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Budget Proposal for 1995

Increasing Efficiency in  
the Production of Banking Services  
in Finland

<b>Budget Proposal for 1995</b>	3
<b>Increasing Efficiency in the Production of Banking Services in Finland</b> by Sinikka Salo and Jaana Rantama	6
Item: Finns vote to join the EU in referendum	11
Measures concerning monetary and foreign exchange policy and the financial markets	12
Finland in brief	14
Statistics • List of tables on page	S1
Charts • List of charts on page	S27

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# BUDGET PROPOSAL FOR 1995

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**T**he economic situation and outlook in Finland have improved markedly in the course of this year. The Government's budget proposal for 1995 assumes real GDP growth of 3½ per cent in 1994 and 4½ per cent in 1995. Exports are expected to increase by 12 and 6½ per cent in 1994 and 1995, respectively. In 1995, private consumption is projected to grow by 4½ per cent. The unemployment rate is expected to average 18½ per cent this year and 16½ per cent in 1995.

The budget proposal is also based on the assumption that Finland will join the European Union at the beginning of 1995. A sum of FIM 14.4 billion has been set aside in the budget for outlays attributable to membership, including such items as membership fees, participation in the financing of EU funds and a national agricultural support package. On the revenue side, a sum of FIM 4.1 billion – in net terms – has been budgeted, consisting mainly of support from the EU's common agricultural policy funds.

## **FURTHER TIGHT REIN ON GOVERNMENT SPENDING IN 1995**

In 1992, the Government set the target of reducing the volume of central government expenditure to its 1991 level by 1995. Several savings and other stabilizing measures have been taken by the Government since it took office in 1991. It is estimated that, without these cuts, the level of total expenditure in 1994 would be some FIM 30–35 billion higher<sup>1</sup>. Certain large ex-

penditure items that were unforeseen at the time the target was set – notably capital support provided to alleviate the banking crisis plus associated interest outlays – are excluded from the ceiling for total government spending. In the 1995 budget proposal, expenditure related to EU membership is also excluded from the budget ceiling. Budgeted central government expenditure for 1995 (excluding extra-budgetary funds) amounts to FIM 195.6 billion, up 2 per cent from the level projected in the 1994 budget. Excluding expenditure related to EU membership, this sum is broadly compatible with the expenditure ceiling. However, since the operation of built-in stabilizers swelled central government spending and reduced tax revenue during the recession, budget deficits in recent years have increased more than expected.

Savings bills providing for cuts of FIM 11.4 billion are included in the 1995 budget. Most of these savings have been in effect in 1994, in the form of one-year laws, and will be extended for a further year. About FIM 8.3 billion of the savings consists of cuts in transfers to local authorities, only about FIM 1 billion of which are new cuts. They mark the continuation in 1995 of the obligation imposed by the central government on local authorities to reduce their operating costs by 4 per cent from the 1992 level in 1993 and 1994. The other savings bills comprise cuts in the sickness insurance scheme, minor reductions in unemployment benefits (through tighter entitlement rules), changes in the traffic insurance system designed to reduce costs to the central government and cuts in

housing allowances to households (through tighter entitlement rules). Some of the spending cuts originally planned for 1995 are to be replaced by tax increases.

## **SEVERAL EXPENDITURE CATEGORIES SET TO DECLINE IN REAL TERMS**

A total of FIM 52.1 billion, ie 27 per cent of total budgeted expenditure, has been allocated for consumption purposes in the 1995 budget, about 2½ per cent more than in the original budget for 1994. Payroll costs in the central government sector are to be kept at roughly the same level as in 1994. The current two-year pay agreement in the central government sector expires on 31 October 1995. Under the agreement, negotiated wage rates are to be kept unchanged over the two-year period, but there will be cuts in holiday bonuses. Efforts to reduce the number of employees in the central government sector will be continued. With the change-over to a pure value-added tax system in Finland, the central government is now obliged to pay VAT on part of its purchases of goods and services. One of the aims of the VAT system is to achieve neutral tax treatment irrespective of whether goods and services are produced in the public or private sector.

Cuts in real government outlays on investment have been implemented for several years in succession now, and further cuts are planned in 1995. A total of FIM 2.6 billion has been allocated for investment purposes. In addition, many transfer items are to be reduced in real terms. Transfers to the local government sector are budgeted at 3

<sup>1</sup> See the article by Martti Lehtonen in the October 1993 issue of the Bulletin.

FIM 38.9 billion, 2 per cent less than in the 1994 budget proposal. All in all, FIM 42.4 billion has been allocated for transfers to households and non-profit institutions, a drop of 4 per cent from this year's level. Allocations for unemployment benefits are to be reduced by 11 per cent, mainly because of the expected fall in the unemployment rate. A slight tightening of entitlement rules and changes in the funding of these benefits are proposed. Central government funding of sickness insurance and family allowances is to be cut by about FIM 0.9 billion.

Subsidies of various kinds, including agricultural support, are the fastest growing items in the budget, with appropriations set to increase by FIM 5.5 billion on the current year to FIM 19.6 billion. EU membership will increase the need for subsidies to compensate for the decline in agricultural income due to the adjustment of producer prices to the EU level. Part of this support is transitional. Transfers abroad will also increase, by FIM 5.2 billion, mainly because of EU membership fees. In addition, a total of FIM 1.4 billion in customs duties and related fees collected in Finland will be transferred directly to the EU outside the budget. Altogether, transfers amount to FIM 116.7 billion, an increase of 7 per cent from the estimated level in the 1994 budget proposal, and their share of total budgeted expenditure is 60 per cent.

Interest payments on the central government's rapidly accumulating debt will grow sharply in 1995, rising to an estimated FIM 23.5 billion and increasing total expenditure by 1.6 per cent from this year's level. Total central government expenditure (including extra-budgetary funds) is budgeted at approximately FIM 204 billion, which is 2 per cent more than estimated for this year. This implies no increase in real terms.

## **EU MEMBERSHIP WILL BOOST REVENUE AS WELL**

Total central government revenue (excl. extra-budgetary funds) is budgeted at FIM 134.5 billion, an increase of 7 per cent from this year's level. About  $\frac{2}{3}$  of the increase represents transfers from the EU, mainly in the form of appropriations for common agricultural support. It should, however, be noted that some indirect taxes, mainly customs duties, will also fall as a result of membership.

A major overhaul of the tax system has been implemented in Finland in recent years, the latest phase of which was the introduction of the VAT system in June of this year. Taxation will remain more or less unchanged in 1995, with personal income taxation continuing tight.

The tax ratio (gross taxes in relation to GDP) will nevertheless decline as two tax refunds will be paid in 1995: those for the 1993 tax year will be postponed until February 1995 while those for the 1994 tax year will be paid according to the normal timetable at the end of 1995. In both cases the sums involved will be higher than usual because of an additional FIM 1.5 billion levied in personal income taxation in these years as a compulsory loan to the government sector.

This extra tax will also be levied in 1995 on incomes exceeding FIM 100 000. A 2 per cent adjustment of personal income tax schedules will reduce tax revenue in 1995, but the effect will be partly offset by cuts in some of the remaining deductions allowed in personal income taxation. Total wages and salaries in the economy are estimated to grow by  $4\frac{1}{2}$  per cent. Largely reflecting the exceptional refunds in 1995, total central government revenue from income and wealth tax is budgeted at FIM 31 billion, a decrease of FIM 2.6 billion from this year's level.

Revenue from VAT is estimated to amount to FIM 37.8 billion, up only 1 per cent from this

year's level. Some extra refunds will be paid to companies in respect of investment projects initiated before the new VAT system took effect. In addition, some changes will be made to the VAT system to bring it in line with the EU directives on VAT. For instance, primary producers will become liable to pay VAT and the special deduction system for agricultural products will be abolished.

Excise tax on fuels is to be raised next year. Since most of the customs duties collected in Finland will be transferred to the EU and some other commodity taxes will be abolished from the beginning of next year, tax revenue other than income tax and VAT is budgeted at FIM 36 billion, 2 per cent more than estimated in the 1994 budget proposal. The overall tax ratio is estimated to decline from 48 per cent to 45 per cent, mainly because of the timing of the tax refunds mentioned above. Total revenue of the whole central government (including extra budgetary funds but excluding borrowing) is set at FIM 141.5 billion, an increase of 7.9 per cent from the estimate for this year.

## **CENTRAL GOVERNMENT BUDGET DEFICIT TO REMAIN LARGE**

The general government budget deficit, calculated on a national accounts basis, is estimated to amount to about FIM 25 billion ( $4\frac{1}{2}$  per cent of GDP) in 1994; this includes a sizeable surplus for social security funds. In 1995, the public sector deficit is forecast to grow to 5 per cent of GDP. The central government's net financing requirement (cash basis) soared in 1991, and since then it has been fluctuating at around FIM 70 billion a year. For 1994, the net financing requirement is estimated to amount to FIM 69 billion, which is about  $13\frac{1}{2}$  per cent of GDP (Table 1). The deficit before financial transactions is expected to grow further in

TABLE 1. CENTRAL GOVERNMENT FINANCES<sup>1</sup>, BILLION FIM

	1993	1994 Forecast	1995 Budget proposal
Revenue before financial transactions	129.2	125.7	135.7
Expenditure before financial transactions	177.9	185.0	195.8
DEFICIT BEFORE FINANCIAL TRANSACTIONS	-48.6	-59.3	-60.0
Financial investment, net	-12.4	-9.4	-2.5
NET FINANCING REQUIREMENT (-)	-61.0	-68.7	-62.5
- in relation to GDP, %	-12.9	-13.9	-11.4

<sup>1</sup> Including extra-budgetary funds. Source: Budget proposal for 1995.

TABLE 2. THE CENTRAL GOVERNMENT AND THE PUBLIC SECTOR<sup>1</sup>

	1993	1994	1995 Budget
Public expenditure in relation to GDP, %	62.4	60	58½
Tax ratio, % of GDP	46.7	48	45
Central government cash expenditure, real change, %	-4.2	-½	-½
- excl. financial investment	4.4	2	3
General government deficit (SNA) <sup>2</sup> , % of GDP	-7.1	-4½	-5
Public debt <sup>2</sup> , billion FIM	296	368	430
- % of GDP	61.8	72½	78½
Central government debt, billion FIM	256	325	386
- % of GDP	53	64	71

<sup>1</sup> Forecast made by the Ministry of Finance in conjunction with the budget proposal for 1995.

<sup>2</sup> According to the EMU criteria (Maastricht treaty).

1994 to FIM 59½ billion, ie 11.8 per cent of GDP.

The net financing requirement for the whole central government sector in 1995 amounts to FIM 62.5 billion. If some of the funds set aside earlier for supporting the banking sector are disbursed in 1995, the net financing requirement could rise to almost FIM 70 billion.

The indebtedness of the central government sector will continue to increase. The budget proposal estimates that central government debt will amount to nearly FIM 390 billion, or 70 per cent of GDP, at the end of 1995. For the public sector as a whole, the corresponding ratio is expected to be almost 80 per cent (Table 2). Assuming rapid economic growth and continued fiscal discipline in subsequent years, gross public debt could peak at around 80 to 90 per cent and net debt at 25-35 per cent of GDP.

30 September 1994

# INCREASING EFFICIENCY IN THE PRODUCTION OF BANKING SERVICES IN FINLAND

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**M**ajor changes occurred in the production of banking services in Finland in the 1980s, when the entire financial market environment underwent rapid change: the financial markets became internationalized and official controls were relaxed. These changes had a significant impact on both financial intermediation by banks – the acquisition and investment of funds – and on the volumes of payments and other banking services and the way in which they were produced. However, the Finnish banks' typically dominant role in the financial markets did not diminish to any significant extent with the deregulation of the financial markets.

In Finland, financial intermediation takes place mainly through deposit banks. About 50 per cent of the financing required by the public – companies and households – comes directly from deposit banks. Half of the loans granted by insurance companies are guaranteed by banks. Moreover, all but one of the mortgage banks as well as many finance companies are subsidiaries of deposit banks. Unlike in many other countries, Finnish banks also handle the financing of housing. The gradual dismantling of capital controls in the latter half of the 1980s led to a marked increase in foreign borrowing by companies. Nevertheless, banks act as intermediaries for more than a half of such borrowing. Overall, about two-thirds of all lending-related risk lies with banks.

## MAJOR STRUCTURAL CHANGES IN FINANCIAL INTERMEDIATION

The most significant structural changes in banks' funding were the growth of foreign debt and pronounced decline in markka deposits. With the dismantling of exchange controls, banks were able to finance their domestic customers by foreign borrowing. On the other hand, the development of the money market enabled banks to increase their lending without a corresponding increase in deposits. There was no longer a rigid financial relationship between lending and deposits.

After the controls on banks' average lending rates were lifted, competitively-determined interest rates quickly assumed an important role. Although real lending rates rose at the same time, demand for credit nevertheless remained brisk because of the tax deductibility of interest expenses. Furthermore, the demand for credit by the public was supported by the release of the pent-up borrowing needs that had been built up during the era of regulation, as well as by favourable economic conditions.

Indeed, towards the end of the 1980s, the growth of bank lending outstripped that of markka deposits by a large margin. Banks began to compete aggressively for credit customers and to make large-scale investments in securities and real estate. Savings banks, in particular, expanded their lending operations beyond their traditional clientele, which naturally made for weaker-than-average loan quality. When the economy then entered a sharp downturn as a result of both recession in West-

ern markets and the collapse of trade with the former Soviet Union, the excessive risks the banks had assumed materialized, leading to a severe crisis that hit especially the savings bank group. Most of the independent savings banks merged to form the Savings Bank of Finland, which the state took over and subsequently sold to the bank's four main competitors. With the continuation of the banking crisis and economic recession, the lending and total assets of Finnish banks have declined.

## MAJOR CHANGES IN BANKS' SERVICE NETWORKS

In Finland, banking services are produced in a highly centralized banking system. One of the core banking groups in this system has disappeared as a result of the sale of savings banks. At present, the remaining national core banks in the system are the private commercial banks Kansallis-Osake-Pankki and Union Bank of Finland, the state-owned Postipankki and the Okobank Group, which consists of about 300 cooperative banks and their central financial institution, Okobank. In addition, there are 10 smallish commercial banks and 40 savings banks which were not included in the savings bank merger and which are, with the exception of Aktia, rather small regional or local banks. There are also four branches of foreign-owned banks operating in Finland. The Okobank Group has the largest market share in deposits and lending outside the metropolitan area of Helsinki. In some large – albeit sparsely populated – areas it even dominates the banking market.

Finnish banks are universal banks, providing a full range of services. The best-known of these services are deposit-taking, payment services, foreign currency exchange and lending. Other services include securities trading, portfolio management and the provision of guarantees. Banks also provide various legal services related to the management of their customers' assets, as well as safe-keeping and information services.

Banks supply all their services through their branch networks, although recent technological developments have also made possible the provision of services outside their branch networks.

The regulation of interest rates that prevailed throughout the post-war period up to the middle of the 1980s helped to promote the expansion of banks' branch networks. Given the virtual absence of interest rate competition, it paid banks to invest in acquiring deposits and in developing their branch networks, as the system guaranteed adequate interest margins. To attract depositors, the banks competed with each other primarily through the ready availability and quality of services and the provision of free services.

The number of bank branches remained fairly stable throughout the 1980s while the number of bank employees grew steadily, growth even accelerating towards the end of the decade (Chart 1). Deregulation generated pressures to increase cost efficiency, but these pressures did not lead to rationalization measures until the turn of the decade. The collapse of bank profitability and the onset of crisis in 1991 – 1992 created an additional important need to cut costs. From 1989 to the end of 1993, the number of bank branches decreased by more than 900 or by 26 per cent (Chart 1). During the same period, the banks reduced their staff by 16 000 persons (30 per cent). Future developments in the number of bank branches and

CHART 1.

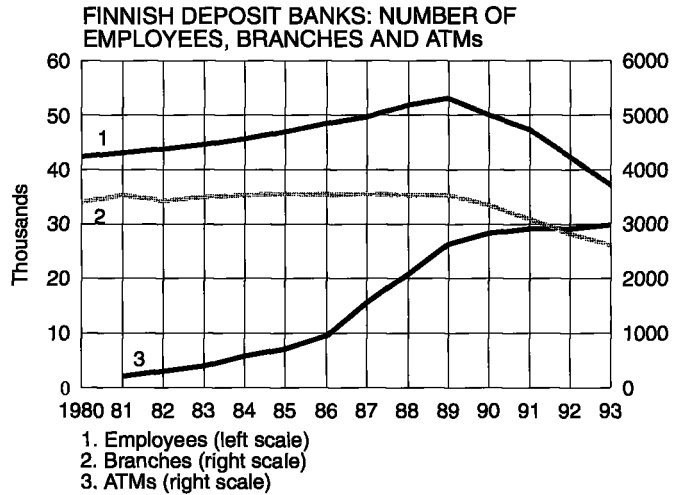
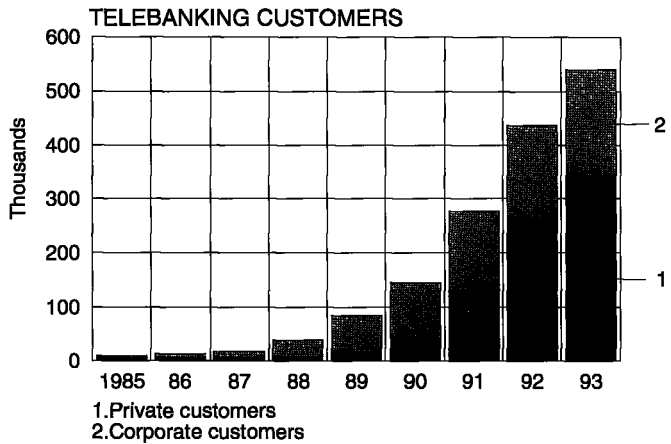


CHART 2.



Source: The Finnish Bankers' Association.

staff will essentially depend on how quickly the banks that purchased the Savings Bank of Finland are able to assimilate the latter's branches and staff with their own organizations.

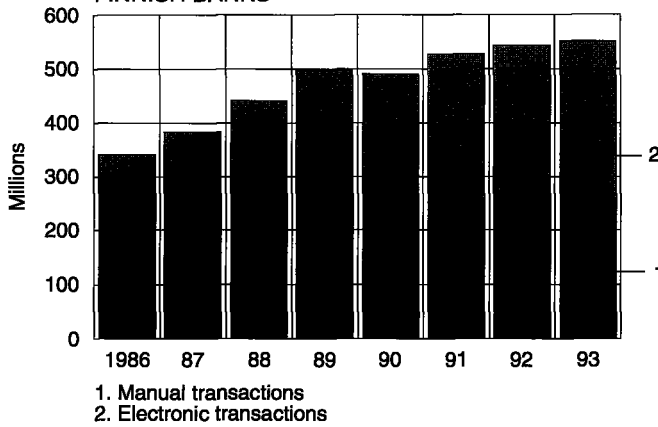
While the number of bank branches decreased, the number of automatic teller machines (ATMs) increased (Chart 1). The number of cash dispensing ATMs seems unlikely to grow any further, but the functions of existing ATMs are becoming more diversified. Many ATMs can now handle funds transfers between accounts and provide statements of account, and some of them have also been

equipped with bar code readers which automate the input of information and thereby greatly simplify the payment of bills via an ATM.

Banks' branch and ATM networks are complemented by data links between customers and banks. As late as the 1980s, there were still relatively few such links but their numbers have multiplied in the 1990s, especially as regards home banking and direct banking agreements. The number of customers using data links and telephone banking services has increased by over 200 000 (Chart 2) in just two years.

CHART 3.

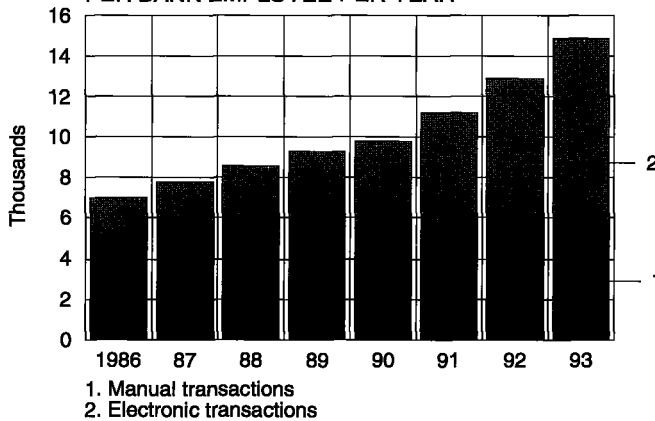
VOLUME OF PAYMENTS MADE THROUGH FINNISH BANKS



Source: The Finnish Bankers' Association.

CHART 4.

VOLUME OF PAYMENT TRANSACTIONS PER BANK EMPLOYEE PER YEAR



Source: The Finnish Bankers' Association.

As a consequence of continued economic growth and rapid advances in information technology, the number of payments grew rapidly throughout the 1980s (Chart 3). Along with the increasing volume of transactions, the payment services offered by banks became more efficient. One indication of the efficiency of Finnish payment services is the small number of banknotes in circulation in Finland. In 1992, the ratio of notes and coin in circulation to GDP was 2.0 per cent as against 5.1 per cent in Sweden, for instance.

The technological development of payment services has progressed at a dizzying pace. The proportion of payments effected in computer-language form has increased rapidly. Owing to their advanced banking technology, banks have been able to process the increased volume of payments with less employees than before; the number of manual transactions per employee has remained practically unchanged (Chart 4).

Overall, banking technology in Finland is highly sophisticated. There are several reasons for this. First, cooperation be-

tween banks has long traditions. As early as 1948, the banks reached an agreement on cooperation in the area of bank and postal giros. Furthermore, Finnish banks have always been very innovative. The direct payment of salaries into bank accounts began in the 1960s, and this provided an impulse to the development of payment systems based on electronic data transmission. Agreements on cooperation have been easy to reach because the parties are few and they all have very similar systems. During the era of regulation, the banks could rely on cheap funding, and so could afford to invest in technological development. As noted above, during this time they in fact competed with each other in terms of quality of service.

**POST-CRISIS CHALLENGE: IMPROVEMENT OF BASIC PROFITABILITY**

With the deepening and prolongation of recession, the banking crisis has turned out to be much more severe than originally foreseen. For the major banks, their performance last year was still rather poor. The banks' aggregate losses before extraordinary items, provisions and taxes amounted to FIM 15.7 billion or 2 per cent of their aggregate balance sheet total. Loan losses totalled FIM 19 billion and assets booked as non-performing loans in banks' balance sheets totalled more than FIM 50 billion (7 per cent of the aggregate balance sheet total).

At the moment, the banks' main aim is naturally to survive the present crisis. The prospects have become brighter in this respect along with the overall improvement in economic conditions. However, the production of banking services will require further efficiency increases if basic profitability is to be improved.

