3. Markka-denominated securities
4. Other, net (excl. Bank of Finland's foreign exchange)

27. Share market



1. Market capitalization of listed shares
2. Non-residents' holdings of Finnish shares

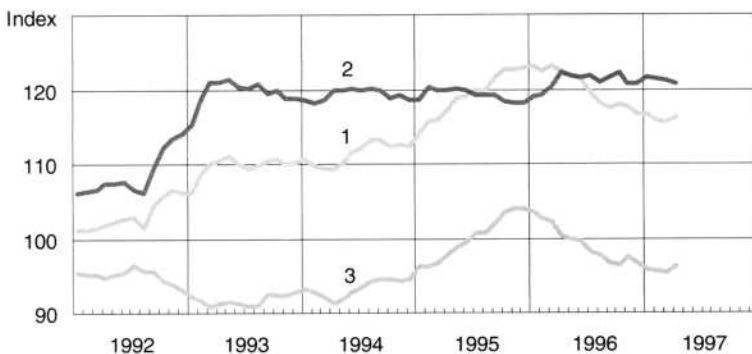
28. Foreign trade



1. Exports of goods
2. Imports of goods

Volume index, 1990 = 100, trend

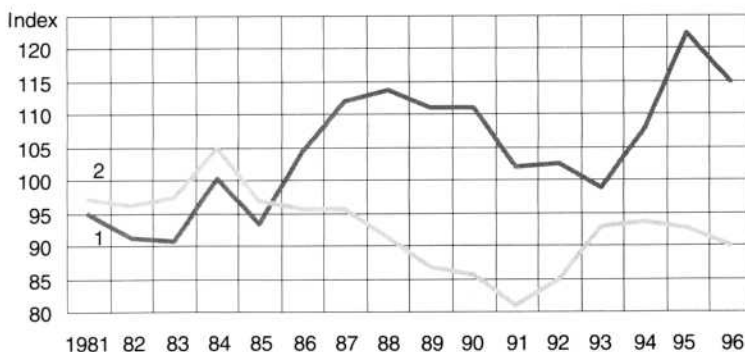
29. Foreign trade: prices and terms of trade



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

Index 1990 = 100

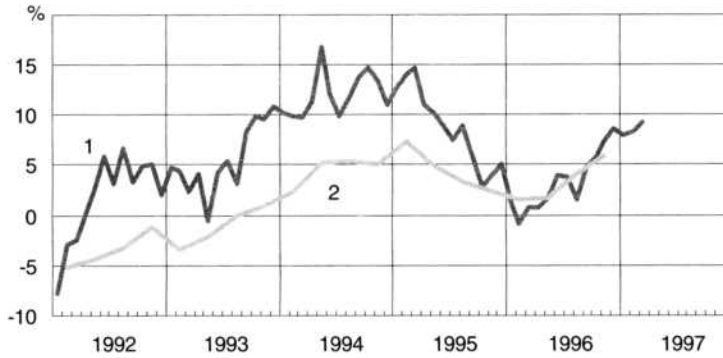
30. Finland's export performance



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

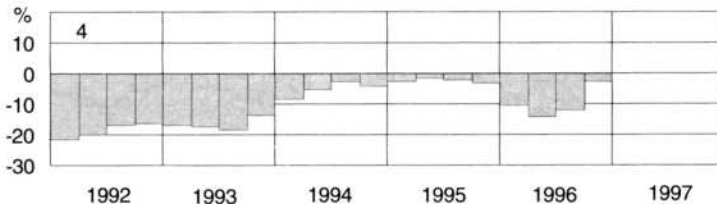
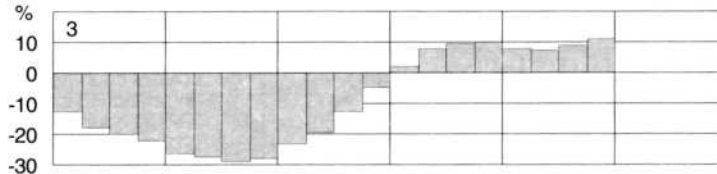
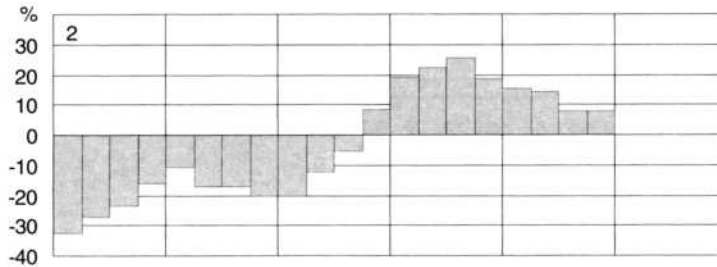
1980 = 100

