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and Monetary Policy

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# RECENT FINANCIAL MARKET DEVELOPMENTS AND MONETARY POLICY

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The slowdown of the Finnish economy, which started in the course of 1990, was more abrupt than expected during the first months of 1991. According to preliminary data, GDP fell in real terms by 5.2 per cent in the first quarter of 1991 compared with the corresponding period of last year. The drastic fall in output is due to a combination of adverse external demand shocks plus a strong adjustment in the domestic economy following the boom years of 1987—1989.

In January—May 1991, the value of exports fell by 10 per cent compared with the same period a year ago. Exports to the Soviet Union slumped by almost 60 per cent, reflecting the severe economic problems in that country and the termination of the bilateral trade system between Finland and the Soviet Union. Exports to the EC countries remained at the same level as in the previous year. Exports to the OECD area have been curbed by slow growth of demand in Sweden, the United Kingdom and the United States, which are all major export markets for Finnish industry. The terms of trade weakened by 4½ per cent, squeezing profit margins in the export industries. In June, an exceptional 40 per cent fall in exports was registered as a result of a strike by transport and dock workers.

The contraction in domestic demand has been very sharp. In the first quarter of 1991, the volume of private investment fell by a full 15 per cent, and the volume of private consumption by 3½ per cent. In the household sector, the sav-

ing ratio has been rising rapidly from the low levels reached in the late 1980s. This adjustment is being speeded up by increased uncertainty, high real interest rates, the high level of indebtedness in the household sector and falling asset prices. The abrupt adjustment of the economy has been reflected in a marked increase in unemployment. In June, the rate of unemployment stood at 7.3 per cent.

On the positive side, the adjustment is also being reflected in an improvement in the trade balance and an abatement of inflationary pressures. Imports fell by 17 per cent in the first six months of 1991 and the trade balance — measured on a twelve-month moving total basis — shifted into surplus for the first time since early 1989. The improvement in the current account has been weaker because of rising net interest payments abroad. The current account showed a deficit of FIM 13.4 billion for the first two quarters of the year.

The rate of inflation — measured by the consumer price index — dropped well below 5 per cent in the spring months; in June, the twelve-month increase was 4.2 per cent. Both producer and wholesale prices fell in the first months of the year. Most pronounced has been the fall in asset prices, as evidenced by the nearly 30 per cent decline in the prices of dwellings in the Helsinki area since early 1989. Inflation is likely to slow further for the rest of the year as a consequence of asset price deflation, wage moderation and a squeeze on companies' profit margins.

## Rapidly increasing budget deficit

The fall in demand and output has led to a substantial reduction in central government tax revenue and an increase in expenditure on unemployment and other social security benefits.<sup>1</sup> As a result, the central government net borrowing requirement is expected to increase to about FIM 20 billion in 1991, which is about 3½ per cent of GDP.

The new Government has opted for an economic policy strategy which aims to adjust the economy to a low rate of inflation. As part of this strategy, the basis for the fixed exchange rate was strengthened in June by linking the markka to the ECU. In May, a package of measures designed to support the open sector of the economy was introduced.<sup>2</sup> The measures include temporary reductions in the national pension and sickness insurance contribution rates for private employers and in the rate for employers' contributions to the labour market pension scheme. The package is estimated to reduce companies' costs by FIM 7 billion in 1991 and 1992, the main impact being felt in 1992. To curb the growth of the budget deficit, the Government decided to temporarily raise the sales tax rate and the sickness insurance contribution rate of insured persons.

<sup>1</sup> In May, the Government submitted the first supplementary budget for 1991 to Parliament. It provides for increases in outlays of FIM 4.6 billion and reductions in revenue of FIM 6.8 billion in net terms. For details, see the item in the June—July issue of the Bulletin.

<sup>2</sup> See also the item in the June—July issue of the Bulletin.

These measures are estimated to increase central government revenue by some FIM 3½ billion.

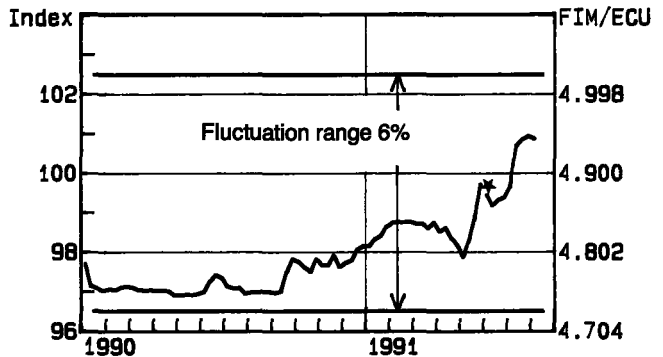
### Turbulent beginning to the year in the money market

The first months of 1991 were a period of turbulence in the foreign exchange and money markets. The deteriorating economic conditions and uncertainty about future economic policy caused by the parliamentary election in March induced capital outflows. The policy adopted by the Bank of Finland to halt the capital outflow was to allow a rise in interest rates and a widening in the interest rate differential vis-à-vis foreign interest rates (Chart). Foreign currency sales in March were not neutralized, resulting in a significant tightening of bank liquidity and a sharp rise in short-term money market interest rates. In late March, three-month HELIBOR rose to a high point of over 15 per cent, compared with a level of about 14 per cent at the beginning of the year. For a few days, the overnight rate in the inter-bank market exceeded 20 per cent.

In the first quarter, the Bank of Finland sold foreign currency totalling the equivalent of FIM 14.5 billion in the spot exchange market in support of the markka. The Bank of Finland also intervened in the forward exchange market and, as central government borrowing abroad increased, the fall in foreign exchange reserves was restricted to FIM 1.7 billion. As a result of the Bank's intervention and the rise in interest rates, the currency index was kept within the stronger half of the fluctuation band.

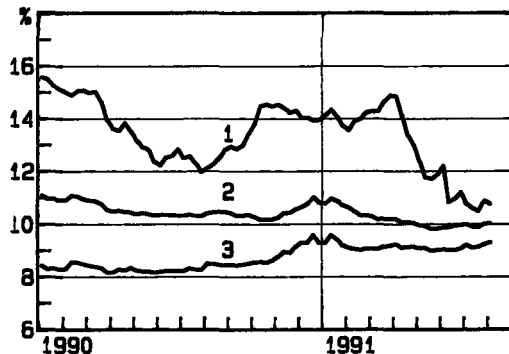
The tension in the money market eased temporarily after the election, and money market rates fell considerably. In April and early May, three-month HELIBOR fell by 3 percentage points to about 12 per

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



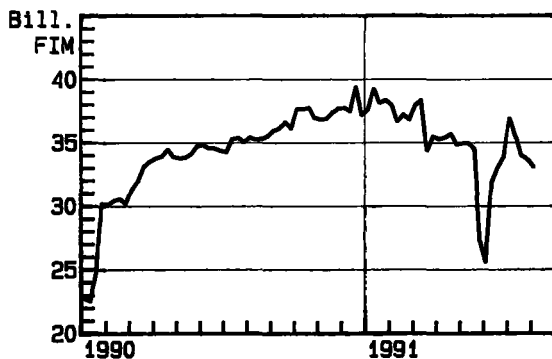
\* Markka linked to ECU since June 7, 1991

3-MONTH COVERED EURODOLLAR RATE AND 3-MONTH EUROSATES



1. Covered Eurodollar rate
2. ECU rate
3. DEM Euro rate

CONVERTIBLE FOREIGN EXCHANGE RESERVES



cent. The interest rate differential in relation to the foreign rate of interest, calculated on the basis of the currency index weights, narrowed to about 2 percentage points.

To ease the pressure on bank profitability caused by high interest rates and the economic recession, the Bank of Finland continued its policy of progressively lowering the cash reserve requirement. From 5.8 per cent for May, the requirement was lowered to 5.5 per cent for June, 5.2 per cent for July and 4.9 per cent for August.

### **Finnish markka linked to the ECU**

The new Government, which took office in late April, announced in its programme that consideration would be given to linking the Finnish markka to the European Currency Unit (ECU). After the Swedish decision to peg the krona to the ECU on May 17, expectations of a similar move by Finland began to mount. This triggered vociferous demands by some prominent representatives of industrial and agricultural organizations for a devaluation of the markka prior to changing the currency basket. As a result, uncertainty in the foreign exchange market increased.

Speculation resulted in large outflows of capital and a weakening of the currency index to close to the midpoint of the fluctuation range. As speculation continued and intensified, the Bank of Finland intervened heavily both in the spot and forward exchange markets in support of the markka. In a two week period from mid-May to the beginning of June, the Bank of Finland's foreign currency reserves fell by more than FIM 9 billion. This decline was not fully offset, and liquidity in the money market tightened to the extent that banks were compelled to borrow overnight at the Bank of Finland's call money window at

an interest rate of 30 per cent. This led to a sharp rise in short-term interest rates, and one-month HELIBOR rose by 4 percentage points to over 15 per cent.

On June 4, the Government decided, on the basis of a proposal by the Bank of Finland, to present a bill to Parliament providing for the amendment of the Currency Act. Following a rapid legislative process, the markka was pegged to the ECU from June 7, 1991.<sup>1</sup> The amendment did not involve any change in the fluctuation range of the markka. The new fluctuation margins and the midpoint were set so as to correspond to the fluctuation margins and midpoint of the old currency index. The new midpoint is 4.87580 (FIM/ECU). The markka may fluctuate within margins of 3 per cent on either side of the midpoint, i.e. between FIM 4.72953 and FIM 5.02207.

The decision to peg the markka to the ECU is connected with the integration of the Finnish economy with the rest of Europe. With the change in the currency basket, the value of the markka has become more stable in relation to other European currencies. The change also provides a clearer guideline for economic policy and for developments in inflation. By linking the markka to the ECU, Finland committed itself to the EMS countries' longer-term target of price stabilization.

Credibility was rapidly restored after the decision to link the markka to the ECU. This resulted in a reversal in capital flows and a marked fall in short-term interest rates. In the period from the beginning of June to early July, the Bank of Finland bought foreign currency totalling the equivalent of FIM 12.5 billion in the spot exchange market. Three-month HELIBOR fell below 11 per cent, thus narrowing the

interest rate differential in relation to the ECU rate to less than 1 percentage point.

Starting from mid-July, the trend in capital flows was reversed and there was a small outflow of capital. The Bank of Finland sold moderate amounts of foreign currency in support of the markka. At the same time, the new currency index was allowed to weaken by some 1½ percentage points, moving into the weaker half of the fluctuation range.

The efficient functioning of the interbank overnight market was, on a few occasions, hindered by the uneven distribution of liquidity among banks. This problem became especially acute in June when the overnight interest rate remained unduly high in relation to falling money market rates, despite the large amounts of call money deposits with the Bank of Finland held by the banking sector as a whole. Consequently, at the end of June, the Bank of Finland intervened directly in the overnight market by offering overnight 'depo' loans to banks through an auction mechanism. The intervention led immediately to a significant fall in the interbank overnight lending rate.

### **Brisk foreign demand for Finnish bonds**

In the first months of 1991, the net inflow of capital was moderate compared to recent years. As a result of a net capital outflow of FIM 6 billion in May, the first five months as a whole recorded a small capital outflow of FIM 1 billion. As the current account deficit amounted to FIM 10.4 billion over the same period, the Bank of Finland's currency reserves fell by FIM 11.4 billion. When the markka was linked to the ECU, the trend in capital flows was reversed, and the Bank of Finland's currency reserves grew by FIM 7.7 billion in June-July.

In the first five months of the year, domestic companies ran

<sup>1</sup> See also the item in the June—July issue of the Bulletin.

down their markka positions in the forward exchange market. This trend was at its strongest in May when domestic companies' net forward purchases of foreign currency amounted to FIM 12 billion. Foreign banks also reduced their forward markka positions for short periods in connection with speculation against the markka in March and May. In the first quarter, foreigners actively bought Finnish money market instruments, the sale of which abroad was allowed as from January 1, 1991. However, foreign interest in these instruments waned in the second quarter.

The raising of foreign currency loans by domestic banks and companies was modest in the first half of 1991. The bulk of capital imports to Finland took the form of portfolio investment, net sales of which amounted to FIM 18.5 billion in the first two quarters according to preliminary data. Particularly the demand for Finnish bonds abroad was brisk. In the first quarter, net sales of Finnish bonds abroad amounted to FIM 5.9 billion, of which FIM 2.1 billion were markka-denominated. As before, sales of Finnish shares abroad were negligible.

### **Bank lending rates falling**

The rise in bank lending rates finally came to a halt in May—June, when the average lending rate on new markka loans dropped by about 1 percentage point. But, with an average nominal rate of over 13 per cent and slowing inflation, the real interest rate on new loans is still high. This has depressed the demand for loans so that repayments of markka loans actually exceeded new borrowing in the first half of 1991.

In contrast, the amount of total markka deposits held by the public with banks grew slightly during the first six months of the year. The struc-

tural shift towards market-related taxable accounts continued. From December 1990 to June 1991, the share of deposits tied to the base rate fell from 82 per cent to 68 per cent. At the end of June, the Government presented a bill to Parliament according to which the tax at source on deposits, levied under a one-year law that applies to interest earned in 1991, will be continued in 1992 and the tax rate raised from 10 per cent to 15 per cent.

### **New issues of government bonds**

To finance the growing budget deficit, the Government has increased issues of government bonds. In the first half of 1991, issues of markka-denominated government bonds, including bonds issued by the Finnish Housing Fund, amounted to FIM 5.3 billion and issues of foreign-currency denominated bonds to FIM 6.0 billion. In January, the Government resumed the issue of Treasury bills after a pause of two years. In the first six months of the year, issues of Treasury bills amounted to FIM 2.3 billion. Owing to the downward trend in long-term interest rates, financial institutions and domestic corporations have also increased their issues of markka bonds. In the first half of 1991, issues of markka-denominated bonds amounted to FIM 23.2 billion compared with FIM 13.2 billion during the same period in the previous year. The use of the ECU as the currency of denomination in bond issues has become more popular among both public and private borrowers.

The increased activity in the bond market has also been reflected in the volume of secondary trading. Turnover in bonds in the OTC bond market in the first half of 1991 amounted to FIM 12.5 billion. Turnover in bonds and debentures on the Helsinki Stock

Exchange was negligible. Activity in the primary and secondary markets for shares has remained low. In January—June, turnover in shares on the Helsinki Stock Exchange was only FIM 4.0 billion. Share prices rose briskly in February—March but have subsequently fallen back to their level at the end of last year.

### **Liberalization of capital movements completed**

In June 1991, the Bank of Finland decided to rescind all controls on the raising of loans abroad by private individuals and comparable corporate entities as from October 1, 1991. This measure completes the abolition of exchange control in Finland. In order to facilitate the compilation of balance-of-payments statistics, residents will still be required to report all foreign currency transactions to the Bank of Finland.

August 8, 1991

# FINNISH SECURITIES AS INVESTMENTS

by **Yrjö Koskinen**, Research Officer  
Financial Markets Department  
Bank of Finland

**F**innish securities, i.e. shares and markka bonds, are still only of marginal significance in the portfolios of international investors. At the end of March 1991, foreign investors' holdings of Finnish shares amounted to some FIM 6 billion and their holdings of Finnish markka bonds to just over FIM 8 billion. One obvious reason for the dearth of foreign portfolio investment in Finland, besides the now-dismantled but long-lived exchange control system, can be found in the small size of Finnish markets; in terms of market capitalization, Finland's securities markets are among the smallest in Europe.

The total market value of issued Finnish shares was FIM 73 billion (approx. 15 per cent of GDP) at the end of June. The value of the "nonrestricted" or "free" shares available to foreign investors was even smaller — FIM 11.1 billion. At the same time, outstanding markka-denominated bonds amounted to FIM 128 billion (25 per cent of GDP), but only FIM 64 billion worth of this was actually suitable for secondary market trading. The small size of the securities markets is largely explained by the fact that Finnish financial markets have traditionally been dominated by the banks.<sup>1</sup>

The aim of this article is primarily to give an overview of the structural factors at work in the financial markets and in the economy in general; it is not intended to serve as a practical guide to trading in Finnish securities.

Finnish markka-denominated bonds have been well received by international investors. Their sale to foreign investors has been permitted since February 1, 1990, following a ban of nearly five years on sales abroad. Already in 1990, markka bond sales to foreigners were quite brisk — in net terms they rose to FIM 6.1 billion. Investor interest has grown this year; net sales to foreign investors amounted to FIM 2.1 billion in the first three months and increased substantially in the second quarter. The linking of the external value of the markka to the European Currency Unit (ECU) in June 1991 removed speculation concerning exchange rate policy and thus further enhanced investor interest in Finnish bonds.

The situation with respect to shares is the reverse; foreign investors' interest has been very modest over the past few years, and no appreciable upturn in equity investment is expected in the immediate future. Looking somewhat further ahead, however, the outlook for the share market appears considerably brighter from the point of view of foreign investors. Possibly from the beginning of 1993, foreign investors will be able to invest in Finnish shares without restriction. So far, only the nonrestricted shares of certain firms have been available to foreign investors, the majority of shares being restricted to Finnish nationals.

## **BOND MARKET Market expansion in sight**

Bonds have not played a significant role in Finland's bank-

dominated financial markets. This has been reflected in the way the markets have functioned. In short, it can be said that the debt market has been small and illiquid. The situation has thus been unfavourable from the point of view of institutional investors. Over the last two years, however, attention has begun to focus on market efficiency and at least in the new-issue market a definite improvement has taken place.