In the future, it will be increasingly difficult for banks to obtain a stable, low-interest de-



posit stock, as depositors now have more choice. Money market funds are more risky and volatile and hence not well suited to financing long-term loans. On the lending side, product development is continuing and new products are being offered to both corporate and private customers.

Even without the crisis, a major concern is how to maintain the solvency of credit institutions. The deregulation of banking competition increases the risks inherent in banking operations and weakens profitability. Poorer profitability together with increased risks hampers the acquisition of equity capital and pushes up its price. Moreover, greater risks increase the need for equity capital. At the same time, however, the willingness of markets to supply new equity capital to financial institutions may have decreased, at least for now. A solution to at least a part of these problems would be to improve cost efficiency in the production of all banking services.

### SCOPE FOR IMPROVEMENT IN COST EFFICIENCY

An international comparison of the cost efficiency of banking services is difficult for several reasons, and consequently such comparisons should be treated with caution. Problems arise not only from differences in the methods of compiling statistics but also from cross-country differences in the degree of bank dominance in the financial sector and in the range of services offered by banks. In Finland, for instance, banks provide many services which in other countries are handled outside the banking system.

However, international comparisons do give some reason to believe that Finnish banks are, at least to some extent, less efficient than banks in some European countries, which would also partly explain the low profitability of Finnish banks (Table 1). Comparisons of the cost effi-

TABLE 1. BANK PROFITABILITY IN FINLAND BEFORE THE BANKING CRISIS IN INTERNATIONAL COMPARISON

Per cent of balance sheet total, average 1985 - 1990\*

Country	Net interest income	Non-interest income	Total income	Operating expenses	Net income before loan losses
Finland	1.98	1.98	3.97	3.19	0.78
Denmark	2.74	1.14	3.89	2.24	1.65
Norway	3.24	1.05	4.28	2.96	1.32
Sweden	2.29	1.01	3.30	1.97	1.33
Germany	2.19	0.62	2.81	1.80	1.00
France	2.38	0.48	2.81	1.88	0.93
United Kingdom	3.17	1.92	5.09	3.33	1.75

\* The widest available aggregate for each country; figures for Finland include all deposit banks.

TABLE 2. DENSITY OF BANKS' BRANCH NETWORKS (incl. post offices)

Country	Number of inhabitants per branch (population density per sq km in parentheses), 1992	
Belgium	804	(323)
Switzerland	872	(166)
Norway <sup>1</sup>	1049	(13)
Germany	1127	(245)
France	1214	(101)
<b>Finland</b>	<b>1318</b>	<b>(15)</b>
United Kingdom	1475	(231)
Italy	1612	(190)
Japan	1728	(327)
Sweden	1843	(19)
Canada	1985	(3)
Netherlands	2019	(427)
USA	3554	(27)

<sup>1</sup> 1991.

ciency of Finnish, Swedish and Norwegian banks, in which attempts have been made to take into account the differences between banking operations in each country, indicate that Finnish and Norwegian banks are at about the same level of cost efficiency, but less efficient than Swedish banks.

The problems in the Finnish banking system may to a large extent be connected with the effective organization of banks' central operations and intermediation of financing. On the whole, the latest international comparisons do not indicate that overcapacity in terms of branches and staff is significantly higher in Finland than in other countries, when Finland's sparse population and the wide range of services offered by banks are taken into consideration (Table 2). It is precisely because of the country's sparse population that Finnish banks have to maintain a branch network that is denser in relation to

population than in other countries and that also burdens the banks' cost efficiency. However, there is marked regional variance in banking capacity in Finland. In proportion to population, the highest staff levels are to be found in small towns in the southwestern and western parts of the country.

Up to just a few years ago, Finnish banks did not price their services according to the related production costs but instead shifted the costs to the prices of their other products. In other words, the banks supplied, for instance, free or underpriced payment services. However, over the last couple of years, the banks' policy regarding the pricing of services has changed fundamentally. They have started to charge customers directly for payment services. In addition, pricing is now used as a means to induce consumers to use those payment methods which involve the lowest cost for the bank. The pricing of pay-

ment services has naturally increased banks' cost efficiency to some extent, but there is still room for further improvement.

Better cost efficiency also requires that banks face adequate competition from outside the banking sector. It is estimated that the implementation of the universal bank model, particularly that adopted by the EU, in an oligopolistic market requires external competition<sup>1</sup> for market discipline to be achieved, which, at least as far as competition in the Finnish capital

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<sup>1</sup> The concept of a universal bank is considered to be an efficient banking model, because a universal bank may, as a producer of diversified services, benefit from economies of scope. It is also considered to possess a comparative advantage regarding the gathering of information. On the other hand, the universal bank concept is considered to support large units and thus to promote the emergence of monopolies, unless the market can offer a counterbalance in the form of effective competition or the threat of such competition.

market is concerned, is rather unlikely in the short term. How can adequate competition be ensured in a highly centralized banking market in order to ensure efficient financial intermediation? Can competition by foreign banks, or the threat of it, alone guarantee sufficient market discipline?

Foreign banks are showing increasing interest in Finland. The foreign banks already operating in Finland offer, in principle, a very wide range of financial services in areas such as the arranging of financing in international markets, foreign exchange market activities and interbank operations, hedging interest rate and currency risks, international investment services and financing related to changes in corporate structures, all of which are typically off-balance sheet financing.

The operations of foreign banks in Finland have so far re-

mained rather modest in scale, and their competitive effect has been felt only in wholesale banking activities and services provided to the corporate sector. Only the largest customers can be said to have truly gained from this competition. Retail banking, large-scale deposit-taking and related lending to small and medium-sized companies and households requires knowledge of local customers and consequently, for instance, larger investments in branch networks. It is therefore understandable that retail banking has been almost completely absent from the activities of foreign-owned banks in Finland.

1 September 1994

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## ITEM

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### **FINNS VOTE TO JOIN THE EU IN REFERENDUM**

The referendum on the accession of Finland to the European Union was held on 16 October 1994. A majority of 57.0 per cent of the voters were in favour of accession in accordance with the agreement negotiated between Finland and the European Union while a minority of 43.0 % were against. The turnout was 74.0 per cent (70.8 per cent, if Finns living abroad are included).

As the referendum was consultative, the final decision on accession will be taken by the Finnish Parliament. If Parliament confirms the result of the referendum, the accession treaty will still have to be ratified by each Member State for Finland to become a member on 1 January 1995.

# MEASURES CONCERNING MONETARY AND FOREIGN EXCHANGE POLICY AND THE FINANCIAL MARKETS

1993

## NOVEMBER

### **Establishment of the asset management company Arsenal Ltd.**

On 18 November, the Government establishes an asset management company called Arsenal Ltd to own and administer the non-performing assets of the Savings Bank of Finland (SBF). These assets were not included in those parts of the SBF sold to four banking groups in October.

### **Support to the security fund of the cooperative banks.**

On 18 November, the Government gives a guarantee for a maximum amount of FIM 900 million in respect of interest payments on loans raised by the security fund of the cooperative banks. If, on the basis of this guarantee, the Government has to pay interest on loans raised by the fund, the latter will start repaying interest in 1997.

## DECEMBER

**Base rate.** The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 6.0 per cent to 5.5 per cent with effect from 1 December.

**Collateral requirements for banks' intra-day and liquidity credit.** The Bank of Finland specifies the collateral requirements for banks' liquidity credit and intra-day credit with effect from 1 December. The intra-day overdraft limits introduced on banks' current accounts on 1 March 1993 become permanent and liquidity credit must always be fully collateralized. Banks which fulfil the criteria for access to central bank liquidity credit are required to deposit collateral equivalent to 25 per cent of their overdraft limits whereas other banks are required to deposit collateral for the full amount of their limits.

**Support to Skopbank.** On 22 December, the Government grants capital support to Skopbank by purchasing preferred capital certificates issued by Skopbank to the total value of FIM 350 million.

1994

## JANUARY

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

## FEBRUARY

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

## SEPTEMBER

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



## FINLAND IN BRIEF

### LAND, CLIMATE AND POPULATION

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

Finland has a population of 5 080 100 (31 December 1993) and an average population density of 16.6 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 509 500 inhabitants, Espoo (Esbo) 182 500, Tampere (Tammerfors) 176 600, Vantaa (Vanda) 161 400 and Turku (Åbo) 160 500.

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

### FORM OF GOVERNMENT

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

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

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

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

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

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

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

### INTERNATIONAL RELATIONS

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

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 Community was signed in spring 1992 and came into effect at the beginning of 1994. In spring 1992, Finland submitted her application for membership of the European Community, and the negotiations were concluded in spring 1994. The agreement on membership, due to become effective at the beginning of 1995, is still subject to a consultative national referendum and ratification by Parliament. Citizens of the five Nordic countries, Denmark, Finland, Iceland, Norway and Sweden, have enjoyed a common labour market, a passport union and reciprocal social security benefits since the mid-1950s.

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

### THE ECONOMY

**Output and employment.** Of the gross domestic product of FIM 418 billion in basic values in 1993, 3 % was generated in agriculture and fishing, 2 % in forestry, 26.5 % in industry,

4.5 % in construction, 11 % in trade, restaurants and hotels, 8.5 % in transport and communications, 4 % in finance and insurance, 20.5 % in other private services and 20 % by producers of government services. Of total employment of 2.0 million persons in 1993, 8 % were engaged in primary production, 27 % in industry and construction and 65 % in services.

In 1993, expenditure on the gross domestic product in purchasers' values amounted to FIM 479 billion and was distributed as follows: net exports 5.5 % (exports 33.3 %, imports -27.8 %), gross fixed capital formation 15 %, private consumption 56.5 % and government consumption 23.5 %. Finland's tax ratio (gross taxes including compulsory employment pension contributions relative to GDP) was 47 per cent, which is somewhat below the average for the Nordic countries.

Average annual (compounded) growth of real GDP was 4.7 % in the period 1950-59, 5.0 % in 1960-69, 3.7 % in 1970-79, 3.7 % in 1980-89 and 3.6 % in 1990-93. Finland's GDP per capita in 1993 was USD 16 500.

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

In 1993, the share of forest industry products in total merchandise exports was 36 %, the share of metal and engineering products 45 % and the share of other goods 19 %. Raw materials and intermediate goods (incl. crude oil) accounted for 59 % of merchandise imports, fuels for 5 %, investment goods for 15 % and consumption goods for 20 %.

**Forest resources.** Finland has fairly abundant forest resources, but only limited amounts of other raw materials. The growing stock comprises 1 880 million cubic metres, of which 45 % is pine, 37 % spruce and 18 % broad-leaved species, chiefly birch.

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

**Energy.** In 1993, gross consumption of primary energy amounted to 30 Mtoe, of which industry accounted for 45 %, heating for 22 %, transportation

for 13 % and other purposes for 20 %. The sources of primary energy in 1993 were as follows: oil 28 %, coal 11 %, nuclear power 15 %, hydro-electric power, peat and other indigenous sources 32 %, others 14 %. Compared internationally (1992), Finland's consumption of 5.6 toe (OECD definition) per capita was 1.7 times higher than the average in European OECD countries. The self-sufficiency rate (including nuclear power) in Finland was 42 %, as compared with 61 % in western Europe on average.

## FINANCE AND BANKING

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

the markka to float. On 13 November 1992, the Government, on the basis of the amended Currency Act, authorized the Bank of Finland to float the markka for an indefinite period.

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

**Other banks** (31 December 1993). Finland has three major groups of deposit banks with a total of about 2 640 offices. There are three big commercial banks with national branch networks and ten smaller ones, one of which is foreign-owned. The commercial banks have a total of 32 foreign branches, subsidiaries and associate banks and 31 representative offices abroad. There are 40 savings banks and 304 cooperative banks with their own extensive branch

networks. In addition, foreign banks have three branches and eight representative offices in Finland.

**Financial market.** Of the total stock of FIM 716 billion in outstanding domestic credit at the end of 1993, 54 % was provided by deposit banks 21 % by insurance companies, 5 % by other private credit institutions, 8 % by public financial institutions and 11 % by the state, local authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 80 % of the instruments, which totalled approximately FIM 189 billion at end-1993, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds raised through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

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





<b>1. THE BALANCE SHEET OF THE BANK OF FINLAND</b>	S2
1.1 The balance sheet of the Bank of Finland	S2
1.2 Time series for the balance sheet items of the Bank of Finland	S3
<b>2. THE BANK OF FINLAND'S OPERATIONS IN THE MONEY AND FOREIGN EXCHANGE MARKETS AND THE BANKS' FORWARD EXCHANGE POSITION</b>	S4
2.1 Banks' liquidity position at the Bank of Finland	S4
2.2 The Bank of Finland's minimum reserve system	S4
2.3 The Bank of Finland's money market transactions	S4
2.4 The Bank of Finland's transactions in convertible currencies	S5
2.5 Forward exchange contracts	S5
<b>3. RATES OF INTEREST</b>	S6
3.1 Money market rates and rates applied by the Bank of Finland	S6
3.2 The Bank of Finland's liquidity facility	S6
3.3 Weighted Eurorates and commercial ECU interest rate	S6
3.4 Rates of interest applied by banks	S7
3.5 Yields on bonds and shares	S7
<b>4. RATES OF EXCHANGE</b>	S8
4.1 Middle rates	S8
4.2 Markka value of the ECU and currency indices	S9
<b>5. OTHER DOMESTIC FINANCING</b>	S10
5.1 Bank funding from the public	S10
5.2 Bank lending to the public	S10
5.3 Money supply and monetary aggregates	S11
5.4 Liabilities and assets of the central government	S11
5.5 Markka bond market	S12
a) Issues	S12
b) Stock	S12
c) Turnover	S13
5.6 Helsinki Stock Exchange	S13
<b>6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS</b>	S14
6.1 Current account	S14
6.2 Capital 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
<b>7. FOREIGN TRADE</b>	S18
7.1 Exports, imports and the trade balance	S18
7.2 Foreign trade: indices of volume, unit value and terms of trade	S18
7.3 Foreign trade by main groups	S18
7.4 Foreign trade by regions and countries	S19
<b>8. DOMESTIC ECONOMIC DEVELOPMENTS</b>	S20
8.1 Supply and use of resources	S20
8.2 Volume of industrial production	S20
8.3 Indicators of domestic supply and demand	S21
8.4 Wages and prices	S22
8.5 Labour, employment and unemployment	S23
8.6 Central government finances: revenue, expenditure and financial balance	S24
<b>NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION</b>	S25 S1

# 1. THE BALANCE SHEET OF THE BANK OF FINLAND

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

MILL. FIM

	1993		1994		
	31 Dec.	8 Sept.	15 Sept.	23 Sept.	30 Sept.
<b>ASSETS</b>					
<b>Gold and foreign currency claims</b>	33 472	52 673	53 192	53 900	53 153
Gold	2 180	2 180	2 180	2 180	2 180
Special drawing rights	664	633	628	623	618
IMF reserve tranche	1 747	1 441	1 428	1 417	1 407
Convertible currencies	28 882	48 419	48 955	49 680	48 947
<b>Other foreign claims</b>	5 058	5 114	5 114	5 114	5 114
Markka subscription to Finland's IMF quota	5 058	5 114	5 114	5 114	5 114
Term credit	—	—	—	—	—
<b>Claims on financial institutions</b>	8 677	5 533	5 042	4 313	4 658
Liquidity credits	1	—	2	—	—
Certificates of deposit	1 844	3 970	3 770	3 092	3 087
Securities with repurchase commitments	5 493	457	70	48	398
Term credits	—	—	—	—	—
Bonds	1 101	868	962	935	935
Other claims on financial institutions	238	238	238	238	238
<b>Claims on the public sector</b>	1 788	1 817	1 842	1 845	1 847
Treasury bills	—	—	—	—	—
Loans to the Government Guarantee Fund	—	—	—	—	—
Total coinage	1 788	1 817	1 842	1 845	1 847
<b>Claims on corporations</b>	3 303	3 199	3 197	3 197	3 189
Financing of domestic deliveries (KTR)	496	370	369	368	360
Other claims on corporations	2 807	2 829	2 829	2 829	2 829
<b>Other assets</b>	6 826	4 886	4 886	4 687	4 692
Loans for stabilizing the money market	5 752	4 732	4 732	4 532	4 532
Accrued items	907	—	—	—	—
Other assets	166	154	154	155	160
<b>Capitalized expenditures and losses due to safeguarding the stability of the money market</b>	1 400	1 400	1 400	1 400	1 400
<b>Total</b>	60 524	74 623	74 672	74 456	74 053
<b>LIABILITIES</b>					
<b>Foreign currency liabilities</b>	193	146	140	138	155
Convertible currencies	193	146	140	138	155
<b>Other foreign liabilities</b>	6 189	6 162	6 153	6 144	6 137
IMF markka accounts	5 058	5 114	5 114	5 114	5 114
Allocations of special drawing rights	1 131	1 048	1 039	1 031	1 023
Other foreign liabilities	—	—	—	—	—
<b>Notes and coin in circulation</b>	14 994	13 977	13 962	13 902	13 906
Notes	13 442	12 380	12 369	12 312	12 318
Coin	1 552	1 597	1 594	1 591	1 587
<b>Certificates of deposit</b>	14 837	29 680	35 080	36 578	36 856
<b>Liabilities to financial institutions</b>	8 201	13 927	8 890	7 997	7 971
Call money deposits	1 803	7 326	2 288	1 395	1 421
Term deposits	—	—	—	—	—
Minimum reserve deposits	6 398	6 602	6 602	6 602	6 550
Other liabilities to financial institutions	—	0	0	0	0
<b>Liabilities to the public sector</b>	784	89	110	60	60
Cheque accounts	8	1	1	1	1
Deposits of the Government Guarantee Fund	776	88	109	60	60
Other liabilities to the public sector	—	—	—	—	—
<b>Liabilities to corporations</b>	2 087	1 715	1 713	1 710	1 705
Deposits for investment and ship purchase	2 087	1 715	1 713	1 710	1 705
<b>Other liabilities</b>	627	101	95	94	98
Accrued items	536	—	—	—	—
Other liabilities	92	101	95	94	98
<b>Valuation account and reserves</b>	6 847	3 060	2 766	2 068	1 402
<b>Capital accounts</b>	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764
Profit/loss for the accounting year	—	—	—	—	—
<b>Total</b>	60 524	74 623	74 672	74 456	74 053

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

MILL. FIM

End of period	Foreign sector						Public sector			
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies	Foreign exchange reserves (1+2+3+4)	Other claims, net	Net claims (5+6)	Claims	Liabilities	Net claims (8-9)
	1	2	3	4	5	6	7	8	9	10
<b>1989</b>	2 179	966	950	18 822	22 917	- 166	22 752	1 137	5 325	- 4 188
<b>1990</b>	2 180	791	783	33 478	37 232	- 1 273	35 960	1 314	1 321	- 7
<b>1991</b>	2 180	932	1 136	29 381	33 629	- 424	33 204	1 375	3	1 372
<b>1992</b>	2 180	564	1 732	25 041	29 517	- 2 998	26 519	2 446	90	2 356
<b>1993</b>	2 180	664	1 747	28 882	33 473	- 1 324	32 148	1 788	784	1 004
<b>1993</b>										
<b>Sept.</b>	2 180	675	1 869	22 359	27 083	- 929	26 154	1 444	149	1 295
<b>Oct.</b>	2 180	668	1 850	24 766	29 464	- 907	28 558	1 652	149	1 503
<b>Nov.</b>	2 180	678	1 854	26 375	31 087	- 905	30 182	1 801	649	1 152
<b>Dec.</b>	2 180	664	1 747	28 882	33 473	- 1 324	32 148	1 788	784	1 004
<b>1994</b>										
<b>Jan.</b>	2 180	645	1 697	36 652	41 174	- 1 347	39 827	1 739	904	835
<b>Feb.</b>	2 180	657	1 676	42 067	46 580	- 1 298	45 282	1 768	300	1 468
<b>March</b>	2 180	661	1 688	38 117	42 646	- 1 257	41 389	1 793	251	1 542
<b>April</b>	2 180	650	1 597	37 197	41 623	- 1 229	40 394	1 828	39	1 789
<b>May</b>	2 180	654	1 591	43 303	47 728	- 1 207	46 521	1 827	61	1 766
<b>June</b>	2 180	650	1 514	48 364	52 708	- 1 176	51 532	1 819	526	1 293
<b>July</b>	2 180	645	1 480	51 329	55 634	- 1 261	54 373	1 823	84	1 739
<b>Aug.</b>	2 180	636	1 447	48 794	53 058	- 1 249	51 809	1 817	71	1 746
<b>Sept.</b>	2 180	618	1 407	48 947	53 153	- 1 178	51 975	1 847	60	1 787

End of period	Domestic financial sector					Corporate sector				
	Term claims on deposit banks, net	Liquidity position of deposit banks <sup>1</sup>	Minimum reserve deposits of deposit banks <sup>2</sup>	Other claims on financial institutions, net	Net claims (11+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
	11	12	13	14	15	16	17	18	19	20
<b>1989</b>	33 230	- 531	- 25 506	5 558	12 751	2 000	- 10 604	- 8 604	13 129	-
<b>1990</b>	9 411	- 418	- 17 401	5 744	- 2 665	1 477	- 9 724	- 8 247	14 555	-
<b>1991</b>	11 882	- 2 206	- 10 361	5 531	4 846	1 086	- 6 854	- 5 768	14 528	8 880
<b>1992</b>	3 738	- 550	- 13 165	4 572	- 5 405	747	- 2 651	- 1 904	14 508	4 880
<b>1993</b>	7 337	- 1 802	- 6 398	1 339	476	496	720	1 216	14 994	14 837
<b>1993</b>										
<b>Sept.</b>	6 474	1 764	- 6 338	1 470	3 369	555	597	1 152	13 317	13 615
<b>Oct.</b>	6 759	- 386	- 6 320	1 429	1 481	535	614	1 149	13 653	14 480
<b>Nov.</b>	6 951	- 1 373	- 6 476	1 405	507	517	642	1 159	15 836	12 259
<b>Dec.</b>	7 337	- 1 802	- 6 398	1 339	476	496	720	1 216	14 994	14 837
<b>1994</b>										
<b>Jan.</b>	4 198	- 889	- 6 393	1 283	- 1 801	482	860	1 342	14 084	22 440
<b>Feb.</b>	1 802	- 426	- 6 346	1 250	- 3 720	466	950	1 416	13 855	26 290
<b>March</b>	3 842	- 1 083	- 6 276	1 241	- 2 276	449	1 003	1 452	14 194	23 435
<b>April</b>	2 093	- 483	- 6 411	1 220	- 3 581	431	1 014	1 445	13 927	21 695
<b>May</b>	3 208	- 485	- 6 360	1 197	- 2 441	413	1 034	1 447	14 164	28 412
<b>June</b>	2 684	- 536	- 6 446	1 162	- 3 137	397	1 066	1 463	14 355	32 108
<b>July</b>	2 488	- 796	- 6 467	1 126	- 3 649	386	1 081	1 467	14 176	35 985
<b>Aug.</b>	4 557	- 2 252	- 6 602	1 120	- 3 177	374	1 104	1 478	13 922	35 040
<b>Sept.</b>	3 485	- 1 421	- 6 550	1 173	- 3 313	360	1 124	1 484	13 906	36 856

