



# BULLETIN

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Recent Economic Developments

Structural Changes Underlying Finland's  
Current Account Deficit

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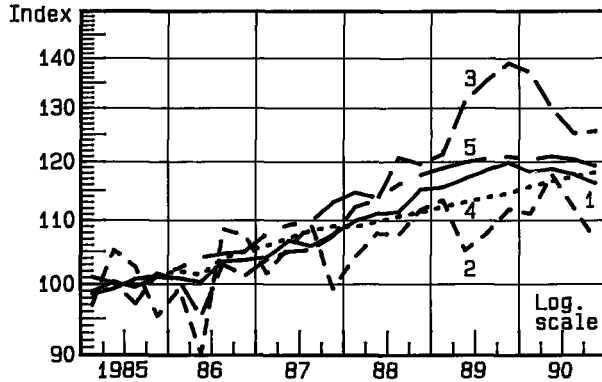
# RECENT ECONOMIC DEVELOPMENTS

by **Martti Lehtonen**, Head of Office  
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The slowing of economic activity in Finland that began in early 1990 accelerated sharply in the latter part of the year. The worsening in the international economic climate strongly influenced expectations in Finland, particularly as growth prospects had already been weakened by the imbalances in the domestic economy. Real GDP registered zero growth in 1990, and in the last quarter was 3.0 per cent lower than a year earlier. Activity has slowed further in the early months of the current year.

The rapid fall in total demand in the latter half of last year was caused by declines in all the major demand components except public consumption (Chart 1). The labour market remained tight for some time after the downturn, but since last autumn the rate of unemployment has been rising rapidly. The fall in activity led to a marked downturn in the volume of imports, and the trade deficit narrowed in the course of last year. In the first quarter of the current year, the trade account was approximately in balance. The weakening of demand has eased inflationary pressures; the twelve-month increase in the consumer price index fell to just under 5 per cent in the course of 1990. Inflation slowed down slightly further in the first quarter of this year (Chart 2). In the January — March period inflation in Finland was about half a percentage point lower than the average for OECD countries.

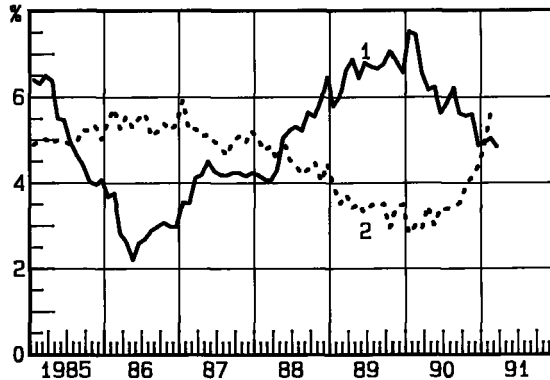
CHART 1.  
GDP AND MAIN DEMAND COMPONENTS



Volume, 1985 = 100

1. GDP
2. Exports
3. Fixed investment
4. Public consumption
5. Private consumption

CHART 2.  
INFLATION AND UNEMPLOYMENT RATE



1. Inflation (12-month change in the consumer price index)
2. Unemployment rate

## EXPORTS FALL AS A RESULT OF THE INTERNATIONAL RECESSION AND THE COLLAPSE OF TRADE WITH THE SOVIET UNION

The volume of exports has been decreasing since the

middle of 1990. Besides the advent of recession in major western customer countries, Finland's exports have been hit by the drastic decline in eastern trade, primarily as a result of the internal difficulties in the Soviet economy. Problems in this trade have been aggra-

vated by the termination of the bilateral payments system at the end of last year.

In recent months, Finnish exports to western markets have been characterized by strikingly large differences from country to country. The value of exports to North America in the first quarter was about 50 per cent less than in the same period in 1990. Exports to the United Kingdom and Sweden also declined compared with a year ago. On the other hand, the value and volume of exports to the EC countries of continental Europe clearly increased in the first quarter of this year, as indeed they had done throughout 1990.

The terms of trade weakened by 3½ per cent in the latter half of 1990, straining the external balance and companies' profitability. With the fall in the price of oil at the beginning of 1991, the terms of trade improved again by some two percentage points in the first quarter. Since, however, export prices have continued to fall on average, profit margins in the export industries have narrowed further.

Although the trade balance has improved, growing deficits in the other sub-balances have resulted in a slight widening in the current account deficit. As measured by the four-quarter moving total, the current account deficit is estimated to have amounted to more than FIM 26 billion in the first quarter of this year.

### **RAPID SLOWDOWN IN DOMESTIC DEMAND**

Domestic demand has been depressed both by the fact that all the main determinants of investment have been operating in the same direction and by more cautious expectations on the part of consumers. High real interest rates, the squeeze on internal financing and a marked fall in capacity utilization have damp-

ened firms' investment. The sharpness of the decline is partly due to the high level to which the investment ratio rose in the prolonged boom in the latter half of the 1980s (Chart 1). A further sharp reduction in investment activity is likely in the current year. Indications of this are provided by the decrease of about 30 per cent in imports of investment goods in January—March from the same period last year, and the sharp declines in building permits and starts in late 1990 and the early months of this year.

Developments in housing investment have been similar to those in other investment. As a result of the reduced demand for dwellings, nearly a quarter of the completions in 1990 remained unsold at the end of the year. New housing starts declined by 22 per cent in the final quarter of 1990 as compared with the same period in the previous year.

Private consumption demand fell by 1.6 per cent in the final quarter of 1990 compared with the same period a year earlier. Purchases of consumer durables, notably purchases of new cars, have recorded particularly sharp declines. High real interest rates and weakened economic conditions have reduced households' willingness to incur more debt. Since the last quarter of 1990, repayments of housing and consumer loans have exceeded new borrowing. The net saving of the household sector (excluding non-profit institutions) rose to 4 per cent of disposable income in 1990; in 1988, the savings ratio had been only marginally above zero. Several indicators, e.g. the sluggishness of demand for credit and the growth of bank deposits, portend a further rise in the savings ratio this year.

Production and employment indicators available for the current year show that the deepening of the recession

will entail production cuts in most areas of the private sector. According to a recent survey of business confidence, industrial firms were still pessimistic in March: industrial output declined sharply in the first quarter of 1991 and firms expect some further weakening until the autumn.

The seasonally adjusted unemployment rate, which was around 3½ per cent in mid-1990, was close to 6 per cent in February of this year (Chart 2). Labour shortages, still very widespread in the first half of last year, have virtually disappeared.

### **THE RISE IN PRICES HAS SLOWED, A SLOWING IN THE GROWTH OF WAGES IS IN SIGHT**

The slackening in economic conditions had hardly any curbing effect on the rise in wages in 1990. The tightness of the labour market in the first half of last year boosted wage drift and other pay increases. In the last quarter of 1990, the index of wage earners' income was nearly 10 per cent higher than it had been one year earlier. The rate of increase was greatest in the local government sector.

The weakening of the employment situation will dampen the rise in wages this year. New wage increases for the second year of the current centralized agreement will boost costs by some 1½ per cent. These contracts took effect on May 1, 1991.

The twelve-month rise in the consumer price index slowed to 4.8 per cent in March of this year. The slowing was mainly due to the decline in dwelling prices and favourable import price developments. The main contribution to the rise in prices has come from increases in labour costs and in public sector taxes, charges and tariffs. The outlook is for an easing of price pressures along with the moderation of labour costs.

## **HIGH LEVEL OF INTEREST RATES BRINGS GROWTH OF MARKKA LENDING TO A HALT**

The marked worsening of economic conditions and the markets' wavering confidence in economic policy aroused speculation concerning the external value of the markka, resulting in a further widening in the interest rate differential *vis-à-vis* foreign interest rates just before the general election in March. Within two weeks or so after the elections, the market calmed down, and during April short-term market interest rates fell clearly. In the first days of May, three month HELIBOR continued to fall and stood at 12 per cent on May 7.

The average nominal rate of interest charged by banks on new markka loans has fluctuated around 14 per cent in recent months. The real interest rate on these loans has edged up with the slowing of inflation. The high level of interest rates has stemmed the growth of banks' markka lending. Borrowing by companies has focused on foreign currency loans, and repayments of markka loans by both firms and households have exceeded new borrowing.

The 10 per cent tax at source on deposits, levied under a one-year law that applies to interest earned in 1991, caused a substantial shift of funds from tax-exempt accounts tied to the Bank of Finland's base rate to market-related taxable accounts. In December, some FIM 30 billion worth of 24-month tax-exempt, fixed-term deposits matured. The major part of these funds, as well as some funds in other accounts tied to the base rate, were deposited in taxable accounts in January. The share of deposits tied to the base rate in the public's total deposits fell from 82 per cent in December 1990 to 70 per cent in January 1991. Competition among banks for deposit money pushed short-term deposit rates to markedly high levels of 12—13 per cent. This structural change raised the average interest rate on markka deposits by almost one percentage point between December and January. The pace of structural change in deposits has slowed distinctly since then.

## **NEW GOVERNMENT APPOINTED<sup>1</sup>**

A new centre-right Government took office on the April 26, 1991. As regards economic policy, the major goals set by the new Government are restoration of the external balance, safeguarding employment, increasing efficiency in the public sector and reversing the declining share of the export sector in the economy. For the achievement of these goals, the Government emphasizes that it will be necessary to bring down inflation and to take urgent steps to strengthen competitiveness and rein in the growth of public expenditure.

May 7, 1991

<sup>1</sup> See also the item in this issue.

# STRUCTURAL CHANGES UNDERLYING FINLAND'S CURRENT ACCOUNT DEFICIT

by **Tapio Peura**, M.Sc. (Econ.)  
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## EXTERNAL BALANCE WEAKENS RAPIDLY IN THE LATTER HALF OF THE 1980s

After registering a series of small deficits in the first half of the 1980s, Finland's current account deteriorated rapidly in the latter half of the decade. In fact, from being in equilibrium in 1984, the current account deficit widened to the equivalent of 4.8 per cent of GDP in 1989 and remained at this level in 1990.

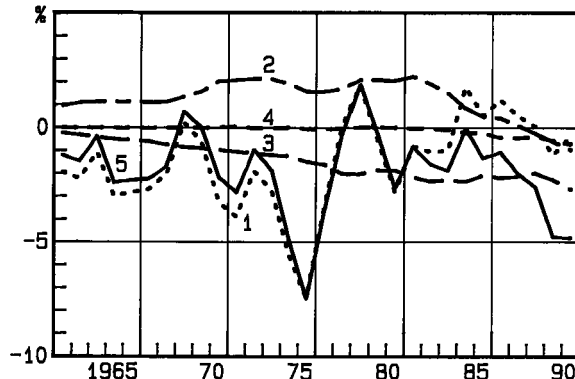
Underlying the weakening of the current account position since the mid-1980s has been a deterioration of all the major sub-balances. Half of the widening is due to the worsening of the trade balance, one-quarter to the deterioration of the services balance and one-quarter to the weakening of the investment income and transfers balances. The surpluses on the trade and service balances in the first half of the 1980s swung into deficits in the latter half of the decade, largely reflecting excessive domestic demand pressure. The deficit on the investment income balance increased towards the end of the decade as the widening current account deficit led to a steady accumulation of foreign debt and hence rising interest payments abroad. The deficit on the transfers balance also widened, mainly as a result of increased development aid. At present, interest payments and transfers abroad account for a major part of the total current account deficit (Table 1, Chart 1).

Though the current account deficit is to a large extent cyclical in nature, the question has arisen as to the role of structural factors in the generation of the large deficits of

TABLE 1. MAIN ITEMS OF THE CURRENT ACCOUNT IN 1990

	Receipts		Expenditure		Balance	
	Mill. FIM	Share %	Mill. FIM	Share %	Mill. FIM	Per cent of GDP
Trade account	99 800	73	101 900	63	-2 100	-0.4
Transport	8 450	6	4 300	3	4 150	+0.8
Travel	5 000	4	11 200	7	-6 200	-1.2
Other services	6 250	5	9 400	6	-3 150	-0.6
Services account	19 700	14	24 900	15	-5 200	-1.0
GOODS AND SERVICES ACCOUNT						
ACCOUNT	119 500	87	126 800	78	-7 300	-1.4
Investment income	13 900	10	27 100	17	-13 200	-2.5
Transfers and other income	3 500	3	8 500	5	-5 000	-0.9
CURRENT ACCOUNT	136 900	100	162 400	100	-25 500	-4.8

CHART 1.  
MAIN CURRENT ACCOUNT COMPONENTS AS A PERCENTAGE OF GDP



1. Trade account
2. Services account
3. Investment income
4. Transfers and other income
5. Current account

recent years. The present article describes these structural factors and considers their contribution to the deterioration in the external performance of the Finnish economy.

### FACTORS BEHIND THE WORSENING EXTERNAL BALANCE Stronger relative activity in Finland

By far the most important factor contributing to the deterioration of the current account

in the 1980s was excessive domestic demand. The strength of investment and consumer spending was due to favourable external demand conditions and the improvement in the terms of trade, on the one hand, and to the deregulation of financial markets, on the other. In the 1980s, the growth of domestic demand and output in Finland was notably higher than in the economies of Finland's main trading partners. While domestic

demand in Finland increased at an average annual rate of 4.1 per cent in the period 1981-89 and gross domestic product at a rate of 3.5 per cent, the corresponding figures for the five countries most important for Finnish exports were 2.4 per cent and 2.2 per cent, respectively.

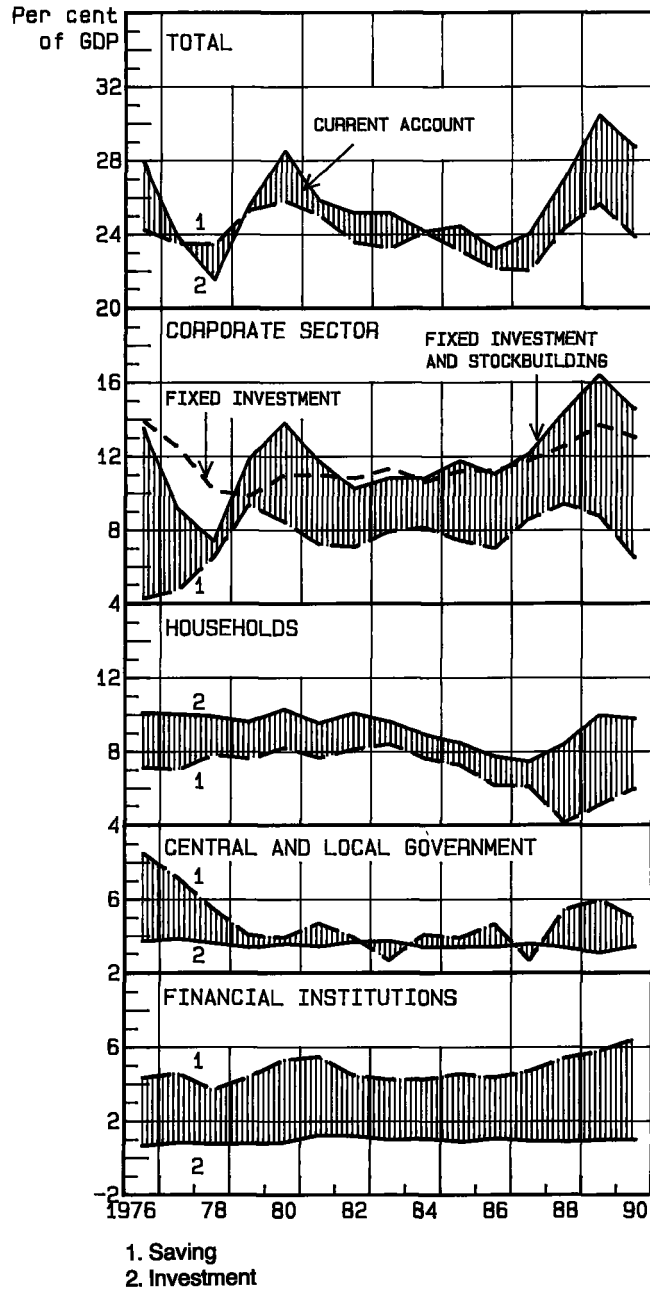
Economic growth in Finland was fairly balanced until 1987 when a much higher level of activity in Finland relative to OECD countries on average led to overheating and the emergence of imbalances. Exceptionally vigorous domestic demand sucked in imports while exports suffered from capacity constraints and were unable to benefit fully from buoyant export markets. As a result, the balance on the manufactured goods account weakened rapidly.

The adjustment of the economy got under way in 1990, after domestic interest rates had risen to a fairly high level and started to dampen domestic demand. In 1990, domestic demand actually declined by 1.1 per cent, and the imbalances in the economy began to ease.

### Financial liberalization

A factor which played a prominent role in strengthening domestic demand and in the widening of the current account deficit was the deregulation of the domestic money market and the liberalization of foreign capital movements. Following developments in many other countries, Finland's main liberalization measures were implemented in 1986-87. The business sector gained free access to foreign capital markets and the removal of controls on domestic bank lending increased the financial resources available to the household sector. Both sectors used the changed situation in the financial markets to satisfy their pent-up demand, especially since the rise

CHART 2.  
SAVING AND INVESTMENT BY SECTOR



in asset prices made borrowing easier. The household net saving ratio (in per cent of disposable income) fell from a level of 6 per cent in the mid-1980s to 1 per cent in 1988, and the private sector invested heavily in 1988-89 (Chart 2).

Financial liberalization, together with an improvement

in the terms of trade by some 20 per cent from 1985 to 1989, contributed to the excessive growth of demand and the overheating of the economy in 1988-89. Fiscal policy was tightened, but too late and by too little to prevent the emergence of imbalances in the economy. However, the

public sector recorded surpluses in 1988–89 (Chart 2), and reduced its outstanding domestic and foreign debt.

### Erosion of price competitiveness

One consequence of the stronger level of activity in Finland was the gradual erosion of international price competitiveness. Measured by traditional cost and price indicators, competitiveness deteriorated by 14–18 per cent in the 1980s. Owing to the tight labour market, labour costs in Finland rose faster than in competitor countries. While high cost pressure induced manufacturing enterprises to increase productivity by replacing labour with capital, the faster rise in productivity in Finland succeeded only in absorbing part of the excessive rise in labour costs. In addition, some 5 percentage points of the deterioration of competitiveness can be attributed to the strengthening of the Finnish markka *vis-à-vis* the currencies of major competitor countries.

Following a marked slackening in domestic demand, consumer price inflation in Finland fell below the OECD average in 1990, and a gradual improvement in competitiveness is expected this year.

### Contraction of trade with the Soviet Union

A further factor contributing to the slow growth of exports in the latter half of the 1980s was

the contraction of Finland's trade with the Soviet Union. Up till the end of 1990, this trade was carried out on a bilateral basis, implying that exports and imports had to balance over the medium term. As a major part of Finland's imports from the USSR consisted of crude oil, a rise in the price of oil also led to an increase in Finland's exports to the Soviet Union; thus the share of the Soviet trade increased to a quarter of total trade in the early 1980s. But when the price of oil fell in the course of the 1980s, this automatically led to a reduction in exports to the Soviet Union. In 1990, the share of the Soviet Union in Finnish exports had fallen to 13 per cent and this downward trend has continued as a result of the Soviet economic crisis. As firms that had specialized in exporting to the Soviet Union were unable to quickly find alternative outlets for their products in western markets, this constituted an additional reason for the sluggish growth of total exports during the latter half of the 1980s.

## STRUCTURAL CHANGES IN THE ECONOMY

### Production of services expands most

Besides fairly positive external effects and financial deregulation, lax income and fiscal policies contributed to the high growth rate of demand and output in the latter half of the

1980s. However, the domestic demand-led boom was associated with marked differences in the growth of production and the allocation of resources among different sectors of the economy. Stated briefly, the closed sectors of the economy expanded more than the open sector, and the relative size of the open sector declined.

The strongest growth performance throughout the decade was recorded in the private services sector — trade, finance, insurance, tourism etc — which expanded at a much faster pace than the economy on average (Table 2). Consumption was the main driving force behind demand and this boosted the growth of trade and related services as well as commercial construction. Financial services (banking etc) expanded as a result of deregulation, as banks competed for clients and market shares. The effects of deregulation were also felt in the housing boom. In the public sector, local government authorities in particular promoted welfare by expanding the provision of, for instance, health and child-care services. All these sectors grew faster than the open sector. The manufacturing sector, which operates in conditions of intense competition both in export and domestic markets, performed fairly well compared with other countries. It nevertheless grew at a slower rate than the closed sectors and its share in the economy diminished (Table 2).

TABLE 2. PRODUCTION, INVESTMENT AND EMPLOYMENT BY SECTORS IN THE 1980s

	Production				Investment				Employment			
	Average growth per cent per annum		Per cent of GDP		Average growth per cent per annum		Per cent of total investment		Average growth per cent per annum		Per cent of labour force	
	1981-85	1986-90	1980	1990	1981-85	1986-90	1980	1990	1981-85	1986-89	1980	1989
Agriculture and forestry	-0.3	0.6	9.3	6.8	-0.2	-0.2	9.0	6.0	-1.7	-5.4	13.2	9.5
Manufacturing	3.1	2.0	24.1	22.8	2.6	6.9	16.1	16.5	-1.4	-2.5	24.9	20.5
Other secondary sectors	2.0	2.9	11.2	10.4	2.9	4.0	6.8	6.3	0.6	1.8	9.5	10.5
Private services (excl. housing)	3.8	5.4	27.7	31.9	5.2	8.6	25.7	33.0	0.8	1.4	29.3	31.4
Housing	4.0	4.2	6.0	6.6	-0.2	4.4	30.2	24.9	—	—	—	—
Public services	3.3	2.7	21.7	21.5	3.9	5.7	12.2	13.3	2.9	2.2	23.1	28.4
GDP	3.0	3.3	100.0	100.0								
Total investment					2.3	5.4	100.0	100.0				
Total employment									0.5	0.1	100.0	100.0



## Investment focuses on services and manufacturing

In the first half of the 1980s, the emphasis in the growth of gross fixed investment was on private services and investment by the public sector. By contrast, manufacturing investment grew only slowly. In the latter half of the decade, the rate of investment growth accelerated in all sectors of the economy (Table 2). Private services continued to expand at a rapid pace and their share of total investment increased to one-third in 1990. In the manufacturing sector, too, investment activity picked up both at home and abroad. The major reasons were better market prospects at home and abroad, companies' improved profitability and the need to maintain a foothold in the integrating European market. Housing investment experienced a strong boom as a result of the liberalization of financial markets, but the supply of dwellings could not respond fast enough to the growth of demand and house prices rose steeply in 1988—89.

As a result of the investment boom, the ratio of gross fixed investment to GDP rose to 27 per cent in 1989—90, one of the highest among industrial countries. However, in the course of 1990, the high level of interest rates started to curb investment activity.

## Labour shifts to the public sector

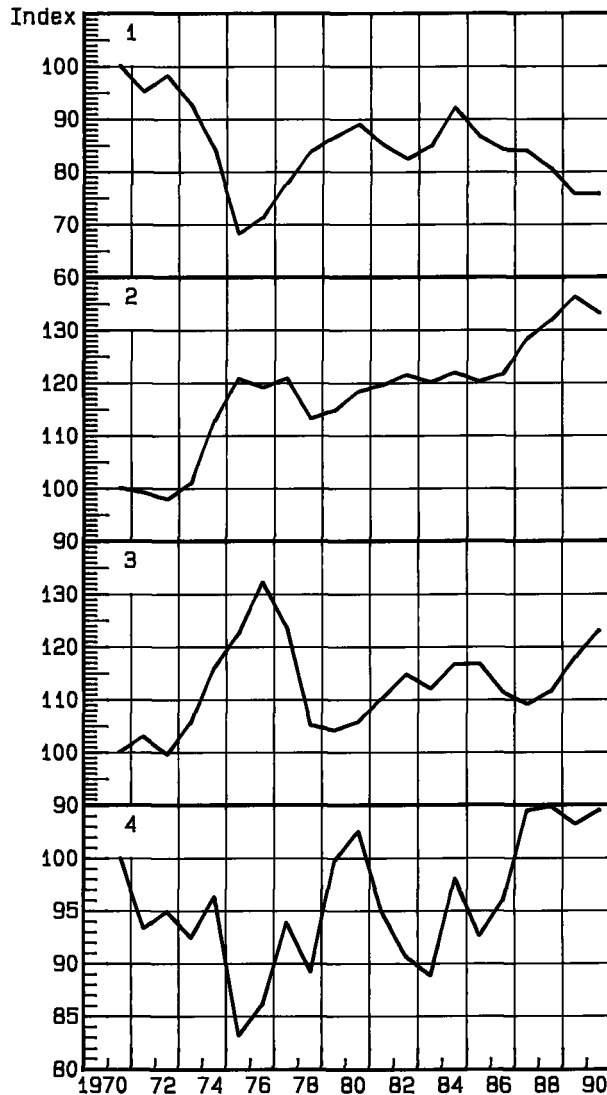
Shifts in the pattern of employment closely followed developments in production and investment. In the 1980s, the number of employees in the public sector increased by 136 000, exceeding the growth of the total labour force (57 000) by a wide margin. Local government services accounted for most of the increase. Employment also increased in private services, by 66 000. The sectors which shed labour were agriculture and forestry (79 000), on the

one hand, and manufacturing (89 000), on the other (Table 2).