The problem regarding the debt market has not only been the small stock of outstanding debt but also the unsuitability of the existing debt instruments for the secondary market. Right up until the latter half of the 1980s, large amounts of tax-exempt bonds were issued. These bonds were intended primarily for households and are not well suited for trading in the secondary market. In 1988, outstanding public issues of tax-exempt markka bonds amounted to FIM 30 billion, and the corresponding amount of taxable bonds was only 2 billion more. The subsequent years have seen a clear change for the better as regards the suitability of bonds for trading in the secondary market. By the end of the second quarter of this year, the value of outstanding public issues of tax-exempt bonds had declined to just over FIM 20 billion, while the stock of taxable bonds had risen to over FIM 64 billion.

The growth in the relative share of public issues of taxable bonds has been partly the result of changes in tax legislation concerning bank deposits and bonds. Since the beginning of 1991, domestic investors have been paying a final

<sup>1</sup>For more information on the development, functioning and institutional setup of Finnish financial markets, see *Financial Markets in Finland*, Bank of Finland Bulletin, Special Issue, 1991.

tax at source of only 10 per cent on interest from bonds and bank deposits. The rate is to be increased to 15 per cent at the beginning of 1992, but the relative position of taxable bonds vis-à-vis deposits will be preserved. All the interest earnings of foreign investors are taxfree, provided the borrower is informed that the lender is a foreigner.

An important factor affecting market conditions has been the central government's financial position. A long period of favourable economic development in the latter half of the 1980s led to a string of budget surpluses and reduced the central government's debt-financing needs and outstanding debt. But the subsequent sharp turndown in economic conditions will impel the government to substantially increase its borrowing in the coming years, both from domestic and foreign sources. The growing volume of bond issues will probably contribute to the improved functioning of the market. Government debt instruments form the backbone of trading in all active financial markets, and there is no reason why this should not be the case in Finland too.

All debt issues of the central government since the beginning of 1990 have been fixed-interest bullets, which are well suited for the secondary market. So far, the problem has been the narrow range of maturities available. For example, all the "serial" bonds targetted at institutional investors that have been issued so far this year have had a maturity of five years. Some improvement in this respect is in sight as the Finnish Housing Fund (a government-owned fund), which was established in 1990, has issued its first ten-year bonds.

One problem remaining with respect to the development of the secondary market in connection with the central government's debt-financing

activities is the issuance of bonds that are targetted especially at households. Although these "yield" bonds are also fixed-interest bullets, the segmentation of the debt-instrument market by type of investor reduces the efficiency of the secondary market.

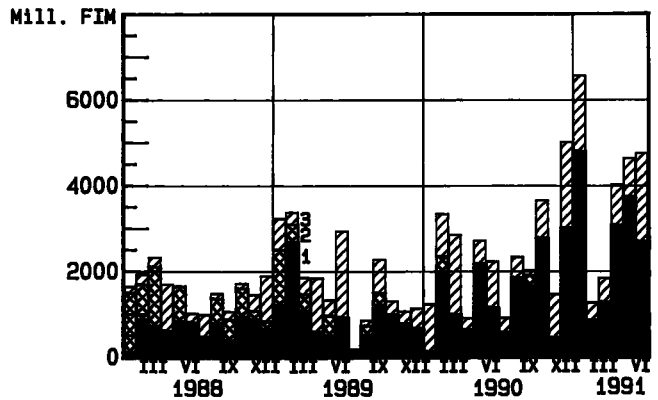
In 1989, markka bonds totalling FIM 21 billion were issued, of which only FIM 11 billion worth was in the form of taxable public issues. In 1990, the amount issued increased to FIM 29 billion, with taxable issues accounting for FIM 18 billion. During the first six

months of the current year, markka bonds were issued to the value of FIM 23 billion. The share of taxable public issues, which are important as regards activity in the secondary market, has grown. They were issued to the value of FIM 17 billion, i.e. almost as much as for the whole of last year (Chart 1).

### Illiquid secondary market

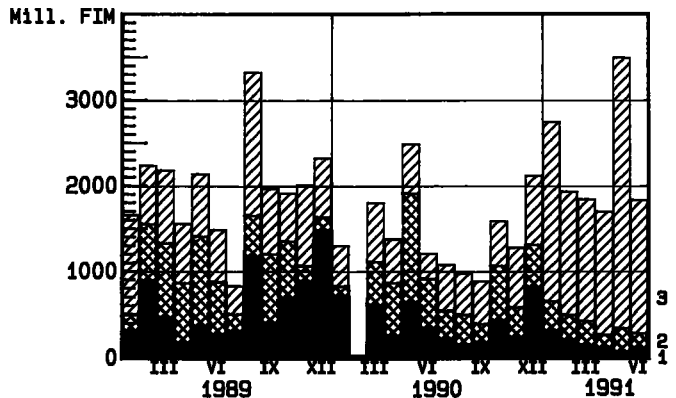
The increased activity in the new-issue market has not yet been very clearly reflected in the secondary market. Bonds

CHART 1.  
MARKKA-DENOMINATED BOND ISSUES



1. Taxable public issues
2. Taxfree public issues
3. Private placements

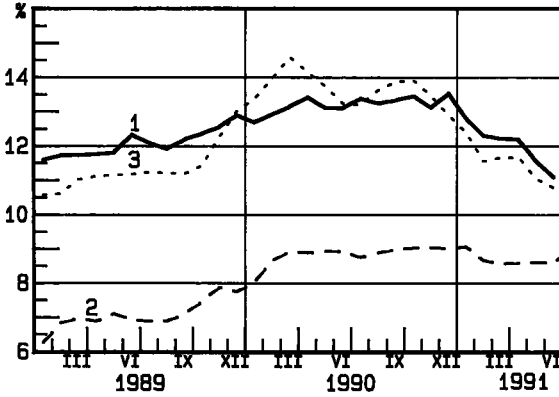
CHART 2.  
BOND TURNOVER



1. Stock exchange
2. Interbank market (purchases)
3. OTC market

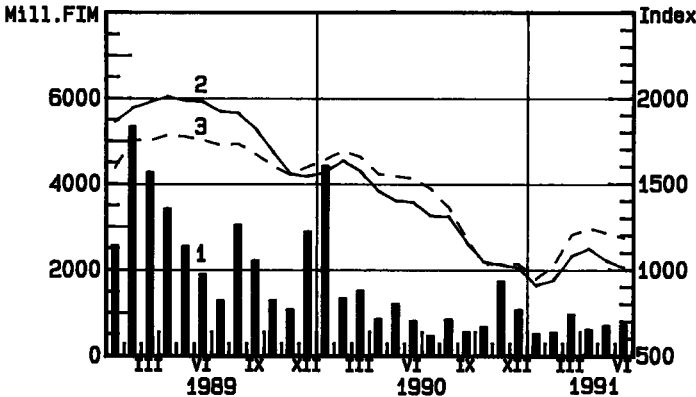


**CHART 3.**  
**BOND INTEREST RATES, 4 - 5 YEARS**



1. Taxable government bonds, 4 - 5 years
2. 5 - year DEM rates
3. 5 - year SEK rates

**CHART 4.**  
**SHARE TURNOVER**



1. Share turnover (left scale)
2. HEX index, restricted shares, Dec. 28, 1990 = 1000 (right scale)
3. HEX index, nonrestricted shares, Dec. 28, 1990 = 1000 (right scale)

are traded at two locations. The share of trade on the Helsinki Stock Exchange has continuously declined. During the last 12 months, monthly turnover has averaged only just over FIM 200 million. Secondary trade is increasingly being handled by banks and broking firms. This trade is divided between two markets: interbank and OTC. The share of the interbank market has been declining while that of the OTC market has been growing (Chart 2).

There are still some structural weaknesses in the market holding back the improvement in trading efficiency. First, there are few large institutional investors in Finland who are active in the secondary market. The main reason for this is an institutional arrangement whereby the employment pension funds are required to lend back about two-thirds of the contributions to companies at an administered rate of interest. The adverse effects of this arrangement on the function-

ing and efficiency of the financial markets are obvious but the system nevertheless persists. As yet, Finland does not possess legislation that would make the establishment of mutual funds specializing in bonds or money market instruments economically viable. Consequently, the only channel open to households with a growing interest in such securities is to invest in them directly.

A further notable weakness of the Finnish debt market is the lack of market makers. Though the banks normally give bid-offer quotations for bank issues, generally only bids are available for government bonds, for example. Moreover, the firmness of the two-way quotations that are available is subject to considerable uncertainty.

The linking of the markka to the ECU on June 7, 1991 has increased the credibility of Finland's exchange rate policy. Interest rates on Finnish bonds are still higher than, for example, for another substitute for the ECU, the Swedish krona, and are thus an attractive investment alternative (Chart 3). Moreover, the fall in interest rates this year has made capital gains possible.

### **SHARE MARKET**

The last two years or so have been a bleak time from the standpoint of the Finnish share market. The level of share prices has fallen by a half in the space of just over two years. The prices of non-restricted shares intended for foreign investors have fallen by much less — just under 30 per cent — during the same period (Chart 4). The reason for the decline in share values is the unexpectedly abrupt weakening of the economy and the resultant slump in company profits. Apart from negative expectations regarding company profits, the high return on debt securities has helped to push share prices down.

In addition, there has been a distinct worsening of liquidity in the share market. Between June 1990 and June 1991, only 10.6 per cent of all shares has changed hands. Besides the collapse in prices, the sluggishness of turnover is also due to the increased cross-holdings of companies. Through "strategic shareholdings", the major institutional investors (banks and insurance companies) have sought to preserve their influence in companies.

### Restricted and nonrestricted shares

From the point of view of the foreign investor, the prime institutional consideration with respect to the Finnish share market has been the distinction between restricted and nonrestricted shares. This stems from the 1939 Restriction Act, which limits foreign ownership of shares and voting power in a Finnish company to 20 per cent. With the consent of the Government, this limit may be raised to 40 per cent of shares. Generally, such consent is granted on application. It is highly likely that the distinction between restricted and nonrestricted shares will be removed in the not too distant future — possibly already in 1993.

A committee appointed by the Government to consider reform of foreign ownership rights took a liberal attitude towards foreign investment in Finnish shares. It proposed that the authorities would only be entitled to prevent the transfer of the control of major firms to foreigners when essential to the nation's vital interests. The intention is that foreign ownership should be limited only in exceptional cases. Similarly, the current negotiations between EFTA and the EC concerning the European Economic Area also aim at a liberal agreement as regards ownership and investment rights.

Because of the distinction between restricted and nonrestricted shares, there has generally been a substantial price premium on the latter. The theoretical explanation for the existence of the premium is that exchange controls have prevented Finnish investors from efficiently diversifying their share investments by country, so that their portfolios have entailed more domestic-country risk than is optimal. According to this theory, the lower price of restricted shares is a consequence of the greater risk involved.

In this light, the widening in the premium between restricted and nonrestricted shares in the course of this year is somewhat perplexing. Finnish investors may now freely invest in foreign shares. So, given the possibility to spread risks in a more optimal fashion, the premium should have diminished. It is to be noted, however, that Finnish investors have in fact acquired only a small amount of foreign shares so far, and hence their risks are still highly concentrated in Finland.

The spread between restricted and nonrestricted share prices is in some cases still substantial (Table 1). It is likely, and indeed desirable from the standpoint of market efficiency, that the premium on nonrestricted shares should start to diminish. The distinction between them will in any case disappear within a few years. In fact, the sale of derivative instruments based on restricted shares to foreign investors has been permitted for some time now. Through such instruments, foreign investors can already take advantage of the lower prices of restricted shares. While it is true that in organized markets nearly all derivative instruments have maturities of only a few months, they can be rolled over at relatively little cost. Thus there is no really convincing reason why there should

be a substantial spread between restricted and nonrestricted share prices.

TABLE 1.  
SHARE PRICE PREMIUMS<sup>1</sup>

Share	Price Non- restricted	FIM Re- stricted	Pre- mium %
Amer A	61.60	44.50	38
Cultor II	43.00	25.00	72
Enso R	16.20	13.80	17
Huhtamäki I	100.00	85.00	17
Kone B	410.00	362.00	13
KOP	32.00	25.00	28
Kymmene	65.60	60.00	9
Metra B	70.00	70.00	0
Metsä-Serla B	64.00	58.00	10
Nokia E	76.00	58.50	30
Pohjola B	71.00	53.00	34
Repola	48.00	48.00	0
UBF C <sup>2</sup>	21.50	15.10	42
AVERAGE			24

<sup>1</sup> The price difference between major nonrestricted and restricted shares as of June 28, 1991.

<sup>2</sup> The price of a UBF restricted share is the average of the A and B series.

### Trade in nonrestricted shares brisk in London

Turnover in shares totalled almost FIM 4 billion in the first half of this year. Nonrestricted shares accounted for a significant percentage of turnover, some FIM 1.5 billion. Although the portion of turnover on the Helsinki Stock Exchange accounted for by these shares has grown, trade in them has become increasingly concentrated in the Stock Exchange Automated Quotation System (SEAQ) in London. Ten major nonrestricted Finnish shares are traded in the SEAQ International system. In the first six months of this year, turnover in these shares in London was 2.2 times the corresponding turnover in Helsinki. Only last year, the turnover figures for the two marketplaces were roughly the same (Table 2).

The attractiveness of the SEAQ International system is at least partially based on lower costs. Foreign investors trading on the Helsinki Stock Exchange can avoid the 1 per cent stamp duty only when the counterparty is also a foreigner, otherwise the duty is

TABLE 2. TRADING VOLUME IN HELSINKI AND LONDON<sup>1</sup>

Share	Jan.—June 1991			1990		
	Helsinki	London	Hel/Lon %	Helsinki	London	Hel/Lon %
Amer A	701	2 203	32	795	1 983	40
Enso R	4 068	2 974	137	9 235	4 689	197
Huhtamäki I	1 007	3 710	27	740 <sup>2</sup>	2 286 <sup>2</sup>	32
KOP	2 541	3 360	76	2 634	745	353
Kymmene	2 931	2 112	139	3 944	1 255	314
Metra B	1 562	1 243	126	—	—	—
Nokia Pref.	1 189	3 134	28	1 773	3 932	45
Pohjola B	711	7 611	9	2 556	10 234	25
Repola	961	5 146	19	—	—	—
UBF C	2 533	9 023	28	11 626	10 498	111
TOTAL	18 204	40 516	45	33 303	35 622	93

<sup>1</sup> Trading volume on the Helsinki Stock Exchange and SEAQ International for non-restricted shares traded in both markets. Volume is the number of shares traded (in thousands).

<sup>2</sup> August—December 1990. Source: KOP

shared equally by the buyer and the seller. If the counterparty is a Finnish investor, the duty can only be avoided by trading abroad (e.g. in London). However, brokers' commissions on the Helsinki Stock Exchange should not be higher than elsewhere, since they are generally negotiable, especially nowadays when trading is dull. In small deals brokers charge 1 per cent, but in the biggest deals the commission is substantially

smaller. One attractive feature of trading in the SEAQ International system, anonymity of buyer and seller, would not seem to explain the shift in the trading of Finnish shares since the registration of shares is not yet mandatory here. And, for foreign investors, the situation will remain unchanged in this respect, since the registration requirement will not apply to them when it is introduced.

## PROSPECTS FOR PORTFOLIO INVESTMENT

Finnish securities still make up only a very small part of foreign investors' portfolios, but there are clear indications that interest is growing, particularly with respect to bonds. Whether such interest is sustained in the coming years will depend to a great extent on the credibility of economic policy in Finland.

Finnish shares have been significantly under-represented in international portfolios, as measured by total share market capitalization. This is primarily due to the distinction between restricted and non-restricted shares. Fortunately, this barrier to market efficiency will disappear in the years ahead. The benefits of share diversification are substantial, and hence there is no reason why Finnish shares should not gain greater importance in foreign investors' portfolios.

August 14, 1991

**THE BANK OF FINLAND'S INVESTMENT INQUIRY**

The sharp turndown in the business cycle has depressed industry's expectations concerning investment and production. Based on companies' current plans, industrial fixed investment is expected to decline by about 15 per cent this year. Investment could decrease somewhat next year as well. The drop in planned investment for 1992 reported in the May—June inquiry is greater than normal for surveys of investment intentions for the following year. R&D expenditure will be flat in 1991 and 1992. The capacity utilization rate will fall sharply this year, but firms expect it to turn up in the first half of next year. The current, exceptionally deep, recession increases the uncertainty attached to plans and forecasts.

**Fixed investment.** According to the Bank of Finland's survey data on investment intentions compiled in May—June, the value of fixed investment in industry amounted to nearly FIM 28 billion in 1990. In volume terms, investment was down slightly from 1989. Acquisitions of new fixed assets declined in all manufacturing sectors; the biggest fall was recorded in the metal and engineering industries and the smallest in the forest industries. In contrast, investment in the energy sector grew substantially. Firms have trimmed their investment plans as business conditions have weakened. The investment inquiry carried out a year ago pointed to growth of industrial investment in 1990.

Companies' own estimates indicate an 8 per cent decline in fixed investment this year. Estimates of the current year's

investment reported in the spring inquiry have typically exceeded the actual investment figure. Corrected for the average overestimate, industrial investment is likely to decline by some 15 per cent this year. According to the inquiry, the forest industries will cut investment by almost one-fifth and the metal and engineering industries by some 10 per cent. Investment in the other manufacturing industries should remain at roughly the same level. An exception to the overall downtrend in industrial investment is provided by state-owned companies, who will increase the volume of their investment significantly if plans are fulfilled. Hence, investment by private companies will decrease by more than the average for industry as a whole.