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

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

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

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

MILL. FIM

Average of daily observations	Call money deposits	Liquidity credits'	Liquidity position, net' (1-2)
	1	2	3
<b>1989</b>	416	369	47
<b>1990</b>	806	132	674
<b>1991</b>	881	985	- 103
<b>1992</b>	2 103	437	1 666
<b>1993</b>	831	425	407
<b>1993</b>			
<b>Sept.</b>	482	480	2
<b>Oct.</b>	605	759	- 154
<b>Nov.</b>	714	336	378
<b>Dec.</b>	955	103	852
<b>1994</b>			
<b>Jan.</b>	933	105	828
<b>Feb.</b>	767	0	767
<b>March</b>	715	0	715
<b>April</b>	1 275	0	1 275
<b>May</b>	891	16	875
<b>June</b>	1 821	0	1 821
<b>July</b>	1 014	0	1 014
<b>Aug.</b>	2 575	0	2 575
<b>Sept.</b>	2 089	0	2 089

### 2.2 THE BANK OF FINLAND'S MINIMUM RESERVE SYSTEM<sup>2</sup>

End of period	Reserve requirement			Cash reserve requirement, %	Deposits, mill. FIM Total
	On liquid deposits, %	On other deposits, %	On domestic debt capital, %		
	1	2	3	4	5
<b>1989</b>	.	.	.	9.1	25 506
<b>1990</b>	.	.	.	7.0	17 401
<b>1991</b>	.	.	.	4.0	10 361
<b>1992</b>	.	.	.	5.0	13 165
<b>1993</b>	2.0	1.5	1.0	.	6 398
<b>1993</b>					
<b>Sept.</b>	2.0	1.5	1.0	.	6 338
<b>Oct.</b>	2.0	1.5	1.0	.	6 320
<b>Nov.</b>	2.0	1.5	1.0	.	6 476
<b>Dec.</b>	2.0	1.5	1.0	.	6 398
<b>1994</b>					
<b>Jan.</b>	2.0	1.5	1.0	.	6 393
<b>Feb.</b>	2.0	1.5	1.0	.	6 346
<b>March</b>	2.0	1.5	1.0	.	6 276
<b>April</b>	2.0	1.5	1.0	.	6 411
<b>May</b>	2.0	1.5	1.0	.	6 360
<b>June</b>	2.0	1.5	1.0	.	6 446
<b>July</b>	2.0	1.5	1.0	.	6 467
<b>Aug.</b>	2.0	1.5	1.0	.	6 602
<b>Sept.</b>	2.0	1.5	1.0	.	6 550

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

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

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

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Money market transactions, net (1-2-3)
	1	2	3	4
<b>1989</b>	131 110	3 855	99 245	28 010
<b>1990</b>	163 326	26 379	160 797	- 23 850
<b>1991</b>	109 568	30 380	81 969	- 2 781
<b>1992</b>	76 230	137 940	- 60 417	- 1 293
<b>1993</b>	86 521	146 899	- 50 486	- 9 892
<b>1993</b>				
<b>Sept.</b>	7 920	7 720	- 6 920	7 120
<b>Oct.</b>	10 110	11 970	1 180	- 3 040
<b>Nov.</b>	8 310	9 200	- 2 090	1 200
<b>Dec.</b>	9 250	9 690	1 250	- 1 690
<b>1994</b>				
<b>Jan.</b>	5 720	17 000	- 3 130	- 8 150
<b>Feb.</b>	3 940	19 430	- 10 230	- 5 260
<b>March</b>	5 770	22 180	- 21 540	5 130
<b>April</b>	4 080	17 730	- 13 435	- 215
<b>May</b>	2 000	27 940	- 20 790	- 5 150
<b>June</b>	2 870	32 690	- 24 980	- 4 840
<b>July</b>	2 000	34 770	- 29 180	- 3 590
<b>Aug.</b>	5 140	35 040	- 32 970	3 070
<b>Sept.</b>	590	36 860	- 33 510	- 2 760

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

During period	Intervention in the foreign exchange market			Spot transactions related to forward contracts, net	Central government's foreign exchange transactions, net
	Spot purchases	Spot sales	Forward exchange intervention - change in forward exchange position		
	1	2	3		
<b>1991</b>	35 120	- 69 940	- 14 820	12 820	12 260
<b>1992</b>	20 050	- 70 640	- 1 650	390	45 060
<b>1993</b>	25 120	- 45 080	7 460	- 6 910	33 240
<b>1993</b>					
<b>Aug.</b>	510	- 3 580	960	- 810	- 420
<b>Sept.</b>	-	- 1 170	2 050	- 1 950	- 1 770
<b>Oct.</b>	2 790	- 100	1 540	- 1 510	2 980
<b>Nov.</b>	2 270	- 70	- 40	-	- 1 170
<b>Dec.</b>	3 720	-	370	- 340	1 430
<b>1994</b>					
<b>Jan.</b>	12 550	-	2 720	- 2 680	- 1 490
<b>Feb.</b>	1 310	- 750	- 270	280	4 670
<b>March</b>	-	- 2 200	-	-	- 1 800
<b>April</b>	-	-	330	- 330	- 700
<b>May</b>	-	- 920	110	- 110	6 810
<b>June</b>	-	- 1 350	-	-	6 360
<b>July</b>	-	- 930	-	-	4 610
<b>Aug.</b>	-	- 4 270	- 2 960	2 990	- 530

## 2.5 FORWARD EXCHANGE CONTRACTS, MILL. FIM

Stock at end of period	Finnish banks' forward contracts							Non-residents' forward contracts with Finnish customers (excl. Finnish banks)			
	With Finnish customers (excl. Finnish banks)			With foreign customers			With the Bank of Finland	Total			
	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net (1-2)	Currency purchases from foreign customers	Currency sales to foreign customers	Net (4-5)	Net forward purchases from the Bank of Finland	Net (3+6+7)	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net (9-10)
1	2	3	4	5	6	7	8	9	10	11	
<b>1989</b>	10 531	3 563	6 967	44 885	36 854	8 031	205	15 204	..	..	..
<b>1990</b>	11 609	4 979	6 631	21 179	11 079	10 100	- 6 098	10 633	237	55	183
<b>1991</b>	33 004	36 352	- 3 348	40 056	37 505	2 550	8 953	8 155	1 404	645	759
<b>1992</b>	39 195	32 939	6 256	21 142	32 339	- 11 197	7 133	2 192	1 614	1 929	- 315
<b>1993</b>	38 373	23 721	14 652	14 346	21 895	- 7 548	1 939	9 043	11 632	2 173	9 459
<b>1993</b>											
<b>Aug.</b>	32 677	26 607	6 070	15 791	26 631	- 10 840	5 912	1 142	7 013	1 063	5 950
<b>Sept.</b>	34 391	29 105	5 287	14 931	25 519	- 10 588	4 221	- 1 080	7 072	1 625	5 447
<b>Oct.</b>	36 251	31 071	5 179	14 928	25 313	- 10 384	2 293	- 2 912	9 942	2 313	7 629
<b>Nov.</b>	36 988	26 544	10 444	14 010	26 027	- 12 018	2 527	953	8 755	1 840	6 915
<b>Dec.</b>	38 373	23 721	14 652	14 346	21 895	- 7 548	1 939	9 043	11 632	2 173	9 459
<b>1994</b>											
<b>Jan.</b>	43 162	19 298	23 864	13 803	23 618	- 9 815	439	14 488	13 494	2 622	10 872
<b>Feb.</b>	41 288	16 030	25 258	17 043	23 240	- 6 197	489	19 550	14 542	2 903	11 639
<b>March</b>	42 814	16 519	26 295	18 003	24 476	- 6 473	489	20 311	14 280	2 599	11 682
<b>April</b>	40 494	15 128	25 366	15 807	22 872	- 7 065	135	18 436	16 236	4 104	12 133
<b>May</b>	40 529	13 887	26 643	17 151	25 046	- 7 894	0	18 749	15 321	3 859	11 462
<b>June</b>	41 191	15 124	26 067	18 939	25 421	- 6 481	0	19 586	15 155	4 417	10 739
<b>July</b>	40 536	16 619	23 917	17 436	27 166	- 9 730	0	14 187	14 746	4 000	10 746
<b>Aug.</b>	39 846	19 930	19 916	19 572	32 036	- 12 464	3 002	10 454	14 542	3 735	10 807

### 3. RATES OF INTEREST

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

Average of daily observations	Interbank overnight rate	HELIBOR					Bank of Finland rates		
		1 month	3 months	6 months	12 months	Liquidity credit rate <sup>1</sup>	Call money deposit rate	Base rate	
	1	2	3	4	5	6	7	8	
<b>1989</b>	10.21	12.32	12.53	12.61	12.72	13.40	4.00	7.67	
<b>1990</b>	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50	
<b>1991</b>	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50	
<b>1992</b>	13.32	13.49	13.27	13.08	12.96	14.90	7.41	9.17	
<b>1993</b>	7.71	7.85	7.73	7.59	7.47	8.95	4.95	6.85	
<b>1993</b>									
<b>Sept.</b>	6.35	6.81	6.68	6.49	6.29	7.76	3.76	6.00	
<b>Oct.</b>	6.97	7.13	6.87	6.60	6.29	8.08	4.08	6.00	
<b>Nov.</b>	6.76	6.95	6.58	6.23	5.93	7.97	3.97	6.00	
<b>Dec.</b>	6.22	6.16	5.90	5.68	5.52	8.21	4.21	5.50	
<b>1994</b>									
<b>Jan.</b>	5.63	5.38	5.19	5.05	5.01	7.44	3.44	5.50	
<b>Feb.</b>	4.52	4.82	4.82	4.88	5.05	6.84	2.84	5.25	
<b>March</b>	4.39	4.82	4.80	4.88	5.12	6.76	2.76	5.25	
<b>April</b>	4.31	5.01	5.13	5.43	5.75	6.99	2.99	5.25	
<b>May</b>	4.29	4.97	5.14	5.46	5.78	6.97	2.97	5.25	
<b>June</b>	3.93	5.20	5.61	6.24	6.86	7.18	3.18	5.25	
<b>July</b>	4.61	5.17	5.46	6.13	6.91	7.17	3.17	5.25	
<b>Aug.</b>	3.91	5.35	5.96	6.77	7.54	7.32	3.32	5.25	
<b>Sept.</b>	4.07	5.07	5.57	6.36	7.25	7.13	3.13	5.25	

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

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

The Bank of Finland's tender rate, %	Liquidity credit: interest rate margin, %-points	Liquidity credit: maturity, days	Call money deposits: interest rate margin, %-points
1	2	3	4
<b>1992<sup>1</sup></b>			
<b>1993</b>			
<b>1993</b>			
<b>Sept.</b>	+1.00	7	-3.00
<b>Oct.</b>	+1.00	7	-3.00
<b>Nov.</b>	+1.00	7	-3.00
<b>Dec.</b>	+2.00	7	-2.00
<b>1994</b>			
<b>Jan.</b>	+2.00	7	-2.00
<b>Feb.</b>	+2.00	7	-2.00
<b>March</b>	+2.00	7	-2.00
<b>April</b>	+2.00	7	-2.00
<b>May</b>	+2.00	7	-2.00
<b>June</b>	+2.00	7	-2.00
<b>July</b>	+2.00	7	-2.00
<b>Aug.</b>	+2.00	7	-2.00
<b>Sept.</b>	+2.00	7	-2.00
01.09.1994	5.31		
06.09.1994	5.10		
07.09.1994	5.13		
08.09.1994	5.11		
13.09.1994	5.08		
15.09.1994	5.09		
27.09.1994	5.12		

#### 3.3 WEIGHTED EUR RATES AND COMMERCIAL ECU INTEREST RATE, PER CENT

Average of daily observations	ECU	3 currencies	Commercial ECU
	3 months		
	1	2	3
<b>1989</b>	9.3	8.4	9.3
<b>1990</b>	10.5	9.1	10.4
<b>1991</b>	10.1	8.5	9.9
<b>1992</b>	10.4	7.8	10.6
<b>1993</b>	8.0	6.0	8.1
<b>1993</b>			
<b>Sept.</b>	7.4	5.5	7.7
<b>Oct.</b>	7.2	5.6	7.5
<b>Nov.</b>	6.8	5.4	7.0
<b>Dec.</b>	6.5	5.2	6.5
<b>1994</b>			
<b>Jan.</b>	6.3	5.1	6.4
<b>Feb.</b>	6.3	5.1	6.4
<b>March</b>	6.2	5.2	6.3
<b>April</b>	6.0	5.1	6.2
<b>May</b>	5.7	5.0	5.9
<b>June</b>	5.6	4.9	6.0
<b>July</b>	5.6	5.0	6.0
<b>Aug.</b>	5.7	5.0	6.0
<b>Sept.</b>	5.8	5.2	5.9

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

Average for period	Lending						Markku deposits and other markku funding					
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits <sup>1</sup>	36-month tax-exempt deposits <sup>1</sup>	Other tax-exempt deposits, max. rate of interest <sup>1</sup>	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markku funding
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total								
1	2	3	4	5	6	7	8	9	10	11	12	
<b>1989</b>	12.97	13.47	11.58	12.07	10.56	10.40	7.50	.	4.50	5.67	11.92	7.37
<b>1990</b>	13.24	15.62	13.33	13.85	11.84	11.61	7.50	.	4.50	6.43	13.55	8.41
<b>1991</b>	13.63	15.88	13.40	13.84	12.08	11.80	7.50	.	4.50	7.10	13.22	8.97
<b>1992</b>	14.04	15.86	13.32	13.75	12.46	12.13	7.50	8.50	4.50	7.41	12.84	9.14
<b>1993</b>	9.69	13.55	9.40	9.75	10.20	9.92	3.50	4.50	2.00	4.78	8.86	6.15
<b>1993</b>												
<b>Aug.</b>	10.67	13.20	8.79	9.25	9.58	9.26	4.00	5.00	2.50	4.10	8.09	5.44
<b>Sept.</b>	7.66	12.97	8.39	8.68	9.38	9.09	4.00	5.00	2.50	3.96	7.88	5.31
<b>Oct.</b>	9.92	12.39	8.66	9.04	9.28	8.97	4.00	5.00	2.50	3.89	7.77	5.24
<b>Nov.</b>	9.51	12.77	8.29	8.64	9.21	8.90	4.00	5.00	2.00	3.71	7.44	5.04
<b>Dec.</b>	8.83	11.55	7.32	7.62	8.85	8.48	3.50	4.50	2.00	3.33	6.94	4.55
<b>1994</b>												
<b>Jan.</b>	8.09	11.25	7.35	7.62	8.58	8.22	3.50	4.50	2.00	3.11	6.41	4.19
<b>Feb.</b>	8.25	11.92	7.14	7.46	8.34	7.97	3.25	4.25	2.00	2.93	5.95	3.92
<b>March</b>	4.99	11.73	6.73	6.78	8.17	7.79	3.25	4.25	2.00	2.88	5.77	3.85
<b>April</b>	7.29	11.68	6.87	7.10	8.12	7.91	3.25	4.25	2.00	2.88	5.79	3.85
<b>May</b>	7.63	11.66	7.18	7.43	8.08	7.87	3.25	4.25	2.00	2.88	5.67	3.86
<b>June</b>	7.19	11.70	7.25	7.44	8.09	7.88	3.25	4.25	2.00	2.89	5.77	3.92
<b>July</b>	8.25	11.76	7.58	7.86	8.14	7.90	3.25	4.25	2.00	3.01	5.85	4.03
<b>Aug.</b>	8.37	11.80	7.81	8.04	8.20	7.97	3.25	4.25	2.00	3.05	5.98	4.11

<sup>1</sup> 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		Taxable public issues	Taxfree public issues	Share yield
	3 years	5 years	5 years	10 years			
	1	2	3	4	5	6	7
<b>1989</b>	12.2	12.0	12.1	.	11.9	8.1	2.7
<b>1990</b>	13.7	13.5	13.2	.	13.3	9.2	4.0
<b>1991</b>	12.3	12.2	11.7	.	12.6	10.0	3.9
<b>1992</b>	13.1	13.0	12.0	11.5 <sup>1</sup>	13.8	9.9	3.1
<b>1993</b>	8.5	8.9	8.2	8.8	10.3	6.6	1.8
<b>1993</b>							
<b>Aug.</b>	7.4	7.9	7.2	7.9	9.2	5.9	1.6
<b>Sept.</b>	7.2	7.8	7.3	8.0	8.3	5.8	1.6
<b>Oct.</b>	7.1	7.6	6.9	7.7	9.8	5.5	1.5
<b>Nov.</b>	6.8	7.2	6.5	7.4	9.0	5.3	1.5
<b>Dec.</b>	6.5	7.0	6.2	7.0	9.2	4.9	1.4
<b>1994</b>							
<b>Jan.</b>	6.1	6.6	5.8	6.5	7.8	4.7	1.1
<b>Feb.</b>	6.1	6.6	5.9	6.6	7.8	4.8	1.1
<b>March</b>	6.6	7.5	6.7	7.5	7.7	4.8	1.2
<b>April</b>	7.7	8.6	7.6	8.3	7.2	4.8	1.4
<b>May</b>	7.9	8.9	7.9	8.5	7.4	4.8	1.4
<b>June</b>	9.1	10.0	9.0	9.5	8.6	4.6	1.5
<b>July</b>	9.7	10.4	9.3	9.9	10.4	6.1	1.5
<b>Aug.</b>	10.3	11.0	10.0	10.6	8.8	5.2	1.4

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

## 4. RATES OF EXCHANGE

### 4.1 MIDDLE RATES, FIM

Average of daily quotations	New York 1 USD	Montreal 1 CAD	London 1 GBP	Dublin 1 IEP	Stockholm 1 SEK	Oslo 1 NOK	Copen- hagen 1 DKK	Frankfurt aM 1 DEM	Amster- dam 1 NLG	Brussels 1 BEF	Zurich 1 CHF	Paris 1 FRF
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1989</b>	4.2897	3.624	7.032	6.082	0.6654	0.6213	0.5869	2.2818	2.0226	0.1089	2.6243	0.6725
<b>1990</b>	3.8233	3.277	6.808	6.325	0.6459	0.6110	0.6181	2.3664	2.1002	0.1145	2.7576	0.7024
<b>1991</b>	4.0457	3.533	7.131	6.511	0.6684	0.6236	0.6322	2.4380	2.1634	0.1184	2.8208	0.7169
<b>1992</b>	4.4835	3.706	7.875	7.636	0.7714	0.7222	0.7444	2.8769	2.5552	0.1397	3.2000	0.8486
<b>1993</b>	5.7189	4.434	8.582	8.371	0.7350	0.8059	0.8822	3.4584	3.0787	0.1655	3.8706	1.0096
<b>1993</b>												
<b>Sept.</b>	5.7832	4.379	8.813	8.295	0.7219	0.8168	0.8707	3.5637	3.1734	0.1660	4.0737	1.0188
<b>Oct.</b>	5.7495	4.335	8.647	8.250	0.7172	0.8030	0.8682	3.5126	3.1255	0.1614	3.9946	1.0012
<b>Nov.</b>	5.8053	4.411	8.598	8.147	0.7026	0.7856	0.8578	3.4148	3.0428	0.1602	3.8777	0.9825
<b>Dec.</b>	5.7548	4.320	8.578	8.159	0.6887	0.7753	0.8585	3.3645	3.0038	0.1611	3.9282	0.9840
<b>1994</b>												
<b>Jan.</b>	5.6920	4.324	8.496	8.138	0.7001	0.7580	0.8407	3.2662	2.9173	0.1571	3.8683	0.9612
<b>Feb.</b>	5.5838	4.165	8.257	7.930	0.6992	0.7451	0.8245	3.2147	2.8669	0.1560	3.8297	0.9462
<b>March</b>	5.5326	4.057	8.248	7.932	0.6992	0.7530	0.8343	3.2688	2.9089	0.1586	3.8681	0.9591
<b>April</b>	5.4911	3.974	8.139	7.885	0.6965	0.7455	0.8246	3.2336	2.8795	0.1571	3.8174	0.9438
<b>May</b>	5.4072	3.918	8.134	7.956	0.7008	0.7529	0.8335	3.2629	2.9075	0.1585	3.8275	0.9531
<b>June</b>	5.4276	3.925	8.267	8.102	0.6945	0.7660	0.8486	3.3262	2.9676	0.1615	3.9399	0.9737
<b>July</b>	5.2014	3.762	8.036	7.939	0.6695	0.7573	0.8430	3.3120	2.9526	0.1607	3.9249	0.9666
<b>Aug.</b>	5.1384	3.728	7.927	7.826	0.6640	0.7490	0.8310	3.2852	2.9259	0.1594	3.8980	0.9589
<b>Sept.</b>	4.9691	3.669	7.767	7.667	0.6591	0.7303	0.8128	3.2038	2.8578	0.1557	3.8447	0.9367