Owing to very slow growth of the labour force in Finland, labour shortages became an acute problem, especially in public services in the latter half of the 1980s. Employment in the public sector crowded out employment in the other sectors and contributed to the rise

in wages and wage drift in the economy as a whole. In these circumstances, the manufacturing sector sought to raise productivity and replace labour with machinery and equipment. Consequently, labour productivity increased very rapidly in Finland throughout the 1980s, and the growth of total productivity was also

CHART 3.  
FINLAND'S EXPORT PERFORMANCE (1970 = 100)



1. Western exports / western export markets, volume
2. Terms of trade: Finland / OECD countries
3. Relative unit labour costs, Finland / 14 competing countries, in common currency
4. Western exports / exports of the OECD area, value

fairly high. These developments helped to curb the rise in unit costs of production and moderated the weakening of price competitiveness.

**The share of exports declines**

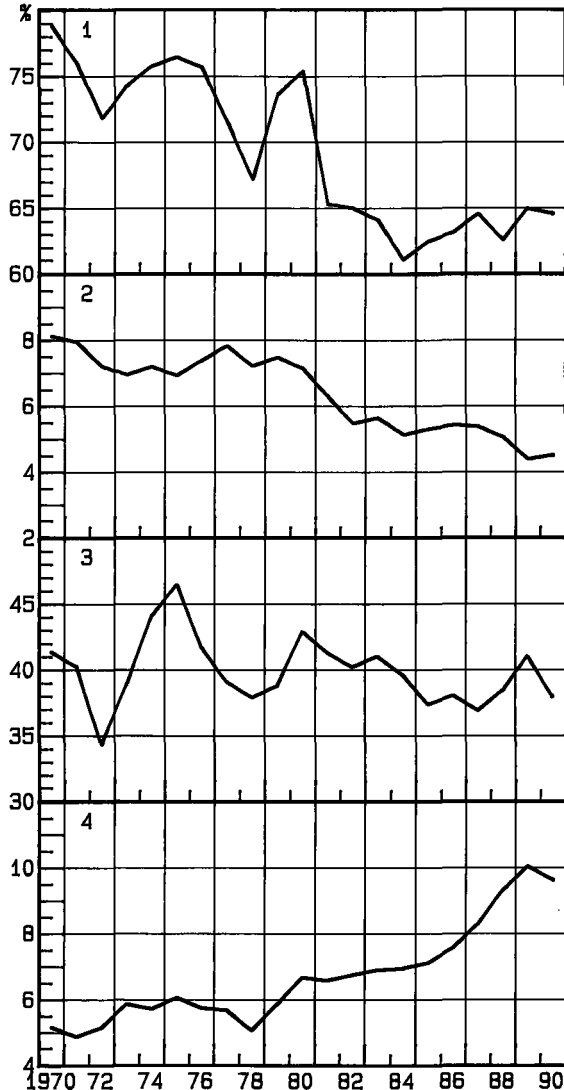
Excessive growth of domestic demand, capacity bottlenecks, weakening price competitiveness and changes in domestic demand and production patterns also induced profound changes in foreign trade patterns in the latter half of the 1980s.

The share of exports of goods and services in GDP, which had amounted to approximately 30 per cent in the early 1980s, declined throughout the decade. In volume terms, exports to western markets fell behind the growth of export markets in the latter half of the 1980s. However, some recovery in these relations took place in 1990, as domestic demand weakened. A remarkable improvement in the terms of trade *vis-à-vis* other OECD countries meant, however, that in value terms Finland gained market shares in the latter half of the 1980s (Chart 3). Finland's relatively greater terms-of-trade gains makes it readily understandable why price competitiveness — measured by relative unit labour costs — weakened in those years, for the room for wage increases was larger than in other countries.

**The share of imports increases**

The share of imports in GDP increased considerably in the latter half of the 1980s, as domestic production capacity was fully utilized and insufficient to satisfy exceptionally buoyant domestic demand. In all major commodity groups, imports in relation to the corresponding domestic demand component increased, with the exception of energy (Chart 4). In particular, after displaying a declining trend since the mid-1970s,

**CHART 4.**  
**IMPORT PENETRATION: RATIO OF VARIOUS IMPORT CATEGORIES TO CORRESPONDING DOMESTIC DEMAND COMPONENTS**



- 1. Industrial raw materials / industrial production
- 2. Energy / GDP
- 3. Investment goods / investment in machinery and equipment
- 4. Consumer goods / private consumption

imports of raw materials and intermediate products in relation to industrial production and imports of investment goods in relation to investment in machinery and equipment rose in the latter half of the 1980s. Similarly, imports of consumer goods in relation to private con-

sumption increased more than in the past, as a result of the vigorous growth of imported consumer durables. But these upward trends in import penetration ratios were also reversed in 1990, as the economy cooled down and imports fell noticeably.

## Trade balance moves into deficit

As a result of these opposite movements in export and import shares, the balance on the trade account moved from a surplus of FIM 6.2 billion in 1984 to a deficit of FIM 5.7 billion in 1989. This was the main item contributing to the weakening of the current account balance over the same period.

The deterioration of the balance of trade occurred in the groups of finished investment and consumer goods (groups 5—9 in the SITC classification), as domestic production capacity lacked the size and diversity necessary to meet strongly expanding domestic demand (Chart 5). Looking at the main commodity groups, the weakening of net trade was most striking in textile and clothing industry products, on the one hand, and in metal industry products, on the other. At the same time, in the trade in goods which are classified as raw materials (SITC 0—4) the deficit actually declined, partly as a result of the fall in the oil price. In 1990, there was a partial reversal of these trends, with the total deficit decreasing to FIM 1.7 billion.

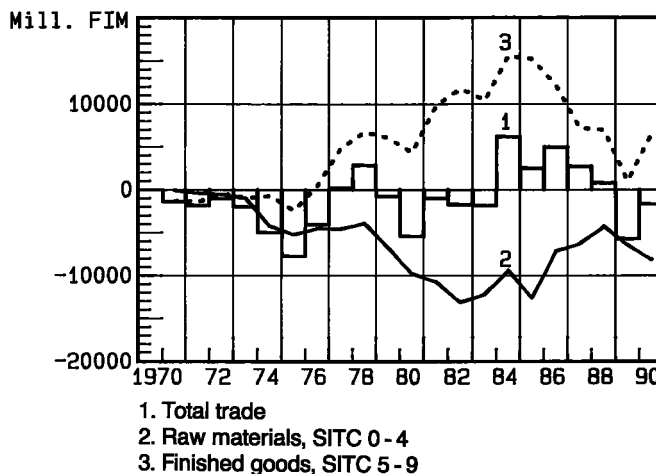
### The size of the open sector declines

The open sector constitutes that part of the economy which generates export earnings and competes against foreign production in domestic markets. Therefore, the size of the open sector, its production structure and competitiveness are factors of decisive importance for the external balance of the economy.

In Finland, the manufacturing sector is the main open sector of the economy<sup>1</sup>. The

<sup>1</sup> Where exactly the line between the open and the closed sectors of the economy should be drawn is not clear, because there are some subsectors of manufacturing which are not fully open to foreign competition, while some of the service sectors of the economy are partly subject to foreign competition.

CHART 5.  
TRADE BALANCE, MILLION FIM



share of the manufacturing sector in GDP increased in the 1960s and the 1970s as a result of the liberalization of foreign trade and growth-oriented industrial policy. In 1980, the size of the open sector in Finland was about 25 per cent or roughly as large as in the European OECD countries on average. But in the 1980s, the share of the manufacturing sector declined owing to the strong expansion of the closed sectors and was only 19 per cent (in current prices) in 1990. In the European OECD countries on average the manufacturing sector has retained an almost unchanged share in GDP. Thus, reversing the contraction in the size of the open sector has become one of the most important goals of economic policy in the near term.

### HOW SERIOUS IS THE EXTERNAL IMBALANCE AND HOW CAN IT BE REDUCED?

Large current account deficits led to a rapid increase in Finland's foreign indebtedness in the latter half of the 1980s. The net external debt in relation to GDP increased from 15 per cent in 1986 to 22 per cent in 1990. Although the present level of the debt is not

exceptionally high by international standards, the trend gives cause for concern.

Data on sectoral savings-investment balances (Chart 2) show that the large deficits in the current account over the past few years are due to private sector decisions and have occurred despite the fact that the public sector has been in surplus during this period. This implies that foreign borrowing has mainly been used for enlarging and modernizing the production potential of the open and closed sectors.

After the strong boom in 1988—90, the investment ratio is now falling as a result of weakened demand prospects both at home and in export markets and because of the high level of interest rates. This will directly reduce the current account deficit. Moreover, the investments undertaken during the boom should ensure that production capacity is technologically competitive and up-to-date when demand eventually recovers.

In addition, the contribution of the household sector to the external imbalance has been quickly reversed. The consumption boom petered out last year while the household sector savings ratio has risen for two years running from the trough of 1988, parallel with

developments in many other countries, and is expected to rise further.

The slackening of domestic demand has already started to contribute positively to foreign trade. Room has been created for exports, which were already expanding at the same pace as the growth of export markets last year, and import propensities have started to drop back towards normal levels. The deficit on the trade account shrank appreciably in 1990 and further improvement is expected this year and next. The poor prospects for trade with the Soviet Union and a weakening of demand in the United Kingdom and Sweden will, however, delay the adjustment of the external balance.

The existence of large current account deficits, together with the reduced size of the open sector, nevertheless points to structural weaknesses in the economy. Consequently, there are good reasons for doubting whether the slackening of domestic activity will be sufficient to correct the external imbalance without leading to unduly heavy losses

in terms of activity and employment. Given the deficits in the investment income and services balances, there will have to be a growing trade surplus if the deficit on current account is to be reduced. This implies that the size of the open sector should be enlarged, so that it becomes diversified and competitive enough to meet both domestic and foreign demand.

There are two major prerequisites for enlarging the open sector of the economy. The first requirement is to bring the rapid expansion of the public sector to a halt. Though the public sector in Finland is not particularly large by international standards, it has attracted most of the scarce labour resources over the past decade and contributed to the rise in labour costs. Checking the growth of the public sector would release resources — both labour and capital — for utilization by the open sector.

The second requirement for enlarging the open sector is the dismantling of cartels and monopolies and all other forms of obstacles to competition, both in the closed and open

sectors of the economy. Among these measures, liberalization of import restrictions and opening up to foreign competition are of vital importance in many industries. In addition, the efficiency of competition policy needs to be enhanced. Increasing competition in all sectors of the economy will enable efficiency to be enhanced and costs and prices to be lowered in general. The ongoing European integration process and GATT negotiations will serve as external guidelines for the kind of competitive environment to which the Finnish economy will have to adjust.

By keeping domestic demand and costs better in check than hitherto, it will be possible to improve the profitability of the open sector and thereby create conditions conducive to the growth of the sector.

May 9, 1991

### **THE NEW GOVERNMENT**

Following the Parliamentary elections held in March, the President of the Republic invited Mr. Esko Aho, chairman of the Centre Party and Speaker of Parliament, to form a new Government. On April 26, the President appointed a majority Government with Mr. Aho as Prime Minister. The centre-right coalition, which replaces the former right-left Government, consists of the Centre Party (eight ministerial posts), the conservative National Coalition Party (six), the Swedish People's Party (two) and the Christian League (one). The Minister for Foreign Affairs is Mr. Paavo Väyrynen (Cen.), the Minister of Finance is Mr. Jari Viinanen (Con.), the Minister of Trade and Industry is Mr. Kauko Juhantalo (Cen.), and the Minister for Foreign Trade is Mr. Pertti Salolainen (Con.).

In its programme, the Government notes that the economic outlook is highly problematic, owing both to international developments and domestic economic imbalances. The Government's economic policy is aimed at reducing the balance of payments deficit on current account, bringing the increase in foreign debt to a halt, safeguarding employment, making the public sector more efficient and reversing the decline in the share of the open sector in GDP.

In order to achieve these aims, the programme states that it will be necessary, among other things, to bring down the rate of inflation below that of competitor countries, to increase and diversify exports and to raise the national saving rate.

In monetary and exchange rate policy, the goals are a stable exchange rate for the markka and a moderate level of interest rates. With a view to strengthening the credibility of monetary policy, consideration will be given to unilaterally linking the external value of the markka to ECU, the monetary unit of the EC, without changing the fluctuation range of the present currency index.

### **CODE OF CONDUCT FOR THE MONEY MARKET**

The Bank of Finland and the banks acting as its dealing counterparties signed an agreement on the code of conduct to be applied in the money market on April 24, 1991. As a result, money market dealings between the parties to the agreement are now officially subject to the Bank of Finland's supervision.

The agreement is aimed at securing the smooth functioning of the market and fostering its development. It also seeks to promote the interest of foreign investment funds and other investors in Finnish money market instruments.

The agreement largely corresponds to the previous dealing arrangements based on an agreement between the banks. However, it allows greater scope for the free pricing of different instruments than previously.

At a later stage, it will be possible for all entities which are market makers in the money market to become parties to the agreement.

### **NEW FINANCIAL MARKETS DEPARTMENT**

The financial markets department and the risk monitoring

department of the Bank of Finland were merged into one department, the financial markets department, on May 1, 1991. Mr. Kaarlo Jännäri was appointed head of the new department. In addition, two adviser positions were established at the department head level: Mr. Ralf Pauli was appointed adviser on payment systems and Mr. Peter Nyberg adviser on matters related to integration.

General structural developments in the financial markets are having fundamental effects on the operations and operational risks of banks and other financial institutions. The reorganization will strengthen the Bank of Finland's activities in promoting the stability and efficiency of the financial markets. The aim is also to increase the efficiency of research and analysis serving the development of the securities markets and payments systems. The department is divided into four offices: the banking office, the market structures office, the securities markets office and the payment systems office.

### **PUBLICATION OF THE BANK OF FINLAND**

The Bank of Finland Year Book for 1990 has been published. The Year Book includes the Governor's review, a review of central bank policy and other central bank activities in 1990 as well as the financial statements and notes. Various banking transactions undertaken by the Bank during the year under review are included in a statistical appendix. Helsinki 1991. 65 pp. ISSN 0081-9468.

# MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM FEBRUARY 1990 TO MAY 1991

1990

## FEBRUARY

**Foreign Exchange Regulations.** The Bank of Finland allows the sale abroad of new markka-denominated bonds of over one year's maturity as from February 1, 1990, with the exception of bonds issued by housing and real estate companies. The present ban on cross-border sales remains in force for bonds issued previously. Effective the same date, non-residents will be allowed to issue markka-denominated bonds in Finland.

With effect from the beginning of February, the Bank of Finland also decides to exempt Finnish companies' share issues abroad from the requirement of prior authorization. Starting from this date, the Bank of Finland no longer requires quotation by the Helsinki Stock Exchange or the OTC market as a condition for the issue of foreign securities in Finland. Similarly, it is no longer necessary for non-residents purchasing Finnish securities to effect their purchases through the Helsinki Stock Exchange or the OTC market.

## MARCH

**Finance companies accorded the right to act as an intermediary in the provision of foreign financing.** The Bank of Finland decides that, with effect from March 1, 1990, finance companies may apply for the right to act as an intermediary in foreign loan transactions and raise

foreign loans to the extent permitted by the limits on their foreign currency positions. Previously only deposit banks were accorded this right.

## APRIL

**Cash reserve agreement.** The Bank of Finland signs a new cash reserve agreement with the deposit banks on April 26, 1990. According to the new agreement, the cash reserve base comprises domestic deposits by the public and the rate of interest payable on cash reserve deposits is the 3-month HELIBOR rate less three percentage points, not however less than 8 per cent. The new cash reserve base is applied for the first time to deposits in April and interest will be paid at the new rate with effect from May 1, 1990.

## MAY

**Cash reserve requirement.** The cash reserve requirement corresponding to the new cash reserve agreement amounts to 8 per cent of the cash reserve base at end-April.

## JULY

**Foreign Exchange Regulations.** The Bank of Finland allows private persons to undertake foreign investments and grant loans of over one year's maturity to non-residents without upper limit as from July 1, 1990. This liberalization measure also applies to corporate entities, such as housing and real estate companies, considered

comparable to private persons. Furthermore, local authorities are allowed to make foreign investments, grant loans of over one year's maturity to non-residents and raise foreign loans of over one year's maturity for financing their own operations. The Bank of Finland also increases the opportunities of financial sector enterprises to engage in foreign operations. In addition to banks, mortgage banks and credit companies are, with effect from July 1, 1990, able to apply for the right to act as an intermediary in foreign loan transactions and raise foreign loans and the right to make foreign investments within the limits of their foreign currency positions. Finance companies have been able to apply for the right to act as an intermediary in foreign loan transactions since March 1, 1990.

**Investment reserves.** On July 12, the Government decides to release, as from January 1, 1991, companies' investment reserves set up in respect of profits earned in 1985-1987. These reserves are to be used by the end of 1992.

## SEPTEMBER

**Foreign Exchange Regulations.** By decision of the Bank of Finland, derivative instruments based on Finnish shares and warrants carrying the right to purchase restricted shares may be sold to non-residents as from September 1, 1990. However, legislation restricting foreigners' ownership rights prohibits the transfer of restricted

shares underlying derivative contracts and warrants to non-residents.

The decision applies to all standardized and unstandardized options and futures based on Finnish shares and other contracts of a similar nature.

The Bank of Finland further decides that residents may, without restriction, buy and sell derivative instruments based on foreign shares as from September 1, 1990.

## NOVEMBER

**Till-money credits.** The agreement under which the Bank of Finland grants interest-free till-money credits to deposit banks is revised as from November 30.

In the same context, banks' base amounts are raised in proportion to the increase in notes and coin held by the public.

**Export deposits.** The Government decides to refund the export deposits levied on pulp and wood-free printing paper, with accrued interest, in lump sum by the end of November.

## DECEMBER

**Cash reserve deposits.** The Bank of Finland decides to lower the cash reserve requirement from 8.0 per cent to 7.0 per cent by the end of the year. The reduction will be carried out in weekly steps of 0.2 percentage point as from November 30.

## 1991

### JANUARY

#### **Repurchase agreements.**

Repurchase agreements are introduced in money market dealings between the Bank of Finland and the banks from the beginning of 1991. This new type of transaction complements the present system of central bank financing.

**Foreign Exchange Regulations.** By decision of the Bank of Finland, all remaining foreign exchange regulations, except those regarding the raising of loans abroad by private individuals and comparable corporate entities, are rescinded, as from January 1, 1991.

#### **Termination of clearing system.**

As from the beginning of 1991, the special provisions in the Bank of Finland's Foreign Exchange Regulations concerning payments and financing in trade with the Soviet Union are cancelled. Payments in respect of all future trade in goods and services between Finland and the Soviet Union will be made in convertible currencies. The Bank of Finland quotes the selling rate for the clearing rouble for the last time on Thursday, January 31, 1991.

#### **Cash reserve requirement.**

The Bank of Finland lowers the cash reserve requirement from 7.0 per cent to 6.7 per cent of the cash reserve base at end-December 1990.

## FEBRUARY

#### **Cash reserve requirement.**

The Bank of Finland lowers the cash reserve requirement from 6.7 per cent to 6.2 per cent of the cash reserve base at end-January 1991.

## APRIL

#### **Counter-cyclical deposits.**

The Government returns the counter-cyclical deposits collected in the period April 1, 1988 — March 31, 1989 to enterprises on April 30. The deposits with the Bank of Finland total FIM 1.3 billion.

## MAY

#### **Cash reserve requirement.**

The Bank of Finland lowers the banks' cash reserve requirement from 6.2 per cent to 5.8 per cent of the cash reserve base at end-April 1991.

## 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 the Soviet Union 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 4 969 200 (Dec. 31, 1989) and an average population density of 16.3 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 490 800 inhabitants, Tampere (Tammerfors) 171 300, Espoo (Esbo) 169 400, Turku (Åbo) 158 900 and Vantaa (Vanda) 152 500.

There are two official languages: 93.6 % of the population speaks Finnish as its mother tongue and 6.0 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-Ugrian group of languages, which also includes Estonian and Hungarian.

## FORM OF GOVERNMENT

Finland is a parliamentary democracy with a republican constitution. From the twelfth century to 1809 Finland was part of the Kingdom of Sweden. In 1809, Finland was annexed to Russia as an autonomous Grand Duchy with the Tsar as Grand Duke. On December 6, 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, March 1, 1988 to March 1, 1994, is Dr. Mauno Koivisto.

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 17 ministerial posts in the present government appointed in April 1991, 8 are held by the Centre Party, 6 by the National Coalition Party, 2 by the Swedish People's Party and 1 by the Christian League. 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 pursues a policy of neutrality in foreign affairs. 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 and the Council of Europe in 1989.

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. 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.** The Finnish economy is essentially based on private enterprise, with over 80 % of manufacturing output and some 90 % of banking services produced by private companies. Of the gross domestic

product of FIM 431 billion in basic values in 1989, 3 % was generated in agriculture and fishing, 3 % in forestry, 25 % in industry, 9 % in construction, 11 % in trade, restaurants and hotels, 8 % in transport and communications, 4 % in finance and insurance, 19 % in other private services and 17 % by producers of government services. Of total employment of 2.5 million persons in 1990, 8 % were engaged in primary production, 31 % in industry and construction and 61 % in services.

In 1990, expenditure on the gross domestic product in purchasers' values amounted to FIM 525 billion and was distributed as follows: net exports -1.4 % (exports 22.8 %, imports -24.2 %), gross fixed capital formation 27 %, private consumption 52 % and government consumption 21 %. Finland's gross tax ratio (gross taxes in relation to GDP) was 38 % and the net tax ratio (net taxes in relation to GDP) 26 %, which is about the average for OECD 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 4.3 % in 1990-89. Finland's GDP per capita in 1989 was USD 23 300. According to preliminary data, this put Finland in second place after Switzerland among the 24 member countries of the OECD.

**Foreign trade.** OECD countries absorb the bulk of Finnish merchandise exports. In 1986-90, their share was, on average, 74.2 per cent, of which the share of EC countries was 42.9 percentage points and that of EFTA countries 21.1 percentage points. Over the same period, Finland's exports to East European countries (including the Soviet Union) accounted for 17.2 per cent and the rest of the world for 8.5 per cent. The regional distribution of Finland's merchandise imports has been quite similar to that of exports.

In 1990, the share of forest industry products in total merchandise exports was 39 %, the share of metal and engineering products 43 % and the share of other goods 18 %. Raw materials and intermediate goods (incl. crude oil) accounted for 54 % of merchandise imports, fuels for 3 %, investment goods for 19 % and consumption goods for 23 %.

**Forest resources.** Finland has fairly abundant forest resources, but only limited amounts of other raw mate-



rials. The growing stock comprises 1 660 million cubic metres, of which 45 % is pine, 37 % spruce and 18 % broad-leaved species, chiefly birch. The annual growth increment totals 68 million cubic metres and the total drain calculated on the basis of commercial fellings was 59 million cubic metres in 1989.