31. 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

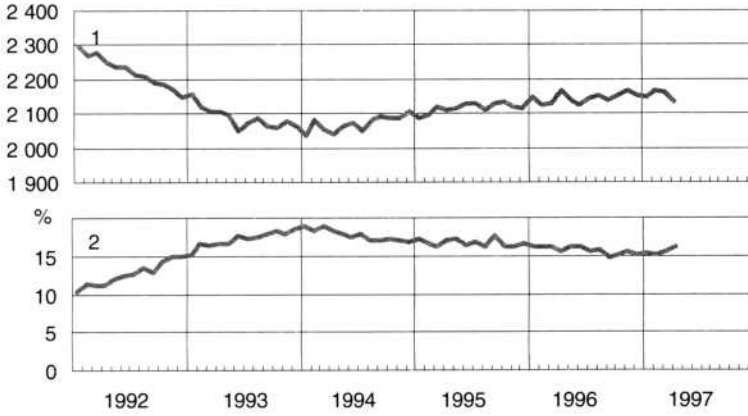
32. Fixed investment



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

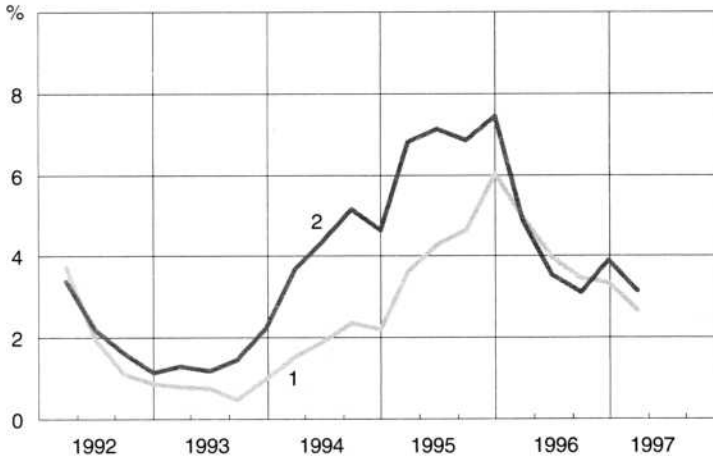
Four-quarter volume change calculated from four-quarter moving totals and plotted at the last quarter, per cent

33. Employment and the unemployment rate



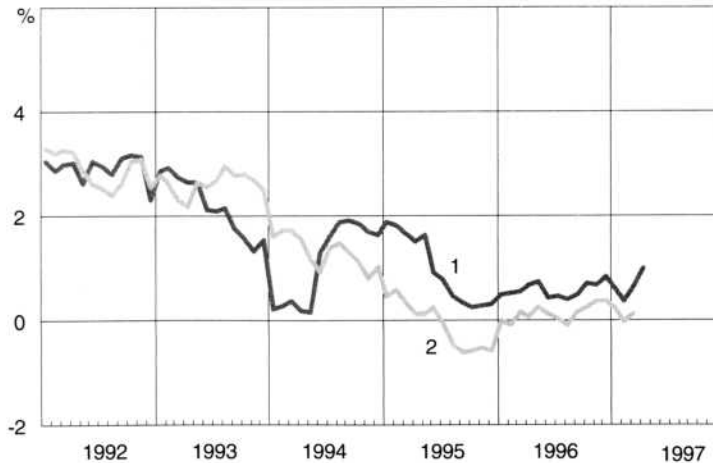
1. Employment, 1000 persons
2. Unemployment rate, per cent