Average of daily quotations	Rome 1 ITL	Vienna 1 ATS	Lisbon 1 PTE	Reykjavik 1 ISK	Madrid 1 ESP	Athens 1 GRD	Tullian 1 EEK	Tokyo 1 JPY	Mel- bourne 1 AUD	ECU Commer- cial 1 XEU	SDR 1 XDR
	13	14	15	16	17	18	19	20	21	22	23
<b>1989</b>	0.00313	0.3242	0.0273	0.0758	0.0362	..	.	0.03116	3.398	4.719	5.49536
<b>1990</b>	0.00319	0.3363	0.0268	0.0656	0.0375	..	.	0.02647	2.988	4.864	5.18322
<b>1991</b>	0.00326	0.3464	0.0280	0.0684	0.0389	0.022	.	0.03008	3.152	5.003	5.52733
<b>1992</b>	0.00364	0.4088	0.0332	0.0778	0.0438	0.024	0.4060	0.03546	3.289	5.798	6.31546
<b>1993</b>	0.00364	0.4916	0.0356	0.0846	0.0451	0.025	0.4323	0.05168	3.885	6.685	7.98758
<b>1993</b>											
<b>Sept.</b>	0.00369	0.5064	0.0348	0.0833	0.0442	0.025	0.4455	0.05485	3.772	6.771	8.20308
<b>Oct.</b>	0.00359	0.4994	0.0340	0.0823	0.0435	0.024	0.4391	0.05378	3.797	6.671	8.09230
<b>Nov.</b>	0.00348	0.4856	0.0334	0.0811	0.0423	0.024	0.4268	0.05383	3.861	6.550	8.06368
<b>Dec.</b>	0.00341	0.4785	0.0330	0.0800	0.0410	0.023	0.4206	0.05237	3.874	6.494	7.96460
<b>1994</b>											
<b>Jan.</b>	0.00335	0.4647	0.0323	0.0779	0.0398	0.023	0.4083	0.05109	3.962	6.339	7.81835
<b>Feb.</b>	0.00331	0.4573	0.0318	0.0764	0.0395	0.022	0.4018	0.05251	4.000	6.236	7.74733
<b>March</b>	0.00332	0.4647	0.0318	0.0767	0.0398	0.022	0.4086	0.05264	3.937	6.309	7.75651
<b>April</b>	0.00338	0.4597	0.0317	0.0761	0.0398	0.022	0.4042	0.05310	3.934	6.251	7.71250
<b>May</b>	0.00339	0.4639	0.0316	0.0762	0.0396	0.022	0.4079	0.05215	3.916	6.288	7.65245
<b>June</b>	0.00340	0.4729	0.0321	0.0772	0.0404	0.0221	0.4158	0.05281	3.981	6.398	7.74158
<b>July</b>	0.00332	0.4708	0.0322	0.0759	0.0401	0.0219	0.4140	0.05276	3.821	6.329	7.57829
<b>Aug.</b>	0.00325	0.4669	0.0322	0.0749	0.0396	0.0217	0.4107	0.05147	3.805	6.261	7.47292
<b>Sept.</b>	0.00317	0.4552	0.0314	0.0731	0.0386	0.0211	0.4005	0.05029	3.684	6.113	7.27337



## 4.2 MARKKA VALUE OF THE ECU AND CURRENCY INDICES

Average of daily observations	Markka value of the ECU FIM/ECU	Currency indices, 1982 = 100		
		Trade-weighted currency index	Payments currency index	MERM Index
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>1989</b>	4.73670	98.4	99.1	102.8
<b>1990</b>	4.85697	97.3	96.8	97.3
<b>1991</b>	5.00580	101.4	101.4	102.8
<b>1992</b>	5.80140	116.4	115.7	117.3
<b>1993</b>	6.69420	132.4	136.1	141.8
<b>1993</b>				
<b>Sept.</b>	6.81414	134.5	138.4	144.7
<b>Oct.</b>	6.69596	132.6	136.8	142.8
<b>Nov.</b>	6.55386	130.4	135.3	141.7
<b>Dec.</b>	6.49606	128.9	133.9	139.8
<b>1994</b>				
<b>Jan.</b>	6.34072	126.9	131.8	137.7
<b>Feb.</b>	6.23914	125.6	129.8	136.4
<b>March</b>	6.31275	126.5	130.2	136.6
<b>April</b>	6.25477	125.5	129.2	135.8
<b>May</b>	6.29981	125.9	129.0	135.3
<b>June</b>	6.41394	127.4	130.3	136.6
<b>July</b>	6.35263	125.2	127.2	133.6
<b>Aug.</b>	6.28705	123.8	125.8	131.9
<b>Sept.</b>	6.13918	121.3	122.7	128.7

## 5. OTHER DOMESTIC FINANCING

### 5.1 BANK FUNDING FROM THE PUBLIC, MILL. FIM

End of period	Cheque and giro deposits	Transaction deposits	Time deposits	Other deposits	Markka deposits, total (1+2+3+4)	Foreign currency deposits	Total deposits (5+6)	Other funding	Total funding (7+8)
	1	2	3	4	5	6	7	8	9
<b>1989</b>	28 942	85 396	125 748		240 085	7 358	247 444	35 298	282 742
<b>1990</b>	30 953	96 176	124 930		252 058	6 818	258 876	38 835	297 711
<b>1991</b>	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
<b>1992</b>	34 832	88 526	114 771	21 218	259 347	14 626	273 973	65 557	339 530
<b>1993</b>	36 379	92 357	112 413	21 766	262 915	14 883	277 798	63 173	340 971
<b>1993</b>									
<b>July</b>	35 787	87 997	107 557	23 582	254 924	15 616	270 540	63 737	334 277
<b>Aug.</b>	36 548	88 515	105 708	23 870	254 640	14 861	269 502	65 157	334 659
<b>Sept.</b>	35 312	88 067	105 958	23 259	252 596	16 642	269 239	66 050	335 289
<b>Oct.</b>	35 746	89 439	109 350	22 387	256 922	16 192	273 114	67 314	340 428
<b>Nov.</b>	36 098	87 692	109 769	21 451	255 010	15 799	270 809	64 128	334 937
<b>Dec.</b>	36 379	92 357	112 413	21 766	262 915	14 883	277 798	63 173	340 971
<b>1994</b>									
<b>Jan.</b>	38 657	94 042	108 694	22 740	264 133	14 050	278 183	70 115	348 298
<b>Feb.</b>	37 462	96 507	106 185	22 548	262 702	12 324	275 027	68 874	343 901
<b>March</b>	38 058	97 847	105 867	22 734	264 506	13 201	277 708	72 348	350 056
<b>April</b>	38 242	98 146	106 551	22 748	265 687	13 574	279 261	75 636	354 897
<b>May</b>	41 132	97 145	106 163	22 337	266 778	14 281	281 059	75 753	356 811
<b>June</b>	42 094	98 377	105 973	21 679	268 123	14 353	282 476	72 209	354 685
<b>July</b>	43 391	98 775	106 511	21 391	270 067	16 517	286 584	70 634	357 218

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

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markka lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
<b>1989</b>	15 270	5 650	257 768	278 688	73 176	351 864
<b>1990</b>	19 152	5 777	260 790	285 720	103 134	388 853
<b>1991</b>	18 037	4 712	262 859	285 609	107 714	393 323
<b>1992</b>	16 045	3 335	252 163	271 544	95 168	366 712
<b>1993</b>	14 217	2 223	248 406	264 846	66 931	331 777
<b>1993</b>						
<b>July</b>	15 192	2 858	251 610	269 660	82 922	352 582
<b>Aug.</b>	15 427	2 670	251 295	269 392	81 558	350 950
<b>Sept.</b>	15 425	2 656	251 667	269 748	79 676	349 424
<b>Oct.</b>	15 094	2 780	251 342	269 216	75 184	344 401
<b>Nov.</b>	14 872	2 664	250 554	268 090	73 810	341 899
<b>Dec.</b>	14 217	2 223	248 406	264 846	66 931	331 777
<b>1994</b>						
<b>Jan.</b>	14 081	2 248	247 259	263 587	64 220	327 807
<b>Feb.</b>	14 120	2 008	247 884	264 012	63 158	327 170
<b>March</b>	14 125	1 942	247 795	263 862	61 114	324 976
<b>April</b>	13 971	1 759	247 095	262 825	59 077	321 902
<b>May</b>	14 079	1 736	246 531	262 345	58 233	320 578
<b>June</b>	14 139	1 763	245 939	261 841	57 756	319 597
<b>July</b>	14 061	1 733	245 591	261 386	56 128	317 513

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

End of period	Foreign assets, net		Domestic credit			Other items, net	M <sub>1</sub>	M <sub>2</sub> (1+4+5)	M <sub>3</sub>
		Claims on the central government	Claims on the public	Total (2+3)					
	1	2	3	4	5	6	7	8	
<b>1989</b>	- 59 049	- 18 691	408 344	389 653	- 79 084	124 295	251 519	272 603	
<b>1990</b>	- 82 881	- 19 072	453 720	434 648	- 85 385	141 524	266 383	291 045	
<b>1991</b>	- 86 555	- 6 516	470 852	464 336	- 102 540	130 644	275 241	310 924	
<b>1992</b>	- 68 099	81	439 937	440 018	- 97 909	134 829	274 011	310 733	
<b>1993*</b>	- 25 989	1 848	403 742	405 589	- 100 006	141 759	279 595	322 408	
<b>1993*</b>									
<b>Aug.</b>	- 33 338	2 158	426 871	429 028	- 126 590	136 005	269 101	312 036	
<b>Sept.</b>	- 29 387	4 183	424 966	429 149	- 132 462	134 600	267 299	312 044	
<b>Oct.</b>	- 20 713	3 530	419 951	423 482	- 130 352	136 989	272 417	319 050	
<b>Nov.</b>	- 23 710	3 430	417 372	420 803	- 125 479	137 095	271 614	312 034	
<b>Dec.</b>	- 25 989	1 848	403 742	405 589	- 100 006	141 759	279 595	322 408	
<b>1994*</b>									
<b>Jan.</b>	- 23 257	57	399 953	400 011	- 96 519	145 301	280 234	328 482	
<b>Feb.</b>	- 18 440	475	397 966	398 440	- 101 379	146 600	278 621	327 591	
<b>March</b>	- 19 743	1 101	397 404	398 505	- 97 766	148 907	280 996	333 304	
<b>April</b>	- 23 247	3 534	392 075	395 609	- 90 780	148 783	281 582	335 879	
<b>May</b>	- 14 545	5 988	390 173	396 160	- 98 989	150 750	282 626	338 847	
<b>June</b>	- 6 902	2 034	390 056	392 090	- 100 713	153 360	284 475	338 340	
<b>July</b>	- 7 521	- 1 109	387 040	385 931	- 92 150	155 001	286 260	340 445	
<b>Aug.</b>	..	..	..	..	..	154 806	286 677	335 900	

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

End of period	Foreign currency-denominated debt			Markka-denominated debt				Total central government debt (3+8)	Out-standing lending	Cash funds	
	Bonds	Other debt	Total (1+2)	Public bonds	Other long-term liabilities	Treasury notes and bills	Miscellaneous items				Total (4+5+6+7)
	1	2	3	4	5	6	7	8	9	10	11
<b>1989</b>	18 505	4 281	22 786	24 126	5 750	250	.	30 126	52 912	43 499	21 248
<b>1990</b>	20 917	3 876	24 793	23 982	8 263	-	.	32 245	57 038	48 121	23 114
<b>1991</b>	38 703	4 943	43 646	31 018	12 208	5 180	.	48 406	92 052	55 165	15 956
<b>1992</b>	100 244	6 143	106 387	40 578	13 555	14 762	.	68 895	175 282	61 671	19 781
<b>1993</b>	142 824	12 753	155 577	71 082	16 060	22 824	.	109 966	265 543	64 233	36 487
<b>1993</b>											
<b>Aug.</b>	143 148	13 868	157 016	63 086	15 355	23 460	.	101 901	258 917	65 317	43 091
<b>Sept.</b>	145 375	13 759	159 134	64 904	15 354	24 615	.	104 873	264 007	65 879	42 793
<b>Oct.</b>	143 854	13 139	156 993	69 251	15 354	23 754	.	108 359	265 352	66 435	42 816
<b>Nov.</b>	144 122	13 020	157 142	71 833	15 313	22 647	.	109 793	266 935	64 381	47 493
<b>Dec.</b>	142 824	12 753	155 577	71 082	16 060	22 824	.	109 966	265 543	64 233	36 487
<b>1994</b>											
<b>Jan.</b>	140 312	10 565	150 877	72 215	18 260	19 629	.	110 104	260 981	64 706	24 095
<b>Feb.</b>	148 138	9 990	158 128	74 481	18 260	19 391	- 5 524	106 608	264 736	65 008	31 679
<b>March</b>	147 889	9 894	157 783	75 083	18 230	19 182	- 5 409	107 086	264 869	65 687	20 834
<b>April</b>	146 940	10 891	157 831	76 001	17 541	18 625	- 5 384	106 943	264 774	65 808	18 547
<b>May</b>	156 684	11 106	167 790	76 282	17 442	19 704	- 5 379	108 049	275 839	66 001	22 405
<b>June</b>	163 930	11 658	175 588	77 129	16 901	24 915	- 5 410	113 535	289 123	65 007	30 119
<b>July</b>	169 523	11 952	181 475	78 286	16 891	30 159	- 5 440	119 896	301 371	64 437	41 465
<b>Aug.</b>	165 170	11 698	176 868	79 587	16 870	28 551	- 5 485	119 523	296 391	..	37 525

## 5.5 MARKKA BOND MARKET

### A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
<b>1989</b>	4 204	11 022	5 717	233	13	11 146	2 997	7 046	21 189
<b>1990</b>	4 640	17 891	4 420	490	1 007	17 234	607	10 607	28 447
<b>1991</b>	7 277	25 737	11 073	1 320	-	30 160	-	15 247	45 407
<b>1992</b>	6 984	15 043	12 965	2 674	4	23 858	-	13 812	37 671
<b>1993*</b>	11 691	12 134	36 512	2 235	63	51 179	-	11 456	62 634
<b>1993*</b>									
<b>Aug.</b>	372	632	3 833	60	-	4 883	-	15	4 898
<b>Sept.</b>	50	497	2 023	10	-	2 480	-	100	2 580
<b>Oct.</b>	410	697	4 859	222	-	5 956	-	232	6 188
<b>Nov.</b>	989	4 160	2 793	18	50	7 828	-	182	8 010
<b>Dec.</b>	477	1 753	600	205	-	2 769	-	266	3 034
<b>1994*</b>									
<b>Jan.</b>	-	2 000	2 216	45	-	4 261	-	-	4 261
<b>Feb.</b>	560	7	2 359	280	-	3 206	-	-	3 206
<b>March</b>	2 311	713	2 555	190	-	5 769	-	-	5 769
<b>April</b>	100	1 480	942	-	-	2 522	-	-	2 522
<b>May</b>	331	2 226	1 348	30	-	3 935	-	-	3 935
<b>June</b>	500	160	2 673	62	-	3 394	-	-	3 394
<b>July</b>	-	-	1 171	-	-	1 171	-	-	1 171
<b>Aug.</b>	-	2 130	2 410	-	-	4 540	-	-	4 540

### B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
<b>1989</b>	21 463	50 216	29 381	1 555	290	41 162	27 742	34 001	102 906
<b>1990</b>	23 522	59 756	28 812	1 756	1 298	52 273	22 970	39 902	115 145
<b>1991</b>	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
<b>1992</b>	26 617	82 319	44 005	5 237	3 358	89 534	13 917	58 085	161 536
<b>1993*</b>	32 996	74 372	73 682	6 894	2 009	120 571	10 391	58 991	189 953
<b>1993*</b>									
<b>II</b>	33 614	79 950	60 316	6 618	2 369	107 775	11 558	63 534	182 867
<b>III</b>	33 334	77 791	67 504	6 517	2 018	113 846	10 727	62 591	187 164
<b>IV</b>	32 996	74 372	73 682	6 894	2 009	120 571	10 391	58 991	189 953
<b>1994*</b>									
<b>I</b>	34 235	72 084	77 676	7 255	1 007	126 390	8 898	56 969	192 258
<b>II</b>	33 236	71 920	78 990	7 297	964	130 760	8 584	53 063	192 407

### C) TURNOVER, MILL.FIM

During period	Interbank	Between banks and customers	Primary dealers' transactions in benchmark government bonds		
			Purchases from other primary dealers	Purchases from others	Sales to others
	1	2	3	4	5
<b>1989</b>	6 500	9 660	.	.	.
<b>1990</b>	5 401	6 058	.	.	.
<b>1991</b>	3 343	29 134	.	.	.
<b>1992</b>	18 221	58 594	10 744	12 156	13 354
<b>1993</b>	45 966	241 273	42 945	95 647	117 489
<b>1993</b>					
<b>Sept.</b>	5 364	24 405	5 124	11 436	12 459
<b>Oct.</b>	4 958	33 749	4 717	13 465	15 832
<b>Nov.</b>	4 454	28 725	4 069	12 703	12 069
<b>Dec.</b>	6 012	26 948	5 414	10 765	12 500
<b>1994</b>					
<b>Jan.</b>	8 899	41 502	8 437	17 411	19 133
<b>Feb.</b>	14 265	40 081	12 427	16 883	18 485
<b>March</b>	34 926	56 958	32 256	28 635	28 693
<b>April</b>	24 666	37 825	23 300	17 241	17 960
<b>May</b>	10 588	20 896	9 731	8 753	10 958
<b>June</b>	14 560	20 091	14 132	8 225	11 496
<b>July</b>	5 171	12 950	5 081	4 961	7 745
<b>Aug.</b>	22 933	21 706	22 791	10 728	10 987
<b>Sept.</b>	12 357	23 278	12 307	9 424	13 922

### 5.6 HELSINKI STOCK EXCHANGE

Average of daily observations	Share prices									Turnover <sup>1</sup> , mill. FIM		
	HEX index (28 Dec., 1990 = 1000)									Shares and subscription rights	Bonds and debentures	Total
	All-share index	By ownership		By industry								
		Re-stricted	Non-re-stricted	Banks and finance	Insurance and investment	Manu-factur-ing	Of which:					
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1989</b>	1 827	1 850	1 689	1 958	1 528	1 818	1 728	1 748	2 061	33 160	7 375	40 536
<b>1990</b>	1 332	1 324	1 393	1 263	1 185	1 376	1 436	1 282	1 474	15 521	4 550	20 071
<b>1991</b>	962	949	1 062	901	898	1 003	1 075	1 076	1 021	6 339	1 315	7 655
<b>1992</b>	772	759	868	425	467	942	1 123	1 206	890	10 277	15 377	25 654
<b>1993</b>	1 240	.	.	608	644	1 601	1 695	1 749	1 751	46 337	59 977	106 314
<b>1993</b>												
<b>Sept.</b>	1 378	.	.	790	788	1 745	1 887	1 860	1 913	4 689	6 036	10 725
<b>Oct.</b>	1 502	.	.	820	781	1 943	1 958	2 098	2 212	6 638	6 936	13 574
<b>Nov.</b>	1 542	.	.	810	770	2 003	2 093	2 156	2 253	4 842	7 153	11 995
<b>Dec.</b>	1 549	.	.	773	801	2 003	2 114	2 240	2 209	4 810	6 375	11 185
<b>1994</b>												
<b>Jan.</b>	1 797	.	.	870	952	2 315	2 357	2 733	2 537	8 781	276	9 057
<b>Feb.</b>	1 917	.	.	942	1 011	2 462	2 410	2 982	2 704	6 395	558	6 953
<b>March</b>	1 861	.	.	824	948	2 423	2 249	2 842	2 793	7 060	334	7 394
<b>April</b>	1 815	.	.	771	914	2 376	2 188	2 689	2 818	4 849	107	4 956
<b>May</b>	1 839	.	.	749	862	2 427	2 207	2 723	2 891	4 035	71	4 105
<b>June</b>	1 709	.	.	676	727	2 271	2 114	2 527	2 732	3 719	49	3 768
<b>July</b>	1 776	.	.	688	727	2 377	2 253	2 503	2 987	3 891	99	3 990
<b>Aug.</b>	1 876	.	.	647	759	2 536	2 405	2 742	3 185	6 594	134	6 728
<b>Sept.</b>	1 910	.	.	652	697	2 603	2 515	2 739	3 340	4 856	132	4 988

<sup>1</sup> During period.

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

### 6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, feb	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account receipts (6+7+8)	Imports of goods, cif	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1989</b>	98 265	7 662	4 497	6 277	18 436	116 701	10 212	3 652	130 565	104 400	3 869	8 969	8 759
<b>1990</b>	99 750	8 347	4 650	6 081	19 077	118 827	12 739	4 461	136 027	101 967	4 363	10 766	9 503
<b>1991</b>	91 100	7 508	5 044	5 636	18 189	109 289	10 003	5 336	124 628	86 348	3 974	11 089	11 011
<b>1992</b>	105 809	8 643	6 089	7 730	22 462	128 272	6 423	5 920	140 614	93 187	4 360	10 962	13 369
<b>1993*</b>	132 550	10 191	7 079	9 379	26 649	159 199	8 589	6 506	174 293	101 494	5 241	9 237	17 008
<b>1992</b>													
<b>I</b>	24 783	2 002	1 159	1 702	4 863	29 645	2 301	1 367	33 313	22 698	1 001	2 725	3 422
<b>II</b>	26 452	2 152	1 493	1 681	5 326	31 778	1 269	1 374	34 421	24 180	1 064	2 813	3 039
<b>III</b>	24 820	2 323	1 958	1 923	6 203	31 023	1 204	1 480	33 707	20 677	1 119	2 853	3 242
<b>IV</b>	29 754	2 167	1 480	2 424	6 071	35 825	1 649	1 699	39 173	25 632	1 176	2 572	3 666
<b>1993*</b>													
<b>I</b>	31 016	2 305	1 351	2 778	6 434	37 450	2 470	1 470	41 390	25 707	1 201	2 401	4 445
<b>II</b>	32 625	2 562	1 763	2 281	6 606	39 231	2 335	1 756	43 322	24 801	1 294	2 276	4 015
<b>III</b>	32 116	2 792	2 203	2 102	7 098	39 213	1 867	1 584	42 665	23 973	1 334	2 242	4 206
<b>IV</b>	36 793	2 532	1 761	2 218	6 511	43 305	1 916	1 695	46 916	27 012	1 411	2 319	4 341
<b>1994*</b>													
<b>I</b>	34 536	2 617	1 424	2 309	6 350	40 886	1 408	1 594	43 888	24 851	1 319	1 902	4 240
<b>II</b>	38 519	2 924	1 745	2 118	6 786	45 305	2 962	1 492	49 759	29 472	1 397	2 048	3 946

During period	Services expenditure, total (11+12+13)	Imports of goods and services (10+14)	Investment expenditure	Transfers and other expenditure	Current account expenditure (15+16+17)	Trade account (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21+22)	Goods and services account (19+23)	Investment income, net (7-16)	Transfers and others, net (8-17)	Current account (24+25+26) = (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
<b>1989</b>	21 596	125 996	21 882	7 561	155 439	-6 134	3 793	-4 471	-2 482	-3 160	-9 294	-11 670	-3 910	-24 874
<b>1990</b>	24 632	126 599	26 973	8 967	162 540	-2 218	3 984	-6 117	-3 422	-5 555	-7 772	-14 234	-4 506	-26 513
<b>1991</b>	26 074	112 421	28 674	10 229	151 325	4 752	3 534	-6 044	-5 374	-7 885	-3 132	-18 671	-4 893	-26 696
<b>1992</b>	28 690	121 878	30 424	10 347	162 649	12 622	4 283	-4 873	-5 639	-6 228	6 394	-24 001	-4 428	-22 035
<b>1993*</b>	31 486	132 980	35 667	10 390	179 037	31 056	4 951	-2 159	-7 629	-4 837	26 219	-27 079	-3 885	-4 744
<b>1992</b>														
<b>I</b>	7 148	29 845	8 435	3 124	41 405	2 085	1 001	-1 566	-1 720	-2 285	-200	-6 134	-1 758	-8 092
<b>II</b>	6 916	31 096	7 400	2 381	40 877	2 272	1 087	-1 320	-1 358	-1 590	682	-6 131	-1 007	-6 456
<b>III</b>	7 214	27 891	6 765	2 402	37 058	4 143	1 204	-895	-1 319	-1 011	3 132	-5 561	-922	-3 351
<b>IV</b>	7 413	33 045	7 824	2 440	43 309	4 122	991	-1 092	-1 241	-1 342	2 780	-6 174	-741	-4 136
<b>1993*</b>														
<b>I</b>	8 047	33 755	10 409	2 808	46 972	5 309	1 103	-1 049	-1 667	-1 613	3 695	-7 939	-1 338	-5 582
<b>II</b>	7 585	32 386	10 811	2 393	45 590	7 824	1 268	-512	-1 735	-980	6 844	-8 475	-637	-2 268
<b>III</b>	7 782	31 756	7 074	2 640	41 469	8 143	1 458	-39	-2 104	-685	7 458	-5 206	-1 055	1 196
<b>IV</b>	8 071	35 083	7 374	2 549	45 006	9 781	1 122	-558	-2 123	-1 559	8 222	-5 458	-854	1 910
<b>1994*</b>														
<b>I</b>	7 461	32 311	9 031	2 957	44 299	9 685	1 298	-477	-1 931	-1 110	8 575	-7 623	-1 363	-4 111
<b>II</b>	7 391	36 862	8 669	2 217	47 748	9 047	1 527	-304	-1 828	-604	8 443	-5 707	-725	2 011