**Energy.** In 1989, gross consumption of primary energy amounted to 30 Mtoe, of which industry accounted for 46 %, heating for 21 %, transportation for 14 % and other purposes for 19 %. The sources of primary energy in 1988 were as follows: oil 31 %, coal 11 %, nuclear power 15 %, hydro-electric power, peat and other indigenous sources 29 %, others 14 %. Compared internationally (1988), Finland's consumption of 6.0 toe per capita was 1.8 times higher than the average in European OECD countries. The self-sufficiency rate (OECD definition, including nuclear power) in Finland was 42 %, as compared with 62 % in western Europe on average.

## FINANCE AND BANKING

**Currency.** Since 1865 Finland has had its own monetary system. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). Since Nov. 1, 1977 the external value of the markka has been officially expressed in terms of a trade-weighted currency index. As from Jan. 1, 1984 only convertible currencies have been included in the index. Since November 30, 1988, the index has been permitted to fluctuate within a range of 6 percentage points (previously 4.5). The range is defined by fluctuation limits which are set by the Government at the proposal of the Bank of Finland. Since March 17, 1989, the fluctuation limits have been 96.5 and 102.5 (1982 = 100), where the lower limit means the highest permissible value for the markka and the upper limit the lowest permissible value.

### International payments.

Though the use of the markka in foreign trade and as a eurocurrency has increased, most international payments are effected in other currencies. Finland adopted Article VIII status at the International Monetary Fund in 1979.

At the beginning of 1991 the remaining exchange controls were dismantled except for those concerning foreign borrowing by private individuals.

The foreign exchange operations of financial institutions are still controlled through the issue of licences. Authorized banks may freely engage in the full range of foreign exchange activities; financial institutions which have been granted a licence to engage in foreign exchange activity are entitled to carry on a limited range of foreign exchange activities. The purpose of the licensing requirement is merely to facilitate the monitoring of financial institutions' risks by the Bank of Finland.

With effect from January 1, 1991, trade and payments between Finland and the Soviet Union were put on a convertible currency basis and the special restrictions on payments to and from the Soviet Union were rescinded.

**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 of Management 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, open market operations, intervention in the foreign exchange market, determination of the external value of the currency within the fluctuation limits, direct lending and permits for international capital transactions. 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 12 branch offices in other towns.

### Other banks (Dec. 31, 1989).

Finland has four major groups of deposit banks with a total of more than 3 500 offices. There are two big commercial banks with national branch networks and eight smaller ones, four of which are foreign-owned. The commercial banks have a total of 33 foreign branches, subsidiaries and associate banks and 26 representative offices abroad. There are 178 savings banks and 360 cooperative banks with their own extensive branch networks. The government-owned Postipankki has 67 branches and also offers basic services in post offices. In addition, foreign banks have 9 representative offices in Finland.

**Financial markets.** Of the total stock of FIM 669 billion in outstanding domestic credit at the end of 1989, 65 % was provided by deposit banks, 3 % by private mortgage banks, 15 % by insurance companies, 5 % by other private credit institutions, 4 % by public financial institutions and 8 % 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, 71 % of the instruments, which totalled approximately FIM 150 billion at end-1989, 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 83 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 125 billion (at end-1989). Four foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1989 totalled FIM 105 billion; government bonds made up 28 % of the total. Turnover on the Stock Exchange in 1989 amounted to FIM 41 billion; the share of shares and subscription rights in the total was approximately 82 %.



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# 1. THE BALANCE SHEET OF THE BANK OF FINLAND

## 1.1 THE BALANCE SHEET OF THE BANK OF FINLAND, MILL. FIM

	1990		1991			
	April 30	Dec. 31	April 8	April 15	April 22	April 31
<b>ASSETS</b>						
<b>Gold and foreign currency claims</b>	34 060	37 307	35 442	35 563	35 798	34 960
Gold	2 180	2 180	2 180	2 180	2 180	2 180
Special drawing rights	779	791	996	997	1 009	945
IMF reserve tranche	899	783	840	841	1 063	1 065
Convertible currencies	30 075	33 478	31 356	31 476	31 479	30 704
Tied currencies	126	75	70	69	68	66
<b>Other foreign claims</b>	2 828	2 574	2 559	2 559	2 352	2 350
Markka subscription to Finland's IMF quota	2 129	2 198	2 169	2 169	1 959	1 959
Term credit	699	376	390	389	393	390
<b>Claims on financial institutions</b>	32 163	15 190	18 817	17 574	17 864	16 842
Call money credits	1 009	—	58	34	27	10
Certificates of deposit	24 818	9 411	7 324	6 946	2 621	3 577
Securities with repurchase commitments	—	—	5 673	4 849	9 471	7 616
Term credits	—	—	—	—	—	—
Till-money credits	3 770	3 427	3 535	3 535	3 535	3 429
Bonds	2 329	2 115	1 989	1 972	1 972	1 972
Other claims on financial institutions	238	238	238	238	238	238
<b>Claims on the public sector</b>	1 217	1 314	1 386	1 385	1 388	1 388
Bonds	8	0	0	0	0	0
Total coinage	1 209	1 314	1 386	1 385	1 388	1 388
<b>Claims on corporations</b>	2 022	1 678	1 557	1 562	1 554	1 543
Financing of exports	0	—	—	—	—	—
Financing of domestic deliveries (KTR)	1 521	1 223	1 118	1 112	1 105	1 094
Bonds: KTR credits	288	254	243	243	242	242
Bonds: Other	17	8	5	5	5	5
Other claims on corporations	195	193	192	202	202	202
<b>Other assets</b>	111	900	116	116	117	122
Accrued items	—	770	—	—	—	—
Other assets	111	131	116	116	117	122
<b>Total</b>	<b>72 401</b>	<b>58 964</b>	<b>59 877</b>	<b>58 758</b>	<b>59 073</b>	<b>57 205</b>
<b>LIABILITIES</b>						
<b>Foreign currency liabilities</b>	1 087	983	478	438	408	349
Convertible currencies	41	27	55	45	17	23
Tied currencies	1 046	957	424	393	391	326
<b>Other foreign liabilities</b>	2 868	2 938	2 935	2 936	2 734	2 736
IMF markka accounts	2 129	2 198	2 169	2 169	1 959	1 959
Allocations of special drawing rights	739	740	765	766	775	777
<b>Notes and coin in circulation</b>	13 762	14 555	13 365	13 215	13 063	13 244
Notes	12 661	13 399	12 215	12 068	11 916	12 092
Coin	1 101	1 156	1 150	1 147	1 147	1 152
<b>Certificates of deposit</b>	690	—	3 280	3 280	3 280	3 280
<b>Liabilities to financial institutions</b>	26 415	17 855	17 318	16 371	16 678	16 336
Call money deposits	154	418	1 577	630	936	451
Term deposits	—	—	—	—	—	—
Cash reserve deposits	26 069	17 401	15 740	15 740	15 740	15 845
Capital import deposits	150	—	—	—	—	—
Other liabilities to financial institutions	43	36	1	1	2	41
<b>Liabilities to the public sector</b>	6 950	1 321	1 320	1 320	1 320	3
Cheque accounts	0	1	0	—	—	—
Pension fund deposits	5 338	—	—	—	—	—
Counter-cyclical deposits	1 319	1 317	1 317	1 317	1 317	—
Export deposits	291	—	—	—	—	—
Other liabilities to the public sector	2	3	4	4	4	3
<b>Liabilities to corporations</b>	10 692	9 925	9 101	9 025	8 911	8 794
Deposits for investment and ship purchase	10 227	9 925	9 101	9 025	8 911	8 794
Capital import deposits	465	—	—	—	—	—
Other liabilities to corporations	—	—	—	—	—	—
<b>Other liabilities</b>	61	1 774	106	100	101	98
Accrued items	—	1 718	—	—	—	—
Other liabilities	61	56	106	100	101	98
<b>Valuation account and reserves</b>	3 711	3 448	6 209	6 310	6 814	6 599
<b>SITRA's capital</b>	400	400	—	—	—	—
<b>Capital accounts</b>	5 764	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764	764
Profit/loss for the accounting year	—	—	—	—	—	—
<b>Total</b>	<b>72 401</b>	<b>58 964</b>	<b>59 877</b>	<b>58 758</b>	<b>59 073</b>	<b>57 205</b>

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

MILL. FIM

End of period	Foreign sector									Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible reserves, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net liabilities (11-10)
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1986</b>	2 081	983	793	6 778	10 635	3 421	14 056	-838	13 218	1 002	2 001	999
<b>1987</b>	2 128	899	793	23 571	27 391	1 212	28 603	1 131	29 734	977	901	-76
<b>1988</b>	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	775
<b>1989</b>	2 179	966	950	18 780	22 875	-564	22 311	440	22 751	1 137	5 325	4 188
<b>1990</b>	2 180	791	783	33 451	37 205	-882	36 323	-364	35 959	1 314	1 321	7
<b>1990</b>												
<b>April</b>	2 180	779	899	30 034	33 892	-920	32 972	-40	32 932	1 217	6 950	5 733
<b>May</b>	2 180	796	902	30 875	34 753	-1 163	33 590	-39	33 551	1 229	7 205	5 976
<b>June</b>	2 180	778	865	30 550	34 373	-1 065	33 308	-40	33 268	1 285	7 205	5 920
<b>July</b>	2 180	771	858	31 272	35 081	-694	34 387	-43	34 344	1 266	6 635	5 369
<b>Aug.</b>	2 180	780	813	31 799	35 572	-684	34 888	-352	34 536	1 281	5 685	4 404
<b>Sept.</b>	2 180	790	823	32 386	36 179	-1 059	35 120	-358	34 762	1 358	4 925	3 567
<b>Oct.</b>	2 180	792	825	33 191	36 988	-1 022	35 966	-363	35 603	1 329	3 970	2 641
<b>Nov.</b>	2 180	783	774	34 015	37 753	-1 263	36 489	-357	36 132	1 322	1 832	510
<b>Dec.</b>	2 180	791	783	33 451	37 205	-882	36 323	-364	35 959	1 314	1 321	7
<b>1991</b>												
<b>Jan.</b>	2 180	1 027	881	34 295	38 383	-288	38 095	-362	37 733	1 339	1 321	- 18
<b>Feb.</b>	2 180	968	863	32 839	36 850	-526	36 324	-365	35 959	1 354	1 323	- 31
<b>March</b>	2 180	1 001	892	31 441	35 514	-397	35 117	-376	34 741	1 388	1 320	- 68
<b>April</b>	2 180	945	1 065	30 681	34 871	-260	34 611	-386	34 225	1 388	3	-1 385

End of period	Domestic financial sector						Corporate sector			Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	Term claims on deposit banks	Call money claims on deposit banks, net	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other liabilities to financial institutions, net	Net claims (13+14-15+16-17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19-20)		
	13	14	15	16	17	18	19	20	21	22	23
<b>1986</b>	2 381	6 687	9 270	2 305	-2 240	4 343	4 581	4 757	-176	8 668	
<b>1987</b>	—	-757	10 941	2 730	-2 350	-6 618	3 449	4 782	-1 333	9 990	4 970
<b>1988</b>	7 187	335	19 039	2 920	-3 733	-4 864	2 823	6 579	-3 756	11 550	1 130
<b>1989</b>	33 230	-531	25 506	3 310	-2 248	12 751	2 000	10 604	-8 604	13 129	—
<b>1990</b>	9 411	-418	17 401	3 427	-2 317	-2 664	1 477	9 724	-8 247	14 555	—
<b>1990</b>											
<b>April</b>	24 818	855	26 069	3 770	-2 374	5 748	1 809	10 480	-8 671	13 762	690
<b>May</b>	23 498	-1 008	22 855	3 627	-2 357	5 619	1 761	10 388	-8 627	13 501	630
<b>June</b>	22 911	-480	22 750	3 207	-2 310	5 198	1 706	10 226	-8 520	13 655	40
<b>July</b>	20 057	-485	22 679	3 752	-2 416	3 061	1 662	10 165	-8 503	13 592	40
<b>Aug.</b>	19 123	-787	21 999	3 196	-2 394	1 927	1 632	10 259	-8 627	13 314	40
<b>Sept.</b>	17 754	-527	21 395	3 186	-2 357	1 375	1 588	10 235	-8 647	13 418	—
<b>Oct.</b>	14 501	-236	20 877	3 695	-2 334	-583	1 548	9 902	-8 354	13 392	—
<b>Nov.</b>	12 709	-1 746	19 878	3 307	-2 324	-3 284	1 526	9 802	-8 276	13 467	—
<b>Dec.</b>	9 411	-418	17 401	3 427	-2 317	-2 664	1 477	9 724	-8 247	14 555	—
<b>1991</b>											
<b>Jan.</b>	6 948	-1 300	17 215	3 614	-2 262	-5 691	1 448	9 330	-7 882	13 397	640
<b>Feb.</b>	8 171	-1 601	15 682	3 926	-2 239	-2 947	1 419	9 226	-7 807	13 170	1 430
<b>March</b>	11 829	350	15 740	3 535	-2 234	2 208	1 374	8 974	-7 600	13 412	3 770
<b>April</b>	11 193	-441	15 845	3 429	-2 169	505	1 336	8 587	-7 251	13 244	3 280

## 2. THE BANK OF FINLAND'S MONEY MARKET OPERATIONS AND THE FORWARD MARKET

### 2.1 THE BANK OF FINLAND'S MONEY MARKET OPERATIONS AND THE CALL MONEY MARKET, MILL. FIM

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Impact on liquidity (1-2-3)	Call money credits	Call money deposits	Total net change (4+5-6)
	1	2	3	4	5	6	7
<b>1986</b>	.	.	.	.	1 599	-1 074	2 673
<b>1987</b>	1 263	23 658	-17 520	-4 875	-6 818	626	-12 319
<b>1988</b>	13 840	19 190	-16 850	11 500	463	-629	12 592
<b>1989</b>	131 110	3 855	99 245	28 010	-425	441	27 144
<b>1990</b>	163 326	26 379	160 797	-23 850	-38	-151	-23 737
<b>1990</b>							
<b>April</b>	16 470	150	17 452	-1 132	305	146	-973
<b>May</b>	15 510	1 610	15 130	-1 230	-998	865	-3 093
<b>June</b>	15 310	250	14 220	840	-8	-536	1 368
<b>July</b>	7 290	—	10 970	-3 680	7	12	-3 685
<b>Aug.</b>	10 230	20	11 440	-1 230	4	306	-1 532
<b>Sept.</b>	11 110	100	11 340	-330	0	-260	-70
<b>Oct.</b>	4 850	50	8 340	-3 540	1	-290	-3 249
<b>Nov.</b>	4 160	50	5 940	-1 830	-15	1 495	-3 340
<b>Dec.</b>	3 150	350	6 250	-3 450	—	-1 328	-2 122
<b>1991</b>							
<b>Jan.</b>	3 230	640	5 320	-2 730	—	882	-3 612
<b>Feb.</b>	3 810	1 760	2 480	-430	6	307	-731
<b>March</b>	9 600	1 790	4 360	3 450	756	-1 195	5 401
<b>April</b>	13 060	1 200	12 210	-350	-752	39	-1 141

## 2.2 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					
	Domestic companies		Net (1-2)	Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks				
	1	2	3	4	5	6
<b>1986</b>	11 446	1 319	10 127	-2 461	-92	7 574
<b>1987</b>	21 671	1 158	20 513	-233	-1 287	18 994
<b>1988</b>	16 488	1 543	14 946	9 086	-377	23 654
<b>1989</b>	10 531	3 563	6 967	8 031	205	15 204
<b>1990</b>	11 627	5 130	6 497	10 767	-6 098	11 166
<b>1990</b>						
<b>March</b>	10 328	3 418	6 910	14 739	-2 323	19 326
<b>April</b>	11 327	3 403	7 924	14 493	-5 546	16 871
<b>May</b>	12 591	3 029	9 562	15 073	-8 339	16 296
<b>June</b>	11 858	3 140	8 718	15 692	-8 229	16 181
<b>July</b>	11 694	3 567	8 126	16 094	-8 013	16 207
<b>Aug.</b>	11 504	3 659	7 845	14 059	-7 745	14 159
<b>Sept.</b>	12 407	3 978	8 429	13 037	-6 922	14 544
<b>Oct.</b>	12 136	4 829	7 307	12 719	-6 633	13 393
<b>Nov.</b>	12 305	5 369	6 936	12 561	-6 492	13 005
<b>Dec.</b>	11 627	5 130	6 497	10 767	-6 098	11 166
<b>1991</b>						
<b>Jan.</b>	13 227	6 873	6 354	9 809	-5 260	10 903
<b>Feb.</b>	12 553	8 017	4 536	10 099	-3 028	11 607
<b>March</b>	13 924	12 381	1 543	4 383	-2 593	3 333

## 2.3 BANKS' CENTRAL BANK POSITION, MILL. FIM

Average of daily observations	Call money credits	Bank CDs held by the Bank of Finland	Gross debt to the Bank of Finland (1+2)	Call money deposits	Holdings of CDs issued by the Bank of Finland	Cash reserve deposits	Gross claim on the Bank of Finland (4+5+6)	Net position (3-7)
	1	2	3	4	5	6	7	8
<b>1986</b>	7 117	120	7 237	1 256	.	9 189	10 445	-3 208
<b>1987</b>	481	1 581	2 062	703	4 705	10 092	15 501	-13 439
<b>1988</b>	128	2 190	2 319	621	5 044	15 159	20 824	-18 505
<b>1989</b>	373	15 146	15 519	403	465	23 035	23 903	-8 384
<b>1990</b>	142	24 056	24 198	790	1 924	23 406	26 120	-1 922
<b>1990</b>								
<b>April</b>	222	26 291	26 513	406	908	26 452	27 766	-1 254
<b>May</b>	175	26 112	26 287	700	654	25 965	27 319	-1 032
<b>June</b>	79	22 624	22 703	534	290	22 848	23 671	-969
<b>July</b>	3	21 435	21 438	542	40	22 748	23 330	-1 892
<b>Aug.</b>	35	19 648	19 683	615	40	22 657	23 312	-3 629
<b>Sept.</b>	18	18 165	18 184	584	17	21 939	22 539	-4 356
<b>Oct.</b>	14	15 893	15 906	974	-	21 378	22 352	-6 445
<b>Nov.</b>	167	13 511	13 678	327	-	20 843	21 170	-7 492
<b>Dec.</b>	188	10 310	10 499	698	-	18 981	19 679	-9 181
<b>1991</b>								
<b>Jan.</b>	36	7 764	7 800	816	546	17 395	18 757	-10 957
<b>Feb.</b>	128	7 368	7 496	420	1 260	17 160	18 840	-11 344
<b>March</b>	474	9 094	9 568	535	3 253	15 690	19 477	-9 909
<b>April</b>	49	12 235	12 284	999	3 288	15 743	20 030	-7 746

### 3. RATES OF INTEREST

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

Average of daily observations	inter-bank overnight rate	HELIBOR				Bank of Finland rates			Cash reserve requirement	
		1 month	3 months	6 months	12 months	Call money credit rate	Call money deposit rate	Base rate	Ordinary	Additional (average)
	1	2	3	4	5	6	7	8	9	10
<b>1986</b>	11.87	..	..	..	..	13.43	11.34	7.46	4.8	.
<b>1987</b>	9.16	9.90	10.02	10.14	10.40	11.71	7.78	7.00	4.8	.
<b>1988</b>	8.47	9.77	9.97	10.16	10.50	11.50	7.04	7.63	6.5	.
<b>1989</b>	10.21	12.32	12.53	12.61	12.72	13.40	4.00	7.67	8.0	0.5
<b>1990</b>	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50	7.9	.
<b>1990</b>										
<b>April</b>	8.86	13.16	13.94	14.33	14.70	15.00	4.00	8.50	8.0	.
<b>May</b>	9.47	12.25	12.77	13.17	13.74	15.00	4.00	8.50	8.0	.
<b>June</b>	8.22	12.07	12.52	13.17	13.79	15.00	4.00	8.50	8.0	.
<b>July</b>	8.23	11.69	12.45	13.01	13.63	15.00	4.00	8.50	8.0	.
<b>Aug.</b>	8.76	12.03	12.51	12.94	13.52	15.00	4.00	8.50	8.0	.
<b>Sept.</b>	9.62	12.59	13.09	13.46	13.93	15.00	4.00	8.50	8.0	.
<b>Oct.</b>	12.48	13.97	14.41	14.57	14.72	15.00	4.00	8.50	8.0	.
<b>Nov.</b>	15.19	14.48	14.53	14.40	14.38	15.00	4.00	8.50	7.8	.
<b>Dec.</b>	15.55	14.40	14.30	14.08	14.02	15.00	4.00	8.50	7.0	.
<b>1991</b>										
<b>Jan.</b>	15.10	14.55	14.21	13.96	13.78	15.00	4.00	8.50	6.7	.
<b>Feb.</b>	14.91	14.48	14.02	13.66	13.36	15.00	4.00	8.50	6.2	.
<b>March</b>	18.90	15.66	14.72	14.10	13.64	15.00	4.00	8.50	6.2	.
<b>April</b>	16.33	14.69	13.97	13.52	13.28	15.00	4.00	8.50	6.2	.

#### 3.2 WEIGHTED EURORATE (3 AND 12 CURRENCIES), PER CENT

Average of daily observations	3 currencies <sup>1</sup>				12 currencies <sup>2</sup>			
	1 month	3 months	6 months	12 months	1 month	3 months	6 months	12 months
	1	2	3	4	5	6	7	8
<b>1986</b>	5.9	5.9	5.9	5.8	..	..	..	..
<b>1987</b>	5.4	5.6	5.7	5.8	7.9	8.0	8.1	8.2
<b>1988</b>	5.9	6.0	6.2	6.4	7.8	8.0	8.1	8.3
<b>1989</b>	8.3	8.4	8.5	8.5	9.7	9.8	9.9	9.9
<b>1990</b>	8.9	9.1	9.2	9.4	10.8	10.9	11.1	11.2
<b>1990</b>								
<b>April</b>	8.8	9.1	9.3	9.7	10.9	11.1	11.3	11.6
<b>May</b>	8.8	9.0	9.2	9.5	10.6	10.7	10.9	11.2
<b>June</b>	8.8	8.9	9.1	9.4	10.5	10.6	10.8	11.0
<b>July</b>	8.9	8.9	9.1	9.2	10.4	10.6	10.7	10.9
<b>Aug.</b>	8.9	9.0	9.2	9.3	10.5	10.7	10.9	11.1
<b>Sept.</b>	8.9	9.0	9.2	9.4	10.5	10.8	11.0	11.2
<b>Oct.</b>	8.8	9.0	9.1	9.2	10.8	10.9	10.9	11.1
<b>Nov.</b>	8.9	9.2	9.2	9.2	11.0	11.1	11.0	11.0
<b>Dec.</b>	9.5	9.4	9.3	9.2	11.2	11.2	11.1	11.0
<b>1991</b>								
<b>Jan.</b>	9.0	9.2	9.3	9.3	10.9	11.0	10.9	10.9
<b>Feb.</b>	8.8	8.8	8.7	8.8	10.4	10.4	10.3	10.3
<b>March</b>	8.7	8.7	8.7	8.8	10.3	10.2	10.1	10.1
<b>April</b>	8.5	8.6	8.7	8.8	10.1	10.1	10.1	10.1

#### 3.3 COVERED EURO-DOLLAR RATE, PER CENT

Average of daily observations	1 month	3 months	6 months	12 months
	1	2	3	4
<b>1986</b>	12.0	11.6	11.5	11.1
<b>1987</b>	9.8	9.9	9.9	10.1
<b>1988</b>	9.5	9.7	9.9	10.2
<b>1989</b>	11.8	12.0	12.1	12.1
<b>1990</b>	13.2	13.7	13.9	14.1
<b>1990</b>				
<b>April</b>	12.7	13.6	13.9	14.4
<b>May</b>	12.1	12.8	13.2	13.8
<b>June</b>	11.8	12.5	13.0	13.6
<b>July</b>	11.5	12.3	12.9	13.5
<b>Aug.</b>	11.9	12.4	12.8	13.4
<b>Sept.</b>	12.4	13.1	13.3	13.7
<b>Oct.</b>	13.8	14.3	14.4	14.5
<b>Nov.</b>	14.3	14.4	14.2	14.1
<b>Dec.</b>	14.1	14.0	13.8	13.7
<b>1991</b>				
<b>Jan.</b>	14.1	14.1	13.7	13.6
<b>Feb.</b>	14.2	13.9	13.4	13.1
<b>March</b>	15.3	14.5	13.8	13.3
<b>April</b>	14.6	13.9	13.3	13.1

<sup>1</sup> DEM 60 per cent, USD 30 per cent, GBP 10 per cent.