Industrial firms expect a further decline in investment for next year. Their plans indi-

TABLE 1. ANNUAL CHANGE IN THE VOLUME OF INDUSTRIAL FIXED INVESTMENT, 1990—1992, PER CENT

	1990	Planned	
		1991	1992
By sector			
Forest industries	-4	-18	-26
Metal and engineering industries	-12	-11	-20
Other manufacturing	-3	3	-10
MANUFACTURING	-5	-8	-17
ENERGY AND WATER SUPPLY	15	-8	5
TOTAL INDUSTRY (incl. mining)	-2	-8	-12
By type of investment			
Construction	1	-12	-19
Machinery and equipment	-3	-7	-9

TABLE 2. OUTLAYS ON RESEARCH AND DEVELOPMENT IN MANUFACTURING, 1990—1992

	1990		Planned			
	Million FIM	Percentage change	1991		1992	
			Million FIM	Percentage change	Million FIM	Percentage change
Forest industries	324	22	315	-3	329	5
Metal and engineering industries	1 485	13	1 428	-4	1 466	3
Other manufacturing	959	20	1 023	7	1 086	6
MANUFACTURING	2 768	16	2 766	0	2 881	4

TABLE 3. CAPACITY UTILIZATION RATE IN MANUFACTURING, 1990—1992, PER CENT

	1990		1991		1992	
	I	II	I	II	I	II
Forest industries	92	89	85	85	88	89
Metal and engineering industries	91	89	83	80	83	85
Other manufacturing	85	84	82	81	80	80
MANUFACTURING	89	87	83	82	83	84

cate that the volume of investment for total industry will fall by more than one-tenth; planned investment for 1992 reported by manufacturing companies in the May—June inquiry is almost one-fifth less than for the current year. Forecasts for next year reported in the spring inquiry have tended to fall short of realized investment by some 10 per cent on average. Even if this underestimation is taken into account, the volume of investment seems likely to decrease in many sectors next year. Planned investment in the forest industries is down more than one-quarter from the current year, while that in the metal and engineering industries is down by almost one fifth and that in other manufacturing by some 10 per cent. According to companies' plans, investment in the energy sector should increase slightly.

**R&D outlays.** The manufacturing industries spent FIM 2.8 billion on research and development in 1990, an increase of more than 16 per cent on the previous year. Of this total, the metal and engineering industries accounted for 54 per cent, the chemical

industry for about one-quarter and the paper industry for some 10 per cent. This year the growth of R&D outlays will come to a halt. In many sectors outlays will be down from last year, nor is any increase in R&D outlays expected next year.

**Capacity utilization.** In the first half of this year, the capacity utilization rate in manufacturing amounted to 83 per cent on average. Capacity utilization has declined markedly over the past year. The utilization rate in the metal products, machinery and transport equipment industries has fallen by 11 percentage points within the past year and that in the building materials industry (manufacture of non-metallic mineral products) by 14 percentage points. Firms expect the utilization rate to decline slightly in the latter half of this year. The rate could rise in several sectors next year.

### **UNIT FOR EASTERN EUROPEAN ECONOMIES ESTABLISHED AT THE BANK OF FINLAND**

The Bank of Finland's Bilateral Trade Department was

abolished on August 31, 1991. At the same time, a new unit called the Unit for Eastern European Economies was established to carry out economic research and analysis relating to the Soviet Union and other Eastern European countries. The unit started functioning on September 1, 1991. Mr. Kari Pekonen, Lic.Sc. (Econ.), was appointed head of the unit and Ms. Terhi Kivilahti, M.Sc. (Econ.), his deputy. Dr. Pekka Sutela serves as Special Adviser. Altogether, the unit has a staff of 13.

The unit's research and analysis will focus on economic developments in and the foreign economic relations of the above-mentioned countries, with a major emphasis on economic policy problems arising in connection with the transition to a market economy. Developments in recent years have shown the importance of gaining a better understanding of these economies and of analysing the implications of change from a Finnish perspective.

As the Bank of Finland already has competent staff in this area, as well as research contacts and data sources, it should be well positioned to undertake such research and analysis.

# MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM SEPTEMBER 1990 TO AUGUST 1991

1990

## 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.

## JUNE

### Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 5.8 per cent to 5.5 per cent of the cash reserve base at end-May 1991.

**Finnish Markka linked to the European Currency Unit (ECU).**

On the basis of a proposal by the Bank of Finland, the Government decides on June 4, 1991 to present a bill to Parliament providing for the amendment of section 2 of the Currency Act. By the amendment, which is approved on June 7, the markka is unilaterally linked to the EC's official accounting and currency unit, the European Currency Unit (ECU), from June 7, 1991.

The amendment does not involve any change in the fluctuation range of the markka. The new fluctuation margins and the midpoint are set so as

to correspond with the fluctuation margins and midpoint applied to the old currency index. The midpoint is defined on the basis of the exchange rates confirmed by the EC on June 6, 1991 at 3.15 pm (Finnish time). The new midpoint is 4.87580 (FIM/ECU). The markka may fluctuate within margins of 3 per cent on either side of the midpoint, i.e. between FIM 4.72953 and FIM 5.02207.

**Foreign Exchange Regulations.** The Bank of Finland decides to rescind all controls on the raising of loans abroad by private individuals and comparable corporate entities as from

October 1, 1991. This measure completes the abolition of exchange control in Finland.

**JULY**

**Cash reserve requirement.**

The Bank of Finland lowers the banks' cash reserve requirement from 5.5 per cent to 5.2 per cent of the cash reserve base at end-June 1991.

**AUGUST**

**Cash reserve requirement.**

The Bank of Finland lowers the banks' cash reserve requirement from 5.2 per cent to 4.9 per cent of the cash reserve base at end-July 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 4 998 700 (Jan. 1, 1991) and an average population density of 16.4 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 492 500 inhabitants, Espoo (Esbo) 172 650, Tampere (Tammerfors) 172 600, Turku (Åbo) 159 200 and Vantaa (Vanda) 154 900.

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 Peoples 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 1 880 million cubic metres, of which 45 % is pine, 37 % spruce and 18 % broad-leaved species, chiefly birch. The annual growth increment totals 79 million cubic metres and the total drain calculated on the basis of commercial fellings was 55 million cubic metres in 1990.

**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.** Finland has had its own monetary system since 1865. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). From November 1, 1977 to June 7, 1991 the external value of the markka was officially expressed in terms of a trade-weighted currency index, which was permitted to fluctuate within a prescribed range (from November 30, 1988 the range was 6 percentage points). Since June 7, 1991, the markka has been pegged to the European Currency Unit, the ECU. The new fluctuation margins and the midpoint were set so as to correspond to the fluctuation margins and midpoint of the old currency index. The midpoint is 4.87580 (FIM/ECU) and the fluctuation limits FIM 4.72953 and FIM 5.02207, where the lower limit means the highest permissible value for the markka and the upper limit the lowest permissible value. Under the Currency Act, the fluctuations limits are set by the Government on the proposal of the Bank of Finland.

### 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 latter controls will be removed as from October 1, 1991.

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, 1990). Finland has three major groups of deposit banks with a total of more than 3 500 offices. There are three big commercial banks with national branch networks and ten smaller ones, four of which are foreign-owned. The commercial banks have a total of 28 foreign branches, subsidiaries and associate banks and 25 representative offices abroad. There are 150 savings banks and 338 cooperative banks with their own extensive branch networks. In addition, foreign banks have 8 representative offices in Finland.

During 1991 there have been some changes in the status of foreign-owned banks. Since August 1, 1991 three subsidiaries and two branches owned by foreign commercial banks have been operating 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, 67 % of the instruments, which totalled approximately FIM 150 billion at end-1990, 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 74 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 85 billion (at end-1990). Four foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1989 totalled FIM 116 billion; government bonds made up 25 % of the total. Turnover on the Stock Exchange in 1990 amounted to FIM 20 billion; the share of shares and subscription rights in the total was approximately 77 %.



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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			
	July 31	Dec. 31	June 28	July 15	July 23	July 31
<b>ASSETS</b>						
<b>Gold and foreign currency claims</b>	35 353	37 307	33 989	35 634	34 128	33 785
Gold	2 180	2 180	2 180	2 180	2 180	2 180
Special drawing rights	771	791	1 021	874	858	853
IMF reserve tranche	858	783	1 115	1 144	1 123	1 111
Convertible currencies	31 305	33 478	29 612	31 377	29 910	29 584
Tied currencies	240	75	61	60	58	57
<b>Other foreign claims</b>	2 805	2 574	2 440	2 440	2 440	2 440
Markka subscription to Finland's IMF quota	2 115	2 198	2 035	2 035	2 035	2 039
Term credit	690	376	406	406	406	401
<b>Claims on financial institutions</b>	26 275	15 190	18 737	15 198	15 150	16 382
Call money credits	10	—	71	4	40	—
Certificates of deposit	20 057	9 411	5 547	4 941	4 662	5 464
Securities with repurchase commitments	—	—	7 168	4 339	4 534	4 951
Term credits	—	—	—	—	—	100
Till-money credits	3 752	3 427	3 786	3 786	3 786	3 740
Bonds	2 218	2 115	1 923	1 890	1 890	1 890
Other claims on financial institutions	238	238	241	238	238	238
<b>Claims on the public sector</b>	1 266	1 314	1 411	1 392	1 391	1 391
Bonds	7	0	14	3	3	3
Total coinage	1 259	1 314	1 397	1 389	1 388	1 388
<b>Claims on corporations</b>	1 871	1 678	1 479	1 452	1 447	1 442
Financing of exports	0	—	—	—	—	—
Financing of domestic deliveries (KTR)	1 390	1 223	1 042	1 018	1 013	1 011
Bonds: KTR credits	272	254	231	228	228	225
Bonds: Other	15	8	4	4	4	4
Other claims on corporations	195	193	202	202	202	202
<b>Other assets</b>	114	900	126	121	121	126
Accrued items	—	770	—	—	—	—
Other assets	114	131	126	121	121	126
<b>Total</b>	<b>67 684</b>	<b>58 964</b>	<b>58 182</b>	<b>56 238</b>	<b>54 677</b>	<b>55 566</b>
<b>LIABILITIES</b>						
<b>Foreign currency liabilities</b>	967	983	56	70	74	51
Convertible currencies	33	27	24	69	73	49
Tied currencies	934	957	32	1	1	1
<b>Other foreign liabilities</b>	2 848	2 938	2 834	2 854	2 839	2 839
IMF markka accounts	2 115	2 198	2 035	2 035	2 035	2 039
Allocations of special drawing rights	733	740	799	820	805	800
<b>Notes and coin in circulation</b>	13 592	14 555	13 973	13 977	13 946	13 840
Notes	12 484	13 399	12 798	12 798	12 766	12 659
Coin	1 108	1 156	1 174	1 179	1 181	1 182
<b>Certificates of deposit</b>	40	—	2 850	1 090	1 090	1 090
<b>Liabilities to financial institutions</b>	23 214	17 855	16 228	15 548	14 235	15 424
Call money deposits	495	418	2 067	1 385	72	1 877
Term deposits	—	—	—	—	—	—
Cash reserve deposits	22 679	17 401	14 161	14 161	14 161	13 546
Other liabilities to financial institutions	40	36	0	1	1	1
<b>Liabilities to the public sector</b>	6 635	1 321	4	3	4	4
Cheque accounts	1	1	—	—	—	—
Pension fund deposits	5 021	0	—	—	—	—
Counter-cyclical deposits	1 319	1 317	—	—	—	—
Export deposits	292	—	—	—	—	—
Other liabilities to the public sector	2	3	4	3	4	4
<b>Liabilities to corporations</b>	10 375	9 925	8 396	8 353	8 295	8 280
Deposits for investment and ship purchase	10 375	9 925	8 396	8 353	8 295	8 280
Other liabilities to corporations	—	—	—	—	—	—
<b>Other liabilities</b>	58	1 774	106	98	98	98
Accrued items	—	1 718	—	—	—	—
Other liabilities	58	56	106	98	98	98
<b>Valuation account and reserves</b>	3 791	3 448	7 972	8 481	8 332	8 176
<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>67 684</b>	<b>58 964</b>	<b>58 182</b>	<b>56 238</b>	<b>54 677</b>	<b>55 566</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>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
<b>May</b>	2 180	833	1 091	23 154	27 258	- 17	27 241	-387	26 854	1 405	4	-1 401
<b>June</b>	2 180	1 021	1 115	29 588	33 904	29	33 933	-394	33 539	1 411	4	-1 407
<b>July</b>	2 180	853	1 111	29 535	33 679	56	33 735	-399	33 336	1 391	4	-1 387

End of period	Domestic financial sector						Corporate sector				
	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)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	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>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
<b>May</b>	16 252	1 282	14 700	3 442	-2 181	8 457	1 310	8 076	-6 766	14 406	2 380
<b>June</b>	12 715	-1 996	14 161	3 786	-2 164	2 508	1 273	8 190	-6 917	13 972	2 850
<b>July</b>	10 515	-1 877	13 546	3 740	-2 127	959	1 236	8 074	-6 838	13 841	1 090

## 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>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	8 990	2 870	-752	39	2 079
<b>May</b>	12 670	1 180	7 950	3 540	1 366	-357	5 263
<b>June</b>	9 603	2 980	9 493	-2 870	-1 305	1 973	-6 148
<b>July</b>	6 865	160	7 366	-661	-71	-190	-542

## 2.2 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					Total, net (3+4+5)
	Domestic companies		Foreign banks, net	Bank of Finland, net	Net (1-2)	
	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>	<u>10 531</u>	<u>3 563</u>	<u>6 967</u>	<u>8 031</u>	<u>205</u>	<u>15 204</u>
<b>1990*</b>	11 609	4 979	6 131	10 100	-6 098	10 633
<b>1990</b>						
<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>	12 042	4 677	7 366	12 031	-6 633	12 764
<b>Nov.*</b>	12 218	5 220	6 999	11 840	-6 492	12 347
<b>Dec.*</b>	11 609	4 979	6 631	10 100	-6 098	10 633
<b>1991*</b>						
<b>Jan.</b>	13 191	6 724	6 467	9 165	-5 260	10 372
<b>Feb.</b>	12 545	7 871	4 673	9 413	-3 028	11 058
<b>March</b>	13 919	12 231	1 688	3 336	-2 593	2 431
<b>April</b>	14 088	15 045	-957	6 496	-1 568	3 971
<b>May</b>	15 130	25 075	-9 945	6 181	663	-3 101
<b>June</b>	16 144	23 123	-6 980	8 500	3 159	4 679

## 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>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
<b>May</b>	148	11 837	11 985	1 319	2 504	15 808	19 631	-7 645
<b>June</b>	535	15 926	16 461	2 332	2 469	14 646	19 447	-2 986
<b>July</b>	34	10 038	10 073	1 132	1 856	14 142	17 130	-7 057

### 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>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	.
<b>May</b>	13.12	12.25	11.98	11.94	11.95	15.00	4.00	8.50	5.8	.
<b>June</b>	13.45	11.29	11.25	11.41	11.56	15.00	4.00	8.50	5.5	.
<b>July</b>	9.48	10.09	10.69	11.19	11.52	15.00	4.00	8.50	5.2	.