## 6.2 CAPITAL AND FINANCIAL ACCOUNT, MILL. FIM

During period	Imports of capital												Total (1+7+12)
	Direct investment in Finland	Portfolio investment					Other investment					Total (8+9+10+11)	
		Shares	Bonds	Of which: market-denominated bonds	Money market instruments	Financial derivatives	Total (2+3+5+6)	Trade credits	Loans	Currency and deposits	Other		
1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>1991</b>	-997	47	38 751	11 786	-4 511	..	34 287	846	7 496	131	-9 737	-1 265	32 024
<b>1992*</b>	1 822	397	39 309	-5 312	-1 791	..	37 915	3 931	2	1 690	-17 415	-11 792	27 945
<b>1993*</b>	4 390	12 748	30 353	3 616	-4 382	..	38 719	4 179	5 357	-5 347	-24 454	-20 265	22 843
<b>1991</b>													
<b>III</b>	-435	29	10 469	3 958	-592	..	9 906	556	1 277	1 703	-17 879	-14 344	-4 872
<b>IV</b>	-777	-516	4 541	-580	-3 899	..	127	1 343	225	-1 230	-515	-177	-828
<b>1992*</b>													
<b>I</b>	563	199	4 102	-1 545	1 244	..	5 545	390	111	-1 050	952	402	6 510
<b>II</b>	74	145	13 023	114	-3 179	..	9 990	-559	-395	801	-5 471	-5 624	4 439
<b>III</b>	340	6	5 474	-2 712	-485	..	4 995	2 460	16	828	648	3 953	9 288
<b>IV</b>	845	47	16 710	-1 169	629	..	17 386	1 641	270	1 110	-13 544	-10 523	7 707
<b>1993*</b>													
<b>I</b>	455	1 405	15 542	320	-2 314	..	14 632	1 754	7 326	901	-8 593	1 387	16 473
<b>II</b>	1 054	1 515	16 269	3 420	-1 348	..	16 435	-82	815	-1 268	-6 612	-7 147	10 342
<b>III</b>	664	6 529	2 267	2 523	-2 755	..	6 041	-670	-1 495	1 671	-8 143	-8 637	-1 933
<b>IV</b>	2 217	3 300	-3 725	-2 646	2 036	..	1 611	3 177	-1 289	-6 650	-1 106	-5 868	-2 040
<b>1994*</b>													
<b>I</b>	3 638	4 389	3 047	-999	-1 734	23	5 725	-1 009	-4 389	772	6 665	2 039	11 401
<b>II</b>	2 509	2 202	7 082	-2 244	2 545	272	12 100	-285	854	-1 748	-2 875	-4 054	10 555

During period	Exports of capital												Errors and omissions	Change in central bank's reserve assets
	Direct investment abroad	Portfolio investment					Other investment					Total (14+19+24)		
		Shares	Bonds	Money market instruments	Financial derivatives	Total (15+16+17+18)	Trade credits	Loans	Currency and deposits	Other	Total (20+21+22+23)			
14	15	16	17	18	19	20	21	22	23	24	25	26	27	
<b>1991</b>	-501	-369	-3	1 499	..	1 128	520	2 341	1 054	6 587	10 503	11 129	-1 575	7 375
<b>1992*</b>	-3 372	46	321	2 748	..	3 115	3 696	3 409	3 745	3 132	13 983	13 725	-1 365	9 180
<b>1993*</b>	8 925	873	767	1 932	..	3 571	1 827	-839	-6 063	14 516	9 442	21 938	5 058	-1 219
<b>1991</b>														
<b>III</b>	130	41	393	719	..	1 153	1 319	-723	-1 835	239	-1 001	282	2 550	6 923
<b>IV</b>	-599	-175	-182	-1 962	..	-2 319	707	1 214	-3 487	-13 043	-14 609	17 527	-4 908	-5 860
<b>1992*</b>														
<b>I</b>	-581	27	155	91	..	273	819	1 229	2 528	-4 078	499	190	149	1 623
<b>II</b>	-1 544	-19	1 161	-1 490	..	-348	-296	-807	522	-559	-1 140	-3 033	-2 030	1 015
<b>III</b>	-552	13	-895	786	..	-96	1 260	553	2 619	3 493	7 925	7 277	-4 710	6 051
<b>IV</b>	-695	25	-100	3 361	..	3 286	1 912	2 435	-1 924	4 276	6 699	9 290	5 227	492
<b>1993*</b>														
<b>I</b>	967	158	2 823	-577	..	2 404	1 577	-726	-1 516	15 387	14 722	18 093	1 615	5 586
<b>II</b>	1 118	2	-1 095	-972	..	-2 065	478	-185	247	-3 820	-3 279	-4 227	-1 617	-10 684
<b>III</b>	-538	77	-841	3 975	..	3 211	-250	-1 008	1 514	9 514	9 769	12 443	2 160	11 019
<b>IV</b>	7 378	636	-120	-494	..	21	21	1 081	-6 308	-6 564	-11 770	-4 371	2 900	-7 141
<b>1994*</b>														
<b>I</b>	5 344	43	-662	211	-201	-609	-1 336	-1 279	2 612	-5 779	-5 781	-1 047	-1 757	-10 279
<b>II</b>	5 083	-68	-3 283	-4 468	-27	-7 846	1 418	-1 508	-681	6 203	5 431	2 668	274	-10 172

### 6.3 FINLAND'S INTERNATIONAL INVESTMENT POSITION, MILL. FIM

Position at end of period	Liabilities												
	Direct investment in Finland	Portfolio investment					Total (2+3+5+6)	Other investment				Total (8+9+10+11)	Total liabilities (1+7+12)
		Shares	Bonds	Of which: market-denominated bonds	Money market instruments	Financial derivatives		Trade credits	Loans	Currency and deposits	Other		
1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>1991</b>	17 443	4 149	141 055	19 036	20 834	..	166 038	8 559	68 892	8 555	85 281	171 287	354 769
<b>1992*</b>	19 348	5 138	211 361	14 366	19 391	..	235 889	11 943	78 330	11 880	78 804	180 958	436 195
<b>1993*</b>	24 000	30 375	265 376	27 149	14 718	-6 103	304 365	16 419	92 355	4 025	55 478	168 276	496 641
<b>1991</b>													
<b>III</b>	18 273	4 154	128 768	18 607	23 551	..	156 473	14 029	64 707	9 408	82 592	170 735	345 481
<b>IV</b>	17 443	4 149	141 055	19 036	20 834	..	166 038	8 559	68 892	8 555	85 281	171 287	354 769
<b>1992*</b>													
<b>I</b>	18 027	4 279	150 644	17 366	15 612	..	170 535	8 900	69 353	7 607	96 351	182 210	370 772
<b>II</b>	18 122	4 083	160 415	17 851	18 160	..	182 658	8 369	66 741	8 275	81 099	164 483	365 263
<b>III</b>	18 483	3 367	184 851	15 547	18 023	..	206 242	10 875	72 530	9 942	89 639	182 986	407 711
<b>IV</b>	19 348	5 138	211 361	14 366	19 391	..	235 889	11 943	78 330	11 880	78 804	180 958	436 195
<b>1993*</b>													
<b>I</b>	19 868	8 121	253 159	16 281	15 513	..	276 793	13 684	96 786	13 135	77 587	201 192	497 853
<b>II</b>	20 988	11 901	254 886	21 118	15 200	..	281 986	13 503	93 408	11 461	67 867	186 239	489 214
<b>III</b>	21 717	22 725	265 540	23 460	13 010	..	301 276	12 862	95 327	13 276	61 185	182 650	505 643
<b>IV</b>	24 000	30 375	265 376	27 149	14 718	-6 103	304 365	16 419	92 355	4 025	55 478	168 276	496 641
<b>1994*</b>													
<b>I</b>	27 165	39 079	266 599	28 087	11 656	-8 855	308 479	15 338	86 166	4 724	60 047	166 275	501 919
<b>II</b>	29 686	42 719	272 721	24 622	14 788	-7 931	322 297	15 035	86 918	2 964	56 930	161 847	513 830

Position at end of period	Assets												
	Direct investment abroad	Portfolio investment					Total (15+16+17+18)	Other investment				Total (20+21+22+23)	Total assets (14+19+24)
		Shares	Bonds	Money market instruments	Financial derivatives	Trade credits		Loans	Currency and deposits	Other			
14	15	16	17	18	19	20	21	22	23	24	25		
<b>1991</b>	44 823	426	7 004	4 154	..	11 584	16 163	28 504	7 647	72 498	124 812	181 218	
<b>1992*</b>	44 921	469	8 697	7 917	..	17 083	21 063	35 251	12 665	76 520	145 499	207 502	
<b>1993*</b>	54 000	1 285	10 706	11 028	446	23 465	25 039	34 018	5 701	89 301	154 059	231 524	
<b>1991</b>													
<b>III</b>	41 915	569	6 823	6 041	..	13 434	16 430	26 074	10 495	75 623	128 623	183 971	
<b>IV</b>	44 823	426	7 004	4 154	..	11 584	16 163	28 504	7 647	72 498	124 812	181 218	
<b>1992*</b>													
<b>I</b>	43 876	428	7 472	4 550	..	12 450	17 160	30 223	10 193	68 559	126 135	182 461	
<b>II</b>	41 966	408	8 681	2 881	..	11 970	16 811	28 128	10 558	65 317	120 814	174 750	
<b>III</b>	45 982	442	8 176	4 032	..	12 650	18 622	30 676	14 188	68 195	131 682	190 314	
<b>IV</b>	44 921	469	8 697	7 917	..	17 083	21 063	35 251	12 665	76 520	145 499	207 502	
<b>1993*</b>													
<b>I</b>	51 973	676	11 952	7 766	..	20 394	23 292	36 976	12 275	92 136	164 680	237 047	
<b>II</b>	49 165	671	10 801	6 627	..	18 099	23 477	34 148	12 159	97 012	166 796	234 060	
<b>III</b>	49 413	759	10 074	10 689	..	21 522	23 386	34 208	13 929	97 734	169 258	240 194	
<b>IV</b>	54 000	1 285	10 706	11 028	446	23 465	25 039	34 018	5 701	89 301	154 059	231 524	
<b>1994*</b>													
<b>I</b>	59 494	1 296	9 576	10 910	622	22 403	22 941	31 396	8 107	91 319	153 763	235 660	
<b>II</b>	64 720	1 206	5 956	6 320	550	14 031	24 335	29 705	7 224	106 738	168 002	246 753	



6.4 FINLAND'S NET INTERNATIONAL INVESTMENT POSITION (LIABILITIES LESS ASSETS),  
BY SECTOR, MILL. FIM

Position at end of period	Corporate sector	Banks	Bank of Finland	Other financial institutions	Central government	Local government	Net (1+2+3+4+5+6)	Net interest and dividend expenditure	Net interest and dividend expenditure in relation to current account receipts, %
	1	2	3	4	5	6	7	8	9
<b>1991</b>	27 735	107 434	- 34 046	18 960	52 748	719	173 550	15 671	12.7
<b>1992*</b>	29 464	82 343	- 27 546	28 283	113 801	2 347	228 693	19 011	13.6
<b>1993*</b>	49 100	48 615	- 33 279	29 973	167 753	2 956	265 117	22 329	12.9
<b>1991</b>									
<b>III</b>	33 869	95 634	- 27 372	17 818	40 840	721	161 509	3 409	10.8
<b>IV</b>	27 735	107 434	- 34 046	18 960	52 748	719	173 550	3 713	11.1
<b>1992*</b>									
<b>I</b>	27 883	110 668	- 33 471	20 750	60 859	1 623	188 311	4 887	14.7
<b>II</b>	28 111	94 368	- 31 437	21 931	75 837	1 703	190 513	4 883	14.2
<b>III</b>	29 872	83 775	- 16 715	24 364	94 143	1 958	217 397	4 314	12.8
<b>IV</b>	29 464	82 343	- 27 546	28 283	113 801	2 347	228 693	4 926	12.6
<b>1993*</b>									
<b>I</b>	33 576	65 540	- 27 782	29 780	156 756	2 937	260 806	6 751	16.3
<b>II</b>	35 152	61 618	- 37 288	27 393	165 469	2 810	255 154	7 288	16.8
<b>III</b>	43 843	44 880	- 27 318	27 435	173 642	2 967	265 449	4 018	9.4
<b>IV</b>	49 100	48 615	- 33 279	29 973	167 753	2 956	265 117	4 271	9.1
<b>1994*</b>									
<b>I</b>	55 542	53 969	- 42 504	28 463	167 556	3 233	266 259	7 023	16.0
<b>II</b>	54 663	53 177	- 52 617	26 049	182 557	3 247	267 077	5 107	10.3

## 7. FOREIGN TRADE

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

During period	Exports, feb	Imports, cif	Balance (1-2)
	1	2	3
<b>1989</b>	99 784	105 516	- 5 732
<b>1990</b>	101 327	103 027	- 1 700
<b>1991</b>	92 842	87 744	5 098
<b>1992</b>	107 463	94 947	12 516
<b>1993*</b>	133 927	103 078	30 849
<b>1993*</b>			
<b>Aug.</b>	10 131	8 240	1 891
<b>Sept.</b>	11 452	8 029	3 423
<b>Oct.</b>	13 906	8 405	5 501
<b>Nov.</b>	12 369	9 620	2 749
<b>Dec.</b>	10 812	9 443	1 369
<b>1994*</b>			
<b>Jan.</b>	11 879	8 317	3 562
<b>Feb.</b>	10 908	7 411	3 497
<b>March</b>	12 125	9 509	2 616
<b>April</b>	12 365	9 406	2 959
<b>May</b>	13 366	10 927	2 439
<b>June</b>	13 308	9 593	3 715
<b>July</b>	13 133	9 157	3 976
<b>Aug.</b>	11 528	9 881	1 647

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

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
<b>1989</b>	121	144	156	126	123
<b>1990</b>	125	138	154	128	120
<b>1991</b>	114	115	154	131	118
<b>1992</b>	124	112	164	145	113
<b>1993</b>	147	109	172	163	106
<b>1992</b>					
<b>I</b>	118	112	162	142	114
<b>II</b>	125	118	162	143	113
<b>III</b>	117	102	163	142	115
<b>IV</b>	133	116	171	154	111
<b>1993</b>					
<b>I</b>	135	108	176	165	106
<b>II</b>	143	105	174	165	105
<b>III</b>	141	101	174	165	105
<b>IV</b>	165	116	170	161	105
<b>1994*</b>					
<b>I</b>	155	107	170	161	106
<b>II</b>	168	129	175	158	111

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

During period	Exports by industries, feb					Imports by use of goods, cif				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
	1	2	3	4	5	6	7	8	9	10
<b>1989</b>	7 416	32 513	8 844	32 682	18 329	51 786	8 310	20 606	24 055	759
<b>1990</b>	7 811	31 658	9 540	35 493	16 825	49 210	9 829	19 364	23 888	736
<b>1991</b>	6 984	29 695	10 539	29 188	16 436	42 505	9 399	13 973	21 195	672
<b>1992</b>	7 892	32 587	12 172	35 741	19 071	49 514	9 745	13 348	20 826	1 514
<b>1993*</b>	10 889	37 410	14 192	48 099	23 337	54 778	10 911	15 337	21 045	1 007
<b>1993*</b>										
<b>Aug.</b>	669	2 992	1 255	3 305	1 910	4 360	970	1 157	1 683	70
<b>Sept.</b>	988	3 255	1 328	3 767	2 114	4 360	951	873	1 713	132
<b>Oct.</b>	1 133	3 508	1 258	5 869	2 138	4 718	863	978	1 835	11
<b>Nov.</b>	1 061	3 294	1 354	4 479	2 181	4 969	1 377	1 282	1 946	46
<b>Dec.</b>	964	2 954	1 069	3 766	2 059	4 999	1 107	1 349	1 892	96
<b>1994*</b>										
<b>Jan.</b>	978	3 009	1 282	4 272	2 338	4 511	691	1 153	1 807	155
<b>Feb.</b>	1 018	3 060	1 060	3 741	2 029	4 215	603	934	1 620	39
<b>March</b>	1 026	3 623	1 248	4 061	2 167	5 141	755	1 309	2 193	111
<b>April</b>	1 165	3 487	1 156	4 338	2 219	4 811	976	1 657	1 911	51
<b>May</b>	1 431	3 506	1 511	4 538	2 380	6 033	1 293	1 302	2 227	72
<b>June</b>	1 318	3 358	1 289	4 882	2 461	5 488	866	1 189	1 947	103
<b>July</b>	1 015	3 287	1 315	5 802	1 714	4 824	955	1 233	2 115	30
<b>Aug.</b>	935	3 437	1 258	3 816	2 082	5 433	1 029	1 387	2 027	5

## 7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, fob				Imports, cif			
	1993 *		1994 *		1993 *		1994 *	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
	1	2	3	4	5	6	7	8
<b>All OECD countries</b>	102 135	76.3	74 143	13.8	81 607	79.2	57 287	6.7
<b>OECD Europe</b>	86 513	64.6	62 405	11.3	66 956	65.0	45 990	4.8
Of which:								
Austria	1 427	1.1	1 008	7.3	1 179	1.1	807	8.4
Belgium and Luxembourg	2 955	2.2	2 198	13.3	3 008	2.9	2 005	9.2
Denmark	4 479	3.3	3 424	20.7	3 231	3.1	2 303	8.5
France	7 114	5.3	4 957	3.0	4 716	4.6	3 146	1.7
Germany	17 628	13.2	13 299	17.7	16 901	16.4	10 912	-5.5
Italy	4 350	3.2	2 780	-4.1	3 811	3.7	3 068	19.1
Netherlands	6 729	5.0	5 199	19.0	3 847	3.7	2 656	6.4
Norway	4 277	3.2	3 111	16.0	5 010	4.9	3 479	8.3
Spain	3 263	2.4	2 265	-3.3	1 245	1.2	1 023	30.8
Sweden	14 855	11.1	10 341	11.2	10 531	10.2	7 639	14.0
Switzerland	2 111	1.6	1 471	9.6	2 044	2.0	1 323	-3.4
United Kingdom	14 020	10.5	10 293	13.1	9 160	8.9	5 934	2.5
<b>Other OECD</b>	15 622	11.7	11 738	29.1	14 651	14.2	11 297	15.2
Of which:								
Canada	1 075	0.8	669	-9.7	724	0.7	514	1.3
Japan	2 187	1.6	1 970	50.2	5 958	5.8	4 643	18.0
United States	10 506	7.8	7 800	33.9	7 498	7.3	5 714	12.5
<b>Non-OECD European countries</b>	12 679	9.5	11 465	55.4	11 207	10.9	9 318	27.1
Of which:								
Russia	6 051	4.5	5 117	50.9	7 813	7.6	6 718	27.5
<b>Other countries</b>	19 113	14.3	13 004	1.2	10 264	10.0	7 596	15.5
Of which:								
<b>OPEC countries</b>	3 266	2.4	1 670	-17.9	542	0.5	410	59.8
<b>TOTAL</b>	133 927	100.0	98 612	15.5	103 078	100.0	74 201	9.8
Of which:								
<b>EC countries</b>	62 850	46.9	46 003	11.8	47 974	46.5	32 573	2.7
<b>EFTA countries</b>	22 799	17.0	16 014	11.6	18 831	18.3	13 309	10.2

## 8. DOMESTIC ECONOMIC DEVELOPMENTS

### 8.1 SUPPLY AND USE OF RESOURCES, MILL. FIM, 1990 PRICES

(seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
<b>1989</b>	269 879	104 526	129 905	15 149	5 975	525 434	117 241	127 311	515 364
<b>1990</b>	269 754	108 535	121 858	17 286	5 769	523 202	118 828	126 600	515 430
<b>1991</b>	260 031	111 256	93 722	17 243	-2 451	479 801	110 965	111 755	479 011
<b>1992</b>	247 363	108 799	75 338	16 899	4 075	452 474	122 059	112 989	461 544
<b>1993*</b>	237 559	102 932	60 332	14 369	8 264	423 456	142 292	113 352	452 396
<b>1992</b>									
<b>I</b>	63 180	27 422	20 408	4 312	113	115 435	29 534	28 504	116 466
<b>II</b>	61 769	27 272	19 802	4 464	1 208	114 515	30 435	28 927	116 022
<b>III</b>	61 404	27 090	18 370	4 015	1 271	112 149	30 425	27 516	115 059
<b>IV</b>	61 010	27 015	16 758	4 108	1 483	110 374	31 665	28 042	113 997
<b>1993*</b>									
<b>I</b>	60 136	25 989	15 757	3 670	1 973	107 524	34 461	29 303	112 682
<b>II</b>	59 021	25 834	14 730	3 722	1 574	104 881	34 410	27 021	112 270
<b>III</b>	58 918	25 617	14 976	3 674	3 224	106 408	36 035	28 566	113 877
<b>IV</b>	59 484	25 492	14 869	3 304	1 494	104 643	37 386	28 462	113 567
<b>1994*</b>									
<b>I</b>	61 086	24 949	15 664	3 227	427	105 353	37 415	27 888	114 880
<b>II</b>	59 891	24 766	16 360	3 065	4 435	108 517	39 927	30 979	117 465

### 8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1990=100

(seasonally adjusted figures)