<sup>2</sup> Weighted according to their relative shares in the Bank of Finland currency index. Since March 1989, the index has consisted of 14 currencies.



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

Average for period	Lending					Markka deposits and other markka funding					
	New credits			Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits <sup>1</sup>	Other tax-exempt deposits, max. rate of interest <sup>1</sup>	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markka funding	
	Cheque account and post-off giro credits	Bills of exchange	Loans								New lending, total
	1	2	3	4	5	6	7	8	9	10	11
<b>1986</b>	10.89	12.30	9.76	10.64	9.03	9.07	7.00	2.75	4.66	11.84	5.35
<b>1987</b>	10.50	12.31	10.01	10.62	8.99	8.91	7.00	2.75	4.47	10.13	5.29
<b>1988</b>	10.22	12.27	10.50	10.72	9.88	9.74	8.00	3.75	5.24	9.80	6.20
<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>1990</b>											
<b>March</b>	14.71	15.64	12.99	13.84	11.94	11.76	7.50	4.50	6.52	14.52	8.53
<b>April</b>	11.92	15.56	13.29	13.61	11.77	11.53	7.50	4.50	6.49	14.05	8.66
<b>May</b>	12.86	15.40	13.17	13.61	11.71	11.44	7.50	4.50	6.40	13.60	8.50
<b>June</b>	13.25	15.36	13.19	13.73	11.66	11.41	7.50	4.50	6.34	13.01	8.26
<b>July</b>	12.73	15.43	13.35	13.84	11.60	11.30	7.50	4.50	6.39	12.94	8.22
<b>Aug.</b>	11.33	15.39	13.24	13.46	11.63	11.34	7.50	4.50	6.42	12.78	8.22
<b>Sept.</b>	12.05	15.51	13.50	13.73	11.70	11.39	7.50	4.50	6.44	12.82	8.28
<b>Oct.</b>	14.78	15.86	13.71	14.36	11.91	11.69	7.50	4.50	6.48	12.92	8.32
<b>Nov.</b>	14.38	15.99	14.11	14.57	12.02	11.79	7.50	4.50	6.52	13.60	8.53
<b>Dec.</b>	14.47	15.94	13.29	13.94	12.14	11.94	7.50	4.50	6.30	13.84	8.31
<b>1991</b>											
<b>Jan.</b>	15.00	16.40	13.39	14.11	12.18	11.97	7.50	4.50	7.20	13.91	9.04
<b>Feb.</b>	15.45	16.36	14.01	14.69	12.18	11.96	7.50	4.50	7.23	13.83	9.06
<b>March</b>	14.99	16.45	14.44	14.91	12.31	12.16	7.50	4.50	7.29	15.07	9.62

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

### 3.5 YIELDS ON BONDS AND DEBENTURES, PER CENT

Period	Secondary market yields							Offer yield on taxable public issues
	Reference rates calculated by the Bank of Finland		Taxable government bonds	Taxable public issues	Issued by:		Taxfree public issues	
	3 years	5 years			Financial institutions	Corporations		
	1	2	3	4	5	6	7	8
<b>1986</b>	..	..	.	11.7	..	..	8.3	11.3
<b>1987</b>	..	..	.	11.2	11.1	11.2	8.1	10.7
<b>1988</b>	10.7	10.8	10.6	10.6	10.6	10.6	7.8	10.4
<b>1989</b>	12.2	12.0	12.1	11.9	12.0	12.0	8.1	11.7
<b>1990</b>	13.7	13.5	13.2	13.3	13.3	13.2	9.2	13.0
<b>1990</b>								
<b>March</b>	13.8	13.4	13.2	13.2	13.3	13.1	8.6	13.0
<b>April</b>	13.8	13.5	13.4	13.3	13.5	13.1	8.7	12.7
<b>May</b>	13.8	13.7	13.1	13.5	13.6	13.5	8.8	13.3
<b>June</b>	13.8	13.7	13.4	13.3	13.3	13.6	8.7	13.1
<b>July</b>	13.8	13.7	13.4	13.3	13.5	13.1	9.0	13.2
<b>Aug.</b>	13.7	13.7	13.4	13.3	13.5	13.1	9.1	13.1
<b>Sept.</b>	13.7	13.6	13.5	13.3	13.4	13.1	9.2	13.0
<b>Oct.</b>	14.0	13.9	13.7	13.7	13.5	14.0	9.5	13.5
<b>Nov.</b>	13.9	13.8	13.7	13.4	13.3	13.5	10.0	13.6
<b>Dec.</b>	13.5	13.4	13.3	13.2	13.2	12.9	10.7	13.3
<b>1991</b>								
<b>Jan.</b>	13.2	13.2	13.0	13.4	13.3	13.2	10.6	13.1
<b>Feb.</b>	13.0	13.0	12.6	13.3	13.4	13.4	10.6	12.7
<b>March</b>	13.0	12.9	12.5	13.2	13.1	13.8	10.4	12.4

## 4. RATES OF EXCHANGE

### 4.1 AVERAGE SPOT SELLING RATES, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oslo	Copenhagen	Frankfurt a.M.	Amsterdam	Brussels	Zurich
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEF	1 CHF
	1	2	3	4	5	6	7	8	9	10	11
<b>1986</b>	5.077	3.659	7.459	6.816	0.7138	0.6882	0.6290	2.3454	2.0789	0.11399	2.8349
<b>1987</b>	4.404	3.325	7.213	6.556	0.6952	0.6547	0.6444	2.4514	2.1755	0.11806	2.9563
<b>1988</b>	4.191	3.412	7.466	6.397	0.6848	0.6444	0.6235	2.3895	2.1233	0.11421	2.8700
<b>1989</b>	4.295	3.632	7.051	6.104	0.6673	0.6234	0.5886	2.2879	2.0281	0.10925	2.6306
<b>1990</b>	3.831	3.287	6.827	6.347	0.6479	0.6130	0.6197	2.3721	2.1053	0.11480	2.7635
<b>1990</b>											
<b>April</b>	4.000	3.439	6.557	6.362	0.6546	0.6117	0.6217	2.3704	2.1060	0.11472	2.6899
<b>May</b>	3.931	3.351	6.612	6.351	0.6503	0.6111	0.6213	2.3666	2.1041	0.11469	2.7738
<b>June</b>	3.966	3.385	6.780	6.318	0.6516	0.6133	0.6186	2.3540	2.0913	0.11461	2.7822
<b>July</b>	3.848	3.328	6.959	6.300	0.6473	0.6112	0.6166	2.3463	2.0824	0.11404	2.7628
<b>Aug.</b>	3.710	3.245	7.061	6.346	0.6431	0.6106	0.6182	2.3628	2.0973	0.11495	2.8338
<b>Sept.</b>	3.715	3.212	6.993	6.358	0.6451	0.6125	0.6200	2.3667	2.1000	0.11514	2.8450
<b>Oct.</b>	3.627	3.133	7.060	6.386	0.6434	0.6135	0.6235	2.3785	2.1100	0.11559	2.8302
<b>Nov.</b>	3.569	3.072	7.015	6.433	0.6420	0.6155	0.6264	2.4006	2.1285	0.11645	2.8394
<b>Dec.</b>	3.611	3.117	6.974	6.449	0.6438	0.6177	0.6284	2.4197	2.1451	0.11699	2.8293
<b>1991</b>											
<b>Jan.</b>	3.650	3.162	7.064	6.457	0.6481	0.6188	0.6281	2.4171	2.1440	0.11737	2.8693
<b>Feb.</b>	3.597	3.119	7.082	6.478	0.6508	0.6224	0.6324	2.4324	2.1583	0.11821	2.8434
<b>March</b>	3.835	3.319	7.035	6.398	0.6535	0.6152	0.6248	2.3990	2.1284	0.11651	2.7770
<b>April</b>	4.001	3.473	7.007	6.292	0.6547	0.6051	0.6141	2.3506	2.0858	0.11431	2.7796

Average of daily quotations	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Tokyo	Moscow	Melbourne	ECU	SDR
	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 JPY	1 SUR	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22
<b>1986</b>	0.7355	0.00343	0.3339	0.0343	0.1259	0.0364	0.03028	7.228	..	..	5.94432
<b>1987</b>	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	0.03050	6.965	3.106	5.075	5.68010
<b>1988</b>	0.7060	0.00324	0.3401	0.0294	0.1006	0.0361	0.03273	6.891	3.309	4.954	5.61826
<b>1989</b>	0.6757	0.00315	0.3254	0.0276	0.0782	0.0364	0.03122	6.817	3.423	4.731	5.49375
<b>1990</b>	0.7054	0.00321	0.3374	0.0271	0.0681	0.0377	0.02654	6.553	3.011	4.875	5.18345
<b>1990</b>											
<b>April</b>	0.7072	0.00324	0.3372	0.0270	0.0680	0.0375	0.02528	6.582	3.075	4.847	5.19392
<b>May</b>	0.7044	0.00323	0.3366	0.0270	0.0679	0.0380	0.02562	6.575	3.017	4.849	5.17416
<b>June</b>	0.7011	0.00322	0.3348	0.0271	0.0683	0.0382	0.02582	6.620	3.105	4.850	5.20247
<b>July</b>	0.7009	0.00322	0.3338	0.0270	0.0680	0.0384	0.02581	6.549	3.068	4.856	5.16136
<b>Aug.</b>	0.7057	0.00322	0.3361	0.0270	0.0677	0.0384	0.02519	6.480	3.020	4.899	5.09787
<b>Sept.</b>	0.7081	0.00318	0.3367	0.0270	0.0680	0.0378	0.02681	6.523	3.083	4.898	5.15451
<b>Oct.</b>	0.7117	0.00319	0.3384	0.0272	0.0681	0.0380	0.02794	6.500	2.933	4.919	5.16932
<b>Nov.</b>	0.7146	0.00321	0.3416	0.0275	0.0680	0.0381	0.02770	6.465	2.782	4.949	5.14440
<b>Dec.</b>	0.7142	0.00322	0.3443	0.0276	0.0681	0.0381	0.02706	6.504	2.799	4.963	5.14894
<b>1991</b>											
<b>Jan.</b>	0.7131	0.00323	0.3438	0.0274	0.0685	0.0385	0.02729	6.553	2.863	4.981	5.18185
<b>Feb.</b>	0.7162	0.00325	0.3461	0.0279	0.0686	0.0390	0.02761	..	2.840	5.002	5.17020
<b>March</b>	0.7063	0.00323	0.3412	0.0278	0.0691	0.0387	0.02802	..	2.980	4.927	5.29584
<b>April</b>	0.6969	0.00318	0.3342	0.0273	0.0692	0.0382	0.02921	..	3.138	4.844	5.39487

## 4.2 CURRENCY INDICES, 1982=100

Average of daily observations	Bank of Finland currency index	Other currency indices		Currency	Weights of the Bank of Finland currency index As from March 21, 1991
		Payments currency index	MERM index		
	1	2	3		4
<b>1986</b>	103.9	106.3	110.4	<b>USD</b>	8.6
<b>1987</b>	103.3	103.2	106.1	<b>GBP</b>	12.6
<b>1988</b>	102.0	101.1	104.7	<b>SEK</b>	18.7
<b>1989</b>	98.4	98.4	102.8	<b>NOK</b>	4.0
<b>1990</b>	97.3	96.1	97.3	<b>DKK</b>	4.5
				<b>DEM<sup>1</sup></b>	19.4
<b>1990</b>				<b>NLG</b>	5.0
<b>April</b>	97.0	96.7	98.0	<b>BEF</b>	3.3
<b>May</b>	96.9	96.3	97.5	<b>CHF</b>	2.4
<b>June</b>	97.2	96.7	97.9	<b>FRF</b>	6.9
<b>July</b>	97.1	96.0	96.9	<b>ITL</b>	5.2
<b>Aug.</b>	97.0	95.5	95.7	<b>ATS</b>	1.6
<b>Sept.</b>	97.3	95.6	96.6	<b>ESP</b>	2.1
<b>Oct.</b>	97.7	95.4	96.6	<b>JPY</b>	5.7
<b>Nov.</b>	97.7	95.3	96.2		
<b>Dec.</b>	97.9	95.7	96.4		
<b>1991</b>					
<b>Jan.</b>	98.4	96.3	97.0		
<b>Feb.</b>	98.8	96.3	97.0		
<b>March</b>	98.7	97.2	98.8		
<b>April</b>	98.4	97.4	100.2		

<sup>1</sup> In the calculation of the weight for the Deutsche Mark, trade between Finland and unified Germany has been taken into consideration from the last quarter of 1990 onwards.

## 5. OTHER DOMESTIC FINANCING

### 5.1 BANK DEPOSITS BY THE PUBLIC, MILL. FIM

End of period	Demand deposits	Time deposits	Investment accounts	Markka deposits, total (1+2+3)	Foreign currency deposits	Unregulated deposits	Total deposits (4+5+6)
	1	2	3	4	5	6	7
<b>1986</b>	18 393	137 521	3 423	159 337	4 259	17 271	180 866
<b>1987</b>	20 377	155 115	5 243	180 735	3 915	17 892	202 542
<b>1988*</b>	24 831	194 181	5 089	224 102	4 561	41 028	269 690
<b>1989*</b>	28 503	201 392	10 176	240 071	7 133	75 522	322 725
<b>1990*</b>	30 369	207 586	14 103	252 058	6 787	57 732	316 578
<b>1990*</b>							
<b>Jan.</b>	32 618	199 773	10 692	243 084	10 487	82 920	336 492
<b>Feb.</b>	33 833	201 002	10 645	245 480	10 439	S	S
<b>March</b>	29 236	205 151	10 687	245 073	9 300	73 595	327 968
<b>April</b>	29 354	205 732	11 005	246 091	7 571	72 984	326 646
<b>May</b>	29 857	205 719	11 293	246 869	8 793	73 082	328 744
<b>June</b>	30 140	208 628	11 214	249 982	8 435	71 385	329 803
<b>July</b>	29 209	207 022	11 440	247 671	8 356	69 537	325 564
<b>Aug.</b>	27 561	206 562	11 729	245 852	7 373	70 060	323 285
<b>Sept.</b>	26 962	206 521	12 119	245 603	7 217	71 367	324 187
<b>Oct.</b>	28 016	204 589	12 731	245 336	8 027	69 496	322 859
<b>Nov.</b>	27 816	203 494	13 518	244 828	7 885	69 584	322 297
<b>Dec.</b>	30 369	207 586	14 103	252 058	6 787	57 732	316 578
<b>1991*</b>							
<b>Jan.</b>	27 360	190 243	30 771	248 374	7 318	60 707	316 399

### 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>1986</b>	7 542	6 354	152 335	166 231	24 450	190 681
<b>1987</b>	8 507	5 177	178 698	192 382	36 475	228 857
<b>1988*</b>	11 358	5 920	234 268	251 545	49 910	301 455
<b>1989*</b>	15 270	5 651	255 410	276 331	71 323	347 654
<b>1990*</b>	19 152	5 777	260 790	285 720	102 595	388 314
<b>1990*</b>						
<b>Jan.</b>	17 098	5 545	257 211	279 853	79 984	359 837
<b>Feb.</b>	17 489	5 528	257 444	280 460	78 896	359 357
<b>March</b>	16 766	5 629	256 786	279 181	82 101	361 282
<b>April</b>	17 095	5 666	255 254	278 014	85 607	363 621
<b>May</b>	17 429	5 809	252 263	275 501	90 326	365 827
<b>June</b>	17 659	5 887	258 422	281 968	93 398	375 366
<b>July</b>	17 458	5 842	258 684	281 984	94 753	376 737
<b>Aug.</b>	18 440	5 886	260 023	284 349	96 478	380 827
<b>Sept.</b>	19 260	5 863	263 147	288 270	98 093	386 363
<b>Oct.</b>	16 655	5 735	262 920	285 310	98 118	383 428
<b>Nov.</b>	19 156	5 724	262 268	287 148	100 547	387 695
<b>Dec.</b>	19 152	5 777	260 790	285 720	102 595	388 314
<b>1991*</b>						
<b>Jan.</b>	18 897	5 549	259 464	283 910	104 010	387 920

### 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>1986</b>	-16 784	-13 884	237 514	223 630	-37 751	96 874	169 095	170 076
<b>1987</b>	-25 484	-14 977	277 068	262 090	-45 769	105 829	190 837	206 175
<b>1988</b>	-40 670	-15 356	353 681	338 325	-63 387	111 259	234 268	256 947
<b>1989*</b>	-59 049	-18 868	407 433	388 565	-77 997	124 295	251 519	272 603
<b>1990*</b>	-82 881	-19 162	448 864	429 702	-80 439	141 524	266 383	291 045
<b>1990*</b>								
<b>Jan.</b>	-55 383	-16 776	420 643	403 866	-86 645	132 626	261 839	288 245
<b>Feb.</b>	-55 962	-18 534	421 808	403 274	-81 927	135 906	265 385	295 331
<b>March</b>	-62 202	-19 004	424 958	405 954	-85 956	127 499	257 796	289 726
<b>April</b>	-66 857	-16 136	426 742	410 606	-86 245	126 520	257 504	289 429
<b>May</b>	-66 737	-15 311	431 336	416 026	-90 636	126 524	258 653	291 815
<b>June</b>	-69 256	-15 410	435 821	420 412	-89 111	130 169	262 044	293 491
<b>July</b>	-68 930	-17 378	437 063	419 685	-91 585	127 416	259 171	291 732
<b>Aug.</b>	-71 996	-17 092	440 238	423 146	-93 279	126 332	257 870	291 948
<b>Sept.</b>	-75 962	-16 321	448 600	432 279	-98 417	128 399	257 900	293 609
<b>Oct.</b>	-76 332	-15 619	448 359	432 739	-98 971	127 713	257 436	291 707
<b>Nov.</b>	-80 013	-16 454	451 262	434 807	-97 051	128 127	257 744	291 414
<b>Dec.</b>	-82 881	-19 162	448 864	429 702	-80 439	141 524	266 383	291 045
<b>1991*</b>								
<b>Jan.</b>	-83 269	-15 304	452 783	437 479	-93 584	122 453	260 626	289 385

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

End of period	Foreign debt			Domestic debt				Total central government debt (4+8)	Out-standing lending	Cash funds	
	Bonds	Other bonds and debentures	Long-term promissory notes	Total (1+2+3)	Public bonds	Other long-term liabilities	Treasury notes and bills				Total (5+6+7)
	1	2	3	4	5	6	7	8	9	10	11
<b>1986</b>	17 905	3 038	6 038	26 981	18 059	4 481	2 474	25 013	51 994	38 028	11 686
<b>1987</b>	20 407	2 697	5 576	28 680	22 121	4 692	3 018	29 831	58 511	40 035	11 553
<b>1988</b>	20 202	1 804	4 273	26 279	24 243	5 272	2 290	31 805	58 084	42 990	15 858
<b>1989</b>	18 505	852	3 429	22 786	24 126	5 750	250	30 126	52 912	45 356	21 248
<b>1990</b>	20 917	732	3 144	24 793	23 982	8 263	—	32 245	57 038	..	23 114
<b>1990</b>											
<b>March</b>	18 310	663	3 155	22 128	22 403	5 723	—	28 126	50 254	46 432	22 657
<b>April</b>	17 508	666	3 143	21 317	22 136	5 360	—	27 496	48 813	46 853	18 457
<b>May</b>	17 501	503	3 122	21 126	21 734	5 185	—	26 919	48 045	47 206	17 268
<b>June</b>	17 537	502	3 061	21 100	21 827	5 182	—	27 009	48 109	47 558	16 764
<b>July</b>	18 482	499	3 185	22 166	22 061	5 182	—	27 243	49 409	48 006	19 082
<b>Aug.</b>	18 515	501	3 180	22 196	21 978	5 182	120	27 280	49 476	48 222	18 948
<b>Sept.</b>	18 590	502	3 190	22 282	22 126	5 182	300	27 608	49 890	48 158	18 903
<b>Oct.</b>	19 325	330	3 181	22 836	22 404	5 182	—	27 586	50 422	48 689	18 034
<b>Nov.</b>	19 832	330	3 183	23 345	23 363	5 182	—	28 545	51 890	48 725	19 035
<b>Dec.</b>	20 917	732	3 144	24 793	23 982	8 263	—	32 245	57 038	..	23 114
<b>1991</b>											
<b>Jan.</b>	21 876	1 290	2 978	26 144	23 483	8 261	285	32 029	58 173	..	..
<b>Feb.</b>	21 486	1 697	2 941	26 124	24 102	8 261	825	33 188	59 312	..	..
<b>March</b>	25 405	1 736	2 910	30 051	24 769	8 256	925	33 950	64 001	..	..

## 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>1986</b>	4 976	10 638	6 532	422	105	5 987	7 487	9 199	22 674
<b>1987</b>	4 477	9 510	8 119	206	69	9 409	8 830	4 142	22 380
<b>1988</b>	3 027	8 418	6 889	268	61	7 861	6 522	4 280	18 663
<b>1989</b>	4 204	11 022	5 717	233	13	11 146	2 997	7 046	21 189
<b>1990*</b>	4 640	18 448	4 420	490	1 007	17 791	607	10 607	29 004
<b>1990*</b>									
<b>March</b>	602	2 242	—	—	—	980	—	1 864	2 844
<b>April</b>	162	730	—	—	—	620	—	272	892
<b>May</b>	350	481	1 373	340	157	2 170	—	531	2 701
<b>June</b>	273	1 436	—	—	500	1 140	—	1 069	2 209
<b>July</b>	200	550	—	—	150	570	—	330	900
<b>Aug.</b>	431	1 804	270	—	200	2 234	—	471	2 705
<b>Sept.</b>	44	1 810	150	—	—	1 645	250	109	2 004
<b>Oct.</b>	842	485	2 312	—	—	2 772	—	867	3 639
<b>Nov.</b>	64	1 215	165	—	—	435	—	1 009	1 444
<b>Dec.</b>	836	3 990	150	150	—	3 140	—	1 986	5 126
<b>1991*</b>									
<b>Jan.</b>	1 054	3 645	2 000	—	—	4 943	—	1 756	6 699
<b>Feb.</b>	352	900	—	—	—	850	—	402	1 252
<b>March</b>	271	1 885	500	29	—	2 137	—	548	2 685

### 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>1986</b>	14 075	31 902	22 091	1 042	177	16 432	23 314	29 541	69 287
<b>1987</b>	17 509	36 773	26 518	1 200	232	24 831	28 229	29 172	82 232
<b>1988</b>	19 195	42 892	28 953	1 413	292	32 028	30 054	30 663	92 745
<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>1989*</b>									
<b>IV</b>	21 463	50 216	29 381	1 555	290	41 162	27 742	34 001	102 906
<b>1990*</b>									
<b>I</b>	22 820	53 691	27 774	1 531	296	42 697	25 730	37 685	106 112
<b>II</b>	22 072	53 719	27 433	1 803	954	43 651	24 544	37 786	105 981
<b>III</b>	22 386	56 266	26 997	1 691	1 303	47 058	23 623	37 962	108 643
<b>IV</b>	23 522	59 756	28 812	1 756	1 298	52 273	22 970	39 902	115 145

## 5.6 HELSINKI STOCK EXCHANGE

Average of daily observations	Share prices									Turnover <sup>2</sup> , mill. FIM					
	HEX index (Dec. 28, 1990 = 1000)									Unitas index <sup>1</sup> , 1975 = 100			Shares and subscription rights	Bonds and debentures	Total
	All-share index	By ownership		By industry						All-share index	Banks	Industry			
		Re-restricted	Non-restricted	Banks and finance	Insurance and investment	Manufacturing	Of which								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>1986</b>	..	..	..	..	..	..	..	..	..	350	254	357	9 488	6 479	15 968
<b>1987</b>	1 284	1 264	1 385	1 449	1 054	1 285	1 421	1 342	1 369	546	319	603	26 641	4 604	31 245
<b>1988</b>	1 692	1 727	1 473	1 825	1 371	1 705	1 591	1 629	2 013	677	404	734	31 734	5 718	37 452
<b>1989</b>	1 827	1 850	1 689	1 958	1 528	1 818	1 728	1 748	2 061	742	441	793	33 160	7 375	40 536
<b>1990</b>	1 332	1 324	1 395	1 263	1 185	1 376	1 436	1 282	1 474	536	283	595	15 521	4 550	20 071
<b>1990</b>															
<b>April</b>	1 465	1 455	1 554	1 366	1 271	1 525	1 639	1 370	1 632	594	314	660	850	250	1 100
<b>May</b>	1 413	1 396	1 541	1 348	1 254	1 452	1 523	1 314	1 581	572	308	632	1 199	632	1 876
<b>June</b>	1 404	1 388	1 527	1 341	1 237	1 449	1 521	1 314	1 578	567	306	628	804	341	1 101
<b>July</b>	1 326	1 308	1 468	1 283	1 167	1 380	1 387	1 289	1 511	538	291	598	468	216	684
<b>Aug.</b>	1 313	1 308	1 358	1 238	1 161	1 372	1 385	1 306	1 487	532	280	594	870	145	1 015
<b>Sept.</b>	1 162	1 160	1 180	1 073	1 086	1 196	1 211	1 170	1 252	468	241	520	544	172	716
<b>Oct.</b>	1 042	1 043	1 032	1 037	988	1 043	1 090	1 023	1 049	417	233	455	680	427	1 107
<b>Nov.</b>	1 026	1 025	1 033	1 030	958	1 031	1 060	1 034	1 025	410	230	449	1 727	233	1 960
<b>Dec.</b>	1 012	1 009	1 030	1 003	977	1 019	1 018	1 025	1 031	404	223	444	1 058	810	1 869
<b>1991</b>															
<b>Jan.</b>	910	905	945	929	908	901	951	928	872	357	203	387	498	310	808
<b>Feb.</b>	951	940	1 025	959	930	955	1 032	1 028	941	377	210	412	535	204	739
<b>March</b>	1 092	1 077	1 198	1 075	971	1 135	1 235	1 241	1 150	.	.	.	953	281	1 094
<b>April</b>	1 138	1 123	1 243	1 060	993	1 210	1 279	1 263	1 273	.	.	.	607	233	724

<sup>1</sup> The calculation of the Unitas index was discontinued as from March 1991.