#### 3.2 WEIGHTED EURORATES AND COMMERCIAL ECU INTEREST RATE, PER CENT

Average of daily observations	ECU	3 currencies	14 currencies	Commercial ECU
	1	2	3	4
<b>1986</b>	7.7	5.9	..	..
<b>1987</b>	7.0	5.6	8.0	7.1
<b>1988</b>	6.9	6.0	8.0	6.9
<b>1989</b>	9.3	8.4	9.8	9.3
<b>1990</b>	10.5	9.1	10.9	10.4
<b>1990</b>				
<b>July</b>	10.3	8.9	10.6	10.1
<b>Aug.</b>	10.5	9.0	10.7	10.2
<b>Sept.</b>	10.4	9.0	10.8	10.0
<b>Oct.</b>	10.2	9.0	10.9	9.9
<b>Nov.</b>	10.4	9.2	11.1	10.0
<b>Dec.</b>	10.8	9.4	11.2	10.4
<b>1991</b>				
<b>Jan.</b>	10.8	9.2	11.0	10.5
<b>Feb.</b>	10.5	8.8	10.4	9.8
<b>March</b>	10.2	8.7	10.2	9.5
<b>April</b>	10.1	8.6	10.1	9.4
<b>May</b>	9.9	8.4	9.8	9.7
<b>June</b>	9.9	8.4	9.6	10.1
<b>July</b>	10.0	8.5	9.6	10.0

#### 3.3 COVERED EURODOLLAR RATE, PER CENT

Average of daily observations	1 month	3 months	6 months	12 months
	1	2	3	4
<b>1986</b>	12.0	11.7	11.5	11.1
<b>1987</b>	9.8	9.9	9.9	10.1
<b>1988</b>	9.5	9.8	9.9	10.2
<b>1989</b>	11.8	12.1	12.1	12.1
<b>1990</b>	13.2	13.7	13.9	14.1
<b>1990</b>				
<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>	14.5	13.8	13.3	13.0
<b>May</b>	12.1	11.9	11.9	11.8
<b>June</b>	11.5	11.3	11.5	11.6
<b>July</b>	10.1	10.7	11.2	11.5



### 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 postal 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>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
<b>April</b>	15.85	16.45	14.17	14.80	12.25	11.99	7.50	4.50	7.29	13.93	9.26
<b>May</b>	15.50	15.05	13.37	13.85	12.20	11.96	7.50	4.50	7.14	13.25	9.03
<b>June</b>	13.98	15.55	13.02	13.54	11.93	11.60	7.50	4.50	7.05	12.35	8.61

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

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

Period	Secondary market yields						Taxfree public issues	Offer yield on taxable public issues
	Reference rates calculated by the Bank of Finland		Taxable government bonds	Taxable public issues	Issued by:			
	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>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
<b>April</b>	12.7	12.5	12.2	13.0	11.8	14.1	10.3	12.1
<b>May</b>	11.9	11.8	11.5	12.4	12.1	12.5	10.2	11.2
<b>June</b>	11.5	11.5	11.1	11.7	11.5	12.7	10.1	11.1

## 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>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
<b>May</b>	4.047	3.525	6.992	6.320	0.6587	0.6061	0.6164	2.3578	2.0922	0.11469	2.7824
<b>June</b>	4.228	3.699	6.983	6.355	0.6592	0.6088	0.6163	2.3737	2.1072	0.11539	2.7662
<b>July</b>	4.298	3.745	7.087	6.434	0.6647	0.6169	0.6217	2.4030	2.1332	0.11679	2.7733

Average of daily quotations	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Athens	Tokyo	Melbourne	ECU Commercial	SDR
	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 GRD	1 JPY	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	..	..	5.94432
<b>1987</b>	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	..	0.03050	3.106	5.075	5.68010
<b>1988</b>	0.7060	0.00324	0.3401	0.0294	0.1006	0.0361	..	0.03273	3.309	4.954	5.61826
<b>1989</b>	0.6757	0.00315	0.3254	0.0276	0.0782	0.0364	..	0.03122	3.423	4.731	5.49375
<b>1990</b>	0.7054	0.00321	0.3374	0.0271	0.0681	0.0377	..	0.02654	3.011	4.875	5.18345
<b>1990</b>											
<b>July</b>	0.7009	0.00322	0.3338	0.0270	0.0680	0.0384	..	0.02581	3.068	4.856	5.16136
<b>Aug.</b>	0.7057	0.00322	0.3361	0.0270	0.0677	0.0384	..	0.02519	3.020	4.899	5.09787
<b>Sept.</b>	0.7081	0.00318	0.3367	0.0270	0.0680	0.0378	..	0.02681	3.083	4.898	5.15451
<b>Oct.</b>	0.7117	0.00319	0.3384	0.0272	0.0681	0.0380	..	0.02794	2.933	4.919	5.16932
<b>Nov.</b>	0.7146	0.00321	0.3416	0.0275	0.0680	0.0381	..	0.02770	2.782	4.949	5.14440
<b>Dec.</b>	0.7142	0.00322	0.3443	0.0276	0.0681	0.0381	..	0.02706	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	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
<b>May</b>	0.6969	0.00319	0.3354	0.0273	0.0694	0.0382	..	0.02932	3.151	4.847	5.42606
<b>June</b>	0.7013	0.00321	0.3376	0.0273	0.0702	0.0382	0.0230	0.03024	3.231	4.879	5.56841
<b>July</b>	0.7095	0.00324	0.3417	0.0281	0.0711	0.0385	0.0230	0.03117	3.331	4.938	5.66884

## 4.2 MARKKA VALUE OF THE ECU AND CURRENCY INDICES

Average of daily observations	Markka value of the ECU		Currency indices, 1982=100		
	FIM/ECU	FIM/ECU Index, June 7, 1991=100	Bank of Finland's trade-weighted currency index	Payments currency index	MERM index
	1	2	3	4	5
<b>1986</b>	4.99433	102.4	103.9	106.3	110.4
<b>1987</b>	5.08273	104.2	103.3	103.2	106.1
<b>1988</b>	4.96108	101.7	102.0	101.1	104.7
<b>1989</b>	4.73670	97.1	98.4	98.4	102.8
<b>1990</b>	4.85697	99.6	97.3	96.1	97.3
<b>1990</b>					
<b>July</b>	4.84205	99.3	97.1	96.0	96.9
<b>Aug.</b>	4.87577	100.0	97.0	95.5	95.7
<b>Sept.</b>	4.86797	99.8	97.3	95.6	96.6
<b>Oct.</b>	4.89268	100.3	97.7	95.4	96.6
<b>Nov.</b>	4.91748	100.9	97.7	95.3	96.2
<b>Dec.</b>	4.93315	101.2	97.9	95.7	96.4
<b>1991</b>					
<b>Jan.</b>	4.94224	101.4	98.4	96.3	97.0
<b>Feb.</b>	4.97232	102.0	98.8	96.3	97.0
<b>March</b>	4.91308	100.8	98.7	97.2	98.8
<b>April</b>	4.83628	99.2	98.4	97.4	100.2
<b>May</b>	4.84342	99.3	98.7	97.9	100.8
<b>June</b>	4.86741	99.8	99.6	99.2	103.0
<b>July</b>	4.92615	101.0	100.8	100.5	104.6

## 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>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
<b>Feb.</b>	26 537	190 939	31 762	249 237	8 376	61 389	319 002

### 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>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
<b>Feb.</b>	18 653	5 491	259 415	283 559	104 379	387 938
<b>March</b>	18 428	5 410	259 616	283 454	105 093	388 546
<b>April</b>	18 292	5 416	259 028	282 735	103 798	386 533
<b>May</b>	17 798	5 271	259 334	282 404	105 448	387 852

### 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	-18 691	408 344	389 653	-79 084	124 295	251 519	272 603
<b>1990*</b>	-82 881	-16 430	448 864	432 434	-83 171	141 524	266 383	291 045
<b>1990*</b>								
<b>April</b>	-68 100	-16 050	432 170	416 120	-90 516	126 520	257 504	289 429
<b>May</b>	-67 965	-15 224	436 690	421 466	-94 848	126 524	258 653	291 815
<b>June</b>	-70 350	-15 351	441 042	425 691	-93 296	130 169	262 044	293 491
<b>July</b>	-70 011	-17 320	442 342	425 022	-95 841	127 416	259 171	291 732
<b>Aug.</b>	-73 077	-17 034	445 492	428 458	-97 511	126 332	257 870	291 948
<b>Sept.</b>	-76 042	-16 415	450 006	433 591	-99 650	128 399	257 900	293 609
<b>Oct.</b>	-76 332	-15 648	449 765	434 117	-100 348	127 713	257 436	291 707
<b>Nov.</b>	-80 013	-16 483	452 668	436 185	-98 428	128 127	257 744	291 414
<b>Dec.</b>	-82 881	-16 430	448 864	432 434	-83 171	141 524	266 383	291 045
<b>1991*</b>								
<b>Jan.</b>	-83 269	-15 277	452 783	437 506	-93 098	122 453	261 139	289 898
<b>Feb.</b>	-86 676	-11 209	453 646	442 437	-94 339	121 053	261 423	288 823
<b>March</b>	-81 750	-10 376	456 495	446 119	-100 963	121 271	263 406	294 244
<b>April</b>	-81 026	-9 236	452 755	443 519	-101 462	119 227	261 031	290 231

### 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	49 094	23 114
<b>1990</b>											
<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	49 094	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	46 054	26 381
<b>Feb.</b>	21 486	1 697	2 941	26 124	24 102	8 261	825	33 188	59 312	46 651	18 467
<b>March</b>	25 405	1 736	2 910	30 051	24 769	8 256	925	33 950	64 001	47 450	20 871
<b>April</b>	24 784	1 759	2 675	29 218	25 082	7 783	1 725	34 590	63 808	..	24 167
<b>May</b>	25 174	1 779	2 711	29 664	25 994	7 608	2 125	35 727	65 391	..	19 794

## 5.5 MARKKA BOND MARKET

### A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
<b>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	17 917	4 420	490	1 007	17 260	607	10 607	28 473
<b>1990*</b>									
<b>June</b>	273	1 436	—	—	500	1 140	—	1 069	2 209
<b>July</b>	200	542	—	—	150	562	—	330	892
<b>Aug.</b>	431	1 413	270	—	200	1 843	—	471	2 315
<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	3 857	150	150	—	3 007	—	1 986	4 993
<b>1991*</b>									
<b>Jan.</b>	1 054	3 489	2 000	—	—	4 787	—	1 756	6 543
<b>Feb.</b>	352	892	—	—	—	842	—	402	1 244
<b>March</b>	271	1 055	500	29	—	1 306	—	548	1 855
<b>April</b>	161	2 070	1 800	—	—	3 100	—	931	4 031
<b>May</b>	815	2 492	1 475	50	—	3 950	—	882	4 831
<b>June</b>	880	3 537	—	315	—	2 685	—	2 047	4 732

### B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
<b>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>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
<b>1991*</b>									
<b>I</b>	24 169	62 451	29 594	1 466	4 006	58 366	20 638	42 680	121 684

## 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>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	141	1 094	
<b>April</b>	1 138	1 123	1 243	1 060	993	1 210	1 279	1 263	1 273	.	.	.	607	117	724	
<b>May</b>	1 071	1 051	1 210	1 001	1 000	1 123	1 169	1 171	1 179	.	.	.	692	62	754	
<b>June</b>	1 031	1 010	1 184	977	963	1 076	1 089	1 128	1 139	.	.	.	710	111	821	
<b>July</b>	983	971	1 076	912	942	1 023	1 032	1 094	1 076	.	.	.	307	51	358	

<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 of 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	4 808	3 609	104 050	76 736	2 160	5 587	5 415
<b>1987</b>	83 826	6 387	3 736	6 099	16 222	100 048	6 162	3 231	109 441	81 867	2 610	6 811	6 488
<b>1988</b>	91 313	7 026	4 280	6 132	17 438	108 750	9 377	4 415	122 543	91 232	3 338	7 907	7 390
<b>1989*</b>	98 265	7 662	4 497	6 277	18 436	116 701	10 212	3 652	130 565	104 400	3 869	8 969	8 759
<b>1990*</b>	99 706	8 250	4 622	6 565	19 438	119 144	14 444	3 158	136 746	101 956	4 132	10 757	9 500
<b>1988</b>													
<b>IV</b>	26 608	1 771	977	1 905	4 653	31 261	2 492	1 080	34 833	24 597	944	1 951	1 860
<b>1989*</b>													
<b>I</b>	24 944	1 853	869	1 322	4 044	28 988	1 949	851	31 788	24 292	820	1 922	2 170
<b>II</b>	23 370	1 948	1 078	1 376	4 401	27 771	2 684	930	31 385	24 762	947	2 170	2 234
<b>III</b>	22 534	1 982	1 421	1 466	4 869	27 403	2 368	927	30 698	25 637	1 022	2 431	2 070
<b>IV</b>	27 418	1 879	1 129	2 114	5 122	32 540	3 211	944	36 694	29 708	1 080	2 446	2 285
<b>1990*</b>													
<b>I</b>	24 388	1 989	794	1 704	4 487	28 875	3 617	762	33 253	24 711	827	2 512	2 223
<b>II</b>	26 427	2 094	1 070	1 622	4 786	31 213	3 725	819	35 757	27 570	1 001	2 579	2 208
<b>III</b>	22 894	2 132	1 597	1 423	5 151	28 045	3 033	781	31 860	22 854	1 129	2 907	2 121
<b>IV</b>	25 997	2 036	1 161	1 817	5 014	31 011	4 069	796	35 875	26 821	1 175	2 759	2 948
<b>1991*</b>													
<b>I</b>	21 986	1 994	984	1 822	4 800	26 786	3 900	876	31 564	22 086	896	2 605	2 800

During period	Services expenditure, total (11+12+13)	Imports of goods (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 (20+21+22)	Goods and services account net (19+23)(7-16)	Investment income, others, net (8-17)	Transfers and account others, net (24+25)	Current account (26+27)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
<b>1986</b>	13 162	89 898	11 814	5 964	107 675	4 329	3 597	-2 392	201	1 406	5 735	-7 006	-2 355	-3 625
<b>1987</b>	15 909	97 775	13 356	5 860	116 990	1 960	3 778	-3 075	-390	313	2 273	-7 194	-2 629	-7 550
<b>1988</b>	18 634	109 866	17 033	6 975	133 874	80	3 689	-3 627	-1 258	-1 196	-1 116	-7 656	-2 560	-11 331
<b>1989*</b>	21 596	125 996	21 882	7 561	155 439	-6 134	3 793	-4 471	-2 482	-3 160	-9 294	-11 670	-3 910	-24 874
<b>1990*</b>	24 389	126 344	27 695	8 140	162 179	-2 250	4 118	-6 135	-2 935	-4 951	-7 201	-13 251	-4 982	-25 434
<b>1988</b>														
<b>IV</b>	4 756	29 353	4 831	1 888	36 071	2 010	827	-975	45	-102	1 908	-2 339	-808	-1 238
<b>1989*</b>														
<b>I</b>	4 911	29 203	4 364	2 120	35 687	652	1 034	-1 053	-848	-867	-215	-2 415	-1 269	-3 899
<b>II</b>	5 351	30 114	5 887	1 884	37 885	-1 393	1 001	-1 092	-858	-950	-2 343	-3 203	-954	-6 500
<b>III</b>	5 522	31 160	5 332	1 730	38 222	-3 103	960	-1 010	-604	-654	-3 757	-2 964	-804	-7 524
<b>IV</b>	5 811	35 519	6 289	1 827	43 645	-2 291	799	-1 316	-171	-689	-2 980	-3 088	-883	-6 951
<b>1990*</b>														
<b>I</b>	5 562	30 273	6 388	1 885	38 546	-323	1 162	-1 719	-520	-1 076	-1 398	-2 771	-1 123	-5 292
<b>II</b>	5 788	33 359	7 372	2 063	42 794	-1 143	1 092	-1 509	-586	-1 003	-2 146	-3 647	-1 244	-7 037
<b>III</b>	6 157	29 011	6 585	2 000	37 596	40	1 002	-1 310	-698	-1 006	-966	-3 551	-1 219	-5 735
<b>IV</b>	6 881	33 702	7 350	2 192	43 244	-824	861	-1 597	-1 131	-1 867	-2 691	-3 281	-1 396	-7 369
<b>1990*</b>														
<b>I</b>	6 300	28 386	7 638	2 711	38 734	-100	1 099	-1 621	-978	-1 500	-1 600	-3 738	-1 832	-7 170

<sup>1</sup> Reinvested earnings of direct investment enterprises have been added for the years 1986-1989; see also the item on direct investment in the October 1990 issue of the Bulletin.



## 6.2 CAPITAL ACCOUNT<sup>1</sup>, MILL. FIM

During period	Direct investment in Finland	Portfolio investment in Finland	Long-term credits				Imports of other long-term capital	Imports of long-term capital (1+2+6+7)	Direct investment abroad	Portfolio 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	Authorized banks	Others	Total (3+4+5)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>1986</b>	1 722	9 301	-240	31	-3 056	-3 265	87	7 845	4 109	2 320	-381	3 035	9 083	-1 238
<b>1987</b>	1 165	9 319	-556	1 823	103	1 370	91	11 945	5 015	2 285	158	5 041	12 499	-554
<b>1988</b>	2 218	14 457	-1 892	2 304	2 548	2 960	85	19 720	10 919	1 248	1 369	3 172	16 708	3 013
<b>1989*</b>	2 095	14 756	-1 638	4 403	5 843	8 608	79	25 538	13 327	180	2 934	2 221	18 662	6 876
<b>1990*</b>	3 647	22 656	-666	3 898	16 442	19 674	169	46 146	13 559	546	-409	2 510	16 206	29 940
<b>1988</b>														
<b>IV</b>	788	5 899	-778	857	1 195	1 274	57	8 018	2 739	87	1 076	843	4 745	3 273
<b>1989*</b>														
<b>I</b>	30	7 696	-761	1 031	458	728	42	8 496	3 575	-381	1 395	906	5 495	3 001
<b>II</b>	372	1 415	-403	421	1 058	1 076	-22	2 841	1 990	413	543	711	3 657	-816
<b>III</b>	681	2 841	-113	708	886	1 481	-16	4 987	3 626	338	225	722	4 911	76
<b>IV</b>	1 012	2 804	-361	2 243	3 441	5 323	75	9 214	4 136	-190	771	-118	4 599	4 615
<b>1990*</b>														
<b>I</b>	592	6 788	-310	2 125	10 423	12 238	126	19 744	2 525	302	102	861	3 790	15 954
<b>II</b>	627	2 836	-234	448	1 443	1 657	-34	5 086	3 212	-425	17	378	3 182	1 904
<b>III</b>	244	6 702	-201	1 146	1 573	2 518	-26	9 438	3 005	284	-220	425	3 494	5 944
<b>IV</b>	2 184	6 330	79	179	3 003	3 261	103	11 878	4 816	385	-308	846	5 739	6 139
<b>1991*</b>														
<b>I</b>	463	6 073	657	746	2 807	4 211	-108	10 639	2 621	-180	305	-403	2 343	8 296

During period	Basic balance	Short-term capital imports of authorized banks	Import liabilities and prepayments related to exports	Imports of short-term capital (16+17)	Short-term capital exports of authorized banks	Export receivables and prepayments 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 exd. reserve movements (15+23)	Change in central bank's foreign exchange 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>	-4 863	6 019	-3 796	2 222	7 181	-92	7 089	1 799	-3 068	-7 930	7 930	11 678	-3 748
<b>1987</b>	-8 104	19 324	-665	18 659	-9 346	-183	-9 529	-4 348	23 839	15 736	-15 736	-17 817	2 081
<b>1988</b>	-8 319	10 950	-399	10 551	1 754	644	2 398	348	8 501	183	-183	-517	334
<b>1989*</b>	-17 998	4 285	1 627	5 912	1 873	475	2 348	8 473	12 037	-5 961	5 961	4 455	1 506
<b>1990*</b>	4 507	12 352	1 471	13 823	-4 318	-864	-5 183	-8 420	10 585	15 092	-15 092	-15 432	340
<b>1988</b>													
<b>IV</b>	2 034	-8 761	-663	-9 424	-7 313	1 014	-6 299	1 302	-1 822	212	-212	-897	685
<b>1989*</b>													
<b>I</b>	-898	5 699	-287	5 412	6 536	214	6 749	4 055	2 718	1 820	-1 820	-1 372	-449
<b>II</b>	-7 316	10 783	-2 108	8 675	3 808	214	4 022	1 488	6 141	-1 174	1 174	152	1 022
<b>III</b>	-7 448	4 047	1 107	5 154	3 860	24	3 884	3 192	4 462	-2 987	2 987	1 802	1 185
<b>IV</b>	-2 336	-16 243	2 915	-13 329	-12 331	24	-12 307	-263	-1 284	-3 620	3 620	3 873	-253
<b>1990*</b>													
<b>I</b>	10 662	19 514	735	20 249	10 570	-593	9 977	-10 087	185	10 847	-10 847	-11 254	408
<b>II</b>	-5 134	9 095	793	9 888	5 078	-593	4 486	505	5 907	774	-774	-873	100
<b>III</b>	208	-2 325	-351	-2 676	-3 743	-58	-3 801	725	1 851	2 059	-2 059	-2 064	5
<b>IV</b>	-1 230	-13 932	293	-13 638	-16 223	379	-15 844	436	2 642	1 412	-1 412	-1 240	-172
<b>1991*</b>													
<b>I</b>	1 125	13 153	-655	12 498	16 262	-200	16 062	-663	-4 227	-3 102	3 102	3 657	-556

<sup>1</sup> Capital account data are based on surveys as from the beginning of 1991. In this context, certain earlier data have also been revised. The resulting figures conform more closely to the IMF's recommendations.