34. Prices and wages



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

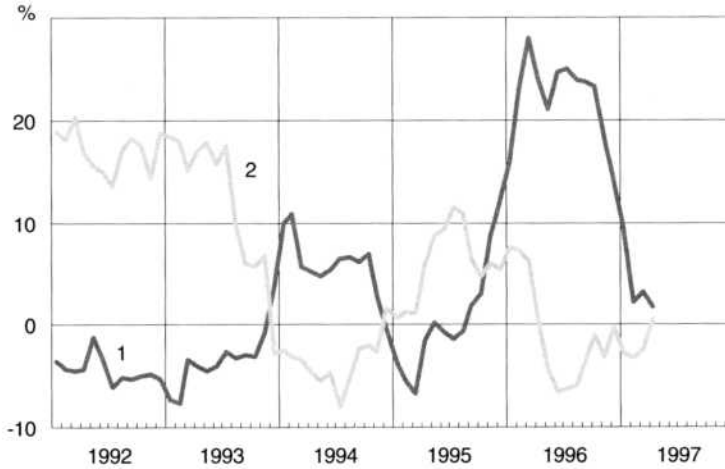
Change from the corresponding quarter of the previous year, per cent



1. Consumer price index
2. Indicator of underlying inflation

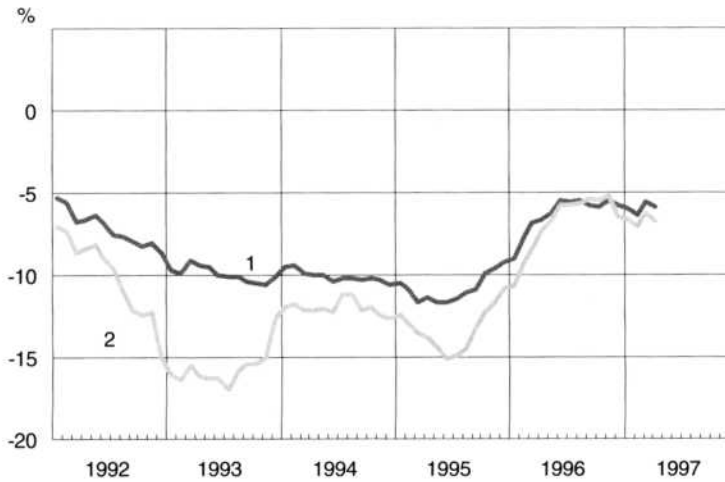
Change from the corresponding month of the previous year, per cent

35. Central government finances



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

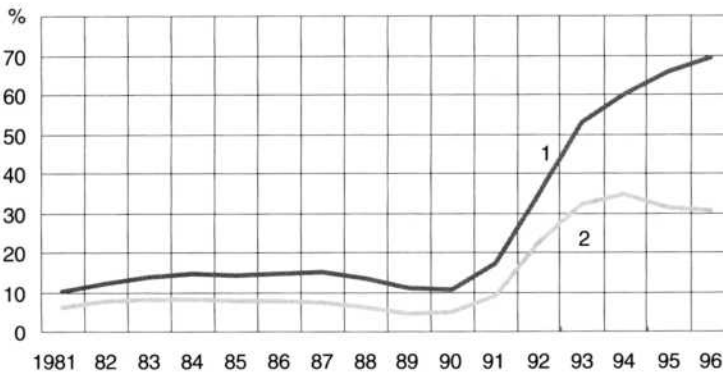
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



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

36. Central government debt



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

As a percentage of GDP