<sup>2</sup> During period.

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

### 6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, f.o.b.	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income <sup>1</sup>	Transfers and other income	Current account receipts (6+7+8)	Imports of goods, c.i.f.	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1986</b>	81 066	5 757	3 195	5 616	14 568	95 634	4 510	3 609	103 752	76 736	2 160	5 587	5 415
<b>1987</b>	83 826	6 370	3 736	6 099	16 204	100 030	5 075	3 231	108 336	81 867	2 610	6 811	6 488
<b>1988</b>	91 313	7 026	4 280	6 132	17 438	108 750	7 836	4 415	121 002	91 232	3 338	7 907	7 390
<b>1989*</b>	98 265	7 662	4 497	6 277	18 436	116 701	10 646	3 652	130 999	104 400	3 869	8 969	8 759
<b>1990*</b>	99 800	8 450	5 000	6 250	19 700	119 500	13 900	3 500	136 900	101 900	4 300	11 200	9 400
<b>1988</b>													
<b>III</b>	21 621	1 880	1 486	1 264	4 631	26 251	1 978	1 133	29 363	23 767	943	2 210	1 789
<b>IV</b>	26 608	1 771	977	1 905	4 653	31 261	2 105	1 080	34 446	24 597	944	1 951	1 860
<b>1989*</b>													
<b>I</b>	24 944	1 853	869	1 322	4 044	28 988	2 057	851	31 896	24 292	820	1 922	2 170
<b>II</b>	23 370	1 948	1 078	1 376	4 401	27 771	2 793	930	31 494	24 762	947	2 170	2 234
<b>III</b>	22 534	1 982	1 421	1 466	4 869	27 403	2 476	927	30 806	25 637	1 022	2 431	2 070
<b>IV</b>	27 418	1 879	1 129	2 114	5 122	32 540	3 320	944	36 803	29 708	1 080	2 446	2 285
<b>1990*</b>													
<b>I</b>	24 418	2 053	806	1 530	4 389	28 807	3 056	805	32 667	24 697	968	2 461	2 288
<b>II</b>	26 480	2 142	1 145	1 305	4 591	31 072	3 332	952	35 356	27 572	1 060	2 697	2 292
<b>III</b>	22 904	2 195	1 835	1 555	5 585	28 489	3 169	914	32 572	22 848	1 108	3 038	2 150
<b>IV</b>	25 998	2 059	1 214	1 861	5 134	31 133	4 344	829	36 306	26 783	1 164	3 004	2 670

During period	Services expenditure, total and (11+12+13)	Imports of goods and services (10+14)	Investment expenditure <sup>1</sup>	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 and (20+21+22)	Goods and services account net (19+23)(7-16)	Investment income, others, net (8-17)	Transfers and current account net (24+25+26)=	
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
<b>1986</b>	13 162	89 898	11 719	5 964	107 580	4 329	3 597	-2 392	201	1 406	5 735	-7 209	-2 355	-3 828
<b>1987</b>	15 909	97 775	12 617	5 860	116 251	1 960	3 760	-3 075	-390	296	2 255	-7 542	-2 629	-7 915
<b>1988</b>	18 634	109 866	15 769	6 975	132 610	80	3 689	-3 627	-1 258	-1 196	-1 116	-7 933	-2 560	-11 608
<b>1989*</b>	21 596	125 996	21 099	7 561	154 656	-6 134	3 793	-4 471	-2 482	-3 160	-9 294	-10 453	-3 910	-23 657
<b>1990*</b>	24 900	126 800	27 100	8 500	162 400	-2 100	4 150	-6 200	-3 150	-5 200	-7 300	-13 200	-5 000	-25 500
<b>1988</b>														
<b>III</b>	4 942	28 709	3 511	1 558	33 778	-2 146	937	-723	-525	-311	-2 457	-1 533	-424	-4 415
<b>IV</b>	4 756	29 353	4 514	1 888	35 754	2 010	827	-975	45	-102	1 908	-2 409	-808	-1 308
<b>1989*</b>														
<b>I</b>	4 911	29 203	4 169	2 120	35 492	652	1 034	-1 053	-848	-867	-215	-2 112	-1 269	-3 596
<b>II</b>	5 351	30 114	5 691	1 884	37 689	-1 393	1 001	-1 092	-858	-950	-2 343	-2 898	-954	-6 195
<b>III</b>	5 522	31 160	5 137	1 730	38 027	-3 103	960	-1 010	-604	-654	-3 757	-2 661	-804	-7 221
<b>IV</b>	5 811	35 519	6 102	1 827	43 448	-2 291	799	-1 316	-171	-689	-2 980	-2 782	-883	-6 645
<b>1990*</b>														
<b>I</b>	5 717	30 414	5 895	1 926	38 235	-279	1 085	-1 655	-759	-1 328	-1 607	-2 839	-1 121	-5 568
<b>II</b>	6 049	33 621	6 974	2 202	42 797	-1 092	1 082	-1 553	-987	-1 458	-2 550	-3 642	-1 250	-7 442
<b>III</b>	6 295	29 144	6 496	2 140	37 780	55	1 088	-1 203	-595	-710	-655	-3 327	-1 226	-5 209
<b>IV</b>	6 838	33 621	7 735	2 231	43 587	-784	895	-1 790	-809	-1 704	-2 488	-3 391	-1 402	-7 282

<sup>1</sup> Excluding for the time being reinvested earnings of direct investment enterprises; see also the item on direct investment in the October 1990 issue of the Bulletin.



## 6.2 CAPITAL ACCOUNT, MILL. FIM

During period	Direct investment in Finland	Port-folio investment in Finland	Long-term credits				Imports of other long-term capital	Imports of long-term capital (1+2+6+7)	Direct investment abroad	Port-folio investment abroad	Long-term export credits	Exports of other long-term capital	Exports of long-term capital (9+10+11+12)	Long-term capital account (8-13)
			Central government	Author-ized banks	Others	Total (3+4+5)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>1986</b>	1 627	9 301	-240	31	-3 056	-3 265	87	7 750	3 641	2 592	-381	457	6 309	1 441
<b>1987</b>	424	9 319	-556	1 823	103	1 370	91	11 204	3 741	3 029	158	2 508	9 436	1 768
<b>1988</b>	1 164	14 457	-1 892	2 304	2 548	2 960	85	18 666	7 935	2 492	1 369	753	12 550	6 117
<b>1989*</b>	1 312	14 756	-1 638	4 403	5 843	8 608	79	24 755	12 795	887	2 934	78	16 694	8 061
<b>1990*</b>	3 647	23 042	-666	3 898	16 442	19 674	169	46 532	13 049	515	-409	296	13 451	33 081
<b>1988</b>														
<b>III</b>	107	1 274	-382	953	503	1 074	-19	2 436	1 677	415	67	134	2 293	143
<b>IV</b>	681	5 899	-778	857	1 195	1 274	57	7 911	2 173	438	1 076	215	3 902	4 009
<b>1989*</b>														
<b>I</b>	-165	7 696	-761	1 031	458	728	42	8 301	3 173	328	1 395	357	5 253	3 048
<b>II</b>	176	1 415	-403	421	1 058	1 076	-22	2 645	1 969	430	543	160	3 102	-457
<b>III</b>	486	2 841	-113	708	886	1 481	-16	4 792	3 611	333	225	158	4 327	465
<b>IV</b>	815	2 804	-361	2 243	3 441	5 323	75	9 017	4 042	-204	771	-597	4 012	5 005
<b>1990*</b>														
<b>I</b>	592	6 709	-310	2 125	10 423	12 238	126	19 665	2 348	295	102	357	3 102	16 563
<b>II</b>	627	2 646	-234	448	1 443	1 657	-34	4 896	3 072	-342	17	-163	2 584	2 312
<b>III</b>	244	6 997	-201	1 146	1 573	2 518	-26	9 733	2 900	166	-220	-151	2 695	7 038
<b>IV</b>	2 184	6 690	79	179	3 003	3 261	103	12 238	4 729	396	-308	252	5 069	7 169

During period	Basic balance	Short-term capital imports of authorized banks	Import liabilities and prepay-ments related to ex-ports	Imports of short-term capital (16+17)	Short-term capital exports of au-thorized banks	Export receiv-ables and prepay-ments related to imports	Exports of short-term capital (19+20)	Other short-term capital incl. errors and omissions	Short-term capital account (18-21+22)	Overall balance excl. reserve move-ments (15+23)	Change in central bank's foreign ex-change reserves (26+27)	Of which:	
												Convertible reserves	Tied reserves
	15	16	17	18	19	20	21	22	23	24	25	26	27
<b>1986</b>	-2 387	6 019	-3 796	2 222	9 933	-92	9 841	2 075	-5 544	-7 930	7 930	11 678	-3 748
<b>1987</b>	-6 147	19 324	-665	18 659	-7 343	-183	-7 526	-4 302	21 883	15 736	-15 736	-17 817	2 081
<b>1988</b>	-5 492	10 950	-399	10 551	5 970	644	6 614	1 737	5 674	183	-183	-517	334
<b>1989*</b>	-15 596	4 285	1 627	5 912	3 895	475	4 370	8 093	9 635	-5 961	5 961	4 455	1 506
<b>1990*</b>	7 581	23 274	778	24 052	11 774	-822	10 952	-5 589	7 510	15 092	-15 092	-15 432	340
<b>1988</b>													
<b>III</b>	-4 272	-142	1 411	1 269	3 405	1 014	4 419	334	-2 816	-7 088	7 088	6 337	751
<b>IV</b>	2 700	-8 761	-663	-9 424	-4 764	1 014	-3 750	3 185	-2 488	212	-212	-897	685
<b>1989*</b>													
<b>I</b>	-548	5 699	-287	5 412	6 508	214	6 721	3 677	2 368	1 820	-1 820	-1 372	-449
<b>II</b>	-6 652	10 783	-2 108	8 675	4 470	214	4 684	1 486	5 477	-1 174	1 174	152	1 022
<b>III</b>	-6 756	4 047	1 107	5 154	4 552	24	4 576	3 192	3 770	-2 987	2 987	1 802	1 185
<b>IV</b>	-1 640	-16 243	2 915	-13 329	-11 635	24	-11 611	-263	-1 980	-3 620	3 620	3 873	-253
<b>1990*</b>													
<b>I</b>	10 995	19 913	735	20 648	11 359	-593	10 766	-10 030	-149	10 847	-10 847	-11 254	408
<b>II</b>	-5 130	9 456	793	10 250	5 853	-593	5 261	915	5 904	774	-774	-873	100
<b>III</b>	1 829	-1 611	-802	-2 413	-2 967	-360	-3 327	-685	230	2 059	-2 059	-2 064	5
<b>IV</b>	-113	-4 484	51	-4 433	-2 471	723	-1 748	4 211	1 525	1 412	-1 412	-1 240	-172

### 6.3 FINLAND'S FOREIGN LIABILITIES AND ASSETS, MILL. FIM

End of period	Long-term liabilities							Long-term assets					Long-term debt, net (8-13)	
	Direct investment in Finland	Port-folio investment in Finland	Long-term credits				Other long-term capital	Total (1+2+6+7)	Direct investment abroad	Port-folio investment abroad	Long-term export credits	Other long-term capital		Total (9+10+11+12)
			Central government	Author-ized banks	Others	Total (3+4+5)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>1986</b>	8 173	48 039	8 596	1 728	19 959	30 283	739	87 234	11 819	4 962	5 649	3 420	25 850	61 384
<b>1987</b>	10 459	54 317	8 247	3 507	18 625	30 379	830	95 985	17 793	7 991	5 240	5 747	36 771	59 214
<b>1988</b>	12 652	68 957	6 081	5 910	21 126	33 117	915	115 641	22 376	10 483	6 686	6 538	46 083	69 558
<b>1989*</b>	16 247	82 313	4 127	9 967	26 016	40 110	994	139 664	31 500	11 365	9 469	6 469	58 803	80 861
<b>1990*</b>	19 894	95 135	3 401	13 817	39 993	57 211	1 163	173 403	44 549	11 880	8 621	6 713	71 763	101 640
<b>1988</b>														
<b>III</b>	11 714	63 202	6 880	5 048	20 362	32 290	858	108 064	21 041	10 045	5 787	6 406	43 279	64 785
<b>IV</b>	12 652	68 957	6 081	5 910	21 126	33 117	915	115 641	22 376	10 483	6 686	6 538	46 083	69 558
<b>1989*</b>														
<b>I</b>	13 046	75 798	5 117	6 843	21 172	33 132	957	122 933	24 833	10 811	7 972	6 872	50 488	72 445
<b>II</b>	13 783	77 417	4 629	7 231	22 258	34 118	935	126 253	26 000	11 241	8 932	7 106	53 279	72 974
<b>III</b>	14 828	79 950	4 520	7 878	23 020	35 418	919	131 115	28 570	11 569	9 155	7 251	56 545	74 570
<b>IV</b>	16 247	82 313	4 127	9 967	26 016	40 110	994	139 664	31 500	11 365	9 469	6 469	58 803	80 861
<b>1990*</b>														
<b>I</b>	16 839	85 070	3 662	11 883	35 245	50 790	1 120	153 819	33 848	11 659	9 366	6 790	61 663	92 156
<b>II</b>	17 466	85 823	3 454	12 655	36 138	52 247	1 086	156 622	36 920	11 317	9 339	6 628	64 204	92 418
<b>III</b>	17 710	89 560	3 322	13 734	37 306	54 362	1 060	162 692	39 820	11 481	8 987	6 465	66 753	95 939
<b>IV</b>	19 894	95 135	3 401	13 817	39 993	57 211	1 163	173 403	44 549	11 880	8 621	6 713	71 763	101 640

End of period	Short-term liabilities				Short-term assets				Short-term liabilities, net (18-22)	Debt, net (14+23)	Net investment expenditure	Net investment expenditure in relation to current account receipts
	Bank of Finland's short-term liabilities	Short-term liabilities of authorized banks	Trade credits and other liabilities	Total (15+16 and other+17)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits and other assets	Total (19+20 and other+21)				
	15	16	17	18	19	20	21	22	23	24	25	26
<b>1986</b>	3 455	56 881	14 483	74 819	16 613	46 141	19 279	82 034	-7 215	54 169	7 209	6.9
<b>1987</b>	3 362	73 132	16 898	93 392	31 134	38 798	18 060	87 993	5 400	64 614	7 542	7.0
<b>1988</b>	3 341	83 828	15 919	103 088	32 037	42 037	20 830	94 904	8 184	77 742	7 933	6.6
<b>1989*</b>	3 558	88 751	19 541	111 850	25 113	45 932	22 183	93 227	18 623	99 484	10 453	8.0
<b>1990*</b>	3 922	112 025	18 541	134 488	39 506	57 706	25 191	122 403	12 085	113 725	13 200	9.6
<b>1988</b>												
<b>III</b>	3 539	90 827	17 297	111 663	32 750	49 532	20 090	102 372	9 291	74 076	1 533	5.2
<b>IV</b>	3 341	83 828	15 919	103 088	32 037	42 037	20 830	94 904	8 184	77 742	2 409	7.0
<b>1989*</b>												
<b>I</b>	3 278	90 535	16 748	110 560	33 376	48 545	21 047	102 968	7 592	80 037	2 112	6.6
<b>II</b>	3 136	100 345	15 475	118 956	32 142	53 015	22 433	107 590	11 366	84 340	2 898	9.2
<b>III</b>	3 919	104 777	16 706	125 402	29 839	57 567	22 704	110 110	15 292	89 862	2 661	8.6
<b>IV</b>	3 558	88 751	19 541	111 850	25 113	45 932	22 183	93 227	18 623	99 484	2 782	7.6
<b>1990*</b>												
<b>I</b>	4 036	108 663	21 444	134 144	35 895	57 290	23 142	116 327	17 816	109 972	2 839	8.7
<b>II</b>	4 195	118 120	21 034	143 349	36 764	63 144	22 457	122 365	20 983	113 401	3 642	10.3
<b>III</b>	4 071	116 509	20 404	140 984	38 454	60 177	22 296	120 927	20 057	115 996	3 327	10.2
<b>IV</b>	3 922	112 025	18 541	134 488	39 506	57 706	25 191	122 403	12 085	113 725	3 391	9.3

## 6.4 FINLAND'S LONG-TERM FOREIGN LIABILITIES AND ASSETS, BY SECTOR, MILL. FIM

End of period	Long-term liabilities					Long-term assets					Long-term liabilities, net (5-10)
	Corporate sector	Financial institutions	Central government	Local government	Total (1+2+3+4)	Corporate sector	Financial institutions	Central government	Other	Total (6+7+8+9)	
	1	2	3	4	5	6	7	8	9	10	11
<b>1986</b>	39 524	20 169	27 031	509	87 234	17 301	5 721	2 309	520	25 850	61 384
<b>1987</b>	40 050	26 734	28 691	511	95 985	23 659	9 740	2 653	719	36 771	59 214
<b>1988</b>	47 089	41 127	26 926	499	115 641	28 982	12 977	3 101	1 024	46 083	69 558
<b>1989*</b>	59 246	56 781	23 063	575	139 664	37 774	15 140	3 517	2 372	58 803	80 861
<b>1990*</b>	73 920	74 962	23 900	621	173 403	50 613	13 375	3 937	3 838	71 763	101 640
<b>1988</b>											
<b>III</b>	44 006	35 695	27 849	516	108 064	27 543	11 830	2 938	968	43 279	64 785
<b>IV</b>	47 089	41 127	26 926	499	115 641	28 982	12 977	3 101	1 024	46 083	69 558
<b>1989*</b>											
<b>I</b>	48 466	47 919	26 033	515	122 933	31 265	14 658	3 299	1 266	50 488	72 445
<b>II</b>	50 234	51 262	24 257	500	126 253	32 743	15 805	3 329	1 402	53 279	72 974
<b>III</b>	53 499	53 342	23 783	491	131 115	35 417	15 972	3 374	1 782	56 545	74 570
<b>IV</b>	59 246	56 781	23 063	575	139 664	37 774	15 140	3 517	2 372	58 803	80 861
<b>1990*</b>											
<b>I</b>	69 051	62 166	21 998	604	153 819	40 108	15 180	3 699	2 677	61 663	92 156
<b>II</b>	69 864	65 304	20 878	579	156 622	43 318	14 157	3 734	2 996	64 204	92 418
<b>III</b>	69 374	71 050	21 661	608	162 692	46 087	13 445	3 772	3 452	66 753	95 939
<b>IV</b>	73 920	74 962	23 900	621	173 403	50 613	13 375	3 937	3 838	71 763	101 640

## 7. FOREIGN TRADE

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

During period	Exports, f.o.b.	Imports, c.i.f.	Balance (1-2)
	1	2	3
<b>1986</b>	82 579	77 601	4 978
<b>1987</b>	85 516	82 807	2 709
<b>1988</b>	92 902	92 118	784
<b>1989</b>	99 782	105 516	-5 734
<b>1990*</b>	101 338	103 018	-1 680
<b>1990*</b>			
<b>March</b>	8 207	8 570	-363
<b>April</b>	9 076	9 916	-840
<b>May</b>	9 034	9 458	-424
<b>June</b>	8 773	8 367	406
<b>July</b>	7 134	7 715	-581
<b>Aug.</b>	7 655	8 185	-530
<b>Sept.</b>	8 514	7 369	1 145
<b>Oct.</b>	8 987	10 107	-1 120
<b>Nov.</b>	8 963	8 379	584
<b>Dec.</b>	8 444	8 530	-86
<b>1991*</b>			
<b>Jan.</b>	7 686	7 537	149
<b>Feb.</b>	6 990	7 241	-251
<b>March</b>	7 699	7 566	133

### 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>1986</b>	116	110	135	121	111
<b>1987</b>	118	119	138	119	116
<b>1988</b>	121	130	145	122	119
<b>1989</b>	121	144	156	126	123
<b>1990*</b>	125	138	154	128	120
<b>1990*</b>					
<b>III</b>	113	134	147	123	119
<b>IV</b>	136	137	150	124	121
<b>1989</b>					
<b>I</b>	123	132	156	128	122
<b>II</b>	116	136	155	126	123
<b>III</b>	112	141	155	126	124
<b>IV</b>	134	163	157	126	125
<b>1990*</b>					
<b>I</b>	122	134	154	128	120
<b>II</b>	132	152	154	126	122
<b>III</b>	114	124	155	128	121
<b>IV</b>	130	140	154	133	116

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

During period	Exports by industries, f.o.b.					Imports by use of goods, c.i.f.				
	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>1986</b>	6 947	24 600	7 858	26 115	17 059	39 236	10 126	12 898	15 069	272
<b>1987</b>	7 470	27 058	7 770	26 230	16 988	41 174	9 406	14 138	17 477	612
<b>1988</b>	7 567	30 474	8 450	29 225	17 186	45 790	7 533	17 274	20 828	693
<b>1989</b>	7 418	32 513	8 843	32 682	18 326	51 786	8 311	20 605	24 056	758
<b>1990*</b>	7 810	31 673	9 541	35 494	16 820	49 194	9 836	19 368	23 891	729
<b>1990*</b>										
<b>March</b>	622	2 784	758	2 609	1 434	4 205	478	1 666	2 176	45
<b>April</b>	681	2 815	805	3 301	1 474	4 593	718	2 012	2 403	190
<b>May</b>	849	2 828	812	3 075	1 470	4 641	760	1 782	2 192	83
<b>June</b>	740	2 592	746	3 306	1 389	4 110	768	1 614	1 830	45
<b>July</b>	494	2 423	632	2 478	1 107	3 692	557	1 482	1 899	85
<b>Aug.</b>	514	2 766	824	2 304	1 247	3 902	815	1 503	1 942	23
<b>Sept.</b>	645	2 525	877	2 938	1 529	3 487	974	1 207	1 669	32
<b>Oct.</b>	693	2 871	854	3 008	1 561	4 600	1 743	1 569	2 181	14
<b>Nov.</b>	696	2 849	826	3 095	1 497	4 049	825	1 494	1 951	60
<b>Dec.</b>	594	2 449	746	3 365	1 290	3 824	1 248	1 682	1 715	61
<b>1991*</b>										
<b>Jan.</b>	597	2 394	894	2 409	1 392	3 531	826	1 286	1 812	82
<b>Feb.</b>	555	2 394	824	1 918	1 299	3 650	446	1 221	1 916	8
<b>March</b>	571	2 617	911	2 251	1 349	3 688	529	1 172	2 168	9