Period	Total industry	Mining and quarrying	Manufacturing	Wood and paper industries	Metal and engineering industries	Other manufacturing	Energy and water supply
	(100.0)	(1.3)	(89.6)	(16.8)	(31.3)	(41.5)	(9.1)
	1	2	3	4	5	6	7
<b>1989</b>	100.3	101.9	100.5	102.3	99.6	100.8	97.9
<b>1990</b>	100.2	99.8	100.2	100.1	100.4	100.1	100.0
<b>1991</b>	91.2	91.3	89.9	91.5	85.6	92.6	103.6
<b>1992</b>	92.4	88.4	91.4	94.6	91.1	90.2	103.0
<b>1993*</b>	97.1	85.8	96.2	104.3	99.4	90.4	107.9
<b>1993*</b>							
<b>July</b>	98.0	100.9	97.2	104.7	100.8	91.7	107.5
<b>Aug.</b>	96.3	86.8	95.7	104.5	96.9	90.6	106.1
<b>Sept.</b>	99.5	77.3	98.8	107.6	102.6	92.4	110.1
<b>Oct.</b>	100.7	83.8	100.1	110.3	105.0	92.2	110.6
<b>Nov.</b>	101.2	83.4	100.3	109.3	104.9	93.7	109.7
<b>Dec.</b>	101.8	84.9	100.6	109.4	106.9	93.1	113.1
<b>1994*</b>							
<b>Jan.</b>	102.4	99.5	101.2	111.6	104.0	93.8	113.0
<b>Feb.</b>	103.5	90.5	101.6	109.9	109.9	93.1	119.2
<b>March</b>	103.7	97.9	102.5	111.4	113.4	88.8	116.2
<b>April</b>	105.6	103.2	104.9	112.1	112.9	96.2	114.5
<b>May</b>	108.5	84.8	106.8	114.0	117.2	97.8	116.2
<b>June</b>	108.4	101.1	108.1	114.5	117.8	98.1	117.4
<b>July</b>	108.8	220.0	106.3	120.6	111.3	96.8	113.2

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

(seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
<b>1989</b>	124.2	117.0	130.3	132.9	137.6	125.2	161.4	116.7
<b>1990</b>	119.9	111.6	127.3	124.8	161.7	122.1	144.6	117.5
<b>1991</b>	99.4	103.5	103.9	94.4	127.7	109.9	102.1	110.2
<b>1992</b>	87.2	92.9	79.5	73.8	76.2	87.5	84.5	106.9
<b>1993*</b>	82.5	87.6	59.5	60.5	52.9	59.8	82.9	105.2
<b>1993*</b>								
<b>June</b>	84.5	86.4	..	..	..	..	..	105.2
<b>July</b>	83.6	85.7	..	..	..	..	..	104.6
<b>Aug.</b>	83.6	85.7	..	..	..	..	..	104.5
<b>Sept.</b>	81.7	85.5	..	..	..	..	..	105.3
<b>Oct.</b>	80.6	85.9	..	..	..	..	..	105.6
<b>Nov.</b>	83.2	86.9	..	..	..	..	..	106.7
<b>Dec.</b>	84.0	88.9	..	..	..	..	..	107.1
<b>1993*</b>								
<b>II</b>	82.3	87.8	60.5	62.5	52.1	63.6	73.3	104.1
<b>III</b>	83.0	85.6	59.3	60.4	47.9	59.3	60.4	104.8
<b>IV</b>	82.6	87.3	56.7	57.1	61.5	51.4	78.7	106.5
<b>1994*</b>								
<b>Jan.</b>	82.5	88.6	..	..	..	..	..	106.8
<b>Feb.</b>	83.6	89.1	..	..	..	..	..	107.0
<b>March</b>	83.9	92.5	..	..	..	..	..	108.6
<b>April</b>	82.2	87.6	..	..	..	..	..	109.4
<b>May</b>	89.4	90.9	..	..	..	..	..	110.5
<b>June</b>	88.2	89.6	..	..	..	..	..	109.9
<b>1994*</b>								
<b>I</b>	83.4	90.1	53.7	59.5	40.3	50.2	72.7	107.5
<b>II</b>	86.6	89.4	49.1	56.4	50.2	42.0	97.3	110.0

## 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 (SIC3)	Public				Domestic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1989</b>	91.5	91.7	91.1	91.2	94.2	94.9	96.6	96.9	99.1	98.1	100.5	96.9	94.1
<b>1990</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>1991</b>	106.4	106.4	106.1	106.4	104.3	104.1	100.0	99.8	100.8	99.4	98.5	99.8	102.2
<b>1992</b>	108.4	108.1	108.3	109.0	107.4	107.1	101.4	99.5	108.5	101.6	102.7	101.1	100.4
<b>1993'</b>	109.1	108.6	110.0	110.6	109.7	109.9	104.8	100.8	119.3	105.5	109.2	103.9	100.7
<b>1993</b>													
<b>Aug.</b>	..	..	..	..	109.5	110.1	105.0	100.7	120.5	105.6	109.4	104.0	100.7
<b>Sept.</b>	..	..	..	..	109.7	110.6	105.1	101.2	119.2	106.1	110.0	104.4	100.9
<b>Oct.</b>	..	..	..	..	109.9	110.8	104.9	101.1	119.1	106.1	110.3	104.3	101.0
<b>Nov.</b>	..	..	..	..	109.7	110.8	104.7	101.0	118.3	105.6	109.4	104.0	101.0
<b>Dec.</b>	..	..	..	..	109.7	110.6	104.5	100.8	118.2	105.2	109.2	103.5	100.8
<b>1993'</b>													
<b>II</b>	109.0	108.5	109.8	110.3	110.0	110.0	105.2	101.0	120.7	106.0	110.1	104.3	100.7
<b>III</b>	108.8	108.0	109.6	110.8	109.6	110.2	105.0	100.9	119.9	105.7	109.4	104.1	100.8
<b>IV</b>	109.8	109.4	111.5	111.3	109.8	110.7	104.7	101.0	118.5	105.6	109.6	103.9	100.9
<b>1994</b>													
<b>Jan.</b>	..	..	..	..	109.4	110.3	104.8	101.2	117.8	105.5	109.4	103.9	101.6
<b>Feb.</b>	..	..	..	..	109.8	110.8	105.1	101.7	117.4	105.5	108.4	104.3	101.6
<b>March</b>	..	..	..	..	110.0	111.0	105.4	101.9	118.1	105.7	108.0	104.7	101.7
<b>April</b>	..	..	..	..	110.2	111.3	105.8	102.1	119.2	105.8	108.0	104.8	101.7
<b>May</b>	..	..	..	..	110.3	111.3	105.8	102.2	119.1	106.4	109.0	105.2	101.9
<b>June</b>	..	..	..	..	111.3	111.3	106.1	102.5	119.5	107.0	110.3	105.6	102.2
<b>July</b>	..	..	..	..	111.4	111.5	106.6	103.1	119.3	107.7	110.9	106.3	102.1
<b>Aug.</b>	..	..	..	..	111.6	..	106.8	103.3	119.5	108.2	112.0	106.5	102.4
<b>1994'</b>													
<b>I</b>	110.3	110.3	113.1	111.4	109.7	110.7	105.1	101.6	117.8	105.6	108.6	104.3	101.6
<b>II</b>	110.8	110.9	114.7	111.7	110.6	111.3	105.9	102.3	119.3	106.4	109.1	105.2	101.9

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

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

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry				Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agri-culture and forestry	Industry	Con-struction	Service industries		
	%			1000 persons							%
	1	2	3	4	5	6	7	8	9	10	11
<b>1989</b>	68.7	2 559	2 470	367	2 104	218	561	199	1 492	89	3.5
<b>1990</b>	68.4	2 556	2 467	360	2 108	207	556	205	1 500	88	3.4
<b>1991</b>	67.4	2 533	2 340	340	2 000	197	502	179	1 461	193	7.6
<b>1992</b>	66.1	2 502	2 174	325	1 849	188	454	150	1 382	328	13.1
<b>1993</b>	65.3	2 484	2 041	312	1 729	173	423	124	1 319	444	17.9
<b>1993</b>											
<b>Aug.</b>	65.6	2 496	2 031	300	1 731	165	418	124	1 324	465	18.6
<b>Sept.</b>	65.5	2 491	2 021	318	1 702	172	424	116	1 308	471	18.9
<b>Oct.</b>	65.1	2 481	2 015	315	1 700	172	416	124	1 304	466	18.8
<b>Nov.</b>	65.3	2 488	2 026	296	1 730	173	414	120	1 319	462	18.6
<b>Dec.</b>	65.2	2 485	2 014	320	1 694	172	419	114	1 310	471	19.0
<b>1994</b>											
<b>Jan.</b>	64.7	2 465	1 991	354	1 638	170	410	116	1 296	474	19.2
<b>Feb.</b>	65.5	2 497	2 031	301	1 730	170	420	111	1 330	466	18.7
<b>March</b>	65.2	2 489	2 014	314	1 700	166	422	108	1 318	475	19.1
<b>April</b>	64.6	2 467	2 000	311	1 689	164	419	112	1 305	467	18.9
<b>May</b>	64.9	2 482	2 016	309	1 707	167	419	114	1 315	466	18.8
<b>June</b>	64.9	2 481	2 023	313	1 710	172	421	104	1 326	458	18.5
<b>July</b>	64.4	2 466	2 004	297	1 707	164	421	118	1 300	463	18.8
<b>Aug.</b>	64.5	2 469	2 020	300	1 721	168	428	112	1 312	448	18.2

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

During period	Revenue							Expenditure			
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
										Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11
<b>1989</b>	39 397	76 458	471	15 990	132 316	3 926	136 241	35 082	72 008	33 244	35 715
<b>1990</b>	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
<b>1991</b>	41 054	73 251	1 136	19 182	134 624	4 442	139 069	45 085	101 220	42 297	55 160
<b>1992</b>	34 312	69 541	1 512	21 251	126 616	5 054	131 669	49 291	105 184	42 990	59 180
<b>1993</b>	31 667	67 291	1 443	28 823	129 224	7 366	136 593	46 880	108 608	42 720	63 535
<b>1993</b>											
<b>July</b>	3 208	5 626	119	1 759	10 712	197	10 909	4 719	8 225	3 287	4 696
<b>Aug.</b>	3 011	5 884	102	2 166	11 163	154	11 318	3 424	7 820	3 395	4 102
<b>Sept.</b>	2 792	5 185	129	2 247	10 353	108	10 461	3 658	9 482	3 371	5 987
<b>Oct.</b>	2 774	5 548	118	1 072	9 512	64	9 576	3 381	9 774	3 375	6 235
<b>Nov.</b>	2 736	5 757	147	2 672	11 312	2 638	13 952	3 708	9 371	3 437	5 820
<b>Dec.</b>	2 078	6 543	115	5 142	13 878	759	14 637	4 256	10 357	3 609	6 318
<b>1994</b>											
<b>Jan.</b>	2 827	6 024	67	1 857	10 775	27	10 802	3 699	9 936	3 118	6 609
<b>Feb.</b>	2 757	5 500	115	1 770	10 142	496	10 637	3 090	8 334	3 084	4 939
<b>March</b>	3 774	4 727	100	2 283	10 884	2 386	13 270	4 097	9 474	3 521	5 820
<b>April</b>	2 374	5 134	100	1 945	9 553	224	9 777	3 320	9 049	3 849	5 068
<b>May</b>	2 567	5 970	98	2 717	11 352	241	11 592	3 633	8 999	3 684	5 166
<b>June</b>	2 786	5 511	524	1 977	10 798	1 503	12 300	4 654	9 930	3 725	6 028
<b>July</b>	3 059	5 980	237	1 756	11 032	898	11 929	4 200	8 475	3 195	5 083

During period	Expenditure					Financial balance			
	Fixed investment	Other expenditure	Expenditure before financial transactions (8+9+12+13)	Lending and other financial investment	Expenditure before redemptions of state debt (14+15)	Revenue surplus (5-14)	Net borrowing requirement (7-16)	Net borrowing	Cash surplus (18+19)
<b>1989</b>	8 393	5 343	120 826	7 566	128 390	11 490	7 851	- 4 009	3 842
<b>1990</b>	5 962	4 927	133 614	9 319	142 934	5 737	678	1 201	1 879
<b>1991</b>	5 370	6 368	158 044	13 328	171 372	- 23 420	- 32 304	25 659	- 6 645
<b>1992</b>	5 042	8 499	168 016	35 501	203 516	- 41 400	- 71 847	70 691	- 1 155
<b>1993</b>	4 306	18 076	177 870	19 753	197 623	- 48 646	- 61 030	84 036	23 009
<b>1993</b>									
<b>July</b>	406	914	14 264	3 935	18 200	- 3 552	- 7 291	7 157	- 134
<b>Aug.</b>	416	874	12 534	723	13 258	- 1 371	- 1 940	5 079	3 139
<b>Sept.</b>	417	1 135	14 692	1 756	16 448	- 4 339	- 5 987	3 529	- 2 457
<b>Oct.</b>	369	2 497	16 021	740	16 761	- 6 509	- 7 185	6 076	- 1 109
<b>Nov.</b>	349	771	14 199	767	14 966	- 2 887	- 1 014	1 230	216
<b>Dec.</b>	477	1 744	16 834	2 491	19 325	- 2 956	- 4 688	91	- 4 596
<b>1994</b>									
<b>Jan.</b>	187	3 336	17 158	545	17 703	- 6 383	- 6 901	519	- 6 383
<b>Feb.</b>	224	1 202	12 850	1 044	13 895	- 2 708	- 3 258	7 659	4 402
<b>March</b>	245	3 120	16 936	3 116	20 052	- 6 052	- 6 782	- 41	- 6 823
<b>April</b>	227	2 081	14 677	1 450	16 129	- 5 124	- 6 352	789	- 5 563
<b>May</b>	257	1 438	14 327	717	15 045	- 2 975	- 3 453	9 209	5 756
<b>June</b>	342	2 424	17 350	663	18 013	- 6 552	- 5 713	13 429	7 716
<b>July</b>	353	1 181	14 209	365	14 575	- 3 177	- 2 646	14 635	11 990



# 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 11) = bank certificates of deposit held by the Bank of Finland + securities with repurchase commitments + term credits - term deposits. Liquidity position of deposit banks (Column 12): see explanation to Table 2.1. Other claims on financial institutions, net (Column 14) = till-money credits to deposit banks (until May 1993) + bonds + other claims on financial institutions - other liabilities to financial institutions.

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

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

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

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

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

**Table 2.5** The markka value of forward contracts is given.

### 3 RATES OF INTEREST

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

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

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

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

**Table 3.4** Lending. New credits (Columns 1-4): rates of interest on new credits drawn during the month are

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

**Table 3.5** Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted daily by the five largest banks. Yields on taxable government bonds (Columns 3 and 4) are calculated by the Bank of Finland in a similar fashion. Until January 1992, the yield on 5-year taxable government bonds (Column 3) was calculated on a bullet bond due on 15 March 1994 with a coupon rate of 13 per cent. From February 1992 onwards the yield is calculated on a bullet bond due on 15 January 1999 with a coupon rate of 11 per cent. Until June 1993, the yield on 10-year taxable government bonds (Column 4) is calculated on a housing bond (bullet) due on 15 March 2002 with a coupon rate of 10.75 per cent. From July 1993 onwards the yield is calculated on a bullet bond due on 15 March 2004 with a coupon rate of 9.50 per cent. The yield on taxable public issues (Column 5) is calculated as the arithmetic mean of yields on fixed-rate ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued by all S25

issuers except the central government with a remaining maturity of between 3 and 6 years. The yield on taxfree public issues (Column 6) is calculated as the arithmetic mean of yields on fixed-rate public bonds with a remaining maturity of between 4 and 5 years. The Bank of Finland calculates the yields for columns 5 and 6 once a week on the basis of the trading quotations of the Helsinki Stock Exchange. Monthly observations are the averages of weekly observations and annual observations the averages of monthly observations. The share yield (Column 7) is the weighted effective yield on shares quoted on the Helsinki Stock Exchange. Source: Statistics Finland.

#### 4 RATES OF EXCHANGE

**Table 4.2 FIM/ECU (Column 1):** The markka value of the ECU is calculated as the sum of the dollar amounts of the currencies in the ECU valued at current market rates, for which daily quotations at noon Finnish time are used. Since 8 September 1992 the markka has been floating. Trade-weighted currency index (Column 2): The weights are moving averages of the shares of (currently) 14 countries in Finland's foreign merchandise trade (only convertible currencies are included). The payments currency index (Column 3): The weights are moving averages of shares of payments currencies (14 convertible currencies) in Finland's foreign trade. The MERM index (Column 4): The weights are fixed 1977 weights computed on the basis of the IMF's world trade model; 14 currencies are included in this index.

#### 5 OTHER DOMESTIC FINANCING

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

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

**Table 5.3 Foreign assets, net (Column 1) =** the Bank of Finland's foreign claims + banks' foreign claims (incl.

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

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

**Table 5.5 Source:** Table B: Statistics Finland from the beginning of 1991. Tables A and B include markka-denominated bonds issued by Finnish issuers in Finland and abroad as well as those issued by foreign issuers in Finland. Table C includes transactions in markka-denominated bonds outside the Helsinki Stock Exchange. Inter-bank transactions (Column 1) and transactions (purchases and sales) between banks and customers (Column 2) are transactions by the banks

entitled to central bank financing. As from 5 September 1994 the following act as primary dealers: Evli Fixed Income Securities, Goldman Sachs International, Handelsbanken Finland, Kansallis-Osake-Pankki, Okobank, Postipankki, Skopbank, Union Bank of Finland and Unibors Securities. The primary dealers' quotes are published daily (page JVKD on Reuters). Purchases from and sales to others (Columns 4 and 5) consist of transactions in benchmark government bonds between primary dealers and other parties. Other parties refer to all parties that are not primary dealers.

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

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

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

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

**Table 6.2** Short-term foreign exchange transfers related to cash management flows between direct investors and their direct investment enterprises are classified as direct investment (Columns 1 and 14). Loans received by resident direct investors from group 'in-house' finance companies located abroad (intra-group loans) are also classified as direct investment (Column 14). Money market instruments are classified as portfolio investment (Columns 5 and 17). Premiums and margin payments arising from transactions in financial derivatives are included as a new item under portfolio investment (Columns 6 and 18). Financial derivatives also include payments arising from currency and interest rate swaps related to loans, i.e. outstanding loans are recorded according to the original loan contract. Medium-term notes (MTNs) are included under bonds (Columns 3 and 16). The category other investment (Columns 8-12 and 20-24) covers transactions related to trade credits, loans, currency and deposits and other assets and liabilities. Transactions in assets and liabilities related to short- and long-term supplier credits and advance payments related to imports and exports are recorded under trade credits (Columns 8 and 20). The item 'Other' (Columns 11 and 23) includes

transactions in short- and long-term assets and liabilities of different sectors not covered by any of the items above. In addition, this category includes changes in the central government's subscriptions to and quotas in international organizations as well as transactions in the Bank of Finland's short- and long-term assets and liabilities (excl. reserve items). The most important sub-item under the item 'other' comprises banks' other short-term assets and liabilities (in practice inter-bank deposits). The central bank's reserve assets (Column 27) comprise gold, special drawings rights (SDRs), the reserve position in the IMF and convertible currency claims.

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

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

## 7 FOREIGN TRADE

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

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

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

## 8 DOMESTIC ECONOMIC DEVELOPMENTS

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

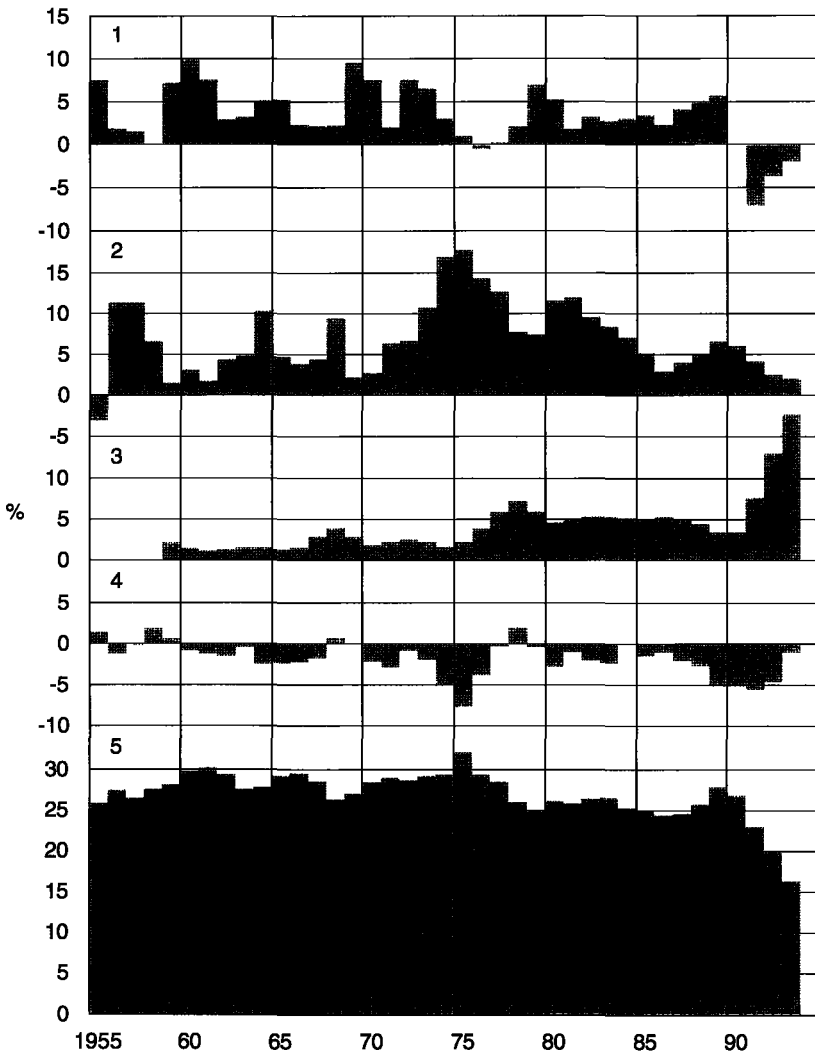
**Table 8.3** The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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

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

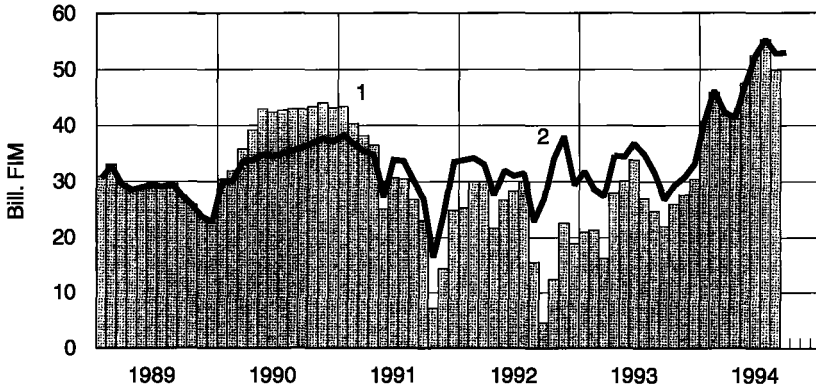
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Rates of interest set by the Bank of Finland	S29
5. Banks' liquidity position with the Bank of Finland	S30
6. Liquidity management interest rates	S30
7. HELIBOR rates of interest,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