### 6.3 FINLAND'S FOREIGN LIABILITIES AND ASSETS<sup>1</sup>, MILL. FIM

End of period	Long-term liabilities							Long-term assets				Long-term debt, net (8-13)		
	Direct investment in Finland	Part-folio investment in Finland	Long-term credits			Other long-term capital	Total (1+2+6+7)	Direct investment abroad	Part-folio investment abroad	Long-term export credits	Other long-term capital		Total (9+10+11+12)	
			Central government	Authorized banks	Others									Total (3+4+5)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>1986</b>	8 056	48 039	8 596	1 728	19 959	30 283	739	87 117	11 590	4 690	5 649	5 712	27 641	59 476
<b>1987</b>	10 339	54 317	8 247	3 507	18 625	30 379	830	95 865	17 892	6 975	5 240	10 590	40 697	55 168
<b>1988</b>	12 673	68 957	6 081	5 910	21 126	33 117	915	115 662	24 199	8 223	6 686	13 800	52 908	62 754
<b>1989*</b>	16 692	82 313	4 127	9 967	26 016	40 110	994	140 109	33 234	7 852	9 469	15 869	66 424	73 685
<b>1990*</b>	20 339	96 543	3 314	7 319	41 788	52 421	6 178	175 481	46 793	7 560	8 621	23 244	86 218	89 263
<b>1988</b>														
<b>IV</b>	12 673	68 957	6 081	5 910	21 126	33 117	915	115 662	24 199	8 223	6 686	13 800	52 908	62 754
<b>1989*</b>														
<b>I</b>	13 186	75 798	5 117	6 843	21 172	33 132	957	123 073	26 702	7 798	7 972	14 738	57 210	65 863
<b>II</b>	14 041	77 417	4 629	7 231	22 258	34 118	935	126 511	27 619	8 287	8 932	15 180	60 018	66 494
<b>III</b>	15 205	79 950	4 520	7 878	23 020	35 418	919	131 492	30 172	8 392	9 155	15 817	63 536	67 956
<b>IV</b>	16 692	82 313	4 127	9 967	26 016	40 110	994	140 109	33 234	7 852	9 469	15 869	66 424	73 685
<b>1990*</b>														
<b>I</b>	17 284	85 070	3 662	11 883	35 245	50 790	1 120	154 264	35 759	8 113	9 366	16 696	69 934	84 330
<b>II</b>	17 911	85 823	3 454	12 655	36 138	52 247	1 086	157 067	38 972	7 715	9 339	17 075	73 101	83 966
<b>III</b>	18 155	89 500	3 322	13 734	37 306	54 362	1 060	163 077	41 977	7 631	8 987	17 489	76 084	86 993
<b>IV</b>	20 339	96 543	3 314	7 319	41 788	52 421	6 178	175 481	46 793	7 560	8 621	23 244	86 218	89 263
<b>1991*</b>														
<b>I</b>	20 802	109 012	4 076	8 312	45 859	58 248	6 003	194 064	49 414	6 969	10 105	22 475	88 963	105 101

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+21)	Total (19+20)				
<b>1986</b>	3 455	56 881	18 133	78 469	16 613	43 389	19 279	79 282	-813	58 663	7 006	6.7
<b>1987</b>	3 362	73 132	21 160	97 654	31 134	34 043	18 060	83 238	14 417	69 585	7 194	6.6
<b>1988</b>	3 341	83 828	20 109	107 278	32 037	35 797	20 830	88 664	18 614	81 367	7 656	6.2
<b>1989*</b>	3 558	88 751	25 580	117 889	25 113	37 670	22 183	84 965	32 924	106 609	11 670	8.9
<b>1990*</b>	3 922	97 797	27 775	129 494	39 506	31 626	21 481	92 613	36 882	126 144	13 251	9.7
<b>1988</b>												
<b>IV</b>	3 341	83 828	20 109	107 278	32 037	35 797	20 830	88 664	18 614	81 367	2 339	6.7
<b>1989*</b>												
<b>I</b>	3 278	90 535	21 455	115 267	33 376	42 333	21 047	96 756	18 511	84 374	2 415	7.6
<b>II</b>	3 136	100 345	21 114	124 595	32 142	46 141	22 433	100 716	23 879	90 372	3 203	10.2
<b>III</b>	3 919	104 777	22 747	131 443	29 839	50 001	22 704	102 544	28 899	96 855	2 964	9.7
<b>IV</b>	3 558	88 751	25 580	117 889	25 113	37 670	22 183	84 965	32 924	106 609	3 088	8.4
<b>1990*</b>												
<b>I</b>	4 036	108 663	27 240	139 940	35 895	48 239	23 142	107 276	32 663	116 993	2 771	8.3
<b>II</b>	4 195	118 120	26 292	148 607	36 764	53 318	22 457	112 539	36 067	120 034	3 647	10.2
<b>III</b>	4 071	116 509	26 065	146 645	38 454	49 575	22 598	110 627	36 019	123 012	3 551	11.1
<b>IV</b>	3 922	97 797	27 775	129 494	39 506	31 626	21 481	92 613	36 882	126 144	3 281	9.1
<b>1991*</b>												
<b>I</b>	3 399	111 540	29 477	144 415	37 748	48 583	26 161	112 491	31 924	137 025	3 738	11.8

6.4 FINLAND'S LONG-TERM FOREIGN LIABILITIES AND ASSETS, BY SECTOR<sup>1</sup>, 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>	39 068	20 508	27 031	510	87 117	13 910	10 973	2 309	449	27 641	59 476
<b>1987</b>	39 522	27 142	28 691	509	95 865	19 493	17 912	2 653	639	40 697	55 168
<b>1988</b>	46 471	41 766	26 926	499	115 662	25 093	23 765	3 101	949	52 908	62 754
<b>1989*</b>	58 602	57 870	23 063	574	140 109	34 999	26 371	3 517	1 537	66 424	73 685
<b>1990*</b>	68 864	80 954	24 976	687	175 481	48 798	30 891	4 481	2 047	86 218	89 263
<b>1988</b>											
<b>IV</b>	46 471	41 766	26 926	499	115 662	25 093	23 765	3 101	949	52 908	62 754
<b>1989*</b>											
<b>I</b>	47 855	48 670	26 033	515	123 073	28 466	24 364	3 299	1 081	57 210	65 863
<b>II</b>	49 629	52 125	24 257	500	126 511	29 563	25 914	3 329	1 212	60 018	66 494
<b>III</b>	52 901	54 317	23 783	491	131 492	31 816	27 012	3 374	1 334	63 536	67 956
<b>IV</b>	58 602	57 870	23 063	574	140 109	34 999	26 371	3 517	1 537	66 424	73 685
<b>1990*</b>											
<b>I</b>	64 302	66 880	22 478	604	154 264	36 963	27 558	3 699	1 714	69 934	84 330
<b>II</b>	64 199	70 644	21 588	636	157 067	39 730	27 782	3 734	1 855	73 101	83 966
<b>III</b>	64 339	75 419	22 647	673	163 077	42 027	28 325	3 772	1 960	76 084	86 993
<b>IV</b>	68 864	80 954	24 976	687	175 481	48 798	30 891	4 481	2 047	86 218	89 263
<b>1991*</b>											
<b>I</b>	75 343	86 428	31 556	737	194 064	51 185	30 677	4 851	2 250	88 963	105 101

<sup>1</sup>For revisions, see footnote 1 in table 6.2.

## 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>June</b>	8 773	8 316	457
<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>	7 685	7 501	184
<b>Feb.</b>	6 986	7 225	-239
<b>March</b>	7 694	7 571	123
<b>April</b>	8 730	7 867	863
<b>May</b>	7 684	7 187	497
<b>June</b>	5 299S	6 201S	-902

### 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>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	153	128	120
<b>II</b>	132	151	154	126	122
<b>III</b>	114	124	155	129	120
<b>IV</b>	130	139	154	133	116
<b>1991*</b>					
<b>I</b>	110	117	154	131	118
<b>II</b>	107	112	153	130	118

### 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>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	3 532	782	1 286	1 812	82
<b>Feb.</b>	555	2 394	821	1 918	1 299	3 651	448	1 221	1 916	7
<b>March</b>	571	2 616	902	2 260	1 349	3 689	529	1 172	2 168	9
<b>April</b>	578	2 578	896	3 300	1 381	3 931	619	1 321	2 001	37
<b>May</b>	592	2 454	835	2 397	1 406	3 763	713	1 093	1 613	5
<b>June</b>	283	1 013	804	2 034	1 165	3 001	916	953	1 298	33

## 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	Mill. FIM	Percentage change from the corresponding period on the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
	1	2	3	4	5	6	7	8
<b>All OECD countries</b>	77 533	76.5	36 767	-9.0	82 355	79.9	34 864	-18.2
<b>OECD Europe</b>	68 001	67.1	32 286	-7.4	67 601	65.6	28 732	-17.2
Of which:								
Austria	1 117	1.1	574	3.3	1 401	1.4	531	-22.0
Belgium and Luxembourg	2 247	2.2	1 193	8.1	2 839	2.8	1 045	-29.3
Denmark	3 538	3.5	1 676	-11.0	3 369	3.3	1 535	-12.0
France	6 237	6.2	2 646	-22.7	4 427	4.3	1 820	-24.3
Federal Republic of Germany <sup>1</sup>	13 003	12.8	6 822	7.5	17 897	17.4	7 203	-24.6
Italy	3 227	3.2	1 603	-7.1	4 766	4.6	1 889	-27.2
Netherlands	4 347	4.3	2 177	-4.1	3 276	3.2	1 492	-7.3
Norway	3 067	3.0	1 502	-5.8	3 512	3.4	1 967	23.6
Spain	2 210	2.2	1 132	2.0	1 159	1.1	516	-15.7
Sweden	14 456	14.3	6 559	-14.0	13 407	13.0	5 681	-20.1
Switzerland	1 806	1.8	883	-1.8	1 804	1.8	792	-9.5
United Kingdom	10 724	10.6	4 451	-19.3	7 822	7.6	3 123	-10.7
<b>Other OECD</b>	9 532	9.4	4 481	-18.7	14 754	14.3	6 132	-22.4
Of which:								
Canada	1 124	1.1	340	-49.7	810	0.8	262	-36.4
Japan	1 445	1.4	706	-4.6	6 628	6.4	2 833	-23.9
United States	5 898	5.8	3 040	-13.4	6 974	6.8	2 886	-19.8
<b>Non-OECD European countries</b>	13 888	13.7	2 963	-54.7	12 266	11.9	4 526	-26.0
Of which:								
Soviet Union	12 884	12.7	2 337	-60.8	10 202	9.9	3 687	-25.5
<b>Other countries</b>	9 917	9.8	4 348	-7.6	8 397	8.2	4 162	4.0
Of which:								
<b>OPEC countries</b>	1 727	1.7	816	-3.4	935	0.9	726	104.7
<b>TOTAL</b>	101 338	100.0	44 078	-14.6	103 018	100.0	43 552	-17.4
Of which:								
<b>EEC countries</b>	47 078	46.5	22 572	-7.2	47 263	45.9	19 691	-19.9
<b>EFTA countries</b>	20 540	20.3	9 562	-10.9	20 195	19.6	8 995	-12.7

<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>	218 775	77 117	95 178	11 234	14 057	416 361	107 551	128 834	395 078
<b>1990*</b>	219 847	80 531	88 428	12 658	13 343	414 807	109 434	127 509	396 732
<b>1988</b>									
<b>IV</b>	53 399	18 972	21 072	2 865	2 330	98 637	27 443	29 701	96 379
<b>1989*</b>									
<b>I</b>	54 136	19 114	21 807	2 754	3 169	100 980	27 829	31 752	97 058
<b>II</b>	54 635	19 201	23 934	2 675	2 090	102 535	25 766	30 087	98 214
<b>III</b>	54 915	19 323	24 502	2 839	4 031	105 611	26 511	32 771	99 350
<b>IV</b>	55 089	19 480	24 935	2 966	4 766	107 235	27 445	34 224	100 456
<b>1990*</b>									
<b>I</b>	55 048	19 885	24 060	3 098	3 400	105 491	27 294	32 982	99 802
<b>II</b>	55 442	20 057	22 141	3 384	4 304	105 327	28 902	33 977	100 252
<b>III</b>	55 003	20 219	21 249	3 077	2 493	102 041	27 136	30 042	99 135
<b>IV</b>	54 354	20 370	20 978	3 099	3 146	101 947	26 103	30 507	97 543
<b>1991*</b>									
<b>I</b>	53 131	20 091	20 877	3 023	2 882	100 003	25 754	30 276	95 482

### 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>	114.6	117.9	115.0	116.6	121.5	109.6	110.5
<b>1990*</b>	113.9	115.5	114.0	114.6	121.8	108.0	112.9
<b>1990*</b>							
<b>May</b>	115.8	139.1	116.2	115.2	121.9	111.3	111.7
<b>June</b>	115.0	123.8	115.9	120.1	123.6	107.9	107.8
<b>July</b>	112.3	89.3	113.4	114.3	119.8	108.1	113.2
<b>Aug.</b>	113.1	126.6	113.4	112.9	121.5	107.8	108.5
<b>Sept.</b>	112.4	118.4	112.3	112.9	120.4	106.7	111.4
<b>Oct.</b>	110.9	110.4	110.3	111.4	117.7	104.9	114.6
<b>Nov.</b>	110.6	104.4	109.8	110.2	117.7	104.4	115.1
<b>Dec.</b>	112.6	117.9	112.3	111.9	121.6	105.5	113.4
<b>1991*</b>							
<b>Jan.</b>	109.8	116.1	108.5	106.7	117.4	102.3	118.2
<b>Feb.</b>	107.2	106.8	104.8	104.7	111.0	99.6	125.5
<b>March</b>	108.1	107.0	107.0	107.8	114.2	100.3	118.5
<b>April</b>	106.1	97.5	104.4	108.0	109.7	98.9	120.9
<b>May</b>	105.0	83.8	103.9	108.4	111.1	95.6	124.4

### 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	110.6
<b>1989*</b>	124.2	117.0	130.3	132.9	137.6	125.2	161.4	115.3
<b>1990*</b>	119.9	111.7	127.3	124.8	161.7	122.1	144.7	116.5
<b>1990*</b>								
<b>April</b>	123.6	115.7	..	..	..	..	..	117.4
<b>May</b>	124.3	113.6	..	..	..	..	..	118.2
<b>June</b>	119.0	112.0	..	..	..	..	..	116.6
<b>July</b>	121.7	113.5	..	..	..	..	..	117.3
<b>Aug.</b>	121.8	112.9	..	..	..	..	..	117.3
<b>Sept.</b>	116.2	107.9	..	..	..	..	..	116.3
<b>Oct.</b>	118.8	111.5	..	..	..	..	..	115.4
<b>Nov.</b>	111.2	109.9	..	..	..	..	..	114.4
<b>Dec.</b>	108.5	107.5	..	..	..	..	..	113.9
<b>I</b>	124.6	112.0	139.1	137.0	153.6	136.8	148.1	116.9
<b>II</b>	122.3	113.7	133.6	132.7	164.2	125.5	167.5	117.4
<b>III</b>	119.9	111.4	119.3	120.0	163.5	109.8	122.2	117.0
<b>IV</b>	112.8	109.6	117.3	109.4	165.4	115.0	145.2	114.6
<b>1991*</b>								
<b>Jan.</b>	112.7	102.9	..	..	..	..	..	114.1
<b>Feb.</b>	108.4	102.0	..	..	..	..	..	112.8
<b>March</b>	95.7	102.4	..	..	..	..	..	111.4
<b>April</b>	111.3	107.8	..	..	..	..	..	112.3
<b>I</b>	105.6	102.5	116.7	113.7	166.0	104.9	110.5	112.8