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

(seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
<b>1986</b>	104.7	102.5	94.0	88.4	99.9	99.5	105.2	102.1
<b>1987</b>	111.3	107.7	95.6	89.0	101.0	102.6	114.3	106.9
<b>1988</b>	116.7	113.0	108.6	106.0	113.4	110.6	135.0	110.7
<b>1989*</b>	124.2	117.0	130.3	132.9	137.6	125.2	161.4	115.2
<b>1990*</b>	119.9	111.7	127.8	125.5	168.1	119.0	145.0	116.1
<b>1989*</b>								
<b>IV</b>	126.7	115.7	134.8	142.0	138.1	133.4	194.7	116.5
<b>1990*</b>								
<b>Jan.</b>	126.3	113.2	..	..	..	..	..	116.3
<b>Feb.</b>	122.4	102.9	..	..	..	..	..	115.6
<b>March</b>	125.2	119.8	..	..	..	..	..	117.1
<b>April</b>	123.6	115.7	..	..	..	..	..	117.1
<b>May</b>	124.3	113.6	..	..	..	..	..	117.8
<b>June</b>	119.0	112.0	..	..	..	..	..	116.3
<b>July</b>	121.7	113.5	..	..	..	..	..	116.9
<b>Aug.</b>	121.8	112.9	..	..	..	..	..	116.9
<b>Sept.</b>	116.2	107.9	..	..	..	..	..	116.0
<b>Oct.</b>	118.8	111.5	..	..	..	..	..	115.1
<b>Nov.</b>	111.2	109.9	..	..	..	..	..	114.2
<b>Dec.</b>	108.5	107.5	..	..	..	..	..	113.6
<b>I</b>	124.6	112.0	137.9	135.0	154.4	135.3	148.3	116.3
<b>II</b>	122.3	113.7	132.1	130.2	167.0	123.8	167.6	117.1
<b>III</b>	119.9	111.4	119.0	118.9	170.1	107.7	122.5	116.6
<b>IV</b>	112.8	109.6	122.1	117.8	180.7	109.1	146.0	114.3
<b>1991*</b>								
<b>Jan.</b>	112.7	102.9	..	..	..	..	..	114.3

## 8.4 WAGES AND PRICES, 1985=100

Period	Index of wage and salary earnings	By sectors					Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private Total	Of which: Manufacturing (SIC 3)	Central government	Local government	Non-profit institutions			Domes- tic goods	Import- ed goods		Export- ed goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>1986</b>	106.9	106.6	106.2	106.6	107.8	107.2	102.9	97.0	98.6	91.0	96.5	96.7	96.4	104.3
<b>1987</b>	114.4	114.5	113.4	115.7	113.3	115.2	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
<b>1988</b>	124.7	124.6	122.7	128.8	122.0	128.0	112.6	101.5	104.9	89.1	101.7	103.8	100.7	116.3
<b>1989<sup>1</sup></b>	135.7	136.5	133.8	137.4	132.1	137.1	120.0	107.3	111.3	92.6	107.8	110.5	106.4	125.5
<b>1990<sup>1</sup></b>	148.2	148.4	146.3	149.5	146.9	148.4	127.3	110.9	115.7	93.6	110.0	110.4	109.9	134.5
<b>1989<sup>1</sup></b>														
<b>IV</b>	139.2	140.1	137.2	140.0	135.8	139.2	122.5	108.9	113.4	92.4	109.2	111.5	108.1	128.9
<b>1990<sup>1</sup></b>														
<b>March</b>	..	..	..	..	..	..	125.7	109.3	114.1	91.9	109.0	110.1	108.5	131.7
<b>April</b>	..	..	..	..	..	..	126.4	109.7	114.7	91.4	109.6	110.4	109.2	134.7
<b>May</b>	..	..	..	..	..	..	127.0	110.5	115.8	91.2	109.8	110.6	109.5	135.0
<b>June</b>	..	..	..	..	..	..	127.3	110.5	115.8	91.3	109.9	110.4	109.6	135.2
<b>July</b>	..	..	..	..	..	..	127.5	110.5	115.8	91.2	110.1	110.6	109.8	135.3
<b>Aug.</b>	..	..	..	..	..	..	128.1	111.5	116.3	94.1	110.4	110.2	110.6	135.4
<b>Sept.</b>	..	..	..	..	..	..	128.8	112.3	116.6	96.5	110.7	110.4	110.8	135.7
<b>Oct.</b>	..	..	..	..	..	..	129.2	113.2	117.3	98.0	111.4	110.6	111.7	136.8
<b>Nov.</b>	..	..	..	..	..	..	129.1	112.6	117.1	96.4	110.9	110.6	111.1	136.8
<b>Dec.</b>	..	..	..	..	..	..	129.0	112.1	116.7	95.3	110.4	109.6	110.9	136.8
<b>I</b>	143.0	143.3	140.5	145.8	140.0	144.5	125.2	109.3	113.9	92.5	109.1	110.6	108.4	131.0
<b>II</b>	148.4	148.6	147.2	149.4	147.2	148.3	126.9	110.2	115.4	91.3	109.8	110.5	109.4	135.0
<b>III</b>	148.6	148.7	146.8	149.6	147.6	148.5	128.1	111.4	116.2	93.9	110.4	110.4	110.4	135.5
<b>IV</b>	152.9	152.9	150.7	153.2	152.6	152.1	129.1	112.6	117.0	96.6	110.9	110.3	111.2	136.8
<b>1991<sup>1</sup></b>														
<b>Jan.</b>	..	..	..	..	..	..	130.9	111.9	116.7	94.0	110.2	108.9	110.8	137.1
<b>Feb.</b>	..	..	..	..	..	..	131.6	111.6	116.7	92.8	110.2	109.2	110.7	136.8
<b>March</b>	..	..	..	..	..	..	131.7	111.5	116.5	93.3	109.8	108.6	110.4	137.4

<sup>1</sup> Preliminary figures for columns 1—6.

## 7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1990*		1991*		1990*		1991*	
	Mill. FIM	Percentage share	January—March		Mill. FIM	Percentage share	January—March	
			Mill. FIM	Percentage change from the corresponding period on the previous year			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>	77 533	76.5	18 519	-4.7	82 355	79.9	18 024	-11.0
<b>OECD Europe</b>	68 001	67.1	16 817	3.2	67 601	65.6	14 852	-9.7
Of which:								
Austria	1 117	1.1	289	5.3	1 401	1.4	284	-11.0
Belgium and Luxembourg	2 247	2.2	625	22.6	2 839	2.8	554	-20.7
Denmark	3 538	3.5	874	8.4	3 369	3.3	754	-5.6
France	6 237	6.2	1 401	-16.8	4 427	4.3	990	-13.7
Federal Republic of Germany <sup>1</sup>	13 003	12.8	3 544	17.7	17 897	17.4	3 700	-20.2
Italy	3 227	3.2	828	7.2	4 766	4.6	1 021	-16.6
Netherlands	4 347	4.3	1 154	7.1	3 276	3.2	757	0.9
Norway	3 067	3.0	776	-1.0	3 512	3.4	1 046	67.1
Spain	2 210	2.2	619	23.6	1 159	1.1	304	-4.1
Sweden	14 456	14.3	3 225	-6.7	13 407	13.0	2 815	-17.6
Switzerland	1 806	1.8	466	10.2	1 804	1.8	425	4.5
United Kingdom	10 724	10.6	2 441	-7.0	7 822	7.6	1 578	-4.3
<b>Other OECD</b>	9 532	9.4	1 702	-45.7	14 754	14.3	3 172	-16.8
Of which:								
Canada	1 124	1.1	169	-54.7	810	0.8	131	-26.7
Japan	1 445	1.4	346	-1.8	6 628	6.4	1 527	-15.0
United States	5 898	5.8	990	-53.2	6 974	6.8	1 427	-19.3
<b>Non-OECD European countries</b>	13 888	13.7	1 559	-49.4	12 266	11.9	2 146	-24.3
Of which:								
Soviet Union	12 884	12.7	1 291	-53.5	10 202	9.9	1 727	-24.7
<b>Other countries</b>	9 917	9.8	2 297	2.3	8 397	8.2	2 174	14.6
Of which:								
<b>OPEC countries</b>	1 727	1.7	432	12.1	935	0.9	533	370.6
<b>TOTAL</b>	101 338	100.0	22 375	-9.6	103 018	100.0	22 344	-10.6
Of which:								
<b>EEC countries</b>	47 078	46.5	11 971	6.3	47 263	45.9	10 248	-11.8
<b>EFTA countries</b>	20 540	20.3	4 775	-3.7	20 195	19.6	4 580	-4.4

<sup>1</sup> Figures for unified Germany since October 1990; prior to then, the trade figures for the German Democratic Republic are included in those for the Federal Republic of Germany.

## 8. DOMESTIC ECONOMIC DEVELOPMENTS

### 8.1 SUPPLY AND USE OF RESOURCES, MILL. FIM, 1985 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>1986</b>	189 113	70 325	69 328	10 738	810	340 314	99 498	97 795	342 017
<b>1987</b>	199 981	73 458	72 761	11 654	2 246	360 100	102 127	106 568	355 659
<b>1988</b>	209 956	75 190	81 839	11 446	9 062	387 493	105 897	118 405	374 985
<b>1989*</b>	218 243	77 389	94 252	11 257	14 694	415 835	107 551	128 834	394 552
<b>1990*</b>	218 468	79 798	91 345	12 237	9 313	411 161	109 913	126 699	394 375
<b>1988</b>									
<b>III</b>	52 740	18 882	21 143	3 039	2 352	98 155	26 422	31 224	93 353
<b>IV</b>	53 464	18 993	21 081	2 855	2 388	98 781	27 437	29 724	96 493
<b>1989*</b>									
<b>I</b>	54 006	19 146	21 525	2 771	3 155	100 603	27 828	31 632	96 799
<b>II</b>	54 476	19 283	23 572	2 710	2 306	102 346	25 804	30 125	98 026
<b>III</b>	54 789	19 420	24 255	2 852	4 309	105 625	26 473	32 831	99 267
<b>IV</b>	54 972	19 541	24 901	2 924	4 923	107 260	27 446	34 247	100 460
<b>1990*</b>									
<b>I</b>	54 645	19 736	24 358	3 054	2 491	104 284	27 262	32 566	98 980
<b>II</b>	54 983	19 889	22 695	3 291	3 678	104 537	28 907	33 965	99 479
<b>III</b>	54 691	20 027	22 080	2 969	1 312	101 080	27 512	29 973	98 618
<b>IV</b>	54 148	20 146	22 212	2 923	1 832	101 261	26 232	30 195	97 298

### 8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1985=100

(seasonally adjusted figures)

Period	Total industry	Mining and quarrying	Manu- facturing	Wood and paper industries	Metal and engineering industries	Other manu- facturing	Energy and water supply
	(100.0)	(1.6)	(87.9)	(16.5)	(30.0)	(41.4)	(10.5)
	1	2	3	4	5	6	7
<b>1986</b>	101.9	102.8	102.0	102.3	103.0	101.2	100.4
<b>1987</b>	107.2	99.9	107.2	106.5	110.2	105.4	107.8
<b>1988</b>	110.9	108.8	111.0	113.1	114.5	107.6	110.1
<b>1989*</b>	113.8	117.2	114.1	115.9	120.7	108.6	110.2
<b>1990*</b>	112.4	114.5	112.4	114.3	119.6	106.3	112.1
<b>1990*</b>							
<b>Feb.</b>	114.8	118.0	114.8	116.3	123.8	107.2	114.9
<b>March</b>	113.9	109.7	114.1	116.6	119.9	108.0	114.0
<b>April</b>	116.1	114.8	115.1	117.5	123.9	110.2	114.0
<b>May</b>	114.2	136.8	114.1	114.1	120.5	108.9	112.0
<b>June</b>	113.5	121.9	114.2	119.5	121.5	106.2	107.0
<b>July</b>	110.7	87.1	111.6	113.5	117.4	106.2	112.3
<b>Aug.</b>	111.3	124.7	111.6	112.4	118.9	105.9	106.9
<b>Sept.</b>	110.7	115.5	110.8	112.8	117.9	104.9	109.3
<b>Oct.</b>	109.2	108.0	108.9	111.6	115.3	103.3	112.4
<b>Nov.</b>	109.1	103.7	108.6	110.6	115.6	103.0	112.8
<b>Dec.</b>	111.2	117.9	111.1	112.4	119.7	104.1	111.7
<b>1991*</b>							
<b>Jan.</b>	109.2	121.8	107.7	105.7	117.3	101.1	119.3
<b>Feb.</b>	105.5	108.4	102.5	103.6	107.8	97.5	129.5



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

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry				Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction	Service industries		
%		1000 persons									%
	1	2	3	4	5	6	7	8	9	10	11
<b>1986</b>	69.1	2 569	2 431	359	2 071	266	589	185	1 391	138	5.4
<b>1987</b>	68.6	2 554	2 423	372	2 051	251	569	184	1 419	130	5.1
<b>1988</b>	68.4	2 546	2 431	368	2 062	238	553	188	1 452	116	4.6
<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>1990</b>											
<b>Feb.</b>	69.2	2 579	2 501	375	2 126	214	565	211	1 511	77	3.0
<b>March</b>	68.3	2 549	2 476	359	2 117	210	552	206	1 508	74	2.9
<b>April</b>	68.6	2 558	2 469	364	2 105	212	562	201	1 495	88	3.5
<b>May</b>	68.5	2 557	2 480	362	2 119	203	550	215	1 511	77	3.0
<b>June</b>	68.5	2 560	2 472	355	2 118	201	560	209	1 502	87	3.4
<b>July</b>	68.5	2 559	2 472	362	2 110	210	563	205	1 495	87	3.4
<b>Aug.</b>	67.9	2 537	2 450	351	2 099	203	552	203	1 493	87	3.4
<b>Sept.</b>	68.4	2 563	2 472	360	2 112	202	550	210	1 510	91	3.5
<b>Oct.</b>	68.2	2 553	2 452	353	2 099	206	550	200	1 496	101	4.0
<b>Nov.</b>	67.7	2 537	2 432	354	2 077	205	546	202	1 479	105	4.1
<b>Dec.</b>	68.2	2 558	2 445	346	2 100	199	550	201	1 495	112	4.4
<b>1991</b>											
<b>Jan.</b>	67.8	2 543	2 418	337	2 081	204	531	201	1 482	125	4.9
<b>Feb.</b>	67.3	2 526	2 384	355	2 029	199	523	194	1 468	142	5.6

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

During period	Revenue					Expenditure					
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
	1	2	3	4	5	6	7	8	9	10	11
<b>1985</b>	25 750	47 578	546	10 415	84 290	2 071	86 361	24 835	49 269	21 183	26 866
<b>1986</b>	28 079	51 733	323	11 640	91 774	2 209	93 983	26 354	52 845	23 215	28 131
<b>1987</b>	29 454	57 312	491	12 391	99 648	2 482	102 129	29 419	59 498	26 456	30 964
<b>1988</b>	35 339	66 348	473	13 629	115 789	2 557	118 346	32 266	65 502	29 757	33 108
<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>1989</b>											
<b>Nov.</b>	3 199	7 013	47	1 396	11 655	391	12 045	2 942	6 912	2 817	3 944
<b>Dec.</b>	3 518	7 813	-60	2 471	13 742	209	13 951	2 877	7 315	2 752	3 831
<b>1990</b>											
<b>Jan.</b>	3 134	6 035	76	1 244	10 490	4	10 494	3 290	5 810	2 890	2 813
<b>Feb.</b>	3 287	5 580	50	908	9 825	49	9 873	3 170	6 209	2 717	3 181
<b>March</b>	3 073	6 407	50	1 151	10 681	87	10 768	3 274	6 215	3 084	2 937
<b>April</b>	4 165	5 512	53	2 051	11 780	1 567	13 347	3 412	6 995	3 337	3 129
<b>May</b>	3 107	7 592	62	1 650	12 412	337	12 749	3 547	6 974	2 982	3 718
<b>June</b>	3 374	6 942	44	1 278	11 638	142	11 780	3 470	6 329	3 644	2 544
<b>July</b>	4 052	6 765	76	1 294	12 187	14	12 201	4 131	6 660	2 985	3 340
<b>Aug.</b>	3 390	6 584	84	1 337	11 395	297	11 692	3 225	6 222	2 965	3 057
<b>Sept.</b>	3 274	5 539	83	1 746	10 642	565	11 208	3 274	6 238	2 993	3 109
<b>Oct.</b>	3 135	6 208	75	1 151	10 569	218	10 787	3 520	7 862	3 526	4 142
<b>Nov.</b>	4 576	5 868	77	1 871	12 393	701	13 094	3 493	7 574	3 212	4 192

During period	Expenditure					Financial balance			
	Fixed investment	Other expenditure	Expenditure before financial transactions (8+9+12+13)	Lending and other financial investment	Expenditure before redemptions of state debt (14+15)	Revenue surplus (5-14)	Net borrowing requirement (7-16)	Net borrowing	Cash surplus (18+19)
	12	13	14	15	16	17	18	19	20
<b>1985</b>	5 700	4 936	84 739	4 982	89 722	-449	-3 361	3 506	145
<b>1986</b>	6 111	5 058	90 368	4 913	95 281	1 406	-1 298	4 203	2 905
<b>1987</b>	7 089	4 732	100 738	5 672	106 410	-1 090	-4 280	7 604	3 324
<b>1988</b>	7 565	5 614	110 946	6 529	117 476	4 842	870	2 417	3 287
<b>1989</b>	8 393	5 343	120 826	7 566	128 390	11 490	7 851	-4 009	3 842
<b>1989</b>									
<b>Nov.</b>	758	193	10 805	503	11 308	850	737	-387	351
<b>Dec.</b>	1 107	-41	11 258	479	11 736	2 484	2 215	1 063	3 277
<b>1990</b>									
<b>Jan.</b>	371	591	10 062	672	10 735	427	-241	-1 141	-1 382
<b>Feb.</b>	361	150	9 890	382	10 272	-65	-398	-365	-763
<b>March</b>	377	537	10 402	505	10 907	279	-139	-949	-1 088
<b>April</b>	392	639	11 438	2 022	13 459	342	-111	-1 216	-1 328
<b>May</b>	501	929	11 952	772	12 724	461	25	-802	-777
<b>June</b>	536	288	10 622	760	11 382	1 016	398	-16	383
<b>July</b>	487	114	11 392	589	11 981	795	221	1 491	1 712
<b>Aug.</b>	529	322	10 299	557	10 856	1 096	836	95	931
<b>Sept.</b>	523	274	10 309	539	10 848	333	360	-63	298
<b>Oct.</b>	583	599	12 564	793	13 357	-1 994	-2 569	937	-1 632
<b>Nov.</b>	565	114	11 745	804	12 549	648	545	1 492	2 038

# 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 claim on deposit banks (Column 13) = term credits (from December 1986 to July 1987) + bank certificates of deposit held by the Bank of Finland (since March 1987). Other liabilities to financial institutions, net (Column 17) = capital import deposits + other liabilities to financial institutions - bonds and debentures - other claims on financial institutions. *Corporate sector.* Claims in the form of special financing (Column 19) = export bills + new-export credits + financing of domestic deliveries. Special deposits, net (Column 20) = deposits for investment and ship purchase + capital import deposits + export deposits + other liabilities to corporations - bonds - other claims on corporations.

### 2 THE BANK OF FINLAND'S MONEY MARKET OPERATIONS AND THE FORWARD EXCHANGE MARKET

**Table 2.1** Money market instruments (Columns 1-3) denote bank certificates of deposit, Treasury bills and banks' fixed-term deposits with the Bank of Finland. Matured money market instruments, net, comprise both purchased and sold instruments.

**Table 2.2** As from the beginning of 1990, the statistics on the forward exchange market are based on data on individual contracts against the Finnish markka as reported by banks (excluding Columns 5 and 6). The new statistical system covers all authorized banks and contracts. The rates of exchange used in the statistics are the forward rates on the contract date.

**Table 2.3** Bank CDs held by the Bank of Finland (Column 2) include term credits. Holdings of CDs issued by the Bank of Finland (Column 5) include term liabilities.

### 3 RATES OF INTEREST

**Table 3.1** 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 rates shown are based on the lending rates quoted for the respective currencies in the Euromarket.

**Table 3.3** The covered Eurodollar rate is a computed rate of interest for the markka obtained by adding the difference between the forward selling rate and the spot selling rate for the U.S. dollar expressed as an annual rate of interest to the Eurodeposit rate for the dollar. The rates shown are based on daily quotations at noon by two banks.

**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 tax-exempt deposits (Column 7): 24-month deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less 1 percentage point (since December 1989). Other tax-exempt deposits (Column 8): Deposits other than 24-month deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less 4 percentage points (since January 1989). Up till December 1988, the figures for tax-exempt deposits (Columns 7 and 8) are the rates of interest applied to standard tax-exempt deposit accounts as agreed upon between banks. All markka deposits (Column 9): 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 10): CDs outstanding + promissory notes + bonds. The average rate of interest is weighted by amounts. Total markka funding (Column 11); markka deposits by the public

+ banks' other markka funding. The rate of interest is weighted by amounts.

**Table 3.5** *Secondary market yields.* 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. From June 1990 onwards, the yield on taxable government bonds (Column 3) is calculated by the Bank of Finland as the monthly average of the offered rates quoted daily by the five largest banks. The yield is calculated on a bullet bond due on March 15, 1994 with a coupon rate of 13 per cent. The annual figure for 1990 is calculated as the arithmetic mean of yields on fixed-rate government bonds with a remaining maturity of between 4 and 5 years. The yield on taxable public issues (Column 4) 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 issuers except the central government with a remaining maturity of between 3 and 6 years. Financial institutions (Column 5): as in Column 4 for issues by financial institutions incl. banks. Corporations (Column 6): as in Column 4 for issues by non-financial corporations. The yield on taxfree public issues (Column 7) 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 3-7 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 are the averages of monthly observations. *The offer yield* on fixed-rate taxable public bonds and debentures (Column 8) is the average yield weighted by issue amounts - in the case of government bonds by amounts sold - on fixed-rate ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued during the period.

### 4 RATES OF EXCHANGE

**Table 4.1** The quotation of the noncommercial rate for the Belgian franc, BEL, was terminated on March 2, 1990. Since then there has been only one rate for the Belgian franc. As from the beginning of May 1990 the standard abbreviation is BEF. Prior to that date, the quotations given in Column 10 are those of BEC (the commercial rate). The time series for BEC and BEL are shown separately for the last time in the May 1990 issue of the Bulletin.

**Table 4.2** The weights of the Bank of Finland currency index (Column 1) are moving averages of the shares of countries in Finland's merchandise export and import trade. The index comprises 14 convertible currencies. The index values are based on the Bank of Finland's daily quotations at noon. The weights of the payments currency index (Column 2) are moving averages of the shares of payments currencies in Finland's trade. The index comprises 14 convertible currencies. The weights of the MERM index (Column 3) are fixed 1977 weights computed on the basis of the IMF's world trade model. Fourteen currencies are included in this index.

## 5 OTHER DOMESTIC FINANCING

**Table 5.1** Source: The Central Statistical Office of Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and local government. Domestic foreign-currency deposits are included in the figures. Time deposits (Column 2) consist of tax-exempt time deposits held by the public. Investment accounts (Column 3) are taxable time deposits held by the public. For the definition of unregulated deposits (Column 6), see the explanation under Table 3.4. Since the beginning of 1987, the figures for banks' holdings of certificates of deposit issued by other banks have been netted out. Netting out is done by the Bank of Finland.