# 1. LONG-TERM INDICATORS



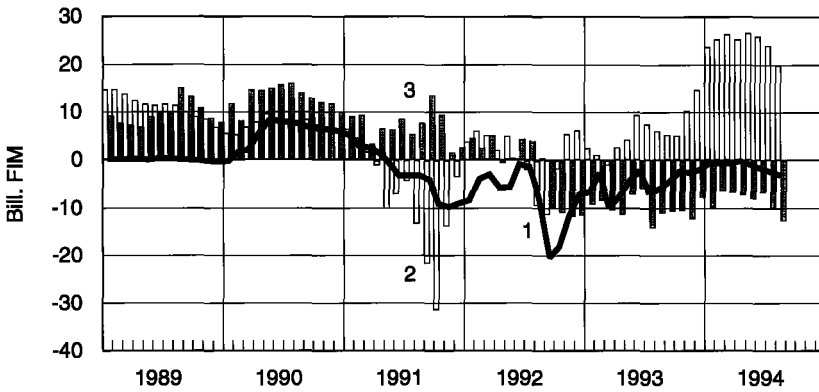
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



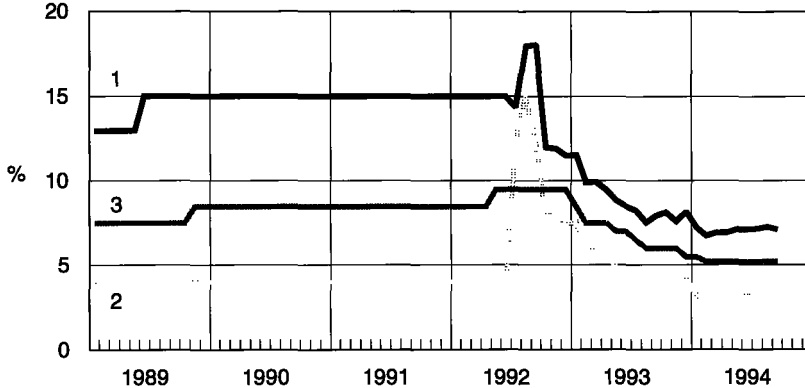
1. Foreign exchange reserves plus forward position
2. Foreign exchange reserves

3. FORWARD MARKET



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

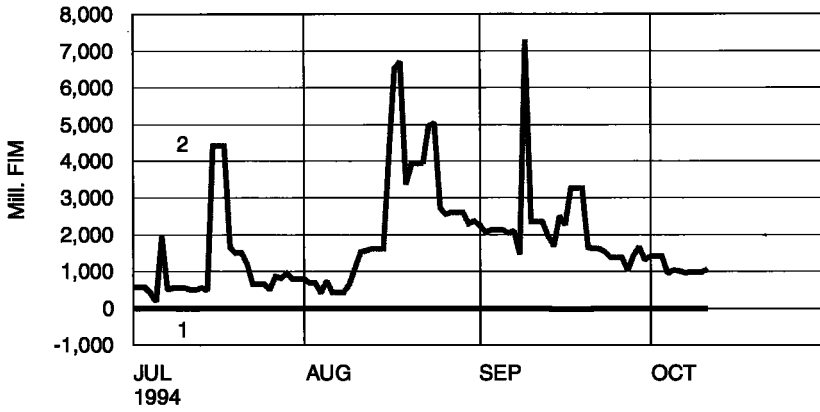
4. RATES OF INTEREST SET BY THE BANK OF FINLAND



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

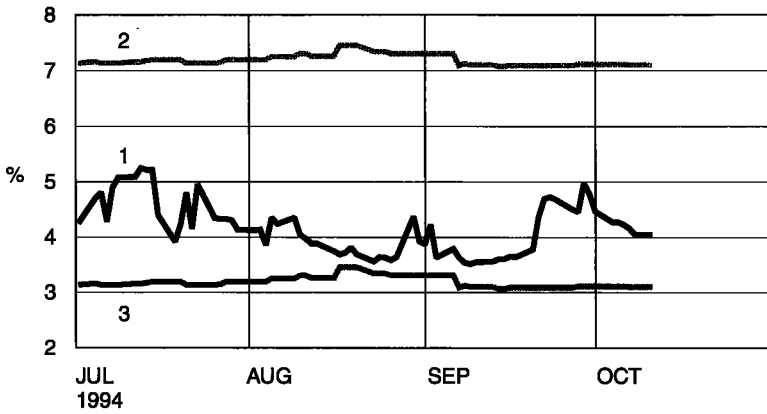
End-of-month observations

5. BANKS' LIQUIDITY POSITION WITH THE BANK OF FINLAND



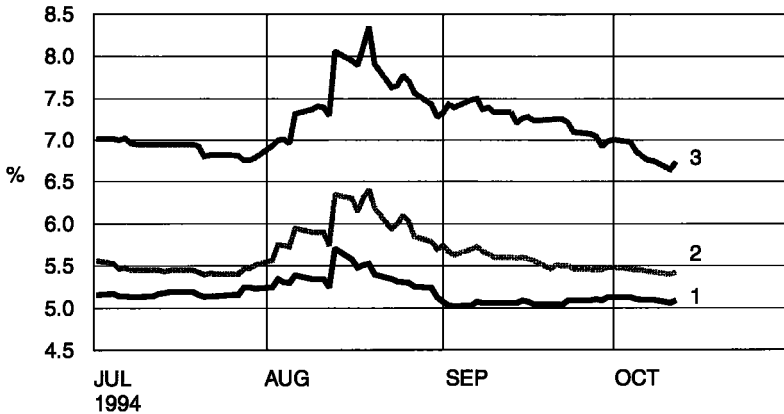
- 1. Liquidity credits (-)
- 2. Call money deposits

6. LIQUIDITY MANAGEMENT INTEREST RATES



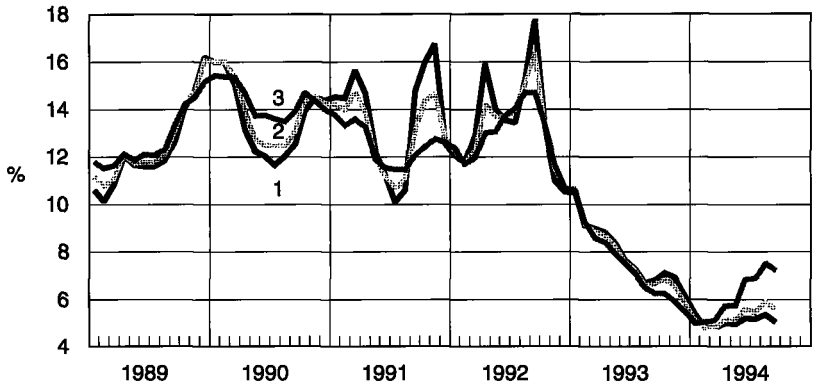
- 1. Inter-bank overnight rate
  - 2. Liquidity credit rate
  - 3. Call money deposit rate
- Daily observations

7. HELIBOR RATES OF INTEREST, DAILY



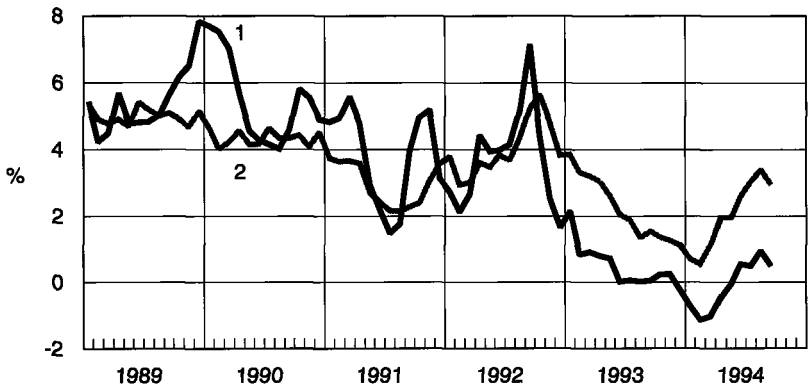
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

8. HELIBOR RATES OF INTEREST, MONTHLY



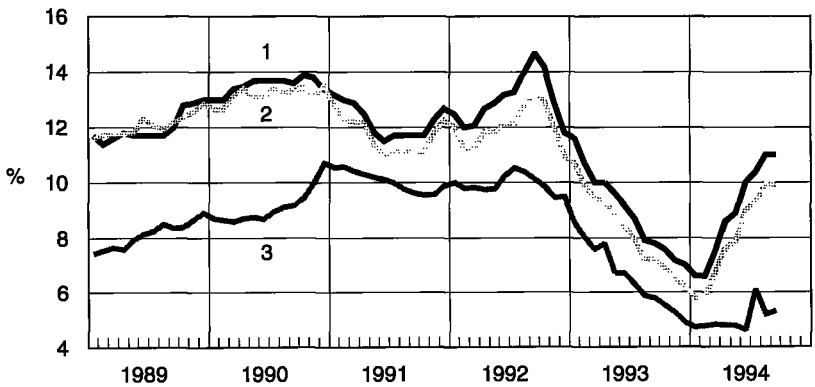
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

9. DIFFERENTIAL BETWEEN FINNISH AND GERMAN INTEREST RATES



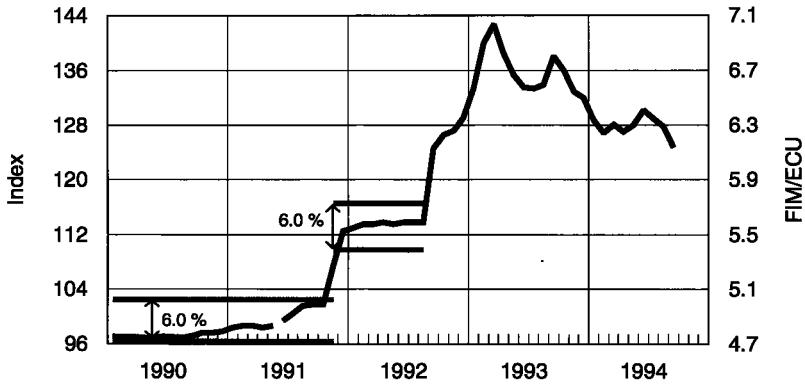
- 1. 3-month HELIBOR *minus* 3-month DEM eurorate
- 2. 5-year Finnish government bond yield *minus* 5-year German government bond yield

10. YIELDS ON BONDS



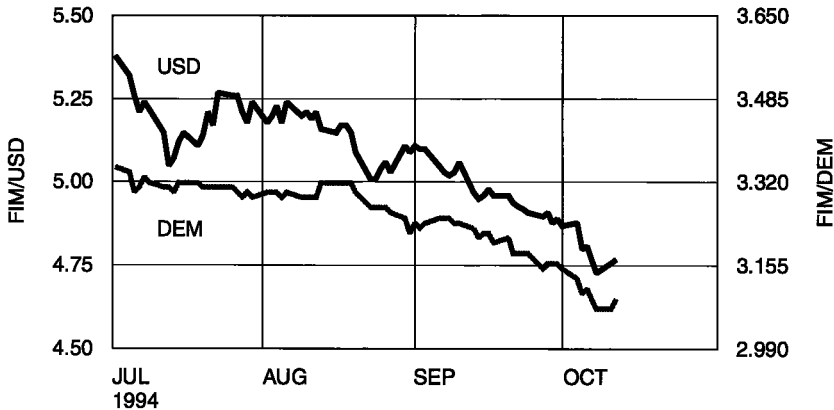
- 1. Bank of Finland's 5-year reference rate
- 2. Yield on (4-5 year) taxable government bonds
- 3. Yield on (4-5 year) taxfree government bonds

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

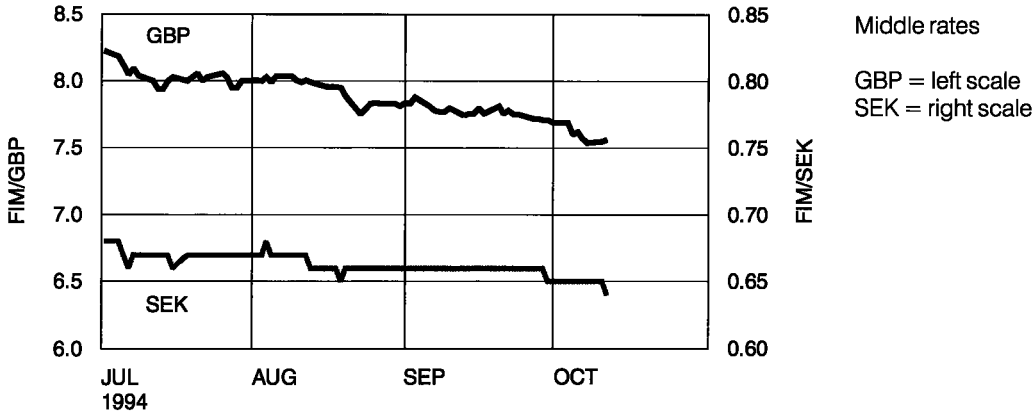


Until 7 June 1991, the Bank of Finland currency index. From 7 June 1991, the markka's exchange rate against the ECU, the fluctuation limits of which were 4.72953–5.02207 in the period 7 June – 14 November 1991, and 5.39166–5.72516 in the period 15 November 1991 – 7 September 1992. Since 8 September 1992,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

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

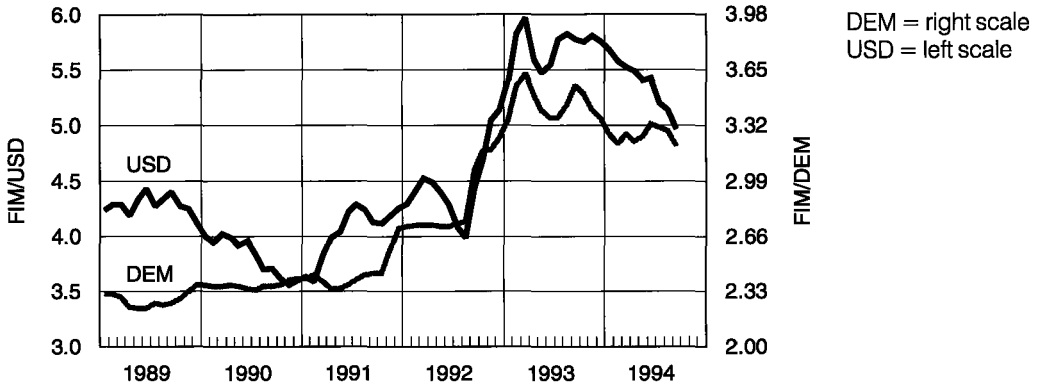


13. DAILY SPOT RATES FOR THE MARKKA AGAINST THE POUND STERLING AND THE SWEDISH KRONA

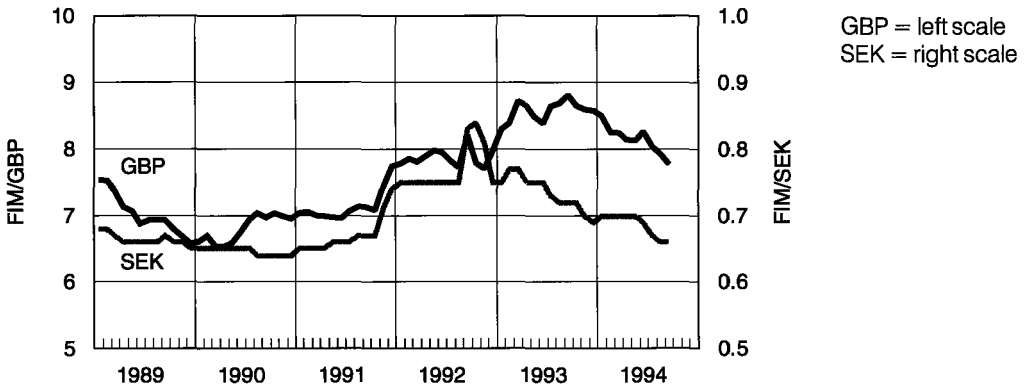




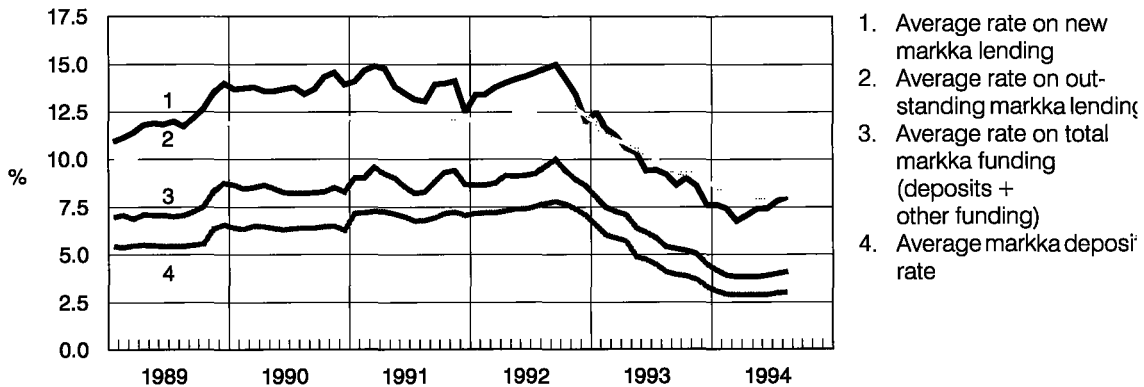
14. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE DEUTSCHMARK AND THE US DOLLAR



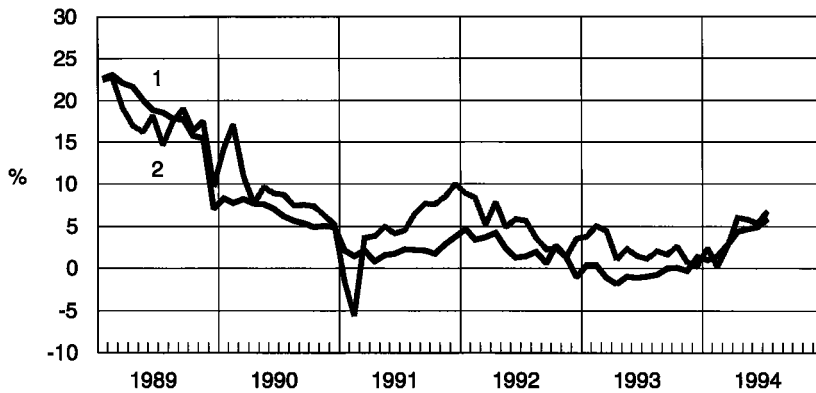
15. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE POUND STERLING AND THE SWEDISH KRONA



16. BANKS' MARKKA LENDING RATES AND MARKKA FUNDING RATES



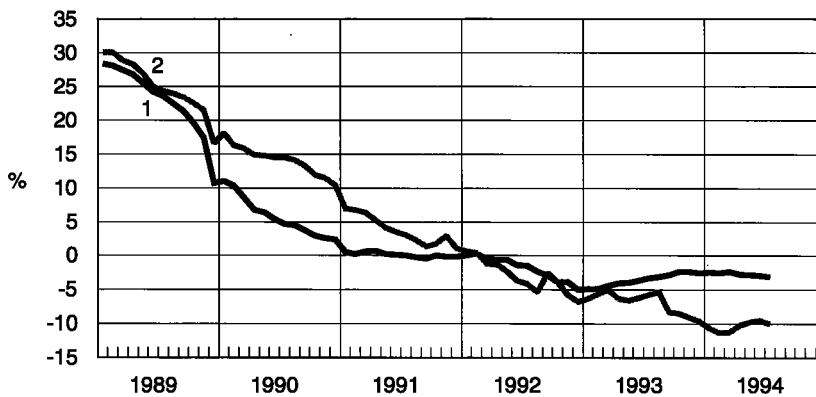
17. BANK FUNDING FROM THE PUBLIC



- 1. Markka deposits
- 2. Total funding

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

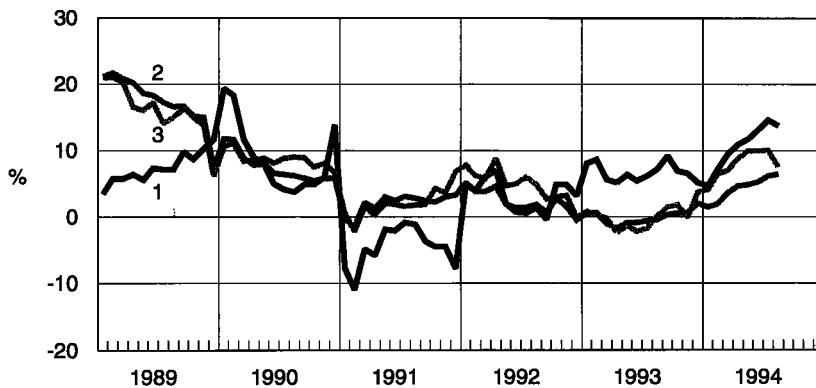
18. BANK LENDING TO THE PUBLIC



- 1. Markka lending
- 2. Total lending

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

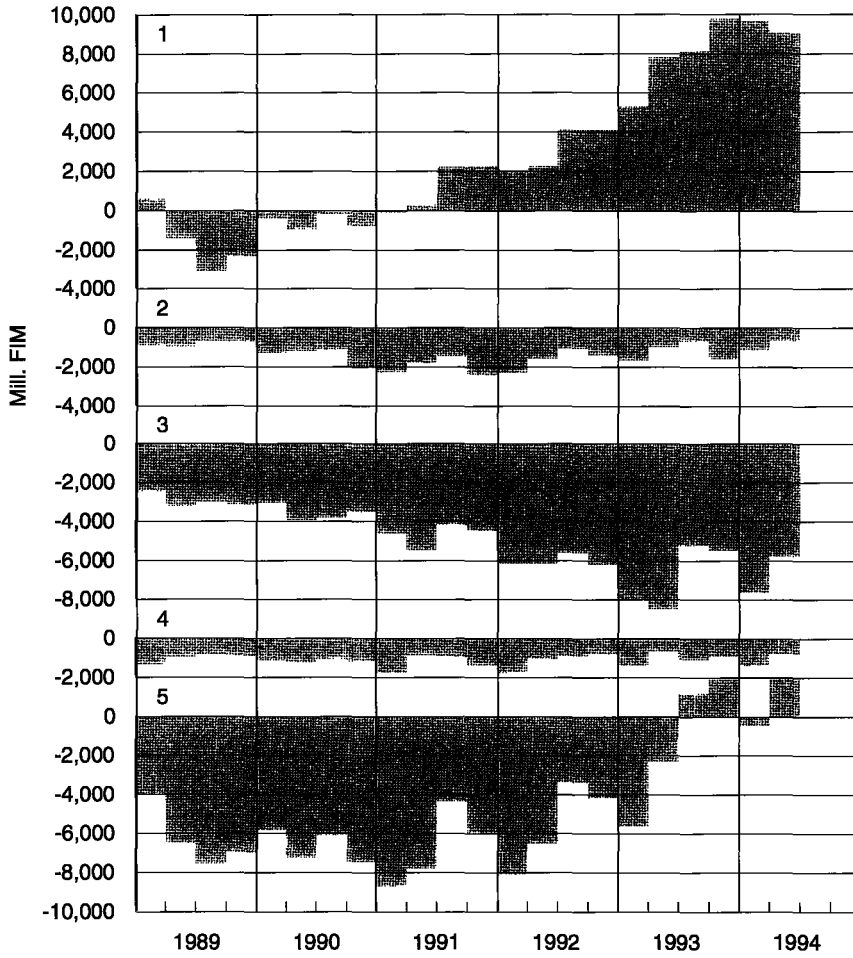
19. MONEY SUPPLY



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

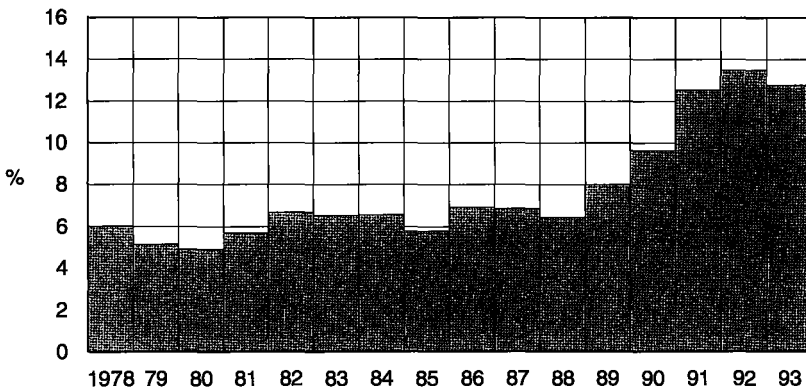
Change from the corresponding month of the previous year, per cent