## 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>	147.9	148.6	146.6	149.8	144.7	148.4	127.3	110.9	115.7	93.6	110.0	110.4	109.9	134.5
<b>1990<sup>1</sup></b>														
<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>	147.9	148.6	147.2	149.4	144.9	148.3	126.9	110.2	115.4	91.3	109.8	110.5	109.4	135.0
<b>III</b>	148.1	148.7	146.8	150.2	144.8	148.5	128.1	111.4	116.2	93.9	110.4	110.4	110.4	135.5
<b>IV</b>	152.8	153.6	152.0	153.9	149.6	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
<b>April</b>	..	..	..	..	..	..	132.2	111.2	116.0	93.5	109.5	108.7	109.9	137.4
<b>May</b>	..	..	..	..	..	..	132.8	111.2	116.0	93.6	109.4	108.4	109.9	137.4
<b>June</b>	..	..	..	..	..	..	132.7	111.1	116.0	93.5	109.8	109.0	110.2	137.2
<b>I</b>	153.8	154.7	153.0	154.3	150.4	152.4	131.4	111.7	116.6	93.4	110.1	108.9	110.6	137.1

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



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

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry			Unemployed	Unemployment rate	
				Self-employed	Wage and salary earners	Agri-culture and forestry	Industry	Con-struction			Service industries
				1000 persons							%
	1	2	3	4	5	6	7	8	9	10	11
<b>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>May</b>	68.7	2 566	2 489	366	2 124	204	557	213	1 516	76	3.0
<b>June</b>	68.5	2 559	2 472	355	2 117	201	559	209	1 503	87	3.4
<b>July</b>	68.5	2 559	2 472	361	2 111	210	562	205	1 496	87	3.4
<b>Aug.</b>	67.9	2 537	2 450	349	2 101	202	551	203	1 493	87	3.4
<b>Sept.</b>	68.4	2 563	2 472	359	2 113	202	550	210	1 511	90	3.5
<b>Oct.</b>	68.2	2 555	2 454	354	2 100	205	551	201	1 498	101	3.9
<b>Nov.</b>	67.7	2 538	2 432	355	2 076	205	546	202	1 479	106	4.2
<b>Dec.</b>	68.2	2 558	2 444	348	2 096	199	549	201	1 495	114	4.4
<b>1991</b>											
<b>Jan.</b>	67.8	2 543	2 416	342	2 074	203	529	200	1 483	127	5.0
<b>Feb.</b>	67.4	2 526	2 382	347	2 036	199	521	193	1 470	144	5.7
<b>March</b>	68.3	2 564	2 412	358	2 054	200	524	186	1 501	152	5.9
<b>April</b>	67.9	2 550	2 389	345	2 044	198	511	193	1 487	161	6.3
<b>May</b>	67.5	2 534	2 363	345	2 018	196	514	186	1 467	171	6.8

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

During period	Revenue						Expenditure				
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
										Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11
<b>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>1990</b>	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
<b>1990</b>											
<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	4 143
<b>Nov.</b>	4 576	5 868	77	1 871	12 393	701	13 094	3 493	7 574	3 212	4 192
<b>Dec.</b>	4 045	8 332	222	2 740	15 339	278	15 616	3 730	8 101	3 311	4 150
<b>1991</b>											
<b>Jan.</b>	2 877 <sup>a</sup>	6 212	229	1 127	10 445	7	10 452	3 623	6 893	3 045	3 703
<b>Feb.</b>	2 995	6 373	111	1 174	10 653	121	10 775	3 421	7 309	3 079	3 422
<b>March</b>	2 876	5 452	126	1 522	9 976	64	10 040	3 453	7 218	3 431	3 667
<b>April</b>	2 954	5 586	44	2 607	11 191	1 771	12 962	3 638	8 726	3 286	5 333
<b>May</b>	1 575	6 096	70	1 471	9 212	341	9 553	3 784	8 164	3 600	4 278

During period	Expenditure					Financial balance			
	Fixed investment	Other expenditure	Expenditure before financial transactions (8+9+12+13)	Lending and other financial investment	Expenditure before redemptions of state debt (14+15)	Revenue surplus (5-14)	Net borrowing requirement (7-16)	Net borrowing	Cash surplus (18+19)
<b>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>1990</b>	5 962	4 927	133 614	9 319	142 934	5 737	678	4 202	4 880
<b>1990</b>									
<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
<b>Dec.</b>	738	370	12 939	926	13 866	2 400	1 750	4 738	6 489
<b>1991</b>									
<b>Jan.</b>	340	612	11 468	916	12 383	-1 023	-1 931	2 173	242
<b>Feb.</b>	333	288	11 351	774	12 125	-698	-1 350	-152	1 502
<b>March</b>	380	641	11 692	958	12 649	-1 716	-2 609	4 634	2 025
<b>April</b>	418	1 050	13 832	2 893	16 725	-2 641	-3 763	-17	-3 780
<b>May</b>	505	891	13 344	1 051	14 394	-4 132	-4 841	1 080	-3 760

# 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 Euro-market. ECU (Column 1): the weights of the ECU basket, 3 currencies (Column 2): DEM 60, USD 30 and GBP 10 per cent. 14 currencies (Column 3): weighted according to the relative shares of the respective countries in Finland's foreign trade (= weights of the Bank of Finland's trade-weighted currency index = the old Bank of Finland currency index). Until March 1989, the index consisted of 12 currencies.

**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 mark-

ka 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 S25

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** FIM/ECU (Column 1): The markka value of the ECU is calculated as the sum of the dollar amounts of the currencies in the ECU valued at current market rates, for which daily exchange quotations at noon Finnish time are used. FIM/ECU index (Column 2): 100 equals the midpoint of the fluctuation range of  $\pm 3$  per cent, or FIM 4.87580, which was defined on June 7, 1991 on the basis of the exchange rates confirmed by the EC on June 6, 1991 at 3.15 pm (Finnish time). The Bank of Finland's trade-weighted currency index (Column 3): The weights are moving averages of the shares of (currently) 14 countries in Finland's foreign merchandise trade (only convertible currencies are included). The payments currency index (Column 4): The weights are moving averages of shares of payments currencies (14 convertible currencies) in Finland's foreign trade. The MERM index (Column 5): The weights 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** Source: Table B: Central Statistical Office of Finland from the beginning of 1991. 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 + long-term deposit liabilities of banks + other long-term liabilities of central government and banks. Exports of other long-term capital (Column 12) = loans abroad + development credits + Finland's subscriptions to international financial institutions + long-term deposits of banks + other long-term assets of central government and banks.

**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** 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.

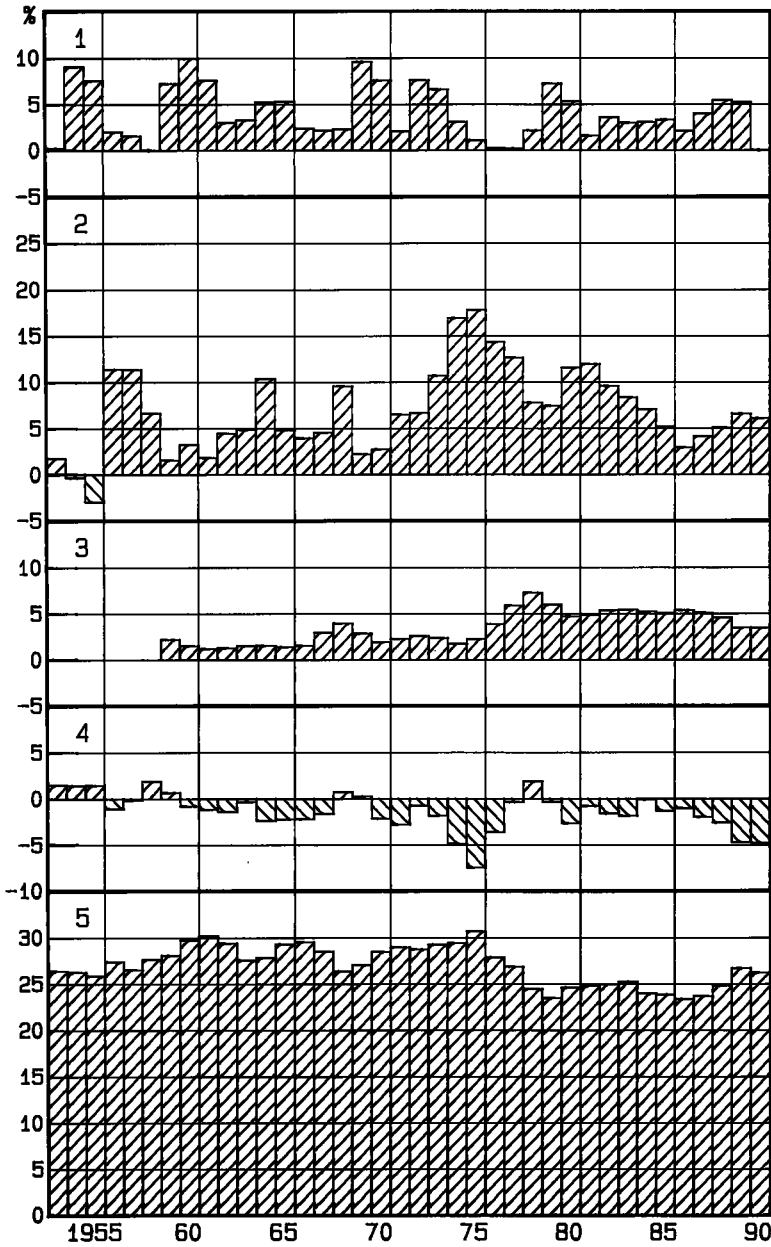
**Table 8.3** The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

**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.

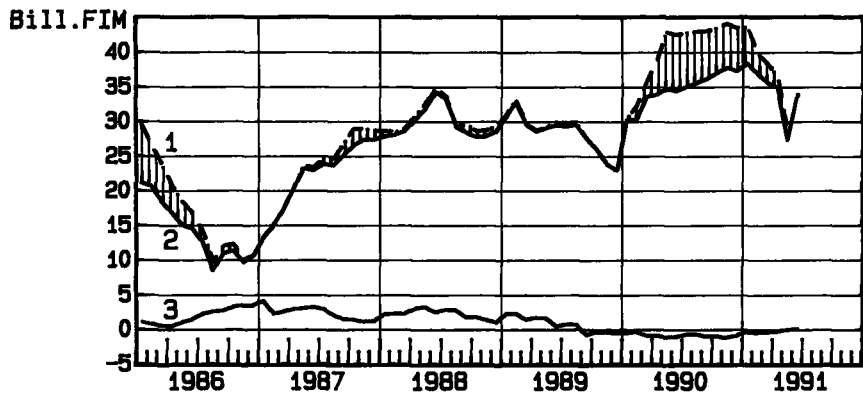
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Items affecting domestic liquidity	S29
5. Overnight rates	S30
6. HELIBOR rates of interest (daily)	S30
7. HELIBOR rates of interest (monthly)	S30
8. Rates of interest applied by the Bank of Finland	S31
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10. Rates on bonds and debentures	S31
11. Bank of Finland currency index and the markka value of the ECU	S32
12. Markka value of the ECU	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
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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



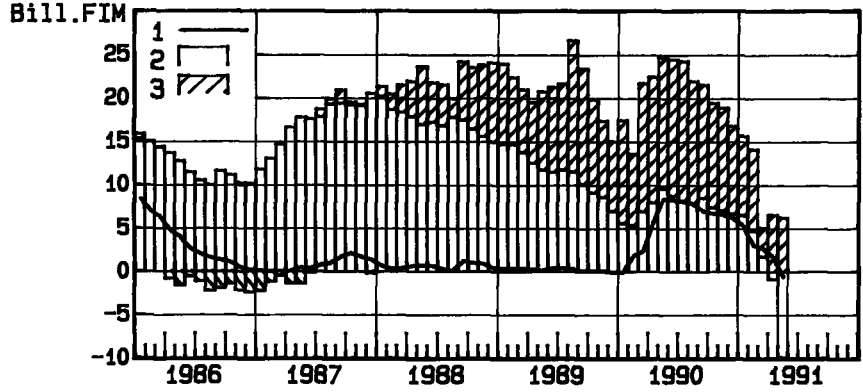
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



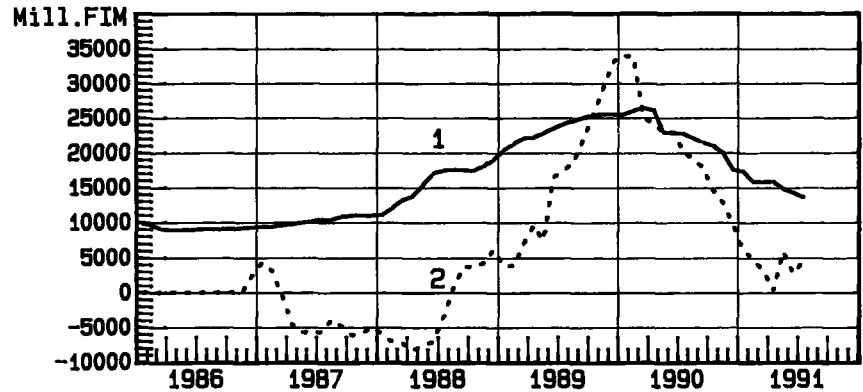
- 1. Convertible foreign exchange reserves plus forward position
- 2. Convertible foreign exchange reserves
- 3. Tied currencies

3. FORWARD MARKET



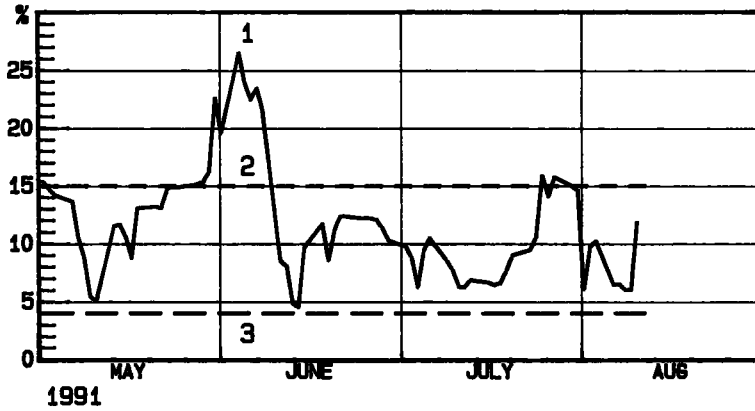
- 1. Forward exchange purchased by the Bank of Finland from banks
- 2. Forward exchange sold by companies to banks
- 3. Forward exchange sold by foreign banks to banks

4. ITEMS AFFECTING DOMESTIC LIQUIDITY



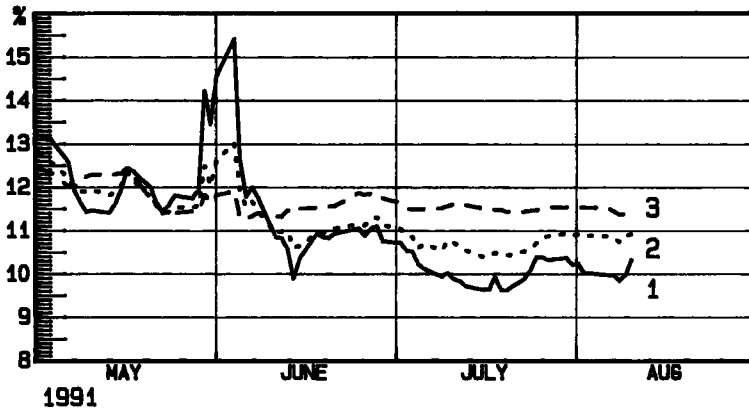
- 1. Cash reserve deposits
- 2. Bank of Finland's holdings of money market instruments, net

5. OVERNIGHT RATES



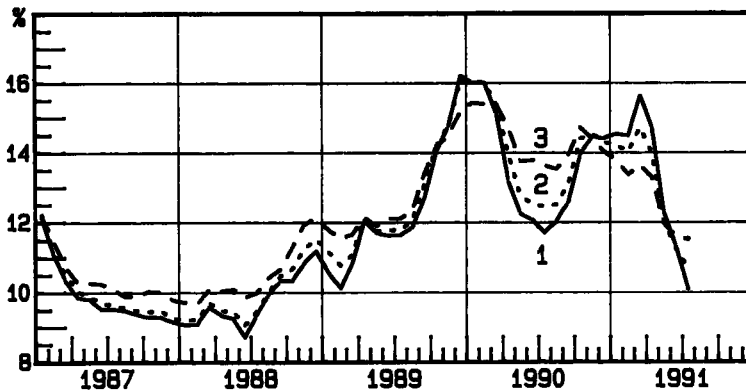
- 1. Inter-bank overnight rate
  - 2. Call money credit rate
  - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