**Table 5.2** Source: The Central Statistical Office of 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. *Foreign debt*. Other bonds and debentures (Column 2) are so-called private placings. Long-term promissory notes (Column 3) are bank loans. Outstanding lending (Column 10) comprises the stock of central 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** Tables A and B on the markka bond market include markka-denominated bonds issued by Finnish issuers in Finland and abroad as well as those issued by foreign issuers in Finland.

**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.

**Table 6.2** Columns 1-8: Net change in long-term liabilities. Columns 9-13: Net change in long-term assets. Portfolio investment in Finland (Column 2) and abroad (Column 10) (marketable instruments): Primary and secondary market transactions in securities. Long-term credits (Columns 3-6) (non-marketable instruments): Financial loans, import credits and leasing credits. Others (Column 5): Long-term credits of enterprises, financial institutions other than authorized banks and local government. Imports of other long-term capital (Column 7): Finland's subscriptions to international financial institutions paid in the form of promissory notes. Exports of other long-term capital (Column 12) = financial loans abroad + development credits + purchases of real estate and other acquisitions by private persons + Finland's subscriptions to international financial institutions.

**Table 6.3** Net foreign debt (Columns 1-24) at the end of a period is classified in the same way as the corresponding data on changes in the capital account (Table 6.2). The items included in net foreign debt 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** All direct investments have been placed under the corporate sector (Columns 1 and 6). Other (Column 9) consists mainly of long-term assets of private persons.

The sectoral figures for short-term foreign liabilities and assets correspond to the figures shown in Columns 15-23 of Table 6.3.

## 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: Central Statistical Office of Finland. Seasonal adjustment is carried out by the Bank of Finland.

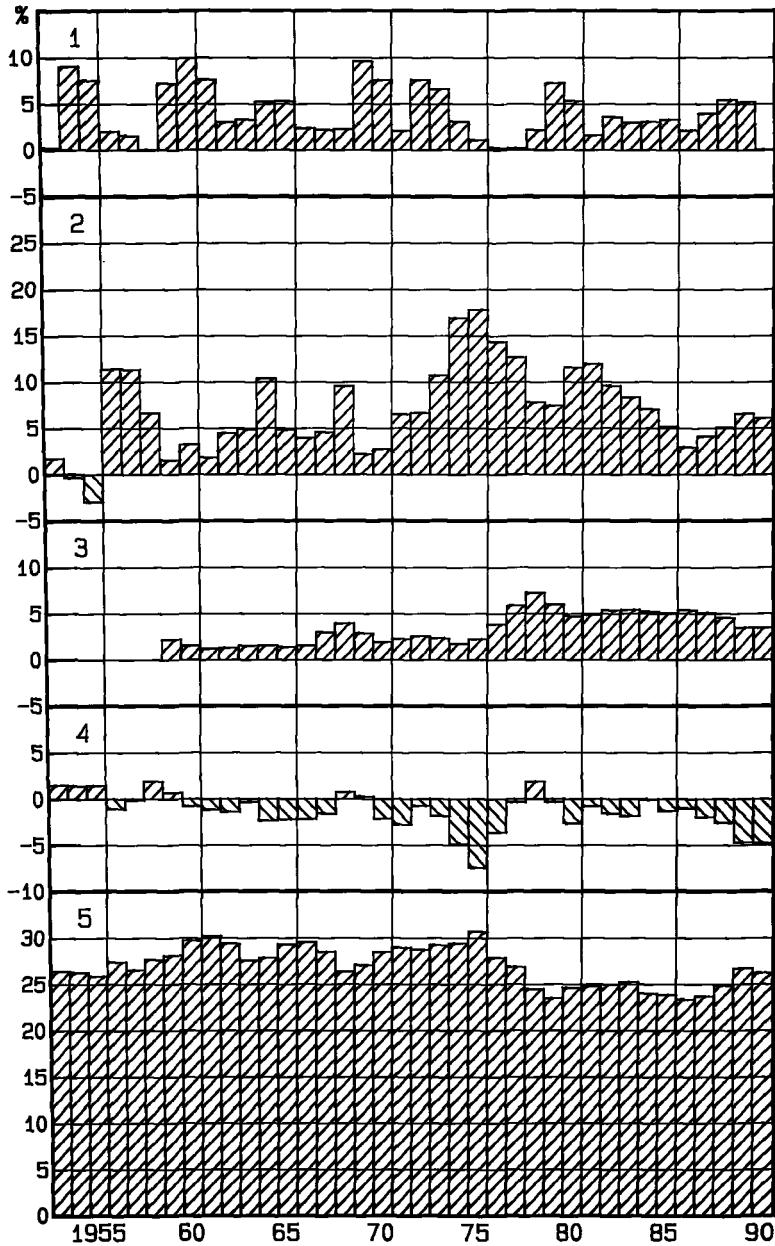
**Table 8.3** The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

**Table 8.4** The consumer price index (Column 7) was revised as from January 1988. Both the weights and the methods of calculation were changed (see the item in the March 1988 issue of the Bulletin). The base year of the new CPI is 1985, while the base year of the index shown until end-1984 is 1981.

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

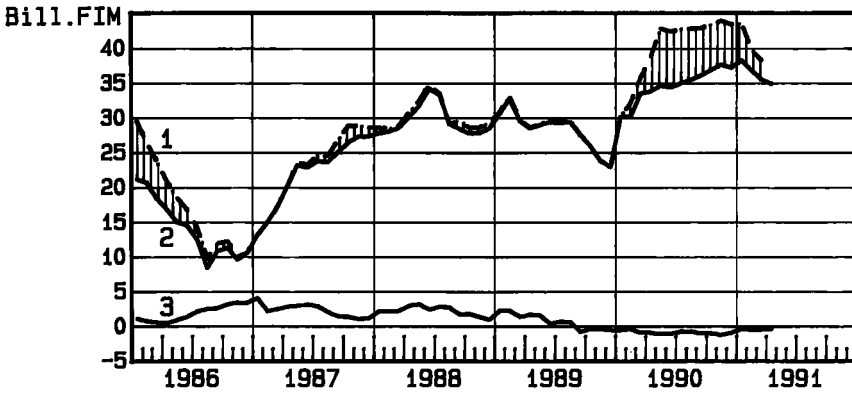
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Items affecting domestic liquidity	S29
5. Overnight rates	S30
6. HELIBOR rates of interest (daily)	S30
7. HELIBOR rates of interest (monthly)	S30
8. Rates of interest applied by the Bank of Finland	S31
9. 3-month covered Eurodollar rate and 3-month currency basket rates	S31
10. Rates on bonds and debentures	S31
11. Bank of Finland currency index (monthly)	S32
12. Bank of Finland currency index (daily)	S32
13. Changes in the exchange rates of selected Nordic currencies	S32
14. Changes in the exchange rates of selected major currencies	S33
15. Bank deposits from the public	S33
16. Bank lending to the public	S33
17. Money supply	S34
18. Direct investment	S34
19. Central government debt	S34
20. Current account	S35
21. Foreign debt	S35
22. Balance of payments	S36
23. Net investment expenditure	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 unemployment rate	S39
30. Prices and wages	S39
31. Central government finances	S40

# 1. LONG-TERM INDICATORS



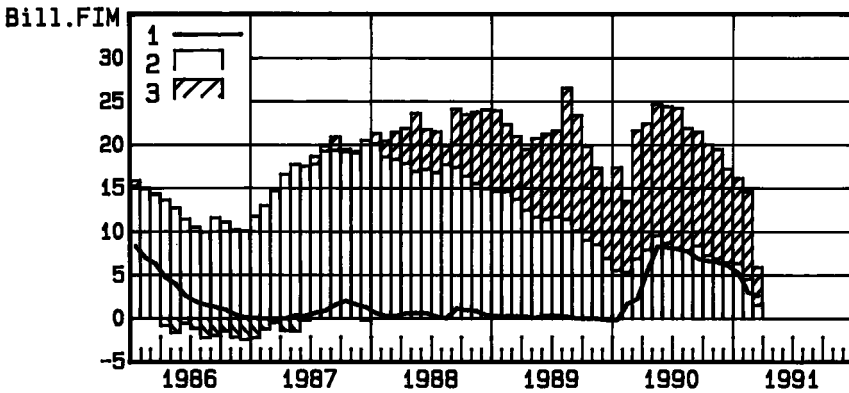
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



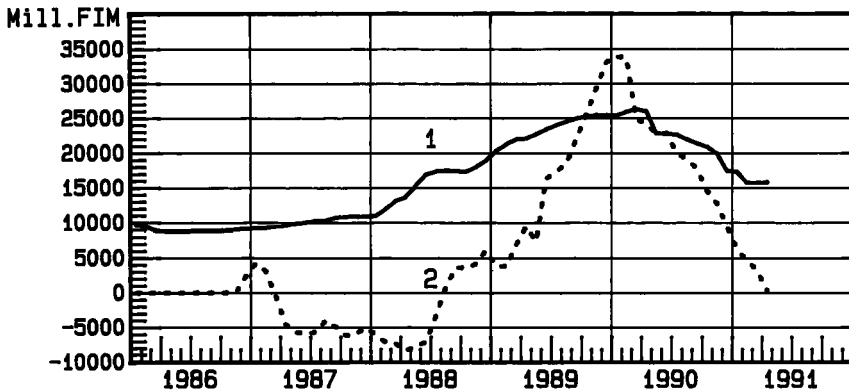
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves
3. Tied currencies

3. FORWARD MARKET



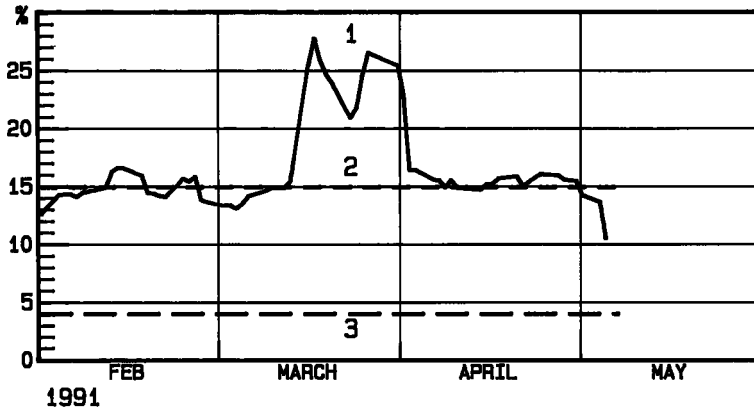
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

4. ITEMS AFFECTING DOMESTIC LIQUIDITY



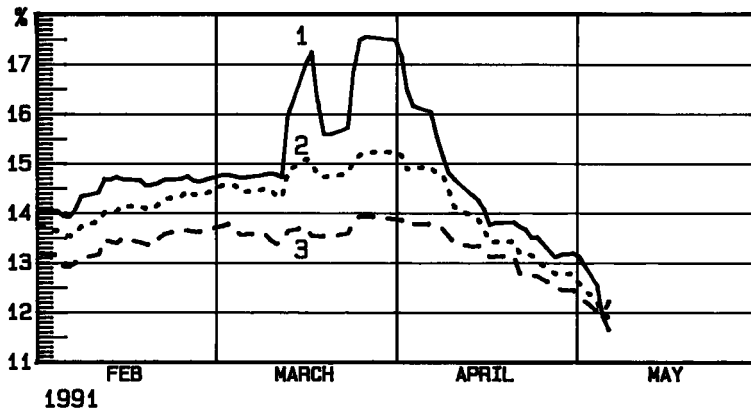
1. Cash reserve deposits
2. Bank of Finland's holdings of money market instruments, net

5. OVERNIGHT RATES



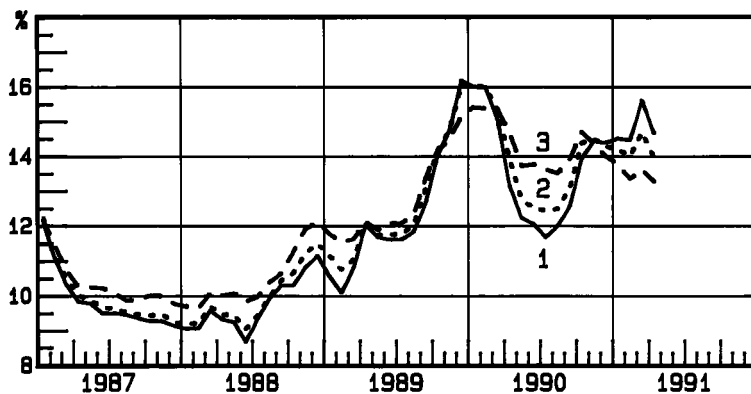
- 1. Inter-bank overnight rate
  - 2. Call money credit rate
  - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



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

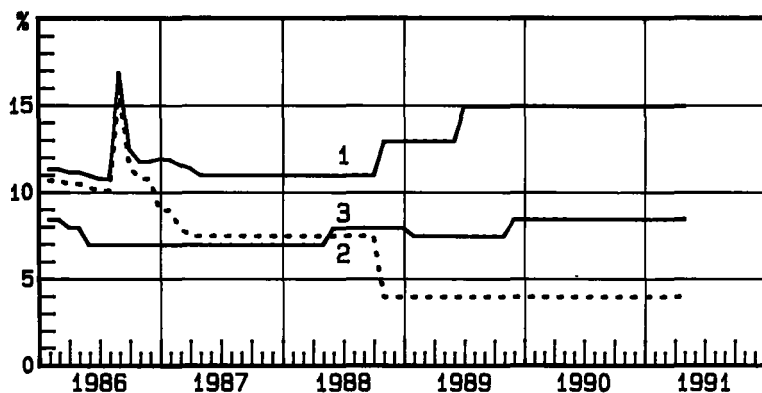
7. HELIBOR RATES OF INTEREST



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

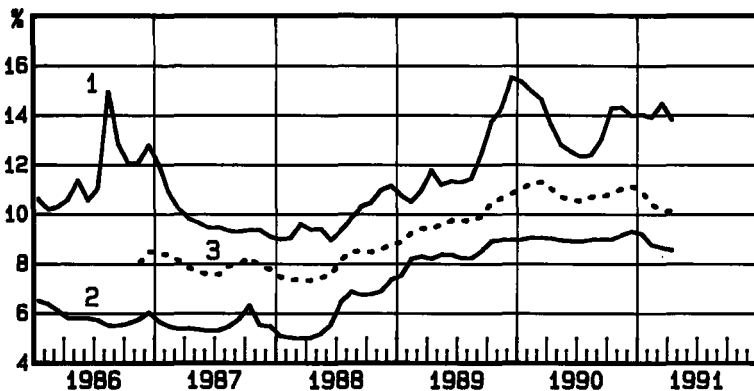


8. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



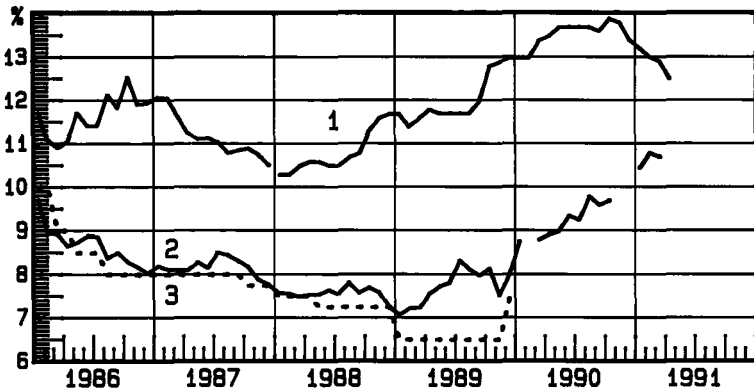
- 1. Call money credit rate
  - 2. Call money deposit rate
  - 3. Base rate
- End-of-month observations

9. 3-MONTH COVERED EURODOLLAR RATE AND 3-MONTH CURRENCY BASKET RATES



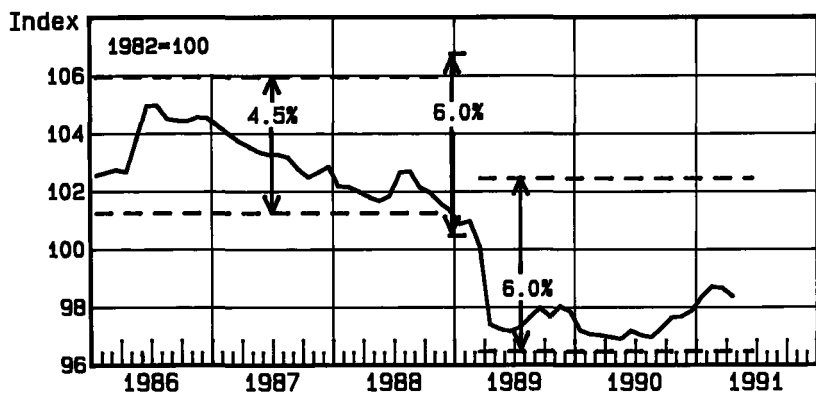
- 1. Covered Eurodollar rate
- 2. 3-currency basket rate (DEM 60 %, USD 30 %, GBP 10 %)
- 3. 14-currency basket rate (Bank of Finland currency index weights)

10. RATES ON BONDS AND DEBENTURES



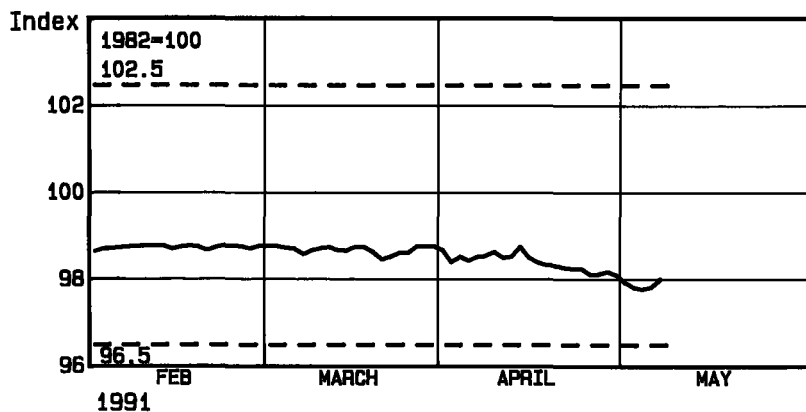
- 1. Long-term (5-year) market rate (before 1988 rate on (3-6 year) fixed-rate debentures)
- 2. Rate on (9-10 year) tax-free government bonds
- 3. Rate at issue on new 10-year taxfree government bonds

11. BANK OF FINLAND CURRENCY INDEX



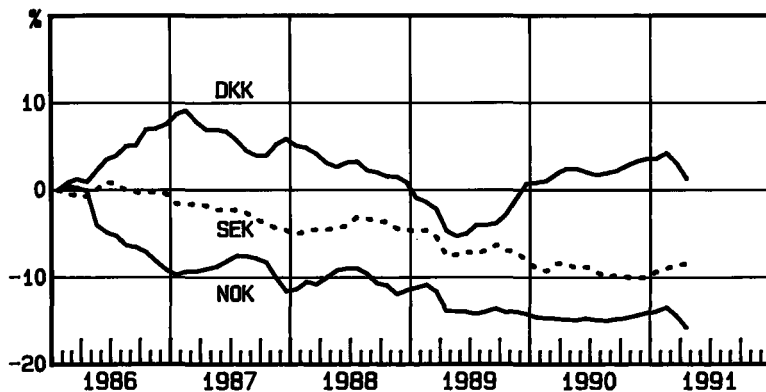
4.5 % and 6.0 % = fluctuation range of the index  
Monthly averages

12. BANK OF FINLAND CURRENCY INDEX



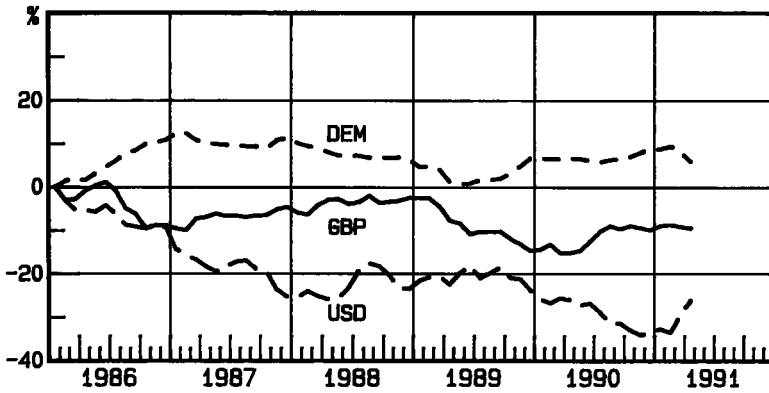
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



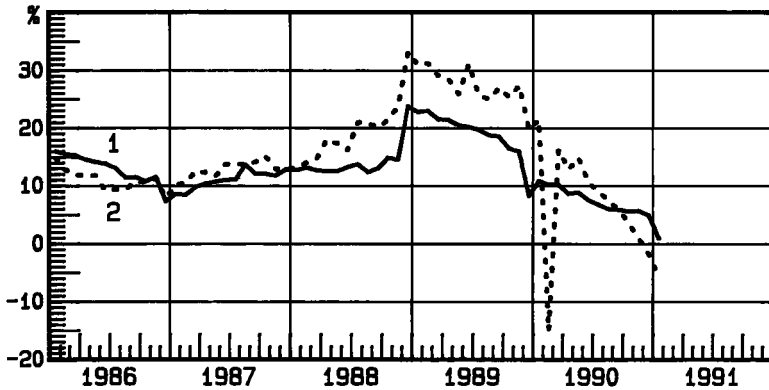
Monthly changes in marka selling rates calculated from the average rates for January 1986

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



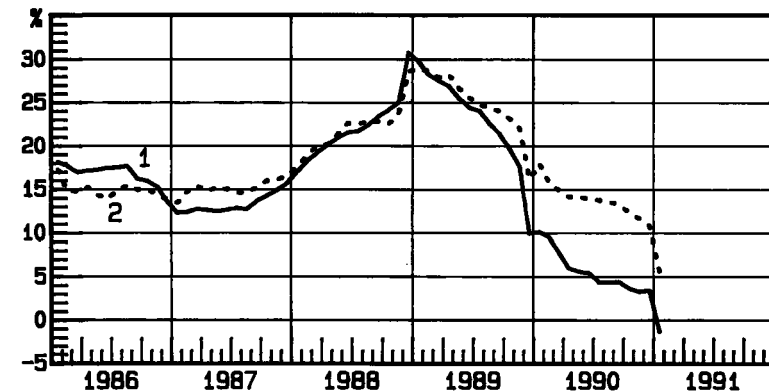
Monthly changes in markka selling rates calculated from the average rates for January 1986

15. BANK DEPOSITS FROM THE PUBLIC



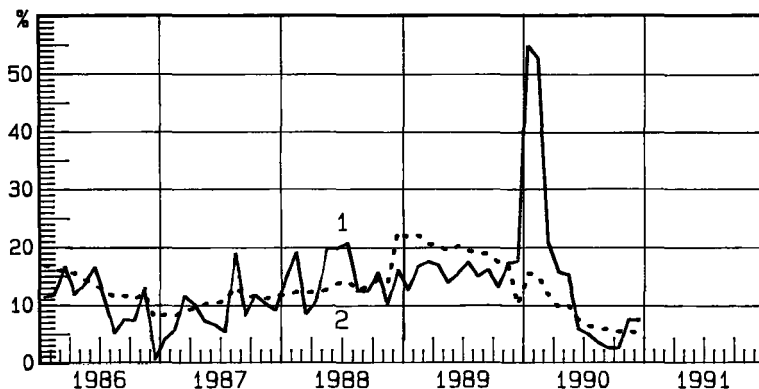
1. Regulated deposits  
2. Total deposits  
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