20. CURRENT ACCOUNT



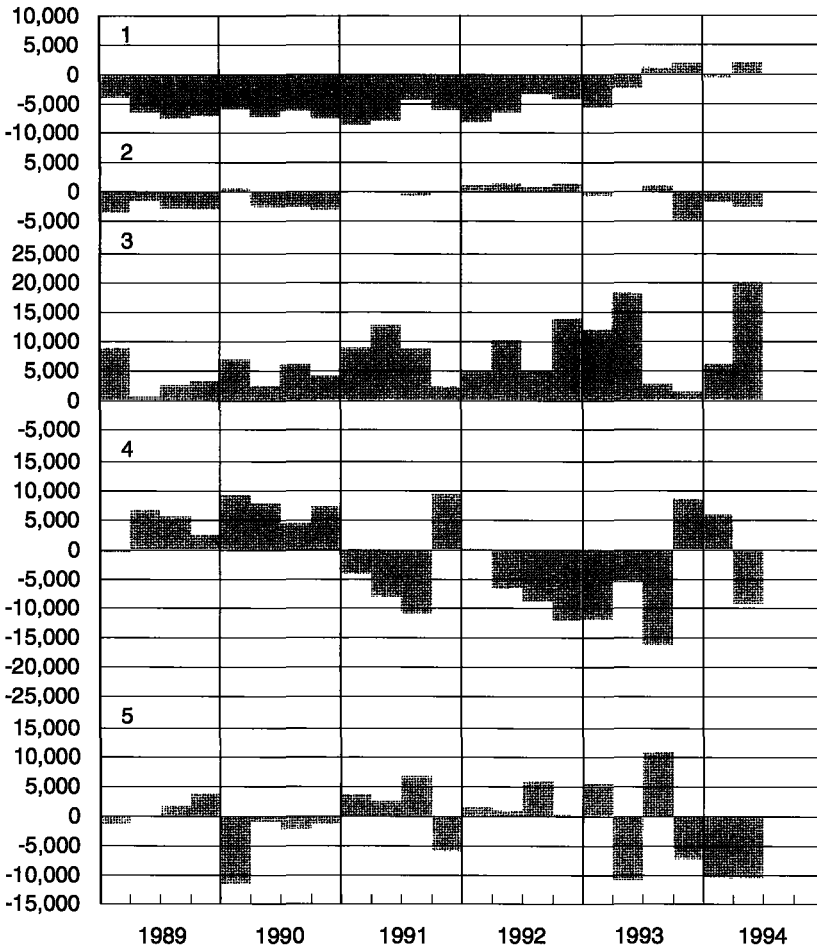
1. Trade account
2. Services account
3. Investment income account
4. Unrequited transfers account and other items, net
5. Current account

21. NET INTEREST AND DIVIDEND EXPENDITURE



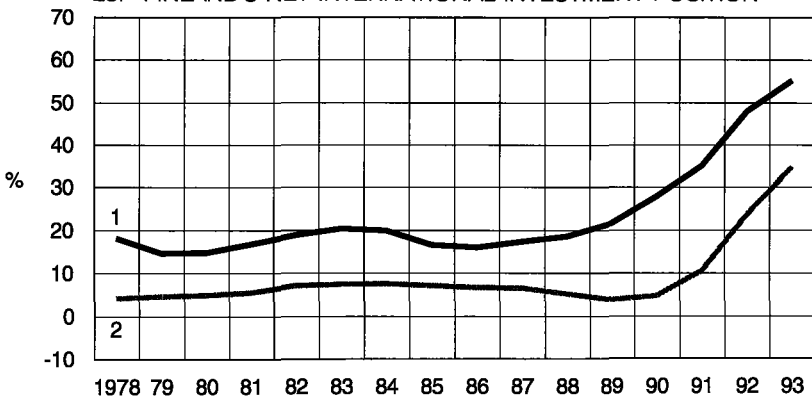
As a percentage of current account receipts

22. BALANCE OF PAYMENTS



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

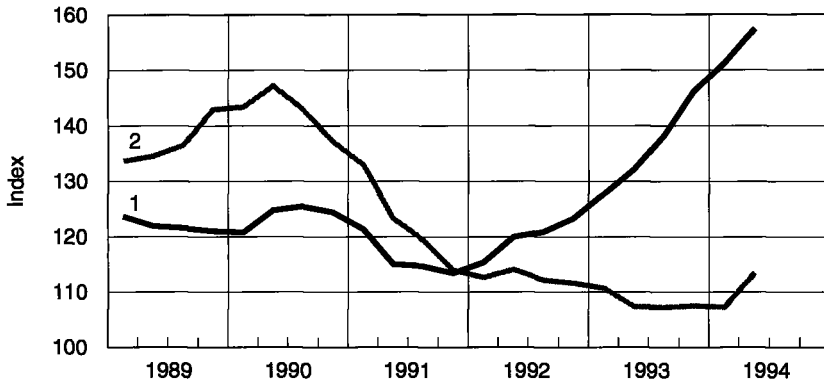
23. FINLAND'S NET INTERNATIONAL INVESTMENT POSITION



1. Total
2. Of which:  
central government

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

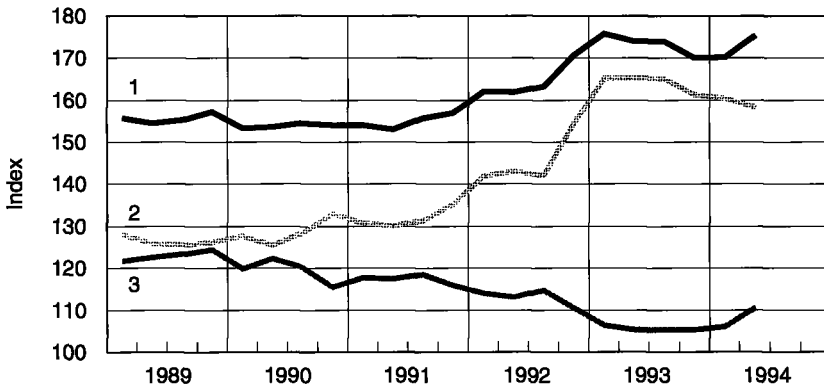
24. FOREIGN TRADE



1. Total exports
2. Total imports

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

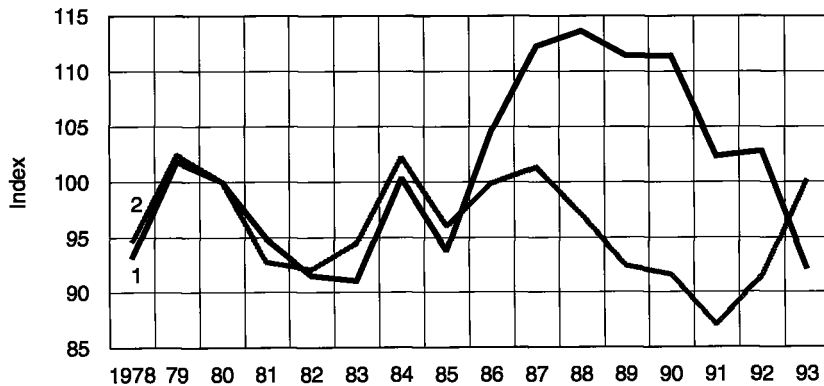
25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



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

1980 = 100

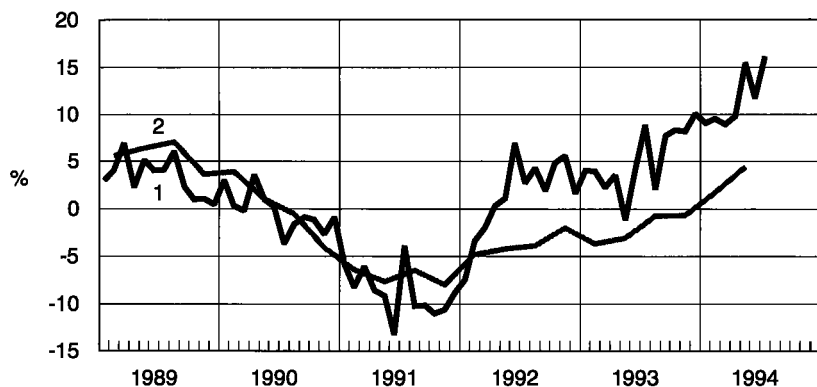
26. FINLAND'S EXPORT PERFORMANCE



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

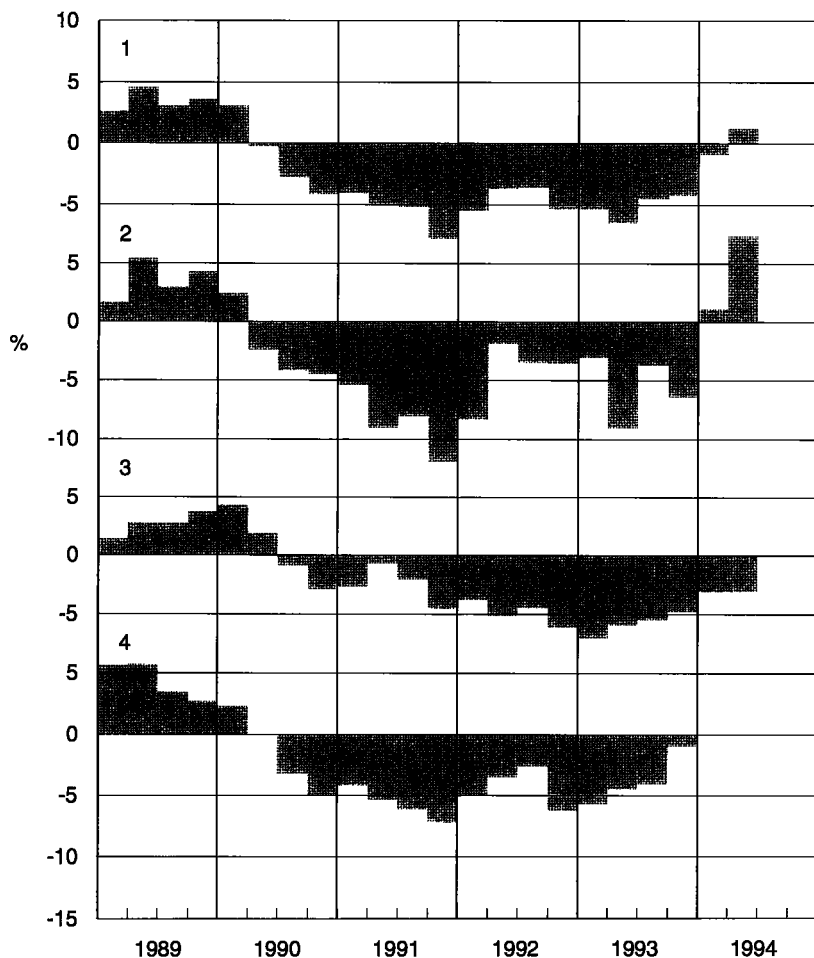
1980 = 100

### 27. PRODUCTION



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

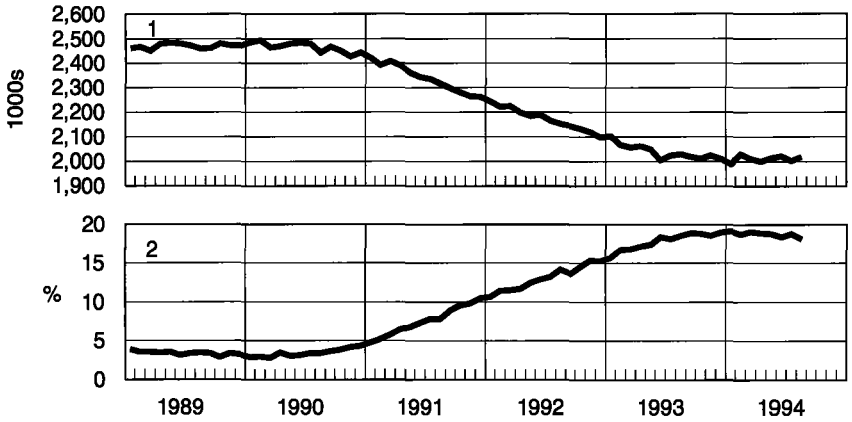
### 28. FIXED INVESTMENT



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

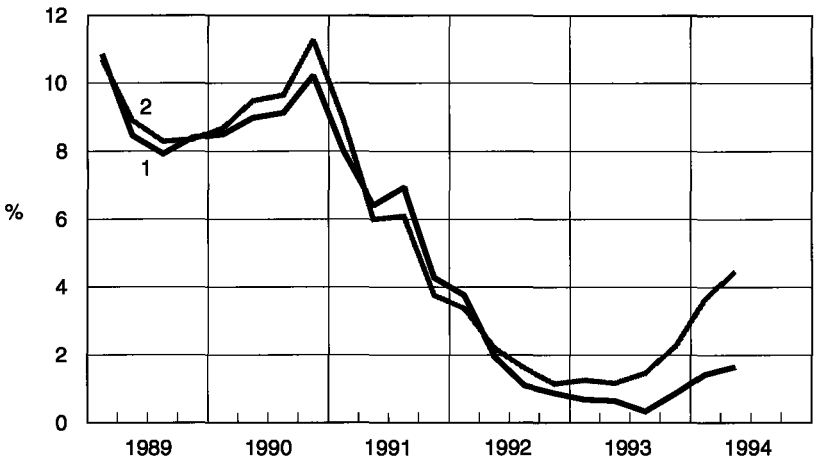
Volume changes calculated from four-quarter moving totals and plotted at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE



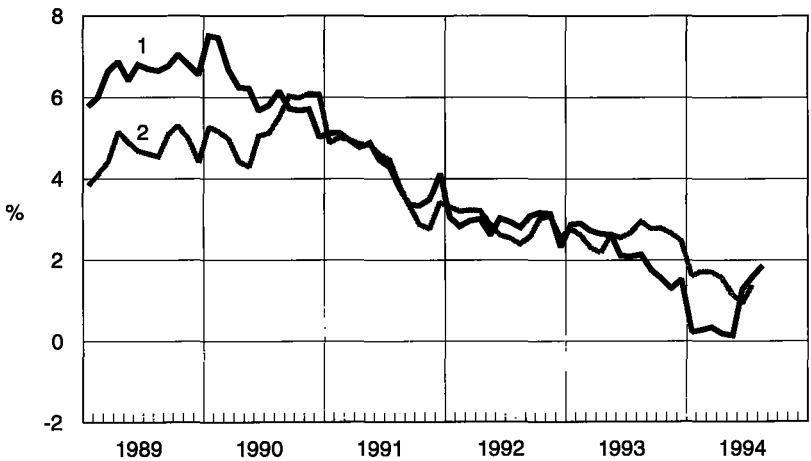
- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

30. PRICES AND WAGES



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

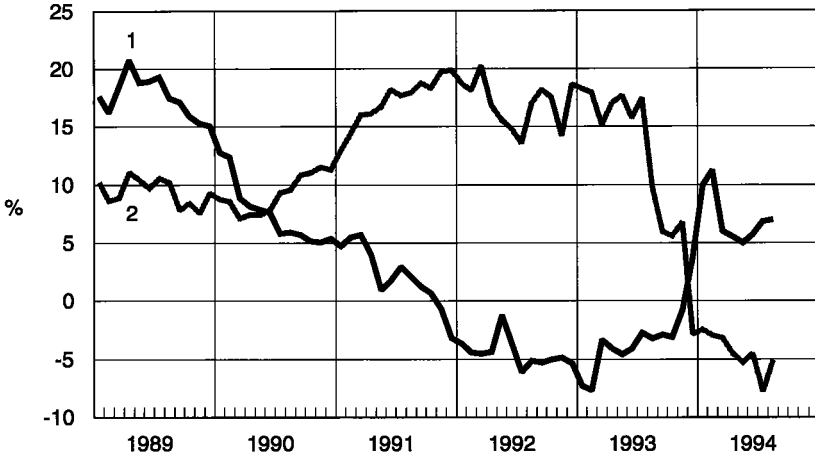
Change from the corresponding quarter of the previous year, per cent



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

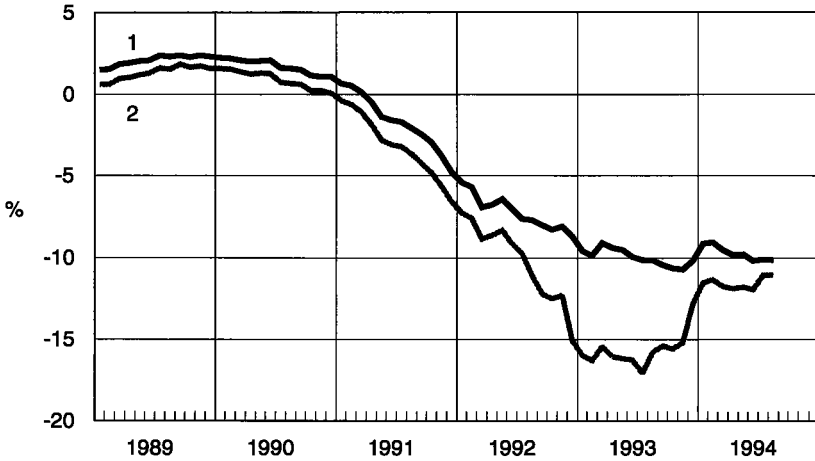
Change from the corresponding month of the previous year, per cent

31. CENTRAL GOVERNMENT FINANCES



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

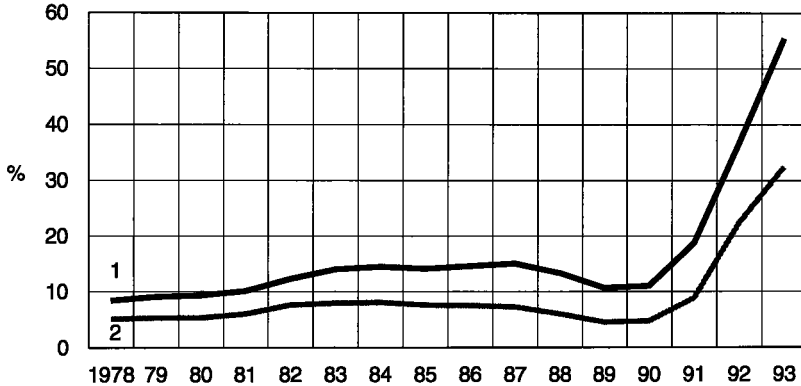
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



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

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

32. CENTRAL GOVERNMENT DEBT



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

As a percentage of GDP



# BANK OF FINLAND

30 June 1994

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## THE PARLIAMENTARY SUPERVISORY BOARD

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PENTTI MÄKI-HAKOLA, Chairman  
JUSSI RANTA, Vice Chairman  
PAAVO VÄYRYNEN

MAURI MIETTINEN  
TUULIKKI HÄMÄLÄINEN  
OLAVI ALA-NISSILÄ

JÖRN DONNER  
ESKO SEPPÄNEN  
TELLERVO RENKO

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## THE BOARD

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SIRKKA HÄMÄLÄINEN, Chairman

HARRI HOLKERI

KALEVI SORSA

ESKO OLLILA

MATTI VANHALA

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## DIRECTOR

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PENTTI KOVIKKO

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## DEPARTMENTS AND OTHER UNITS

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Accounting OSSA LEPPÄNEN

Administration URPO LEVO

Data Processing PERTTI SIMOLA

Economics JOHNNY ÅKERHOLM

Financial Markets KAARLO JÄNNÄRI,  
Advisers to the Board: HEIKKI KOSKENKYLÄ,  
PETER NYBERG, RALF PAULI

Information ANTTI JUUSELA

Internal Audit TIMO MÄNNISTÖ

International Secretariat KJELL PETER SÖDERLUND

Legal Affairs ARNO LINDGREN

Market Operations MARKUS FOGELHOLM

Monetary Policy PENTTI PIKKARAINEN

Organization and Management Development  
PIRKKO POHJOISAHO-AARTI

Payments and Settlement RAIMO HYVÄRINEN

Payment Instruments ANTTI HEINONEN

Personnel RIITTA JOKINEN,  
Adviser to the Board: ANTON MÄKELÄ

Publication and Language Services ANTERO ARIMO

Research PEKKA ILMAKUNNAS,  
Adviser to the Board: KARI PUUMANEN

Security JYRKI AHVONEN

Information Services ESA OJANEN

Eastern European Economies KARI PEKONEN

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

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## BRANCH OFFICES

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Kuopio, Oulu, Tampere, Turku

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**SETEC OY** (Security Printing House fully owned by the Bank of Finland)

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VELI TARVAINEN, Managing Director

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