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

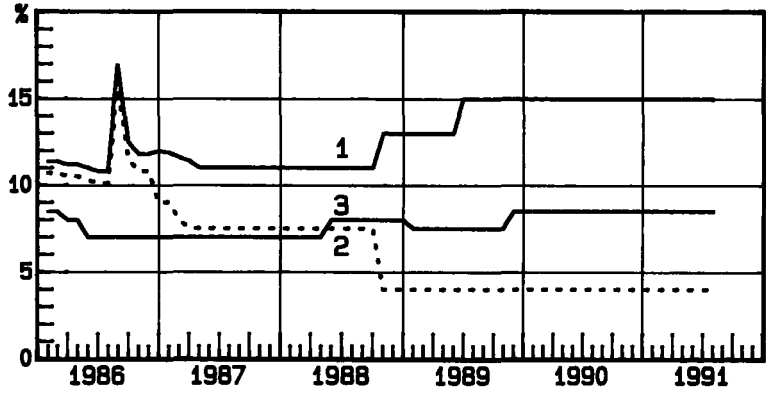
7. HELIBOR RATES OF INTEREST



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

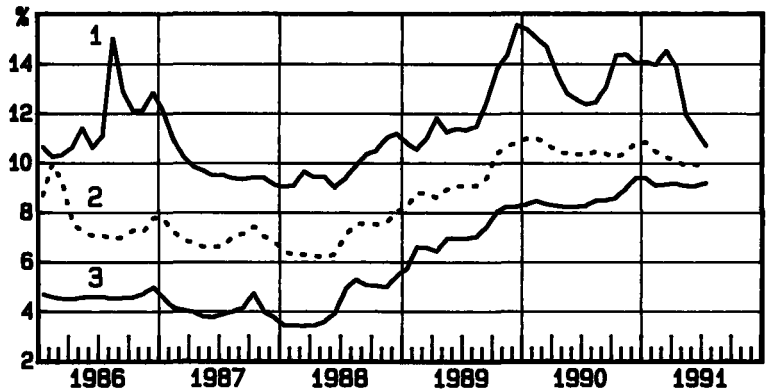


8. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



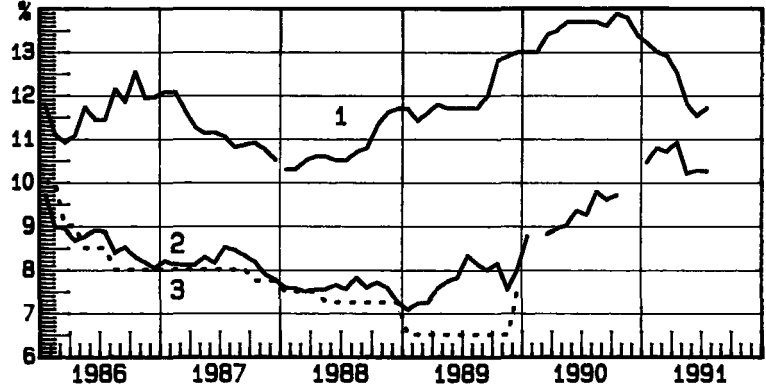
- 1. Call money credit rate
  - 2. Call money deposit rate
  - 3. Base rate
- End-of-month observations

9. 3-MONTH COVERED EURODOLLAR RATE AND 3-MONTH EURORATES



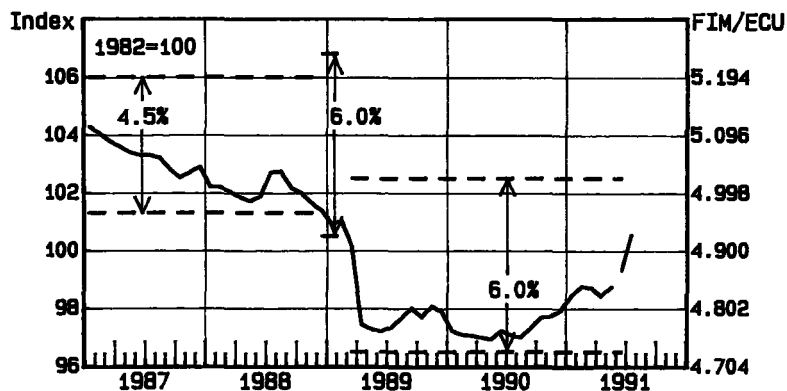
- 1. Covered Eurodollar rate
- 2. ECU rate
- 3. DEM Eurorate

10. RATES ON BONDS AND DEBENTURES



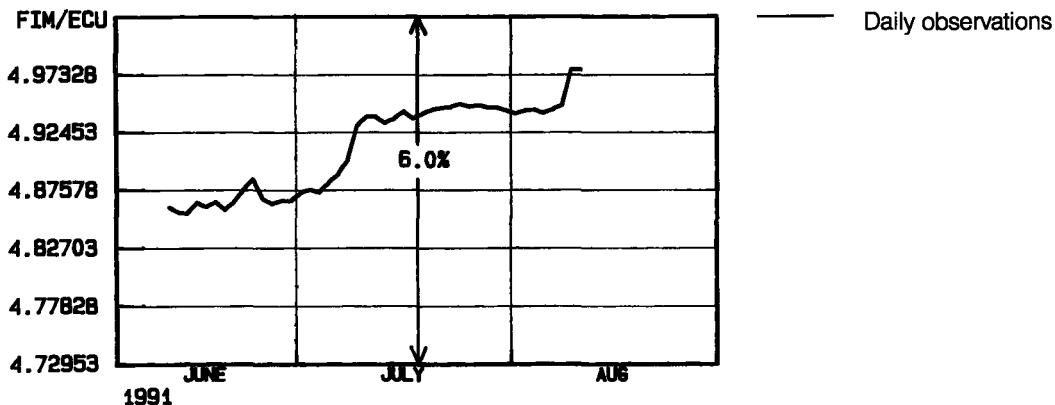
- 1. Long-term (5-year) market rate (before 1988 rate on (3-6 year) fixed-rate debentures)
- 2. Rate on (9-10 year) tax-free government bonds
- 3. Rate at issue on new 10-year taxfree government bonds

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

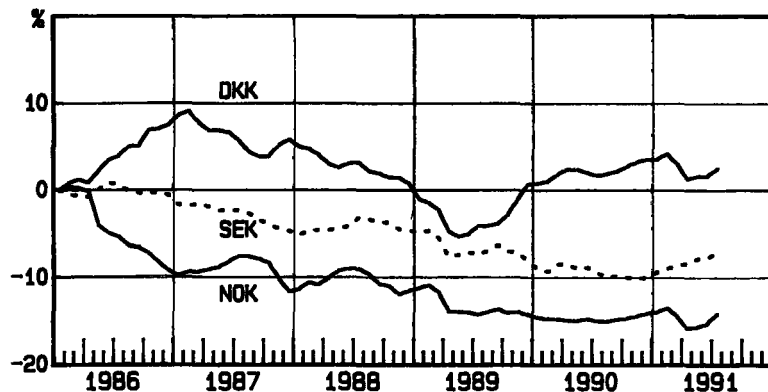


Until June 7, 1991, the Bank of Finland currency index, the fluctuation limits of which were 96.5 - 102.5. From June 7, 1991, the markka's exchange rate against the ECU, the fluctuation limits of which are 4.72953 - 5.02207. Monthly averages

12. MARKKA VALUE OF THE ECU

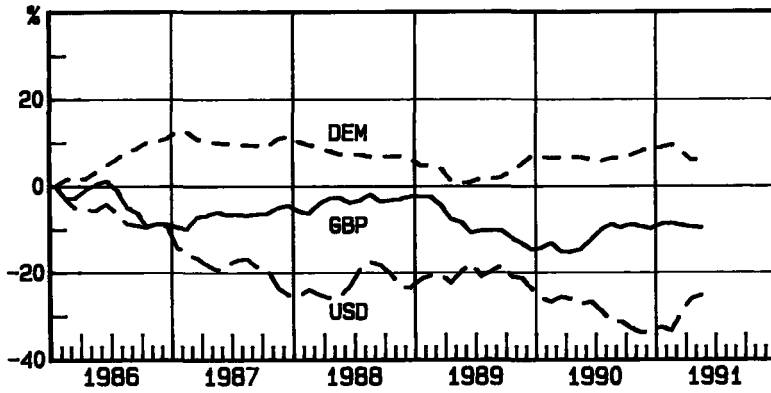


13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



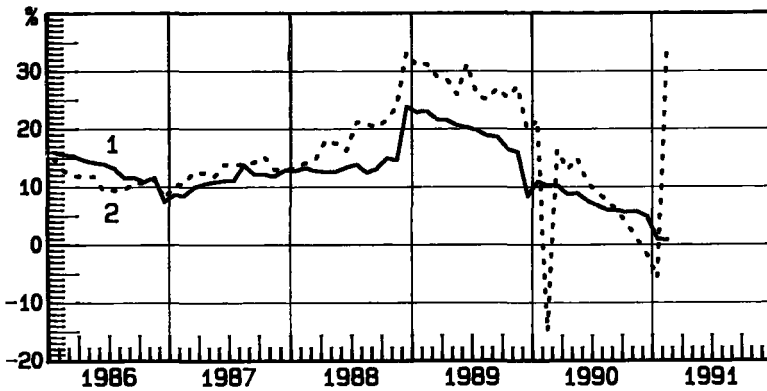
Monthly changes in markka selling rates calculated from the average rates for January 1986

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



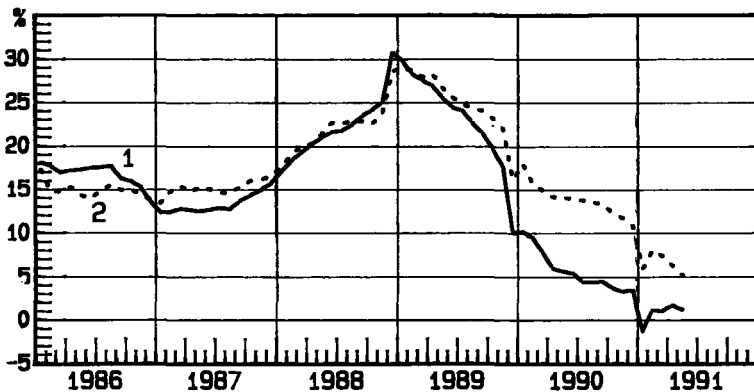
Monthly changes in markka selling rates calculated from the average rates for January 1986

15. BANK DEPOSITS FROM THE PUBLIC



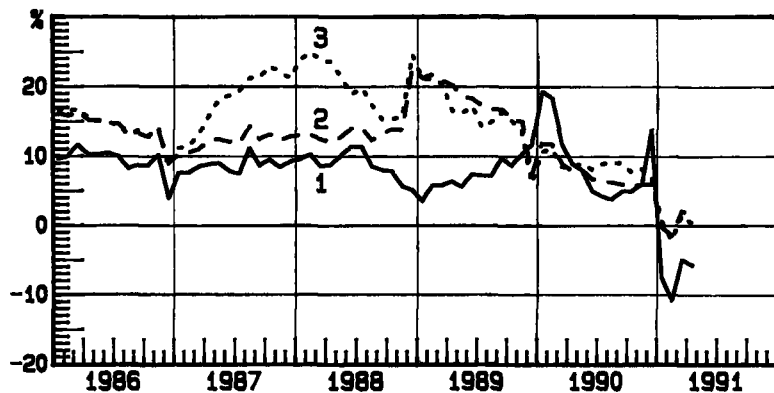
1. Regulated deposits  
2. Total deposits  
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



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

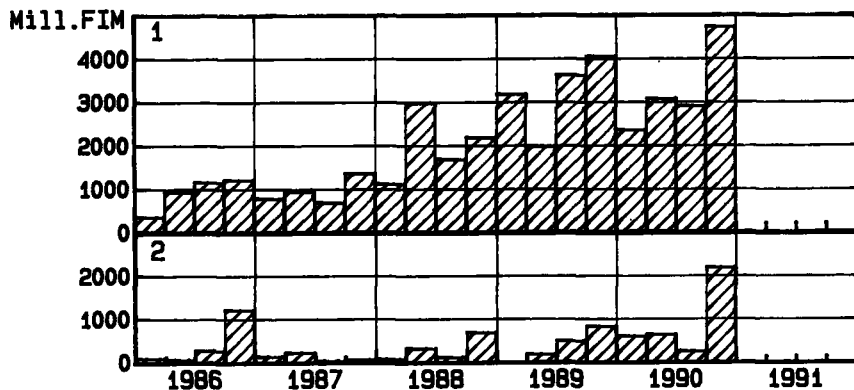
### 17. MONEY SUPPLY



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

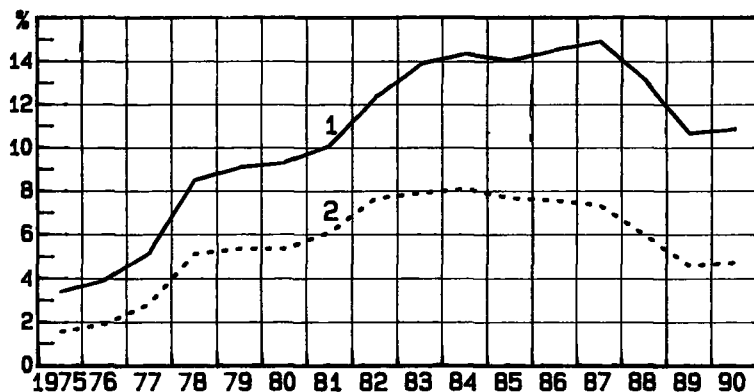
Change from the corresponding month of the previous year, per cent