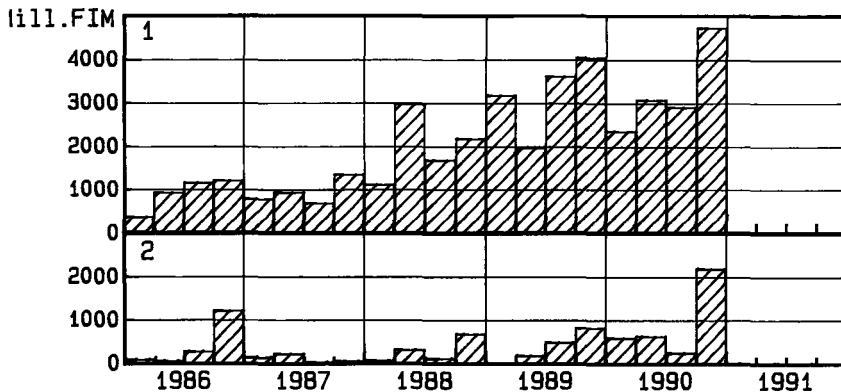
1. Markka lending  
2. Total lending  
Change from the corresponding month of the previous year, per cent

17. MONEY SUPPLY



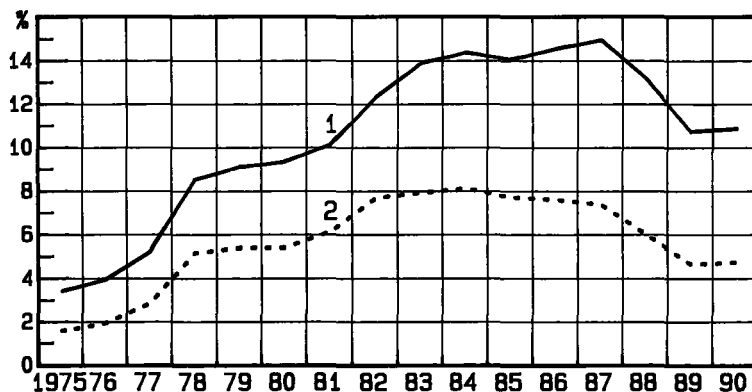
- 1. Narrow money supply (M1)
  - 2. Broad money supply (M2)
- Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



- 1. Finnish direct investment abroad, net
- 2. Foreign direct investment in Finland, net

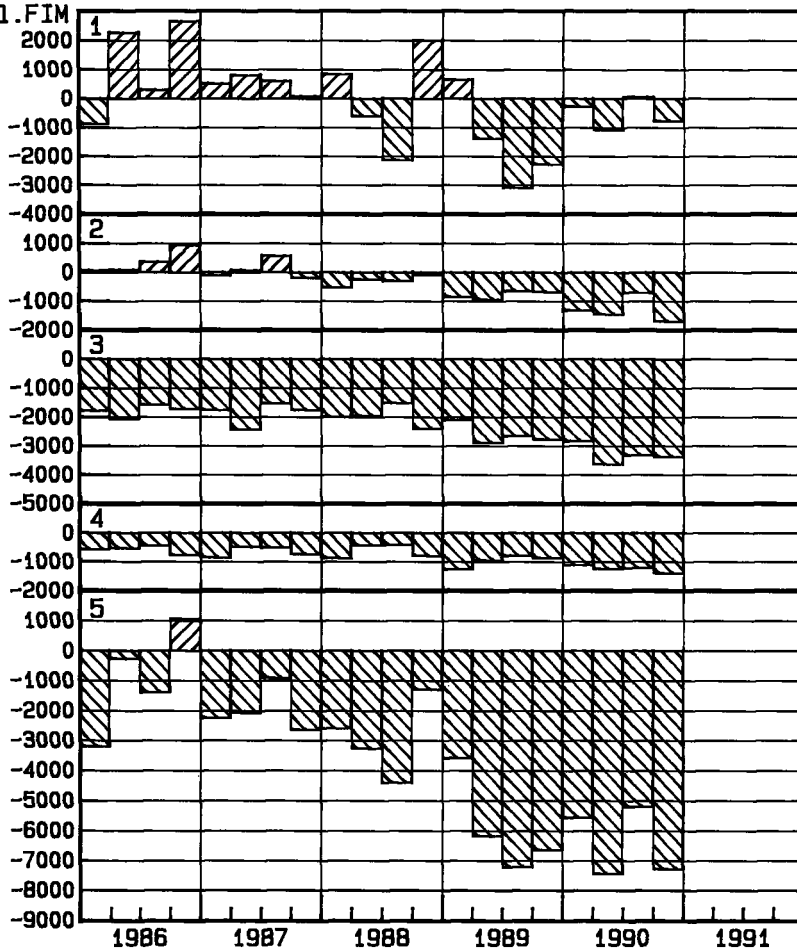
19. CENTRAL GOVERNMENT DEBT



- 1. Total debt
  - 2. Of which: foreign debt
- As a percentage of GDP

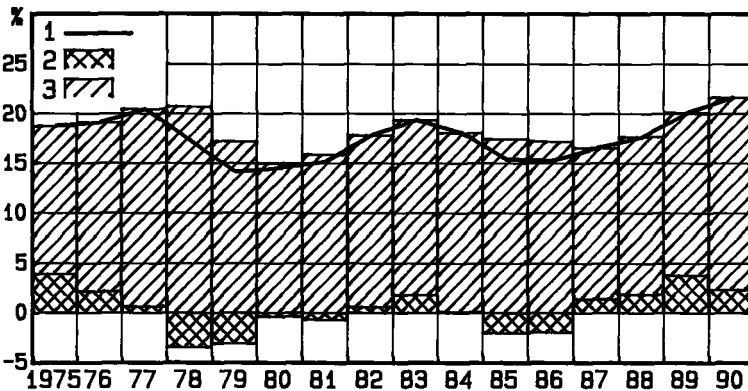
20. CURRENT ACCOUNT

Mill.FIM



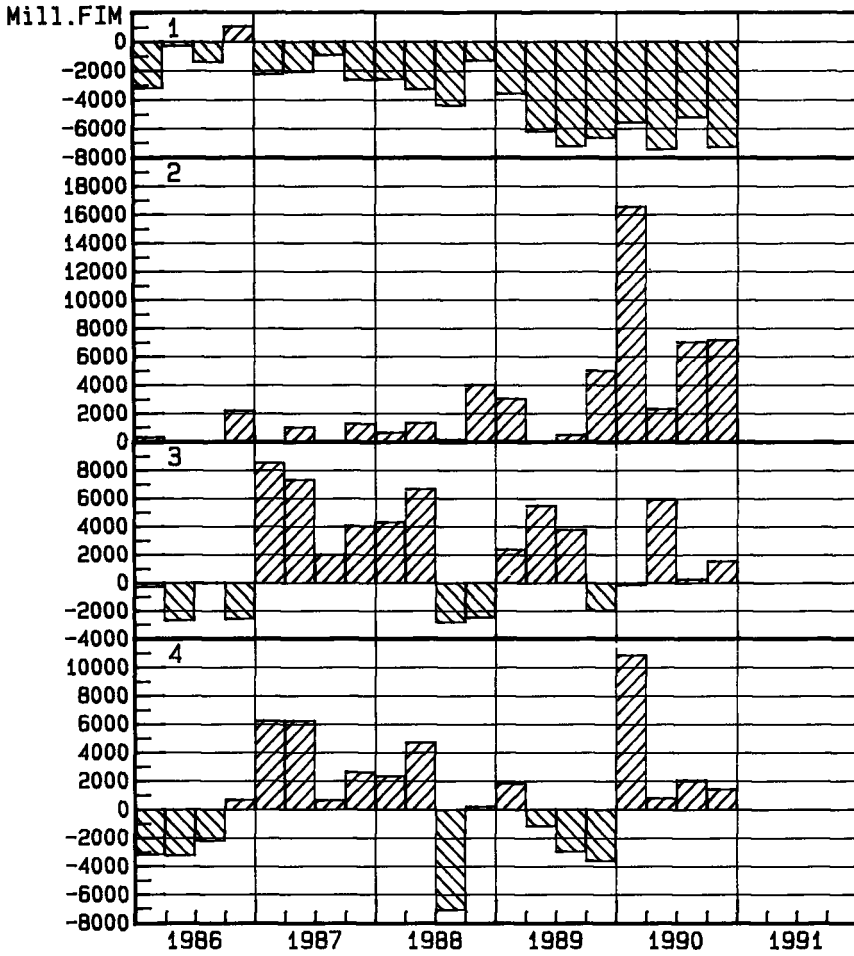
- 1. Trade account
- 2. Services account
- 3. Investment income account
- 4. Unrequited transfers account and other items, net
- 5. Current account

21. FOREIGN DEBT



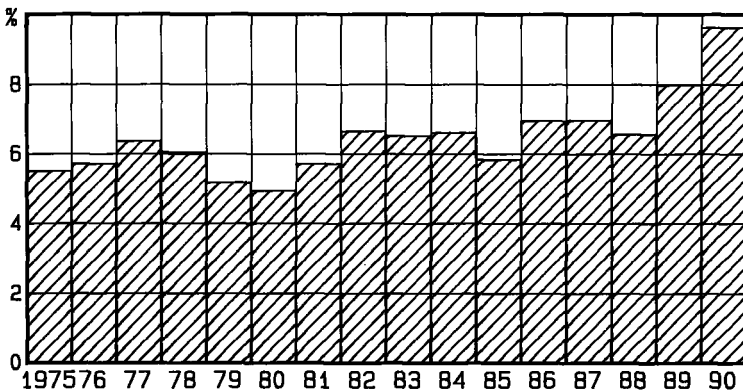
- 1. Total foreign net debt
  - 2. Short-term net debt
  - 3. Long-term net debt
- As a percentage of GDP

22. BALANCE OF PAYMENTS



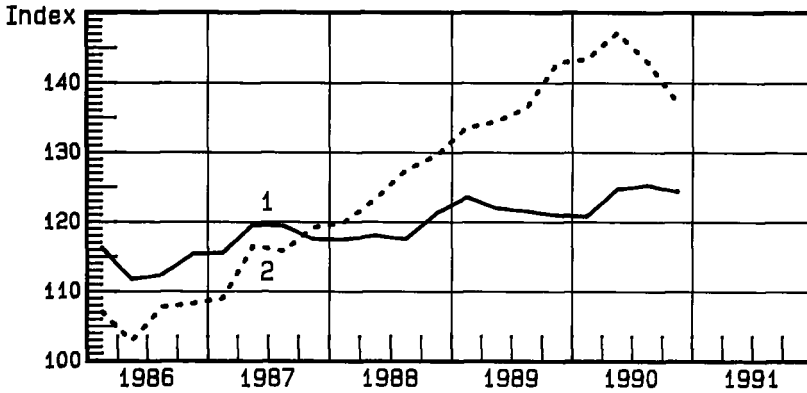
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance=change in the foreign exchange reserves of the Bank of Finland

23. NET INVESTMENT EXPENDITURE



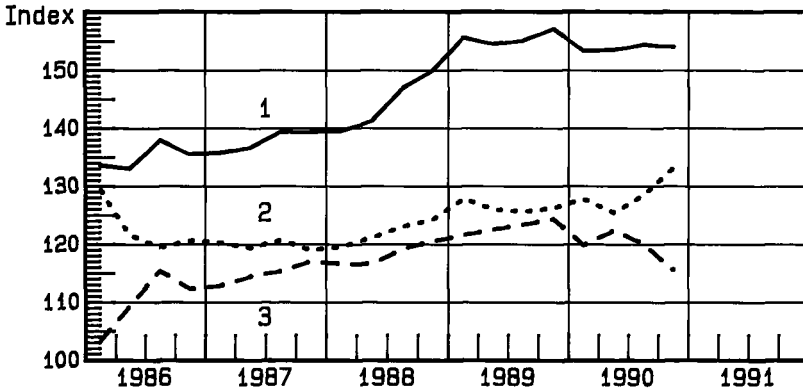
As a percentage of current account receipts

## 24. FOREIGN TRADE



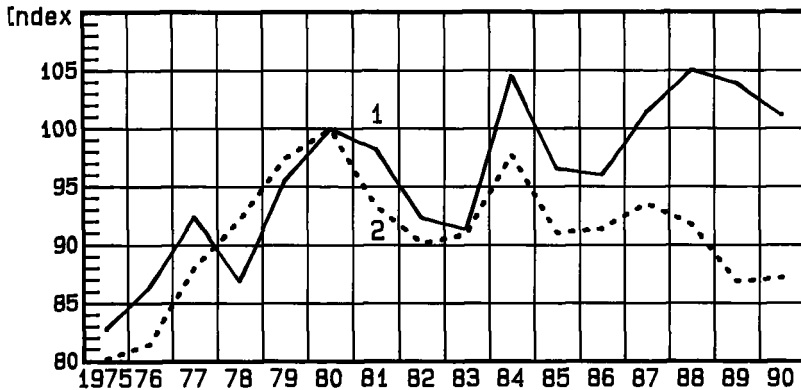
1. Total exports
  2. Total imports
- Volume index, 1980 = 100, four-quarter moving average shown as at the last quarter

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



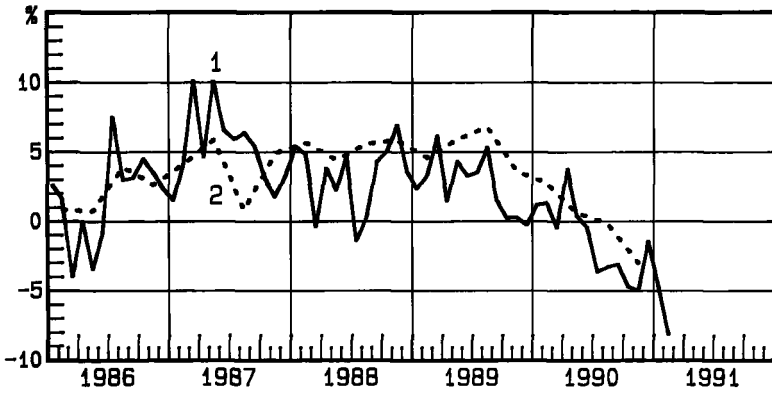
1. Unit value index of exports
  2. Unit value index of imports
  3. Terms of trade
- 1980 = 100

## 26. FINLAND'S EXPORT PERFORMANCE



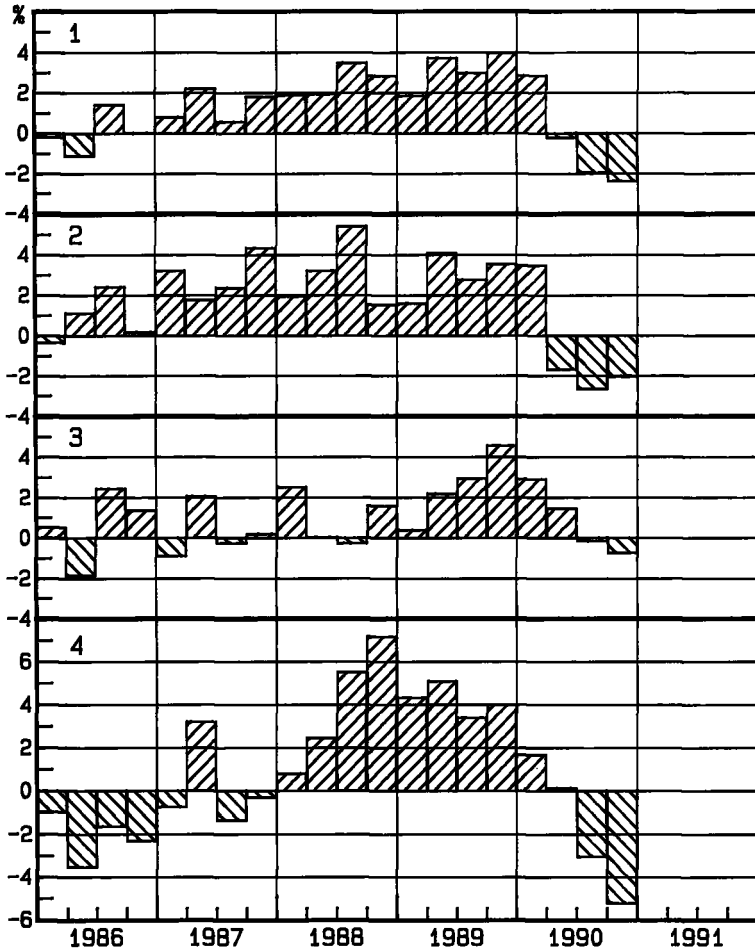
1. Value of exports to western countries in relation to exports of OECD Europe
  2. Volume of western exports in relation to exports of OECD Europe
- 1980 = 100

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

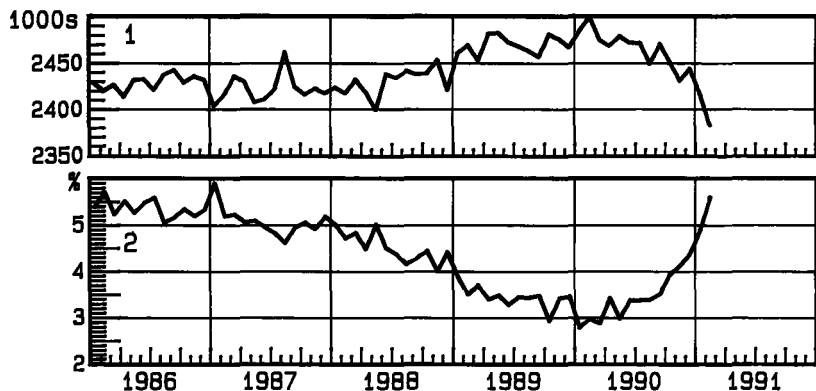
28. FIXED INVESTMENT



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 shown as at the last quarter, per cent

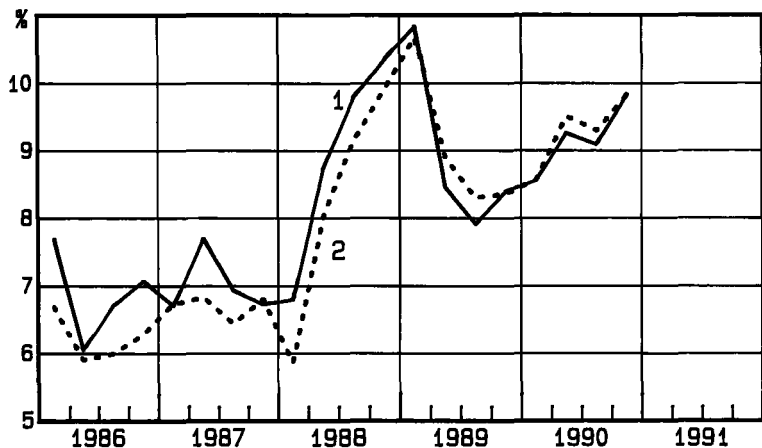


### 29. EMPLOYMENT AND THE UNEMPLOYMENT RATE



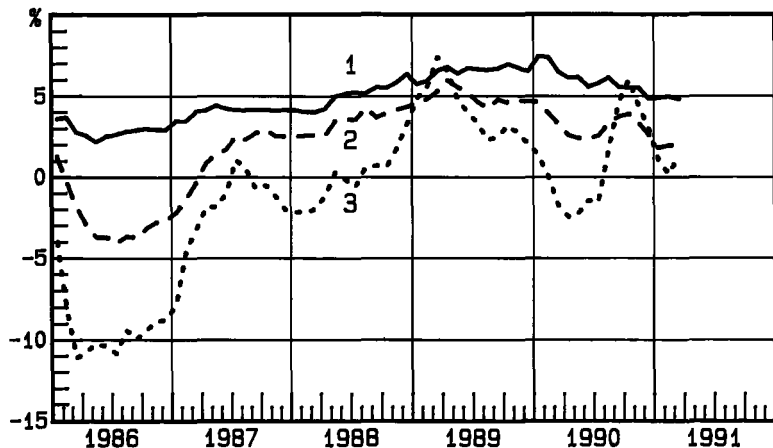
- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

### 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

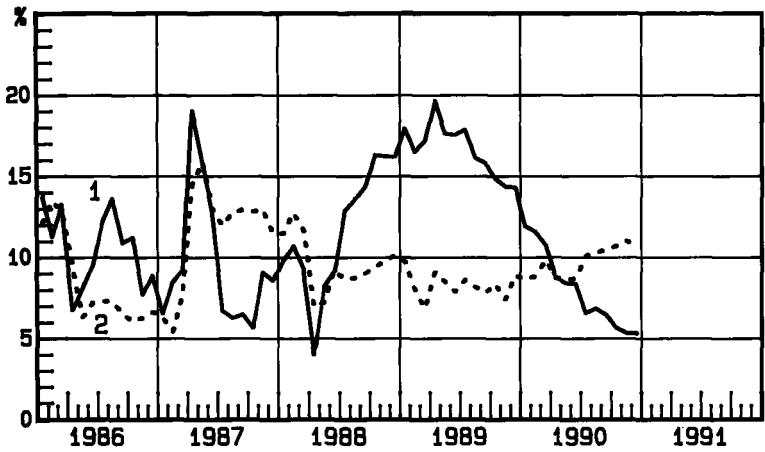
Change from the corresponding quarter of the previous year, per cent



- 1. Consumer price index
- 2. Wholesale price index
- 3. Import price index

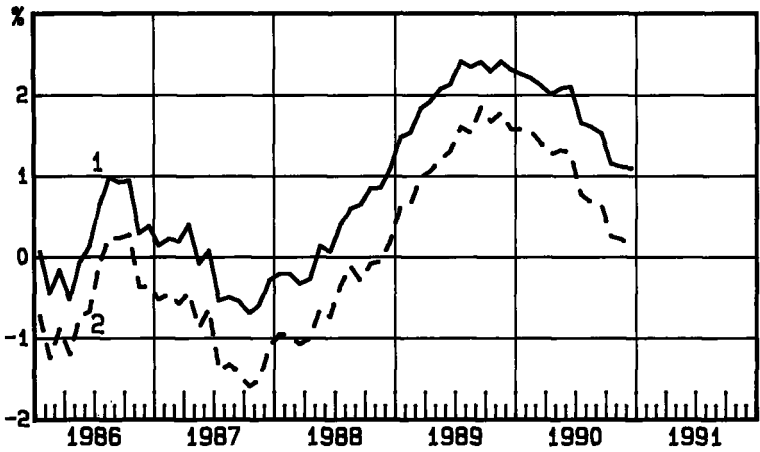
Change from the corresponding month of the previous year

### 31. CENTRAL GOVERNMENT FINANCES



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

Changes calculated from 12-month moving totals and shown as 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 shown as at the last month and as a percentage of GDP

# BANK OF FINLAND

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## THE PARLIAMENTARY SUPERVISORY BOARD

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PENTTI MÄKI-HAKOLA, Chairman  
JUSSI RANTA, Vice Chairman  
SEPPO KÄÄRIÄINEN

HANNU TENHIÄLÄ  
ANNELI JÄÄTTEENMÄKI

TUULIKKI HÄMÄLÄINEN  
ESKO SEPPÄNEN

MAURI MIETTINEN  
HENRIK WESTERLUND

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## THE BOARD OF MANAGEMENT

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ROLF KULLBERG, Chairman  
ELE ALENIUS  
HARRI HOLKERI

ESKO OLLILA  
KALEVI SORSA  
MARKKU PUNTILA

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## DIRECTORS

## DEPARTMENTS

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PENTTI KOIVIKKO

Accounting Department OSSI LEPPÄNEN  
Administration Department URPO LEVO  
Data Processing Department RIITTA JOKINEN

Payment Instruments Department  
REIJO MÄKINEN  
Personnel Department ANTON MÄKELÄ  
Branches

SIRKKA HÄMÄLÄINEN

Central Bank Policy Department  
(excl. International Office)  
JOHNNY ÅKERHOLM  
Economics Department KARI PUUMANEN  
Information Department ANTTI HEINONEN

Market Operations Department  
TOM NORDMAN (Acting Head)  
Research Department HEIKKI KOSKENKYLÄ  
Statistical Services Department ESA OJANEN

MATTI VANHALA

Bilateral Trade Department  
KARI HOLOPAINEN  
Financial Markets Department KAARLO JÄNNÄRI

International Office of the Central Bank Policy Dpt.  
Payments and Settlement Department  
RAIMO HYVÄRINEN

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Internal Audit Department TIMO MÄNNISTÖ

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

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## BRANCH OFFICES

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12 branches: Joensuu, Jyväskylä, Kotka, Kuopio, Lahti, Mikkeli, Oulu, Pori, Rovaniemi, Tampere, Turku, Vaasa

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## SETEC OY

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VELI TARVAINEN, Managing Director

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