### 18. DIRECT INVESTMENT



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

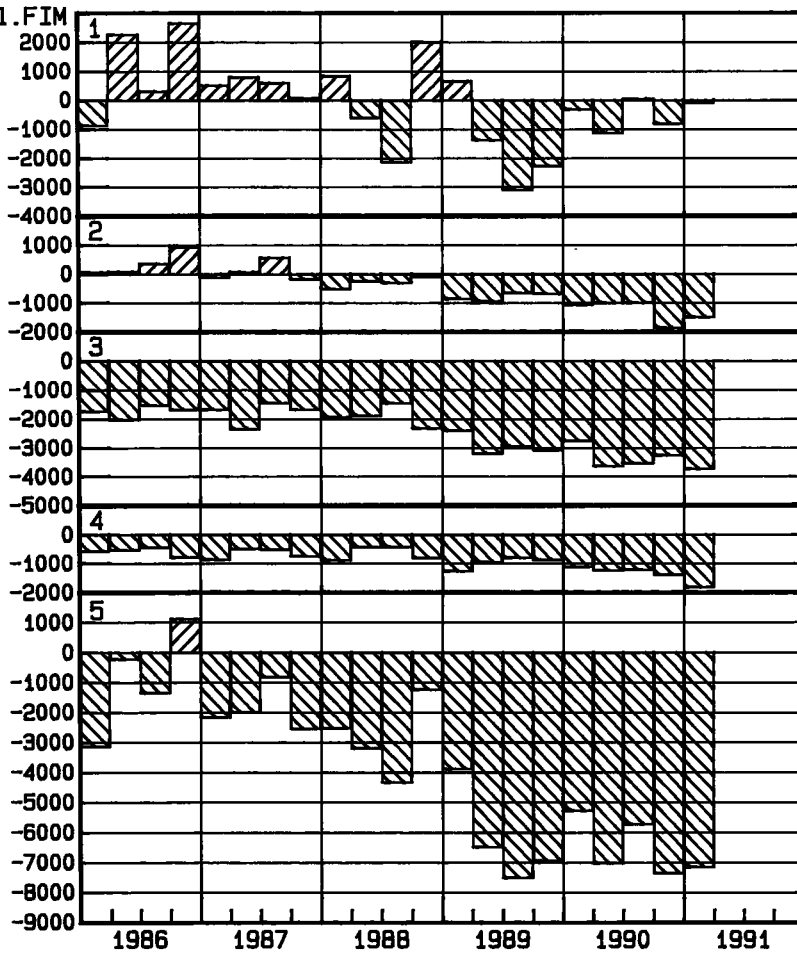
### 19. CENTRAL GOVERNMENT DEBT



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

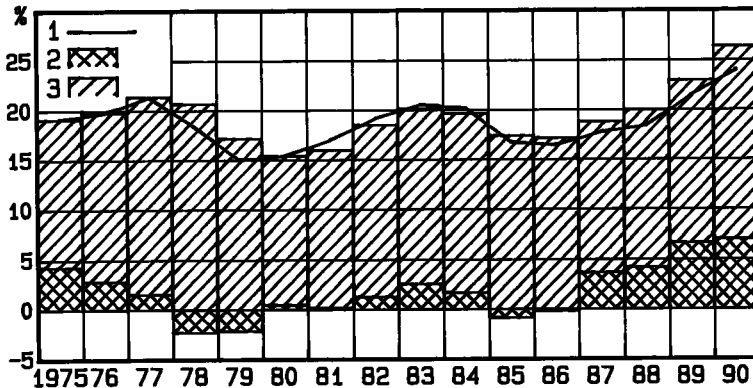
## 20. CURRENT ACCOUNT

Mill.FIM



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

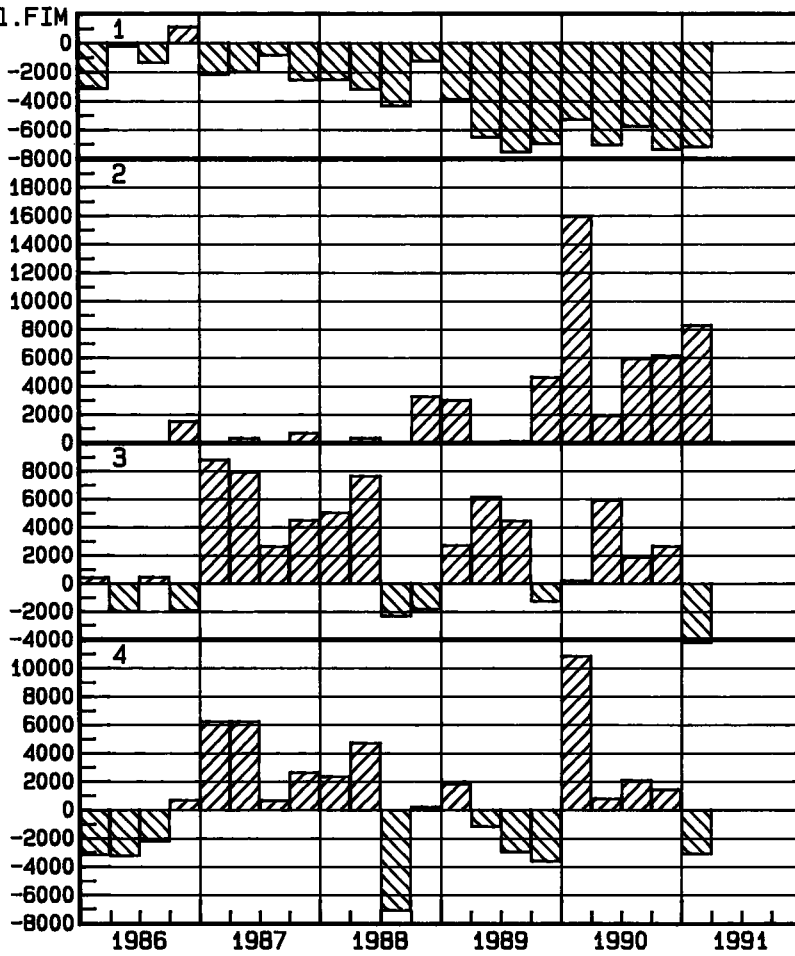
## 21. FOREIGN DEBT



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

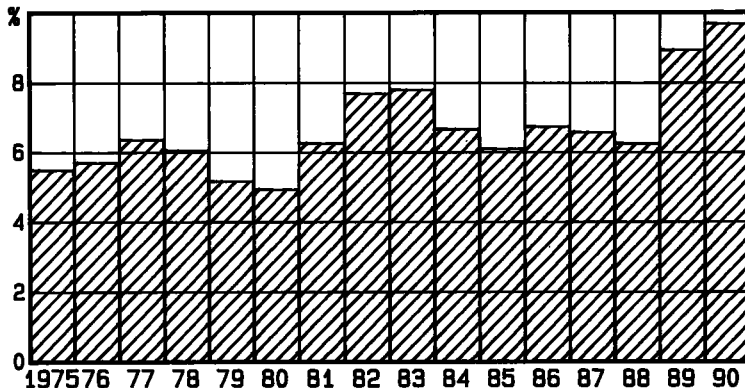
22. BALANCE OF PAYMENTS

Mill.FIM



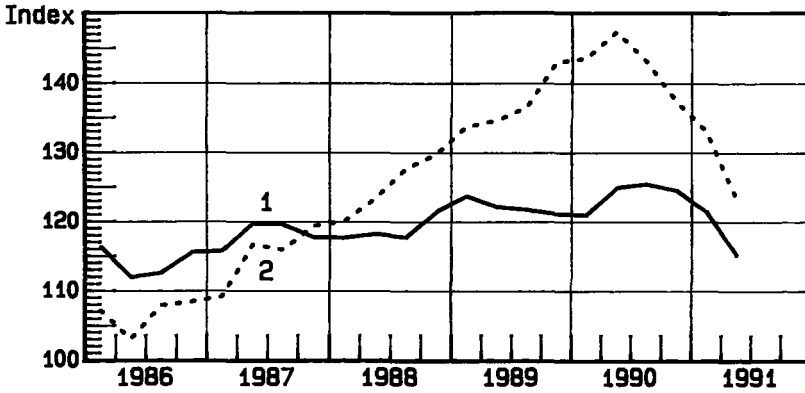
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance=change in the foreign exchange reserves of the Bank of Finland

23. NET INVESTMENT EXPENDITURE



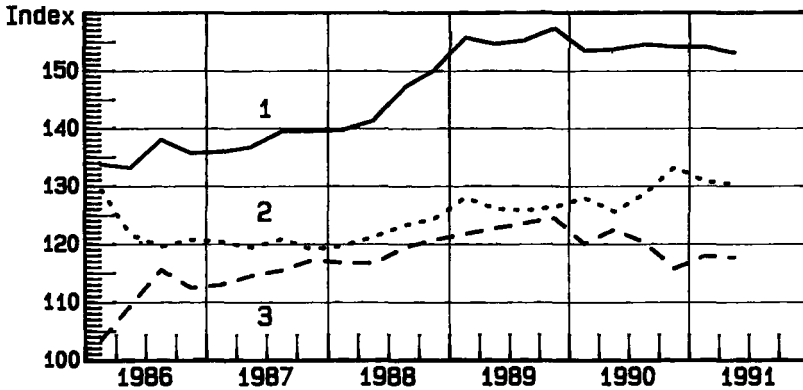
As a percentage of current account receipts

## 24. FOREIGN TRADE



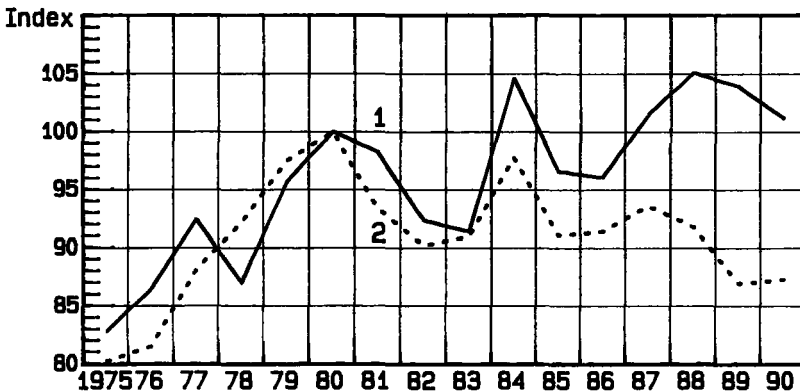
1. Total exports
  2. Total imports
- Volume index, 1980 = 100, four-quarter moving average shown as at the last quarter

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



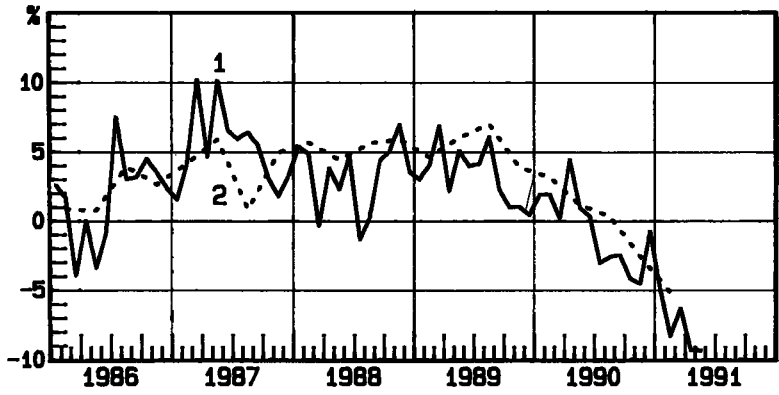
1. Unit value index of exports
  2. Unit value index of imports
  3. Terms of trade
- 1980 = 100

## 26. FINLAND'S EXPORT PERFORMANCE



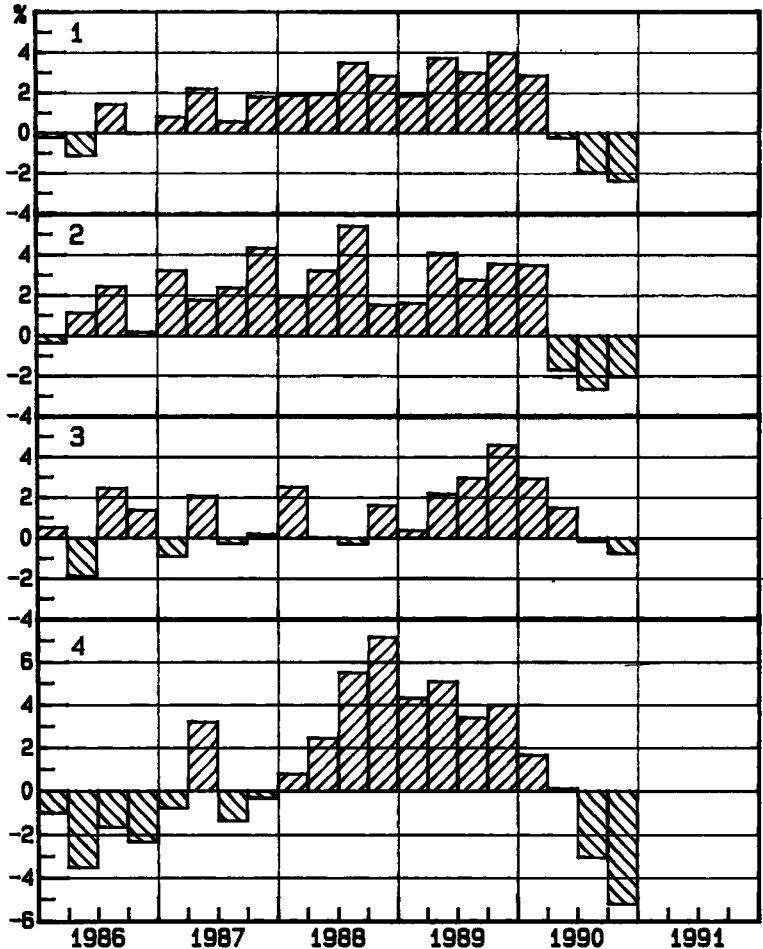
1. Value of exports to western countries in relation to exports of OECD Europe
  2. Volume of western exports in relation to exports of OECD Europe
- 1980 = 100

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

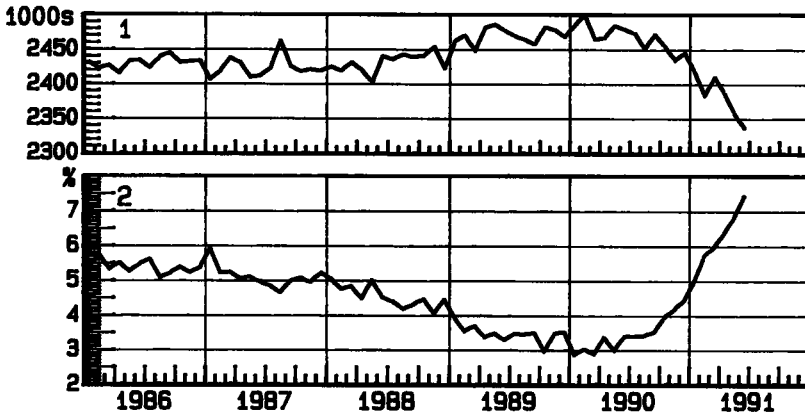
28. FIXED INVESTMENT



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

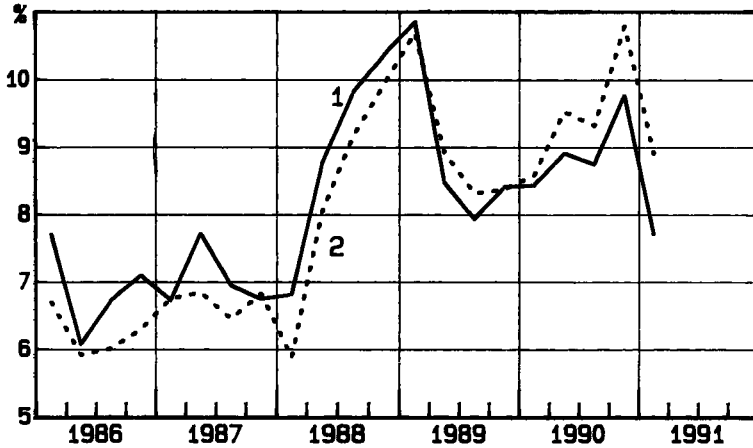


29. EMPLOYMENT AND THE UNEMPLOYMENT RATE

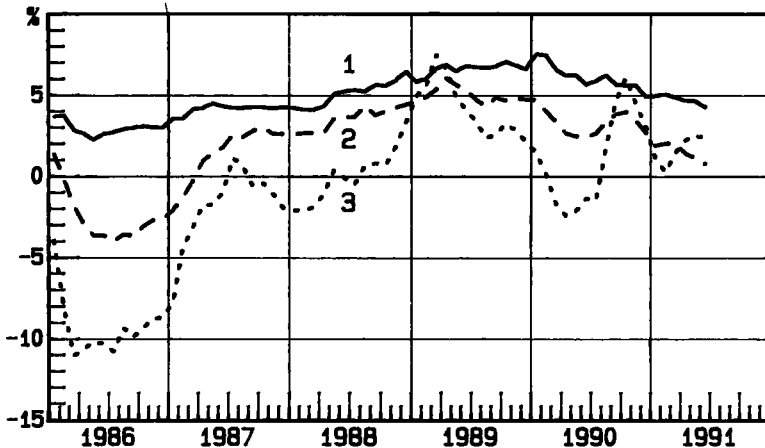


- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

30. PRICES AND WAGES

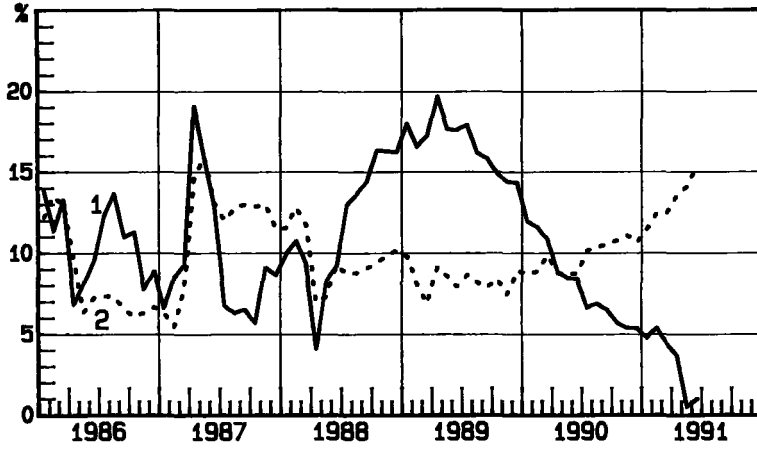


- 1. Index of wage and salary earnings, all wage and salary earners
  - 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



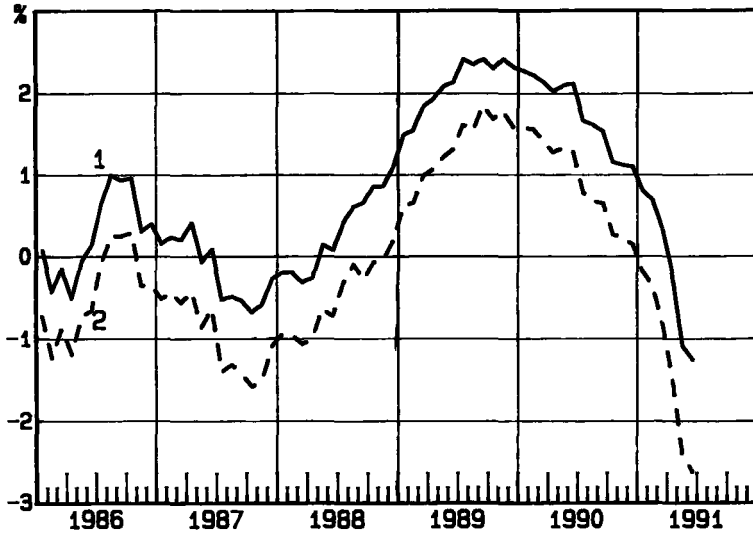
- 1. Consumer price index
  - 2. Wholesale price index
  - 3. Import price index
- Change from the corresponding month of the previous year

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

September 1, 1991

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## THE PARLIAMENTARY SUPERVISORY BOARD

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PENTTI MÄKI-HAKOLA, Chairman  
JUSSI RANTA, Vice Chairman  
SEPPÖ 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

## UNITS

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PENTTI KOIVIKKO  
Accounting Department  
Administration Department  
Building Projects  
Data Processing Department  
Legal Affairs

OSSI LEPPÄNEN  
URPO LEVO  
BENGT PALMROOS  
RIITTA JOKINEN  
ARNO LINDGREN

SIRKKA HÄMÄLÄINEN  
Central Bank Policy Department  
(excl. International Office)  
Economics Department  
Information Department

JOHNNY ÅKERHOLM  
KARI PUUMANEN  
ANTTI HEINONEN

MATTI VANHALA  
Financial Markets Department  
International Office of the Central Bank Policy  
Department

KAARLO JÄNNÄRI, Advisers:  
RALF PAULI, PETER NYBERG

Payment Instruments Department  
Personnel Department  
Personnel Projects  
Security  
Branches

REIJO MÄKINEN  
ANTON MÄKELÄ  
ANNELI SOINI  
JYRKI AHVONEN

Market Operations Department  
Research Department  
Statistical Services Department

TOM NORDMAN (Acting Head)  
HEIKKI KOSKENKYLÄ  
ESA OJANEN

Payments and Settlement Department  
Unit for Eastern European Economies

RAIMO HYVÄRINEN  
KARI PEKONEN

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Internal Audit Department

TIMO MÄNNISTÖ

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Management Secretarial Staff  
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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